Finance & Administration Committee
AGENDA

Members Crs D Thurley (Chairperson), A Cohn, G Docksey, A Glachan, M King, K Mack (Ex Officio), J Stuchbery, and H van de Ven.

Staff General Manager

Apologies Cr G Docksey

Members are advised that the next Finance & Administration **Committee Meeting** will be held in the **Council Chambers,** AlburyCity Administration Building, 553 Kiewa Street, Albury on Monday 21 May 2018, immediately following the Community & Cultural Committee Meeting.

FAC1 RECORDING AND WEBCASTING OF MEETING 2
FAC2 CONFLICT OF INTEREST DECLARATIONS RECEIVED BY THE CHAIR 3
FAC2.1 Conflict of Interest Declarations 3
FAC3 APOLOGIES 4
FAC3.1 Apologies of Committee Members 4
FAC4 CONFIRMATION OF MINUTES OF THE PREVIOUS MEETING 5
FAC4.1 Minutes of the Finance & Administration Committee Meeting held on Monday 16 April 2018 at 6.10pm 5
FAC5 MATTERS ARISING FROM THE MINUTES 8
FAC6 REPORTS/MINUTES OF COMMITTEES & WORKING PARTIES 9
FAC6.1 Nil 9
FAC7 OFFICERS REPORTS FOR CONSIDERATION 10
FAC7.1 NSW Government Low Cost Loans Initiative 10
FAC7.2 March Quarter Budget Review 38
FAC8 OFFICERS REPORTS FOR NOTING 60
FAC8.1 Operational Plan Quarterly Progress Report - March 2018 60
FAC8.2 Corporate Health Indicators - March 2018 107
FAC8.3 Investment Balances - April 2018 111
FAC8.4 NSW Auditor-General's Report on Local Government 2017 118
FAC9 DELEGATES REPORTS FOR NOTING 248
FAC9.1 Nil 248
FAC10 NOTICE OF URGENT BUSINESS 249
FAC10.1 Nil 249
FAC11 CONFIDENTIAL MATTERS 250
FAC11.1 Nil 250

***Note** A light meal will be served at 5.15pm, at 'Charlies on Kiewa', for Councillors and staff required to attend the meeting.*

Frank Zaknich
General Manager
15 May 2018

FAC1 RECORDING AND WEBCASTING OF MEETING

In the spirit of open, accessible and transparent government, AlburyCity's Council and Committee Meetings are video recorded and webcast. By speaking at a Council or Committee Meeting, members of the public agree to being recorded and webcast. AlburyCity accepts no liability for any defamatory, discriminatory or offensive remarks or gestures that are made during the course of the Council or Committee Meeting. Opinions expressed or statements made by individuals are the opinions or statements of those individuals and do not imply any form of endorsement by AlburyCity.

Confidential meetings of Council will not be video recorded or webcast.

Recordings and webcasts are protected by copyright and owned by AlburyCity. No part may be copied, recorded, reproduced or transmitted without the prior written consent of the General Manager. Any recording or webcast is not, and shall not, be taken to be an official record of AlburyCity or discussion depicted therein. Only the official minutes may be relied upon as an official record of the meeting.

An audio recording of the Council or Committee Meeting will be taken for administrative and minute preparation purposes.

FAC2 CONFLICT OF INTEREST DECLARATIONS RECEIVED BY THE CHAIR

FAC2.1 Conflict of Interest Declarations

FAC3 APOLOGIES

FAC3.1 Apologies of Committee Members

FAC4 CONFIRMATION OF MINUTES OF THE PREVIOUS MEETING

FAC4.1 Minutes of the Finance & Administration Committee Meeting held on Monday 16 April 2018 at 6.10pm

Present Crs D Thurley (Chairperson), G Docksey, A Glachan, J Stuchbery, A Cohn, H van de Ven, K Mack and M King

Apologies Nil

Staff Acting General Manager (Tracey Squire), Director Planning & Environment, Director Engineering, Director Community & Recreation, Chief Financial Officer, Group Leader Natural Environment, Group Leader Information Management, IT Officer and Executive Assistant

FAC1 RECORDING AND WEBCASTING OF MEETING

The Chairperson advised those present that the meeting is being webcast and recorded for administrative purposes.

FAC2 CONFLICT OF INTEREST DECLARATIONS RECEIVED BY THE CHAIR

FAC2.1 Conflict of Interest Declarations

There were no Conflict of Interest Declarations received by the Chairperson.

FAC3 APOLOGIES

FAC3.1 Apologies of Committee Members

There were no Apologies received by the Chairperson.

FAC4 CONFIRMATION OF MINUTES OF THE PREVIOUS MEETING

FAC4.1 Minutes of the Finance & Administration Committee Meeting held on Monday 19 March 2018 at 6.13pm

Cr van de Ven Moved, Cr Glachan Seconded
That the Minutes of the Finance & Administration Committee Meeting held on Monday 19 March 2018, at 6.13pm, be confirmed.

CARRIED

FAC5 MATTERS ARISING FROM THE MINUTES

There were no Matters Arising from the Minutes.

FAC6 REPORTS/MINUTES OF COMMITTEES & WORKING PARTIES

There were no Reports/Minutes of Committees and Working Parties.

FAC7 OFFICERS REPORTS FOR CONSIDERATION

FAC7.1 NSW Government's 'Easy to do Business' Program

Cr Glachan Moved, Cr Docksey Seconded
That the Committee recommends to Council that Council:

a. Delegates authority to the General Manager to enter into an agreement with Service NSW for the 'Easy to do Business' program; and
b. Pursuant to Regulation 400 of the *Local Government (General) Regulation 2005* and the Use of the Council Seal Policy, authorise the Mayor and General Manager to sign and affix the Council Seal to any necessary documents.

CARRIED

FAC7.2 Draft AlburyCity Information Management Strategy 2018 - 2022

Cr Cohn Moved, Cr Docksey Seconded
That the Committee recommends to Council that Council endorse the Information Management Strategy 2018–2022.

CARRIED

FAC8 OFFICERS REPORTS FOR NOTING

FAC8.1 Investment Balances - March 2018

Cr van de Ven Moved, Cr Mack Seconded
That the Committee recommends to Council that Council receive and note the Investment Balances Report for the month of March 2018.

CARRIED

FAC9 DELEGATES REPORTS FOR NOTING

There were no Delegates Reports for noting.

FAC10 NOTICE OF URGENT BUSINESS

There were no Notices of Urgent Business.

FAC11 CONFIDENTIAL MATTERS

There were no Confidential Matters.

Meeting closed at 6.16pm.

FAC5 MATTERS ARISING FROM THE MINUTES

FAC6 REPORTS/MINUTES OF COMMITTEES & WORKING PARTIES

FAC6.1 Nil

FAC7 OFFICERS REPORTS FOR CONSIDERATION

FAC7.1 NSW Government Low Cost Loans Initiative

DATE	9 May 2018	**FIL REFERENCE**	FIL17/02231
CONFIDENTIAL	No		
FURTHER ENQUIRIES TO	Frank Zaknich Executive	**PHONE**	6023 8153
AUTHOR	Justin Finlayson		

Purpose of Report

The report presents details of a Low Cost Loans Initiative (LCLI) that has recently been announced by the NSW Government.

Background

The Low Cost Loans Initiative (LCLI) is one of the measures identified by the NSW Government in its Housing Affordability Strategy released in 2017. The LCLI addresses a key aim of the Strategy which is to accelerate the delivery of infrastructure to support growing communities. It supports local councils to borrow for infrastructure that enables new housing supply by halving the cost of interest on their loans. The aim of the LCLI is to help fund critical enabling infrastructure projects that support and accelerate housing supply – including roads and utilities – to drive housing growth.

To enable new housing supply the NSW Government will refund 50% of the costs of council interest payments on loans for eligible infrastructure that enables new housing supply.

The LCLI Guidelines (refer Attachment 1) details that loans must be for capital expenditure on works that enable housing development to proceed, or community infrastructure assets that support new housing. This may include playing fields and playgrounds, roads, drainage, libraries, community centres, pedestrian or cyclist facilities, or land acquisition.

LCLI funding is only available for infrastructure which enables new housing supply as demonstrated by at least one of the following:

- the inclusion of the infrastructure in the council's approved Contributions Plan (formerly S94)
- the inclusion of the infrastructure in a social infrastructure audit, or similar publicly available study, commissioned to forecast the community infrastructure needs of an area experiencing significant local population and housing growth
- a business case or other evidence provided by the council to substantiate that the infrastructure enables new housing supply. Other evidence could include a development servicing plan, copy of IPART assessment or details of any voluntary planning agreements. This will be subject to assessment by the Department of Planning and Environment.

Support will only be provided to reimburse the interest on borrowings for projects that are in a reasonably advanced stage of preparation. The application must include a realistic indication of the project delivery timetable and evidence of council approval for the project, such as a current Operational Plan or council minutes.

Applications (refer Attachment 2) must be received by 5pm on 1 July 2018. Applications will be assessed by a panel against the key criteria as outlined in the guidelines. The panel will be looking for infrastructure projects that are well planned and that demonstrate relevance to increasing housing supply as evidenced by a description of the number of houses, new population serviced and the importance of the infrastructure to areas experiencing significant growth.

Councils may submit more than one application providing each application is for a separate project and separate loan. Priority will be given to applications for projects/programs that:

- enable new housing supply and
- will be completed by 30 June 2021 or earlier.

Announcement of successful applicants will be made in September 2018.
A second round may be held later in the 2018/19 financial year.

Issues

Eligible Projects
The following AlburyCity capital new initiatives (refer Attachment 3) which are included in Council's *draft* Four Year Delivery Program 2018-2022 are potentially eligible infrastructure for the LCLI.

Potential AlburyCity LCLI Projects	**2017/18 Year 0 $'000**	**2018/19 Year 1 $'000**	**2019/20 Year 2 $'000**	**2020/21 Year 3 $'000**	**Total $'000**
Strategic Land Acquisition – Open Space areas – Thurgoona Wirlinga Structure Plan	0	75	1,250	1,000	2,325
Thurgoona Road and Table Top Road Community Space	0	0	300	0	300
Road – Kerr Road Reconstruction	2,606	2,630	1,265	1,300	7,801
Road – Thurgoona Drive/Elizabeth Mitchell Drive (Roundabout improvements)	0	200	1,600	0	1,800
Total potential AlburyCity LCLI Projects	**2,606**	**2,905**	**4,415**	**2,300**	**12,226**
Excluding Kerr Road years 2 & 3			(1,265)	(1,300)	(2,565)
Total Loan Funding Sought					**9,661**

It is important to note that priority will be given to applications for infrastructure projects that will be completed by 30 June 2021 or earlier. Support will only be provided to reimburse the interest on borrowings for projects that are in a reasonably advanced stage of preparation.

As indicated by Table 1 above it is not proposed that the budget allocation for years two to three of the Kerr Road capital new initiative be included in AlburyCity's proposed LCLI application that is to be

submitted by 1 July 2018. When adopting the AlburyCity's *draft* Four Year Delivery Program 2018-2022 at its meeting in April 2018 Council resolved to defer construction costs for years 2-4 of Kerr Road (Stages six-eight) to enable purchase, design and construction of Western Section of Kerr Road between Table Top Road and the Hume Freeway at Davey Road.

Loan funding

It is estimated that a LCLI 50% refund on the interest expense associated with loan funding of $9.66 million would equate to a saving of $957,000 over a ten year period.

Loans taken out must:

- Be for a minimum of $1 million
- Have a fixed interest rate
- Have a duration of no more than 10 years.

AlburyCity's *draft* Four Year Delivery Program 2018-2022 provides for loans based on 20 year terms to support AlburyCity's capital new initiatives program. Taking out loans for Low Cost Loans Initiative eligible projects over a ten year term rather than 20 years would have the following effect on AlburyCity's Four Year Delivery Program 2018-2022.

General Fund	2018/19 Year 1	2019/20 Year 2	2020/21 Year 3	2021/22 Year 4
Interest saving	$0	$226,000	$228,000	$231,000
Principal repayments increase	$0	$572,000	$575,000	$578,000
Cash and investments decrease	$0	$346,000	$347,000	$347,000
Unrestricted current ratio	169%	165%	163%	165%
Debt service ratio	6%	7.4%	7.3%	7.7%

As detailed above the financial impact of repaying loans of $9.66 million over 10 years rather than 20 years reduces the General Fund's financial capacity below AlburyCity's target unrestricted current ratio of 175%. Although the unrestricted current ratio is maintained above the minimum benchmark of 150%, it is proposed that budgeted new loans of $3 million be brought forward from year five to year two in order to offset the increase in required loan repayments.

Risk

- Business Risk – To maintain AlburyCity's projected financial capacity, it is proposed that AlburyCity's *draft* Four Year Delivery Program be amended to bring forward budgeted new loans of $3 million from year five to offset the increase in required loan repayments resulting from AlburyCity's proposed LCLI application.
- Corporate Risk – The objectives of the LCLI aligns with AlburyCity's Four Year Delivery Program and the Community Strategic Plan Albury2030 Theme; A Growing Sustainable Economy.
- WHS and Public Risk – No risks identified.

- Delivery Program Risk – Priority will be given to applications for capital projects that enable new housing supply and will be completed by 30 June 2021.

Community Engagement

It is proposed that AlburyCity's *draft* Four Year Delivery Program 2018-2022, which is currently on public exhibition, be amended to reflect AlburyCity's LCLI application which is due to be submitted by 1 July 2018.

Options

1. That AlburyCity not submit a LCLI application; **Not recommended**
2. That AlburyCity submit a LCLI application by 1 July 2018; **Recommended**
3. That AlburyCity's LCLI application includes eligible capital projects that will be completed by 30 June 2021; **Recommended**
4. That AlburyCity's *draft* Four Year Delivery Program 2018-2022 be amended to reflect AlburyCity's proposed LCLI application; **Recommended**
5. That the projected timing of the drawdown of new loans included in AlburyCity's *draft* Four Year Delivery Program 2018-2022 be amended to offset the cashflow implications of applying 10 year terms for proposed LCLI loans; **Recommended**
6. Authorise the General Manager to make application to the New South Wales Treasury Corporation for the required loan funding in support of AlburyCity's Low Cost Loans Initiative application; **Recommended**
7. That AlburyCity maintain the option of making a second round LCLI application which may be held later in the 2018/19 financial year. **Recommended**

Conclusion

The recently announced NSW Government Low Cost Loans Initiative supports local councils to borrow for infrastructure that enables new housing supply by halving the cost of interest on their loans.

Priority will be given to applications for projects/programs that enable new housing supply and will be completed by 30 June 2021 or earlier. Applications must be submitted by 5pm on 1 July 2018.

It is estimated that a LCLI 50% refund on the interest expense associated with loan funding of $9.66 million would equate to a saving of $957,000 over a ten year period.

The financial impact of repaying loans of $9.66 million over 10 years rather than 20 years reduces the General Fund's financial capacity below AlburyCity's target unrestricted current ratio of 175%. it is proposed that AlburyCity's *draft* Four Year Delivery Program be adjusted to bring forward budgeted new loans of $3M from year five to offset the increase in required loan repayments.

Recommendation

That the Committee recommends to Council that Council:

a. Submit a Low Cost Loans Initiative application to the NSW Government by 1 July 2018;
b. Endorse that AlburyCity's Low Cost Loans Initiative application includes eligible capital projects that will be completed by 30 June 2021 as detailed within AlburyCity's Four Year Delivery Program 2018-2022;
c. Endorse that AlburyCity's *draft* Four Year Delivery Program 2018-2022 be amended to reflect AlburyCity's proposed Low Cost Loans Initiative application;
d. Endorse that the projected timing of the drawdown of new loans included in AlburyCity's *draft* Four Year Delivery Program 2018-2022 be amended to offset the cashflow implications of applying 10 year terms for proposed LCLI loans; and
e. Authorise the General Manager to make application to the New South Wales Treasury Corporation for the required loan funding in support of AlburyCity's Low Cost Loans Initiative application.

Attachments

1. Low Cost Loans Initiative Guidelines
2. Low Cost Loans Initiative Application Form
3. Extract from AlburyCity's *draft* capital new initiatives 2018-2022

NSW GOVERNMENT

Guidelines
April 2018

Low Cost Loans Initiative – *Growing Local Housing*





The Department of Planning and Environment acknowledges the Traditional Custodians of the land and pays respect to all Elders past, present and future. April 2018
© Crown Copyright, State of NSW through its Department of Planning and Environment 2018

Disclaimer
While every reasonable effort has been made to ensure this document is correct at time of printing, the State of NSW, its agents and employees, disclaim any and all liability to any person in respect of anything or the consequences of anything done or omitted to be done in reliance or upon the whole or any part of this document.

Copyright notice
In keeping with the NSW Government's commitment to encourage the availability of information, you are welcome to reproduce the material that appears in Low Cost Loans Initiative – Growing Local Housing Guidelines. This material is licensed under the Creative Commons Attribution 4.0 International (CC BY 4.0). You are required to comply with the terms of CC BY 4.0 and the requirements of the Department of Planning and Environment. More information can be found at: http://www.planning.nsw.gov.au/Copyright-and-Disclaimer.

Message from the Minister



The NSW Government appreciates the importance of investing in local infrastructure to meet the needs of our growing communities.

We also recognise the crucial role councils have in delivering the infrastructure – the local roads, drainage, parks and playgrounds – which ensures the liveability and lifestyle that people really care about.

So, I'm thrilled to announce a major NSW government measure that will help local councils better meet their communities' needs: the Low Cost Loans Initiative.

This scheme will provide councils with safe, cheaper finance for local infrastructure subsidised by this Government.

Eligible councils will see interest costs on their loans halved, so they can confidently invest in building and providing the essential services that support their residents and businesses.

The Low Cost Loans Initiative brings forward a $500 million boost to infrastructure for councils.

It helps metropolitan and regional councils to plan and invest with confidence. And existing residents and new homebuyers don't need to fret about the services of their future.

The NSW Government wants to strengthen our partnerships with councils by providing additional support to councils that ensures appropriate new housing is being built sustainably. We are working with councils to deliver enough new homes in the right areas, and at the same time acting to recognise and enhance the local character of neighbourhoods

I urge Mayors, councillors and general managers to take advantage of this discount financing and consider how it can benefit your communities and your region.

Together, we will provide the amenities which create great neighbourhoods, improve housing affordability and deliver the local infrastructure our communities need and deserve.

Anthony Roberts
Special Minister of State
Minister for Planning
Minister for Housing

Contents

1. Introduction 5

2. General Policy Guidelines 5

3. Low Cost Loans Initiative Criteria 6

3.1 Eligibility for TCorp loan facility requirements 6

3.2 Infrastructure that enables new housing supply 6

3.3 Council Local Environmental Plan requirements 7

4. Timeframe 7

5. Applying for the Low Cost Loans Initiative 8

5.1 Applications from partnered councils 8

5.2 Project preparedness 8

5.3 Application form and support material 9

5.4 Closing date 9

6. Assessment 10

7. Funding agreement and payment 11

7.1 Funding agreement 11

7.2 Payment 11

7.3 Acknowledgement protocol 11



1. Introduction

Housing affordability is a key priority for the NSW Government. In 2017, the Premier released *A fair go for first home buyers – A plan to improve housing affordability* which outlined a comprehensive package of measures designed to improve housing affordability across NSW.

One of the key aims of the Strategy is to accelerate the delivery of infrastructure to support growing communities. To meet this aim, the Low Cost Loans Initiative (LCLI) will support local councils to borrow up to $500 million for infrastructure that enables new housing supply by halving the cost of interest on their loans. This will allow councils to bring forward delivery of planned infrastructure in new housing areas.

2. General Policy Guidelines

The key aim of the LCLI is to enable new housing supply. The essential elements are:

- the NSW Government will refund 50% of the costs of council's interest payments on loans for eligible infrastructure
- the council is responsible for repaying the loan which is funded by TCorp, or another financial institution of the council's choice, on their standard terms and prudential requirements.

Two or more councils that have partnered to apply for a loan to implement projects across council boundaries are encouraged to apply for the LCLI. However, each council will need to meet the eligibility requirements and criteria set out in Section 3 of these guidelines.

Loans taken out must be for a minimum of $1 million and have a fixed interest rate. Existing or refinanced loans are not eligible for LCLI.

Proceeds of the interest reimbursement may be applied to offset the loan or any other council costs.

3. Low Cost Loans Initiative Criteria

The key criteria for the LCLI are:

- councils must meet TCorp loan facility requirements (although a loan provider other than TCorp may be used)
- loans taken out by councils must be used for infrastructure that enables new housing supply
- councils must have Local Environmental Plans (LEPs) that contain sufficient feasible residential zoning that aligns with strategic planning objectives/targets such as District or Regional Plans.

3.1 Eligibility for TCorp loan facility requirements

Councils may only apply for the LCLI if they meet eligibility requirements to access the TCorp loan facility as set out in the *TCorp Loan Facility for Councils Guidelines*. This means that council must have:

- been assessed as meeting the financial benchmarks set by the NSW Government OR
- submitted and had approved an Improvement Plan showing how they plan to meet the financial benchmarks AND
- been deemed eligible to seek access to the TCorp State Borrowing Facility (subject to meeting TCorp's credit criteria).

Loans must be for:

- an amount greater than $1 million
- the purposes of capital expenditure only – not operating or recurrent annual expenditure
- capital expenditure on works that enable housing development to proceed, or community infrastructure assets that support new housing. This may include playing fields and playgrounds, roads, drainage, libraries, community centres, pedestrian or cyclist facilities, or land acquisition.

3.2 Infrastructure that enables new housing supply

LCLI funding is only available for infrastructure which enables new housing supply as demonstrated by at least one of the following:

- the inclusion of the infrastructure in the council's approved Contributions Plan (formerly S94)
- the inclusion of the infrastructure in a social infrastructure audit, or similar publicly available study, commissioned to forecast the community infrastructure needs of an area experiencing significant local population and housing growth
- a business case or other evidence provided by the council to substantiate that the infrastructure enables new housing supply. Other evidence could include a development servicing plan, copy of IPART assessment or details of any voluntary planning agreements. This will be subject to assessment by the Department of Planning and Environment.

3.3 Council Local Environmental Plan requirements

Councils must have in place current or draft planning controls which are applicable to the council area and meet the relevant housing targets.

If there is a LEP in place it should reflect the relevant housing targets for the Local Government Area (LGA) as set out in a District or Regional Plan.

Where a District or Regional Plan has been made in the last 24 months, the council must demonstrate that:

- a draft LEP has been prepared that reflects the housing targets OR
- it has made adequate progress in its LEP review to implement the relevant housing targets set out in the District or Regional Plan. The adequacy of council's progression in its LEP review to achieving housing targets will be subject to assessment by the Department of Planning and Environment. This assessment will consider the extent of council's progress and commitment as evidenced by documents such as:
    - its Local Strategic Planning Statement
    - its Local Housing Strategy
    - the inclusion of housing targets in related strategic planning documents
    - completed masterplans for new housing areas
    - LEP amendments currently undergoing a gateway process
    - completed studies of local planning related to new housing supply which will feed into the new LEP
    - relevant council project plans and agenda papers which include the LEP Review and council's goals.

4. Timeframe

The duration of loans subsidised under the LCLI must be no longer than 10 years. Councils showing that planned infrastructure will be substantially completed by 30 June 2021 will be preferred for LCLI support.



5. Applying for the Low Cost Loans Initiative

Councils may submit more than one application providing each application is for a separate project and separate loan. Only one interest reimbursement will be paid per loan.

Applications may comprise:

- a single project needed to enable additional housing supply – for example: new road, new sewerage station, an upgraded library or cycleway
- a group of different but related projects clustered in a single location – for example the development of community facilities or town centre for a new housing area
- a group of projects of a single nature that can be packaged as one program – for example, astro turf on playing fields in different sites within the LGA needed to support a growing population.

Disparate projects which serve different functional purposes and comprise an entire program for infrastructure are not eligible for support under the same application.

5.1 Applications from partnered councils

Two or more councils partnering to deliver a project across LGA boundaries may make a joint application. All participating councils must meet the eligibility requirements and provide a separate application with the required documentation as set out in these guidelines. Each council must contract a separate loan to cover its share of the project cost.

5.2 Project preparedness

Support will only be provided to reimburse the interest on borrowings for projects that are in a reasonably advanced stage of preparation. The application must include a realistic indication of the project delivery timetable and evidence of council approval for the project, such as a current Operational Plan or council minutes. Councils must be able to demonstrate they have the necessary resources, including effective project management and sound administration, to deliver and maintain the project once completed.

5.3 Application form and support material

Councils should complete a Low Cost Loans Initiative Application Form which is available at *www.planning.nsw.gov.au/LowCostLoans* and submit it online along with:

- an approved Contributions Plan (i.e. S94) OR a social infrastructure audit or similar OR a business case or other evidence which demonstrates justification for the project (see Criteria)
- current LEP (or draft where relevant) reflecting housing targets for the LGA, OR evidence of LEP Review Progress
- the current Operational Plan, or other plan, or council minutes showing that the proposed project has been approved by council
- evidence that loan finance is in the process of being obtained
- Indicative Bank Term Sheet or Letter of Offer and loan repayment schedule (see *www.planning.nsw.gov.au/LowCostLoans* for details of these).

Councils may provide additional documentation that supports the application for funding.

5.4 Closing date

Applications must be received by 5pm on 1 July 2018.

A second round may be held later in the 2018/19 financial year.

To discuss applications prior to submission, councils are encouraged to contact the Department of Planning and Environment by email: *lcli@planning.nsw.gov.au*



6. Assessment

Applications will be assessed by a panel, chaired by the Department of Planning and Environment, against the key criteria as outlined in these guidelines.

The panel will be looking for infrastructure projects that are well planned and that demonstrate relevance to increasing housing supply as evidenced by a description of the number of houses, new population serviced and the importance of the infrastructure to areas experiencing significant growth.

Priority will be given to applications for projects/programs that:

- enable new housing supply AND
- will be completed by 30 June 2021 or earlier.

Applicants may be contacted during the assessment process for further information.

Recommendations of the assessment panel are subject to Ministerial approval.

Announcement of successful applicants will be made in September 2018.



7. Funding agreement and payment

The Office of Local Government (OLG) will be responsible for administering the funding agreement and payment of the LCLI reimbursement. Should there be any changes to the project which may alter the loan parameters and scheduled interest payments, OLG must be notified immediately as provided under the terms of the agreement.

7.1 Funding agreement

Following the announcement, OLG will send successful applicants a funding agreement setting out terms and conditions of the LCLI.

Council will be expected to advise its loan provider that it has been approved for LCLI funding and negotiate the final loan agreement. Council and lender must agree on loan terms by the commencement date of the project.

Once the loan is finalised, a certified copy of the final loan agreement and final approved Bank Term Sheet/Letter of Offer must be provided to OLG. The funding agreement will then be signed.

The dollar amount of the reimbursement for a given project will be fixed in the LCLI agreement and there will be no adjustment to this amount, except as provided under the terms of the agreement.

Failure to commence project construction within 12 months after signing the agreement may result in the LCLI reimbursement being withdrawn.

If council defaults on the loan or fails to deliver the infrastructure detailed in its LCLI application, the funding agreement may be terminated.

7.2 Payment

Councils are expected to make full interest payments directly to the lending institution in accordance with their loan agreements and provide relevant documents to enable OLG to administer biannual reimbursements. Further detail on this process will be provided under the terms of the agreement.

7.3 Acknowledgement protocol

Successful councils will be required to acknowledge the LCLI funding and use NSW Government logos in materials, on signage and in other publicity provisions in accordance with the NSW Government Funding Acknowledgement Guidelines which can be found at https://www.dpc.nsw.gov.au/about/publications/grants_administration/funding_acknowledgement_guidelines

Further requirements will be specified in the funding agreement.



www.planning.nsw.gov.au

Low Cost Loan Initiative Application form

2018

Contact details

*Council name

*Council address

*Council ABN

*General manager email address

*Your name (authorised contact)

*Your email address

*Your phone number

If you are partnering with other councils for this project, please list them here

Low Cost Loan Initiative Application form

2018

Loan details

*Total amount of loan ($)

*Total cost of infrastructure (that the loan is for) ($)

*Where have you applied for a loan?

*Fixed interest rate (%)

*Length of term of the loan

Criteria 1: Eligibility for TCorp Loan Facility

*Has council been deemed eligible to seek access to the TCorp State Borrowing Facility?

- Yes
- No

Criteria 2: Infrastructure that enables new housing supply

*Is the infrastructure included in council's approved Contributions Plan (ie S94)? IF YES please attach at the end of this form

- Yes
- No

*Is the infrastructure included in an audit or other study commissioned to forecast the community infrastructure needs of an area experiencing significant population growth? IF YES please attach at the end of this form

- Yes
- No

*Do you have a business case or other evidence to substantiate that the new infrastructure enables new housing supply? IF YES please attach at the end of this form

- Yes
- No

Criteria 3: Council Local Environmental Plan requirements

*Does council have a current or draft Local Environmental Plan which includes residential zoning that aligns with housing targets for the LGA as set out in the District or Regional plan? IF YES please attach at the end of this form

- Yes
- No

*Is a LEP review underway? IF YES Please attach documentation to the end of this form demonstrating the progress made towards the review

- Yes
- No

Low Cost Loan Initiative Application form

2018

Project details

*Anticipated commencement date _____

*Projected completion date _____

*Infrastructure to be built with the loan is

- Enabling
- Supporting

If enabling, please specify (e.g. drainage/stormwater, traffic/pedestrian management, new local roads or upgrades, land acquisition)

If supporting, please specify (e.g. recreational, community, arts and cultural, landscaping a new town centre)

*Location of infrastructure (include GPS coordinates where known)

*Summary of project (One to two paragraphs only. This summary may be used for media purposes.)

*Please describe your project and attach a budget to the end of the form. The description may cover benefits, design, ownership, relevant approvals or consultation.

*How will the project accelerate housing supply?

*How critical is this infrastructure to support a community in a fast growing area?

*Has council approved expenditure and borrowing for this infrastructure?

- ○ Yes
- ◉ No

If no, when is approval expected?

*Does the proposed infrastructure integrate with other plans for the area (e.g. Council, NSW Treasury, RMS, Special Infrastructure Contributions (SIC) plan)? Please provide detail, if appropriate

Are landowners, ready, able and intending to develop?

- ○ Yes
- ○ No

Please provide details

*Please outline any identified risks for the project and the strategies in place to address them

*Please provide details of any activities prepared to promote the project with the local community

*Have community consultations been undertaken?

- ○ Yes
- ○ No

If yes, please provide details

*Provide the key milestones in the development and delivery of the project showing date of commencement and completion of the proposed infrastructure. If the infrastructure is being completed in stages please show the expected completion date for each stage.

Supporting documents

Before submitting this application, please ensure that all required documentation has been included.

Document	Details	Included
Council declaration form	To be signed by the Mayor and General Manager, scanned and submitted with the application	☐
Extract of minutes or operational plan	Have the proposed borrowings been approved by Council?	☐
Bank Term Sheet or Letter of Offer (see Banking Document Requirements)	Has council commenced the loan application process?	☐
Loan repayment schedule	Has the Council included the repayment schedule for the proposed loan?	☐
Local Environment Plan (or draft)	The LEP should reflect relevant housing targets for the LGA. An extract that is directly relevant to the proposed infrastructure is acceptable.	☐
Evidence that council has made adequate progress in its'	Documents could include: • Local Strategic Planning Statement	☐

LEP review	• Local Housing Strategy • Strategic planning documents that include housing targets • Completed masterplans for new housing areas • LEP amendments currently undergoing a gateway process • Completed studies of local planning related to new housing supply which will feed into the new LEP • Relevant council project plans and agenda papers which include the LEP review and councils' goals.	
Project budget	Does the budget include income from all sources including the loan?	☐

As well as at least one of the following:

Document	Details	Included
Section 94 Contributions Plan or relevant excerpt	The Plan, or relevant excerpt, must include the proposed infrastructure.	☐
A social infrastructure audit, or similar study	Does the study forecast community infrastructure needs? Does it include the proposed infrastructure?	☐
A business case or other evidence to substantiate that the infrastructure enables new housing supply	Other evidence could include a development servicing plan, copy of IPART assessment or details of any voluntary planning agreements	☐

Draft New initiatives 2018-2022 - Capital Initiatives General Fund

Strategic Land Acquisition - Open Space areas - Thurgoona Wirlinga Structure Plan

Trim Reference No(s)		**Status**	Active	**Start Date**	**End Date**
Approved Status Date		**Responsible Officer**	David Armstrong		
Category of Initiative	Capital New Initiatives	**Fund**	GF		
Group	Comm&Rec	**Team**	Parks and Recreation		
Initiative Type	New Project	**Funding Type**	New Funding - Councillor		
Contributions Plan	Infrastructure Contributions Plan 2014 s94				
Relevant Theme	3 A Caring Community - Albury Offers a Diverse and Accessible Range of Facilities and Activities for all Ages				
Relevant Strategic Action	Improve Reserves and Access to the Lake Hume Shoreline				
Project Drivers	Maintenance of business / upgrade of service				
Strategic Project Category	N/A				
2 Cities, 1 Community	4.5 Not Applicable				

	$New Asset	$Renewal Asset	$SOUGHT	$Grant Income	$Other Income	$Total Income
YR 1	$75,000	$0	$75,000	$0	$0	$0
YR 2	$1,250,000	$0	$1,250,000	$0	$0	0
YR 3	$1,000,000	$0	$1,000,000	$0	$0	$0
YR 4	$0	$0	$0	$0	$0	$0

Ongoing First Year			$0
Cost Neutral or $ Net Effect 1st Year			$75,000
Cost neutral or $ net effect 4 year delivery program			$2,325,000
Finance Reviewed for Loan Funding?	YES		
Is Capital Expenditure Review required?	NO	**Review date lodged**	
Is the Project Linked to Rates Special Variation?	NO		

Brief description of project

The Thurgoona/Wirlinga Structure Plan identifies a number of open space areas. Funds will be used to purchase high priority land acquisitions (sportsfield sites). Initial funding will allow concept plans to be developed for the sites which will assist in identify sizes and configuration of each of the sportsfield sites.

Rationale

Purchase land now prior to significant residential development in the area. Long term delays and residential encroachment will subsequently increase the cost to Council.

How the project will be monitored and reviewed

The project will be monitored and reviewed through the Property group.

Proposed project outcomes (commercial return and social if applicable)

Ensure that public land is acquired for future needs in the most cost effective way.

Road - Kerr Road Reconstruction

Trim Reference No(s)		**Status**	Active	**Start Date**	**End Date**
Approved Status Date	12/Feb/2014	**Responsible Officer**	Andrew Lawson		
Category of Initiative	Capital New Initiatives	**Fund**	GF		
Group	Engineering	**Team**	Assets		
Initiative Type	Maintaining Current Asset	**Funding Type**	New Funding		
Contributions Plan	Infrastructure Contributions Plan 2014 s94				
Relevant Theme	1 A Growing Sustainable Economy - Albury's Infrastructure and Assets are Well Managed and Maintained				
Relevant Strategic Action	Adopt an integrated approach to planning and understanding of community assets and infrastructure				
Project Drivers	Maintenance of business / upgrade of service				
Strategic Project Category	N/A				
2 Cities, 1 Community	4.5 Not Applicable				

	$New Asset	$Renewal Asset	$SOUGHT	$Grant Income	$Other Income	$Total Income
YR 1	$1,000,000	$1,630,000	$2,630,000	$0	$0	$0
YR 2	$600,000	$665,000	$1,265,000	$0	$0	0
YR 3	$600,000	$700,000	$1,300,000	$0	$0	$0
YR 4	$600,000	$400,000	$1,000,000	$0	$0	$0

Ongoing First Year			$0
Cost Neutral or $ Net Effect 1st Year			$2,630,000
Cost neutral or $ net effect 4 year delivery program			$6,195,000
Finance Reviewed for Loan Funding?	NO		
Is Capital Expenditure Review required?	NO	**Review date lodged**	
Is the Project Linked to Rates Special Variation?	YES		

Brief description of project

Reconstruction of road in poor condition and upgrade of road identified in the Thurgoona\Wirlinga Structure Plan. Actual staging of this project will be timed to suit subdivision activity.

Rationale

Reconstruction of a road in poor condition.

How the project will be monitored and reviewed

Project cost and quality will be monitored with set Council Policies and procedures. Ongoing progress of the project will be reported through Performance Planner and monthly reviews of project and budget updates will also be provided via the Engineering Works Schedule and Status report.

Proposed project outcomes (commercial return and social if applicable)

Well maintained Council infrastructure.

Road - Thurgoona Drive/Elizabeth Mitchell Drive (Roundabout improvements)

Trim Reference No(s)		**Status**	Active	**Start Date**	**End Date**
Approved Status Date		**Responsible Officer**	Andrew Lawson		
Category of Initiative	Capital New Initiatives	**Fund**	GF		
Group	Engineering	**Team**	Assets		
Initiative Type	Maintaining Current Asset	**Funding Type**	New Funding		
Contributions Plan	N/A				
Relevant Theme	1 A Growing Sustainable Economy - Albury's Infrastructure and Assets are Well Managed and Maintained				
Relevant Strategic Action	Adopt an integrated approach to planning and understanding of community assets and infrastructure				
Project Drivers	Albury 2030 priority / Community driven				
Strategic Project Category	N/A				
2 Cities, 1 Community	4.5 Not Applicable				

	$New Asset	$Renewal Asset	$SOUGHT	$Grant Income	$Other Income	$Total Income
YR 1	$100,000	$100,000	$200,000	$0	$0	$0
YR 2	$800,000	$800,000	$1,600,000	$0	$0	0
YR 3	$0	$0	$0	$0	$0	$0
YR 4	$0	$0	$0	$0	$0	$0

Ongoing First Year			$0
Cost Neutral or $ Net Effect 1st Year			$0
Cost neutral or $ net effect 4 year delivery program			$1,800,000
Finance Reviewed for Loan Funding?	NO		
Is Capital Expenditure Review required?	NO	**Review date lodged**	
Is the Project Linked to Rates Special Variation?	NO		

Brief description of project

Road - Thurgoona Drive/Elizabeth Mitchell Drive (Roundabout improvements)

Rationale

Improve traffic flow on major arterial catering for increased utilisation in Thurgoona/Wirlinga major growth area.

How the project will be monitored and reviewed

Project cost and quality will be monitored with set Council Policies and procedures. Ongoing progress of the project will be reported through Performance Planner and monthly reviews of project and budget updates will also be provided via the Engineering Works Schedule and Status report.

Proposed project outcomes (commercial return and social if applicable)

Well maintained Council infrastructure. Better traffic flows.

Thurgoona Road and Table Top Road Community Space

Trim Reference No(s)		**Status**	Active	**Start Date**	**End Date**
Approved Status Date		**Responsible Officer**	David Armstrong		
Category of Initiative	Capital New Initiatives	**Fund**	GF		
Group	Comm&Rec	**Team**	Parks and Recreation		
Initiative Type	New Project	**Funding Type**	Developer Contributions -		
Contributions Plan	Infrastructure Contributions Plan 2014 s94				
Relevant Theme	1 A Growing Sustainable Economy - Plan and Cater for Increased Population Growth				
Relevant Strategic Action	Support and promote sustainable growth - planning and infrastructure to provide employment opportunities, housing choice and community facilities				
Project Drivers	Albury 2030 priority / Community driven				
Strategic Project Category	N/A				
2 Cities, 1 Community	4.5 Not Applicable				

	$New Asset	$Renewal Asset	$SOUGHT	$Grant Income	$Other Income	$Total Income
YR 1	$0	$0	$0	$0	$0	$0
YR 2	$300,000	$0	$300,000	$0	$0	0
YR 3	$0	$0	$0	$0	$0	$0
YR 4	$0	$0	$0	$0	$0	$0

Ongoing First Year			$0
Cost Neutral or $ Net Effect 1st Year			$0
Cost neutral or $ net effect 4 year delivery program			$300,000
Finance Reviewed for Loan Funding?	NO		
Is Capital Expenditure Review required?	YES	**Review date lodged**	
Is the Project Linked to Rates Special Variation?	NO		

Brief description of project

The Thurgoona Wirlinga Structure Plan identifies a community space on the corner of Thurgoona Drive and Table Top Road. Council staff have been in negotiation with the developer of the site discussing options for community space.

Rationale

Providing community space as outlined in the Thurgoona Wirlinga Structure Plan.

How the project will be monitored and reviewed

The design phase will be monitored by Parks and Recreation in construction with the Planning Department while construction will be monitored by Engineering.

Proposed project outcomes (commercial return and social if applicable)

Providing of quality open space for the community.

FAC7.2 March Quarter Budget Review

DATE	8 May 2018	**FIL REFERENCE**	FIL17/00082
CONFIDENTIAL	No		
FURTHER ENQUIRIES	Frank Zaknich Executive	**PHONE**	6023 8755
Author	Justin Finlayson		

Purpose of Report

The report presents the revised estimate of Council's financial performance for the 2017/18 financial year as part of the quarterly review of Council's annual budget.

Background

Clause 203 of the *Local Government (General) Regulations 2005* requires that:

1. *Not later than two months after the end of each quarter (except the June quarter), the responsible accounting officer of a council must prepare and submit to the council a budget review statement that shows, by reference to the estimate of income and expenditure set out in the statement of the council's revenue policy included in the operational plan for the relevant year, a revised estimate of the income and expenditure for that year.*

2. *A budget review statement must include or be accompanied by:*
   a. *a report as to whether or not the responsible accounting officer believes that the statement indicates that the financial position of the council is satisfactory, having regard to the original estimate of income and expenditure, and*
   b. *if that position is unsatisfactory, recommendations for remedial action.*

This report summarises major forecast variations compared to the original budget for the 2017/18 financial year. Forecast variations that are expected to result in a net nil change between accounts have not been highlighted within this report. Council's financial results for the nine months ended 31 March 2018 have been examined to identify possible savings to offset cost shifts.

Issues

Operating Budget

The consolidated full year operating result is now forecast to be an operating surplus of $9.2 million which is $2.6 million more than the December Quarter Budget Review year end forecast. Table 1 below summarises the forecast change in net operating result by Fund.

Table 1

Net operating variations	Original Budget 2017/18 $ 000's	December Budget Review forecast $ 000's	Expenditure Carried Forward to next year $ 000's	Other Variations March Review $ 000's	Revised year end forecast 2017/18 $ 000's
General	(234)	3,801	(671)	(892)	2,238
Water	(3,166)	(3,537)	0	(895)	(4,432)
Sewer	(6,403)	(6,856)	0	(132)	(6,988)
(Surplus)/Deficit	(9,803)	(6,592)	(671)	(1,919)	(9,182)

Note: () indicates an improvement to budget

The forecast operating deficit for the General Fund, previously identified as part of the September Quarter Budget Review, is mainly due to the advanced receipt of Financial Assistance Grants of $3 million during the prior financial year.

Carry Forward Projects $671,000

- $160,000 Strategic Planning Projects - commencement of the program will be delayed until June 2018.
- $83,500 Integrated transport Strategy - project delayed due to the extended completion timeframes for the Albury Traffic Study.
- $80,000 Compliance Projects - project delayed with cross border collaboration and contractor appointment.
- $53,000 Development of visitALBURYWODONGA website - project not commenced due to timing including delays in Murray River Tourism website redevelopment and other project priorities, such as development of the Albury Wodonga Destination Management Plan. This figure also includes contribution from Wodonga Council of $35,000 for projects to be started in 2018/19.
- $43,500 Crime Prevention Drug & Alcohol Harm Minimisation Project - grant funds that will expended in 2018/19.
- $39,740 2018 State Library of NSW Grant - calendar year grant for Write Around the Murray Festival which will be held in 2018/19.
- $35,000 Create NSW Museum Program Grant - calendar year grant to support Museum program.
- $176,260 Other projects.

Forecast changes to the net operating result of each Fund as part of the March Quarter Budget Review are summarised below. Where possible work groups have made efforts to ensure cost increments have been offset by savings in other areas. Major variations to budget have been identified per each group below.

General Fund Operating Budget

The General Fund full year operating result is now forecast to be a deficit of $2.2 million which is $1.6 million less than the December Quarter Budget Review forecast.

Community and Recreation

The forecast is a favourable change to the budget of $671,229 including carry forward items of $264,516; other budget improvements amount to $406,713.

Improvements:

- $122,633 Salaries and wages savings;
- $181,000 Transfer Murrayfield Sports field Renovation budget from operating to capital;
- $172,525 reduction in internal water/sewer charges due to a decrease in water consumption mainly in parks; this is offset within the Water and Sewer funds; and
- $264,516 Carry forward items.

Deteriorations:

- $69,445 Other variations.

Economic Development & Tourism

The forecast is a favourable change to the budget of $325,123, including carry forward items of $53,000; other budget improvements amount to $272,123.

Improvements:

- $186,838 improvement to Albury Entertainment Centre operating results due to original budget allowing for a three month closure for HVAC system upgrade which has been deferred;
- $53,000 Carry forward items; and
- $85,285 Other variations.

Engineering

The forecast is a favourable change to the budget of $501,283, including carry forward items of $83,500; other budget improvements amount to $417,783.

Improvements:

- $254,896 Increase in landfill income which is offset within the Water and Sewer funds. This is due to the original budget allowing for biosolids being diverted at the end of March 2018 which has now been delayed until next financial year;
- $284,300 Salaries and wages savings.
- $80,000 Increase in major plant hire income due to higher plant bookings;
- $83,500 Carry forward items.

Deteriorations:

- $80,000 Increase in budget required to complete the Albury Traffic Model;
- $40,000 Net increase in budget to complete South Albury Flood Study; and
- $81,413 Other variations.

Executive

The forecast is an unfavourable change to the budget of $538,785, including carry forward items of $30,000; other budget variations amount to a deterioration of $568,785.

Improvements:
- $230,000 Additional rating income from supplementary valuations;
- $80,000 Salaries and wages savings;
- $80,000 Increase in investment income due to higher investment balances;
- $30,000 Carry forward items;
- $14,126 Other variations.

Deteriorations:
- $972,911 Budgeted savings for vacant positions has been reallocated across groups.

Planning & Environment

The forecast is a favourable change to the budget of $604,031, including carry forward items of $240,000; other budget improvements amount to $364,031.

Improvements:
- $330,000 Salaries and Wages savings offset with vacancy savings;
- $240,000 Carry forward items;
- $34,031 Other variations.

Water Fund Operating Budget

The forecast is a favourable change to budget of $895,188, with no carry forward items.

Improvements:
- $895,347 Increase in water consumption income;
- $130,000 Reduction in consultancy work taking place this financial year;
- $23,500 Other variations.

Deteriorations:
- $153,659 Decrease in internal water income offset by savings in the General Fund.

Sewer Fund Operating Budget

The forecast is a favourable change to budget of $131,685, with no carry forward items.

Improvements:
- $80,000 Reduced lab contract analysis not required due to NATA accreditation;
- $70,000 Increased interest income due to higher investment balances;
- $65,000 Reduction in Waterview operations budget;
- $45,626 Sewer fund timber royalties from Forestry NSW;

- $28,059 Other variations.

Deteriorations:

- $157,000 Increase landfill charges due to biosolids still to be sent to the landfill for the remainder of the financial year, offset by General Fund landfill income.

CAPITAL BUDGET

The net capital budget is forecast to decrease by $8.9 million to $37.5 million, which is mainly due to $8.3 million that is to be carried forward to the next financial year. Table 2 below summarises the forecast change in net capital results by Fund:

Table 2

Net Capital variations	Original Budget 2017/18 $'000	December Budget Review forecast $ 000's	Expenditure Carried Forward to next year $ 000's	Other Variations March Review $ 000's	Revised year end forecast 2017/18 $'000
General	22,277	33,843	(5,503)	612	28,952
Water	9,522	4,979	(300)	60	4,739
Sewer	9,447	7,612	(2,450)	(1,357)	3,805
Net cost	41,246	46,434	(8,253)	(685)	37,496

Note: () indicates a decrease to budget

General Fund Capital Budget

The forecast is a favourable change to the budget of $4.891 million including carry forward items of $5.503 million; other budget variations amount to a deterioration of $611,692.

Carry Forward Projects ($5.5 million)

- $800,000 JC King Sports Pavilion - designs completed and scheduled for request for tender in May.
- $600,000 Kerr Road Construction - contract awarded in March, with contractor programmed to commence work in early May.
- $520,000 Ross Circuit Drainage - design currently being finalised.
- $440,000 Hovell Tree Park - Wood Fired Oven improvements - These works are included in the Regional Growth & Environment Grant program which has recently been awarded.
- $420,000 Thurgoona Oval Change rooms - Project originally funded over two year period, with the remainder in 2018-19 and possible grant funding through the Stronger Country Communities Grant program.
- $367,714 Lavington Sporting Ground Redevelopment - Delays have been experienced in construction of the amenities building and sports field construction, which have been approved by the Federal Government.
- $300,000 Landfill Leachate to Sewer - project commenced with an extended trial and testing period delaying progress. Majority of project to be completed in the 2018/19 financial year.

- $280,000 Oddies Creek Park Carpark/bridge - These works are included in the Regional Growth & Environment Grant program which has recently been awarded.
- $200,000 Doctors Point Road Emergency Access - Project delayed due to delays in design and availability of resources.
- $200,000 Noreuil Park Foreshore - These works are included in the Regional Growth & Environment Grant program which has recently been awarded.
- $175,000 Mungabareena Reserve - In the past 12 months Mungabareena Reserve has been named an "Aboriginal Place" and as a result a Management plan is being developed for the Mungabareena Reserve. Works have been deferred until the management plan is complete.
- $153,000 Airport Taxiway B Lighting Upgrade - This project commenced in January 2018, however, there have been extensive delays in receiving a quote to undertake the design. Staff capacity to oversee this project has also been affected by the Airport Terminal renovations, which are expected to be completed in June.
- $150,000 Lake Hume Parks - Awaiting completion and Council endorsement of the Lake Hume Reserves Master Plan, works are grant funded.
- $147,000 Jelbart Park - Sports field lighting - Waiting for confirmation of grant funding prior to scheduling works (funding through Asia Cup Fund).
- $110,000 Botanic Gardens Elm Ave - Project delayed due to curator's role not being filled. In addition, second allocation of funding pushed back to 2020/21.
- $110,000 Alexandra Park - Ian Barker Fields upgrade - Design of Ian Barker Fields ($110K) has been delayed due to resourcing and scheduled for 2018/19. This will now align with funds allocated for construction in the Draft 2018/19 Budget; and
- $530,390 Other projects.

Deteriorations $611,692

- $238,000 Lavington Sports Ground Redevelopment additional design and legal fees;
- $212,000 Additional fleet not originally budgeted for which has been offset by increased net profit from sales;
- $181,000 Transfer Murrayfield Sports field Renovation budget from operating to capital; and
- ($19,308) Other variations.

Water Fund Capital Budget

The forecast is a favourable change to the budget of $240,000 including carry forward items of $300,000; other budget variations amount to a deterioration of $60,000.

Carry Forward Projects $300,000

- $235,000 Water Pump Station 24 replacement – tender documents currently being developed to be advertised in May; and
- $65,000 Other projects.

Sewer Fund Capital Budget

The forecast is a favourable change to the budget of $3.807 million including carry forward items of $2.450 million; other budget variations amount to an improvement of $1.357 million.

Carry Forward Projects $2.450 million

- $2.45 million Ettamogah Sewerage Augmentation – design nearing completion. Delayed due to extended consultation and approval process.

Improvements $1.357 million

- $498,000 Reduction to Sewer Pump Station No 37 budget at North Albury as these works have been rebudgeted in future years;
- $460,600 Reduction in Sewer Pump Station No 1 budget as these works have been rebudgeted in future years;
- $190,000 Reduction in Softwood Plantation budget as works have been delayed, there is a budget in future years for this project; and
- $208,000 Other variations

BUDGETED LOANS

As resolved by Council as part of the September Quarter Budget Review, AlburyCity has applied to TCorp for budgeted loan funding of up to $3.5 million to be drawn down during the 2017/18 financial year to support special variation to rates projects. The required loan funding to be drawn down during the 2017/18 financial year was to be confirmed as part of the March Quarter Budget Review. TCorp have previously advised that their loan funding is available for new infrastructure rather than existing infrastructure that has been completed in prior years.

It is proposed that Council draw down the budgeted loan funding of $3.5 million by 30 June 2018.

UNRESTRICTED FUNDS

As a result of changes recognised as part of the March Quarter Budget Review it is projected that unrestricted cash and investments will be $30,000 less than previously forecast.

Table 3

Cash and Investments	Actual 2017 $'000	Original Budget 2017/18 $'000	Dec Review forecast 2017/18 $'000	March Review Changes 2017/18 $'000	Revised year end forecast 2017/18 $'000
Externally restricted	70,836	53,710	76,773	5,271	82,044
Internally restricted	17,999	8,773	8,561	6,174	14,735
Unrestricted	24,740	24,085	15,927	(30)	15,897
Total	113,575	86,569	101,262	11,415	112,677

Note: () indicates a decrease to budget

Externally restricted cash and investments include Water and Sewer Fund balances, unexpended developer contributions, special purpose grants and domestic waste management funds. The forecast increase in externally restricted cash and investments is mainly due to funds held by the Water and Sewer Funds.

Internally restricted cash and investments include employee leave entitlements, deposits retentions and bonds, prepaid burial contributions, landfill remediation, community fund and expenditure to be carried forward to the next financial year. The forecast increase in internally restricted cash and investments is mainly due to budgeted General Fund project funding to be carried forward to next financial year.

It is important that an appropriate level of unrestricted cash and investments are maintained to meet liabilities as and when they fall due. There is a forecast decrease in the General Fund unrestricted cash position of $30,000 as part of the March Quarter Budget Review. The projected estimates of income and expenditure included in the March Quarter Budget Review indicates that AlburyCity's projected financial position at 30 June 2018 will be satisfactory when compared to industry benchmarks.

Risk

- Business Risk - Although Council is forecast to achieve an overall operating surplus during the 2017/18 financial year, a deficit of $2.2 million is forecast for the General Fund due to the timing of income and operating expenditure carried forward from the prior financial year;
- Corporate Risk - Council continues to be proactive in managing its budget as part of its Service and Efficiency Review Program while working to maintain and improve infrastructure within AlburyCity;
- WHS and Public Risk – No risks identified; and
- Delivery Program Risk – Some capital project funding originally budgeted in the 2017/18 financial year will now be rescheduled for the consideration of Council during the Four Year Delivery Program.

Community Engagement

The *Local Government (General) Regulations 2005* require that not later than two months after the end of each quarter (except the June quarter), a budget review statement must be submitted to the Council that shows a revised estimate of the income and expenditure for that year.

Options

The Quarterly Budget Review is presented for consideration. Options available include:

1. Adopt the revised budget estimates for the 2017/18 financial year as presented; or
2. Vary the proposed quarterly budget review estimates; or
3. Adopt no changes to the 2017/18 Budget.

Conclusion

The consolidated full year operating result is now forecast to be an operating surplus of $9.2 million which is $2.6 million more than the December Quarter Budget Review forecast.

An operating deficit of $2.2M is forecast for the General Fund due to the advanced receipt of Financial Assistance Grants of $3M during the prior financial year.

Council continues to be proactive in managing its budget as part of its Service and Efficiency Review Program while working to maintain and improve infrastructure within AlburyCity. Positive operating cash flows are required to fund planned capital improvements and meet principal loan repayments which also supplement capital works program funding.

The forecast net cost of the 2017/18 capital works program has decreased by $8.9 million to $37.5 million, which is mainly due to project expenditure to be carried forward to the next financial year.

AlburyCity's unrestricted forecast cash position is forecast to be in line with the previous forecast. The projected estimates of income and expenditure included in the March Quarter Budget Review indicates that AlburyCity's projected financial position at 30 June 2018 will be satisfactory when compared to industry benchmarks.

Recommendation

That the Committee recommends to Council that Council:

a. Receive and adopt the revised budget estimates for the 2017/18 financial year;
b. Authorise the drawdown of $3.5 million in budgeted loans during the 2017/18 financial year; and
c. Note the supplementary reports including the Consultancy and Legal Expenditure and Contract Expenditure Listing.

Attachments

1. March Quarter 2017/18 Budget Review Operating Results Report Group Structure Format.
2. March Quarter 2017/18 Budget Review Operating Results Report Statutory Accounts Format.
3. March Quarter 2017/18 Budget Review Capital Results Report.
4. Cash Flow.
5. Cash and Investment Report.
6. Consultancy and Legal Expenditure Report.
7. Contract Expenditure Listing.
8. Carry Forward listing.
9. Report by Responsible Accounting Officer.

Items to be Tabled

10. Operating Results Changes – All Details.
11. Capital Results Changes – All Details.

AlburyCity

Budget review for quarter ended March-2018

Operating Results AlburyCity Group structure format: Consolidated to include ALL FUNDS. This report excludes Capital Income

		ORIGINAL Budget 2017-2018	Approved Changes		REVISED Budget as current	Recommended changes for Council resolution	Review Budget Carry Fwd Amount	PROJECTED year end result 2017-2018	ACTUAL YTD Mar-2018
			Sep Review	Dec Review					
		$	$	$	$	$	$	$	$
Community & Recreation	Operating Income	(6,628,042)	(166,157)	(209,888)	(7,004,087)	(40,686)	0	(7,044,773)	(5,197,865)
	Operating Expense	24,251,887	573,669	353,430	25,178,986	(366,027)	(264,516)	24,548,443	18,027,706
	Net Operating Result	17,623,845	407,512	143,542	18,174,899	(406,713)	(264,516)	17,503,670	12,829,842
Engineering	Operating Income	(39,271,493)	498,566	(303,000)	(39,075,927)	5,104	0	(39,070,823)	(29,018,128)
	Operating Expense	55,678,133	657,991	(58,907)	56,277,217	(422,887)	(83,500)	55,770,830	39,499,117
	Net Operating Result	16,406,640	1,156,557	(361,907)	17,201,290	(417,783)	(83,500)	16,700,007	10,480,988
Executive	Operating Income	(45,322,601)	2,138,359	(55,000)	(43,239,242)	(310,000)	0	(43,549,242)	(32,667,906)
	Operating Expense	(1,672,341)	(48,066)	(5,600)	(1,726,007)	878,785	(30,000)	(877,222)	(799,464)
	Net Operating Result	(46,994,942)	2,090,293	(60,600)	(44,965,249)	568,785	(30,000)	(44,426,464)	(33,467,370)
Planning & Environment	Operating Income	(2,289,274)	(40,000)	0	(2,329,274)	20,000	0	(2,309,274)	(1,738,922)
	Operating Expense	10,372,330	69,907	1,974	10,444,211	(384,031)	(240,000)	9,820,180	6,844,897
	Net Operating Result	8,083,056	29,907	1,974	8,114,937	(364,031)	(240,000)	7,510,906	5,105,975
Economic Development & Tourism	Operating Income	(2,968,626)	1,471,800	12,000	(1,484,826)	(387,600)	0	(1,872,426)	(1,428,936)
	Operating Expense	7,615,883	(844,187)	(12,000)	6,759,696	115,477	(53,000)	6,822,173	4,466,189
	Net Operating Result	4,647,257	627,613	0	5,274,870	(272,123)	(53,000)	4,949,747	3,037,253
Total: General Fund	Operating Income	(96,480,036)	3,902,568	(555,888)	(93,133,356)	(713,182)	0	(93,846,538)	(70,051,756)
	Operating Expense	96,245,892	409,314	278,897	96,934,103	(178,683)	(671,016)	96,084,404	68,038,445
	Total Net Operating Result	**(234,144)**	**4,311,882**	**(276,991)**	**3,800,747**	**(891,865)**	**(671,016)**	**2,237,866**	**(2,013,311)**
		Surplus	Deficit	Surplus	Deficit	Surplus	Surplus	Deficit	Surplus
Water Fund	Operating Income	(17,157,583)	(229,156)	(100,000)	(17,486,739)	(705,534)	0	(18,192,273)	(14,262,935)
	Operating Expense	13,991,690	338,471	(380,225)	13,949,936	(189,654)	0	13,760,282	9,956,149
	Net Operating Result	**(3,165,893)**	**109,315**	**(480,225)**	**(3,536,803)**	**(895,188)**	**0**	**(4,431,991)**	**(4,306,786)**
		Surplus	Deficit	Surplus	Surplus	Surplus		Surplus	Surplus
Sewer Fund	Operating Income	(22,080,336)	(168,000)	(100,000)	(22,348,336)	(167,006)	0	(22,515,342)	(17,167,628)
	Operating Expense	15,677,163	(85,038)	(100,000)	15,492,125	35,321	0	15,527,446	11,195,642
	Net Operating Result	**(6,403,173)**	**(253,038)**	**(200,000)**	**(6,856,211)**	**(131,685)**	**0**	**(6,987,896)**	**(5,971,985)**
		Surplus	Surplus	Surplus	Surplus	Surplus		Surplus	Surplus
Total: ALL FUNDS	Operating Income	(135,717,955)	3,505,412	(755,888)	(132,968,431)	(1,585,722)	0	(134,554,153)	(101,482,319)
	Operating Expense	125,914,745	662,747	(201,328)	126,376,164	(333,016)	(671,016)	125,372,132	89,190,237
	Net Operating Result	**(9,803,210)**	**4,168,159**	**(957,216)**	**(6,592,267)**	**(1,918,738)**	**(671,016)**	**(9,182,021)**	**(12,292,083)**
		Surplus	Deficit	Surplus	Surplus	Surplus	Surplus	Surplus	Surplus

Notes: > Figures in ( ) are Income or Surplus if in Net Result line

> ORIGINAL Budget plus or minus approved budget changes in previous quarters = REVISED Budget

> REVISED Budget plus or minus recommended changes this quarter = PROJECTED year end result

> The above Group format summarises all transactions including internal charges, these are between Groups and across Funds. Totals therefore include internal values and will not reconcile to statutory formats.

> This document forms part of AlburyCity's Quarterly Budget Review Statement (QBRS) for the quarter ended March-2018 and should be read in conjunction with other documents in the QBRS.

AlburyCity

Budget review for quarter ended March-2018

Income & Expenses result Statutory accounts format for ALL FUNDS: Includes Capital Income

	ORIGINAL Budget 2017-2018	Approved Changes: Sep Review	Approved Changes: Dec Review	REVISED Budget as current	Recommended changes for Council resolution	Review Budget Carry Fwd Amount	PROJECTED year end result 2017-2018	ACTUAL YTD Mar-2018
	$	$	$	$	$	$	$	$
Income from Continuing Operations:								
Rates & Annual Charges	(64,705,180)	0	(80,000)	(64,785,180)	(297,000)	0	(65,082,180)	(48,852,005)
User Charges & Fees	(38,302,147)	(265,790)	(89,092)	(38,657,029)	(925,073)	0	(39,582,102)	(29,947,006)
Interest & Investment Revenue	(2,676,734)	(408,973)	(245,000)	(3,330,707)	(150,000)	0	(3,480,707)	(2,677,161)
Other Revenues	(4,586,274)	(178,107)	43,000	(4,721,381)	(183,686)	0	(4,905,067)	(3,753,719)
Grants and Contributions - Operating	(8,802,126)	2,814,482	(117,796)	(6,105,440)	66,500	0	(6,038,940)	(4,457,186)
Grants and Contributions - Capital	(7,442,240)	(3,200,200)	(309,973)	(10,952,413)	(498,152)	0	(11,450,565)	(7,900,746)
Profit from Disposal of Assets	(132,114)	177,720	(150,000)	(104,394)	(40,000)	0	(144,394)	(150,732)
Income from Joint ventures	0	0	0	0	0	0	0	0
Total Income from continuing Operations	(126,646,815)	(1,060,868)	(948,861)	(128,656,544)	(2,027,411)	0	(130,683,955)	(97,738,554)
Expenses from Continuing Operations:								
Employee costs	37,710,918	(173,233)	(81,662)	37,456,023	85,578	0	37,541,601	23,027,831
Borrowing costs	3,335,847	(355,529)	0	2,980,318	0	0	2,980,318	2,198,002
Materials and contracts	28,569,228	1,777,782	(21,782)	30,325,228	(148,712)	(562,293)	29,614,223	23,775,875
Depreciations and amortisation	27,863,395	437,742	0	28,301,137	(50,000)	0	28,251,137	21,152,614
Other Operating Expenses	11,921,977	342,065	(214,884)	12,049,158	(276,345)	(108,723)	11,664,090	7,391,405
Interest and Investment Losses	0	0	0	0	0	0	0	0
Losses from Joint ventures	0	0	0	0	0	0	0	0
Savings to be achieved	0	0	0	0	0	0	0	0
Total Expenses from continuing operations	109,401,365	2,028,827	(318,328)	111,111,864	(389,479)	(671,016)	110,051,369	77,545,726
Net Operating Result from continuing operations	(17,245,450)	967,959	(1,267,189)	(17,544,680)	(2,416,890)	(671,016)	(20,632,586)	(20,192,828)
	Surplus	Deficit	Surplus	Surplus	Surplus	Surplus	Surplus	Surplus
Net Operating Result before capital items	(9,803,210)	4,168,159	(957,216)	(6,592,267)	(1,918,738)	(671,016)	(9,182,021)	(12,292,083)
	Surplus	Deficit	Surplus	Surplus	Surplus	Surplus	Surplus	Surplus

Notes: > Figures in ( ) are Income or Surplus if in Net Result line

> ORIGINAL Budget plus or minus approved budget changes in previous quarters = REVISED Budget

> REVISED Budget plus or minus recommended changes this quarter = PROJECTED year end result

> This statutory format eliminates internals from income and expenses to the categories of Materials and Contracts and Other Expenses. Net operating result will however remain the same as shown in the group structure reporting format.

> This document forms part of AlburyCity's Quarterly Budget Review Statement (QBRS) for the quarter ended March-2018 and should be read in conjunction with other documents in the QBRS.

AlburyCity

Budget review for quarter ended March-2018

Income & Expenses result Statutory accounts format for GENERAL FUND: Includes Capital Income

	ORIGINAL Budget 2017-2018	Approved Changes		REVISED Budget as current	Recommended changes for Council resolution	Review Budget Carry Fwd Amount	PROJECTED year end result 2017-2018	ACTUAL YTD Mar-2018
		Sep Review	Dec Review					
	$	$	$	$	$	$	$	$
Income from Continuing Operations:								
Rates & Annual Charges	(44,429,891)	0	(80,000)	(44,509,891)	(297,000)	0	(44,806,891)	(33,646,145)
User Charges & Fees	(24,025,575)	(136,634)	(89,092)	(24,251,301)	(4,100)	0	(24,255,401)	(17,825,425)
Interest & Investment Revenue	(1,178,743)	(58,973)	(45,000)	(1,282,716)	(80,000)	0	(1,362,716)	(1,061,824)
Other Revenues	(4,308,712)	(178,107)	43,000	(4,443,819)	(183,686)	0	(4,627,505)	(3,489,732)
Grants and Contributions (Operating)	(8,457,949)	2,814,482	(117,796)	(5,761,263)	66,500	0	(5,694,763)	(4,199,066)
Grants and Contributions - Capital	(5,999,520)	(3,200,200)	(309,973)	(9,509,693)	(498,152)	0	(10,007,845)	(6,279,874)
Profit from Disposal of Assets	(132,114)	177,720	(150,000)	(104,394)	(40,000)	0	(144,394)	(150,732)
Income from Joint ventures	0	0	0	0	0	0	0	0
Total Income from continuing Operations	(88,532,504)	(581,712)	(748,861)	(89,863,077)	(1,036,438)	0	(90,899,515)	(66,652,798)
Expenses from Continuing Operations:								
Employee costs	33,577,902	(163,956)	(81,662)	33,332,284	85,578	0	33,417,862	21,267,916
Borrowing costs	2,732,849	(355,529)	0	2,377,320	0	0	2,377,320	1,745,770
Materials and contracts	23,980,243	1,487,782	428,443	25,896,468	176,288	(562,293)	25,510,463	19,794,316
Depreciations and amortisation	17,350,445	383,032	0	17,733,477	(50,000)	0	17,683,477	13,199,810
Other Operating Expenses	4,657,401	342,065	(184,884)	4,814,582	(565,445)	(108,723)	4,140,414	2,351,800
Interest and Investment Losses	0	0	0	0	0	0	0	0
Losses from Joint ventures	0	0	0	0	0	0	0	0
Savings to be achieved	0	0	0	0	0	0	0	0
Total Expenses from continuing operations	82,298,840	1,693,394	161,897	84,154,131	(353,579)	(671,016)	83,129,536	58,359,613
Net Operating Result from continuing operations	(6,233,664)	1,111,682	(586,964)	(5,708,946)	(1,390,017)	(671,016)	(7,769,979)	(8,293,186)
	Surplus	Deficit	Surplus	Surplus	Surplus	Surplus	Surplus	Surplus
Net Operating Result before capital items	(234,144)	4,311,882	(276,991)	3,800,747	(891,865)	(671,016)	2,237,866	(2,013,311)
	Surplus	Deficit	Surplus	Deficit	Surplus	Surplus	Deficit	Surplus

Notes: > Figures in ( ) are Income or Surplus if in Net Result line

> ORIGINAL Budget plus or minus approved budget changes in previous quarters = REVISED Budget

> REVISED Budget plus or minus recommended changes this quarter = PROJECTED year end result

> This statutory format eliminates internals from income and expenses to the categories of Materials and Contracts and Other Expenses. Net operating result will however remain the same as shown in the group structure reporting format.

> This document forms part of AlburyCity's Quarterly Budget Review Statement (QBRS) for the quarter ended March-2018 and should be read in conjunction with other documents in the QBRS.

AlburyCity

Budget review for quarter ended March-2018

Income & Expenses result Statutory accounts format for WATER FUND: Includes Capital Income

	ORIGINAL Budget 2017-2018	Approved Changes: Sep Review	Approved Changes: Dec Review	REVISED Budget as current	Recommended changes for Council resolution	Review Budget Carry Fwd Amount	PROJECTED year end result 2017-2018	ACTUAL YTD Mar-2018
	$	$	$	$	$	$	$	$
Income from Continuing Operations:								
Rates & Annual Charges	(3,614,616)	0	0	(3,614,616)	0	0	(3,614,616)	(2,710,854)
User Charges & Fees	(11,020,274)	(129,156)	0	(11,149,430)	(845,347)	0	(11,994,777)	(9,364,945)
Interest & Investment Revenue	(743,826)	(100,000)	(100,000)	(943,826)	0	0	(943,826)	(738,676)
Other Revenues	(128,368)	0	0	(128,368)	0	0	(128,368)	(141,743)
Grants and Contributions - Operating	(173,435)	0	0	(173,435)	0	0	(173,435)	(130,068)
Grants and Contributions - Capital	(597,920)	0	0	(597,920)	0	0	(597,920)	(654,812)
Profit from Disposal of Assets	0	0	0	0	0	0	0	0
Income from Joint ventures	0	0	0	0	0	0	0	0
Total Income from continuing Operations	(16,278,439)	(229,156)	(100,000)	(16,607,595)	(845,347)	0	(17,452,942)	(13,741,098)
Expenses from Continuing Operations:								
Employee costs	1,684,562	(4,844)	0	1,679,718	0	0	1,679,718	802,862
Borrowing costs	0	0	0	0	0	0	0	0
Materials and contracts	1,639,305	290,000	(300,225)	1,629,080	(180,000)	0	1,449,080	1,388,708
Depreciations and amortisation	6,078,545	109,315	0	6,187,860	0	0	6,187,860	4,657,902
Other Operating Expenses	3,112,214	(56,000)	(80,000)	2,976,214	130,159	0	3,106,373	1,930,029
Interest and Investment Losses	0	0	0	0	0	0	0	0
Losses from Joint ventures	0	0	0	0	0	0	0	0
Total Expenses from continuing operations	12,514,626	338,471	(380,225)	12,472,872	(49,841)	0	12,423,031	8,779,500
Net Operating Result from continuing operations	(3,763,813)	109,315	(480,225)	(4,134,723)	(895,188)	0	(5,029,911)	(4,961,598)
	Surplus	Deficit	Surplus	Surplus	Surplus		Surplus	Surplus
Net Operating Result before capital items	(3,165,893)	109,315	(480,225)	(3,536,803)	(895,188)	0	(4,431,991)	(4,306,786)
	Surplus	Deficit	Surplus	Surplus	Surplus		Surplus	Surplus

Notes: > Figures in ( ) are Income or Surplus if in Net Result line

> ORIGINAL Budget plus or minus approved budget changes in previous quarters = REVISED Budget

> REVISED Budget plus or minus recommended changes this quarter = PROJECTED year end result

> This statutory format eliminates internals from income and expenses to the categories of Materials and Contracts and Other Expenses. Net operating result will however remain the same as shown in the group structure reporting format.

> This document forms part of AlburyCity's Quarterly Budget Review Statement (QBRS) for the quarter ended March-2018 and should be read in conjunction with other documents in the QBRS.

AlburyCity

Budget review for quarter ended March-2018

Income & Expenses result Statutory accounts format for SEWER FUND: Includes Capital Income

	ORIGINAL Budget 2017-2018	Approved Changes: Sep Review	Approved Changes: Dec Review	REVISED Budget as current	Recommended changes for Council resolution	Review Budget Carry Fwd Amount	PROJECTED year end result 2017-2018	ACTUAL YTD Mar-2018
	$	$	$	$	$	$	$	$
Income from Continuing Operations:								
Rates & Annual Charges	(16,660,673)	0	0	(16,660,673)	0	0	(16,660,673)	(12,495,006)
User Charges & Fees	(3,256,298)	0	0	(3,256,298)	(75,626)	0	(3,331,924)	(2,756,636)
Interest & Investment Revenue	(754,165)	(250,000)	(100,000)	(1,104,165)	(70,000)	0	(1,174,165)	(876,661)
Other Revenues	(149,194)	0	0	(149,194)	0	0	(149,194)	(122,243)
Grants and Contributions - Operating	(170,742)	0	0	(170,742)	0	0	(170,742)	(128,052)
Grants and Contributions - Capital	(844,800)	0	0	(844,800)	0	0	(844,800)	(966,060)
Profit from Disposal of Assets	0	0	0	0	0	0	0	0
Income from Joint ventures	0	0	0	0	0	0	0	0
Total Income from continuing Operations	(21,835,872)	(250,000)	(100,000)	(22,185,872)	(145,626)	0	(22,331,498)	(17,344,658)
Expenses from Continuing Operations:								
Employee costs	2,448,454	(4,433)	0	2,444,021	0	0	2,444,021	957,053
Borrowing costs	602,998	0	0	602,998	0	0	602,998	452,232
Materials and contracts	2,949,680	0	(150,000)	2,799,680	(145,000)	0	2,654,680	2,592,851
Depreciations and amortisation	4,434,405	(54,605)	0	4,379,800	0	0	4,379,800	3,294,902
Other Operating Expenses	4,152,362	56,000	50,000	4,258,362	158,941	0	4,417,303	3,109,575
Interest and Investment Losses	0	0	0	0	0	0	0	0
Losses from Joint ventures	0	0	0	0	0	0	0	0
Total Expenses from continuing operations	14,587,899	(3,038)	(100,000)	14,484,861	13,941	0	14,498,802	10,406,613
Net Operating Result from continuing operations	(7,247,973)	(253,038)	(200,000)	(7,701,011)	(131,685)	0	(7,832,696)	(6,938,045)
	Surplus	Surplus	Surplus	Surplus	Surplus		Surplus	Surplus
Net Operating Result before capital items	(6,403,173)	(253,038)	(200,000)	(6,856,211)	(131,685)	0	(6,987,896)	(5,971,985)
	Surplus	Surplus	Surplus	Surplus	Surplus		Surplus	Surplus

Notes: > Figures in ( ) are Income or Surplus if in Net Result line

> ORIGINAL Budget plus or minus approved budget changes in previous quarters = REVISED Budget

> REVISED Budget plus or minus recommended changes this quarter = PROJECTED year end result

> This statutory format eliminates internals from income and expenses to the categories of Materials and Contracts and Other Expenses. Net operating result will however remain the same as shown in the group structure reporting format.

> This document forms part of AlburyCity's Quarterly Budget Review Statement (QBRS) for the quarter ended March-2018 and should be read in conjunction with other documents in the QBRS.

Albury City

Budget review for quarter ended March-2018

Capital Results Albury City Group structure format: Consolidated result ALL FUNDS

		ORIGINAL Budget 2017-2018	Approved Changes		REVISED Budget as current	Recommended changes for Council resolution	Review Budget Carry Fwd Amount	PROJECTED year end result 2017-2018	ACTUAL YTD Mar-2018
			Sep Review	Dec Review					
		$	$	$	$	$	$	$	$
Community & Recreation	Capital Income	(2,535,780)	0	(304,973)	(2,840,753)	(130,152)	0	(2,970,905)	(1,507,012)
	Capital Expense	3,840,519	6,251,915	2,738,493	12,830,927	745,368	(3,472,791)	10,103,504	6,329,614
	Net Capital Result	1,304,739	6,251,915	2,433,520	9,990,174	615,216	(3,472,791)	7,132,599	4,822,602
Engineering	Capital Income	(3,463,740)	(3,200,200)	(5,000)	(6,668,940)	(368,000)	0	(7,036,940)	(4,772,863)
	Capital Expense	24,149,624	2,206,465	33,360	26,389,449	314,476	(1,985,330)	24,718,595	14,992,188
	Net Capital Result	20,685,884	(993,735)	28,360	19,720,509	(53,524)	(1,985,330)	17,681,655	10,219,326
Executive	Capital Income	0	0	0	0	0	0	0	0
	Capital Expense	0	0	0	0	0	0	0	0
	Net Capital Result	0	0	0	0	0	0	0	0
Planning & Environment	Capital Income	0	0	0	0	0	0	0	0
	Capital Expense	286,283	558,000	0	844,283	50,000	(44,983)	849,300	450,320
	Net Capital Result	286,283	558,000	0	844,283	50,000	(44,983)	849,300	450,320
Economic & Tourism	Capital Income	0	0	0	0	0	0	0	0
	Capital Expense	0	4,633,288	(1,345,000)	3,288,288	0	0	3,288,288	2,211,219
	Net Capital Result	0	4,633,288	(1,345,000)	3,288,288	0	0	3,288,288	2,211,219
Total: General Fund	Capital Income	(5,999,520)	(3,200,200)	(309,973)	(9,509,693)	(498,152)	0	(10,007,845)	(6,279,874)
	Capital Expense	28,276,426	13,649,668	1,426,853	43,352,947	1,109,844	(5,503,104)	38,959,687	23,983,342
	Total Net Capital Result	**22,276,906**	**10,449,468**	**1,116,880**	**33,843,254**	**611,692**	**(5,503,104)**	**28,951,842**	**17,703,467**
		Deficit	Deficit	Deficit	Deficit	Deficit	Surplus	Deficit	Deficit
Water Fund	Capital Income	(597,920)	0	0	(597,920)	0	0	(597,920)	(654,812)
	Capital Expense	10,120,300	233,361	(4,777,103)	5,576,558	60,000	(300,000)	5,336,558	3,763,380
	Net Capital Result	**9,522,380**	**233,361**	**(4,777,103)**	**4,978,638**	**60,000**	**(300,000)**	**4,738,638**	**3,108,568**
		Deficit	Deficit	Surplus	Deficit	Deficit	Surplus	Deficit	Deficit
Sewer Fund	Capital Income	(844,800)	0	0	(844,800)	0	0	(844,800)	(966,060)
	Capital Expense	10,291,600	1,843,000	(3,678,000)	8,456,600	(1,356,600)	(2,450,000)	4,650,000	1,380,168
	Net Capital Result	**9,446,800**	**1,843,000**	**(3,678,000)**	**7,611,800**	**(1,356,600)**	**(2,450,000)**	**3,805,200**	**414,109**
		Deficit	Deficit	Surplus	Deficit	Surplus	Surplus	Deficit	Deficit
Total: ALL FUNDS	Capital Income	(7,442,240)	(3,200,200)	(309,973)	(10,952,413)	(498,152)	0	(11,450,565)	(7,900,746)
	Capital Expense	48,688,326	15,726,029	(7,028,250)	57,386,105	(186,756)	(8,253,104)	48,946,245	29,126,890
	Net Capital Result	**41,246,086**	**12,525,829**	**(7,338,223)**	**46,433,692**	**(684,908)**	**(8,253,104)**	**37,495,680**	**21,226,144**
		Deficit	Deficit	Surplus	Deficit	Surplus	Surplus	Deficit	Deficit

Notes: > Figures in ( ) are Income or Surplus if in Net Result line

> ORIGINAL Budget plus or minus approved budget changes in previous quarters = REVISED Budget

> REVISED Budget plus or minus recommended changes this quarter = PROJECTED year end result

> This document forms part of AlburyCity's Quarterly Budget Review Statement (QBRS) for the quarter ended March-2018 and should be read in conjunction with other documents in the QBRS.

Albury City Capital costs are funded from a composite of sources including loans, proceeds of asset sales, grants (from Federal and State Government) current year and past year operating cash surpluses.

Albury City funding position is evaluated using information sourced from its Cash and Investments position, Balance sheet and Cash flow status.

AlburyCity
Budget review for quarter ended March-2018
Cash Flow Results Consolidated result ALL FUNDS.

	ORIGINAL Budget 2017-2018	Approved Changes		REVISED Budget as current	Recommended changes for Council resolution	Review Budget Carry Fwd Amount	PROJECTED year end result 2017-2018
		Sep Review	Dec Review				
	$	$	$	$	$	$	$
CASH FLOWS FROM OPERATING ACTIVITIES:							
Receipts:							
Rates & Annual Charges	(64,696,297)	0	(80,000)	(64,776,297)	(297,000)	0	(65,073,297)
User Charges & Fees	(38,204,976)	(213,790)	(82,092)	(38,500,858)	(925,073)	0	(39,425,931)
Interest Received	(2,557,538)	(408,973)	(245,000)	(3,211,511)	(150,000)	0	(3,361,511)
Grants and Contributions	(16,253,829)	(385,718)	(427,769)	(17,067,316)	(431,652)	0	(17,498,968)
Other Revenues	(5,263,780)	(230,107)	38,000	(5,455,887)	(161,686)	0	(5,617,573)
Payments:							
Employee Benefits & On-Costs	36,691,112	(173,233)	(83,662)	36,434,217	85,578	0	36,519,795
Materials & Contracts	29,921,477	1,777,782	(21,782)	31,677,477	(148,712)	(562,293)	30,966,472
Borrowing Costs	3,243,557	(355,529)	0	2,888,028	0	0	2,888,028
Other Expenses	12,664,971	342,065	(214,884)	12,792,152	(276,345)	(108,723)	12,407,084
Savings to be achieved	0	0	0	0	0	0	0
Net Cash (Provided by) or Used in Operations	**(44,455,303)**	**352,497**	**(1,117,189)**	**(45,219,995)**	**(2,304,890)**	**(671,016)**	**(48,195,901)**
	Surplus	Deficit	Surplus	Surplus	Surplus	Surplus	Surplus
CASH FLOWS FROM INVESTING ACTIVITIES:							
Receipts:							
Proceeds from the sales of property, plant & equipment	(389,000)	0	0	(389,000)	0	0	(389,000)
Proceeds from the sales of real estate for resale	(1,649,522)	1,649,522	0	0	0	0	0
Proceeds from sale of investment securities	0	0	0	0	0	0	0
Repayments from deferred debtors	0	0	0	0	0	0	0
Distribution Received from Joint Venture & Associates	(208,540)	0		(208,540)	0	0	(208,540)
Payments:							
Purchase of property, plant & equipment	48,688,326	11,406,314	(5,428,250)	54,666,390	(186,756)	(8,253,104)	46,226,530
Purchase of real estate for resale	0	4,319,715	(1,600,000)	2,719,715	0	0	2,719,715
Purchase of investment securities	0	0	0	0	0	0	0
Payments to deferred creditors	0	0	0	0	0	0	0
Payments to deferred debtors	0	0	0	0	0	0	0
Net Cash (Provided by) or Used in Investing	**46,441,264**	**17,375,551**	**(7,028,250)**	**56,788,565**	**(186,756)**	**(8,253,104)**	**48,348,705**
	Deficit	Deficit	Surplus	Deficit	Surplus	Surplus	Deficit
CASH FLOWS FROM FINANCING ACTIVITIES:							
Receipts:							
Proceeds from borrowings and advances	(5,000,000)	1,500,000	0	(3,500,000)	0	0	(3,500,000)
Payments:							
Repayments of borrowings and advances	4,244,623	0	0	4,244,623	0	0	4,244,623
Net Cash (Provided by) or Used in Financing	**(755,377)**	**1,500,000**	**0**	**744,623**	**0**	**0**	**744,623**
TOTAL CASH FLOWS (ALL ACTIVITIES):	**1,230,584**	**19,228,048**	**(8,145,439)**	**12,313,193**	**(2,491,646)**	**(8,924,120)**	**897,427**
Net Total All Movements	**1,230,584**	**19,228,048**	**(8,145,439)**	**12,313,193**	**(2,491,646)**	**(8,924,120)**	**897,427**
	Deficit	Deficit	Surplus	Deficit	Surplus	Surplus	Deficit

Notes: > Figures in ( ) are Income or Surplus if in Net Result line
> ORIGINAL Budget plus or minus approved budget changes in previous quarters = REVISED Budget
> REVISED Budget plus or minus recommended changes this quarter = PROJECTED year end result
> This document forms part of AlburyCity's Quarterly Budget Review Statement (QBRS) for the quarter ended March-2018 and should be read in conjunction with other documents in the QBRS.
Albury City funding position is evaluated using information sourced from its Cash and Investments position, Balance sheet and Cash flow status.

AlburyCity
Budget review for quarter ended March-2018
Cash and Investments Consolidated result ALL FUNDS.

	Opening Balance 1 July 2017	ORIGINAL Budget 2017-2018	Approved Changes		Recommended Changes for Council	PROJECTED year end result 2017-2018
			Sep Review	Dec Review		
	$	$	$	$	$	$
Unrestricted	24,739,641	24,085,166	(7,042,921)	(1,114,862)	(29,827)	15,897,556
Externally restricted						
Developer contributions-(Section 94)-General	782,000	531,218	250,782	0	0	782,000
Developer contributions-(Section 64)-Water	0	497,920	(497,920)	0	0	0
Developer contributions-(Section 64)-Sewer	0	644,800	(644,800)	0	0	0
Domestic waste management	1,997,000	1,813,982	314,247	0	198,000	2,326,229
ERMW Noxious Weeds Group	0	0	0	0	0	0
Unexpended Loans	0	0	0	0	0	0
Special Purpose Grants	682,000	0	0	0	0	0
Water	30,192,000	25,096,257	4,282,593	5,257,328	1,135,188	35,771,366
Sewer-lake Hume						0
Sewer	37,183,000	25,126,253	10,222,387	3,878,000	3,938,285	43,164,925
Net Carry Forward Expenditure (Operating and Capital) - Water	0	0	0	0	0	0
Net Carry Forward Expenditure (Operating and Capital) - Sewer	0	0	0	0	0	0
Total Externally Restricted	**70,836,000**	**53,710,430**	**13,927,289**	**9,135,328**	**5,271,473**	**82,044,520**
Internally restricted						
Employee Leave Entitlements	2,290,250	2,321,300	(31,050)	0	0	2,290,250
Pre Paid Burials	1,551,257	1,380,439	170,818	0	0	1,551,257
Landfill Risk Rehabilitation Reserve	2,462,115	2,808,987	(189,035)	0	0	2,619,952
Tabletop Community Centre	4,444	4,444	0	0	0	4,444
Deposits, Retentions, Bonds	1,654,244	1,717,162	(62,918)	0	0	1,654,244
Elections	57,300	130,000	0	0	0	130,000
AlburyCity Community Fund	102,492	224,815	(224,815)	0	800,000	800,000
Financial Assistance Grant paid in advance	3,060,000	0	0	0	0	0
MAMA Philanthrophy	186,257	186,257	0	124,973	0	311,230
Net Carry Forward Expenditure (Operating and Capital) - General	6,631,000	0	0	0	5,374,120	5,374,120
Carry Forward Loans to 2015/16 included in cell below	0				0	0
Carry Forward Expenditure to 2015/16 (Operating and Capital)-General	0				0	0
Total Internally Restricted	**17,999,359**	**8,773,404**	**(337,000)**	**124,973**	**6,174,120**	**14,735,497**
Total restricted	**88,835,359**	**62,483,834**	**13,590,289**	**9,260,301**	**11,445,593**	**96,780,017**
Total Cash and Investments	**113,575,000**	**86,569,000**	**6,547,368**	**8,145,439**	**11,415,766**	**112,677,573**
Available Cash	**24,739,641**	**24,085,166**	**(7,042,921)**	**(1,114,862)**	**(29,827)**	**15,897,556**
	Available	Available	Deficit Funding	Deficit Funding	Deficit Funding	Available

Notes: > Figures in ( ) indicate a Deficit
> ORIGINAL Budget plus or minus approved budget changes in previous quarters = REVISED Budget
> REVISED Budget plus or minus recommended changes this quarter = PROJECTED year end result
> This document forms part of AlburyCity's Quarterly Budget Review Statement (QBRS) for the quarter ended March-2018 and should be read in conjunction with other documents in the QBRS.

AlburyCity available cash position excludes restricted funds. External restrictions are funds that must be spent for a specific purpose and cannot be used by council for general operations.
Internal restrictions are funds that council has determined will be used for a specific future use.
Albury City funding position is evaluated using information sourced from its Cash and Investments position, Balance sheet and Cash flow status.

AlburyCity

Budget review for quarter ended March-2018

Consultancy and Legal Expenditure result ALL FUNDS.

	ORIGINAL Budget 2017-2018	Approved Changes		REVISED Budget as current	Recommended changes for Council resolution	Review Budget Carry Fwd Amount	PROJECTED year end result 2017-2018	ACTUAL YTD Mar-2018	Comments
		Sep Review	December Review						
	$	$		$	$	$	$	$	
Expenditure:									
Consultancies	376,825	447,000	(135,677)	688,148	(113,000)	0	575,148	290,229	
Legal Fees	245,404	10,000	(5,000)	250,404	224,540	0	474,944	202,183	Recommended changes includes $170K for Lavington Sports Ground Redevelopment , which is inclusive of $54K for independent soil testing.

Notes: > Figures in ( ) indicate a Deficit

> ORIGINAL Budget plus or minus approved budget changes in previous quarters = REVISED Budget

> REVISED Budget plus or minus recommended changes this quarter = PROJECTED year end result

> This document forms part of AlburyCity's Quarterly Budget Review Statement (QBRS) for the quarter ended March-2018 and should be read in conjunction with other documents in the QBRS.

> A consultant is a person or organisation engaged under contract on a temporary basis to provide recommendations or high level specialist or professional advice to assist decision-making by management. Generally it is the advisory nature of the work that differentiates a consultant from other contractors

AlburyCity
Budget review for quarter ended March-2018
Contracts Listing

Contractor	Contract detail & purpose	Commencement date	Duration of contract	Contract value as at 31/03/2018 inc GST $	Council Budget inc GST	Comment	Budgeted (Y/N)
Colemans Group (Aust) Pty Ltd	Pioneer Cemetery Perimeter Fence	18/01/2018	3 Months	187,831	220,000	Project nearing completion. Overall actual project costs in accordance with budget provisions when allowing for additional items such as design, project management and minor variations.	Y
Longford Civil	Centenary Street Drain Reconstruction	5/02/2018	3 Months	420,668	440,000	Project nearing completion. Overall actual project costs in accordance with budget provisions when allowing for additional items such as design, project management and minor variations.	Y
Jeff Clarke Security	Security Patrols AlburyCity Properties	1/05/2018	3 Years	461,074	480,000	Savings are reflected in forward budgets	Y
ANZ	Banking and Bill Payment Service	1/01/2018	3 Years	637,117	646,283	Savings are reflected in forward budgets	Y

Notes:
> Contracts for employment are not included
> Contracts listed are those entered into from December to March 2018 and have yet to be fully performed.
> This data is sourced from AlburyCity's Contract Register

2017-18 Carry Forward List (Projects that will not be completed by June 2018(including unexpended Grant projects) therefore budgets withdrawn from current year for resubmission into 2018-19 budget as carry forwards)

Operating	**Subtotal**	**$ 1,504,808**	**$ 671,016**	**$ 833,792**		
Capital	**Subtotal**	**$ 19,414,602**	**$ 8,253,104**	**$ 11,161,498**		
All Items	**Grand Total**	**$ 20,919,410**	**$ 8,924,120**	**$ 11,995,290**		

Group	Operating or Capital	Description of Project	Project number if applicable	GL Account	Contract OR Internal works	2017-18 Budget ($)	Amount of Carry forward Sought ($)	2017-18 Final Budget ($)	Commencement Date	Completion Date	GROUP & TEAM LEADER explanation to why project not completed within 2017-2018 Financial Year as budgeted
Community & Recreation	Capital	Urban & Public Art	0016.00666.160.000	11276.6120		28,077	28,077	0			SVR Project unspent budget to be spent in 2018/19
Community & Recreation	Operating	Urban & Public Art		00619.2040		50,000	5,000	45,000			SVR Project unspent budget to be spent in 2018/19
Engineering General	Capital	Landfill Leachate to Sewer	0012.00121.130.000	14290.6120	Contract	400,000	300,000	100,000	November 2017	June 2019	This project is to be undertaken over two years. Initial trials are almost complete, the majority of funding will be required for the construction of a treatment plant during the second year (2018/19).
Engineering General	Capital	Airport Taxiway B Lighting Upgrade	0012.00148.338.000	14275.6120	Both	163,000	153,000	10,000	January 2018	March 2019	Project involves design and installation of underground lighting system to replace old direct buried TWY lighting system that is failing. This project commenced in January 2018, with negotiations to complete the design. There have been extensive delays by the consultant to deliver a quote to undertake the design, which has significantly impacted timelines. Staff capacity to oversee this project has also been affected by the the Airport Terminal renovations, which are expected to be completed in June. Revised timelines for this project now include completion of design by 30 June 2018 (approx $5-10k), which will be followed by project implementation planning and material purchase (July-Dec 2018), and project implementation (Feb/March 2019).
Planning & Environment	Capital	UPS Replacement	0017.00416.571.000	11285.6120		19,983	19,983	0			Timing issues due to replacement server project running late and interdependency between the two, with the server replacement needing to be completed before this project can start
Planning & Environment	Capital	Ground Floor Data Cabling	0017.00416.571.000	11285.6120		25,000	25,000	0			Resourcing issues, with not enough capacity in the team to undertake this project in the short term
Planning & Environment	Operating	Strategic Planning - Sundry Exp		01575.2045		235,000	160,000	75,000			Projects delayed due to long term vacancies in Town Planning teams and continued high demand on major projects. Project Work includes Environmental Lands Review ($60K), Albury DCP 2010 - Residential Review ($75) & Thurgoona Wirlinga Struct Plan ($100K).
Planning & Environment	Operating	Compliance Work Exp - Sundry Exp		00008.2045		80,000	80,000	0			Project delayed with cross border collaboration and contractor appointment.
Community & Recreation	Capital	LibraryMuseum Infozone re-carpeting	0218.00569.158.000	11290.6120	Contract	45,000	15,330	29,670	May 2018	June 2019	Re-carpeting occurring in two stages - 2nd stage to coincide with refurbishment works to Info zone service desk planned for 2018/19
Community & Recreation	Capital	LibraryMuseum Crossing Place upgrade	0034.00066.516.000	11276.6120		50,000	50,000	0	April 2018	June 2019	Crossing Place upgrade deferred to enable consultants review and stakeholder consultation to occur in April 2018. Consultancy funded through grant project.
Community & Recreation	Operating	Create NSW Museum Program Grant	W042900	00357.2040		45,000	35,000	10,000	May 2018	December 2018	Calendar year to support Museum program
Community & Recreation	Operating	2018 CASP Grant	W042999	00429.2040		4,900	4,000	900	May 2018	October 2018	Calendar year grant
Community & Recreation	Operating	2018 SLNSW Grant	W042899	00429.2040		49,740	39,740	10,000	May 2018	December 2018	Calendar grant for Write around the Murray festival
Engineering General	Capital	Landfill Waste Management Strategy	0012.00004.173.000	14290.6120	Contract	100,000	40,000	60,000	March 2018	August 2018	Initial timeframe for completion of Strategy was 30th June 2018, with the additional stakeholder engagement work added, this project will now extend for completion in August 2018.
Executive	Operating	Health & Well Being Program	0017.00418.527.000	02275.2045		84,033	15,000	69,033	June 2018	December 2018	Commencement of the program will be delayed until June and will not conclude until the 18/19 year – with expenditure to be incurred upon the program being finalised.
Executive	Operating	Exec Risk & OHS - Consultant Fees	0017.00422.527.000	02275.2045		10,000	15,000	-5,000	June 2018	December 2018	Commencement of the program will be delayed until June and will not conclude until the 18/19 year – with expenditure to be incurred upon the program being finalised.
Community & Recreation	Operating	MAMA Venue Hire Tables & Chairs		00300.2029		15,000	10,000	5,000	May 2018	July 2018	Research and investigation has commenced. Some quotes have been requested, still awaiting responses.
Community & Recreation	Operating	MAMA RFID & Security Upgrades		00300.2039		20,500	17,000	3,500	May 2018	July 2018	Purchase order has been raised. Timing and scheduling delays
Community & Recreation	Operating	MAMA Ticketing Software changeover		00300.2044		5,000	3,000	2,000	May 2018	July 2018	Delays in software provider undertaking work.
Community & Recreation	Operating	MAMA Plaster Re-lining		00311.2040		65,522	17,480	48,042			Delays due to exhibition changeover timing
Community & Recreation	Operating	MAMA Catherine Stewart Catalogue		00319.2040		101,825	7,000	94,825			Delays in catalogue development
Community & Recreation	Operating	MAMA Marketing Rebranding		00300.2026		40,250	10,000	30,250			MAMA Branding readjustment has been finalised. Still awaiting complete roll out
Community & Recreation	Operating	MAMA Signange		00300.2000		69,223	32,723	36,500			MAMA Branding readjustment now complete, signage designs can begin
Community & Recreation	Operating	MAMA Material Sound Catalogue	W41702	00311.2040		101,825	19,000	82,825			Delays in catalogue development
Community & Recreation	Capital	MAMA Administration Office Upgrade	0121.00785.173.000	11290.6120		30,000	15,000	15,000			Designs have been undertaken. Waiting full scope to send for quotation
Engineering Water	Capital	250mm water main duplication Gerogery Road from Table Table Reservoir to Tynans Road.	0007.00643.171.000	12275.6120	Contract	50,000	50,000	0	1-7-2018	30-6-2019	Resourcing and recruitment challenges faced by the Design Team during 2017/2018 has prevented design from completing the required survey + design, environmental approvals and tendering phase for this project. A majority of the materials required for this project were purchased in 2016/2017 and are located at the Nexus materials stores awaiting the construction contract.
Engineering Water	Capital	WPS24 replacement	0007.00537.453.000	12275.6120	Contract	2,246,000	235,000	2,011,000	1-7-18	30-6-2019	The original civil construction works were estimated at $120K. RFQ's were prepared and offers sought through Tenderlink. All prices received were far in excess of the original estimate. The scope of civil construction works is being reviewed and updated, and RFT documentation is being prepared. The RTF will be advertised at the start of May 2018 if approved. Funds will need to be carried forward to 2018/2019 to allow construction works to be undertaken.
Engineering Water	Capital	Connect Raw Water Pump Stations 1 and 2 to Water Filtration Plant B	0007.00021.453.000	12275.6120	Contract	30,000	15,000	15,000	1-7-18	30-6-2019	Resourcing and recruitment challenges faced by the Design Team during 2017/2018 has prevented design from completing the required survey + design, environmental approvals and tendering phase for this project. No materials have been sourced for this project to date.
Engineering Sewer	Capital	Ettamogah Sewerage Augmentation	0008.00521.453.000	13275.6120	Contract	3,150,000	2,450,000	700,000	June 2018	March 2019	The final design has almost been completed by the design section of Council. All that is required is final consent from Norske Skog in regard to the relocation of the easement within their property and then council will be in a position to go the RFT for construction of the sewerage infrastructure.

2017-18 Carry Forward List (Projects that will not be completed by June 2018(including unexpended Grant projects) therefore budgets withdrawn from current year for resubmission into 2018-19 budget as carry forwards)

Operating	**Subtotal**					**$ 1,504,808**	**$ 671,016**	**$ 833,792**			
Capital	**Subtotal**					**$ 19,414,602**	**$ 8,253,104**	**$ 11,161,498**			
All Items	**Grand Total**					**$ 20,919,410**	**$ 8,924,120**	**$ 11,995,290**			

Group	Operating or Capital	Description of Project	Project number if applicable	GL Account	Contract OR Internal works	2017-18 Budget ($)	Amount of Carry forward Sought ($)	2017-18 Final Budget ($)	Commencement Date	Completion Date	GROUP & TEAM LEADER explanation to why project not completed within 2017-2018 Financial Year as budgeted
Engineering General	Capital	Kerr Road Construction	1937.04706.161.000	11291.6120	Contract	1,350,000	600,000	750,000	July 2018	July 2018	Project delayed due to extended design and tender assessment periods
Engineering General	Capital	Ross Circuit Drainage	0009.00133.162.000	11292.6120	Internal	520,000	520,000	0	Sept 2018	Nov 2018	Project delayed due to delays in design and availability of resources
Engineering General	Capital	Doctors Point Road Emergency Access	1256.00087.090.000	11291.6120	Contract	200,000	200,000	0	July 2018	June 2019	Project delayed due to delays in design and availability of resources
Economic Development & Tourism	Operating	Development of visitALBURYWODONGA website		01402.2033	Contract	70,000	53,000	17,000	July 2018	December 2018	Project not commenced due to timing including delays in MRT website redevelopment and other project priorities, such as development of the Albury Wodonga Destination Management Plan. Carry Forward also includes contribution from Wodonga Council of $35,000.
Community & Recreation	Capital	Botanic Gardens Elm Ave	0001.00141.175.000	11295.6120	Contract	356,067	110,000	246,067	Mar-19	Jun-19	Project delayed due to curators role not being filled. In addition second allocation of funding pushed back to 2020-21
Community & Recreation	Capital	Oddies Creek Park Carpark/bridge	0001.00306.175.000	11295.6120	Contract	306,000	280,000	26,000	Jul-18	Jun-19	Project included in Regional Growth Tourism and Environment Grant program. The grant has been successful and works scheduled as per construction program
Community & Recreation	Capital	Alexandra Park - Murrayfield upgrade	0001.00326.175.000	11295.6120	Contract	291,000	110,000	181,000	Oct-18	Mar-19	Design of Ian Barker fields ($110K) has been delayed due to resourcing and scheduled for 2018-19.
Community & Recreation	Capital	Melrose Park - Building design	0001.00518.175.000	11295.6120	Contract	63,524	50,000	13,524	Jan-19	Jun-19	Project delayed to due reallocation of resources to other design projects. Include in 2018-19 works plan
Community & Recreation	Capital	Jelbart Park - Sportsfield lighting	0001.00528.175.000	11295.6120	Contract	167,712	147,000	20,712	Aug-18	Feb-19	Funding included in grant application as council contribution. Awaiting results of applications prior to scheduling works
Community & Recreation	Capital	Hovel Tree Park - Wood Fired Oven improvements	0002.00301.175.000	11295.6120	Contract	464,137	440,000	24,137	Jul-18	Jun-19	Project included in Regional Growth Tourism and Environment Grant program. The grant has been successful and works scheduled as per construction program
Community & Recreation	Capital	Noreuil Park Foreshore	0002.00303.175.000	11295.6120	Contract	315,328	200,000	115,328	Jul-18	Jun-19	Project included in Regional Growth Tourism and Environment Grant program. The grant has been successful and works scheduled as per construction program
Community & Recreation	Capital	Jelbart Park - Drain & building design	0002.00528.175.000	11295.6120	Contract	115,529	50,000	65,529	Jan-19	Jun-19	Design process delayed due to Engineering resourcing. Include project into design teams 2018-19 works plan
Community & Recreation	Capital	Monument Hill - Design	0003.00150.175.000	11295.6120	Contract	70,000	50,000	20,000	Jan-19	Jun-19	Detailed design phase has not commenced to date due to resourcing. This is due to commence soon to meet the time lines of the Stronger Country Communities Grant program timelines.
Community & Recreation	Capital	Lake Hume Parks	0004.00200.175.000	11295.6120	Contract	170,000	150,000	20,000	Jan-19	Jun-19	Grant funding through RMS Better Boating Program. Prior to spending funds the Lake Hume Reserves Master Plan requires completion and Council endorsement
Community & Recreation	Capital	Mungabareena Reserve	0004.00346.175.000	11295.6120	Contract	212,361	175,000	37,361	Jan-19	Jun-19	A Management plan is being developed for the Mungabareena Reserve Aboriginal Place. Works have been deferred until the management plan is complete. This project has SVR funding
Community & Recreation	Capital	Padman Park Management Plan works	0005.00145.175.000	11295.6120	Contract	63,599	45,000	18,599	Jan-19	Jun-19	A management Plan is being developed prior to undertaking works. This project has SVR funding
Community & Recreation	Capital	JC King Park Sports Pavilion	0119.00843.175.000	11295.6120	Contract	911,062	800,000	111,062	Jul-18	Jun-19	Tender is scheduled to be advertised in May for the construction of the Sports Pavilion.
Community & Recreation	Capital	Thurgoona Oval Changerooms	0157.00863.321.000	11295.6120	Contract	468,936	420,000	48,936	Sep-19	Jun-19	Additional funding has been include in the draft 2018-19 budget with an application being prepared for the Stronger Country Communities grant program to complete the funding strategy.
Community & Recreation	Capital	Lavington Sporting Facilities - Grandstand Complex	0236.00695.175.000	11295.6120	Contract	6,453,658	367,714	6,085,944	July 2018	December 2018	Delays in the sportsfield construction and the amenities building not commencing has resulted in project funds needing to be carried forward.
Community & Recreation	Operating	Community & Cul-ALO - Special Projec-Community Activities	0021.00051.103.000	00820.2040		72,465	4,756	67,709			Another $5k to be spent prior EOFY, remaining to be carry forward per S Onley
Community & Recreation	Operating	C&Rc CommDev ACDO Project Exp-Operations		00820.2040		3,000	3,000	0			Ongoing projects remaining balance to be carry forward per S Onley
Community & Recreation	Operating	C&Rc CommDev ACDO Project Exp-Sundry Exp		00820.2045		23,000	10,327	12,673			Ongoing projects remaining balance to be carry forward per S Onley
Engineering General	Capital	Landfill Washbay	0012.00004.130.000	14290.6120	Contract	468,629	57,000	411,629	July 2018	June 2019	Project delayed due to delays in design and availability of resources
Community & Recreation	Operating	Crime Prevention Drug & Alcohol Harm Minimisation Project		00780.2040		70,000	43,500	26,500			$70k budget is $50k Grant expenditure & $20k operations. Carry forwards relate to unspent Grant funds. Forecast spend prior to EOFY is 13 weeks @ $500/wk leaving $43.5k to carry forward.
Engineering General	Operating	Integrated Transport Strategy	0019.00024.527.000	01586.2045	Contract	288,525	83,500	205,025	July 2018	June 2019	Project delayed due to the extended completion timeframes for the Albury Traffic Study.
Engineering General	Capital	Acpac - Convention Centre - Convention Centre - Sound Upgrade - Convention Wing	0199.00422.158.000	11290.6120		110,000	85,000	25,000			Project delayed due to over arching review.
Community & Recreation	Operating	CDAT - 2016 Surplus Grant and CDAT 2017/18 Grant		00797.2045			2,990	-2,990			CDAT Budget - $2273 (carry fwd 2016/17) + $3000 (2017/18) less $2283 expenditure leaves $2990 to carry fwd

Report by Responsible Accounting Officer

In accordance with the *Local Government (General) Regulations 2005* the Responsible Accounting Officer (RAO) is required to indicate whether or not they believe that the Quarterly Budget Review Statement shows that the financial position of council will be satisfactory at year end. Consideration having been given to the impact of changes to the original budget and the target financial position detailed in the management/operational plan.

The regulation further mandates that if the RAO believes that the "projected year end result" may result in a deterioration of councils original budgeted financial position that is considered to be unsatisfactory, then recommendations for remedial action are required to be made.

The following statement is made in accordance with Clause 203(2) of the Local Government (General) Regulations 2005.

It is my opinion that the Quarterly Budget Review Statement for AlburyCity Council for the quarter ended 31 March 2018 indicates that Council's projected financial position at 30 June 2018 will be satisfactory, having regard to the projected estimates of income and expenditure and the original budgeted income and expenditure.

Signed: Date: 3 May 2018

Justin Finlayson
Responsible Accounting Officer, AlburyCity Council.

FAC8 OFFICERS REPORTS FOR NOTING

FAC8.1 Operational Plan Quarterly Progress Report - March 2018

DATE	10 May 2018		FIL18/00407
CONFIDENTIAL	No		
FURTHER ENQUIRIES TO	Frank Zaknich Executive Services	**PHONE**	6023 8755

Background

The Operational Plan Quarterly Progress Report March 2018 – is attached.

Recommendation

That the Committee recommends to Council that Council receive and note the Operational Plan – Quarterly Progress Report – March 2018.

Attachment
1. Operational Plan – Quarterly Progress Report – March 2018.

2017-2018 AlburyCity Operational Plan — March 2018 — 63%

AlburyCity is committed to the delivery of the community aspirations in Albury 2030. Over 60% of the 2017/2018 Operational Plan is complete. These progress reports show how the outcomes of Albury 2030 are being addressed.

	Start Date	End Date	Performance	Responsible Officer

1 - A Growing Sustainable Economy — 69%

Director Engineering

Summary:

Council has adopted detailed strategies and programs to facilitate the growth of our city. All programs support tourism, visitor experience, industry/business development and lifestyle offer. To complement this, Council continues to develop long term strategies around planning and infrastructure provisions.

1.1 - Increase Visitors to Albury and the Surrounding Region — 66%

Director Economic Development & Tourism

All projects on track.

STATUS	No Planned Activity		On Track		Needs Attention		Critical		Completed		TOTAL	
	○	0	5		0		0		0		Σ	5

T1.01.1.1 **Implementation of Destination Management Plan** 3/07/2017 30/06/2018 **73%** **TLT**

The Tourism Team Leader travelled to New Zealand in March as part of Visit Victoria's and the Sydney Melbourne Touring trade mission. The aim was to promote Albury and Heritage Drive destinations between Sydney and Melbourne. An overview of key and emerging product and experiences was provided to approximately 60 wholesale travel agents over three days. The final Gold Cup meeting between AlburyCity, Destination NSW and the Albury Racing Club was held. Marketing initiatives were executed and all agreed deliverables were actioned. Online ticket sales were slow in the lead up to the event. The Director and Tourism and Event Team Leaders attended the launch of the Gold Cup Carnival. The team met with the Destination NSW Regional Tourism Development Manager for Riverina Murray in Albury to provide an overview of new and refurbished product. This included Mantra Albury, Quality Hotel on Olive, Selle Bistro and Republico. The Tourism Officer and Visitor Information Centre Coordinator attended the launch of the Destination Riverina Murray and Murray Regional Tourism Destination Management Plans. The launch event was held in Noreuil Park with representatives from both organisations, and key tourism stakeholders visiting the region. The Visitor Information Centre Coordinator was invited to give guest lecture at CSU on the updated 'Historic Building Tour' mobile app. The app offers a unique way for our visitors to explore historic Albury through the use of modern technology. Three submissions were received and assessed in response to the Request for Quote for development of the Albury Wodonga Destination Management Plan for 2018-2022. The preferred consultant was engaged on 29 March. A comprehensive implementation plan will also be created for the tourism teams in Albury and Wodonga to action. The Visitor Information Centre Coordinator attended the Local Government Tourism Conference in Parkes. Visitor Information Centre staff have met with accommodation partners to create awareness and educate staff on the internal booking software that the Visitor Information Centre utilises. The Albury and Wodonga Tourism teams have been working on the development of a revised Tourism Partner Program for 2019-2020. Tourism partners receive a variety of benefits including product listings online and print collateral, social media shout outs, access to research reports and invites to events and workshops. The Visitor Information Centre Officer conducted a town tour of Albury CBD for "On Course Tours" (Sydney). The group visited Melbourne and the Mornington Peninsula and travelled through the Riverina before heading back to Sydney. Staff also participated in consultation for the preparation of the Gateway Island Master Plan.

1 - A Growing Sustainable Economy — 69%

1.1 - Increase Visitors to Albury and the Surrounding Region — 66%

T1.01.1.2 **Tourism S&E Review - Update on Action Plan Progress** 3/07/2017 30/06/2018 **65%** **TLT**

The Tourism Service and Efficiency Review Part Two was endorsed by MANEX during September 2017. Implementation of the Action Plan is ongoing. Of the 30 actions, 10 have been completed, nine have commenced, seven are ongoing, three are yet to commence and one is on hold awaiting the appointment of the Aboriginal Liaison Officer. The review of Tourism Partner Program memberships at competitor destinations is complete. Options and recommendations have been considered and are currently being developed.

T1.01.2.1 **Implement the Wonga Wetlands Tourism Product Development Master Plan** 3/07/2017 30/06/2018 **50%** **DEDT**

Funding for the Visitor Education and Experience Centre ($950,000) and additional funding for the Wagirra Trail extension has been secured from the NSW Regional Growth Environment and Tourism Fund - Murray River Regional Experiences application. Project planning and works will commence once Funding Deed is finalised.

S1.01.5.1 **Wonga Wetlands utilisation** **GLWW**

There were 3,394 general public visitors to Wonga for the month, a further 203 students attended and another 230 attended for weddings, combined there were 3,827 visitors. This is significantly above the corresponding month last year of 785. (Note, electronic counters have been installed at Wonga which give a truer representation of the actual visitor numbers, this method of tracking visitors is now used for reporting purposes and may give rise to variation when compared to last year's numbers).

Code	KPI	Target	Measure	Achieved	%
10151.1	Utilisation of the Wonga Wetlands Education / Interpretation Centre	800	visitors per month	3,827	100%

T1.01.7.1 **Event Strategy Implementation** 3/07/2017 30/06/2018 **75%** **ETL**

Outcome 7, Action 1 - Albury CBD (formerly Albury Central) launched its new branding and website during March. Its website will provide an additional platform to promote city events. Outcome 2, Action 2 - A meeting with members of the Albury CWA was held as they prepare for the NSW Conference in Armidale during May. They will take the opportunity to promote the 2019 conference to be held in Albury during the Armidale event. Outcome 1, Action 3 - Preliminary discussions were held to consider a Charlie Chaplin festival to complement a two-month exhibition of Chaplin memorabilia at the LibraryMuseum. Outcome 7, Action 1 - Plans for regular activations for AMP and Volt Lanes have been discussed with the Albury Northside Chamber of Commerce and laneway traders. Outcome 2, Action 2 - Organisers of the ASRF visited to familiarise and discuss the national street rod event in 2021. Outcome 2, Action 1 - Further discussions were held with the Great Australian Beer Festival regarding a second event in December 2018. Outcome 1, Action 1 - Plans for a commemoration of the 75th anniversary of the train/bus tragedy in Wodonga were conducted with the ADF. Outcome 3, Actions 1, 4, 5 – Continued works on development of Lavington Sports Ground, Cultural Precinct, Lauren Jackson Sports Centre. Outcome 4, Action 1 – Sponsorships were approved for the Albury Wodonga Table Tennis Association and the Tertiary Day to be conducted by the Careers Advisors Association in June.

	Start Date	End Date	Performance	Responsible Officer
1 - A Growing Sustainable Economy			**69%**	
1.2 - Improve Visitor and Residents' Experiences			**75%**	

Director Economic Development & Tourism

All projects/activities on track year to date.

STATUS	No Planned Activity		On Track		Needs Attention		Critical		Completed		TOTAL	
	○	0	3		0		0		☑	0	Σ	3

C1.02.7.1 **Special Variation - AlburyCity Urban and Public Art Strategy implementation and Projects** 3/07/2017 30/06/2018 **75%** **DCR**

The NBN boxes wrapping is almost complete. A plan has been developed with West Side Community Centre and the local residents to decorate an electricity box , NBN box and a bus shelter on Jacaranda Street. The mural was completed on the sewer tank at J C King Park near the skatebowl.

S1.02.8.1 **Tourism enquiries** **TLT**

Advertising, marketing and media opportunities included Victoria's Labour Day Long Weekend digital marketing activity which reached over 172,000 people with 4,000 people engaging with the content via Facebook, Google Search and Display and YouTube instream content. Video content is proving very influential for destination marketing and is increasing visitation to the website. February/March Business and Events digital marketing activity reached over 150,000 people with almost 6,000 clicks from the two week campaign via Google Search, Display, Video and Facebook. This resulted in three direct enquiries. Online article promoting Sydney Melbourne Touring's travel agents sales mission in New Zealand TRAVELinc memo. Albury Wodonga's food and beverage sector was featured in the Border Mail due to a 40 per cent gain in value in 12 months. Continued the Google Ad Words campaign for visitALBURYWODONGA.com. Continued tweets for @VisitAW. New followers increased by 0.5% during March, taking total followers to 2,367, with 121 tweets. Facebook likes increased by 2.5% during March, taking total number of likes to 2,697. As at 31 March there are 2,588 Instagram followers, an increase of 1% during the month. There were seven familiarisations of partner product. A meeting was held with the Regional Tourism Development Manager for Destination NSW - Riverina Murray to discuss funding opportunities and event attraction. An overview of new product was provided. A submission was completed to host an Associations conference for 540 delegates over three days during July 2018. Met with the organiser of the Great Australian Beer Festival to discuss the 2018 Event. Distributed 1,978 OVG's and 22 Trash map pads to industry including partners, event organisers and accredited Visitor Information Centre's across NSW & Victoria. The Albury Visitor Information Centre assisted with direct bookings to partners' products to the value of $3,665 and made $2,714 of Bookeasy bookings during March.

Code	KPI	Target	Measure	Achieved	%
10281.1	www.visitalburywodonga.com	10,000	unique visitors per month	21,038	100%
10281.2	Visitor enquiries - telephone/email	200	persons per month	223	100%
10281.3	Industry service requests	45	service requests per month	51	100%
10281.4	Walk-in visitors to Information Centre	1,500	Persons per month	1,770	100%

1 - A Growing Sustainable Economy 69%

1.2 - Improve Visitor and Residents' Experiences 75%

S1.02.1.1 **Events Program Implemented** **ETL**

The March QEII Twilight Markets, the final for the season, were well attended in perfect weather with over 70 stall holders subscribed. The Markets will now be reviewed as part of the Events Strategy action plan to look at future activity. A survey was carried out at the March event to ascertain customer satisfaction with the current format. AlburyCity and Wodonga Council have agreed to jointly conduct the annual Sustainability Living Festival during November 2018. A range of activities will be planned throughout the month. The CEO of Deaf Sports Australia visited for a debrief and to present the final report following the 2018 Australian Deaf Games . The Games were lauded as a wonderful success by organisers, athletes and volunteers and it is noted that the communities of Albury and Wodonga were the most supportive of any hosts previously. Media coverage received in Albury Wodonga was the most comprehensive ever recorded in the history of the Deaf Games. Albury welcomed over 500 players for the Softball Victoria Open State Championships played at Jelbart Park. The Border & District Budgerigar Society held its 34th annual show at Mirambeena with around 300 participants (and birds) taking part. March Music in the Gardens was a huge success with over 1,200 people enjoying the Irish tunes. The March Citizenship Ceremony saw 26 conferees sworn in at the Albury Entertainment Centre. Congratulations to all involved with the Albury Racing Club following the Gold Cup Carnival. Crowds were healthy (around 10,000), well-behaved and all reported a great day. Positive reports were received regarding traffic management and public transport infrastructure which was facilitated by AlburyCity. The 'Keenagers' event was held at the Albury Wodonga Table Tennis Association during March, the first of four major table tennis events to be hosted at its North Street headquarters this year. Good attendance of over 100 visiting players was reported. The NSW Seniors Festival program was finalised and distributed ready for the kick off of two weeks of activities from 4 April. Events Team staff met with the Albury RSL sub Branch and NSW Police to review arrangements for ANZAC Day 2018. Team Leader Events attended the 2nd Public Venue Security & Safety Summit on 21/22 March.

Code	KPI	Target	Measure	Achieved	%
10211.2	Number of event patrons	23,000	number per month	15,100	66%
10211.1	Number of events hosted, facilitated or arranged by AlburyCity Events Team	7	events per month	9	100%

T1.02.1.1	**Bi-annual collation of event participation data (reported bi-annually)**	No activity this month	3/07/2017	30/06/2018	**ETL**

1.3 - Plan and Cater for Increased Population Growth 68%

Director Planning & Environment

Albury City is an growing regional City and this is supported by continued high levels of development activity, enquiries and planning across the whole City. The main focus remains development in the Thurgoona Wirlinga corridor. Increased activity levels as well as complexity of some projects is contributing to the extended assessment and processing times for applications and additional requests for customer assistance and enquiries. A total of 53 Development Applications valued at $10.9M were approved in January. There were 75 Complying Development Certificates and Construction Certificates issued for construction valued at $19.3M including 23 new dwellings and units. Planning and development of infrastructure to support this growth is critical and underway on a number of fronts. This is reliant on other agencies and government support including RMS, Department of Education, Albury Wodonga Health and Department of Planning. We will continue to work with these groups to promote and facilitate coordinated and sustainable growth of the City.

STATUS	No Planned Activity		On Track		Needs Attention		Critical		Completed		TOTAL	
	○	0	7		7		1		☑	0	Σ	15

1 - A Growing Sustainable Economy 69%

1.3 - Plan and Cater for Increased Population Growth 68%

S1.03.1.1 **Building Approvals - Development Application Assessment** **BSTL**

During March a total of 33 Development Applications were determined by the Building Surveying Team with an average of 20.3 days to determine each application. Of the 33 that were determined 23 of these applications met the Customer Service Charter target.

Code	KPI	Target	Measure	Achieved	%
10311.1	Building approvals	95	percent services charter compliance	63	66%
10311.2	Maximum outstanding number of development applications - Building Surveyors	25	per month	56	45%

S1.03.1.2 **Construction and Complying Development Certificates** **BSTL**

During March a total of eight Complying Development Certificates and 27 Construction Certificates were determined with 87.5% of Complying Development Certificates and 81% of Construction Certificates meeting the Customer Service Charter targets. The total value of Complying Development Certificates and Construction Certificates issued during the month by Private Certifiers and Council was $ 11.23M and year to date $148.67M.

Code	KPI	Target	Measure	Achieved	%
10312.1	Construction certificates	95	% services charter compliance	78	82%
10312.2	Complying development certificates	95	% services charter compliance	88	92%

S1.03.1.3 **Building Certificates** **BSTL**

The Building Certificates continue to be issued in a timely manner following completion of a satisfactory inspection. The number of determined applications has reduced from the previous months. There were four certificates issued in March.

Code	KPI	Target	Measure	Achieved	%
10313.1	Building certificates	95	% services charter compliance	75	79%

S1.03.1.4 **Plumbing assessment, inspection and approvals** **BSTL**

During March a total of 37 Plumbing Applications were determined by the Building Surveying Team. Of the 37 applications processed a total of 81% achieved the Customer Service Charter target. The majority were assessed with other related approvals and thereby negatively affecting the result. All plumbing inspections continue to be carried out within Council's Customer Service Charter timeframes.

Code	KPI	Target	Measure	Achieved	%
10314.1	Plumbing approvals	95	% services charter compliance	81	85%

1 - A Growing Sustainable Economy — 69%

1.3 - Plan and Cater for Increased Population Growth — 68%

S1.03.1.5 **Planning Approvals - Assessment, inspection and approval** — **TPTL**

The Town Planning Team determined 20 Development Applications in the month of March with an average turnaround time of 44 days and 80% of those being determined within the parameters of the Customer Service Charter. The Team is continuing to work through the outstanding applications, unfortunately this has been compounded by reduced staff numbers. This is having a significant impact on the Team's workload and ability to achieve customer service targets.

Code	KPI	Target	Measure	Achieved	%
10315.1	Development Applications Town Planning	95	% service charter compliance	80	84%
10315.2	Average processing time	21	days	44	48%
10315.3	Maximum outstanding number of Development Applications - Planners	40	per month	72	56%

S1.03.1.6 **Planning Certificates** — **AC**

170 Planning Certificates were issued for the month of March, comparatively 211 certificates were issued during the same period in March 2017.

Code	KPI	Target	Measure	Achieved	%
10316.1	Planning certificates	95	% service charter compliance	99	100%

S1.03.1.7 **Planning enquiries - website** — **AC**

The Online Application Tracking site had a total of 6,718 page views with 5,444 unique page views. The reporting figures for March are considerably lower than normally reported. This is due to the implementation of the new software package for "Online Application Tracker" and as a result the tracking results monitored through Google Analytics were not set up until 15 March. This issue has now been rectified.

Code	KPI	Target	Measure	Achieved	%
10317.2	DA Tracking - web pages	1,000	per month	6,718	100%

T1.03.1.1 **Albury and Lavington CBD Master Plan Reviews** — 1/02/2018 — 30/06/2018 — **45%** — **TPTL**

This project has been initiated with a detailed audit of the endorsed actions in CBD Masterplans. This is due for completion in June 2018 and will provide the basis for a more detailed project in 2018/19 year.

1 - A Growing Sustainable Economy — 69%

1.3 - Plan and Cater for Increased Population Growth — 68%

S1.03.2.2 **Glenmorus Gardens - Return on Investment** **GLCB**

Income of the business is unfavourable to budget by $94k (12%) YTD, which is partly due to lower than anticipated income YTD across the Cremation ,Memorial and burial income streams. These segments will be assessed at the quarterly budget review to determine if adjustment is required. Expenses are unfavourable to budget by $18k (2%) YTD . It has been identified that there is some duplication of expenses (approx $13k) due to invoices being approved for payment but not linked to the associated purchase order with finance to make the adjustments against next months expenses. The net position of the business is unfavourable to budget by $112k YTD.

Code	KPI	Target	Measure	Achieved	%
10324.1	Glenmorus Gardens - Return on Investment	100	% budget or greater than	-388	0%

S1.03.2.1 **Environmental Planning Assessment (Development Applications & Review of Environmental Factors)** **GLNE**

In the reporting month nine new Development Applications, Construction Certificates and/or Linen Plan requests were reviewed by the Environmental Planner, and eight have been carried over from the previous month. Seven of these were closed with the remainder requiring additional information or investigation. One new Review of Environmental Factors was received in the reporting period with two carried over from February 2018.

Code	KPI	Target	Measure	Achieved	%
KPI_2122	Percentage of development applications assessed by Environmental Planner	85	% service charter compliance	34	40%
KPI_2123	Percentage of REFs assessed by Environmental Planner	85	% service charter compliance	0	0%

S1.03.2.3 **Glenmorus Gardens - Total Services** **GLCB**

There were 41 services conducted at Glenmorus Gardens during March. This reflected 10 additional services for the month when compared with the corresponding period last year. The March services were made up of 20 burials, six cremations, eight ash placements and seven chapel services. Taking into account all chapel services, burials, cremations and ash placements, total services year to date total 276. This represents four less services (1.4%) when compared with the corresponding period last year.

Code	KPI	Target	Measure	Achieved	%
10323.1	Glenmorus Gardens - Total Services	35	per month	41	100%

T1.03.2.1 **Review of Albury DCP - Chapter 10** 3/07/2017 30/06/2018 **25%** **TPTL**

This project is now being progressed with the new Strategic Planner having commenced in October. A Request for Quotation was exhibited with four quotes received . Strategic Planning staff have assessed the quotes in March with a preferred consultant identified and final checks being undertaken. The project will commence in April.

1 - A Growing Sustainable Economy 69%

1.3 - Plan and Cater for Increased Population Growth 68%

C1.03.2.2 **Cemeteries and Crematoria funded projects** 3/07/2017 30/06/2018 **75%** **GLCB**

The Pioneer fencing project (Colemans Group) has now been completed with the installation of 1,100 linear metres of fencing with five access gates at Pioneer Cemetery. The Cemeteries retrofitting of beams project will continue in 2018-19 with an RFQ being prepared for the retrofitting of new beams in section eight scheduled to commence in July 2018.

C1.03.2.3 **Thurgoona Wirlinga Precinct major water infrastructure** 3/07/2017 30/06/2018 **55%** **GLWW**

Construction of a 300 millimetre water main through Stage 1 of Chisholm Park is underway. The alignment for Stage 2 is currently being negotiated with the land owner, agreement on the final alignment is contingent on the land owner having their Development Application (DA) approved by Council, a number of meetings occurred with the developer and Council Offices during March to agree of the alignment. The alignment for Stage 3 has been agreed upon by the land owner.

C1.03.2.1 **Thurgoona Wirlinga Precinct major sewer infrastructure** 3/07/2017 30/06/2018 **80%** **GLWW**

The contract for the construction of Stages 1a and 1b of the augmented Thurgoona Park North major pump station and sewer main has been completed. Construction of the sewer main commenced during March 2018, construction of the pump station is scheduled to commence in early April 2018.

1.4 - Albury has a secure and well managed water supply 65%

Director Engineering

Council has a suite of initiatives within the 2017/18 operational plan to ensure Albury has a well managed water supply. This includes water and sewer augmentation projects, asset replacement programs and major upgrades to cater for a growing community. The predominant activities during March include Table Top water augmentation, Thurgoona Sewerage augmentation, watermain renewal/replacement program and the annual sewer relining program.

STATUS	No Planned Activity		On Track		Needs Attention		Critical		Completed		TOTAL	
	○	0	3		1		2		☑	0	Σ	6

C1.04.3.3 **Watermain replacement / renewal program** 3/07/2017 30/06/2018 **70%** **GLS**

A total of 19 projects were identified in this category at the commencement of the year with a further project added since taking the total to 20. 12 projects in this category have been completed with a further four projects underway. The project completed during the period was the replacement of a watermain in Rose Street.

C1.04.3.4 **Table Top North - water supply augmentation** 3/07/2017 30/06/2018 **88%** **GLWW**

Construction of the pipeline has been completed along Wagga Road and Gerogery Road. A Request For Quotation (RFQ) for the construction of the new water pump station which will boost supply in the system closed during February 2018. All quotations received exceeded the upper limit of the RFQ threshold by a significant margin and in the view of Council officers did not offer value for money. An open tender will now be sought to construct the water pump station.

1 - A Growing Sustainable Economy — 69%

1.4 - Albury has a secure and well managed water supply — 65%

		Start Date	End Date	Performance	Responsible Officer
C1.04.3.1	**Water and Sewer Augmentation Program**	3/07/2017	30/06/2018	50%	GLS
	A total of 92 projects were identified in this category at the commencement of the year with 17 subsequently removed at December Quarterly Review taking the total to 75. 14 projects in the category are complete with a further 51 projects currently underway. The project completed during the month was the installation of the calcium nitrate dosing system at Sewer Pump Station 41 - Lipsett Road.				
C1.04.3.6	**Waterview Wastewater Treatment Plant - Stage 2 Augmentation**	3/07/2017	30/06/2018	35%	GLWW
	Site visits to a number of recently completed wastewater treatment plants are scheduled to commence during April 2018, these tours will assist Council in finalising the Request for Quotation (RFQ) to undertake an options study.				
C1.04.3.5	**Main Sewer Pump Station (SPS1) upgrade**	3/07/2017	30/06/2018	60%	GLWW
	Preliminary designs for the new pump station, sewer rising main have been agreed upon. The consultant is now preparing the functional design report which will be provided to Council during April 2018. Engagement with the community and other stakeholders is continuing.				
C1.04.3.2	**Annual sewer main rehabilitation program**	3/07/2017	30/06/2018	85%	GLWW
	Rehabilitation work in Central Albury, North Albury and Lavington to repair sewer mains which are in poor condition is progressing well, all mains which were scheduled to be relined are now completed. The contractor will be returning during May 2018 to complete a number of highly dilapidated mains which require pipe bursting.				

1.5 - Promote Albury for Industry and Business — 80%

Director Economic Development & Tourism

All projects/initiatives on track as planned.

STATUS	No Planned Activity		On Track		Needs Attention		Critical		Completed		TOTAL	
	○	0	11		0		0		0		Σ	11

		Start Date	End Date	Performance	Responsible Officer
1 - A Growing Sustainable Economy				**69%**	
1.5 - Promote Albury for Industry and Business				**80%**	

S1.05.1.1 **Evocities Implementation** **EDO**

A 9% drop in traffic to the Evocities site was through social media channels. Organic Search and Direct traffic was up on the previous month. 65-75% of visitors to the campaign site have been through Organic Search and Direct over the last few months which indicates a healthy brand awareness. The average time spent on the site (2.51 min in March) has also improved by 100% when compared to the same period two years ago. The Bus Shelters advertising commenced on 18 March for the first burst of seven days. There was a noticeable increase in users to the website on the following Monday and for the rest of that week. An increase of 27% on the same five days previous week and up 14% on the week before.

Code	KPI	Target	Measure	Achieved	%
10511.2	Website sessions www.evocities.com.au	6,000	Visitors per month	5,633	94%
KPI_2270	Number of jobs loaded to evojobs.com.au	70	Number per month	181	100%
KPI_2271	Albury job views vs total monthly job views - evojobs.com.au	14	Percentage per month	26	100%

T1.05.1.1 **Implementation of the Economic Development Strategy** 3/07/2017 30/06/2018 **75%** **EDTL**

The Albury Wodonga Smart Community Framework was finalised and presented to Council. AlburyCity were represented at two NSW Government Inquiry hearings - 'Zonal Taxation' and 'Regional Development and a Global Sydney'. Brand extension activities commenced in relation to the investAlbury campaign as part of the Two Cities One Community Action Plan. Support was provided to the Community and Recreation Department for submission of two funding applications to the NSW Regional Cultural Fund. The assessment of the Turks Head Expression of Interest applications is ongoing .

O1.05.1.2 **Support implementation of Evocities Marketing and Communications under MOU** 3/07/2017 30/06/2018 **80%** **EDO**

The Evocities Steering Committee and Operations Group met this month to discuss marketing activities for the remainder of the financial year. A photo shoot involving all the Evocities will take place throughout April. This will update the existing photo library in a consistent format across the cities. Integration of the Insightly Customer Relationship Management System is undergoing customisation in order to be compatible with current Evocities platforms. No 'go live' date has been provided.

C1.05.1.1 **Ettamogah Sewerage Augmentation (NEXUS)** 3/07/2017 30/06/2018 **70%** **GLWW**

The detailed design has been completed. Negotiations with Norske Skog commenced during January 2018 to create an easement through a small parcel of their land along the proposed alignment, Norske Skog has now expressed that they will accept the creation of the easement. The location of services in the Norske Skog land occurred during March 2018, this work was all that remained prior to the alignment to being finalised. An open tender for construction is currently being drafted.

1 - A Growing Sustainable Economy — 69%

1.5 - Promote Albury for Industry and Business — 80%

C1.05.1.2 **NEXUS Precinct Infrastructure Project - Stage 1 subdivision** 3/07/2017 29/12/2017 **85%** **EDTL**

AlburyCity's application to the Growing Local Economies Fund for enabling infrastructure at the Nexus Industrial Precinct has been selected to progress to the next phase Business Case. Jacobs has been appointed by AlburyCity and the Roads and Maritime Services to revise previously prepared preliminary cost estimates for the construction of the Southern ramps at the Davey Road Interchange. A formal quote is being prepared by the APA Group (Australian Gas Network) for the supply of gas to the precinct. A Request for Quote is being prepared to obtain an updated analysis of the project's Benefit Cost Ratio and associated economic impact figures. Subdivision works completed to date include internal water, storm water, road assets, NBN pre-approval and conduit provisions for electricity. Tenders for the installation of electrical assets including the internal lighting and overhead high voltage power lines close in April. Commencement expected early June. The completion of the internal sewer works is pending issue of a Crown license for open cut through 8-Mile Creek and is expected to be granted in the next few weeks. Landscaping plans are being finalised for the precinct entry and designs for entry signage will follow.

O1.05.2.1 **Implementation of Retail Sector Development Strategy** 3/07/2017 30/06/2018 **75%** **EDTL**

The Albury Northside Chamber of Commerce launched the Albury CBD marketing campaign this month. A key activity in the Strategy, the CBD campaign was developed by Citizen and includes a website, street signage and specialised events aimed at stimulating the retail sector.

S1.05.6.1 **Economic Development enquiries** **EDO**

Visitation to the investAlbury website continues to achieve well above previous rates. In March, the Economic Indicators Report was updated and highlighted on social media to continue to help drive visitation to the site. The bounce rate continues to be low at 3.91%. The most visited page on the investAlbury wesbite was the "About Us" page followed by "Commercial Real Estate."

Code	KPI	Target	Measure	Achieved	%
10561.1	Return phone call	24	hours	24	100%
10561.2	Detailed response	5	working days	5	100%
10561.3	Customer service requests	40	service requests per month	37	93%
KPI_2073	Visits to the Invest Albury website per month	2,000	per month	5,579	100%

O1.05.6.1 **Implementation of Economic Development Marketing Strategy** 3/07/2017 30/06/2018 **75%** **EDTL**

Amendments to digital advertising for the investAlbury campaign has seen an increase in traffic to the investAlbury website. All traditional marketing has been placed on hold following the Two Cities One Community direction to expand the investAlbury brand to incorporate Wodonga. AlburyCity representatives met with Wodonga to progress this action with the designer now briefed to prepare the updated brand and accompanying Brand Book, updated photography, website content and the overarching Marketing Strategy and Tactical Activity Plan for 2018/19.

1 - A Growing Sustainable Economy 69%

1.5 - Promote Albury for Industry and Business 80%

C1.05.6.1 **Australia Park / Turks Head building works** 1/08/2017 31/01/2018 **90%** **EDTL**

Works are continuing on the fit out of Australia Park with an opening expected in mid-May. AlburyCity works team cannot progress fit off until such time as tenant has finalised their development. Following an assessment of the property by the Planning Department, the public toilet facilities will be upgraded to comply with the Building Code of Australia and the Australian Standard. Expressions of Interest lodged in relation to the commercial lease of the Turks Head building are undergoing a formal assessment process which is anticipated to be finalised by the end of next month.

O1.05.5.1 **Economic Development S&E Review - Update of Action Plan progress** 3/07/2017 30/06/2018 **95%** **EDTL**

The Property Officer Manual has been reviewed with the final document anticipated by the end of May. The key business communication plan is on hold pending the appointment of a permanent Economic Development Team Leader. Review of the Lake Macquarie Council Economic Development model to take place in the coming months. Review of the Economic Development Strategy will commence once finalisation of the Regional Economic Development Strategy has been completed.

O1.05.5.2 **Implementation of the Creative Economy Strategy** 3/07/2017 1/02/2018 **75%** **DCR**

Elements of the strategy have been used to seek funding through the Regional Cultural Infrastructure Fund including QEII Master Plan and the development of a Creators Space. These projects have successfully progressed to the second round with final applications due in April. Work has continued in preparing the application . Twilight Markets throughout Spring and Summer have continued to activate the QEII space .

1.6 - Integrated transport network for Albury 55%

Director Engineering

The integration and effectiveness of all forms of transport throughout the city is an important component of our Community Plan. Initiatives progressed during March include the community consultation with regard to the Albury Traffic Model and infrastructure projects at the Albury Airport. Passenger numbers and return on investment at the Albury Airport remain strong.

STATUS	No Planned Activity		On Track		Needs Attention		Critical		Completed		TOTAL	
	○	0		5		0		1	☑	0	Σ	6

T1.06.1.1 **Albury Integrated Transport Strategy** 3/07/2017 30/06/2018 **10%** **GLS**

Currently there is a joint project being undertaken between Roads and Maritime Services and AlburyCity to deliver a Traffic Model and future transport initiatives for the city. The project is now running behind schedule with a meeting between all stakeholders undertaken in October to assist in finalising the project. The Traffic Model project was completed in March 2018 with community information sessions planned in April. The Traffic Model outcomes will inform the Integrated Transport Strategy development and therefore its commencement has been delayed. Work will now commence on the development of a brief in consultation with Wodonga City Council to engage a suitable consultant to assist in the development of the strategy.

1 - A Growing Sustainable Economy — 69%

1.6 - Integrated transport network for Albury — 55%

C1.06.1.1 **Traffic Improvements Program** 3/07/2017 30/06/2018 **84%** **GLS**

A total of five projects were identified in this category at the commencement of the year with three projects added since taking the total to eight. Six projects in this category are completed with a further project underway. Some projects completed during the month include the Albury Transport Model and the installation of a traffic management barrier in Alexandra Street.

S1.06.4.2 **Airport - Return on Investment** **GLCB**

The financial performance (income) of the Airport year to date (YTD) is $30k unfavourable to budget. The unfavourable variance is predominantly due to lower than expected regular passenger transport income YTD. However, improved income has been received from Cafe sales YTD, which is $42k (7%) favourable to budget, in addition to favourable car park income YTD of $34K or 6% favourable to budget. Total Airport expenses are $58K (1%) favourable to budget YTD. Net result of the Airport YTD is $29k (4%) favourable to budget.

Code	KPI	Target	Measure	Achieved	%
10662.1	Airport - Return on Investment	100	% of budget or greater than	104	100%

S1.06.4.1 **Airport - Passenger Numbers** **GLCB**

Passenger numbers stand at 23,083 passengers for March 2018 which is down by 2% when compared with the same period last year. YTD passenger numbers show an overall increase of 2% (3,715 passengers) YTD when compared with the corresponding period last year.

Code	KPI	Target	Measure	Achieved	%
10661.1	Airport - Total Passenger Numbers	21,500	number per month	23,083	100%

T1.06.4.1 **Airport Development Strategy** 3/07/2017 30/06/2018 **85%** **GLCB**

The Airport Group (TAG) has been appointed to undertake the development of the15 year Albury Airport Master Plan. During March work included further revision of the Master Plan and revision of the concepts for the precincts. Draft changes were made based on the feedback received from AlburyCity during a consultation meeting held with TAG and the AlburyCity Master Plan review team on 5 March. Once the final draft Master Plan document is received, it will be presented to the Albury Airport Users Advisory Committee (AAUAC) for comment prior to being presented to Council for endorsement. Final AlburyCity Master Plan review team feedback is programmed to be received by TAG by 16 April 2018 proceeded by council officers presenting to the AAUAC on 2 May 2018.

C1.06.4.1 **Airport funded projects** 3/07/2017 30/06/2018 **70%** **GLCB**

Airport Terminal Upgrade – On 24 April 2017, Council awarded the tender to construct the project to Southern Cross Developers. Stage One work on the arrival hall end of the terminal commenced in June 2017. The delivery plan requires completion of Stage One by April 2018, followed by Stage Two completion by late May 2018. Works are currently progressing with the installation of mechanical, electrical and hydraulic services and the installation of internal and external wall linings. The Arrivals Hall is scheduled to be open in late April 2018 with total project completion projected for the end of May 2018.

1 - A Growing Sustainable Economy — 69%

1.7 - Increased usage of bicycle and pedestrian networks — 75%

Director Engineering

Provision of bicycle paths and pedestrian trails are important in an active and progressive city. Projects included in the Pedestrian Access and Mobility Plan have been finalised with the Roads and Maritime Services during July and August 2017. Physical works are scheduled for March/April 2018 with works in Logan Road, Keene Street and Cadell Street completed.

STATUS	No Planned Activity		On Track		Needs Attention		Critical		Completed		TOTAL	
	○	0	1	0	0	0	☑	0	Σ	1

T1.07.1.1 **Implement the Pedestrian Access and Mobility Plan** 3/07/2017 30/06/2018 **75%** **GLS**

Projects included for delivery under the Pedestrian Access and Mobility Plan for 2017/2018 are: the installation of refuge and kerb ramp in Logan Road (completed in March), kerb ramps at the intersection of Keene and Cadell Streets (completed in March) and kerb ramps at Schubach and Mount Streets intersection which is programmed for completion in April.

1.8 - Albury's infrastructure and assets are well managed and maintained — 70%

Director Engineering

Council has established extensive asset renewal and maintenance programs to maximise the value and serviceability of all asset types. During March progress was achieved in the road resealing program, major maintenance projects, the design program and all service and efficiency reviews have been progressed.

STATUS	No Planned Activity		On Track		Needs Attention		Critical		Completed		TOTAL	
	○	0	13	2	4	0	Σ	19

S1.08.1.1 **Waterview Laboratory Return on Investment** **GLWW**

The laboratory received 304 samples for the month and conducted 1,184 tests in house, a further 263 tests were subcontracted. The laboratory received a new Inductively Coupled Plasma – Optical Emission Spectrometer (ICP-OES) system which will allow for samples to be analysed for a range of metals and reduce the number of samples being subcontracted for analysis, the ICP-OES will be commissioned over the coming months. A further five clients were registered during March, all required testing of their private water supply. The NET year to date financial result is $164,470 above forecast.

Code	KPI	Target	Measure	Achieved	%
10841.1	Waterview Laboratory Return on Investment	100	% of budget or greater than	100	100%

1 - A Growing Sustainable Economy — 69%

1.8 - Albury's infrastructure and assets are well managed and maintained — 70%

S1.08.1.2 **Albury Waste Management Centre - Return on Investment** — **GLCB**

Landfill income, YTD is relatively close to budget, being only $69K unfavourable as at 31 March 2018. Expenditure YTD is $286K favourable to budget as at 31 March 2018. From an overall operating result position, YTD the business is $217K (4%) favourable variance to budget.

Code	KPI	Target	Measure	Achieved	%
10842.1	Albury Waste Management Centre - Return on Investment	100	% of budget or greater than	104	100%

T1.08.1.1 **Stores Management S&E Review** — 3/07/2017 — 30/06/2018 — **65%** — **TLFS**

As the result of a number of significant changes from a procurement perspective across the organisation, the Stores review is currently looking at the feasibility of the Stores being responsible for a wider range of Engineering related goods and services. Work continues on benchmarking, reviewing servicing levels, understanding the implications of a reduced service, outsourcing options and the benefits of developing strategic relationships with other Councils. Once this process is completed , work will begin on analysis of data and finalising the key recommendations. Completion of this process is expected to be completed by the end of June.

T1.08.1.2 **Service and Efficiency Review - Concrete construction and maintenance** — 3/07/2017 — 30/06/2018 — **25%** — **GLS**

Part 1 of the review has been finalised and endorsed by MANEX. Investigation and development of Part 2 of the review has commenced. This project is behind schedule and is now programmed for completion in June 2018.

T1.08.1.3 **Street and Drain Cleaning S&E Review** — 3/07/2017 — 30/06/2018 — **90%** — **GLS**

Part 1 of the Streets and Drains Service and Efficiency Review has been endorsed by Manex with Part 2 developed and ready for presentation to the Steering Group and then Manex for endorsement. This is running behind schedule and is now planned for completion in April .

T1.08.1.4 **Service and Efficiency Review - Trade Waste Services** — 3/07/2017 — 30/06/2018 — **97%** — **GLWW**

Part Two has had a number of minor alterations made to it prior to being provided to Human Resources (HR) for review and then to Manex for final approval.

O1.08.1.1 **AlburyCity Flood Risk Management Plan Implementation** — 3/07/2017 — 30/06/2018 — **75%** — **GLS**

In October 2016 Council was successful in obtaining grant funding, (Floodplain Management Grant Program), to undertake a feasibility study on increasing the height of the South Albury levee to meet current protection requirements as recommended by the Floodplain Risk Mangement Study and Plan. The study project was advertised in the first half of 2017 and subsequently awarded to WaterTech in May 2017. The project commenced in June 2017 and is progressing well, with the final draft received for comment. Work has also been undertaken on the development of administrative planning processes to assist in the notification of flood affectation of land and in the assessment of developments within flood prone areas. A brief is also currently being finalised to engage appropriately qualified consultants to develop a drainage strategy for the Thurgoona/Wirlinga growth area, this is expected to be advertised in the first half of 2018.

1 - A Growing Sustainable Economy

69%

1.8 - Albury's infrastructure and assets are well managed and maintained

70%

		Start Date	End Date	Performance	Responsible Officer
C1.08.1.3	**Design Program**	3/07/2017	30/06/2018	75%	GLS
	A total of 45 projects were identified in this category at the commencement of the year, with a further three projects added since taking the total to 48. 26 projects in this category have been completed with a further 16 projects underway. Some design currently underway include Ross Circuit Drainage, Lavington Sports Ground Grandstand and Thurgoona/Wirlinga Precinct - Sewerage Infrastructure Augmentation.				
C1.08.1.9	**Plant Replacement Program**	3/07/2017	30/06/2018	76%	TLFS
	The 2017/2018 Fleet Replacement Program remains on track. The process of procuring a new landfill compactor remains in progress with tender evaluation in March.				
C1.08.1.2	**Road and Drain Construction Program**	3/07/2017	30/06/2018	66%	GLS
	A total of nine projects were identified in this category at the commencement of the year with a project subsequently removed at December Quarterly Review taking the total to eight. Three projects in this category have been completed with a further three projects currently underway.				
C1.08.1.5	**Road and Drain Rehabilitation Program**	3/07/2017	30/06/2018	55%	GLS
	A total of 14 projects were identified in this category at the commencement of the year. Four projects in this category are complete with a further three projects underway. Projects currently underway include the rehabilitation of a section of Table Top Road and Duffy Crescent .				
C1.08.1.6	**Road Resealing Program**	3/07/2017	30/06/2018	89%	GLS
	A total of 26 projects were identified in this category at the commencement of the year with three projects removed at December Quarterly Review taking the total to 23. 18 streets in the program have been sealed.				
C1.08.1.7	**Road and Drain Maintenance Program**	3/07/2017	30/06/2018	75%	GLS
	A total of seven projects were identified in this category at the commencement of the year. Seven projects in this category were currently underway during the period and are ongoing.				
C1.08.1.1	**Building Construction and Maintenance Program**	3/07/2017	30/06/2018	67%	GLS
	A total of 105 projects were identified in this category at the commencement of the year with a further project added since taking the total to 106. 48 projects in this category have been completed with a further 35 projects underway. Some projects completed during the period include the completion of a bottle preparation area at Yarrunga Early Learning Centre, canteen upgrade at Jelbart Park and the installation of hand rails at the Albury Entertainment Centre Convention area .				
C1.08.1.8	**Landscape Construction and Maintenance Program**	3/07/2017	30/06/2018	61%	GLS
	A total of 60 projects were identified in this category at the commencement of the year with a further nine projects added since taking the total to 69. 15 projects in this category have been completed with a further 41 projects currently underway or ongoing. Some projects completed during the period include landscaping at Thurgoona Community Centre along with the barbecue and recreation area also at the Community Centre.				

1 - A Growing Sustainable Economy

69%

1.8 - Albury's infrastructure and assets are well managed and maintained

70%

		Start Date	End Date	Performance	Responsible Officer
C1.08.1.4	**Kerr Road reconstruction**	3/07/2017	30/06/2018	**58%**	**GLS**

Kerr Road Stage 3 construction was completed in October 2017. Stage 4 design is complete with tenders advertised for submission in January, which closed on Tuesday 13 February. The tender was presented to Council in March and was awarded to Excell Gray Bruni. The project is planned to commence in late April.

C1.08.1.10	**Major Maintenance Projects**	3/07/2017	30/06/2018	**95%**	**PRTL**

The independent playground audit was completed in January. The high priority actions are being addressed by Landscape Services. Fencing projects are complete except Black Range Park (currently underway) and Bonnie Doon Park. Completed projects include Corry's Wood Parkland, Hickory Court Park area, Broad Street Community Garden, Norris Park Easement and Ernest Grant Park Car Park. Cricket Albury Wodonga completed the cricket wicket replacement at Norris Park Oval. Pathway is complete at the Athletics Track. The irrigation upgrade and fencing at the Logan Road Leash Free area is complete. Preparation for the 2018 planting season has commenced. Remnant vegetation program continues.

C1.08.1.11	**Parks and Recreation Design Projects**	3/07/2017	30/06/2018	**70%**	**PRTL**

Refinement of the QEII Square Master Plan concept plan (eastern side) continues with further internal consultation. The design of the secondary building at Urana Road Oval has been presented to all the user groups and will be presented to Manex in May. There has been no progress on the Corry's Wood Parkland Master Plan however entrance fencing has been installed to restrict vehicular traffic. The scope of works for the Albury Wodonga Equestrian Centre Master Plan has been finalised and quotations are being received. Have A Say process is to be scheduled once the consultant has been engaged and they have reviewed the information. The Greenfield Park Master Plan has been progressed with a site visit and a meeting with representatives of the Rugby League Club. Detail design work associated with Monument Hill has not commenced however included into the engineering design program. No progression on sports field lighting designs or Jelbart Park drainage / carpark designs. The sports field renovation designs are complete. The draft Waites Park outdoor basketball court and beach volleyball complex (South Albury Active Zone Master plan) will be presented to Manex in May.

T1.08.2.1	**Mechanical and Electrical Services S&E Review**	3/07/2017	30/06/2018	**99%**	**GLWW**

Part Two has been completed, it has been provided to Human Resources (HR) for final review prior to the document being presented to Manex.

2 - An Enhanced Natural Environment

57%

Summary:

Director Planning & Environment

The natural environment is a highly valued and critical element of the City's fabric and the community. AlburyCity recognises this and supports and promotes opportunities that will provide greater direction and support in this area with regards to Biodiversity and the Natural Environment. There are also great opportunities for collaboration and coordination on these projects under the auspices of the Two Cities One Community Strategic Plan.

2.1 - Albury has improved environmental outcomes

58%

Director Planning & Environment

Albury City is achieving some strong results in relation to the natural environment as well as initiating and continuing long term programs and projects that will contribute to better environmental outcomes for our community. This includes a wide range of services and functions such as Waste Management, Environmental Planning, Sustainability and Parks and Recreation. This includes major projects at the Waste Management Facility - leachate management and alternate covering system tenders. The implementation of the new Environmental Management Procedures for Council projects and works. Work on the regional biodiversity strategy has also been initiated and is progressing in a positive direction.

STATUS	No Planned Activity	On Track	Needs Attention	Critical	Completed	TOTAL
	○ 2	8	0	0	☑ 1	Σ 11

S2.01.1.1 **Tree Management** PRTL

The Parks and Recreation team continues to proactively manage tree assets and through this aims to reduce the number of reactive customer requests. CRM numbers were higher that target this month which is undesirable, and TPO's were lower than target which is desirable.

Code	KPI	Target	Measure	Achieved	%
10271.1	Number of Tree Preservation Orders processed	21	per month	14	100%
10271.2	Number of Customer Requests processed	83	per month	132	63%

T2.01.1.1 **Review and implementation of the Biodiversity Strategy** 3/07/2017 30/06/2018 **15%** **GLNE**

The review of the Biodiversity Strategy has been combined with the Two Cities One Community regional biodiversity strategy. Numerous meetings have been held over the past two months with the City of Wodonga to plan and prepare for a consultancy to develop the regional Biodiversity Strategy over the next 15 months.

T2.01.1.2 **Review Soil and Erosion Control Guidelines** 3/07/2017 30/06/2018 **15%** **GLNE**

Meetings were held with the consultant reviewing the Soil and Water Management Policy and its referenced guidelines. The first deliverable is due in May 2018 and will outline good practice sediment and erosion control and an associated risk framework.

2 - An Enhanced Natural Environment

57%

2.1 - Albury has improved environmental outcomes

58%

		Start Date	End Date	Performance	Responsible Officer
T2.01.1.3	**Develop and implement Environmental Management Procedures for Council Works**	30/09/2017	30/03/2018	100%	GLNE

The Environmental Management Procedure has been developed by the Natural Environment Group. This procedure outlines the legislative framework to manage environmental risk associated with Council projects and works. It also includes a procedure to consider Aboriginal and cultural heritage and legislative requirements . The procedure was endorsed by Manex in December and internal training was implemented in March 2018.

T2.01.2.1	**Investigation into viability of high voltage infrastructure**	3/07/2017	30/06/2018	25%	GLNE

A request for Expressions of Interest for professional services to explore a business case for high voltage tariffs closed in October. Tenders were reviewed and AlburyCity elected not to pursue this project at this point in time.

O2.01.2.1	**Implementation of Energy Savings Action Plan**	3/07/2017	30/06/2018	85%	GLNE

During March the focus has been on preparation and finalisation of the 2018/19 - 2022/23 Energy Savings Action Plan. This includes a review of the adopted ESAP highlighting the achievements and outcomes for this year. This will be presented to a Councillor workshop in April.

S2.01.3.1 **Albury Waste Management Centre - Total Waste Buried** GLCB

During March 8,401 tonnes of waste was buried at the Albury Waste Management Centre. This was 16.7% above the monthly tonnage target of 7,000 tonnes of waste buried. This increase was mainly due to an increase of clean fill being received from Albury projects. Waste buried at the facility YTD is 70,598 tonnes, which is 9,237 tonnes above the same period last year. Waste received at the Albury Waste Management Centre YTD has increased by 26% in comparison to the same period last year. This increase is primarily due to an increase in clean soil received from Albury and Wodonga projects (68,000 tonnes YTD). 58% of waste received at the Albury Waste Management Centre YTD has been diverted and processed for recycling.

Code	KPI	Target	Measure	Achieved	%
20141.1	Total Waste Buried per Month	7,000	tonnes per month	8,401	83%

T2.01.4.1	**Implement Halve Waste Campaign**	3/07/2017	30/06/2018	75%	GLCB

15 school education sessions over three shires were conducted in the month of March, with 272 students and 34 teachers attending. Seven community education session were conducted for 125 people, not including assisting the green team at the Yackandandah Folk Festival. The kerbside organics contamination rate for March achieved 0.61% which is 0.45% lower than the same period last year. The recycling contamination rate remains steady at 9.8%.

2 - An Enhanced Natural Environment

57%

2.1 - Albury has improved environmental outcomes

58%

		Start Date	End Date	Performance	Responsible Officer
T2.01.4.2	**Implement 3 Bin Kerbside Collection Contract**	3/07/2017	30/06/2018	75%	GLCB

The interim service has been successfully operating since April 2015. A key requirement under the kerbside collection contract is for Cleanaway to establish an organics processing facility within the region. A Development Application was submitted to Federation Council to establish a facility near Howlong and the application was approved by the Joint Regional Planning Panel on 09 September 2017. Federation Council resolved at their meeting held on 26 September 2017 however, not to support Cleanaway using land adjacent to the Howlong Landfill site. AlburyCity met with participating Councils and Cleanaway on 17 October in order to discuss options. As a result, and including further discussions with the EPA on 5 December 2017, AlburyCity has received confirmation from the EPA, agreeing to the continuation of the Cleanaway organics shredding and decontamination activity at the AWMC. This now allows Cleanaway a way forward in their undertaking to seek interest, through an EOI process, for the processing of the raw product from a third party. AlburyCity's Legal Council has now worked through a draft Deed of Variation of the Head Contract which has now been exchanged between the parties. AlburyCity is now awaiting a response from Cleanaway with the aim of finalising the Deed of Variation of Contract.

		Start Date	End Date	Performance	Responsible Officer
C2.01.4.1	**Albury Waste Management Centre funded projects**	3/07/2017	30/06/2018	80%	GLCB

The Tender lodgement for the supply of Landfill Alternate Covering System project closed on 30 January 2018 with a total of four submissions being received. The project aims to adopt an alternate method to using clean fill as a means of daily cover to assist in lengthening the life of the Southern Valley cell. During March, tenders were assessed and a report to the Engineering Works Committee drafted for submission to the committee meeting scheduled for 9 April 2018. The AWMC Leachate to sewer project aims at reducing the amount of generated leachate at the landfill by diverting the excess leachate to the sewer system. A Leachate to Sewer consulting contract has been awarded to specialist consultants, KBR who have recommended a treatment trial be conducted to confirm the effectiveness of the process to treat the actual leachate from the AWMC. The treatment trial is being conducted by a laboratory in Melbourne with results pending.

		Start Date	End Date	Performance	Responsible Officer
T2.01.5.1	**Review of Environmental Zones**	3/07/2017	30/06/2018	40%	TPTL

Further revision of proposed amendments to the Environmental Zones has been undertaken following meetings and feedback from the Office of Environment and Heritage. A request for Tender will be released in April with a view to commence this project prior to June .

2.2 - Albury is prepared for changing environmental conditions

62%

Director Engineering

Management plans have been prepared for key natural areas, including changes to environmental conditions. Activities progressed in March include the consultation activities for the development of a management plan for Mungabareena Reserve.

STATUS	No Planned Activity		On Track		Needs Attention		Critical		Completed		TOTAL	
	○	0	2		0		0		☑	1	Σ	3

2 - An Enhanced Natural Environment — 57%

2.2 - Albury is prepared for changing environmental conditions — 62%

		Start Date	End Date	Performance	Responsible Officer
T2.02.1.1	**Bungambrawatha Creek Outfall Restoration**	1/01/2018	30/06/2018	100%	GLS
	This project is complete.				
C2.02.1.1	**SVR Padman Park Management Plan - Weed Control and Revegetation**	3/07/2017	30/06/2018	25%	GLC
	Vegetation Assessments have been completed underneath the flying fox colony. RFQ to appoint consultant to assist with the management plan is being drafted this month.				
C2.02.1.2	**SVR Mungabareena Management Plan**	3/07/2017	30/06/2018	60%	GLC
	The Draft Aboriginal Place Management Plan has been received. This will be reviewed internally while the Vegetation Management Plan is developed. The Wagirra Team has taken over maintenance responsibility of Mungabareena Reserve.				

2.3 - An increased awareness in sustainability and environmental issues — 48%

Director Planning & Environment

March has been a busy month with regards to Community Awareness program and included key activities and programs such as Earth Hour and Clean Up Australia Day. The Hollow Bearing Trees workshop was also supported by Albury City with the Albury Conservation Company. Additional promotion and education was provided through social media. A very positive and educational month with strong community participation and interest..

STATUS	No Planned Activity		On Track		Needs Attention		Critical		Completed		TOTAL	
	○	1	🙂	1	😐	0	☹	0	☑	0	Σ	2

		Start Date	End Date	Performance	Responsible Officer
T2.03.1.1	**Community Awareness Program**	3/07/2017	30/06/2018	80%	GLNE
	In the reporting month numerous events and activities were held under the community awareness program. These included Earth Hour and Clean Up Australia Day, and ongoing meetings on planning for the 2018 Sustainable Living Festival, a meeting with the Thurgoona Progress Association on its community energy project, ongoing planning with Charles Sturt University on its Powering Down project event to be held on World Environment Day, and a hollow bearing trees workshop held with the Albury Conservation Company.				
T2.03.1.2	**Community Awareness Program on Sustainable Water Practices**	1/12/2017	30/06/2018	15%	GLNE
	Planning work has commenced with Engineering to identify and prioritise tasks over the next six months. Water messaging was raised at the February 2018 meeting of the Sustainability Advisory Committee. These will be discussed further at the next SAC meeting.				

3 - A Caring Community

64%

Director Community & Recreation

Summary:

The Caring Community theme continues to make progress. Childcare service targets are on track. CCTV was officially launched 19 December and six training sessions occurred with the Police Local Area Command. Staff have processed on average one request for footage per week. Urban art projects continued on sites targeted by graffiti and vinyl wrapping of NBN cabinet boxes. AlburyCity and Wodonga Council Officers continue to work on the joint Aquatics tender for consideration by Council in April. MAMA visitation through March was 8,266. Noreuil Park Foreshore designs are now complete with specifications to be finalised. Oddies Creek Park vegetation removal has been carried out and trees have been planted along the stream bank to assist with controlling vehicle movement. The Cultural Team has completed a submission for a Development Application for the PumpHouse Creative Enterprise project and the repurposing of the PumpHouse at Waterworks. Youth Development Officer is currently working on the Community Link program . 17 submissions for the Community and Cultural Round Two Grants have been received and the assessment panel met in March to assess the applications. The school athletics carnival season saw12 carnivals being held in March. A submission has been made to the NSW Government to fund the terraced seating. The Albury Entertainment Centre business plan has been endorsed by MANEX.

3.1 - Albury offers access to a diverse range of educational opportunities

75%

Director Community & Recreation

Targets for childcare services are on track. In March an average of 16 children attended the Before School Care Program on a daily basis and an average of 173 children attended the After School Care programs. At Banjora Long Day Care the occupancy/utilisation saw an average of 39 children attending per day. There are 39 children on the waiting list. Learning and Outreach programs included the Commemorating the National Apology for Forced Adoptions program. The Toy Stories exhibition continued to be popular with Primary School teachers. Harmony Day 2018 celebrations kicked off with the Longing to Belong exhibition. Education & Public Programs saw 2,691 total visitors for the quarter.

STATUS	No Planned Activity		On Track		Needs Attention		Critical		Completed		TOTAL	
	○	0	6		0		0		0		Σ	6

S3.01.1.2 **Banjora Children's Centre Program** **GLC**

The occupancy/utilisation rate for March has seen an average of 39 children attending Banjora per day. The proposed target is 40 children per day. Banjora currently has 68 families enrolled at the Service equating to 87 children requiring care. There are 39 children on the waiting list.

Code	KPI	Target	Measure	Achieved	%
30112.1	Banjora Children's Centre - Number of children attending	40	per day	39	98%

S3.01.1.1 **Family Day Care - Provision of quality family based childcare, incorporating playgroup and support for carers** **GLC**

During March, Family Day Care averaged an Equivalent Full-Time children's (EFT) position of 121 with the target being 132. Family Day Care has 40 registered educators. There are currently 258 families enrolled with the Service which equates to 332 children requiring care and education on a daily basis.

Code	KPI	Target	Measure	Achieved	%
30111.1	Family Day Care - Equivalent full time places utilised	132	per week	121	92%

	Start Date	End Date	Performance	Responsible Officer
3 - A Caring Community			**64%**	
3.1 - Albury offers access to a diverse range of educational opportunities			**75%**	

S3.01.1.3 **Out of School Hours Program - Provision of quality after school care as well as vacation care programs for primary school aged children** **GLC**

In March an average of 16 children attended the Before School Care Program on a daily basis. The utilisation target is set at 15 children attending daily. An average of 173 children attended the After School Care programs on a daily basis. The utilisation target is set at 155 children attending daily. The Vacation Care program did not operate in March.

Code	KPI	Target	Measure	Achieved	%
30113.1	Out of school hours program - Number of children attending	155	per day	173	100%
30113.2	Vacation care utilisation - Number of children attending	135	per day	0	0%
KPI_2111	Before School Program	15	per day	16	100%

T3.01.1.1 **Education Programs across Children's Services** 3/07/2017 30/06/2018 **75%** **GLC**

Vacation care has been planned and opened for the upcoming April School holidays. Numbers are looking good across all services with several days booking out already. Some of the excursions includes, Wonga Wetlands, MAMA, Library/Museum, Oddies Creek and Border Sports Academy. St Pats After School Care (ASC) numbers continue to be strong. A new sign has been erected outside the North Albury ASC building which has received many positive compliments from families. The children and staff celebrated Harmony Day. The children have new pet yabbies to care for and learn about. Albury OOSH was very lucky to be successful in hiring a new permanent Educator, who began on 22 March. This now has all permanent staffing structure full, which has been a work in progress for almost12 months. Introduction of a rotating fortnightly menu has also been working well and enjoyed by the children. It has been great seeing them try new things as well as helping more with the serving of food, and cooking in the kitchen. Banjora continue to work on the service self–assessment and Quality Improvement Plan. Two bush walking excursions have been conducted with Goodstart Early Learning Centre and this relationship will continue throughout the year. In the coming weeks the centre will host students from Albury TAFE. The catering manager recently attended a Munch and Move menu planning workshop. Family Day Care received its Victorian Service Approval with some conditions capped at 25 Educators. The NSW approval of capping 45 educators to 1:15 CDC ratio was successfully appealed and overturned and will now be capped at 60 educators with a 1:25 CDC ratio. A great outcome, allowing for growth and sustainability. The supervisor position for the centralised hub has been interviewed. The workplace health safety and risk initiative include: eight fire drills, 184 internal / external checks were carried out across all programs, 20 checks were conducted on first aid kits across all programs. One incident at Albury OOSH was recorded into IRIS. No Chemwatch Inventory was conducted. Zero incidents were recorded or reported to NSW Licencing.

3 - A Caring Community — 64%

3.1 - Albury offers access to a diverse range of educational opportunities — 75%

S3.01.2.1 **Learning and Outreach Programs and Education Participation** **ALMP**

The Commemorating the National Apology for Forced Adoptions program, linked to the Without Consent exhibition, was attended by a group of women of whom several had personally experienced forced adoption. A wreath that was made my visitors to the LibraryMuseum over the past month was presented to the local VANISH group. Toy Stories exhibition continued to be popular with Primary School teachers bringing in large numbers of students for dedicated learning programs delivered by the Learning and Outreach team. Harmony Day 2018 celebrations kicked off with the Longing to Belong exhibition that consisted of large portraits of members of the AlburyWodonga Cultural Exchange displayed on the LibraryMuseum windows. The opening of the exhibition was well attended by the members of the AWCE, their families and the general public. .

Code	KPI	Target	Measure	Achieved	%
30181.1	Number of public programs initiated by the Learning and Outreach Team	50	per month	87	100%
30181.2	Number of school students booked in for tours	60	per month	187	100%

S3.01.2.2 **MAMA Programs and Education Participation** **DM**

Education & Public Programs saw 2,691 total visitors for the quarter. Highlights included MAMA's Year 12 Art Show and an Art Futures Panel held in January. In February MAMA began the Multicultural Art Group. Teachers from nine regional schools, including Gerogery, Tumbarumba and Yerong Creek visited MAMA for the Ngadhi ngurang Teacher's Day on 27 March. Teachers had the opportunity to listen to Lorraine Connelly-Northey speak about her work, discuss Wiradjuri language in classrooms with Dr Pettina Love and Ruth Davys and learn weaving from the Hands On Weaving group. Public program highlights for the quarter included the 2018 exhibition program launched with the Material Sound opening weekend festival attracting 365 attendees across five public program events over two days. Highlights included the exhibition opening (80 attendees) and the evening live sound and laser performances at St Matthew's Church to a packed audience of 170. Nat Ord's exhibition Rise! launched MAMA's 2018 Brindley Exhibition Program with an opening attendance of 200 visitors. Ngurrambaa, a collaboration between UNSW Art & Design and MAMA welcomed six of the exhibiting nine Aboriginal artists from across Australia. The opening and artist talk saw 45 attendees at each session. The Mini MAMA's Messy Mornings program has grown in size with a total quarterly attendance of 126.

Code	KPI	Target	Measure	Achieved	%
KPI_2103	Number of school students visiting MAMA	100	per month	183	100%
KPI_2104	Number of course attendees	80	students per term	113	100%
KPI_2105	School holiday program attendees	40	attendees per holiday	82	100%

3 - A Caring Community 64%

3.2 - Albury's key community safety indicators continuously improve 70%

Director Community & Recreation

Urban art projects continued on sites targeted by graffiti and vinyl wrapping of NBN cabinet boxes. These projects continue to elicit enquiries from the business and community sectors. The development of graffiti strategies for 2018 has progressed with implementation of further contracted clean-up of Council assets in March. Removal of graffiti by the ARTC in the rail corridor is to commence in April. The Road Safety program is progressing well and is currently tracking in line with the project plan. The action to support local domestic violence initiatives continues as partnerships with community led groups is consolidated. A temporary position has been recruited to fulfil actions associated with grant funding.

STATUS	No Planned Activity	On Track	Needs Attention	Critical	Completed	TOTAL
	0	2	0	0	2	Σ 4

T3.02.1.1	**Implement actions within the Crime Prevention Plan**	3/07/2017	30/06/2018	**75%**	**GLC**
	The action to reduce drug and alcohol related accidents and injuries continues as the Night Rider Bus initiative for the Gold Cup was deployed and other measures to raise community awareness of harm minimisation messages were delivered to the community.				
T3.02.1.2	**Development of CCTV policies and procedures**	3/07/2017	30/06/2018	**100%**	**GLC**
	This project is complete.				
C3.02.1.1	**CCTV Implementation in Dean Street / Volt Lane Carpark**	3/07/2017	30/06/2018	**100%**	**DCR**
	This project is complete.				
T3.02.3.1	**Implement Road Safety Strategy**	3/07/2017	30/06/2018	**75%**	**GLS**
	The road safety program for 2017/2018 includes the following initiatives: Arrive Home Safely, Drinking? Ditch the Keys!, Look out before you step out - pedestrian safety, On the Road 65 Plus and Helping learner drivers become safer drivers. The program is progressing well and is currently tracking in line with the project plan.				

3.3 - The health and wellbeing of the Albury community improves 47%

Director Community & Recreation

The Placemaking Working Group continues to meet on a regular basis to identify, discuss and progress projects. A total of 15 projects have been identified under the footpath and bicycle path program. Work on the Footpath Procedure has commenced and the Social Plan development is due to commence in the new financial year. Promotional material for the 'Keep Track of Your Best Mate' project has been developed.

STATUS	No Planned Activity	On Track	Needs Attention	Critical	Completed	TOTAL
	2	2	2	0	0	Σ 6

3 - A Caring Community — 64%

3.3 - The health and wellbeing of the Albury community improves — 47%

C3.03.4.1 **Footpaths and Bicycle Paths Program** — 3/07/2017 — 30/06/2018 — **62%** — **GLS**

A total of 13 projects were identified in this category at the commencement of the year. Seven projects in this category are complete with a further two projects currently under way. The projects completed during the period were the construction of a refuge and kerb ramps in Logan Road and the construction of kerb ramps at the Cadell/Keene Streets Intersection.

S3.03.5.1 **Community Education and Information Programs** — **GLNE**

The key education program for the Environmental Health Team relates to food handling and these seminars are scheduled on a bi-monthly basis. No seminar was scheduled for March.

Code	KPI	Target	Measure	Achieved	%
30362.1	Food Handling Seminars and Community Presentations	1	per quarter	0	0%

T3.03.5.1 **Develop & implement a Community Awareness Program for Responsible Pet Ownership** — 3/07/2017 — 30/06/2018 — **75%** — **GLNE**

Promotional material for the 'Keep Track of Your Best Mate' project has been developed and has been used for the two events held thus far under this project. These events have been well attended and the partnership with the RSPCA has proven to be beneficial in overcoming financial issues with managing desexing costs. One event was held in the reporting month.

T3.03.5.2 **Develop and Implement a Placemaking Strategy** — 2/10/2017 — 30/06/2018 — **40%** — **TPTL**

The Placemaking Working Group continues to meet on a regular basis to identify, discuss and progress projects. The role and composition of the Working Group has been amended to provide a more effective and streamlined approach. The progression of a Placemaking Strategy is a key role for the new Strategic Planner who commenced in October.

S3.03.6.1 **Compliance and Environmental Health - Customer Requests and Investigations** — **GLNE**

Demands on the Natural Environment Group to manage customer enquiries and complaints remain at high levels, and this is juggled with regulatory requirements of the inspection and monitoring program. Moreover, there have been some complex and detailed issues involved and the process to resolve these cases generally requires detailed investigation that extends the time and resources required.

Code	KPI	Target	Measure	Achieved	%
30361.1	Environmental Health	95	% service charter compliance	46	48%
30361.2	Regulatory Compliance	95	% service charter compliance	82	86%
30361.3	Companion Animals & Stock	35	% animals returned to owner	29	83%

		Start Date	End Date	Performance	Responsible Officer

3 - A Caring Community — 64%

3.3 - The health and wellbeing of the Albury community improves — 47%

T3.03.6.1	**Develop the AlburyCity Social Plan** Not due to commence until 2018/2019 Financial Year.	No activity this month	1/12/2017	30/06/2018	GLC

3.4 - Albury offers a diverse and accessible range of facilities and activities for all ages — 72%

Director Community & Recreation

Assessment of the tenders for joint management of Albury Wodonga Aquatic facilities commenced this month. The Lavington Swim Centre closed for the season on 29 March. At the Albury Botanic Gardens the weddings and tours/event participation surpassed targets for March. The Youth Development team initiated Community Link program is continuing with over 150 young people participating. Detailed design work continues for JC King Park which is scheduled to be put to tender in May. Noreuil Park foreshore designs are now complete with specifications to be finalised. At the athletics track the school athletics carnival season has commenced with 12 carnivals being held in March and up to 60 scheduled in total until early October. A funding application for the terraced seating and additional shade at the Alexandra Park Athletics Complex has been submitted to the NSW government. A round of the NSW Basketball Southern Junior League was played at the Lauren Jackson Sports Centre. Concept plans for the new amenities and grandstand upgrades for the Lavington Sports Ground Redevelopment were presented to the Councillor workshop for information and feedback.

STATUS	No Planned Activity		On Track		Needs Attention		Critical		Completed		TOTAL	
	○	0	12		1		0		☑	0	Σ	13

S3.04.3.1	**Increase usage of Lauren Jackson Sports Centre**	TLLF

S3.04.3.2	**MAMA Corporate Hire** MAMA corporate hire from January to March 2018 included a total of16 corporate and community hire bookings.	DM

Code	KPI	Target	Measure	Achieved	%
KPI_2106	Number of Corporate / Community bookings	2	bookings per month	6	100%
KPI_2107	Sponsor Engagement Bookings	2	bookings per quarter	0	0%

T3.04.3.2	**Management of Albury Aquatic Centres** Assessment of the tenders for joint management of Albury Wodonga Aquatic facilities commenced this month with the joint assessment panel meeting in Wodonga and reports being prepared for Albury and Wodonga Council meetings in April. The Lavington Swim Centre closed for the season on 29 March. The National Under 14's Girls Water Polo Championships commenced on 28 March at the Albury Swim Centre and WAVES in Wodonga. 25 teams from across Australia took part in the competition that was played over the Easter weekend, with all finals at the Albury Swim Centre on Easter Monday.	3/07/2017	30/06/2018	72%	TLLF

		Start Date	End Date	Performance	Responsible Officer
3 - A Caring Community				**64%**	
3.4 - Albury offers a diverse and accessible range of facilities and activities for all ages				**72%**	
T3.04.3.3	**Management of Alexandra Park Athletics Complex**	3/07/2017	30/06/2018	**72%**	**TLLF**
	The school athletics carnival season has commenced with 12 carnivals being held in March and up to 60 scheduled in total until early October.				
T3.04.3.1	**Management of Lauren Jackson Sports Centre**	3/07/2017	30/06/2018	**75%**	**TLLF**
	A round of the NSW Basketball Southern Junior League was played at the Sports Centre this month bringing over 400 participants from southern NSW to Albury for the weekend competition. Riverina Basketball trials were held at the Sports Centre this month, whilst a new modified version of Netball, Fast 5 commenced, with five teams taking part.				
T3.04.3.4	**Parks and Recreation Strategies**	3/07/2017	30/06/2018	**70%**	**PRTL**
	The draft Tennis Strategy continues with meetings held with all Tennis Clubs, Albury Tennis Association and NSW Tennis representatives. The key findings are being prepared and will be presented to all stakeholders prior to the end of the financial year. A draft Skate and BMX Strategy has been received and updated. The draft Strategy is scheduled to be presented to Manex in May. Background information is being gathered for the signage strategy. Leash free area designs are complete while BMX tracks are currently in draft. The Albury Botanic Gardens is the next priority. There has been no further progression of the Rugby League Strategy. A joint meeting was held with AWFA and Murray United representatives to discuss the review of Managing the Growth of Football (Soccer) Strategy. A separate meeting with Murray United and Wodonga Council was held in March to discuss short, medium & long term facilities for Murray United. No progress has occurred on documenting bushfire management on AlburyCity land, Roadside Vegetation Plan or Urban Forest Strategy. The Liveable Cities Grant project (open space for older people) is complete. The Griffith Street reconstruction community engagement is complete.				
C3.04.3.1	**Lavington Sports Ground Sports precinct - Redevelopment Project**	3/07/2017	30/06/2018	**72%**	**TLLF**
	Concept plans for the new amenities and grandstand upgrades for the Lavington Sports Ground Redevelopment were presented to the Councillor workshop for information and feedback. Following a funding EOI submission for Stage Three of the Lavington Sports Ground Redevelopment to the NSW Regional Sports Infrastructure program, AlburyCity has been invited to now submit a detailed application for this project which is to be submitted by 4 May. AlburyCity staff had a conference call this month with representatives of the NSW Office of Sport to receive feedback on the EOI submission and confirm details for the detailed submission .				
C3.04.3.2	**Open Space Construction Projects**	3/07/2017	30/06/2018	**70%**	**PRTL**
	West Albury Parkland and Gordon Street projects (Social Housing Grant) have commenced with the Wagirra team working on the Gordon Street dirt bike track. Alexandra Park Murrayfield resurfacing works have been delayed. This year's works will involve the installation of tanks, pumps and possibly ring main associated with the irrigation system. Quotations are being sourced for these elements. No work has progressed on the National Foresters Grove project with a meeting scheduled for April with the key stakeholders. Nail Can Hill track rationalisation priority works have been identified and Landscape Services are working through the list. A terms sheet has been received from the Department of Education for the use of the outdoor basketball courts at Albury High School. A response has been sent and waiting for a reply from the Department of Education. Completed projects are Fairway Gardens Park, West Albury Preschool retaining wall, Alexandra Park Off Leash Park works, Logan Road Off Leash Park (irrigation, mural & improved side fencing).				

3 - A Caring Community 64%

3.4 - Albury offers a diverse and accessible range of facilities and activities for all ages 72%

T3.04.5.1 **Community Development Programs for Young People** 3/07/2017 30/06/2018 **75%** **ALMP**

The Youth Development team initiated Community Link program is continuing with over 150 young people participating. The touch football program is occurring in six locations across Albury and is targeting young people who do not generally have the opportunity to participate in organised sport. There were a number of music based events at Retro Lane Cafe in March including a Friday Night Gig, an Open Mic night, an EP launch and a Music industry workshop. A range of regular programs were also held including a sexual health information session with the Alphabet Crew .

T3.04.6.1 **Murray River Experience Projects** 3/07/2017 30/06/2018 **75%** **PRTL**

Noreuil Park Foreshore designs are now complete with specification to be finalised. Stage 1 works associated with approved funding through the Stronger Country Community Grant can now be scheduled. The Have A Say for the Lake Hume Reserves Master Plan (Apex Park to Lake Hume Village) is underway and concludes on 16 April. This year's vegetation removal works in Oddies Creek is now complete. The perimeter fence at the Albury Botanic Gardens is complete with the main gates refurbishment still underway. Other design work continues on Australia Park car parking and Wood Fired Oven Project. The Regional Growth Environment & Tourism Fund grant application for a number of Murray River Experience projects has been successful and works will be included into the 2018-19 works program.

S3.04.1.1 **Botanic Gardens Usage** **PRTL**

The number of weddings and the participation in tours and events held in the Botanic Gardens exceeded targets for March. Events included four Romeo & Juliet plays (The Other Theatre Company), Music in the Gardens and the Border Easter Egg Hunt.

Code	KPI	Target	Measure	Achieved	%
30412.1	Weddings held at Botanic Gardens	5	per month	6	100%
30412.2	Tours and Event Participation	417	per month	5,630	100%

T3.04.1.1 **Implement the Disability Inclusion Action Plan** 3/07/2017 30/06/2018 **75%** **GLC**

Information is now available on the AlburyCity website for businesses to find ways to become more accessible. This is one of the actions in the Disability Inclusion Action Plan. ‘Come in We’re Accessible’ is a survey that provides businesses with a confidential understanding of their accessibility and ways that improvements can be made if issues are identified. This is part of a long term aim to enable businesses the opportunity to receive recognition of their efforts to be inclusive and accessible to all.

C3.04.1.1 **Community Fund Projects - Implementation** 3/07/2017 30/06/2018 **75%** **PRTL**

Four of the six carry-over 2016/17 Community Fund projects have been completed. The two remaining (Thurgoona Community Centre and JC King Park Sports Pavilion) have additional funding in 2017/18. There are seven 2017/18 Community Fund recipients. JC King Park Sports Pavilion development consent has been obtained and work continues on detail designs and tender documents. Albury Wodonga Table Tennis Association building extension is well underway. Quotations are being sought for the Albury Hockey Centre drainage project while the Thurgoona Men's Shed group has development consent for their shed. Construction is scheduled to commence when construction certificate has been obtained. The Albury Tennis Club is waiting on availability of a contractor to commence the court upgrade . Browns Lagoon Reflection area and the Thurgoona Community Centre BBQ shelter and BBQ are complete .

3 - A Caring Community

64%

3.4 - Albury offers a diverse and accessible range of facilities and activities for all ages

72%

		Start Date	End Date	Performance	Responsible Officer
C3.04.1.2	**Parks and Recreation Building Projects**	3/07/2017	30/06/2018	65%	PRTL

Detail design work continues and tender documentation has commenced for JC King Park Sports Pavilion. The concept design phase is complete for Thurgoona Oval Changerooms and Urana Road Oval secondary changeroom buildings with user group sign off and Assets Team review. The two projects are scheduled to be presented to MANEX. The Lake Hume Tourist Park public toilet location is being reviewed as part of a wider Lake Hume Reserves Master Plan which also includes Apex Park and the Resort Boat Ramp area. The Noreuil Park Foreshore shelter detailed design phase is complete with installation scheduled for May. A consultant has been engaged to work on the Greenfield Park building as part of the precinct master plan. There has been no progress on the Melrose Park or Jelbart Park building projects.

3.5 - Improved health, employment and education for the Aboriginal community in Albury

53%

Director Community & Recreation

The Aboriginal Community Development Officer position is currently vacant. Support is being provided for the coordination of NAIDOC week. There are significant works in the MAMA collection by local and national Aboriginal artists. Seven of the nine artists plus the curators visited Albury for the opening and a curator and artists' talk. A collaboration initiative with the NSW Department of Education and the Art Gallery of New South Wales saw teachers from nine regional schools attend the Ngadhi ngurang Teacher 's Day.

STATUS	No Planned Activity		On Track		Needs Attention		Critical		Completed		TOTAL	
	○	0	3		0		0		0		Σ	3

		Start Date	End Date	Performance	Responsible Officer
T3.05.2.2	**Community Development Programs for Aboriginal People**	3/07/2017	30/06/2018	75%	GLC

The Aboriginal Community Development Officer position is currently vacant. Support is being provided for the coordination of NAIDOC week

		Start Date	End Date	Performance	Responsible Officer
T3.05.2.1	**Develop Aboriginal Policies (Aboriginal Protocol and Reconciliation Action Plan)**	3/07/2017	30/06/2018	10%	GLC

No further work occurred in March. The Aboriginal Community Development Officer role is currently vacant.

3 - A Caring Community

64%

3.5 - Improved health, employment and education for the Aboriginal community in Albury

53%

		Start Date	End Date	Performance	Responsible Officer
T3.05.6.1	**Ensure Aboriginal Culture is valued, collected, interpreted and promoted**	3/07/2017	30/06/2018	75%	DM

Significant works in MAMA collection by local and national Aboriginal artists are included in the current hang of the Joss Collection Galleries 'Land and Title'. Works by Yorta Yorta artist Phil Murray and celebrated artist Gloria Petyarre are on display through 2018. Ngurrambaa, a new exhibition opened in February. Ngurrambaa brought together the work of nine Indigenous Australian artists with diverse artistic backgrounds, that have been united through their participation in the annual Indigenous Print Workshop run by Cicada Press, a printmaking studio within the University of NSW's Art & Design school. Seven of the nine artists plus the curators visited Albury for the opening and a curator and artists' talk. Teachers from nine regional schools, including schools from Gerogery, Tumbarumba and Yerong Creek visited MAMA for the Ngadhi ngurang Teacher's Day on 27 March. This is the second year of MAMA's participation in the HOME program - a collaboration with the NSW Department of Education and the Art Gallery of New South Wales. Teachers had the opportunity to listen to Lorraine Connelly-Northey speak about her work, discuss Wiradjuri language in classrooms with Dr Petina Love and Ruth Davies and learn weaving from the Hands On Weaving group .

3.6 - The improved settlement of people from diverse cultures

75%

Director Community & Recreation

The assessment panel met to consider the Community and Cultural Round Two Grants, with recommendations going to Council in April.

STATUS	No Planned Activity		On Track		Needs Attention		Critical		Completed		TOTAL	
	○	0		1		0		0	☑	0	Σ	1

		Start Date	End Date	Performance	Responsible Officer
T3.06.2.1	**Community Development Programs for people from diverse cultures**	3/07/2017	30/06/2018	75%	GLC

The assessment panel met to consider the Community and Cultural Round Two Grants, with recommendations going to Council in April.

3.7 - Increased participation in a diverse range of art and cultural activities in Albury

59%

Director Community & Recreation

MAMA attendance for March was 8,266 participants/visitors. At the libraries, multicultural programs have been well attended. The Albury Entertainment Centre Business Plan has been endorsed by MANEX. The business case for PumpHouse Creative Enterprises, Maker Space and Residency program is currently being finalised. 17 applications have been received for Round 2 of the Community and Cultural Grants and are being assessed in April .

STATUS	No Planned Activity		On Track		Needs Attention		Critical		Completed		TOTAL	
	○	0		12		2		0	☑	1	Σ	15

3 - A Caring Community — 64%

3.7 - Increased participation in a diverse range of art and cultural activities in Albury — 59%

S3.07.1.1 **MAMA Attendance** — **DM**

The total exhibition and program attendance for the month of March was 8,266 with 876 from education, 34 from public programs and 161 from community and corporate hire (including stakeholder). An additional 4,124 visitors attended Canvas with a conversion rate of 50% from MAMA, bringing total facility visitation to10,320.

Code	KPI	Target	Measure	Achieved	%
KPI_2108	MAMA monthly attendance figures	4,000	per month	8,266	100%

S3.07.2.2 **Albury Libraries attendances and loans** — **ALMP**

Multicultural programs at both venues have been well attended in March, although due to the end of funding for the Albury Wodonga Cultural Exchange, programs will cease at the end of March. The Longing to Belong photographic exhibition, featuring members of Albury's multicultural community and displayed on the LIbraryMuseum front windows and Lavington Library and Retro Lane Cafe pavements, was launched as a celebration of Harmony Day 2018.

Code	KPI	Target	Measure	Achieved	%
30751.1	LibraryMuseum attendances	16,000	per month	17,307	100%
KPI_2109	LibraryMuseum and Lavington Library loans	26,000	per month	26,160	100%
KPI_2272	Lavington Library attendances	8,000	per month	8,735	100%

S3.07.2.1 **Cultural programs initiated by the Cultural Development Team** — **CDC**

The business case for PumpHouse Creative Enterprises, Maker Space and Residency program has been finalised. Applications for Round Two Community & Cultural Grants have been assessed and a report developed. An artist has been appointed to the Sloane's Froglet Stencil project. The Holi Festival of Colours and Harmony Day were celebrated at the Wood Fired Oven.

Code	KPI	Target	Measure	Achieved	%
30721.1	Wood fired oven community bakes and private functions	5	per month	3	60%
30721.2	Number of exhibitions/programs in alternative spaces (public art installations, festivals, performances, concerts)	3	per month	4	100%

3 - A Caring Community 64%

3.7 - Increased participation in a diverse range of art and cultural activities in Albury 59%

C3.07.2.2 **MAMA Operations** 3/07/2017 30/06/2018 **75%** **DM**

During the month of March MAMA held seven exhibitions internally and three touring exhibitions were shown at four venues in NSW, Victoria and Queensland. At MAMA, Grant Stevens in Art by Accident brought together moving representations of the natural environment to the accidental art spaces around the museum. The exhibition brought together two recent moving image works, The Sun and The Sky, together with Waterfalls XXI, a large scale digital print, to explore enduring questions about where and how we find meaning in our everyday lives. In the Ramsay Galleries, Material Sound featured six contemporary artists who created an experience of sound within installations and apparatus constructed from everyday materials. The exhibition, curated by Caleb Kelly, features newly commissioned work by artists Vicky Browne, Pia van Gelder, Caitlin Franzmann, Peter Blamey, Ross Manning, and Eric Demetriou In MAMA's Brindley and Quest Galleries, Nat Ord's Rise! surveys ten inspirational women, through portrait and story, from the North East Victorian and Murray regions. In the Chick McLeod Miller Gallery Ngurrambaa brought together the work of nine Indigenous Australian artists with diverse artistic backgrounds. Hidden away in the peep boxes is the work of Julia deVille. In Theoria Julia de Ville uses taxidermied animals and asks us to spend a moment of contemplation. The Joss Familly Galleries feature an exclusively Australian exhibition, Land & Title, that takes its title from Albury's Land and Title Building, which was renovated to form part of the MAMA redevelopment. Artworks that relate directly to an artist's experience of the local area are included, with Russell Drysdale's Convoy on a road near Albury, and Mary Jane Griggs Arboreta series, featuring prominently. On the road, Tracey Moffatt works from the MAMA Collection featured at Sunshine University in Queensland and were featured in the prestigious Art Forum, the exhibition features her famous Something More series, created in Albury, that rocketed her to international stardom. Total attendance for the month of March was 8,266 with 876 from education, 34 from public programs and 161 from community and corporate hire (including stakeholder). An additional 4,124 visitors attended Canvas with a conversion of 50% from MAMA bringing total facility visitation to 10,320. Teachers from nine regional schools, including schools from Gerogery, Tumbarumba and Yerong Creek visited MAMA for the Ngadhi ngurang Teacher's Day on 27 March. Teachers had the opportunity to listen to Lorraine Connelly Northey speak about her work, discuss Wiradjuri language in classrooms with Dr Petina Love and Ruth Davies and learn weaving from the Hands On Weaving group. This is the second year of MAMA's participation in the Home program - a collaboration between the NSW Department of Education and the Art Gallery of New South Wales. During March MAMA had 440 students visit and take part in Educational Programs. Highlights included The Riverina Visual Arts HSC Study Day, a visit from The Riverina Anglican College, Wagga Wagga and a group of 95 Charles Sturt University students. MAMA Term one courses continued this month. For March Art Courses attracted 416 visitors to MAMA. 25 young photographers visited the exhibition, This is Where We Live, to view their works on display in the Learning Lane. The Mini MAMA's Messy Mornings program has grown in size with a total quarterly attendance of 126. The Ace Radio Boardroom is proving to be quite popular for high level corporate requirements and meetings with two bookings this month for interviews. Hume Bank utilised the space for their CEO interviews with seven attending and Rapid Response Home and Garden held their interviews for regional sales with four attending. It was a very busy March at MAMA with MoMAMA utilising the Museum spaces for their planning day (14 attending), committee meeting (21 attending), Art Chat with Kerrie Docker (30 attending), Art Chat morning tea (30 attending) and an Art chat with John Wolseley (70 attending). Shop MAMA was on budget in March with sales of $11,215. These sales are a 59.8% increase on March last year and an overall increase of 52.2% on the same time last year. Of our top 10 selling brands four were local artists.

C3.07.3.1 **Replacement of HVAC system** 1/01/2018 30/03/2018 **10%** **AECTL**

The replacement of the HVAC system has been deferred pending a determination in relation to the AEC Convention Wing expansion. A budget allocation for upgrading of a standalone HVAC system in the Theatre Wing has been incorporated into the 2018-2022 4 YDP.

3 - A Caring Community — 64%

3.7 - Increased participation in a diverse range of art and cultural activities in Albury — 59%

C3.07.3.2 **Stage replacement and asbestos removal** — 1/01/2018 — 30/03/2018 — **100%** — **AECTL**

The asbestos removal has been completed. Upon the removal of the stage a great deal of cabling was sited and a sprinkler system. A meeting with the project manager and various other contractors was held to determine the redundant and current usage of cables and the condition of the sprinkler system for compliance . Redundant cabling was removed and the sprinkler system was replaced.

C3.07.3.3 **Sound, lighting and audiovisual upgrade** — 2/10/2017 — 30/03/2018 — **83%** — **AECTL**

The technical upgrade has commenced installation during January with the Data Projectors, Video Distribution, Switchers and cabling completed.

C3.07.3.4 **Upgrade sound system convention wing** — 2/10/2017 — 30/03/2018 — **20%** — **AECTL**

The project plan has been completed identifying the description and equipment required to complete the project. The RFQ is being drafted but will not be issued to market until such time as we have finalised the investigations into the potential expansion of the Convention Wing.

S3.07.4.1 **A variety of conferences, functions and Performing Arts events attracted to the City** — **AECTL**

Just the two theatre events were held in March following the reopening of the venue after the conclusion of theatre stage works. John Butler Trio played out to a sold crowd while later that week the Flying Fruit Fly Circus made a triumphant return to the border with almost 1000 guests viewing their latest performance – “JUNK”. In the Convention Wing Business Women Albury Wodonga held their very successful Internal Women’s’ Day Lunch, CPA returned for another business breakfast, The Office of Environment & Heritage held a public consultation day. Repco Albury Wodonga hosted a major trade show. The Brave Hearts on the Murray held a major book launch while the Jehovah’s Witnesses were back for another major congregation . A range of other smaller events filled out the rest of March .

Code	KPI	Target	Measure	Achieved	%
30731.1	Attendees at the Theatre Season performances	0	per month	1,001	100%
30731.2	Number of attendees at the Albury Entertainment Centre	0	per month	4,988	100%

T3.07.4.1 **Community and Cultural grants program update** — 3/07/2017 — 30/06/2018 — **80%** — **DCR**

Community and Cultural Grants closed in mid February and will be assessed by Council in April.

S3.07.5.1 **Cultural Information Service** — **ALMP**

Staff attended at teleconference meeting for the Reference and Information services group with other public libraries across NSW. This meeting covered topics on how to promote your services, your favourite reference tools, evaluation of related programs and the future of the group. The Information and Collections Coordinator has been invited to present at a seminar at the State Library of NSW on tracking informaiton enquiries.

Code	KPI	Target	Measure	Achieved	%
KPI_1794	Number of Albury Libraries technology sessions	6,000	per month	5,994	100%
KPI_2110	Number of general enquiries, internet visitors and technical assistance within Albury libraries	3,000	per month	4,715	100%

3 - A Caring Community — 64%

3.7 - Increased participation in a diverse range of art and cultural activities in Albury — 59%

C3.07.5.1 **Library Book Stock Annual Acquisition Fund** 3/07/2017 30/06/2018 **75%** **ALMP**

Staff attended two Readers Advisory training opportunities this month: NoveList Plus training at Wagga which gave staff a better knowledge of this great resource and the annual NSW State Library Readers Advisory Seminar via video conferencing.

S3.07.6.2 **LibraryMuseum Exhibition Programming** **ALMP**

The exhibition Without Consent: Australia's past adoption practices continued at the LibraryMuseum with a program commemorating the National Apology for forced adoptions held this month. A Camera on Gallipoli, a photographic exhibition form Australian War Memorial, opened at Lavington Library.

Code	KPI	Target	Measure	Achieved	%
30762.1	Number of exhibitions at the LibraryMuseum and Lavington Library	2	per month	3	100%
30762.2	Number of in-house curated exhibitions	1	per quarter	1	100%

S3.07.6.3 **MAMA Collections Management** **DM**

During the period January to March 2018 there were 159 collection works on display in the Joss Galleries and on tour. Fourteen acquisitions were finalised during this quarter by three significant Australian artists: Jasper Knight, Michael Riley, and Anne Zalhalka, increasing the value of the MAMA collection by over $100,000. All of these works were acquired through donation. The Michael Riley acquisition adds an important series of works to the MAMA collection and will be offered as a touring exhibition from late 2018.

Code	KPI	Target	Measure	Achieved	%
30763.1	Number of collection items acquired	2	per quarter	14	100%
KPI_2102	Number of items on public view	20	per quarter	159	100%

S3.07.6.1 **Museum Collections Management** **ALMP**

The Museum & Social History Team catalogued 154 new acquisitions into the collection database and added digital images to 113 new or existing catalogue records. The team formally acquired two new items into the collection and considered eight collections (of multiple items) offered for donation against the collection policy.

Code	KPI	Target	Measure	Achieved	%
KPI_1792	Number of items catalogued onto the database	60	per month	145	100%

4 - A Leading Community

60%

General Manager

Summary:

AlburyCity continues to improve community engagement through a range of mediums. There were 465 additional subscribers to News from AlburyCity in March and the response to social media posts is exceeding expectations. The 2018 Community Satisfaction Survey results provide additional 'drivers of community satisfaction' to consider. The long term regional and strategic focus ensures the organisation remains a regional leader.

4.1 - The community is consulted on all major changes that will affect them

80%

General Manager

An additional 465 subscribers were added to the News from AlburyCity database throughout March (up from 104 in February) bringing the total number of subscribers to 3263. The use of social media is exceeding all expectations. Changes to content on the AlburyCity website has improved the type of information and self-service opportunities for our community.

STATUS	No Planned Activity		On Track		Needs Attention		Critical		Completed		TOTAL	
	○	0	🙂	8	😐	0	☹	0	☑	1	Σ	9

T4.01.1.1 **Community Engagement Activities** 3/07/2017 30/06/2018 **75%** **CP**

The AlburyCity online Community Satisfaction Survey commenced in March. Consultation continued on the concepts for the Lauren Jackson Sports Centre major development options. A series of information sessions about the Albury Traffic Model commenced on 28 March. The Albury Development Control Plan 2010 – Changes to Development Notification Provisions were available for comment. A Development Application was lodged for the redevelopment of 401-409 Kiewa Street. Amended plans and information were received for the proposed service station, convenience store and take away food restaurant at 2 Diamond Drive, Thurgoona. Stronger Country Communities projects were listed on Have a Say for community preferencing. A survey was developed for OOSH families to complete as part of the OOSH Service and Efficiency Review. Over 120 patrons at the March QEII Twilight Markets were surveyed.

S4.01.2.1 **Online Communication - Website sessions** **CGL**

While still falling below KPI targets, sessions to most sites was up in March with the main corporate site 10% higher than February. Bounce rate increased from 48% to 55%, possibly due to the165% increased referral from social media and a 83% bounce rate from the Stronger Country Communities Survey. The Fly Albury website had a 30% increase in sessions in March due to Easter Sales. The average page load time was down from 5.65 seconds to 4.89. The Albury Entertainment Centre enjoyed a 75% increase in sessions during March with the Peppa Pig and Guy Sebastian performances driving referrals.

Code	KPI	Target	Measure	Achieved	%
KPI_2078	AlburyCity	43,000	per month	37,943	88%
KPI_2079	Albury Airport	8,000	per month	9,479	100%
KPI_2080	Albury Entertainment Centre	12,000	per month	15,040	100%
KPI_2081	MAMA	9,000	per month	4,805	53%
KPI_2082	Lauren Jackson Sports Centre	2,000	per month	1,262	63%
KPI_2083	Invest Albury	2,000	per month	1,943	97%

4 - A Leading Community 60%

4.1 - The community is consulted on all major changes that will affect them 80%

S4.01.2.2 **Online Communication - News from AlburyCity** **CGL**

An additional 465 subscribers were added to the News from AlburyCity database throughout march bringing the total number of subscribers to 3263. With implementation of the DLM Marketing recommendations we have removed all unsubscribed, bounced and inactive subscribers from our databases. We 're hoping to see further improvement in the performance ofour email campaigns in terms of Open Rates and Click Through Rates as we are communicating with a much more engaged and active audience. We've also made further improvements to the design of News from AlburyCity in a bid to improve engagement .

Code	KPI	Target	Measure	Achieved	%
KPI_2084	New subscribers	20	per month	465	100%

O4.01.2.1 **Community Satisfaction Survey** 1/09/2017 13/04/2018 **100%** **CP**

Micromex Research has completed the telephone survey - 402 residents had input into this year 's survey. The online survey has also closed (30 March) and is currently being analysed by Micromex consultants. The results of the telephone survey will be presented to a Councillor Workshop on 23 April 2018.

S4.01.3.1 **Digital Marketing** **CGL**

A total of 60 Campaigns were developed last quarter across Facebook, Instagram, Twitter, Google Search, Google Display and Google InStream (YouTube video). The total investment across all campaigns was just over $26,000 and total paid reach was over 12.5M a +171% increase on last quarter. The return on investment for cost per paid reach was $0.0021 well below the benchmark of $0.10, mostly due to the FlyAlbury deal activity, vAW tactical activity and the MAMA Archibald campaigns. The cost per paid lead for all campaigns was $0.11 with more video views based objectives bringing up our average result rate, these including the new vAW InStream videos. Overall the activity received over 242,000 clicks with a result rate of 1.93%. Some of the top performing campaigns included FlyAlbury Network Campaign, vAW Gold Cup search campaign, vAW Business and Events, Eco Dev Commercial Real Estate, Look Out Before You Step Out, Plan B Swag Competition and MAMA Art Courses Term 1.

Code	KPI	Target	Measure	Achieved	%
40133.1	ROI measures (cents paid per reach)	10	cost	0	100%
KPI_2077	ROI measures (<$1 per paid lead)	1	cost	0	100%

4 - A Leading Community — 60%

4.1 - The community is consulted on all major changes that will affect them — 80%

S4.01.3.2 **Online Communication - Social Media** — **CGL**

AlburyCity's social media analytics are increasing month on month, particularly new followers and reach beyond our targets. Figures for the first quarter of 2018 indicated another significant increase in reach. This is now over 1.22M across the six profiles (exc. vAW) and1639 new followers. This is a 57% increase on last quarter. Engagement is again slightly down on target, with Twitter again bringing this figure down.

Code	KPI	Target	Measure	Achieved	%
KPI_2074	New followers across all social media profiles	500	per quarter	1,639	100%
KPI_2075	Reach across all Facebook profiles	600,000	per quarter	1,221,160	100%
KPI_2076	Engagement rate across all social media profiles	3	per quarter	1	36%

T4.01.3.1 **Communications and Marketing Activity Report** — 3/07/2017 — 30/06/2018 — **75%** — **CGL**

160 marketing and communications activities were completed during the month of March 2018. There are currently 58 active projects. Major campaigns/tasks included Comms Website Improvement Project (15 tasks), digital communications (15 tasks), Random social media requests (nine tasks), Have a say: Stronger Country Communities Round 2 (nine tasks), Seniors Festival (14 tasks), Tourism - Draft media kit / action plan, Walking tour app re-development, content planning for March long weekend / Gold Cup / Easter / School holidays, Airport Website audit recommendations implementation, Road Safety – Ditch the keys (Gold Cup) / Look out step out, HR Health & Wellbeing Campaign Fluvac.

T4.01.3.2 **Website maintenance and development** — 3/07/2017 — 30/06/2018 — **75%** — **CGL**

Work continued throughout March on a number of website improvements, including the design of new level 1 and 2 navigation menus and development of a new information architecture site map, which will be presented to the website working party in May. Issues with the way the hero banner displays on mobile has been resolved for all sites and further work is progressing on developing forms which integrate with a secure payment gateway to encourage a higher take-up of online payments.

T4.01.3.3 **Media Management Report** — 3/07/2017 — 30/06/2018 — **75%** — **CGL**

AlburyCity saw a 49% increase in reach up to 60,655,017 for all online news stories. Sentiment has remained positive in March especially coverage around the Albury Entertainment Centre upgrade. Next month, our reporting on media management will change as we're no longer continuing with media monitoring company Meltwater, as we've found that this is not an accurate source of analytics for the cost of the annual subscription and will instead use Google alerts and qualitative data collection techniques.

4 - A Leading Community 60%

4.2 - Regional issues are addressed through an integrated approach 80%

General Manager

Regional forums are an excellent avenue to address collective concerns in an integrated manner. AlburyCity continues to have good representation at these meetings. This month included the Inland Forum and Evocities Steering Committee meeting. The Mayor attended and was a speaker on the panel at the Cities 4.0 Summit in Melbourne.

STATUS	No Planned Activity		On Track		Needs Attention		Critical		Completed		TOTAL	
	○	0	1		0		0		0		Σ	1

T4.02.1.1 **Update on regional forums** 3/07/2017 30/06/2018 **80%** **GMEA**

The GM and Mayor attended the Inland Forum, The Mayor attended and was a speaker on the panel at the Cities 4.0 Summit in Melbourne and attended the Evocities Steering Committee.

4.3 - The Albury community provides resources and opportunities to develop future leaders 24%

General Manager

Work has commenced to develop the Talent Management Framework. There are currently nine trainees participating in the Trainee Program - one below the target of 10. Work on the Recruitment and Selection Procedure has not yet commenced.

STATUS	No Planned Activity		On Track		Needs Attention		Critical		Completed		TOTAL	
	○	0	1		0		0		0		Σ	1

OP4.03.3.1 **Reward and Recognition Framework Procedures** 3/07/2017 31/10/2017 **20%** **HRTL**

Feedback from consultation at the Civil Services and Landscape and Building toolbox meetings is being reviewed in line with the employee comments from the 2013 and 2016 Employee Opinion Survey. Key areas will be incorporated into the draft procedures.

4.4 - Albury plans and leads with good governance 60%

General Manager

AlburyCity has an ongoing commitment to planning and leading with good governance. Effective and efficient group management, assessment of risks, strategic planning , management of leave balances, financial management, continuous improvement and a high level of customer service demonstrate good governance practice.

STATUS	No Planned Activity		On Track		Needs Attention		Critical		Completed		TOTAL	
	○	2	26		2		0		5		Σ	35

4 - A Leading Community — 60%

4.4 - Albury plans and leads with good governance — 60%

S4.04.1.2 **Regulatory Inspections** **GLNE**

Compliance inspections per month have greatly exceeded the target for March. The Natural Environment Group continues to balance the demands of customer requests and the ongoing regulatory inspection and monitoring program requirements. There is an ongoing increase in demand for customer requests that are making it increasingly difficult to meet desired targets. The Team is responding very positively.

Code	KPI	Target	Measure	Achieved	%
10562.1	Compliance (Noise, dumping, soil erosion control and on-site sewer, development control)	40	inspections per month	125	100%
10562.2	Public Health (food, hair, beauty, skin penetration & water quality monitoring)	75	inspections per month	71	95%

S4.04.1.1 **Legislated Services** **GLNE**

A new Parking Management Procedure has been implemented by the Natural Environment Group. This has resulted in an increase in the number of patrols undertaken when compared to the previous six months. Steps are being explored to incorporate the monitoring of street and outdoor activities in these patrols, with a view to incorporate this in the future.

Code	KPI	Target	Measure	Achieved	%
10563.1	Patrols (parking and street activities)	300	scheduled patrols per month	621	100%

S4.04.1.3 **Swimming Pool Inspections** **BSTL**

The Building Surveying Team conducted nine inspections in connection with our swimming pool inspection program during March. Seven individual pools were inspected over the month with five pools achieving a first time pass.

Code	KPI	Target	Measure	Achieved	%
10322.2	Pools inspected	20	per month	9	45%

O4.04.1.1 **AlburyCity Annual Report** 4/09/2017 1/12/2017 **100%** **CP**

This project is complete.

4 - A Leading Community — 60%

4.4 - Albury plans and leads with good governance — 60%

S4.05.6.1 **Human Resources - Lost time indicators** **RMTL**

There was one new LTI in March, though a relatively minor incident with the worker retuned to preinjury duties by mid April. There was also one injury from January reclassified to LTI in March. At end March LTIFR was 11.1. There were only 29 hours of lost time in March, reflecting the positive recovery of seriously injured workers from earlier periods. Month average lost time is 112.8. There was one new MTI in March with MTIFR at month end of 28.3

Code	KPI	Target	Measure	Achieved	%
40561.1	Lost time injury frequency rate	0	No of lost time injuries Council incurred per million person hours worked	11	89%
40561.2	Lost time Hours	0	per month	29	71%
40561.4	Days since last lost time injury	32	days	29	91%
40561.3	Medical treatment injury frequency rate	0	Number of medical treatment injuries Council incurred per million hours worked	28	72%

T4.04.2.2 **Engineering Group Risk Management Action Plan** 3/07/2017 30/06/2018 **75%** **DE**

Identified risks are managed in accordance with the respective treatment plans. Areas of focus include asset management, Service and Efficiency Reviews , procurement and project management.

T4.04.2.1 **Economic Development & Tourism Group Risk Management Action Plan** 3/07/2017 30/06/2018 **50%** **DEDT**

A comprehensive review of the Group Risk Management Plan has been undertaken in line with refinements made to the Corporate Risk Management Plan . Implementation of the plan is ongoing and on-track.

T4.04.2.3 **Executive Group Risk Management Action Plan** 3/07/2017 30/06/2018 **75%** **HRGL**

The Executive Services Risk Management Plan for 17/18 has been developed taking into account key issues identified in the Corporate Risk Plan as well as items within the 17/18 Operational Plan. Regular reviews of the plan have been undertaken and any necessary updates identified in the document.

T4.04.2.6 **Planning and Environment Group Risk Management Action Plan** 3/07/2017 30/06/2018 **75%** **DPE**

Actions associated with the Planning and Environment Risk Management Plan have been implemented and are ongoing. Specific actions related to information management and cyber security are a current focus with further investigations being undertaken in relation to Infrastructure Contributions also underway.

4 - A Leading Community — 60%

4.4 - Albury plans and leads with good governance — 60%

T4.04.2.4 **Zero Harm Campaign** — 3/07/2017 — 29/06/2018 — **10%** — **RMTL**

A project plan for this project is under development to confirm key objectives and time frames for this organisation wide program. Directions meeting with Comms group was held in February where they advised they were currently developing an internal staff survey on preferred platforms for internal communications. When the survey is complete Comms are interested in using the Zero Harm messaging to road test their internal comms practices.

T4.04.2.5 **Community & Recreation Group Risk Management Action Plan** — 3/07/2017 — 30/06/2018 — **75%** — **DCR**

The Community & Recreation Group Risk management action plan has been finalised and actions ae well progressed

S4.04.3.1 **Customer Request Management (CRM) System - Actions completed** — **CSTL**

An overall average of 84% of requests were closed within target timeframes for the month of March 2018. An outcome of the Customer Service-Service and Efficiency Review is a review of the CRM system and this project has commenced. This is with a view to providing more accurate data and recording of enquiries to help teams better manage their demand and response to customer requests.

Code	KPI	Target	Measure	Achieved	%
40531.2	Community and Recreation	80	% complete	81	100%
40531.4	Economic Development and Tourism	80	% complete	100	100%
40531.5	Executive	80	% complete	96	100%
40531.6	Planning and Environment	80	% complete	71	89%
40531.7	Engineering	80	% complete	81	100%
40531.9	AlburyCity total	80	% complete	84	100%

S4.04.3.2 **Due TRIM actions completed** — **IMGL**

Four of the five directorates completed over 90% of their actions within 10 working days. Overall AlburyCity achieved an average of 95% of actions being signed off within 10 working days.

Code	KPI	Target	Measure	Achieved	%
40533.1	Community and Recreation	100	% signed off in 10 working days	86	86%
40533.2	Economic Development and Tourism	100	% signed off in 10 working days	87	87%
40533.5	Engineering	100	% signed off in 10 working days	90	90%
40533.3	Executive	100	% signed off in 10 working days	97	97%
40533.4	Planning and Environment	100	% signed off in 10 working days	94	94%
40533.6	AlburyCity total	100	% signed off in 10 working days	95	95%

4 - A Leading Community — 60%

4.4 - Albury plans and leads with good governance — 60%

S4.04.3.3 **IT Help Desk service** — **IMGL**

During February there were 331 calls opened and 368 calls closed. Out of the 331 calls opened there were 181 calls closed on the first call which represents a first call resolution rate of 55%. The first call resolution rate has remained stable over the past three months.

Code	KPI	Target	Measure	Achieved	%
KPI_1678	Help Desk Activity	10	<% variation between open and closed	-11	100%

T4.04.3.1 **Customer Service Activity Report** — 3/07/2017 — 30/06/2018 — **80%** — **CSTL**

The Customer Service Team has appointed three new permanent part-time positions as well as a casual position to cover a secondment position in Finance. Three members of customer service attended training at Lockhart Shire Council on the A-Zs of Development Applications, Local Environment Plans and Development Control Plans, and arrangements have been made in April for CRM training. The banking transition is in progress with some initial hiccups after extensive testing and preparation.

T4.04.3.2 **Develop and implement the AlburyCity Customer Service Strategy** — 3/07/2017 — 30/06/2018 — **30%** — **CSTL**

The Customer Service Strategy is pending the appointment of a new Team Leader for Customer Service. A project plan has been developed together with initial consultation with key work groups and this will provide the foundations for the development of the strategy in coming months.

T4.04.4.2 **Annual Governance Survey of Councillor Support Services** — 1/03/2018 — 30/06/2018 — **10%** — **GMEA**

Works to commence in May on the annual survey.

T4.04.4.1 **Comparative Data Trend Report** — 4/12/2017 — 30/03/2018 — **100%** — **CP**

This project is complete.

T4.04.5.1 **Develop and implement the Knowledge Based System** — 3/07/2017 — 30/12/2017 — **25%** — **CSTL**

This is a key recommendation from the Service and Efficiency Review and is currently being developed and will be instigated in the future. A number of options for a knowledge base system have been reviewed and investigated with consideration of their application and implementation at AlburyCity .

T4.04.5.2 **Oracle to SQL Conversion** — 1/08/2017 — 28/10/2017 — **100%** — **IMGL**

This project is complete.

4 - A Leading Community

60%

4.4 - Albury plans and leads with good governance

60%

		Start Date	End Date	Performance	Responsible Officer
O4.04.5.1	**Backscan and register paper records**	3/07/2017	30/06/2018	74%	IMGL
	During March the Records Team created 195 fully electronic Building Application files and converted another 94 from their paper format to electronic. This gives a total of 7,675 fully electronic BA files with another historical 12,062 paper BA files.				
C4.04.5.1	**Thin client desktop computers**	2/10/2017	1/02/2018	35%	IMGL
	Thin client computers have been rolled out to the Albury Entertainment Centre for user acceptance testing. Wonga Wetlands has also been converted over to thin client.				
C4.04.5.2	**Uninterruptible Power Supply (UPS) Replacement**	1/09/2017	1/11/2017	15%	IMGL
	Put on hold until May 2018 due to replacement of dependant infrastructure. The scope for the dependant infrastructure should be known following the Business Continuity workshop results in March and the Expression Of Interest server room refresh.				
C4.04.5.3	**Council Chambers AV Refurbishment**	1/10/2017	1/03/2018	18%	IMGL
	Following the withdrawal of the supplier who was selected to do the works, a specification is now being developed for the market. The specification will be released in April to enable the works to be completed before the end of financial year.				
C4.04.5.4	**Microwave Replacement**	3/07/2017	1/10/2017	100%	IMGL
	This project is complete.				
T4.04.6.4	**Strategic Planning Program Management**	3/07/2017	30/06/2018	75%	TPTL
	The Strategic Planning Team has continued to work hard to maintain momentum on a variety of projects. The Planning Proposal to implement the Rural Lands Strategy has been finalised and was published in the Government Gazette on 29 March 2018. It is now in effect. The Willowbank Planning proposal has also generated an opinion from Parliamentary Counsel with several changes required and this has now been resubmitted to Parliamentary Counsel for their response. The changes to incorporate the Flood Risk Management Plan recommendations into Albury Development Control Plan 2010 are being considered in light of submissions received which has required further consultation with consultants WMAwater. Staff input has continued on various proposals and policies put forward on exhibition by the NSW Department of Planning and Environment. The new Biodiversity Conservation Act and associated legislation (including SEPP Vegetation) commenced in August and Council staff have been in discussions with Office of Environment and Heritage to better appreciate and understand the implications of the new system on current activities and regulations in the Albury LEP2010. Quotes for the review of Chapter 10 of ADCP2010 have been received and a preferred consultant has been identified and appointed with work to commence in April.				

		Start Date	End Date	Performance	Responsible Officer
4 - A Leading Community				**60%**	
4.4 - Albury plans and leads with good governance				**60%**	
T4.04.6.2	**Executive Support Activity Report**	3/07/2017	30/06/2018	**80%**	**GMEA**
	The Executive support team coordinated travel to the for the Mayor / GM to attend the Cities 4.0 Summit, Inland Forum and the Evocities Steering Committee and the Murray Lower Darling CAG Meeting for Cr van de Ven. Arranged meetings for the GM/Mayor with external stakeholders - Greg Aplin MP, Fiona Nash, GM Greater Hume and CEO City of Wodonga. Worked on preparations for the Riverina Regional Cities meeting to be held in Albury in April. Submitted a report to Manex and Council regarding motions for the National General Assembly in June. Assisted in coordinating the Royal Decoration function for Noel Jackling. Prepared agenda and minutes for the Inland Forum, Procurement and Contract and Health and Safety Committee Meetings.				
T4.04.6.1	**Corporate Planner Activity Report**	3/07/2017	30/06/2018	**75%**	**CP**
	Activity is on track for 2017/18. Activity for the Corporate Planner during March 2018 included attending the cross-border Community Engagement Network meeting in Wangaratta hosted by Alpine Valleys Community Leadership Program and attending the Smart Communities Conference in Sydney. Questions were drafted for community engagement around Smart Communities and a survey constructed for the Stronger Country Communities engagement. The draft New Initiatives and four-year Delivery program spreadsheet and report was completed for the Councillor workshop. Discussions with Manex regarding the Local Government Professionals Performance Excellence Program and liaison with Evocity councils about the establishment of a 'Regional Window' also occurred in March. A report was developed and presented to Manex regarding the results of the Community Satisfaction Survey. The Two Cities One Community project of mapping high level AlburyCity strategies was progressed and tier one and two strategy maps reported to Manex. A presentation was given to the Leaders Forum and training was attended for Crucial Conversations.				
T4.04.6.3	**Financial Services Activity Report**	3/07/2017	30/06/2018	**75%**	**CFO**
	The preparation and audit of AlburyCity's 2016/17 year end financial statements is complete. A Financial Services - Service and Efficiency Review has commenced, but has been delayed. AlburyCity is working towards changing over its banking services to the ANZ as a result of a recent tender. The September and December quarter budget reviews have been completed. The preparation of AlburyCity's 2018/19 Budget has commenced.				
T4.04.6.5	**Audit Committee Charter**	3/07/2017	29/09/2018	**100%**	**HRGL**
	This project is complete.				
O4.04.6.3	**Governance Framework**	3/07/2017	29/12/2017	**10%**	**PIO**
	Initial research has been undertaken as part of the development of this framework. Further information is expected from the audit by Centium. The results of this audit was presented to the Audit, Risk & Improvement Committee in February. Delivery of the Governance Framework will be extended to consider any recommendations from the audit. The expected completion date is end of June 2018.				
T4.04.6.6	**Parks and Recreation Policy Review**	1/01/2018	30/06/2018	**10%**	**PRTL**
	The Signs as Remote supervision policy review is due to commence in April 2018. The No Camping Policy for Lake Hume will be included in the commercial activities on public land framework.				

		Start Date	End Date	Performance	Responsible Officer
4 - A Leading Community				**60%**	
4.4 - Albury plans and leads with good governance				**60%**	
O4.04.6.1	**Workplace Wellness**	3/07/2017	30/06/2018	**48%**	**RMTL**
	Work Health Check promotion completed with approx 120 employees to undergo free health checks commencing 8 March 2018. The annual fluvax clinic is being arranged and has a tentative date of 11 April 2018. The WWF documentation structure and overview is currently being developed in preparation for review with Group Leader.				
O4.04.6.2	**Delegations Database**	3/07/2017	30/03/2018	**10%**	**PIO**
	The delegation database will be reviewed having consideration for the needs from a delegations perspective, as well as other needs such as legislative compliance . The organisational review will significantly impact on the building of the database. While this is pending, no further action is proposed until an outcome from the organisational review is known.				
OP4.04.6.1	**Internal Reporting - Public Interest Disclosure Policy and Procedure**	3/07/2017	29/12/2017	**90%**	**PIO**
	The review of this policy and procedure is currently awaiting review by the Group Leader Human Resources, before presentation to Manex for consideration for endorsement. Presentation to Manex is expected in April 2018.				

FAC8.2 Corporate Health Indicators - March 2018

DATE	9 May 2018	**FIL REFERENCE**	FIL09/01658
CONFIDENTIAL	No		
FURTHER ENQUIRIES	Frank Zaknich Executive	**PHONE**	6023 8755
AUTHOR	Justin Finlayson		

Purpose of Report

The report presents a graphical snapshot of key organisational performance indicators for the quarter ended March 2018.

Variance Commentary

Financial Performance

Year to date operating expenses were 5% or $4.2M less than AlburyCity's Original Budget, and operating income was in line with budget. The major year to date expenditure budget variances relate to salaries and wages $1.74M and electricity charges $618,000, whilst the remaining variances are all below $300,000 per individual line item.

Cash Position

Cash and investments at the end of the quarter were $29M more than the original budget, which is mainly due to an increase in restricted Water and Sewer Funds and the timing of capital works.

Employee Payroll Costs to Budget

Year to date total employee costs (including overtime) were 7% less than budget.

Employee Overtime Costs to Budget

Year to date overtime costs were 13% greater than the original budget. The majority of this increase relates to works undertaken outside normal hours on high profile infrastructure to minimise community disruption.

Work Place Safety

There were 20 safety related incidents involving AlburyCity workers in the March quarter. There were three lost time injuries over the quarter making a total of seven for the financial year to date. One positive note arising from these recent incidents is the recovery of the injured employees, reflected in the progressive reduction in time lost due to these injuries over the end of the quarter. March concluded with a lost time injury frequency rate (LTIFR) of 11.1.

Staffing Levels

During the January to March reporting period, the movement in the Full Time Equivalent (FTE) has increased by around 6. This increase has resulted from the following:

- Implementation of outcomes from the Children's Services Shared Administration Service and Efficiency Review. The review resulted in new positions (2.92 FTE) being approved. These will however be offset by a reduction of 2.86 FTE in future reporting as identified positions are removed from the structure,
- A temporary Drug and Alcohol Minimisation Officer – costs offset by grant funding,
- Two temporary Project Officers to support the delivery of critical projects identified in the Delivery Program,
- A Development Compliance Officer position to ensure more effective service levels with regard to development compliance and enforcement,
- Other minor movements occurring within the period as a result of flexible work requests.

There were 22 departures for the period, which is significantly higher than AlburyCity's target, but somewhat consistent with the same period in previous years. The departures were predominantly a result of:

- Trainee employment contracts concluding,
- Retirements,
- Termination,
- Resignations – arising from relocation and other career opportunities.

Management continues to gather information from individual employee regarding departures and address critical issues in consultation with Human Resources as required to ensure our ongoing high level of employee engagement and reputation as a preferred employer continues.

In noting the increase in FTE above the traditional target level – it is likely that a review of the target FTE will occur effective 1 July to better reflect the required level of resources to deliver on identified projects and programs across AlburyCity. This includes recent works identified in the delivery program including those for which funding has been obtained.

Works Program

As reported to the Engineering and Works Committee the Works Program, at the end of the March quarter in the 2017/18 financial year is tracking behind the programmed schedule. The accomplishment as at 31 March 2018 is 62.9%, being 12.1% behind the projected target of 75%.

Since the commencement of the program, an extra 26 projects have been included, while a number of projects were removed at the December quarterly budget review, bringing the total number of identified projects to 418. The extra projects included in the program have been necessitated by circumstances such as the provision of additional funding being secured, revision of strategies and accelerated deterioration of existing assets.

Progress at this stage is less than desirable with the planned completion rate being affected by additional projects, lack of internal and external design resources and additional investigation and approvals required due to projects traversing through natural environment areas or lands not managed by AlburyCity. At this stage the project completion is likely to be in the order of approximately 90%. Staff are currently reviewing the program and determining required resourcing and alterations in an attempt to accelerate the completion rate.

Included in the March Quarterly Budget Review are a number of projects which at this stage have been identified for carry forward into the 2018/19 financial year.

Development Application Processing

The processing time for Development Applications was higher than target in the March quarter and this is due to a high number of applications being received and delays in processing current applications due to community interest, reporting cycles, delays in receipt of information to enable final assessment and limited staff numbers affected by existing vacancies and leave. These applications included a number of complex and controversial residential, commercial and industrial developments.

Delivery Program – Operational Plan Actions

At the end of the year Operational Plan Actions were 67% complete.

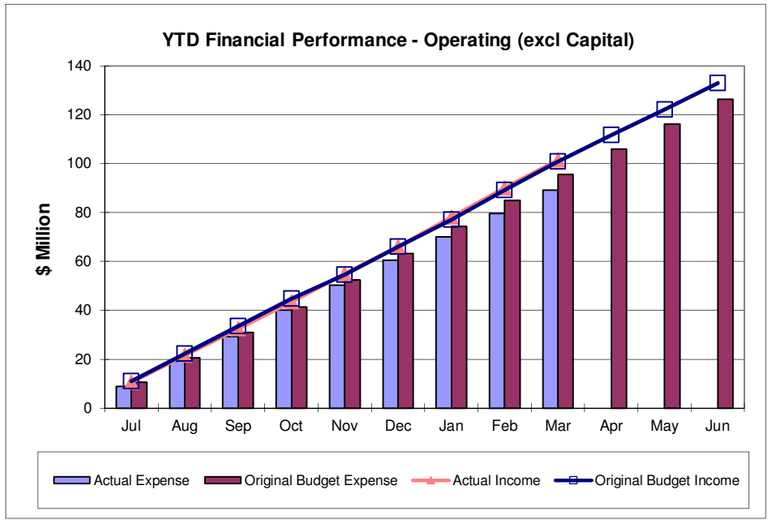
Recommendation

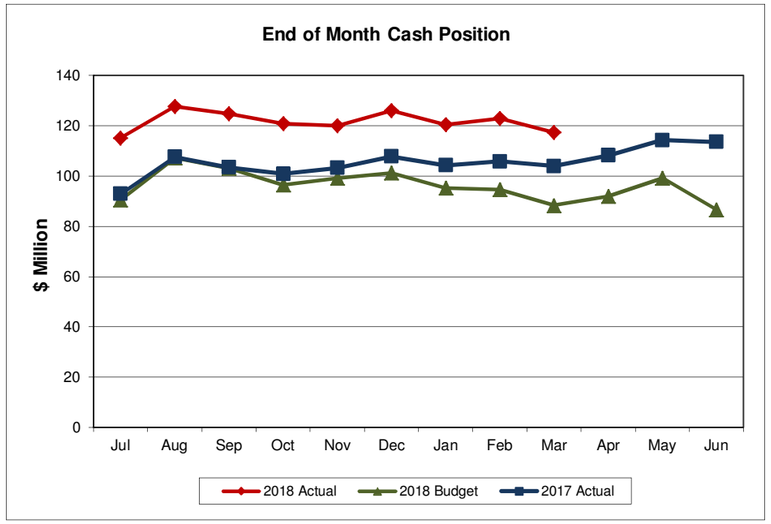
That the Committee recommends to Council that Council receive and note the March 2018 Corporate Health Indicators Report.

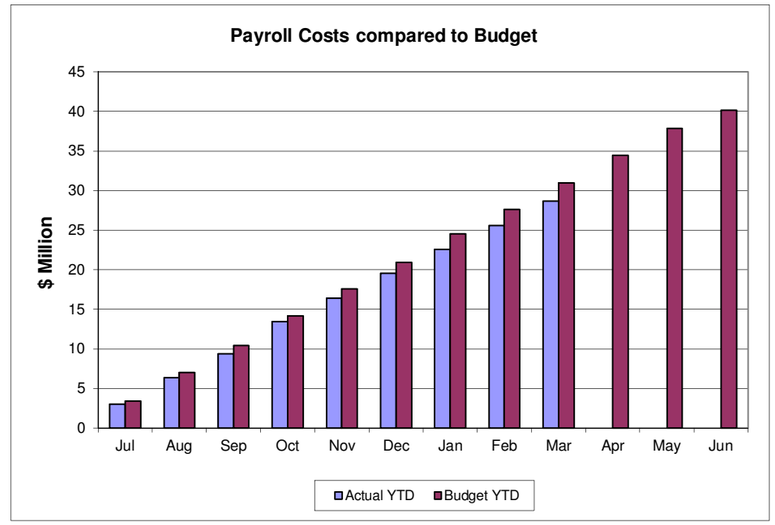
Attachments

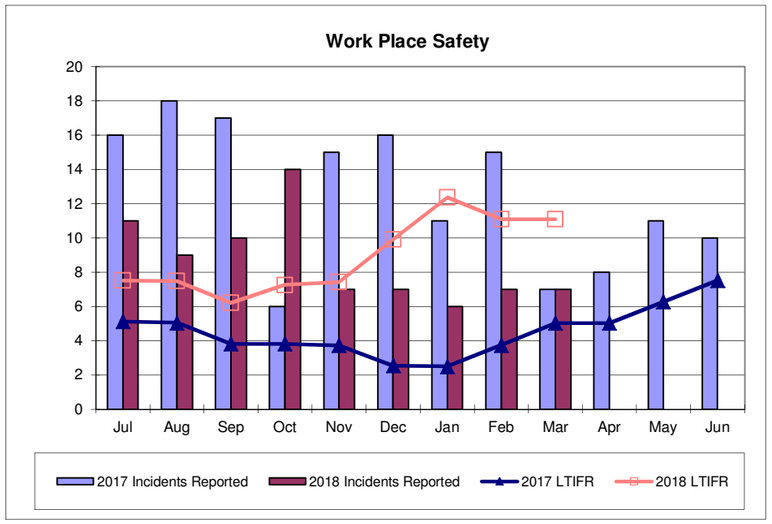
1. Corporate Health Indicator Graphs – March 2018

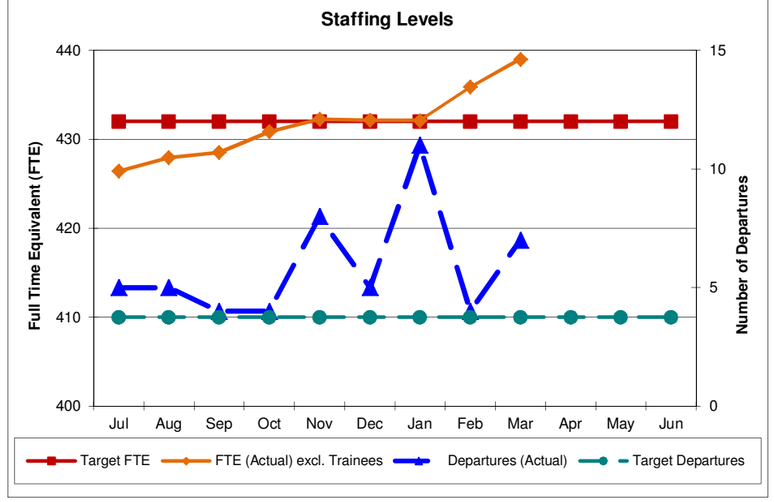
Council Monthly Health Indicator Reports
For Financial Year 2017-18

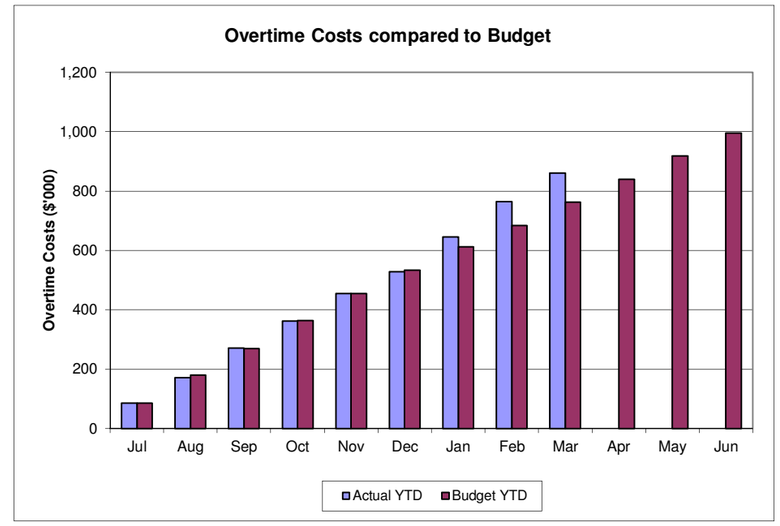


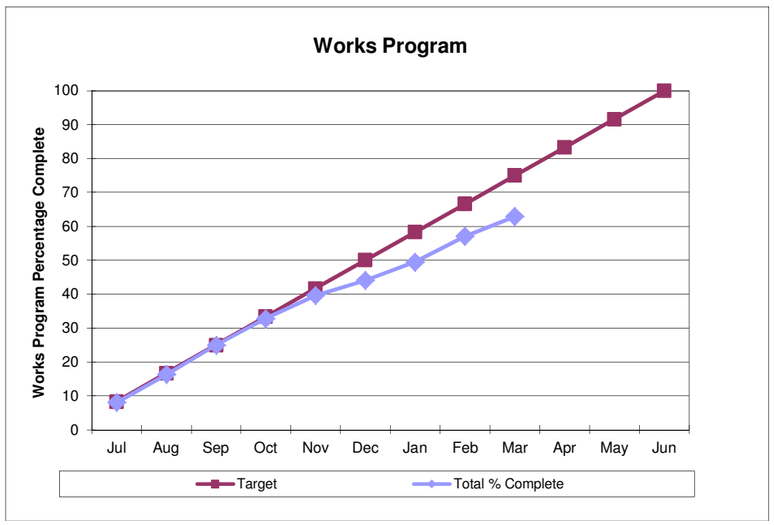


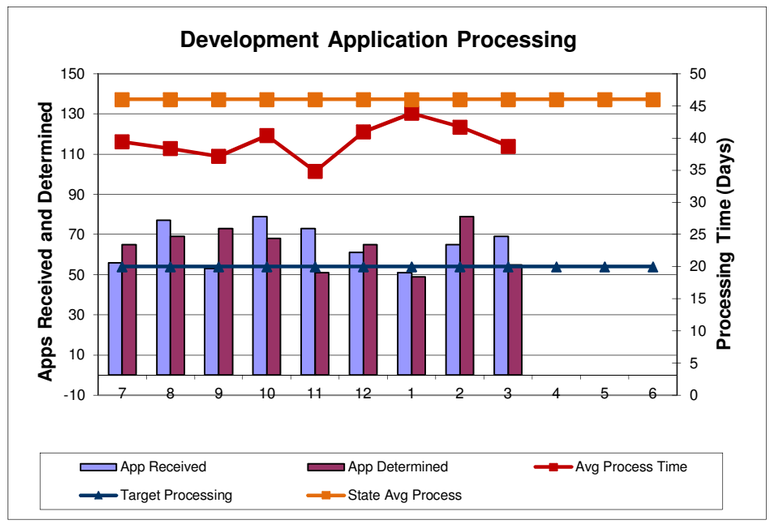


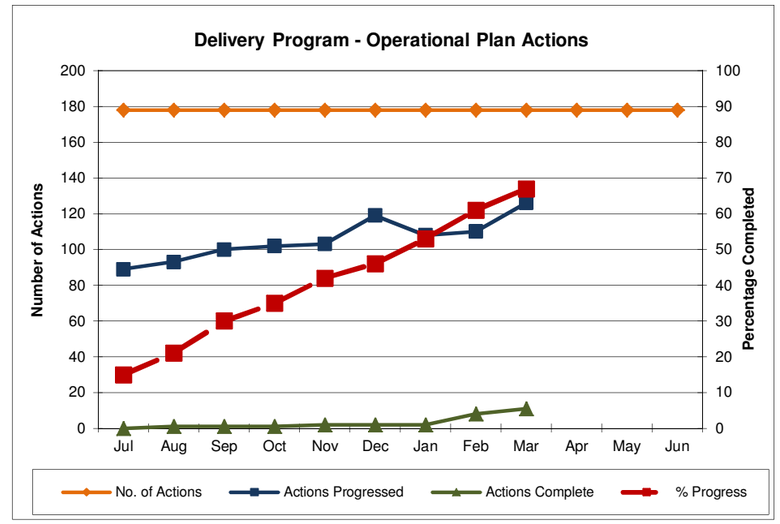












FAC8.3 Investment Balances - April 2018

DATE	9 May 2018	**FIL REFERENCE**	FIL17/01021
CONFIDENTIAL	No		
FURTHER ENQUIRIES	Frank Zaknich Executive	**PHONE**	6023 8755
AUTHOR	Justin Finlayson		

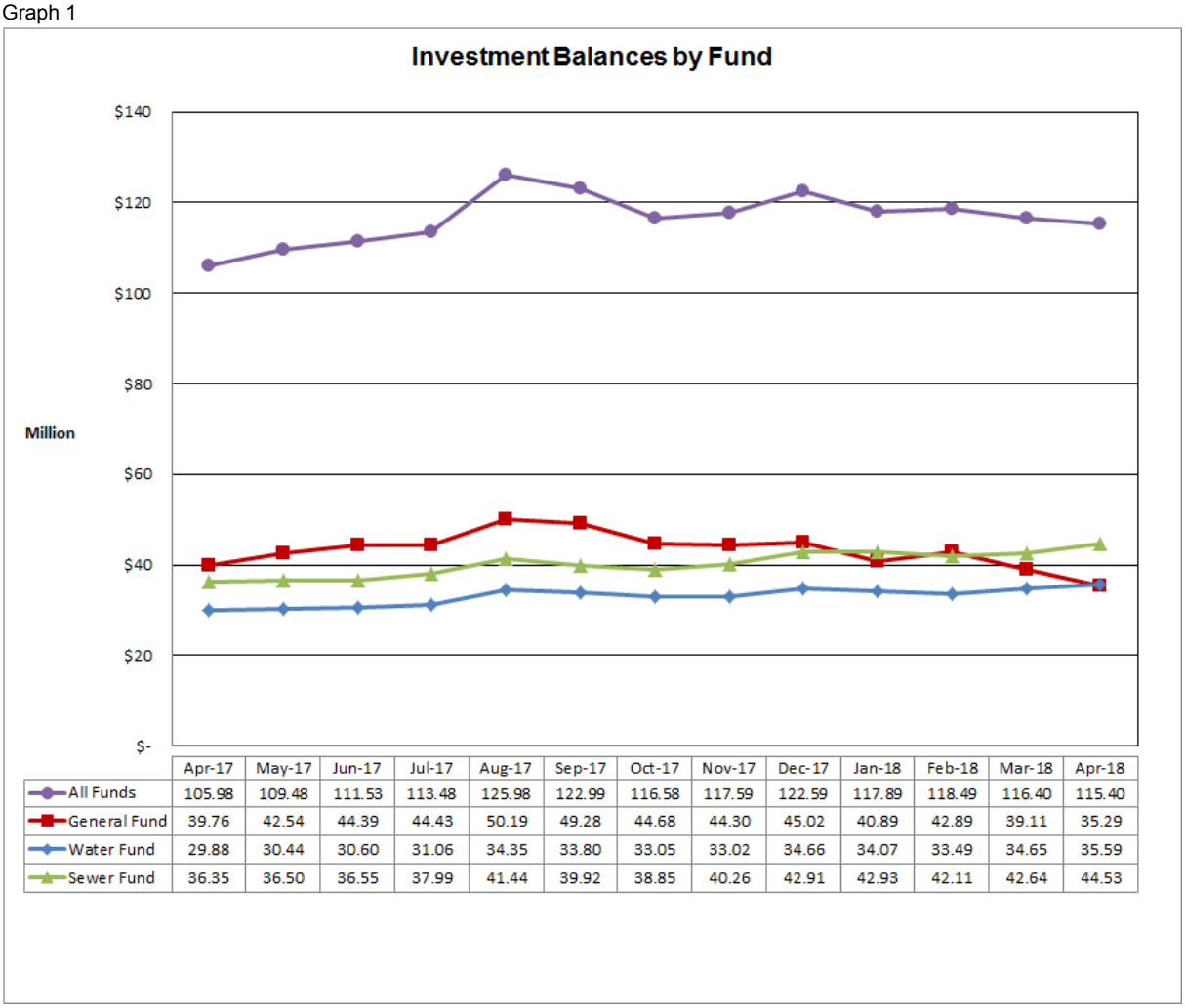
Purpose of Report

This report presents to Council details of all money invested as at 30 April 2018 as required by the *Local Government (General) Regulation 2005*.

Background

AlburyCity's investment portfolio decreased by $1 million to $115.4 million during the month ended 31 March 2018, which is mainly due to a decrease in the General Fund investment balance of $3.8 million.

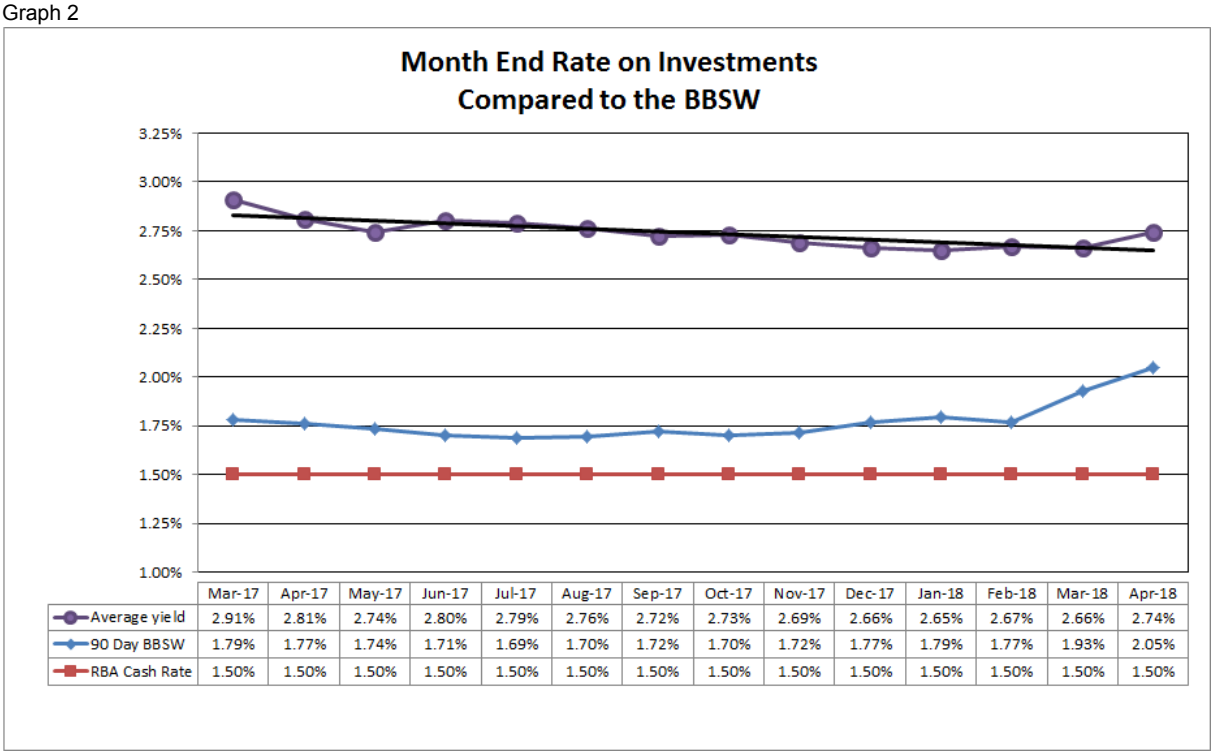
Graph 1



	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18
All Funds	105.98	109.48	111.53	113.48	125.98	122.99	116.58	117.59	122.59	117.89	118.49	116.40	115.40
General Fund	39.76	42.54	44.39	44.43	50.19	49.28	44.68	44.30	45.02	40.89	42.89	39.11	35.29
Water Fund	29.88	30.44	30.60	31.06	34.35	33.80	33.05	33.02	34.66	34.07	33.49	34.65	35.59
Sewer Fund	36.35	36.50	36.55	37.99	41.44	39.92	38.85	40.26	42.91	42.93	42.11	42.64	44.53

As a result of the Reserve Bank of Australia reducing the cash rate in August 2016 to a record low of 1.5%, the average yield of AlburyCity's investment portfolio has steadily declined as term deposits have matured. However the average yield of AlburyCity's investments held at 30 April 2018 increased by 0.08% to 2.74%, which was due to Water and Sewer Fund investments being placed for longer terms and less at call funds being held at month end.

Graph 2



	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18
Average yield	2.91%	2.81%	2.74%	2.80%	2.79%	2.76%	2.72%	2.73%	2.69%	2.66%	2.65%	2.67%	2.66%	2.74%
90 Day BBSW	1.79%	1.77%	1.74%	1.71%	1.69%	1.70%	1.72%	1.70%	1.72%	1.77%	1.79%	1.77%	1.93%	2.05%
RBA Cash Rate	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%

The 90 day Bank Bill Swap Rate (BBSW) rose further during April. There has also been an increase in term deposit rates available to AlburyCity since February of 10 to 15 basis points, but not to the same extent as the 28 basis point increase in the BBSW. The BBSW is a measure of the rate at which domestic banks will lend to each other via bank bills. Typically there is a strong correlation between changes in the RBA cash rate and the BBSW. It should be noted that other factors also impact the market rates charged by banks.

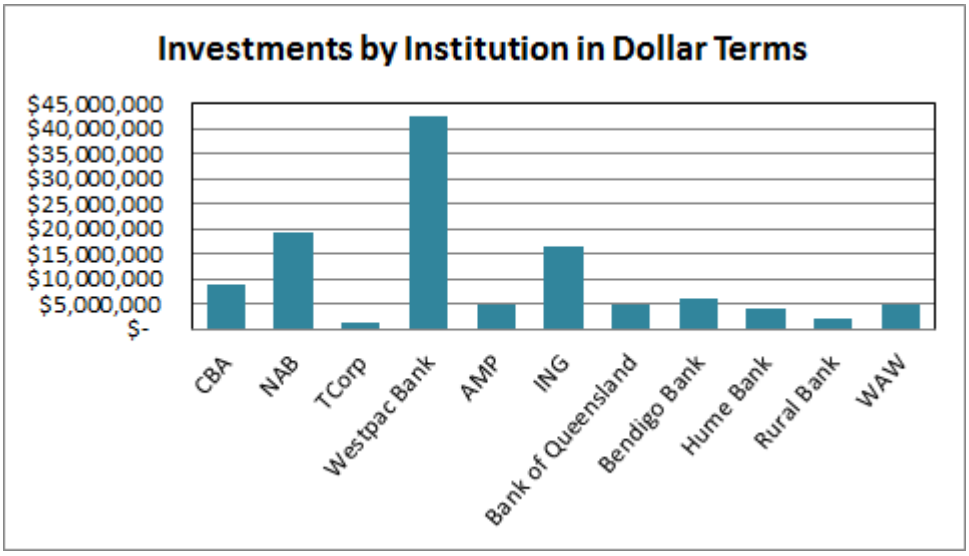
The profile of Council's investments held at 30 April 2018 is detailed below.

Table 1

FACE VALUE	Issuer/Security	S&P RATING	INVESTMENT DATE	YIELD %	PERIOD DAYS	MATURITY DATE	GREEN INVESTMENT
Top Tier Institutions							
$ 1,334,064	TCorp - Cash Fund	AA-		2.04%	At Call	N/A	No
$ 2,000,000	CBA	AA-	11/07/2017	2.62%	365	11/07/2018	No
$ 4,000,000	CBA	AA-	5/09/2017	2.62%	365	5/09/2018	No
$ 3,000,000	CBA	AA-	19/09/2017	2.62%	455	18/12/2018	No
$ 2,000,000	NAB	AA-	1/05/2017	2.65%	365	1/05/2018	No
$ 2,500,000	NAB	AA-	26/06/2017	2.62%	365	26/06/2018	No
$ 4,500,000	NAB	AA-	5/07/2017	2.62%	370	10/07/2018	No
$ 3,086,700	NAB	AA-	18/10/2017	2.59%	272	17/07/2018	No
$ 3,000,000	NAB	AA-	25/10/2017	2.59%	272	24/07/2018	No
$ 3,000,000	NAB	AA-	2/11/2017	2.59%	285	14/08/2018	No
$ 1,000,000	NAB	AA-	30/04/2018	2.90%	743	12/05/2020	No
$ 3,500,000	Westpac	AA-	14/11/2017	2.63%	365	14/11/2018	No
$ 4,000,000	Westpac	AA-	23/11/2017	2.67%	365	23/11/2018	No
$ 4,000,000	Westpac	AA-	29/08/2017	2.62%	455	27/11/2018	No
$ 2,000,000	Westpac	AA-	12/12/2017	2.70%	364	11/12/2018	No
$ 3,000,000	Westpac	AA-	13/12/2017	2.70%	363	11/12/2018	No
$ 2,000,000	Westpac	AA-	16/01/2018	2.68%	371	22/01/2019	No
$ 3,500,000	Westpac	AA-	28/11/2017	2.66%	410	12/01/2019	No
$ 3,000,000	Westpac	AA-	7/11/2017	2.79%	455	5/02/2019	No
$ 4,000,000	Westpac	AA-	30/01/2018	2.95%	728	28/01/2020	No
$ 3,500,000	Westpac	AA-	6/02/2018	2.95%	735	11/02/2020	No
$ 3,500,000	Westpac	AA-	6/02/2018	2.95%	742	18/02/2020	No
$ 2,500,000	Westpac	AA-	13/02/2018	2.95%	742	25/02/2020	No
$ 1,000,000	Westpac	AA-	20/02/2018	2.95%	742	3/03/2020	No
$ 3,000,000	Westpac	AA-	16/04/2018	2.93%	750	5/05/2020	No
Second Tier Institutions							
Third Tier Institutions							
$ 3,000,000	AMP	A	27/07/2017	2.60%	365	27/07/2018	No
$ 1,000,000	AMP	A	5/09/2017	2.60%	364	4/09/2018	No
$ 1,000,000	AMP	A	30/01/2018	2.85%	272	29/10/2018	No
$ 1,000,000	ING	A-	9/06/2017	2.65%	382	26/06/2018	No
$ 1,000,000	ING	A-	9/06/2017	2.65%	389	3/07/2018	No
$ 3,000,000	ING	A-	10/08/2017	2.65%	425	9/10/2018	No
$ 2,000,000	ING	A-	31/07/2017	2.65%	456	30/10/2018	No
$ 3,000,000	ING	A-	10/08/2017	2.65%	460	13/11/2018	No
$ 2,500,000	ING	A-	21/12/2017	2.90%	719	10/12/2019	No
$ 4,000,000	ING	A-	19/12/2017	2.87%	728	17/12/2019	No
Other Institutions							
$ 1,000,000	Bendigo Bank	BBB+	1/05/2017	2.70%	365	1/05/2018	Yes
$ 5,000,000	Bendigo Bank	BBB+	9/05/2017	2.70%	365	9/05/2018	Yes
$ 2,000,000	Rural Bank	BBB+	30/04/2018	2.92%	743	12/05/2020	Yes
$ 2,000,000	Bank of Queensland	BBB	27/02/2018	2.90%	735	3/03/2020	Yes
$ 3,000,000	Bank of Queensland	BBB	11/04/2018	2.95%	734	14/04/2020	Yes
$ 627,470	Hume Bank	N/A	29/07/2017	2.60%	365	29/07/2018	Yes
$ 2,890,260	Hume Bank	N/A	2/08/2017	2.90%	365	2/08/2018	Yes
$ 500,000	Hume Bank	N/A	29/11/2017	2.60%	365	29/11/2018	Yes
$ 1,210,887	WAW	N/A	9/05/2017	2.80%	371	15/05/2018	Yes
$ 2,751,246	WAW	N/A	6/02/2017	3.00%	577	6/09/2018	Yes
$ 500,000	WAW	N/A	27/11/2017	2.80%	365	27/11/2018	Yes
$ 500,000	WAW	N/A	11/04/2018	2.95%	748	28/04/2020	Yes
$ 115,400,628							

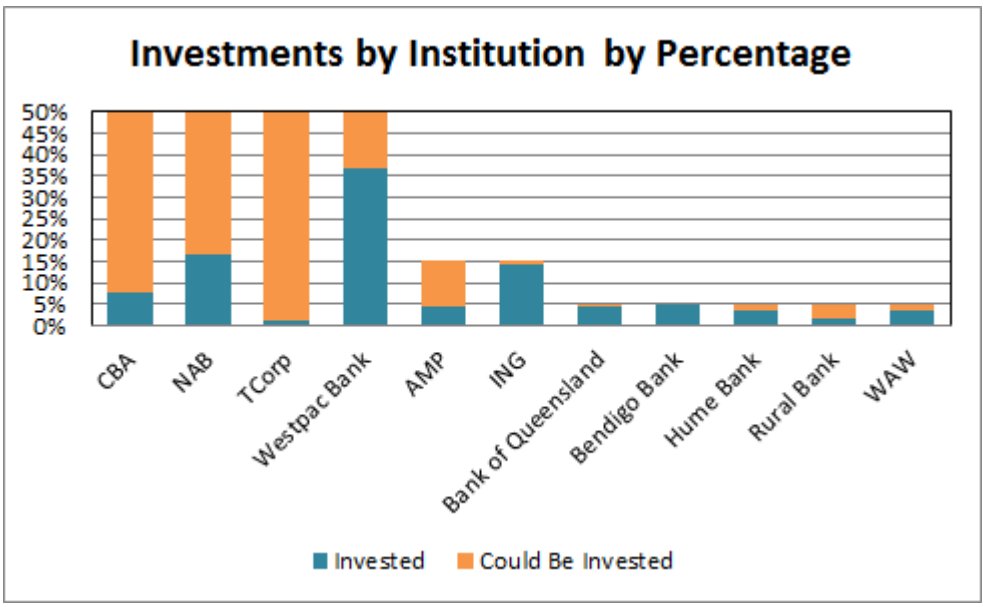
The amount invested with each financial institution is detailed by Graph 3 below.

Graph 3



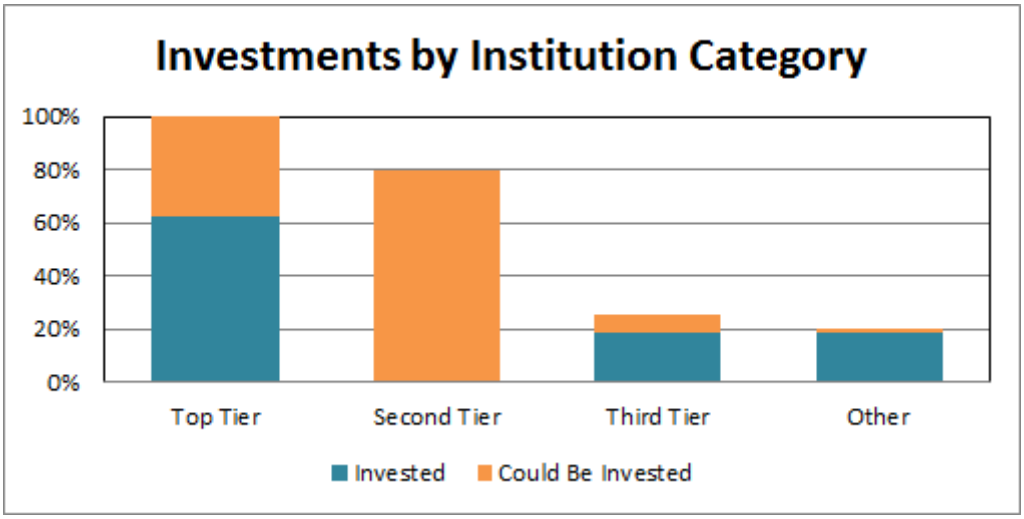
Graph 4 below compares investments with each financial institution to the limits included in AlburyCity's Investment Procedure.

Graph 4



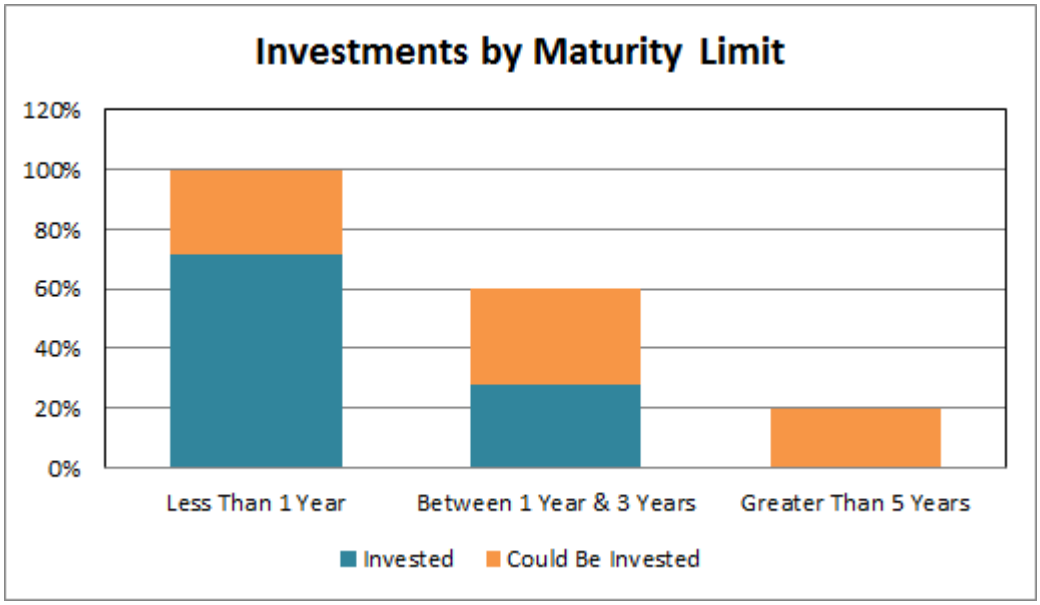
Graph 5 below compares the balance of investments by financial institution category compared to the limits included in AlburyCity's Investment Procedure.

Graph 5



Graph 6 below compares the maturity profile of investments to the limits included in AlburyCity's Investment Procedure.

Graph 6



Graph 7 below identifies the percentage of investments held with financial institutions that do not invest in the fossil fuel industry. AlburyCity's Policy is to preference investments with financial institutions that do not support the fossil fuel industry, when the rate of interest is no less than other investments available at the time. At 30 April 2018 Council's non-fossil fuel investments equated to 19% of its investment portfolio. The decrease since October is mainly due to the reduction of holdings with the Bendigo Bank (S&P rating downgrade) and the Suncorp Bank (competitiveness of term deposits). The increase in April was as a result of investments placed with the Bank of Queensland, Rural Bank and also WAW.

Graph 7

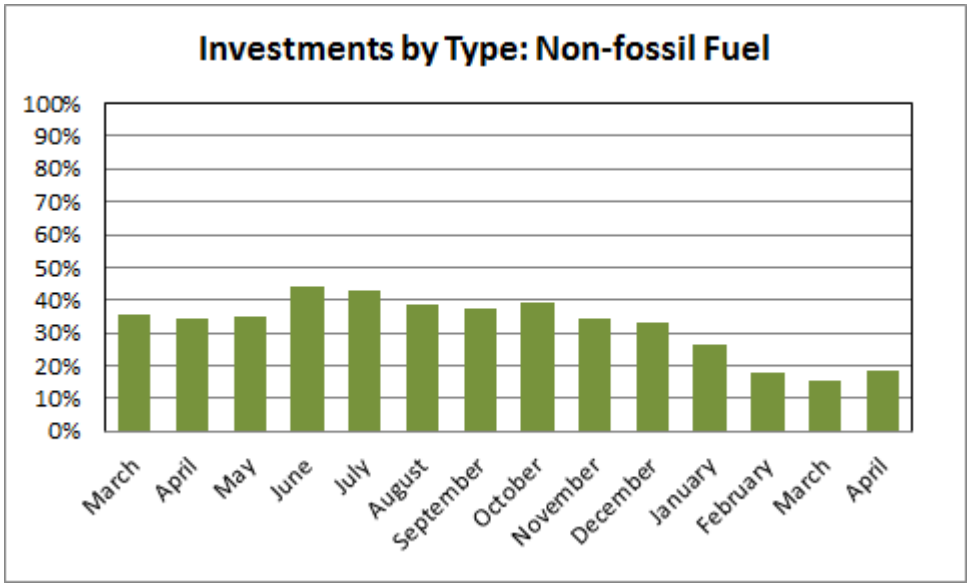


Table 2 below compares the year to date interest earned by fund compared to budget and the prior year.

Table 2

Interest on Investments					
Year: 2017-18			Period: April		
	Actual YTD Previous Year	Forecast Budget YTD 2017-18	Actual YTD 2017-18	Variance ( ) Indicates UNFavorable	
	$	$	$	$	%
General Fund	(911,337)	(985,852)	(1,033,127)	47,275	5%
Water Fund	(673,313)	(733,192)	(778,435)	45,243	6%
Sewer Fund	(788,602)	(872,635)	(942,813)	70,178	8%
Grand Total	(2,373,252)	(2,591,679)	(2,754,374)	162,695	6%

Overall interest earned on investments was better than the year to date budget, which is mainly due to the level of funds available for investment.

Issues

Investments made during the month of April 2018 were made in accordance with the *Local Government Act 1993,* the *Local Government (General) Regulation 2005* and AlburyCity's Investment Policy and Procedure.

The annual review of AlburyCity's Investment Policy and Procedure has commenced and was presented to the Audit, Risk and Improvement Committee at its meeting on Wednesday 16 May 2018 prior to being presented to Council for consideration.

Recommendation

That the Committee recommends to Council that Council receive and note the Investment Balances Report for the month of April 2018.

FAC8.4 NSW Auditor-General's Report on Local Government 2017

DATE	8 May 2018	**FIL REFERENCE**	FIL16/03023
CONFIDENTIAL	No		
FURTHER ENQUIRIES TO	Frank Zaknich Executive	**PHONE**	6023 8153
AUTHOR	Justin Finlayson		

Purpose of Report

The report presents the NSW Auditor-General's Report on Local Government 2017 which analyses the results of the financial statement audits of NSW councils in 2016/17.

Background

In accordance with section 421C of the *Local Government Act 1993*, the Auditor-General is to report annually on any local government sector-wide matters arising from the examination of the financial statements of councils.

The report (refer Attachment 1), which was presented to the NSW Parliament by the NSW Auditor-General on 20 April 2018, provides an overview of financial performance across the New South Wales local government sector and also provides guidance and includes recommendations for the local government sector and the Office of Local Government aimed at strengthening financial reporting, asset management, governance and internal controls.

Issues

Issues identified within the NSW Auditor-General's Report for the local government sector as identified within the Executive Summary and how they relate to AlburyCity are summarised by the table below.

	NSW Auditor-General's Report	AlburyCity management comments
1. Financial reporting		
Quality of financial reporting	The overall quality of financial reporting needs to improve: • we issued modified (qualified) audit opinions on the financial statements of three councils in 2016–17 and one council and one water authority in 2015–16 • we reported 39 significant	• AlburyCity was issued an unqualified audit opinion. • No significant matters identified as advised by the NSW Audit Office • No material adjustments required to correct prior year errors • No moderate risk issues identified in financial statement preparation processes

	matters to 29 councils. They related to material accounting issues and significant deficiencies in internal controls • twenty-two councils required material adjustments to correct errors in previous audited financial statements • moderate risk issues were identified in financial statement preparation processes for 43 councils.	
	OLG guidance for council year-end financial reporting needs to align with Australian Accounting Standards and be issued earlier.	• This will also support early close procedures
Timeliness of financial reporting	Timeliness of financial reporting needs to improve. Forty councils required lodgement extensions past the 31 October 2017 statutory reporting deadline.	• AlburyCity lodged within the statutory timeframe
2. Financial performance and sustainability		
Operating revenue	Eighteen councils operating expenses exceed current operating revenue. Fifty-nine councils do not meet OLG's target of 60 per cent for own source operating revenue.	• AlburyCity reported an operating surplus • AlburyCity exceeded the minimum target of for own source operating revenue
Liquidity and working capital	Most councils have sufficient liquidity and working capital. However, there are indicators that: • three councils may not have the ability to meet short-term obligations as measured by the unrestricted current ratio • two councils may not have sufficient operating	• AlburyCity has sufficient liquidity and working capital to meet short term obligations. • AlburyCity did not meet the OLG benchmark for the collection of rates and charges as AlburyCity's third water bill is not payable until after year end (2017 result 10.3% v benchmark of <10%).

	cash available to service debt as measured by the debt service cover ratio • eighteen councils do not meet the OLG benchmark for the collection of rates and annual charges • five councils may not have sufficient cash to continue paying expenses without additional cash inflows as measured by the cash expense cover ratio.	
Asset management measures	Reporting against OLG's asset management performance measures highlights that councils need to consider whether spending on existing infrastructure assets is sufficient to ensure they continue to meet service delivery standards: • seventy councils are not renewing assets in line with the rate of their depreciation • eighty-four councils did not meet OLG's benchmark for managing the infrastructure maintenance backlog • seventy-one councils are not maintaining their assets in accordance with their asset management plans.	• As detailed in Council's financial statements AlburyCity did not meet a number of asset management benchmarks: - Infrastructure renewal ratio (result 63% vs >100% benchmark) This result is due to the required renewal of stormwater drainage, buildings, water and sewer infrastructure being less than the annual depreciation expense at this point in their life cycle. The 2016/17 ratio aligns with the Fit for the Future Improvement Proposal submitted by AlburyCity. - Infrastructure backlog ratio (result 3.1% v <2% benchmark) The estimated infrastructure backlog reflects that only a small percentage of Council's infrastructure has been assessed as being in very poor condition. - Asset maintenance ratio (result 81% v >100% benchmark) The overall cost to maintain assets in a functional state was lower than budget due to road & drain maintenance and electricity costs being less than anticipated.
3. Asset		

management		
High risk issues	We reported ten high risk issues relating to councils' asset management and accounting practices.	• No high risk issues identified.
Asset reporting	The accuracy of asset registers requires improvement and all assets need to be reported in the financial statements. At 30 June 2017, 62 councils did not record all rural fire-fighting equipment in their financial statements. A large proportion of rural fire-fighting equipment is not reported in either State government or local government financial statements.	• AlburyCity does not record rural fire-fighting equipment in its financial statements, as it is AlburyCity's view that these assets are not controlled by Council (refer attachment 2). The NSW Audit Office considered this an uncorrected monetary misstatement that did not materially effect AlburyCity's financial statements. • The following motion was carried at the 2017 LGNSW Conference with respect to RFS assets: That Local Government NSW lobbies on behalf of councils for all Rural Fire Service (RFS), State Emergency Services (SES) and Surf Life Saving Clubs assets to be removed from Council asset registers (sheds, equipment etc.) and the responsibility be taken back by the RFS, SES and Surf Life Saving Club. That this process not be used to increase local government contributions and further that the NSW Government investigate a model for RFS funding based on the Country Fire Authority (CFA) model in Victoria.
Asset valuation	We reported seven high risk matters related to asset valuations, including two that resulted in qualified audit opinions.	• No high risk matters identified.
Asset useful life estimates	We identified that accounting for the useful lives of similar assets varied across councils, resulting in variable depreciation expense for these assets. In addition, the useful lives of assets need to be reviewed annually. This review should be supported by current condition assessments.	• The useful lives of AlburyCity's road, water and sewer infrastructure is scheduled to be reassessed during 2018/19 as part of the revaluation of these asset classes.
Asset policy and planning	Thirteen councils do not have an asset management strategy,	• The review of AlburyCity's Asset Management Policy 2008, Strategy 2010

	policy and plan, as required by the Office of Local Government's Integrated Planning and Reporting Framework.	and Plans has commenced.
4. Governance and internal controls		
High risk issues	We reported 17 high risk issues relating to governance, financial accounting, purchasing and payables and payroll matters.	• No high risk issues identified
Governance	There is currently no requirement for councils to have an audit, risk and improvement committee and internal audit function. Consequently, 53 councils do not have an audit committee and 52 councils do not have an internal audit function. The Office of Local Government has incomplete information on the number of entities established by councils. There is no financial reporting framework for the variety of entities established by councils. Councils can strengthen policies and procedures to support critical business processes, practices for risk management and compliance with key laws and regulations.	• AlburyCity has an Audit, Risk and Improvement Committee and is supported by an internal audit program. • Two moderate risk matters raised by the NSW Audit Office regarding adoption of a related party disclosures policy and the development of a legislative compliance register. • AlburyCity's response has been reported to the Audit Risk and Improvement Committee. • Work is currently being undertaken to address these matters, as reported to the Audit Risk and Improvement Committee.
Internal controls	Councils can improve internal controls over manual journals, reconciliations, purchasing and payables and payroll.	• One low risk matter raised by the NSW Audit Office regarding employee leave balances • AlburyCity's response has been reported to the Audit Risk and Improvement Committee. • Work is currently being undertaken to address this matter as reported to the Audit Risk and Improvement Committee.
5. Information technology		
High risk issues	We reported nine high risk issues relating to information technology.	• No high risk issues identified
Access to IT	Controls over user access to IT	• Two moderate risks identified by the NSW

systems	systems need to be strengthened.	Audit Office regarding disaster recovery failover testing and IT system administration access. Two low risk IT user access risks identified. • AlburyCity's response has been reported to the Audit Risk and Improvement Committee. • Work is currently being undertaken to address these matters, as reported to the Audit Risk and Improvement Committee.
Information Technology governance	IT governance benefits from appropriate policies, standards and guidelines across all critical IT processes. We identified that: • around one in four councils do not have an IT strategy or operational plan • half of NSW councils have an IT security policy • seventeen councils do not have a documented plan to recover from a disaster.	• No risks identified in management letter. • Updated information management strategy adopted by Council in April 2018. • AlburyCity Cyber Security Internal Audit Review undertaken in 2017/18.

AlburyCity's performance is reflective of the audited financial statements presented to Council in October 2017 and recommendations made by the NSW Audit Office which have been previously presented to the Audit, Risk and Improvement Committee.

Risk

- Business Risk – The review of AlburyCity's Asset Management Policy, Strategy and Plans as part of the integrated planning and reporting framework will support planning for the long term sustainability of AlburyCity.
- Corporate Risk – It is important that AlburyCity gives due consideration of guidance and recommendations issued by the NSW Auditor-General in order to achieve the *Albury2030* Strategic Outcome: Albury plans and leads with good governance.
- WHS and Public Risk – No risks identified.
- Delivery Program Risk – No risks identified.

Community Engagement

This report was also presented to AlburyCity's Audit, Risk and Improvement Committee for consideration at its meeting on Wednesday 16 May 2018.

A link to the Auditor-General's Report on Local Government 2017 on the NSW Audit Office website has been published within AlburyCity's website.

Options

This report presents the NSW Auditor-General's Report on Local Government 2017 which is presented for noting by the Finance and Administration Committee.

Conclusion

The report presents the NSW Auditor-General's Report on Local Government 2017 which analyses the results of the financial statement audits of NSW councils in 2016/17. The report provides an overview of financial performance across the NSW local government sector and includes guidance and recommendations to the sector and the Office of Local Government aimed at strengthening financial reporting, asset management, governance and internal controls.

As detailed within this covering report, AlburyCity management have assessed how the guidance and recommendations made by the NSW Auditor relate to AlburyCity's performance. AlburyCity's performance is reflective of the audited financial statements presented to Council in October 2017 and recommendations made by the NSW Audit Office which have been previously presented to the Audit, Risk and Improvement Committee.

Recommendation

That the Committee recommends to Council that Council receive and note the report.

Attachments

4. NSW Auditor-General's Report on Local Government 2017
5. AlburyCity position statement – Rural Fire Service Assets

auditoffice
OF NEW SOUTH WALES

Report on Local Government 2017

20 APRIL 2018



NEW SOUTH WALES AUDITOR-GENERAL'S REPORT

FINANCIAL AUDIT

THE ROLE OF THE AUDITOR-GENERAL

The roles and responsibilities of the Auditor-General, and hence the Audit Office, are set out in the *Public Finance and Audit Act 1983* and the *Local Government Act 1993*.

We conduct financial or 'attest' audits of State public sector and local government entities' financial statements. We also audit the Total State Sector Accounts, a consolidation of all agencies' accounts.

Financial audits are designed to add credibility to financial statements, enhancing their value to end-users. Also, the existence of such audits provides a constant stimulus to entities to ensure sound financial management.

Following a financial audit the Audit Office issues a variety of reports to entities and reports periodically to parliament. In combination these reports give opinions on the truth and fairness of financial statements, and comment on entity compliance with certain laws, regulations and government directives. They may comment on financial prudence, probity and waste, and recommend operational improvements.

We also conduct performance audits. These examine whether an entity is carrying out its activities effectively and doing so economically and efficiently and in compliance with relevant laws. Audits may cover all or parts of an entity's operations, or consider particular issues across a number of entities.

As well as financial and performance audits, the Auditor-General carries out special reviews and compliance engagements.

Performance audits are reported separately, with all other audits included in one of the regular volumes of the Auditor-General's Reports to Parliament – Financial Audits.

© Copyright reserved by the Audit Office of New South Wales. All rights reserved. No part of this publication may be reproduced without prior consent of the Audit Office of New South Wales. The Audit Office does not accept responsibility for loss or damage suffered by any person acting on or refraining from action as a result of any of this material.

GPO Box 12
Sydney NSW 2001

The Legislative Assembly
Parliament House
Sydney NSW 2000

The Legislative Council
Parliament House
Sydney NSW 2000

In accordance with section 421C of the *Local Government Act 1993*, I present a report titled '**Report on Local Government 2017'.**

Margaret Crawford
Auditor-General
20 April 2018

auditoffice
OF NEW SOUTH WALES

audit.nsw.gov.au

Contents

Report on Local Government 2017

Auditor-General's foreword		1
Executive summary		2
1.	Introduction	13
2.	Financial reporting	17
3.	Financial performance and sustainability	27
4.	Asset management	41
5.	Governance and internal controls	49
6.	Information technology	61
Appendices		67
Appendix one – Response from the Office of Local Government		69
Appendix two – List of recommendations		70
Appendix three – Sources of information and council classifications		71
Appendix four – Councils amalgamated in 2016		76
Appendix five – Status of audits		78
Appendix six – Council spending by function – Definitions from the Local Government Code of Accounting Practice and Financial Reporting		84
Appendix seven – OLG's performance indicators from the audited financial statement - Descriptions		85
Appendix eight – OLG's performance indicators from the unaudited special schedule 7 - Descriptions		86
Appendix nine – Financial information		87
Appendix ten – OLG's performance indicators		93
Appendix 11 – NSW Crown Solicitor's advice		103

Report on Local Government 2017

This report analyses the results of the financial statement audits of NSW councils in 2016–17.

Auditor-General's foreword

Under section 421C of the *Local Government Act 1993*, I am pleased to present our first report on the statutory financial audits of councils, to NSW Parliament.



My appointment as the auditor of local government in New South Wales is the most significant change to the Auditor-General's mandate in nearly three decades.

Moving to the new audit arrangements over the past 18 months has been challenging but rewarding. It has confirmed my appreciation of local government – a sector passionate about the community and focused on delivering local services.

The unique relationship each council has with its community differentiates it from other tiers of government.

Our audits

I am pleased to report that we completed 139 out of 140 financial statement audits for the 2016–17 audit cycle. The remaining council received an extension to lodge its financial statements.

We have also released a performance audit report on council reporting on service delivery. We will soon release another report on fraud controls in local councils and a report on council shared services later this year.

While the new audit mandate brings immense responsibility, my office has embraced the challenges involved and the objectives that NSW Parliament gave us:

- strengthening governance and financial oversight in local government
- providing greater consistency in external audit
- ensuring reliable financial information is available to assess council performance
- improving financial management, fiscal responsibility and public accountability in how councils use citizens' funds.

This report

This report is rich in data extracted from the results of the 2016–17 financial audits. For the first time, it presents a consistent view of financial performance across the New South Wales local government landscape. The report also provides guidance and includes recommendations to councils and the Office of Local Government aimed at strengthening financial reporting, asset management, governance and internal controls.

The report will help NSW Parliament understand the common challenges that councils face. It provides points of comparison for councils and signposts matters that will be the focus of future audits. Importantly, this report and the data visualisation that accompanies it, provides comprehensive and accessible information to citizens regarding the management and performance of their councils.

I would like to acknowledge the cooperation of councils throughout the audit process and our partnerships with the contract audit firms that helped us to deliver the audits. Together we can learn from each other and work towards improving outcomes for the community.

Executive summary

1. Introduction

Local government sector

NSW has 140 councils: 128 local councils serving a geographic area and 12 county councils formed for a specific purpose.

We completed audits of 139 councils' 2016–17 financial statements and eight councils' 2015–16 financial statements. Bayside Council received a lodgement extension from the Office of Local Government (OLG) and has not yet presented their 2016–17 financial statements for audit.

Service delivery

Each council provides a range of services, influenced by population density, demographics, the local economy, geographic and climatic characteristics. These differences influence the financial profile of councils.

2. Financial reporting

Quality of financial reporting

The overall quality of financial reporting needs to improve:

- we issued modified (qualified) audit opinions on the financial statements of three councils in 2016–17 and one council and one water authority in 2015–16
- we reported 39 significant matters to 29 councils. They related to material accounting issues and significant deficiencies in internal controls
- twenty-two councils required material adjustments to correct errors in previous audited financial statements
- moderate risk issues were identified in financial statement preparation processes for 43 councils.

OLG guidance for council year-end financial reporting needs to align with Australian Accounting Standards and be issued earlier.

Timeliness of financial reporting

Timeliness of financial reporting needs to improve. Forty councils required lodgement extensions past the 31 October 2017 statutory reporting deadline.

3. Financial performance and sustainability

Operating revenue

Eighteen councils operating expenses exceed current operating revenue.

Fifty-nine councils do not meet OLG's target of 60 per cent for own source operating revenue.

Liquidity and working capital

Most councils have sufficient liquidity and working capital. However, there are indicators that:

- three councils may not have the ability to meet short-term obligations as measured by the unrestricted current ratio
- two councils may not have sufficient operating cash available to service debt as measured by the debt service cover ratio
- eighteen councils do not meet the OLG benchmark for the collection of rates and annual charges
- five councils may not have sufficient cash to continue paying expenses without additional cash inflows as measured by the cash expense cover ratio.

Asset management measures

Reporting against OLG's asset management performance measures highlights that councils need to consider whether spending on existing infrastructure assets is sufficient to ensure they continue to meet service delivery standards:

- seventy councils are not renewing assets in line with the rate of their depreciation
- eighty-four councils did not meet OLG's benchmark for managing the infrastructure maintenance backlog
- seventy-one councils are not maintaining their assets in accordance with their asset management plans.

4. Asset management

High risk issues

We reported ten high risk issues relating to councils' asset management and accounting practices.

Asset reporting

The accuracy of asset registers requires improvement and all assets need to be reported in the financial statements.

At 30 June 2017, 62 councils did not record all rural fire-fighting equipment in their financial statements. A large proportion of rural fire-fighting equipment is not reported in either State government or local government financial statements.

Asset valuation

We reported seven high risk matters related to asset valuations, including two that resulted in qualified audit opinions.

Asset useful life estimates

We identified that accounting for the useful lives of similar assets varied across councils, resulting in variable depreciation expense for these assets.

In addition, the useful lives of assets need to be reviewed annually. This review should be supported by current condition assessments.

Asset policy and planning

Thirteen councils do not have an asset management strategy, policy and plan, as required by the Office of Local Government's Integrated Planning and Reporting Framework.

5. Governance and internal controls

High risk issues

We reported 17 high risk issues relating to governance, financial accounting, purchasing and payables and payroll matters.

Governance

There is currently no requirement for councils to have an audit, risk and improvement committee and internal audit function. Consequently, 53 councils do not have an audit committee and 52 councils do not have an internal audit function.

The Office of Local Government has incomplete information on the number of entities established by councils. There is no financial reporting framework for the variety of entities established by councils.

Councils can strengthen policies and procedures to support critical business processes, practices for risk management and compliance with key laws and regulations.

Internal controls

Councils can improve internal controls over manual journals, reconciliations, purchasing and payables and payroll.

6. Information technology

High risk issues

We reported nine high risk issues relating to information technology.

Access to IT systems

Controls over user access to IT systems need to be strengthened.

Information Technology governance

IT governance benefits from appropriate policies, standards and guidelines across all critical IT processes. We identified that:

- around one in four councils do not have an IT strategy or operational plan
- half of NSW councils have an IT security policy
- seventeen councils do not have a documented plan to recover from a disaster.

1. Introduction

The Auditor-General has the mandate under the *Local Government Act 1993* to audit the NSW local government sector. One-hundred and thirty-nine councils presented their 2016–17 financial statements and eight councils also presented their 2015–16[1] financial statements for audit. These audits have been completed. The Office of Local Government (OLG) granted Bayside Council an extension until 31 May 2018 to lodge their 2016–17 financial statements and Bayside Council has not yet presented them for audit.

We also tabled a performance audit report on 'Council reporting on service delivery' on 1 February 2018. We will soon release a report on 'Fraud controls in local councils' and a report on 'Council shared services' later this year.

This report focuses on the results of our financial audits, highlights issues that were common across the local government sector and provides guidance that councils should consider. This will help Parliament understand the challenges that councils face and the measures that can improve their financial management and reporting.

Each council provides a range of services to meet its communities' needs

New South Wales has 128 local councils servicing a geographic area, and 12 county councils formed for specific purposes, such as supplying water, managing flood plains or eradicating noxious weeds. Each council provides a range of services, influenced by population density, demographics, the local economy, geographic and climatic characteristics. These differences also influence the spending profile of metropolitan, regional and rural councils.

2. Financial reporting

Each year, councils lodge their audited financial statements with OLG and publish them on their website. Council financial statements capture their financial activities, performance and position.

We issued five modified (qualified) audit opinions and identified a range of material financial reporting errors and significant accounting and control issues

We issued unmodified audit opinions on the financial statements of:

- one-hundred and thirty-six out of 139 councils for 2016–17
- two water authorities for 2016–17
- seven out of eight councils for 2015–16
- two out of three water authorities for 2015–16.

An unmodified audit opinion means that the financial statements present fairly the financial position and performance of the council. The Hills Shire Council, Junee Shire Council and Yass Valley Council received modified (qualified) audit opinions for 2016–17. We also issued disclaimers of opinion for the City of Botany Bay Council and Gosford Water Authority for 2015–16.

Our audits identified a further 33 material errors in the previous years' audited financial statements of 22 councils that have been corrected. Eighty-eight per cent of these errors related to the way councils account for and value assets.

We also reported 39 significant matters to 29 councils. These related to material accounting issues and internal control weaknesses, of which 77 per cent related to assets. Councils should improve the way they account for their assets as a priority.

[1] The Auditor-General was appointed statutory auditor of eight councils for the 2015–16 reporting period due to the following reasons:

- specific request of councils
- failure by councils to appoint an auditor
- inability of the previous auditor to complete the audit due to external investigation
- auditor retirement.

Chapter 4 of this report further discusses the asset accounting issues identified during our audits.

Councils can improve their financial reporting processes

Our audits found that 43 councils need to improve the way they prepare their financial statements. A more robust review of the financial statements by councils prior to submitting them for audit would improve both quality and timeliness.

Recommendation

> Councils can improve the quality of financial reporting by reviewing their financial statements close processes to identify areas for improvements.

Our experience at the State level shows that the preparation of annual financial statements benefits from review by independent audit committees.

Councils are not currently required to have an audit, risk and improvement committee and consequently 53 councils do not have an audit committee. For those councils with an audit committee, 55 per cent play no role in the review of financial statements.

Amendments made to the *Local Government Act 1993* by the *Local Government Amendment (Governance and Planning) Act 2016* will require all councils to appoint an audit, risk and improvement committee. Under transitional provisions, councils will not be required to comply until March 2021, six months after the next ordinary election.

Recommendation

> Councils can improve the quality of financial reporting by involving an audit, risk and improvement committee in the review of financial statements.

OLG can improve the quality and timeliness of guidance provided to councils each year

The Office of Local Government (OLG) needs to release key guidance documents, such as the Local Government Code of Accounting Practice and Financial Reporting (Code) and end of year financial reporting circular, to councils earlier.

Councils are required to prepare financial statements in accordance with Australian Accounting Standards and the Code. The Code applicable for 2016–17 financial reporting provided options and guidance that in some instances did not align with Australian Accounting Standards.

Recommendation

> The Office of Local Government should release the Local Government Code of Accounting Practice and Financial Reporting and the End of Year Financial Reporting Circular earlier in the audit cycle, ideally by 30 April each year.
>
> The Local Government Code of Accounting Practice and Financial Reporting should align with Australian Accounting Standards.

Seventy-one per cent of councils lodged audited financial statements by the statutory deadline

Councils must lodge audited financial statements with OLG by 31 October each year, that is, within four months after the end of their financial year. Forty councils did not meet this deadline for their 2016–17 financial statements and required an extension from OLG. Bayside Council received a lodgement extension for their 2016–17 financial statements to 31 May 2018 and has not yet presented them for audit.

Early close procedures help to improve the quality and timeliness of financial reporting

Early close procedures can identify issues and key risk areas that councils need to consider and resolve before the year-end process. Asset valuation issues affected the quality and timeliness of many councils' financial statements in 2016–17. Completing infrastructure, property plant and equipment valuations is a key early close procedure that can improve the quality and timeliness of financial reporting.

Recommendation

> The Office of Local Government should introduce early close procedures with an emphasis on asset valuations.



3. Financial performance and sustainability

Our next chapter reviews the financial performance of councils using indicators that the OLG prescribe. Councils must report against these in their audited financial statements:

- operating performance
- own source operating revenue
- unrestricted current ratio
- debt service cover ratio
- rates and annual charges outstanding percentage
- cash expense cover ratio.

Councils' annual reports also include the unaudited Special Schedule 7 'Report on Infrastructure Assets', in which councils report performance against four further measures:

- building and infrastructure renewals ratio
- infrastructure backlog ratio
- asset maintenance ratio
- cost to bring assets to agreed service level.

Three rural councils did not meet OLG benchmarks for three audited performance measures

Most councils met OLG benchmarks for at least five or all of the six audited performance measures. Eight rural, four regional, four metropolitan and two county councils did not meet OLG's benchmarks for two out of the six audited performance measures. Three rural councils did not meet OLG's benchmarks for three out of the six audited performance measures.

Eighteen councils operating expenses exceed their revenue base

The first measure of financial sustainability looks at the operating revenue that councils raise to cover their operating expenses. Eighteen councils operating expenses exceed their revenue base. For 11 councils, this has been the case for the past three years. Another 20 councils would not have met the operating performance benchmark without the advance receipt of their 2017–18 financial assistance grant, which was recorded as revenue during 2016–17.

Fifty-nine councils did not meet the OLG benchmark for generating own source revenue

Councils are also expected to generate 60 per cent of their revenue from their own sources. Fifty-nine councils did not meet this OLG benchmark, and 42 of these were rural councils. Rural councils have high-value infrastructure assets that cover large areas, with smaller populations and less capacity to raise revenue from alternative sources compared with metropolitan councils.

Most councils have sufficient liquidity and working capital

All but three councils met OLG's benchmark for the unrestricted current ratio, meaning the councils can meet short-term obligations as they fall due.

Most councils also have the capacity to cover more than three months of operating expenditure as measured by the cash expense cover ratio. However, some of the funds held by councils are restricted and should only be used for specific purposes.

A council with a high proportion of restricted funds may have limited flexibility to pay operating expenses. While a council can resolve to lift internal restrictions on funds to use them for a different purpose, the Minister for Local Government's approval is required to use externally restricted funds for another purpose.

All but two councils met OLG's debt service cover ratio benchmark

The debt service cover ratio measures the operating cash available to service debt. All but two councils met OLG's benchmark of greater than two times. This was due to these two councils repaying borrowings early.

One-hundred and twenty-three councils reported borrowings at 30 June 2017. Councils utilise borrowings to fund capital projects and to address backlog maintenance. Regional councils accounted for 56 per cent of the value of total council borrowings because they also borrow to manage water and sewerage infrastructure.

Eighteen councils did not meet OLG's benchmark for collecting rates and annual charges

Most councils are collecting rates and annual charges levied. However, eight rural, five regional, three metropolitan and two county councils did not meet the benchmark of having less than five per cent (metropolitan) or ten per cent (regional, rural and county) of rates and charges outstanding. These eighteen councils also did not meet the infrastructure backlog ratio.

Many councils did not meet OLG's benchmarks for renewing and maintaining infrastructure assets

The infrastructure asset indicators reported by councils suggest that many need to examine their asset management plans and consider whether investment in infrastructure assets is sufficient. Thirty-one councils reported they do not meet the OLG benchmarks for either the buildings and infrastructure renewals ratio, the infrastructure backlog ratio or the asset maintenance ratio. Individually:

- seventy councils reported that they are not renewing infrastructure assets at the same rate they are depreciating them
- eighty-four councils reported that they have not kept the infrastructure maintenance backlog below OLG's benchmark
- seventy-one councils reported actual asset maintenance lower than planned asset maintenance.

4. Asset management

NSW councils own and manage a significant range of assets, including infrastructure, property, plant and equipment with a value of $136 billion. Many of our audit report qualifications, significant matters, prior-period errors and high risk issues related to assets.

Councils need to strengthen their asset registers

Our audits identified $145 million worth of land and infrastructure assets at 24 councils that were not recorded in asset registers or the financial statements. This is in addition to the rural fire-fighting equipment not recorded by councils that is discussed in the following sections. We also found examples of multiple asset registers with conflicting information, inaccurate or incomplete registers and unreconciled registers.

Effective asset management requires accurate records of the assets that councils control. Council asset registers should accurately capture all assets to improve the quality and timeliness of financial statements. It is important that councils regularly update registers and reconcile them with asset management systems. Where manual spreadsheets are used to record asset details, suitable controls must be in place.

A large part of rural fire-fighting equipment is not reported in government financial statements

Our 2016–17 audits of the NSW local government sector noted that 46 councils did record vested rural fire-fighting equipment in their financial statements. However, 62 councils do not record similar rural fire-fighting assets in their financial statements. These councils are of the view that they do not control these rural fire-fighting assets used by the NSW Rural Fire Service.

NSW Treasury and the NSW Rural Fire Service are of the view that the NSW Rural Fire Service does not control rural fire-fighting equipment which has been vested in councils under the *Rural Fires Act 1997*. NSW Treasury and NSW Rural Fire Service consider that these assets are controlled by councils. The financial statements of the NSW Total State Sector and the NSW Rural Fire Service do not include these assets. Consequently, a large portion of rural fire-fighting assets are not reported in either State government or local government financial statements.

Recommendation

> The Office of Local Government should address the different practices across the local government sector in accounting for rural fire-fighting equipment before 30 June 2018.
>
> In doing so, the Office of Local Government should work with NSW Treasury to ensure there is a whole-of-government approach.

Asset valuation methods are not capturing asset values effectively

The Code requires that council assets reflect the fair value principles in Australian Accounting Standards.

Many significant issues arose in our audits because council asset revaluation processes were not robust. This affected both the quality and timeliness of the financial statements.

Our audits identified that ten councils overstated the fair value of land assets as their valuations did not take into account external restrictions on community land or land under roads as required by the Code and Australian Accounting Standards. This was the reason for one-third of the material errors that needed to be corrected in councils' previous years' audited financial statements and for the qualified audit opinion issued on The Hills Shire Council's 2016–17 financial statements.

We also found multiple cases where councils did not adequately review valuation results, comply with applicable codes or obtain accurate valuations. This was the reason for the qualified audit opinion issued on Junee Shire Council's 2016–17 financial statements.

Councils need to improve their asset valuation processes by strengthening reviews, supporting valuations with robust documentation and commencing the revaluation process earlier in the financial year.

Considerable variability in the way councils report the useful lives of similar assets

We found considerable variability in the way councils reported the useful lives of similar assets in their financial statements. This in turn affects the depreciation expense recognised in councils' financial statements and the key performance indicators that councils report. The useful lives of all assets need to be reviewed annually using current asset condition assessments.

All councils should comply with OLG asset planning requirements

Sound asset management requires effective planning. All councils should meet the asset management planning requirements in OLG's Integrated Planning and Reporting Framework to help ensure they have a plan to manage assets efficiently over their life.

We found that 13 councils did not have an asset management policy, strategy and plan.



5. Governance and internal controls

Councils should prioritise high risk governance and control deficiencies

Our audits reported 17 high risk issues relating to policies and procedures, risk management, manual journals, reconciliations, purchasing and payables, and payroll processes. It is important to address high risk matters as a priority.

Councils can improve management oversight and governance structures

We found that councils can strengthen governance measures, by having audit committees and internal audit functions, policies and procedures for critical business processes, legislative compliance frameworks and risk management practices.

Councils are not currently required to have an audit, risk and improvement committee and consequently 53 councils do not have an audit committee. Proposed legislative changes will require all councils to appoint an audit, risk and improvement committee by March 2021.

Recommendation

> Councils should early adopt the proposed requirement to establish an audit, risk and improvement committee.

An internal audit function is currently not a requirement for councils, and consequently, 52 councils do not have this function. In addition, the Office of Local Government (OLG) has not updated its Internal Audit Guidelines since they were issued in 2010.

Recommendation

> The Office of Local Government should introduce the requirement for councils to establish internal audit functions and update its 2010 Internal Audit Guidelines.

The Office of Local Government's register of council entities is not complete

The *Local Government Act 1993* requires councils to obtain the consent of the Minister for Local Government before forming a corporation or any other entity[2], as defined under section 358(4) of the Act (referred to as a 'council entity'). OLG maintains a register of council entities for which ministerial approval has been sought. Our audit work concluded that the register that OLG maintains is not complete.

Recommendation

> The Office of Local Government should maintain an accurate register of entities approved under section 358 of the *Local Government Act 1993.*

[2] Section 358(4) of the *Local Government Act 1993* defines entity as 'any partnership, trust, joint venture, syndicate or other body (whether or not incorporated), but does not include any such entity that is of a class prescribed by the regulations as not being within this definition'.

We also found that the *Local Government Act 1993* does not stipulate a financial reporting framework for council entities. As a result, there are disparate reporting and auditing practices for entities established across the sector.

Recommendation

> The Office of Local Government should consider establishing a financial reporting framework for council entities.

Councils can strengthen policies and procedures to support business processes

Our audits identified two high risk instances in two councils where business and IT policies and procedures did not exist to support critical business and information technology processes. It is important that critical policies, standards and guidelines are available to staff and contractors to provide direction for the day-to-day operations of a council, promote consistency in processes, clarify roles and responsibilities and support compliance with laws, regulations and codes.

Councils can improve internal controls in business processes

Effective internal controls are important to help councils operate efficiently and effectively, to meet service delivery objectives, and to enable accurate and timely reporting.

We identified two high risk issues where councils had weak controls over manual journals. In one instance, this resulted in significant errors in the financial statements. Councils should independently review manual journals and prepare and review account reconciliations earlier.

We identified five high risk internal control deficiencies in the purchasing function relating to unauthorised expenditure, non-compliance with tendering guidelines and a significant breakdown of purchasing controls.

We noted one high risk internal control deficiency in the payroll function related to payroll staff having unrestricted access to amend sensitive payroll data in the system.

6. Information technology

Like many organisations, councils increasingly rely on information technology (IT) to deliver services and manage sensitive information.

Our audits reported nine high risk issues, predominantly related to inappropriate user access. Information technology deficiencies represented the highest number of issues we reported.

Controls over user access to IT systems need to be strengthened

User access controls reduce the risk of users having excessive access to critical financial systems and sensitive information. Our audits found many instances where user access controls were insufficient. These controls should ensure that individuals only have access to financial systems and data necessary to undertake their job responsibilities.

Our audits also found examples of users with inappropriate privileged access In addition, we found instances of inadequate review and insufficient retention of access logs to monitor the activities of privileged system users. Privileged access occurs when a person can change key system configurations and has wide access to system data, files and accounts. We also identified external IT service providers with unrestricted privileged access to council systems and data.

It is important that councils strengthen user access administration to prevent inappropriate access. They should update user access roles in line with the responsibilities of a position and review the level of user access regularly. Councils also need to ensure their existing risk management framework provides assurance for controls over IT outsourcing, and strengthen controls where required.

We identified weaknesses in user developed applications (UDAs), which are developed or managed outside IT administration. This increases the risk of errors that may adversely affect the integrity and quality of information produced. Councils need to adequately control UDAs where they continue to use them and back up business-critical information.

Councils need to strengthen information technology governance

IT governance should be founded on:

- a fit-for-purpose IT strategy and operational plan
- appropriate policies, standards and guidelines across all critical IT processes.

We found that one in four councils do not have an IT strategy or IT operational plan and some need to develop or improve IT policies and procedures. Sixty-six councils do not have an adequate information security policy.

Seventeen councils also do not have a documented plan to recover from a disaster. Councils need to develop a plan and periodically review it. They also need to periodically test that they can restore backed-up data to ensure business continuity in the face of a system disaster.

1. Introduction

1.1 The local government sector

Local government is the third tier of government. It is established under State legislation, which defines the powers and geographical areas each council is responsible for.

Each council is a statutory corporation. Elected councillors form the governing body that directs council affairs in line with the *Local Government Act 1993* and Local Government (General) Regulations 2005.

Local councils deliver services and infrastructure to a geographic area. County councils are formed for specific purposes such as to supply water, manage flood plains or eradicate noxious weeds.

During 2016, the NSW local government sector was reduced from 166 to 140 councils, resulting in 128 local councils and 12 county councils. This was due to council amalgamations that formed 19 new councils on 12 May 2016 and one new council on 9 September 2016. Appendix four lists the former councils that were amalgamated into 20 new councils.

The table below shows the number of councils before and after amalgamations.

Council categories	Number of councils before amalgamations	Number of councils after amalgamations (as at 30 June 2017)
Metropolitan	38	34
Regional	48	37
Rural	66	57
County	14	12
Total	**166**	**140**

From 1 July 2017, two more county councils were dissolved. The functions of:

- Mid-Coast County Council were transferred into the newly formed Mid-Coast Council
- Southern Slopes County Council were transferred into the Yass Valley Council and the newly formed Hilltops Council.

This report includes the audit results of the 139 councils that have lodged their 2016–17 audited financial statements with the Office of Local Government, plus two water authorities. Bayside Council received a lodgement extension for their 2016–17 financial statements to 31 May 2018 and has not yet presented them for audit.

This report also includes the audit results of the 2015–16 financial statements of eight councils and three water authorities.

In preparing this report, the comments and analysis are drawn from:

- audited financial statements
- data collected from councils
- audit findings reported to councils
- data from external sources, including population, kilometres of roads, and council area data obtained from the Australian Bureau of Statistics and the Office of Local Government.

We have also classified councils into four groups – metropolitan, regional, rural and county. Further details are provided in Appendix three.

1.2 Service delivery

Councils invest significant resources each year to deliver a wide range of services to the community. These include waste collection, planning, child and family day care, and recreational services. Councils also build and maintain infrastructure, including roads, footpaths and drains, and enforce various laws.

Council services vary depending on community needs

While core functions, such as waste collection, are similar across councils, the range of services that each council provides varies greatly. The mix is influenced by population density, demographics, the local economy, geographic and climatic characteristics.

Spending on services

The following graphic shows the councils' expenditure by function in 2016–17.



a Categories are based on the Local Government Purpose Classifications issued by the Australian Bureau of Statistics.

b Appendix six provides further information on council expenditure by function.

Source: Audited financial statements for 2016–17. Excludes county councils.

In 2016–17, councils collectively reported expenditure of $11.4 billion, of which:

- $2.1 billion was for governance and administration, including corporate and support services, engineering works, council elections, meetings and policy-making committees, members' fees and expenses, subscriptions, public disclosures and legislative compliance.
- $2.1 billion was for transport and communications, including sealed and unsealed roads, bridges, footpaths, parking areas and aerodromes.
- $2.0 billion was spent on the environment, including waste management, sanitation and garbage, street cleaning, drainage and stormwater management, and environmental protection.
- $1.7 billion was spent on recreation and culture, including public libraries, museums, art galleries, community centres, public halls and performing arts venues, sporting grounds and venues, swimming pools, parks, gardens and lakes.

Metropolitan councils service sixty-five per cent of the State's population in an area of 12,135 square kilometres (1.7 per cent of the total State area). Regional and rural councils provide water and sewerage services to communities outside areas covered by metropolitan water utilities. Rural councils maintain almost 60 per cent of all roads controlled by local government authorities.

Twelve county councils perform activities that typically span across a number of council areas, such as supplying water, managing flood plains and eradicating noxious weeds.

Audit Office performance audit report on how councils report on service delivery

On 1 February 2018, the Auditor-General tabled a performance audit report on 'Council reporting on service delivery'. It concluded that councils reported well on their outputs, but there are opportunities to improve reporting on outcomes, efficiencies and results against targets.

1.3 Council data visualisation

To aid access, transparency, and comparison of councils' financial statement data, we have created a data visualisation as part of this report, which is available on the Audit Office of New South Wales website. The visualisation presents revenue, expense, operating surplus, asset and liability data, along with key financial performance and sustainability indicators for each council. The 2016–17 financial statement data used in the data visualisation tool is summarised in Appendix nine and ten of this report.

The data visualisation also presents minimum, median and maximum values within selected council groupings. While these values aid in comparison and assist further inquiry, a good or bad performance conclusion cannot be drawn from this data alone.

The visualisation excludes financial statement data for four councils due to either an incomplete audit, or where our audit opinion on the councils' financial statements was modified (qualified).



Financial reporting

2. Financial reporting

Accurate and timely financial statements are an important element of sound financial management. They bring accountability and transparency to the way councils use public resources. Our financial audits assessed the following aspects of councils' financial reporting:

- quality of financial reporting
- timeliness of financial reporting.

Observation	Conclusion or recommendation
2.1 Quality of financial reporting	
Qualified audit opinions	
We issued unmodified audit opinions on the: • 2016–17 financial statements of 136 councils and two water authorities • 2015–16[3] financial statements for seven councils and two water authorities.	The councils that received unmodified audit opinions prepared financial statements that fairly present their financial position and results.
We issued modified (qualified) opinions on the: • 2016–17 financial statements of three councils • 2015–16 financial statement of one council and one water authority.	Councils with modified opinions should address the issues that give rise to the audit qualification.
Significant audit matters	
We reported 39 significant matters in 29 councils. They included material accounting issues and significant deficiencies in internal controls. Seventy-seven per cent of the matters related to assets.	Significant issues with the quality of financial reporting delayed the completion of a number of audits. Improving the reporting on assets should be a priority.
Prior period errors	
We found 33 material errors worth $9.1 billion in the previous audited financial statements of 22 councils. These all required prior-year audited balances to be corrected. Eighty-eight per cent of these were asset-related.	The high number of asset-related prior-period errors reinforces the need for councils to improve the way they value and account for assets.
Financial statements	**Recommendation**
We reported 43 moderate risk findings where councils can improve the way they complete their financial statements.	Councils can improve the quality of financial reporting by reviewing their financial statements close processes to identify areas for improvements.
Of the councils that had an audit, risk and improvement committee, 55 per cent of these did not review the financial statements before audit.	**Recommendation** Councils can improve the quality of financial reporting by involving an audit, risk and improvement committee in the review of financial statements.

[3] The Auditor-General was appointed statutory auditor of eight councils for the 2015–16 reporting period at the specific request of councils, due to the failure by councils to appoint an auditor, or the inability of the previous auditor to complete the audit due to external investigation or auditor retirement.

Observation	Conclusion or recommendation
OLG guidance To support councils in preparing 30 June 2017 financial statements, OLG issued guidance documents in June 2017 and September 2017. This limited the time councils had to prepare financial statements in the prescribed form and resolve financial reporting and audit issues.	**Recommendation** The Office of Local Government should release the Local Government Code of Accounting Practice and Financial Reporting and the End of Year Financial Reporting Circular earlier in the audit cycle, ideally by 30 April each year.
The Code applicable for the 2016–17 financial reporting period provided options and guidance that in some instances did not fully align with Australian Accounting Standards.	**Recommendation** The Local Government Code of Accounting Practice and Financial Reporting should align with Australian Accounting Standards.
2.2 Timeliness of financial reporting	
Statutory deadlines One hundred councils submitted audited financial statements to OLG by the statutory deadline of 31 October 2017. Thirty-nine councils received reporting extensions up to 28 February, including 16 of the 20 newly amalgamated councils. Bayside Council received a reporting extension to 31 May 2018 and has not yet presented their financial statements for audit.	Councils need to improve their financial reporting processes in order to lodge their financial statements by the statutory reporting deadline.
Early close procedures Councils currently do not use early close procedures to resolve accounting issues before the end of the financial year.	**Recommendation** The Office of Local Government should introduce early close procedures with an emphasis on asset valuations.

2.1 Quality of financial reporting

Three indicators help to assess the quality of councils' financial statements:

- modified and unmodified audit opinions
- significant matters reported to management and those responsible for the governance of a council
- prior-period errors.

While we issued unmodified audit opinions for most councils, the number of significant matters and prior period errors indicate that the overall quality of financial reporting requires improvement.

Asset valuation issues affected the quality of many councils' financial statements in 2016–17, and were the reason for:

- two modified (qualified) audit opinions
- most of the prior-period errors, significant matters and high risk matters reported.

Audit opinions

The key outcome of our audits is an independent audit report on the financial statements that councils must produce each year. We issue either a modified or unmodified opinion on these reports, which indicates whether councils' financial statements fairly present their financial position and performance.

We issued five modified (qualified) audit opinions

We issued modified audit opinions on the:

- 2016–17 financial statements of three councils
- 2015–16[4] financial statements of one council and one water authority.

The following tables explain the reasons for our modified audit opinions.

Council	Reason for modified audit opinion on the financial statements
2016–17 financial statements	
The Hills Shire Council	The method used by council to value land under roads did not appropriately reflect external restrictions on the use of this land as required by Australian Accounting Standards.
Junee Shire Council	Council could not demonstrate that roads, bridges, footpaths and bulk earthworks were reported at fair value, as it did not value these asset classes during the year. The last valuation was conducted in 2012.
Yass Valley Council	Council did not record the receipt of financial assistance grants from the Australian Government as revenue in the year received, as required by Australian Accounting Standards.
2015–16 financial statements	
City of Botany Bay Council	Significant breakdowns in administrative, financial and governance internal controls affected the reliability of financial reporting of the former Council. A significant fraud involving former management was also identified in the reporting period. Consequently, councillors and management were unable to provide written representation that the financial statements present fairly the financial performance and position of the Council. As a result, Australian Auditing Standards require a disclaimer of opinion to be issued.
Gosford Water Authority	Management could not confirm it had recorded all transactions in the financial statements due to control weaknesses in the Authority's finance system.

In addition, one council received an unmodified audit opinion on its 2016–17 financial statements, that also emphasised an important matter.

Council	Reason for the emphasis of matter in the unmodified audit opinion
2016–17 financial statements	
Central Darling Shire Council	It was uncertain if the council could continue operating without using restricted water and sewer funds. Using externally restricted funds for other purposes requires Ministerial approval under the *Local Government Act 1993*. Ministerial approval was not obtained.

We issued unmodified audit opinions for the remaining:

- 136 councils and two water authorities on the 2016–17 financial statements
- seven councils and two water authorities on the 2015–16 financial statements.

[4] The Auditor-General was appointed statutory auditor of eight councils for the 2015–16 reporting period at the specific request of councils due to the failure by councils to appoint an auditor, or the inability of the previous auditor to complete the audit due to external investigation or auditor retirement.

We are yet to issue an audit opinion on Bayside Council's 2016–17 financial statements.

Council	Approved lodgement extension date	Reason for extension
Bayside Council	31 May 2018	The Office of Local Government approved a reporting extension for this council until 31 May 2018 due to incomplete financial records of the former City of Botany Bay Council.

The outcome of this incomplete audit will be reported in next year's report to Parliament.

Councils received unqualified audit opinions on special purpose financial information

Councils must also prepare two further documents that are audited:

- special purpose financial statements for declared business activities
- special schedule 8 'Permissible Income'.

The special purpose financial statements are required when councils provide services that compete in the marketplace. Special schedule 8 details the amount that councils can levy from rates for the next financial year. This amount is capped by the rate-peg limit set by the Independent Pricing and Regulatory Tribunal NSW.

The City of Botany Bay Council's 2015–16 special purpose financial statements were modified for the reason noted above. The Council did not prepare Special Schedule 8 'Permissible Income' in 2015–16.

Significant matters

Australian Auditing Standards require that we report significant matters identified during the audit to those responsible for the governance of a council. This includes the mayor or administrator, councillors and general manager. We also report significant matters to existing audit, risk and improvement committees, given their role in overseeing the financial reporting process.

Significant matters can include material accounting issues and internal control weaknesses.

The 2016–17 audits reported 39 significant matters

Our 2016–17 audits reported 39 significant matters in 29 councils. Most related to asset valuation and accounting issues, including:

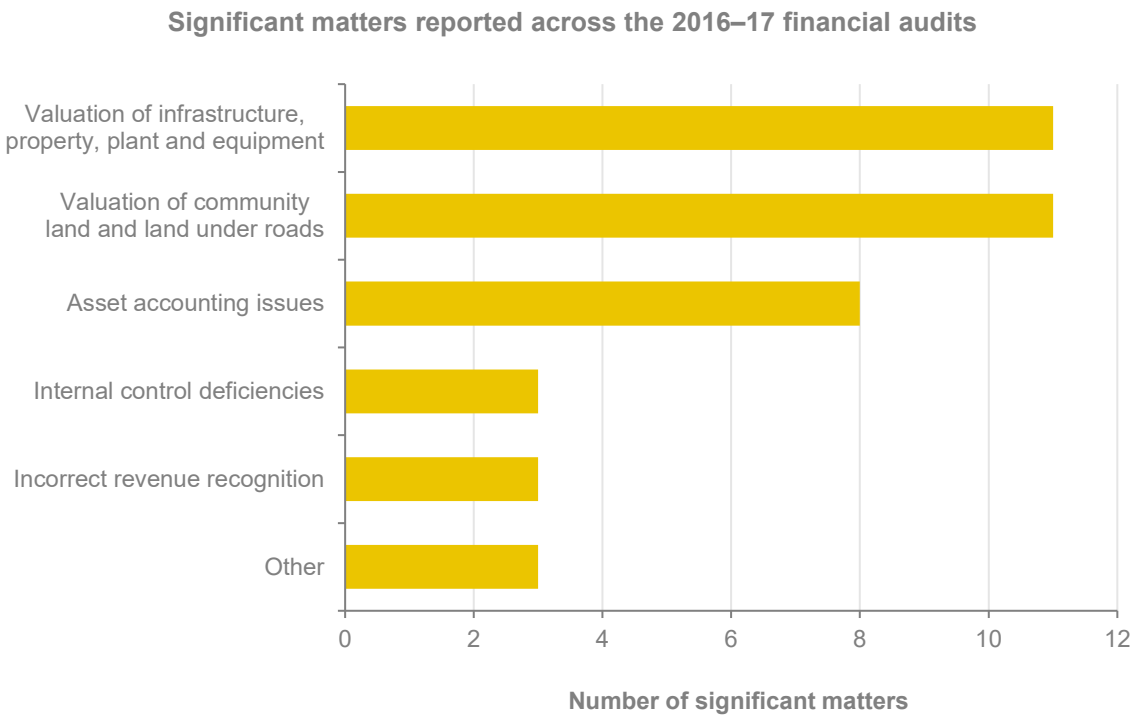
- ineffective controls and procedures to support asset valuations
- not appropriately considering external restrictions on the use of community land and land under roads when determining the fair value of assets
- incorrect accounting for Crown reserves and investment properties.

We discuss the asset-related issues further in Chapter 4.

The non asset-related significant matters included:

- internal control deficiencies over IT security
- incorrect recognition of revenue from government grants
- inappropriate use of corporate credit cards
- restricted funds used inappropriately.

The following graph below captures the range of significant matters we reported.



Source: Audited financial statements for 2016–17.

Prior-period errors

A prior-period error is an error identified in the current year that relates to the previous year's audited financial statements.

We found 33 material prior period financial reporting errors relating to 22 councils

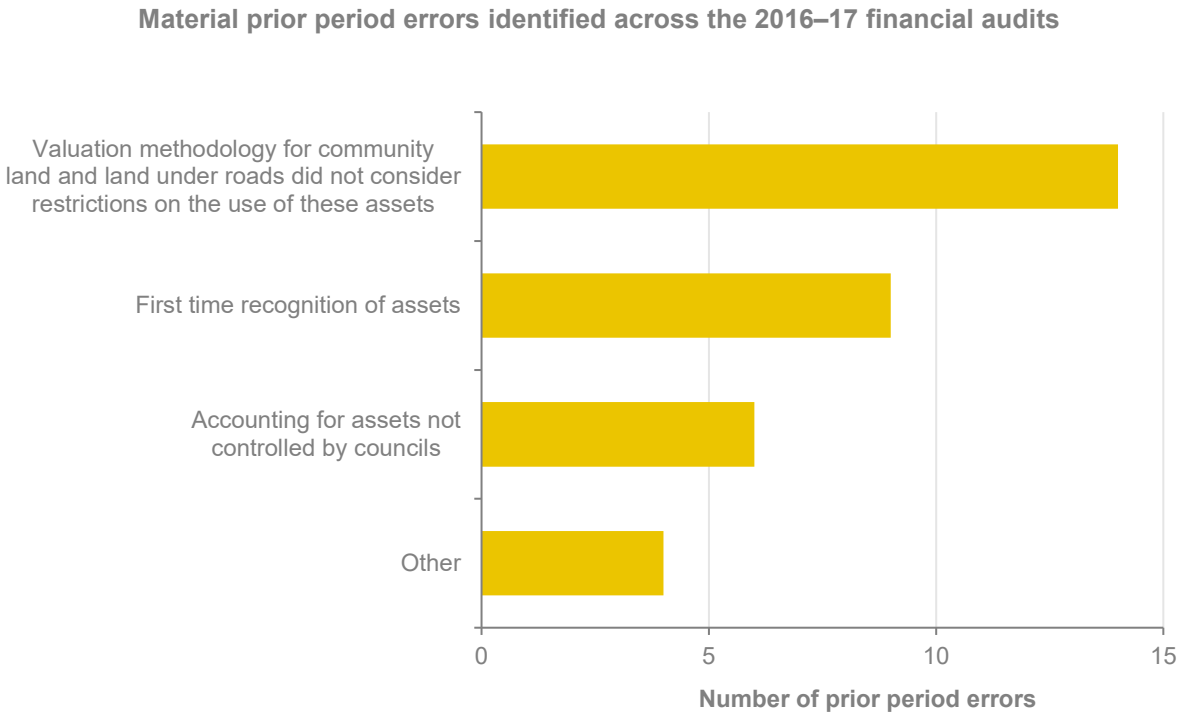
Eighty-eight per cent of material prior-period errors related to assets, including:

- failure to account for external restrictions on the use of community land and land under roads
- assets that were not recorded in the financial statements
- incorrect accounting for Crown reserves and investment properties.

We discuss the asset-related issues further in Chapter 4.

The remaining errors related to applying Australian Accounting Standards incorrectly, such as recognising the revenue from government grants.

The graph below illustrates the nature of the prior-period errors we found, which had a total value of $9.1 billion. These errors meant that previous financial statements had to be corrected.



Source: Audited financial statements for 2016–17.

Financial statements

Councils need to improve the way they prepare financial statements

Recommendation

Councils can improve the quality of financial reporting by reviewing their financial statements close processes to identify areas for improvement.

The lack of robust quality assurance processes resulted in errors and disclosure deficiencies in councils' financial statements. At 43 councils, we considered these issues were significant enough to report as moderate risk findings in our management letters. Common issues include:

- incomplete note disclosures required by the Code, such as for related parties, commitments, fair value measurement, financial instruments, accounting policies and subsequent events
- incorrect classification of balances, such as employee provisions
- incorrect reporting of council entities, ownership percentages for interests in other entities and assets transferred on amalgamation
- errors in the cash flow statement and statement of changes in equity.

Better practice guides, such as the Australian National Audit Office's 'Public Sector Financial Statements: High quality reporting through good governance and processes' provide useful guidance, as the following checklist shows.

Better practice: Financial statements preparation process

A better practice financial statements preparation process has the following attributes:

- Has the visible commitment and support of the council and management.
- Applies the concept of materiality to the preparation of the financial statements, including in deciding the level of disclosure required.
- Maintains a strong and effective internal control framework.
- Maintains effective, open and constructive relationships with key stakeholders.
- Adopts good financial reporting practices throughout the year.
- Invests in a skilled and knowledgeable finance team.
- Applies good practice project management including the development of a detailed work plan and a focus on meeting agreed deadlines.
- Applies robust risk management practices.
- Identifies technical accounting issues and ensures there is consultation with stakeholders at an early stage.

Source: Australian National Audit Office, 'Public Sector Financial Statements: High quality reporting through good governance and processes'.

An audit, risk and improvement committee can support councils' financial management

Recommendation

Councils can improve the quality of financial reporting by involving an audit, risk and improvement committee in the review of financial statements.

Councils are not currently required to have an audit, risk and improvement committee and consequently 53 councils do not have an audit committee. Changes to the *Local Government Act 1993* made by the *Local Government Amendment (Governance and Planning) Act 2016* will require councils to establish an audit, risk and improvement committee (ARIC). This is expected to be a requirement by March 2021.

Of the 85 councils (60 per cent) that already have an ARIC in some form, only 45 per cent reviewed financial statements before they were submitted for external audit.

Councils can make better use of the ARIC, where it does exist, to oversee the council's financial information including the process to prepare the annual financial statements. The ARIC can support quality financial reporting by:

- ensuring key risk areas (such as asset revaluations) have been addressed
- tracking the resolution of audit findings from prior years
- confirming that key estimates and judgements in financial statements are reasonable
- recommending to the council whether the financial statements are appropriate to sign.

Office of Local Government guidance

The Office of Local Government needs to release key guidance documents earlier

Recommendation

The Office of Local Government should release the Local Government Code of Accounting Practice and Financial Reporting and the End of Year Financial Reporting Circular earlier in the audit cycle, ideally by 30 April each year.

The Office of Local Government (OLG) released two key documents to guide councils in preparing their 2016–17 financial statements:

- June 2017: Local Government Code of Accounting Practice and Financial Reporting (the Code)
- September 2017: End of year financial reporting 2016–17 Circular.

This timing meant there was limited scope for councils to apply the guidance in these documents when preparing financial statements by the statutory deadline of 31 October 2017. This also reduced the capacity of councils to resolve financial reporting, audit and compliance issues.

The Office of Local Government released the Code for the 2017-18 financial reporting year on 18 April 2018.

Local Government Code of Accounting Practice should align with Australian Accounting Standards

Recommendation

The Local Government Code of Accounting Practice and Financial Reporting should align with Australian Accounting Standards.

The Office of Local Government's Code of Accounting Practice and Financial Reporting (Code) sets the financial reporting requirements for councils. The Code requires councils to prepare financial statements in accordance with Australian Accounting Standards.

The Code applicable for 2016–17 financial reporting provided options and guidance that in some instances did not fully align with Australian Accounting Standards. For example, the Code:

- allowed councils the option to either recognise, or to not recognise rural fire-fighting equipment assets. This resulted in varying accounting practices across the sector and a significant portion of these assets not being reported in any government financial statements
- provided three methods for the valuation of land under roads and one of them did not specify that the restricted use of these assets needed to be considered as required by Australian Accounting Standards. This resulted in overstated asset values for this asset class for some councils.

2.2 Timeliness of financial reporting

Statutory deadlines

Councils had a statutory requirement to lodge their audited financial statements with OLG by 31 October 2017.

Seventy-one per cent of councils lodged audited financial statements by the statutory deadline

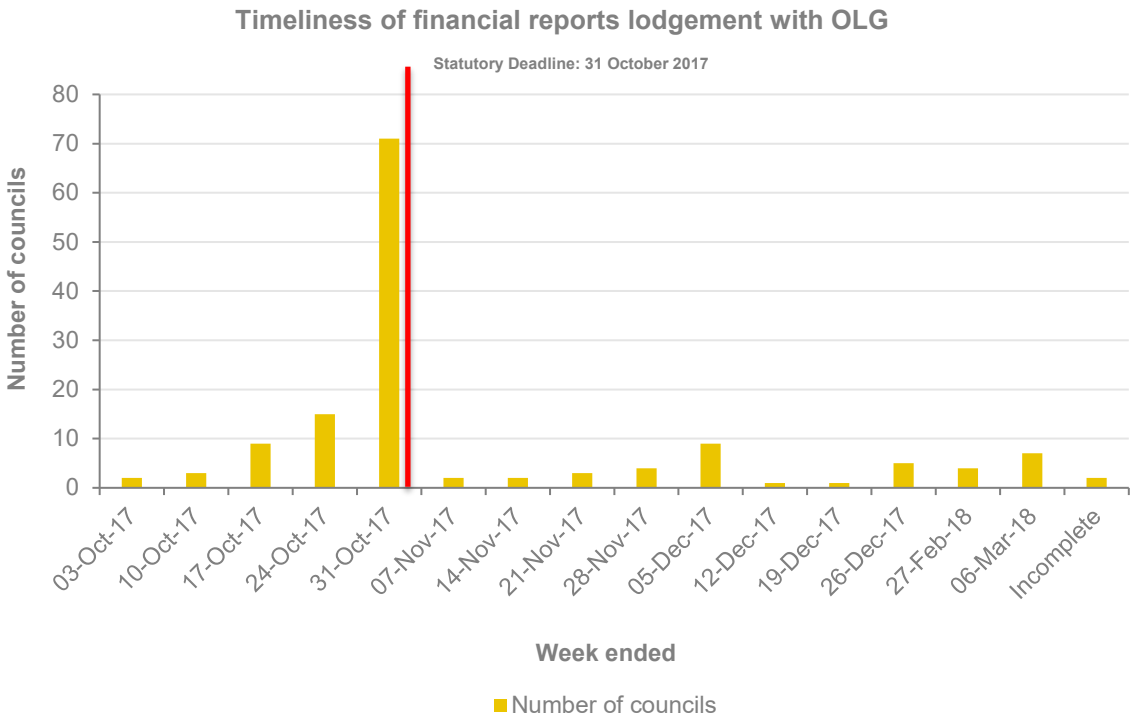
One hundred councils (71 per cent) met this requirement for the 2016–17 financial reporting period. However, of these, 71 councils submitted their audited financial statements to OLG during the last week of October 2017.

In many cases, councils provided multiple versions of the financial statements during the audit, including one council where 15 versions of the financial statements were presented for audit. This significantly delayed the audit and the lodgement of audited financial statements with OLG.

Under the *Local Government Act 1993*, a council may apply to OLG for an extension to the statutory reporting deadline. Forty councils received extensions for their 2016–17 financial statements including 16 newly amalgamated councils. These councils experienced challenges in harmonising accounting policies and practices and combining separate and distinct information technology and reporting systems.

Other reasons that councils put forward to support an extension were council resourcing issues and lack of financial records (particularly poor asset records). These issues had implications on audit resourcing and the timely completion of some audits by the Audit Office.

The graph below maps the lodgement dates of councils' financial statements.



Note: No council(s) lodged audited financial statements with OLG in January 2018.

2.3 Early close procedures

Early close procedures help to improve the quality and timeliness of financial reporting

Recommendation

The Office of Local Government should introduce early close procedures with an emphasis on asset valuations.

Early close procedures are those done before the end of a financial year, usually at the end of a month, such as 30 April. These procedures help to improve the timeliness and quality of financial reporting. They can identify issues and key risk areas that councils need to resolve before the year-end process. The table provides examples of early close procedures.

Asset valuation issues affected the quality of many councils' 2016–17 financial statements and were the reason for two modified (qualified) audit opinions and the majority of high risk and significant matters reported.

Preparing proforma financial statements at an early close date is a good test of a council's processes and controls.

The audit, risk and improvement committee could support the early close process by ensuring that audit findings are addressed before the year-end financial statements are prepared.

Early close procedures

- Complete infrastructure, property plant and equipment valuations.
- Prepare proforma financial statements and associated disclosures.
- Prepare variance analysis and meaningful explanations for movements in financial balances.
- Perform key account reconciliations.
- Assess the impact of material, complex and one-off significant transactions.
- Explain any unresolved prior year audit issues including the proposed action plan to resolve them.
- Assess the impact of new and revised accounting standards effective in the current and future years.
- Review of financial statements and processes by management and the audit, risk and improvement committee.



Financial performance and sustainability

3. Financial performance and sustainability

Strong and sustainable financial performance provides the platform for councils to deliver services and respond to the needs of their community. This chapter outlines our audit observations on the performance of councils against the Office of Local Government's (OLG) performance indicators, grouped in three areas:

- operating revenue performance measures
- liquidity and working capital performance measures
- asset management performance measures.

Our analysis indicates that some councils face challenges in meeting these performance and sustainability measures.

Observation	Conclusions
3.1 Operating revenue performance measures	
Operating performance	
Operating expenses for 18 councils exceeded their operating revenue. Another 20 councils would not have met OLG's operating performance benchmark without the receipt of 2017–18 financial assistance grants which was recorded as revenue during 2016–17. Eleven councils have not met OLG's operating performance benchmark for the last three years.	It is important that councils have financial management strategies that support their financial sustainability and ability to meet OLG's operating performance benchmark over the long term.
Operating performance measures how well councils contain operating expenses within operating revenue. OLG has prescribed a benchmark of greater than zero.	
Own source operating revenue	
Fifty-nine councils did not meet OLG's benchmark, and 42 of those were rural councils.	Rural councils have high-value infrastructure assets that cover large areas with smaller populations and less capacity to raise revenue from alternative sources compared with metropolitan councils.
Own source operating revenue measures a council's fiscal flexibility and the degree to which it can generate revenue from own sources compared with total revenue from all sources. OLG has prescribed a benchmark of more than 60 per cent of total revenue.	

Observation	Conclusions
3.2 Liquidity and working capital performance measures	
Unrestricted current ratio	
All but three councils met OLG's benchmark.	Most councils can meet short-term obligations as they fall due.
The unrestricted current ratio represents a council's ability to meet its short-term obligations as they fall due. OLG has prescribed a benchmark of greater than 1.5 times.	
Debt service cover ratio	
All but two councils met OLG's benchmark. These two councils did not meet OLG's benchmark due to the early repayment of borrowings. Regional councils have 56 per cent of the value of all borrowings in the sector.	Most councils have sufficient operating cash available to service their borrowings. Regional councils borrow more heavily than metropolitan councils to deliver water and sewerage infrastructure. Metropolitan councils do not have the responsibility to provide water and sewerage infrastructure.
The debt service cover ratio measures the operating cash available to service debt including interest, principal and lease payments. OLG has prescribed a benchmark of greater than two times.	
Rates and annual charges outstanding	
Eight rural, five regional, three metropolitan and two county councils did not meet OLG's benchmark. These councils also did not meet the infrastructure backlog ratio.	Most councils are collecting rates and annual charges levied. Councils with higher levels of uncollected rates and charges can experience increased pressure on the working capital available to fund operations.
The rates and annual charges outstanding measure assesses the impact of uncollected rates and annual charges on a council's liquidity and the adequacy of debt recovery efforts. OLG has prescribed a benchmark of less than five per cent for metropolitan and less than ten per cent for other councils.	
Cash expense cover ratio	
Three rural and two county councils did not meet OLG's benchmark.	Most councils have the capacity to cover more than three months of operating expenses.
The cash expense cover ratio indicates the number of months a council can continue paying its expenses without additional cash inflows. OLG has prescribed a benchmark of greater than three months.	
This measure does not exclude externally and internally restricted funds. If externally restricted funds are excluded, all councils would still meet OLG's benchmark. If both externally and internally restricted funds are excluded: • an additional 32 councils would have a cash expense cover ratio of less than three months • a further nine councils are left without any unrestricted funds for general operations.	Councils with a higher proportion of restricted funds may have less flexibility to pay operational expenses than the cash expense cover ratio suggests. However, councils can resolve to lift internal restriction if required.

Observation	Conclusions
3.3 Asset management performance measures (not audited)	
Building and infrastructure renewals ratio	
Seventy councils reported to OLG they do not meet the benchmark for this ratio. Most councils included expenditure related to work-in-progress in calculating this ratio. OLG are of the view that work-in-progress should be excluded and as a result identified that a further 23 councils do not meet the benchmark.	These councils appear to not be renewing assets in line with the rate they are depreciating them. This raises questions as to whether council asset management plans are adequate to determine whether assets are being kept up to agreed standards. Uncertainty on the inclusion of work-in-progress assets does need to be is clarified in order to ensure consistency in determining whether councils are adequately renewing their assets.
The building and infrastructure renewals ratio represents the rate at which assets are being renewed relative to the rate at which they are depreciating. OLG has prescribed a benchmark of greater than 100 per cent.	
Infrastructure backlog ratio	
Eighty-four councils reported to OLG that they do not meet the benchmark for this ratio.	These councils may not be maintaining their infrastructure backlog at a manageable level.
The infrastructure backlog ratio represents the proportion of infrastructure backlog relative to the total net book value of a council's infrastructure assets. OLG has prescribed a benchmark of less than two per cent.	
Asset maintenance ratio	
Seventy-one councils reported to OLG they do not meet the benchmark for this ratio.	These councils' maintenance expenditure may be insufficient to sustain their assets in a functional state so they reach their predicted useful life.
The asset maintenance ratio represents the rate at which assets are being maintained relative to the rate at which they are required to be maintained. OLG has prescribed a benchmark of greater than 100 per cent.	
Cost to bring assets to agreed service level	
One-hundred and two councils reported results against this indicator to OLG. The reported results ranged from 0.1 per cent to 19.8 per cent.	There is variability between councils in the amount of outstanding renewal works to be completed.
This ratio represents the estimated cost to renew or rehabilitate existing infrastructure assets that have reached the condition-based interval level adopted by a council, relative to the gross replacement cost of all infrastructure assets. OLG has not prescribed a benchmark for this performance measure.	

OLG's benchmarks for financial performance and sustainability

Each local council has unique characteristics such as its size, location and services provided to their communities. These differences affect the nature of each council's assets and liabilities, revenue and expenses, and in turn the financial performance measures against which it reports.

The Office of Local Government prescribes performance indicators for council reporting

The analysis in this chapter is based on performance measures prescribed in OLG's Code of Accounting Practice and Financial Reporting (the Code). Councils report against these measures in their annual report, which includes the audited financial statements and other unaudited information. In the audited financial statements, councils report performance against six financial sustainability measures:

- operating performance
- own source operating revenue
- unrestricted current ratio
- debt service cover ratio
- rates and annual charges outstanding percentage
- cash expense cover ratio.

Councils also include the unaudited Special Schedule 7 'Report on Infrastructure Assets' in their annual reports. In this schedule, councils report to OLG on performance against four further measures:

- building and infrastructure renewals ratio
- infrastructure backlog ratio
- asset maintenance ratio
- cost to bring assets to agreed service level.

Each audited measure and three of the four unaudited measures has a prescribed benchmark. OLG's benchmarks are the same for metropolitan, regional, rural and county councils, with the exception of the rates and annual charges outstanding percentage. Regional, rural and county councils have a different benchmark to metropolitan councils for this measure.

Three rural councils did not meet three of the audited OLG benchmarks

Most councils met OLG's benchmarks for at least five or all of the six audited performance measures. Eight rural, four regional, four metropolitan and two county councils did not meet OLG's benchmarks for two out of the six audited performance measures. Three rural councils did not meet OLG's benchmarks for three out of the six audited performance measures.

The following table summarises how the councils performed across the six audited performance measures.

Number of OLG benchmarks met by councils	Number of councils			
	Metropolitan	Regional	Rural	County
6	12	12	29	5
5	17	21	17	5
4	4	4	8	2
3	--	--	3	--
Not available*	1	--	--	--
Total	**34**	**37**	**57**	**12**

* The financial statements for Bayside Council are not yet presented for audit.

Source: Audited Financial Statements for 2016–17.

Appendix ten lists the performance of each council against all performance measures.

3.1 Operating revenue performance measures

The first pair of performance indicators relate to the revenue that councils raise to deliver services:

- operating performance
- own source operating revenue.

Operating performance measures how well councils keep operating expenses within operating revenue. Own source operating revenue measures the degree to which a council can generate its own source revenue compared with the total revenue from all sources.

Operating performance

Operating revenue in this measure includes rates and annual charges, user charges and fees, interest, investment and other revenue. It excludes capital grants, capital contributions and changes in the fair value of assets.

OLG sets a benchmark of greater than zero per cent for this measure. Achieving this benchmark means councils are raising enough operating revenue to fund their operating expenses.

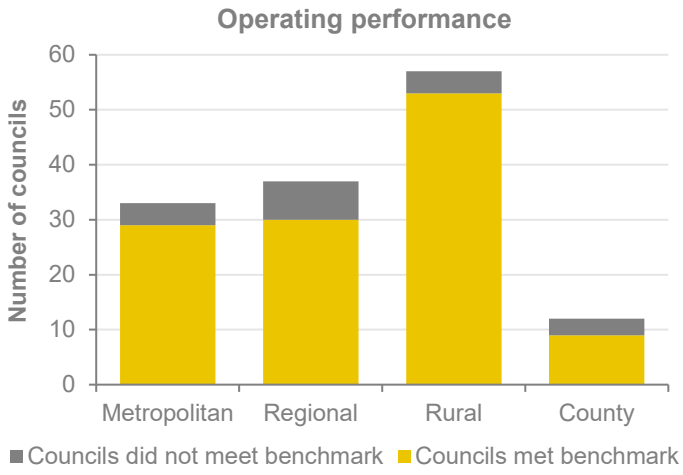
This measure assesses performance annually, so the result can be affected by short-term or one-off events and transactions, such as the profit or loss on disposal of assets and the cost of natural disasters.

Eighteen councils reported negative operating performance

Seven regional, four metropolitan, four rural and three county councils reported negative operating performance in 2016–17.

Of these 18 councils:

- five regional, two metropolitan, two rural and two county councils had reported a negative operating performance for the past three years
- fourteen councils also did not meet the infrastructure backlog ratio and twelve councils also did not meet the buildings and infrastructure renewals ratio.



Source: Audited financial statements for 2016–17.

Councils need to have financial management strategies that support their financial sustainability and meeting OLG's operating performance benchmark over the long term.

Five councils reported a net operating deficit

Yass Valley Council

In Chapter 2 Financial Reporting, we note that the audit opinion issued on the Yass Valley Council's 2016–17 financial statements was modified because Yass Valley Council did not record the receipt of financial assistance grants from the Australian Government as revenue in the year received, as required by Australian Accounting Standards.

The application of Australian Accounting Standards and the Code, with additional disclosure when appropriate, is necessary for financial statements to be presented fairly.

This resulted in an understatement of the net operating result for the year ended 30 June 2017 by $1.48 million and overstatement of a liability recorded as 'income received in advance' by the same amount. It also affected the OLG indicators reported in the Council's financial statements.

In our audit report, we recalculated affected indicators and noted that if Council had correctly recognised this grant, its operating performance measure would have improved from negative 2.32 per cent to positive 2.48 per cent and met OLG's benchmark.

A council's net result is its operating surplus or deficit after expenses are deducted from revenue. The net result includes revenue from grants and contributions intended for capital purposes, but excludes the impact of extraordinary events such as amalgamations and boundary adjustments.

In 2016–17, one metropolitan, two regional and two county councils reported operating deficits. The remaining councils, including all rural councils, reported operating surpluses.

However, these results are affected by the timing of government grants. In 2016–17, councils received $365 million of 2017–18 financial assistance grants from the Australian Government, which was recorded as revenue during 2016–17, consistent with the requirements of Australian Accounting Standards.

A council's financial statements present fairly their financial position and performance when transactions are recorded in accordance with the requirements of Australian Accounting Standards and the Code.

This grant income, received in advance, helped the 2016–17 operating performance of councils that had a net result close to break-even. Without these advance grant payments, a further 20 councils (four metropolitan, six regional and ten rural councils) would have reported negative operating performance and not met OLG's benchmark.

Own source operating revenue

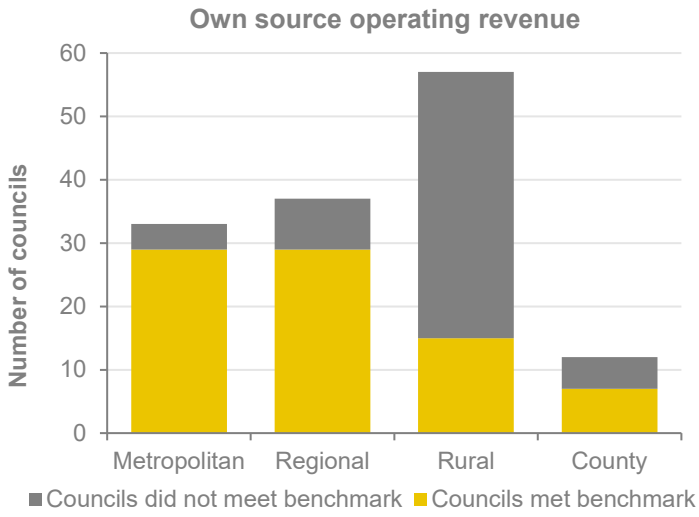
The second operating revenue measure helps to assess a council's fiscal flexibility and the degree to which it can generate own source revenue compared with the total revenue from all sources. The OLG benchmark is for own source operating revenue to be more than 60 per cent of total revenue.

This measure is sensitive to revenue from capital grants and developer contributions, and the percentage will fall where these revenue sources are significant.

Rural councils face challenges generating own source revenue

In 2016–17, forty-two rural, eight regional, five county and four metropolitan councils did not meet OLG's benchmark for own source operating revenue. This may result in councils not generating enough operating revenue to cover operating expenses.

Rural councils report challenges in generating their own revenue from rates, annual charges, user charges and fees. This is because they can have smaller populations and rating bases and lower economic activity. This reduces their capacity to generate revenue from alternative sources such as parking fees, infringement notices and rental income.



Source: Audited financial statements for 2016–17.

Seven of these 59 councils were also unable to meet the benchmark for OLG's performance measure for the collection of rates and annual charges, which is discussed later in the chapter. It is important for these councils to collect rates and annual charges on time given their challenges in generating this type of own source operating revenue.

Rural councils are responsible for maintaining infrastructure over large geographical areas. Thirteen of the 42 rural councils that did not meet OLG's benchmark for own source operating revenue also did not meet OLG's benchmarks for the buildings and infrastructure renewals ratio and infrastructure backlog ratio. These asset management performance measures are discussed later in this chapter.

Council revenue and expenses

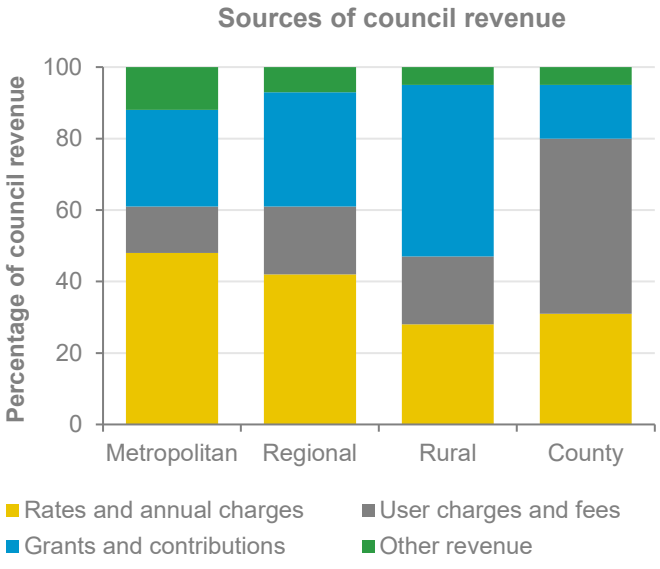
The following section details the main sources of council revenue, including special rate variations approved by the Independent Pricing and Regulatory Tribunal NSW, and the major categories of council expenditure. These are key drivers underlying several performance measures.

Revenue sources can vary significantly between councils

A council's total revenue comes from rates and annual charges, user charges and fees, operating and capital grants and contributions, and other revenue (such as interest, investments and asset disposals).

The graph illustrates the proportion of revenues from these sources for metropolitan, regional, rural and county councils.

Councils in metropolitan areas have the greatest capacity to generate other revenue, such as from childcare, parking fees, rental income and infringement notices. Rural councils rely more on grant funding to deliver their services.



Source: Audited financial statements for 2016–17.

County councils do not receive rates but do levy annual charges. They receive the highest proportion of user charges and fees, which they use to provide services such as water supply, management of flood plains, and eradication of noxious weeds.

Forty councils received revenue from special rate variations

In 2016–17, the Independent Pricing and Regulatory Tribunal NSW (IPART) set the allowable percentage increase in a council's annual rates income (the rate peg) at 1.8 per cent. However, IPART can approve special rate variations above the rate peg for things such as:

- extra services
- capital expenditure
- financial sustainability
- infrastructure such as roads, bridges and stormwater drainage.

Forty councils received additional revenue from special rate variations in 2016–17. Seventeen regional, 12 rural and ten metropolitan councils received revenue from special rate variations, ranging from three per cent to 11 per cent of their rates revenue. One rural council received approval to levy a special rate of 30 per cent.

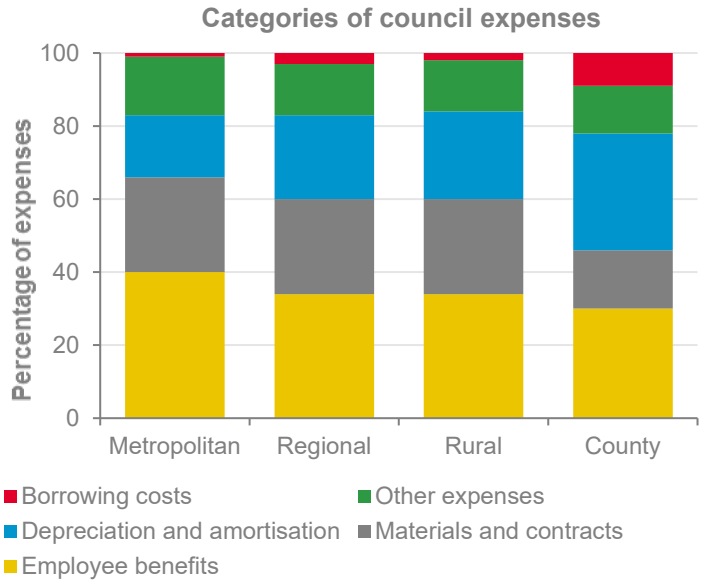
However, even with this extra revenue, four regional, one rural and one metropolitan council reported negative operating performance in 2016–17.

Employee benefits expense is the largest expense category for most councils

The largest overall expense categories for metropolitan, regional and rural councils are employee benefits, materials and contracts, and depreciation and amortisation.

The graph illustrates the proportion of expenses from various sources for metropolitan, regional, rural and county councils.

Regional, rural and county councils have a relatively larger proportion of depreciation and amortisation expenses compared to metropolitan councils because they have extensive infrastructure asset bases over large areas. This includes water supply and sewage infrastructure, which State agencies provide in metropolitan areas.



Source: Audited financial statements for 2016–17.

3.2 Liquidity and working capital performance measures

The next group of indicators help to assess the way councils can:

- meet short term obligations
- service their debt
- collect outstanding rates and annual charges
- meet their future expenses.

Unrestricted current ratio

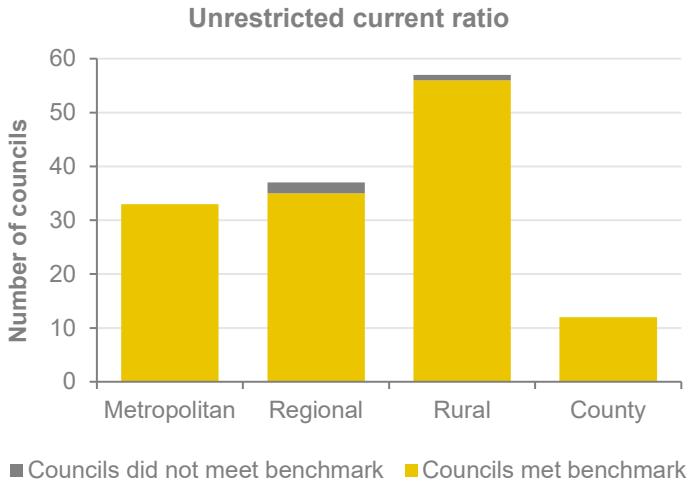
The unrestricted current ratio captures a council's ability to meet its short-term obligations as they fall due. The ratio excludes externally restricted assets and liabilities. OLG sets a benchmark of having available in unrestricted current assets more than 1.5 times the value of unrestricted current liabilities.

Two regional and one rural council did not meet OLG's benchmark for unrestricted current ratio.

The assets and liabilities of a council can fall into three categories:

- externally restricted
- internally restricted
- unrestricted.

Externally restricted assets are those affected by legislation or other externally imposed requirements. Internally restricted assets are affected by council resolution or policy, usually for an identified future works program. All other assets are unrestricted. Liabilities are restricted (specific purpose) if they relate to externally restricted assets.



Source: Audited financial statements for 2016–17.

Ninety-six councils had twice OLG's minimum benchmark for working capital

Forty-six rural, 21 metropolitan, 19 regional and ten county councils reported an unrestricted current ratio exceeding twice the OLG benchmark.

Two regional and one rural council did not meet OLG's benchmark for the unrestricted current ratio. One of these regional councils also did not meet OLG's benchmark for the collection of rates and annual charges. To meet operational needs, councils with a low unrestricted current ratio may need to:

- consider the availability of borrowings
- seek the Minister for Local Government's approval to use externally restricted funds
- look at ways to reduce expenditure or seek extra revenue from other sources.

Debt service cover ratio

One metropolitan and county council did not meet OLG's benchmark for the debt service cover ratio

The debt service cover ratio measures the operating cash available to service a council's debt, including interest, principal and lease payments. The benchmark OLG sets is to have available greater than twice the amount required to service debt.

The debt service cover ratio compares the operating result (before capital grants, capital contributions, depreciation and amortisation) with the repayment of borrowings and borrowing costs.

Fifty-seven rural, 37 regional, 27 metropolitan and five county councils reported borrowings at 30 June 2017. Councils utilise borrowings to fund capital projects and to address backlog maintenance. Regional councils accounted for 56 per cent of the value of total council borrowings because they also borrow to manage water and sewerage infrastructure.

One metropolitan and one county council did not meet this ratio as they repaid significant borrowings during 2016–17. One of these councils was newly amalgamated and the other was winding up.

Rates and annual charges outstanding percentage

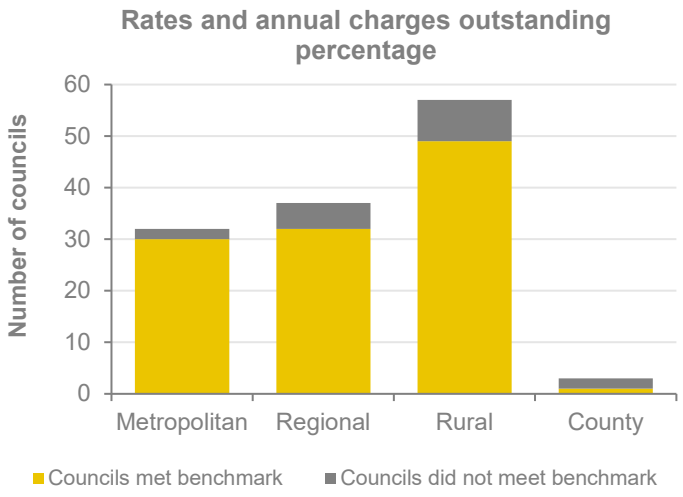
The rates and annual charges outstanding percentage assesses how successful councils are in collecting rates and annual charges. The indicator measures the percentage of rates and annual charges levied throughout the year that remain unpaid as at 30 June.

The OLG benchmark is that unpaid rates and annual charges for metropolitan councils should be less than five per cent and less than ten per cent for regional, rural and county councils.

Eighteen councils did not meet OLG's benchmark for outstanding rates and annual charges

Eight rural, five regional, three metropolitan and two county councils did not meet OLG's benchmark for the rates and annual charges outstanding percentage. Nine county councils do not levy rates and annual charges.

Councils with high levels of outstanding rates and annual charges may have less working capital available to fund operations. These eighteen councils also did not meet the infrastructure backlog ratio, which is discussed later in this chapter.



Source: Audited financial statements for 2016–17.

One rural council reported a rates and annual charges outstanding percentage of 36 per cent. Its inability to collect rates and charges resulted in less cash available for operations. This council also reported a cash expense cover ratio of 1.6 months, which is short of OLG's benchmark of more than three months. Unpaid rates are a debt on property. In certain circumstances, councils can assume ownership of land to recover a debt.

Cash expense cover ratio

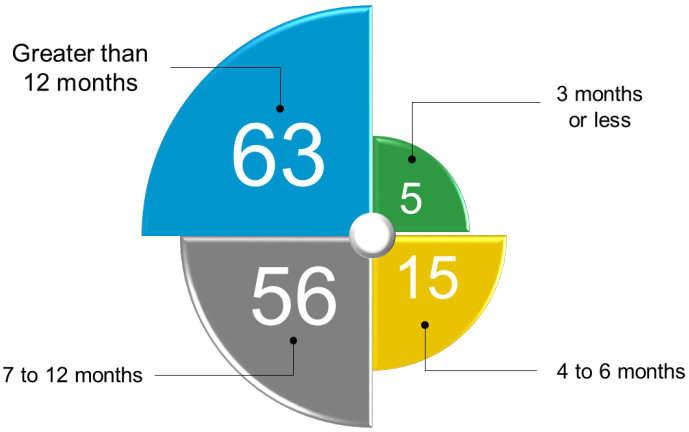
The cash expense cover ratio estimates the number of months a council can continue paying its expenses without extra cash. It compares the total cash, cash equivalents and term deposit balances against the total payments for operating and financing activities from the cash flow statement. OLG sets a benchmark of greater than three months for this ratio.

Most councils met the cash expense cover ratio benchmark of more than three months

All but three rural and two county councils were able to cover more than three months of expenditure without extra cash inflows.

Sixty-three councils (45 per cent) had enough cash on hand to fund more than 12 months of expenditure. Another 56 councils (40 per cent) had enough cash to fund between seven and 12 months of expenditure, and 15 councils (11 per cent) had enough cash to cover four to six months of expenditure.

Cash expense cover ratio



Source: Audited financial statements for 2016–17.

Cash expense cover ratio is lower when restricted funds are excluded

Central Darling Shire Council

In Section 1.1 of Chapter 2 Financial Reporting, we note that the audit opinion issued on the 2016–17 general purpose financial statements of Central Darling Shire Council referred to uncertainty over the council's ability to continue operating without using restricted water and sewer funds. This council used externally restricted funds for daily operations without ministerial approval.

On 2 March 2018, the council's administrator sought approval from the Minister for Local Government to continue using restricted cash as necessary.

Councils are not required to exclude externally and internally restricted funds when calculating the cash expense cover ratio. Restricted and unrestricted funds are held in accounts that councils control.

Section 409(3) of the *Local Government Act 1993* does not permit the use of externally restricted funds for general operations. A council with a high proportion of restricted funds may have a positive cash expense cover ratio, but limited flexibility to pay its operating expenses.

Section 410(3) of the *Local Government Act 1993* requires a council to obtain the Minister for Local Government's approval before using externally restricted funds collected from levying special rates and charges for another purpose. A council must pass a resolution to use internally restricted funds for another purpose.

If externally restricted funds are excluded from the cash expense cover ratio, all councils would still meet OLG's benchmark. However, if both internally and externally restricted funds are excluded:

- six regional, one rural and two county councils are left without any unrestricted funds, meaning there are no available funds for general operations, such as to pay salaries and suppliers
- seventeen rural, nine regional, four metropolitan and two county councils would have a cash expense cover ratio of three months or less.

Of these councils, 18 did not meet OLG's benchmark for own source operating revenue.

3.3 Asset management performance measures

The Office of Local Government (OLG) has prescribed four indicators to assess councils' asset management:

- buildings and infrastructure renewals ratio
- infrastructure backlog ratio
- asset maintenance ratio
- cost to bring assets to agreed service level.

Appendix ten lists the results of each indicator reported by councils to OLG.

Councils report to OLG against these indicators in the Special Schedule 7 'Report on Infrastructure Assets'. Special Schedule 7 is not required to be externally audited and does not form part of a council's independently audited financial statements. It provides information in addition to that available in the audited financial statements related to the maintenance, renewal, condition and costs of infrastructure assets. The Code requires that the information in Special Schedule 7 is consistent with the council's asset management plans.

Data reported against OLG's benchmarks is an indicator of whether councils' spending on renewing and maintaining their infrastructure assets is sufficient

Thirty-one councils reported they do not meet the OLG benchmarks for either the buildings and infrastructure renewals ratio, the infrastructure backlog ratio or the asset maintenance ratio. These councils may need to examine their asset management plans and consider if their investment in maintaining and renewing infrastructure assets is sufficient.

Councils are required to have asset management plans that consider community needs, available funds, the council's risk appetite, and the whole-of-life costs of owning and/or managing the infrastructure assets under their control.

The asset management indicators reported in Special Schedule 7 provide a snapshot of data at a point in time. While they may assist with further inquiry, a good or bad performance conclusion cannot be drawn from this data alone.

Buildings and infrastructure renewals ratio

Seventy councils do not meet OLG's buildings and infrastructure renewals ratio benchmark

The buildings and infrastructure renewals ratio is used to assess the rate at which infrastructure assets are being renewed against the rate at which they are depreciating. OLG sets a benchmark of greater than 100 per cent. The underlying information used to calculate this indicator is derived from a council's audited financial statements.

Achievement of the OLG benchmark indicates that a council is renewing its assets at the same rate it is depreciating them. Twenty-six rural, 24 regional, 16 metropolitan and four county councils reported to OLG they do not meet the prescribed benchmark for the buildings and infrastructure renewals ratio.

OLG's Code requires that the buildings and infrastructure renewals ratio is calculated based on a council's renewal expenditure on specific infrastructure assets listed in Special Schedule 7. OLG has informed the Audit Office that work-in-progress assets are not infrastructure assets for the purposes of reporting in Special Schedule 7. Eighty per cent of councils included work-in-progress assets in calculating the ratio. If work-in-progress assets are excluded from the calculation, a further 23 councils would not meet OLG's benchmark. This means that 93 councils, or 69 per cent of those that reported this indicator, did not meet the OLG benchmark for renewing their assets.

OLG will need to clarify the requirements for calculating the buildings and infrastructure renewals ratio with councils.

Infrastructure backlog ratio

Eighty-four councils do not meet OLG's infrastructure backlog ratio benchmark

The infrastructure backlog ratio shows the amount of infrastructure backlog expenditure relative to the total net book value of a council's infrastructure assets. OLG sets the benchmark for this ratio at less than two per cent. Achievement of the OLG benchmark indicates that infrastructure backlog is kept at a manageable level. The underlying information used to calculate this indicator is derived from a council's audited financial statements and other unaudited sources.

Infrastructure backlog is defined in Special Schedule 7 as the estimated cost to bring a council's infrastructure, buildings, other structures and depreciable land improvements back to a condition determined to be satisfactory by the council and the community.

Thirty-seven rural, 28 regional, 15 metropolitan and four county councils reported to OLG they do not meet the prescribed benchmark for the infrastructure backlog ratio. This means that 60 per cent of councils that reported this indicator did not meet OLG's benchmark for maintaining their infrastructure backlog.

Asset maintenance ratio

Seventy-one councils do not meet OLG's asset maintenance ratio benchmark

The asset maintenance ratio compares a council's actual asset maintenance expenditure to the amount planned in their asset management plans. OLG sets a benchmark of greater than 100 per cent. Achievement of the OLG benchmark indicates that a council is investing enough funds to sustain their assets in a functional state so they reach their predicted useful life. The underlying information used to calculate this indicator is derived from a council's unaudited asset management plans and other unaudited sources.

Twenty-nine rural, 26 regional, 13 metropolitan and three county councils reported to OLG that they do not meet the prescribed benchmark for the asset maintenance ratio. This means that 54 per cent of councils that reported this indicator did not maintain their assets in accordance with their asset management plans.

Cost to bring assets to agreed service level

The cost to bring assets to agreed service level compares the estimated cost to renew or rehabilitate existing infrastructure assets, that have reached the condition-based intervention level adopted by a council, to the gross replacement cost of all infrastructure assets. OLG has not prescribed a benchmark for this indicator. The underlying information used to calculate this indicator is derived from unaudited sources.

One-hundred and two councils reported results against this indicator to OLG, expressed as a percentage. The reported results ranged from 0.1 per cent to 19.8 per cent. This reflects significant variability between councils in the proportion of outstanding renewal works compared to the total replacement cost of infrastructure assets under their care and stewardship.



Asset Management

4. Asset management

NSW councils own and manage a significant range of assets, including infrastructure, property, plant and equipment with a total value of $136 billion.

Many of the issues that our local government audits identified related to asset management. This chapter discusses some of the asset accounting issues we found, focusing on five areas:

- overall asset management issues
- asset registers
- asset valuation
- recognition and asset useful life estimates
- asset policy and planning.

Observation	Conclusion or recommendation
4.1 High risk issues	
Significant matters reported to those charged with council governance	
Our 2016–17 audits identified ten high risk issues related to the accuracy of asset registers, restricted assets and asset revaluations.	High risk issues affect council's ability to maintain their assets in the condition required to deliver essential services.
4.2 Asset reporting	
Accuracy of asset registers	
Our audits identified instances where councils had multiple asset registers, inaccurate or incomplete registers, unreconciled registers, or uncontrolled manual spreadsheets.	Maintaining accurate asset records is important as it enables councils to manage their assets effectively and report on finances appropriately.
Unrecorded land and infrastructure assets	
Twenty-four councils had not recorded $145 million worth of assets, mainly land and infrastructure assets.	Assets not captured in council records is at risk of not being subject to their care and control, nor recorded in the financial statements.
Rural fire-fighting equipment	
At 30 June 2017, forty-six councils did report vested rural fire-fighting equipment in their financial statements. However, 62 councils did not record vested fire-fighting equipment in their financial statements. These rural fire-fighting equipment assets are not reported in either State government or local government financial statements.	**Recommendation** The Office of Local Government should address the different practices across the local government sector in accounting for rural fire-fighting equipment before 30 June 2018. In doing so, the Office of Local Government should work with NSW Treasury to ensure there is a whole-of-government approach.

Observation	Conclusion or recommendation
4.3 Asset valuation	
Restricted assets	
Our audits found that ten councils did not appropriately consider restrictions on the use of community land and land under roads when determining asset fair values in accordance with Australian Accounting Standards. Nine councils corrected the land values in their 2016–17 financial statements, reducing the reported value of community land and land under roads by $12.1 billion.	The valuation of community land and land under roads should reflect the physical and legislative restrictions on these assets as required by Australian Accounting Standards. The impact of restrictions can be significant. Councils should consider engaging experts to assist with the determination of asset fair values, as necessary.
Asset revaluations	
Our audits found many cases where councils did not review valuation results, comply with applicable codes, or work effectively with valuers to obtain accurate asset valuations.	Valuing large infrastructure assets is a complex process. Councils would benefit if the process is started earlier and there is a clear plan to ensure valuations are appropriately managed and documented.
4.4 Asset useful life estimates	
Asset useful life estimates	
We found considerable variability in councils' useful lives for similar assets.	Depreciation is a significant expense for councils and therefore impacts on reported financial results and key performance indicators.
In some cases, the useful lives of assets are not reviewed annually or supported by regular condition assessment.	To comply with Australian Accounting Standards, councils need to reassess the useful lives of all assets annually. Regular condition assessments are essential to identify maintenance requirements and maintain service delivery.
4.5 Asset policy and planning	
Asset management strategy	
Thirteen councils do not have an asset management policy, strategy and plan, as required by OLG's Integrated Planning and Reporting Framework. Newly amalgamated councils have until 30 June 2018 to implement this.	An effective asset management strategy, policy and plan helps councils to manage their assets appropriately over their life cycle and to make informed decisions on the allocation of resources.

Assets overview

NSW councils own and manage a significant range of assets, including infrastructure, property, plant and equipment.

At 30 June 2017, the combined carrying value of NSW council assets was as follows.



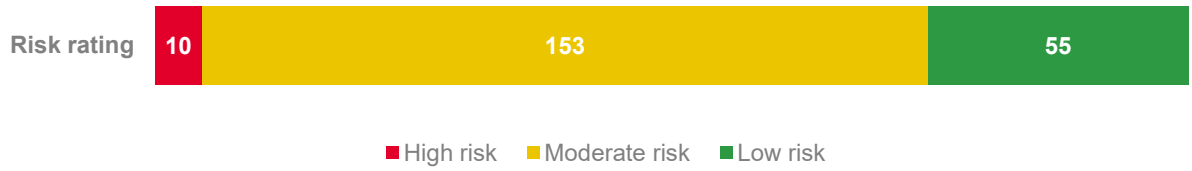
Source: Audited financial statements for 2016–17.

4.1 High risk issues

Significant matters reported to those charged with council governance

We reported ten high risk asset management issues

Our audits identified ten high risk issues related to asset practices.



Councils should address high risk issues as a priority because they can affect their ability to maintain their assets in the condition required to deliver essential services.

The high risk issues were in three areas:

- accuracy of asset registers
- restricted assets
- asset revaluations.

This chapter also discusses the need to strengthen asset depreciation practices and asset management strategies.

4.2 Asset reporting

Accuracy of asset registers

Effective asset management calls for accurate records of the assets that councils control. Our audits found that council asset registers and systems need to improve. Councils should regularly update asset registers and reconcile them with asset management systems. Suitable controls must be in place to ensure the integrity of manual spreadsheets.

Councils should improve how they manage asset registers

Asset registers record key data on the infrastructure, property, plant and equipment that a council holds. Our 2016–17 audits found:

- twenty-two examples where manual spreadsheets stored asset data without any controls to protect their integrity (discussed further in chapter 6)
- sixteen cases of multiple fixed-asset registers with inconsistent content and formats
- nine instances of inaccurate and incomplete asset registers without supporting documents
- six examples of asset registers that do not, or are not, reconciled with the asset management system used for operational activities
- five instances of completed works-in-progress not capitalised as assets on a timely basis.

Three high risk issues related to councils where multiple fixed asset registers were not reconciled and incomplete. This resulted in numerous errors identified during the audits.

Multiple and decentralised asset registers limit council's ability to manage and maintain the asset base and report on finances accurately. Manual spreadsheets increase the risk of errors in more complex asset data.

Unrecorded land and infrastructure assets

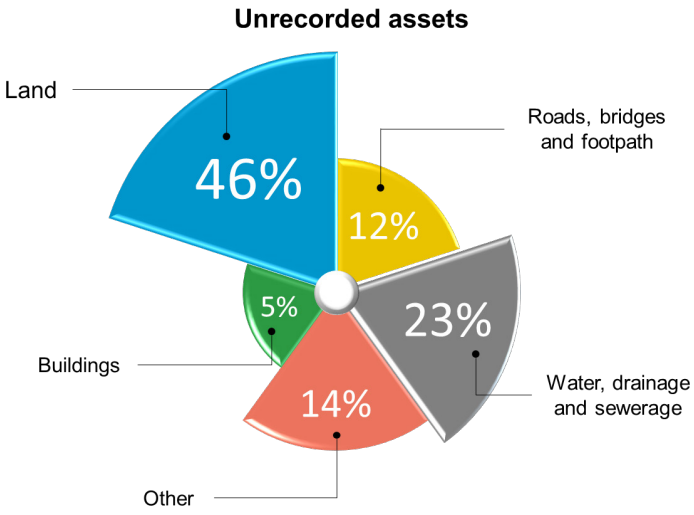
Councils had $145 million in unrecorded land and infrastructure assets

Our 2016–17 audits identified $145 million of unrecorded land and infrastructure assets at 24 councils. This is in addition to rural fire-fighting equipment not recorded by councils as discussed below.

The assets were mostly identified:

- during asset revaluations
- when reconciling asset registers and operational asset management systems
- during asset count processes to support the amalgamation of certain councils.

These assets are now recorded in the councils' 2016–17 financial statements. In eight councils, this also meant correcting the previous year's audited financial statements.



Source: Audited financial statements for 2016–17.

Rural fire-fighting equipment

A significant portion of rural fire-fighting equipment is not reported in either State government or local government financial statements

Recommendation

The Office of Local Government should address the different practices across the local government sector in accounting for rural fire-fighting equipment before 30 June 2018.

In doing so, the Office of Local Government should work with NSW Treasury to ensure there is a whole-of-government approach.

The 2016–17 Local Government Code of Accounting Practice and Financial Reporting required that council financial statements are prepared in accordance with Australian Accounting Standards. Forty-six councils did record vested rural fire-fighting equipment in their 2016–17 financial statements. However, sixty-two councils did not record these assets and, consequently, they are not reported in the financial statements of the State government or the local government.

Rural fire-fighting equipment is vested in councils under the *Rural Fires Act 1997*. This includes buildings, vehicles and other equipment used in connection with the prevention or suppression of fire. Service agreements govern the way the NSW Rural Fire Service can use these assets for fire mitigation and safety works in a council area.

NSW Treasury and the NSW Rural Fire Service are of the view that the NSW Rural Fire Service does not control rural fight-fighting equipment vested in councils. The financial statements of the NSW Total State Sector and the NSW Rural Fire Service do not include these assets.

The following factors suggest that councils control rural fire-fighting equipment:

- councils have responsibilities for fire mitigation and safety works in their area
- assets are vested in councils giving them legal ownership and title
- a council allows the NSW Rural Fire Service the use and occupancy of these assets within its council area through a service agreement
- councils are responsible for maintenance and insurance of the assets, although insurance of the vested vehicles is managed by the NSW Rural Fire Service.

4.3 Asset valuation

Seven high risk matters related to asset valuations, including two that resulted in qualified audit opinions

While having accurate asset registers is important, councils must also review the carrying value of their assets regularly so they reflect fair value.

Valuing large infrastructure assets is a complex process that needs to be well planned, managed and documented. The process should commence early in the financial year and, where used, instructions to external valuers need to clearly define the scope of work.

We found that councils need to improve their processes and controls over asset revaluations. Where experts are engaged, council management need to critically review the results to ensure they are robust.

The Office of Local Government (OLG) requires that councils comprehensively revalue each asset class on a five-year cycle. For those asset classes not subject to a comprehensive revaluation in a given year, councils must still satisfy themselves that asset values materially reflect fair value at the reporting date.

Restricted assets

Valuation methods need to consider restrictions that may affect asset values

At 30 June 2017, councils owned and managed $33.5 billion worth of land, including $17.8 billion (53 per cent) of community land and $4.1 billion (12 per cent) of land under roads.

OLG's Local Government Code of Accounting Practice and Financial Reporting (Code) sets the financial reporting requirements for councils. The Code requires councils to report assets, such as land under roads and community land, at 'fair value'.

The Hills Shire Council

The method used by the Hills Shire Council to value land under roads did not appropriately reflect restrictions on the use of this land as required by Australian Accounting Standards.

This resulted in a modified (qualified) audit opinion on its 2016–17 financial statements.

Australian Accounting Standards define 'fair value' as the current exit price to sell or transfer an asset. They require that 'fair value' measurement considers an asset's characteristics, including its condition, location and any restrictions on its sale or use. Such restrictions may be imposed by legislation, regulation or planning instrument.

Most council community land is subject to legislative zoning restrictions though a Local Environment Plan. Land under public roadways is subject to physical restrictions and legislative restrictions under the *Roads Act 1993*. Councils cannot lift these restrictions without the approval of external bodies.

Our 2016–17 audits found ten councils where the 2015–16 audited financial statements had overstated the value of land assets because the valuation of community land and land under roads did not reflect the physical and legislative restrictions on these assets. Of these, nine corrected the land values in their 2016–17 financial statements.

As a result, the reported value of community land and land under roads at these nine councils reduced by $12.1 billion from the previous years' audited financial statements. Over 90 per cent of

the reduction occurred in metropolitan councils, where the value of community land decreased by $7.8 billion and land under roads decreased by $3.5 billion.

Asset revaluations

Asset valuation processes can improve

Councils should have effective controls and procedures to support their asset valuations. Our 2016–17 audits found:

- twelve instances where council management did not sufficiently review valuation results, requiring adjustments in the financial statements
- seven cases where councils did not comprehensively revalue assets in line with the five-year cycle set by the Local Government Code of Accounting Practice and Financial Reporting
- five examples where council management did not agree on the scope and method of the required valuation with the external valuer before work was completed
- four instances where councils gave the valuer incomplete asset records, resulting in some assets being excluded
- four cases where there were no policies and procedures to support asset valuation processes
- four instances where the revaluation process did not start early enough to update the asset register and general ledger in time for year-end financial reporting
- four examples where supporting papers did not give enough detail of management's accounting treatments, judgements and assumptions underlying asset valuation.

Junee Shire Council

Junee Shire Council could not demonstrate that roads, bridges, footpaths and bulk earthworks were reported at fair value, as it did not value these asset classes during the year. The last valuation was conducted in 2012.

This led to a modified audit opinion on its 2016–17 financial statements.

4.4 Asset useful life estimates

The useful lives of road assets vary across councils

The useful life of an asset is the length of time it should be available for use. The remaining useful life is the period remaining that a council intends to use an asset, largely influenced by its physical condition. The useful life estimates determine the amount of depreciation expense reported in councils' financial statements.

Our audits reviewed the range of useful lives that councils reported for roads. We found considerable variability in the way councils reported the useful lives of similar road assets.

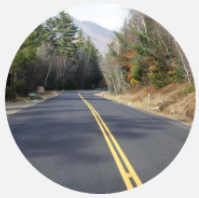


Sealed roads: Surface

Metropolitan Councils - from 19 to 41 years

Regional Councils - from 16 to 40 years

Rural Councils - from 19 to 28 years



Sealed roads: Structure

Metropolitan Councils - from 97 to 116 years

Regional Councils - from 45 to 192 years

Rural Councils - from 104 to 141 years



Unsealed roads

Metropolitan Councils - approximately 12 years

Regional Councils - from 19 to 88 years

Rural Councils - from 25 to 63 years

Source: Audited financial statements for 2016–17.

Some variability in the useful lives of roads can be expected due to different soil types, methods of construction, geography and the environment. However, these differences do not fully explain the large variation in the useful lives of similar assets across councils. This variability impacts the depreciation expense calculated by councils for similar assets and reported in the financial statements. This in turn may affect the key sustainability indicators that councils report.

Useful lives of assets need to be reviewed annually considering condition assessments

Australian Accounting Standards require that councils reassess the useful lives of all assets annually. Our 2016–17 audits identified six instances where there was no annual review of assets' remaining useful lives or regular condition assessment of assets. In three instances, the useful lives of assets were not adjusted to align with the physical condition assessments.

4.5 Asset policy and planning

Effective asset management should be tied together by an effective policy and planning processes. This helps to mitigate risk, support decision-making and ensure that councils manage assets efficiently and effectively over their life cycle. It also helps councils to determine future funding needs in maintaining, renewing and extending their asset base.

Asset management strategy

Thirteen councils do not have an asset management strategy, policy and plan

In 2013, OLG released an Integrated Planning and Reporting Framework (IP&R framework). This helps councils to integrate its plans and policies and align them with its strategic goals.

A key element of the IP&R framework is that all councils have an integrated asset management strategy, policy and plan. Newly amalgamated councils have until 30 June 2018 to finalise these.

Thirteen councils do not have the required asset management strategy, policy and plan. Eleven of these are regional and rural councils.



Governance and Internal Controls

5. Governance and internal controls

Good governance systems help councils to operate effectively and comply with relevant laws and standards. Internal controls assist councils to operate reliably and produce effective financial statements.

This chapter highlights the high risk issues we found and reports on a range of governance and control areas. Governance and control issues relating to asset management and information technology are covered in separate chapters.

Observation	Conclusion or recommendation
5.1 High risk issues	
Significant matters reported to those charged with council governance	
Our 2016–17 audits identified 36 high risk governance and internal control deficiencies across 17 councils. We reported: • seventeen high risk issues relating to governance, purchase-to-pay, financial accounting and payroll processes • ten high risk issues relating to asset practices • nine high risk issues related to information technology management.	Asset practices accounted for the highest number of high risk issues and information technology accounted for the largest overall number of control deficiencies. These matters are covered in chapters four and six respectively. High risk issues affect council's ability to achieve their objectives and increase the risk of fraud and error.
5.2 Governance	
Audit committees	
Councils are currently not required to have an audit, risk and improvement committee. Consequently, 53 councils do not have an audit committee.	Proposed legislative changes will require councils to establish an audit, risk and improvement committee by March 2021. **Recommendation** Councils should early adopt the proposed requirement to establish an audit, risk and improvement committee.
Internal audit	
Councils are currently not required to have an internal audit function. Consequently, 52 councils do not have this function.	**Recommendation** The Office of Local Government should introduce the requirement for councils to establish internal audit functions and update its 2010 Internal Audit Guidelines.
Council entities	
The Office of Local Government's register of entities approved under section 358 of the *Local Government Act 1993* is incomplete.	**Recommendation** The Office of Local Government should maintain an accurate register of council entities approved under section 358 of the *Local Government Act 1993.*
The *Local Government Act 1993* does not stipulate a financial reporting framework for council entities.	**Recommendation** The Office of Local Government should establish a financial reporting framework for council entities.

Observation	Conclusion or recommendation
Policies and procedures	
We identified 50 high and moderate risk issues across 33 councils where policies and procedures over critical business processes did not exist or had not been updated.	It is important there are current policies, standards and guidelines available to staff and contractors across all critical business processes.
Legislative compliance frameworks	
Our audits found that 45 councils do not have sufficient processes to show they are complying with legislative requirements.	Councils can improve practices in monitoring compliance with key laws and regulations. This includes implementing a legislative compliance framework, register and policy.
Risk management	
We identified 15 high and moderate risk issues across 15 councils where risk management practices could be strengthened.	Council risk management practices are enhanced when there is a fit-for-purpose risk management framework, register and policy to outline how risks are identified, managed and monitored.

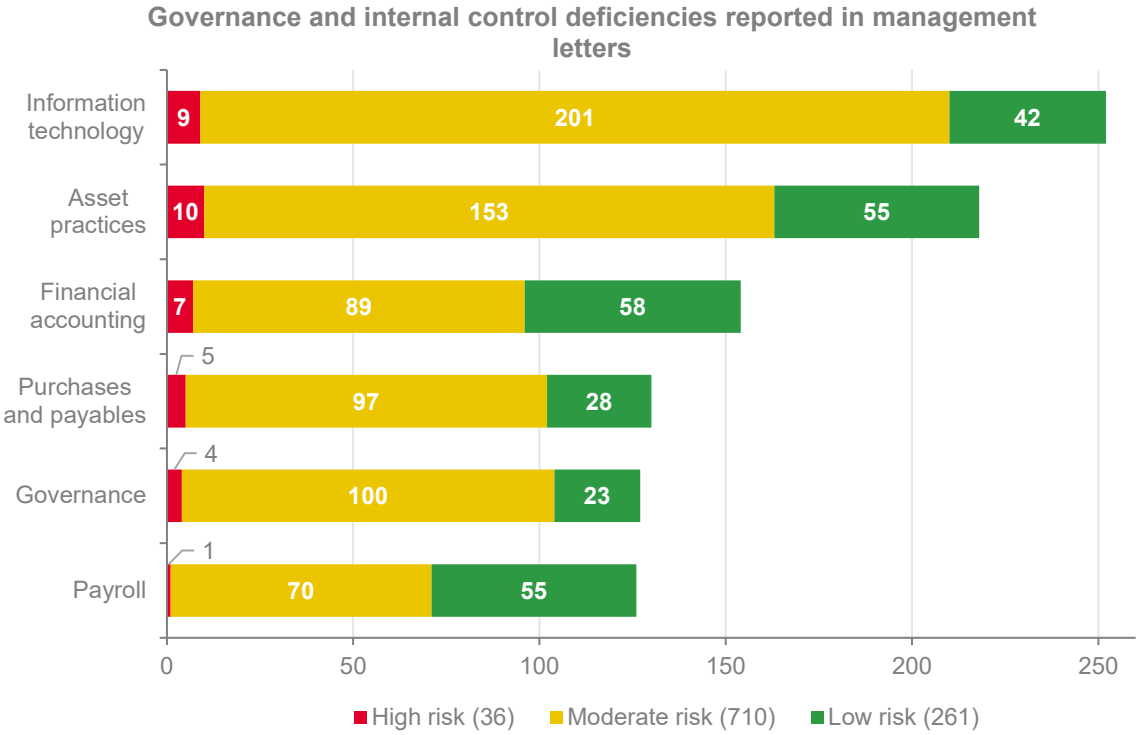
5.3 Internal controls

Financial accounting	
We identified 45 high and moderate risk control deficiencies across 41 councils concerning the use of manual journals to adjust council financial records. This can increase the risk of fraud and error. We identified 51 high and moderate risk issues across 39 councils where reconciliation processes need to improve to support the preparation of accurate financial statements.	Sound financial accounting processes include controls to ensure: • a person other than the preparer authorises manual journals • key account reconciliations are prepared and reviewed.
Purchasing and payables	
We found 102 high and moderate risk deficiencies in purchasing and payable controls across 64 councils. Sound purchasing controls are important to minimise error, unauthorised purchases, fraud and waste.	As councils spend a substantial amount each year to procure goods and services, strong controls over purchasing and payment practices are critical. These include: • a review of changes to vendor master file data by an appropriate independent officer • an independent review and approval of purchases, including credit card transactions • compliance with Tendering Guidelines for NSW Local Government.
Payroll	
We identified 71 high and moderate risk deficiencies in payroll controls across 48 councils. Weaknesses in payroll controls could result in incorrect payments being made to employees, due to error or fraud.	Effective payroll controls are important because employee expenses represent a large portion of council expenditure. These controls include segregation of duties in the review of payroll master file data, timesheets, leave forms, payroll exception reports and termination payments.
Managing excess annual leave balances was a challenge for 32 councils.	Excessive annual leave balances can have implications on employee costs, disrupts service delivery and affect work, health and safety. Excess annual leave balances should be continuously monitored and managed.

5.1 High risk issues

Significant matters reported to those charged with council governance

During our 2016–17 audits, we identified 36 high risk governance and internal control deficiencies.



The high risk issues fell across six areas. We discuss four of these in this chapter and the remaining two in other chapters:

- information technology (see chapter 6)
- asset management (see chapter 4)
- governance
- purchasing and payables
- financial accounting
- payroll.

Councils should address high risk issues as a priority as these can increase the risk of fraud and error.

5.2 Governance

Governance refers to the frameworks, processes and behaviours that help a council achieve its objectives, comply with legislative and other requirements, and meet standards of probity, accountability and transparency.

Effective governance builds community confidence and enables the effective and efficient use of public resources. Governance models need to be fit for purpose and tailored to the needs of each council.

In 2015, the Audit Office released its Governance Lighthouse to provide a best practice model of public sector governance for entities to follow. This covers eight principles and 17 key elements of good governance. Councils may find it useful to assess existing governance practices against the key principles in the lighthouse and address any gaps they find.

While this year's financial audit did not assess every aspect of governance in councils, this report highlights our findings and observations related to:

- audit committees and internal audit
- council entities
- policies and procedures
- legislative compliance frameworks
- risk-management.

Audit committees and internal audit

The combined benefit of an audit committee and internal audit function is that councillors can obtain general assurance that internal controls and risk management are working effectively. The 36 councils that do not have an audit committee and internal audit function are operating without important safeguards and generally accepted checks and balances.

Fifty-three councils have not established an audit, risk and improvement committee

Recommendation

Councils should early adopt the proposed requirement to establish an audit, risk and improvement committee.

An effective audit, risk and improvement committee is an important part of good governance.

Councils are not currently required to have an audit, risk and improvement committee. At present, 53 councils do not have a functioning audit committee.

Changes outlined in section 428A of the *Local Government Amendment (Governance and Planning) Act 2016* will require councils to establish an audit, risk and improvement committee. This is expected to be a requirement by March 2021.

Council type	Number of councils with an audit, risk and improvement committee	Number of councils without an audit, risk and improvement committee	% without
Metropolitan	32	2	5.9
Regional	29	8	21.6
Rural	23	34	59.6
County	1	9	90.0
Total	**85**	**53**	**38.4**

Note: Mid-Coast and Southern Slopes county councils were dissolved on 1 July 2017. They have been excluded from the table.

Section 428B of the *Local Government Amendment (Governance and Planning) Act 2016* specifies that councils may jointly appoint an audit, risk and improvement committee to exercise functions for more than one council.

Fifty-two councils do not have an internal audit function

Recommendation

The Office of Local Government should introduce the requirement for councils to establish internal audit functions and update its 2010 Internal Audit Guidelines.

Internal audit is another important element of an effective governance framework as it supports a risk and compliance culture. Internal audit provides assurance that a council's governance practices and internal control environment are effective, and identifies where performance can improve.

Councils are not currently required to have an internal audit function. As the following table shows, 33 rural councils, eight county councils, eight regional councils and three metropolitan councils do not have an internal audit function. Of these councils, nine are newly amalgamated.

Council type	Number of councils with an internal audit function	Number of councils without an internal audit function	% without
Metropolitan	31	3	8.8
Regional	29	8	21.6
Rural	24	33	57.9
County	2	8	80.0
Total	**86**	**52**	**37.7**

Note: Mid-Coast and Southern Slopes county councils were dissolved on 1 July 2017 and have therefore been excluded from the table.

There are 13 councils with an internal audit function but without an audit, risk and improvement committee. An effective audit committee would complement the internal audit function and provide it with a separate reporting line independent of management.

The Office of Local Government (OLG) has not updated the Internal Audit Guidelines it released in 2010. The OLG should, at a minimum, introduce the requirement for councils to establish internal audit functions and update its 2010 Internal Audit Guidelines.

An internal audit function is mandatory for all State government agencies. A useful reference point for councils is available in TPP 15-03 Internal Audit and Risk Management Policy for the NSW Public Sector, issued by NSW Treasury.

Council entities

The Office of Local Government does not have complete information on council entities

Recommendation

The Office of Local Government should maintain an accurate register of entities approved under section 358 of the *Local Government Act 1993.*

Section 358 of the *Local Government Act 1993* (Act) specifies that councils must not form or participate in forming a corporation or other entity, or acquire a controlling interest in a corporation or other entity, except with the consent of the Minister for Local Government. These entities are referred to as ‘council entities’.

Section 415 of the Act deals with auditing of the financial statements of council entities. The definition of a council entity in section 415 includes a wide and diverse range of bodies and is consistent with the definition of entities under section 358 of the Act. Our initial audit work identified 261 entities that met the definition of a council entity.

OLG maintains a register of entities where a council has sought approval from the Minister under section 358 of the Act. The register maintained by OLG was not complete and accurate. It also did not identify what entities had been approved by the Minister.

The legislation does not clarify the financial reporting obligations of council entities

Recommendation

The Office of Local Government should consider establishing a financial reporting framework for council entities.

We found uncertainty in the legislative framework governing the oversight of council entities[5] and their financial reporting and auditing requirements. This can result in a lack of transparency and accountability over the activities of council entities.

The *Local Government Act 1993* does not require council entities to keep records or prepare financial statements. Some council entities prepare financial statements, while others do not. The financial statements of some entities are audited, where others remain unaudited.

Given this uncertainty, we sought advice from the NSW Crown Solicitor about the Auditor-General's obligations under the Act. This confirmed that arrangements for council entities under the Act need clarification. Appendix 11 attaches this advice.

Policies and procedures

Formal policies and procedures support effective governance and internal control as they:

- provide direction for the day-to-day operations of a council
- promote consistency
- clarify accountability and other issues to staff and management
- support compliance with laws, regulations and codes.

Policies and procedures are not always in place or kept up to date

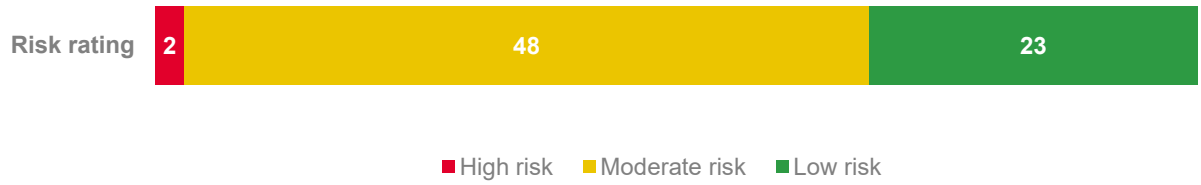
Councils need to ensure that policies, standards and guidelines are available to staff and contractors across all critical business processes, and that they are reviewed and updated regularly, including when significant changes occur.

Our financial audits did not review all council policies and procedures, but looked at whether policies and procedures for critical business processes exist and are updated. We found 73 cases across 47 councils where policies and procedures did not exist or had not been updated for:

- financial management
- information technology
- procurement
- contract management.

[5] Section 358(4) of the *Local Government Act 1993* defines entity as 'any partnership, trust, joint venture, syndicate or other body (whether or not incorporated), but does not include any such entity that is of a class prescribed by the regulations as not being within this definition'.

Of the 73 issues, two were high risk, 48 were moderate risk and 23 were rated low risk.



The two high risk issues were:

- one council without any policies for numerous critical business processes, including payroll, purchases, property, plant and equipment and revenue
- one council with no IT strategic plan, disaster recovery plan, business continuity plan and only limited IT operating procedures.

Legislative compliance frameworks

Councils need to improve practices to comply with key laws and regulations

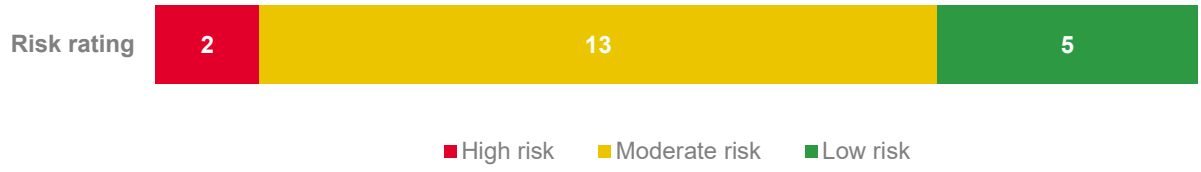
Our audits found 45 councils do not have a legislative compliance framework, which would include a compliance policy and compliance register. Without these, there is an increased risk that councils may breach legislative requirements. This can attract penalties, affect service delivery and cause significant reputational damage.

A compliance framework needs to be suited to the size of a council, but sufficient to help it comply with key legislative obligations. We reported this as a moderate risk at 43 councils and a low risk at two councils.



Risk management

While our financial audits are not designed to assess every aspect of risk management, we did identify 20 instances in 17 councils where risk management practices could be strengthened. Two of these were high risk, 13 were moderate risk and five were low risk.



Councils should address the high risk issues as a priority because they may affect their ability to achieve their objectives or comply with relevant legislation.

The high risk issues related to:

- one council where high-rated risks were identified on the risk register but there was no indication of how the risks were being managed. In addition, roles and responsibilities for risk management were not clearly defined
- one council where fraud-related risks identified by management were not being addressed.

The remaining moderate and low risk issues related to the lack of, or out-dated, risk management frameworks, risk registers and/or policies and procedures. Of the 20 issues identified in risk management practices, 14 related to rural councils.

Councils may find it useful to assess their risk management practices using the Audit Office's Risk Maturity Toolkit. The toolkit is based on the principles and guidance of International Standards on Risk Management AS/NZS ISO 31000:2009 Risk Management and NSW Treasury Policy Guidelines TPP 12-03 and TPP 15-03. The risk management toolkit needs to be applied in a way that is fit for purpose, considering the size and complexity of each council.

5.3 Internal controls

Our financial audits focus on key internal controls that underpin the financial statements that councils prepare each year. Our audits assess whether key internal controls are designed, implemented and operating effectively to manage the risk of material error in the financial statements.

We report any control deficiencies we find to management and those charged with governance of a council through our audit management letters.

Financial accounting

The two main financial control weaknesses we found related to manual journals and reconciliations. A high proportion of these weaknesses were of moderate risk.

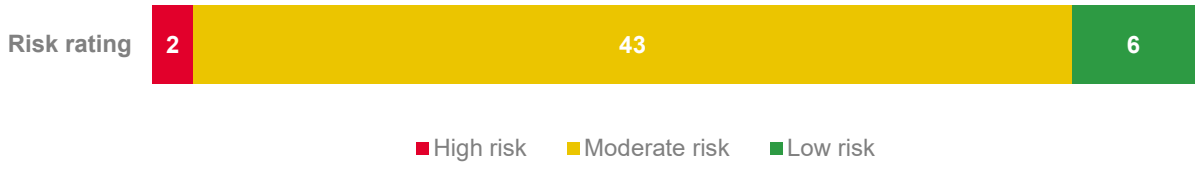
Councils can improve internal controls for manual journals

Staff use manual journals to make changes directly to the general ledger, which supports the preparation of council financial statements. Unlike IT controls, which are typically automated, most manual journals rely on human intervention and oversight. Using manual journal entries without appropriate controls and oversight can increase the risk of error and fraud.

Our audits found 51 cases in 43 councils where there were control weaknesses around manual journals. These included:

- manual journals not reviewed by an independent officer
- the finance system not preventing the same officer from posting and approving manual journals
- inadequate supporting documentation for manual journals posted
- staff with access to process manual journals beyond their job requirements.

Of the 51 cases, two were considered high risk, 43 of moderate risk and six low risk.



The high risk issues related to:

- one case where journals were posted to incorrect accounts and this had a significant impact on the financial statements. It could have been prevented if there was an appropriate review of the journals
- one case where journals could be posted without review by another officer. This was classified high risk, as fraud had been committed at this council in the past.

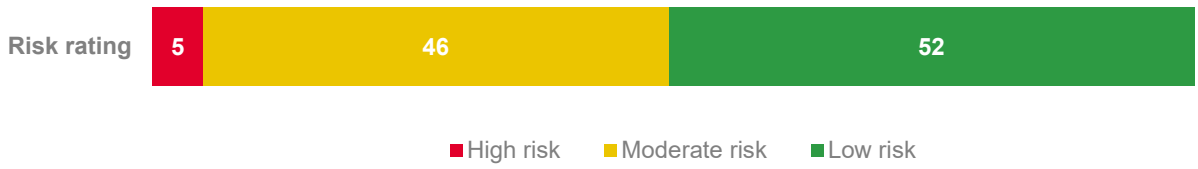
Councils should reconcile their accounts timely and review them independently

Councils need to improve processes in preparing and reviewing account reconciliations.

Council financial statements are based on information in the general ledger. Balances are often supported by information in subsidiary ledgers, such as for:

- accounts payable
- accounts receivable
- fixed assets
- payroll.

It is important that councils periodically reconcile the general ledger with these subsidiary ledgers to confirm that data is accurate and complete. Our audits found 103 deficiencies across 61 councils relating to key account reconciliations. Five were high-risk, 46 of moderate risk and 52 low risk.



The issues included:

- reconciliations not prepared for key account balances
- reconciliations not reviewed in a timely manner by an appropriate officer
- long-outstanding reconciling items remaining unresolved for long periods.

The deficiencies were assessed as high risk if they could significantly affect the councils' financial statements.

If key account reconciliations are not prepared and reviewed promptly, management's ability to identify and resolve issues is affected. That could result in misstatements in financial reporting.

Purchasing and payables

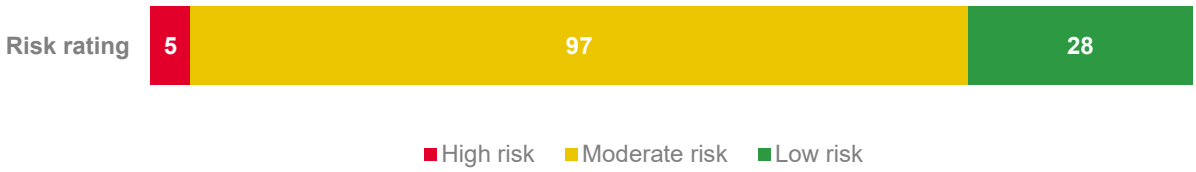
Councils purchase significant amounts of goods and services each year. In 2016–17, for example, councils collectively spent:

- $3.5 billion to acquire property, plant and equipment
- $3.9 billion on supplies, services and other general expenditure.

Seventy-six councils need to improve purchasing and payables controls

Sound controls for purchasing and payment functions are important to minimise the risk of unauthorised purchases, fraudulent activity and waste. For example, the report from the recent Independent Commission Against Corruption (ICAC) investigation into the conduct of employees at the former City of Botany Bay Council highlighted serious, systemic failures in procurement practices and internal controls. This led to financial loss and reputational damage.

Our audits identified 130 internal control weaknesses related to the purchasing and payables process across 76 councils. Five were high risk, 97 of moderate-risk, and 28 rated low risk.



The high risk issues related to:

- unauthorised expenditure, or expenditure approved by an officer without the necessary delegation
- non-compliance with Tendering Guidelines for NSW Local Government.

The moderate and low risk matters span these same issues but also included:

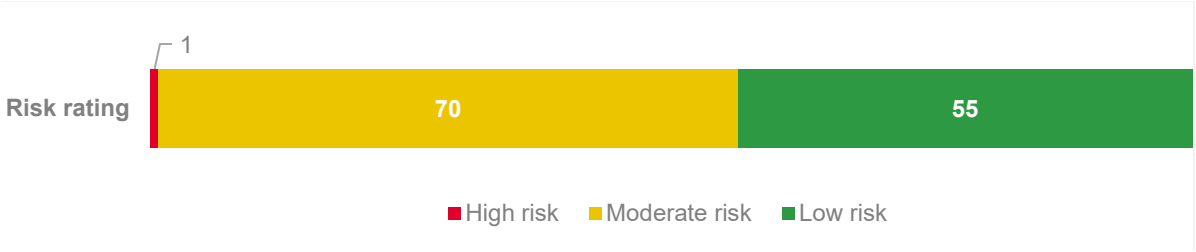
- purchase orders raised only after the goods or services were received and paid for
- reports designed to detect irregular or unusual changes that were not reviewed
- inadequate segregation of duties in the purchases and payables function
- inadequate review of credit card transactions and retention of supporting documents
- lack of review of changes to vendor master file data
- purchase orders not raised at all.

Payroll

Councils need to have effective payroll controls because employee expenses represent a large portion of their total expenditure. Weaknesses in payroll controls could result in incorrect payments to employees due to either error or fraud.

Seventy-two councils need to improve payroll controls

Our audits identified 126 internal control weaknesses related to payroll processes at 72 councils. One was assessed as high risk, 70 moderate risk and 55 rated low risk.



The high risk issue involved a council where payroll staff had unrestricted access to amend sensitive payroll data in the system. There were no mitigating controls as:

- system logs detailing changes to employee details were not generated
- exception reports which can be used to identify unusual changes in pay details were not reviewed by an officer independent of the payroll team.

Common issues from the remaining moderate and low risk deficiencies included:

- no review of changes to details in the payroll master file
- unapproved staff timesheets
- unapproved staff leave forms
- payroll exception reports not reviewed
- termination payments not reviewed.

Managing excess annual leave is a challenge for some councils

Under the Local Government Award, council employees should have less than eight weeks of annual leave accrued at any time.

We identified staff with annual leave balances greater than eight weeks at 32 councils.

There are several implications of excessive leave balances, including:

- higher employee costs in the future due to salary increases
- work, health and safety implications
- disruptions to service delivery when employees eventually take lengthy periods of leave
- employee fraud remaining undetected.



Information Technology

6. Information technology

Like most public sector agencies, councils increasingly rely on information technology (IT) to deliver services and manage sensitive information. While IT delivers considerable benefits, it also presents risks that councils need to address.

Our review of council IT systems focused on understanding the processes and controls that support the integrity, availability and security of the data used to prepare financial statements. This chapter outlines issues in three broad areas:

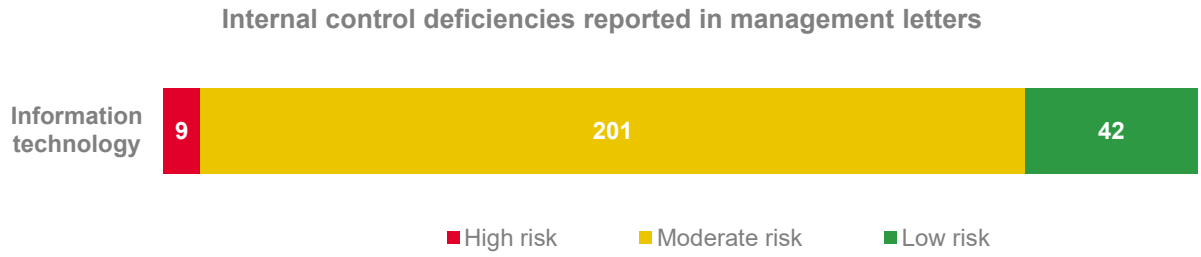
- high risk issues
- access to IT systems
- IT governance.

Observation	Conclusion
6.1 High risk issues	
Significant matters reported to those charged with council governance	
Our 2016–17 audits identified nine high risk IT control deficiencies across seven councils. The issues related to user access controls, privileged access controls and user developed applications.	High risk issues affect council's ability to achieve their objectives and increase the risk of fraud and error.
6.2 Access to IT systems	
User access controls	
We identified 107 issues across 56 councils where user access controls could be strengthened.	Inadequate IT policies and controls around user access, including privileged access, increases the risk of individuals having excessive or unauthorised access to critical financial systems and data.
Privileged access	
We identified 86 examples across 64 councils of inappropriate privileged access, inadequate review of access and insufficient retention and review of access logs.	
User developed applications	
User developed applications (UDAs) are computing applications, tools and processes developed or managed outside IT administration. UDAs may allow users to bypass formal user access controls. Our audits found 22 councils using spreadsheets for business operations, decision making and financial reporting that were not adequately secured, with changes that were not tracked, tested or reviewed. We also identified five councils where finance staff and senior management use database query tools to directly modify financial data, circumventing system-based business process controls.	It is important councils are aware of all circumstances they are relying on UDAs to limit the risk of errors and potential misuse. This allows councils to: • transition UDA functions to internal systems where possible • ensure UDAs are adequately controlled where they continue to use them • regularly review access rights to UDAs and back-up business-critical information.

Observation	Conclusion
6.3 IT governance	
Strategy, policies and procedures	
Around one in four councils do not have an IT strategy or operational plan. Some councils also need to develop or improve IT policies and procedures. Sixty-six councils do not have an adequate information security policy.	IT governance is enhanced where there is: • a fit-for-purpose IT strategy and operational plan • appropriate policies, standards and guidelines across all critical IT processes • a formally defined process to support security and access to all systems.
Disaster recovery and business continuity	
Our audits identified that 17 councils do not have a documented plan to recover critical business functions in the event of a disaster. The ability to restore data from backups is critical to ensure business continuity in the face of a system disaster. We also found that 15 councils do not periodically test their ability to restore backups of data relevant to financial reporting.	Sound management of disaster recovery and business continuity includes: • a documented plan for how critical business functions will be recovered in the event of a disaster, which is periodically reviewed and tested • the ability to restore backed-up data, which is periodically tested. We expect to focus on these areas in our future audits.

6.1 High risk issues

Our audits reported nine high risk information technology control issues in our audit management letters to councils.



Councils should address high risk issues as a priority as these can increase the risk of fraud and error. The high risk issues fell into three areas:

- user access controls
- privileged access controls
- user developed applications.

The chapter rounds out with some findings on IT governance.

6.2 Access to IT systems

User access controls

Access controls are informally documented and inconsistently applied

Our audit found that controls over user access at 38 councils were insufficient, or the councils could not provide evidence that their controls were operating effectively.

User access controls should ensure that individuals only have access to financial systems and data necessary to undertake their job responsibilities.

Councils need to have effective policies and procedures to create, modify and deactivate user access to minimise the risk of individuals having excessive or unauthorised access.

Our audits sought to confirm the effectiveness of user access administration over key financial systems against these principles. Where we found issues, these were mostly moderate rather than high risk because councils had mitigating controls in place.

Effective user access control involves the following good practice:

- Clear policies and procedures
- Formal approval to establish and modify user accounts
- Removal of access when no longer required
- Regular review of user access
- Password parameters in line with good practice
- Clear records of user access.

We identified staff at 35 councils with access to systems beyond what their job requires.

In three councils, the risks were high because there were only limited mitigating controls. In each case, we were required to perform extra audit procedures. These three councils have remediation plans in place, which we will review during our next audit.

We also found that 30 councils need to strengthen their password parameters for financial reporting systems.

Privileged access

Privileged access occurs when a person can change key system configurations and has wide access to system data, files and accounts. Our audits found examples of inappropriate privileged access, inadequate review and insufficient retention of access logs to monitor the activities of privileged system users.

To minimise the risk of individuals having inappropriate access to IT systems, councils need to strengthen their policies and procedures over privileged user access.

Staff and third-party contractors had unmonitored access to some council systems

Privileged access controls should follow the same good practice principles as general access controls discussed above. However, the impact of poor administration of privileged access controls can be greater than general access controls, because privileged access enables greater control over key IT systems.

Access to IT systems should be granted using the principle of 'least privilege'. This means that system users should only have the system access privileges needed to perform their job, and no-one should have ongoing access to highly privileged functions unless their job demands it.

Where individuals have privileged access, independent oversight should detect and rectify any inappropriate activity. Activity logs of users with privileged access should be reported to someone in a position of authority who is independent of the IT team.

Our audits found:

- IT staff, finance staff and senior management at 22 councils with inappropriate access to privileged finance applications and council data. They could bypass system-based controls or make direct changes to financial data
- fifty-six councils where there is no review of access and usage for users with highly privileged system access
- eleven councils where highly privileged generic user accounts were shared between staff and third-party contractors, limiting the effectiveness of any audit logs
- nine councils with no audit logs detailing the activity of privileged users
- two councils where audit logs were not reviewed or secured
- one council where IT staff could develop and implement changes to financial systems without any authorisation and oversight.

At five councils, these observations were high risk due to a combination of weaknesses. As a result, we were required to perform extra audit procedures to address the risk. These councils also have remediation plans in place, which we will review during our next audit.

Access controls over third-party service providers needs to be strengthened

Most councils rely on third-party service providers for IT administration support. This can be from the vendor of key council systems or an independent IT contractor. Councils need to ensure their existing risk management framework provides assurance for controls over IT outsourcing.

Our audits identified:

- nine councils where there were third parties with unrestricted and unmonitored access to council systems and data
- three councils that had cloud-based financial reporting systems where the council has no assurance that key controls at the service provider are operating effectively
- one council where there was significant reliance on the systems, knowledge and expertise of third parties with no plan should these services be withdrawn.

These examples presented a moderate risk given mitigating controls in place.

User developed applications

User developed applications (UDAs) are computing applications, tools and processes that are developed or managed outside IT administration. These pose extra risks because controls used by internal IT systems may be absent.

User developed applications allow users to bypass user access controls

Councils commonly use UDAs such as spreadsheets, databases and reporting tools in day-to-day operations. There may be internally developed workarounds when a vendor-supplied solution is absent or too expensive to implement.

Reasons why councils might use UDA tools include that they can:

- allow users to interact with council data directly and independently
- be developed cheaply and quickly compared to system enhancements that use a more traditional system development lifecycle.

At the same time, UDAs can pose significant risks. They can lack the traditional controls of a formally deployed business application, and often sit outside the defined control environment. Over time, their original purpose can be lost and their use and complexity can expand. This increases the risk of errors or intentional misuse.

Because of these risks, councils should consider migrating from UDAs to internal IT systems wherever possible. Where this is not feasible, they should implement mitigating controls such as:

- ensuring that UDAs are subject to the council's software development lifecycle requirements for specification, design, building, testing and maintenance
- reviewing and updating policies for user access controls and ensuring assigned access rights to UDAs are appropriate and periodically reviewed
- ensuring all business-critical UDAs are backed up regularly and their recoverability tested.

Our audits found:

- twenty-two councils where spreadsheets were used for business operations, decision making and financial reporting that were not adequately secured, with changes that were not tracked, tested or reviewed. Examples included the calculation of development application fees and depreciation
- five councils where finance staff and senior management had inappropriate access, using database query tools to directly modify financial data in database tables, circumventing system-based business process controls.

These observations were mostly classed as moderate risk as there were mitigating controls in place. However, it was a high risk issue at one council because of the importance of the data maintained in spreadsheets and the lack of access and version controls.

6.3 Information technology governance

IT governance refers to the strategies and frameworks, polices and processes that councils use to oversee and manage IT risks.

Strategy, policies and procedures

One in three councils do not have an IT strategy or operational plan

An IT strategy and an operational plan are important for achieving the best use of IT resources.

An IT strategy links technology use to the wider objectives of a council. It needs to be fit for purpose and take into account the size and complexity of a particular council.

An IT operational plan sets out the day-to-day tasks, time frames, responsibilities and resources needed to realise the goals of an IT strategy.

Thirty-one councils did not have an IT strategy or operational plan.

Effective IT governance is strengthened when:

- There is an IT strategy and operational plan in place that is fit for purpose and suits the size and complexity of the council
- Appropriate policies (such as an information security policy), standards and guidelines are available to staff and contractors across all critical IT processes. These are reviewed and updated periodically, including when significant system or process changes occur
- There are processes to consider, capture and monitor IT risks that would affect operations.

We also found that 16 councils had an IT operational plan but not an IT strategy. Without an IT strategy, there is a risk that IT investment is not aligned with council priorities. Some councils need to develop or improve IT policies and procedures.

Clear and well-defined IT policies and procedures help organisations to implement their strategies and plans. Our audits found the following issues across 33 councils:

- twenty-four councils without formal IT policies and procedures over IT security, change management, disaster recovery and/or business continuity
- seventeen councils without a formal and defined process to appropriately support access management for financial reporting systems
- seventeen councils that need to strengthen existing policies and procedures for IT security, change management or disaster recovery
- two councils that had not reviewed or updated IT policies and procedures in several years.

Over half of councils do not have an information security policy

We identified that 66 councils do not have a formal information security policy. Without this, councils are likely to rely on the knowledge, risk appetite and diligence of individual staff to maintain the security of key IT systems. All councils should have a formally defined process to support the security of and access to all systems.

On 2 March 2018, the Audit Office tabled a performance audit report on 'Detecting and responding to cyber security incidents'. Cyber security incidents can harm government service delivery and may include theft of personal information, denial of access to critical technology, or even the hijacking of systems for profit or malicious intent. Recent global and national security incidents highlight the importance for councils to have systems and processes for detecting and responding effectively to security incidents.

Disaster recovery and business continuity

Councils can improve backup, disaster recovery and business continuity controls

The ability to restore data from valid backups is critical to ensure business continuity. Without it, councils may be unable to continue providing essential public services in the face of a system disaster.

Councils need to thoroughly assess their business systems and documented plan outlining how critical business functions will be recovered in the event of a disaster. Once plans are in place, they then need to be reviewed and tested regularly. The ability to restore backed-up data should also be periodically tested.

We found that 17 councils do not have a documented plan to recover from a disaster. We also found that 15 councils do not periodically test their ability to restore backups of data relevant to financial reporting.

Without these measures, there may not be a clear process to minimise the impact of a significant incident interrupting critical business functions to ensure the continued delivery of services.

We expect to focus on these areas in our future audits.



Appendices

Appendix one – Response from the Office of Local Government

Strengthening local government

NSW GOVERNMENT | Office of Local Government

5 O'Keefe Avenue NOWRA NSW 2541
Locked Bag 3015 NOWRA NSW 2541

Our Reference: A586791
Your Reference:
Contact: Performance Team
Phone: 02 4428 4100

Ms Margaret Crawford
Auditor-General of New South Wales
Audit Office of New South Wales
GPO Box 12
SYDNEY NSW 2001

Dear Ms Crawford

Thank you for your letter dated 23 March 2018 and for the opportunity to respond to your proposed Local Government 2017 report to Parliament.

The Office of Local Government welcomes the contribution from the Audit Office towards strengthening governance, financial management and reporting in the local government sector and notes your findings and recommendations.

We look forward to continuing work with the Audit Office in the future.

Yours sincerely

Tim Hurst
Acting Chief Executive
Office of Local Government
19/4/18

T 02 4428 4100 F 02 4428 4199 TTY 02 4428 4209
E olg@olg.nsw.gov.au W www.olg.nsw.gov.au ABN 44 913 630 046

Appendix two – List of recommendations

The table below lists the recommendations made in this report.

Financial reporting

Quality of financial reporting	Councils can improve the quality of financial reporting by reviewing their financial statements close processes to identify areas for improvements. Councils can improve the quality of financial reporting by involving an audit, risk and improvement committee in the review of financial statements. The Office of Local Government should release the Local Government Code of Accounting Practice and Financial Reporting and the End of Year Financial Reporting Circular earlier in the audit cycle, ideally by 30 April each year. The Local Government Code of Accounting Practice and Financial Reporting should align with Australian Accounting Standards.
Timeliness of financial reporting	The Office of Local Government should introduce early close procedures with an emphasis on asset valuations.

Asset management

Recognition and asset useful life estimates	The Office of Local Government should address the different practices across the local government sector in accounting for rural fire-fighting equipment before 30 June 2018. In doing so, the Office of Local Government should work with NSW Treasury to ensure there is a whole-of-government approach.

Governance and internal controls

Governance	Councils should early adopt the proposed requirement to establish an audit, risk and improvement committee. The Office of Local Government should introduce the requirement for councils to establish internal audit functions and update its 2010 Internal Audit Guidelines. The Office of Local Government should maintain an accurate register of entities approved under section 358 of the *Local Government Act 1993.* The Office of Local Government should consider establishing a financial reporting framework for council entities.

Appendix three – Sources of information and council classifications

Sources of information

This report comments on the results of audits completed on the 2016–17 financial statements of 139 councils and two water authorities and the completed audits of eight councils' and three water authorities' 2015–16 financial statements. The audit of one council's 2016–17 financial statements is ongoing as the council received a lodgement extension from the Office of Local Government.

In addition to the audited financial statements, the comments and analysis in this report has been drawn from:

- data collected from councils
- audit findings reported to councils
- data from external sources, including population, kilometres of roads, and council area data from the Australian Bureau of Statistics and the Office of Local Government.

Council classifications

We adopted the following methodology when classifying councils in our report.

OLG classification	Audit Office grouping
Metropolitan	Metropolitan
Regional Town/City	Regional
Metropolitan Fringe	Metropolitan
Rural	Rural
Large Rural	Rural

Source: OLG classifications and Audit Office of New South Wales.

Below is a list of councils and county councils by classification.

Council classifications

Local councils	OLG classification	Classification in this report
Albury City Council	Regional Town/City	Regional
Armidale Regional Council	Regional Town/City	Regional
Ballina Shire Council	Regional Town/City	Regional
Balranald Shire Council	Rural	Rural
Bathurst Regional Council	Regional Town/City	Regional
Bayside Council	Metropolitan	Metropolitan
Bega Valley Shire Council	Regional Town/City	Regional
Bellingen Shire Council	Large Rural	Rural
Berrigan Shire Council	Large Rural	Rural
Blacktown City Council	Metropolitan	Metropolitan
Bland Shire Council	Large Rural	Rural
Blayney Shire Council	Large Rural	Rural
Blue Mountains City Council	Metropolitan Fringe	Metropolitan

Local councils	OLG classification	Classification in this report
Bogan Shire Council	Rural	Rural
Bourke Shire Council	Rural	Rural
Brewarrina Shire Council	Rural	Rural
Broken Hill City Council	Regional Town/City	Regional
Burwood Council	Metropolitan	Metropolitan
Byron Shire Council	Regional Town/City	Regional
Cabonne Council	Large Rural	Rural
Camden Council	Metropolitan Fringe	Metropolitan
Campbelltown City Council	Metropolitan Fringe	Metropolitan
City of Canada Bay Council	Metropolitan	Metropolitan
Canterbury Bankstown Council	Metropolitan	Metropolitan
Carrathool Shire Council	Rural	Rural
Central Coast Council	Metropolitan Fringe	Metropolitan
Central Darling Shire Council	Rural	Rural
Cessnock City Council	Regional Town/City	Regional
Clarence Valley Council	Regional Town/City	Regional
Cobar Shire Council	Large Rural	Rural
Coffs Harbour City Council	Regional Town/City	Regional
Coolamon Shire Council	Rural	Rural
Coonamble Shire Council	Rural	Rural
Cootamundra-Gundagai Regional Council	Large Rural	Rural
Cowra Shire Council	Large Rural	Rural
Cumberland Council	Metropolitan	Metropolitan
Dubbo Regional Council	Regional Town/City	Regional
Dungog Shire Council	Large Rural	Rural
Edward River Council	Large Rural	Rural
Eurobodalla Shire Council	Regional Town/City	Regional
Fairfield City Council	Metropolitan	Metropolitan
Federation Council	Large Rural	Rural
Forbes Shire Council	Large Rural	Rural
Georges River Council	Metropolitan	Metropolitan
Gilgandra Shire Council	Rural	Rural
Glen Innes Severn Council	Large Rural	Rural
Goulburn Mulwaree Council	Regional Town/City	Regional
Greater Hume Shire Council	Large Rural	Rural
Griffith City Council	Regional Town/City	Regional
Gunnedah Shire Council	Large Rural	Rural
Gwydir Shire Council	Large Rural	Rural
Hawkesbury City Council	Metropolitan Fringe	Metropolitan

Local councils	OLG classification	Classification in this report
Hay Shire Council	Rural	Rural
Hills Shire Council, The	Metropolitan Fringe	Metropolitan
Hilltops Council	Large Rural	Rural
Hornsby, The Council of the Shire of	Metropolitan Fringe	Metropolitan
Hunters Hill, The Council of the Municipality of	Metropolitan	Metropolitan
Inner West Council	Metropolitan	Metropolitan
Inverell Shire Council	Large Rural	Rural
Junee Shire Council	Large Rural	Rural
Kempsey Shire Council	Regional Town/City	Regional
Kiama, the Council of the Municipality of	Regional Town/City	Regional
Ku-ring-gai Council	Metropolitan	Metropolitan
Kyogle Council	Large Rural	Rural
Lachlan Shire Council	Large Rural	Rural
Lake Macquarie City Council	Regional Town/City	Regional
Lane Cove Municipal Council	Metropolitan	Metropolitan
Leeton Shire Council	Large Rural	Rural
Lismore City Council	Regional Town/City	Regional
Lithgow Council, City of	Regional Town/City	Regional
Liverpool City Council	Metropolitan	Metropolitan
Liverpool Plains Shire Council	Large Rural	Rural
Lockhart Shire Council	Rural	Rural
Maitland City Council	Regional Town/City	Regional
Mid-Coast Council	Regional Town/City	Regional
Mid-Western Regional Council	Regional Town/City	Regional
Moree Plains Shire Council	Large Rural	Rural
Mosman Municipal Council	Metropolitan	Metropolitan
Murray River Council	Large Rural	Rural
Murrumbidgee Council	Rural	Rural
Muswellbrook Shire Council	Large Rural	Rural
Nambucca Shire Council	Large Rural	Rural
Narrabri Shire Council	Large Rural	Rural
Narrandera Shire Council	Large Rural	Rural
Narromine Shire Council	Large Rural	Rural
Newcastle City Council	Regional Town/City	Regional
North Sydney Council	Metropolitan	Metropolitan
Northern Beaches Council	Metropolitan	Metropolitan
Oberon Council	Large Rural	Rural
Orange City Council	Regional Town/City	Regional

Local councils	OLG classification	Classification in this report
Parkes Shire Council	Large Rural	Rural
Parramatta Council, City of	Metropolitan	Metropolitan
Penrith City Council	Metropolitan Fringe	Metropolitan
Port Macquarie-Hastings Council	Regional Town/City	Regional
Port Stephens Council	Regional Town/City	Regional
Queanbeyan-Palerang Regional Council	Regional Town/City	Regional
Randwick City Council	Metropolitan	Metropolitan
Richmond Valley Council	Regional Town/City	Regional
Ryde City Council	Metropolitan	Metropolitan
Shellharbour City Council	Regional Town/City	Regional
Shoalhaven City Council	Regional Town/City	Regional
Singleton Council	Regional Town/City	Regional
Snowy Monaro Regional Council	Regional Town/City	Regional
Snowy Valleys Council	Large Rural	Rural
Strathfield Municipal Council	Metropolitan	Metropolitan
Sutherland Shire Council	Metropolitan	Metropolitan
Sydney, Council of the City of	Metropolitan	Metropolitan
Tamworth Regional Council	Regional Town/City	Regional
Temora Shire Council	Large Rural	Rural
Tenterfield Shire Council	Large Rural	Rural
Tweed Shire Council	Regional Town/City	Regional
Upper Hunter Shire Council	Large Rural	Rural
Upper Lachlan Shire Council	Large Rural	Rural
Uralla Shire Council	Large Rural	Rural
Wagga Wagga City Council	Regional Town/City	Regional
Walcha Council	Rural	Rural
Walgett Shire Council	Large Rural	Rural
Warren Shire Council	Rural	Rural
Warrumbungle Shire Council	Large Rural	Rural
Waverley Council	Metropolitan	Metropolitan
Weddin Shire Council	Rural	Rural
Wentworth Shire Council	Large Rural	Rural
Willoughby City Council	Metropolitan	Metropolitan
Wingecarribee Shire Council	Regional Town/City	Regional
Wollondilly Shire Council	Metropolitan Fringe	Metropolitan
Wollongong City Council	Regional Town/City	Regional
Woollahra Municipal Council	Metropolitan	Metropolitan
Yass Valley Council	Large Rural	Rural

Source: OLG classifications and Audit Office of New South Wales.

County councils

County council	Geographical region	Classification in this report
Castlereagh-Macquarie County Council	Far West	County
Central Murray County Council	Riverina Murray	County
Central Tablelands County Council	Central West and Orana	County
Goldenfields Water County Council	Riverina Murray	County
Hawkesbury River County Council	Metropolitan Sydney	County
Mid-Coast County Council*	Hunter	County
New England Tablelands County Council	New England North West	County
Riverina Water County Council	Riverina Murray	County
Rous County Council	North Coast	County
Southern Slopes County Council*	South East and Tablelands	County
Upper Hunter County Council	Hunter	County
Upper Macquarie County Council	Central West and Orana	County

* Mid-Coast and Southern Slopes county councils were dissolved on 1 July 2017.

Source: OLG classifications and Audit Office of New South Wales.

Appendix four – Councils amalgamated in 2016

Newly amalgamated council	Former councils	Date of amalgamation
Armidale Regional Council		**12 May 2016[1]**
	Armidale Dumaresq Council	
	Guyra Shire Council	
Bayside Council		**9 September 2016[3]**
	City of Botany Bay Council	
	Rockdale City Council	
Canterbury-Bankstown Council		**12 May 2016[1]**
	Bankstown City Council	
	Canterbury City Council	
Central Coast Council		**12 May 2016[1]**
	Gosford City Council	
	Wyong Shire Council	
City of Parramatta Council		**12 May 2016[2]**
	Parramatta City Council	
	The Hills Shire Council	
	Auburn City Council	
	Holroyd City Council	
	Hornsby Shire Council	
Cootamundra-Gundagai Council		**12 May 2016[1]**
	Cootamundra Shire Council	
	Gundagai Shire Council	
Cumberland Council		**12 May 2016[2]**
	Parramatta City Council	
	Auburn City Council	
	Holroyd City Council	
Dubbo Regional Council		**12 May 2016[1]**
	Dubbo City Council	
	Wellington Council	
Edward River Council		**12 May 2016[1]**
	Conargo Shire Council	
	Deniliquin Council	
Federation Council		**12 May 2016[1]**
	Corowa Shire Council	
	Urana Shire Council	

Newly amalgamated council	Former councils	Date of amalgamation
Georges River Council		**12 May 2016**[1]
	Hurstville City Council	
	Kogarah City Council	
Hilltops Council		**12 May 2016**[1]
	Boorowa Council	
	Harden Shire Council	
	Young Shire Council	
Inner West Council		**12 May 2016**[1]
	Ashfield Council	
	Leichhardt Municipal Council	
	Marrickville Council	
Mid-Coast Council		**12 May 2016**[1]
	Gloucester Shire Council	
	Great Lakes Council	
	Greater Taree City Council	
Murray River Council		**12 May 2016**[1]
	Murray Shire Council	
	Wakool Shire Council	
Murrumbidgee Council		**12 May 2016**[1]
	Jerilderie Shire Council	
	Murrumbidgee Shire Council	
Northern Beaches Council		**12 May 2016**[1]
	Manly Council	
	Pittwater Council	
	Warringah Council	
Queanbeyan-Palerang Regional Council		**12 May 2016**[1]
	Palerang Council	
	Queanbeyan City Council	
Snowy Monaro Regional Council		**12 May 2016**[1]
	Bombala Council	
	Cooma-Monaro Shire Council	
	Snowy River Shire Council	
Snowy Valleys Council		**12 May 2016**[1]
	Tumbarumba Shire Council	
	Tumut Shire Council	

1 Local Government (Council Amalgamations) Proclamation 2016 dated 12 May 2016.

2 Local Government (City of Parramatta and Cumberland) Proclamation 2016 dated 12 May 2016.

3 Local Government (Bayside) Proclamation 2016 dated 9 September 2016.

Appendix five – Status of audits

Below is a summary of the status of the 2016–17 and 2015–16 financial statement audits, including the type of audit opinion and the date it was issued.

2016–17 audits

Key

Type of audit opinion		Date of audit opinion	
Unmodified opinion.	✓	Financial statements were lodged by the statutory deadline of 31 October 2017.	✓
Unmodified opinion with emphasis of matter.	–	Extensions to the statutory deadline (and met).	✓
Modified opinion: Qualified opinion, an adverse opinion, or a disclaimer of opinion.	!	Financial statements not submitted as at tabling date.	✗
Audit report not yet issued.			

Local council	Type of audit opinion		Date of audit opinion	
Albury City Council	Unmodified	✓	23 October 2017	✓
Armidale Regional Council	Unmodified	✓	7 December 2017	✓
Ballina Shire Council	Unmodified	✓	26 October 2017	✓
Balranald Shire Council	Unmodified	✓	31 October 2017	✓
Bathurst Regional Council	Unmodified	✓	23 October 2017	✓
Bayside Council[6]	Not yet issued	!	Not yet issued	✗
Bega Valley Shire Council	Unmodified	✓	31 October 2017	✓
Bellingen Shire Council	Unmodified	✓	25 October 2017	✓
Berrigan Shire Council	Unmodified	✓	18 October 2017	✓
Blacktown City Council	Unmodified	✓	26 October 2017	✓
Bland Shire Council	Unmodified	✓	28 February 2018	✓
Blayney Shire Council	Unmodified	✓	24 October 2017	✓
Blue Mountains City Council	Unmodified	✓	31 October 2017	✓
Bogan Shire Council	Unmodified	✓	25 October 2017	✓
Bourke Shire Council	Unmodified	✓	27 October 2017	✓
Brewarrina Shire Council	Unmodified	✓	28 February 2018	✓
Broken Hill City Council	Unmodified	✓	19 October 2017	✓
Burwood Council	Unmodified	✓	18 October 2017	✓
Byron Shire Council	Unmodified	✓	26 October 2017	✓
Cabonne Council	Unmodified	✓	23 October 2017	✓

[6] The Office of Local Government granted Bayside City Council with an extension until 31 May 2018. The council has not yet presented their 2016–17 financial statements for audit as the financial records were not ready. The outcome of this incomplete audit will be reported in next year's report.

Local council	Type of audit opinion	Date of audit opinion
Camden Council	Unmodified	27 October 2017
Campbelltown City Council	Unmodified	15 September 2017
City of Canada Bay Council	Unmodified	12 October 2017
Canterbury Bankstown Council	Unmodified	30 November 2017
Carrathool Shire Council	Unmodified	30 October 2017
Central Coast Council	Unmodified	9 March 2018
Central Darling Shire Council	Unmodified (with Emphasis of Matter)	28 February 2018
Cessnock City Council	Unmodified	11 October 2017
Clarence Valley Council	Unmodified	6 November 2017
Cobar Shire Council	Unmodified	30 November 2017
Coffs Harbour City Council	Unmodified	26 October 2017
Coolamon Shire Council	Unmodified	23 October 2017
Coonamble Shire Council	Unmodified	10 November 2017
Cootamundra-Gundagai Regional Council	Unmodified	30 October 2017
Cowra Shire Council	Unmodified	26 October 2017
Cumberland Council	Unmodified	21 December 2017
Dubbo Regional Council	Unmodified	27 February 2018
Dungog Shire Council	Unmodified	28 February 2018
Edward River Council	Unmodified	15 December 2017
Eurobodalla Shire Council	Unmodified	27 October 2017
Fairfield City Council	Unmodified	25 October 2017
Federation Council	Unmodified	30 October 2017
Forbes Shire Council	Unmodified	30 October 2017
Georges River Council	Unmodified	14 November 2017
Gilgandra Shire Council	Unmodified	22 November 2017
Glen Innes Severn Council	Unmodified	19 December 2017
Goulburn Mulwaree Council	Unmodified	4 December 2017
Greater Hume Shire Council	Unmodified	23 October 2017
Griffith City Council	Unmodified	23 October 2017
Gunnedah Shire Council	Unmodified	20 October 2017
Gwydir Shire Council	Unmodified	31 October 2017
Hawkesbury City Council	Unmodified	30 November 2017
Hay Shire Council	Unmodified	30 October 2017
Hills Shire Council, The	Qualified opinion	29 September 2017

Local council	Type of audit opinion	Date of audit opinion
Hilltops Council	Unmodified	29 November 2017
Hornsby, The Council of the Shire of	Unmodified	20 October 2017
Hunters Hill, The Council of the Municipality of	Unmodified	31 October 2017
Inner West Council	Unmodified	27 October 2017
Inverell Shire Council	Unmodified	26 October 2017
Junee Shire Council	Qualified opinion	30 October 2017
Kempsey Shire Council	Unmodified	9 November 2017
Kiama, The Council of the Municipality of	Unmodified	20 November 2017
Ku-ring-gai Council	Unmodified	12 October 2017
Kyogle Council	Unmodified	31 October 2017
Lachlan Shire Council	Unmodified	30 November 2017
Lake Macquarie City Council	Unmodified	24 October 2017
Lane Cove Municipal Council	Unmodified	30 October 2017
Leeton Shire Council	Unmodified	19 October 2017
Lismore City Council	Unmodified	17 October 2017
Lithgow Council, City of	Unmodified	21 November 2017
Liverpool City Council	Unmodified	27 October 2017
Liverpool Plains Shire Council	Unmodified	30 November 2017
Lockhart Shire Council	Unmodified	20 October 2017
Maitland City Council	Unmodified	13 October 2017
Mid-Coast Council	Unmodified	20 December 2017
Mid-Western Regional Council	Unmodified	3 October 2017
Moree Plains Shire Council	Unmodified	27 February 2018
Mosman Municipal Council	Unmodified	25 October 2017
Murray River Council	Unmodified	23 February 2018
Murrumbidgee Council	Unmodified	29 November 2017
Muswellbrook Shire Council	Unmodified	30 October 2017
Nambucca Shire Council	Unmodified	27 October 2017
Narrabri Shire Council	Unmodified	31 October 2017
Narrandera Shire Council	Unmodified	20 October 2017
Narromine Shire Council	Unmodified	26 October 2017
Newcastle City Council	Unmodified	13 October 2017
North Sydney Council	Unmodified	31 October 2017
Northern Beaches Council	Unmodified	20 December 2017

Local council	Type of audit opinion		Date of audit opinion	
Oberon Council	Unmodified	✓	18 October 2017	✓
Orange City Council	Unmodified	✓	30 October 2017	✓
Parkes Shire Council	Unmodified	✓	5 October 2017	✓
Parramatta Council, City of	Unmodified	✓	13 December 2017	✓
Penrith City Council	Unmodified	✓	26 September 2017	✓
Port Macquarie-Hastings Council	Unmodified	✓	31 October 2017	✓
Port Stephens Council	Unmodified	✓	26 October 2017	✓
Queanbeyan-Palerang Regional Council	Unmodified	✓	27 February 2018	✓
Randwick City Council	Unmodified	✓	13 October 2017	✓
Richmond Valley Council	Unmodified	✓	19 October 2017	✓
Ryde City Council	Unmodified	✓	25 October 2017	✓
Shellharbour City Council	Unmodified	✓	20 October 2017	✓
Shoalhaven City Council	Unmodified	✓	31 October 2017	✓
Singleton Council	Unmodified	✓	27 October 2017	✓
Snowy Monaro Regional Council	Unmodified	✓	22 November 2017	✓
Snowy Valleys Council	Unmodified	✓	27 October 2017	✓
Strathfield Municipal Council	Unmodified	✓	30 October 2017	✓
Sutherland Shire Council	Unmodified	✓	24 October 2017	✓
Sydney, Council of the City of	Unmodified	✓	24 October 2017	✓
Tamworth Regional Council	Unmodified	✓	26 October 2017	✓
Temora Shire Council	Unmodified	✓	23 October 2017	✓
Tenterfield Shire Council	Unmodified	✓	28 November 2017	✓
Tweed Shire Council	Unmodified	✓	27 October 2017	✓
Upper Hunter Shire Council	Unmodified	✓	31 October 2017	✓
Upper Lachlan Shire Council	Unmodified	✓	10 October 2017	✓
Uralla Shire Council	Unmodified	✓	31 October 2017	✓
Wagga Wagga City Council	Unmodified	✓	23 October 2017	✓
Walcha Council	Unmodified	✓	25 October 2017	✓
Walgett Shire Council	Unmodified	✓	23 February 2018	✓
Warren Shire Council	Unmodified	✓	17 October 2017	✓
Warrumbungle Shire Council	Unmodified	✓	16 November 2017	✓
Waverley Council	Unmodified	✓	31 October 2017	✓
Weddin Shire Council	Unmodified	✓	31 October 2017	✓
Wentworth Shire Council	Unmodified	✓	31 October 2017	✓

Local council	Type of audit opinion		Date of audit opinion	
Willoughby City Council	Unmodified	✓	30 October 2017	✓
Wingecarribee Shire Council	Unmodified	✓	16 October 2017	✓
Wollondilly Shire Council	Unmodified	✓	16 October 2017	✓
Wollongong City Council	Unmodified	✓	10 October 2017	✓
Woollahra Municipal Council	Unmodified	✓	31 October 2017	✓
Yass Valley Council	Qualified opinion	!	30 October 2017	✓

County council	Type of audit opinion		Date of audit opinion	
Castlereagh Macquarie County Council	Unmodified	✓	28 February 2018	✓
Central Murray County Council	Unmodified	✓	31 October 2017	✓
Central Tablelands County Council	Unmodified	✓	20 November 2017	✓
Former MidCoast Water	Unmodified	✓	22 February 2018	✓
Goldenfields Water County Council	Unmodified	✓	11 October 2017	✓
Hawkesbury River County Council	Unmodified	✓	30 November 2017	✓
New England Tablelands County Council	Unmodified	✓	10 October 2017	✓
Riverina Water County Council	Unmodified	✓	11 October 2017	✓
Rous County Council	Unmodified	✓	18 October 2017	✓
Southern Slopes County Council	Unmodified	✓	31 October 2017	✓
Upper Hunter County Council	Unmodified	✓	30 October 2017	✓
Upper Macquarie County Council	Unmodified	✓	27 October 2017	✓

Water authority	Type of audit opinion		Date of audit opinion	
Central Coast Council Water Supply Authority	Unmodified	✓	9 March 2018	✓
Cobar Water Board	Unmodified	✓	22 September 2017	✓

2015–16 audits

Key

Type of audit opinion		Date of audit opinion	
Unmodified opinion.		Financial statements were lodged by the statutory deadline of 31 October 2017.	
Unmodified opinion with emphasis of matter.		Extensions to the statutory deadline (and met).	
Modified opinion: Qualified opinion, an adverse opinion, or a disclaimer of opinion.			
Audit report not yet issued.			

Local council	Type of audit opinion		Date of audit opinion	
Armidale Dumaresq Council, The former	Unmodified		14 February 2017	
City of Botany Bay Council, The former	Disclaimer of opinion		9 April 2018	
Conargo Shire Council, The former	Unmodified		21 December 2016	
Deniliquin Council, The former	Unmodified		3 February 2017	
Guyra Shire Council, The former	Unmodified		20 December 2016	
Liverpool City Council	Unmodified		26 October 2016	
MidCoast Water	Unmodified		27 October 2016	

County council	Type of audit opinion		Date of audit opinion	
New England Tablelands County Council	Unmodified		5 September 2016	

Water authority	Type of audit opinion		Date of audit opinion	
Cobar Water Board	Unmodified		4 October 2016	
Gosford Water Supply Water Authority, The former	Disclaimer of opinion		25 May 2017	
Wyong Shire Council Water Authority, The former	Unmodified		14 December 2016	

Appendix six – Council spending by function – Definitions from the Local Government Code of Accounting Practice and Financial Reporting

Category	Council expenditure on:
Governance	Costs relating to council's role as a component of democratic government, including elections, councillors' fees and expenses, subscriptions to local authority associations, meetings of Council and policy-making committees, public disclosure and legislative compliance.
Administration	Corporate support and other support services, engineering works and council policy compliance.
Public order and safety	Delivery of fire protection, emergency services, beach control, enforcement of regulations and animal control services.
Health	Immunisation, food control and health centres.
Environment	Noxious plants and insect/vermin control, other environmental protection, solid waste management including domestic and other waste, other sanitation, garbage, street cleaning, drainage and stormwater management.
Community services and education	Administration and education, social protection (welfare), migrant, Aboriginal and other community services and administration, youth services, aged and disabled persons services, children's' services including family day care, child care and other family and child services.
Housing and community amenities	Public cemeteries, public conveniences, street lighting, town planning, other community amenities including housing development, accommodation for families, children, aged persons, disabled persons, migrants and Indigenous persons.
Water	Water services.
Sewerage	Sewer services.
Recreation and culture	Public libraries, museums, art galleries, community centres and halls including public halls and performing arts venues, sporting grounds and venues, swimming pools, parks, gardens, lakes and other sporting, recreational and cultural services.
Agriculture	Administration of agricultural services, supervision and regulation of the agricultural industry, operation of flood control and irrigation systems, operation of support services to farmers including vet services, pest control services, crop inspection and crop grading services.
Fuel and energy	Gas supplies.
Mining, manufacturing and construction	Building control, quarries and pits, mineral resources and abattoirs.
Transport and communication	Sealed and unsealed roads, bridges, footpaths, parking areas and aerodromes.
Economic affairs	Camping areas and caravan parks, tourism and area promotion, industrial development promotion, sale yards and markets, real estate development, commercial nurseries and other business undertakings.

Source: Local Government Code of Accounting Practice and Financial Reporting.

Appendix seven – OLG's performance indicators from the audited financial statement - Descriptions

Audited performance indicator	Formula	Description
Operating performance	Total continuing operating revenue[#] excluding capital grants and contributions less operating expenses / Total continuing operating revenue[#] excluding capital grants and contributions	The 'operating performances ratio' measures how well local councils contained expenses within revenue. The benchmark set by the Office of Local Government (OLG) for the ratio is greater than zero per cent.
Own source operating revenue	Total continuing operating revenue[#] excluding all grants and contributions / Total continuing operating revenue[#] inclusive of all grants and contributions	The 'own source operating revenue ratio' measures a council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG for the ratio is greater than 60 per cent.
Unrestricted current ratio	Current assets less all external restrictions / Current liabilities less specific-purpose liabilities	The 'unrestricted current ratio' is specific to the local government sector and represents a council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG for the ratio is greater than 1.5 times.
Debt service cover ratio	Operating result[#] before capital excluding interest and impairment, depreciation and amortisation / Principal repayments plus borrowing costs	The 'debt service cover ratio' measures the operating cash available to service debt including interest, principal and lease payments. The benchmark set by OLG for the ratio is greater than two times.
Rates and annual charges outstanding percentage	Rates and annual charges outstanding / Rates and annual charges collectible	The 'rates and annual charges outstanding ratio' assesses the impact of uncollected rates and annual charges on a council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG for the ratio is less than five per cent for metropolitan and less than ten per cent for rural councils.
Cash expense cover ratio	Current year cash and cash equivalents, and term deposits *12 / Payments from cash flow of operating and financing activities	The 'cash expense cover ratio' indicates the number of months a council can continue paying its expenses without additional cash inflows. The benchmark set by OLG for the ratio is greater than three months.

Excludes fair value adjustments, reversal of revaluation decrements, net gain/loss on sale of assets, and net share/loss of interests in joint ventures.

Source: Local Government Code of Accounting Practice and Financial Reporting.

Appendix eight – OLG's performance indicators from the unaudited special schedule 7 - Descriptions

Unaudited performance indicator	Formula	Description
Buildings and infrastructure renewals ratio	Asset renewals / Depreciation, amortisation and impairment	The 'building and infrastructure renewals ratio' assesses the rate at which assets are being renewed against the rate at which they are depreciating. The benchmark set by OLG for the ratio is greater than 100 per cent.
Infrastructure backlog ratio	Estimated cost to bring assets to a satisfactory condition / Carrying value of infrastructure, building, other structures and depreciable land improvement assets	The 'infrastructure backlog ratio' represents the proportion of infrastructure backlog to the total net book value of a council's infrastructure assets. The benchmark set by OLG for the ratio is less than two per cent.
Asset maintenance ratio	Actual asset maintenance / Required asset maintenance	The 'asset maintenance ratio' compares actual versus required annual asset maintenance. The benchmark set by OLG for the ratio is greater than 100 per cent.
Cost to bring assets to agreed service level	Estimated cost to bring assets to an agreed level of service set by council / Gross replacement cost	The 'cost to bring assets to agreed service level' reflects the actual value of identified renewal works to be delivered in the future, compared to the total replacement cost of assets. OLG has not prescribed a benchmark for this performance indicator.

Source: Local Government Code of Accounting Practice and Financial Reporting.

Appendix nine – Financial information

We have included a summary of key financial information from the 2016–17 audited financial statements of councils.

	2016–17				
Local council	**Total revenue**	**Total expenses**	**Operating result**	**Total assets**	**Total liabilities**
	$m	**$m**	**$m**	**$m**	**$m**
Albury City Council	139	104	35	1,395	74
Armidale Regional Council	93	77	16	909	48
Ballina Shire Council	115	85	30	1,257	104
Balranald Shire Council	15	13	2	123	5
Bathurst Regional Council	129	93	36	1,325	48
Bayside Council	--	--	--	--	--
Bega Valley Shire Council	96	93	3	1,002	53
Bellingen Shire Council	31	29	2	466	15
Berrigan Shire Council	26	19	7	254	5
Blacktown City Council	583	314	269	4,016	162
Bland Shire Council	29	19	10	400	10
Blayney Shire Council	23	18	5	237	7
Blue Mountains City Council	119	110	9	800	61
Bogan Shire Council	21	17	4	224	5
Bourke Shire Council	29	21	8	256	8
Brewarrina Shire Council	16	13	3	138	5
Broken Hill City Council	37	43	(6)	242	18
Burwood Council	49	42	7	421	23
Byron Shire Council	99	78	21	854	82
Cabonne Council	50	37	13	621	11
Camden Council	189	92	97	1,400	79
Campbelltown City Council	254	143	111	2,639	51
City of Canada Bay Council	110	81	29	1,629	31
Canterbury Bankstown Council	355	314	41	3,707	101
Carrathool Shire Council	24	18	6	231	7

Bayside council received a lodgement extension for the 2016–17 financial statements to 31 May 2018 and has not yet presented them for audit.

	2016–17				
Local council	**Total revenue**	**Total expenses**	**Operating result**	**Total assets**	**Total liabilities**
	$m	**$m**	**$m**	**$m**	**$m**
Central Coast Council	724	568	156	7,388	494
Central Darling Shire Council	25	19	6	174	4
Cessnock City Council	95	76	19	789	38
Clarence Valley Council	135	146	(11)	2,130	156
Cobar Shire Council	37	33	4	316	5
Coffs Harbour City Council	219	165	54	2,229	193
Coolamon Shire Council	17	13	4	187	10
Coonamble Shire Council	25	19	6	306	4
Cootamundra-Gundagai Regional Council	49	44	5	416	9
Cowra Shire Council	42	35	7	614	26
Cumberland Council	244	206	38	2,356	68
Dubbo Regional Council	202	141	61	2,549	98
Dungog Shire Council	22	20	2	319	7
Edward River Council	48	38	10	421	9
Eurobodalla Shire Council	129	106	23	1,382	82
Fairfield City Council	195	153	42	1,918	43
Federation Council	54	38	16	504	11
Forbes Shire Council	37	36	1	310	33
Georges River Council	180	140	40	1,412	36
Gilgandra Shire Council	36	28	8	309	20
Glen Innes Severn Council	32	27	5	268	25
Goulburn Mulwaree Council	82	63	19	1,012	55
Greater Hume Shire Council	38	31	7	504	14
Griffith City Council	64	50	14	757	32
Gunnedah Shire Council	47	36	11	463	30
Gwydir Shire Council	28	25	3	434	18
Hawkesbury City Council	94	76	18	1,032	27
Hay Shire Council	14	12	2	81	4

	2016–17				
Local council	**Total revenue**	**Total expenses**	**Operating result**	**Total assets**	**Total liabilities**
	$m	**$m**	**$m**	**$m**	**$m**
The Hills Shire Council !	**257**	**130**	**127**	**5,026**	**67**
Hilltops Council	85	83	2	605	36
The Council of the Shire of Hornsby	162	118	44	1,660	54
The Council of the Municipality of Hunters Hill	16	16	--	219	6
Inner West Council	316	258	58	2,391	78
Inverell Shire Council	41	33	8	688	13
Junee Shire Council !	**17**	**14**	**3**	**143**	**10**
Kempsey Shire Council	73	73	--	1,065	59
The Council of the Municipality of Kiama	74	53	21	486	79
Ku-ring-gai Council	151	118	33	1,364	48
Kyogle Council	33	27	6	399	10
Lachlan Shire Council	39	36	3	383	14
Lake Macquarie City Council	288	218	70	2,689	183
Lane Cove Municipal Council	78	38	40	619	13
Leeton Shire Council	31	25	6	245	7
Lismore City Council	121	102	19	1,425	93
City of Lithgow Council	57	48	9	547	34
Liverpool City Council	284	179	105	2,540	86
Liverpool Plains Shire Council	30	26	4	571	10
Lockhart Shire Council	17	10	7	231	3
Maitland City Council	148	97	51	1,110	65
Mid-Coast Council	211	175	36	2,145	113
Mid-Western Regional Council	82	63	19	962	33
Moree Plains Shire Council	67	56	11	572	64
Mosman Municipal Council	52	44	8	507	25
Murray River Council	68	46	22	726	12
Murrumbidgee Council	37	23	14	288	5

! The audit reports of these councils included an audit modification.

	2016–17				
Local council	**Total revenue**	**Total expenses**	**Operating result**	**Total assets**	**Total liabilities**
	$m	**$m**	**$m**	**$m**	**$m**
Muswellbrook Shire Council	52	42	10	650	40
Nambucca Shire Council	47	36	11	482	52
Narrabri Shire Council	57	42	15	517	16
Narrandera Shire Council	23	18	5	246	4
Narromine Shire Council	25	19	6	326	6
Newcastle City Council	289	265	24	1,727	190
North Sydney Council	133	106	27	1,001	48
Northern Beaches Council	404	355	49	4,912	143
Oberon Council	19	15	4	295	7
Orange City Council	120	86	34	1,208	50
Parkes Shire Council	69	43	26	711	30
City of Parramatta Council	352	274	78	3,026	148
Penrith City Council	259	207	52	1,916	111
Port Macquarie-Hastings Council	248	149	99	2,204	114
Port Stephens Council	132	110	22	970	51
Queanbeyan-Palerang Regional Council	229	138	91	1,453	68
Randwick City Council	157	147	10	1,557	39
Richmond Valley Council	56	49	7	727	37
Ryde City Council	146	107	39	1,470	41
Shellharbour City Council	122	85	37	844	57
Shoalhaven City Council	258	222	36	2,817	169
Singleton Council	67	54	13	905	24
Snowy Monaro Regional Council	100	85	15	1,222	22
Snowy Valleys Council	72	63	9	626	20
Strathfield Municipal Council	43	34	9	361	15
Sutherland Shire Council	270	205	65	2,426	71
Council of the City of Sydney	722	578	144	12,087	184
Tamworth Regional Council	166	126	40	1,584	120
Temora Shire Council	23	18	5	212	6
Tenterfield Shire Council	26	18	8	366	10

	2016–17				
Local council	**Total revenue**	**Total expenses**	**Operating result**	**Total assets**	**Total liabilities**
	$m	**$m**	**$m**	**$m**	**$m**
Tweed Shire Council	230	187	43	3,283	220
Upper Hunter Shire Council	45	39	6	702	26
Upper Lachlan Shire Council	38	26	12	426	10
Uralla Shire Council	21	19	2	248	10
Wagga Wagga City Council	154	121	33	1,485	82
Walcha Council	17	12	5	439	4
Walgett Shire Council	37	29	8	304	9
Warren Shire Council	17	13	4	188	3
Warrumbungle Shire Council	47	42	5	511	15
Waverley Council	138	127	11	1,259	41
Weddin Shire Council	16	12	4	187	8
Wentworth Shire Council	32	25	7	433	9
Willoughby City Council	119	98	21	1,570	75
Wingecarribee Shire Council	144	103	41	1,481	54
Wollondilly Shire Council	65	56	9	504	39
Wollongong City Council	324	255	69	2,536	178
Woollahra Municipal Council	105	90	15	961	110
Yass Valley Council (!)	**36**	**30**	**6**	**374**	**27**

Source: Audited financial statements 2016–17.

(!) The audit reports of these councils included an audit modification.

	2016–17				
County council	**Total revenue**	**Total expenses**	**Operating result**	**Total assets**	**Total liabilities**
	$m	**$m**	**$m**	**$m**	**$m**
Castlereagh-Macquarie County Council	1	1	--	1	--
Central Murray County Council	1	1	--	1	--
Central Tablelands County Council	6	5	1	76	3
Goldenfields Water County Council	21	17	4	308	3
Hawkesbury River County Council	2	2	--	3	1
MidCoast Water (MidCoast County Council)	88	81	7	969	191
New England Tablelands County Council	1	1	--	2	--
Riverina Water County Council	31	20	11	366	18
Rous County Council	27	23	4	506	33
Southern Slopes County Council	1	1	--	1	--
Upper Hunter County Council	2	2	--	1	--
Upper Macquarie County Council	2	2	--	1	--

Source: Audited financial statements 2016–17.

Appendix ten – OLG's performance indicators

We have included a summary of how each council has performed against the performance measures prescribed by the Office of Local Government (OLG). The first six measures are audited and reported in councils' general purpose financial statements. The remaining four asset-related measures are not audited and reported in councils' special schedule 7 'Report on Infrastructure Assets'.

	Audited						Unaudited			
	Operating performance (%)	Own source operating revenue (%)	Unrestricted current ratio (times)	Debt service cover ratio (times)	Rates and annual outstanding percentage (%)	Cash expense cover ratio (months)	Buildings and infrastructure renewals ratio (%)	Infrastructure backlog ratio (%)	Asset maintenance ratio (%)	Cost to bring assets to agreed service level (%)
OLG Benchmark	**Greater than zero per cent**	**Greater than 60 per cent**	**Greater than 1.5 times**	**Greater than two times**	**Less than five per cent for metro and 10 per cent for other councils**	**Greater than three months**	**Greater than 100 per cent**	**Less than two per cent**	**Greater than 100 per cent**	**OLG has not set a benchmark**
Albury City Council	16.8	79.5	3.3	7.1	10.3	16.2	63.3	3.1	80.7	1.9
Armidale Regional Council	12.3	59.5	2.2	6.0	6.8	14.4	44.1	10.6	96.3	4.3
Ballina Shire Council	8.9	64.6	4.9	2.7	3.6	12.0	84.2	1.9	82.9	0.9
Balranald Shire Council	6.8	31.9	6.2	15.3	10.5	9.4	54.6	2.6	84.7	1.7
Bathurst Regional Council	(5.4)	62.4	2.3	4.1	5.7	10.0	60.2	8.0	158.8	0.7
Bayside Council[10]	--	--	--	--	--	--	--	--	--	--
Bega Valley Shire Council	(2.9)	71.7	1.5	4.4	3.6	10.0	45.4	0.7	95.8	--
Bellingen Shire Council	0.7	68.1	2.5	6.3	5.8	17.7	88.0	11.6	89.3	--
Berrigan Shire Council	22.5	53.9	8.1	34.9	3.7	24.0	80.3	--	114.7	--
Blacktown City Council	3.5	47.5	2.6	--	4.1	19.0	82.9	2.4	99.3	1.6
Bland Shire Council	30.7	37.8	4.0	32.4	6.2	0.3	112.8	5.1	110.5	3.2

[10] Bayside council received a lodgement extension for the 2016–17 financial statements to 31 May 2018 and has not yet presented them for audit.

	Audited						Unaudited			
	Operating performance (%)	Own source operating revenue (%)	Unrestricted current ratio (times)	Debt service cover ratio (times)	Rates and annual outstanding percentage (%)	Cash expense cover ratio (months)	Buildings and infrastructure renewals ratio (%)	Infrastructure backlog ratio (%)	Asset maintenance ratio (%)	Cost to bring assets to agreed service level (%)
OLG Benchmark	**Greater than zero per cent**	**Greater than 60 per cent**	**Greater than 1.5 times**	**Greater than two times**	**Less than five per cent for metro and 10 per cent for other councils**	**Greater than three months**	**Greater than 100 per cent**	**Less than two per cent**	**Greater than 100 per cent**	**OLG has not set a benchmark**
Blayney Shire Council	11.0	60.9	3.9	21.1	2.2	15.7	199.9	10.7	145.9	2.5
Blue Mountains City Council	5.4	80.1	2.3	2.6	3.4	4.4	35.1	2.0	99.1	1.2
Bogan Shire Council	14.0	46.2	6.4	52.2	6.8	8.5	67.7	1.9	93.5	2.2
Bourke Shire Council	21.3	40.8	4.3	8.6	14.9	12.9	114.3	3.2	99.9	1.6
Brewarrina Shire Council	19.2	43.5	3.9	24.0	6.8	9.7	87.3	1.9	47.7	--
Broken Hill City Council	(0.9)	62.6	1.8	3.8	11.7	9.9	112.8	25.5	121.6	13.1
Burwood Council	5.6	84.0	4.4	12.4	2.4	11.4	117.7	7.3	102.6	5.2
Byron Shire Council	6.0	69.7	3.2	3.3	3.4	14.3	108.0	7.9	90.7	4.8
Cabonne Council	15.4	56.5	7.8	46.0	5.6	18.4	136.0	3.6	117.8	2.0
Camden Council	0.0	43.0	2.7	3.2	3.4	14.9	38.2	1.2	100.0	1.0
Campbelltown City Council	10.6	64.0	4.8	8.2	3.3	18.0	94.8	1.6	104.9	1.3
Canterbury Bankstown Council	(1.2)	75.7	2.9	18.0	4.0	11.9	75.8	4.7	94.2	2.6
Carrathool Shire Council	19.3	40.7	6.8	30.9	6.1	17.0	79.9	1.3	104.9	--
Castlereagh-Macquarie County Council	9.1	16.5	3.6	2.3	0.0	5.6	--	--	--	--
Central Coast Council	10.7	76.4	2.7	4.5	5.9	9.0	142.2	2.6	104.9	1.7

	Audited						Unaudited			
	Operating performance (%)	Own source operating revenue (%)	Unrestricted current ratio (times)	Debt service cover ratio (times)	Rates and annual outstanding percentage (%)	Cash expense cover ratio (months)	Buildings and infrastructure renewals ratio (%)	Infrastructure backlog ratio (%)	Asset maintenance ratio (%)	Cost to bring assets to agreed service level (%)
OLG Benchmark	**Greater than zero per cent**	**Greater than 60 per cent**	**Greater than 1.5 times**	**Greater than two times**	**Less than five per cent for metro and 10 per cent for other councils**	**Greater than three months**	**Greater than 100 per cent**	**Less than two per cent**	**Greater than 100 per cent**	**OLG has not set a benchmark**
Central Darling Shire Council	18.2	47.4	2.0	33.2	35.7	1.6	94.4	21.1	79.4	2.0
Central Murray County Council	(18.6)	81.2	3.3	--	--	4.4	--	--	--	--
Central Tablelands County Council	4.8	96.1	8.0	3.9	--	19.7	112.4	34.9	99.2	1.4
Cessnock City Council	4.0	63.4	2.4	8.1	2.0	6.3	158.5	3.4	102.2	9.6
City of Canada Bay Council	7.0	80.2	4.2	28.6	1.3	12.9	119.5	3.5	88.7	2.3
City of Lithgow Council	4.2	64.9	3.1	5.4	5.8	9.1	99.2	7.2	81.5	--
City of Parramatta Council	0.4	68.5	4.7	2.9	3.0	6.4	92.5	2.4	103.6	4.3
Clarence Valley Council	(3.8)	69.2	4.4	3.2	6.3	12.0	25.6	4.3	69.0	3.0
Cobar Shire Council	7.5	52.1	4.6	25.1	8.2	6.6	37.1	7.0	92.1	7.2
Coffs Harbour City Council	18.7	74.3	14.8	3.1	6.6	9.1	76.8	--	100.5	--
Coolamon Shire Council	18.9	43.4	8.4	81.6	4.9	19.7	107.4	1.8	139.2	0.9
Coonamble Shire Council	18.3	55.1	6.1	158.4	7.3	19.9	108.7	1.0	262.6	0.7
Cootamundra-Gundagai Regional Council	4.7	44.8	8.5	19.6	4.0	16.4	60.0	10.9	--	--
Council of the City of Sydney	4.9	79.7	2.7	--	1.2	6.5	62.6	3.5	100.1	1.3

	Audited						Unaudited			
	Operating performance (%)	Own source operating revenue (%)	Unrestricted current ratio (times)	Debt service cover ratio (times)	Rates and annual outstanding percentage (%)	Cash expense cover ratio (months)	Buildings and infrastructure renewals ratio (%)	Infrastructure backlog ratio (%)	Asset maintenance ratio (%)	Cost to bring assets to agreed service level (%)
OLG Benchmark	**Greater than zero per cent**	**Greater than 60 per cent**	**Greater than 1.5 times**	**Greater than two times**	**Less than five per cent for metro and 10 per cent for other councils**	**Greater than three months**	**Greater than 100 per cent**	**Less than two per cent**	**Greater than 100 per cent**	**OLG has not set a benchmark**
Cowra Shire Council	11.2	71.3	4.0	4.8	9.0	8.9	78.4	1.9	105.4	0.8
Cumberland Council	(2.7)	66.1	3.5	11.4	2.8	7.9	106.1	9.8	125.9	7.2
Dubbo Regional Council	13.2	62.5	3.6	5.8	3.3	16.6	108.6	1.0	100.0	--
Dungog Shire Council	(17.5)	40.5	8.2	11.5	6.0	8.3	92.4	7.0	72.3	10.1
Edward River Council	16.7	39.1	8.6	25.6	5.5	21.9	117.8	1.5	88.6	0.8
Eurobodalla Shire Council	9.7	71.3	2.4	3.4	2.5	14.7	79.2	7.2	100.0	4.5
Fairfield City Council	11.4	77.0	3.1	146.3	3.1	4.9	170.5	1.9	100.8	1.4
Federation Council	6.3	40.0	2.7	27.9	5.5	18.7	108.5	5.8	95.8	3.7
Forbes Shire Council	(0.5)	68.3	7.4	3.4	10.3	15.4	36.2	3.7	94.0	1.7
Georges River Council	11.3	76.2	4.4	46.0	2.7	9.5	116.3	1.8	127.9	3.8
Gilgandra Shire Council	19.4	63.5	4.3	18.4	6.5	9.8	192.9	2.3	102.2	1.7
Glen Innes Severn Council	12.8	58.7	5.2	4.3	4.7	9.9	97.0	10.9	100.0	6.0
Goldenfields Water County Council	14.3	95.0	6.0	--	23.8	49.6	22.8	4.4	105.2	0.6
Goulburn Mulwaree Council	7.9	61.0	3.6	5.7	3.1	24.5	125.8	2.5	99.9	--
Greater Hume Shire Council	13.0	48.5	5.5	13.2	6.6	13.0	156.3	0.1	145.0	0.1

	Audited						Unaudited			
	Operating performance (%)	Own source operating revenue (%)	Unrestricted current ratio (times)	Debt service cover ratio (times)	Rates and annual outstanding percentage (%)	Cash expense cover ratio (months)	Buildings and infrastructure renewals ratio (%)	Infrastructure backlog ratio (%)	Asset maintenance ratio (%)	Cost to bring assets to agreed service level (%)
OLG Benchmark	**Greater than zero per cent**	**Greater than 60 per cent**	**Greater than 1.5 times**	**Greater than two times**	**Less than five per cent for metro and 10 per cent for other councils**	**Greater than three months**	**Greater than 100 per cent**	**Less than two per cent**	**Greater than 100 per cent**	**OLG has not set a benchmark**
Griffith City Council	15.1	74.3	2.5	8.0	6.8	7.1	63.7	--	--	--
Gunnedah Shire Council	19.9	65.1	6.1	18.7	4.3	28.2	120.7	2.4	120.2	1.6
Gwydir Shire Council	16.5	52.0	2.0	6.8	4.4	4.8	113.5	3.1	100.0	--
Hawkesbury City Council	(6.6)	68.4	3.3	11.5	5.5	8.9	131.9	3.1	95.2	--
Hawkesbury River County Council	(11.6)	23.3	2.8	--	--	10.1	113.6	--	--	--
Hay Shire Council	11.3	39.1	5.0	15.8	13.3	12.2	76.0	3.1	72.4	1.4
The Hills Shire Council*	16.2	50.5	8.5	--	4.2	42.5	216.8	--	154.0	--
Hilltops Council	(6.6)	44.6	5.5	2.3	6.8	12.1	78.6	6.5	97.8	1.1
The Council of the Shire of Hornsby	6.9	79.3	3.9	10.7	1.9	20.7	90.7	0.9	94.0	0.7
The Council of the Municipality of Hunters Hill	(4.2)	90.7	7.3	23.0	3.0	16.5	76.6	1.6	105.8	1.7
Inner West Council	4.4	74.6	3.3	5.2	3.1	8.6	145.5	9.6	100.0	3.6
Inverell Shire Council	20.4	61.3	12.0	19.3	5.8	25.1	192.2	1.1	106.2	0.8
Junee Shire Council*	9.9	53.8	1.0	4.2	8.8	3.0	158.5	4.7	81.2	2.4
Kempsey Shire Council	1.9	72.6	2.6	3.8	6.7	9.3	38.9	10.6	107.3	5.4

	Audited						Unaudited			
	Operating performance (%)	Own source operating revenue (%)	Unrestricted current ratio (times)	Debt service cover ratio (times)	Rates and annual outstanding percentage (%)	Cash expense cover ratio (months)	Buildings and infrastructure renewals ratio (%)	Infrastructure backlog ratio (%)	Asset maintenance ratio (%)	Cost to bring assets to agreed service level (%)
OLG Benchmark	**Greater than zero per cent**	**Greater than 60 per cent**	**Greater than 1.5 times**	**Greater than two times**	**Less than five per cent for metro and 10 per cent for other councils**	**Greater than three months**	**Greater than 100 per cent**	**Less than two per cent**	**Greater than 100 per cent**	**OLG has not set a benchmark**
The Council of the Municipality of Kiama	4.4	60.4	3.9	8.7	1.5	10.7	199.2	0.3	95.9	--
Ku-ring-gai Council	9.0	82.4	3.2	13.5	3.3	13.9	76.5	4.5	103.6	--
Kyogle Council	17.2	49.6	6.3	27.9	7.2	17.2	281.8	10.7	100.5	--
Lachlan Shire Council	11.3	38.3	4.6	137.9	7.5	16.8	42.0	6.4	93.5	4.1
Lake Macquarie City Council	9.0	65.6	2.9	10.3	3.7	10.9	112.8	2.5	92.2	1.7
Lane Cove Municipal Council	11.0	68.6	6.7	--	1.9	19.2	294.2	0.7	325.1	0.6
Leeton Shire Council	16.2	69.0	4.5	28.3	3.1	20.7	54.0	3.0	100.8	1.8
Lismore City Council	6.5	74.4	1.5	4.0	10.5	9.1	144.9	19.9	93.0	9.8
Liverpool City Council	2.4	54.5	1.9	4.7	4.3	8.5	115.8	3.3	104.5	2.5
Liverpool Plains Shire Council	4.5	55.3	4.5	12.9	9.9	15.3	140.3	2.4	--	1.8
Lockhart Shire Council	40.6	23.3	4.8	100.6	4.5	11.3	106.9	1.3	106.5	--
Maitland City Council	0.3	54.1	3.2	4.6	2.1	14.5	87.0	10.1	133.8	3.7
Mid-Coast Council	(0.3)	55.2	4.5	3.4	4.1	10.6	65.6	8.5	75.5	4.4
MidCoast Water (MidCoast County Council)	(2.2)	87.1	2.3	1.9	6.0	8.8	5.4	13.5	73.7	--

	Audited						Unaudited			
	Operating performance (%)	Own source operating revenue (%)	Unrestricted current ratio (times)	Debt service cover ratio (times)	Rates and annual outstanding percentage (%)	Cash expense cover ratio (months)	Buildings and infrastructure renewals ratio (%)	Infrastructure backlog ratio (%)	Asset maintenance ratio (%)	Cost to bring assets to agreed service level (%)
OLG Benchmark	**Greater than zero per cent**	**Greater than 60 per cent**	**Greater than 1.5 times**	**Greater than two times**	**Less than five per cent for metro and 10 per cent for other councils**	**Greater than three months**	**Greater than 100 per cent**	**Less than two per cent**	**Greater than 100 per cent**	**OLG has not set a benchmark**
Mid-Western Regional Council	9.6	55.2	3.7	8.7	3.4	16.7	137.3	6.6	108.5	2.9
Moree Plains Shire Council	13.5	68.1	2.4	5.4	6.3	8.3	114.9	1.9	95.0	1.4
Mosman Municipal Council	6.2	87.7	1.7	4.1	2.6	4.7	138.0	1.1	115.7	0.7
Murray River Council	17.7	39.4	5.1	17.8	7.2	20.1	95.1	3.4	100.0	1.1
Murrumbidgee Council	5.5	27.1	4.2	45.5	7.1	22.1	41.0	0.5	128.0	--
Muswellbrook Shire Council	8.1	70.3	5.3	4.9	14.9	10.3	93.5	6.1	83.1	3.5
Nambucca Shire Council	17.8	68.1	2.5	3.4	5.1	10.9	62.6	3.9	97.9	--
Narrabri Shire Council	18.1	58.8	5.2	13.1	7.6	19.5	136.9	12.1	110.6	--
Narrandera Shire Council	17.4	52.2	7.6	806.7	7.5	23.3	96.2	9.7	98.0	3.8
Narromine Shire Council	18.7	47.9	5.4	20.0	9.2	19.9	93.4	11.6	60.4	6.1
New England Tablelands County Council	2.7	22.3	5.7	--	--	14.9	--	--	--	--
Newcastle City Council	3.5	84.3	2.5	7.4	4.2	8.7	94.9	11.1	117.6	6.1
North Sydney Council	7.7	80.3	3.5	84.3	1.1	7.8	269.0	--	99.5	--
Northern Beaches Council	1.3	81.1	2.7	1.0	2.8	5.9	92.2	0.3	103.7	0.3
Oberon Council	20.9	63.8	4.6	12.1	7.7	11.8	224.8	4.2	93.8	0.6

	Audited						Unaudited			
	Operating performance (%)	Own source operating revenue (%)	Unrestricted current ratio (times)	Debt service cover ratio (times)	Rates and annual outstanding percentage (%)	Cash expense cover ratio (months)	Buildings and infrastructure renewals ratio (%)	Infrastructure backlog ratio (%)	Asset maintenance ratio (%)	Cost to bring assets to agreed service level (%)
OLG Benchmark	**Greater than zero per cent**	**Greater than 60 per cent**	**Greater than 1.5 times**	**Greater than two times**	**Less than five per cent for metro and 10 per cent for other councils**	**Greater than three months**	**Greater than 100 per cent**	**Less than two per cent**	**Greater than 100 per cent**	**OLG has not set a benchmark**
Orange City Council	11.7	67.5	1.6	6.9	5.7	13.6	52.5	4.1	32.8	2.6
Parkes Shire Council	8.0	46.4	3.2	4.8	6.4	13.8	272.6	1.4	115.0	0.6
Penrith City Council	7.4	71.9	2.5	3.2	3.0	6.5	45.5	1.1	100.7	0.7
Port Macquarie-Hastings Council	7.3	56.2	2.0	4.3	4.9	25.3	82.2	5.3	87.8	--
Port Stephens Council	7.1	76.6	3.3	6.4	2.8	5.8	100.0	1.9	93.3	1.6
Queanbeyan-Palerang Regional Council	5.8	52.4	2.4	8.0	3.4	9.0	140.7	2.9	67.3	2.1
Randwick City Council	3.7	89.6	3.3	--	2.8	3.8	107.0	0.6	154.8	0.4
Richmond Valley Council	7.5	68.1	3.5	5.0	14.9	7.0	82.9	3.8	113.8	2.7
Riverina Water County Council	31.0	90.1	7.5	9.0	12.4	16.0	104.8	29.3	101.7	19.8
Rous County Council	4.8	81.3	6.1	2.5	0.0	21.0	62.2	1.3	89.4	1.0
Ryde City Council	11.5	75.8	3.4	27.7	3.6	15.9	193.6	2.7	92.9	2.0
Shellharbour City Council	9.0	70.4	2.5	19.6	4.6	11.1	232.7	2.0	112.6	2.8
Shoalhaven City Council	2.6	77.7	2.0	3.7	8.9	9.9	71.7	3.1	88.5	1.5
Singleton Council	(1.6)	64.0	2.9	6.3	3.2	13.4	107.1	2.1	62.7	1.3

	Audited						Unaudited			
	Operating performance (%)	Own source operating revenue (%)	Unrestricted current ratio (times)	Debt service cover ratio (times)	Rates and annual outstanding percentage (%)	Cash expense cover ratio (months)	Buildings and infrastructure renewals ratio (%)	Infrastructure backlog ratio (%)	Asset maintenance ratio (%)	Cost to bring assets to agreed service level (%)
OLG Benchmark	**Greater than zero per cent**	**Greater than 60 per cent**	**Greater than 1.5 times**	**Greater than two times**	**Less than five per cent for metro and 10 per cent for other councils**	**Greater than three months**	**Greater than 100 per cent**	**Less than two per cent**	**Greater than 100 per cent**	**OLG has not set a benchmark**
Snowy Monaro Regional Council	1.5	49.8	3.7	14.2	14.3	15.3	55.1	11.9	96.9	3.3
Snowy Valleys Council	3.4	56.4	6.0	7.4	4.2	12.0	82.7	--	101.4	3.3
Southern Slopes County Council	5.1	75.3	8.6	--	--	9.0	--	--	--	--
Strathfield Municipal Council	4.9	73.4	3.6	--	3.0	22.1	127.8	1.5	115.3	1.0
Sutherland Shire Council	9.3	76.4	2.4	21.2	3.6	6.1	57.6	1.9	101.0	3.4
Tamworth Regional Council	12.4	68.7	4.4	5.2	5.2	19.4	39.0	0.6	97.4	--
Temora Shire Council	14.3	51.9	2.1	22.2	3.8	6.6	64.7	3.5	116.3	--
Tenterfield Shire Council	15.7	45.3	4.4	11.8	6.8	12.6	135.4	8.9	101.3	1.7
Tweed Shire Council	11.3	74.4	3.5	3.7	4.4	20.7	44.2	1.7	92.9	--
Upper Hunter County Council	13.7	4.1	3.9	--	--	2.3	--	--	--	--
Upper Hunter Shire Council	9.9	66.6	3.0	7.2	8.5	10.1	139.9	0.9	96.4	0.5
Upper Lachlan Shire Council	16.5	52.1	5.1	25.5	3.4	19.3	136.5	1.7	118.4	1.0
Upper Macquarie County Council	3.6	43.5	10.0	--	--	5.5	--	--	--	--
Uralla Shire Council	11.6	71.3	2.1	16.7	4.3	10.5	86.6	0.9	131.8	0.3

	Audited						Unaudited			
	Operating performance (%)	Own source operating revenue (%)	Unrestricted current ratio (times)	Debt service cover ratio (times)	Rates and annual outstanding percentage (%)	Cash expense cover ratio (months)	Buildings and infrastructure renewals ratio (%)	Infrastructure backlog ratio (%)	Asset maintenance ratio (%)	Cost to bring assets to agreed service level (%)
OLG Benchmark	**Greater than zero per cent**	**Greater than 60 per cent**	**Greater than 1.5 times**	**Greater than two times**	**Less than five per cent for metro and 10 per cent for other councils**	**Greater than three months**	**Greater than 100 per cent**	**Less than two per cent**	**Greater than 100 per cent**	**OLG has not set a benchmark**
Wagga Wagga City Council	(6.4)	59.2	3.1	5.4	5.1	7.2	39.7	28.4	55.8	11.9
Walcha Council	16.7	50.3	4.5	38.3	3.4	10.6	309.2	7.3	105.5	2.9
Walgett Shire Council	20.2	52.0	5.7	17.8	10.4	16.3	142.1	8.9	73.0	4.6
Warren Shire Council	23.0	47.6	7.5	62.6	2.5	17.7	143.5	0.8	158.3	--
Warrumbungle Shire Council	2.0	46.5	4.3	9.9	7.9	6.5	64.4	0.1	117.6	1.8
Waverley Council	2.4	86.5	12.4	20.3	3.8	14.5	77.1	1.1	98.2	0.7
Weddin Shire Council	19.9	44.2	5.2	42.5	5.9	11.9	293.8	2.2	100.7	--
Wentworth Shire Council	13.4	48.0	6.9	42.3	10.2	18.0	100.7	12.7	119.3	4.3
Willoughby City Council	12.7	89.6	4.7	6.0	1.4	14.4	98.3	1.4	100.0	1.2
Wingecarribee Shire Council	9.0	67.0	4.9	6.0	2.2	18.8	60.9	2.1	105.7	1.2
Wollondilly Shire Council	0.9	69.7	3.0	4.2	5.2	10.4	99.4	15.3	123.9	8.4
Wollongong City Council	10.7	74.7	2.6	8.5	5.9	6.9	104.9	5.7	98.1	3.7
Woollahra Municipal Council	4.3	90.4	3.9	3.0	4.1	7.0	103.1	1.4	99.7	0.9
Yass Valley Council*	(2.3)	63.7	1.8	2.6	4.0	7.6	106.7	2.6	95.4	--

* The audit report of this council was subject to an audit qualification.

The council met the benchmark prescribed by OLG for the relevant performance measure.

The council did not meet the benchmark prescribed by OLG for the relevant performance measure.

Source: First six measures are obtained from the audited financial statements 2016–17. Last four measures are obtained from the unaudited Special Schedule 7 'Report on Infrastructure Assets' 2016–17.

Appendix 11 – NSW Crown Solicitor's advice

CROWN SOLICITOR
NEW SOUTH WALES

Advice

Audit of council entities

Contents

1. **Summary of advice** 2
2. **Background** 3
3. **Advice sought** 3
4. **Advice** 3
   - **"Council entity"** 4
   - **Nature of obligation in s. 415(4)** 5
   - **Conclusion re: proposed interpretation** 9
   - **Comment: possible means to resolve uncertainty** 9

Prepared for: AUD018 Auditor-General of NSW
Date: 31 August 2017
Client ref: Steven Martin
CSO ref: 201702268 T08 Sally Johnston/Lea Armstrong

© State of New South Wales (Crown Solicitor's Office)

1. Summary of advice

1.1 You seek my advice as to the Auditor-General's obligations with regard to auditing of "council entities" pursuant to the *Local Government Act 1993* ("the Act"). Pursuant to s. 415(4), a council's auditor (who is the Auditor-General: s 422) must, in auditing the financial reports of a council, audit the financial reports of any council entity and report on same as part of the report on the council. You have proposed an interpretation of this provision for my comment.

1.2 In my view, it is clear that the obligation to audit a council entity in s. 415(4) forms a part of the audit of the council. As to what such "audit" involves, the preferable interpretation must take account of both the lack of any obligation in the Act for council entities to prepare financial reports, and the functions and powers of the Auditor-General in relation to the audit of such entities in the Act. Whilst the Auditor-General's audit functions in relation to councils in Div. 3 of Pt. 3 of Ch. 13 are extended to council entities, the accounting and financial reporting obligations of councils generally in Divs. 1 and 2 of that Part are not so extended. Given the diverse range of bodies which may constitute a "council entity", whether or not such an entity has prepared a financial report will depend on statutory obligations elsewhere arising and, in my view, where no financial report of a council entity exists, the obligation to audit that entity in s. 415(4) does not arise. Where the obligation does arise, it may necessarily be limited by the nature of the council entity in question and the financial reports which it does prepare.

1.3 For those reasons, to the extent that your proposed construction of the duty in s. 415(4) is that the Auditor-General (as the council auditor) is required to perform "those audit procedures on a council entity considered necessary to form an opinion on the council's consolidated general purpose financial report", I think that is a reasonable and open interpretation of the duty, where it arises.

1.4 Insofar as your proposed construction of the duty in s. 415(4) also suggests that "any matters as appropriate in respect of a council entity are included in the report on the conduct of the audit of the council's financial report required pursuant to s. 417(1) of the Act", I agree to the extent that the duty in s. 415(4) is discharged by the auditor reporting on the council entity audit in the auditor's report on the council, which is a reference to the two reports to be issued under s. 417(1).

1.5 Please note this is a summary of the central issues and conclusions in my advice. Other relevant or significant matters may be contained in the advice, which should be read in full.

2. Background

2.1 By operation of the *Local Government Amendment (Governance and Planning) Bill 2016*, the Act was amended and ss. 415(4) and (5) were inserted. Section 415(4) relates to auditing of a "council entity" and s. 415(5) defines such entities. Your request for advice arises in the context where this provision has come into effect but no audits have yet been completed pursuant to it.

2.2 I note that conferences to discuss the background, issues and question for advice have been conducted between your officers and my officers on 21 July 2017 and 11 August 2017.

3. Advice sought

3.1 By letter dated 26 July 2017, you seek my advice as to whether:

> "In acquitting my responsibility under the Act, is it reasonable to interpret that I will satisfy my obligations under the Act if, when auditing the financial report of a council, I perform those audit procedures on any Council Entity considered necessary to form an opinion on the council's consolidated general purpose financial report and include any matters I consider appropriate in respect of Council Entities in my report on the conduct of the audit of the council's financial report required under s. 417(1) of the Act?"

4. Advice

4.1 Chapter 13 of the Act is entitled "How are councils made accountable for their actions?", with Pt. 3 addressing "Financial management" and Div. 2 of that Part "Accounting records, financial reports and auditing". Section 415 provides:

> "**415 Auditing of financial reports**
>
> (1) A council's auditor must audit the council's financial reports as soon as practicable (having regard to the requirements of section 416 (1)) after they are referred for audit.
>
> (2) A council's financial reports must be audited in accordance with the requirements of:
>
> (a) the publications issued by the Australian Accounting Research Foundation, on behalf of the Australian Society of Certified Practising Accountants and the Institute of Chartered Accountants in Australia, under the titles *Statements of Auditing Standards* and *Statements of Auditing Practice*, as in force for the time being, subject to the regulations, and
>
> (b) such other standards as may be prescribed by the regulations.

(3) The regulations may prescribe matters that an auditor must consider and provide comment on in auditing a council's financial reports.

(4) In auditing the financial reports of the council, a council's auditor must also audit the financial reports of any council entity and report on that audit as part of the report on the council by the auditor.

(5) In this Part:

council entity means:

(a) a partnership, trust, corporation, joint venture, syndicate or other body (whether or not incorporated) that a council has formed or participated in forming or has acquired a controlling interest in, other than an entity of a class prescribed by the regulations, or

(b) any other entity of a class prescribed by the regulations."

"Council entity"

4.2 In considering the scope of the duty in s. 415(4), it is first necessary to understand the nature of a "council entity", to which that duty relates. A "council entity" is defined for purposes of Pt. 3 of Ch. 13 of the Act in s. 415(5), as extracted above. There are currently no regulations made pursuant to s. 415(5)(a) or (b). In my view, the ordinary meaning and effect of the definition in s. 415(5)(a) is that a wide and diverse range of bodies may constitute a "council entity".

4.3 The definition operates by reference to factual matters. First, whether the entity in question is a "partnership, trust, corporation, joint venture, syndicate" or other type of body, and second, whether the council has "formed or participated in forming" or acquired a "controlling interest" in that body, both of which are questions of fact. To that end, I note that the phrase "controlling interest" is used in other relevant statutory regimes, particularly taxation contexts[1]. Whether a council has a "controlling interest" in relation to some other entity will usually be a factual test adapted to the particular type and nature of the entity in question. In the context of audit of financial statements, the Auditor-General would typically refer to Australian Accounting Standards AASB 10 'Consolidated Financial Statements' for guidance on what constitutes a "control".

4.4 It is clear that a "council entity" is potentially a very broad concept. There are a diverse range of entities which may constitute council entities, from unincorporated bodies or associations to large corporations. In turn, these bodies may be subject to different legislative regimes which impact upon their financial management, record keeping and

[1] See, for example, the *Payroll Tax Act 2007*. In the companies context, the phrase has a generally settled meaning of control of a majority of voting power at meetings of the board of management/ meeting of directors, power to appoint more than 50% of the members of a board of management/ directors, or direct or indirect exercise of control of more than 50% of the voting power attached to voting shares or a class of voting shares issued by a company (as applicable).

auditing. For example, no relevant statutory provisions may exist in relation to a small unincorporated body and such a body may not keep or generate financial statements etc. By contrast, a corporation may be subject to the provisions in the *Corporations Act 2001 (Cth)* which include record keeping and accounting obligations consistent with the standards made by the Australian Accounting Standards Board. This diversity in the potential range of bodies constituting "council entities" has implications for the practical operation of s. 415(4), as discussed below.

4.5 I also note that a comparable concept, although not expressly defined as a "council entity", is referred to in s. 358 of the Act. That section provides:

> **"358 Restrictions on formation of corporations and other entities**
>
> (1) A council must not form or participate in the formation of a corporation or other entity, or acquire a controlling interest in a corporation or other entity, except:
>
> (a) with the consent of the Minister and subject to such conditions, if any, as the Minister may specify, or
>
> (b) as provided by this Act.
>
> ...
>
> (4) In this section, *entity* means any partnership, trust, joint venture, syndicate or other body (whether or not incorporated), but does not include any such entity that is of a class prescribed by the regulations as not being within this definition."

4.6 In my view, s. 358 (particularly s. 358(1) and (4), adopt the same concepts as those in s. 415(5), namely "formation or participation in formation" and acquiring a "controlling interest" in relation to a corporation or "entity". In that way, the sections are equivalent in material elements and should be understood as encompassing the same entities. Indeed, in my view, one practical way of identifying which entities constitute "council entities" for purposes of s. 415(5) would be to consider those entities which have been subject to Ministerial review pursuant to s. 358. Having said that, it is not my view that an entity does not constitute a "council entity" for purposes of s. 415 merely because it has not been subject to review pursuant to s. 358 (for example, in the situation where there has been non-compliance with the requirement for Ministerial approval in s. 358).

Nature of obligation in s. 415(4)

4.7 I note that the Auditor-General is the auditor for a council: s. 422(1). In that capacity, the duty imposed on the Auditor-General pursuant to s. 415(4) is that:

> "In auditing the financial reports of the council, a council's auditor must also audit the financial reports of any council entity and report on that audit as part of the report on the council by the auditor."

4.8 The duty in s. 415(4) arises and falls upon the Auditor-General in her capacity as the council's auditor. The Act does not appoint the Auditor-General (or any other person) as the independent statutory auditor of a council entity. Indeed, a council entity may have its own auditor. Rather, a duty to "audit the financial reports" of the council entity arises in the Auditor-General in her capacity as the *council's* auditor.

4.9 That being said, a duty to "audit the financial reports" of a body, in this case a council entity, is ordinarily the duty of that body's auditor. So too I understand that an "audit of a financial report" usually entails an auditor issuing an opinion on that financial report, *qua* auditor of the body. There is a clear tension in s. 415(4) between the fact that the Auditor-General is not the auditor of the council entity and yet is required to "audit" its financial report.

4.10 As a result, the scope and nature of the duty to "audit" the financial reports of a council entity pursuant to s. 415(4) is open to doubt. Nonetheless, I think the following points can be made about the preferable interpretation of that duty.

4.11 I note that "audit" is not a defined term in the Act (although pursuant to s. 421A it "includes examination and inspection"), nor does it have a clearly settled meaning in law generally. Rather, legislation typically sets the framework for auditing in relation to particular bodies. For example, the Auditor-General's role in auditing councils is detailed in s. 417, which provides for matters such as inclusions in the auditor's financial report and matters on which the opinion or statement of the Auditor-General is required.

4.12 It is clear, from the introductory words of s. 415(4) "*in auditing* the financial reports of the *council*..." (emphasis added), that the "audit" of the financial reports of a council entity forms part of the process of, or is a corollary to, the audit of the council. However, it is presumably not equivalent to the audit of the council, which is addressed in ss. 415(1)-(3), or the terms of s. 415(4) would be rendered otiose. For example, it must presumably go beyond the audit of financial transactions between the council and council entity which would already be encompassed by the terms of the audit of the council pursuant to ss. 415(1)-(3).

4.13 The apparent purpose of s. 415(4) is to provide that council entities must be considered or examined in conducting the audit of a council. As noted in the second reading speech for the amending bill[2] which introduced the now s. 415(4) and (5):

> "The bill... support(s) the financial transparency of councils... under the amendments introduced by the bill, councils will become subject to oversight by the Auditor-General for their general audits and those of their subsidiary entities..."[3]

[2] *Local Government Amendment (Governance and Planning) Bill 2016.*

[3] NSW Legislative Assembly, *Hansard*, 22 June 2016, Second Reading speech, Mr Paul Toole (Minister for Local Government).

("Subsidiary entities" apparently being used to refer to "council entities".)

4.14 In that way, the provision mirrors the requirement in s. 358 for Ministerial approval for council establishment of, or involvement in, such entities, by providing for ongoing oversight of the relationship between the council and the council entity, at least in a financial sense. However, as noted above, exactly what the additional obligation introduced by s. 415(4) is, and how it is to be fulfilled, is unclear and beset with practical difficulties.

4.15 Significantly, ss. 423 and 424 support the audit obligation in s. 415(4) by extending to "council entities" as well as councils: see s. 423(6) and 424(3). Pursuant to s. 423, the Auditor-General (or a person authorised by the Auditor-General) is entitled at all reasonable times to full and free access to a council's (or council entity's) accounting records and other records necessary in order to carry out her functions. She may direct persons to produce books, record or other documents in their custody or control, to appear personally and produce such documents, to answer any relevant question, to provide any necessary authorities to gain access to such documents, and to make copies or take extracts from such documents for the purposes of an audit or inspection carried out under the Act.

4.16 Pursuant to s. 424, the Auditor-General (or a person authorised by the Auditor-General) may direct an authorised deposit-taking institution or the person in charge of a council (or council entity) account in such an institution to give her a statement of the account or certificate as to the balance of the account and produce to her any relevant book, record or other document in its custody or control. The effect of these provisions is that the Auditor-General's functions and powers under Div. 3 ("Auditors") of Pt. 3 of Ch. 13 of the Act are extended to apply to council entities in the same way they apply to councils. This may suggest an equivalent "audit" function is intended in relation to council entities, as applies to councils.

4.17 However, the provisions of Div. 1 ("Funds") and Div. 2 ("Accounting records, financial reports and auditing) of Pt. 3 of Ch. 13 of the Act are not uniformly extended to encompass council entities in the same way as they apply to councils. Of particular significance, ss. 412 and 413, which provide that a council must keep accounting records and prepare financial reports respectively, do not extend to council entities.

4.18 For this reason, there is no obligation pursuant to the Act for council entities to prepare financial reports, equivalent to that which applies to councils. To some extent, financial information about council entities may be included in the council's financial reports, which must be prepared in accordance with s. 413. That includes a requirement in s. 413(3)(a) that the financial statement be prepared in accordance with the publications in force issued by the Australian Accounting Standards Board, and would pick up controlled entities pursuant to those standards. Such controlled entities would

presumably also be "council entities" for purposes of s. 415(5) (although only a subset of the range of entities which may be council entities). However, it is for the council to determine appropriate compliance with s. 413 (although the Auditor-General may review this as part of her audit and report under s. 417). Even if, by that means, financial information about council entities is captured in the council's financial report, in my view, this has little application in terms of the s. 415(4) obligation. That is because the s. 415(4) "audit" obligation applies to "financial reports *of the* council entity" (emphasis added) and not the council's financial reports *per se*.

4.19 As noted in my discussion above about the diverse range of bodies potentially encompassed by the definition of "council entity", whether or not a council entity has prepared such a financial report will depend upon the nature of the entity and whether it is required to do so pursuant to other statutory regimes. In my view, that necessarily limits the operation of s. 415(4) to only those council entities which have such obligations elsewhere arising or which voluntarily prepare such reports, given the plain words of s. 415(4), that the audit is of "...the *financial reports* of any council entity..." (emphasis added).

4.20 In addition, it may limit the Auditor-General's ability to perform audit functions in relation to those financial reports, even where they do exist, depending upon the framework in which they have been prepared. As there is no means to compel a council entity to prepare a financial report in a particular manner pursuant to the Act, in my view the obligation in s. 415(4) upon the Auditor-General to audit the financial reports of a council entity can only extend to that which is reasonably possible having regard to the particular entity. It may be that, in practice, the Auditor-General can only comment on the limitations which apply to her audit.

4.21 In summary, it is clear that, whilst there is a diverse range of bodies which may constitute a "council entity", the obligation in s. 415(4) only arises in relation to "financial reports" and so only applies in relation to council entities which do prepare such financial reports. As to the nature of the duty to audit those financial reports, there are indications that s. 415(4) was intended to impose a duty of auditing of council entities which goes beyond that which would flow from proper auditing of the council in accordance with s. 415(2), and yet the scope of that duty is necessarily limited by the statutory context, functions and powers which are available to support it. The statutory language of s. 415(4) in my view reveals an intention to impose a duty on the council auditor in his or her capacity as council auditor (not as auditor of the council entity), and in the context of performing his or her audit of the council. That is, it is not an equivalent duty to that imposed in relation to the council, for which the Auditor-General is the auditor. Rather, the audit of the financial reports of the council entity must form, in some way, a component or part of the audit of the council.

4.22 It is, in a practical sense, difficult to articulate precisely what that "audit" duty involves in the context of s. 415(4), beyond noting these features which point to it being less than equivalent to the role of an external auditor of the council entity (or equivalent to the audit of the council itself) and yet more than what would already be encompassed by the audit of the council pursuant to s. 415(1)-(3). What can be said is that the audit of the financial reports of a council entity should be conducted to the fullest extent necessary and possible to provide a report on that audit in the council report, in light of the audit functions and powers which the Auditor-General acquires in relation to both councils and council entities pursuant to Div. 3 of Pt. 3 of Ch. 13, especially ss. 423 and 424, as outlined above.

Conclusion re: proposed interpretation

4.23 Given the uncertainties about the scope of the duty in s. 415(4), outlined above, in my view your proposed construction of the duty is both reasonable and open. That is, your suggestion that the duty in s. 415(4) is that the Auditor-General (as the council auditor) is required to perform "those audit procedures on a council entity considered necessary to form an opinion on the council's consolidated general purpose financial report", is a clearly arguable interpretation of the duty, where it arises. I note that, strictly, I would prefer to phrase it as "those audit procedures necessary to form an opinion on the council's financial reports", but given that the report required pursuant to s. 417(1) of the Act is a report as to the council's general purpose financial report, I do not disagree with your phrasing. I also observe that, whilst an "audit of the financial reports" of a body may in other contexts generally be understood to require the issuing of an opinion by the auditor, in my view, the statutory context and fact that the Auditor-General performs the function in s. 415(4) in her capacity as auditor of the council, make it arguable that the duty can be discharged through performing "audit procedures" rather than necessarily requiring the issuance of an opinion by the auditor.

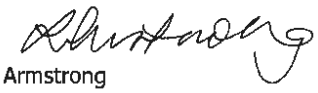
4.24 To the extent that your proposed construction of the duty in s. 415(4) also suggests that "any matters as appropriate in respect of a council entity are included in the report on the conduct of the audit of the council's financial report required pursuant to s. 417(1) of the Act", I agree that the duty in s. 415(4) is discharged by the auditor reporting on the council entity audit in the report on the council. The reference in section s. 415(4) to "the report on the council by the auditor" is, in my view, a reference to either of the two reports made under s. 417(1).

Comment: possible means to resolve uncertainty

4.25 The relevant provisions of the Act contain several powers for matters to be prescribed by regulation, which could assist to resolve the uncertainty and practical difficulties surrounding the operation of s. 415(4). The preparation and promulgation of regulations is a matter on which Parliamentary Counsel's advice should be sought, but I note the powers of regulation contained in s. 415(5)(a) and (b) as a potential means to clarify or limit the scope of the definition of "council entity", and the power in s. 415(3)

to regulate what matters an auditor must consider and provide comment on in auditing a council's financial reports, which could in turn assist to clarify the scope of the audit required pursuant to s. 415(4), given that such audit is performed as part of the audit of the council financial reports.

Signed:



Lea Armstrong
Crown Solicitor

201702268 Advice 1 D2017/511343

Professional people with purpose

OUR VISION

Our insights inform and challenge government to improve outcomes for citizens.

OUR PURPOSE

To help parliament hold government accountable for its use of public resources.

OUR VALUES

Purpose – we have an impact, are accountable, and work as a team.

People – we trust and respect others and have a balanced approach to work.

Professionalism – we are recognised for our independence and integrity and the value we deliver.

auditoffice
OF NEW SOUTH WALES

audit.nsw.gov.au

Level 15, 1 Margaret Street
Sydney NSW 2000 Australia

PHONE +61 2 9275 7100
FAX +61 2 9275 7200

mail@audit.nsw.gov.au

Office hours: 8.30am-5.00pm,
Monday to Friday.

auditoffice
OF NEW SOUTH WALES

audit.nsw.gov.au

POSITION STATEMENT	Position statement on the recognition of Rural Fire Service assets
DIRECTORATE	Executive - Finance

Overview:

PURPOSE

The purpose of this document is to explain AlburyCity's approach to the accounting treatment of assets utilised by the NSW Rural Fire Service.

BACKGROUND

The Rural Fires Act 1997 established the Rural Fire Service (RFS) to co-ordinate bush firefighting and prevention throughout the state and to provide rural fire services for New South Wales.
The NSW Rural Fire Fighting Fund holds all contributions required to meet the costs of the service and is maintained by the NSW Treasury. Annual contributions to the fund are sourced from the following;

- NSW Treasurer 14.6%
- Relevant Councils 11.7%
- Insurance Companies 73.7%

Rural Fire districts and Rural Fire Brigades are established generally in line with local council areas. AlburyCity shares a fire zone and Rural Fire District Service Agreement with Greater Hume Shire Council. Greater Hume Shire Council provides the majority of administrative support required under the service agreement. AlburyCity maintains buildings within its Local Government Area boundary and services RFS Vehicles through its maintenance depot upon request. AlburyCity charges the RFS for vehicle servicing costs.

Rural Fire Services costs are shared between AlburyCity and Greater Hume Shire, with Greater Hume Shire paying 80% of the cost and AlburyCity 20%. The basis of this allocation is tied to the number of fire services identified in each Council area, Greater Hume Shire 19 and AlburyCity 5.

AlburyCity accounts for land and buildings used by the RFS situated within the AlburyCity boundary, however does not account for Rural Fire Service plant or other equipment.

Reasons for position:

Asset Recognition Criteria

The criteria for asset recognition are contained in various sections of the Framework for the Preparation and Presentation of Financial Statements and AASB116 of the Australian Accounting Standards.

The Framework provides the following relevant information;

An asset is defined as a resource that is controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity (49).

Attention needs to be given to its underlying substance and economic reality and not merely its legal form (51).

In respect of not-for-profit entities, economic benefit is synonymous with service provision or enabling them to meet their objectives to beneficiaries (54).

The right of ownership is not essential to the determination of control (57).
AASB 116 requires that an asset can only be recognised if it is probable that future economic benefits associated with the item will flow to the entity.

It is considered therefore that the two main issues are;

- *where does effective control lie; and*
- *where does responsibility for the function lie.*

Information in relation to control of assets

The Fire Services Act provides that;

- All firefighting equipment acquired from the fund is to be vested in the council of the area (S119).
- However, a council must not dispose of such equipment without the written consent of the Commissioner; and
- AlburyCity and Greater Hume Shire are entitled to a share of 11.7% of the disposal proceeds.

The Rural Fire District Service Agreement between AlburyCity and the Commissioner includes a basic section on District equipment (section 5);

- Council will allow the RFS to use the equipment which is owned by, vested in or under the control of the Council;
- The Commissioner agrees to maintain the equipment on behalf of the council; and
- The RFS will maintain and supply to Council a register of the equipment.

This can be compared to a very detailed section on Land and Buildings (section 6) which specifically states that the legal right to possession and control over the premises and land remains vested in Council and the RFS only has right of occupation. In addition:

- Council must maintain the premises in good repair;
- Council must pay all utility costs associated with the premises; and
- Council must pay all insurances associated with the building and public risk.

Accounting Recognition of Assets

SAC 4 "Definition and Recognition of the Elements of Financial Statements" sets the basis on which an "Asset" should be recognised. There are two major factors to determine;

- The Entity must receive future economic benefits; and

- The Entity must have must have control over those future economic benefits.

Future Economic Benefits

The RFS is funded directly by the State; both operating and capital acquisitions are made directly by RFS Officers. Council has no input into the operations or capital acquisitions of the RFS.
The Fire Services Act provides that;

The NSW Rural Fire Service has the function to provide rural fire services for New South Wales [9 (1) (a)].

It is considered therefore that it is the Rural Fire Service and not councils that receive future economic benefit from firefighting equipment assets in terms of both net cash flows and service provision.

Control of Assets

SAC 4 defines "control of an asset" as; *the capacity of the entity to benefit from the asset in the pursuit of the entity's objectives and to deny or regulate the access of others to that benefit.*

Land & Buildings

The Rural Fire Service Agreement clearly identifies that Council retains full legal right to possession and control over premises occupied by the RFS. Councils are required to maintain buildings, pay all utility costs associated with the building and pay all insurances on the buildings and public risk associated with the use of the building.

This is similar to a lease agreement, and as such Council retains control of the building and is required to hold the land and associated building as an asset.

Equipment

Section 119 (3) of the Rural Fires Act 1997 (NSW) stipulates that Council must not sell or otherwise dispose of any firefighting equipment … without the consent of the Commissioner. Section 119 (4) requires any funds received from sale must be credited to the RFS fund.

The RFS Zone manager makes all decisions about capital improvements and new assets, while Council may be consulted in these decisions it takes no part in the final decision.

The RFS insures all plant and equipment.

In practice the RFS makes all decisions to switch fleet and equipment to other fire districts as it feels necessary.

Council has no access to and is not permitted to use of any plant and equipment held by the RFS.

Council has taken the view that it has no control over the purchase, use or sale of any RFS equipment. As such the requirements SAC 4 have not been met and RFS equipment should not be included as assets in Councils accounts.

CONCLUSION

It is clear that the AASB Accounting Standards require a standard higher than ownership when accounting for assets. Entities may own an asset, but unless they have control of that asset and can clearly identify future economic benefits flowing to the entity from that asset, then it cannot be included in the entities assets schedule.

It is considered that when all criteria of asset recognition included in the AASB Accounting Framework and Standards are taken into account, AlburyCity retains effective control of associated Land and Buildings, but that the RFS retains control of plant and equipment.

In line with this AlburyCity's practice is to recognise associated Land and Buildings in its asset schedules, but not Plant and Equipment.

It is also considered that in regard to the objectives of financial reporting, councils obligation and commitment to the rural fire fighting function is fully and accurately reflected in the statutory contribution expense made and the net cost of other relevant facilities provided under the local agreement.

Justin Finlayson
Chief Financial Officer

FAC9 DELEGATES REPORTS FOR NOTING

FAC9.1 Nil

FAC10 NOTICE OF URGENT BUSINESS

FAC10.1 Nil

FAC11 CONFIDENTIAL MATTERS

FAC11.1 Nil