



City of  
Mount Gambier

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**I hereby give notice that an Audit and Risk Committee Meeting will be held on:**

**Date: Monday, 3 June 2024**

**Time: 4.30 p.m.**

**Location: Council Chamber  
Civic Centre  
10 Watson Terrace  
Mount Gambier**

# **AGENDA**

## **Audit and Risk Committee Meeting 3 June 2024**

**Jane Fetherstonhaugh  
Acting Chief Executive Officer  
30 May 2024**

## Order Of Business

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**1 ACKNOWLEDGEMENT OF COUNTRY**

We acknowledge the Boandik peoples as the traditional custodians of the land where we meet today. We respect their spiritual relationship with the land and recognise the deep feelings of attachment our indigenous peoples have with this land.

**2 APOLOGY(IES)**

Nil

**3 CONFIRMATION OF MINUTES**

[Audit and Risk Committee Meeting - 8 April 2024](#)

**RECOMMENDATION**

That the minutes of the Audit and Risk Committee meeting held on 8 April 2024 be confirmed as an accurate record of the proceedings of the meeting.

**4 QUESTIONS WITHOUT NOTICE**



## 5 REPORTS

### 5.1 2024/2025 DRAFT ANNUAL BUSINESS PLAN AND BUDGET – REPORT NO. AR24/29751

<b>Committee:</b>	<b>Audit and Risk Committee</b>
<b>Meeting Date:</b>	<b>3 June 2024</b>
<b>Report No.:</b>	<b>AR24/29751</b>
<b>CM9 Reference:</b>	<b>AF11/863</b>
<b>Author:</b>	<b>Julie Scoggins, Manager Financial Services</b>
<b>Authoriser:</b>	<b>Jane Fetherstonhaugh, General Manager Corporate and Regulatory Services</b>
<b>Summary:</b>	<b>Legislation - Council is required to develop and adopt an Annual Business Plan in accordance with the Local Government Act and Financial Regulations. Operational &amp; Financial Planning Document - the Annual Business Plan is the key annual operational and financial planning document for the City of Mount Gambier Council. Annual Overview - this document describes Council's proposed services, projects, objectives and KPIs for 2024/2025 and includes the rating strategy and draft rating policies and annual budget</b>
<b>Strategic Plan Reference:</b>	<b>Goal 1: Our People Goal 2: Our Location Goal 3: Our Diverse Economy Goal 4: Our Climate, Natural Resources, Arts, Culture and Heritage Goal 5: Our Commitment</b>

#### REPORT RECOMMENDATION

1. That Audit and Risk Committee Report No. AR24/29751 titled '2024/2025 Draft Annual Business Plan and Budget' as presented on 03 June 2024 be noted.
2. That the Audit and Risk Committee feedback on Council's Draft 2024/2025 Draft Annual Business Plan and Budget and/or the associated processes and risks, as follows:

- XXXXX
- XXXXX
- XXXXX

be incorporated with the public consultation feedback to be presented to the Special Council meeting to be held on the 18 June 2024 for consideration of the adoption of the Draft 2024/2025 Annual Business Plan and Budget.



## TYPE OF REPORT

Corporate

## BACKGROUND

1. **Audit and Risk Committee Terms of Reference** - The following section of the Audit and Risk Committee Terms of Reference is relevant to this report (as adopted in April 2024):

### **12.6 Review of Strategic Management and Business Plans:**

*The Committee shall review and provide advice on Council's strategic management plans (at the time of their preparation and scheduled review), which include the following:*

- *Strategic Plan;*
  - *Key principles and assumptions of the Long Term Financial Plan;*
  - *Various Asset Management Plans; and*
  - *Annual Business Plan.*
2. **Legislation** - Council's Draft Business Plan and Budget 2024/25 is developed in accordance with section 123 of the Local Government Act 1999, and sections 6 and 7 of the Local Government (Financial Management) Regulations 2011
  3. **Public Consultation** - Consultation must be undertaken on the draft Annual Business Plan in accordance with Council's public consultation policy and Section 123 (4) of the Act for a minimum of 21 days.
  4. **Annual Business Plan and Budget Development** - The draft Annual Business Plan and Budget was developed in consultation with staff across Council. Staff provided detailed budget requirements for the coming year to deliver services for community and specific projects. This was then reviewed by senior Council staff and Elected Members at seven workshops held between March and May 2024. The budget was reviewed in detail during the process including "line by line" analysis to ensure that all opportunities for additional revenue and efficient budget allocation were recognised.
  5. **Annual Business Plan and Budget Elected Member Engagement** - Seven informal briefings were held with Elected Members during March-May 2024 to brief them on the contents of the budget, LTFP, IAMPs and provide an understanding of the priorities for the coming year.
  6. **Council Endorsement of the Draft Annual Business Plan and Budget** - Council endorsed the Draft 2024/2025 Annual Business Plan and Budget for public consultation at the Council meeting on 21 May 2024 and adopted Budget Review 3 for 2023/2024.

## PROPOSAL

1. **Strategic Management Plans** - Council's Annual Business Plan and Budget was formulated within the guiding principles detailed in its suite of Strategic Management Plans, including the City of Mount Gambier Strategic Plan 2020-2024, Asset Management Plan and Long-Term Financial Plan. The Strategic documents were reviewed at the same time to ensure alignment and are intended to be reviewed together annually in future years.
2. **Service Levels to the Community** - Council's annual operating program was developed to ensure maintenance of and some enhancements to the current level of all existing services to the whole community.
3. **Annual Business Plan and Budget Overview:**  
**General Rates** - Rating strategy has been reviewed, where Council Staff and Elected Members worked together to develop and review a number of options that would provide a balance between community expectations, the achievement of financial targets and the

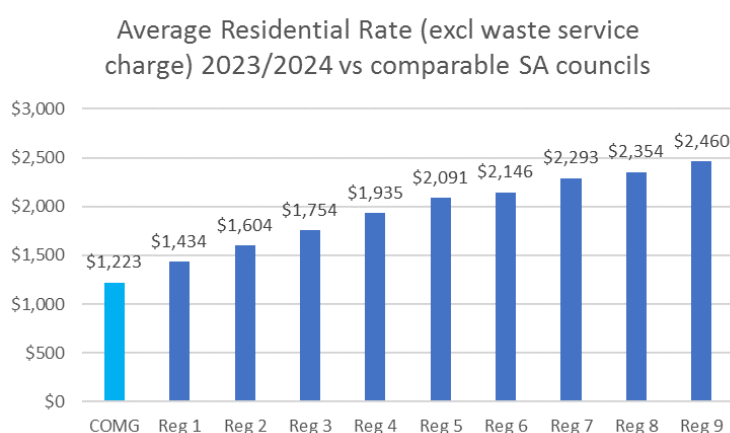


capacity required to deliver this year's budget and the latest LTFP. The following pressures were considered in the development of the rating increase and budget for 2024/2025:

- **Historic Rating** - In previous years rating did not keep up with inflation, and whilst the previously adopted LTFP and last year's ABP included an increase that was smoothed across 3 years, rating was below actual CPI for FY 2024. Last year aligned with previous years, COMG average residential rates were significantly below the rural state average. This has been an historical trend, and over the past three years the gap had increased from 27% from the state average in 2021/22 to 29% in 2023/2024.

2021/2022 Average				2022/2023 Average				2023/2024 Average			
Metro	Rural	State	CoMG	Metro	Rural	State	CoMG	Metro	Rural	State	CoMG
\$1,695	\$1,461	\$1,528	\$1,112*	\$1,771	\$1,561	\$1,626	\$1,167*	\$1,898	\$1,725	\$1,776	\$1,223*

\* Does not include Waste Service Charge – CoMG \$200.00 (2021/2022) & \$206.85 (2022/2023) & \$217.70 2023/2024)

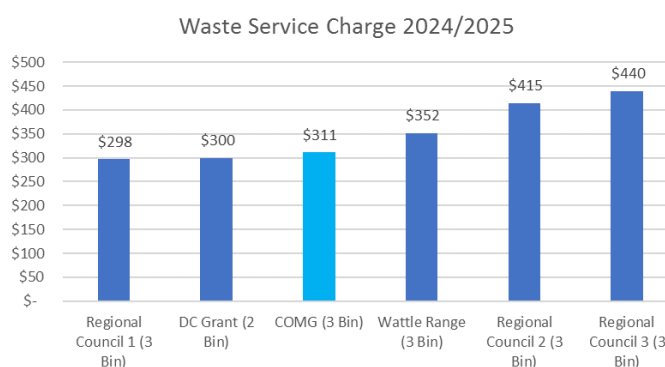


**Rate Modelling Overview (General Rates and Waste Service Charge)** - A total of thirty rate models were considered by council. These models took into account of a number of factors:

- **Average Rates** - City Of Mount Gambier's average residential rates have been significantly below the average rural SA average, being \$1,223 in FY 2024 compared to \$1,725 for the SA rural average.
- **Asset Management** - Further to condition audits and valuations undertaken during this financial year for our major asset classes there has been a significant increase in both depreciation (\$1.1m above the adopted LTFP for or 4.83% of the rate increase for 2024/2025), the capital works budget and the forward works program. We have seen the cost of construction increase and the condition audits have informed the works that need to be undertaken.
- **Growth** - Over previous years, the organisation has not increased its staffing capacity to reflect the growth in the community and increased cost of service. This was particularly evident during 2021 where we saw significant growth in our city.
- **Capacity to Deliver** - Capacity Creation - Capacity has been created in a number of different ways: to deliver the ABP:
  - **FTEs** - An additional 1.5 FTEs have been included in the FY 2025 budget to support volunteer management and the delivery of the trails activation plan.



- **Resource** - The capacity of 2 FTEs, which is expected to either be Council staff or consultants/contractors.
- **Strategic Work Plan** - Individual projects such as the Business Systems review have been scheduled, with an ongoing allocation over the life of the LTFP in recognition of the need to resource for future priorities and growth.
- **CBD Activation** - An ongoing allocation has been included in the FY 2025 in response to community feedback.
- **Inflationary pressures** – Higher than expected inflation has resulted in significantly higher costs for materials, contracts, services and utilities.
- **Financial Targets** – as per Council Treasury Management Policy, we have clear targets for 2026/2027 including a positive Operating Surplus Ratio, Net Financial Liability Ratio of less than 100% and an Asset Renewal Funding Ratio of 100%. Our Budget and Long Term Financial Plan needs to ensure we meet these targets in that year and for all future years.
- **Waste Modelling - Waste Service Charge and Waste Management** - Council staff have reviewed the cost of service and undertaken benchmarking compared to other SA Councils, with the following insights:
  - **Cost Of Service** - The full cost of waste collection, kerb side recycling and green waste including the cost of disposal to the Caroline Landfill have not been recovered in previous years.
  - **Proposed Increase** - A proposed increase to the waste service charge of 43.8% will ensure that Council is able to cover the cost of service and also charge at a level that is consistent with other SA councils. This is expected to result in a waste service charge of \$311 per household.
  - **Historic Charges** - Like our rating level, the Waste Service charge has been historically low compared to other Councils which is illustrated in the following graph:



Wattle Range is based on 2023/2024.

- The following table represents a range of the models considered:



Rate Model	General Rates Increase 24/25 and 25/26	Growth	Total Rate Increase	Waste Service Charge	Financial ratio targets met	Capacity to support current operations	Capacity to support future growth	Waste Service Charge cover costs
Adopted LTFP (at time of adoption)	5.7%	0.5%	6.2%	231.60	✓	✓	✗	✗
Inclusion of current pressures (updated LTFP with what we know now)	5.7%	0.5%	6.2%	231.60	✗	✗	✗	✗
Pre waste Modelling	12.2%	1.0%	13.2%	231.60	✓	✓	✓	✗
Post Waste Modelling - recommended	10.2%	1.0%	11.2%	311.00	✓	✓	✓	✓
To reach State Average - Not achievable given rating policy.	41.0%	0.0%	41.0%	231.60	✓	✓	✓	✓

#### 4. Financial Overview:

Summary	Key Measure	Adopted Budget 2024	Draft Budget 2025	Adopted LTFP 2025	Target
Revenue Assumptions	General Rate Increase (excluding growth)	5.53%	10.24%	5.7%	5.7%
	Assessment Growth	0.67%	1.00%	0.5%	0.5%
	Waste Service Charge	6.2%	43.8%	6.2%	6.2%
Key Financial Indicators	Operating Surplus Ratio	-6.7%	-3.5%	-4.3%	> \$0 by FY 2027
	Net Financial Liabilities	117%	100%	108%	< 100% by FY 2027
	Asset Renewal Funding Ratio	100%	100%	100%	> or = 100%
Operating Revenue	Operating revenue (\$'m)	42.3	48.6	44.2	
Operating Expenditure	Operating expenditure (\$'m)	45.1	50.3	46.0	
Capital Expenditure	Asset Renewals (\$'m)	5.8	8.7	6.6	
	New/Upgrade (\$'m)	3.9	2.7	0.7	

- **General Rate Revenue Increase** – As shown in the table above the general rate increase for the draft 2024/2025 budget is proposed as 10.24% excluding growth, higher than the previously adopted LTFP and last year's ABP due to the factors stated in the overview..
- **Inflation** - CPI has been assumed to be 2.9% based on Deloitte Access Economics forecast for FY 2025 as at December 2023 (broadly in line with 2.7% as at March 2024).
- **Operating Deficit** - The operating deficit is lower than the target set by the Long Term Financial Plan for 2024/2025 as adopted by Council in June 2023 of (\$1.9) million. This decrease is mainly driven by significantly higher operating revenue as a result of the increases detailed above.

Increased revenue has been created to support the following:

- **Inflationary pressures** - in materials, contracts and other (materials, services and utilities) and the higher depreciation costs as a result of valuations for the Infrastructure and Buildings and Structures major asset classes; and
- **Additional capacity** - required to support the delivery of priorities such as the delivery of the Strategic Work Plan and future growth (in the form of unlocking project funding (those foundational projects that support the delivery of Council's Strategic Work Program), additional FTEs (1.5 FTEs to support the implementation of the volunteer management and the trails masterplan, and resourcing capacity equivalent to 2 FTEs or consulting/contractor capacity) and an additional budget allocation for the Strategic Work Program. In response to community feedback additional budget has also been allocated for CBD activation.



- **Operating Expenditure** - A total of \$50.3m will be spent on operating expenditure including waste management and disposal, development assessment and planning services, library services, community development and events plus the maintenance/depreciation of infrastructure and building assets including roads, footpaths, lighting, stormwater drainage, cemeteries and other council properties. As stated above, this is an increase on the current adopted LTFP and incorporates capacity required to deliver services for the community in support of Council's LTFP.
- **Renewal Program** - Next year \$8.7m has been allocated to renew assets including Buildings and Structures \$1.2m, Infrastructure \$3.6m and Plant and Equipment \$3.6m. The increase in expenditure compared to the prior year budget and previously adopted LTFP reflects the impact of the condition audits and valuations that have informed the forward capital works program and the Asset Management Plans.
- **New/Upgrade** - Next year \$2.7m has been allocated to New/Upgrade including investment in Waste Management \$0.9m, Railway Lands Playspace (with supporting grant funding) \$0.5m, other buildings and structures \$0.2m, Infrastructure \$0.4m, plant of \$0.5m (including \$250k for a 5.5-6 ton excavator), and IT/Other \$0.2m.
- **Key Financial Indicators** - The key ratios have been compared to the adopted LTFP as shown below:

Financial Indicator	Adopted Budget 2024	Draft Budget 2025	Adopted LTFP 2025
Operating Surplus Ratio	-6.7%	-3.5%	-4.3%
Net Financial Liabilities Ratio	117%	100%	108%
Asset Renewal Funding Ratio	100%	100%	100%

- **Operating Deficit Ratio** - The operating deficit ratio is lower than the adopted LTFP (favourable variance) mainly due to the increases in operating revenue that more than offset the increased expenditure (with more detail provided above).
  - **Net Financial Liabilities Ratio** - This is lower than the LTFP target (favourable) mainly due to the increase in revenue detailed above and reduced borrowings from 2022/2023 and forecast for 2023/2024.
  - **Asset Renewal Funding Ratio** - Both the current plan and LTFP target are 100% reflective of the updated Asset Management Plan.
5. **Grant Funding** - Council has also been successful in securing significant grant funding from Local Roads and Community Infrastructure. Additional grant funding of \$250k has been assumed to support the development of the Railway Lands Playspace.
  6. **Financial Statements** - Includes the following statements:
    - Statement of Comprehensive Income;
    - Statement of Financial Position (Balance Sheet);
    - Statement of Changes in Equity;
    - Statement of Cash Flows;
    - Uniform Presentation of Finances; and
    - Financial Indicators.
  7. **Annual Net Impact to Financing Activities (surplus (deficit))** - Council's (budget deficit) as shown in the Uniform Presentation of Finances in 2024/2025 is expected to be (\$0.7m). This deficit is lower (unfavourable) than the previously adopted LTFP target mainly due to the improved operating deficit being more than offset by increased investment in asset renewals





and new assets (reflecting updated information as a result of the asset condition audits and valuations).

8. **Rating Policy and Rate Rebate Policy** – Aligned with previous years the two policies have been included in the draft Annual Business Plan and Budget document. They identify the framework within which Council must operate and make policy choices. It should be noted that the R130 Rates General Matters Policy has been included in the R105 Draft Rating Policy (with a recommendation to revoke this standalone policy when the Annual Business Plan and Budget is adopted). They will be included for adoption with the Annual Business Plan and Budget in June 2024.

## LEGAL IMPLICATIONS

As shown in more detail in the background section of this report including Section 123 of the Local Government Act 1999 and Part 2 (6) and (7) of the Local Government (Financial Management) Regulations 2011.

## STRATEGIC PLAN

The Draft Annual Business Plan and Budget 2024/2025 is aligned with the City of Mount Gambier Strategic Plan 2020-2024.

## COUNCIL POLICY

[R105 Draft Rating Policy 2022/2023](#) (included in this agenda item)

[R155 Rate Rebate Policy](#) (included in this agenda item)

[R130 Rates Matters Policy](#) (to be revoked at Special Council meeting)

[P195 Community Consultation and Engagement Policy](#)

[T150 Treasury Management Policy](#)

[B300 Budget Framework Policy](#)

[Procurement Policy](#)

[Disposal of Land and Assets Policy](#)

## ECONOMIC IMPLICATIONS

The Annual Business Plan and Budget was developed considering the adopted Long-Term Financial Plan 2024-2033 and aligned with the development of the draft Long Term Financial Plan 2025-2034 and draft Asset Management Plans 2025-2034 also included in the agenda for this meeting.

## ENVIRONMENTAL IMPLICATIONS

The Draft Annual Business Plan and Budget 2024/2025 includes Council's environmental budget for the year, annual objectives and key performance indicators, services and projects aligned with the strategic goals of Our Diverse Economy and Our Climate, Natural Resources, Arts, Culture and Heritage.

## SOCIAL IMPLICATIONS

The application of rates is recognised as a system of taxation of residents, and as such, Council strives to the best of its ability to ensure that rates are applied fairly and that the burden is shared equally by those with ability to pay in proportion to their wealth.

Council has and will continue to consider the impact of rates on all sections of the community and those on fixed incomes and with limited financial resources.

## CULTURAL IMPLICATIONS

Nil





## RESOURCE IMPLICATIONS

The development of the Draft Annual Business Plan and Budget 2024/2025 has been managed within existing staff resources.

The capacity and capability of the organisation to deliver the Draft Annual Business Plan outcomes has been reviewed and confirmed with key stakeholders.

## VALUE FOR MONEY

The Draft Annual Business Plan 2024/2025 includes the budget. Procurement of goods and services included in the budget will be aligned with the Procurement, and Disposal of Land And Assets Policies.

## RISK IMPLICATIONS

The capacity to deliver the Draft Annual Business Plan and Budget has been reviewed by the Executive Leadership Team (ELT) with a particular focus on the delivery of the operating and capital works programs.

## EQUALITIES AND DIVERSITY IMPLICATIONS

Annual objectives and KPIs in relation to implementation of these plans have been included in the Draft Annual Business Plan and Budget

## ENGAGEMENT AND COMMUNICATION STRATEGY

Community consultation timelines and approach is aligned with that defined in the Local Government Act and Council's Policy P195 Community Consultation and Engagement Policy defines community consultation as being "part of community engagement and means a planned process by which the Council formally invites its constituents and stakeholders to comment about matters upon which Elected members are to deliberate."

Decision to be made	Make recommendations for the Draft Annual Business Plan 2024/2025.
Key factors to be considered in decision	<ul style="list-style-type: none"> <li>• Draft Long Term Financial Plan 2025-2034</li> <li>• Draft Asset Management Plans 2025-2034</li> <li>• City of Mount Gambier Strategic Plan 2020-2024</li> <li>• Local Government Act 1999</li> </ul>
Area of community influence	<ul style="list-style-type: none"> <li>• <b>Aspects that are fixed</b> – Legislative factors;</li> <li>• <b>Key areas for community input</b> – The community may make submissions on all sections of the Annual Business Plan.</li> </ul>
Method of consultation, informing the community	<p>Copies will be available at:</p> <ul style="list-style-type: none"> <li>• The Mount Gambier Library; and</li> <li>• The Customer Service counter.</li> <li>• Have Your Say website</li> </ul> <p>A facility will be available for the community to ask questions and receive submissions on Council's Have Your Say website during the public consultation period.</p> <p>A Special Council meeting will be held on Tuesday 18 June 2024 at 5:00pm to hear feedback from the community.</p>



Feedback to stakeholders/Council	A written response will be made to all submissions once the Annual Business Plan 2024/2025 has been adopted by Council.
Timeframe for Consultation	23 May - 13 June 2024.

### IMPLEMENTATION STRATEGY

Following the adoption of the 2024/2025 Annual Business Plan and Budget in June 2024 the following will occur:

- **Budget** - the budget will be formally rolled out across the organisation to all budget holders and will form the basis of financial performance reporting.
- **Annual Objectives and Key Performance Indicators** - Performance against the annual objectives and Key Performance Indicators included in this document will form the basis for quarterly Annual Business Plan Performance reporting that will be brought to Council.

### CONCLUSION AND RECOMMENDATION

The Draft Annual Business Plan, detailing Council's intended programs for the 2024/2025 financial year including the rating policy and annual budget was presented for endorsement for public consultation on 21 May 2024 and will be available for comment and submission by the community until 13 June 2023.

The process that was undertaken to build the budget achieved the key outcomes established prior to the start of the process.

### ATTACHMENTS

1. Attachment 1 - Draft Annual Business Plan and Budget [↓](#)

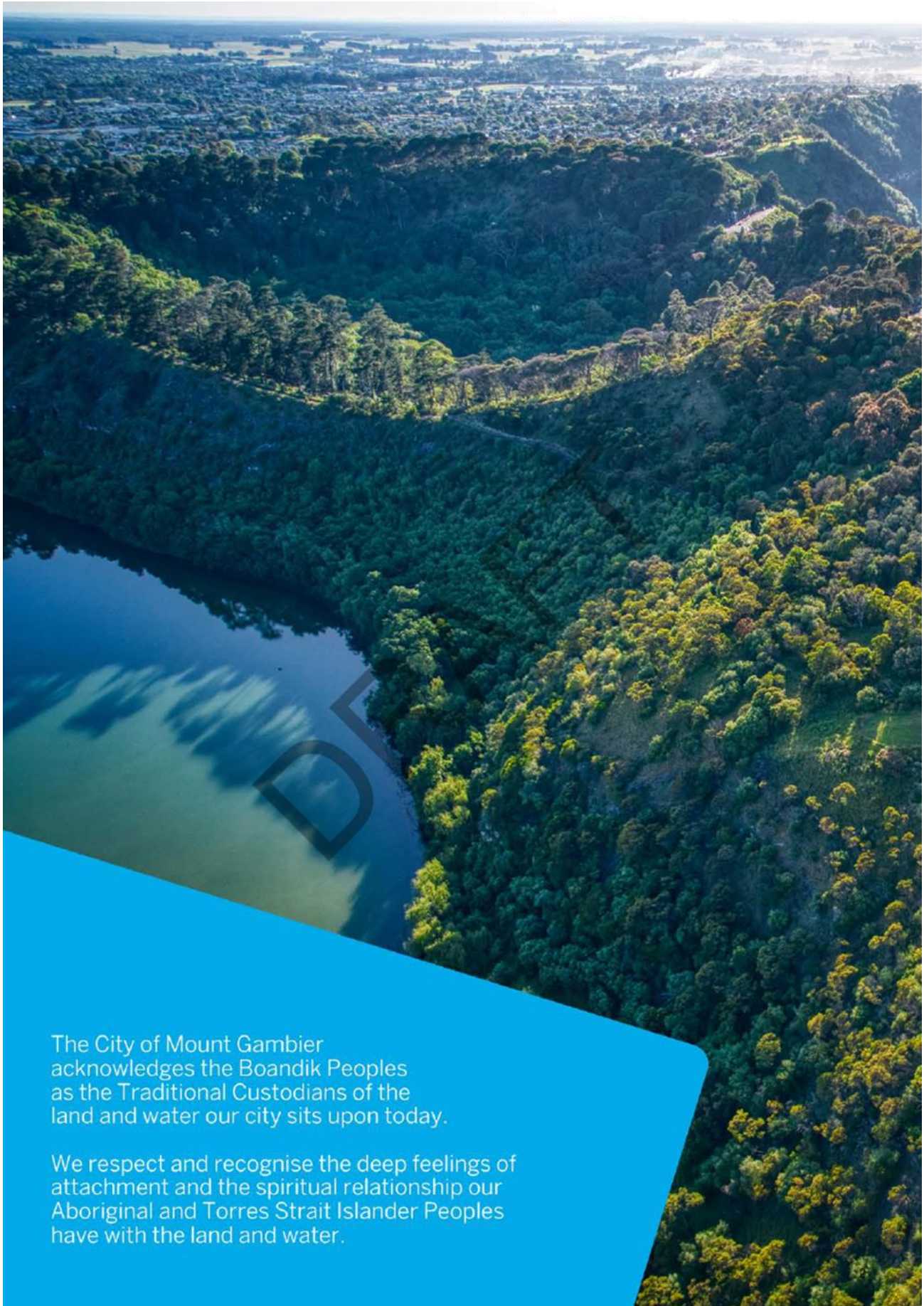




# DRAFT 2024/2025 Annual Business Plan and Budget







The City of Mount Gambier acknowledges the Boandik Peoples as the Traditional Custodians of the land and water our city sits upon today.

We respect and recognise the deep feelings of attachment and the spiritual relationship our Aboriginal and Torres Strait Islander Peoples have with the land and water.

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## A message from the Mayor

### **On behalf of Elected Members, I present the draft 2024/2025 City of Mount Gambier Annual Business Plan and Budget.**

This is Council's key operational and financial planning document, outlining the proposed programs and capital projects that we will undertake in the upcoming financial year.

Budget deliberations have been particularly challenging this year, as we grapple to balance priorities with the financial climate, being mindful of cost of living pressures and the provision of service delivery required to meet community expectations and ensure that Council is positioned for long term financial sustainability.

Elected Members have engaged in the most robust budget discussions I have been part of in my six years as Mayor, participating in seven workshops in which we carefully considered numerous scenarios and options over many hours to come to a draft budget and long term financial plan that continues to best serve our community.

Elected Members and Council staff have identified where savings can be achieved, how to ensure that we maintain our assets and looked line by line into this budget. I can assure you that no stone was unturned to balance Council's short and long term financial obligations, while creating capacity to deliver what the community expects in 2024/2025.

Council delivers a whole range of services to our residents in line with community expectations and in accordance with the Asset Management Plan and the Long Term Financial Plan to maintain our assets and our city. To support that work, we have made the difficult decision to increase rates to 10.24 per cent, excluding growth in the draft 2024/2025 Annual Business Plan and Budget.

Like everyone within the community, Council is feeling the pressure of cost escalations and has attempted to minimise the impact of increasing costs for our ratepayers for several years. We have absorbed the impact of growth and rated below CPI, and we are now unable to continue to absorb the true additional service and waste costs and must increase rates.



This rating model provides and enhances our services, enables Council to meet its key financial ratios and provide organisational capacity to support the future growth of the organisation and the implementation of strategic plans such as Mount Gambier 2035 and the Sport, Recreation and Open Space Strategy (SROSS). We not only continue our existing services, but also have priority projects enhancing our unique local spaces, such as Umpherston Sinkhole/Balumbul and the Crater Lakes area. We are also looking forward to working with volunteers, including establishing some new programs which will make our city even more attractive and improve liveability. We are investing in the arts, and in designing the shape of our city.

This is a visionary budget and I have been buoyed by the discussions occurring around Mount Gambier 2035 and know that we have an exciting future. The City of Mount Gambier is proud to provide services, programs and support to our community, and to build on the vision that our community is developing.

I look forward to continuing to work with Elected Members and Council staff as we focus on delivering exciting and progressive projects for both residents and visitors to our city to enjoy.

**Lynette Martin OAM  
MAYOR**

## A message from the CEO

**The preparation of the draft City of Mount Gambier 2024/2025 Annual Business Plan and Budget has provided us with an opportunity to take an intensive look at Council's finances and service delivery models during what is currently a difficult financial climate for the community and Council.**

Council's proposed 2024/2025 Annual Business Plan and Budget is focused on providing a balance of capacity to maintain and improve assets and services for the community, and long term financial sustainability. Unlocking projects will provide capacity within the organisation, review service levels and seek efficiencies. We will assess our asset management planning approach, business systems and infrastructure and workforce planning framework. Importantly, we will also begin work to explore the growth opportunities associated with Council's strategic plans. As part of the Mount Gambier 2035 Strategic Plan project to create a collective vision for our city, our community told us that they want us to deliver some great things, and we are confident that the draft budget being presented to you, gives us the financial capacity to work with you on that.

The Waste Service Charge is proposed to increase to \$311.00 per household in 2024/2025. This charge includes the cost of waste collection, kerbside recycling, greenwaste and the cost of disposal to Caroline Landfill. This proposed increase will ensure that Council is able to cover the cost of the service and also charge at a level that is consistent with other South Australian councils. Additionally, with growth comes extra demands on Council including more bin lifts. In fact, we now have reached one million bin lifts per annum.

Council understands the financial pressures our residents are currently facing, and we have historically endeavoured to keep rates as low as possible to ease the burden on local households. In 2020/2021 Council applied a zero rate increase to assist ratepayers during COVID, and in 2022/2023 and 2023/2024 rate increases were below the Consumer Price Index (CPI).



It is also worth noting that councils throughout Australia rely on Federal Government grant funding, and these vital funds have been considerably reduced in recent years.

Council is not immune to the universal surge in costs and can no longer continue to absorb compounding increases, hence the difficult decision has been made to increase rates.

City of Mount Gambier remains dedicated to offering a wide range of services to benefit our residents. We are committed to ensuring ongoing sustainability so that our assets are maintained and provided to a good standard, and where we can provide the foundations for our thriving city into the future.

**Sarah Philpott**  
**CHIEF EXECUTIVE OFFICER**

## How the Annual Business Plan and Budget was prepared

### PURPOSE

The Annual Business Plan is the key operational and financial document for Council. It sets proposed operational programs and capital projects for 2024/2025 and how we will allocate our budget.

### STRATEGIC DIRECTION

The content has been developed after taking into consideration the long-term direction of the Futures Paper, Strategic Plan 2020-2024, The Long Term Financial Plan (10 Year Plan) and the Asset Management Plan (10 years). Maintaining an adequate level of expenditure on existing assets on an annual basis ensures intergenerational equity, that is the burden of costs is met equally by current and future ratepayers.

Council have engaged with the community and Elected Members in the build of the new strategic plan (Mount Gambier 2035). This will set the direction for the next ten years.

Strategic priorities were reviewed with the Executive Leadership Team, Management Team and Elected Members to inform timing and deliverables for the next three years in the further development of the Strategic Work Plan. The additional capacity required to deliver the supporting projects and corresponding budget allocation for 2024/2025 is detailed in this document.

### GENERAL RATES

During the budget process, a review of rating strategy was undertaken including benchmarking against other South Australian councils on the average rural residential rates for South Australia as at 2023/2024. A significant number of scenarios were developed for rates in 2024/2025 and beyond.

These scenarios were reviewed with Council's Executive Team and Elected Members at budget/LTFP workshops with a particular focus on the achievement of target financial ratios by 2027.

### WASTE SERVICE CHARGE

A review was undertaken of the cost of providing waste services to the community. Due to inflationary pressures that have impacted both operating costs and the capital costs of constructing and capping cells at the Caroline land fill facility, a scenario was proposed that included a significant increase for 2024/2025.

### OPERATIONS BUDGET BUILD APPROACH

The Annual Business Plan 2024/2025 adopted a 'bottom up' budget approach where meetings were held with budget holders to examine their costs, which required managers to justify expenditure and provide assumptions for revenue.

The 'first cut' of the budget was \$2.2m above the previously adopted LTFP target operating deficit (including \$1.1m of depreciation). Council staff reviewed revenue and expenditure and were able to further reduce the operating deficit by \$0.7m.

### ELECTED MEMBER REVIEW

Seven workshops were held with Elected Members to develop this budget, discuss priorities, and work through requested rating scenarios to inform the draft budget and LTFP during March to May 2024.





## Significant Influences

**In the development of the Annual Business Plan we have undertaken a review of our internal environment and broader external environment that includes social, environment, economic and planning elements. This review identifies key issues that help provide the context for the development of this plan.**

### MARKET CONDITIONS

Over the last three years Council has seen the impact of COVID-19 on the availability and cost of materials and resources to support its capital works program. If this trend continues it may mean that additional contingency may be required to fund the program included in this Annual Business Plan and Budget.

### LOCAL ECONOMY

With a diverse and stable economic base, the Mount Gambier region is one of the most significant contributors to the South Australian economy in both export, local income and tourism. Key industries that contribute to the city and regional economy are:

- Softwood timber industry,
- Education,
- Visitor economy,
- Health services,
- Agribusiness, and
- Transport and logistics.

A focus for growth is the visitor economy, a diverse and wide-reaching sector that impacts broadly across service and product groups. The growth of this sector impacts on business opportunities from hospitality, to growing existing products and services and providing exciting new opportunities. This sector strongly links to the agribusiness sector, with farm experiences increasingly sought after by international visitors.

Transport and logistics are key employers in Mount Gambier. The city is one hour from Portland's major deep seaport and ensures that Mount Gambier remains a key transport hub.

The transport sector remains strong, with growing demand, particularly in the city's forestry sector.

### TOURISM SECTOR

A cross-government approach to the development of access to Mount Gambier's natural attractions has been advocated. This would include scoping, master planning and the facilitation of approvals to consider infrastructure development and marketing.

### DEVELOPMENT

The development of Limestone Coast Regional Plan continues and it is anticipated that consultation will begin in the first quarter of 2025. The Regional Plan will identify and guide land use and infrastructure requirements, for City of Mount Gambier and provide information and strategic direction towards the development in Mount Gambier and the Limestone Coast.

### POLITICAL ENVIRONMENT

State and federal governments will continue to have an impact on the political environment in which Council operates. This may also influence the grants and partnering opportunities available to the local government sector.

### HISTORIC RATING

In previous years rating did not keep up with inflation and whilst an increase was proposed smoothed across 3 years last year, rating was below actual CPI for FY 2024. Last year aligned with previous years, COMG average residential rates were significantly below the rural state average.

### GROWTH

Over previous years the organisation has not grown/increased budget to reflect community growth (and increase in cost of service).

### COST PRESSURES

The budget has incorporated the pressures from high inflation impacting on major valuations, utilities, and significant increases in other goods and services.

## Significant Influences

### ASSET MANAGEMENT

Further to condition audits and valuations undertaken during this financial year for our major asset classes there has been a significant increase in both depreciation (\$1.1m above the adopted LTFP for 2024/2025), the capital works budget and the forward works program. This increase is required to maintain our assets to an acceptable standard for our community in accordance with legislation.

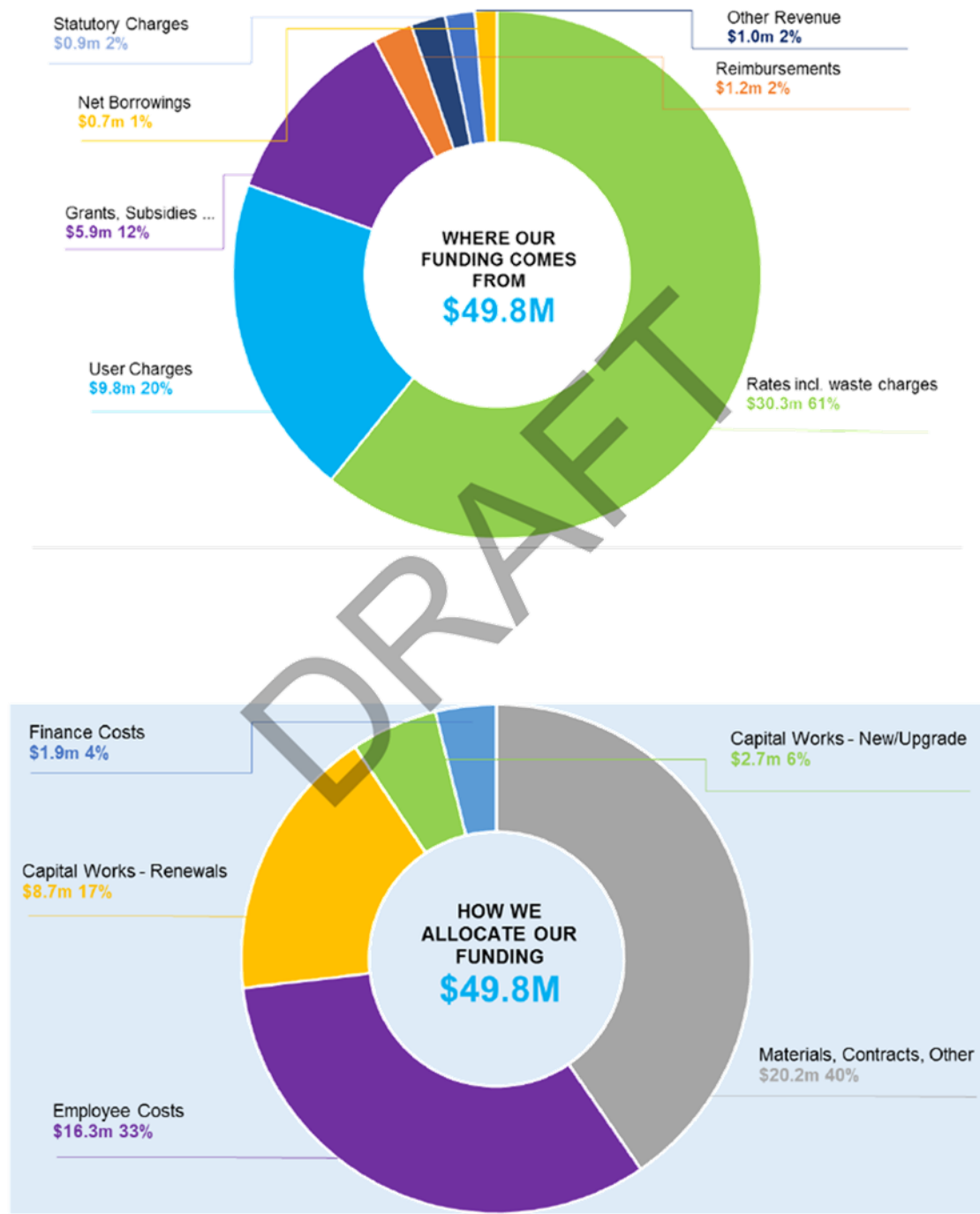
### CAPACITY CREATION

Additional capacity is required to deliver a budget that will achieve financial targets whilst meeting community needs and creating the organisational foundations to support the efficient and effective delivery of services. Further to Elected Member review and subsequent development of further scenarios this budget incorporates the following:

- Unlocking projects (as per the Strategic Work Plan and detailed in the key assumptions section);
- Resource capacity (either in the form of 2 FTEs or contractors/consultants);
- CBD activation;
- Strategic work plan delivery (beyond those projects already identified).



## Funding and Expenditure Summary



# Council Snapshot



## ROADS

SEALED ROADS  
**231.2KM**

UNSEALED ROADS  
**1.3KM**

## AREA



**33.88**  
SQUARE  
KILOMETRES

## ECONOMIC PROFILE



GROSS  
REGIONAL  
PRODUCT  
**\$1,750m**

## STAFF (FTE)



**152**



LARGEST  
SECTOR  
**CONSTRUCTION**

## POPULATION



**27,846**

## GENERAL RATES REVENUE INCREASE

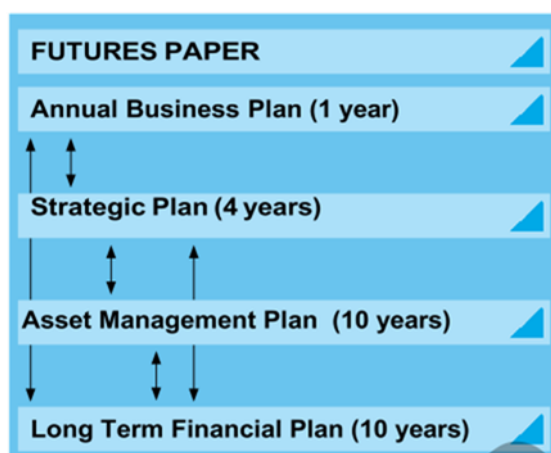


**10.24%**  
(excl. growth)



## Strategic Context

**Hierarchy of Documents** - Brings together the key planning documents to ensure that the vision, goals and objectives set by the Futures Paper are implemented in the Long Term Financial Plan, Asset Management Plan, Strategic Plan, and Annual Business Plan. The Annual Business Plan guides and is guided by other key strategic management documents as shown below:



**Futures Paper** - The Futures Paper outlines strategies for action at the individual, organisation and community level that will enable the community to achieve their collective aspirations.

**Long Term Financial Plan (10 years) (LTFP)** - shows the financial impact of the implementation of the Strategic Plan over the next 10 years and incorporates key assumptions from the Strategic Plan and Asset Management Plan. The LTFP is reviewed by Council on an annual basis.

**Asset Management Plan (10 years)** - identifies the required future expenditure on infrastructure and funding required to maintain service levels. It is aligned with the LTFP.

**Strategic Plan (4 years)** - represents the vision, aspirations and priorities of our community now and into the future. The Strategic Plan is informed by the Futures Paper and identifies the outcomes Council seeks to achieve and the strategies that will put in place to get there. It should be noted that this is the last time that the current version of Council's Strategic Plan 2020-2024 will be used as the foundation Annual Business Plan and Budget. Mount Gambier 2035 is currently being developed (as shown below).

**Annual Business Plan (1 year)** - Each year, Council develops an Annual Business Plan guided by Council's strategic financial framework which sets strategic directions over the medium and long term and converts these into annual actions and outcomes. This shows the outcomes Council expects to achieve in the year and the services, key measures of success and the budget required to deliver these outcomes.

**Mount Gambier 2035** – Council have engaged with the community and Elected Members in the build of the new strategic plan (Mount Gambier 2035). This will set the direction for the next ten years. This version of the Annual Business Plan and Budget has considered the Strategic Work Plan that underpins the delivery of Mount Gambier 2035. The draft strategic plan will be brought to Council in June 2024 for community consultation. Once adopted this version of the strategic plan will inform future Annual Business Plan and Budgets.

## Highlights

**With finite resources, pressures to deliver more and changes in consumer's expectations of Council's services, there is a growing need for Council to deliver services tailored to demand.**

This Annual Business Plan will focus on maintaining service standards efficiently.

Highlights for the year ahead include:

### **WULANDA RECREATION AND CONVENTION CENTRE**

Continue to operate and activate the Wulanda Recreation and Convention Centre facility. This will increase the ability for Mount Gambier to host major sporting competitions, conferences, events and performances providing significant social and economic benefits.

### **LOCAL ROADS AND COMMUNITY INFRASTRUCTURE GRANT FUNDING**

Council will utilise the funding provided by the Phase 4A program to construct the Frew Park amenities project in 2024/2025 and from Phase 4B Program to design and construct the road reconstruction project for Crouch Street South to Warren Street.

### **SPORT, RECREATION AND OPEN SPACE STRATEGY**

To continue to provide quality, well-planned spaces and guide the future direction of open spaces and facilities in Mount Gambier, Council intend to complete a masterplan for Umpherston Sinkhole/ Balumbul and commence a masterplan for Vansittart Park (aligned with a previous Council decision).

### **STRATEGIC WORK PLAN**

This summarises and guides the delivery of Council's priorities over the next three years and has been updated for 2024/2025 onwards through engagement with Council staff, Council's Executive Team, Elected Members and the development of Mount Gambier 2035 (as shown on the next page).

### **UNLOCKING PROJECTS**

There are three foundational projects underpinning the Strategic Work Plan that have been identified as priority "Unlocking Projects" that will create both capacity and capability in Council to deliver and develop services in an efficient and effective manner. In 2024/2025 the three projects are expected to deliver the following:

- 1) Asset Management Planning Approach -**  
Delivering the following for 2024/2025:
  - Establishment of new asset classes for FY 2026;
  - Asset policy framework and supporting procedures and service levels; and
  - Draft asset management plans.
- 2) Business Systems & Infrastructure Stage 1**  
- Creating capacity through the following:
  - Data management;
  - Business process review and alignment; and
  - Moving to a SaaS platform (software as a service).
- 3) Workforce Planning Framework –**  
Developing organisational knowledge and creating efficiencies through the following:
  - Service register and benchmarking;
  - Establishment of a service review framework; and
  - Undertake service reviews and workforce analysis.

### **WASTE MANAGEMENT STRATEGY**

Council have endorsed a holistic strategy and plan that supports the targets and outcomes of South Australia's Waste Strategy 2020-2025, with a key emphasis on initiatives that reduce avoidable waste to landfill to zero by 2030.

### **URBAN AND PLANNING DESIGN**

Council will participate in the regional planning process and develop an Urban planning and design framework.



## Highlights

### **CBD ACTIVATION AND EVENTS**

An additional budget allocation of \$100k has been allocated to support CBD Activation and additional events.

### **VOLUNTEERS**

Development of volunteer programs with the introduction of a 0.5 FTE volunteer coordinator.

### **CRATER LAKES ACTIVATION**

Delivery of the Crater Lakes Trails Plan supported by additional 1.0 FTE with supporting activation activities.

### **VISITOR SERVICING MODEL**

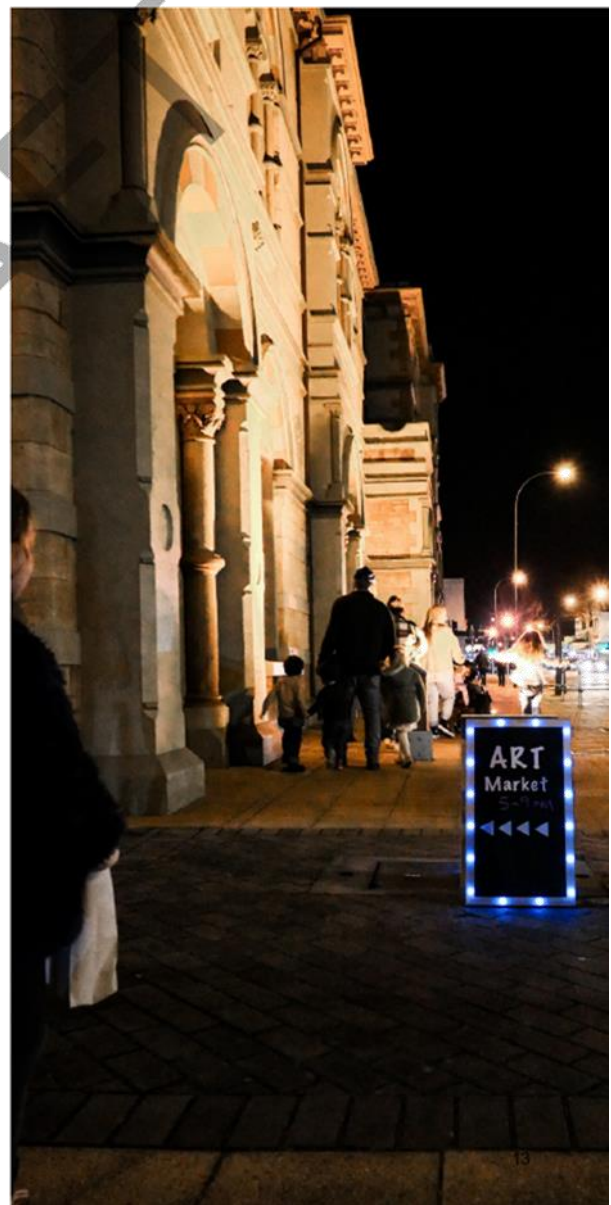
Implementation of new visitor servicing model for Mount Gambier.

### **AFFORDABLE HOUSING STRATEGY**

- Development of an Affordable Housing Strategy for Mount Gambier to be developed for adoption by Council.
- Implementation of plan.

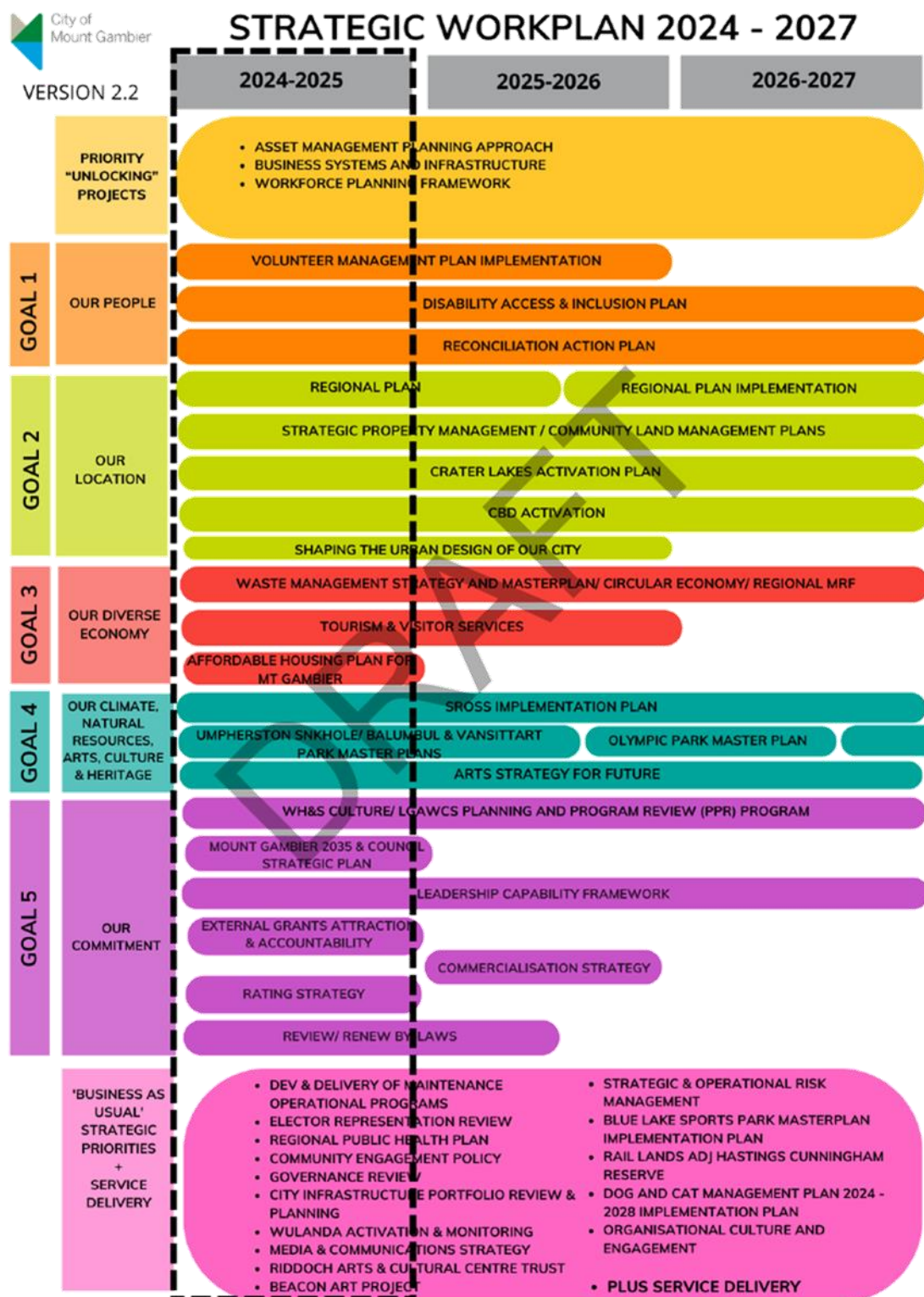
### **BEACON ART AND ART STRATEGY**

- Delivery of a beacon art project with agreed approach for future similar projects.
- Delivery of a City of Mount Gambier Arts Strategy providing strategic direction for the Riddoch Arts and Cultural Centre.





## Strategic Work Plan





## Key Assumptions

### GENERAL RATES

The general rate provides benefits to the whole community and ensures social, economic and environmental sustainability. The number of rateable properties in 2024/2025 is **TBC** with estimated assessment growth of **1.0%** and current assessment increase of **10.24%** equaling a total increase of **11.24%** in general rate revenue.

### WASTE SERVICE CHARGE

Council has not been previously charging the full cost of waste collection, kerbside recycling and green waste including the cost of disposal to the Caroline Landfill.

A proposed increase to the waste service charge of **43.8%** will ensure that Council is able to cover the cost of service and also charge at a level that is consistent with other SA councils.

### INFLATION

Inflation has been applied to revenue (with the exception of rates) based on forecast Adelaide CPI as at December 2023 where appropriate as provided by Deloitte Access Economics.

Inflation has also been applied to expenditure based on contractual agreements i.e. contract terms for other expenditure where appropriate.

Actual Adelaide CPI as confirmed by the Australian Bureau of Statistics for the March Quarter 2024 was 4.3%, which is higher than the budget assumption and the Deloitte Access Economics forecast for 2024/2025 used for this budget of 2.9%.

It should be noted that significant increases have been experienced for goods and services purchased by Council in particular utilities and capital projects.

Strategies will be developed to mitigate additional pressures should inflation be higher than assumed in the budget.

### USER PAYS PRINCIPLE

Benefits that are provided to a distinct group of the community will, wherever practicable be charged directly to the recipient of that benefit.

### CURRENT SERVICE LEVELS

Council's annual operating program was developed to ensure maintenance of the current level of existing services to the whole community (with the exception of enhanced services as supported by new staff members detailed below).

### STAFFING

Equivalent of 3.5 additional FTEs have been incorporated in the 2024/2025 budget.

**Strategic Work Plan Implementation 1.5 FTEs -**  
To support the implementation of the Volunteer Management Plan and Crater Lakes Trails Plan.

**Organisational capacity - 2.0 FTEs** to support the delivery of the Strategic Work Plan (noting that this will be delivered through either staffing or consultants/contractors).

### KEY FINANCIAL INDICATORS (KFIs)

The following Key Financial Indicators are deemed by the Local Government sector to be the best indicators for determining financial sustainability:

- Operating surplus / (deficit) ratio;
- Net financial liabilities ratio; and
- Asset renewal funding ratio.



## Capital Expenditure

**It is essential that Council manages and maintains its assets responsibly, to maximise the value and the services the community derives from them.**

The annual capital works program is informed by:

- a. Elected Members and community input
- b. City of Mount Gambier Strategic Plan 2020-2024
- c. The suite of Asset Management Plan (e.g. buildings, roads, footpaths), and
- d. The Long Term Financial Plan.

The capital projects budget identifies the amount of money that Council will invest in its long term physical assets and includes two categories:

### RENEWALS

Renewals refers to the amount of money that Council will spend in maintaining and replacing its existing asset base.

This category would include such projects as road resurfacing and line marking, street and footway lighting.

### NEW CAPITAL/UPGRADE

The amount of money Council will invest in new assets can either be the upgrade of existing assets or the creation of new assets.

The below table provides an indication of what Council will spend to maintain its infrastructure and is based on Council's Asset Management Plan.

\$'k	Renewals	New/ Upgrade	Total
Buildings and Structures	1,197	1,589	2,786
Caroline Landfill	-	-	-
Infrastructure	3,623	411	4,034
IT	23	140	163
Other	240	146	386
Plant and Equipment	3,613	456	4,069
<b>TOTAL</b>	<b>8,696</b>	<b>2,743</b>	<b>11,439</b>



## Capital Expenditure

### BUILDINGS AND STRUCTURES

Project Name	Project Description	Gross Expenditure \$'000s	Grant Contribution \$'000s	Net Expenditure \$'000s
Carinya Gardens – crematorium and chapel renewal project	Year 1 (2024/25) design + scoping; Year 2 (2025/26) - Construction	75	-	75
Carinya mowing strips	Concrete mowing strips at the Carinya Cemetery.	10	-	10
Carinya waterfall Area	Irrigation system for Sheoak Garden.	12	-	12
Carinya workshop and machinery shed	Construction of retaining wall around the workshed building	15	-	15
Carinya workshop and machinery shed	Construction of screening to shield children's burials.	15	-	15
Carinya burial grounds	New burial area development - detailed design works (design year 2024/25)	8	-	8
Carinya crematorium and chapel	Chapel flooring floorboards renewal	25	-	25
Frew Park amenities	Construction for the renewal/upgrade of existing Frew Park amenities (toilets, oval ground, seating, pergola areas) funded by LRCI Phase 4(a) Commonwealth grant funding.	450	(450)	-
Civic Centre roof replacement	Roof replacement Stage 1	120	-	120
Civic Centre lift	Installation of replacement lift at Civic Centre (50% of 2024/2025 costs to reflect Council's contribution aligned with the Council resolution for the project costs split over 2 financial years).	60	-	60
Varcoe Building cultural civic centre	Works to support the project undertaken by Country Arts SA, including bus stop relocation.	55	-	55
Energy efficiency program	Projects that support Council's decision to deliver projects annually.	50	-	50
Old Mount Gambier Gaol	Wall dampness, walls dampcourse removal and redoing.	200	-	200
Railway Lands nature play	Construction of a nature play area in the Railway Lands (design completed in 2023/2024) with private funding of \$150k (received in prior year) and assumed additional grant funding of \$250k.	500	(400)	100



## Capital Expenditure

### BUILDINGS AND STRUCTURES (CONTINUED)

Project Name	Project Description	Gross Expenditure \$'000s	Grant Contribution \$'000s	Net Expenditure \$'000s
Bus shelter renewals	Renewal of 2 bus shelters.	50	-	50
Riddoch Art Gallery floor renewal	Gallery floor sanding and renewal.	20	-	20
Public library floor renewal	Carpet replacement	15	-	15
Public library fittings renewal	Café doors full replacement	15	-	15
Wulanda renewals	Allocation for additional renewals	85	-	85
Wulanda construction project	Project management costs	20	-	20
Wulanda CCTV	Additional CCTV for facility	15	-	15
Waste Transfer Station TS concrete slab	Concrete Slab for metal housing.	25	-	25
Caroline facility perimeter litter fencing	Construction of perimeter litter fencing.	105	-	105
Caroline cell cover tarping system	Cell cover tarping system	158	-	158
Additional leachate management	Investigate and design leachate management system	526	-	526
Caroline facility windbreak and fencing	Windbreak and fencing	16	-	16
Caroline facility vehicle wash bay	Vehicle wash bay	42	-	42
Extended awning for customer service - ReUse Market	Extended awning for customer service at ReUse Market	17	-	17
PA emergency evacuation linked to fire panel – Waste Transfer Station and ReUse Market	PA emergency evacuation linked to fire panel – Waste Transfer Station and ReUse Market to meet building code	26	-	26
Roof laser lights panel at Waste Transfer Station	Roof laser lights panel at Waste Transfer Station	15	-	15
Works Depot wash bay	Design works for the relocation of current wash bay and construction of new bay compliant with EPA regulations (assumed construction in 2025/2026).	30	-	30
Dog pound	Design works for relocation/upgrade of the existing kennel to the back of the depot.	12	-	12
<b>TOTAL</b>		<b>2,786</b>	<b>(850)</b>	<b>1,936</b>





## Capital Expenditure

### INFRASTRUCTURE

Project Name	Project Description	Gross Expenditure \$'000s	Grant Contribution \$'000s	Net Expenditure \$'000s
Car park renewals	TBD	53	-	53
New footpaths program (1)	New footpaths including: Chute Street, Link Street, Ramsay Avenue, Shelley Crecent, Sinclair Street.	177	-	177
New footpaths program (2)	CBD - Accessibility audit - parklet etc	106	-	106
New footpaths program (3)	Project identified through Shared Path Master Plan (Design)	91	-	91
Kerb and channel renewals	Canavan Road and Crouch Street North	39		39
Retaining walls	Including: Ski ramp road / car park, Suttontown Road - Coolabah Street to Marara Street.	94	-	94
Footpath reseal/renewal	Projects TBD.	79	-	79
Road Reconstruction funded by LRCI Phase 4 (b)	Boandik Terrace (Crouch Street to Warren Street).	281	(281)	-
Road reconstruction	Including: Boandik Terrace, Canavan Road, Chute Street, Ramsay Avenue, Shelley Crecent, Shepherdson Road.	1,657	-	1,657
Asphalt overlaying	Including Marngo Place, Wandaree Court, Wehl Street North, Wireless Road East, Wireless Road West.	428	-	428
Roads to Recovery	Including Anthony Street, Truman Street.	419	(419)	-
Road reseals program	The resealing of the sealed roads network.	461	-	461
Drainage program	Including Bay Road (Corner with Commercial Street and Frew Park drainage Works (construction of new stormwater drainage system at Frew Park. Fully funded by LRCI Phase 4a grant).	73	(37)	36
Traffic lights renewal	Including Wehl Street near Amor Street, Wehl Street Helen and Edward, and Crouch and Sturt Street.	77	-	77
<b>TOTAL</b>		<b>4,034</b>	<b>(737)</b>	<b>3,297</b>



## Capital Expenditure

### IT

Project Name	Project Description	Gross Expenditure \$'000s	Grant Contribution \$'000s	Net Expenditure \$'000s
IT purchases	Purchase of IT infrastructure assets.	60	-	60
AV system	AV system for Council Chamber	80		80
Microfilm reader	Purchase of replacement microfilm reader for Library.	23	-	23
<b>TOTAL</b>		<b>163</b>		<b>163</b>

### OTHER

Project Name	Project Description	Gross Expenditure \$'000s	Grant Contribution \$'000s	Net Expenditure \$'000s
Trees	Priority focus is the bushfire rehabilitation and revegetation of the affected Crater Lakes area.	80	-	80
Christmas decorations	Renewal of Christmas decorations	20	-	20
Waste bins	Purchase of additional MGBs (mobile garbage bins).	70	-	70
Beacon art project	Design and construction of beacon art project.	66	-	66
Signage program	As per updated signage strategy.	150	-	150
<b>TOTAL</b>		<b>386</b>		<b>386</b>



## Capital Expenditure

### PLANT AND EQUIPMENT

Project Name	Project Description	Gross Expenditure \$'000s	Grant Contribution \$'000s	Net Expenditure \$'000s
Minor plant	Purchase of new minor plant items as per Asset Management Plan allocation.	40	-	40
Tana compactor	Replacement of tana compactor (at Caroline Landfill)	1,050	-	1,050
Tractors	Replacement of 2 tractors	182	-	182
Quick spray - dual sprayer unit	Replacement of quick spray - dual sprayer unit	25	-	25
Vans	Replacement of 2 vans (toilet cleaning and general inspector)	112	-	112
4WD utility vehicle	Replacement of 1 vehicle	61	-	61
Position partner software	Purchase of position partner software for improved waste compaction at Caroline landfill.	94	-	94
2WD utility vehicle	Replacement of 1 vehicle and purchase of 1 vehicle	122	-	122
Garbage compactors	Replacement of two garbage compactors.	1,100	-	1,100
Water truck	Replacement of water truck.	230	-	230
Mowers	Replacement of 6 mowers.	239	-	239
Tip trucks	Replacement of 3 tip trucks	488	-	488
5.5-6 ton excavator	Purchase of new 5.5-6 ton excavator	250	-	250
Welder/power hacksaw	Purchase of welder/power hacksaw	11	-	11
Mower trailer	Replacement of mower trailer	17	-	17
Events wagon	Replacement of events wagon	48	-	48
<b>TOTAL</b>		<b>4,069</b>	<b>-</b>	<b>4,069</b>



## Capital Expenditure

### GENERAL RATE INCREASE

The proposed general rate increase will result in a **10.24%** increase (excluding growth) i.e. in general rates revenue.

### WASTE SERVICE CHARGE

The proposed increase will result in a **43.8%** increase to approximately **\$311** per household to ensure that costs of service are covered.

### OPERATING DEFICIT

**Budget deficit** - Council's estimated operating deficit in 2024/2025 is (\$1.7) million.

**LTFP target comparison** - The operating deficit is lower than the target set by the Long Term Financial Plan for 2024/2025 as adopted by Council in June 2023 of (\$1.9) million.

This decrease is mainly driven by significantly higher operating revenue as a result of the increases detailed above.

Increased revenue has been created to support the following:

- **Inflationary pressures** - in materials, contracts and other (materials, services and utilities) and the higher depreciation costs as a result of valuations for the Infrastructure and Buildings and Structures major asset classes; and
- **Additional capacity** - required to support the delivery of priorities such as the delivery of the Strategic Work Plan and future growth.
- **Organisational requirements** - Operating in a deficit environment means that we will need to ensure that we have strong financial controls in place and that public value is maximised.

### SERVICE PROVISION

A total of \$50.3 million will be spent on operating expenditure including waste management and disposal, development assessment and planning services, the library, community development, events and depreciation of assets, plus maintenance of infrastructure assets including roads, footpaths, lighting, storm water drainage, street trees, sporting facilities, open space, cemeteries and other council properties.

### RISKS TO THE BUDGET

It should be noted that there are a number of risks that have not been considered in this year's Annual Business Plan and Budget as their impact at this time is unknown:

- **Ongoing inflationary pressures** - Inflation is based on current forecasts. Any further increases will put additional pressure on the budget.
- **Waste management** - The development of a Waste and Resource Recovery Master Plan has been identified by Council as a key strategic project and is well underway. This document, in conjunction with the 'Waste and Resource Recovery Strategy 2023 – 2030, will provide a whole of life map for waste management, including, the Waste Transfer Station, ReUse Market, Caroline Landfill and kerbside collections.

The comprehensive planning and analysis combined within the Master Plan, along with associated financial modelling will enable Council to minimise the risks associated with its waste services, particularly those of owning and operating a landfill. One of the components of the Master Plan is a Risk Plan, which will specifically list waste related risks.

This work is still in progress at the time of preparing this document.





## Financial Targets

### OPERATING SURPLUS RATIO

#### What is the purpose of this ratio?

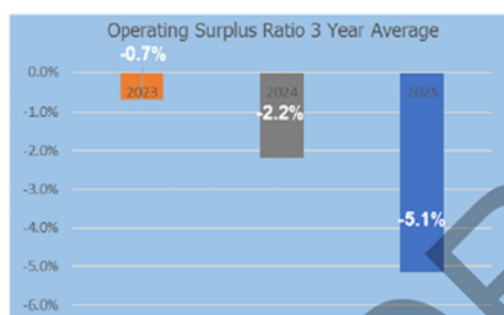
This financial indicator is useful in determining if current ratepayers are paying enough to cover products and services provided in each period.

#### How is this ratio calculated?

Operating surplus before capital revenues as a percentage of total operating revenue.

#### What is the target?

The target to be achieved by FY2027 is that Council will achieve a positive ratio.



### NET FINANCIAL LIABILITIES RATIO

#### What is the purpose of this ratio?

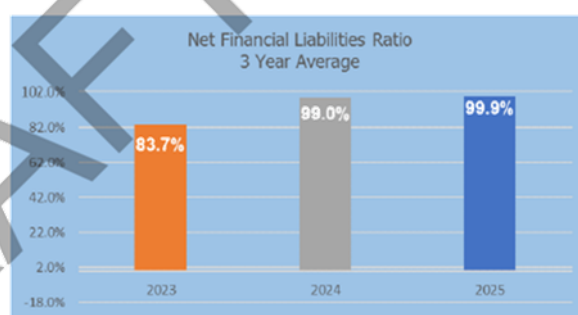
This financial indicator is useful in determining the level of indebtedness that Council has in comparison to its operating revenue.

#### How is this ratio calculated?

Net financial liabilities as a percentage of total operating revenue.

#### What is the target?

Council will achieve a net financial liabilities ratio of less than 100% of total operating revenue by FY 2027.



## Financial Targets

### ASSET RENEWAL FUNDING RATIO

#### What is the purpose of this ratio?

This financial indicator is useful in determining if Council is maintaining all its assets.

This is best demonstrated by comparing total capital renewal expenditure planned against Asset Management Plan requirements.

#### How is this ratio calculated?

Capital expenditure on renewal or replacement of existing assets as a percentage of Asset Management Plan allocations.

#### What is the target?


Council will maintain an asset renewal funding ratio of greater than or equal to 100% of Asset Management Plan.



## Strategic Plan – Our role and goals

### THE CITY DEVELOPMENT FRAMEWORK PROJECT

The City Development Framework Project involved the establishment of overall strategies for development, incorporating economic, social, environment and community opportunities and aspirations based on four interrelated themes:

-  **1. OUR PEOPLE**  
How do we ensure a highly skilled and educated population for the future challenges facing our community? A community reflecting good health, connectedness and wellbeing.
-  **2. OUR LOCATION**  
How do we take advantage of our location and expand our potential as a regional hub? Building on our regional centre for the provision of services, shopping, tourism, cultural, sporting and recreation.
-  **3. OUR DIVERSE ECONOMY**  
How do we build on and diversify our existing economy? We have existing high quality and skilled industry sectors including fabrication, manufacturing, forest products, agriculture, health and education. We also have emerging opportunities for digital technology and related industries.
-  **4. OUR CLIMATE, NATURAL RESOURCES AND HERITAGE**  
How do we promote and preserve our climate, natural resources and environment? We have a temperate climate, the Crater Lakes Volcanic Complex incorporating the world renowned Blue Lake, a unique natural environment and enviable natural resources. We also have a remarkable wealth of Indigenous and European heritage.
-  **5. OUR COMMITMENT**  
The Council has determined the following principles to ensure delivery against the Strategic Plan 2020-2024. These principles underpin all decisions made by the Council. They guide our strategic planning, processes, service delivery and the management of assets.

# Goal one: **Our people**



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## GOAL 1: Our People

This goal brings together five key themes that affect our people – whether they live, work, study or visit the City of Mount Gambier.

- 18.1 **Community based organisations and networks.** Our community groups and networks develop and grow to achieve their aspirations.
- 18.2 **Community growth.** We foster a sense of community by encouraging and supporting participation in community life.
- 18.3 **Sense of community.** The community grows in real terms at a rate that helps sustain and grow the services available within the City and for the region.
- 18.4 **Care for the community.** We will develop our service offering to the community to ensure all members have access to required levels of support.
- 18.5 **Becoming an 'earning and learning' community.** We are driving the development of local career, education and entrepreneurship pathways that build skills to grow the economy, facilitate new businesses, and provide exciting and relevant employment opportunities for all our people as we transition to an 'earning and learning' city.

### ANNUAL OBJECTIVES

- Enhance the experience and quality of City of Mount Gambier's volunteer program.
- Ensure equity of access and an inclusive environment for all people living within our community.
- Administer a grants and sponsorship program that supports initiatives and projects, in partnership with our community, that strengthen and respond to Council's Strategic Plan.
- Progress towards the development of a new Reconciliation Action Plan.
- Monitor the activation and management of the Wulanda Recreation and Convention Centre.

### KEY PERFORMANCE INDICATORS

- Deliver Year 1 of the Volunteer Management Plan and report progress towards measures of success.
- Development of the Disability Access and Inclusion Plan 2024-2028 and supporting implementation plan.
- Administer two rounds for the allocation of grant and sponsorship funds in accordance with the Policy and review for economic impact.
- Deliver year one of the Dog and Cat Management Plan 2024 - 2028 and report on progress.

### SERVICES

- Cemetery services and maintenance,
- Community facilities management,
- Public health and safety,
- Volunteer management,
- Community support programs,
- Library services,
- Community development activities,
- Strategic planning,
- Inspectorial services, including parking and animal management,
- Community engagement and social inclusion,
- Youth development and programming, and
- Sports and recreation.



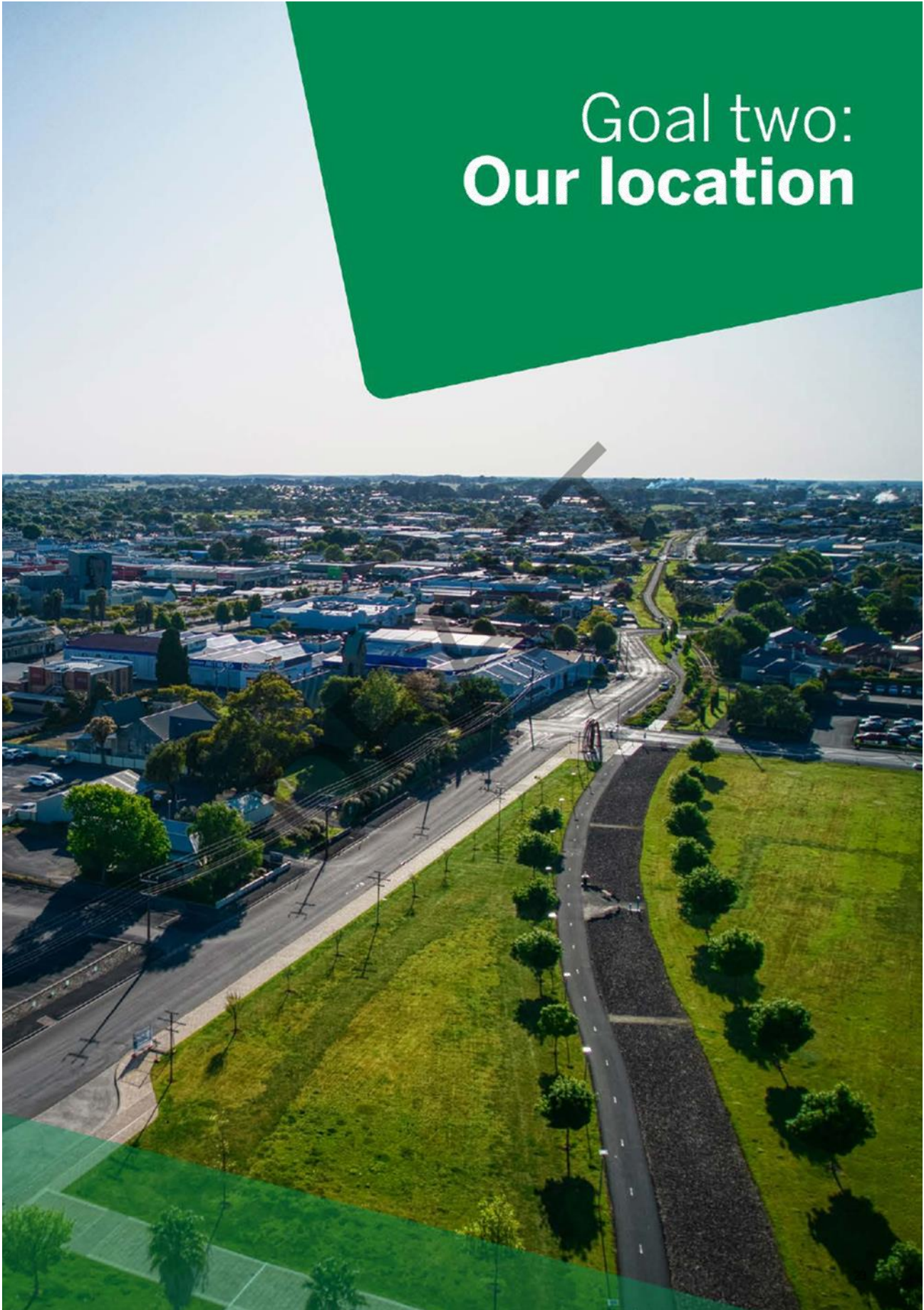


## PROJECTS

Project Name	Project Description	Gross Expenditure \$'000s	Grant Contribution \$'000s	Net Expenditure \$'000s
Carinya Gardens – crematorium and chapel renewal project	Year 1 (2024/25) design + scoping; Year 2 (2025/26) - construction	75	-	75
Carinya mowing strips	Concrete mowing strips at the Carinya Cemetery.	10	-	10
Carinya waterfall Area	Irrigation system for She-Oak Garden.	12	-	12
Carinya workshop and machinery shed	Construction of retaining wall around the workshop Building	15	-	15
Carinya workshop and machinery shed	Construction of screening to shield children's burials.	15	-	15
Carinya burial grounds	New burial area development - detailed design works (design year 2024/25)	8	-	8
Carinya crematorium and chapel	Chapel flooring floorboards renewal	25	-	25
Civic Centre roof replacement	Roof replacement - Stage 1	120	-	120
Civic Centre lift	Installation of replacement lift at Civic Centre (50% of 2024/2025 costs to reflect Council's contribution aligned with the Council resolution for the project costs split over 2 financial years).	60	-	60
Varcoe Building cultural civic centre	Works to support the project undertaken by Country Arts SA. Including bus stop relocation.	55	-	55
Microfilm reader	Purchase of replacement microfilm reader for Library.	23	-	23
Library floor renewal	Carpet replacement	15	-	15
Library fittings renewal	Café doors full replacement	15	-	15
Dog pound	Design works for relocation/upgrade of the existing Kennel to the back of the depot.	12	-	12
Wulanda renewals	Allocation for additional renewals	85	-	85
Wulanda Construction Project	Project management costs	20	-	20
Wulanda CCTV	Additional CCTV for facility	15	-	15
Works Depot wash bay	Design works for the relocation of current wash bay and construction of new bay compliant with EPA regulations (assumed construction in 2025/2026).	30	-	30
<b>TOTAL</b>		<b>610</b>		<b>610</b>



## Goal two: **Our location**





Mount Gambier is ideally located between both Adelaide and Melbourne, allowing the city to tap into markets in both South Australia and Victoria.

**26.1 Infrastructure development and managing our current assets.** We will commence work on meeting the community's aspirations for future infrastructure development, whilst managing our existing infrastructure and assets in a manner that demonstrates the pride we take in our environment.

**26.2 Regional collaboration.** Significant planning work has been done by the City of Mount Gambier, Limestone Coast councils and Regional Development Australia (Limestone Coast). Councils within the region are keen to collaborate on a number of initiatives including land use planning, infrastructure, waste management, recycling and tourism.

**26.3 The Crater Lakes Precinct and other areas of tourism potential.** We will work with the community to investigate options that enable the Council to capitalise on the Crater Lakes Precinct and other areas of tourism potential.

**26.4 Recognition of our indoor and outdoor sporting assets and our adventurous opportunities.** We will work on capitalising on the delivery of the Community and Recreation Hub to highlight the opportunities for sporting and other community events in Mount Gambier and we will seek to leverage the adventure sports market through support to potential providers to develop activities, effective marketing and working with our partners to raise the profile of our city and region.

**26.5 Focusing on activation, revitalisation and placemaking in our CBD.** We will look to create opportunity in our CBD for all year-round activation through effective placemaking and place shaping, making it a vibrant, cohesive and safe place.

## ANNUAL OBJECTIVES

- Deliver the adopted capital works program.
- Deliver asset management program for 2024/ 2025 and new asset management planning approach for implement in 2025/2026.
- Ensure strategic management of Council property assets and supporting policy framework to guide decision making in relation to Council's property needs and Council owned land.
- Shaping the urban design of our City.
- Enhancement and protection of our unique natural resources.
- Implement initiatives and activities that contribute to the activation of Mount Gambier's CBD.

## KEY PERFORMANCE INDICATORS

- Regular reporting to Council on progress of capital works program.
- Delivery of new asset classes and supporting asset management plans to inform 2025/2026 budget.
- Property management strategy and supporting implementation framework endorsed by Council.
- Participate in the regional planning process and develop an urban planning and design framework.
- Utilise the endorsed vision and guiding principles to progress the Crater Lakes Activation Plan and delivery of supporting implementation plan.
- Develop a CBD Activation Action Plan.

## GOAL 2: Our Location

### SERVICES

- Asset (roads etc) infrastructure renewal and maintenance,
- Management and maintenance of infrastructure including roads, footpaths, parks, public open spaces, street lighting and stormwater drainage,
- Street cleaning and rubbish collection,
- Infrastructure planning,
- Infrastructure project delivery.

### PROJECTS

Project Name	Project Description	Gross Expenditure \$'000s	Grant Contribution \$'000s	Net Expenditure \$'000s
Frew Park amenities	Construction for the renewal/upgrade of existing Frew Park amenities (toilets, oval ground, seating, pergola areas) funded by LRCI Phase 4(a) Commonwealth grant funding.	450	(450)	-
Old Mount Gambier Gaol	Wall dampness, walls dampcourse removal and redoing	200	-	200
Railway Lands nature play	Construction of a nature play area in the Railway Lands (design completed in 2023/2024) with private funding of \$150k (received in prior year) and assumed additional grant funding of \$250k.	500	(400)	100
Car park renewals	TBD	53	-	53
New footpaths program (1)	New footpaths including: Chute Street, Link Street, Ramsay Avenue, Shelley Crecent, Sinclair Street.	177	-	177
New footpaths program (2)	CBD - accessibility audit - parklet etc	106	=	106
New footpaths program (3)	Project identified through Shared Path Master Plan (design)	91	-	91
Footpath reseal/renewal	Projects TBD.	79	-	79



**PROJECTS (CONTINUED)**

Project Name	Project Description	Gross Expenditure \$'000s	Grant Contribution \$'000s	Net Expenditure \$'000s
Road reconstruction	Including: Boandik Terrace, Canavan Road, Chute Street, Ramsay Avenue, Shelley Crescent, Shepherdson Road.	1,657	-	1,657
Asphalt overlaying	Including Marngo Place, Wandaree Court, Wehl Street North, Wireless Road East, Wireless Road West.	428	-	428
Roads to Recovery	Including Anthony Street, Truman Street.	419	(419)	-
Road reseals program	The resealing of the sealed roads network.	461	-	461
Traffic lights renewal	Including Wehl Street near Amor Street, Wehl Street Helen and Edward, and Crouch and Sturt Street.	77	-	77
Minor plant	Purchase of new minor plant items as per Asset Management Plan allocation.	40	-	40
Road Reconstruction funded by LRCI Phase 4 (b)	Boandik Terrace	281	(281)	-
Kerb and channel renewals	Canavan Street and Crouch Street North	39	-	39
Retaining walls	Including: Ski ramp road / car park, Suttontown Road - Coolabah Street to Marara Street.	94	-	94
Water truck	Replacement of water truck.	230	-	230
Mowers	Replacement of 6 mowers.	239	-	239
2WD utility vehicle	Replacement of 1 vehicle and purchase of 1 vehicle	122	-	122
Tip trucks	Replacement of 3 tip trucks	488	-	488
4WD utility vehicle	Replacement of 1 vehicle	61	-	61
Tractors	Purchase of 2 tractors	182	-	182
Bus shelter renewals	Renewal of 2 bus shelters.	50	-	50
Quick spray - dual sprayer unit	Replacement of quick spray - dual sprayer unit	25	-	25
Mower trailer (Plant 79)	Replacement of mower trailer	17	-	17
5.5-6 ton excavator	Purchase of new 5.5-6 ton excavator	250	-	250
Welder/power hacksaw	Purchase of welder/power hacksaw	11	-	11
Vans	Replacement of 2 vans (toilet cleaning and general inspector)	112	-	112
Events wagon	Replacement of events wagon	48	-	48
<b>TOTAL</b>		<b>6,987</b>	<b>(1,550)</b>	<b>5,437</b>





## Goal three: **Our diverse economy**



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A diverse economy provides a greater range of opportunities and helps provide a degree of resilience during economic downturns.

- 3.1 **Identity, gateways and support for our businesses.** Establish a strong, positive, aspirational identity that includes the message that the city of Mount Gambier is 'open for business'.
- 3.2 **Land use planning settings.** Planning that provides for future economic and lifestyle changes and continued growth whilst protecting the natural environment.
- 3.3 **Appealing and affordable housing for growth.** We have appealing and affordable housing appropriate to incomes, aspirations and cultures to attract and retain new residents.
- 3.4 **Tourism is contributing to a diverse economy and creating opportunity.** Mount Gambier, its surrounding townships and the tourism region are positioned as a unique and desirable activity-based destination for travellers from Adelaide and Melbourne.
- 3.5 **Reusing, recycling and waste management.** We will work with the community to ensure there is better understanding of the impacts and responsible options available for reuse, recycling and waste management, including investigations as to how the city and region can be more self-sufficient.

#### ANNUAL OBJECTIVES

- Continue to strengthen partnerships and advocate for community opportunities and challenges in accordance with the City of Mount Gambier Partnership Priorities and Advocacy 2024 - 2025.
- Improve housing affordability and accessibility in Mount Gambier.
- Enhance the visitor experience for tourists coming to Mount Gambier.
- Deliver Waste Management Strategy and master planning.

#### KEY PERFORMANCE INDICATORS

- Affordable housing strategy for Mount Gambier adopted by Council and monitor its implementation.
- Implementation of new visitor servicing model for Mount Gambier.
- Prioritise and progress implementation of a waste management master plan.

#### SERVICES

- Event management and sponsorship support,
- Attracting major events to the city,
- Economic development activities,
- Investment attraction,
- Waste and recycling services,
- Tourism attraction and development,
- Visitor Information Centre,
- Free public Wi-Fi,
- Development policy planning,
- Development services, and
- Land use and urban planning.



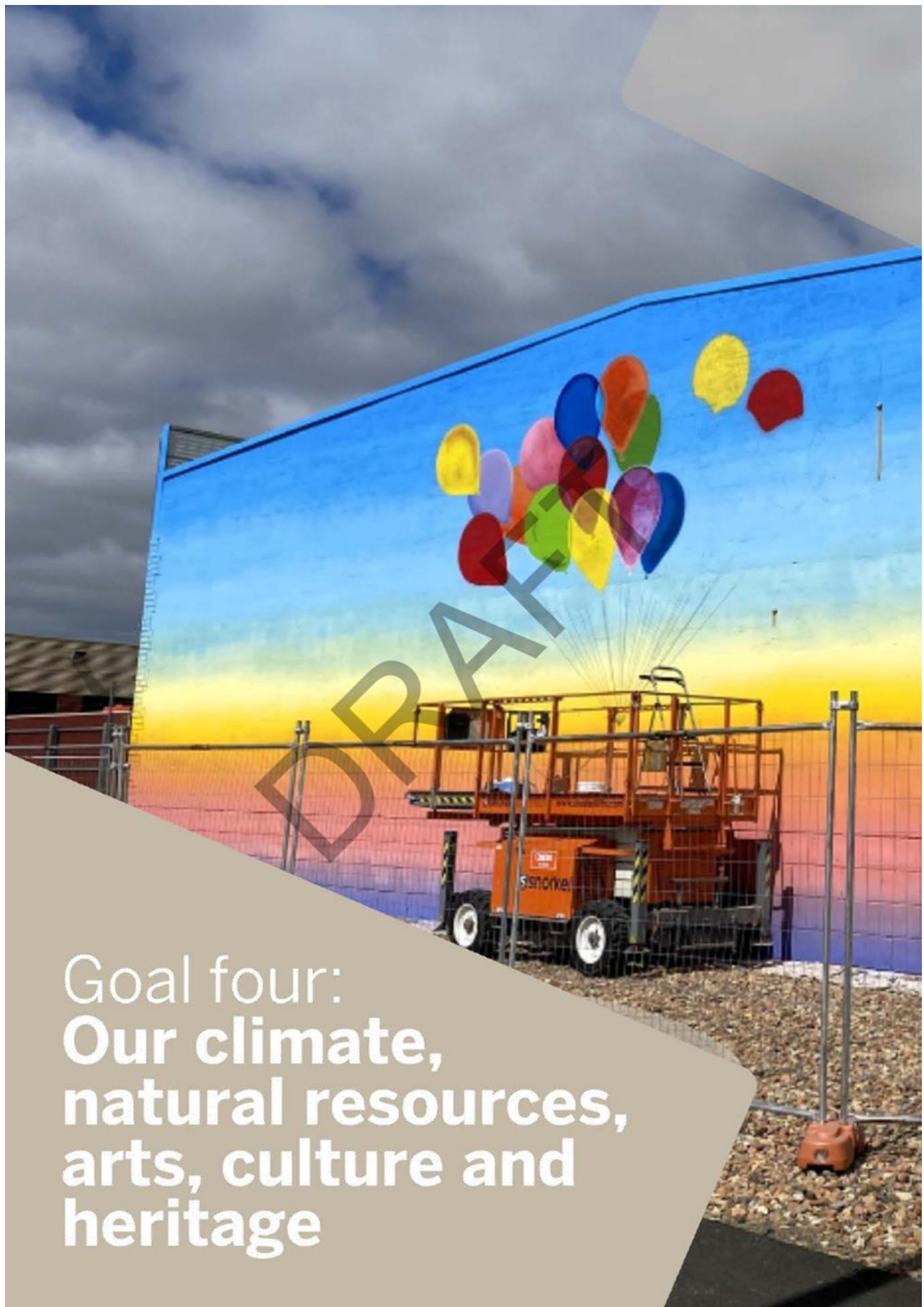
## GOAL 3: Our Diverse Economy

### PROJECTS

Project Name	Project Description	Gross Expenditure \$'000s	Grant Contribution \$'000s	Net Expenditure \$'000s
CBD activation	Budget allocation for progression of CBD activation.	100	-	100
Waste Transfer Station concrete slab	Concrete slab for metal housing.	25	-	25
Caroline facility perimeter litter fencing	Construction of perimeter litter fencing.	105	-	105
Caroline cell cover tarping system	Cell cover tarping system	158	-	158
Additional leachate management – Caroline Landfill facility	Additional leachate pond/tanks and/or wood lot	526	-	526
Caroline facility windbreak and fencing	Windbreak and fencing	16	-	16
Caroline facility vehicle wash bay	Vehicle wash bay	42	-	42
Extended awning for customer service - ReUse Market	Extended awning for customer service at ReUse Market	17	-	17
PA emergency evacuation linked to fire panel – Waste Transfer Station and ReUse Market	PA emergency evacuation linked to fire panel – Waste Transfer Station and ReUse Market to meet building code.	26	-	26
Roof laser lights panel at Waste Transfer Station	Roof laser lights panel at Waste Transfer Station.	15	-	15
Waste bins	Purchase of waste bins.	70	-	70
Garbage compactors	Purchase of two replacement garbage compactors.	1,100	-	1,100
Christmas decorations	Renewal of Christmas decorations	20	-	20
Position partner software	Purchase of position partner software for improved waste compaction at Caroline Landfill.	94	-	94
Tana compactor	Purchase of tana compactor – Caroline Landfill facility.	1,050	-	1,050
<b>TOTAL</b>		<b>3,364</b>	<b>-</b>	<b>3,364</b>







Goal four:  
**Our climate,  
natural resources,  
arts, culture and  
heritage**





## GOAL 4: Our Climate, Natural Resources, Arts, Culture and Heritage

We have an amazing natural and semi-natural environment in our region, which provides the setting for many of our keynote activities.

- 4.1 **Natural assets.** We are effective at protecting and conserving the high-quality values of our natural environment.
- 4.2 **Open space.** We will ensure that future growth is planned in a manner that provides access to, and does not detract from, the community's environmental values.
- 4.3 **Planned reduction of our carbon footprint.** Council will lead by example in the fields of sustainable development and resource efficiency.
- 4.4 **Recreational and cultural pursuits.** We will ensure that community members are provided with opportunities for cultural growth and development through provision of innovative services and programs.
- 4.5 **A city brought to life with public art.** We will ensure that opportunities for public art are created within our city, this means not just spaces for the artwork, but also spaces where creative industries can connect and flourish.

### ANNUAL OBJECTIVES

- Undertake masterplans for Council's Open Space assets and seek opportunities for grant funding or other options to progress the masterplan outcomes.
- Enhance vibrancy, promote cultural identity and provide a unique attraction in Mount Gambier through an iconic work of art.
- Shape an arts and culture strategy for Mount Gambier.

### KEY PERFORMANCE INDICATORS

- Complete a masterplan for Umpherston Sinkhole/ Balumbul and commence masterplan for Vansittart Park. Seek opportunities for grant funding or other options to progress the Blue Lake Sports Park Masterplan.
- Deliver a beacon art project and agree the approach for future similar projects.
- Deliver a City of Mount Gambier Arts Strategy providing strategic direction for the Riddoch Arts and Cultural Centre.

### SERVICES

- Urban design and open space planning,
- Open space and trails planning and management,
- Arboriculture (tree services),
- Fire prevention,
- Recycled product use,
- Community planting and weed eradication projects,
- Environmental programs,
- Environmental sustainability projects,
- Biodiversity projects,
- Horticulture services,
- Tree planting and revegetation projects,
- Animal management,
- The Riddoch Arts and Cultural Centre and venue hire,
- Recreation facilities provision, and
- Social and recreation planning.



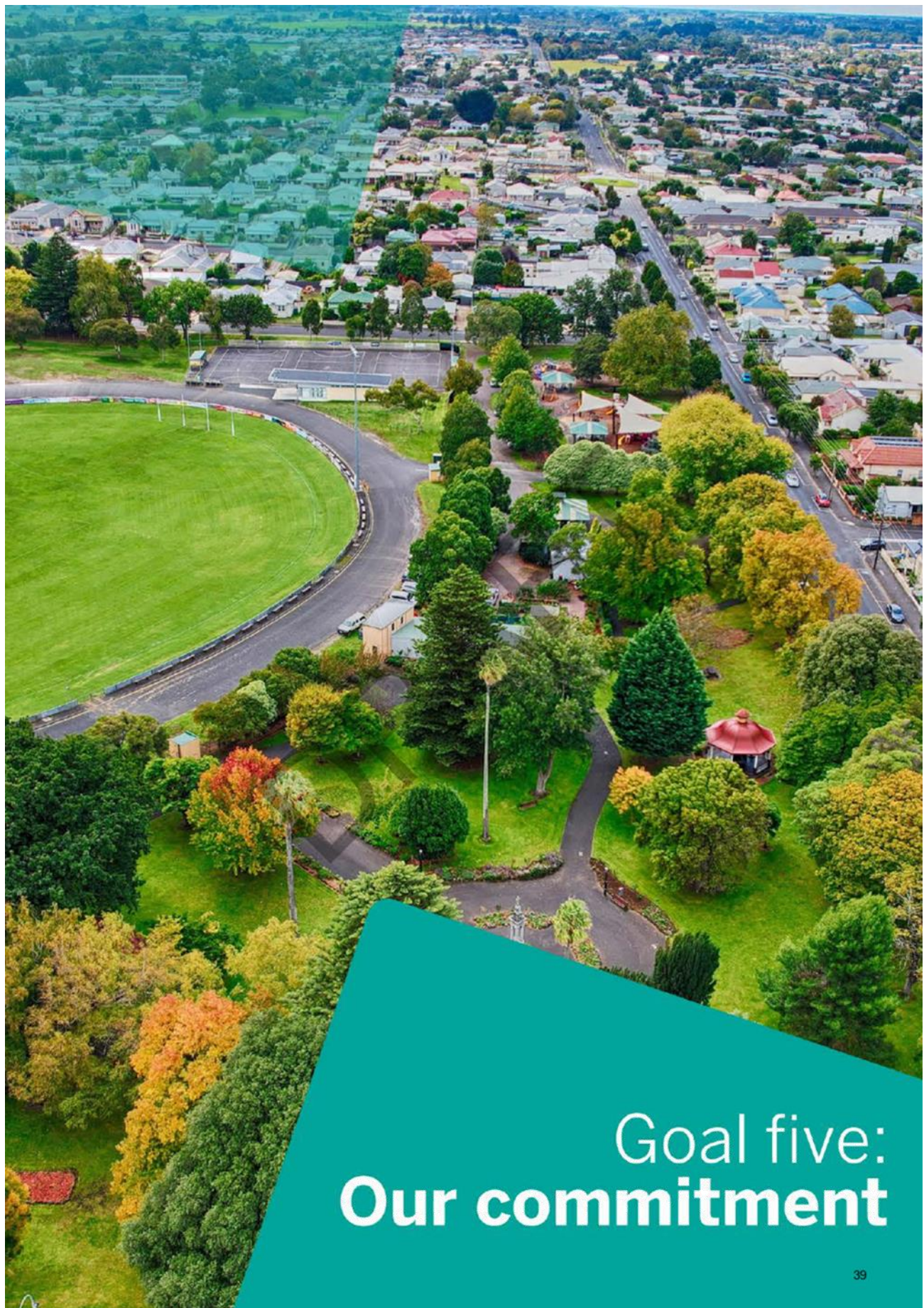
## GOAL 4: Our Climate, Natural Resources, Arts, Culture and Heritage

### PROJECTS

Project Name	Project Description	Gross Expenditure \$'000s	Grant Contribution \$'000s	Net Expenditure \$'000s
Sport, Recreation and Open Space Strategy Masterplan	Commence the development of a masterplan in support of the SROSS strategy.	50		50
Energy efficiency program	Projects that support the Council decision to deliver projects annually.	50	-	50
Drainage program	Including Bay Road (Corner with Commercial Street and Frew Park drainage works (construction of new stormwater drainage system at Frew Park. Fully funded by LRCI Phase 4a grant).	73	(37)	36
Beacon art project	Design and construction.	66	-	66
Trees	Priority focus is the bushfire rehabilitation and revegetation of the affected Crater Lakes area	80	-	80
Signage program	As per the adopted signage strategy.	150	-	150
Riddoch Art Gallery floor renewal	Gallery floor sanding and renewal.	20	-	20
<b>TOTAL</b>		<b>489</b>	<b>(37)</b>	<b>452</b>







Goal five:  
**Our commitment**

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## GOAL 5: Our Commitment

Our commitment – the City of Mount Gambier will be:

- Sustainable
- Transparent
- Responsive
- Involving
- Values based
- Effective

### ANNUAL OBJECTIVES

- Enhance Council's business systems and infrastructure to support service delivery and performance.
- Develop and deliver a workforce planning framework to ensure effective resourcing to support service delivery.
- Shape a community vision to 2035 and a strategic plan that outlines Council's contribution to achieving this vision.
- Maximise Council's financial sustainability through the development and delivery of a rating strategy review.

### KEY PERFORMANCE INDICATORS

- Undertake business process review and alignment and data management strategy.
- Develop a service register, service review framework and commence workforce analysis.
- Mount Gambier 2035 and City of Mount Gambier Strategic Plan adopted by Council.
- Develop a rating strategy that can be used to inform the 2025/2026 budget and 2026-2035 Long Term Financial Plan.

### SERVICES

- Public relations, media and communications,
- Community Engagement,
- Information and communication technology,
- Business systems and process improvement,
- Human resource management,
- Organisational development,
- Financial transaction, analysis and reporting,
- Rates collection,
- Auditing,
- Procurement and contract management,
- Records and information management,
- Service reviews,
- Property services,
- Risk and governance,
- Work, health and safety,
- Injury management and
- Internal audit.



## GOAL 5: Our Commitment

### PROJECTS

Project Name	Project Description	Gross Expenditure \$'000s	Grant Contribution \$'000s	Net Expenditure \$'000s
Strategic work plan delivery	Capacity to deliver the Strategic Work Plan activities for 2024/2025 (other than those separately identified).	400	-	400
Business systems review	Enhance Council's business systems and infrastructure to support service delivery and performance.	115	-	115
Work force plan	Consultancy to support the delivery of a work force plan.	50	-	50
Rating strategy development	Consultancy to support the delivery of a rating strategy for Council.	20	-	20
IT purchases	Purchase of IT infrastructure assets.	60	-	60
AV system	AV system for Council Chamber	80	-	80
<b>TOTAL</b>		<b>725</b>	<b>-</b>	<b>725</b>



## Rating Strategy

In 2024/2025 approximately **62%** of Council's operating revenue will come from overall rates revenue. As a result, Council's rating policies and strategies are key components of financial planning.

The 2024/2025 Annual Business Plan and Budget includes a **10.24%** general rate (excluding growth) and **43.8%** waste service charge revenue increase for this year with consistent increases forecast for the following two years as Council smooths the impact of the required increase.

Council plans to raise **\$24.660m** from general rates (excluding Regional Landscape Levy and service charges).

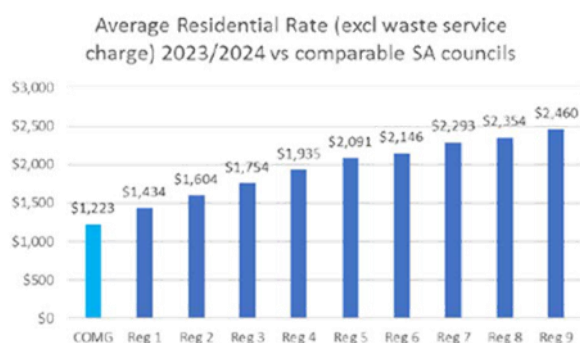
### RATES MODELLING

#### Methodology

Our rates are determined by multiplying the applicable rate in the dollar by the capital valuation of rateable land in the council area plus a fixed charge (as detailed below).

#### Benchmarking

In previous years rating did not keep up with inflation, and whilst the previously adopted LTFP and last year's ABP included an increase that was smoothed across 3 years, rating was below actual CPI for FY 2024. Last year aligned with previous years, COMG average residential rates were significantly below the rural state average.



#### Valuation methods

Council has the option of adopting one of three valuation methodologies to assess the properties in its area for rating purposes:

- **Capital value** - The value of the land and all improvements on the land; or,
- **Annual value** - A valuation of the rental potential of the property.

Capital value is used as the basis for valuing land within the council area in common with almost all other South Australian councils. This method values the land and all of the improvements on the land. This valuation method is considered the fairest and most efficient method of distributing the rate responsibility across all ratepayers because

- **Relative wealth** - This is the most appropriate measure of relative wealth in the community.
- **Capacity to pay** - As a measure of wealth, it most closely reflects the property owners' capacity to pay; and
- **Taxation principle** - It equates with the taxation principle that people should contribute to community, social and physical infrastructure in accord with their capacity to pay as measured by property wealth.

#### Fixed charge

Council has determined that a component of the total rate will be a fixed charge on every rateable property. The fixed charge applies to all ratepayers and continues to raise less than one half of total rate revenue (before rebates and remissions) required for the 2024/2025 financial year.

#### Rationale for fixed charge

Council's reasons for including a fixed charge component are:

- **Range of services** - To be able to deliver a range of services to the community, Council must maintain a range of internal support, infrastructure and administrative services. No particular group of ratepayers benefit more than any other group of ratepayers by the provision of these services; and
- **Equal contribution** - Council considers it appropriate that all ratepayers contribute equally to the cost of administering Council's services and activities.

## Rating Strategy

### Differential general rates

In addition to a fixed charge, Council will declare differential general rates in the dollar according to the use of the land, for rateable land within the council area, as follows:

- **Category 1** - (residential) use;
- **Categories 2, 3 and 4** - (commercial shop, commercial office or commercial other) use;
- **Categories 5 and 6** - (industrial light and industrial other) use;
- **Category 7** - (primary land) use;
- **Category 8** - (vacant land) use; and
- **Category 9** - (other) use.

### General amenity

Every resident benefits in some part from the general amenity of the council area. This amenity includes the local economy, general council operations and the ability of every resident to use council facilities and infrastructure including parks, gardens, libraries, etc.

### Rationale for differential rates

The main reasons for providing differential rates are:

- Ability to pay;
- Potential income taxation deductions;
- Materially heavier/lighter use of services by ratepayers/employees/customers/suppliers; and,
- Provide a disincentive to withholding land from development.

### Expected Rates Revenue:

**Please note** - The figures shown below represent a considered estimate of Expected Rate Revenue based on the most current information available at the time of going out to consultation on the DRAFT Annual Business Plan and Budget (ABP&B). This information is updated regularly and therefore these figures may be subject to confirmation at the time of actual adoption of the ABP&B (as per Section 167 of the Local Government Act 1999).



## Rating Strategy

	2023/2024 (as adopted)	2024/2025	Notes	Change
<b>GENERAL RATES REVENUE</b>				
General rates (existing properties)	\$22,168,610	\$24,660,535	(a)	11.24%
General rates (new properties)	0	\$TBC	(b)	
General rates (GROSS)	\$22,168,610	\$24,660,535	(c)	11.24%
Less: Mandatory rebates	(\$275,000)	(\$305,000)	(d)	
General rates (NET)	\$21,893,610	\$24,355,535	(e)	11.24%
	(e)=(c)+(d)			
<b>OTHER RATES (incl. service charges)</b>				
Regional Landscape Levy	\$1,351,252	\$1,406,869	(f)	4.12%
Waste collection	\$3,097,000	\$4,455,575	(g)	
	\$26,341,862	\$28,811,110		
Less: Discretionary rebates	(\$14,000)	(\$17,000)	(l)	
Expected total rates revenue	\$24,976,610	\$28,791,110	(m)	15.28%
	(m)=(e)+(g)+(h)+(i)+(j) +(k)+(l)			

### Notes

- (a) **General rates (existing properties)** - In 2024/2025 this will reflect the revenue from properties that existed in 2023/2024. Please note that 2023/2024 has been restated so that year on year numbers are comparable.
- (b) **General rates (new properties)** - In 2024/2025 this will include newly created assessments.
- (c) **General rates (GROSS)** - General rates revenue prior to the application of any rebates, remissions or objections.
- (d) **Mandatory rebates** - Councils are required under the *Local Government Act 1999* to provide a rebate to qualifying properties under a number of categories. The rates which are foregone via mandatory rebates are redistributed across the ratepayer base (i.e. all other ratepayers are subsidising the rates contribution for those properties who receive the rebate). Please refer to R155 Rate Rebate Policy for further details.
- (e) **General rates (NET)** - Presented as required by the *Local Government (Financial Management) Regulations 2011* reg 6(1)(ea). Please note: The percentage figure in (e) relates to the change in the total amount of general rates revenue to be collected from all rateable properties, not from individual rateable properties (i.e. individual rates will not necessarily change by this figure).
- (f) **Regional Landscape Levy** - Councils are required under the *Landscape South Australia Act 2019* to collect the levy on all rateable properties on behalf of the State Government. The levy helps to fund the operations of regional landscape boards who have responsibility for the management of the State's natural resources. Council collects this levy on behalf of State Government and does not retain the revenue nor determine how the revenue is spent.



## Rating Strategy

- (g) **Waste collection (Waste Service Charge)** Waste management is one of the largest costs to the community and Council wishes to encourage ratepayers to consider their personal environmental impact and the associated costs. This service charge of **\$311.00** is intended to cover costs including bin collection, waste treatment and disposal and maintaining, improving and replacing the service.
- (l) **Discretionary rebates** - A council may grant a rebate of rates or service charges in a number of circumstances. The rates which

are foregone via Discretionary Rebates are redistributed across the ratepayer base (ie. all other ratepayers are subsidising the rates contribution for those properties who receive the rebate). Please refer to R155 Rate Rebate Policy for further details.

- (m) **Expected total rates revenue** - Excludes other charges such as penalties for late payment and legal and other costs recovered. It also excludes a provision for objections.

### ESTIMATED GROWTH IN NUMBER OF RATEABLE PROPERTIES

	2023/2024 (as adopted)	2024/2025	Notes	Change
Number of rateable properties	14,632 <i>Actual</i>	TBC	(n)	TBC

At this stage Council has not received final data from the Office Valuer General and as such the estimated number of rateable properties is not available at this time. To be updated for the 2024/2025 Annual Business Plan to be adopted by Council.

- (o) **Average per rateable property** - Calculated as general rates for a category, including any fixed charge but excluding any separate rates, divided by number of rateable properties within that category in the relevant financial year.

### Notes

- (n) **"Growth"** - As defined in the *Local Government (Financial Management) Regulations 2011* reg 6(2). "Growth" is defined in the regulations as where new properties have been created which has added rateable properties to Council's ratepayer base. Growth can also increase the need and expenditure related to infrastructure, services and programs which support these properties and residents.

## Rating Strategy

### ESTIMATED AVERAGE GENERAL RATES PER RATEABLE PROPERTY

**Property valuations** - Councils use property valuations to calculate each rateable property's contribution to the required rate revenue total.

**Rates apportionment** - Councils do not automatically receive more money because property values increase but this may alter how rates are apportioned (or divided) across each ratepayer (ie. some people may pay more or less rates, this is dependent on the change in value of their property relative to the overall valuation changes across the council area).

**Total general rates** - The total general rates paid by all rateable properties will equal the amount adopted in the budget.

**The estimated 'average'** - This is based on the total of all rateable properties and is therefore not necessarily indicative of either the rate or change in rates that individual ratepayers will experience. It should be noted (as above) that Council have not at this stage calculated an estimate of number of rateable properties. At this stage for the calculations below this has been estimated at the same level as 2022/2023.

	2023/2024 (as adopted)	2024/2025	Notes	Change
Average per rateable property	\$1,515	TBC	(o)	TBC
	(o)=(c)/(n)			

\*\* Does not include WSC



## Rating Strategy

	Total expected revenue			No. of rateable properties		Average per rateable property				Cents in the \$
	2023/24	2024/25	Change	2023/24	2024/25	2023/24	2024/25		Change	2024/25
Land Use (General Rates - GROSS)										
Residential	\$15,745,715	\$17,388,878	10.4%	12,872	TBC	\$1,223	TBC	(p)	TBC	TBC
Commercial - Shop	\$2,011,938	\$2,128,936	5.8%	466	TBC	\$4,317	TBC	(p)	TBC	TBC
Commercial - Office	\$387,021	\$436,896	12.8%	146	TBC	\$2,650	TBC	(p)	TBC	TBC
Commercial - Other	\$1,927,859	\$2,145,254	11.2%	457	TBC	\$4,218	TBC	(p)	TBC	TBC
Industry - Light	\$350,750	\$435,888	24.2%	137	TBC	\$2,560	TBC	(p)	TBC	TBC
Industry - Other	\$829,836	\$916,338	10.4%	98	TBC	\$8,467	TBC	(p)	TBC	TBC
Primary Production	\$68,515	\$68,271	-0.4%	33	TBC	\$2,076	TBC	(p)	TBC	TBC
Vacant Land	\$616,213	\$871,879	41.5%	361	TBC	\$1,707	TBC	(p)	TBC	TBC
Other	\$230,763	\$268,195	16.2%	62	TBC	\$3,722	TBC	(p)	TBC	TBC
Total Land Use	\$22,168,610	\$24,660,535	11.2%	14,632	TBC	\$1,515	TBC	(p)	TBC	TBC

All items in red reflect current data available to Council. The most recent valuations available to Council at the time that Council adopts its budget under Section 167 of the Act will govern the assessment of rates for the financial year which will result in changes to the rate in the dollar and the distribution of general rates detailed in the table above.



## Rating Strategy

### EXPECTED DIFFERENTIAL RATES REVENUE

Council uses a differential rating system, using land use codes as the factor to apply such differential rates.

In applying differential general rates, Council has considered and is satisfied that the rating system addresses the issue of consistency and comparability across all council areas, particularly as it relates to the various sectors of the business and wider community.

#### Notes

- (p) Average per rateable property – This is calculated as general rates for category, including any fixed charge but excluding any separate rates, divided by number of rateable properties within that category in the relevant financial year.

### FIXED CHARGE

Base amount - A fixed charge ensures all rateable properties pay a base amount to the cost of administering council activities and maintaining the services and infrastructure that supports each property.

Fixed charge allocation - Rates based on values are then applied in addition to the fixed charge. Council is limited to the amount that can be raised by the fixed charge in that it cannot raise more than 50% of its general rate revenue from the fixed charge component. In 2024/2025 Council proposes to raise 38% of its general rate revenue by way of a fixed charge.

This revenue amount is included in the general rates GROSS figure at (c).

	Total expected revenue			Charge		
	2023/2024	2024/2025	Change	2023/2024	2023/2024	Change
Fixed charge	\$8,272,360	\$9,371,000	13%	\$567	TBC	(q) TBC

#### Notes

- (q) Fixed charge - A fixed charge can be levied against the whole of an allotment (including land under a separate lease or licence) and only one fixed charge can be levied against two or more pieces of adjoining land (whether intercepted by a road or not) if they are owned by the same owner and occupied by the same occupier. Refer to the Rating Policy (page 45) for details.



## Appendices

### Draft 2024/2025 Financial Statements

#### City of Mount Gambier - Uniform Presentation of Finances Draft Budget 2024/2025

2023 Actuals	\$'000s	Adopted Budget 2024	Draft BR3 2024	Draft Budget 2025
<b>Income</b>				
24,893	Rates	26,416	26,455	30,314
731	Statutory Charges	734	847	896
6,947	User Charges	9,193	9,055	9,812
1,071	Grants, Subsidies and Contributions - Capital	341	1,053	388
6,402	Grants, Subsidies and Contributions - Operating	4,707	4,738	5,250
49	Investment Income	40	53	57
755	Reimbursements	538	1,351	1,192
1,263	Other Income	311	509	665
<b>42,111</b>	<b>Total Income</b>	<b>42,280</b>	<b>44,060</b>	<b>48,574</b>
<b>Expenses</b>				
14,365	Employee Costs	15,087	15,492	16,324
17,460	Materials, Contracts & Other Expenses	17,288	19,921	20,148
10,176	Depreciation, Amortisation & Impairment	10,467	11,019	11,857
1,094	Finance Costs	2,275	1,876	1,928
<b>43,095</b>	<b>Total Expenses</b>	<b>45,117</b>	<b>48,308</b>	<b>50,257</b>
<b>(984)</b>	<b>Operating Surplus / (Deficit)</b>	<b>(2,837)</b>	<b>(4,248)</b>	<b>(1,683)</b>
17	Timing Adjustment for grant revenue		(36)	0
<b>(967)</b>	<b>Adjusted Operating Surplus (Deficit)</b>	<b>(2,837)</b>	<b>(4,285)</b>	<b>(1,683)</b>
<b>Net outlays on existing assets</b>				
(5,370)	Capital expenditure on renewal and replacement of existing assets	(5,762)	(6,395)	(8,696)
10,176	Depreciation, amortisation and impairment	10,467	11,019	11,857
40	Proceeds from sale of replaced assets	277	242	332
<b>4,846</b>	<b>Net outlays on existing assets</b>	<b>4,982</b>	<b>4,866</b>	<b>3,493</b>
<b>Net outlays on new and upgraded assets</b>				
(18,216)	Capital expenditure on new and upgraded assets (including investments property & real estate developments)	(3,903)	(6,501)	(2,743)
5,142	Amounts received specifically for new and upgraded assets		500	250
20	Proceeds from sale of surplus assets (including investment property and real estate developments and non-current assets held for resale)			
<b>(13,054)</b>	<b>Net outlays on new and upgraded assets</b>	<b>(3,903)</b>	<b>(6,002)</b>	<b>(2,493)</b>
<b>(9,175)</b>	<b>Annual Net Impact to Financing Activities (surplus (deficit))</b>	<b>(1,759)</b>	<b>(5,421)</b>	<b>(683)</b>

## Appendices

### Draft 2024/2025 Financial Statements

#### City of Mount Gambier - Statement of Comprehensive Income Draft Budget 2024/2025

2023 Actuals	\$'000s	2024 Adopted Budget	Draft BR3 2024	Draft Budget 2025
<b>Income</b>				
24,893	Rates	26,416	26,455	30,314
731	Statutory Charges	734	847	896
6,947	User Charges	9,193	9,055	9,812
1,071	Grants, Subsidies and Contributions - Capital	341	1,053	388
6,402	Grants, Subsidies and Contributions - Operating	4,707	4,738	5,250
49	Investment Income	40	53	57
755	Reimbursements	538	1,351	1,192
1,263	Other Income	311	509	665
<b>42,111</b>	<b>Total Income</b>	<b>42,280</b>	<b>44,060</b>	<b>48,574</b>
<b>Expenses</b>				
14,365	Employee Costs	15,087	15,492	16,324
17,460	Materials, Contracts & Other Expenses	17,288	19,921	20,148
10,176	Depreciation, Amortisation & Impairment	10,467	11,019	11,857
1,094	Finance Costs	2,275	1,876	1,928
<b>43,095</b>	<b>Total Expenses</b>	<b>45,117</b>	<b>48,308</b>	<b>50,257</b>
<b>(984)</b>	<b>Operating Surplus / (Deficit)</b>	<b>(2,837)</b>	<b>(4,248)</b>	<b>(1,683)</b>
1,054	Physical Resources Received Free of Charge	1,000	1,000	1,000
(364)	Asset Disposal & Fair Value Adjustments	0	(0)	0
5,808	Amounts Received Specifically for New or Upgraded Assets	0	211	250
<b>5,514</b>	<b>Net Surplus / (Deficit)</b>	<b>(1,837)</b>	<b>(3,038)</b>	<b>(433)</b>
<b>Other Comprehensive Income</b>				
<b>Amounts which will not be reclassified subsequently to operating result</b>				
90,897	Changes in Revaluation Surplus - I,PP&E	9,662	42,695	0
(575)	Impairment (Expense) / Recoupments Offset to Asset Revaluation Reserve	0	0	0
<b>90,322</b>	<b>Total Other Comprehensive Income</b>	<b>9,662</b>	<b>42,695</b>	<b>0</b>
<b>95,836</b>	<b>Total Comprehensive Income</b>	<b>7,824</b>	<b>39,657</b>	<b>(433)</b>

## Appendices

### Draft 2024/2025 Financial Statements

City of Mount Gambier - Statement of Financial Position Draft Budget 2024/2025				
2023 Actuals	\$'000s	Adopted Budget 2024	Draft BR3 2024	Draft Budget 2025
<b>ASSETS</b>				
<b>Current Assets</b>				
76	Cash & Cash Equivalents	553	500	507
4,155	Trade & Other Receivables	1,803	1,813	2,056
67	Inventories	61	69	71
4,298	<b>Total Current Assets</b>	2,416	2,381	2,634
<b>Non-Current Assets</b>				
399,756	Infrastructure, Property, Plant & Equipment	327,405	448,270	448,700
399,756	<b>Total Non-Current Assets</b>	327,405	448,270	448,700
404,054	<b>TOTAL ASSETS</b>	329,821	450,651	451,334
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
4,801	Trade & Other Payables	5,162	5,714	5,705
3,088	Borrowings	1,269	1,269	1,337
3,011	Provisions	2,848	3,086	3,176
10,900	<b>Total Current Liabilities</b>	9,279	10,070	10,218
<b>Non-Current Liabilities</b>				
28,519	Borrowings	38,801	33,202	35,266
3,495	Provisions	3,890	6,582	5,486
32,014	<b>Total Non-Current Liabilities</b>	42,691	39,784	40,753
42,914	<b>TOTAL LIABILITIES</b>	51,970	49,855	50,971
361,140	<b>Net Assets</b>	277,852	400,797	400,364
<b>EQUITY</b>				
87,644	Accumulated Surplus	86,991	84,606	84,173
271,174	Asset Revaluation Reserves	189,489	313,869	313,869
2,322	Other Reserves	1,372	2,322	2,322
361,140	<b>Total Equity</b>	277,852	400,797	400,364



## Appendices

### Draft 2024/2025 Financial Statements

#### City of Mount Gambier - Statement of Cashflows Draft Budget 2024/2025

2023 Actuals	\$'000s	Adopted Budget 2024	Draft BR3 2024	Draft Budget 2025
<b>Cash Flows from Operating Activities</b>				
<b>Receipts:</b>				
24,803	Rates Receipts	26,237	26,455	30,314
731	Statutory Charges	734	847	896
6,947	User Charges	9,193	9,055	9,812
6,419	Grants, Subsidies and Contributions	4,707	4,702	5,250
49	Investment Receipts	40	53	57
755	Reimbursements	538	1,351	1,192
50	Other Receipts	311	2,851	422
<b>Payments:</b>				
(14,081)	Payments to Employees	(15,087)	(15,492)	(16,324)
(15,666)	Payments for Materials, Contracts & Other Expenses	(17,189)	(19,099)	(21,166)
(720)	Finance Payments	(2,275)	(1,876)	(1,928)
<b>9,287</b>	<b>Net Cash provided (or used in) Operating Activities</b>	<b>7,209</b>	<b>8,845</b>	<b>8,526</b>
<b>Cash Flows from Investing Activities</b>				
<b>Receipts:</b>				
1,071	Grants Utilised For Capital Purposes	341	1,053	388
5,142	Amounts Received Specifically for New/Upgraded Assets	0	500	250
40	Sale of Replaced Assets	277	242	332
20	Sale of Surplus Assets	0	0	0
<b>Payments:</b>				
(5,370)	Expenditure on Renewal/Replacement of Assets	(5,762)	(6,395)	(8,696)
(18,216)	Expenditure on New/Upgraded Assets	(3,903)	(6,501)	(2,743)
<b>(17,313)</b>	<b>Net Cash provided (or used in) Investing Activities</b>	<b>(9,048)</b>	<b>(11,102)</b>	<b>(10,469)</b>
<b>Cash Flows from Financing Activities</b>				
<b>Receipts:</b>				
10,000	Proceeds from Loans	5,002	5,791	3,402
22	Proceeds from Bonds and Deposits			
<b>Payments:</b>				
(1,905)	Repayments of Loans	(2,930)	(2,930)	(1,269)
(265)	Repayment of Lease Liabilities	(181)	(181)	(181)
0	Repayment of Bonds & Deposits	0	0	0
<b>7,852</b>	<b>Net Cash Flow provided (used in) Financing Activities</b>	<b>1,892</b>	<b>2,680</b>	<b>1,951</b>
<b>(174)</b>	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>53</b>	<b>424</b>	<b>8</b>
<b>250</b>	<b>plus: Cash &amp; Cash Equivalents - beginning of year</b>	<b>499</b>	<b>76</b>	<b>500</b>
<b>76</b>	<b>Cash &amp; Cash Equivalents - end of the year</b>	<b>553</b>	<b>500</b>	<b>507</b>

## Appendices

### Draft 2024/2025 Financial Statements

City of Mount Gambier - Statement of Equity Draft Budget 2024/2025				
2023 Actuals	\$'000s	Adopted Budget 2024	Draft BR3 2024	Draft Budget 2025
265,304	Opening Balance	270,027	361,140	400,797
5,514	Net Surplus / (Deficit) for Year	(1,837)	(3,038)	(433)
	<b>Other Comprehensive Income</b>			
90,897	- Gain (Loss) on Revaluation of I,PP&E	9,662	42,695	0
(575)	- Impairment (loss) reversal relating to I,PP&E			
	- Impairment (expense) / recoupments offset to asset revaluation reserve			
	- Share of OCI - Equity Accounted Council Businesses			
	- Other Equity Adjustments - Equity Accounted Council Businesses			
	- Other Movements			
90,322	<b>Other Comprehensive Income</b>	9,662	42,695	0
95,836	<b>Total Comprehensive Income</b>	7,824	39,657	(433)
361,140	<b>Equity - Balance at end of the reporting period</b>	277,852	400,797	400,364

## Appendices

### Draft 2024/2025 Financial Statements

#### City of Mount Gambier -Key Financial Ratios Draft 2024/2025

2023 Actuals	\$'000s	Adopted Budget 2024	Draft BR3 2024	Draft Budget 2025
-2.3%	<b>Operating surplus ratio</b>	-6.7%	-9.6%	-3.5%
	<u>Operating surplus</u> Total operating revenue			
92%	<b>Net financial liabilities ratio</b>	117%	108%	100%
	<u>Net financial liabilities</u> Total operating revenue			
88%	<b>Asset renewal funding ratio</b>	100%	111%	100%
	<u>Expenditure on renewal/replacement of assets</u> Optimal level of such expenditure as per IAMP			





 City of Mount Gambier	<b>R105 RATING POLICY</b>	<b>Version No:</b>	15.0
		<b>Issued:</b>	June 2024
		<b>Next Review:</b>	May 2025

## 1. INTRODUCTION

Councils are required to raise revenue for governance, administration and the delivery of goods and services to the community.

Council's major source of revenue is Rates, derived as a tax on land within the Council area. All ratepayers receive benefits from paying rates, but those benefits are consumed in different quantities and types over the life of the ratepayer.

This document sets out the policy of the City of Mount Gambier ("Council") for setting and collecting rates from its community.

## 2. PURPOSE

Chapter 10 of the *Local Government Act 1999* ("the Act") prescribes Council's powers to raise rates. The Act provides the framework within which the Council must operate, but also leaves room for the Council to make a range of policy choices. This document includes reference to:

- Compulsory features of the rating system.
- The policy choices that the Council has made on how it imposes and administers the collection of rates.

## 3. SCOPE

### Strategic Focus

In determining a suitable Rating Policy, Council has taken into consideration:

- The Council's Strategic Management Plan
- Council's Long Term Financial Plan
- Council's Annual Business Plan and Budget
- Council's Treasury Management and Debt Strategy
- Required funding for future Asset Replacement (Infrastructure and Asset Management Plan)
- The current economic climate of our City and its district
- The specific issues faced by our community
- The impact of general rate increases upon our community, either generally or for specific classes of the community
- The impact of rates on our community and the need to balance our community's capacity to pay with the needs and desires of the wider interests that form our community.

There will continue to be economic pressures applying to the Council in a number of ways that will have an impact on the Council's budget and as a result will place pressure on rates.



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		<b>Issued:</b>	June 2024
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#### 4. POLICY STATEMENT

##### 4.1 Communication of the Policy

Section 123 of the Local Government Act 1999 requires a Council to prepare an Annual Business Plan and Budget. As per Section 123 (2) (d) of the Act, the Annual Business Plan must set out the rates structure and policies for the financial year. A summary of the Annual Business Plan must be included with the first rates notice.

##### 4.2 Method Used to Value Land

Councils may adopt one of three valuation methodologies to value the properties in their areas. They are:

- Capital Value – the value of the land and all the improvements on the land.
- Site Value – the value of the land and any improvements which permanently affect the amenity of use of the land, such as drainage works, but excluding the value of buildings and other improvements.
- Annual Value – a valuation of the rental potential of the property.

The City of Mount Gambier has decided to continue to use Capital Value as the basis for valuing land within the Council area. The Council considers that this method of valuing land provides the fairest method of distributing the rate burden across all ratepayers because property value is considered a reasonable indicator of income and capital value, which closely approximates the market value of a property and provides the best indicator of overall property value.

##### 4.3 Adoption of Valuation

The City of Mount Gambier will adopt the most recent valuations made by the Valuer-General. If a ratepayer is dissatisfied with the valuation made by the Valuer-General then the ratepayer may object to the valuation referred to in the rate notice by writing served personally or by post on the Valuer-General within 60 days after the date of service of the notice, provided they have not:

- previously received a notice or notices under the *Local Government Act 1999* referring to the valuation and informing them of a 60-day objection period, the objection period is 60 days after service of the first such notice; or
- Previously had an objection to the valuation considered by the Valuer-General.

The Valuer-General may extend the 60-day objection period where it be shown there is reasonable cause to do so by a person entitled to make an objection to a valuation.

Objections can be submitted to the Office of the Valuer-General via:

**Online:** [www.valuergeneral.sa.gov.au](http://www.valuergeneral.sa.gov.au)

**Email:** [OVGO objections@sa.gov.au](mailto:OVGO objections@sa.gov.au)

**Post:** GPO Box 1354, Adelaide 5001

**Fax:** 08 8115 5709

**In Person:** Land Services SA, Level 9, 101 Grenfell Street, Adelaide

 City of Mount Gambier	<b>R105 RATING POLICY</b>	Version No:	15.0
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#### 4.4 Objection to Valuation **and/or Land Use**

A person may object to a valuation of the Valuer-General by notice in writing, setting out the full and detailed grounds for objection, including any supporting information, and the Valuer-General must consider the objection. If the person then remains dissatisfied with the valuation the person has a right to a review. Applications must be made within 21 days of receipt of the notice of the decision (in relation to the objection) from the Valuer-General. A payment of the prescribed fee for the review to be undertaken together with the review application must be lodged in the State Valuation Office, who will then refer the matter to an independent Valuer. If the person remains dissatisfied with the valuation then they may apply to the South Australian Civil and Administrative Tribunal (SACAT) for a review of the decision.

The address of the Office of the Valuer-General is:

**Online:** [www.valuergeneral.sa.gov.au](http://www.valuergeneral.sa.gov.au)

**Email:** [OVGO objections@sa.gov.au](mailto:OVGO objections@sa.gov.au)

**Post:** GPO Box 1354, Adelaide 5001

**Fax:** 08 8115 5709

**In Person:** Land Services SA, Level 9, 101 Grenfell Street, Adelaide

The Council has no role in the valuation review process & the lodgement of an objection does not change the due date for payment of rates.

#### 4.5 Notional Values

Certain properties may be eligible for a notional value under the Valuation of Land Act 1971. This can relate to certain primary production land or where there is State heritage recognition. A notional value is generally less than the capital value and generally results in a reduced rate liability being incurred.

Application by the ratepayer for a notional value must be made to the Office of the Valuer-General.

The address of the Office of the Valuer-General is:

**Online:** [www.valuergeneral.sa.gov.au](http://www.valuergeneral.sa.gov.au)

**Email:** [OVGO objections@sa.gov.au](mailto:OVGO objections@sa.gov.au)

**Post:** GPO Box 1354, Adelaide 5001

**Fax:** 08 8115 5709

**In Person:** Land Services SA, Level 9, 101 Grenfell Street, Adelaide

#### 4.6 Business Impact Statement

##### Current Economic Environment

Council will consider the impact of rates on all businesses in the Council area, including industry, commercial and primary production sections. In considering the impact, Council will assess the following matters:

- Those elements of Council's Strategic Management Plan relating to business development.
- Relevant economic forecast reports.
- Council's recent development approval trends.

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- The operating and capital projects and new programs for the coming year that will principally benefit industry and business development.
- Valuation changes.
- Consumer Price Index (CPI) and Local Government Price Index (LGPI) Movements.

Council recognises the importance of supporting and encouraging a diverse and healthy business sector.

#### 4.7 Council's Revenue Raising Powers

All land within a council area, except for land specifically exempt (e.g. Crown land, Council occupied land and other land prescribed in the Local Government Act – refer Section 147 of the Act), is rateable. The Local Government Act provides for a Council to raise revenue for the broad purposes of the Council through a general rate, which applies to all rateable properties, or through differential general rates, which apply to classes of properties. In addition, Council can raise separate rates, for specific areas of the Council or service rates or charges for specific services. The Council also raises revenue through fees and charges, which are set giving consideration to the cost of the service provided and any equity issues. The list of applicable fees and charges is available at the Mount Gambier Civic Centre, 10 Watson Terrace, Mount Gambier or on our website at [www.mountgambier.sa.gov.au](http://www.mountgambier.sa.gov.au). A Goods and Services Tax at a rate determined under the Goods and Services Tax Act 1999 will be charged on those fees not given exemption under the Act.

#### 4.8 Fixed Charge

Council has decided that a component of the total rate will be a fixed charge on every rateable property. The fixed charge affects most ratepayers and must not, in relation to any financial year, raise more than half of total rate revenue (before rebates and remissions).

Section 152 of the Act provides for a fixed charge component of rates. Council's reasons for including a fixed charge component are:

- To be able to deliver a range of services to the community, Council must maintain a range of internal support and administrative services. No particular group of ratepayers benefit more than any other group of ratepayers by the provision of the support and administrative services.
- The Council therefore considers it appropriate that all ratepayers contribute equally to the cost of administering Council's activities and services.

The fixed charge will affect all ratepayers and is set to raise less than one half of total rate revenue.

The fixed charge is uniformly paid by each ratepayer, irrespective of capital value, has the effect of limiting the impact changes in valuation have on individual assessments.

Where two or more adjoining properties have the same owner and occupier only one fixed charge is payable by the ratepayer.



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Applications for "adjoining properties" must be in writing addressed to Chief Executive Officer (as per 4.22 of this Policy) and will only be considered by Council within the relevant financial year received.

No application will have an effect on past fixed charges assessed.

#### 4.9 Differential General Rates

In addition to the use of a Fixed Charge, **Council will declare differential general rates in the dollar according to the use of the land.** The Local Government Act 1999, allows councils to differentiate rates based on the use of the land, the locality of the land or on the use and locality of the land. Current categories of land use defined by the Local Government (General) Regulations 1999 are:

1. Residential
2. Commercial-Shops
3. Commercial-Office
4. Commercial-Other
5. Industrial-Light
6. Industrial-Other
7. Primary Production
8. Vacant Land
9. Other.

#### 4.10 Land Use

Land use is a factor to levy differential rates **and is provided by the Office of the Valuer-General.** If a ratepayer **is of the opinion** believes that a **property particular land use** has been wrongly classified **attributed as to its land use to the ratepayer's land by the council for the purpose of levying differential rates, the ratepayer may object to the attribution of that land use.** ~~then an objection in writing may be made within 60 days of being notified of the land use classification.~~

**Council is responsible for accepting objections to land use. Your objection must be lodged in writing and directed to Council within 60 days of being notified of the land use.**

**The Office of the Valuer General provides "Objection to Land Use" fact sheets in an aim to provide assistance in understanding the process to undertake if you are dissatisfied with the land use. Details are available from the Office of the Valuer General online via [FactSheet-LandUseCodes.PDF \(valuergeneral.sa.gov.au\)](https://www.valuergeneral.sa.gov.au/FactSheet-LandUseCodes.PDF) or by contacting the Office of the Valuer General directly:**

**Online:** [www.valuergeneral.sa.gov.au](https://www.valuergeneral.sa.gov.au)

**Email:** [OVGO objections@sa.gov.au](mailto:OVGO objections@sa.gov.au)

**Post:** GPO Box 1354, Adelaide 5001

**Fax:** 08 8115 5709

**In Person:** Land Services SA, Level 9, 101 Grenfell Street, Adelaide

Note: Lodgement of an objection does not change the due date for the payment of rates.

#### 4.11 Minimum Rate

Council does not use the minimum rate provisions, instead Council uses the combination of fixed charge and valuation based rating.



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#### 4.12 Limestone Coast Landscape Levy

From 1 July, 2020 the new *Landscape South Australia Act 2019* replaced the *Natural Resource Management Act 2004*. The Council is in the new Limestone Coast Landscape area and is required under the new Act to make a specified annual contribution to their Regional Landscape Board. As such, Council collects the levy on behalf of the State Government for no gain to Council.

The Council is simply operating as a revenue collector for the Landscape Levy in this regard. It does not retain this revenue nor determine how the revenue is spent.

#### 4.13 Service Charges

In accordance with Section 155 of the Act a Council may impose a service rate on rateable land within its area for a **prescribed service**. A prescribed service is described as treatment or provision of water, collection, treatment or disposal of waste, a television transmission service or any other service prescribed by the regulations for the purposes of this definition.

Council is focused on environmentally sound waste management practices and will impose a Waste Service Charge (WSC) as a tool to become more responsive to waste management related costs and share the costs and benefits within the community.

The WSC will be charged on the basis of the service being available at the property. It will exclude vacant land and primary production where there is no dwelling on the land and will be charged irrespective if the land owner/occupier is using the service or not. Charge will be for full financial year i.e. 1<sup>st</sup> July to 30<sup>th</sup> June with no pro rata.

The charge includes:

- a 140L domestic waste bin and weekly collection service
- a 240L recycling bin and fortnightly collection service
- a 240L green waste bin and fortnightly collection service \* (bin not included)

Where two or more adjoining properties have the same owner and occupier only one waste service fee is payable by the ratepayer.

Rateable recreational or sporting activities (community groups) will be provided x1 general waste and x1 recycle bin.

A rate rebate will not be available on Waste Service Charge

#### 4.14 Cost of Living Concessions

##### Eligible Pensioners, Low Income Earners and Self-Funded Retirees

Pensioners, low income earners or Self-Funded Retirees may be entitled to a cost of living concession. The cost of living concession helps those on low or fixed incomes with their cost of living expenses, whether that be electricity, gas, water bills or council rates.

Eligibility is based on living arrangements as at 1 July each year. Applications for the each financial year can be submitted by contacting the Concession Hotline on 1800 307 758.



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Applications are administered by the State Government. Payment of rates must not be withheld pending assessment of an application by the State Government as penalties apply to unpaid rates.

#### 4.15 Payment of Rates

The Council will collect rates quarterly on the dates to be specified on the rates notice, in the following months:

- September
- December
- March
- June.

Rate notices will be issued quarterly however the total outstanding balance of rates may be paid at any time.

Rates may be paid:

- Over the Internet - [www.mountgambier.sa.gov.au](http://www.mountgambier.sa.gov.au)
- By telephone: using credit card, phone 1300 276 468, 24 hours a day 7 days per week (BPoint Number 1345263)
- By BPay: Use Biller Code 464263
- By direct debit: from savings or cheque account
- By post: P O Box 56, Mount Gambier SA 5290
- In person: at the Council Offices during Council business hours Monday to Friday excluding public holidays
- By Centrepay deductions from social security payments
- Any Australia Post outlet.
- **Flexipay**

Any ratepayer who may, or is likely to, experience difficulty with meeting the standard instalments and due dates can contact the Council to discuss alternative payment arrangements. Note, fines and interest may still be levied in accordance with the Act.

#### 4.16 Late Payment of Rates

The Local Government Act provides that Councils impose a penalty of 2% on any payment for rates, whether instalment or otherwise, that is received late. A payment that continues to be late is then charged an interest rate, set each year according to a formula in the Act, for each month it continues to be late. Interest charged on late payments is charged on both the amount of the rate arrears and any interest that has previously been imposed. The purpose of this penalty is to act as a genuine deterrent to ratepayers who might otherwise fail to pay their rates on time, to allow councils to recover the administrative cost of following up unpaid rates and to cover any interest cost the Council may incur because it has not received the rates on time.

The City of Mount Gambier imposes late payment penalties strictly in accordance with the Local Government Act. The ability to remit penalties in whole or part is a power vested in Council. At the City of Mount Gambier each case will be considered on its merit based on the information provided.



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#### 4.17 Fines on Unpaid Rates

If an instalment of rates is not paid on or before the date on which it falls due—

- (a) the instalment will be regarded as being in arrears; and
- (b) a fine of 2 per cent of the amount of the instalment is payable; and
- (c) on the expiration of each full month from that date, interest at the prescribed percentage of the amount in arrears (including the amount of any previous unpaid fine and including interest from any previous month) accrues.

In respect of unpaid Council rates no fines and/or interest charges will arise where the arrears amount is less than \$40.

#### 4.18 Outstanding Rates

Council will apply prudent debt collection practices in the recovery of outstanding rates in compliance with the Local Government Act 1999 and follow an ongoing assessment of arrears and systematic approach to debt recovery.

In accordance with the provisions of the Local Government Act, where an instalment of Rates is not paid on or before the date on which it falls due, Council will:

- (a) Send a reminder notice to the principal ratepayer with outstanding rate balances advising that payment is overdue;
- (b) Proceedings for collection of outstanding rate balances after that time may be collected by legal process.

The Chief Executive Officer is empowered to exempt this Policy in necessitous circumstances, in accordance with the delegated powers issued pursuant to the provisions of the Local Government Act.

The Chief Executive Officer is empowered to take the necessary action to instigate collection by legal process where principal ratepayers have made no genuine attempt to respond to the requests for payment.

The Chief Executive Officer be authorised to write off outstanding and/or bad debts provided:

- (a) The debt is considered by the Chief Executive Officer to be unrecoverable;
- (b) The outstanding debt is less than \$100.

#### 4.19 Appeals Against Assessments

Pursuant to the provisions of the Local Government Act 1999, Council shall refund any rate amount overpaid as a result of an objection, review or appeal in respect of a valuation.

Council shall not apply or credit any such amount overpaid against future liabilities for rates on the land subject to the rates, unless requested to do so by the ratepayer.





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#### 4.20 Debt Recovery

Council has determined that Rate Payments will be applied in accordance with the provisions of Section 183 of the Act.

When Council receives a payment in respect of overdue rates the Council applies the money received in accordance with Section 183 of the Local Government Act, as follows:

- Firstly – to satisfy any costs awarded in connection with court proceedings
- Secondly – to satisfy any interest costs
- Thirdly – in payment of any fines imposed; and
- Fourthly – in payment of rates, in date order of their imposition (starting with the oldest account first).

#### 4.21 Rebate of Rates - Mandatory

The Local Government Act requires councils to rebate the rates payable on some land uses. Specific provisions are made for land used for health services, community services, religious purposes, public cemeteries, the Royal Zoological Society and educational institutions. These rebates vary from 25% to 100% and will be applied upon application and on verification.

Rate rebates do not apply to Council Waste Service Charge.

#### 4.22 Rebate of Rates - Discretionary

The Local Government Act 1999 enables Council (upon application and subject to certain eligibility criteria) to grant discretionary rebates of up to 100% for land used for the purposes of a community benefit and that meet certain legislative and Council Policy criteria.

Council (by Policy) has agreed to grant specific Rate Rebates pursuant to the said Act.

Councils Rate Rebate Policy (incorporating Rate Rebate Application) is available from the Council website - [www.mountgambier.sa.gov.au](http://www.mountgambier.sa.gov.au).

Rate Rebates do not apply to Council Waste Service Charge.

#### 4.23 Rate Relief Options

- 4.23.1 Where an owner/occupier/principal place of residence property with a Category 1 (Residential) Land Use experiences an increase in general rates payable, for the preceding financial year as compare to the general rates payable for the current financial year (excluding any rebates/remissions) and where that increase, in monetary terms, is greater than 15%.

The amount of the rate rebate is the amount of gross rates for the current year over and above the calculation referred to above. I.e. the difference (in monetary terms) between the general rates imposed in the preceding financial year plus 15%. (All calculations referenced herein are gross rates figures. I.e. exclusive of any rebates/remissions/concessions).

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The rebate will not apply where:

- (a) Any such increase is due in whole or part to an increase in valuation of the land in the Assessment because of improvements made to it worth more than \$20,000. or
- (b) Any such increase is in whole or part because the zoning or land use category of the land has changed. or
- (c) Any such increase is due in full or part to the use of the land being different for rating purposes on the date the Council declared its general rates for the current financial year than on the date the Council declared its general rates for the preceding financial year. or
- (d) The ownership of the rateable property has changed since 1<sup>st</sup> July in the preceding financial year i.e. the residential property has changed ownership and the new owners have purchased the residential property at the new current market value. or
- (e) The subject property boundary(s) have been altered in some way e.g. subdivision, boundary alignment etc. i.e. the subject property is not the exact same property, for valuation purposes, as assessed in the previous financial year. or
- (f) Other factors considered relevant by the Chief Executive Officer that do not warrant the granting of the discretionary rate rebate.

The rebate will only apply to:

- (a) A ratepayer in respect of their principal place of residence only, excluding second and subsequent properties and all other non principal place of residence properties.
- (b) The current financial year only then subject to an annual review.

Where an entitlement to a Residential Rate Capping ceases or no longer applies during the course of a financial year, the Council is entitled to recover full rates for the financial year.

#### 4.23.2 Vacant Land

The vacant land rate in the dollar is set higher than the residential rate in the dollar.

For those owners of vacant land who intend to develop that land, in the short term as their principal place of residence (as opposed to land speculation), may be entitled to a rebate on Council rates.

Applications must be in writing with the maximum rebate calculated so that the rates payable are equivalent to the average residential land use.

#### 4.23.3 Postponement of Rates - Seniors

Any person holding a State Seniors Card issued by the State Government may make application to Council for a postponement of the prescribed proportion of rates for the current or future financial years.

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All applications of postponement will need to be considered in accordance with the relevant legislative provisions.

#### 4.24 Hardship

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

#### 4.25 Applications

All applications for rebates, remissions or postponements must be in writing, addressed to the Chief Executive Officer, City of Mount Gambier, P O Box 56, Mount Gambier SA 5290 and include sufficient details to identify the relevant property and support the application.

Application forms are available from Council's website [www.mountgambier.sa.gov.au](http://www.mountgambier.sa.gov.au).

Please refer to Council's *Rate Rebate Policy* for further information.

#### 4.26 Sale of Land for Non-Payment of Rates

The Local Government Act provides that a Council may sell any property where the rates have been in arrears for three years or more. The Council is required to provide the principal ratepayer and the owner (if not the same person) with details of the outstanding amounts and advise the owner of its intention to sell the land if payment of the outstanding amount is not received within one month. The City of Mount Gambier enforces the sale of land for non-payment of rates after 3 years or more in accordance with the provisions of the Act.

#### 4.27 Changes to Assessment Records

All changes to postal address of ratepayer/owner and changes of ownership of a property must be notified promptly to Council in writing.

#### 4.28 Disclaimer

A rate cannot be challenged on the basis of non-compliance with this policy and must be paid in accordance with the required payment provisions.

Where a ratepayer believes that the Council has failed to properly apply this policy it should raise the matter with the Council. In the first instance contact Council's General Manager Council Business Services on (08) 8721 2555 to discuss the matter. If, after this initial contact, a ratepayer is still dissatisfied they should write to the Chief Executive Officer, City of Mount Gambier, P O Box 56, Mount Gambier SA 5290, or email [city@mountgambier.sa.gov.au](mailto:city@mountgambier.sa.gov.au).

### 5. REVIEW & EVALUATION

This Policy is scheduled for review by Council annually and will be reviewed as required by any legislative changes which may occur.

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**6. AVAILABILITY OF POLICY**

This Policy will be available for inspection at Council's principal office during ordinary business hours and on the Council's website [www.mountgambier.sa.gov.au](http://www.mountgambier.sa.gov.au). Copies will also be provided to interested members of the community upon request, and upon payment of a fee in accordance with Council's Schedule of Fees and Charges.

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File Reference:	AF18/48
Applicable Legislation:	Local Government Act, 1999 - Chapter 10
Reference: Strategic Plan – Beyond 2015	Goal 5, Strategic Objective 5.
Related Policies:	R105 Rating Policy/Statement ( <del>now includes R105</del> ) R155 Rates - Rebate Policy Statement and Application Process R130 Rates - General Policy ( <del>amalgamated with R105</del> )
Related Procedures:	Nil
Related Documents:	Nil

#### DOCUMENT DETAILS

Responsibility:	General Manager Corporate and Regulatory Services
Version:	15.0
Last revised date:	28 June 2022
Effective date:	28 June 2022
Minute reference:	28 June 2022 – Item No. 4.1 – Resolution 2022/80
Next review date:	May, 2025
Document History	
First Adopted By Council:	18 <sup>th</sup> October, 2011
Reviewed/Amended:	Annually



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		Issued:	June 2024
		Next Review:	May 2025

## 1. INTRODUCTION

It is the policy of the City of Mount Gambier (the Council) that a rebate of rates in respect of any rateable land in the Council area will be available only when the applicant satisfies the requirements under the Local Government Act 1999 (the Act) and where appropriate, the requirements of this Policy.

## 2. SCOPE

- 2.1 The Act sets out in Chapter 10, Division 5 (Sections 159 to 166) those provisions applicable to the Council granting a rebate of rates to persons or bodies.
- 2.2 The Council has decided to adopt a Policy to assist it in its decision making functions relative to the operation of the rate rebate provisions contained in the Act.
- 2.3 This Policy is intended to provide guidance to the community as to the grounds upon which a person or body is, or may be entitled to receive a rebate of rates and the matters that the Council will take into account in deciding an application for a rebate.
- 2.4 In accordance with the rebate provisions contained in the Act, this Policy sets out the type of use in respect of land where the Council must grant a rebate of rates and the amount of that rebate and these types of land use where the Council has a discretion to grant a rebate of rates.

## 3. DEFINITIONS

**Act** the Local Government Act 1999 (SA)

**Council** the elected Council Body

**Discretionary Rebate** rebates where Council may apply a rebate in accordance with criteria specified in the Act

**Mandatory Rebate** rebates where Council must grant in accordance with the Act


**Rating** the overall process of raising revenue by way of levying rates and charges

**Rebate/s** an amount that a rate or charge may be reduced in accordance with sections 159-166 of the Act

## 4. PURPOSE

- 4.1 Section 159(3) of the Act provides that the Council may grant a rebate of rates under the Act if it is satisfied that it is appropriate to do so.
- 4.2 The Act provides for a mandatory rebate of rates in specified cases and the amount of that mandatory rebate (see Clause 3 below).
- 4.3 The Act also provides that where the Council must grant a rebate of rates under the Act, and the amount of that rebate is fixed by the Act at less than 100%, the Council **may** increase the amount of the rebate.



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- 4.4 The Act provides, at Section 166 for the Council to provide a discretionary rebate of rates in the cases set out in that Section.

## 5. MANDATORY REBATES

- 5.1 The Council must grant a rebate in the amount specified in respect of land uses which the Act provides will be granted a rebate.

- 5.2 Rates on the following land will be rebated at **100%**:

### 5.2.1 Health Services

Land being predominantly used for service delivery or administration by a hospital or health centre incorporated under the Health Care Act.

### 5.2.2 Religious Purposes

Land containing a church or other building used for public worship (and any grounds), or land solely used for religious purposes.

### 5.2.3 Public Cemeteries

Land being used for the purposes of a public cemetery.

### 5.2.4 Royal Zoological Society of SA

Land (other than land used as domestic premises) owned by, or under the care, control and management of the Royal Zoological Society of South Australia Incorporated.


- 5.3 Rates on the following land will be rebated at **75%**:

### 5.3.1 Community Services

Land being predominantly used for service delivery or administration (or both) by a community services organisation. A "community services organisation" is defined in the Act as a body that –

- 5.3.1.1 *Is incorporated on a not for profit basis for the benefit of the public; and*
- 5.3.1.2 *Provides community services without charge or for a charge that is below the cost to the body of providing the services; and*
- 5.3.1.3 *Does not restrict its services to persons who are members of the body.*



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**It is necessary for a community services organisation to satisfy all of the above criteria to be entitled to the mandatory 75% rebate.**

The Act further provides that eligibility for a rebate by a community services organisation is subject to it providing one or more of the following community services:


- 5.3.1.4 Emergency accommodation;
- 5.3.1.5 Food or clothing for disadvantaged persons;
- 5.3.1.6 Supported accommodation: Local Government Act defines as:
  - (a) *Residential care facilities that are approved for Commonwealth funding under the Aged Care Act 1997 (Cwlth); or*
  - (b) *Accommodation for persons with mental health difficulties, intellectual or physical difficulties, or other difficulties, who require support in order to live an independent life; or*
  - (c) *Without limiting paragraph (b), accommodation provided by a community housing provider registered under the Community Housing Providers National Law that is incorporated on a not-for-profit basis for the benefit of the public, other than accommodation provided by such a body:*
    - (i) *that has as a principal object of the body the provision of housing for members of the body; or*
    - (ii) *that is excluded from the ambit of this paragraph by the Minister by notice published in the Gazette;*
- 5.3.1.7 Essential services, or employment support, for persons with mental health disabilities, or with intellectual or physical disabilities;
- 5.3.1.8 Legal services for disadvantaged persons;
- 5.3.1.9 Drug or alcohol rehabilitation services; or
- 5.3.1.10 the conduct of research into, or the provision of community education about, diseases or illnesses, or the provision of palliative care to persons who suffer from diseases or illnesses.
- 5.3.1.11 Disadvantaged person are persons who are disadvantaged by reason of poverty, illness, frailty or mental, intellectual or physical disability.

#### 5.3.2 Educational Purposes

- 5.3.2.1 Land occupied by a government school under a lease or licence and being used for educational purposes; or
- 5.3.2.2 Land occupied by a non-government school registered under The Education and Early Childhood Services (Registration and Standards) Act 2011 and being used for educational purposes; or
- 5.3.2.3 Land being used by a University or University College to provide accommodation and other forms of support for students on a not for profit basis.





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- 5.4 Where the Council is satisfied from its own records or from other sources that a person or body meets the necessary criteria for a mandatory 100% or 75% rebate, the Council will grant the rebate of its own initiative. Where the Council's records or other sources do not meet the criteria, it will require the person or body to apply for the rebate in accordance with Clause 6 of this Policy.
- 5.5 Where a person or body is entitled to a rebate of 75% the Council may, pursuant to Section 159(4) of the Act, increase the rebate up to a further 25%. The Council may grant the further 25% rebate upon application or on its own initiative. In either case the Council **will** take into account those matters set out at Clauses 6.4 of this Policy and **may** take into account any or all of those matters set out at Clause 6.5 of this Policy.
- 5.6 Where an application is made to the Council for a rebate of up to a further 25% the application will be made in accordance with Clause 7 of this Policy and the Council will provide written notice to the applicant of its determination of that application.
- 5.7 Council has delegated the determination of entitlement to Mandatory Rebates to the Chief Executive Officer.

## 6. DISCRETIONARY REBATES

- 6.1 The Council may in its absolute discretion grant a rebate of rates or service charges in any of the following cases pursuant to Section 166 of the Act: -
- 6.1.1 *where it is desirable for the purpose of securing the proper development of the area (or a part of the area);*
  - 6.1.2 *where it is desirable for the purpose of assisting or supporting a business in its area;*
  - 6.1.3 *where it will be conducive to the preservation of buildings or places of historic significance;*
  - 6.1.4 *where the land is being used for educational purposes;*
  - 6.1.5 *where the land is being used for agricultural, horticultural or floricultural exhibitions;*
  - 6.1.6 *where the land is being used for a hospital or health centre;*
  - 6.1.7 *where the land is being used to provide facilities or services for children or young persons;*
  - 6.1.8 *where the land is being used to provide accommodation for the aged or disabled;*
  - 6.1.9 *where the land is being used for a residential aged care facility that is approved for Commonwealth funding under the Aged Care Act 1997 (Commonwealth) or a day therapy centre;*
  - 6.1.10 *where the land is being used by an organisation which, in the opinion of the Council, provides a benefit or service to the local community;*
  - 6.1.11 *where the rebate relates to common property or land vested in a community corporation under the Community Titles Act 1996 over which the public has a free and unrestricted right of access and enjoyment;*

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- 6.1.12 *where the rebate is considered by the Council to be appropriate to provide relief against what would otherwise amount to a substantial change in rates payable due to:*
- (i) *a redistribution of the rates burden within the community arising from a change to the basis or structure of the Council's rates; or*
  - (ii) *a change to the basis on which land is valued for the purpose of rating, rapid changes in valuations, or anomalies in valuations.*
- 6.1.13 *where the rebate is considered by Council to be appropriate to provide relief in order to avoid a liability to pay a rate or charge that is inconsistent with liabilities that were anticipated in the annual Business Plan or a liability that is unfair or unreasonable;*
- 6.1.14 *where the rebate is to give effect to a review of a decision of the Council under Chapter 13 Part 2; and*
- 6.1.15 *where the rebate is contemplated under another provision of this Act.*
- 6.2 *A council must, in deciding whether to grant a rebate of rates or charges under Section 166, subsection (1)(d), (e), (f), (g), (h), (i) or (j), take into account:*
- (a) *The nature and extent of council services provided in respect of the land for which the rebate is sought in comparison to similar services provided elsewhere in its area; and*
  - (b) *The community need that is being met by activities carried out on the land for which the rebate is sought; and*
  - (c) *The extent to which activities carried out on the land for which the rebate is sought provides assistance or relief to disadvantaged persons; and*
  - (d) *May take into account other matters considered relevant by the council.*

The Council may take into account, but not limited to, the following:

- (i) Why there is a need for financial assistance through a rebate;
- (ii) The level of rebate (percentage and dollar amount) being sought and why it is appropriate;
- (iii) The extent of financial assistance, if any, being provided to the applicant and/or in respect of the land by Commonwealth or State agencies;
- (iv) Whether the applicant has made/intends to make applications to another Council;
- (v) Whether, and if so to what extent, the applicant is or will be providing a service within the Council area;
- (vi) Whether the applicant is a public sector body, a private not for profit body or a private for profit body;



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- (vii) Whether there are any relevant historical considerations that may be relevant for all or any part of the current Council term;
  - (viii) The desirability of granting a rebate for more than one year in those circumstances identified at Clause 4.2 of this policy;
  - (ix) Consideration of the full financial consequences of the rebate for the Council;
  - (x) The time the application is received;
  - (xi) the availability of any community grant to the person or body making the application;
  - (xii) whether the applicant is in receipt of a community grant; and
  - (xiii) Any other matters, and policies of the Council, which the Council considers relevant.
- 6.3 The Council has an absolute discretion to:
- (a) *Grant a rebate of rates or service charges in the above cases; and*
  - (b) *Determine the amount of any such rebate to a maximum of 100% of the relevant rate.*
- 6.4 Discretionary rebates granted under this policy will be reviewed in accordance with Section 166(3) (3a) or at the time of reviewing the policy (Section 10).
- 6.5 Persons or bodies that or who seek a discretionary rebate will be required to submit an application form to the Council and provide such information as stipulated on the application form and any other information that the Council may reasonably require.

## 7. RECREATIONS GROUNDS RATES AND TAXES EXEMPTION ACT 1981

*The Recreations Grounds Rates and Taxes Exemption Act 1981 exempts certain land used for sport or recreation in South Australia from rates and taxes. Such land is, therefore, not rateable pursuant to section 147(d) of the Recreation Grounds Rates and Taxes Exemption Act 1981.*

To be eligible, certain criteria **must** be met.

- 7.1 the land must be vested in a council; or under the care, control or management of a Council, and the public is entitled to access to the land for the purpose of sport or recreation; **and**
- 7.2 The land vested in trustees or in an association and the public is entitled, in Pursuance of rights granted in perpetuity, to access the land for the purpose of sport or recreation; **and**
- 7.3 The land Occupied under a lease, licence or permit granted by a council and used by the occupier for the purposes of sport or recreation; **and**
- 7.4 The whole of the income derived from the land used for the maintenance, repair or improvement of the land.

Enquiries and application for Recreation Grounds Rates and Taxes Exemption should be



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directed to Council.

## 8. LIMESTONE COAST LANDSCAPE LEVY

From 1 July, 2020 the new *Landscape South Australia Act 2019* (the Act) replaced the *Natural Resource Management Act 2004*. Local Government continues to play a key role in collection of the Regional Landscape Levy. Councils are required under the Act to make a specified contribution to their Regional Landscape Board. Council recovers this contribution by imposing a separate rate on individual rateable properties in the Council area.

The Council will provide a concession or rebate off the Landscape levy for rateable properties who presently receive a mandatory or discretionary rebate of rates. The level of the Landscape Levy concession will be equivalent (in percentage terms) to the level of rate rebate Council has granted to those same rateable properties.

## 9. SERVICE CHARGE

In accordance with Section 155 of the Act a Council may impose a service rate on rateable land within its area for a **prescribed service**. A prescribed service is described as treatment or provision of water, collection, treatment or disposal of waste, a television transmission service or any other service prescribed by the regulations for the purposes of this definition.

Council is focused on environmentally sound waste management practices and will impose a Waste Service Charge (WSC) as a tool to become more responsive to waste management related costs and share the costs and benefits within the community.

The WSC will be charged on the basis of the service being available at the property. It will exclude vacant land and primary production where there is no dwelling on the land and will be charged irrespective if the land owner/occupier is using the service.

A rate rebate will not be available on Council Waste Service Charge.

## 10. APPLICATIONS

- 10.1 The Council will inform the community of the provisions for rate rebates under the Act by the inclusion of suitable details in the Council's Business Plan (and on the Draft Annual Business Plan) in accordance with Council's adopted Public Consultation Policy.
- 10.2 Application forms are available from the Council Office located at The Civic Centre, 10 Watson Terrace, Mount Gambier, telephone 8721 2555 or download from the Council website [www.mountgambier.sa.gov.au](http://www.mountgambier.sa.gov.au).
- 10.3 All persons or bodies that/who want to apply to the Council for a rebate of rates must do so by completing and lodging a Rate Rebate Application on or before 31<sup>st</sup> March in each year to be considered for a rebate in the new rating year commencing 1<sup>st</sup> July of each year. The Council reserves the right to refuse to consider applications received after that date. However, applicants which satisfy the criteria for a mandatory 100% rebate will be granted the rebate at any time.
- 10.4 The Act provides that the Council may grant a rebate of rates or charges on such conditions as the Council considers fit.



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- 10.5 The Council may, for proper cause, determine that an entitlement to a rebate of rates under the Act no longer applies.

Where an entitlement to a rebate of rates ceases or no longer applies during the course of a financial year, the Council is entitled to recover rates, or rates at the increased level (as the case may be), proportionate to the remaining part of the financial year.

- 10.6 It is an offence for a person or body to make a false or misleading statement or representation in an application or to provide false or misleading information or evidence in support of an application made (or purporting to be made) under the Act.

The maximum penalty for this offence is \$5,000.

- 10.7 If a person or body has the benefit of a rebate of rates and the grounds on which the rebate has been granted cease to exist, the person or body must immediately inform the Council of that fact and (whether or not the Council is so informed) the entitlement to a rebate ceases. If a person or body fails to do so that person or body is guilty of an offence.

The maximum penalty for this offence is \$5,000.

- 10.8 The Council will, in writing, advise an applicant for a rebate of its determination of that application within sixty (60) business days of receiving the application or of receiving all information requested by the Council. The advice will state whether the application:

6.11.1 *Has been granted and the amount of the rebate; or*

6.11.2 *Has not been granted and the reason(s) why.*

- 10.9 A person or body that is aggrieved by a determination of Council in respect of an application for a rate rebate may seek a review of that determination by writing to the Council in accordance with Council's Internal Review of Decisions Policy.

## 11. DELEGATION

- 11.1 The Council has delegated its power, pursuant to Section 44 of the Act, to grant applications for mandatory rebates which meet the requirements of the Act.

- 11.2 The Council has delegated its power to refuse applications for an increase of mandatory rebates to a greater percentage than that provided by the Local Government Act.

- 11.3 **The Council has delegated its power, pursuant to Section 44 of the Act, to determine applications for discretionary rebates.**

~~All discretionary rebates shall be determined by the Council.~~

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## 12. RATE RELIEF OPTIONS

To address any potential inequities in how rates are levied across the Council area the following rate relief options are provided:

### 12.1 Residential Rate Cap

Where an owner/occupier's principal place of residence property with a Category 1 (Residential) Land Use, experiences an increase in general rates payable, for the preceding financial year compared to the general rates payable for the current financial year (excluding any rebates/remissions) and where that increase, in monetary terms, is greater than 15%.

The amount of the rate rebate is the amount of total rates for the current year over and above the calculation referred to above, i.e. the difference (in monetary terms) between the general rates imposed in the preceding financial year plus 15%.

(All calculations referenced herein are total (gross) rates figures i.e. excluding any rebates/remissions).

The rebate will not apply where:

- Any such increase is due in whole or part to an increase in valuation of the land in the Assessment because of improvements made to it worth more than \$20,000, or
- Any such increase is in whole or part because the zoning or land use category of the land has changed, or
- Any such increase is due in full or part to the use of the land being different for rating purposes on the date the Council declared its general rates for the current financial year than on the date the Council declared its general rates for the preceding financial year; or
- The ownership of the rateable property has changed since 1<sup>st</sup> July in the preceding financial year (i.e. the residential property has changed ownership and the new owners have purchased the residential property at the new current market value); or
- The subject property boundary(s) have been altered in some way (e.g. subdivision, boundary alignment etc.) and the subject property is not the exact same property, for valuation purposes, as assessed in the previous financial year; or
- Other factors considered relevant by the Chief Executive Officer that do not warrant the granting of the discretionary rate rebate.

The rebate will only apply to:

- A ratepayer in respect of their principal place of residence and excludes second and subsequent properties and all other non-principal place of residence properties;



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- (b) The current financial year only then subject to an annual review.

Where an entitlement to a Residential Rate Capping ceases or no longer applies during the course of a financial year, the Council is entitled to recover full rates for that financial year.

#### 12.2 For Land Use Category 8 (Vacant Land) Use

Vacant land owned by person(s) intending to be developed in the short term as their principal place of residence, may be considered for a rebate/deferral on Council rates on a case by case basis through the existing relief provisions of the Act, (i.e. hardship application). The maximum rate rebate calculated resulting in the rates payable being equivalent to the average residential land use (Category 1).

#### 12.3 Postponement of Rates - Seniors

Section 182A of the Act provides for applications to be made to Council for a postponement of the payment of the prescribed proportion of rates for the current or future financial years if:

- (a) the person is a prescribed ratepayer, or is the spouse of a prescribed ratepayer; and
- (b) the rates are payable on land that is the principal place of residence of the prescribed ratepayer; and
- (c) the land is owned by the prescribed ratepayer and his or her spouse and no other person has an interest, as owner in the land.

The Act defines a 'prescribed ratepayer' as a person who holds a current State Seniors Card issued by the State Government; or who has the qualification(s) to hold such a card and has applied for the card but has yet to be issued with the card.

All Postponement Applications will be considered and must comply with the provisions of Section 182A of the Act and Regulation 18 of the Local Government (General) Regulations 2013.


**All applications for rebates, remissions or postponements must be in writing, addressed to the Chief Executive Officer, City of Mount Gambier, 10 Watson Terrace, Mount Gambier SA 5290 or emailed to [city@mountgambier.sa.gov.au](mailto:city@mountgambier.sa.gov.au)**

#### 12.4 Retirement Villages

For the purpose of providing a rebate to Retirement Villages, particularly upon issues arising from circumstances where the ratepayer(s) claim to provide or maintain infrastructure that might otherwise be maintained by the Council, a rebate does not generally apply. The power to provide a rebate will be exercised as appropriate and in accordance with the Act.

### 13. REVIEW AND EVALUATION

This Policy is scheduled for review by the Council annually. However, the Policy will be reviewed as required by any legislative changes which may occur.

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#### 14. AVAILABILITY OF POLICY

This Policy will be available for inspection at Council's principal office during ordinary business hours and on the Council's website [www.mountgambier.sa.gov.au](http://www.mountgambier.sa.gov.au). Copies will also be provided to interested members of the community upon request and upon payment of a fee in accordance with Council's Schedule of Fees and Charges.

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**RATE REBATE APPLICATION**

**1. DETAILS OF APPLICANT**

Organisation Name .....

Postal Address .....

..... Postcode .....

Telephone ..... Email .....

Please provide details of a contact person for the Applicant

Given Name ..... Surname .....

Postal Address .....

..... Postcode .....

Telephone ..... Email .....

**2. DETAILS OF LAND**

Council Assessment Number .....

Certificate of Title Reference .....

Address .....

Owner of Land (if not you) .....

**3. CATEGORIES OF REBATE**

Please tick ☐ the category of rebate under which you are seeking a rebate.



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### 3.1 **Mandatory - 100%**

- Health Services – Land being predominantly used for service delivery or administration by a hospital or health centre incorporated under the South Australia Health Commission Act 1976 (Section 160 of the Local Government Act 1999);
- Religious Purposes – Land containing a church or other building used for public worship (and any grounds), or land solely used for religious purposes (Section 162 of the Local Government Act 1999);
- Public Cemeteries – Land being used for the purposes of a public cemetery (Section 163 of the Local Government Act 1999);
- Royal Zoological Society of SA – Land (other than land used as domestic premises) owned by, or under the care, control and management of, the Royal Zoological Society of South Australia Incorporated (Section 164 of the Local Government Act 1999).

### 3.2 **Mandatory - 75%**

- 3.2.1 Community Services – Land being predominantly used for service delivery or administration by a community services organisation (Section 161 of the Local Government Act 1999).

To qualify as a Community Service Organisation under the rebate provisions of the Local Government Act 1999 an organisation **MUST MEET ALL THREE** of the following criteria. (See section 'Additional Information' at end of this form).

(a) is incorporated on a not for profit basis for the benefit of the public; **and**

YES ■ NO ■

(b) provides community services without charge or for a charge that is below the cost to the body of providing the services; **and**

YES ■ NO ■

(c) does not restrict its services to persons who are members of the body.

YES ■ NO ■



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*If you have ticked (a), (b) and (c) above which of the following services does your organisation provide from the property specified in this application. If these services apply only to part of your property, please supply additional details. You must answer these below questions in respect of your application.*

- *Emergency accommodation;*
- *Food or clothing for disadvantaged persons (i.e., persons who are disadvantaged by reason of poverty, illness, frailty, or mental, intellectual or physical disability);*
- *Supported accommodation - Local Government Act defined as:*
  - (a) *Residential care facilities that are approved for Commonwealth funding under the Aged Care Act 1997 (Cwth); or*
  - (b) *Accommodation for persons with mental health difficulties, intellectual or physical difficulties, or other difficulties, who require support in order to live an independent life; or*
  - (c) *Without limiting paragraph (b), accommodation provided by a community housing provider registered under the Community Housing Providers National Law that is incorporated on a not-for-profit basis for the benefit of the public, other than accommodation provided by such a body that:*
    - (i) *has as a principal object of the body, the provision of housing for members of the body; or*
    - (ii) *is excluded from the ambit of this paragraph by the Minister by notice published in the Gazette.*
- *Essential services, or employment support, for persons with mental health disabilities, or with intellectual or physical disabilities;*
- *Legal services for disadvantaged persons;*
- *Drug or alcohol rehabilitation services; and/or*
- *Research into, or community education about, diseases or illnesses, or palliative care to persons who suffer from diseases or illnesses.*
- *Disadvantaged person are persons who are disadvantaged by reasons of poverty, illness, frailty, or mental, intellectual or physical disability.*



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■ **3.2.2 Educational Purposes** - (Section 165 of the Local Government Act 1999)

*Which of the following criteria apply:*

- *Land occupied by a government school under a lease or licence and being used for educational purposes; or*
- *Land occupied by a non-government school registered under The Education and Early Childhood Services (Registration and Standards) Act 2011 and being used for educational purposes; or*
- *Land being used by a University or University College to provide accommodation and other forms of support for students on a not for profit basis.*

3.3 **Discretionary** - (Section 166 of the Local Government Act 1999)

*The Council may in its discretion grant a rebate of rates or service charges in any of the following cases. Please indicate which of the following is applicable to your application:*

- *The rebate is desirable for the purpose of securing the proper development of the area (or a part of the area);*
- *The rebate is desirable for the purpose of assisting or supporting a business in its area;*
- *The rebate will be conducive to the preservation of buildings or places of historic significance;*
- *The land is being used for educational purposes;*
- *The land is being used for agricultural, horticultural or floricultural exhibitions;*
- *The land is being used for a hospital or health centre;*
- *The land is being used to provide facilities or services for children or young persons;*
- *The land is being used to provide accommodation for the aged or disabled;*
- *The land is being used for a residential aged care facility that is approved for Commonwealth funding under the Aged Care Act 1987 (Commonwealth) or a day therapy centre;*
- *The land is being used by an organisation which, in the opinion of the Council provides a benefit or service to the local community;*





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- *the rebate relates to common property or land vested in a community corporation under the Community Titles Act 1996 over which the public has a free and unrestricted right of access and enjoyment;*
- *the rebate is appropriate to provide relief against what would otherwise amount to a substantial change in rates payable by a rate payer due to a change in the basis of valuation used for the purposes of rating, rapid changes in valuations, or anomalies in valuations.*

#### 4. AMOUNT OF REBATE

- 4.1 If you are seeking a mandatory rebate under Clause 3.2 of this Application, for which you are entitled to a 75% rebate, are you also applying to the Council to increase that rebate?

YES ■ NO ■

Please specify the amount of rebate that you are applying for: \$ \_\_\_\_\_

- 4.2 If you are applying for a discretionary rebate under Clause 3.3 of this Application, please specify the rebate amount you are applying for:

\$ \_\_\_\_\_

Please specify why you (or the organisation you represent) need financial assistance through a rebate and why the amount of rebate you have applied for is appropriate.

.....

.....

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.....

.....



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5. **ADDITIONAL INFORMATION REQUIRED**

The Council requires you to attach the following additional information to this Application:

- 5.1 Where you are seeking a rebate under Clause 3.2 of this Application – Community Services:
  - 5.1.1 Evidence that the land is being used for service delivery and/or administration;
  - 5.1.2 A copy of the organisation's Constitution and/or other documentation establishing that it is incorporated on a not-for-profit basis;
  - 5.1.3 A copy of the organisation's latest Annual Report;
  - 5.1.4 Evidence that the organisation provides services free of charge or below cost;
  - 5.1.5 Evidence that the organisation provides services to persons other than its members.
- 5.2 Where you are seeking a rebate in any other case:
  - 5.3.1 Evidence that the land is being used for the purpose for which the rebate is being sought;
  - 5.3.2 Information as to whether, and if so, to what extent you (or the organisation you represent) will be providing a service within the Council area;
  - 5.3.3 Whether you have made or intend to make an application to another council;
  - 5.3.4 The extent of financial assistance (if any) being provided by Commonwealth or State agencies;
  - 5.3.5 Whether you are in receipt of a community grant;
  - 5.3.6 Any other information that you believe is relevant in support of this Application.



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## 6. APPLICATION FORMS

Application forms and all additional information must be submitted to the Council on or before the 31 March annually to be considered for a discretionary Rebate of Rates or a mandatory rebate of 75% in the new rating year commencing 1 July of each year.

The application date does not apply to applicants which satisfy the criteria for a mandatory 100% rebate.

Failure to submit application forms or to provide the additional information required by the Council to assess the application by the due date may result in the Council declining to consider the application.

## IMPORTANT INFORMATION

It is an offence for a person or body to make a false or misleading statement or representation in an application or to provide false or misleading information or evidence in support of an application made (or purporting to be made) under the Act. The maximum penalty for this offence is \$5,000, (Section 159 (2) of the Local Government Act 1999).

The Council may grant a rebate of rates or charges on such conditions as the Council considers fit

*If a person or body has the benefit of a rebate of rates and the grounds on which the rebate has been granted cease to exist, the person or body must immediately inform the Council of that fact and (whether or not the Council is so informed) the entitlement to a rebate ceases.*

*If a person or body fails to notify the Council that person or body is guilty of an offence and liable to a maximum penalty of \$5,000. (Section 159 (7) and (8) of the Local Government Act 1999).*

The Council may, for proper cause, determine that an entitlement to a rebate of rates under the Act no longer applies.

Where an entitlement to a rebate of rates ceases or no longer applies during the course of a financial year, the Council is entitled to recover rates, or rates at the increased level (as the case may be), proportionate to the remaining part of the financial year.

I declare that the information I have provide on and attached to this application form is true and correct.

**DATED** this                      day of                      20

Print Name .....

Signature .....

Position Title .....

File Reference:	AF18/48
Applicable Legislation:	Local Government Act, 1999 Chapter 10, Division 5 (Sections 159 to 166) <b>Recreation Grounds Rates and Taxes Exemption Act 1981</b>
Reference: Strategic Plan – Beyond 2015	Goal 5, Strategic Objective 5
Related Policies:	R105 Rating Policy/Statement- R130 Rates - General Matters (amalgamated with <b>R105 Rating Policy</b> )
Related Procedures:	Nil
Related Documents:	Nil

#### DOCUMENT DETAILS

Responsibility:	General Manager Corporate and Regulatory Services
Version:	12.0
Last revised date:	<del>28 June 2022</del>
Effective date:	<del>28 June 2022</del>
Minute reference:	<del>28 June 2022 - Item No. 4.1 - Resolution 2022/80</del>
Next review date:	May, 2025
<u>Document History</u> First Adopted By Council: Reviewed/Amended:	May 2002 Annually





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**5.2 DRAFT LONG TERM FINANCIAL PLAN 2025-2034 – REPORT NO. AR24/36612**

<b>Committee:</b>	<b>Audit and Risk Committee</b>
<b>Meeting Date:</b>	<b>3 June 2024</b>
<b>Report No.:</b>	<b>AR24/36612</b>
<b>CM9 Reference:</b>	<b>AF11/863</b>
<b>Author:</b>	<b>Julie Scoggins, Manager Financial Services</b>
<b>Authoriser:</b>	<b>Jane Fetherstonhaugh, General Manager Corporate and Regulatory Services</b>
<b>Summary:</b>	<b>Legislation - Council is required to develop and adopt a Long Term Financial Plan (LTFP) in accordance with the Local Government Act and Regulations. Annual Review - Council has decided to review the LTFP annually aligned with the timing of the Annual Business Plan and Asset Management Plan.</b>
<b>Strategic Plan Reference:</b>	<b>Goal 1: Our People Goal 2: Our Location Goal 3: Our Diverse Economy Goal 4: Our Climate, Natural Resources, Arts, Culture and Heritage Goal 5: Our Commitment</b>

**REPORT RECOMMENDATION**

1. That Audit and Risk Committee Report No. AR24/36612 titled 'Draft Long Term Financial Plan 2025-2034' as presented on 03 June 2024 be noted.
2. That the Audit and Risk Committee feedback on Council's Draft Long Term Financial Plan 2025-2034 and/or the associated processes and risks, as follows:
  - XXXXX
  - XXXXX
  - XXXXX

be incorporated with the public consultation feedback to be presented to the Special Council meeting to be held on 25 June 2024 for consideration of the adoption of the Draft Long Term Financial Plan 2025-2034.



## TYPE OF REPORT

Corporate

## BACKGROUND

1. **Audit and Risk Committee Terms of Reference** - The following section of the Audit and Risk Committee Terms of Reference is relevant to this report (as adopted in April 2024):

### **12.6 Review of Strategic Management and Business Plans:**

*The Committee shall review and provide advice on Council's strategic management plans (at the time of their preparation and scheduled review), which include the following:*

- *Strategic Plan;*
  - *Key principles and assumptions of the Long Term Financial Plan;*
  - *Various Asset Management Plans; and*
  - *Annual Business Plan.*
2. **Legislation** - Under Section 122 of the Local Government Act 1999 a Council must develop and adopt a Long Term Financial Plan for a period of at least 10 years. A Council may review its strategic management plans at any time, but must undertake a review of its Long Term financial plan as soon as practicable after adopting the Council's Annual Business Plan (ABP) for a particular financial year; and in any event, undertake a comprehensive review within 2 years after each general election of the Council.
  3. **Previously Adopted LTFP** - The LTFP was previously adopted by Council in June 2023.
  4. **Strategic Management Plans** - At the November 2021 Council meeting, the proposal to review the LTFP and Asset Management Plan at the same time as constructing the Annual Business Plan and Budget was presented. This approach ensures that these key documents are aligned.
  5. **Elected Member LTFP Information & Briefing Sessions** - The Manager, Financial Services presented scenarios in relation to potential rating options and talked through some key assumptions underpinning the draft long term financial plan at sessions in April and May.
  6. **Audit and Risk Committee Workshops** – One workshop was held with the members of Audit and Risk Committee to discuss rating strategy, scenarios and key assumptions underpinning the Draft LTFP
  7. **Council Endorsement of the Draft Long Term Financial Plan** - Council endorsed the Draft Long Term Financial Plan 2025-2034 for community consultation at the Council meeting on 21 May 2024.

## PROPOSAL

1. **Purpose of the LTFP** - The LTFP is a road map that illustrates financially the needs and aspirations of our community which supports and is supported by such documents as the Asset Management Plan, Strategic Plan (Community Plan) and Futures Paper.
2. **Target Setting for Future Annual Business Plan and Budgets** - Council uses the LTFP to frame its Annual Business Plan and Budget by setting high-level parameters and targets that will assist Council in maintaining and improving the level of services of its existing assets.
3. **Key Objective** - The key objective of Council's LTFP is financial sustainability in the medium to long term, while still achieving the objectives detailed in Council's suite of strategic management plans.
4. **LTFP Baseline** - The LTFP has been updated to include Budget Review 3 for 2023/24 (as adopted at the May Council meeting) and the draft budget for 2024/25.



5. **Revised LTFP** - The draft Long Term Financial Plan has been updated to consider changes from 2023/24 onwards.

Scenario	Operating Surplus Ratio				Net Financial Liabilities Ratio					
	Average Ratio	Min Target	Yr Target Achieved	No of years above target ratio	Average Ratio	Max Target	Yr Target Achieved	Peak Ratio	Peak Year	No of years below target ratio
Adopted LTFP	2.1%	0.0%	2027	7	61.5%	100.0%	2026	117.20%	2024	8
Draft LTFP	2.8%	0.0%	2027	8	54.3%	100.0%	2025	99.66%	2025	10

Based upon the analysis summarised in the table above it can be seen that the Draft LTFP achieves (over the long term) the Key Financial Indicators (KFI) targets as included in the Draft Treasury Management Policy (on average over the LTFP) and by the target date of FY 2027:

- **Operating Surplus Ratio** - The average operating surplus ratio over the ten years is 2.8% (target of positive ratio by FY 2027) and is higher than the average included in the previously adopted LTFP.
  - **Net Financial Liabilities Ratio (NFL)** - The target of a ratio of lower than 100% by FY 2027 is achieved and on average the target of lower than 100% is achieved over the 10 years of the LTFP.
  - **Asset Renewal Funding Ratio** - Over the 10 years of the LTFP the renewal capital expenditure is aligned with the Asset Management Plans and as such the ratio is 100%.
6. **Inflation Assumptions** - The draft Long Term Financial Plan 2025-2034 key assumptions are based upon the December 2023 Deloitte Access Economics forecast of 2.9%. More recent forecasts have been analysed and are in line with this figure.
7. **Scenario Planning** - A total of thirty rate models were considered by Council. A summary of the key scenarios presented is shown in the table below:

Rate Model	General Rates Increase 24/25 and 25/26	Growth	Total Rate Increase	Waste Service Charge	Financial ratio targets met	Capacity to support current operations	Capacity to support future growth	Waste Service Charge cover costs
Adopted LTFP (at time of adoption)	5.7%	0.5%	6.2%	231.60	✓	✓	✗	✗
Inclusion of current pressures (updated LTFP with what we know now)	5.7%	0.5%	6.2%	231.60	✗	✗	✗	✗
Pre waste Modelling	12.2%	1.0%	13.2%	231.60	✓	✓	✓	✗
Post Waste Modelling - recommended	10.2%	1.0%	11.2%	311.00	✓	✓	✓	✓
To reach State Average - Not achievable given rating policy.	41.0%	0.0%	41.0%	231.60	✓	✓	✓	✓

8. **Key Assumptions** - The draft Long Term Financial Plan key assumptions are as follows:

**General Rates** - Rating strategy has been reviewed, where Council Staff and Elected Members worked together to develop and review a number of options that would provide a balance between community expectations, the achievement of financial targets and the capacity required to deliver this year's budget and the latest LTFP. The following pressures were considered in the development of the rating increase and this version of the LTFP:

- **Historic Rating** - In previous years rating did not keep up with inflation, and whilst the previously adopted LTFP and last year's ABP included an increase that was smoothed across 3 years, rating was below actual CPI for FY 2024. Last year aligned with previous years, COMG average residential rates were significantly below the rural state average.

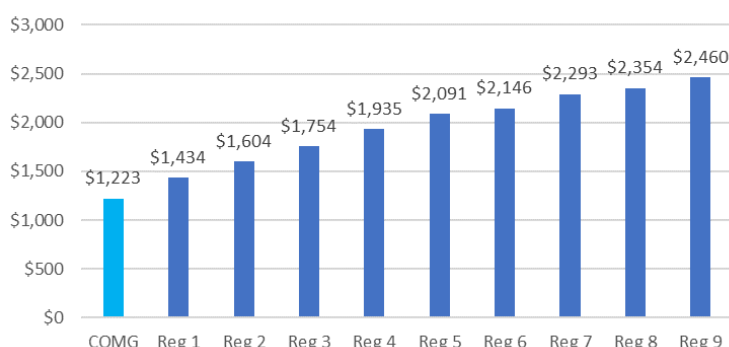




2021/2022 Average				2022/2023 Average				2023/2024 Average			
Metro	Rural	State	CoMG	Metro	Rural	State	CoMG	Metro	Rural	State	CoMG
\$1,695	\$1,461	\$1,528	\$1,112*	\$1,771	\$1,561	\$1,626	\$1,167*	\$1,898	\$1,725	\$1,776	\$1,223*

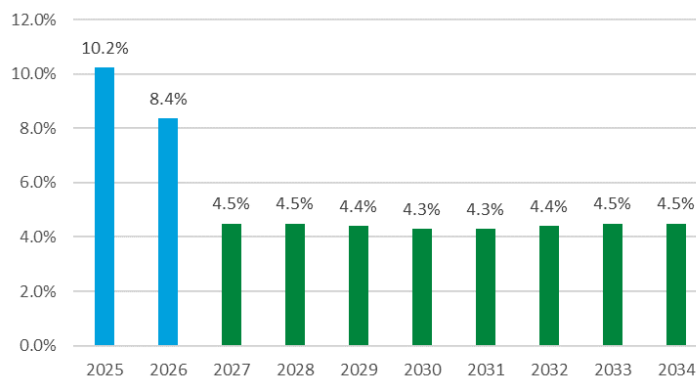
\* Does not include Waste Service Charge – CoMG \$200.00 (2021/2022) & \$206.85 (2022/2023) & \$217.70 2023/2024)

Average Residential Rate (excl waste service charge) 2023/2024 vs comparable SA councils



**Rate Modelling Overview (General Rates and Waste Service Charge)** - General rate revenue increase including growth is 10.24% (excluding growth) for 2024/2025, 8.35% (excluding growth) for 2025/2026 and CPI plus 2.0% sustainability for ongoing years . This rating option is proposed because it assumes that key ratios are achieved whilst assuming that the organisation has the required capacity to deliver the outcomes from this version of the LTFP.

General Rate Increase (Excl Growth)



The models presented to Council took into account of a number of factors:

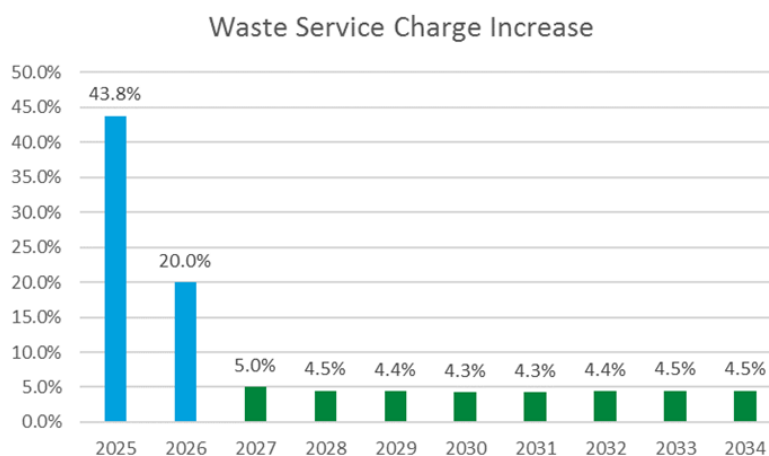
- **Average Rates** - City Of Mount Gambier's average residential rates have been significantly below the average rural SA average, being \$1,223 in FY 2024 compared to \$1,725 for the SA rural average.
- **Asset Management** - Further to condition audits and valuations undertaken during this financial year for our major asset classes there has been a significant increase in both depreciation (\$1.1m above the adopted LTFP for or 4.83% of the rate increase for 2024/2025), the capital works budget and the forward works program. We have seen the cost of construction increase and the condition audits have informed the works that need to be undertaken.



- **Growth** - Over previous years, the organisation has not increased its staffing capacity to reflect the growth in the community and increased cost of service. This was particularly evident during 2021 where we saw significant growth in our city.
- **Capacity to Deliver** - Capacity Creation - Capacity has been created in a number of different ways: to deliver the ABP and this version of the LTFP:
  - **FTEs** - An additional 1.5 FTEs have been included in the FY 2025 budget to support volunteer management and the delivery of the trails activation plan.
  - **Resource** - The capacity of 2 FTEs p.a. which is expected to either be Council staff or consultants/contractors. As the workforce planning framework develops, this will inform the allocation in future years.
  - **Strategic Work Plan** - Individual projects such as the Business Systems review have been scheduled, with an ongoing allocation over the life of the LTFP in recognition of the need to resource for future priorities and growth.
  - **CBD Activation** - An ongoing allocation has been included in the FY 2025 in response to community feedback.
- **Inflationary pressures** – Higher than expected inflation has resulted in significantly higher costs for materials, contracts, services and utilities.
- **Financial Targets** – as per Council Treasury Management Policy, we have clear targets for 2026/2027 including a positive Operating Surplus Ratio, Net Financial Liability Ratio of less than 100% and an Asset Renewal Funding Ratio of 100%. Our Budget and Long Term Financial Plan needs to ensure we meet these targets in that year and for all future years.

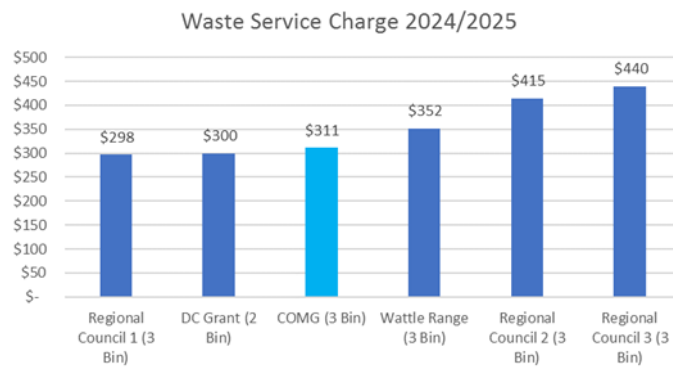
**Waste Modelling – Waste Service Charge and Waste Management** - Council staff have reviewed the cost of service and undertaken benchmarking compared to other SA Councils, with the following insights:

- **Cost Of Service** - The full cost of waste collection, kerb side recycling and green waste including the cost of disposal to the Caroline Landfill have not been recovered in previous years.
- **Proposed Increase** - A proposed increase to the waste service charge of 43.8% will ensure that Council is able to cover the cost of service and also charge at a level that is consistent with other SA councils. This is expected to result in a waste service charge of \$311 per household.



- **Historic Charges** - Like our rating level, the Waste Service charge has been historically low compared to other Councils which is illustrated in the following graph:





Wattle Range is based on 2023/2024.

- **Other Operating Revenue** - Is expected to increase by forecast CPI (exception being statutory charges at 1.9%).
- **Employee Costs** - Standard increases are aligned with Council's enterprise agreement for the initial years of the LTFP, with anticipated increases thereafter. Superannuation costs have been assumed to increase in line with legislation i.e. to reach 12% (+1%) by 2025/26.
- **Operating Expenditure** - Forecast CPI.
- **Forward Capital Works Program** - The forward works program for the Infrastructure and Buildings and Structures classes are based upon the condition audits and valuations undertaken as at 30 June 2023 and 1 July 2023 respectively. Indexation applied is in line with forecast CPI increases over the period of the plan (noting that the forecast in the Asset Management Summary is unindexed).

**9. Significant Changes** - The following have been updated:

**Updated Assumptions** - It should be noted the following assumptions have been updated:

- **Base Year** - The LTFP has been updated to include the Draft Budget Review 3 position for FY 2024 and the Draft Budget for FY 2025.
- **Interest Rates** - Interest rates have been updated to reflect actual interest/forecast rates for credit foncier loans and variable LGFA rates have been updated using Deloitte Access Economics as at 31 December 2023.
- **Indexation** - Forecast CPI assumptions have been updated based on Deloitte Access Economics (DAE) forecasts.
- **General Rates** – Council's rating strategy has been reviewed, where Council Staff and Elected Members worked together to develop and review a number of options that would provide a balance between community expectations, the achievement of financial targets and the capacity required to deliver this LTFP.
- **Waste Management** - Further to a review of the cost of service a proposed increase was presented that ensured that the revenue collected view the Waste Service charge covered the costs incurred by Council to deliver this service to the community.
- **Strategic Work Plan** - The Strategic Work Plan (i.e. delivery of Council's priorities over the next three years) has been updated further to engagement with Council staff and the development of Mount Gambier 2035.



- **Unlocking Projects** - Underpinning the Strategic Work Plan the following foundational projects will be delivered to “unlock” capacity within the organisation looking for efficiencies and reviewing service levels:
    - **Asset Management Planning Approach** - Allocations have been included
    - **Business Systems and Infrastructure** - \$365k investment in FY 2025 - FY 2026.
    - **Workforce Planning Framework** - This has incorporated \$50k in FY 2025.
    - **Strategic Work Plan Delivery** – An allocation of c\$400k p.a. has been included to fund the delivery of the Strategic Work Plan.
  - **Capacity Creation** - Capacity has been created in a number of different ways: to deliver the communities
    - **FTEs** - An additional 1.5 FTEs have been included in the FY 2025 budget to support volunteer management and the delivery of the trails activation plan.
    - **Resource** - The capacity of 2 FTEs p.a. which is expected to either be Council staff or consultants/contractors. As the workforce planning framework develops, this will inform the allocation in future years.
    - **Sports Recreation and Open Space Strategy (SROSS)** - Implementation from FY 2028.
    - **Strategic Work Plan** - Individual projects such as the Business Systems review have been scheduled, with an ongoing allocation over the life of the LTFP in recognition of the need to resource for future priorities and growth.
    - **CBD Activation** - An ongoing allocation has been included in the FY 2025 and this version of the LTFP as requested by Elected Members.
  - **Asset Management** - Further to condition audits and valuations undertaken during this financial year for our major asset classes there has been a significant increase in both depreciation (\$1.1m above the adopted LTFP for or 4.83% of rates 2024/2025), the capital works budget and the forward works program. We have seen the cost of construction increase and the condition audits have informed the works that need to be undertaken.
  - **Valuations** - The last version of the LTFP stated that the impact of the valuations for the Infrastructure and Buildings and Structures asset classes had been excluded. The previous version of the LTFP assumed that valuations would be undertaken periodically rather than indexing annually. Market conditions have meant that from FY 2026 CPI has been applied to asset classes annually to consider increases in value.
  - **Capital Works Program** - This program, aligned with the Asset Management Summary and supporting plans, have been updated to reflect data resulting from the condition audits and valuations for the Buildings and Structures and Infrastructure asset categories, carry forwards identified as at Budget Review 3, and capital for new/upgrade expenditure following engagement with relevant Council staff and Elected Members.
  - **Sport, Recreation & Open Space Strategy (SROSS)** – The previous version of the LTFP included a \$50k p.a. allocation for master plans. This version of the LTFP includes the costs of three projects to support the implementation of this strategy (with design in year 1 and construction in year 2), excluding inflation for total cost for each project is assumed to be \$5m with 50% grant funding).
10. **Exclusions** - The following potential significant investment/items are excluded from this version of the LTFP:





- **Caroline Landfill Depreciation** - Further work will be undertaken aligned with the development of the draft masterplan. This is expected to further define the cost of future cell construction, capping and the post closure provision and unwinding of net present value.
  - **Asset Management** - Further review to be undertaken in preparation for the development of the next iteration of the Asset Management Plan / LTFP in December 2024.
11. **Local Government Reform** - The LTFP will be a primary document that will be reviewed by ESCOSA on a four year rotating schedule as part of a range of strategic planning documents with advice provided to the Council. This review will be undertaken in 2024/2025.
12. **The draft LTFP (Attached)** - Is presented as a set of financial statements and includes the following statements:
- Statement of Comprehensive Income
  - Statement of Financial Position (Balance Sheet)
  - Statement of Changes in Equity
  - Statement of Cash Flow
  - Uniform Presentation of Finances
  - Key Financial Indicators.

## LEGAL IMPLICATIONS

Under Section 122 of the Local Government Act a Council must develop and adopt a Long Term Financial Plan for a period of at least 10 years.

Local Government Act 1999 - Section 122

Local Government (Financial Management) Regulations - 2011 - Regulations 5 & 7.

## STRATEGIC PLAN

The LTFP as a strategic management document is informed by and informs the Strategic Plan and Futures paper. It is also aligned with the Asset Management Plans.

## COUNCIL POLICY

[A900 Asset Management Policy](#)

[B300 Budget Framework Policy](#)

[T150 Treasury Management Policy](#)

## ECONOMIC IMPLICATIONS

The LTFP models Council to be financially sustainable over the medium to long term.

## ENVIRONMENTAL IMPLICATIONS

As determined in the Strategic Plan.

## SOCIAL IMPLICATIONS

As determined in the Strategic Plan.

## CULTURAL IMPLICATIONS

As determined in the Strategic Plan.



## RESOURCE IMPLICATIONS

Completed within staff resources.

## VALUE FOR MONEY

The LTFP models Council to be financially sustainable over the long term.

## RISK IMPLICATIONS

The LTFP models Council to be financially sustainable over the long term. The LTFP is updated annually and needs to have regard to relevant risk, opportunities and mitigation strategies.

A number of key risks have been identified in the development of the Annual Business Plan and Budget and the LTFP:

- **Indexation** - Escalation of expenditure and revenue in terms of CPI (with the exception of total rates revenue that has been increased as above). The forecast inflation rates have been applied as at 31 December 2023. Should rates be higher, expenditure will be reviewed to ensure that key financial indicator target ratios are maintained.
- **Interest Rates** - Interest rates have been forecast by applying future forecast rate changes to the LGFA interest rate for variable debt. Debt strategy has also been considered in the development of the LTFP in terms of fixed versus variable debt.

## EQUALITIES AND DIVERSITY IMPLICATIONS

Nil

## ENGAGEMENT AND COMMUNICATION STRATEGY

Decision to be made	Make a recommendation that the Long Term Financial Plan be endorsed for public consultation.
Key factors to be considered in decision (dot points)	<ul style="list-style-type: none"> <li>• Annual Business Plan</li> <li>• Asset Management Plans</li> <li>• Community Plan</li> <li>• Local Government Act 1999</li> </ul>
Area of community influence	<p>Aspects that are fixed:</p> <ul style="list-style-type: none"> <li>- Legislative Factors</li> </ul> <p>Key areas for community input:</p> <ul style="list-style-type: none"> <li>- Community may make submissions on all sections of the Draft Long Term Financial Plan.</li> </ul>
Method of consultation, informing community & cost	<p>Copies will be available at:</p> <ul style="list-style-type: none"> <li>• The City of Mount Gambier Library;</li> <li>• Civic Centre.</li> <li>• Council's Have Your Say platform</li> </ul> <p>A facility is available for the community to ask questions and receive submissions on Council's website during the public consultation period.</p>



Feedback to stakeholders/Council	A written response will be made to all submissions once the Long Term Financial Plan 2025-2034 has been adopted by Council.
Timeframe for consultation	Commencing on 23 May and concluding on 13 June 2024.
Community Input	Commentary on the Draft LTFP

## IMPLEMENTATION STRATEGY

Targets from the LTFP will be communicated to Council staff to inform the 2025/26 Annual Business Plan and Budget process.

## CONCLUSION AND RECOMMENDATION

The Long Term Financial Plan is a high level strategic planning document which is a key aid to Council's budgeting and planning process. It will assist Council staff and Elected Members in planning for the delivery of facilities and services to meet the expectations of the community in a sustainable manner.

Council's Strategic Plan includes significant additional infrastructure and services, planning which includes consideration for the timing of revenue and expenditure, and the feasibility of each project. Proactive planning and modelling are vitally important to the ongoing financial sustainability of Council.

While Council uses the LTFP to inform its Annual Business Plan and budget, the plan is a roadmap and as such does not determine the rates or charges in each year.

## ATTACHMENTS

1. Attachment 1 - Draft LTFP 2025-2034 [↓](#)





# Draft Long Term Financial Plan 2025 - 2034





## Long Term Financial Plan 2025-2034

1. Acknowledgement of Country	1
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### Appendix:

Assumptions

Financial Statements

### Public Consultation:

Council is committed to listening and responding to the feedback from our community, and we endeavour to make it easy and convenient for your views to be shared.

Council invites you to:

- Take a look at each of the Draft Annual Business Plan, Draft Long Term Financial Plan and Draft Asset Management Plan.
- Have your say through any of the following options:
  - Online at the 'Have Your Say' website - [www.haveyoursaymountgambier.com.au](http://www.haveyoursaymountgambier.com.au) or
  - By email at [city@mountgambier.sa.gov.au](mailto:city@mountgambier.sa.gov.au) or
  - In writing addressed to: City of Mount Gambier, PO Box 56, Mount Gambier SA 5290.

To be considered, all written submissions must include accurate details of the author and be received by Council by 5pm Thursday 13 June 2024.



The City of Mount Gambier recognises the Boandik people as the traditional owners and custodians of the land Mount Gambier sits upon today.

We respect their spiritual relationship with the land and recognise the deep feelings of attachment Aboriginal and Torres Strait Islander peoples have with this land.

The City of Mount Gambier is committed to working together with Aboriginal and Torres Strait Islander communities in the process of reconciliation.

Image: Belinda Bonney, Reconciliation of the Nation: we all walk together as one (detail).



## Draft Long Term Financial Plan 2025-2034

### 2. Overview

**What Is This Document?** - This is the Long Term Financial Plan (LTFP) for the City of Mount Gambier Council for the period 2025 - 2034. While the Long Term Plan covers 10 years ahead, we review it every year. This is because the opportunities and challenges facing our community and city, and the context we work in, are always evolving.

**Purpose** - The purpose of a Long Term Financial Plan (LTFP) is to guide the future direction of Council in a financially sustainable manner. The LTFP is designed as a 'high-level' summarised document focusing on the future planning of Council's financial operations, particularly in relation to key components such as rate increases, service levels to our community, asset replacement/renewal and loan indebtedness.

**Legislation** – Section 122 (1) of the Local Government Act 1999 ("the Act") requires that Councils must develop and adopt Strategic Management Plans including the LTFP which is a moving document updated on a rolling basis over a ten year term.

**Hierarchy Of Documents** - City of Mount Gambier Council's LTFP provides the forward strategic financial framework to resource the community's needs and aspirations. Through the alignment of this plan with the Strategic Plan, Futures Paper and the Asset Management Plan, Council is able to plan, manage and communicate its future objectives in a sustainable way for the long term.

**Previous Versions** - The Council's LTFP was adopted in March 2019 and subsequently reviewed and adopted in June 2020, February 2021, December 2021, June 2022 and June 2023.

**Roadmap** - The LTFP is developed in the context of the Strategic Plan 2020-2024 and sets a road map to implement the community's priorities for the coming decade. As such the LTFP provides a target for future Annual Business Plans and Budgets. It also provides guidance in terms of direction and financial capacity and does not determine the rates and charges for the future. If key assumptions such as growth, capital investment or interest rates change then this may drive changes in the annual budget. It should be noted that the next version of the strategic plan – Mount Gambier 2035 is currently being developed. This, with the supporting Strategic Work Plan has been used to inform this version of the LTFP.

**Financial Position** - Over the life of this Plan, Council is scheduled to achieve its financial targets by FY2027. Over the medium to long term, Council is expected to be financially sustainable in accordance with the information contained within this Plan.

**Financial Sustainability** - Financial sustainability in local government ensures that each generation pays their way rather than any one generation living off their assets and leaving the responsibility for infrastructure/asset renewal to future generations.

**Development of This Version of the LTFP** - This version of LTFP was developed in consultation with Councils Executive Leadership Team and Elected Members. Between Elected Members and Council Administration a number of rating scenarios were developed. A number of workshops were held that carefully considered/explored a number of options that balanced the need to achieve financial targets, resources to deliver the Strategic Work Plan and meet community expectations and cover the true cost of waste services. Asset Management Plans have





## Draft Long Term Financial Plan 2025-2034

been informed by recently conducted condition audits for major asset classes and resulting valuations.

**Financial Statements** - At a high level, the LTFP projects:

- **Statement of Comprehensive Income** - Details the profit and loss account (operating surplus (deficit) and capital transactions);
- **Statement Of Financial Position (Balance Sheet)** - This presents the financial position of Council at a given date. It comprises three main components: assets, liabilities and equity;
- **Statement Of Cashflows** - This shows the amount of cash and cash equivalents entering and leaving the Council;
- **Uniform Presentation Of Finances** - The Net Lending/(Borrowing) for the Financial Year result is a measure that takes account of both operating and capital activities for the financial year; and
- **Statement of Changes in Equity** - This reflects the movement in equity reserves during the period, being the financial performance of the year plus any other comprehensive income gains.





## Draft Long Term Financial Plan 2025-2034

### 3. Significant Influences and Challenges

**Overview** - The LTFP is a long-term forecast and as such it is supported by many assumptions, for example: community aspirations, needs and wants, growth, inflation, service levels, federal and state government policy settings and interventions. Many of these factors inevitably are external to Council and as such outside of its control.

**Hierarchy Of Documents** - The Plan complements and is complemented by other important Council plans and strategies:

- Futures Paper;
- Strategic (Community) Plan 2020-2024;
- Asset Management Plan; and
- Annual Business Plan.

**Mount Gambier 2035** – Council have been engaging with the community and Elected Members in the build of the new strategic plan (Mount Gambier 2035). This will set the direction for the next ten years. This version of the LTFP has considered the Strategic Work Plan that underpins the delivery of Mount Gambier 2035. The draft strategic plan will be brought to Council in June 2024.

**Wulanda Recreation & Convention Centre (WRCC)** - The Wulanda Recreation and Convention Centre is a multi-purpose facility designed to be a community space, with facilities and activities for all ages and abilities. This facility provides substantial year-round indoor facilities, addressing many community needs both now and for future generations to come. The Wulanda Recreation and Convention Centre has already

shown that it is able to increase the ability for Mount Gambier to host major sporting competitions, conferences, events and performances providing significant social and economic benefits.

**Local Government Reform** - The LTFP will become a primary document that will be reviewed by Essential Services Commission of South Australia (ESCOSA) during the 2024 - 2025 year under the Local Government Advice Scheme established through the Local Government Act 1999. The aim of the Scheme is to provide independent, risk-based advice to assist councils when making long-term financial and investment decisions for the benefit of ratepayers.

**Total Rate Revenue** - Council's major source of income is rates (general rates and waste service charge), which accounts for approximately 66% of operating revenue over the ten years of the plan and is an important part of the planned long-term strategy. It contributes towards the funding of Council's services to meet the expectations of the Community, by maintaining services, roads, waste management, footpaths, buildings, etc. and the Asset Management Plan (both the renewals and new/upgrade) and funding. A further review has been undertaken of rating strategy, prior to a more comprehensive review to be undertaken in 2024 - 2025, to ensure that Council balances the requirement for rate increases to fund recurring cost increases with the need to keep rate increases across the ratepayer base at an acceptable level.

**Inflation** - This LTFP has incorporated the Consumer Price Index (CPI) based on Adelaide forecast CPI as predicted by Deloitte Access Economics. This assumption has been updated as at the end of December 2023. It should be noted that Council chose to continue to



## Draft Long Term Financial Plan 2025-2034

### Significant Influences and Challenges (Continued)

apply these assumptions further to updated forecasts in March 2024, as the changes were not deemed to be material.

**Asset Management Plan** - The Asset Management Plans and Summary have been updated and issued for public consultation at the same time as the Annual Business Plan and this document. This is aligned with the LTFP which allows Council to factor in the new and ongoing costs associated with renewals required to maintain our asset base at the required standard and investment in new assets (please note that the estimates in this document have been indexed, however, in the Asset Management Summary they have not).

#### What has changed since the last LTFP?

**Updated Assumptions** - It should be noted the following assumptions have been updated:

- **Base Year** - The LTFP has been updated to include the Draft Budget Review 3 position for FY 2024 and the Draft Budget for FY 2025.
- **Interest Rates** - Interest rates have been updated to reflect actual interest/forecast rates for credit foncier loans and variable LGFA rates have been updated using Deloitte Access Economics as at 31 December 2023 ((as detailed in the Appendix).
- **Indexation** - Forecast CPI assumptions have been updated based on Deloitte Access Economics (DAE) forecasts (as detailed in the Appendix).

- **General Rates** – Council's rating strategy has been reviewed, where Council Staff and Elected Members worked together to develop and review a number of options that would provide a balance between community expectations, the achievement of financial targets and the capacity required to deliver this LTFP.
- **Waste Management** - Further to a review of the cost of service a proposed increase was presented that ensured that the revenue collected view the Waste Service charge covered the costs incurred by Council to deliver this service to the community.
- **Strategic Work Plan** - The Strategic Work Plan (i.e. delivery of Council's priorities over the next three years) has been updated further to engagement with Council staff and the development of Mount Gambier 2035.
- **Unlocking Projects** - Underpinning the Strategic Work Plan the following foundational projects will be delivered to "unlock" capacity within the organisation looking for efficiencies and reviewing service levels:
  - **Asset Management Planning Approach** - Allocations have been included (refer to Appendix).
  - **Business Systems and Infrastructure** - \$365k investment in FY 2025 - FY 2026.
  - **Workforce Planning Framework** - This has incorporated \$50k in FY 2025.
  - **Strategic Work Plan Delivery** – An allocation of c\$400k p.a. has been included to fund the delivery of the Strategic Work Plan.



## Draft Long Term Financial Plan 2025-2034

### Significant Influences and Challenges (Continued)

- **Capacity Creation** – Capacity has been created in a number of different ways: to deliver the communities
  - **FTEs** - An additional 1.5 FTEs have been included in the FY 2025 budget to support volunteer management and the delivery of the trails activation plan.
  - **Resource** – The capacity of 2 FTEs p.a. (20 FTEs over the life of the LTFP has been included) which is expected to either be Council staff or consultants/contractors.
  - **Sports Recreation and Open Space Strategy (SROSS)** - Implementation from FY 2028.
  - **Strategic Work Plan** - Individual projects such as the Business Systems review have been scheduled, with an ongoing allocation over the life of the LTFP in recognition of the need to resource for future priorities and growth.
  - **CBD Activation** - An ongoing allocation has been included in the FY 2025 and this version of the LTFP as requested by Elected Members.
- **Asset Management** - Further to condition audits and valuations undertaken during this financial year for our major asset classes there has been a significant increase in both depreciation (\$1.1m above the adopted LTFP or 4.83% of the rate increase for 2024/2025), the capital works budget and the forward works program. We have seen the cost of construction increase and the condition audits have informed the works that need to be undertaken.
- **Valuations** - The last version of the LTFP stated that the impact of the valuations for the Infrastructure and Buildings and Structures asset classes had been excluded. The previous version of the LTFP assumed that valuations would be undertaken periodically rather than indexing annually. Market conditions have meant that from FY 2026 CPI has been applied to asset classes annually to consider increases in value.
- **Capital Works Program** - This program, aligned with the Asset Management Summary and supporting plans, have been updated to reflect data resulting from the condition audits and valuations for the Buildings and Structures and Infrastructure asset categories, carry forwards identified as at Budget Review 3, and capital for new/upgrade expenditure following engagement with relevant Council staff and Elected Members.
- **Sport, Recreation & Open Space Strategy (SROSS)** – The previous version of the LTFP included a \$50k p.a. allocation for master plans. This version of the LTFP includes the costs of three projects to support the implementation of this strategy (with design in year 1 and construction in year 2), excluding inflation for total cost for each project is assumed to be \$5m with 50% grant funding).



## Draft Long Term Financial Plan 2025-2034

### Significant Influences and Challenges (Continued)

- **Waste Management** – The development of a Waste and Resource Recovery Master Plan has been identified by Council as a key strategic project and is well underway. This document, in conjunction with the 'Waste and Resource Recovery Strategy 2023 – 2030, will provide a whole of life map for waste management, including, the Waste Transfer Station, ReUse Market, Caroline Landfill and kerbside collections.

The comprehensive planning and analysis combined within the Master Plan, along with associated financial modelling will enable Council to minimise the risks associated with its waste services, particularly those of owning and operating a landfill. One of the components of the Master Plan is a Risk Plan, which will specifically list waste related risks.

This work is still in progress at the time of preparing this document.

#### Key Financial Indicators:

The following targets have been set in line with the adopted T150 Treasury Management Policy:

- **Operating Surplus Ratio %** - Positive surplus ratio by FY 2027.
- **Net Financial Liabilities Ratio %** - Net Financial Liabilities Ratio of lower than 100% to be achieved by FY 2027.
- **Asset Renewal Funding Ratio %** - 100% or greater throughout the duration of the LTFP.

If any of the targets are not achieved (i.e. if growth or CPI is lower than planned), this will mean that other assumptions will need to be changed to ensure that the targets set by the LTFP are achieved.

**Risks** - The LTFP is updated annually and needs to have regard to relevant risk, opportunities and mitigation strategies. During the development of this LTFP we have identified the following:

- **State/Federal Government** - Local Government reforms and funding/cost shifting (e.g. Financial Assistance Grants timing and amount of advance payments).
- **Climate Change Impact** - The future impact on the way in which Council operates will need to be considered. Council has a strategic target to achieve a 65% reduction on kerbside waste to landfill by 2030.
- **Indexation** - Escalation of expenditure and revenue.
- **Interest Rates** - Interest rates have been forecast based on data available on 31 December 2023 from Deloitte Access Economics and LGFA rates. Council's debt structure has been established to ensure alignment with Council's Treasury Management Policy, with an appropriate mix of loan terms and fixed and variable debt.
- **Service Levels** - Adjusting service levels may result in increased cost of renewal/upgrade, maintenance and depreciation.
- **Grant Revenue** - Whilst grant revenue may fund additional capital works, additional maintenance/renewal expenditure will be incurred as a result.
- **Procurement Market Conditions** - Current market conditions have either driven up costs, or resulted in less availability of contractors which will also impact on the capacity to deliver.





## Draft Long Term Financial Plan 2025-2034

### Significant Influences and Challenges (Continued)

- **Wulanda** - Impact on the organisation to support activation and operations.

**Opportunities** - The following potential opportunities have also been identified:

- **Efficiencies** - Efficiencies will be investigated in operating expenditure to support capital works expenditure or through strategic procurement activities (where like activities are 'bundled up').
- **Growth** - Higher than projected growth in assessments (above the 1.0% included for FY 2025 and 0.5% p.a. for future years of the LTFP).
- **Timing** - A review of strategic priorities has been undertaken by the Executive Leadership Team further to consultation across the organisation in the development of the Strategic Work Program. The organisation's capacity to deliver has been considered.
- **Commercial Partnerships / Grant Funding** - Seek greater contributions from others to fund current activities / additional projects.
- **Borrowings** - In line with our Treasury Management Policy the intent is to have an optimal structure that ensures that the net interest costs associated with borrowing and investing are reasonably likely to be minimised on average over the longer term.

- **Grant Revenue** - Attracting further grant revenue will improve ratios if used to fund works already in LTFP. It should be noted that from FY 2028 onwards the implementation of the Sport, Recreation & Open Space Strategy (SROSS) this is assumed to be supported by matching grant funding.

**Exclusions** - The following potential significant investment/items are excluded from this version of the LTFP:

- **Caroline Landfill Depreciation** - Further work will be undertaken aligned with the development of the draft masterplan. This is expected to further define the cost of future cell construction, capping and the post closure provision and unwinding of net present value.
- **Asset Management** - Further review to be undertaken in preparation for the development of the next iteration of the Asset Management Plan / LTFP in December 2024.
- **PLEC** - Further investment in PLEC beyond Stage 1 delivered in FY 2023. It should be noted that a cost benefit analysis was undertaken and presented to Elected Members in FY 2024. On the basis of the work undertaken no further investment is included in this version of the LTFP.
- **LED Lighting** - Further investment in LED lighting beyond Stage 1 is excluded. A cost benefit analysis was presented to Elected Members in FY 2024. On the basis of the work undertaken no further investment is included in this version of the LTFP.



Draft Long Term Financial Plan 2025-2034

4. Hierarchy Of Documents

**Hierarchy of Documents** - Brings together the key planning documents to ensure that the vision, goals and objectives set by the Futures Paper are implemented in the Long Term Financial Plan, Asset Management Plan, Strategic Plan, and Annual Business Plan.

**The Long Term Financial Plan** - Guides and is guided by other key strategic management documents as shown below:



- **Futures Paper** - The paper outlines strategies for action at the individual, organisation and community level that will enable the community to achieve their collective aspirations.
- **Long Term Financial Plan (10 Years)** - The Long Term Financial Plan shows the financial impact of the implementation of the Strategic Plan over the next 10 years and incorporates key assumptions from the Strategic Plan and Asset Management Plan. The LTFP will be reviewed by Council on an annual basis.
- **Asset Management Plan (Asset Management Summary) (10 Years)** - Identifies the required future expenditure on infrastructure and funding required to maintain service levels. It is aligned with the LTFP.
- **Strategic Plan (4 Years) \*** - Represents the vision, aspirations and priorities of our community now and into the future. The Strategic Plan is informed by the Futures Paper and identifies the outcomes Council seeks to achieve and the strategies Council will put in place to get there.
- **Mount Gambier 2035 (10 Years)** - Council have engaged with the community and Elected Members in the build of the new strategic plan (Mount Gambier 2035). This will set the direction for the next ten years. This version of the LTFP has considered the Strategic Work Plan that underpins the delivery of Mount Gambier 2035. The draft strategic plan will be brought to Council in June 2024 for community consultation. Once adopted this version of the strategic plan will inform future LTFPs.



## Draft Long Term Financial Plan 2025-2034

- **Annual Business Plan (1 Year)** - Each year, Council develops an Annual Business Plan guided by Council's strategic financial framework which sets strategic directions over the medium and long term and converts these into annual actions and outcomes. This shows the outcomes Council expects to achieve in the year, the services, the key measures of success and the budget required to deliver these outcomes.



Draft Long Term Financial Plan 2025-2034

5. Strategic Plan - Our Roles and Goals

THE CITY DEVELOPMENT FRAMEWORK PROJECT

The City Development Framework Project involved the establishment of overall strategies for development, incorporating economic, social, environment and community opportunities and aspirations based on four interrelated themes:



1.

OUR PEOPLE

How do we ensure a highly skilled and educated population for the future challenges facing our community? A community reflecting good health, connectedness and wellbeing.



2.

OUR LOCATION

How do we take advantage of our location and expand our potential as a regional hub? Building on our regional centre for the provision of services, shopping, tourism, cultural, sporting and recreation.



3.

OUR DIVERSE ECONOMY

How do we build on and diversify our existing economy? We have existing high quality and skilled industry sectors including fabrication, manufacturing, forest products, agriculture, health and education. We also have emerging opportunities for digital technology and related industries.



4.

OUR CLIMATE, NATURAL RESOURCES AND HERITAGE

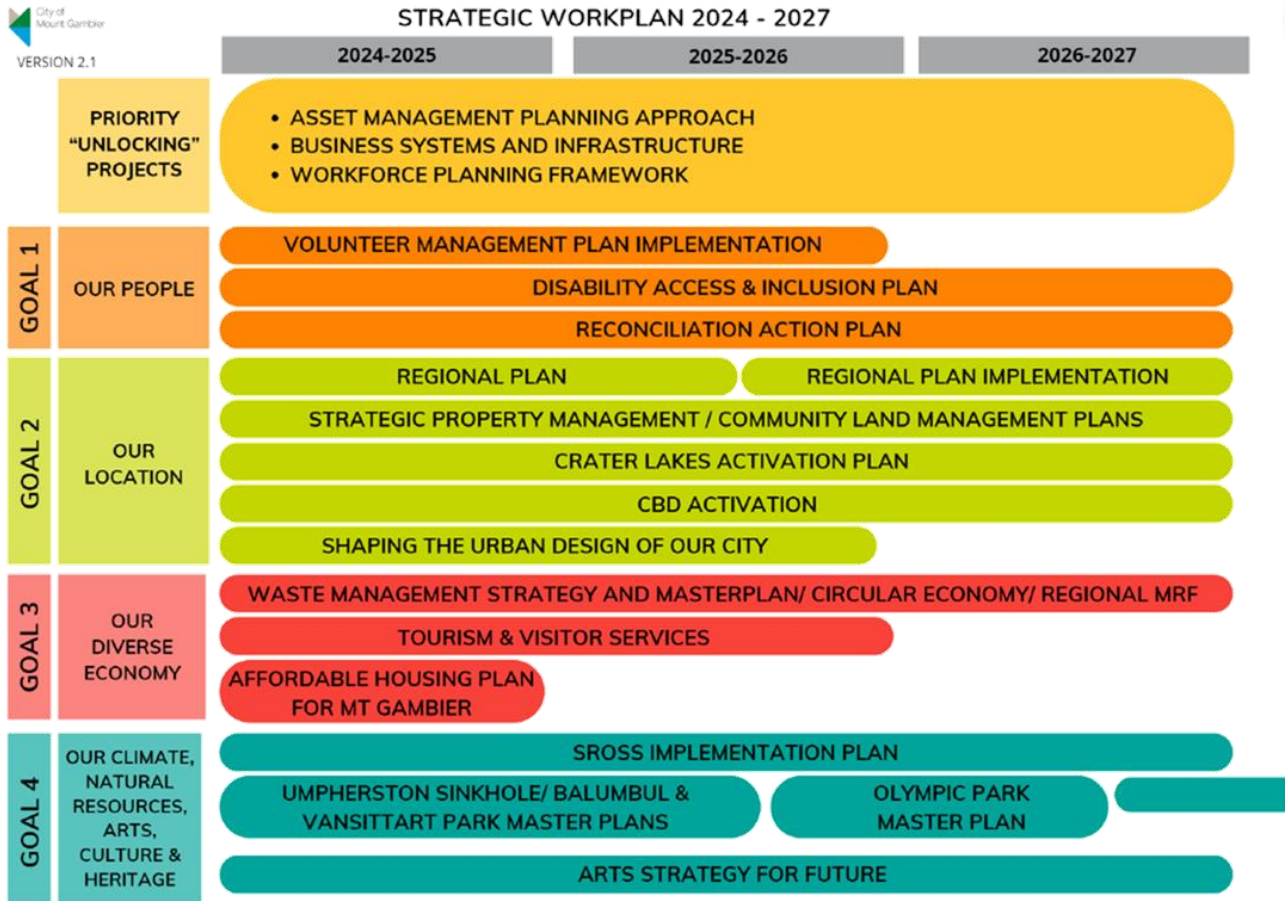
How do we promote and preserve our climate, natural resources and environment? We have a temperate climate, the Crater Lakes Volcanic Complex incorporating the world renowned Blue Lake, a unique natural environment and enviable natural resources. We also have a remarkable wealth of Indigenous and European heritage.

The following pages show the strategic work plan that has been developed to deliver the priorities over the next 3 years.

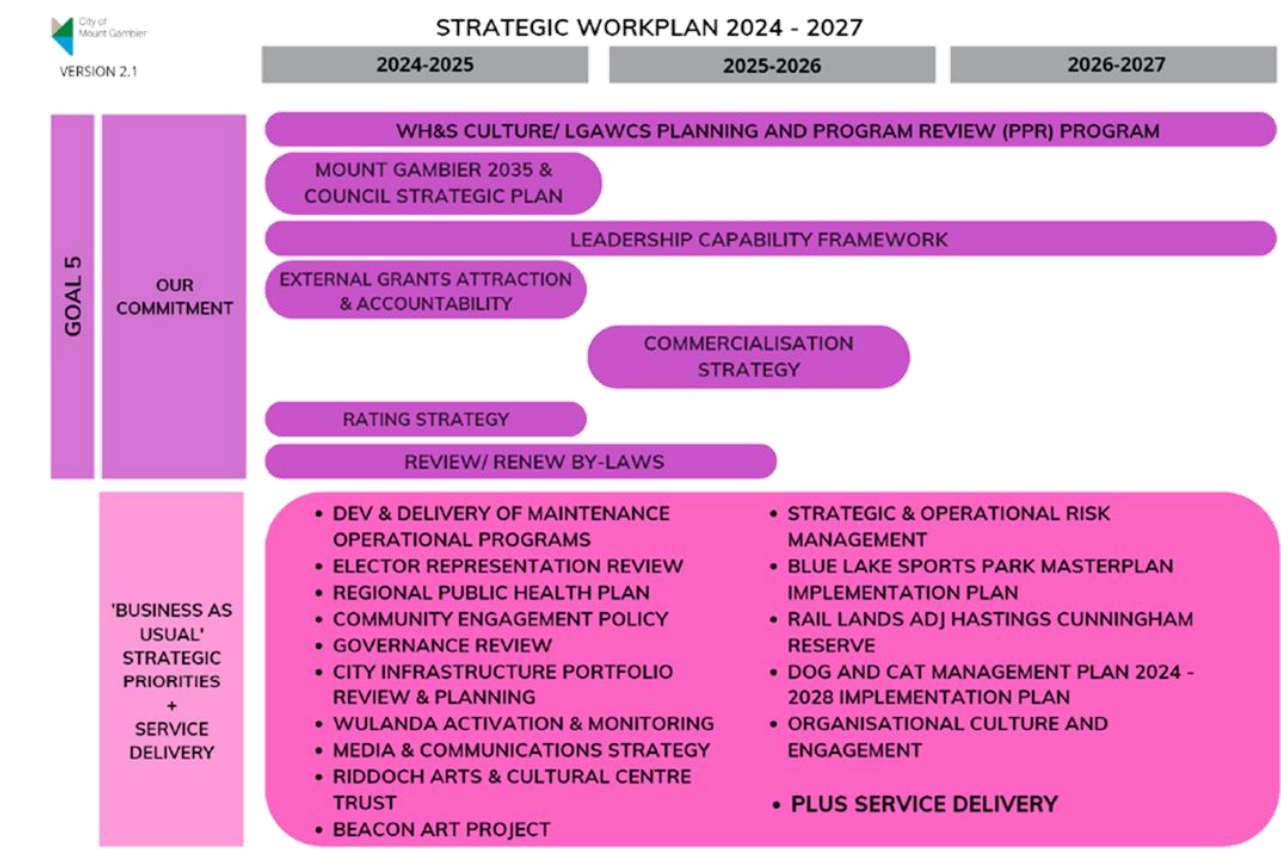




Draft Long Term Financial Plan 2025-2034



Draft Long Term Financial Plan 2025-2034



Draft Long Term Financial Plan 2025-2034

6. CEO’s Statement of Financial Sustainability

**Key Objective** - The key objective of preparing a comprehensive and informed LTFP is to enable Council to maintain financial sustainability in the medium to long term whilst achieving the objectives and standards detailed in Council’s suite of strategic management plans.

**Service Levels** - This means Council will be able to manage and maintain current and predicted services and service levels, and infrastructure requirements to adequately provide for needs of the city.

**Our LTFP:**

- **Guide** - Serves as guiding tool for decision making.
- **ABP** - Informs Annual Business Plan and Budget (ABP) processes by taking a multi-year perspective on spending positions;
- **Financial Sustainability** - Determines organisational financial capacity and sustainability; and
- **Legislation** - Complies with statutory requirements (per the Local Government Act and the Essential Services Commission of South Australia – ESCOSA).

**Funding:**

To fund our major intergenerational project for the construction of the Wulanda Recreation and Convention Centre, the LTFP has applied debt as a means to achieve intergenerational equity. This ensures that the cost of construction of this project is shared across the current and future

ratepayers, consistent with those that will benefit from the use of this new facility.

**Our Financial Sustainability:**

Council has three Key Financial Indicators (KFIs) per Council’s Treasury Management Policy that measure financial sustainability. It should be noted that all three KFIs achieve the targets set by Council’s Treasury Management Policy (T150) as shown below:

- **Operating Surplus Ratio** - The ratio is positive over the 10 year period with an average ratio of 2.8%, achieving a positive ratio from FY 2027 onwards.
- **Net Financial Liabilities Ratio** - The average ratio over the 10 years is 55.2%, achieving a ratio of less than 100% in 2025.
- **Asset Renewal Ratio** - The Asset Renewal Ratio is 100% over the 10 years of the LTFP, aligned with the forward works program and Asset Management Plan.

These indicators are evaluated in more detail within this document and together, show that Council will achieve its financial sustainability in the medium to long term.



Draft Long Term Financial Plan 2025-2034

7. Rate Setting (General Rates and Waste Service Charge)

**Historic Rating** - In previous years rating did not keep up with inflation and whilst the previously adopted LTFP included an increase that was smoothed across 3 years, rating was below actual CPI for FY 2024. Last year aligned with previous years, COMG average residential rates were significantly below the rural state average.

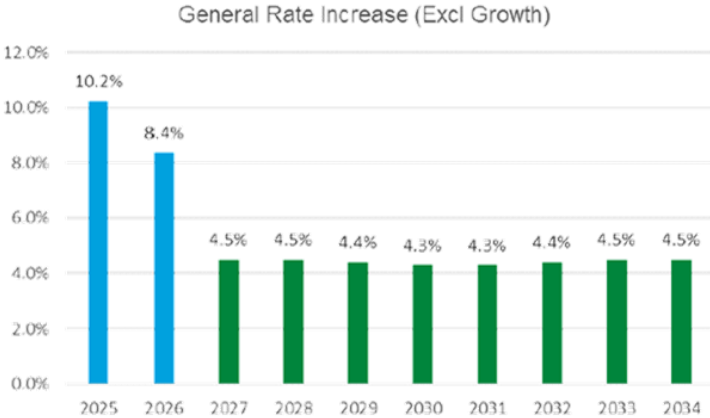
**Growth** - Over previous years the organisation has not grown/increased budget to reflect community growth (and increase in cost of service).

**Balanced Approach** - Council needs to find the balance between resident expectations and what is appropriate and affordable for Council to provide with the revenue available.

**General Rate Increase** - Rating for this financial year and beyond considers a number of factors including the following:

- **Average Rates** – City Of Mount Gambier’s average residential rates have been significantly below the average rural SA average, being \$1,223 in FY 2024 compared to \$1,725 for the SA rural average (excluding the waste service charge).
- **Depreciation** - Further to the revaluations undertaken in the last 12 months for the Infrastructure and Buildings and Structures asset classes there has been a significant increase to the value of these asset classes and subsequently to depreciation (\$1.1m or 4.83% of rates in FY 2025) and the forward capital works program.
- **Sustainability** - The updated modelled rate for FY 2027 and beyond is based upon CPI plus 2% to ensure that Council achieves and

maintains its operating surplus to fund future service provision and pay down debt.



**Assessment Growth** - Assessment growth has been considered in the LTFP and has been assumed to be 1.0% in FY 2025 and 0.5% p.a. in the future years of the LTFP. Council has taken a prudent approach considering average growth of 0.70% for all assessments over the last 6 years (noting that this growth has been impacted by COVID).

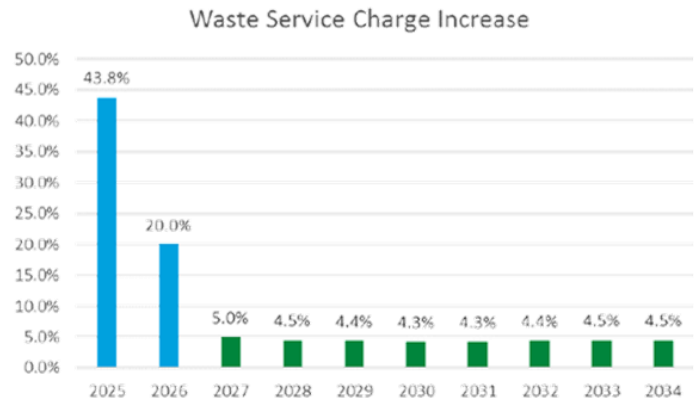
**Impact on Individual Ratepayers** - It should be noted that the average rate increase per annum is based on the total of all rateable properties. The impact on individual ratepayers may be different based on the change in valuation of their property relative to the overall valuation changes across the council area.





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**Waste Service Charge** - A significant increase has been proposed over the next two years to ensure that revenue covers the cost of service and is charging an amount that is more consistent with the charges from other SA Councils (as shown in the graph below).



## Draft Long Term Financial Plan 2025-2034

### 8. Funding Of This Plan

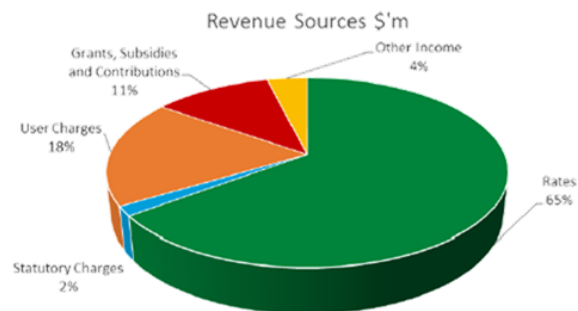
#### OVERVIEW:

Council generates revenue and funds this plan from a number of sources to provide services, infrastructure and benefits to the community and ensure the economic, social and environmental sustainability of the region.

Funding is generated from revenue and borrowings aligned with relevant policies, plans and objectives to ensure a balanced approach in generating public value to the community. A summary of the funding that supports this LTFP is shown in the Uniform Presentation of Finances included in the Appendix.

#### REVENUE:

**Revenue** - Council's main sources of revenue are as follows:



- **Rates** - Council generates 65% of total revenue (operating and capital) across the life of the LTFP from rates. This revenue is in the form of:
  - General rates; and
  - Waste service charge.
- **Statutory Charges** - Are legislated charges that support environmental, development and public health including:
  - Planning and development fees;
  - Public health and support services; and
  - Animal management (including dog registration).
- **User Charges** – Are fees and charges associated with the provision of specific services to the community/businesses including:
  - **Waste management fees** - Gate fee, Waste Transfer Charges and the reuse market);
  - **Wulanda** – Fees and charges in relation to the use of the facility;
  - Cemetery fees;
  - Council facility rental, and;
  - Retail facilities.
- **Grants, Subsidies and Contributions** - Are external funds obtained from other levels of government or other bodies that contribute to either Council's cost of operations or support capital projects over the life of the LTFP.
- **Other Income** - Includes reimbursements and sundry income (such as Open Space fees) and sale of surplus assets.



## Draft Long Term Financial Plan 2025-2034

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### BORROWINGS:

A key source of funding for this version of the LTFP is borrowings. The borrowings structure is made up of the following:

- **Credit Foncier Loans** – These are fixed term loans with varying terms that have been used to support the construction of the Wulanda Recreation and Convention Centre facility. It should be noted that particular care has been taken in establishing the terms of the individual loans to ensure that at the end of the LTFP the required flexibility is available.
- **CADs** - These are flexible loans where funds are drawn down and paid back as required.
- **Debt Structure** – The mix between fixed and variable debt has been considered throughout this version of the LTFP to ensure that required flexibility and capacity is available to Council.
- **Total Borrowings** - The level of total borrowings for each year has been included in the Key Financial Ratios section of this document.



## Draft Long Term Financial Plan 2025-2034

### 9. Key Assumptions

#### OPERATING REVENUE:

- **General Rates** - Revenue has been indexed by 10.24% and 8.35% (excluding growth) over the first two years of the LTFP and CPI plus 2% to ensure financial sustainability (excluding growth) for the remaining years of the LTFP.
- **Waste Service Charges** - Aligned with general rates revenue has been indexed by 43.8% (including growth) in FY 2025 and 20% in FY 2026 to ensure that revenue covers the cost of service, 5% in FY 2027 and CPI + sustainability for the remaining years of the LTFP.
- **Council Operations User Charges** - CPI increases have been applied over the remaining 10 years aligned with the user pays principle for the majority of user charges.
- **Grant Funding (Recurrent)** - Such as the Financial Assistance Grants, Roads to Recovery (RTR) and Local Roads and Community Infrastructure (LRCI) have been assumed to be received within the year they are paid.

In particular for Financial Assistance Grants it has been assumed that 100% of the year's allocation will be paid in the current year (from FY 2025 onwards) and that the Special Local Roads Fund payment will continue.

It should be noted that at this stage no advice has to date been provided for the advance payments for FY 2026 and payments in future years and as such no adjustment has been made to the LTFP.

The Federal Government has announced a significant increase in the Roads to Recovery program, however, no specific advice has been provided and as such a prudent approach has been taken including the average grant payment from the last five year grant program.

- **Grant Funding (One-off)** - Tied grant funding is applied in the same year that corresponding expenditure is planned. LRCI Phase 4(a) and Phase 4 (b) has been phased across the years as follows: initial grant payment of 60% has been included in FY 2024 with 30% in FY 2025 and 10% in FY 2026.
- **Development Related Revenue** – Development Approval, Planning and Open Space fees.

#### OPERATING EXPENDITURE:

- **Materials, Contracts & Other Expenditure** - Has been indexed in line with forecast CPI increases over the period of the plan. Historically, LGPI (Local Government Price Index) has been applied as the relevant indicator of movement in local government costs (reflecting historically higher costs for the "basket of goods and services" procured by Council). However, as the LGPI is reported on an annual/historic basis, considering the current economic conditions it has been determined that CPI should be applied as the most reliable and relevant index.
- **Employee Costs** - Standard increases are aligned with Council's enterprise agreement for the initial years of the LTFP, with anticipated increases thereafter. Superannuation costs have been assumed to increase in line with legislation i.e. to reach 12% (+1%) by 2025/26.





## Draft Long Term Financial Plan 2025-2034

- **Strategic Work Plan Delivery** - Additional funding has been allocated to support the delivery of identified initiatives including c\$400k p.a.
- **FTEs** - The number of FTEs employed by Council over the life of the LTFP is assumed to increase by 2 FTEs p.a.
- **Finance Costs** - Have been modelled factoring in the projected debt Council will hold in each year of the plan, and the forecast interest rate to be charged by the Local Government Finance Authority. In this plan the interest rate used has been modelled based on actual rates provided by the LGFA for credit foncier loans and indicative rates for Convertible Cash Advance Debentures (flexible borrowings) forecasts provided by Deloitte Access Economics and historical data.

### CAPITAL EXPENDITURE

- **Asset Renewal** - Is provisioned to allow for Council to meet the renewal requirements as per the revised Asset Management Plan. Renewal, maintenance and depreciation of new and upgraded assets have been included in the plan to ensure these are funded. The forward works program for the Infrastructure and Buildings and Structures classes are based upon the condition audits and valuations undertaken as at 30 June 2023 and 1 July 2023 respectively. Indexation applied is in line with forecast CPI increases over the period of the plan (noting that the forecast in the Asset Management Summary and supporting plans is unindexed).
- **New Capital/Upgrade** - Has been included in the plan and are based on Council's Asset Management Plan. At this stage prior to the completion of the Caroline Landfill Masterplan the only significant

investment for new capital will be for cell construction. Indexation applied is in line with forecast CPI increases over the period of the plan (noting that the forecast in the Asset Management Summary and supporting plans is unindexed).

- **Future Development** - It should be noted that the next iteration of the Asset Management Plan will be prepared for inclusion in the LTFP to be developed in the first half of FY 2025.

### CAPITAL REVENUE

- **Grants** - At this stage future grants have been assumed for the following projects (it should also be noted that should grant applications be unsuccessful the projects will be reviewed to establish whether a lesser project scope should be delivered):
  - **Railway Lands Nature Play** - Funding of \$250k has been incorporated with matching funding provided by Council;
  - **Sports Recreation and Open Space Strategy (SROSS)** - From 2028 onwards the program is expected to deliver three projects with design in year 1 and construction in year 2 supported by matching grant funding (c\$5m per project excluding inflation with \$2.5m grant funding).
- **Physical Resources Received Free of Charge** - Considering prior year performance an allocation of \$1m per annum has been included in this version of the LTFP.

### STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

- **Assets** such as trade and other receivables, inventories and equity accounted investments have all been modelled based on historical averages, with no significant variances expected over the period of the plan.



## Draft Long Term Financial Plan 2025-2034

- **Infrastructure, Property, Plant and Equipment** are modelled based on the cumulative effect of depreciation, capital expenditure, asset disposals and adjustments made to maintain valuations at fair value. It should be noted that from FY 2026 onwards CPI has been applied to assets that are revalued annually.
- **Liabilities** such as trade and other payables and provisions, have been modelled based on historical averages of Council, with no significant variances expected over the period of the plan.
- **Borrowings** provide an alternative source of funding to enable Council to achieve its objectives and in particular the funding of the Wulanda Recreation & Convention Centre. Borrowing requirements have been modelled based on the cumulative effect of operating deficits/surpluses, capital expenditure and revenue. The debt structure and allocation between fixed (credit foncier) and flexible (CADs) was developed in consultation with Elected Members and the Audit and Risk Committee.



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10. Key Financial Ratios

OVERVIEW

**Local Government Sector Performance** - The following Key Financial Indicators are deemed by the Local Government Sector to be the best indicators for determining financial sustainability:

- Operating surplus / (deficit) ratio;
- Net financial liabilities ratio; and
- Asset renewal funding ratio.

**Legislative Requirement** - These indicators are also a requirement of Council's annual financial reporting in accordance with Local Government legislation and regulations.

Section 122 of the Local Government Act 1999 states that Councils should assess:

*"...The sustainability of the Council's financial performance and position, and... The extent of levels of services that will be required to be provided by the council to achieve its objectives and to the extent to which any infrastructure will need to be maintained, replaced or developed by the Council..."*

**Treasury Management Policy** - The following graphs and accompanying commentary are set against targets included in the adopted "Treasury Management Policy" as shown below:

6.3 Key Financial Indicators (KFI's)

- Council ensures long term financial sustainability using key financial indicators in its LTFP. Council has the following targets:
  - **Operating Surplus Ratio** – To achieve a positive operating surplus ratio by FY 2027.
  - **Net Financial Liabilities Ratio** – Achieve a target of less than 100% of total operating revenue by FY 2027; and
  - **Asset Renewal Funding Ratio** - Maintain asset renewal funding ratio of greater than or equal to 100% of the Asset Management Plan."

**Additional Ratio** – The borrowing to income ratio has been incorporated in the LTFP as an additional measure of financial sustainability.



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OPERATING SURPLUS RATIO

What is the purpose of this ratio?

This financial indicator is useful in determining if current ratepayers are paying enough to cover products and services provided in each period.

How is this ratio calculated?

Operating surplus before capital revenues as a percentage of total operating revenue.

What is the target?

The target to be achieved by FY2027 is that Council will achieve a positive ratio.



Result:

Council expects to return to a surplus ratio in FY 2027, aligned with the target, delivering a positive ratio for 8 years of the LTFP. The average ratio over the life of the LTFP is 2.8%.

It should be noted that the surplus is required in future years for the repayment of debt.





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NET FINANCIAL LIABILITIES RATIO

What is the purpose of this ratio?

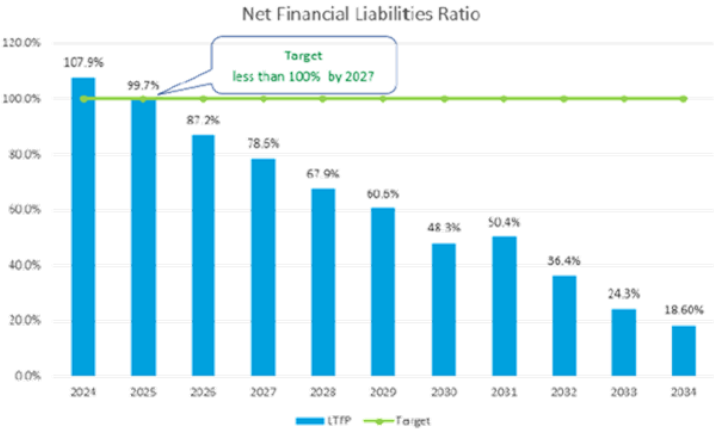
This financial indicator is useful in determining the level of indebtedness that Council has in comparison to its operating revenue.

How is this ratio calculated?

Net financial liabilities as a percentage of total operating revenue.

What is the target?

“Council will achieve a net financial liabilities ratio of less than 100% of total operating revenue by FY 2027”.



Result:

Council achieves its target of less than 100% Net Financial Liabilities Ratio by FY 2025 (99.7%), with a ratio of below the target for 10 out of the 10 years, an average ratio of 55.2% over the forward 10 years and a peak ratio of 99.7% in FY 2025.



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ASSET RENEWAL FUNDING RATIO

What is the purpose of this ratio?

This financial indicator is useful in determining if Council is maintaining all of its assets.

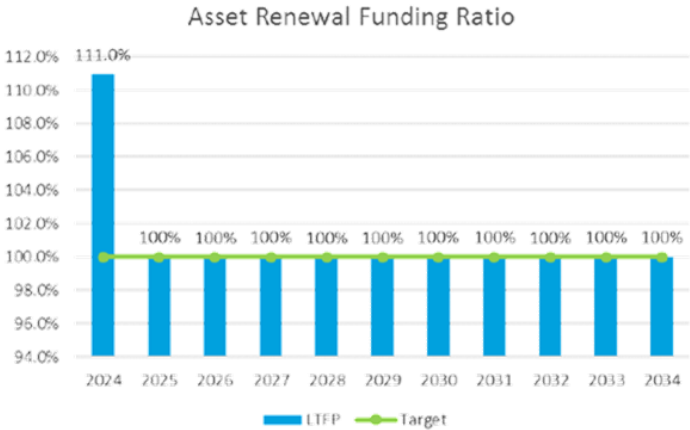
This is best demonstrated by comparing total Capital Renewal expenditure planned against Strategic Asset Management Plan requirements.

How is this ratio calculated?

Capital expenditure on renewal or replacement of existing assets as a percentage of asset management plan allocations.

What is the target?

“Council will maintain an asset renewal funding ratio of greater than or equal to 100% of Asset Management Plan”.



Result:

Council will achieve over the period of the plan the required expenditure that is set out in the Asset Management Plan.

Renewal expenditure for the future 10 years is expected to be aligned with the Asset Management Plan i.e. a ratio of 100%.



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BORROWING TO INCOME RATIO

What is the purpose of this ratio?

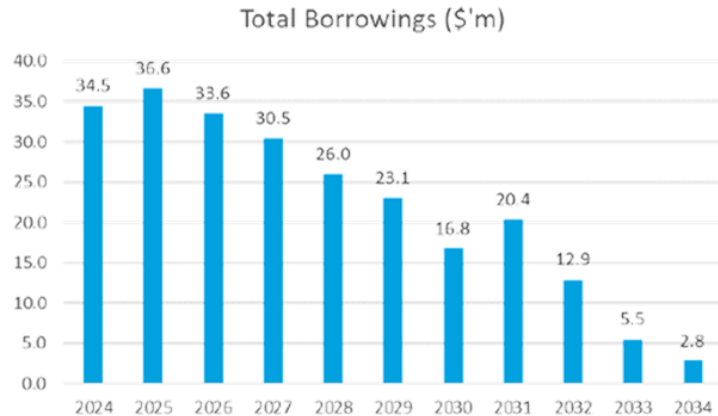
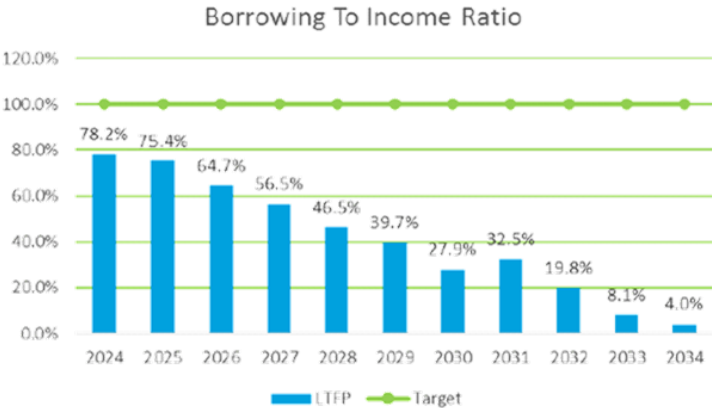
This is a way to measure Council's ability to make loan repayments comfortably without putting the organisation in financial hardship.

How is this ratio calculated?

Total borrowings including CAD divided by total operating revenue.

What is the target?

"Council will maintain a target of less than 100%".



Result:

As debt is repaid through rates revenue, it is important that we are mindful of how much we borrow and how quickly we can repay our debt. That is why we have a long term view of debt and have focused on Council's debt structure and significantly reducing debt from the peak of \$36.6m in FY 2025 to \$2.8m in FY 2034.

For all years of the LTFP the borrowing to income ratio is lower than the 100% target.

Debt structure assumptions i.e. the mix of borrowings between fixed debt and flexible debt and the term of the loans used to fund Council's activities have been considered in the context of the adopted Treasury Management Policy (T150).



## Draft Long Term Financial Plan 2025-2034

### Assumptions

Key Assumptions	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
General Rates Revenue Increase (excl Growth)	10.24%	8.35%	4.50%	4.50%	4.40%	4.30%	4.30%	4.40%	4.50%	4.50%
Assessment Growth	1.00%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Waste Service Charge Increase	43.81%	20.00%	5.00%	4.50%	4.40%	4.30%	4.30%	4.40%	4.50%	4.50%
Consumer Price Index (South Australian CPI)	2.90%	2.60%	2.50%	2.50%	2.40%	2.30%	2.30%	2.40%	2.50%	2.50%
Std Bank Variable Interest Rate (Dec 23)	8.09%	7.24%	6.84%	6.65%	6.44%	6.19%	6.08%	6.06%	6.06%	6.06%

### Significant Expenditure:

Item	Operating / Capital	Assumption
DC Grant Sale Yards Contribution	Operating	\$38.5k p.a. for FY 2025 and FY 2026
ESCOSA Local Government Rates Oversight Scheme	Operating	FY 2025 \$40k, FY 2029 \$40k, FY 2033 \$40k (unindexed).
Workforce Plan	Operating	\$50k in FY 2025.
Asset Condition Audits	Operating	\$50k p.a. (unindexed).
SROSS Masterplans	Operating	\$50k p.a. (unindexed).
CBD Activation	Operating	C\$100k p.a. (unindexed).
Business Systems Review	Operating	\$115k in FY 2025 and \$250k in FY 2026.
Council Election costs	Operating	FY2027 \$140k, and FY2031 \$150k.
Infrastructure Valuations	Operating	c\$230k (unindexed in FY 2027 and FY 2031)
Buildings Valuations	Operating	c\$200k (unindexed in FY 2027 and FY 2031).
Strategic Work Plan Allocation	Operating	C\$400k in FY 2025 and \$435k from 2026 onwards (unindexed).
SROSS Implementation	Capital	Year 1 Design \$500k, Year 2 Construct \$4,500k (gross capital expenditure unindexed), supported by 50% grant funding (unindexed).





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### Financial Statements - Uniform Presentation of Finances

2023 Actual	\$'000s	2024 Draft BR3	2025 Draft ABP	2026 Draft LTFP	2027 Draft LTFP	2028 Draft LTFP	2029 Draft LTFP	2030 Draft LTFP	2031 Draft LTFP	2032 Draft LTFP	2033 Draft LTFP	2034 Draft LTFP
<b>Income</b>												
24,893	Rates	26,455	30,314	33,398	35,029	36,713	38,442	40,215	42,072	44,057	46,181	48,409
731	Statutory Charges	847	896	913	931	948	966	985	1,003	1,022	1,042	1,062
6,947	User Charges	9,055	9,812	10,188	10,442	10,703	10,960	11,212	11,470	11,745	12,039	12,340
1,071	Grants, Subsidies and Contributions - Capital	1,053	388	138	63	65	66	68	69	71	73	75
6,402	Grants, Subsidies and Contributions - Operating	4,738	5,250	5,341	5,475	5,607	5,717	5,835	5,955	6,094	6,221	6,362
49	Investment Income	53	57	60	55	50	43	38	27	33	0	0
755	Reimbursements	1,351	1,192	1,195	1,225	1,256	1,286	1,316	1,346	1,378	1,413	1,448
1,263	Other Income	509	665	679	696	713	730	747	764	783	802	822
<b>42,111</b>	<b>Total Income</b>	<b>44,060</b>	<b>48,574</b>	<b>51,913</b>	<b>53,916</b>	<b>56,055</b>	<b>58,211</b>	<b>60,415</b>	<b>62,707</b>	<b>65,183</b>	<b>67,770</b>	<b>70,516</b>
<b>Expenses</b>												
14,365	Employee Costs	15,492	16,324	17,302	18,127	18,985	19,858	20,745	21,665	22,642	23,679	24,758
17,460	Materials, Contracts & Other Expenses	19,921	20,148	20,766	21,509	21,419	21,966	22,437	23,588	23,504	24,128	24,694
10,176	Depreciation, Amortisation & Impairment	11,019	11,857	12,142	12,637	13,043	13,590	14,135	14,244	15,605	15,831	15,938
1,094	Finance Costs	1,876	1,928	1,817	1,587	1,394	1,208	987	1,073	821	485	263
<b>43,095</b>	<b>Total Expenses</b>	<b>48,308</b>	<b>50,257</b>	<b>52,027</b>	<b>53,860</b>	<b>54,841</b>	<b>56,622</b>	<b>58,305</b>	<b>60,571</b>	<b>62,573</b>	<b>64,124</b>	<b>65,653</b>
<b>(984)</b>	<b>Operating surplus / (deficit)</b>	<b>(4,248)</b>	<b>(1,683)</b>	<b>(115)</b>	<b>57</b>	<b>1,214</b>	<b>1,588</b>	<b>2,110</b>	<b>2,136</b>	<b>2,610</b>	<b>3,646</b>	<b>4,863</b>
17	Timing Adjustment for grant revenue	(36)										
<b>(967)</b>	<b>Adjusted Operating Surplus (Deficit)</b>	<b>(4,285)</b>	<b>(1,683)</b>	<b>(115)</b>	<b>57</b>	<b>1,214</b>	<b>1,588</b>	<b>2,110</b>	<b>2,136</b>	<b>2,610</b>	<b>3,646</b>	<b>4,863</b>
<b>Net outlays on existing assets</b>												
(5,370)	Capital expenditure on renewal and replacement of existing assets	(6,395)	(8,696)	(7,893)	(8,254)	(8,326)	(8,292)	(9,048)	(10,480)	(9,144)	(8,590)	(10,003)
10,176	Depreciation, amortisation and impairment	11,019	11,857	12,142	12,637	13,043	13,590	14,135	14,244	15,605	15,831	15,938
40	Proceeds from sale of replaced assets	242	332	228	213	198	219	257	312	231	166	249
<b>4,846</b>	<b>Net outlays on existing assets</b>	<b>4,866</b>	<b>3,493</b>	<b>4,477</b>	<b>4,595</b>	<b>4,915</b>	<b>5,516</b>	<b>5,345</b>	<b>4,076</b>	<b>6,693</b>	<b>7,407</b>	<b>6,184</b>
<b>Net outlays on new and upgraded assets</b>												
(18,216)	Capital expenditure on new and upgraded assets (including investments property & real estate developments)	(6,501)	(2,743)	(1,061)	(1,555)	(1,874)	(6,644)	(1,433)	(9,936)	(1,501)	(6,388)	(6,499)
5,142	Amounts received specifically for new and upgraded assets	500	250	0	0	269	2,484	282	2,599	296	2,728	311
20	Proceeds from sale of surplus assets (including investment property and real estate developments and non-current assets held for resale)											
<b>(13,054)</b>	<b>Net outlays on new and upgraded assets</b>	<b>(6,002)</b>	<b>(2,493)</b>	<b>(1,061)</b>	<b>(1,555)</b>	<b>(1,605)</b>	<b>(4,160)</b>	<b>(1,150)</b>	<b>(7,337)</b>	<b>(1,205)</b>	<b>(3,660)</b>	<b>(6,188)</b>
<b>(9,175)</b>	<b>Net lending / (borrowing) for financial year</b>	<b>(5,421)</b>	<b>(683)</b>	<b>3,302</b>	<b>3,097</b>	<b>4,524</b>	<b>2,945</b>	<b>6,305</b>	<b>(1,125)</b>	<b>8,098</b>	<b>7,393</b>	<b>4,859</b>



## Draft Long Term Financial Plan 2025-2034

### Financial Statements - Statement of Comprehensive Income

2023 Actual	2024 Draft BR3	2025 Draft ABP	2026 Draft LTFF	2027 Draft LTFF	2028 Draft LTFF	2029 Draft LTFF	2030 Draft LTFF	2031 Draft LTFF	2032 Draft LTFF	2033 Draft LTFF	2034 Draft LTFF
<b>Income</b>											
24,893 Rates	26,455	30,314	33,398	35,029	36,713	38,442	40,215	42,072	44,057	46,181	48,409
731 Statutory Charges	847	896	913	931	948	966	985	1,003	1,022	1,042	1,062
6,947 User Charges	9,055	9,812	10,188	10,442	10,703	10,960	11,212	11,470	11,745	12,039	12,340
1,071 Grants, Subsidies and Contributions - Capital	1,053	388	138	63	65	66	68	69	71	73	75
6,402 Grants, Subsidies and Contributions - Operating	4,738	5,250	5,341	5,475	5,607	5,717	5,835	5,955	6,094	6,221	6,362
49 Investment Income	53	57	60	55	50	43	38	27	33	0	0
755 Reimbursements	1,351	1,192	1,195	1,225	1,256	1,286	1,316	1,346	1,378	1,413	1,448
1,263 Other Income	509	665	679	696	713	730	747	764	783	802	822
<b>42,111 Total Income</b>	<b>44,060</b>	<b>48,574</b>	<b>51,913</b>	<b>53,916</b>	<b>56,055</b>	<b>58,211</b>	<b>60,415</b>	<b>62,707</b>	<b>65,183</b>	<b>67,770</b>	<b>70,516</b>
<b>Expenses</b>											
14,365 Employee Costs	15,492	16,324	17,302	18,127	18,985	19,858	20,745	21,665	22,642	23,679	24,758
17,460 Materials, Contracts & Other Expenses	19,921	20,148	20,766	21,509	21,419	21,966	22,437	23,588	23,504	24,128	24,694
10,176 Depreciation, Amortisation & Impairment	11,019	11,857	12,142	12,637	13,043	13,590	14,135	14,244	15,605	15,831	15,938
1,094 Finance Costs	1,876	1,928	1,817	1,587	1,394	1,208	987	1,073	821	485	263
<b>43,095 Total Expenses</b>	<b>48,308</b>	<b>50,257</b>	<b>52,027</b>	<b>53,860</b>	<b>54,841</b>	<b>56,622</b>	<b>58,305</b>	<b>60,571</b>	<b>62,573</b>	<b>64,124</b>	<b>65,653</b>
<b>(984) Operating Surplus / (Deficit)</b>	<b>(4,248)</b>	<b>(1,683)</b>	<b>(115)</b>	<b>57</b>	<b>1,214</b>	<b>1,588</b>	<b>2,110</b>	<b>2,136</b>	<b>2,610</b>	<b>3,646</b>	<b>4,863</b>
1,054 Physical Resources Received Free of Charge	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
5,808 Amounts Received Specifically for New or Upgraded Assets	211	250	0	0	269	2,484	282	2,599	296	2,728	311
(364) Asset Disposal & Fair Value Adjustments	(0)	0	0	0	0	0	0	0	0	0	0
<b>5,514 Net Surplus / (Deficit)</b>	<b>(3,038)</b>	<b>(433)</b>	<b>885</b>	<b>1,057</b>	<b>2,483</b>	<b>5,072</b>	<b>3,392</b>	<b>5,735</b>	<b>3,906</b>	<b>7,374</b>	<b>6,174</b>
<b>Other Comprehensive Income</b>											
<b>Amounts which will not be reclassified subsequently to operating result</b>											
90,897 Changes in Revaluation Surplus - IPP&E	42,695	0	11,316	11,101	11,325	11,093	10,930	11,112	12,045	12,742	13,055
(575) Impairment (Expense) / Recoupments Offset to Asset Revaluation Reserve	0	0	0	0	0	0	0	0	0	0	0
<b>90,322 Total Other Comprehensive Income</b>	<b>42,695</b>	<b>0</b>	<b>11,316</b>	<b>11,101</b>	<b>11,325</b>	<b>11,093</b>	<b>10,930</b>	<b>11,112</b>	<b>12,045</b>	<b>12,742</b>	<b>13,055</b>
<b>95,836 Total Comprehensive Income</b>	<b>39,657</b>	<b>(433)</b>	<b>12,202</b>	<b>12,158</b>	<b>13,809</b>	<b>16,165</b>	<b>14,322</b>	<b>16,848</b>	<b>15,951</b>	<b>20,116</b>	<b>19,229</b>



## Draft Long Term Financial Plan 2025-2034

### Financial Statements - Statement of Financial Position (Balance Sheet)

2023 Actual	\$'000s	2024 Draft BR3	2025 Draft ABP	2026 Draft LTFF	2027 Draft LTFF	2028 Draft LTFF	2029 Draft LTFF	2030 Draft LTFF	2031 Draft LTFF	2032 Draft LTFF	2033 Draft LTFF	2034 Draft LTFF
<b>ASSETS</b>												
<b>Current Assets</b>												
76	Cash & Cash Equivalents	500	507	506	502	498	497	493	497	499	494	1,662
4,155	Trade & Other Receivables	1,813	2,056	2,228	2,323	2,414	2,520	2,622	2,728	2,833	2,962	3,089
67	Inventories	69	71	73	74	76	78	80	82	84	86	88
4,298	<b>Total Current Assets</b>	<b>2,381</b>	<b>2,634</b>	<b>2,806</b>	<b>2,899</b>	<b>2,988</b>	<b>3,095</b>	<b>3,195</b>	<b>3,306</b>	<b>3,415</b>	<b>3,542</b>	<b>4,839</b>
<b>Non-Current Assets</b>												
399,756	Infrastructure, Property, Plant & Equipment	448,270	448,700	457,784	467,026	476,493	489,894	498,092	517,399	525,434	538,337	554,190
0	Other Non-Current Assets	0	0	0	0	0	0	0	0	0	0	0
399,756	<b>Total Non-Current Assets</b>	<b>448,270</b>	<b>448,700</b>	<b>457,784</b>	<b>467,026</b>	<b>476,493</b>	<b>489,894</b>	<b>498,092</b>	<b>517,399</b>	<b>525,434</b>	<b>538,337</b>	<b>554,190</b>
404,054	<b>TOTAL ASSETS</b>	<b>450,651</b>	<b>451,334</b>	<b>460,590</b>	<b>469,926</b>	<b>479,480</b>	<b>492,988</b>	<b>501,286</b>	<b>520,706</b>	<b>528,849</b>	<b>541,879</b>	<b>559,029</b>
<b>LIABILITIES</b>												
<b>Current Liabilities</b>												
4,801	Trade & Other Payables	5,714	5,705	5,613	5,735	5,711	5,811	5,888	6,570	6,052	6,165	6,457
3,088	Borrowings	1,269	1,337	1,417	1,484	1,555	1,629	8,744	1,330	753	780	0
3,011	Provisions	3,086	3,176	3,258	3,340	3,423	3,505	3,586	3,669	3,757	3,851	3,947
10,900	<b>Total Current Liabilities</b>	<b>10,070</b>	<b>10,218</b>	<b>10,288</b>	<b>10,559</b>	<b>10,689</b>	<b>10,945</b>	<b>18,218</b>	<b>11,569</b>	<b>10,562</b>	<b>10,796</b>	<b>10,404</b>
<b>Non-Current Liabilities</b>												
28,519	Borrowings	33,202	35,266	32,155	28,967	24,486	21,478	8,087	19,057	12,154	4,725	2,835
3,495	Provisions	6,582	5,486	5,582	5,677	5,774	5,869	5,963	4,213	4,316	4,425	4,629
32,014	<b>Total Non-Current Liabilities</b>	<b>39,784</b>	<b>40,753</b>	<b>37,737</b>	<b>34,643</b>	<b>30,259</b>	<b>27,346</b>	<b>14,049</b>	<b>23,271</b>	<b>16,469</b>	<b>9,149</b>	<b>7,464</b>
42,914	<b>TOTAL LIABILITIES</b>	<b>49,855</b>	<b>50,971</b>	<b>48,025</b>	<b>45,202</b>	<b>40,948</b>	<b>38,292</b>	<b>32,268</b>	<b>34,839</b>	<b>27,032</b>	<b>19,946</b>	<b>17,868</b>
361,140	<b>Net Assets</b>	<b>400,797</b>	<b>400,364</b>	<b>412,565</b>	<b>424,723</b>	<b>438,532</b>	<b>454,697</b>	<b>469,019</b>	<b>485,866</b>	<b>501,817</b>	<b>521,933</b>	<b>541,162</b>
<b>EQUITY</b>												
87,644	Accumulated Surplus	84,606	84,173	85,058	86,115	88,598	93,670	97,062	102,798	106,704	114,078	120,252
271,174	Asset Revaluation Reserves	313,869	313,869	325,185	336,286	347,612	358,705	369,634	380,747	392,792	405,533	418,588
2,322	Other Reserves	2,322	2,322	2,322	2,322	2,322	2,322	2,322	2,322	2,322	2,322	2,322
361,140	<b>Total Equity</b>	<b>400,797</b>	<b>400,364</b>	<b>412,565</b>	<b>424,723</b>	<b>438,532</b>	<b>454,697</b>	<b>469,019</b>	<b>485,866</b>	<b>501,817</b>	<b>521,933</b>	<b>541,162</b>



## Draft Long Term Financial Plan 2025-2034

### Financial Statements - Cashflow Statement

2023 Actual	2024 Draft BR3	2025 Draft ABP	2026 Draft LTFP	2027 Draft LTFP	2028 Draft LTFP	2029 Draft LTFP	2030 Draft LTFP	2031 Draft LTFP	2032 Draft LTFP	2033 Draft LTFP	2034 Draft LTFP
<b>Cash Flows from Operating Activities</b>											
<b>Receipts:</b>											
24,803	26,455	30,314	33,226	34,935	36,622	38,336	40,114	41,966	43,951	46,052	48,282
731	847	896	913	931	948	966	985	1,003	1,022	1,042	1,062
6,947	9,055	9,812	10,188	10,442	10,703	10,960	11,212	11,470	11,745	12,039	12,340
6,419	4,702	5,250	5,341	5,475	5,607	5,717	5,835	5,955	6,094	6,221	6,362
49	53	57	60	55	50	43	38	27	33	0	0
755	1,351	1,192	1,195	1,225	1,256	1,286	1,316	1,346	1,378	1,413	1,448
50	2,851	422	679	696	713	730	747	764	783	802	822
<b>Payments:</b>											
(15,666)	(19,099)	(21,166)	(20,685)	(21,213)	(21,265)	(21,691)	(22,187)	(25,730)	(23,834)	(23,814)	(25,408)
(14,081)	(15,492)	(16,324)	(17,302)	(18,127)	(18,985)	(19,858)	(20,745)	(21,665)	(22,642)	(23,679)	(24,758)
(720)	(1,876)	(1,928)	(1,817)	(1,587)	(1,394)	(1,208)	(987)	(1,073)	(821)	(485)	(263)
<b>9,287</b>	<b>8,845</b>	<b>8,526</b>	<b>11,798</b>	<b>12,832</b>	<b>14,255</b>	<b>15,281</b>	<b>16,326</b>	<b>14,064</b>	<b>17,710</b>	<b>19,590</b>	<b>19,887</b>
<b>Cash Flows from Investing Activities</b>											
<b>Receipts:</b>											
1,071	1,053	388	138	63	65	66	68	69	71	73	75
5,142	500	250	0	0	269	2,484	282	2,599	296	2,728	311
40	242	332	228	213	198	219	257	312	231	166	249
20	0	0	0	0	0	0	0	0	0	0	0
<b>Payments:</b>											
(5,370)	(6,395)	(8,696)	(7,893)	(8,254)	(8,326)	(8,292)	(9,048)	(10,480)	(9,144)	(8,590)	(10,003)
(18,216)	(6,501)	(2,743)	(1,061)	(1,555)	(1,874)	(6,644)	(1,433)	(9,936)	(1,501)	(6,388)	(6,499)
<b>(17,313)</b>	<b>(11,102)</b>	<b>(10,469)</b>	<b>(8,587)</b>	<b>(9,534)</b>	<b>(9,669)</b>	<b>(12,167)</b>	<b>(9,873)</b>	<b>(17,436)</b>	<b>(10,047)</b>	<b>(12,012)</b>	<b>(15,867)</b>
<b>Cash Flows from Financing Activities</b>											
<b>Receipts:</b>											
10,000	5,791	3,402	0	0	0	0	0	12,301	0	0	0
22											
<b>Payments:</b>											
<b>Payments:</b>											
(1,905)	(2,930)	(1,269)	(3,032)	(3,121)	(4,410)	(2,934)	(6,275)	(8,744)	(7,480)	(7,402)	(2,670)
(265)	(181)	(181)	(181)	(181)	(181)	(181)	(181)	(181)	(181)	(181)	(181)
0											
<b>7,852</b>	<b>2,680</b>	<b>1,951</b>	<b>(3,212)</b>	<b>(3,302)</b>	<b>(4,591)</b>	<b>(3,115)</b>	<b>(6,456)</b>	<b>3,376</b>	<b>(7,661)</b>	<b>(7,583)</b>	<b>(2,851)</b>
<b>(174)</b>	<b>424</b>	<b>8</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>	<b>(1)</b>	<b>(3)</b>	<b>4</b>	<b>2</b>	<b>(5)</b>	<b>1,168</b>
<b>250</b>	<b>76</b>	<b>500</b>	<b>507</b>	<b>506</b>	<b>502</b>	<b>498</b>	<b>497</b>	<b>493</b>	<b>497</b>	<b>499</b>	<b>494</b>
<b>76</b>	<b>500</b>	<b>507</b>	<b>506</b>	<b>502</b>	<b>498</b>	<b>497</b>	<b>493</b>	<b>497</b>	<b>499</b>	<b>494</b>	<b>1,662</b>





## Draft Long Term Financial Plan 2025-2034

### Financial Statements - Statement of Equity

2023 Actual	\$'000s	2024 Draft BR3	2025 Draft ABP	2026 Draft LTFF	2027 Draft LTFF	2028 Draft LTFF	2029 Draft LTFF	2030 Draft LTFF	2031 Draft LTFF	2032 Draft LTFF	2033 Draft LTFF	2034 Draft LTFF
<b>Accumulated Surplus</b>												
83,080	Balance at the end of previous reporting period	87,644	84,606	84,173	85,058	86,115	88,598	93,670	97,062	102,798	106,704	114,078
5,514	Net result for the year	(3,038)	(433)	885	1,057	2,483	5,072	3,392	5,735	3,906	7,374	6,174
(950)	Transfers from other reserves/adjustments	0	0	0	0	0	0	0	0	0	0	0
87,644	Balance at the end of the period	84,606	84,173	85,058	86,115	88,598	93,670	97,062	102,798	106,704	114,078	120,252
<b>Asset Revaluation Reserve</b>												
180,852	Balance at the end of previous reporting period	271,174	313,869	313,869	325,185	336,286	347,612	358,705	369,634	380,747	392,792	405,533
90,322	Gain (Loss) on Revaluation of I, PP&E	42,695	0	11,316	11,101	11,325	11,093	10,930	11,112	12,045	12,742	13,055
271,174	Balance at the end of period	313,869	313,869	325,185	336,286	347,612	358,705	369,634	380,747	392,792	405,533	418,588
<b>Other Reserves</b>												
1,372	Balance at the end of previous reporting period	2,322	2,322	2,322	2,322	2,322	2,322	2,322	2,322	2,322	2,322	2,322
950	Transfers from Accumulated Surplus	0	0	0	0	0	0	0	0	0	0	0
2,322	Balance at the end of period	2,322	2,322	2,322	2,322	2,322	2,322	2,322	2,322	2,322	2,322	2,322
361,140	Total Equity at end of reporting period	400,797	400,364	412,565	424,723	438,532	454,697	469,019	485,866	501,817	521,933	541,162



## Draft Long Term Financial Plan 2025-2034

### Glossary

Term	Definition
<b>Asset Renewal Funding Ratio</b>	Indicates whether the Council is renewing or replacing existing non-financial assets at the same rate as its assets are used or 'consumed'. The ratio is calculated by measuring capital expenditure on renewal and replacement of assets relative to the level of depreciation. Where a Council has soundly based Asset Management Plan, a more meaningful asset sustainability ratio would be calculated by measuring the actual level of capital expenditure on renewal and replacement of assets (or proposed in the budget) with the optimal level identified in the plan.
<b>Financial Assets</b>	Financial Assets include cash, investments, loans to community groups, receivables and prepayments, but excludes equity held in Council businesses, inventories and land held for resale.
<b>Financial Sustainability</b>	Financial Sustainability is where planned long-term service and infrastructure levels and standards are met without unplanned and disruptive increases in rates or cuts to services.
<b>Asset Management Plan (AMPs)</b>	An operational plan for Council's Landfill, Building and Structures, Infrastructure (Roads), Plant and Equipment and Sundry physical assets with the objective of providing the required level of service, maintenance and renewal of such assets in the most cost effective and efficient manner.
<b>Net Financial Liabilities Ratio (NFLR)</b>	Is Net Financial Liabilities as a percentage of total operating revenue. The ratio allows interested parties to readily equate the outstanding level of the Council's accumulated financial obligations against the level of one-year's operating revenue. Where the ratio reduces over time, it generally indicates that the Council's capacity to meet its financial obligations is strengthening.
<b>Annual net impact to financing activities (surplus (deficit))</b>	Annual net impact to financing activities (surplus (deficit)) equals Operating surplus / (deficit), less net outlays on non-financial assets. The Net lending / (borrowing) result is a measure of the Council's overall (i.e. Operating and Capital) budget. Achieving a zero result on the Net lending / (borrowing) measure in any one year essentially means that the Council has met its expenditure (both operating and capital) from the current year's revenues.
<b>Non-financial or physical asset</b>	Non-financial or physical assets refers to infrastructure, land, buildings, plant, equipment, furniture and fittings, library books and inventories.
<b>Operating deficit</b>	Where operating revenues are less than operating expenses (i.e. operating revenue is therefore not sufficient to cover all operating expenses).
<b>Operating expenses</b>	Operating expenses are operating expenses shown in the Income Statement, including depreciation, but excluding losses on disposal or revaluation of non-financial assets.



**Draft Long Term Financial Plan 2025-2034**

<b>Operating revenues</b>	Operating revenues are incomes shown in the Income Statement but exclude profit on disposal of non-financial assets and amounts received specifically for new/upgraded assets (e.g. from a developer).
<b>Operating surplus</b>	Operating surplus is where operating revenues are greater than operating expenses (i.e. operating revenue is therefore sufficient to cover all operating expenses).
<b>Operating Surplus Ratio (OSR)</b>	Operating Surplus Ratio expresses the operating surplus (deficit) as a percentage of operating revenue.



**5.3 DRAFT ASSET MANAGEMENT PLANS (AMPS) 2025-2034 – REPORT NO. AR24/37154**

<b>Committee:</b>	<b>Audit and Risk Committee</b>
<b>Meeting Date:</b>	<b>3 June 2024</b>
<b>Report No.:</b>	<b>AR24/37154</b>
<b>CM9 Reference:</b>	<b>AF11/863</b>
<b>Author:</b>	<b>Barbara Cernovskis, General Manager City Infrastructure</b>
<b>Authoriser:</b>	<b>Jane Fetherstonhaugh, Acting Chief Executive Officer</b>
<b>Summary:</b>	<b>This report is to review the Draft Asset Management Plan (AMPs) which form the basis for the Long-Term Financial Plan and the Annual Business Plan and Budget process.</b>
<b>Strategic Plan Reference:</b>	<b>Goal 1: Our People</b> <b>Goal 2: Our Location</b> <b>Goal 3: Our Diverse Economy</b> <b>Goal 4: Our Climate, Natural Resources, Arts, Culture and Heritage</b> <b>Goal 5: Our Commitment</b>

**REPORT RECOMMENDATION**

1. That Audit and Risk Committee Report No. AR24/37154 titled 'Draft Asset Management Plans (AMPs) 2025-2034' as presented on 03 June 2024 be noted.
2. That the Audit and Risk Committee feedback on Council's Draft Asset Management Plans (AMPs) 2025-2034 and/or the associated processes and risks, as follows:
  - XXXXX
  - XXXXX
  - XXXXXbe incorporated with the public consultation feedback to be presented to the Special Council meeting on 18 June 2024, for consideration of the adoption of the Draft Asset Management Plans (AMPs) 2025-2034.





## TYPE OF REPORT

Corporate

## BACKGROUND

### Local Government Act 1999

The requirement for Councils Asset Management Plans (AMPs) relate to the overall Strategic Management Plans of Council, as per Chapter 8 Part 1, Section 122 of the Local Government Act 1999:

- “(1) A council must develop and adopt plans (which may take various forms) for the management of its area, to be called collectively the **strategic management plans**, which*
- (a) identify the council's objectives for the area over a period of at least 4 years (the relevant period)*
- (1a) A council must, in conjunction with the plans required under subsection (1), develop and adopt*
- (a) a long-term financial plan for a period of at least 10 years*
  - (b) an infrastructure and asset management plan, relating to the management and development of infrastructure and major assets by the council for a period of at least 10 years, (and these plans will also be taken to form part of the council's strategic management plans).*
- (1b) The financial projections in a long-term financial plan adopted by a council must be consistent with those in the infrastructure and asset management plan adopted by the council.”*

### Audit and Risk Committee

As part of the Terms of Reference, it is a requirement for the Audit and Risk Committee to review the Draft Asset Management Plans.

#### *“12.6 Review of Strategic Management and Business Plans:*

*The Committee shall review and provide advice on Council's strategic management plans (at the time of their preparation and scheduled review), which include the following:*

- *Strategic Plan;*
- *Key principles and assumptions of the Long Term Financial Plan;*
- *Various Asset Management Plans; and*
- *Annual Business Plan.”*

Additionally, at the November 2021 Council Meeting the proposal to review the Long Term Financial Plan (LTFP) and Asset Management Plans (AMP) at the same time as constructing the Annual Business Plan and Budget was presented and endorsed. This approach ensures that these key documents remain aligned.

## PROPOSAL

The Strategic Work Plan guides the delivery of Council's priorities over the next three years and has been updated for 2024/2025 onwards through engagement with Council staff, Council's Executive Team and Elected Members.

As a result there are three fundamental projects that have been identified as critical to the successful delivery of this strategic work; they are referred to as the “Unlocking Projects”



**Figure 1. Unlocking Projects**



Asset Management Planning is one of the three “unlocking” strategic priorities designed to optimise Council’s Asset Management practices and the Asset Investment Strategy.

Integral to the Asset Management Planning priority is the second “unlocking” strategic priority, Business Systems and Infrastructure. This priority project is designed to optimise Councils data management, asset management, improve process and equip the organisation to adequately support an efficient and mobilised workforce.

Asset Management Planning as a strategic priority project for Council means that each asset class is being systematically reviewed and deliberate steps have been taken to ensure strategic alignment with Council and community priorities. This is a dynamic process that will evolve our Asset Management and Asset Accounting practice and process with a view to achieve best practice over the coming three years.

This year Council has reviewed and updated asset management plans for the following classes:

- Infrastructure
  - Footpaths and Shared Paths
  - Kerb and Gutter
  - Roads
  - Traffic Signals
  - Stormwater
  - Carparks
  - Retaining Walls
- Buildings and Structures
- Plant and Equipment

This work has been informed by extensive condition audits and subsequent valuations that have been undertaken in the 2022/2023 and 2023/2024 financial year.

**Caroline Landfill** - Due to growth, cost increases and a tightly regulated environment Waste Management master planning for Councils’ Waste service, from kerbside to landfill, has

commenced. Financial modelling is key to support the management and future planning of the site. In the interim, the forward capital works program has been updated.

Due to availability of specialist consultants, there have been some initial delays experienced with the master plan however, it is now well underway and this work will inform the next iteration of the Asset Management Plan for this class in 2025/2026.

**IT and Sundry** - The Business Systems and Infrastructure strategic priority project is progressing and will significantly reshape this asset class. In the interim, the forward capital works program has been updated.

The work that is progressing at the time of writing this summary will inform the next iteration of Asset Management Plan for this class in 2025/2026.

The consolidated AMP budget based on the capital forward works program included in the attached summary:

Including SROSS New											
Asset Management Plan - 2025-2034											
\$'000s		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Infrastructure	Renewal	3,624	3,565	3,869	3,897	3,470	3,587	4,098	3,565	3,569	3,707
	Upgrade/new	411	374	374	374	374	374	374	374	374	374
Buildings	Renewal	1,197	1,627	1,627	1,627	1,627	1,627	1,627	1,627	1,627	1,627
	Upgrade/new	1,588	155	155	655	4,655	655	4,655	655	4,655	655
Plant	Renewal	3,613	2,279	2,128	1,976	2,191	2,573	3,122	2,314	1,664	2,490
	Upgrade/new	456	305	750	510	790	40	40	40	40	1,040
Caroline	Upgrade/new	0	0	0	0	0	0	3,333	0	0	2,960
IT	Renewal	23	75	75	75	75	75	75	75	75	75
	Upgrade/new	140	100	100	100	100	100	100	100	100	100
Sundry	Renewal	240	150	150	150	150	150	150	150	150	150
	Upgrade/new	146	100	100	100	100	100	100	100	100	100
TOTAL	Renewal	8,696	7,696	7,849	7,724	7,513	8,012	9,072	7,730	7,085	8,049
	Upgrade/new	2,742	1,034	1,479	1,739	6,019	1,269	8,602	1,269	5,269	5,229
	TOTAL	11,438	8,730	9,328	9,463	13,532	9,281	17,674	8,999	12,354	13,278

The individual AMPs (excluding Caroline Landfill and IT, Sundry), as well as the Asset Management Summary have been attached to this report.

## LEGAL IMPLICATIONS

The preparation of asset management plans is a statutory requirement of the Local Government Act.

Requirements for the AMPs relate to the overall Strategic Management Plans of Council, as per Chapter 8, Part 1, Section 122 of the *Local Government Act 1999*.

The AMPs will become a primary document that will be reviewed by ESCOSA on a four year rotating schedule as part of a range of strategic planning documents with advice provided to the Council.

## STRATEGIC PLAN

The AMPs are a statutory part of Councils Strategic Management Plans.

## COUNCIL POLICY

The AMPs have been reviewed in accordance with the following Council Policies:

- [Asset Management](#)
- [Asset Accounting](#)

## ECONOMIC IMPLICATIONS

The AMPs ensure adequate provision is made for the long-term, sustainable management of Councils infrastructure and assets.

## ENVIRONMENTAL IMPLICATIONS

Environmental consequence is considered in accordance with Councils Strategic Plans.



## **SOCIAL IMPLICATIONS**

Social consequence is considered in accordance with Councils Strategic Plans that include the Regional Health Plan and Reconciliation Action Plan.

## **CULTURAL IMPLICATIONS**

Cultural consequence is considered in accordance with Councils Strategic Plans that include the Reconciliation Action Plan.

## **RESOURCE IMPLICATIONS**

The AMPs will be implemented within Councils capacity to deliver.

## **VALUE FOR MONEY**

The AMPs ensure adequate provision is made for the long-term, sustainable management of Councils infrastructure and assets.

## **RISK IMPLICATIONS**

The AMPs in conjunction with the LTFP focus on sustainable management of risk, both from a service level and a financial perspective.

## **EQUALITIES AND DIVERSITY IMPLICATIONS**

N/A

## **ENGAGEMENT AND COMMUNICATION STRATEGY**

Community consultation timelines and approach is aligned with that defined in the Local Government Act.

Council's Policy P195 Community Consultation and Engagement Policy defines community consultation as being "*part of community engagement and means a planned process by which the Council formally invites its constituents and stakeholders to comment about matters upon which Elected members are to deliberate*".

The draft AMPs will be open for community consultation from 23 May 2024 to 13 June 2024. This will be concurrent with draft Long Term Financial Plan and Annual Business Plan and Budget.

Copies will be available at:

- The Mount Gambier Library
- The Customer Service counter
- Have Your Say website

A Special Council Meeting will be held on Tuesday 18 June 2024 at 5:00pm to hear feedback from the community.

## **IMPLEMENTATION STRATEGY**

AMPs will be delivered in accordance with the Objectives and KPI's outlined in the 2024/25 Annual Business Plan and Budget.

## **CONCLUSION AND RECOMMENDATION**

Council's Asset Management Plans influence the allocation of resources for Council to provide services and infrastructure in a sustainable manner to the community. The Draft Asset Management Plans 2025-2034 were endorsed at the 21 May 2024 Council Meeting for community consultation.

The Audit and Risk Committee are invited to make any recommendations to Council to be included in public consultation feedback on Council's Draft Asset Management Plan 2025-2034 and/or the associated processes and risks.





## **ATTACHMENTS**

1. DRAFT City of Mount Gambier Asset Management Summary 2025-2034 [↓](#)
2. DRAFT City of Mount Gambier Infrastructure Asset Management Plan 2025-2034 [↓](#)
3. DRAFT City of Mount Gambier Building and Structures Asset Management Plan 2025-2034 [↓](#)
4. DRAFT City of Mount Gambier Plant and Equipment Asset Management Plan 2025-2034 [↓](#)








# Asset Management Summary

## 2025-2034

May 2024



Document Control		  			
Document ID: AR24/33734 City of Mount Gambier Infrastructure Asset Management Plan - Summary					
Rev No	Date	Revision Details	Author	Reviewer	Approver
1	March 2019	Creation of separate Asset Management Plan Summary	KR	NS	NS
2	February 2021	Updated in preparation for FY2022 budget process	CM	JZ	
3	May 2022	Updated in preparation for FY2023 budget process	MM	JS	BC
4	May 2024	Updated in preparation for FY2025 budget process	AM/BC	JS	BC

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## 1. Summary

The City of Mount Gambier currently manages approximately \$400 million of assets on behalf of the community. Council recognises the importance that these assets be provided and maintained at a satisfactory level taking into consideration legislative and compliance obligations, community expectations and available resources.

Assets are categorised into asset classes. Each class contains complex data, including information about an asset's age, location, use, type, estimated useful life and residual values. Table 1 provides a summary of Council's asset categories as at 30 June 2023.

**Table 1a: Infrastructure, Property, Plant and Equipment Summary, as at 30 June 2023**

Asset Class	Fair Value ('000)	Annual Depreciation ('000)	Acc. Depreciation ('000)	Replacement Cost. ('000)
<b>Building/Structures</b>	<b>\$114,079</b>	<b>\$3,524</b>	<b>\$55,438</b>	<b>\$169,517</b>
Buildings	\$93,693	\$2,782	\$43,469	\$137,162
Structures	\$20,386	\$742	\$11,969	\$32,355
<b>Infrastructure</b>	<b>\$205,676</b>	<b>\$3,639</b>	<b>\$61,542</b>	<b>\$267,218</b>
Carpark	\$7,235	\$256	\$3,378	\$10,613
Footpaths	\$19,050	\$407	\$6,335	\$25,385
Kerb & Channel	\$55,230	\$831	\$15,038	\$70,268
Pavement	\$43,332	\$784	\$12,504	\$55,836
Retaining Walls	\$367	\$6	\$12	\$379
Safety Barriers	\$30	\$1	\$3	\$33
Seals	\$18,660	\$1,143	\$5,437	\$24,097
Lighting	\$1,549	\$24	\$24	\$1,573
Sub Pavement	\$50,679	\$8	\$13,940	\$64,619
Traffic Lights	\$2,286	\$54	\$2,276	\$4,562
Stormwater	\$7,258	\$125	\$2,595	\$9,853
<b>Land</b>	<b>\$62,766</b>	<b>\$0</b>	<b>\$0</b>	<b>\$62,766</b>
Land	\$62,766	\$0	\$0	\$62,766
<b>Plant &amp; Equipment</b>	<b>\$6,185</b>	<b>\$692</b>	<b>\$3,966</b>	<b>\$10,151</b>
Graders	\$70	\$0	\$180	\$250
Loaders	\$892	\$101	\$583	\$1,475
Minor Plant	\$162	\$34	\$208	\$370
Rollers	\$267	\$11	\$106	\$373
Staff Vehicles	\$393	\$42	\$182	\$575
Sundry Equipment	\$602	\$33	\$33	\$635
Sundry Plant	\$824	\$146	\$782	\$1,606
Tractors	\$174	\$12	\$114	\$288
Trucks	\$2,801	\$313	\$1,778	\$4,579
<b>Sundry</b>	<b>\$8,022</b>	<b>\$257</b>	<b>\$2,041</b>	<b>\$10,063</b>
<b>Art &amp; Historical Collections</b>				
Art Collection	\$4,356	\$0	\$0	\$4,356
Historical Materials	\$300	\$0	\$0	\$300
<b>Furniture &amp; Fittings</b>				
Electrical Equipment	\$286	\$11	\$14	\$300
Furniture	\$793	\$55	\$789	\$1,582



Miscellaneous	\$33	\$2	\$2	\$35
<b>Information Technology</b>				
IT - Hardware & Equipment	\$1,153	\$100	\$413	\$1,566
Software	\$123	\$41	\$509	\$632
<b>Land Improvements</b>				
Landscaping	\$155	\$4	\$35	\$190
Pine Plantation	\$8	\$0	\$0	\$8
Street Trees	\$476	\$11	\$55	\$531
<b>Other</b>				
Christmas Decorations & Banners	\$54	\$9	\$33	\$87
Sundry Public Art	\$10	\$2	\$9	\$19
Waste Collection Assets	\$275	\$22	\$182	\$457
<b>Waste Management (Caroline Cells)</b>	<b>\$390</b>	<b>\$1,754</b>	<b>\$9,841</b>	<b>\$10,231</b>
Capping	\$0	\$792	\$3,848	\$3,848
Construction	\$0	\$957	\$5,433	\$5,433
Make Good/Restoration	\$390	\$5	\$560	\$950
<b>Grand Total</b>	<b>\$397,118</b>	<b>\$9,866</b>	<b>\$132,828</b>	<b>\$529,946</b>

NB - This table excludes work in progress and right of use assets.

Table 1b: Infrastructure and Property Summary, revaluations as at 1 July 2023

Asset Class	Fair Value ('000)	Annual Depreciation ('000)	Acc. Depreciation ('000)	Replacement Cost. ('000)
<b>Building/Structures</b>	<b>\$130,562</b>	<b>\$4,506</b>	<b>\$60,332</b>	<b>\$190,894</b>
Buildings	\$110,811	\$3,691	\$48,579	\$159,390
Structures	\$19,751	\$815	\$11,753	\$31,504
<b>Other Infrastructure</b>	<b>\$37,503</b>	<b>\$617</b>	<b>\$14,346</b>	<b>\$51,849</b>
Carpark	\$7,300	\$237	\$3,301	\$10,601
Retaining Walls	\$4,299	\$64	\$1,355	\$5,654
Stormwater	\$25,904	\$316	\$9,690	\$35,594

NB - This table excludes work in progress and right of use assets. It has been included to show the impact of revaluations as at 1 July 2023 due to the materiality of their impact from 30 June 2023.



## **2. Key Asset Management Projects**

### **2.1. Strategic Asset Management Planning**

Asset Management Planning is one of the three "unlocking" strategic priority projects to be undertaken by the Council to optimise its Asset Management practices and the Asset Investment Strategy. A Community asset service level satisfaction survey and the Mount Gambier 2035 strategic vision will guide Council's strategic plan and determine the optimal asset renewal criteria and asset investment within this period.

A restructure of asset classes and asset management practices are currently under review and will be dynamically updated in response to the completion of the "unlocking" strategic priority projects with integration of Asset Management and Accounting as a crucial priority over the next Three (3) years.

### **2.2. Business Systems and Infrastructure**

Business Systems and Infrastructure is the second of three "unlocking" strategic priority projects to be undertaken by the Council to optimise its data management, asset management, improve process and equip the organisation to adequately support an efficient and mobilized workforce.

Equipping staff in the field with appropriate technology / devices will allow identification and reporting of any asset-related issues in real time which will streamline maintenance schedules and procedures. It will also assist with more accurate costings, further strengthening the ability to allocate, track and forecast Council's resources.

A strategic review of current systems has commenced to assess their capability to deal with data management has commenced. This project is critical for the successful integration of Asset Management and Accounting and for organisational monitoring and reporting.



### 3. Caroline Landfill

Caroline Landfill is a critical piece of infrastructure for the region, being the only engineered landfill in South Australia located south of Murray Bridge.

The ongoing challenges with current market conditions and design requirements to meet EPA compliance for construction of fully engineered landfill cells has had a significant impact on the cost of construction. Construction of Cell 4 is well progressed, however leachate management continues to present a recurring risk for Council.

Due to growth, cost increases and a tightly regulated environment, Waste Management master planning for Councils' Waste service, from kerbside to landfill, has commenced. Financial modelling is key to support the management and future planning of the site.

Financial modelling related to Caroline Landfill is being undertaken by a specialist consultant. This work involves looking at all costs associated with running the facility - including operations, constructing cells, capping cells, and post closure provisions. This work will be used to adjust the landfill gate fee, to ensure financial sustainability of the facility, and ensure Council has adequate resources to fulfill its post closure obligations. In the interim, the forward capital works program has been updated.

Due to availability of specialist consultants, there have been some initial delays experienced with the master plan however, it is now well underway and this work will inform the next iteration of the Asset Management Plan for this class in 2025/2026.

### 4. IT and Sundry

The Asset Management Planning and Business Systems and Infrastructure strategic priority projects are progressing and it is anticipated that this work will significantly reshape this asset class. In the interim, the forward capital works program has been updated.

The work that is progressing at the time of writing this summary will inform the next iteration of Asset Management Plan for this class in 2025/2026.

### 5. New Projects

The Asset Management Plans include a provision for new/upgrade projects over the next 10 years. This creates the capacity for future investment. Individual projects will be incorporated in each annual budget following a ranking process undertaken to ensure that Council invests in priorities that will deliver public value to the community.

### 6. Asset Management Plans

This year Council has reviewed and updated asset management plans for the following classes:

- Infrastructure
  - Footpaths and Shared Paths
  - Kerb and Gutter
  - Roads
  - Traffic Signals
  - Stormwater
  - Carparks
  - Retaining Walls
- Buildings and Structures
- Plant and Equipment





Asset Management Planning as a strategic priority project for Council means that each asset class is being systematically reviewed and deliberate steps have been taken to ensure strategic alignment with Council and community priorities. This is a dynamic process that will evolve our Asset Management and Asset Accounting practice and processes with a view to achieve best practice over the coming three years.

Refer to Appendix 1 for the consolidated Asset Management Plan budget based on the Forward Capital Works Program.

## **7. Asset Management Practices**

### **7.1. Accounting / Financial Systems**

- Local Government authorities in South Australia are established under the provisions of the Local Government Act, 1999.
- Financial and Accounting practices and procedures are required to be in accordance with the Local Government Act 1999, Local Government (Financial Management) Regulations and the Australian Accounting Standards.
- Council's Asset Accounting Policy (as amended in September 2023) ensures that all Council owned assets are valued and depreciated in accordance with relevant Australian Accounting Standards ("the Standards") pursuant to Local Government Act 1999 under section 303(4).organisation.
- Council's audit regime includes the required annual statutory audit required by legislation and also a periodic 'procedural' audit. This process is also completed on an annual basis.
- Council's accounting and financial systems utilise the Civica local government enterprise software solution entitled 'Authority'.
- The Authority software solution enables integration of all Council operations including the Finance and Asset Management functions.

### **7.2. Asset Management Systems**

Council uses Civica Authority as its accounting and financial system. This system integrates with Council's asset management system, another module of the Civica Authority suite.

The link between asset management and the financial system includes:

- The assumed works programs and trends
- The resulting budget, valuation and depreciation projections
- Useful life analysis (including renewal projections)
- Inputs to Council's LTFP and ABP&B

### **7.3. Information Flow Requirements and Processes**

The key information that flows into the AM Plans are:

- The asset register data on size, age, value, remaining life of the network
- The unit rates for categories of work/material
- The adopted service levels
- Projections of various factors affecting future demand for services
- Correlations between maintenance and renewal, including decay models



- Data on new assets acquired by Council.

The key information that flows from the AM Plans are:

- The assumed Works Program and trends
- The resulting budget, valuation and depreciation projections;
- The useful life analysis
- Funding gap/excess considerations
- Improvements for AM planning.

These will impact on the LTFP, Strategic Plan 2020-2024, Annual Business Plan and Budget.

## 8. Plan Improvement and Monitoring

### 8.1. Performance Measures

The effectiveness of the Infrastructure and Asset Management Plan can be measured in the following ways:

- The degree to which the required cashflows identified in this Asset Management Summary are incorporated into Council's LTFP and Community Plan;
- The degree to which 1-10 year detailed works programs, budgets, business plans and organisational structures take into account the 'global' works program trends provided by the Asset Management Plans.

### 8.2. Improvement Plan

**Asset Management Planning is one of the three "unlocking" strategic priority projects to be undertaken by the Council to optimise its Asset Management practices and the Asset Investment Strategy.** In the three-year Asset Management Planning approach the following steps have been outlined.

Figure 1. Unlocking Projects



### 8.3. Monitoring and Review Procedures

This Asset Management Summary and supporting Asset Management Plans will be reviewed and updated annually in accordance with the "unlocking" Strategic Projects to reflect the improvements implemented with developing an integrated asset management and accounting process. Strategic Asset Management will be undertaken concurrent to the annual business plan and budget and Long-Term Financial Plan.

Under the Local Government Act 1999, the Plan has a life of 4 years and is due for revision and updating within 2 years of each Council election.

### REFERENCES

The City of Mount Gambier Futures Paper

City of Mount Gambier Strategic Plan 2020-2024

City of Mount Gambier Annual Business Plan and Budget

DVC, 2006, 'Asset Investment Guidelines', 'Glossary', Department for Victorian Communities, Local Government Victoria, Melbourne

IPWEA, 2006, 'International Infrastructure Management Manual', Institute of Public Works Engineering Australia, Sydney, [www.ipwea.org.au](http://www.ipwea.org.au)



## Appendix 1 - Summary Forward Capital Works Program

Including SROSS New											
Asset Management Plan - 2025-2034											
\$'000s		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Infrastructure	Renewal	3,624	3,565	3,869	3,897	3,470	3,587	4,098	3,565	3,569	3,707
	Upgrade/new	411	374	374	374	374	374	374	374	374	374
Buildings	Renewal	1,197	1,627	1,627	1,627	1,627	1,627	1,627	1,627	1,627	1,627
	Upgrade/new	1,588	155	155	655	4,655	655	4,655	655	4,655	655
Plant	Renewal	3,613	2,279	2,128	1,976	2,191	2,573	3,122	2,314	1,664	2,490
	Upgrade/new	456	305	750	510	790	40	40	40	40	1,040
Caroline	Upgrade/new	0	0	0	0	0	0	3,333	0	0	2,960
IT	Renewal	23	75	75	75	75	75	75	75	75	75
	Upgrade/new	140	100	100	100	100	100	100	100	100	100
Sundry	Renewal	240	150	150	150	150	150	150	150	150	150
	Upgrade/new	146	100	100	100	100	100	100	100	100	100
TOTAL	Renewal	8,696	7,696	7,849	7,724	7,513	8,012	9,072	7,730	7,085	8,049
	Upgrade/new	2,742	1,034	1,479	1,739	6,019	1,269	8,602	1,269	5,269	5,229
	TOTAL	11,438	8,730	9,328	9,463	13,532	9,281	17,674	8,999	12,354	13,278

NB - The Caroline Asset Management Plan has not been updated at this stage.









# Infrastructure Asset Management Plan

## 2025-2034

May 2024



<b>Document Control</b>		<b>Asset Management Plan</b>				 <b>IPWEA</b> <small>INSTITUTE OF PUBLIC WORKS ENGINEERING AUSTRALASIA</small>	
<b>Document ID : NAMSPLUS Concise Asset Management Plan Template_V2_170508</b>							
<b>Rev No</b>	<b>Date</b>	<b>Revision Details</b>	<b>Author</b>	<b>Reviewer</b>	<b>Approver</b>		
1	29/11/2023	Draft Plan for Adoption	AM	KM/JS	BC		

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## 1 EXECUTIVE SUMMARY

### The Purpose of the Plan

The Infrastructure Asset Management Plan (IAMP) for the City of Mount Gambier is focused on strategically managing transport-related assets in alignment with community service expectations and the Council's strategic objectives. It encompasses a restructure of asset classes and allocation, highlighting the integration of Asset Management and Accounting as a crucial strategic priority over the next Three (3) years. The plan places emphasis on enhancing accessibility, informed by comprehensive CBD Area audit and Shared Path Masterplan, to improve community mobility. Future investments in the transport infrastructure are carefully planned, with an emphasis on prioritizing projects that provide significant community value and align with strategic goals. While detailing specific transport assets, the plan also embraces broader principles of asset management, including lifecycle management, financial planning, and service level optimization. This ensures a holistic approach to infrastructure management, aiming to meet current needs while being adaptable to future demands and challenges.

### What does the plan Cover?

This plan covers the infrastructure assets comprises of:-

- Footpaths and Shared Paths
- Kerb & Gutter
- Roads
- Traffic Signals
- Stormwater
- Carparks
- Retaining Walls

### What doesn't the plan Cover?

- Declared State Roads and Drainage System (Assets managed by DPTI).
- Roads and road reserves that are unmade.
- Traffic control devices such as roundabouts and road signs.
- Road Safety Barriers (i.e. Guard rails)
- Land under roads.

### What does it Cost?

The cost of maintaining Infrastructure Assets is assessed using two principal indicators: the life cycle cost, which represents the average cost over the asset's lifespan, and the total expenditure for maintenance and capital



renewal required to maintain existing service levels for the next decade, as detailed in the Council's long-term financial plan.

Total Expenditure for Next 10 Years:

The total cost for operations, maintenance, and capital renewal to sustain the Infrastructure Assets at the current service levels for the upcoming decade is estimated at \$36,948,673. This translates to an average annual cost of \$3,694,867.

Planned Lifecycle Expenditure:

- **Year 1 to Year 3:** Asset Management Plan will be one of the three “unlocking” strategic priority projects to be undertaken by the Council to optimise its Asset Management practices and the Asset Investment Strategy. Community asset service level satisfaction survey and Council’s 2035 vision strategic plan will guide determination of optimised Asset renewal criteria and asset investment within this period. Other Key deliverables include within this timeframe are:
  - i. The expenditure for the first three years is determined based on prioritizing infrastructure renewal works according to their critical conditions.
  - ii. Road Asset Condition rating will be continued to be adjusted through more comprehensive condition audit based on IPWEA standard Practice notes instructions.
  - iii. Plan and schedule capital project delivery as a two-year cycle where Year 1 allocation will be for Design and Planning works where Year 2 will be allocated for construction and delivery.
- **Year 4 to Year 10:** Once the Key deliverables are achieved, the infrastructure forward works will be adjusted to include projects that are aligned with Council’s strategic plans.

Review of Asset Management Practices:

Notably, Asset Management Practices are currently under review and will be dynamically updated in response to the completion of the strategic priority projects set for a 3-year term.

Adopted Principles for Cost estimation:

- **Cost Allocation Strategy:** The varied expenditure approach between the first period and the second period of the decade indicates a strategic method in asset management, initially focusing on assets needing urgent attention or repair.
- **Responsive Asset Management:** The ongoing review and updating of Asset Management Practices signify a proactive and adaptable approach to handling Infrastructure Assets, crucial for addressing changes in asset conditions, technological advancements, and strategic shifts.
- **Strategic Planning's Impact:** The influence of the 3-year strategic priority projects on asset management and financial planning emphasizes the importance of aligning short-term operational decisions with the long-term goal of financial sustainability.



### What we will do

Council plans to provide infrastructure services for the operation, maintenance, renewal, and upgrade of all assets as outlined in **Section 1.2 asset** classes to meet service levels set by Council within annual budget.

### Managing the Risks

There are risks associated with providing the service and not being able to complete all identified activities and projects. We have identified major risks as:

- **Resource Limitations:** The challenge of insufficient resources, including funding and staffing, necessary for asset replacement or renewal in line with our forecasts and maintenance standards.
- **Inaccurate Asset Data:** The risk of working with incomplete or incorrect asset data, which could lead to poor decision-making and insufficient funding for maintenance and renewals.

To mitigate these risks effectively, our strategies are intertwined with the broader strategic goals of the City of Mount Gambier:

- **Regular Condition Audits and Site Inspections:** Essential for ensuring that infrastructure is rebuilt to industry standards for a longer useful life. This approach aligns with our goal of maintaining critical infrastructure to support public safety and basic service levels.
- **Data Rationalization and Process Improvement:** By enhancing data accuracy, we support the goal of achieving maturity in asset management practices. This involves the adoption of advanced technologies, like GIS mapping, data modelling etc. to improve decision-making and align with our goals of environmental sustainability and community development.
- **Staff Training and Education:** A key strategy to build workforce capacity and skills, particularly in dynamic reporting and new technologies. This supports our objective of enhancing the Council's capacity to deliver diverse projects and services, catering to evolving community needs and expectations.
- **Funding Requests and Maintenance Monitoring:** Aligning closely with the strategic plan, this involves advocating for necessary renewals and upgrades. It also includes monitoring maintenance trends to stimulate economic growth and ensure efficient allocation of resources.
- **Community Engagement and Feedback Mechanisms:** To address the criticality of community demand-driven renewals and upgrades, engaging with the community for feedback and adapting to demographic shifts and service expectations is crucial.
- **Strengthening Internal Governance:** Improving decision-making processes and transparency in how infrastructure projects are planned and implemented. This strengthens accountability and aligns with our commitment to efficient and responsible infrastructure management.
- **Proactive Renewal and Replacement Planning:** Prioritizing assets for renewal or replacement based on their criticality and impact on community development and public safety.



By integrating these mitigation strategies with our broader strategic goals, we aim to not only effectively manage the identified risks but also ensure that our approach to infrastructure asset management is comprehensive, sustainable, and aligned with the City of Mount Gambier's objectives for community wellbeing, environmental sustainability, and economic growth.

### Monitoring and Improvement Program

To enhance infrastructure asset management, Council's focus is on several key improvement plans, each structured to address specific areas:

- **Development of a Single Corporate Asset Register:** This centralized database will consolidate all asset information, streamlining management and tracking across various asset categories.
- **Defining Levels of Service:** By establishing clear and standardized service levels for each asset category, this plan aims to set consistent performance metrics and expectations, ensuring uniformity in service delivery.
- **Standard Categorization of Assets for Improved Reporting:** This involves organizing assets into defined categories for better clarity in reporting. Such standardization will facilitate more precise data analysis and decision-making, enhancing overall transparency in asset management.

These structured initiatives are designed to significantly improve the efficiency and effectiveness of asset management process.





## 2 INTRODUCTION

### Background

This asset management plan communicates the actions required for the responsive management of assets (and services provided from assets), compliance with regulatory requirements, and funding needed to provide the required levels of service over a 10-year planning period.

The asset management plan is to be read with the City of Mount Gambier planning documents. This should include the Asset Management Policy and Asset Management Strategy where these have been developed along with other key planning documents:

- City of Mount Gambier Strategic Plan
- Long Term Financial Plan (LTFP)
- Annual Business Plan
- Asset Management Policy
- Asset Accounting Policy
- Land Development Policy L130
- Risk Management Framework
- Community land (reserves) lease / license / rental arrangements policy
- Disability Access and Inclusion Plan (DAIP)
- Sports recreation and Open Space Strategic (SROSS) Plan

The infrastructure assets covered by this asset management plan are shown in Table 2.1A. These assets provide the following services to the community for their benefit.

- Safe and accessible routes for pedestrians.
- Accessibility for individuals with mobility impairments.
- Recreational spaces for activities like leisure, sports, walking and cycling.
- Effective drainage control to channel stormwater disposal.
- Structural integrity and defining boundaries for roadways.
- Smooth vehicular traffic flow on roads.
- Providing a physical barrier for pedestrian safety.
- Connectivity to various community areas, including residential, commercial, and public spaces.
- Supporting local and regional economic connectivity through transportation infrastructure.



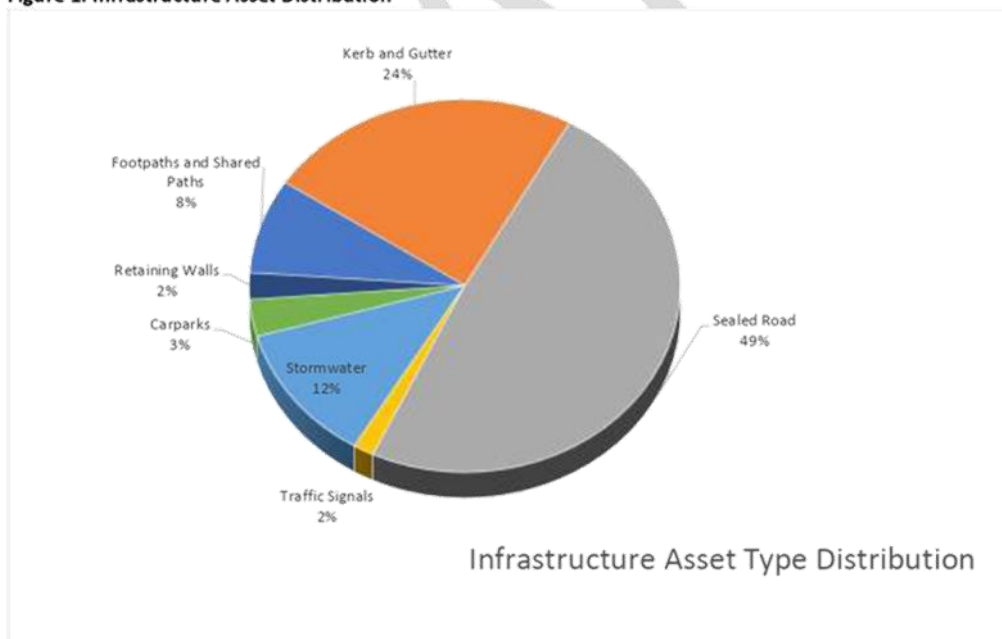
- Regulating traffic flow to reduce congestion and improve travel times.
- Enhancing road safety, especially at intersections.
- Providing safe pedestrian crossing points.
- Contributing to the overall transportation efficiency by optimizing traffic movement.

**Table 2.1A: Assets covered by this Plan (Net fair Value up to date)**

Asset Category	Dimension	Replacement Value
Footpaths and Shared Paths	171.2 Km	\$24,278,619
Kerb and Gutter	46.3 Km	\$70,054,633
Sealed Road	237.1 Km	\$144,427,844
Traffic Signals	20 sites	\$4,561,866
Stormwater	418 Council Owned Active Bore System	\$35,594,215
Carparks	113,348 Sqm of Area	\$9,463,991
Retaining Walls	6.36 km	\$6,790,527
<b>TOTAL</b>		<b>\$295,171,695</b>

These infrastructure assets have significant value estimated at **\$295,171,695** as of **01 July 2023**.

**Figure 1: Infrastructure Asset Distribution**



A 10-year work program cost for all infrastructure subclass assets has been presented in Appendix A.



### Goals and Objectives of Asset Ownership

Council's goal in managing infrastructure assets is to meet the defined level of service (as amended from time to time) in the most cost-effective manner for present and future consumers. The key elements of infrastructure asset management are:

- Providing a defined level of service and monitoring performance,
- Managing the impact of growth through demand management and infrastructure investment,
- Taking a lifecycle approach to developing cost-effective management strategies for the long-term that meet the defined level of service,
- Identifying, assessing, and appropriately controlling risks, and
- Linking to a long-term financial plan which identifies required, affordable expenditure and how it will be allocated.

Other references to the benefits, fundamentals principles and objectives of asset management are:

- International Infrastructure Management Manual 2015 <sup>1</sup>
- ISO 55000<sup>2</sup>

### Core and Advanced Asset Management

This asset management plan is prepared as a 'core' asset management plan over a 10-year planning period in accordance with the International Infrastructure Management Manual<sup>3</sup>. Core asset management is a 'top down' approach where analysis is applied at the system or network level. An 'advanced' asset management approach uses a 'bottom up' approach for gathering detailed asset information for individual assets.

## 3 LEVELS OF SERVICE

### Customer Research and Expectations

This 'core' asset management plan is prepared to facilitate consultation prior to adoption by the Council. Future revisions of the asset management plan will incorporate community consultation on service level satisfaction and costs of providing those services. This will assist the Council and stakeholders in matching the level of service required, service risks and consequences with the community's ability and willingness to pay for the service.

It is to be noted that Council is currently undertaking public consultation for its 2035 strategic visions and a new 4-year strategic plan is to be endorsed by November 2024.

<sup>1</sup> Based on IPWEA 2015 IIMM, Sec 2.1.3, p 2 | 13

<sup>2</sup> ISO 55000 Overview, principles and terminology

<sup>3</sup> IPWEA, 2015, IIMM.



## Strategic and Corporate Goals

This Asset Management Planning Approach has been identified as one of the Council Strategic Priority Projects for 2024-2027.

In the three years Asset Management Planning approach the following steps are identified.

**Figure 2:: Scope of the Asset Management Planning Approach Priority Project**



## Legislative Requirements

There are many legislative requirements relating to the management of assets. These include:

**Table 3.3: Legislative Requirements**

Legislation	Requirement
<b>Local Government Act 1999 (SA)</b>	Mandates councils to responsibly plan and manage infrastructure assets, requiring the development and maintenance of asset management plans integrated with long-term financial planning.
<b>Local Government (Financial Management) Regulations 2011</b>	Requires councils to prepare an annual business plan and budget, detailing capital investment and asset management activities.
<b>Australian Accounting Standards - AASB 116 (Property, Plant and Equipment), AASB 136 (Impairment of Assets), AASB 13 (Fair Value Measurement)</b>	AASB 116 dictates the valuation and depreciation of property, plant, and equipment. AASB 136 covers impairment testing of assets, and AASB 13 outlines the principles for fair value measurement.
<b>Public Finance and Audit Act 1987 (SA)</b>	Establishes a framework for the financial administration, audit, and reporting for public sector entities, including requirements for asset management and financial accountability.
<b>Auditor General's Oversight</b>	Involves the auditing of financial reports of local governments, focusing on asset management practices and compliance with Australian Accounting Standards and legislative requirements.

### Community Levels of Service

Service levels are defined service levels in two terms, Community levels of service and technical levels of service. These are supplemented by City of Mount Gambier Customer Request Management measures.

**Community Levels of Service** measure how the customer receives the service and whether value to the customer is provided.

Customer levels of service measures used in the asset management plan are:

**Quality** How good is the service ... *what is the condition or quality of the service?*

**Function** Is it suitable for its intended purpose .... *Is it the right service?*

**Capacity/Use** Is the service over or under used ... *do we need more or less of these assets?*

The current and expected customer service levels are detailed in Tables 3.4 and 3.5. Table 3.4 shows the expected levels of service based on resource levels in the current long-term financial plan.

**City of Mount Gambier Customer Request Management measures** are measures of fact related to the service delivery outcome e.g. number of occasions when service is not available, condition %'s of Very Poor, Poor/Average/Good, very good.

These Organisational measures provide a balance in comparison to the customer perception that may be more subjective.





**Table 3.4: Customer Level of Service**

Service Attribute	Level of Service Objective	Performance Measure Process	Desired Level of Service	Current Level of Service
<b>Quality/Condition</b>	Well maintained and suitable sealed road network.	Number of customer requests relating to sealed road maintenance	< 50 CRM per annum	Currently meeting targets Year No. CRM 2019 42 2020 42 2021 56 2022 48 2023 47
	Water is not retained on Council infrastructure for more than 2 hours after a 5yr rainfall density	Number of customer requests relating to flooding	<20 CRM per annum	Currently not meeting target Year No. CRM 2019 63 2020 56 2021 41 2022 56 2023 36
	Well maintained and suitable footpath network.	Number of customer requests relating to existing footpath maintenance	< 50 per annum	Currently not meeting target Year No. CRM 2019 102 2020 95 2021 100 2022 94 2023 114 2024 9
	It is a well maintained and suitable kerb network.	Number of customers requesting relating to kerb maintenance	< 10 per annum	Currently meeting targets Year No. CRM 2019 0 2020 0 2021 0 2022 0 2023 0
	Sealed Road network condition maintained to an acceptable level.	Routine Condition Assessment	Overall road seal and pavement average condition is maintained at 3 out of 5 for pavements and surface.	Currently Meeting Target Avg. Road seal and pavements condition is currently 2.0 out of 5. (ref: FyFe condition Audit Report 2023)
	Footpath and shared Path network condition maintained to an acceptable level.	Routine Condition Assessment	Overall average condition is maintained at 2.0 out of 5 for constructed footpaths.	Currently not meeting Target Avg. Footpath & Shared Path condition is currently 2.2 out of 5. (ref: FyFe condition Audit Report 2023)



	Kerb & Channel network condition maintained to an acceptable level.	Routine Condition Assessment	Overall average condition is maintained at 2 out of 5 for kerbs.	Currently meeting Target Avg. Kerb & Channel condition is currently 2.0 out of 5. (ref: FyFe condition Audit Report 2023)												
Function/ Safety	Road assets meet community needs.	Community Surveys	> 75% satisfaction (being score between 5 to 10, out of 10(1=Low,10=High))	Currently not monitoring. Planned as part of the Strategic Asset Management Project												
	Road line marking is well maintained.	Line marking is adequate and clearly visible	95% of all line marking is fair condition or better	Currently meeting targets. All roads are line marked on an alternate year periodic basis.												
	Safe and reliable road network.	Number of settled injury and property damage claims attributable to road condition	< 2 incidents per year	Currently meeting targets <table><tr><td>Year</td><td>No. of Claims</td></tr><tr><td>2019</td><td>1</td></tr><tr><td>2020</td><td>0</td></tr><tr><td>2021</td><td>2</td></tr><tr><td>2022</td><td>2</td></tr><tr><td>2023</td><td>0</td></tr></table>	Year	No. of Claims	2019	1	2020	0	2021	2	2022	2	2023	0
Year	No. of Claims															
2019	1															
2020	0															
2021	2															
2022	2															
2023	0															
	Safe and reliable footpath network.	Number of settled injury and property damage claims attributable to footpath condition	< 2 claims per year	Currently on Target No settled injury or property damage claims												
Capacity/ Utilisation	Roads and Footpaths are available for public use all year round.	Number of road and footpaths closures due to degraded asset condition	Nil	Currently meeting target Nil Closure during 2019-2023												

### Technical Levels of Service

**Technical Levels of Service** - Supporting the customer service levels are operational or technical measures of performance. These technical measures relate to the allocation of resources to service activities to best achieve the desired customer outcomes and demonstrate effective performance.

Technical service measures are linked to the activities and annual budgets covering:

- Operations – the regular activities to provide services (e.g. opening hours, cleansing, mowing grass, energy, inspections, etc).
- Maintenance – the activities necessary to retain an asset as near as practicable to an appropriate service condition. Maintenance activities enable an asset to provide service for its planned life (e.g. road patching, unsealed road grading, building and structure repairs),



- **Renewal** – the activities that return the service capability of an asset up to that which it had originally (e.g. road resurfacing and pavement reconstruction, pipeline replacement and building component replacement),
- **Upgrade/New** – the activities to provide a higher level of service (e.g. widening a road, sealing an unsealed road, replacing a pipeline with a larger size) or a new service that did not exist previously (e.g. a new library).

Service and asset managers plan, implement and control technical service levels to influence the customer service levels.

Table 3.5 shows the technical levels of service expected to be provided under this AM Plan. The 'Desired' position in the table documents the position being recommended in this AM Plan.

**Table 3.5: Technical Levels of Service**

Service Attribute	Level of Service Objective	Performance Measure Process	Desired Level of Service	Current Level of Service
<b>Operations and Maintenance Budget</b>	To ensure services are provided to achieve best value for money.	Number of customer complaints.	Roads managed taking all data into account and producing programs for maintenance and renewals to be implemented at optimal times to	Not measured
	Ensure that all transport assets are well maintained.	Quantity of work carried out.	Develop a maintenance program which meets agreed service levels and community	TBD
<b>Renewal Budget \$3,622,568 (Year 1)</b>	Develop and maintain a safe and sufficient transport network.	Successfully delivering annual renewal program on time and on budget.	Renew all assets when they reach a service level that the community is willing to accept and pay for.	Not measured
		Renewal capital projects completed. on time and within budget each financial year.	> 90% of the program completed and allocated funds spent.	Currently not meeting target
<b>Upgrade/New Budget \$411,000 (Year 1)</b>	Invest in new pedestrian footpath and shared path infrastructure to create more accessible paths for all	Implement the priority projects identified in the Shared path Master plan and the CBD Accessibility Audit	Have all transport assets meet the capacity and safety requirements of the community.	TBD
<b>Infrastructure Capital Works Delivery</b>	Deliver all capital projects as per the KPIs set in the Annual Business Plan (ABP)	Overall capital projects completed on time and within budget each financial year.	> 90% of the program completed and allocated funds spent.	Currently not meeting target.



It is important to monitor the service levels provided regularly as these will change. The current performance is influenced by work efficiencies and technology, and customer priorities will change over time. Review and establishment of the agreed position which achieves the best balance between service, risk and cost is essential.

#### Maintenance Response Levels of Service

Activity	Intervention Level	Response Times				
		Road Hierarchy	Inspection	Make Safe	Completion	Performance Target
Sealed Roads						
Pothole Maintenance	Pothole with depth of between 50mm - 100mm and area < 10m2.	Arterial	2 days	2 days	2 days	70%
		Industrial	3 days	3 days	3 days	70%
		Local	4 days	4 days	4 days	70%
	Pothole > 100mm depth.	Arterial	1 days	1 days	1 days	70%
		Industrial	2 days	2 days	2 days	70%
		Local	5 days	5 days	5 days	70%
Pavement Texture Maintenance	Longitudinal cracking < 20m.	Arterial	Monitor	Monitor	Reseal Program	70%
		Industrial	Monitor	Monitor	Reseal Program	70%
		Local	Monitor	Monitor	Reseal Program	70%
	Flushing between 5m2 and 50m2.	Arterial	Monitor	Monitor	Reseal Program	70%
		Industrial	Monitor	Monitor	Reseal Program	70%
		Local	Monitor	Monitor	Reseal Program	70%
	Stripping between 5m2 and 50m2.	Arterial	Monitor	Monitor	Reseal Program	70%
		Industrial	Monitor	Monitor	Reseal Program	70%
		Local	Monitor	Monitor	Reseal Program	70%



#### 4 FUTURE DEMAND

##### Demand Drivers

Drivers affecting demand include things such as population change, regulations, changes in demographics, seasonal factors, vehicle ownership rates, consumer preferences and expectations, technological changes, economic factors, agricultural practices, environmental awareness, etc.

##### Demand Forecasts

The present position and projections for demand drivers that may impact future service delivery and use of assets were identified and are documented in Table 4.3.

##### Demand Impact on Assets

The impact of demand drivers that may affect future service delivery and use of assets are shown in Table 4.3.

**Table 4.3: Demand Drivers, Projections and Impact on Services**

Demand Factor	Present Position	Projection	Impact on Services
<b>Population and Demographics *</b>	27,749 (based on 2022 Census data)  2.3% increase in people from 2016 to 2021.	A steady increase of 0.47% per annum, with the increase expected to occur mainly in the older demographic 60+.	Increase in traffic volume, accessibility demand, increase customer requests and increased demand in service levels and their timely delivery.
<b>Development</b>	Multiple Developments undertaken throughout the township areas.	Expected to continue.	Increase volume of traffic within the urban areas, increased commercial services will require better parking, accessibility, smoother operation of business, customer ease to access services, demand increase for alternative transport means and public transport infrastructure.
	Increase in the development of sub-divisions and dwelling number for both City of Mount Gambier and District Council of Grant Area.	The total number of dwellings in the City of Mount Gambier increased by 453 between 2016 and 2021.	Larger footprint of physical assets to be maintained, larger volume of stormwater management, investment will be required for additional resources to maintain the current level of service.  Development in DC Grant Areas means a larger volume of people commuting to and from for work/accessing service in the city area.





<b>Environment</b>	Higher frequency of extreme weather events.	Unknown at this stage, but changes likely.	Increase to Plant and Equipment base to meet the additional road maintenance requirements as a result of extreme weather.
	Community awareness on environmental and sustainability issues is increasing.	Community expectation for assets to be environmentally sustainable as awareness increases.	Increased cost associated with purchasing environmentally friendly Plant and Equipment assets (ie. fuel efficiency).
	Climate Change and Sustainable Development targets are not inherently included for infrastructure options selection.	Requirements to use environmentally friendly renewable materials, incorporate design standards to achieve sustainable development targets.	Upfront cost in investment, however long-term return on value and environment.
<b>Industry</b>	Use of road networks by heavy vehicles has been increasing over the last 10 years.	Expected to continue to increase with industry growth.	Increase to Plant and Equipment base resulting in to meet the additional road maintenance requirements as a result of increased heavy vehicle use.

### Demand Management Plan

Demand for new services will be managed through a combination of managing existing assets, upgrading of existing assets and providing new assets to meet demand and demand management. Demand management practices can include non-asset solutions, insuring against risks and managing failures.

Opportunities identified to date for demand management are shown in Table 4.4. Further opportunities will be developed in future revisions of this asset management plan.

**Table 4.4: Demand Management Plan Summary**

<b>Demand Driver</b>	<b>Impact on Services</b>	<b>Demand Management Plan</b>
<b>Demographics</b>	Increased demands on access to activity points using convenient travel options. Improved pedestrian safety, accessibility, urban experience, quality public structure on transport assets, i.e. street lighting, road roughness, noise barriers etc.	Actively invest in Alternative Transport Routes i.e. Shared Path, Footpath and Public Transport Infrastructures. Improvement specification for construction to comply various standards.
	Trends in post covid Internal city to Regional Migration will have expectation of higher service standards for urban services including transport options availability.	Understand the aspiration of the community through public engagements and allocation of investment to assets are made accordingly.



<b>Development</b>	Increased number assets gifted annually to the Council which will be requiring higher volume of maintenance and replacement budgets.	Increased development and growth will bring additional rates income for council, Policy to be adopted for engaging additional resources according to the growth to maintain the current levels of service.
<b>Legislative Requirements</b>	Potential for higher construction, operation and maintenance costs if legislation was to impose additional requirements.	Costs to be monitored and considered during annual budget planning process.

### Asset Programs to meet Demand

The new assets required to meet demand can be acquired, donated or constructed. Additional assets are discussed in Section 5.5. The summary of the cumulative value of additional investments during the life of this AM plan is shown in Figure 1.

**Figure 1: Upgrade and New Assets to meet Demand – (Cumulative)**

Proposed Program	Present Position	Proposed Position	Required Cumulative Capital Spent over next 10 years	Ongoing annual additional maintenance budget required
<b>Shared Path Master Plan</b>	Currently Annual allocation of \$374K for new footpath constructions.	Commit the existing annual budget allocation towards the priority projects identified in the Shared Master Plan	Total avg. investment to implement the Shared Path Masterplan would require a conservative estimated cost of \$13.4M.	TBD
<b>Accessibility Compliance</b>	Currently No Allocation	Identified physical upgrades to the accessibility compliance. i.e. pram ramps.	TBD	TBD
<b>Strategic Recreation &amp; Open Space Strategy (SROSS)</b>	Currently No Allocation  Blue Lakes Sporting field Master Master Planning in progress for other identified Areas.	While this strategy is predominantly for recreation and open space, Physical infrastructure such as Access roads, Car Parking, Drainage improvements, Retaining Structures will be part of this infrastructure asset class.	TBD	TBD



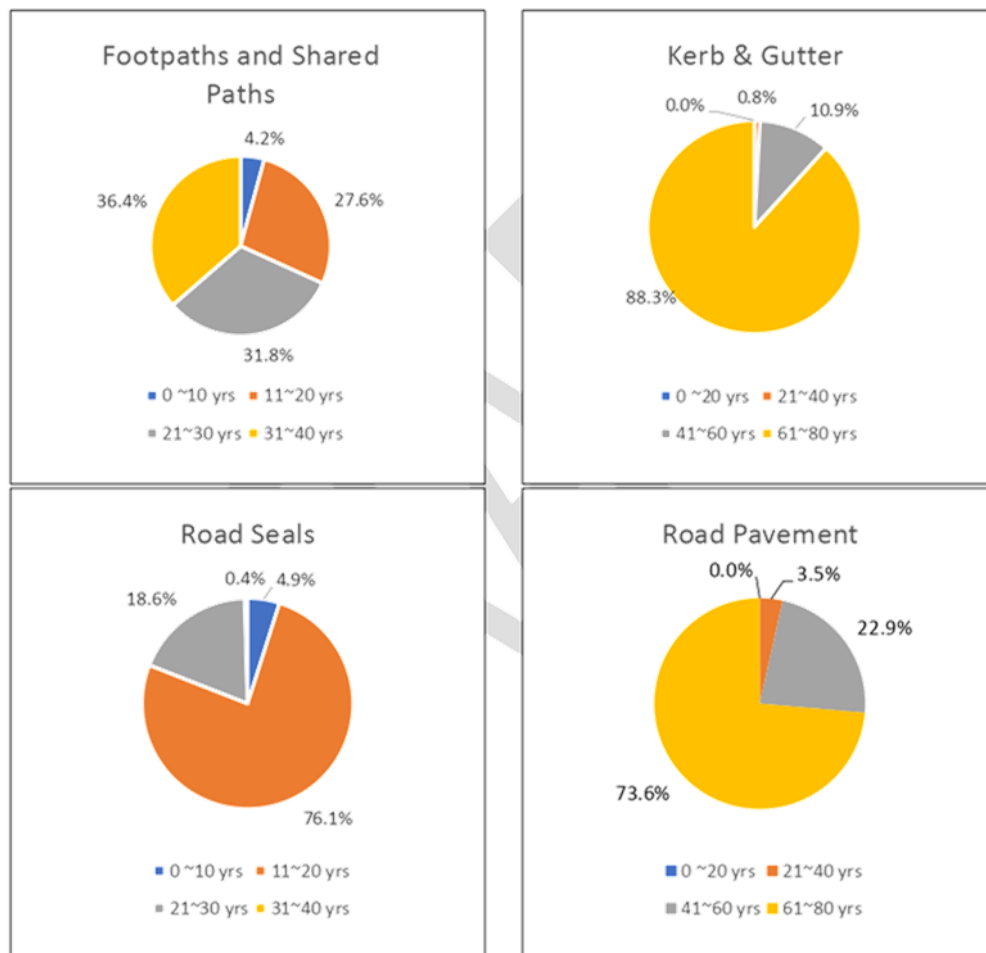
## 5 LIFECYCLE MANAGEMENT PLAN

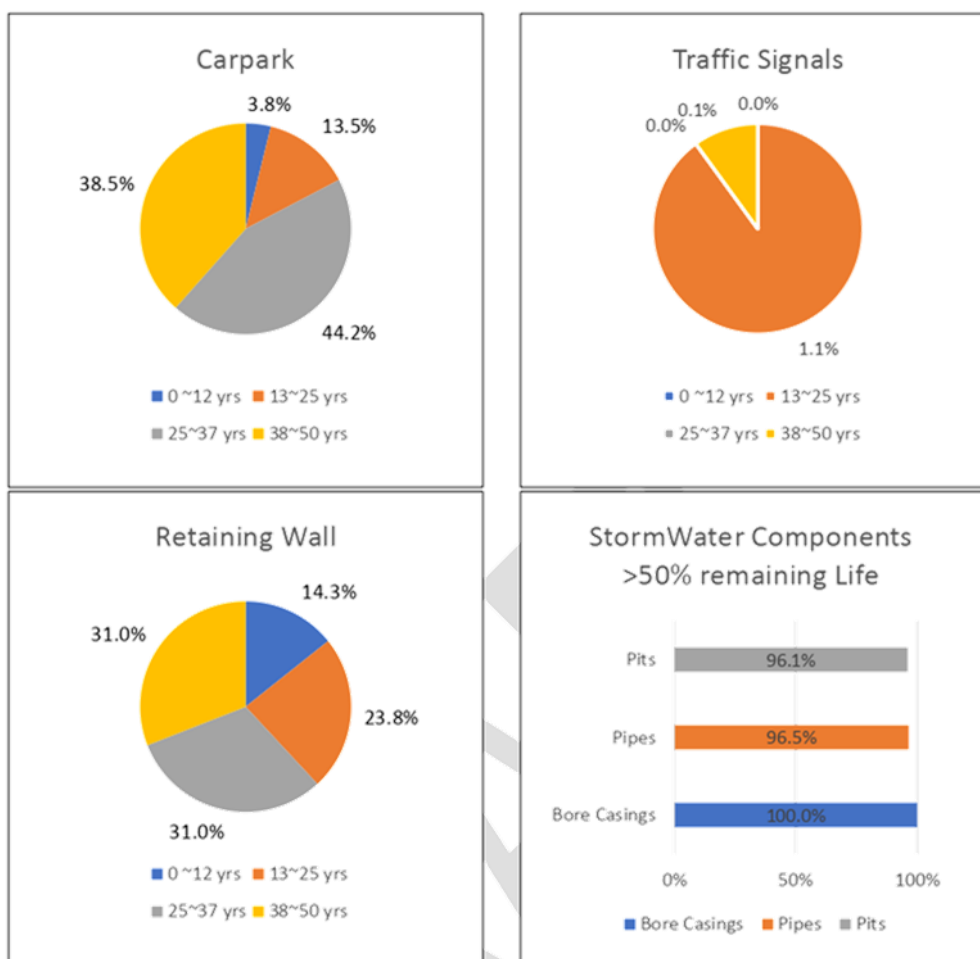
The lifecycle management plan details how the City of Mount Gambier plans to manage and operate the assets at the agreed levels of service (defined in Section 3) while managing life cycle costs.

### Asset Age Profile

The age profile of Council owned assets covered by this asset management plan are shown in Figure 2.

**Figure 2: Asset Age Profile (Remaining useful life)**





### Asset capacity and performance

Assets are generally provided to meet design standards where these are available.

Locations where deficiencies in service performance are known are detailed in Table 5.1.2.

**Table 5.1.2: Known Service Performance Deficiencies**

Location	Service Deficiency
Accessibility Audit Priorities	A CBD accessibility Audit report has identified non-compliance to current Australian Standard and prioritised a list of actions. These action items will be addressed by incorporating the replacement cost of non-compliant assets over a period of five years.
Stormwater Assets	Stormwater systems are unique in Mount Gambier and for the first time they have been registered component-wise and valued for replacement cost. Some old underground drainage system around the main street remains unidentified and will require further investigation for their serviceability. Works to be performed for inspecting, identifying and registering these old assets and their current conditions.
Clear Renewal Strategies based on weighted ranking criteria	Currently the assets are blanketly renewed when they triggered the condition rating to 3. However,

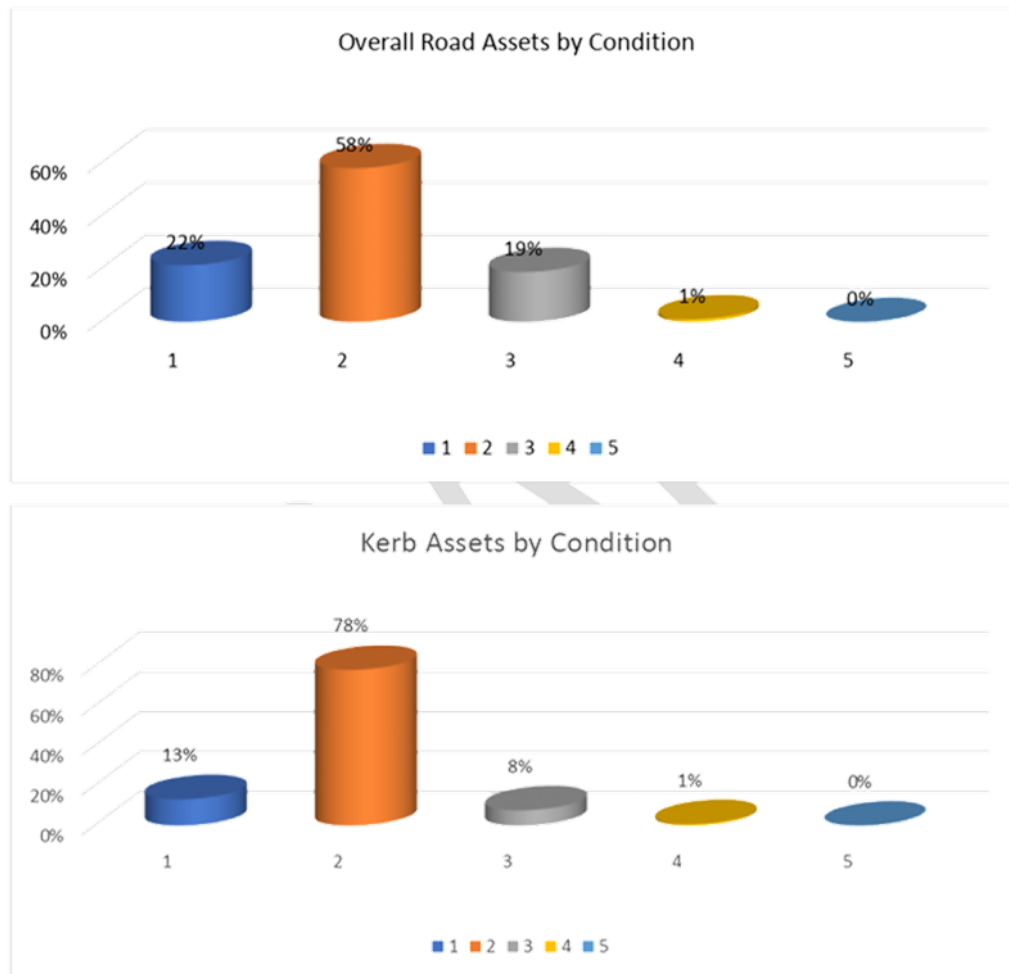


The above service deficiencies were identified from FyFe City Infrastructure Condition Audit City of Mount Gambier Customer Request Management statistics.

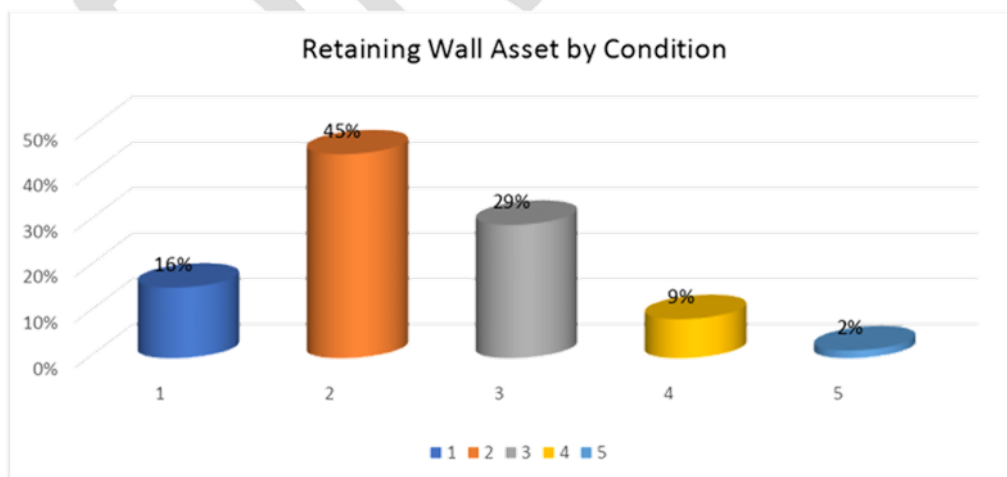
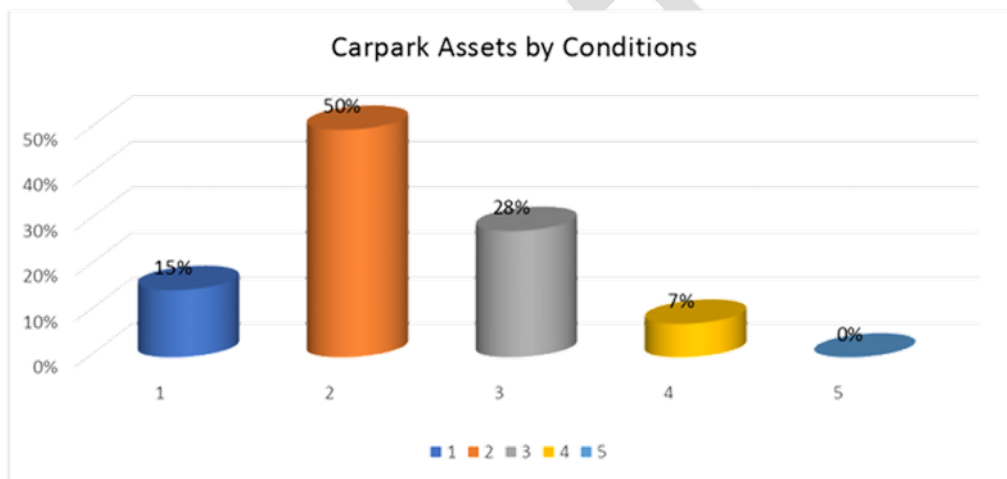
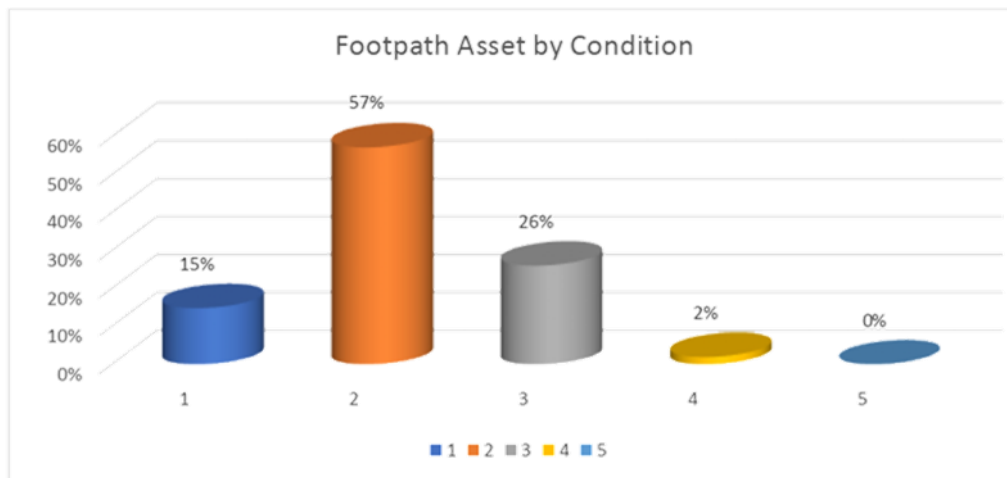
#### Asset condition

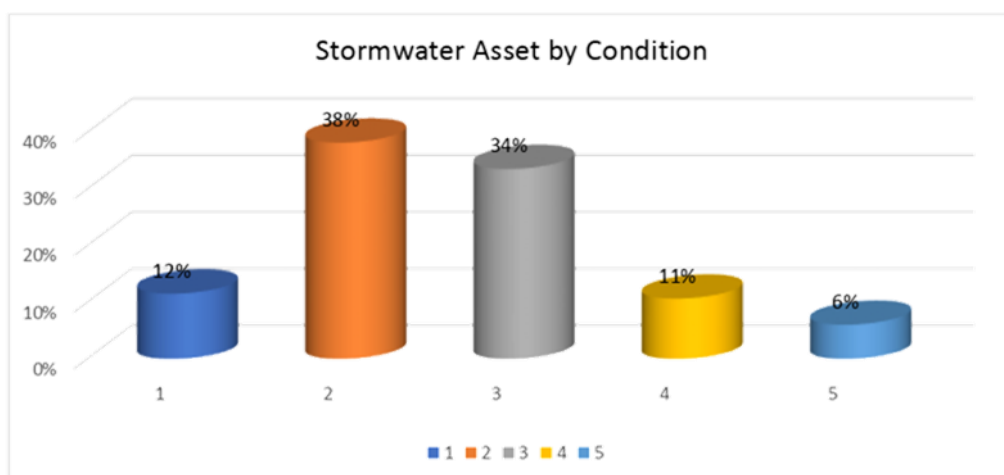
The condition profile of our assets is shown in Figure 3.

**Fig 3: Asset Condition Profile**









Condition is measured using a 1 – 5 grading system<sup>4</sup> as detailed in Table 5.1.3.

**Table 5.1.3: Simple Condition Grading Model**

Condition Grading	Description of Condition
1	<b>Very Good:</b> only planned maintenance required
2	<b>Good:</b> minor maintenance required plus planned maintenance
3	<b>Fair:</b> significant maintenance required
4	<b>Poor:</b> significant renewal/rehabilitation required
5	<b>Very Poor:</b> physically unsound and/or beyond rehabilitation

### Renewal/Replacement Plan

Renewal and replacement expenditure is major work which does not increase the asset's design capacity but restores, rehabilitates, replaces or renews an existing asset to its original service potential. Work over and above restoring an asset to original service potential is considered to be an upgrade/expansion or new work expenditure resulting in additional future operations and maintenance costs.

Assets requiring renewal/replacement are identified from one of three methods provided in the 'Expenditure Template'.

- Method 1 uses Asset Register data to project the renewal costs using acquisition year and useful life to determine the renewal year, or
- Method 2 uses capital renewal expenditure projections from external condition modelling systems (such as Pavement Management Systems), or
- Method 3 uses a combination of average network renewals plus defect repairs in the Renewal Plan and Defect Repair Plan worksheets on the 'Expenditure template'.

Method 1 was used for this asset management plan.

<sup>4</sup> IPWEA, 2015, IIMM, Sec 2.5.4, p 2|80.



## 6 RISK MANAGEMENT PLAN

### Critical Assets

Critical assets are defined as those which have a high consequence of failure causing significant loss or reduction of service. Similarly, critical failure modes are those which have the highest consequences.

Critical assets have been identified and their typical failure mode and the impact on service delivery are as follows:

**Table 6.1 Critical Assets**

Critical Asset(s)	Failure Mode	Impact
<b>Roads</b>	Pavement/surface damage.	Roadway become unserviceable and alternate traffic routes to be determined.
<b>Stormwater Systems</b>	Failure to discharge stormwater at the desired rate	Flooding of the roadway and spilling into private properties
<b>Traffic Signals</b>	Failure to operate	Traffic Controlling in the CBD area gets significantly complex and will require immediate replacement resulting significant investment for replacement
<b>Footpath/Cycleways</b>	Trip Hazards	Public incidents resulting in injury and claims

By identifying critical assets and failure modes investigative activities, condition inspection programs, maintenance and capital expenditure plans can be targeted at the critical areas.

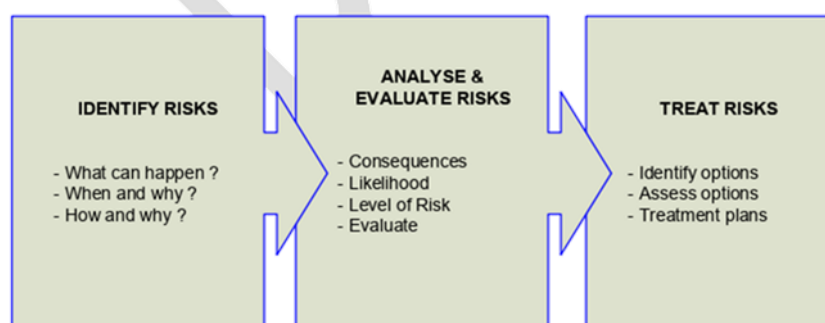
### Risk Assessment

The risk management process used in this project is shown in Figure 6.2 below.

It is an analysis and problem-solving technique designed to provide a logical process for the selection of treatment plans and management actions to protect the community against unacceptable risks.

The process is based on the fundamentals of the ISO risk assessment standard ISO 31000:2009.

**Fig 6.2 Risk Management Process – Abridged**



The risk assessment process identifies credible risks, the likelihood of the risk event occurring, the consequences should the event occur, develops a risk rating, evaluates the risk and develops a risk treatment plan for non-acceptable risks.



An assessment of risks associated with service delivery from infrastructure assets has identified a gap in the current asset management practice and will be addressed by setting up an organisation Infrastructure Risk Register based on Council own risk reporting system tools.

The critical risks that will result in significant loss, 'financial shock' or a reduction in service are noted in this AM plan (Table 6.1).

### Service and Risk Trade-Offs

The decisions made in adopting this AM Plan are based on the objective to achieve the optimum benefits from the available resources which means the Capacity to address critical failure in service will result in downgraded level of service.

## 7 PLAN IMPROVEMENT AND MONITORING

### Improvement Plan

The asset management improvement plan generated from this asset management plan is shown in Table 8.1.

**Table 8.1: Improvement Plan**

Task No	Task	Responsibility	Timeline
1	Undertake a complete condition assessment of Council's all Infrastructure assets and update condition information in the Asset Register.	MEDA	Completed
2	Undertake a complete revaluation of Council's all Infrastructure assets and update condition information in the Asset Register.	MEDA/MFS	Completed
3	Undertake a community survey to determine the current level of community satisfaction	MEDA	FY 25/26
4	Review Asset categories and re-classify the subclasses as required.	MEDA	December 2024
5	Set specification for current levels of service, monitor the performance against the set level of services	MEDA	Ongoing
6	Establish asset renewal ranking framework & criteria for capital works prioritisation.	MEDA	June 2025
7	Implement new Asset Management Tools for prediction modelling using asset condition data, work history and valuation figures for optimum outcomes vs asset investments.	MEDA/MFS	June 2026
8	Complete the Shared Path Master plan.	MEDA	June 2024
9	Following recommendation from the Shared Path Master Plan prepare prioritised list of future projects to be included in the forward capital works program for alternate pedestrian, Cyclist, Accessible transport links and routes.	MEDA/GMCI	June 2025
10	Develop a tool for accessibility compliance and annual update on the recommended actions from the CBD Accessibility Report.	MEDA	June 2025
11	Link the Infrastructure AMP to Council's Budgeting process/LTFP, so that impacts of funding levels can be addressed prior to funding allocation	MEDA/MFS/GMCI	Ongoing
12	Consider impact of regional transport strategies on future revisions of plan.	MEDA/GMCI	Ongoing
13	Review and implement infrastructure standards for maintenance, renewal, upgrade and new assets.	MEDA/PE	June 2025
14	Develop a program for undertaking regular traffic counts and with data integrated and updated in Council's road asset register.	MEDA/PE	Ongoing



## Monitoring and Review Procedures

This AM Plan will be updated annually to ensure it represents the current service level, asset values, projected operations, maintenance, capital renewal and replacement, capital upgrade/new and asset disposal expenditures and projected expenditure values.

## Trade-offs

There are some operations and maintenance activities and capital projects will not be undertaken within the next 10 years as due the insignificant cost benefits for these projects.

- No PLEC scheme projects..
- No Bulk LED Lighting Projects.

## Risk trade-off

In the absence of an integrated Asset Risk register, currently all corrective actions from Council's WHS system (Skytrust) are addressed as ad-hoc basis based on their risk scoring. Council is currently reviewing its process to include physical infrastructure asset corrective actions to create and ongoing Corrective Action

## 8 FINANCIAL SUMMARY

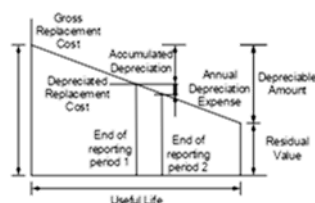
This section contains the financial requirements resulting from all the information presented in the previous sections of this asset management plan. The financial projections will be improved as further information becomes available on desired levels of service and current and projected future asset performance.

### Financial Statements and Projections

#### Asset valuations

The best available estimate of the value of assets included in this Asset Management Plan are shown below. Assets are valued at cost.

Gross Replacement Cost	\$289,090,386
Depreciable Amount	\$214,011,895
Depreciated Replacement Cost <sup>5</sup>	\$69,862,401
Annual Average Asset Consumption	\$15,775,076



#### Sustainability of service delivery

Two key indicators for service delivery sustainability that have been considered in the analysis of the services provided by this asset category, these being the:

- Asset renewal funding ratio, and
- Medium term budgeted expenditures/projected expenditure (over 10 years of the planning period).

#### Asset Renewal Funding Ratio

Asset Renewal Funding Ratio<sup>6</sup> 84%

<sup>5</sup> Also reported as Written Down Value, Carrying or Net Book Value.

<sup>6</sup> AIFMM, 2015, Version 1.0, Financial Sustainability Indicator 3, Sec 2.6, p 9.



The Asset Renewal Funding Ratio is the most important indicator and indicates that over the next 10 years of the forecasting that we expect to have 95% of the funds required for the optimal renewal and replacement of assets.

### Projected expenditures for long term financial plan

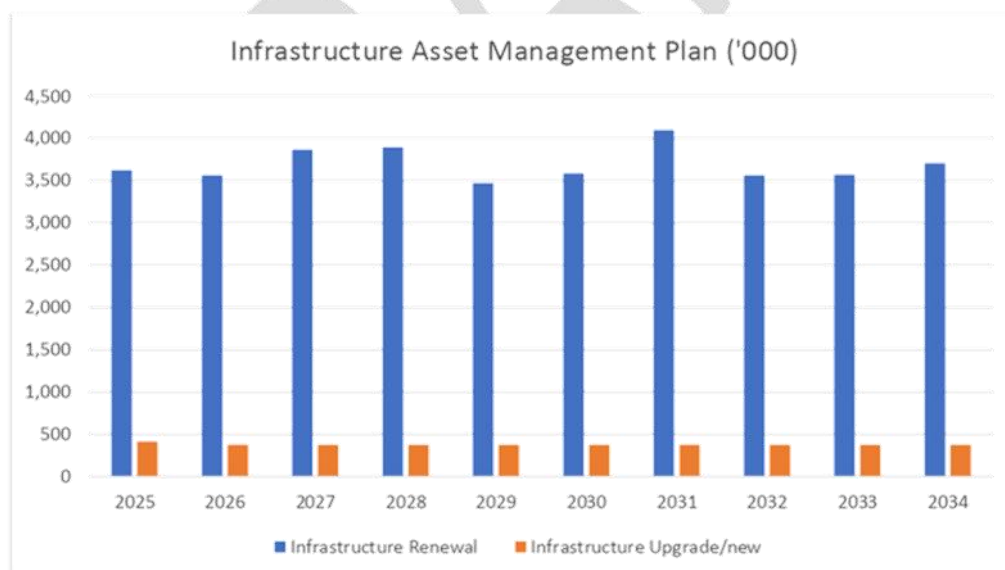
Table 7.1.2 shows the projected expenditures for the 10 year long term financial plan.

Expenditure projections are in 2024 real values.

**Table 7.1.2: Projected Expenditures for Long Term Financial Plan (\$'000)**

Year	Maintenance & Operations (\$'000)	Projected Capital Renewal (\$'000)	Capital Upgrade/ New (\$'000)	Disposals (\$'000)
2025	\$91.85	3,624	\$411	\$0
2026	\$91.97	3,565	\$374	\$0
2027	\$99.58	3,869	\$374	\$0
2028	\$95.94	3,897	\$374	\$0
2029	\$89.86	3,470	\$374	\$0
2030	\$92.92	3,587	\$374	\$0
2031	\$99.02	4,098	\$374	\$0
2032	\$92.58	3,565	\$374	\$0
2033	\$92.42	3,569	\$374	\$0
2034	\$96.46	3,707	\$374	\$0
10 Year Total	\$942.6	\$36,951	\$3,777	\$0

**Fig 8.2 Infrastructure Asset Management Plan**



### Funding Strategy

Funding for assets is provided from the budget and long-term financial plan (LTFP).

The financial strategy of the entity determines how funding will be provided, whereas the asset management plan communicates how and when this will be spent, along with the service and risk consequences of differing options.

### Valuation Forecasts

Asset values are forecast to increase as additional assets are added to the infrastructure portfolio.

Additional assets will generally add to the operations and maintenance needs in the longer term, as well as the need for future renewal. Additional assets will also add to future depreciation forecasts.

Due to the recent growth in the housing needs, more and more lands are developed into residential areas. As a result, the Council will continue to receive gifted assets as part of the new developments which will continue to grow City of Mount Gambier Infrastructure asset portfolio.

### Key Assumptions Made in Financial Forecasts

This section details the key assumptions made in presenting the information contained in this asset management plan. It is presented to enable readers to gain an understanding of the levels of confidence in the data behind the financial forecasts.

Key assumptions made in this asset management plan are:

**Table 7.4: Key Assumptions made in AM Plan and Risks of Change**

• Fyfe condition ranking is applied for project selection along with Staff's input from their experience.
• Continuation of past works program will end in 2023/24. However,
• Reconstruction will be prioritised over reseal for Pavement defects
• Gifted asset acquisition amount is not included.
• Future demands will be approached using a combination of managing existing assets, upgrading of existing assets and providing new assets to meet demand. Demand management practices may also include a combination of non-asset solutions, insuring against risks and managing failures.
• Renewal interception is planned to keep assets at condition level 3.
• Assumed avg. cost for Storm water, Carpark and retaining wall assets as they are still to be revalued.
• Asphalt overlays are planned for roads with crocodile cracking/Intersections/Cul-de-sacs/RABTs.



### Forecast Reliability and Confidence

The expenditure and valuations projections in this AM Plan are based on best available data. Currency and accuracy of data is critical to effective asset and financial management. Data confidence is classified on a 5 level scale<sup>7</sup> in accordance with Table 7.5.

**Table 7.5: Data Confidence Grading System**

Confidence Grade	Description
<b>A Highly reliable</b>	Data based on sound records, procedures, investigations and analysis, documented properly and agreed as the best method of assessment. Dataset is complete and estimated to be accurate $\pm 2\%$
<b>B Reliable</b>	Data based on sound records, procedures, investigations and analysis, documented properly but has minor shortcomings, for example some of the data is old, some documentation is missing and/or reliance is placed on unconfirmed reports or some extrapolation. Dataset is complete and estimated to be accurate $\pm 10\%$
<b>C Uncertain</b>	Data based on sound records, procedures, investigations and analysis which is incomplete or unsupported, or extrapolated from a limited sample for which grade A or B data are available. Dataset is substantially complete but up to 50% is extrapolated data and accuracy estimated $\pm 25\%$
<b>D Very Uncertain</b>	Data is based on unconfirmed verbal reports and/or cursory inspections and analysis. Dataset may not be fully complete and most data is estimated or extrapolated. Accuracy $\pm 40\%$
<b>E Unknown</b>	None or very little data held.

The estimated confidence level for and reliability of data used in this AM Plan is considered to be at **B (Reliable)**.

## 9 APPENDICES

### Appendix A LTFP Budgeted Expenditures Accommodated in AM Plan

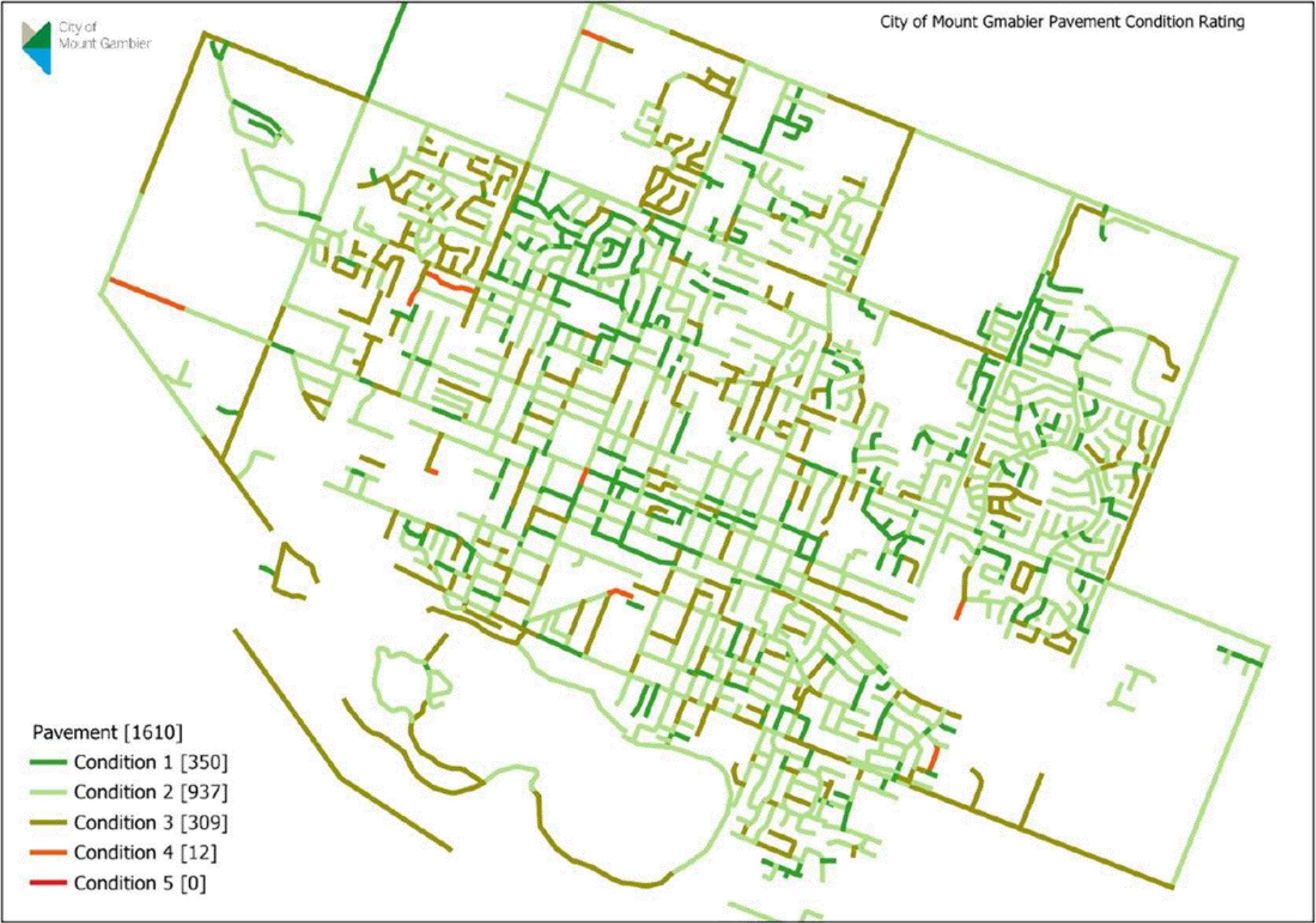
Infrastructure Asset Management Plan - 2025-2034										
\$'000	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
<b>Renewal</b>	3,624	3,565	3,869	3,897	3,470	3,587	4,098	3,565	3,569	3,707
<b>Upgrade/new</b>	411	374	374	374	374	374	374	374	374	374

<sup>7</sup> IPWEA, 2015, IIMM, Table 2.4.6, p 2 | 71.





Appendix B City of Mount Gambier Road Segments Condition Map (Condition 1= Very Good; Condition 5=Unserviceable)



Appendix C City of Mount Gambier Proposed Shared Path Networks<sup>8</sup>

42 | City of Mount Gambier

Shared Path Masterplans | 43

Objective 2: Connected and Inclusive

Cycling

The following primary, secondary, and local routes that classify Mount Gambier as an integrated network and hierarchy of routes. These routes that have been developed under the five internationally-recognised requirements, mainly focusing on Directness.

2.1 Adoption and Endorsement of Primary Routes

- P1** Suttontown Road
- P2** Wireless Road East and West
- P3** Kennedy Avenue
- P4** Wehl Street South and North
- P5** Crouch Street South and North
- P6** Pine Hall Avenue and Bishop Road
- P7** Grant Avenue/Blue Lake (Warwar)/Crouch Street Loop

2.2 Adoption and Endorsement of Secondary Routes

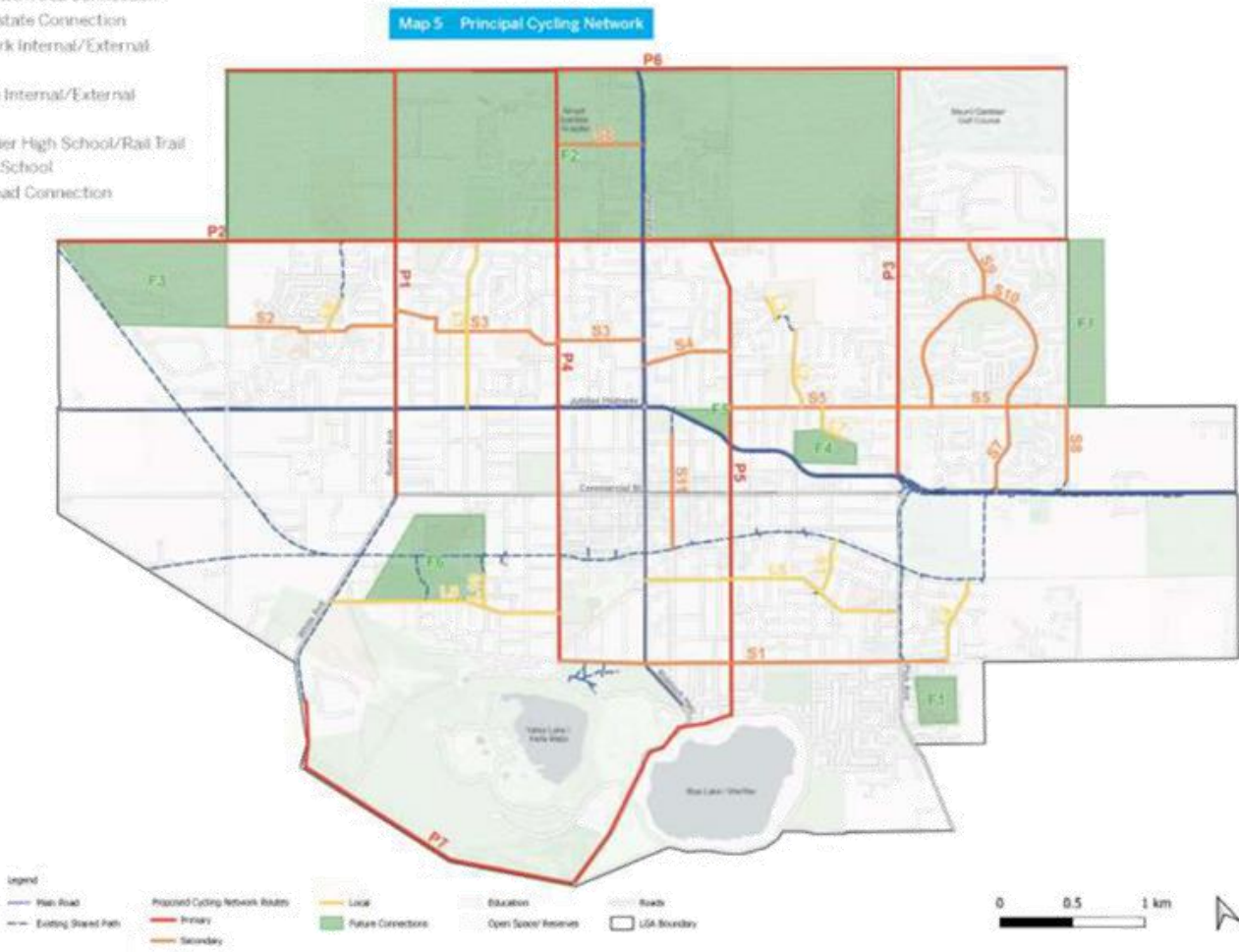
- S1** Lake Terrace East-West Connection
- S2** Mulga Street Primary School Connection
- S3** Mount Gambier North Primary Connection
- S4** Canavan Road Connection
- S5** North Terrace Connection
- S6** Allison Street Connection
- S7** Tumut Drive Connection
- S8** Attamuna Road Connection
- S9** Honnington Road Connection
- S10** Corroo Drive Connection
- S11** Ferrers Street/Mitchell Street Connection

2.3 Adoption and Endorsement of Local Routes

- L1** Acacia Street
- L2** Dalkeith Drive
- L3** St Martins Drive
- L4** Pressey Street
- L5** Boandik Terrace
- L6** Hanson Street
- L7** Cornaun Avenue
- L8** Shepherdson Road

2.4 Adoption and Endorsement of Future Connections

- F1** Grant High School Internal/External Connection - School
- F2** Northern Growth Area Connection
- F3** Springview Estate Connection
- F4** McDonald Park Internal/External Connection
- F5** City Bike Hire Internal/External Connection
- F6** Mount Gambier High School/Rail Trail Connection - School
- F7** Attamuna Road Connection



<sup>8</sup> City of Mount Gambier Shared Path Masterplan







# Buildings and Structures Asset Management Plan

## 2025-2034

May 2024



Document Control		 IPWEA <small>INSTITUTE OF PUBLIC WORKS ENGINEERING AUSTRALASIA</small> 			
Document ID: AR24/11482 City of Mount Gambier Building and Structures Asset Management Plan 2025-2034					
Rev No	Date	Revision Details	Author	Reviewer	Approver
1	March 2019	1 <sup>st</sup> version as a stand-alone document	KR	DM	NS
2	January 2021	Updated in preparation for FY2022 budget process	CM	JZ	
3	January 2021	Updated in preparation for FY2022 budget process	AM	JS	BC
4	May 2023	Updated in Preparation for FY2023 Budget	AM	JS	BC
5	May 2024	Updated in Preparation for FY2024/25 Budget	AM	JS	BC

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## 1. EXECUTIVE SUMMARY

The B&S-AMP aims to strategically manage Building and Structure Assets owned by the City of Mount Gambier, ensuring they meet community service expectations and align with the Council's strategic goals.

The plan addresses the management of:

- Buildings with components, including sub-structures, envelopes, roofs, fitouts, and services.
- Standalone buildings, which cover public toilet upgrades, sheds, and sports amenities.
- Structures like bus shelters, playgrounds, and other shelters.

Council has recently adopted the Sports, Recreation and Open Spaces Strategies (SROSS), which underscored the need for a strategic focus on the highly utilized City of Mount Gambier assets requiring significant future investments to maintain their serviceability. Following an extensive community consultation, SROSS has systematically organized the current assets related to recreation and sporting functions and prioritized for future investment on these assets based on community benefit. The strategy also highlighted the necessity for master planning activities at key locations within the council's boundaries.

It should be noted as part of this plan, to ensure the strategic direction from SROSS could be achieved to its fullest capacity is to identify the recreation and open spaces assets and create a new asset class to have its own future planning and investment priorities. Therefore, it is proposed that, over the next three years, the strategic priorities will include:

- Identifying assets within Building and Structure Assets to move into a separate register for Recreation and Open Space Assets with relevant attributes and their financial values.
- Developing an individual Asset Management Plan (AMP) for both asset classes.
- Planning and preparing budgets in alignment with the newly developed AMPs and the Council's Long-Term Financial Plan (LTFP).





## 2. INTRODUCTION

### 2.1. Background

The Buildings and Structures Asset Management Plan (B&SAMP) is to outline a broad approach asset management, demonstrate proactive management of assets (and services provided from those assets) and model the funding required from the assumptions developed for those assets. This AMP is to be read in conjunction with Council's Asset Management Policy, Asset Management Strategy and the following associated planning documents:

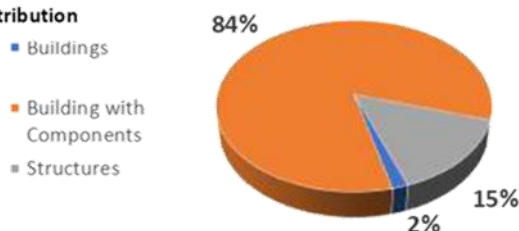
- City of Mount Gambier Strategic Plan
- Long Term Financial Plan (LTFP)
- Annual Business Plan
- Asset Management Policy
- Asset Accounting Policy
- Land Development Policy L130
- Risk Management Framework
- Community land (reserves) lease / license / rental arrangements policy
- Disability Access and Inclusion Plan (DAIP)
- Sports recreation and Open Space Strategic (SROSS) Plan

This AMP covers all Council controlled buildings and structures within the City of Mount Gambier as indicated in the following summary:

**Table 1 : Building and Structures covered by this Plan (as of 01 July 2023)**

Asset Category	Fair Value (\$)	Annual Depreciation (\$)
Buildings	\$110.8M	\$3.9M
Structures	\$19.8M	\$0.8M
<b>TOTAL</b>	<b>\$130.6M</b>	<b>\$4.73M</b>

**Figure 1. Asset Types Distribution**



## 2.2. Goals and objectives of Asset Management

Council exists to provide services to its community. Some of these services are provided by building and structure assets. Council has acquired assets by purchase, construction and by donation/gift.

Council's goal in managing building and structure assets is to meet the defined level of service in the most cost-effective manner for present and future consumers. The principles adopted in this Building and Structure Asset Management are:

- Taking a life cycle approach to developing cost-effective management strategies for the long term.
- Identifying life expiry of critical assets over next 10 years and consider wholistic impact on the renewal budget.
- In the absence of more component specific data and a robust Asset Management System, Consideration has been made understand the overall impact on the Long-Term Financial Plan (LTFP) over the next 10 years as more uniform expenditure and Council's capacity to deliver projects.
- Managing risks associated with critical asset failures and disasters.
- Having an LTFP which includes required, affordable expenditure and how it will be financed.
- Continuous improvement in asset management practices.<sup>1</sup>

This AMP is prepared under the direction of Council's existing Strategic Plan which represents the vision, aspirations, and priorities of the community now and into the future.

A 'top down' approach has been used where analysis is applied at the system or network level to meet minimum legislative and organisational requirements for sustainable service delivery and long-term financial planning and reporting.

Future versions of the AM Plan will move towards 'advanced' asset management using both a hybrid 'top down' and 'bottom up' approach for reporting up to date information about individual assets.

## 2.3. Plan Framework

Key elements of the Plan are: -

- Levels of service – specifies the services and levels of service to be provided by Council.
- Future demand – how this will impact on future service delivery and how this is to be met.
- Life cycle management – how Council will manage its existing and future assets to provide the required services.
- Financial summary – what funds are required to provide the required services.
- Asset management improvement plan.

## 2.4. Core and Advanced Asset Management

This asset management plan is prepared as a 'core' asset management plan over a 10-year planning period in accordance with the International Infrastructure Management Manual<sup>2</sup>. Core asset management is a 'top down'

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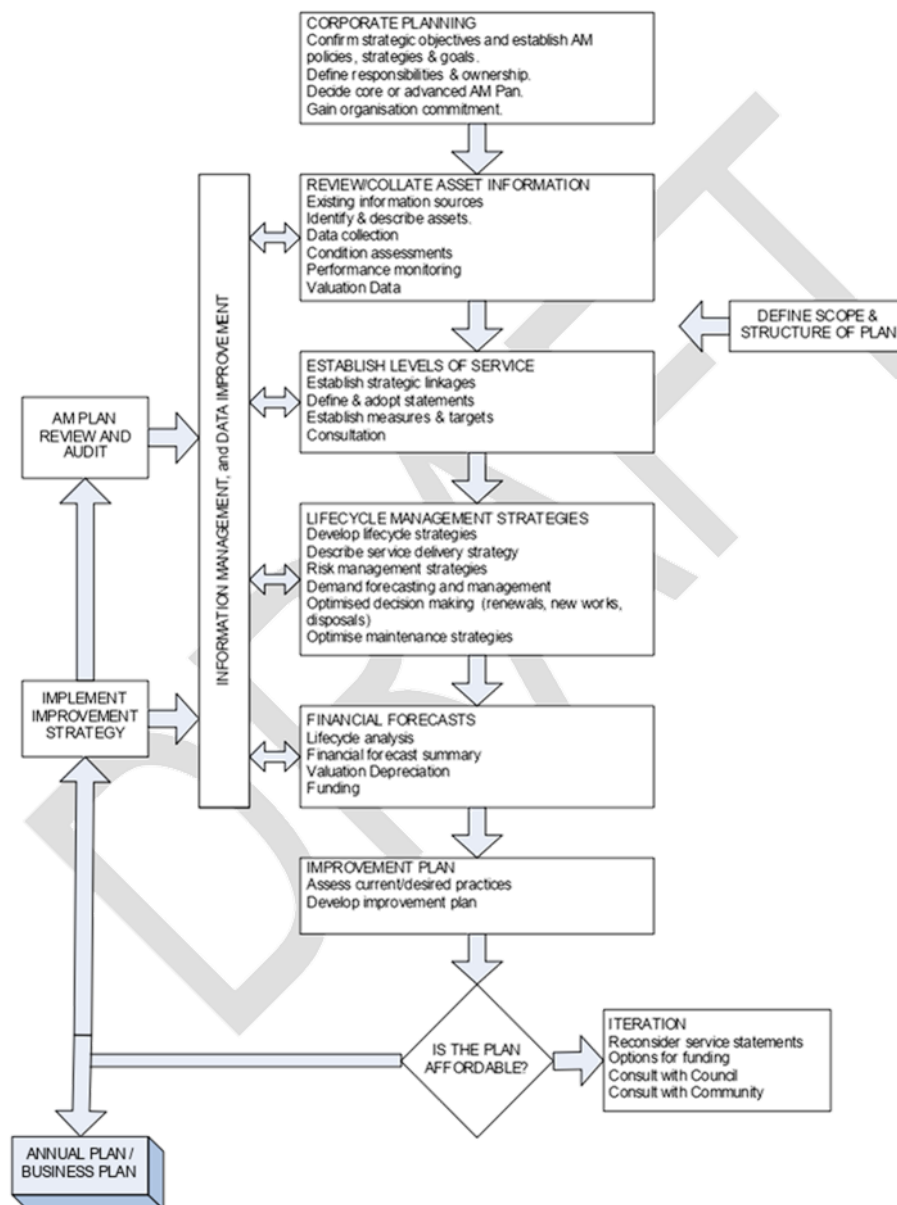
<sup>1</sup> IIMM 2006 Sec 1.1.3, p 1.3

<sup>2</sup> IPWEA, 2015, IIMM.



approach where analysis is applied at the system or network level. An 'advanced' asset management approach uses a 'bottom up' approach for gathering detailed asset information for individual assets. A road map for preparing an Asset Management Plan is shown below.

**Figure 2. Road Map for preparing an Asset Management Plan<sup>3</sup>**



<sup>3</sup> Source: IIMM Fig 1.5.1, p 1.11

### 3. LEVELS OF SERVICE

This 'core' asset management plan is prepared to facilitate consultation prior to adoption by the Council. Future revisions of the asset management plan will incorporate community consultation on service level satisfaction and costs of providing those services. This will assist the Council and stakeholders in matching the level of service required, service risks and consequences with the community's ability and willingness to pay for the service.

#### 3.1. Legislative Requirements

Council must meet many legislative requirements including Australian and State legislation and State regulations. These include:

**Table 2 : Legislative requirements**

Legislation	Requirement
Local Government Act, 1999	Sets out role, purpose, responsibilities and powers of local governments including the preparation of a long-term financial plan supported by infrastructure and asset management plans for sustainable service delivery.
Development Act and subordinate legislation (example Development Plan and Building Code)	Provides Council with the legislative framework to guide the preservation and enhancement of its buildings and structures.
Heritage Act, 2004	An Act that conserves places with heritage value
Building Code of Australia, 2016	States the minimum requirements for the design, construction and maintenance of buildings
Work Health and Safety Act, 2012	Secures the health, safety and welfare of persons at work
Asbestos Removal Code of Practice	The management and maintenance of asbestos in accordance with the code
Disability Discrimination Act (DDA), 2012	An Act that bans discrimination of people based on a disability
Environmental Protection Act, 1997	An Act that covers the protection of the environment



### 3.2. Strategic and Corporate Goals

This Asset Management Planning Approach has been identified as one of the Council Strategic Priority Projects for 2024-2026.

In the three years Asset Management Planning approach the following steps are identified.

**Figure 3. Scope of the Asset Management Planning Approach Priority Project**



### 3.3. Current Levels of Service

These relate to how the community receives the service in terms of safety, quality, function, quantity, reliability, responsiveness and cost/efficiency.

These measures relate to the allocation of resources to service activities that the Council undertakes to best achieve the desired community outcomes, whilst meeting all legislative requirements.

Council has defined service levels in two terms:

1. Community Service Levels
2. Operational or Technical Service Levels

Council's current service levels are detailed in Table 4.



**Table 3 : Current Service Levels**

Key Performance Measure	Level of Service	Performance Measure Process	Performance Target	Current Performance
<b>COMMUNITY LEVELS OF SERVICE</b>				
Quality	Provide buildings that are fit for purpose	Customer service requests Condition rating	Less than 3 per month for any particular building or structure	Currently Not meeting target for Library (Avg.7.4), Visitor Information Centre (Avg.3.2)
Function	Buildings and structures are available and accessible for intended use at all times (apart from during times of maintenance)	Customer complaints relating to unavailability of building or structure	Less than 1 per month for any particular building or structure	Less than 2 per month for any particular building or structure
	Building facilities meet user requirements	Usage of facility	Average usage of facility 50% occupancy for each building	TBC
Safety	Provide buildings that comply with the principles of the BCA and DDA. Buildings are free from hazards	Number of injury incidents relating to health, safety and disability for Council owned buildings and structures	Less than 2 per month per building or structure	Currently received less than 2 per year
Asbestos	Ensure that all building facilities meet asbestos regulations	Asbestos registers onsite and program in place to remove and/or manage asbestos from, in and around buildings	<2 incidents per year	0 incidents reported



TECHNICAL LEVELS OF SERVICE				
Condition	Carry out routine maintenance on buildings and structures	Number of complaints relating to minor maintenance matters	Less than 5 per month for any particular building or structure	Less than 5 per month for any particular building or structure
Compliance	Compliance with Building Codes and technical standards	All new work and significant refurbishment to comply with current standards	Development Act approval and compliance with Building Code of Australia	Plans and specifications are submitted to gain development approval
Costings/Affordability	Operational expenditure costs are known	Introduction of work order costing system to track maintenance of buildings	All plant, labour and material costs booked to work orders for individual buildings	All plant, labour and material costs booked to work orders for individual buildings
Safety	Condition assessment surveys to identify any issue relating to occupier safety	Building and structure condition assessments to be carried out on a one in three year cycle	Identified safety issues are documented and included in works program for the following financial year budget	Issues addressed as they are identified, assessment frequency not currently stipulated



#### 4. FUTURE DEMAND

##### 4.1. Demand Forecast

Factors affecting demand include population change, changes in demographics, seasonal factors, consumer preferences and expectations, economic factors, environmental awareness, changing legislative requirements, risk management practices, etc.

Demand factor trends and impacts on service delivery are summarised in Table 5

**Table 4 : Demand Factors, Projections, and Impact on Services**

Demand factor	Present position	Projection	Impact on services												
Population and Demographics *	27,749 (based on 2022 Census data) 2.3% increase in people from 2016 to 2021.	A steady increase of 0.47% per annum, with the increase expected to occur mainly in the older demographic 60+.	Aging population will increase demand for more accessibility across the council buildings.												
Changing Community Expectation	<p>Council received the following number of CRM in past 5 years in relation to services provided by this asset class.</p> <table><thead><tr><th>Year</th><th>Number of CRM</th></tr></thead><tbody><tr><td>2019</td><td>67</td></tr><tr><td>2020</td><td>56</td></tr><tr><td>2021</td><td>60</td></tr><tr><td>2022</td><td>71</td></tr><tr><td>2023</td><td>158</td></tr></tbody></table>	Year	Number of CRM	2019	67	2020	56	2021	60	2022	71	2023	158	<p>Last 5 years of CRM statistic shows steady growth in Customer Expectation for services.</p>	The increase expectation of services may impact on the quality and nature of facilities, provided by Council and this has been a discernible trend where community groups require (demand) higher standards in the facilities they use. Simple examples include requests for state of the art kitchen facilities, air conditioning in sports stadiums, increased storage requirements and supply of computing facilities in Council libraries.
Year	Number of CRM														
2019	67														
2020	56														
2021	60														
2022	71														
2023	158														
Legislative changes	Compliance with BCA	Increasing legislative and governance demands, long term financial	Demand for retrofitting buildings for, environmental												



		sustainability, environmental sustainability for the existing building stock as well as pressure for additional buildings	sustainability etc. and impact on financial resources in the provision of new buildings
--	--	---	---

#### 4.2. Changes in Technology

Technology changes are forecast to have little effect on the delivery of services covered by this plan, but will likely improve customer feedback and advice to Council (e.g. Web based communication to Council, smart phone technology, automated monitoring of building services, online/interactive building lighting/art).

Council will face increasing community pressure to retrofit existing facilities with technology that will improve the overall environmental sustainability of the facility and safety.

Technology changes forecast to affect the delivery of services covered by this plan are detailed below.

**Table 5 : Potential changes in technology and effect on service delivery**

Technology Change	Effect on Service Delivery
Artificial Intelligence (AI)	AI embedded asset management system may be able to optimise asset use and investment need by identifying trends and subsequence forecast modelling. Council will follow the industry trend and advice from LGA to determine the use and embedding into its asset management system.
CCTV Cameras	Council have CCTVs at various locations for the surveillance of its public areas and buildings. However, some CCTVs are there purely for the security surveillance and are controlled and used by SAPOL, where as other locations are Council operated and is required be integrated into one access system for effective use and monitoring of Council Assets.
Automatic detection and safety systems	Expansion of electronic access to buildings. Recently automatic gates were installed at the depot entry points to ensure maximum asset security and unnecessary public intrusions.
Plant & Equipment	Updated plant & equipment may result in improved service delivery within a more efficient timeframe and to a better standard.
Mobile computing	Use of improved technology for condition rating may lead to increased data integrity and ability to link to GIS for improved



	visualisation. Will also mean simpler and more efficient information transfer without double handing of data.
Environment Sustainability	Installation of energy and water saving equipment (i.e. Smart meters, solar panels etc) for environmental responsibility and for cost efficiency.

#### 4.3. Demand Management Plan

Demand for new services will be managed through a combination of managing existing assets, upgrading of existing assets and providing new assets to meet demand. Demand management practices include non-asset solutions, insuring against risks and managing failures.

Non-asset solutions focus on providing the required service without the need for the organisation to own the assets, such as leasing arrangements or providing services from existing infrastructure which may be located in another community area or contributing to capital improvements of another organisation that provide benefits for our community. An example of this includes, the Mount Gambier Airport, located outside the City of Mount Gambier boundary, however Council has contributed funding to upgrade its facilities.

The current lack of information on the extent of service provision required to meet community demand for buildings makes it difficult to assess the gap between the community desires/needs and existing service provision. Opportunities identified to date for demand management are shown in Table 7. Further opportunities will be developed in future revisions of this AM Plan.

**Table 6 : Demand Management Plan Summary**

Service Activity	Demand Management Plan
Operations	Utilise office space more efficiently. Identify buildings not being used to their full potential and consult the community on other uses.
Financial	Develop long-term financial management plans to ensure financial sustainability
DDA provision improvements	Currently there is a gap in planned accessibility improvement work and is currently under review for creating a long/medium- and short-term priorities for all council owned buildings.
Environmental sustainability	Council in its procurement policies has incorporated "Value Added Services and Improvement & Innovation" criteria to encourage environmental sustainability.
Public Toilet Facilities	This plan recognises need for investment to replace/upgrade all key public toilet blocks in its future works program. The Valley Lake new toilet block was part of this commitment and will be followed by public





	toilets at Frew Park, Umpherston Sinkhole, Blue Lake Sports park, Vansittart Park and so on.
--	--

## 5. LIFECYCLE MANAGEMENT PLAN

The lifecycle management plan details how Council plans to manage and operate the assets at the agreed levels of service (defined in the section “Levels of Service”) while optimising life cycle costs.

### 5.1. Physical Parameters

The assets covered by this Plan are shown in Table 1.

Over 5% of Council’s building and structure assets are identified as heritage. Generally, the building and structure assets are in fair to good condition although asset ages vary considerably across the City. Council has limited data on the age profile of its Asset stock but does have an increasing understanding of the condition data for building and structure asset categories. Council uses a combination of the age and condition data to set future works programs and to prepare risk control strategies.

### 5.2. Asset Capacity and Performance

As part of the Strategic Priority Project for Asset Strategy, Council plans to undertake the following activities to better understands its assets and their serviceability to the community. The activities will include but not limited to are:

- Collect item specific information for all assets and their functional life expectancy.
- Consult with the community for service expectation.
- Prioritise works to be completed.
- Design and project cost works
- Ensure strategic alliance (both financial and non-financial)

### 5.3. Asset Condition

Council’s building and structure assets were last assessed for condition as at 01 July 2023 by external consultants as part of the revaluation process. The condition is measured using a 0 – 5 rating system.

The condition profile of Council’s assets will be further assessed by technical building experts and include review of compliance standards, appearance, security, fit for purpose and environmental fitness and be reflected in future updates of this Plan.

**Table 7 : Condition Rating Scale**

Rating	Description of Condition
1	<b>Very Good:</b> only planned maintenance required.
2	<b>Good:</b> minor maintenance required plus planned maintenance.
3	<b>Fair:</b> significant maintenance required.
4	<b>Poor:</b> significant renewal / rehabilitation required.
5	<b>Very Poor:</b> physically unsound and / or beyond rehabilitation.



The condition profile of Council's building and structure assets is shown below in figures 2 and 3.

**Figure 4. Building and Structure Asset Condition Profile**

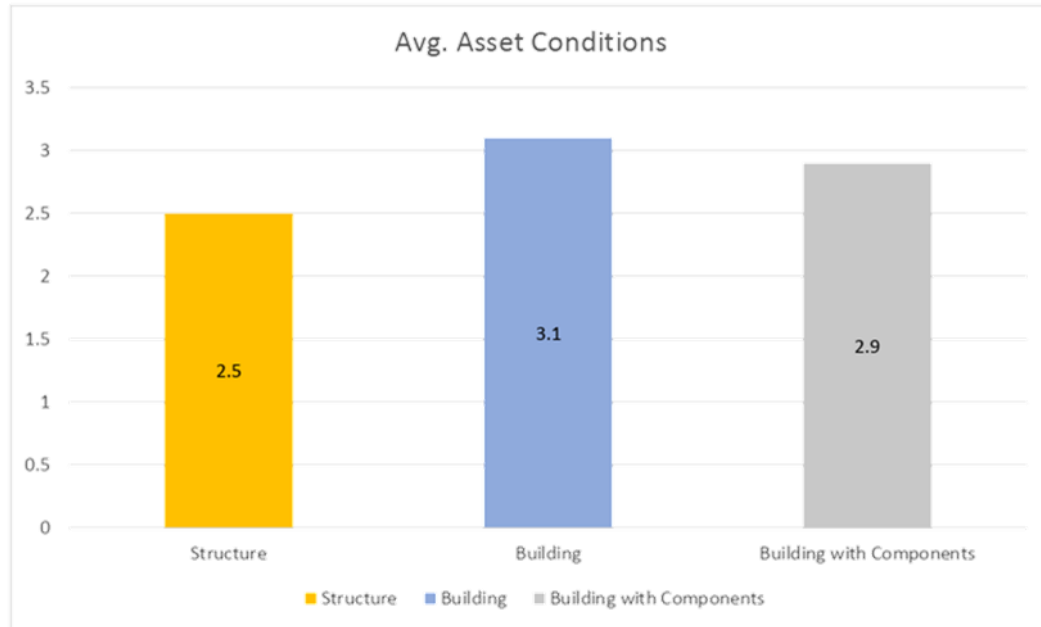
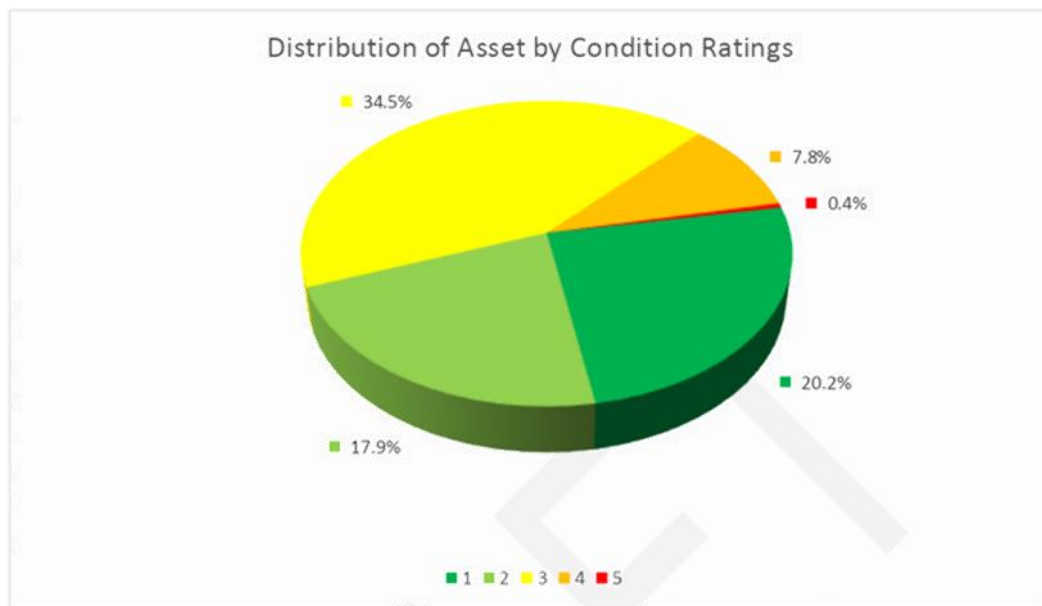


Figure 5: Building and Structure Asset Condition Profile



#### 5.4. Risk Management Plan

An assessment of risks associated with service delivery from infrastructure assets identifies critical risks to Council. The risk assessment process identifies credible risks, the likelihood of the risk event occurring, the consequences should the event occur, develops a risk rating, evaluates the risk and develops a risk treatment plan for non-acceptable risks.

#### 5.5. Operations and Maintenance

Routine maintenance is the regular on-going work that is necessary to keep assets operating, including instances where portions of the asset fail and need immediate repair to make the asset operational again.



## 6. RENEWAL PLAN

Renewal expenditure is major work which does not increase the asset's design capacity but restores, rehabilitates, replaces, or renews an existing asset to its original service potential. Work over and above restoring an asset to original service potential is upgrade/expansion or new works expenditure.

### 6.1. Renewal Standards

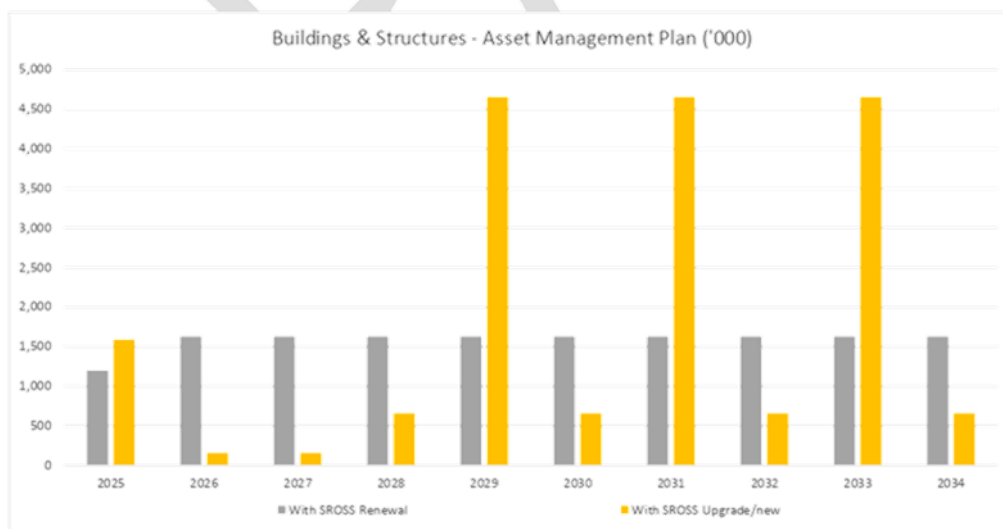
Renewal work is carried out in accordance with the following Standards and Specifications:

- Current Australian and Industry Standards
  - Building Code of Australia 2016
  - Disability Discrimination Act (DDA)
  - Asbestos Removal Code of Practice
  - Electrical Wiring Code AS3000
  - Work Health Safety Act and Regulations

### 6.2. Summary of Future Renewal Expenditure

Projected future renewal expenditures - the optimal level of renewals - are forecast to increase over time as the asset stock ages. The costs are summarised in Figure 6. Note that all costs are shown in nominal dollar values. Due to planning a master plan each year for the significant open spaces which were identified in the SROSS, costs of three projects to support the implementation of this strategy (with design in year 1 and construction in year 2), excluding inflation for total cost for each project is assumed to be \$5m with 50% grant funding) capital Works investment for next 10 years which is shown in Figure 7.

**Figure 7. Projected capital expenditure over next 10 years (With planned SROSS Expenditure)**



Planned capital projects are to be funded from Council's capital works program and grants where available. Council has recently taken the first step towards improving its buildings and structures planned renewal



programming by using remaining useful life estimates. Future iterations of this Plan will become more detailed as Council continues to develop its assets categorisation and information.

## **7. FINANCIAL SUMMARY**

This section contains the financial requirements resulting from all the information presented in the previous sections of this AMP. The financial projections will be improved as further information becomes available on asset technical details and condition, desired levels of service and current and projected future asset performance.

### **7.1. Sustainability of Service Delivery**

There are two key indicators for financial sustainability that have been considered in the analysis of the services provided by this asset category, these being long term life cycle costs and medium-term costs over the 10 year financial planning period.

#### **7.2. Long term - Life Cycle Cost**

Life cycle costs (or whole of life costs) are the average costs that are required to sustain the service levels over the longest asset life. Life cycle costs include maintenance and asset consumption, i.e. depreciation expense. The buildings and structures annual consumption cost for the services covered in this Plan, represented by the Buildings – Renewals and the Structures – Renewals amounts to \$15.8M.

Life cycle costs can be compared to life cycle expenditure to give an indicator of sustainability in service provision. Life cycle expenditure includes maintenance plus capital renewal expenditure. Life cycle expenditure will vary depending on the timing of asset renewals.

The AMP is created with the view to include the optimal level and therefore should not show a gap. Such a gap will only appear in case the LTFP drives capital allocation to a different year than as per the AMP, or when Council does for other reasons spend more or less on life cycle costs for the year than the AMP suggests.

Any gap between life cycle costs and life cycle expenditure gives an indication as to whether present consumers are paying their share of the assets that are consumed each year.

The above confirms the purpose of this AMP: to identify levels of service that the community needs and can afford and develop the necessary long-term financial plans to provide the service in a sustainable manner so that future generations are not burdened with failing assets.

A gap between projected asset renewal expenditure and actual (planned) expenditure indicates that further work is required to manage required service levels and future planned expenditure funding needs to eliminate any funding gap.

Council will need to manage the 'gap' by developing this AM Plan to provide guidance on future service levels and resources required to provide these services, and to ensure that the gap closes to a controllable level.

#### **7.3. Funding Strategy**

Projected expenditure identified in Figure 5 is to be funded from Council's operating and capital budgets. The funding strategy is detailed in Council's Long-Term Financial Plan (LTFP).





Additional new and renewal of building capital, in addition to the optimal level, or as part of reaching the optimal level, could be funded out of regular Council income. However, taking into account Council's financial constraints other options to assist reducing a funding gap or fund additional capital expenditure include:

- Grant funding
- Fundraising
- Alternate revenue streams
- Sale of underutilised assets
- Change in services and service levels
- Refinement of CPI and consumption rates and assumptions.

#### **7.4. Valuation Forecasts**

Asset values are forecast to increase as additional assets are added to the asset stock from construction and acquisition by Council and from assets constructed by land developers and others. Depreciation expense values are forecast in line with asset values based on asset condition depreciation and will be adjusted in accordance with asset revaluations which will occur from time to time taking into account condition assessments and additional asset age data.

The depreciated replacement cost (current replacement cost less accumulated depreciation) will vary over the forecast period depending on the rates of addition of new assets, disposal of old assets and consumption and renewal of existing assets. Council may wish to explore the option for limited asset disposal of buildings and structures whilst still maintaining a reasonable and acceptable level of service to the community.

#### **7.5. Key Assumptions made in Financial Forecasts**

This section details the key assumptions made in presenting the information contained in this Plan and in preparing forecasts of required operating and capital expenditure and asset values. It is presented to enable readers to gain an understanding of the levels of confidence in the data behind the financial forecasts.

Key assumptions made in this Plan are:

- Asset condition and valuation has been determined by AssetVal Pty Ltd.
- Straight line depreciation of asset condition has been assumed and AssetVal Pty Ltd have determined the residual value for buildings and structures assets.
- This AM Plan was put together based on the information at hand at the time of preparing the Plan. As asset information is updated and more accurate information becomes available, this Plan will become more accurate.

#### **7.6. Accounting and financial systems**

Council uses Civica Authority as its accounting and financial system. This system integrates with Council's asset management system another module of the Civica Authority suite.



The Australian Accounting Standards provide the benchmark against which Council reports on asset accounting.

Council's current capitalisation threshold is \$5,000.

The link between asset management and the financial system includes:

- The assumed works programs and trends
- The resulting budget, valuation and depreciation projections
- Useful life analysis (including renewal projections)
- Inputs to Council's LTFP and ABP&B

## 8. REFERENCES

The City of Mount Gambier Futures Paper

City of Mount Gambier Strategic Plan 2020-2024

City of Mount Gambier Annual Business Plan and Budget

DVC, 2006, 'Asset Investment Guidelines', 'Glossary', Department for Victorian Communities, Local Government Victoria, Melbourne

IPWEA, 2006, 'International Infrastructure Management Manual', Institute of Public Works Engineering Australia, Sydney, [www.ipwea.org.au](http://www.ipwea.org.au)



9. APPENDICES

9.1. Buildings and Structures Asset management plan

Buildings and Structures Asset Management Plan - 2025-2035 (With incorporating SROSS Strategy)										
'000	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Renewal	1,197	1,627	1,627	1,627	1,627	1,627	1,627	1,627	1,627	1,627
Upgrade/new	1,588	155	155	655	4655	655	4655	655	4655	155
TOTAL	2,785	1,782	1,782	1,782	1,782	1,782	1,782	1,782	1,782	1,782



9.2. Future renewal needs for Building and Structures

Asset renewal needs for next 10 years			
Shed			
Description	Location	Replacement Cost	
Stone Store Shed	Old Gael	\$ 29,000.00	
Store Shed	Old Gael	\$ 10,000.00	
Brick Pump Shed	Blue Lake Sports Park	\$ 14,000.00	
Signs Store 1	Council Depot	\$ 23,000.00	
Implement Shed	Lake Terrace Cemetery	\$ 18,000.00	
Steel Storage Shed	Marist Park	\$ 40,000.00	
Pump Shed	Marist Park	\$ 42,000.00	
Equipment Shed	Valley Lake - Conservation Park	\$ 13,000.00	
Wash Bay	Council Depot	\$ 44,000.00	
Sports			
Description	Location	Replacement Cost	
Football Change Rooms / Grandstand	Vansittart Park - Oval	\$ 2,110,000.00	
Scoreboard	Vansittart Park - Oval	\$ 76,000.00	
Playgrounds			
Location	Replacement Cost		
Railway Lands - Natural Play Components	\$ 60,000.00		
AF Sutton Memorial Park	\$ 60,000.00		
AF Sutton Memorial Park	\$ 9,000.00		
AF Sutton Memorial Park	\$ 9,000.00		
Rossville Reserve	\$ 12,000.00		
Heaver Drive Reserve	\$ 44,000.00		
Elder Street Reserve	\$ 6,000.00		
Tumut Drive Reserve	\$ 60,000.00		
Akuna Reserve	\$ 42,000.00		
Umpherston Sinkhole	\$ 11,000.00		
Gladigau Park	\$ 14,000.00		
Hayes Crescent Reserve	\$ 60,000.00		
Carmel Drive Reserve	\$ 76,000.00		
Argyle Place Reserve	\$ 26,000.00		
Hastings Cunningham Reserve	\$ 76,000.00		
Elm Avenue / Jarrah Street Reserve	\$ 60,000.00		
Stiles Street Reserve	\$ 83,000.00		
Valley Lake - Playground	\$ 585,000.00		
Malaluca Reserve	\$ 69,000.00		
Quarry Reserve	\$ 80,000.00		
Max Young Memorial Park	\$ 82,000.00		
Don McDonnell Reserve	\$ 105,000.00		
Public Toilets			
Location	Replacement Cost		
Frew Park	\$ 220,500.00		
AF Sutton Memorial Park	\$ 153,000.00		
Blue Lake Sports Park - Football Grounds	\$ 112,500.00		
Corredale Park	\$ 135,000.00		
Vansittart Park - Oval	\$ 144,000.00		
Vansittart Park - Oval	\$ 144,000.00		
Valley Lake - Conservation Park	\$ 112,000.00		
Blue Lake Sports Park	\$ 94,500.00		
Commerce Arcade	\$ 180,000.00		
BusShelter			
Location	Replacement Cost		
163-165 Wireless Road West	\$ 17,000.00		
20-22 Willow Avenue	\$ 33,000.00		
Gladigau Road (36 Kooringa)	\$ 12,000.00		
18 Illawong Drive	\$ 12,000.00		
101 Lake Terrace East	\$ 17,000.00		
Newton Crescent (75 Pick Ave)	\$ 17,000.00		
16 Pressey Street	\$ 17,000.00		
Wehl Street South (Reidy Park School)	\$ 17,000.00		
2 Willow Avenue	\$ 17,000.00		
64 Crouch Street North	\$ 12,000.00		
227 Commercial Street East	\$ 17,000.00		
L209 Conroe Drive	\$ 29,000.00		
Overall Planned Annual Renewal Expenditure			
Asset Type	Asset Components	10 Years Total Replacement Cost	Annual Replacement Allocation
Structure	Bus shelter	\$ 217,000.00	\$ 21,700.00
	Playgrounds	\$ 1,693,000.00	\$ 169,300.00
	Other (Shed/Shelters etc)	\$ 432,000.00	\$ 43,200.00
Building	Public Toilet Upgrades	\$ 1,548,000.00	\$ 154,800.00
	Sheds (Building/Service)	\$ 86,000.00	\$ 8,600.00
	Sports	\$ 2,110,000.00	\$ 211,000.00
Building with Components	Sub-structure	\$ 756,800.00	\$ 75,680.00
	Building Envelope	\$ 3,650,000.00	\$ 365,000.00
	Roof	\$ 1,338,000.00	\$ 133,800.00
	Fitouts	\$ 1,873,000.00	\$ 187,300.00
	Services	\$ 4,089,000.00	\$ 408,900.00







# Plant and Equipment Asset Management Plan

2025-2034

May 2024





Document Control		<div>Asset Management Plan</div> <div> IPWEA INTEGRATED PLANNING AND WORK ESTIMATION ESTABLISHED 2007 P.O. BOX 104</div> <div> JRA</div>			
Document ID : NAMSPLUS Concise Asset Management Plan Template_V2_170508					
Rev No	Date	Revision Details	Author	Reviewer	Approver
1	11/12/2023	<b>Plan 2024-2033</b> Initial plan prepared in conjunction with relevant staff for adoption by Council.	KM	JM/JS	BC
2	4/03/2024	<b>Plan 2024-2033</b> Review conducted with changes made to financial information to account for Carry Overs	KM	JS/KR	BC
3	15/05/2024	<b>NEW Plan 2025-2034</b> Review conducted to align timing of P&E AMP with other Asset Management Plans and financial changes to include Provision for Minor Plant	KM	JS/JM	BC

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## 1. EXECUTIVE SUMMARY

### Context

The City of Mount Gambier operates and maintains a fleet of construction plant, trucks and trailers, commercial vehicles and passenger vehicles, together with a range of light plant.

The fundamental purpose of this Plant and Equipment Asset Management Plan (AM Plan) is to improve Council's long-term strategic management of its infrastructure Plant and Equipment assets in order to cater for the community's desired levels of service in the future, in accordance with Council's key strategic documents and demonstrate reasonable management in the context of Council's available financial and human resources.

The Plant and Equipment AM Plan achieves this by setting standards, service levels and programs which Council will develop and deliver. The standards and service levels have been set in accordance with user needs, regulations, industry practice and legislative codes of practice.

### What does the plan Cover?

The Plant and Equipment asset portfolio comprises:

- Commercial Vehicles
- Passenger Vehicles
- Heavy Vehicles
- Heavy Plant
- Light Plant
- Trailers

These Plant and Equipment assets are recorded at historic cost and are valued at their purchase price of **\$14,547,740** as at 15 May 2024.

### What doesn't the plan Cover?

It should be noted that items with a replacement value of less than \$4,000 are considered to be low value assets and therefore their value is not included in the financial sections of this plan individually, however **Minor Plant** renewal will be captured under NEW and as our asset management plans mature we will look to review however this information is presented in the future.

### What does it Cost?

There are two key indicators of cost to provide the Plant and Equipment asset portfolio:

- The life cycle cost being the average cost over the life cycle of the asset; and
- The total maintenance and capital renewal expenditure required to deliver existing service levels in the next 10 years covered by Council's long term financial plan.

The total operations, maintenance and capital renewal expenditure required to sustain the Plant and Equipment asset base over the next ten years at current service levels is estimated at **\$35,860,423**.

This is an average of **\$3,586,042** per annum. Council's planned lifecycle expenditure for year one of this AM Plan is **\$5,053,968**.

### What we will do

Council plans to provide services for the operation, maintenance, renewal and upgrade of all assets as outlined in Section 2.2 to meet service levels set by Council within annual budget.

### Managing the Risks

There are risks associated with providing the service and not being able to complete all identified activities and projects. We have identified major risks as:

- Poor efficiency due to ageing equipment
- Increased downtime if maintenance and renewal is not adequate
- Obsolete equipment

We will endeavour to manage these risks within available funding by:

- Providing recommended servicing
- Optimising the replacement program
- Monitoring costs of equipment
- Reviewing and continuously looking for opportunities where we can improve.

## 2. INTRODUCTION

### 2.1 Background

This asset management plan (AM Plan) has been developed to support Council's Strategic AM Plan and communicates the actions required for the responsive management of assets (and services provided from assets), compliance with regulatory requirements, and funding needed to provide the required levels of service over a 20-year planning period.

Much of Council's core asset management information is detailed within the Strategic AM Plan and it is therefore important that this document be read in conjunction with that Plan along with other Council key planning documents including:

- Strategic Management Plan
- Long Term Financial Plan
- Annual Business Plan
- Risk Management Framework

### 2.2 Assets Covered by this Plan

The Plant and Equipment assets covered by this AM Plan are shown in table below.

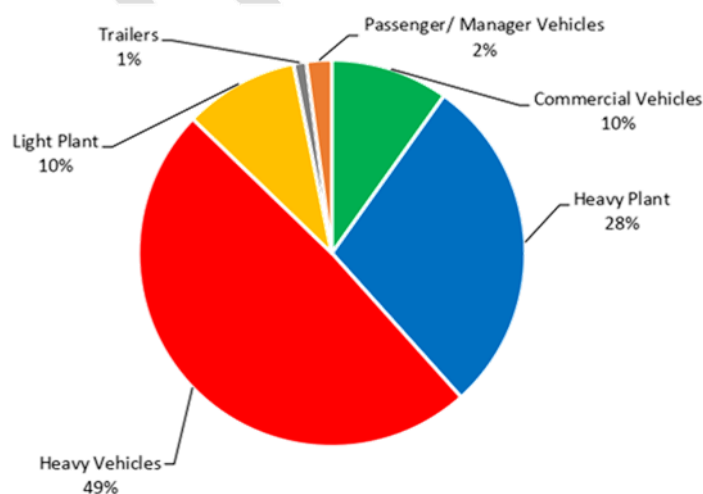
Note: All values throughout this AM Plan are shown in current (real) dollars.

*Assets covered by this Plan (by asset category) as at 15<sup>th</sup> May 2024*

Asset Category	Quantity	Replacement Value
Commercial Vehicles	23	\$1,401,940
Heavy Vehicles	29	\$6,980,000
Heavy Plant	19	\$4,204,000
Light Plant *	27	\$1,506,600
Passenger/Manager Vehicles	6	\$302,200
Trailers *	8	\$153,000
<b>TOTAL</b>	<b>112</b>	<b>\$14,547,740</b>

\* It should be noted that items with a replacement value of less than \$4,000 are considered to be low value assets and therefore their value is not included in the financial sections of this plan.

*Current Replacement Value by Asset Category*





### 3. LEVELS OF SERVICE

#### 3.1 Community Levels of Service

Service Attribute	Level of Service Objective	Performance Measure Process	Desired Level of Service	Current Level of Service
Quality/ Condition	Provide a fleet which is operational	<ul style="list-style-type: none"> <li>Maintenance failures</li> <li>Labour rates</li> <li>Scheduled/ unscheduled maintenance ratio</li> </ul>	Plant and Equipment assets are managed using adopted policies and best practice standards	Plant and Equipment assets are managed using adopted policies and best practice standards
Function/ Safety	Provide sufficient Plant and Equipment assets to meet the communities desired	Specification for equipment meets operator needs	Sufficient assets are available to meet levels of service	Sufficient assets are available to meet levels of service
	Ensure assets are operated, maintained, serviced and repaired to industry standards	Roadworthy compliance	100% compliant with legislation	100% compliance
Capacity/ Utilisation	Maximise utilisation rates	<ul style="list-style-type: none"> <li>Distance travelled</li> <li>Plant hours</li> <li>Service intervals</li> <li>Optimised renewal</li> </ul>	Utilisation maximised	Utilisation being monitored and working towards improved utilisation and plant rationalisation

#### 3.2 Technical Levels of Service

Service Attribute	Level of Service Objective	Performance Measure Process	Desired Level of Service	Current Level of Service
Operations and Maintenance Budget \$1,247,760 (Year 1)	All Plant and Equipment assets are fully maintained.	Scheduled maintenance	100% compliance with manufacturers specifications	100% compliance
		Reactive maintenance	Assets to be operational	Reliant on operator reporting defects/faults
Renewal Net Budget \$3,613,220 (Year 1)	Renewal completed on-time and within budget	Renewals in accordance with vehicle replacement plans	Renewals within annual budgets	Renewals within annual budgets
Upgrade/New Budget \$456,214 (Year 1)	Provide a fit for purpose fleet of vehicles	Upgrades/new in accordance with vehicle replacement plans	Existing assets are fit for purpose and sufficient to meet Council needs	Existing assets are fit for purpose and sufficient to meet Council needs

#### 3.3 Maintenance Response Levels of Service

Maintenance programs are normally focused on legislative requirements, design specifications or community expectations. The maintenance requirements include reactive, scheduled and major cyclic activities:

- Reactive maintenance is defined as unplanned repair work which is carried out in response to service requests and management/supervisory directions.
- Scheduled maintenance is work that is identified and managed through a Plant and Equipment Management System. These activities include inspection, assessing the condition against failure/breakdown standards, prioritising, scheduling, actioning the work and reporting what was done to develop a maintenance history and improve maintenance and service delivery performance.
- Major Cyclic Maintenance involves the major refurbishment of higher value components/sub-components of assets and is undertaken on a regular cycle and generally involves major plant maintenance.

### 3.4 Strategic and Corporate Goals

*It is to be noted that Council is currently undertaking public consultation for its 2035 strategic vision and a new 4-year strategic plan is to be endorsed by November 2024.*

The Asset Management Planning Approach has been identified in the Strategic Workplan 2024-27 as one of Council's Priority "Unlocking" Projects.

The following steps have been identified for the next three years.

**Figure 2: Scope of the Asset Management Planning Approach - Priority "Unlocking" Project**



## 4. FUTURE DEMAND

### 4.1 Demand Drivers and Impact of Services

Demand Factor	Present Position	Projection	Impact on Services
Population and Demographics *	27,749 (based on 2022 Census data) 2.3% increase in people from 2016 to 2021.	Steady increase of 0.47% per annum, with the increase expected to occur mainly in the older demographic 60+.	Increase in Plant and Equipment base to meet demand on services provisions – Waste/ Street Cleaning
Development	Increase in the development of sub-divisions.  Multiple Developments undertaken throughout the township areas.	The total number of dwellings in the City of Mount Gambier increased by 453 between 2016 and 2021. Expected to continue.	Increase to Plant and Equipment base to meet the additional road maintenance requirements. Increase to Plant and Equipment base to meet the additional service requirements – Parks and Gardens, Waste.
Environment	Higher frequency of extreme weather events.  Community awareness on environmental and sustainability issues is increasing.	Unknown at this stage, but changes likely.  Community expectation for assets to be environmentally sustainable as awareness increases.	Increase to Plant and Equipment base to meet the additional road maintenance requirements as a result of extreme weather.  Increased cost associated with purchasing environmentally friendly Plant and Equipment assets (ie. fuel efficiency).
Industry	Use of road network by heavy vehicles has been increasing over the last 10 years.	Expected to continue to increase with industry growth.	Increase to Plant and Equipment base to meet the additional road maintenance requirements as a result of increased heavy vehicle use.

\* Current population and demographical information can be found in the Strategic AM Plan.

### 4.2 Changes in Technology Forecast to Affect Delivery of Services

Technology Change	Affect on Service Delivery
Equipment technology increasing	Change in equipment will provide increased capacity and efficiency, better fuel efficiency and operator comfort and safety.

### 4.3 Demand Management Plan

Demand Driver	Impact on Services	Demand Management Plan
Development	Increase to Plant and Equipment base to meet the additional road maintenance requirements resulting from new sub divisions.	Plant and Equipment base to be assessed on an ongoing basis to ensure sufficient to meet requirements.
Environment	Increase to Plant and Equipment base to meet the additional maintenance requirements as a result of extreme weather.  Increased cost associated with purchasing environmentally friendly Plant and Equipment assets (ie. fuel efficiency).	Plant and Equipment base to be assessed on an ongoing basis to ensure sufficient to meet requirements.  Costs to be monitored and considered during annual budget planning process.
Industry	Increase to Plant and Equipment base to meet the additional road maintenance requirements as a result of increased heavy vehicle use.	Plant and Equipment base to be assessed on an ongoing basis to ensure sufficient to meet requirements.



#### 4.4 New Assets for Growth

The City of Mount Gambier is currently experiencing a significant amount of growth as part of this Asset Management Plan, staff have been reviewing the current Plant and Equipment and looking to the future needs of Council in the coming years.

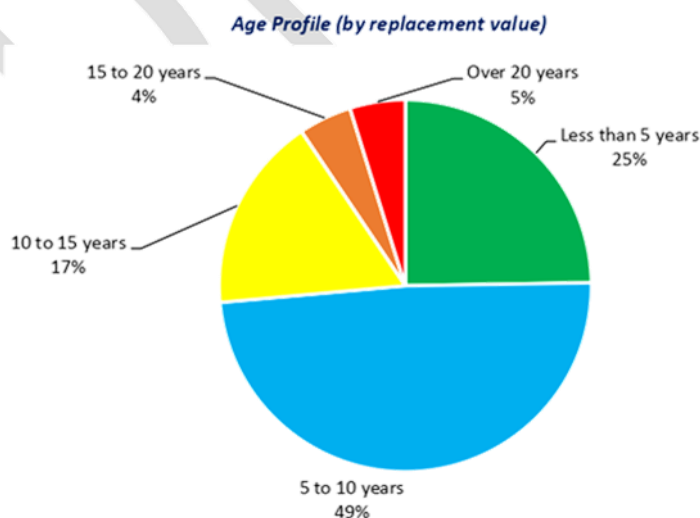
The below table highlights additional Plant and Equipment assets proposed during the period of the long-term financial plan and asset management plan, this has been forecasted for the next 10 year period only.

A provision for Minor Plant has also been included refer to Appendix B - Projected 10 year Capital Upgrade/New Plant and Equipment Program.

Proposed New Assets	Replacement Year	Replacement Value
NEW - Hako Citymaster 650 Sweeper	2024	\$137,000
NEW - Ute	2025	\$61,000
NEW - 5.5-6 ton Excavator	2025	\$250,000
NEW - Mig Welder	2025	\$4,000
NEW - Power Hacksaw	2025	\$7,000
NEW - Tana E260 Compactor - Position Partner Software	2025	\$94,214
NEW - Skidsteer plus attachments	2026	\$265,000
NEW - Toro Groundsmaster 4010 Mower NEW	2027	\$160,000
NEW - Garbage Compactor	2027	\$550,000
NEW - Trashcavator/ Excavator	2028	\$470,000
NEW - Dump Truck	2029	\$750,000
NEW - Trommel - Ballistic Separator	2034	\$1,000,000
<b>TOTAL</b>		<b>\$3,611,214</b>

## 5. LIFECYCLE MANAGEMENT PLAN

### 5.1 Asset Age Profile





## 5.2 Asset Capacity and Performance

Location	Service Deficiency
Plant and Equipment maintenance facilities	Review workshop facilities and capacity to meet current and future Plant and Equipment maintenance requirements.
Utilisation	Underutilised plant that are a result of staffing, seasonal weather and communication across departments.

The above service deficiencies were identified from consultation from key stakeholders.

## 5.3 Asset Condition

Plant and Equipment assets are depreciated using an age based straight line method and as such there is no requirement to regularly assess the condition for revaluation purposes.

## 5.4 Operations and Maintenance

The overall plant and machinery budgets are split between the follow categories:

Operations	Maintenance
Fuel & Oil	Salaries
Insurance	Contractors - Other
Registration	Trainee/ New
	Materials
	Labour Oncost Allocation

### 5.4.1 Operations and Maintenance Expenditure Trends

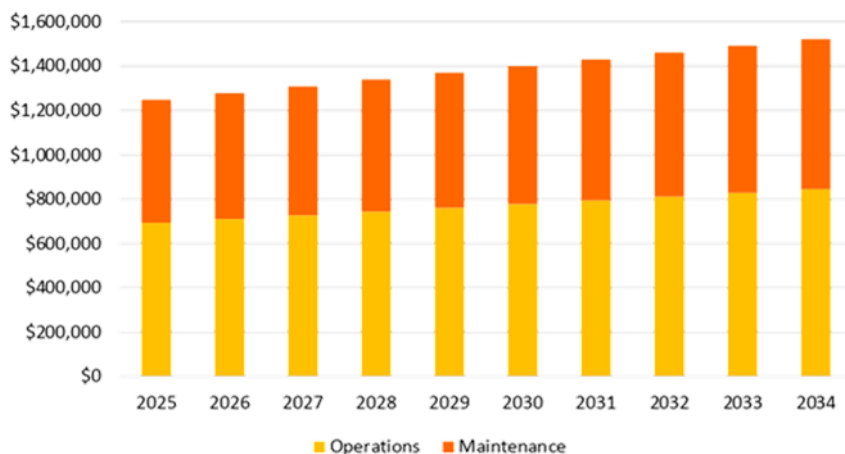
Year	Operations \$	Maintenance \$
2023 Actual	\$656,281	\$590,193
2024 Budget	\$676,081	\$541,246
2025 Estimate	\$692,983	\$554,777
2026 Estimate	\$709,885	\$568,308





#### 5.4.2 Future Operations and Maintenance

*Operations and Maintenance Expenditure*



### 5.5 Renewal Plan

#### 5.5.1 Ranking Criteria

Majority of assets within this category are included in Council's plant replacement program, which is developed based on the useful lives of the assets. Only a small number of minor plant and tools are excluded from this program and are to be retained until they are no longer fit for purpose.

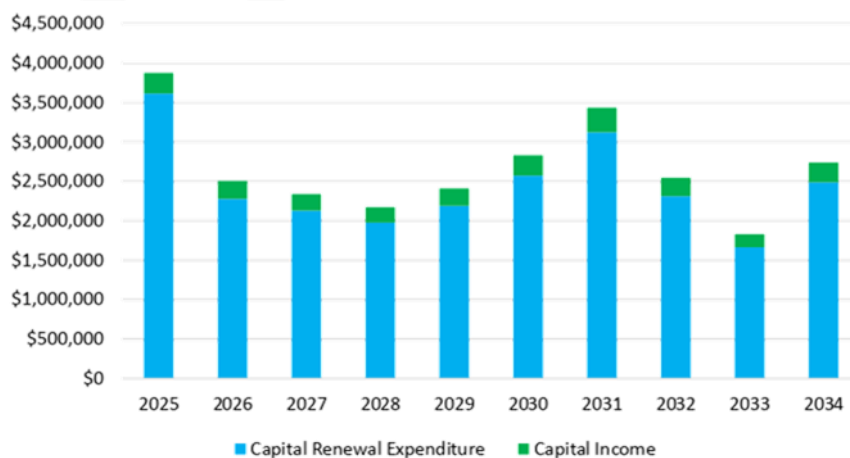
It should be noted that as part of this renewal plan 2025-2034:

- All Manager and Passenger Vehicles have a useful life of 4 years or 80,000km whichever comes first.
- All Commercial Vehicles have the same useful life of 4 years or 80,000km whichever comes first, however this will be reviewed (subject to utilisation).

#### 5.5.2 Renewal expenditure

The renewal program is shown in the Appendices.

*Capital Renewal Expenditure Program*



## 5.6 New/Upgrade Plan

### 5.6.1 Ranking Criteria

Criteria	Weighting
Benefits exceed costs and availability of funding (either from Council's Plant Replacement Program or by grants) to expand the range of plant	100%
<b>Total</b>	<b>100%</b>

### 5.6.2 New/Upgrade expenditure

This has been captured above in under **4.4 New Assets for Growth** as **ALL** new /upgrade capital purchases will be associated with the continued growth the City of Mount Gambier is experiencing.

## 5.7 Summary of asset expenditure requirements

The financial projections from this asset plan are shown below for projected operating (operations and maintenance) and capital expenditure (renewal and new/upgrade assets).



## 5.8 Disposal Plan

There are currently no planned disposals other than trade-in's

Asset	Reason for Disposal	Timing	Disposal Expenditure	Operations & Maintenance Annual Savings
No planned disposals (other than trade-ins)	-	-	\$0	\$0

## 5.9 Carry Overs

Given the continuing climate we are still experiencing delays in the arrival of our plant and equipment this section has been including to capture any items that may fall under this category and to help record this data to assist with reallocation of budgets over the period of the Asset Management Plan and the LTFP.

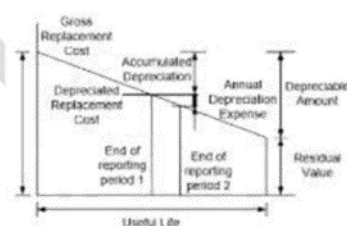
Refer to Appendix C Adjusted Carry Overs for Projected 10 year Capital Renewal Program

## 6. FINANCIAL SUMMARY

### 6.1 Asset Valuations

The value of assets recorded in the asset register as at 15<sup>th</sup> May 2024 covered by this AM Plan are shown below. Assets are valued at original purchase cost.

Historical Cost	\$14,547,740
Depreciable Amount	\$8,668,204
Accumulated Depreciation	\$5,879,536
Depreciated Replacement Cost <sup>1</sup>	\$8,668,204
Annual Average Asset Consumption <sup>2</sup>	\$882,444



### 6.2 Sustainability

Council's sustainability reporting reports the rate of annual asset consumption and compares this to asset renewal and asset upgrade and expansion. Note that these ratios are based on year one of this AM Plan.

Asset Consumption 6.07%  
(Depreciation ÷ Depreciable Amount)

Asset Sustainability Ratio 4.06%  
(Capital renewal ÷ Annual depreciation)

Council's applied depreciation method, estimates for asset useful lives and residual values, for the purposes of calculating depreciation, are contained in the appendices.

### 6.3 Projected Expenditures for Long Term Financial Plan

Year	Operations	Maintenance	Projected Capital Renewal	Capital Upgrade/ New	Disposals*
2025	\$692,983	\$554,777	\$3,613,220	\$456,214	\$0
2026	\$709,885	\$568,308	\$2,279,160	\$305,000	\$0
2027	\$726,787	\$581,839	\$2,127,980	\$750,000	\$0
2028	\$743,689	\$595,371	\$1,976,000	\$510,000	\$0
2029	\$760,591	\$608,902	\$2,190,990	\$790,000	\$0
2030	\$777,493	\$622,433	\$2,573,160	\$40,000	\$0
2031	\$794,395	\$635,964	\$3,121,980	\$40,000	\$0
2032	\$811,297	\$649,495	\$2,314,000	\$40,000	\$0
2033	\$828,199	\$663,026	\$1,663,590	\$40,000	\$0
2034	\$845,101	\$676,557	\$2,490,160	\$1,040,000	\$0

\* Other than planned trade-ins

<sup>1</sup> Also reported as Written Down Value, Carrying or Net Book Value.

<sup>2</sup> Also reported as Annual Depreciation.

## 7. RISK MANAGEMENT

### 7.1 Critical Risks and Treatment Plans

Service at Risk	What can Happen	Risk Rating	Risk Treatment Plan
Ageing Plant and Equipment or Technical Obsolescence	<ul style="list-style-type: none"> <li>High incidence of breakdowns</li> <li>Increased maintenance costs</li> <li>Increased down time/lower utilisation rates</li> <li>Increased product costs and poor efficiency</li> <li>Works programs run behind schedule</li> </ul>	High	<ul style="list-style-type: none"> <li>Service in accordance with manufacturers requirements</li> <li>Investigate and replace equipment at optimal time to give the lowest lifecycle cost</li> <li>Regular condition assessment of key equipment to assist in predicting maintenance and renewal needs</li> <li>Maintenance is managed appropriately at an operational level</li> </ul>
Plant and equipment reduced safety	Underfunding of renewals in the future	High	Investigate and replace equipment at optimal time to give the lowest lifecycle cost and improved safety

## 8. PLAN IMPROVEMENT AND MONITORING

### 8.1 Improvement Plan

Action	Responsibility	Timeline
<b>Completed and Ongoing Actions</b>		
Develop risk management plan.	MOD/MOI	Ongoing
Continue to improve maintenance records and data stored	MOI/AMO	Ongoing
<b>Current Actions</b>		
Major review of utilisation and rationalisation of major plant and equipment.	MOI	June 2026

### 8.2 Monitoring and Review Procedures

This AM Plan will be updated biennially to ensure it represents the current service level, asset values, projected operations, maintenance, capital renewal and replacement, capital upgrade/new and asset disposal expenditures and projected expenditure values incorporated into Council's long term financial plan.

## 9. APPENDICES

Appendix A	Projected 10 year Capital Renewal Program
Appendix B	Adjusted Carry Overs for Projected 10 year Capital Renewal Program
Appendix C	Projected 10 year Capital Upgrade/New Plant and Equipment Program
Appendix D	Asset Useful Lives and Valuation Matrices

Appendix A    Projected 10 Year Capital Renewal Program

Asset Type	Current Asset ID	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Rollers	33									\$234,000	
Rollers	34			\$204,000							
Rollers	35										
Rollers	36										
Rollers	37										
Loaders	40		\$190,000								
Compactor	41	\$1,050,000									
Loaders	43						\$250,000				
Loaders	44			\$250,000							
Loaders	45						\$250,000				
Loaders	47							\$190,000			
Graders	48			\$450,000							
Tractors	52	\$91,000									
Tractors	54				\$91,000						
Tractors	56			\$91,000							
Tractors	57		\$91,000								
Brush Chippers	80				\$132,000						
Tractors	222	\$91,000									
Hydro Mulcher	384										
Excavators	NEW										





Plant & Equipment Asset Management Plan

Asset Type	Current Asset ID	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Excavators	NEW								\$250,000		
Skidsteers	NEW									\$265,000	
Compactor	NEW										
Trucks	1								\$95,000		
Trucks	2							\$199,000			
Trucks	3						\$92,000				
Trucks	4	\$105,000									
Trucks	5										
Trucks	6							\$230,000			
Trucks	7						\$144,000				
Trucks	8							\$105,000			
Trucks	11						\$95,000				
Trucks	13					\$110,000					
Trucks	14										
Trucks	15								\$430,000		
Trucks	18				\$550,000				\$550,000		
Trucks	19										
Trucks	21						\$144,000				
Trucks	22							\$199,000			
Trucks	24				\$105,000						
Trucks	25				\$105,000						
Trucks	26					\$320,000					
Trucks	27		\$105,000								
Trucks	28				\$199,000						
Trucks	29	\$199,000									



Plant & Equipment Asset Management Plan

Asset Type	Current Asset ID	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Trucks	30	\$550,000				\$550,000				\$550,000	
Trucks	31			\$550,000				\$550,000			
Trucks	39				\$550,000				\$550,000		
Trucks	58		\$550,000				\$550,000				\$550,000
Sweepers	62		\$450,000					\$450,000			
Trucks	142					\$105,000					
Trucks	146									\$150,000	
Trucks	NEW							\$550,000			
Trucks	NEW										
Sweepers	61										
Forklifts	65					\$48,000					
Mowers	70	\$40,000					\$40,000				
Mowers	71	\$41,000					\$41,000				
Mowers	72	\$41,000					\$41,000				
Mowers	73	\$41,000					\$41,000				
Mowers	74		\$41,000					\$41,000			
ATV	75		\$15,000					\$15,000			
Mowers	76	\$41,000					\$41,000				
Mowers	77					\$150,000					\$150,000
Mowers	78					\$150,000					\$150,000
Mowers	79		\$49,000					\$49,000			
Stump Grinders	81									\$50,600	
Slashers	82			\$35,000							\$35,000
Spray Unit	83			\$25,000							



Plant & Equipment Asset Management Plan

Asset Type	Current Asset ID	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
ATV	85					\$36,000					
Slashers	87	\$35,000							\$35,000		
Linemarkers	91						\$36,000				
Kerbmaker + Trailer	92					\$85,000					
Sweepers	94			\$35,000							
Sweepers	95			\$42,000							
Steam Cleaner	96		\$35,000								
Mowers	144					\$150,000					\$150,000
Forklifts	145							\$48,000			
Sweepers	NEW					\$140,000					\$140,000
Mowers	NEW								\$160,000		
Spray Unit	TBC	\$25,000									
Slashers	TBC						\$35,000				
Commercial Vehicles	9			\$61,000				\$61,000			
Commercial Vehicles	10		\$64,990				\$64,990				\$64,990
Commercial Vehicles	12			\$61,000				\$61,000			
Commercial Vehicles	16				\$61,000				\$61,000		
Commercial Vehicles	17		\$64,990				\$64,990				\$64,990
Commercial Vehicles	20		\$64,990				\$64,990				\$64,990
Commercial Vehicles	23			\$64,990				\$64,990			
Commercial Vehicles	63	\$56,000				\$56,000				\$56,000	
Commercial Vehicles	93				\$56,000				\$56,000		
Commercial Vehicles	103	\$56,000				\$56,000				\$56,000	
Commercial Vehicles	106		\$61,000				\$61,000				\$61,000



Plant & Equipment Asset Management Plan

Asset Type	Current Asset ID	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Commercial Vehicles	107		\$61,000				\$61,000				\$61,000
Commercial Vehicles	108	\$61,000				\$61,000				\$61,000	
Commercial Vehicles	109			\$61,000				\$61,000			
Commercial Vehicles	110			\$61,000				\$61,000			
Commercial Vehicles	113		\$64,990				\$64,990				\$64,990
Commercial Vehicles	115			\$61,000				\$61,000			
Commercial Vehicles	119		\$61,000				\$61,000				\$61,000
Commercial Vehicles	130		\$56,000				\$56,000				\$56,000
Commercial Vehicles	143				\$61,000				\$61,000		
Commercial Vehicles	147	\$65,000				\$65,000				\$65,000	
Commercial Vehicles	148				\$56,000				\$56,000		
Commercial Vehicles	362			\$64,990				\$64,990			
Commercial Vehicles	NEW					\$64,990				\$64,990	
Passenger/Manager Vehicles	120		\$48,000				\$48,000				\$48,000
Passenger/Manager Vehicles	123		\$55,100				\$55,100				\$55,100
Passenger/Manager Vehicles	126	\$48,000				\$48,000				\$48,000	
Passenger/Manager Vehicles	127		\$55,100				\$55,100				\$55,100
Passenger/Manager Vehicles	128		\$48,000				\$48,000				\$48,000
Passenger/Manager Vehicles	129		\$48,000				\$48,000				\$48,000
Trailers	84						\$20,000				
Trailers	293	\$17,000									
Trailers	307			\$11,000							
Trailers	320				\$10,000						
Trailers	356								\$10,000		



Plant & Equipment Asset Management Plan

Asset Type	Current Asset ID	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Trailers	372									\$37,000	
Trailers	373									\$30,000	
Trailers	381										\$18,000
		\$2,649,000	\$2,279,160	\$2,127,980	\$1,976,000	\$2,190,990	\$2,573,160	\$3,121,980	\$2,314,000	\$1,663,590	\$2,490,160

Appendix B Adjusted Carry Overs for Projected 10 Year Capital Renewal Program

This table account for the carryovers from previous financial years.

Asset Type	Current Asset ID	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Trucks	39	\$550,000									
Trucks	5	\$184,380									
Trucks	19	\$229,840									
		\$964,220	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Capital Renewal		\$3,613,220	\$2,279,160	\$2,127,980	\$1,976,000	\$2,190,990	\$2,573,160	\$3,121,980	\$2,314,000	\$1,663,590	\$2,490,160





Appendix C    Projected 10 year Capital Upgrade/New Plant and Equipment Program

Asset Type	Current Asset ID	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Commercial	TBC	\$61,000									
Excavators	TBC	\$250,000									
Minor Plant	TBC	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000
Minor Plant	TBC	\$4,000									
Minor Plant	TBC	\$7,000									
Heavy Plant	TBC	\$94,214									
Skidsteer	TBC		\$265,000								
Mower				\$160,000							
Trucks				\$550,000							
Excavators					\$470,000						
Trucks						\$750,000					
Heavy Plant											\$1,000,000
		\$456,214	\$305,000	\$750,000	\$510,000	\$790,000	\$40,000	\$40,000	\$40,000	\$40,000	\$1,040,000



Plant & Equipment Asset Management Plan

**Appendix D Asset Useful Lives and Valuation Matrices**

Asset Type	Asset Sub Type	Useful Life	Residual %	Valuation Matrix
Commercial Vehicles	Utilities (Dual Cab)	4	20	Age Based (Straight Line Method)
	Utilities (Single Cab)	4	20	
Passenger Vehicles	All Types	4	20	
Heavy Vehicles	Trucks (<5 tonne)	10	20	
	Trucks (5-10 tonne)	10	30	
	Trucks (>10 tonne)	10	30	
Heavy Plant	Brush Chippers	10	30	
	Graders	15	30	
	Loaders (Front End)	10	20	
	Rollers (All Types)	20	10	
	Street Sweepers	5	20	
Light Plant	Tractors	10	20	
	Forklifts	10	20	
	Linemarkers	10	15	
	Loaders (Skid Steer)	7	20	
	Motor Bikes/ATVs	10	20	
	Ride On Mowers	5	20	
	Slashers	7	20	
Trailers	Tipping Trailers	15	20	
	Linemarker	15	0	
	Single Axle Trailers	15	20	
	Tandem Axle Trailer	15	20	
Other Vehicles	Other Vehicles	Individually Determined		
Minor Plant	Minor Plant	Individually Determined		

*Note: The above useful lives and residuals are a guide only and each asset is determined individually upon purchase.*



**5.4      UNAUDITED INFRASTRUCTURE VALUATION AS AT 1 JULY 2023 – REPORT NO. AR24/10208**

<b>Committee:</b>	<b>Audit and Risk Committee</b>
<b>Meeting Date:</b>	<b>3 June 2024</b>
<b>Report No.:</b>	<b>AR24/10208</b>
<b>CM9 Reference:</b>	<b>AF11/863</b>
<b>Author:</b>	<b>Julie Scoggins, Manager Financial Services</b>
<b>Authoriser:</b>	<b>Jane Fetherstonhaugh, General Manager Corporate and Regulatory Services</b>
<b>Summary:</b>	<b>The purpose of this report is to summarise the financial impacts of the unaudited external infrastructure asset revaluation as at 1 July 2023.</b>
<b>Strategic Plan Reference:</b>	<b>Goal 1: Our People</b> <b>Goal 2: Our Location</b> <b>Goal 3: Our Diverse Economy</b> <b>Goal 4: Our Climate, Natural Resources, Arts, Culture and Heritage</b> <b>Goal 5: Our Commitment</b>

**REPORT RECOMMENDATION**

1. That Audit and Risk Committee Report No. AR24/10208 titled 'Unaudited Infrastructure Valuation as at 1 July 2023' as presented on 03 June 2024 be noted.



## TYPE OF REPORT

Other

## BACKGROUND

1. **Australian Accounting Standards Requirement** - Australian Accounting Standards require assets to be periodically independently revalued. Generally accepted accounting practice is for this to occur at least once every five years. The purpose to ensure that financial statements provide a more accurate representation of financial position.
2. **Council Policy** - Asset Accounting Policy provides further direction including that revaluations are performed at sufficient frequency to reduce material difference at reporting date and requires that Infrastructure assets are revalued every 4 years by a Valuer external to Council. It should be noted that the revaluation of all infrastructure assets was unable to be completed in its entirety as at 30 June 2023 with the remaining classes completed as at 1 July 2023 and enclosed herewith.
3. **Outsourcing of Condition Audits and Valuations** - Further to initial discussions with Dean Newbery and Partners (external auditors), it was decided that Council would outsource both the condition audits and valuations for the whole Infrastructure asset class.
4. **Interim Audit 2022/2023 Detailed Audit Findings** – The table below shows the detailed audit findings.

In September 2023 further to the findings below a report was brought to the Audit and Risk Committee including the major classes for this asset category being Roads, Footpaths, Kerbs and Guttering classes

The information from this revaluation was used as the basis for the draft Asset Management Plan included in this agenda.

Audit Matter Reference	Audit Priority Rating	Audit Finding & Recommendation	Management's Response	Expected Completion Date
1.	Moderate	<p>Council is currently in the process of completing revaluations of the Roads, Footpaths, Kerbs and Guttering asset classes. Council has engaged external consultants to perform the asset valuations which is to be applied with an effective valuation date of 30 June 2023.</p> <p>It is important that Council's Administration also undertakes its own internal due diligence on all asset valuation information and data prior to being adopted by Council to ensure that assumptions applied (by external valuers) are consistent with Council's own adopted asset service standards and asset management practices.</p> <p>Given the material nature of asset valuations, we recommend that the due diligence performed by the Administration along with the asset valuations reports be presented to the Audit and Risk Committee for their consideration.</p> <p>Once asset valuations have been completed, we recommend Council undertakes an update to its Infrastructure Asset Management Plans (IAMP) and Long-Term Financial Plan (LTFP), to ensure that updated assumptions regarding future maintenances funding, asset replacement cost and forecasted depreciation expense are all reflected.</p>	<p>Further to the condition audits for all Infrastructure asset categories Council staff have contracted out the completion of the revaluation.</p> <p>City Infrastructure and Financial Services staff are working with the consultants to build the revaluation.</p> <p>The asset valuation reports will be brought to a special Audit and Risk Committee to be scheduled in August/September along with a revised Asset Accounting policy that will be aligned with the recommendations from the revaluation.</p> <p>Further to the IAMP and LTFP review undertaken with current draft documents endorsed by Council for public consultation, another version of both documents will be taken to Council for review in December for adoption in January.</p>	<p>August/September 2023</p> <p>January 2024</p>

5. **Additional Valuation** - It was decided that a separate valuation would be undertaken as at 1 July 2023 for the following asset classes due to their complexities (in particular stormwater drainage):
  - Stormwater and Drainage
  - Carparks
  - Retaining Walls.



6. **Condition Audits** - This activity was outsourced to a consultant independent to the Valuer and undertaken from December 2022 to March 2023. The Valuer utilised condition ratings provided without verification.
7. **Asset Valuation** - An external organisation was selected to undertake the valuation for the Infrastructure assets. They are recognised as sector experts with access to a database including information from approximately 250 councils.
8. **Audit and Risk Committee Terms of Reference** (Adopted April 2024) - in alignment with the terms of reference of the Audit and Risk Committee (the Committee) as follows:

**12. ROLE OF THE AUDIT AND RISK COMMITTEE:**

**12.1 Financial Reporting:**

**The Committee shall:**

**12.1.1 Financial Statements** - Monitor the integrity of the financial statements of the Council, including in its annual report, reviewing significant financial reporting issues and judgements which they contain.

**12.1.2 Review and challenge - where necessary:**

- The consistency of, and/or any changes to accounting policies.
- The methods used to account for significant or unusual transactions where different approaches are possible.
- The compliance with appropriate accounting standards and use of appropriate estimates and judgements, taking into account the views of the external auditor.
- The clarity of disclosure in the Council's financial reports and the context in which statements are made; and
- All material information presented with the financial statements, such as the operating and financial review and the corporate governance statement (insofar as it relates to the audit and risk management).

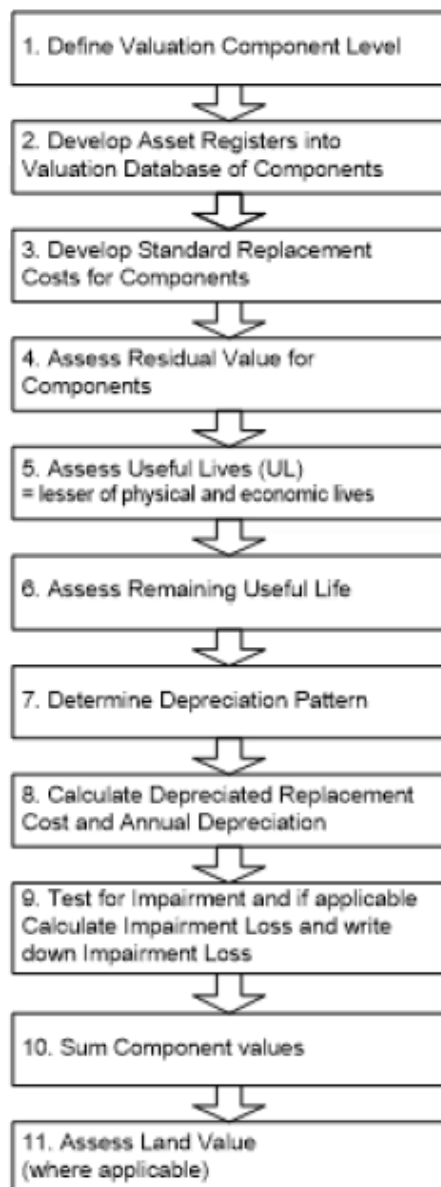
i.e. the Committee is responsible for monitoring the integrity of the financial statements of the Council. This revaluation is material information for inclusion and review.

**PROPOSAL**

1. **Revaluation Undertaken** - The valuers undertook a revaluation of Council's Infrastructure (non-current assets) Financial Class, for the purposes of Accounting Compliance (Fair Value) in accordance with the Australian Accounting Standards which include:
  - AASB13 – Fair Value Measurement;
  - AASB116 – Property Plant and Equipment;
  - AASB5 – Assets Held for Sale; and
  - AASB136 – Impairment.
2. **Approach and Methodology** - As shown below:
  - 2.1 **Valuation Approach** - In performing the valuation is in accordance and guidance of the relevant Australian Accounting Standards and the Code Update 28. The Australian Infrastructure Financial Management Guidelines (AIFMG) issued by the Institute of Public Works Engineering Australasia has been applied to guide the revaluation process.







- 2.2 **Valuation Date** – A valuation date of 1 July 2023 has been used. It is also worth noting that this is the approach that was discussed with the external auditors at the balance date audit for the financial year 2023.
- 2.3 **Fair Value Disclosures** - The asset values are based upon the Fair Value of these assets as per AASB13 Fair Value Measurement (i.e. fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date). Fair value is a market based approach and not entity specific. Other fair value measurement assumptions employed include:
- **Observable Market** - maximising the use of relevant observable and minimising the use of unobservable inputs eg, quoted prices in active markets for identical assets.
  - **Assets held for sale** - It should be noted no assets were deemed to be held for sale to alter this fair value assumption.
- 2.4 **Valuation techniques used to derive fair value** - Are as follows:
- **Specialised Assets** - Most public sector infrastructure assets are considered specialised assets, as they are designed to provide goods or services to meet



specific community obligations that cannot be feasibly fulfilled through other means. As a result, these assets often have no practical alternative uses, as Council is mandated to continue providing these essential services to the community. Therefore these assets were valued using Level 3 valuation inputs using the cost approach.

- **Componentisation** - The approach estimates the replacement cost for each asset by componentising each asset into significant parts with different useful lives and considering a range of factors, where appropriate.
- **Professional Judgement** – Other inputs such as estimates of useful lives, remaining life profiles and asset conditions require extensive professional judgement which impacts significantly on the final determination of the assets fair value.
- **Highest and Best Use** - All assets valued at Fair Value are being used for their highest and best use.

3. **Assets not included in the valuation scope** - The following assets have been excluded from this valuation:

- **Assets not considered in Council control** - Assets controlled and maintained by other government authorities and/or private owners. For example, stormwater and drainage assets controlled by the Department for Infrastructure and Transport (DIT).
- **Infrastructure Assets** - Roads, Footpaths and Kerb and Guttering previously valued as at 30 June 2023.
- **Land** - Infrastructure assets are generally located on land or in the case of stormwater and drainage underground. Due to the nature of land assets these are contained in their own asset class and not included in the valuation.



4. **Valuation Summary:** The table below provides an overview of Fair Value as provided by the Valuers.

Financial Sub Class	Asset Type	Level of Valuation Input	Valuation Technique	Replacement Cost	Accumulated Depreciation	Fair Value	Forecast Annual Depreciation
Stormwater	Bore	Level 3	Cost	\$3,354,610	\$0	\$3,354,610	\$0
	Gross Pollutant Trap	Level 3	Cost	\$7,242,749	\$2,124,009	\$5,118,739	\$84,886
	Pipes	Level 3	Cost	\$18,915,547	\$5,480,158	\$13,435,389	\$162,974
	Pits	Level 3	Cost	\$6,081,310	\$2,086,305	\$3,995,005	\$67,983
<b>Stormwater Total</b>				<b>\$35,594,215</b>	<b>\$9,690,473</b>	<b>\$25,903,742</b>	<b>\$315,842</b>
Carpark	Surface	Level 3	Cost	\$1,931,256	\$618,578	\$1,312,678	\$86,630
	Pavement	Level 3	Cost	\$5,772,814	\$1,838,774	\$3,934,039	\$115,456
	Kerb	Level 3	Cost	\$1,759,922	\$509,455	\$1,250,467	\$22,930
	Retaining Walls	Level 3	Cost	\$1,136,841	\$333,694	\$803,146	\$12,090
<b>Carpark Total</b>				<b>\$10,600,833</b>	<b>\$3,300,501</b>	<b>\$7,300,330</b>	<b>\$237,106</b>
Retaining Walls	Retaining Walls	Level 3	Cost	\$5,653,686	\$1,355,011	\$4,298,675	\$64,498
<b>Totals</b>				<b>\$51,848,734</b>	<b>\$14,345,985</b>	<b>\$37,502,747</b>	<b>\$617,447</b>

5. **Data Currency** - Information is based on inspections undertaken in mid-2023. The contractor inspected all assets within the Council boundary and confirmed asset attribute details such as asset types, widths, lengths, counts and related condition scores. Council administration inspected and provided further information to Valuers as required more recently.
6. **Unit Rates** - Data sources have included Council's most recent project costs, tendered rates and published rates such as ARC360© and Rawlinson's Construction handbook.
7. **Analysis of Results/Financial Impact** - As shown in the tables below the expected financial impact as follows:

- 7.1 **Fair Value as a Percentage of gross (or nominal) replacement cost** - The valuation was confirmed as reasonable and within expectations with a remaining service index of 71.4% for carpark and retaining walls and 72.8% for stormwater and drainage. This determination was based upon the following:

- **Benchmarking** - In general the condition of assets is similar when compared to other like councils.
- **Current and Historical Practices** - With regards to capital and maintenance expenditure.

Financial Subclass	Measure	QTY	Replacement Cost	Accumulated Depreciation	Fair Value	Annual Depreciation	Remaining Service Index Ratio	Depreciation Ratio
Carpark Surface	Sqm	113,348	\$1,931,256	\$618,578	\$1,312,678	\$86,630	68.0%	4.5%
Carpark Pavement	Sqm	113,348	\$5,772,814	\$1,838,774	\$3,934,039	\$115,456	68.1%	2.0%
Carpark Kerb	m	12,202	\$1,759,922	\$509,455	\$1,250,467	\$22,930	71.1%	1.3%
Carpark Retaining Walls	Sqm	955	\$1,136,841	\$333,694	\$803,146	\$12,090	70.6%	1.1%
Retaining Walls	Sqm	5,410	\$5,653,686	\$1,355,011	\$4,298,675	\$64,498	76.0%	1.1%
<b>Totals</b>			<b>\$16,254,518</b>	<b>\$4,655,513</b>	<b>\$11,599,005</b>	<b>\$301,605</b>	<b>71.4%</b>	<b>1.9%</b>



Stormwater Drainage asset type	Qty	Length (m)	Replacement Cost	Accumulated Depreciation	Annual Depreciation	Fair Value	Remaining Service Index Ratio	Depreciation Ratio
Bore	418	29,126	\$3,354,610	\$0	\$0	\$3,354,610	100.0%	0.0%
Gross Pollutant Trap	369		\$7,242,749	\$2,124,009	\$84,886	\$5,118,739	70.7%	1.2%
Pipes		34,388	\$18,915,547	\$5,480,158	\$162,974	\$13,435,389	71.0%	0.9%
Pits	659		\$6,081,310	\$2,086,305	\$67,983	\$3,995,005	65.7%	1.1%
<b>Totals</b>			<b>\$35,594,215</b>	<b>\$9,690,473</b>	<b>\$315,842</b>	<b>\$25,903,742</b>	<b>72.8%</b>	<b>0.9%</b>

## 8. Comparison to Prior Financial Statements:

8.1 **Prior Year Financial Statements Comparison** - The following table provides a summary of changes between the values reported in the prior year financial statements and the Valuation. Please note that the explanation for the variances is aligned with the commentary included in point 8.2:

Asset Class	Financial Statement Fair Value 30/06/2023	Valuation 01/07/2023	Fair Value Variance	Comments
Carpark	7,235	7,300	0.90%	improvement to quantification and componentisation of assets with significant changes to useful life assumptions and valuation methodology (internal versus external).
Retaining Walls	397	4,299	982.79%	significant found assets 66 of 69 total assets
Stormwater Drainage	7,257	25,904	256.95%	improvement to quantification and componentisation of assets with significant changes to useful life assumptions. Some found assets.
	<b>14,889</b>	<b>37,503</b>	<b>151.88%</b>	

8.2 **Increase in Fair Value of \$22.6m or 152%** - Is due to the following:

- **Unit Rates** - Were not revised/indexed since 2018 (the previous valuation). These have now been revised based on recent procurement activity, contracted rates, and benchmarking.
- **New Condition Data Mid 2023** - The methodology applied has been standardised across all assets.
- **Updated Attribute Data** - The standard of materials and quantities data has improved further to the previous valuation.
- **Componentisation** - Paragraph 43 of AASB116 require that each part of the asset with a cost that is significant in relation to the total cost of the asset be depreciated separately. Previous valuations did not separately identify components, which has been rectified in this valuation details as follows:

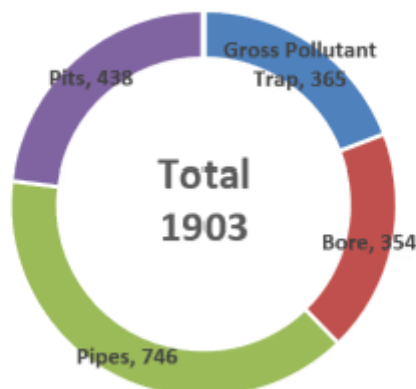
**Carparks** - were capitalised as a singular unit without components. An average of 40 years useful life was applied.

- **Carpark Surface** - useful average of 19 years, with a median of 15 years.
- **Carpark Pavement** - useful average and median of 50 years.
- **Carpark Kerbing** - useful life average 78 years and median of 80 years

**Stormwater and Drainage** - have increased significantly due to improvements to the quality and quantification of data. Prior to Valuation a singular asset was used to capitalise the majority of stormwater and drainage asset information. It is estimated that this asset class will increase to approximately 1,900 separate identifiable assets, a sizeable piece of work that is currently being worked through with the External Auditors.



### Number Stormwater Drainage Assets



#### 8.3 Found Assets - Status Update:

**Progress To Date** - Significant steps have been made to improve the quality and quantification of asset data with the following changes made to date:

- **Outsourcing of condition audits and valuations** - The impact of this can be seen in found assets that were not previously separately identified or valued.
- **Found Asset Categorisation** - Identification between actual found assets and asset categorisation movement due to changes in methodology is now aligned with sector standards. Notable findings so far include:
  - **Carparks** - Carpark assets were previously not componentised and were valued as a whole (e.g. a single all inclusive asset per carpark). They have now been split into 4 components: surface, pavement, kerb, retaining walls.
  - **Retaining Walls** - Includes gifted assets as part of redevelopments.
  - **Stormwater Drainage** - Were previously capitalised under a “bulk asset” where additions would be posted.
- **External Audit** - Currently working with external auditors to review found assets, movements, and Asset Revaluation Reserve.
- **Financial Statements reconciliation** - Update relevant Notes to the Statements in relation to found assets and valuation methodology.
- **Found Assets Summary** - The information is included to provide an estimate of the value of found assets and componentisation improvements that Council Administration are currently working through. This is indicative only:
  - **Car Parks** - 14 car parks to the value of \$837k;
  - **Retaining Walls** - 58 retaining walls with a value of \$3,869k (noting that a considerable component were gifted assets).
  - **Stormwater Drainage** - Assets with a value of \$514k.

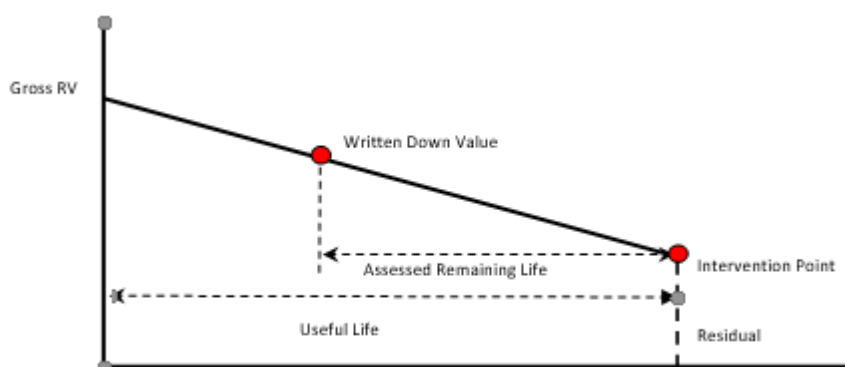
- 8.4 **Depreciation** - Depreciation has increased by c\$0.2m when compared to Financial Statements as at 30 June 2023, (refer to table below for breakdown). The impact of this revaluation has been incorporated in Budget Review 3 FY 2024 (\$225k) and the Draft FY 2025 Budget (\$245k).





Asset Class	Financial Statement Annual Depreciation	Valuation Annual Depreciation 01/07/2023	Annual Depreciation Variance
Carpark	256	237	-7.38%
Retaining Walls	7	64	821.40%
Stormwater Drainage	125	316	152.67%
	<b>388</b>	<b>617</b>	<b>59.14%</b>

- **Depreciation Methodology** - It is proposed Council apply a straight-line condition-based remaining life approach when calculating the remaining life of the asset.



- **Remaining Life** - Remaining life and subsequent service potential has been determined and applied in line with the following ratings (noting that different asset types have different remaining useful lives/written down value ratios):
  - **Brand New** - Condition rating 0;
  - **Very Good - No Defects** - Condition rating 1;
  - **Good - Nil To Minor Defects** - Condition rating 2;
  - **Fair - Some Defects** - Condition rating 3;
  - **Poor - Plan For Renewal** - Condition rating 4;
  - **Very Poor - Requires Capex** - Condition rating 5; and
  - **EoL - No Service Potential** - Condition rating 6.
- **Residual Value** - No allowance has been made for residual value in this valuation as it is considered doubtful that any material value will be recoverable from Council's Infrastructure assets at the end of their useful lives.

9. **Impairment** - All Infrastructure assets (as per the scope) have been assessed for impairment and no assets were identified to be held in excess of their recoverable amount.

10. **Development of future Asset Management Plans, Forward Works and Maintenance Programs:**

- **Inform more detailed planning** - The newly obtained data and condition assessments will assist Council Administration in further improving its forward programming for maintenance and renewal works.
- **Asset Management Planning** - Detailed planning will inform specific Infrastructure renewal, upgrade and repair/maintenance works to be included in future forward works programming, asset management planning and budgeting.



**11. Next Steps:**

- **Asset Accounting Policy** - Review and update Asset Accounting Policy as part of the annual policy review at the June Audit and Risk Committee meeting for adoption at the June Council meeting.
- **External Audit Review** - External Auditors to review and sign off prior to the finalisation of the year end.
- **Financial Statements** - Inclusion of relevant notes in relation to found assets and revaluation methodology.
- **Asset Management and LTFP** - Information will form the foundation for the forward works program to be included in future iterations of the Asset Management Plans and LTFP.
- **Process Improvement** - For the identification of gifted infrastructure assets as part of development.

**LEGAL IMPLICATIONS**

**Accounting Standards:**

In accordance with AASB13 CI 89 the most reliable inputs have been used for this revaluation with information as provided by Council. All assets within this Financial Class were valued using the cost approach. There were no assets valued where it was assumed that the highest and best use was other than its current use.

**STRATEGIC PLAN**

Asset management is a key component of Council's Strategic Plan.

**COUNCIL POLICY**

Asset Accounting Policy

A900 Asset Management Policy

**ECONOMIC IMPLICATIONS**

The valuation has been updated to reflect recent market conditions.

**ENVIRONMENTAL IMPLICATIONS**

N/A

**SOCIAL IMPLICATIONS**

N/A

**CULTURAL IMPLICATIONS**

N/A

**RESOURCE IMPLICATIONS**

N/A

**VALUE FOR MONEY**

N/A

**RISK IMPLICATIONS**

N/A

**EQUALITIES AND DIVERSITY IMPLICATIONS**

N/A

**ENGAGEMENT AND COMMUNICATION STRATEGY**

N/A



### **IMPLEMENTATION STRATEGY**

The valuation data will be used to inform future budgets, Council's Long Term Financial Plan and future financial statements.

### **CONCLUSION AND RECOMMENDATION**

That the Audit and Risk Committee review and note the contents of this report as the unaudited Infrastructure revaluation as at 1 July 2023.

### **ATTACHMENTS**

Nil



**5.5 POLICY REVIEW - ASSET ACCOUNTING – REPORT NO. AR24/36754**

<b>Committee:</b>	<b>Audit and Risk Committee</b>
<b>Meeting Date:</b>	<b>3 June 2024</b>
<b>Report No.:</b>	<b>AR24/36754</b>
<b>CM9 Reference:</b>	<b>AF11/863</b>
<b>Author:</b>	<b>Kahli Rolton, Finance Business Partner</b>
<b>Authoriser:</b>	<b>Jane Fetherstonhaugh, General Manager Corporate and Regulatory Services</b>
<b>Summary:</b>	<b>Following external valuations undertaken in the current financial year, minor improvements are proposed for the Asset Accounting Policy.</b>
<b>Strategic Plan Reference:</b>	<b>Goal 1: Our People</b> <b>Goal 2: Our Location</b> <b>Goal 3: Our Diverse Economy</b> <b>Goal 4: Our Climate, Natural Resources, Arts, Culture and Heritage</b> <b>Goal 5: Our Commitment</b>

**REPORT RECOMMENDATION**

1. That Audit and Risk Committee Report No. AR24/36754 titled 'Policy Review - Asset Accounting' as presented on 03 June 2024 be noted.
2. That the Asset Accounting Policy as attached to Report No. AR24/36754 having been reviewed by the Audit and Risk Committee on 3 June 2024 be adopted.
3. That the Chief Executive Officer or Delegate be authorised to make any necessary changes to the policies arising from this meeting, together with any typographical corrections, amendments to position or organisation titles, and finalisation of the document's formatting that do not materially alter the integrity of the document.



## TYPE OF REPORT

Corporate

## BACKGROUND

1. **Audit and Risk Committee Terms of Reference (Adopted 16 April 2024)** – In alignment with the terms of reference of the Audit and Risk Committee (the Committee) Roles are as follows:

*The Committee shall:*

12.1.2 *Review and challenge - where necessary:*

- *The consistency of, and/or any changes to accounting policies.*

2. **Last Review of Policy** – The last review of the Asset Accounting policy was completed by the Audit and Risk Committee at the meeting on 11 September 2023 and adopted at the following Council meeting. This review was completed following the asset valuation for the major classes within the Infrastructure asset class.
3. **External Valuations** – Since the adoption of the last review, City of Mount Gambier (CoMG) have completed two external valuations for:
  - (a) Buildings and Structures
  - (b) Other Infrastructure, including:
    - (i) Carparks
    - (ii) Storm water and drainage
    - (iii) Retaining walls

Considerable work was undertaken by staff and the external valuers to review methodology and approaches to the asset classes valued, including asset lives which will now need to be reflected in this policy.

## PROPOSAL

1. **Minor Changes** - are proposed for the Policy to ensure the following (as shown in red in the attached draft policy):
  - **Depreciation Methodology, asset useful lives** – These are reflective of the work undertaken by recent external valuations for buildings and structures and other infrastructure asset classes.
  - **Non-recognition of Depreciation** – includes the definition for bore assets included as part of the other infrastructure external valuation.
  - **Frequency of Revaluation** – reflects improvement to internal administration in relation to annually indexing values in “off” valuation years. This is important to reduce the impact of spikes in depreciation in future years. As per this policy all asset categories listed have incurred holistic or partial revaluations as at 30 June 2023 or 1 July 2023, excluding Recreation and Open Space which is not yet separately categorised (however assets that will be included of this asset class have already been revalued as part of the valuations already undertaken), due to be as part of the stage of Council’s Asset Management Planning Approach project.
  - **Assets not subject to revaluation** – Has been updated to include guard rails and safety barriers.





2. **Next Steps** - A review of capital thresholds will be undertaken with key stakeholders across Council as part of the next stage of the Asset Management Planning Approach unlocking project (a key foundational project within Council's three year Strategic Work Program)

## **LEGAL IMPLICATIONS**

The Asset Accounting Policy is a key financial policy that ensures that all Council owned and controlled assets are valued and depreciated in accordance with relevant Australian Accounting Standards ("the Standards) pursuant to Local Government Act 1999 under section 303(4).

## **STRATEGIC PLAN**

This is aligned to unlocking project: Asset Management Planning Approach as per the Strategic Workplan 2024-2027.

## **COUNCIL POLICY**

The Asset Accounting Policy is aligned with the following Council Policies:

[A900 Asset Management Policy](#)

[Procurement Policy](#)

## **ECONOMIC IMPLICATIONS**

Key policy that contributes to City of Mount Gambier accurately reflecting it's financial position, the value of it's assets and consumption of assets. This in turn aids City of Mount Gambier Asset Management Plans and Long Term Financial Plan to ensure sustainability.

## **ENVIRONMENTAL IMPLICATIONS**

N/A

## **SOCIAL IMPLICATIONS**

N/A

## **CULTURAL IMPLICATIONS**

N/A

## **RESOURCE IMPLICATIONS**

Application of indexation to asset values annually will require additional staff hours. It is anticipated that this will be absorbed by existing staff. A comprehensive review of asset categorisation and fair values will be undertaken during FY2024/2025.

## **VALUE FOR MONEY**

N/A

## **RISK IMPLICATIONS**

Prudent management of Council's financial sustainability ensures that long and short term financial risk is mitigated.

## **EQUALITIES AND DIVERSITY IMPLICATIONS**

N/A

## **ENGAGEMENT AND COMMUNICATION STRATEGY**

N/A

## **IMPLEMENTATION STRATEGY**

It is intended these changes will be implemented as required.



## **CONCLUSION AND RECOMMENDATION**

The Asset Accounting Policy is a key financial policy that ensures that all Council owned and controlled assets are valued and depreciated in accordance with relevant Australian Accounting Standards ("the Standards") pursuant to Local Government Act 1999 under section 303(4).


Minor improvements have been made to the Policy following work undertaken with external valuers on Council's Buildings and Structures and Other Infrastructure asset classes.

It is anticipated that no further changes to the minor improvements included in the draft policy are considered at this time.

## **ATTACHMENTS**

1. DRAFT Council Policy - Asset Accounting V5.0 [↓](#)



 <p>City of Mount Gambier</p>	<p style="text-align: center;"><b>DRAFT</b></p> <p style="text-align: center;"><b>COUNCIL POLICY</b> <b>ASSET ACCOUNTING POLICY</b></p>	Version No:	4.0 5.0
		Issued:	3 June 2024
		Next Review:	3 June 2025

#### 1. INTRODUCTION:

The purpose of this policy is to ensure that all Council owned assets are valued and depreciated in accordance with relevant Australian Accounting Standards ("the Standards") pursuant to Local Government Act 1999 under section 303(4).

#### 2. PURPOSE:

The purpose of this policy is to provide clear direction to management, staff and Council in relation to the Asset Accounting function.

Council will only acquire assets after due consideration of the service needs of the community and the operating needs of the Council. Service levels will be determined in consultation with the community and in line with the Council's 'duty of care' to the community.

#### 3. SCOPE:

The scope of this policy is to ensure:

- **Asset Life** - That Council makes a distinction between costs incurred on long-lived assets and costs incurred on goods and services for immediate consumption;
- **Depreciation** - All depreciation estimates are prepared and maintained in accordance with the Standards and reviewed annually; and
- **Revaluations** - Are performed at a sufficient frequency to ensure that the carrying amount does not differ materially from the fair value at the reporting date.

This Policy is applicable to all Council owned assets.

The scope of this policy includes 'right-of-use assets' as defined in AASB 16 Leases.

#### Specific exclusions from this Policy

- Library Books have been treated as an operating expense from the 2022/2023 financial year.
- Assets not considered under Council control
- Where an asset is owned as tenants in common or jointly, only the portion of ownership and control relative to Council is included.

~~The scope of this policy excludes library books have been treated as an operating expense from the 2022/23 financial year.~~

#### 4. DEFINITIONS:


Key Term - Acronym	Definition
<b>Amortisation</b>	The systematic allocation of the depreciable amount of an asset over its useful life (e.g. for an asset valued at \$500,000 with a 5 year useful life the annual amount amortised would be \$100,000 per annum).
<b>Asset</b>	A resource with economic value that is owned or controlled by an entity with the expectation that it will provide a future benefit.

*Electronic version on TRIM is the controlled version.*

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

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 <p>City of Mount Gambier</p>	<p><b>COUNCIL POLICY</b> <b>ASSET ACCOUNTING POLICY</b></p>		Version No:	4.0-5.0
			Issued:	
			Next Review:	


Key Term - Acronym	Definition
<b>Asset Class</b>	A group of assets having a similar nature or function in the operations and for purpose
<b>Asset Consumption Ratio</b>	Value of infrastructure assets/gross current replacement cost of infrastructure assets.
<b>Asset Management</b>	The combination of management, financial, economic, engineering and other practices applied to physical assets with the objective of providing the required level of service in the most cost-effective manner.
<b>Asset Renewal Funding Ratio</b>	Capital expenditure on renewal or replacement of existing assets as a percentage of asset management plans allocation.  Capital expenditure on renewal or replacement of existing assets / Asset Management Plan.
<b>Asset Register</b>	A register for reliably recording inventory type details of an asset and may incorporate other information such as condition, valuation and location.
<b>Carrying Amount</b>	The amount at which an asset is recognised after deducting any accumulated depreciation and accumulated impairment losses.
<b>Componentisation</b>	The process of breaking down physical or non-physical asset into its individual components or parts for the purposes of accounting, valuation, and management.
<b>Cost</b>	The amount of cash or cash equivalents paid, or the fair value to acquire an asset at the time of its acquisition or construction.
<b>Cost Model</b>	After recognition as an asset, an item of property, plant and equipment shall be carried at its cost less any accumulated depreciation and any accumulated impairment losses.
<b>Depreciation</b>	The monetary value of an asset decreases over time (useful life) due to use, wear and tear or obsolescence. This decrease is measured as depreciation. Depreciation is the measure of 'using up' or consumption of the asset, in providing that asset to the community and is measured on an annual basis.
<b>Depreciable Amount</b>	The cost of an asset or any other amount substituted for cost, less its residual value.

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Key Term - Acronym	Definition
<b>Fair Value</b>	Is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.
<b>Gifted Assets</b>	Is an asset constructed or purchased by a party other than a Council (typically a developer) and transferred to Council to maintain.
<b>Impairment Loss</b>	Is the amount by which the carrying amount of an asset exceeds its recoverable amount.
<b>Intangible Assets</b>	Are identified as non-monetary assets without physical substance. Some examples of intangible assets include; licences, intellectual property and computer software.
<b>Maintenance</b>	Regular ongoing day-to-day work necessary to keep assets operating, and does not extend the asset's useful life e.g. road patching. This is an operating expense as this does not increase the value of the asset.
<b>Materiality</b>	Information is material if its omission, mis-statement or non-disclosure has the potential, individually or collectively, to influence the economic decisions of users taken on the basis of the financial report or affect the discharge of accountability by the management or elected representatives of the Council.
<b>New Asset</b>	Is the creation of a new asset to meet additional service level requirements, e.g. a new building.
<b>Non-current assets</b>	Are assets that have an estimated life of greater than one year. They also include some financial assets that are not expected to be recovered within a year of the reporting date.
<b>Operations</b>	Regular activities of the council e.g. street sweeping, grass mowing, street lighting.
<b>Right Of Use Asset</b>	A right of use asset, or ROU, is a lessee's right to use an asset over the course of a lease.
<b>Renewal or replacement</b>	Of an asset is where a previously existing asset is replaced, or its service life extended, without enhancement of the service capability except where this is incidental and unavoidable. e.g. gravel re-sheeting, reseal, etc.
<b>Residual value</b>	Of an asset is the estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal at the end of its useful life.


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Key Term - Acronym	Definition
<b>Revaluation Model</b>	After initial recognition as an asset, an item of property, plant and equipment whose fair value can be measured reliably shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.
<b>Upgrade</b>	Is the enhancement of an existing asset to provide a higher level of service, e.g. sealing an unsealed road.
<b>Useful life</b>	Is defined as the period over which an asset is expected to be available for use by the entity.

## 5. ROLES & RESPONSIBILITIES:

### 5.1 Council:

Council is responsible for adopting the policy, allocating resources, and providing high level oversight of the delivery of the Council's asset accounting policy. The Council is also responsible for ensuring that organisational resources are appropriately funded to guarantee adherence with this policy.

### 5.2 Chief Executive Officer:

The Chief Executive Officer is responsible for resourcing the implementation of the asset accounting policy and supporting procedures.

### 5.3 General Managers, Asset Managers, Manager Financial Services:

General Managers, Asset Managers and the Manager, Financial Services are responsible for the application of the asset accounting policy and supporting procedures.

### 5.4 Employees:

Employees are responsible for adhering to the policy.

## 6. POLICY STATEMENTS:

6.1 This Policy applies the provisions of the Local Government Act 1999 (the Act) Section 124 (Accounting Records to be Kept) regarding Council's Fixed Assets and how financial information pertaining to Fixed Asset transactions and reconciliations are undertaken across all Council operations.

6.2 This Policy underpins how Council treats various categories of transactions recorded on its fixed asset register and fixed asset transactions, culminating in their publication in the annual financial statements required under Section 127 (Financial Statements) of the Act.

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## 7. POLICY PRINCIPLES

### 7.1 Valuation:

#### Valuation of Assets:

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

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


- **Level 1:** Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
- **Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- **Level 3:** Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

### 7.2 Depreciation:

#### Recognition of Depreciation Expense:

- **Commencement** - Depreciation expense commences from the time the asset is first put into use or held ready for use. Work-in-progress will not be depreciated until the asset is first put into use or held available for use.
- **Cessation** - Depreciation of an asset ceases when the asset is fully depreciated, or if the asset is determined to be held for sale. Depreciation does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.
- **Calculation** - In calculating depreciation on assets, each component of the asset which has a cost that is significant in relation to the total cost of the asset and has a materially different useful life, is to be depreciated separately.
- **Leasehold Improvements** - Where improvements are made to a leasehold property, these improvements will be allocated progressively over the unexpired portion of the lease or the useful lives of the improvements, whichever is the shorter. The unexpired period of the lease should include any options to extend the lease term when the exercise of the option is reasonably certain.
- **Non-Recognition Of Depreciation** - Council does not recognise depreciation on the following:
  - **Inventories** - as they are current assets;
  - **Non-current assets held for sale** - whilst classified as held for sale;
  - **Bores** - Refer to the hole in the ground only and are not traditional water bores subject to normal failures due to the unique environment of the City of Mount Gambier. The expectation is that once a bore is constructed no further work is required. In the event a bore is no longer needed or there are changes to the underground water table, thereby rendering the bores obsolete, future treatment will be that the existing bore will be left in place and abandoned with a new bore hole drilled in a more appropriate location. For noting, bore casings are separately componentised, valued and depreciated.
  - **Other relevant assets** - Land, works of art, rare books, manuscripts, unique historical and cultural objects where their service potential is not expected to diminish with time or use.



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### 7.3 Impairment:

- An asset is impaired if the amount at which it is recognised in the Council's financial records is greater than its fair value. Council will ensure that the amount at which an asset is capitalised does not exceed its fair value. This will be reviewed on an annual basis and all impairment losses are to be shown in the operating statement as expenditure.

### 7.4 Depreciation Methodology:

- Asset Lives** - All assets with a useful life of more than one year (with the exception of the asset classes shown in the Non-Recognition ~~Of~~ Depreciation section above), including intangible assets are depreciated over the useful life of the asset in accordance with Accounting Standards.

Asset Useful Lives	
Asset Class	(Years )
<i>Infrastructure:</i>	
Sealed Roads - Surface	15 - 40
Sealed Roads - Road Pavement	40 - 80
Sealed Roads - Road Subbase	120 - 240
Unsealed Roads	12 - 75
Paving and Footpaths	10 - 40
Kerb & Gutter	60 - 80
Carparks	15 – <del>240</del> 80
Public Lighting	20
Stormwater Drainage	50 – <del>70</del> 125 (indefinite for bore holes)
Retaining Walls	40-120
Guard Rails and Safety Barriers	30
<i>Buildings &amp; Other Structures:</i>	
Buildings	15 – <del>100</del> 250
Park Structures	20 - 30
Playground Equipment	20 – <del>30</del> 40
Benches, seats, etc	10 - 30
Waste Management – Landfill Assets	Capacity in use
Recreation and Open Space	10 - 100
Plant & Equipment and IT	3 - 30
Artworks & Historical Collections	Indefinite
Land	Indefinite
Other	10 - 15
Right of Use Assets	Life of the lease

- Depreciation** - Are calculated on a "straight line basis" i.e. the depreciable amount divided by the useful life of the asset.
- Asset Additions** - Any expenditure that increases the value of the asset, are

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depreciated over the remaining useful life of the asset to which it relates.

- **Useful Life** - The useful life of an asset will be reviewed as required. Including at capitalisation of renewal of an asset where it is reasonable to expect that the renewal will increase the useful life of the asset in the interim period to a periodic revaluation.

## 7.5 Revaluations

### Revaluation Methodology:

- **Asset Valuation** - Council treat the valuation of assets in two ways:
  - Firstly, where an asset is carried at cost and has some useful life after it has been fully depreciated, revaluation of the asset will not occur.
  - Secondly, assets that are carried at fair value will be revalued to ensure assets are not fully depreciated before the end of their useful life.
- **Current Replacement Costs** - Are calculated using Council's own current contract unit rates, industry benchmarks and information supplied by other Councils where available. These costs are independently assessed by an appropriately qualified professional.
- **Condition Audits** - Are undertaken to determine the consumption of the asset and hence its fair value in respect to the replacement cost.

### Frequency of Revaluation:

- **Fair Value Assets** - All assets carried at fair value are reviewed annually. To achieve this Council review replacement costs and apply incremental adjustments where material and appropriate for each asset class.
- **Condition Audits** - Are performed as per the asset management plans or where there is a material movement between the carrying value and fair value of the assets.
- **Frequency of Revaluation** - Frequency of revaluation for each asset class is shown in the table below:

Asset Category	Valuer	Frequency	Incremental Revaluation*
Artworks and Historical Collections	External	Every 4 years	n/a
Land	Valuer General	Every 4 years Annually	n/a
Buildings & Structures	External	Every 4 years	CPI annually excluding year of
Infrastructure	External	Every 4 years	CPI annually excluding year of
Recreation and Open Space	Internal and External	Every 4 years	CPI annually excluding year of valuation
Storm Water Drainage	External	Every 4 years	CPI annually excluding year of
Caroline Landfill Cell construction and capping	Internal	Annually	n/a

\* a review will be undertaken in 2024/2025 for implementation.

It should be noted that revaluations may occur more frequently as required to incorporate changes to unit rates to ensure that the financial impact of valuations is

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minimised.

#### Revaluations and Accumulated Depreciation:

- **Accumulated Depreciation** - Following a revaluation the accumulated depreciation is restated proportionately to the gross carrying amount of the asset, so that the carrying amount of the asset after revaluation equals its revalued amount. This is a requirement to achieve a comparative in the calculation of the asset consumption ratio.
- **Assets Not Subject To Revaluation** - Plant and equipment, Public Lighting, **Guard Rails/Safety Barriers** and IT and Office Equipment are recognised at actual cost less accumulated depreciation and any accumulated impairment.


#### 7.6 Capitalisation:

##### Recognition and Thresholds:

- An item of property, plant and equipment that qualifies for recognition as an asset shall be measured at its cost.
- AASB 116 states:  
*'The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if:*  
*(a) it is probable that future economic benefits associated with the item will flow to the entity;*  
*and*  
*(b) the cost of the item can be measured reliably.'*
- Council transfer assets to the asset register only when complete.
- Council recognises the capital cost of an asset comprises of:
  - **Purchase Price** - Its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
  - **Directly Attributable Costs** - Any costs directly attributable to bringing the asset to the location and condition necessary (for example costs of site preparation, installation and assembly) for it to be capable of operating in the manner intended by Council;
  - **Employee Benefits** - Costs of employee benefits arising directly from the construction or acquisition of the item of property, plant equipment e.g. project management costs;
  - **Testing** - Costs of testing whether the asset is functioning properly, after deducting net proceeds from selling any items needed to bring the asset to that location and/or condition;
  - **Demolition/Removal** - Costs associated with the dismantling and/or removal of the asset and restoration or rehabilitation of the site on which it was located; and
  - **Gifted Assets** - AASB 116 provides for a specific example relating to Local Government entities where an asset may be gifted to Council at no or nominal measurable cost. When this occurs, Council's administration is obliged to recognise the asset at fair value.





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- **Borrowing Costs** - In relation to qualifying assets (net of offsetting investment revenue i.e. interest) have been capitalised in accordance with AASB 123 "Borrowing Costs". The amounts of borrowing costs recognised as an expense or as part of the carrying amount of qualifying assets are disclosed in the annual financial statements and the amount (if any) of interest revenue offset against borrowing costs.
- Council will classify all capital expenditure into the following categories:
  - New / Upgrade; and
  - Renewal.
- **Threshold** - The following principles will apply:
  - **Materiality** - A capitalisation recognition threshold is applied to each asset type using the concept of materiality. Costs below these thresholds are accordingly treated as an operating expense.
  - **Aggregation** - Where a number of the same assets for the same purpose are purchased at the same time and the cumulative value is greater than the threshold, the cumulative value can be capitalised.
  - **Excluded Classes** - No capitalisation threshold will be applied to the acquisition of land, interest in land, works of art, rare books, manuscripts, unique historical and cultural objects.

Asset Class:	Capital Threshold
<i>Infrastructure:</i>	
Road construction and reconstruction	\$5,000
Paving & Footpaths, Kerb & Gutter	\$5,000
Carparks	\$5,000
Stormwater Drainage	\$5,000
Buildings & Structures	\$5,000
Waste Management - Landfill Assets	\$5,000
Park & Playground Furniture & Equipment	\$5,000
Open Space and Heritage Place	\$5,000
Other (including IT)	\$5,000
Plant & Equipment	\$5,000
Right of Use Asset	\$5,000

#### 7.7 Disposal Of Assets:


- **Gain Or Loss** - The difference between any net proceeds from disposal (after deducting selling costs) and the remaining carrying value of an asset will be treated as either a gain or loss in the year the asset is retired or disposed of.

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- **Renewal** - Where existing assets are renewed the value of the component of the asset that has been renewed is to be disposed and a new asset created. If the part of the asset disposed of has been retained, its value needs to be recognised in the new asset or separated into a new asset component if its useful life differs materially to the new asset.
- **Further Guidance** - Further guidance and controls over the disposal of assets is provided under Council Policy 'P420 Procurement and Disposal of Land and Assets Policy'.

#### 8. TRAINING / EDUCATION

Relevant staff will be adequately trained and qualified to implement and comply with this policy.

#### 9. REVIEW


This Policy will be reviewed annually; or

- The frequency dictated in legislation; or
- Earlier in the event of changes to legislation or related policies and procedures; or
- If deemed necessary by the General Manager Corporate and Regulatory Services.

#### 10. ACCESS TO THE POLICY

This Policy will be available for inspection at Council's principal office during ordinary business hours and on the Council's website [www.mountgambier.sa.gov.au](http://www.mountgambier.sa.gov.au). Copies will also be provided to interested members of the community upon request, and upon payment of a fee in accordance with Council's Schedule of Fees and Charges.



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File Reference:	AF18/48
Applicable Legislation:	Local Government Act 1999 Local Government (Financial Management) Regulations 2011
Reference: Strategic Plan – Beyond 2015	Goal 3, Strategic Objective Our Diverse Economy
Related Policies:	A900 Asset Management Policy <del>P420 Procurement and Disposal of Land and Assets Policy</del> Procurement Policy Disposal of Land and Assets Policy B300 Budget Framework Policy
Related Procedures:	

#### DOCUMENT DETAILS

Responsibility:	General Manager Corporate and Regulatory Services
Version:	4.0 5.0
Last revised date:	
Effective date:	
Minute reference:	
Next review date:	

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**5.6 POLICY REVIEW - RISK MANAGEMENT – REPORT NO. AR24/38120**

<b>Committee:</b>	<b>Audit and Risk Committee</b>
<b>Meeting Date:</b>	<b>3 June 2024</b>
<b>Report No.:</b>	<b>AR24/38120</b>
<b>CM9 Reference:</b>	<b>AF11/863</b>
<b>Author:</b>	<b>Leanne Little, Acting Manager Organisational Development</b>
<b>Authoriser:</b>	<b>Jane Fetherstonhaugh, General Manager Corporate and Regulatory Services</b>
<b>Summary:</b>	<b>This report is to provide the Audit and Risk Management Committee with a reviewed version of the Council Policy - Risk Management for endorsement and consideration. This policy is an overarching document to the organisations Risk Management Framework.</b>
<b>Strategic Plan Reference:</b>	<b>Goal 1: Our People</b> <b>Goal 2: Our Location</b> <b>Goal 3: Our Diverse Economy</b> <b>Goal 4: Our Climate, Natural Resources, Arts, Culture and Heritage</b> <b>Goal 5: Our Commitment</b>

**REPORT RECOMMENDATION**

1. That Audit and Risk Committee Report No. AR24/38120 titled 'Policy Review - Risk Management' as presented on 03 June 2024 be noted.
2. That the Risk Management Policy as attached to Report No. AR24/38120 having been reviewed by the Audit and Risk Committee on 3 June 2024 be adopted.
3. That the Chief Executive Officer or Delegate be authorised to make any necessary changes to the policies arising from this meeting, together with any typographical corrections, amendments to position or organisation titles, and finalisation of the document's formatting that do not materially alter the integrity of the document.



## **TYPE OF REPORT**

Other

## **BACKGROUND**

This report provides the Council Policy Risk Management for endorsement and consideration of the Audit and Risk Committee prior to being presented at the Council Meeting in June 2024. This policy has been reviewed and updated to reflect Councils legislated responsibilities and ongoing development of Risk management practices across the organisation.

## **PROPOSAL**

This policy is supported by the City of Mount Gambier Risk Management Framework and City of Mount Gambier Risk Management Administrative Procedure.

The inclusion of this updated policy within the overall Risk Management document framework articulates responsibilities throughout all levels of Council and its staff. at all levels in a systematic approach.

- Risk Management Policy - High level Council document that guides and informs the risk management approach at Council level.
- Risk Management Administrative Principle - Internal Organisational Policy which provides staff with guiding principles on risk management functions, roles and responsibilities.
- Risk management Framework - A systematic and fundamental document which outlines the organisations risk management processes and review schedules, the organisations endorsed risk matrix tables, reporting schedules and obligations to external stakeholders.

## **LEGAL IMPLICATIONS**

Council has legislative requirements under Section 134 (4) (b) of the Local Government Act 1999 to adopt risk management policies, controls and systems.

## **STRATEGIC PLAN**

N/A

## **COUNCIL POLICY**

[Risk Management](#)

## **ECONOMIC IMPLICATIONS**

N/A

## **ENVIRONMENTAL IMPLICATIONS**

N/A

## **SOCIAL IMPLICATIONS**

N/A

## **CULTURAL IMPLICATIONS**

N/A

## **RESOURCE IMPLICATIONS**

N/A

## **VALUE FOR MONEY**

N/A





## **RISK IMPLICATIONS**

Without a Risk Management Policy, the Council does not have a systematic and guided process for informed decision making and Council is not compliant with its legislative obligations under the Local Government Act 1999

## **EQUALITIES AND DIVERSITY IMPLICATIONS**

N/A

## **ENGAGEMENT AND COMMUNICATION STRATEGY**

N/A

## **IMPLEMENTATION STRATEGY**

N/A

## **CONCLUSION AND RECOMMENDATION**

The City of Mount Gambier understands a robust Risk Management Framework assists the Council and its employees to make informed decisions, and we continue to increase the level of risk maturity across the organisation.

## **ATTACHMENTS**

1. Draft - Risk Management Policy [↓](#)



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			Next Review:	November 2023March 2028

## 1. PURPOSE

- 1.1. The purpose of the Risk Management Policy (the Policy) is to enable an integrated approach to risk management through:
  - Commitment to core risk management principles;
  - Defining responsibilities for the application of risk identification, assessment, evaluation and treatment programs across Council operations;
  - A Risk Management Framework ("the Framework") that provides the tools and programmes to underpin Council's approach to achieving a balance between the costs of managing a risk and the anticipated benefits.
- 1.2. The management of risk will be integrated into Council's governance structures, including decision making. Risk Management leads to the successful achievement of Council's Vision, Strategic Plan Objectives and community expectations.
- 1.3. To achieve the objectives of the Policy, the Framework has been developed.

## 2. POLICY STATEMENT

- 2.1. Council is committed to maintaining and applying governance and risk management principles to ensure that any impacts to strategic and business objectives are considered and analysed.
- 2.2. Council will adopt and implement a systematic approach to identify, assess, evaluate and treat (mitigate) risks. The risk management program involves identifying opportunities to ensure Council achieves its strategic goals whilst recording and managing its operational risks.
- 2.3. Management will lead, actively participate and have complete oversight over all aspects of risk management within their areas of responsibility
- 2.4. Council will maintain the Framework consistent with the guidelines and principles of risk management as set out in the International Standard ISO31000:2018 - Risk Management Guidelines, with the goal of providing a consistent approach for dealing with uncertainties likely to impact on the achievement of Councils Vision.
- 2.5. The risk register(s) will be periodically and consistently reviewed in accordance with set timeframes identified in the Framework.

## 3. PERFORMANCE MEASURES

The performance of the risk management program will be measured through three distinct categories:

- Compliance with the Policy and related [Risk Management Frameworkdocumentation, through internal and external auditing and evaluation.](#)

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- Value add to the whole of Council
- [Benchmarking, Monitoring and Development of Council's Risk](#) Maturity of Councils  
[Risk and Culture](#)

#### 4. LEGISLATIVE REQUIREMENT AND POLICY CONTEXT

- 4.1 Section 125 of the Local Government Act 1999 ('LG Act') requires Council to ensure that appropriate policies practices and procedures of internal control are implemented and maintained in order to assist the Council to carry out its activities in an efficient and orderly manner to achieve its objectives.
- 4.2 Section 132A of the LG Act requires Council to ensure that appropriate policies, practices and procedures are implemented and maintained in order to ensure compliance with statutory requirements and achieve and maintain standards of good public administration.
- 4.3 Section 134(4) (b) of the LG Act requires Council to adopt risk management policies, controls and systems.

#### 5. DEFINITIONS

Definitions are outlined within the Framework

#### 6. ROLES & RESPONSIBILITIES

##### 6.1 Council

Council is responsible for the approval of this Policy and overseeing the systematic approach to managing risk across Council operations.

##### 6.2. Audit Committee

The Audit [and Risk](#) Committee is responsible for [checking monitoring and evaluating](#) ~~that~~ appropriate internal control and risk management policies and systems are implemented and maintained in order to assist the Council to carry out its activities in an efficient and orderly manner to achieve its objectives, to ensure adherence to management policies, to safeguard the Council's assets, and to secure (as far as possible) the accuracy and reliability of Council records.

##### 6.3 Chief Executive Officer (CEO)

The CEO has the responsibility for ensuring that:

- a Framework is established and implemented and
- risk management is integrated into Council's activities and functions.



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#### 6.4 Executive Team

Members of the Executive Team are responsible for:

- Commitment to promotion of this Policy and the Framework whilst monitoring Council's overall risk profile and controls;
- Reporting the status of Council's risk profile and mitigation strategies to the Audit and Risk Committee;
- The implementation, management and evaluation of risk management, in accordance with the Policy and Framework within their areas of responsibility;
- Undertaking the risk management program as per the requirements of the Policy and Framework; and
- Ensuring that risk based information is identified and recorded in Council's Risk Register through the organisations Risk Coordinator.

#### 6.5 Management Team

The Management Team together with the Risk Coordinator is responsible for:

- Assisting the Executive Team to develop, implement and maintain the risk management framework and program in a systematic and standardised manner;
- Development and maintenance of a Risk Register(s) that records reasonably foreseeable Operational and Strategic risks, including risk mitigation strategies;
- Assisting the Executive Team in development and compilation of reports relating to Council's risk profile and mitigation strategies.

#### 6.5 Leadership Team

The Leadership Team is responsible for:

- Assisting the Executive and Management Teams to implement, maintain and report on the risk management framework and program in a systematic and standardised manner;

#### 6.6 Risk Coordinator

The Risk Coordinator is responsible for:

- Coordination of risk management activities, programming and strategy in accordance with Council Policy and Framework.



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**6.7 Employees, Elected Members, Volunteers and Contractors:**

All Council Employees, Elected Members, Volunteers and Contractors are responsible for:

- Identifying, evaluating and managing risks in their daily activities and projects;
- Adhering to the requirements of Council's risk management policy and framework.

**7. AVAILABILITY**

7.1 The Policy will be available on Council's website with hard copies supplied on request.

**7. REVIEW & EVALUATION**

This Policy is scheduled for review by Council in ~~March 2028~~ November 2023; however, will be reviewed as required by any legislative changes which may occur.

**8. AVAILABILITY OF POLICY**

This Policy will be available for inspection at Council's principal office during ordinary business hours and on the Council's website [www.mountgambier.sa.gov.au](http://www.mountgambier.sa.gov.au). Copies will also be provided to interested members of the community upon request, and upon payment of a fee in accordance with Council's Schedule of Fees and Charges.



 City of Mount Gambier	<b>COUNCIL POLICY RISK MANAGEMENT</b>	Version No:	<u>21</u>
		Issued:	<del>17-November 2020</del> <del>19-March 2024</del>
		Next Review:	<del>November 2023</del> <del>March 2028</del>

File Reference:	AF18/48
Applicable Legislation:	Local Government Act 1999 Work Health and Safety Act 2012 Civil Liabilities Act 1936
Reference: Strategic Plan 2020-2024	Our People Our Location Our Diverse Economy Our Climate, Natural Resources, Arts, Culture And Heritage Our Commitment
Related Policies:	Prudential Management Policy - P415  Risk Management Framework Policy - R305 (superseded)  Emergency Management Policy
Related Procedures:	
Related Documents:	AS/NZS ISO31000:2009 Risk Management – Principles and Guidelines  ISO31000:2018 Risk Management - Guidelines  City of Mount Gambier Risk Management Framework  Audit Committee Terms of Reference (AR11/51413[V6])



 City of Mount Gambier	<b>COUNCIL POLICY RISK MANAGEMENT</b>	Version No:	<u>21</u>
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		Next Review:	<del>November 2023</del> <u>March 2028</u>

#### DOCUMENT DETAILS

Responsibility:	General Manager Corporate and Regulatory Services
Version:	<del>12</del> .0
Last revised date:	<del>17 November, 2020</del> <u>19 March 2024</u>
Effective date:	<del>17 November, 2020</del> <u>19 March 2024</u>
Minute reference:	<del>17 November, 2020, Council Item 24.3 – Resolution 2020/358</del> <u>Council Meeting 19 March 2024 - Item ## - Resolution 2024/##</u>
Next review date:	<del>November 2023</del> <u>November-March 2028</u>
<u>Document History</u>	
First Adopted By Council:	17 November, 2020
Reviewed/Amended:	<u>19 March 2024</u>

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**5.7 RISK MANAGEMENT REPORT JANUARY - MARCH 2024 – REPORT NO. AR24/36616**

<b>Committee:</b>	<b>Audit and Risk Committee</b>
<b>Meeting Date:</b>	<b>3 June 2024</b>
<b>Report No.:</b>	<b>AR24/36616</b>
<b>CM9 Reference:</b>	<b>AF11/863</b>
<b>Author:</b>	<b>Leanne Little, Acting Manager Organisational Development</b>
<b>Authoriser:</b>	<b>Jane Fetherstonhaugh, General Manager Corporate and Regulatory Services</b>
<b>Summary:</b>	<b>This report provides a summary of work undertake towards strategic risk management within the City of Mount Gambier.</b>
<b>Strategic Plan Reference:</b>	<b>Goal 1: Our People</b>
	<b>Goal 2: Our Location</b>
	<b>Goal 3: Our Diverse Economy</b>
	<b>Goal 4: Our Climate, Natural Resources, Arts, Culture and Heritage</b>
	<b>Goal 5: Our Commitment</b>

**REPORT RECOMMENDATION**

1. That Audit and Risk Committee Report No. AR24/36616 titled 'Risk Management Report January - March 2024' as presented on 03 June 2024 be noted.



## **TYPE OF REPORT**

Other

## **BACKGROUND**

The purpose of this report is to provide a detailed summary of Risk Management Practices across the City of Mount Gambier that provide control measures to manage risk and assist in raising the profile of risk awareness within the organisation.

This report will highlight the work being undertaken to manage the Strategic Risks identified by the Executive Leadership Team exposure.

The organisation has chosen to attach two principles for review that relate directly to our key unlocking project of workforce planning with a key focus on the commitment to support but the broader understanding that organisation must have the capacity to support such arrangements.

## **PROPOSAL**

The City of Mount Gambier provide the Audit and Risk Committee with regular reporting on the organisational Risk Management Action Plan as part of the Risk Management Framework.

## **LEGAL IMPLICATIONS**

Section 125 of the Local Government Act 1999 ('LG Act') requires Council to ensure that appropriate policies practices and procedures of internal control are implemented and maintained in order to assist the Council to carry out its activities in an efficient and orderly manner to achieve its objectives.

Section 132A of the LG Act requires Council to ensure that appropriate policies, practices, and procedures are implemented and maintained to ensure compliance with statutory requirements and achieve and maintain standards of good public administration.

Section 134(4) (b) of the LG Act requires Council to adopt risk management policies.

## **STRATEGIC PLAN**

Nil

## **COUNCIL POLICY**

The Risk Management Framework will support the Risk Management Policy.

## **ECONOMIC IMPLICATIONS**

Nil

## **ENVIRONMENTAL IMPLICATIONS**

Nil

## **SOCIAL IMPLICATIONS**

Nil

## **CULTURAL IMPLICATIONS**

Nil

## **RESOURCE IMPLICATIONS**

Nil

## **VALUE FOR MONEY**

Nil

## **RISK IMPLICATIONS**

The organisation will continue to work on adopting and regularly monitoring its risks through effective policies, procedures, and frameworks



## **EQUALITIES AND DIVERSITY IMPLICATIONS**

Nil

## **ENGAGEMENT AND COMMUNICATION STRATEGY**

Nil

## **IMPLEMENTATION STRATEGY**

The 2024 Risk Management Action Plan is underway.

This process will be completed conjunction with the LGRS to ensure the City of Mount Gambier adequately addresses the opportunities for improvement.

## **CONCLUSION AND RECOMMENDATION**

The City of Mount Gambier must provide the Audit and Risk Committee with regular reporting on organisation's Risk Management Action Plan as part of the Risk Management Framework.

## **ATTACHMENTS**

1. Risk Management Report January - March 2024 [↓](#)
2. Administrative Principle - Traineeship and Apprenticeship Program [↓](#)
3. Administrative Principle Supported Worker Program [↓](#)





# Risk Management Report



Detailed Quarterly Report

January – March 2024



City of  
Mount Gambier





## SUMMARY

The purpose of this report is to provide the Audit and Risk Committee a detailed summary of Risk Management Practices across the City of Mount Gambier that provide control measures to manage strategic risk.

This report will highlight the continuous work being undertaken across the entire organisation which collaboratively manages the strategic risk the organisation is facing as well as continues the commitment to raising the Strategic Risk maturity level of the City of Mount Gambier organisation.

## CONTENTS

- Strategic Risks and Ratings
- Cyber Security Risk Summary
- Financial Stability Risk Summary
- People Workforce and Compliance Risk Summary
- Climate and Future Vulnerability Risk Summary
- People Culture and Workforce Planning Risk Summary
- Safety Compliance and & WHS Management Risk Summary
- Environmental Compliance Risk Summary
- Major Infrastructure Risk Summary
- Governance Compliance and Legislation Risk Summary
- Political Risk Stability Risk Summary
- Economic Development Risk Summary
- Contractor, Procurement and Project Management Risk Summary
- Relationship Connection and Engagement with Community Risk Summary



## Strategic Risk Workshop

A Strategic Risk Workshop was undertaken 16 April 2024 with the Executive Leadership Team. This workshop focused on the work that has been undertaken within the organisation and an assessment was undertaken to determine if the work has reduced the current risk rating.

In addition to this assessment the Executive Leadership Team also reviewed the target risk ratings and how the planned work will assist the organisation in reaching that target risk rating.

The workshop resulted in a **reduced current risk rating** for the following strategic risks.

- Financial Sustainability
- People workforce and Compliance
- Governance Compliance and Legislation
- Political Risk & Stability

Furthermore, the Executive Leadership Team focused on the how the Strategic Risks are interconnected and impact each other, as well as the Priority "Unlocking Projects" and how they will assist in supporting the organisation to manage the Strategic Risk effectively.

## Strategic Workplan & Unlocking Projects 2024-2025

The organisation together with Council has endorsed a Strategic Workplan for 2024 – 2027.

Within this workplan is three 'Unlocking' Projects with key deliverables each financial year. The below list identifies key deliverables for each one of those unlocking in projects in the **2024-2025 financial year**.

### Asset Management Planning Approach

- Establish New Asset Classes for FY26
- Asset Policy Framework and Supporting Procedures / Service Levels
- Draft Asset Management Plans

### Business Systems & Infrastructure

- Data Management
- Business Process Review and Alignment

### Workforce Planning Framework

- Service Register and Benchmarking
- Establish Service Review Framework
- Service Reviews & Workforce Analysis



## STRATEGIC RISKS AND RATINGS – COMG Reviewed April 2024

**NEW**



This table outlines the Strategic Risks and the risk ratings as identified by the City of Mount Gambier. Detailed risk description and summary of treatment actions are outlined through the report.

### Inherent Risk Rating

The rating applied if no treatment is undertaken to manage the risk.

### Current Risk Rating

The rating applied to the strategic risk in view of what work has been undertaken to manage the risk.

### Target Risk Rating **NEW**

The rating applied to the Strategic Risk which the organisation is aiming for based on work that has been identified to be completed.

	Description	Inherent	Current	Target
1	Cyber Security	Extreme	High	Medium
2	Financial Sustainability	Extreme	Medium	Medium
3	People Workforce and Compliance	Extreme	Medium	Low
4	Climate and Future Vulnerability	High	High	Medium
5	People Culture and Workforce Planning	Extreme	High	Medium
6	Safety Compliance and WHS Management	Extreme	High	Medium
7	Environmental Compliance	High	High	Medium
8	Major Infrastructure	Extreme	High	Medium
9	Governance, Compliance and Legislative Obligations	High	Medium	Medium
10	Political Risk and Stability	Medium	Low	Low
11	Economic Development	Medium	Medium	Low
12	Contract Management, Procurement and Project Management	Medium	Medium	Low
13	Relationship, Connection and Engagement with Community	High	Low	Low

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## STRATEGIC RISKS AND RATINGS – Additional Review May 2024

### Additional Review Draft Budget 2024-2025

City of Mount Gambier undertook an additional workshop to assess its Strategic Risks against the Draft Budget 2024-2025 process. The following changes to the overall risk were determined and the below summary represents the work undertaken to manage and control the increased risk

#### Financial Sustainability – Increase to HIGH

- Presentation of thirty (30) different financial rating models for the Elected Member Body to Consider including educational workshops.
- ESCOSA Audit to assess overall Organisational sustainability – IN PROGRESS
- Identification and consideration of all risks for each financial model
- Assessment of models against current strategic plan, and Asset Management Plan.
- Waste Modelling

#### People Culture & Workforce Planning – Increase to HIGH

- Current FTE structure against current and future strategic plans.
- Data analysis of current resourcing impacts on staff, culture surveys and trending hazard and incident reporting data.
- Identification and allocation of People resources included in Draft Budget 2024-2025
- Workforce Plan and Service Reviews key unlocking project for 2024-2025

#### Major Infrastructure - Increase to HIGH

- Development of new Asset Management Plan as part of Draft Budget 2024-2025
- Identification and assessment of current asset infrastructure and alignment with Strategic Plan.
- Asset Management Planning Key unlocking project for 2024-2025

	Description	Inherent	Current	Target
1	Cyber Security	Extreme	High	Medium
2	Financial Sustainability	Extreme	High	High
3	People Workforce and Compliance	Extreme	Medium	Low
4	Climate and Future Vulnerability	High	High	Medium
5	People Culture and Workforce Planning	Extreme	High	High
6	Safety Compliance and WHS Management	Extreme	High	Medium
7	Environmental Compliance	High	High	Medium
8	Major Infrastructure	Extreme	High	High
9	Governance, Compliance and Legislative Obligations	High	Medium	Medium
10	Political Risk and Stability	Medium	Low	Low
11	Economic Development	Medium	Medium	Low
12	Contract Management, Procurement and Project Management	Medium	Medium	Low
13	Relationship, Connection and Engagement with Community	High	Low	Low





# 1. Cyber Security - Ineffective Systems can leave the organisation exposed to cyberattacks resulting in possibility of ransom, loss of organisation and community data and reputational damage.



Inherent	Current	Target
Extreme	High	Medium

**Cause of Inherent Risk -** Lack of technical staff, and software investment resourcing, inadequate training for staff to prevent attacks, inadequate information management and response processes, current state and transition to improved iServices

## Treatment Actions

### Achieves Current Risk Rating

- Building of knowledge and capability through LGRS partnerships, external specialists,
- Increasing staff capability through training and development.
- Review and development of adequate framework to manage information security and response processes
- Review of business systems purchasing process to ensure process is centralised, cyber risk and information can be managed in accordance with organisations Information Management Policy.
- Development of a formalised Cyber Risk Action Plan 2024/2025
- Implementation and deployment of Phishing software **COMPLETE**
- Development and subsequent Information Management Policy **COMPLETE**
- Development of Information Security Framework document **COMPLETE**
- Implementation of Centralised Software Acquisition & Budgeting Process across organisation **COMPLETE**

## Actions Undertaken or Planned

### Work that guides organisation to Target Risk Rating

- Ongoing monitor and reporting phase of Cyberphishing **UNDERWAY**
- Development of an Incident Response Plan that will assist the organisation in responding efficiently to a Cyber Attack Expected To be submitted to ELT for endorsement **UNDERWAY May 2024**
- Development of Business Continuity Plan specific to the Cyber Attack and separate from the organisational Business Continuity Plan **Expected Completion May 2024**
- Development of an overall Cyber Action Plan which identifies all work undertaken so far, vulnerabilities known and possible solutions and costing with a risk-based approach to allow educated decision making in risk mitigation. **Expected Completion JUNE 2024**
- Development of Information Management Principle which guides procedures **UNDERWAY**
- Identification and Development of iServices Business Systems Project which includes a review of all current operating systems, project endorsed by ELT and is listed as Key unlocking project in Strategic Work Plan **UNDERWAY**



## 2. Financial Sustainability - Effective management of Rates Revenue, Level of Funding, Revenue Growth, Ineffective Debt, Liability and Expenditure Management

Inherent	Current	Target
Extreme	Medium	Medium

**Cause of Inherent Risk -** Inadequate forecasting and management of revenue, including rates, grant funding, loans and debt, Commercial Acumen and Staff Capability, financial relationships with external partners



### Treatment Actions

#### Achieves Current Risk Rating

- **LTFP** - Long Term Financial Plan and supporting Asset Management Plans are reviewed and adopted annually aligned with the Annual Business Plan.
- **Quarterly Budget Review Process** - Quarterly forecasts are delivered in line with legislation.
- **Financial Performance Reporting** - Monthly reporting prepared with a focus on hindsight, insight and foresight for the Executive, General Managers and Managers. Supported by a comprehensive budgeting and financial reporting tool.
- **Budget Development Process** - Comprehensive process that builds the budget with the budget holders, reviews with the Executive and Elected Members and meets legislative requirements has been rolled out to Budget Holders and key stakeholders. Process started in February 2024. **COMPLETE February 2024.**
- **Better Practice Model** - Adopted with a review of key internal financial controls undertaken at least bi-annually with half yearly reporting to the Audit and Risk Committee. **COMPLETE June 2023.**
- **Treasury Management** - Regular reporting to Executive members on borrowings/cash flow. Debt structuring approach developed and implemented during 2021/22 and 2022/2023. Annual report to the Audit and Risk Committee November 2023. **COMPLETE November 2023.**
- **Budget Reviews** - Internal review of Budget Review in the context of the LTFP to be undertaken. **UNDERWAY Expected completion of Budget Review 2 in February 2024.**

### Actions Undertaken or Planned

#### Work that guides organisation to Target Risk Rating

- **Grants** - Development of performance reporting on external grants for the Executive and Council underway. Council policy adopted by Council in September 2023, Administrative principles/procedures under development **UNDERWAY**
- **LTFP** - An interim LTFP with supporting IAMPs currently being developed . **Expected completion March 2024 UNDERWAY.**
- **Legislated Policies** - Draft Prudential Management Policy adopted at September Council Meeting. Ongoing regular review at Executive Leadership Team meetings. **ONGONG.**
- **Business Process Improvement** - Further to a post implementation review to be undertaken in July 2023, the Annual Business Plan, Budget and LTFP process will be developed. **COMPLETE August 2023.**
- **Internal Audit Plan** - Draft plan developed for review at Audit and Risk Committee meeting. **COMPLETE – Presented at November 2023 Audit and Risk Committee, adopted at December 2023 Council meeting.** Draft scopes and timings for 2023/2024 audits brought to February 2024 Audit and Risk Committee meeting. **UNDERWAY**



### 3. People Workforce & Compliance

Inherent	Current	Target
Extreme	Medium	Low

Cause of Inherent Risk -

Prevention of Risk or harm to children, young people and vulnerable people, inability to maintain Child Safe Organisational Standard with Department of Human Services

Poor recruitment practices, failure to undertake staff checks/screening, inadequate training, lack of compliance reporting systems.



#### Treatment Actions

Achieves Current Risk Rating

- Child Safe Policy is currently endorsed, standards and competencies have been identified. Compliance reporting ongoing, recruitment processes reviewed and compliant. **COMPLETE**
- Monitoring and maintenance of relationship with Department of Human Services is critical in treating risk.
- Recruitment and Onboarding strategic project within 2023/2024
- Development of Internal Audit Plan for 2024-2026 **COMPLETE**
- Implementation of automated Annual performance and Development Review Process to increase compliance with process. **COMPLETE**
- Implementation of automated Annual performance and Development Review Process to increase compliance with process. **COMPLETE**
- Implementation of Volunteer Management Principle **COMPLETE**
- Increased rate of compliance checks for Volunteer Management **COMPLETE**

#### Actions Undertaken or Planned

Work that guides organisation to Target Risk Rating

- Ongoing monitoring of screening compliance at prescribed sites **ONGOING**
- Increasing compliance and screening across the entire organisation to allow staff to work freely across sites and locations without compromising compliance requirements. Compliance Rates for National Police Clearance currently seventy- one percent (71) **ONGOING expected completion June 2024**
- Development of monthly compliance reporting for Management Team Level and quarterly compliance reporting to be submitted to Executive Leadership Team. **PLANNED Expected Completion June 2024**
- Recruitment of Volunteer Coordinator role **Planned for July 2024**
- Monitor and Implementation of legislative changes, development of communication plan for implementation of legislative changes **UNDERWAY**
- Recruitment and Onboarding strategic project within 2023/2024 **UNDERWAY**
- Development of Human Resource Management Framework **UNDERWAY**



## 4. Climate & Future- Vulnerability

Organisational preparedness for climate change events, emergency management planning and capability within organisation, community and other councils



Inherent	Current	Target
High	High	Medium

**Cause of Inherent Risk -** Inadequate understanding of organisational capacity, training, resourcing or planning or organisational vulnerabilities

### Treatment Actions

#### Achieves Current Risk Rating

- The organisation continues to work towards an increased capacity of resources trained within Local Government approved support being iResponda, through the Local Government Functional Support Group.
- Maintaining relationships with neighboring Councils and training competencies that support emergency response preparedness.
- Leveraging Partnerships with Strategic Risk Consultants through the National Local Government Vulnerability project.
- Utilising data obtained and benchmarking nationally to identify areas of opportunity for funding through state and federal partnerships that can support Emergency Management preparedness
- Maintaining partnerships with local emergency management services and supporting training exercises
- Iresponda IM3 incident management training for 8 x Middle and Senior Management **COMPLETE**
- Completion of Insurance Renewal Process, review of Insurance responsibilities and asset valuations **COMPLETED**

### Actions Undertaken or Planned

#### Work that guides organisation to Target Risk Rating

- Review of Report and findings of Vulnerability Assessment from NLGVP, **UNDERWAY**
- Review of Emergency Management Documents **UNDERWAY**
- Implementation of designated Incident Operations Station at Civic Centre location. **UNDERWAY**
- Attendance at Local Government Risk management Conferences to understand risk trends affecting Councils, communication of risks, climate and potential vulnerabilities to organisation **ONGOING**
- Engagement of LGRS to provide Waste Mangement Risk profiling. **UNDERWAY**
- Development of partnerships with neighbouring Councils to leverage resourcing and identify areas of opportunity for collaborative funding, projects and initiatives that address climate & future vulnerability **PLANNED**





## 5. People Culture & Workforce Planning

Strategic, Planned and Effective workforce planning, including recruitment and retention, creating a positive culture where people with capacity to innovate and grow



Inherent	Current	Target
Extreme	High	Medium

**Cause of Inherent Risk -** Poor or ineffective workforce planning, including recruitment, retention and succession planning. Negative Culture affects performance, inability to fill key strategic roles.

### Treatment Actions

#### Achieves Current Risk Rating

- Development of Strategic initiatives for ALL people leaders across the organisation that provide solutions for concerns raised within pulse survey. **Action Plan being monitored**
- Successful implementation of improved Enterprise Bargaining Agreement that meets organisational budgetary commitments and provides meaningful value for employees. **COMPLETE**
- Review of current recruitment end to end process **UNDERWAY expected completion June 2024**
- Review of current onboarding process **UNDERWAY expected completion June 2024**
- Development and deployment of Updates Pulse Survey and Employee Satisfaction Process. **Expected Completion March 2024**
- Membership and Participation within Local Government Content Reference Group to identify and address skill shortages within LG **UNDERWAY**

### Actions Undertaken or Planned

#### Work that guides organisation to Target Risk Rating

- Development of workforce planning identified as key unlocking project within strategic workforce plan. **Scheduled for 2024-2025**
- Development of HR Framework **UNDERWAY**
- Employee Satisfaction and Culture surveys to be assessed against current data and benchmarked Development and Maintenance of partnerships with Councils identified as leaders within the employee culture space (City of Port Adelaide) **UNDERWAY**
- Development of communication mechanisms that are supportive and represent greater employee engagement **ONGOING**
- Ongoing promotion, development and greater establishment of Employee Consultative Committees. **DEVELOPMENT COMPLETE, ONGOING**
- Re-Launch of Organisational Values **PLANNED**
- Revised Employee Recognition Principle (in line with Local Government & ombudsman recommendations) **UNDERWAY**
- Review and Development of current People related administrative principles that provide equity and consistency across the organisation a **UNDERWAY**
- Development and Deployment of automated Annual Performance and Development which incorporates key culture measurements **UNDERWAY**





## 6. Safety Compliance & WHS Management

Providing a safe and compliant environment and systems to manage WHS in the workplace, and keep people safe from risk, injury and harm



**Cause of Inherent Risk -** Inadequate systems to manage and support a safety culture within the workplace, can result in physical and psychological harm

Inherent	Current	Target
Extreme	High	Medium

### Treatment Actions

#### Achieves Current Risk Rating

- Increased compliance reporting is required to accurately identify trends, education, engagement and effective implementation.
- Monitor of statistical and actual data which identifies improvements and areas of opportunity for increased Safety awareness.
- Implementation of a Depot Sub Committee to focus on high-risk areas
- Adoption and Implementation of LG Safe Peak Policy **COMPLETE**
- Participation in Local Government Workers Compensation independent auditing and observation reviews.
- Reviewed current WHS & IM Reporting and found opportunities for improved report content. **COMPLETE**
- Actively monitor upcoming legislative changes and effect on current organisational process.
- Increase of accountability measures of Corrective Action and Preventative Action through management Team reporting. **COMPLETE**
- Successful recruitment of a Work Health safety Field Partner **COMPLETE**
- Identification of key training requirements and subsequent training plan for all employees with a focus on infrastructure workforce as the priority. **COMPLETE**
- Implementation of Supported Worker, Apprenticeship and Trainee Framework (attached) **COMPLETE**

### Actions Undertaken or Planned

#### Work that guides organisation to Target Risk Rating

- Successful recruitment of a Work Health safety Field Partner **COMPLETE**
- Identification of key training requirements and subsequent training plan for all employees with a focus on infrastructure workforce as the priority. **COMPLETE**
- Implementation of centralised mandatory training budgets **Expected Completion June 2024**
- Continue participation within LG Safe project which is one system approach to WHS document management for all Councils. **UNDERWAY**
- Participation in Local Government Risk Services Planned Program Review (PPR) for WHS **Expected Completion March 2024**
- Implementation of self-audit schedule **Expected Completion March 2024**
- Participation in Local Government Association Workers Compensation Scheme Return to Work Process Audit **Planned April 2024**
- Development and Implementation of Psychosocial Management Policy **Underway**
- Development and Implementation of Flexible Working Policy **Underway**
- Monitor and start preparing for Right To Disconnect Bill (Best Practice Only, not legislative for Local Government) **Underway**
- Participation in Local Government Workers Compensation Scheme Audit on RTW practices **PLANNED APRIL 2024**
- Participation in Local Government Workers Compensation Scheme Audit on Manual Handling Hazardous Task **PLANNED APRIL 2024**

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## 7. Environmental Compliance

Inability to meet environmental targets and legislative requirements could impact ability to deliver on core services such as waste management, cemetery operations, conservation and water management, heritage requirements.



Inherent	Current	Target
High	High	Medium

### Cause of Inherent Risk -

Undocumented or lack of understanding and inefficient monitoring of compliance and licence requirements with regulatory stakeholders and business partners.

### Actions Undertaken or Planned

#### Work that guides organisation to Target Risk Rating

- Development of Waste , Reuse and Environmental Master plan ( Internal ) Ongoing
- Ongoing below forms the basis of this work
- Development of Waste , Reuse and Environmental Strategy ( State Government ) Due 31st December 2023
- Has been submitted to Elected Members for review and Feed back
- Have provided a reply to the feedback given from elected members awaiting response
- Completed Caroline Landfill Environmental Management Plan Submitted to EPA feedback receive corrections underway
- Caroline Landfill Environmental Management Plan has been approved by the EPA as of the 16<sup>th</sup> of November
- Service reviews (Currently Underway completion June 24 )
- Ongoing currently completing People Change plan for the entire waste management area
- Development Waste Asset Management plan
- Working with Finance to plant complete the Longterm asset management plan for Caroline. Ongoing working with Finance and Mark Booth.
- Working on long term plant asset management plan with Karl . Draft Completed
- Engagement of Eternal Engineering Consultants ( Contracted to Waste Management ) Start July 3, 2023, Set KPIs for contract period
- Tonkin's were engaged for the engineering services contract to provide consultancy services to Waste Management currently working on the following
- Cell 4A Construction as independent engineers and in a project supervisory role. Cell construction underway estimated completion May 2024
- Caroline Landfill Groundwater and Gas annual Monitoring plan Due April 2024 Underway
- Orchard Road biennial Ground Water monitoring plan Due 31<sup>st</sup> January 2024 Completed and submitted to EPA
- Cell 3C Life Expectancy / Overfill plan for EPA . Due December 3<sup>rd</sup> Completed ,submitted to EPA and Approved by EPA
- EPA Engagement
- Ongoing monthly meeting to discuss all things Caroline including leachate management options and discussions around Cell 3C Life Expectancy an overfill awaiting Construction Cell 4A completion (Assessment Completed and Overfill approved by EPA)
- Caroline EPA licence conditions updated to now reflect completion of LEMP and LG plan
- Orchard Road post closure requirements as it reaches 25 years since it was closed. Have submitted Biennial report awaiting response from EPA
- 2023 Annual Volumetric Site Survey Completed and submitted plus updated to include Asbestos pit
- Carinya Gardens Cemetery
- Appointment of a fulltime Curator

### Treatment Actions

#### Achieves Current Risk Rating

- Review all sites for compliance and licence requirements, development of compliance register, adequate monitoring systems, maintaining relationships with external stakeholders and regulatory authorities. EPA, CASA, SA Water, DENR – Ongoing
- Current vacancy for Co-ordinator Waste and Reuse, continue with recruitment. Currently reassessing structure



## 8. Major Infrastructure

Adequate resource and planning to maintain and current major infrastructure and delivery of new infrastructure



Inherent	Current	Target
Extreme	High	Medium

**Cause of Inherent Risk -** Lack of understanding and planning towards asset management and budget resourcing, inadequate resourcing and planning to manage new infrastructure.

### Treatment Actions

#### Achieves Current Risk Rating

- Development of Comprehensive Asset Management Strategies
- Asset Valuations - To be undertaken for Infrastructure, Land and Artwork assets as agreed with the external auditors to be incorporated in the year-end financial statements and revised IAMPs and Asset Management Plans.
- Strategic Work Plan - Strategic Review of Asset Management (Planning Approach) project has commenced as part of a three year project in support of Council's Strategic Work Plan.

### Actions Undertaken or Planned

#### Work that guides organisation to Target Risk Rating

- **Asset Assessment:** Conduct a thorough assessment of existing major infrastructure to understand their condition, lifecycle, and maintenance needs.
- **Strategic Planning:** Develop a long-term asset management plan outlining maintenance schedules, upgrade cycles, and budget allocation for each infrastructure component.
- **Integration of Technology:** Implement asset management software or systems for efficient tracking, maintenance scheduling, and performance monitoring of infrastructure assets.
- **Skilled Workforce:** Invest in training and hiring skilled personnel specifically dedicated to asset management to ensure proper care and maintenance.
- **Regular Evaluations:** Establish a system for periodic reviews and evaluations of asset management strategies to adapt to changing conditions and technological advancements.
- **Integrated Planning:** Ensure coordination between different departments or agencies involved in new infrastructure projects to streamline planning and implementation processes.
- **Resource Allocation:** Allocate adequate funds specifically earmarked for infrastructure maintenance, ensuring a balanced allocation between maintenance and new project delivery.
- **Financial Forecasting:** Develop forecasting models that anticipate future infrastructure needs, allowing for proactive budget planning and resource allocation.



## 9. Governance Compliance & Legislation

Inherent	Current	Target
High	Medium	Medium

(Council operate in accordance with relevant legislation, policies, governance and business practice and ensure professional and ethical standards). Non compliance with legislation requirements can result in legal implications and inability to deliver on decision making and critical council services.



### Cause of Inherent Risk -

New Election Period, ineffective education on Council Responsibilities. Change in government can affect future funding opportunities and decision making, Frequency of Legislative Change, Organisational Maturity in Systems.

### Treatment Actions

#### Achieves Current Risk Rating

- Full Review of Council Delegations conducted, presented to Council June 2023.
- Administrative involvement with LG sector legislative compliance working group.
- Statutory Registers periodically reviewed, updated and published.
- Policy Register maintained, overdue policies reported to relevant Managers, ELT.
- Implementation of a Legislative Compliance Register for Organisational and departments, Internal Auditing Function, Training and Competency Plan.

### Actions Undertaken or Planned

#### Work that guides organisation to Target Risk Rating

- Council Member Mandatory Training Completed November 2023.
- Initial Legislative Compliance tables anticipated early in 2023-24 financial year together with procurement of software module. Pending release by Local Government Association as at November 2023.
- Commencement of Local Government Reform legislative changes continuing as at November 2023 with new Audit and Risk Committee provisions.
- Further information to be obtained from General Manager Corporate and Regulatory, Manager Finance and Manager Organisational Development.



## 10. Political Risk & Stability

Management of the political environment including relationships with Elected body, State, Federal and Regional Local Governments



Inherent	Current	Target
Medium	Low	Low

**Cause of Inherent Risk -** Inability to manage relationships with Elected Members, State and Federal Government can create uncertainty within the Council environment and affect decision making or result in funding and reputational loss

### Treatment Actions

Achieves Current Risk Rating

Initial Member Policies reviewed and presented to Council post-election.  
Initial post-election Member Induction and Mandatory training commenced in Nov 2022-January 2023, completed in Nov 2023.  
Strategic Planning Day for Members held with Executive in March 2023.

- Review policies, procedures and prior to new election period. Induction to Political Environment, including intro to Local Government, attendance at Council meetings, review currency and detail of partnerships advocacy and priorities document.

### Actions Undertaken or Planned

Work that guides organisation to Target Risk Rating

- Mandatory Member training sessions completed as at November 2023.
- Further Member / Council Policies scheduled for review in 2nd half 2023.
- Ongoing monitoring of the Elected Body Relationship with the organisation.
- Political Neutrality and Government Relations, adopted 19 September 2023





# 11. Economic Development

Access, Connectivity and positioning of the City to ensure ongoing economic viability



Inherent	Current	Target
Medium	Medium	Low

## Cause of Inherent Risk -

Inability to position City as a leading destination for visitors, economic development and relocation of skilled labour

## Treatment Actions

### Achieves Current Risk Rating

- Review Limestone Coast economic growth strategy,
- Develop Investment and Attraction platform,
- Contribute to the development of the Regional Plan and commit to its local implementation.
- Supporting community events and business with funding and guidance and advocacy to attract investment.
- Evolving the opportunity to meet the expectation of the traveller experience.
- Develop an Affordable Housing Plan
- Resourcing aligned internally to optimise economic priorities

## Actions Undertaken or Planned

### Work that guides organisation to Target Risk Rating

- Commitment to continue funding and support through councils’ various programs and monitoring impact of this investment – social and economic.
  - New Grants & Sponsorships model developed
- Activating Wulanda Recreation & Convention Centre to attract events that has broad economic benefit for our community.
- Finalising the development of Investment/Attraction Website & a new Tourism Website
- Monitoring visitor satisfaction through visitor touchpoints, including digital platforms
- Progressed the development of an Affordable Housing Plan
- Improved relationships with industry sectors to gain insight for economic considerations.
  - Building industry database to improve connection
- Targeted approach to ensure an economic lens in the development of the Community Vision to 20235.
- Test & Trial program of CBD activations commenced.



## 12. Contractor Management, Procurement & Project Mngt

Effective Contract Management that demonstrates transparency, value and quality of projects



Inherent	Current	Target
Medium	Medium	Low

**Cause of Inherent Risk -** Inability to manage significant contracts and projects due to under skilled staff, financial resources and inadequate procurement processes, increase in funding has created overstimulated market.

### Treatment Actions

**Achieves Current Risk Rating**

- Current Risk Rating** - Has been rated as medium based on the Procurement policy, supporting framework and reporting currently in place. The interim external audit made recommendations re. the process for the award of open tenders and link to the exemption from competitive process. Improvements have been identified and will be delivered in the first half of the 2023/2024 financial year.
- Recruitment of Procurement Business Partner** - This role has been successfully recruited with a suitably qualified candidate.

### Actions Undertaken or Planned

**Work that guides organisation to Target Risk Rating**

- Regular Procurement Reporting** - Monthly Executive reporting designed and implemented in the previous financial year. Further development of cumulative spend and other reporting expected further to the internal financial controls self-assessment undertaken in 2022/2023 was presented to ELT in January 2024. **COMPLETE January 2024.**
- Procurement Training** - Now a part of the combined induction training. Further refresher training to be rolled out across the organisation following the adoption of the new Procurement Policy to taken to Council in December 2023. First stage of roll out to be taken to the Management Team Meeting in February 2024. **UNDERWAY Estimated Completion March 2024**
- Procure To Pay** - The project has delivered an adopted procurement policy, and new forms and processes. The framework, and procedures are currently have been approved by Council's Executive Leadership Team . **COMPLETE January 2024**



# 13. Relationship Connection & Engagement with Community

Inability to maintain connected relationship with community may result in strategic targets and objectives not being aligned to community expectation



Inherent	Current	Target
High	Low	Low

**Cause of Inherent Risk -** Inadequate community engagement can result in only minority represented, engagement not accessible to all stakeholders, creates disconnection with community.

## Treatment Actions

Achieves Current Risk Rating

- Prioritise and quantify expectations for effective stakeholder engagement, community relations management and client experience.
- Quantify expectations and effectiveness of engagement, Training in Community Engagement.
- Community Customer Satisfaction Survey.
- Effectively engage on future Strategic Plans through a community led process

## Actions Undertaken or Planned

Work that guides organisation to Target Risk Rating

- Participation in the LGASA Community Engagement Policy Charter as per the upcoming local government Act reform.
- Work with in the DAIP identified need for a Engagement Policy, Procedure & Checklist to be developed.
- Improving councils’ touchpoints for community to access information and provide feedback or participate in consultation and services.
- continuing to explore new methods of capturing feedback online, manually and locations.
- Communication Survey and associated activities progressed
- Commitment to regular reviewing of processes and procedures with a focus on positive customer experience and increased community outcomes.
- Broad Community engagement process currently underway for Strategic Plan 2035
  - Easy Read Summary of Consultation developed
  - Trialing best practice engagement, with Community Panel and high degree of communication to inform a community vision to 2035.



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				Next Review:	January 2027

## 1. INTRODUCTION

This document sets out the principles and guidelines the City of Mount Gambier follows for recruiting, onboarding, training, and developing trainees and apprentices.

### Scope

These principles apply to all traineeship and apprenticeships offered by the City of Mount Gambier and outlines the stages from recruitment to successful completion.

### Purpose

The purpose of this principle is to establish a structured and consistent framework for the engagement and management of trainees and apprentices at the City of Mount Gambier to ensure a high-quality working experience that prepares individuals for the workforce.

## 2. ROLES AND RESPONSIBILITIES

Roles and Responsibilities are detailed throughout the document. The below table provides an overview of roles and responsibilities.

<b>External/Host Provider</b>	<ul style="list-style-type: none"> <li>Maintains employee relationship in conjunction with City of Mount Gambier People Leader</li> </ul>
<b>Trainee</b>	<ul style="list-style-type: none"> <li>An individual hosted by City of Mount Gambier on twelve-month Trainee Contract</li> </ul>
<b>Apprentice</b>	<ul style="list-style-type: none"> <li>An individual hosted by City of Mount Gambier on an Apprenticeship contract.</li> </ul>
<b>People Leader</b>	<ul style="list-style-type: none"> <li>Responsible for induction and orientation</li> <li>Day to day supervision, tasks and functions</li> <li>Safety, support and duty of care</li> </ul>
<b>Mentor</b>	<ul style="list-style-type: none"> <li>Provide support, guidance and day to day training and coaching.</li> <li>Model organisational behaviour, culture and safety expectations</li> </ul>
<b>Human Resource Team</b>	<ul style="list-style-type: none"> <li>Provide guidance on training, development and host provider contractual obligations.</li> <li>Facilitate compliance checks and licensing.</li> </ul>

## 3. RECRUITMENT AND SELECTION

- 3.1. Similar to recruiting an employee, all traineeship and apprenticeship programs must be discussed with the relevant General Manager, giving consideration to:
  - the needs and capacity of business unit/ portfolio; and
  - budget/ funding being available.
- 3.2. If there is approval to proceed, the hiring manager will work with the Human Resources team to develop a position description that articulates the roles, responsibilities and qualifications required for the trainee or apprentice position. In

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defining the position, it is important to articulate the outcomes and objectives of the traineeship to assist with structuring the trainee program. The final position description must be signed off by the hiring manager, Manager and General Manager.

- 3.3. The hiring manager will complete the "Employee Appointment Form – AR19/28883" and the Employee Appointment Workflow, instructions for the workflow AR18/10643 and submit with the Position Description for approval. All recruitment requires the approval of the relevant GM and the CEO.
- 3.4. Once the request has been approved by the GM and CEO, the human resources team will liaise with an appropriate trainee management service to coordinate recruitment and advertising for the trainee or apprenticeship position.
- 3.5. The trainee/apprenticeship management service will administer the recruitment process and present a list of candidates to the organisation for consideration. The hiring manager and human resources team will establish a selection panel to ensure a fair and unbiased candidate assessment. The roles and responsibilities of the selection panel is consistent with those outlined in the organisation's [Recruitment and Selection Procedure](#) under Section 5.
- 3.6. The hiring manager will review the applications and advise the human resources team of their preferred shortlist. This hiring manager may consult with other members of the selection panel as required. The human resources team will then liaise with the trainee/apprenticeship management service to coordinate interviews.
- 3.7. The selection process will be administered as outlined in the organisation's [Recruitment and Selection Procedure](#) with assistance from the trainee/apprenticeship management service provider. This includes the interview process, requirement for reference checks and communication with all candidates.
- 3.8. A letter of offer for the successful candidate will be coordinated by the human resources team with the trainee management service provider. This will include any requirement for pre-employment checks as outlined in the organisation's [National Police Check, Working with Children Check and Vulnerable Person Related Check Procedure](#).

#### 4. INDUCTION AND ONBOARDING

- 4.1. It is the responsibility of the relevant People Leader to coordinate an appropriate induction for the new trainee in collaboration with the human resources team and trainee management services provider. This includes:
  - Schedule a comprehensive orientation session on the first day.
  - Provide an overview of the organisation's history, mission, and values.
  - Present the organisational structure and key departments.
  - Share information about workplace policies, including codes of conduct and safety procedures.
  - Familiarise trainees with workplace facilities, including restrooms, break areas, and emergency exits.

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- 4.2. As part of all traineeship and apprenticeship programs, trainees and apprentices must be assigned a mentor to provide ongoing support and guidance. It is the responsibility of the People Leader to:
- Assign an experienced mentor to each trainee or apprentice to facilitate their integration into the organisation.
  - Clearly define the mentor's roles and responsibilities, including regular check-ins and guidance on job tasks.
  - Encourage open communication between mentors and trainees to address questions and concerns.
  - Monitor mentor-trainee relationships to ensure effectiveness.

## 5. TRAINEE and APPRENTICE TRAINING & DEVELOPMENT

- 5.1. Each trainee or apprentice must have an individualised Training Plan developed in partnership with the trainee management service provider. The Training Plan must be developed as a collaborative effort between the mentor/ people leader, trainee and trainee management service provider.
- 5.2. The Training Plan must:
- Include a timeline detailing training modules, on-the-job experiences, and off-the-job learning.
  - Set clear objectives and performance benchmarks for trainees to achieve.
  - Ensure alignment between the training plan and the trainee or apprentices career goals.
  - Provide 'study leave' to attend training courses, or complete study requirements that support the apprentice or trainee to meet their contractual obligation and enhance their learning and development experience.
  - Identify the organisations responsibility to pay for training, certification and other associated costs.
- 5.3. Regular review meetings must be scheduled by the mentor/people leader to monitor and adjust the Training Plan as needed. These discussions are an opportunity to share feedback between the trainee and mentor/ people leader, adjust the Training Plan to address any skills gaps or emerging needs and encourage ongoing learning and skill enhancement.
- 5.4. It is a requirement that trainees/apprentices also participate in the organisation's Performance Development Review Process. This not only provide exposure to the trainee on this type of process, but also provides a mechanism for discussing career aspirations and other professional development opportunities.
- 5.5. The regular review meetings and Performance Development Review Process does not replace the requirement for providing trainees with continuous guidance and feedback. The mentor/ people leader and peers of the trainee are encouraged have regular feedback discussions using positive reinforcement and constructive criticism to guide trainees' professional growth.

## 6. WORKPLACE HEALTH AND SAFETY

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- 6.1. The City of Mount Gambier recognises that Trainees and Apprentices are vulnerable employees due to limited workplace experience and training, and require additional supervision, support and mentoring to maintain their health safety and wellbeing and a Safety Always Culture.
- 6.2. Trainees and apprentices are covered by the organisation's [Workplace Health and Safety Principles and Procedures](#) and must be appropriately inducted and trained so that they understand and can perform their duties safely and effectively.
- 6.3. Trainees are not covered by the Local Government Association Workers Compensation Scheme (LGAWCS) as their employment is administered through the trainee or apprenticeship management service provider. Any incidents or injuries must be notified to the City of Mount Gambier human resources team and the trainee / apprenticeship management service provider as soon as practicable in addition to the normal reporting and investigation channels.

## 7. TRAINEE / APPRENTICESHIP SUPPORT

- 7.1. Trainees and apprentices have access to the City of Mount Gambier's Employee Assistance Program (EAP) and will be notified of this during their induction process.
- 7.2. Trainees and apprentices will be provided with details of the appropriate channels to raise concerns and issues related to their traineeship such as:
  - Clear reporting channels, such as designated HR contacts and Service Providers.
  - Encourage trainees to report any incidents of harassment, discrimination, or safety concerns.
  - Ensure confidentiality and protection against retaliation for those who report.

## 8. TRAINEE and APPRENTICESHIP COMPLETION

- 8.1. The trainee / apprenticeship management service provider will provide the relevant requirements to evaluate the trainee's skills and knowledge as required by the traineeship agreement and will oversee the assessment and certification process.
- 8.2. The trainee / apprenticeship management service provider may conduct an exit interview to gather feedback from trainees and identify areas for process improvement. The City of Mount Gambier will also invite the trainee /apprentice to undertake an exit interview in order to assess and improve the traineeship program based on trainee feedback and performance outcomes.
- 8.3. Traineeships and apprenticeships are not a pathway to employment with the City of Mount Gambier. Trainees and apprentices must be made aware that they are not guaranteed an ongoing position by participating in the program. However, trainees and apprentices can apply for positions advertised.

## 9. REPORTING REQUIREMENTS

- 9.1. The organisation will compile and report on trainee and apprentice progress, contractual obligations, achievement and program outcomes as requested by the trainee management service provider and as per Australian Standards.

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- 9.2. Records will also be maintained in accordance with the organisation's [Records Management Policy](#).

## 7. REVIEW & EVALUATION

This Procedure scheduled for review in January, 2027; however, will be reviewed as required by any legislative changes which may occur.

## 8. AVAILABILITY OF POLICY

This Policy is available in Council's Record Management System CM9.

File Reference:	AF220/559 (AR23/85134)
Applicable Legislation:	WHS Act 2012 (SA) Fair Work Act National Employment Standards
Related Procedures:	Work Health and Safety Principles and Procedures Recruitment and Selection Procedures Records Management Policy National Police Clearance and Working With Childrens Check Procedures

## DOCUMENT DETAILS

Responsibility:	Manager Organisational Development
Version:	#1.0
Last revised date:	January 2024
Effective date:	## <sup>th</sup> Month, 20##
Minute reference:	## <sup>th</sup> Month, 201# Management Executive/Senior Management Team Item #
Next review date:	Month, 20##
<u>Document History</u> First Adopted By Council:	## <sup>th</sup> Month, Year

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Reviewed/Amended:	INSERT REVIEW DATE(S)		





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## 1. INTRODUCTION

This document sets out the principles and guidelines of the City of Mount Gambier for recruiting, onboarding, training and development of Supported Workers.

### Scope

These principles apply to all supported worker agreements offered by the City of Mount Gambier and outlines the support framework that provides a high-quality working experience for the individual.

### Purpose

The purpose of this principle is to establish a structured and consistent framework for the engagement and management of supported workers at the City of Mount Gambier.

## 2. ROLES AND RESPONSIBILITIES

<b>Supported Worker</b>	<ul style="list-style-type: none"> <li>Person with Disability, Health Condition, or Impairment that requires additional workplace support and is engaged by the organisation under a supported worker agreement.</li> </ul>
<b>Mentor</b>	<ul style="list-style-type: none"> <li>Maintain daily supervision, training and open communication and channels.</li> </ul>
<b>People Leader</b>	<ul style="list-style-type: none"> <li>City of Mount Gambier People Leader who is responsible for the management of functional capacity assessments and alignment with role.</li> <li>Responsible for induction and orientation</li> <li>Day to day supervision, tasks and functions</li> <li>Safety, support and duty of care</li> </ul>
<b>Human Resource Team</b>	<ul style="list-style-type: none"> <li>Support People Leaders with guidance and advice on position, project and planned activity design.</li> <li>Support People Leaders with advice and guidance on functional capacity assessments and maintenance of external provider relationship and contractual obligation.</li> </ul>
<b>External Agencies &amp; Providers</b>	<ul style="list-style-type: none"> <li>Disability Support Agencies &amp; Job Network Providers manage the employee relationship in conjunction with People Leader.</li> <li>Provide expert advice on functional capacity assessment, level of support and supervision, and suitability/alignment with task.</li> </ul>
<b>Supported Worker Position</b>	<ul style="list-style-type: none"> <li>A role within the organisation designed to facilitate the employment of a worker that requires additional support in order to participate in the workforce.</li> </ul>
<b>Planned Activity</b>	<ul style="list-style-type: none"> <li>A short- or medium-term project that may be individual or group based, and suitable for supported workers under the supervision of a mentor and People Leader.</li> </ul>
<b>Supported Worker Program</b>	<ul style="list-style-type: none"> <li>The overall program that may consist of multiple activities or positions across the organisation that are suitable for supported workers.</li> </ul>

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### 3. POSITION, PROJECT, OR PLANNED ACTIVITY DESIGN & CONSULTATION

City of Mount Gambier recognises the mutually beneficial relationship and community outcomes which arise from having supported workers in the workplace undertaking existing roles or as part of projects and planned activities.

When considering supported worker position, projects and planned activities design, approval should first be gained by the relevant General Manager outlining the following.

- The position of the organisation and its overall capacity to facilitate such positions, projects and planned activities in a safe manner.
- The capacity of the business unit / portfolio to manage the supported worker's needs.
- Budget, funding and supported wage contractual obligations.
- The task complexity, licencing, competency, and level of support required.
- Consultation with relevant and authorised external agencies, and those with lived experience, to understand how the job design can be enhanced for a supported workers learning and development experience.
- Safety of supported person, carer (if required) and any employee; if a safe work environment for all parties cannot be achieved the organisations reserves the right to retract any such position, project, or planned activity.

### 4. RECRUITMENT AND SELECTION

The People Leader will work with the Human Resources team to identify and develop a position description that articulates the roles, responsibilities and qualifications required for the supported worker position or planned activity. In defining these positions and activities, it is important to articulate the outcomes and objectives of the program to assist with capacity assessment for the Supported Worker. The final position description must be signed off by the Hiring Manager, Manager and General Manager.

The Hiring Manager will complete the "Employee Appointment Form – AR19/28883" and the Employee Appointment Workflow, instructions for the workflow AR18/10643 and submit with the position description for approval. All recruitment requires the approval of the relevant General Manager and the Chief Executive Officer.

Once the request has been approved by the General Manager and Chief Executive Officer, the Human Resources Team will liaise with an appropriate external service provider service to coordinate recruitment and advertising for the supported worker position or planned activity.

The External Service Provider will administer the recruitment process and present a list of candidates to the organisation for consideration. The Hiring Manager and Human Resources Team will establish a selection panel to ensure a fair and unbiased candidate assessment. The roles and responsibilities of the selection panel is consistent with those outlined in the organisation's Recruitment and Selection Procedure under Section 5.

The Hiring Manager will review the applications and advise the Human Resources Team of their preferred shortlist. This Hiring Manager may consult with other members of the

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selection panel as required. The Human Resources Team will then liaise with the External Service Provider to coordinate interviews.

The selection process will be administered as outlined in the organisation's Recruitment and Selection Procedure with assistance from the External Service Provider. This includes the interview process, requirement for reference checks and communication with all candidates.

A letter of offer for the successful candidate will be coordinated by the Human Resources Team with the External Service Provider. This will include any requirement for pre-employment checks as outlined in the organisation's National Police Check, Working with Children Check and Vulnerable Person Related Check Procedure, and functional capacity assessments including ongoing monitoring.

## 5. INDUCTION AND ONBOARDING

It is the responsibility of the relevant People Leader to coordinate an appropriate induction for the supported worker in collaboration with the Human Resources Team and External Services Provider. This includes:

- Schedule a comprehensive orientation session on the first day.
- Provide an overview of the organisation's history, mission, and values.
- Present the organisational structure and key departments.
- Share information about workplace policies, including codes of conduct and safety procedures.
- Familiarise Supported Workers with workplace facilities, including restrooms, break areas, and emergency exits including any special requirements that may need to be facilitated.

As part of all Supported Worker positions, planned activities and programs, the Supported Worker must be assigned a mentor to provide ongoing support and guidance. It is the responsibility of the People Leader to:

- Assign an experienced mentor to each Supported Worker to facilitate their integration into the organisation.
- Clearly define the mentor's roles and responsibilities, including regular check-ins and guidance on job tasks.
- Encourage open communication between mentors and trainees to address questions and concerns.
- Monitor mentor-supported worker relationships to ensure effectiveness.
- Be aware and have a clear understanding of a Supported Worker's functional assessment and monitor at least annually or because of any observed or identified change in functional capacity or support require and/ or requested.

## 6. SUPPORTED WORKER INDIVIDUAL PLAN

All Supported Workers must have an individual support plan which includes a functional capacity assessment. This plan together with the functional capacity assessment must be reviewed at least annually.

As part of the position, planned activity or program job design and together with External Service Providers the organisation may utilise the following support mechanisms and/ or

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modifications to enhance the Supported Workers working experience and ongoing development may be put in place:

- Additional technology, equipment, alterations to plant, equipment and working environment where possible and within funding availability.
- Modification to working hours including span of hours in a day and or days worked.

## 7. WORKPLACE HEALTH AND SAFETY

The City of Mount Gambier recognises that Supported Workers are vulnerable employees within the workplace and require additional supervision, support and mentoring to maintain their health safety and wellbeing and a Safety Always Culture.

Supported Workers are covered by the organisation's Workplace Health and Safety Principles and Procedures and must be appropriately inducted and trained so that the understand and can perform their duties safely and effectively.

Supported workers are not covered by the Local Government Association Workers Compensation Scheme (LGAWCS) if their employment is administered through an external service provider or program. Any incidents or injuries must be notified to the City of Mount Gambier human resources team and the external service provider as soon as practicable in addition to the normal reporting and investigation channels.

## 8. ADDITIONAL SUPPORT

Supported Workers have access to the City of Mount Gambier's Employee Assistance Program (EAP) and will be notified of this during their induction process.

Supported workers will be provided with details of the appropriate channels to raise concerns and issues related to their employment such as:

- Clear reporting channels, such as designated HR contacts and Service Providers.
- Encourage supported workers to report any incidents of harassment, discrimination, or safety concerns.
- Ensure confidentiality and protection against retaliation for those who report.

## 9. CONTRACT COMPLETION

The External Service Provider may conduct an exit interview to gather feedback from Supported Workers and identify areas for process improvement. The City of Mount Gambier will also invite the Supported Worker to undertake an exit interview in order to assess and improve the Supported Worker positions, planned activities or programs based on Supported Worker feedback and performance outcomes.

Supported Worker positions, planned activities and programs are not a pathway to employment with the City of Mount Gambier. Supported Workers must be made aware that they are not guaranteed an ongoing position by participating in the program. However, Supported Workers can apply for positions advertised by the City of Mount Gambier.

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## 10. REPORTING REQUIREMENTS

The organisation will compile and report on Supported Worker progress, contractual obligations, achievement and program outcomes as requested by the External Service Provider and as per Australian Standards.

Records will also be maintained in accordance with the organisation's Records Management Policy.

## 11. REVIEW & EVALUATION

This Administrative Principle is scheduled for review in Month, 20##; however, will be reviewed as required by any legislative changes which may occur.

## 12. AVAILABILITY OF POLICY

This Administrative Principle is available in Council's Electronic Record Management System CM9.

File Reference:	AR24/12364
Applicable Legislation:	Fair Work Act National Employment Standards WHS Act 2012 (SA) Disability Discrimination Act 2004 Equal Opportunity Act 1984
Related Procedures:	Australia's Disability Strategy 2021-2031 Disability Inclusive Language Guidelines Disability Access and Inclusion Plan Work Health and Safety Principles and Procedures Recruitment and Selection Procedures Records Management Policy National Police Clearance and Working With Childrens Check Procedures

## DOCUMENT DETAILS

Responsibility:	MANAGER ORGANISATIONAL DEVELOPMENT
Version:	#1.0
Last revised date:	March 2024

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			Next Review:	March 2027

Minute reference:	27 <sup>th</sup> March, 2024 Management Executive Leadership Team
Next review date:	March, 2027
<u>Document History</u>	

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**5.8 WORK HEALTH SAFETY (WHS) AND WELLBEING QUARTERLY REPORT - JANUARY - MARCH 2024 – REPORT NO. AR24/36617**

<b>Committee:</b>	<b>Audit and Risk Committee</b>
<b>Meeting Date:</b>	<b>3 June 2024</b>
<b>Report No.:</b>	<b>AR24/36617</b>
<b>CM9 Reference:</b>	<b>AF11/863</b>
<b>Author:</b>	<b>Leanne Little, Acting Manager Organisational Development</b>
<b>Authoriser:</b>	<b>Jane Fetherstonhaugh, General Manager Corporate and Regulatory Services</b>
<b>Summary:</b>	<b>This report is a summary of Councils performance in the area of Workplace Health Safety and Wellbeing. The report also provides an overview of key initiatives underway in this area.</b>
<b>Strategic Plan Reference:</b>	<b>Goal 1: Our People</b> <b>Goal 2: Our Location</b> <b>Goal 3: Our Diverse Economy</b> <b>Goal 4: Our Climate, Natural Resources, Arts, Culture and Heritage</b> <b>Goal 5: Our Commitment</b>

**REPORT RECOMMENDATION**

1. That Audit and Risk Committee Report No. AR24/36617 titled 'Work Health Safety (WHS) and Wellbeing Quarterly Report - January - March 2024' as presented on 03 June 2024 be noted.



## **TYPE OF REPORT**

Corporate

## **BACKGROUND**

This report is a presentation for the ongoing reporting structure for workplace health, safety and wellbeing at City of Mount Gambier. Its purpose is to provide the Audit and Risk Committee with a summary of our safety performance with insights for continuous improvement. This format will evolve as our data and reporting capability improves, and once there are established KPIs and targets that can provide a strategic oversight of safety performance with lag and lead indicators.

## **PROPOSAL**

That City of Mount Gambier's Audit and Risk Committee receives a regular Work Health Safety and Wellbeing report presenting a quarterly update on performance, compliance and initiatives.

## **LEGAL IMPLICATIONS**

Section 125 of the Local Government Act 1999 ('LG Act') requires the City of Mount Gambier to ensure that appropriate policies practices and procedures of internal control are implemented and maintained in order to assist the organisation to carry out its activities in an efficient and orderly manner to achieve its objectives.

City of Mount Gambier is required to provide and undertake measures to eliminate risks to health and safety, so far as is reasonably practicable. If it is not reasonably practicable to eliminate risks to health and safety, then to minimise those risks so far as is reasonably practicable and to demonstrate a systematic approach to the planning and implementation of Work Health and Safety processes that are compliant with the legislation, regulations and self-insurance requirements covered under:

- Work Health and Safety Act 2012
- Work Health and Safety Regulations 2012
- Return to Work Act 2014
- Return to Work Regulations 2015
- Code of Conduct for Self-Insured Employers under the Return to Work Scheme which includes the Performance Standards (Injury management standards for self-insured employers April 2019 and Work Health and Safety standards for self-insured employers August 2017)

## **STRATEGIC PLAN**

Nil

## **COUNCIL POLICY**

The Workplace Health and Safety Management System supports Council Policy - Risk Management.

## **ECONOMIC IMPLICATIONS**

Nil

## **ENVIRONMENTAL IMPLICATIONS**

Nil

## **SOCIAL IMPLICATIONS**

Nil

## **CULTURAL IMPLICATIONS**

Nil

## **RESOURCE IMPLICATIONS**

Nil



## **VALUE FOR MONEY**

Nil

## **RISK IMPLICATIONS**

This report will assist the City of Mount Gambier to manage its risk associated with workplace health and safety ensuring it meets its legislative requirements and that its workforce and community are kept safe and healthy in the delivery of services and operations.

## **EQUALITIES AND DIVERSITY IMPLICATIONS**

Nil

## **ENGAGEMENT AND COMMUNICATION STRATEGY**

Nil

## **IMPLEMENTATION STRATEGY**

Nil

## **CONCLUSION AND RECOMMENDATION**

This report provides a summary of our safety performance with insights for continuous improvement. It also provides a summary of key initiatives that are currently being worked on within this area. It is recommended that a Workplace Health, Safety and Wellbeing Report continue to be presented to the Audit and Risk Committee.

## **ATTACHMENTS**

1. Work Health Safety (WHS) January - March 2024 [↓](#)



Corporate & Regulatory Services – Organisational  
Development Team



## Work Health Safety, Injury Management & Wellbeing

Detailed Quarterly Report

January 2024 – March 2024



City of  
Mount Gambier



## SUMMARY

This report provides a detailed assessment of current state for safety compliance and performance at City of Mount Gambier (COMG).

As the organisation continues to show signs of improvement towards increased maturity within hazard identification, incident investigation and injury management the focus on training for our People will continue to be forefront.

Increased capability of use within the Skytrust Safety Management Systems through the WHS Field Partner project will be critical in driving continuous improvement within this space.

Improved reporting, monitoring and accountability processes have commenced implementation in early 2024.

Assessment against industry trends, partnerships with external advisors, and identification of internal capability opportunities will also form part of shared Work Health Safety responsibility across the organisation.

## CURRENT FOCUS AREAS:

- Completion of Return To Work SA Observation by LGAWCS
- Development of 2024 WHS / IM Action Plan
- WHS Field Partner Project - Ongoing training and development of Infrastructure Team
- Training Needs Analysis – Indoor Staff
- Return To Work Training On Demand – People Leaders
- Improved Accountability Reporting
- Development of CAPA Reporting
- Industry Trends Analysis

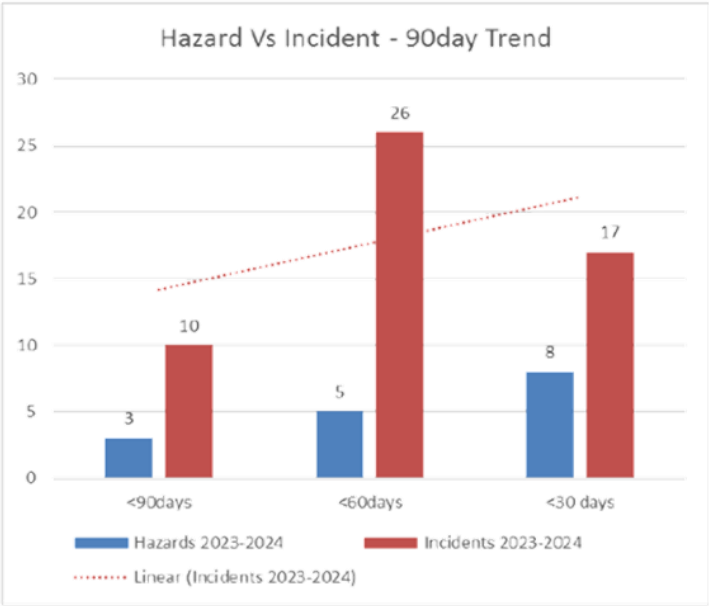
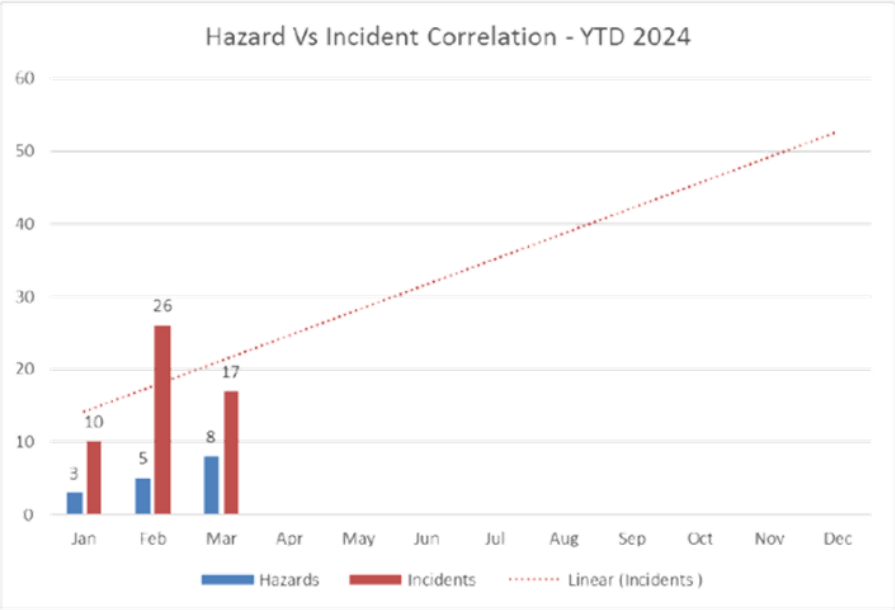
## NOTIFIABLE INCIDENTS

There were zero Notifiable Incidents reported to Safework SA for the period of January 2024 – March 2024





# Hazard and Incident Correlation



# Hazard Management



## Total Hazard Reports – Yearly Comparison

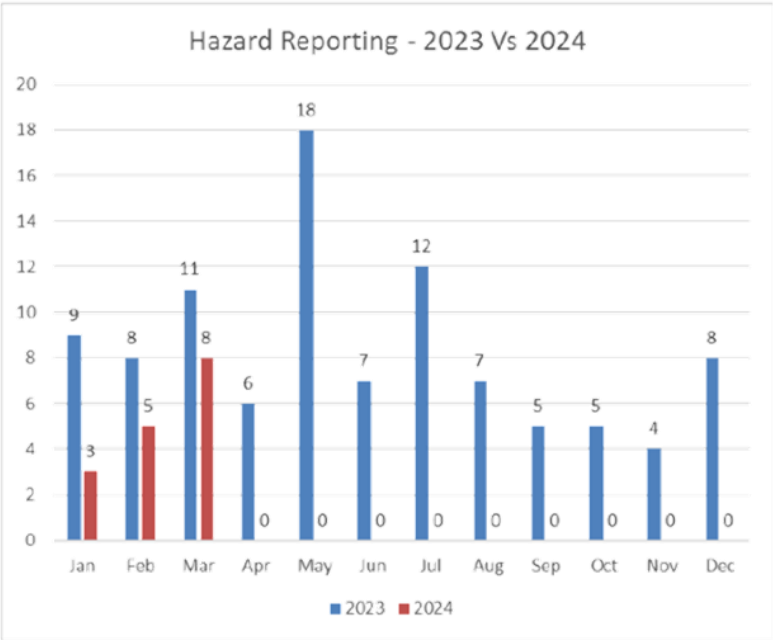
This graph demonstrates the yearly comparison of the Organisational hazard reporting for each month compared to the same month in the previous year.

This data assists with providing management an analysis of seasonal hazard trends which may occur across the organisation.

- There was a total of sixteen (16) hazards reported for the January 2024 – March 2024 period.
- This compares to twenty-eight (28) hazards reported for the same period in 2023.

This data indicates a decrease in reporting trends for the January 2024 – March 2024 period compared to the same period last year.

This will be communicated through toolbox meetings for follow up throughout the organisation to ensure hazard reporting continues to be effective.



# Hazard Management



## Hazards by Type

This graph demonstrates the hazards by type for each month.

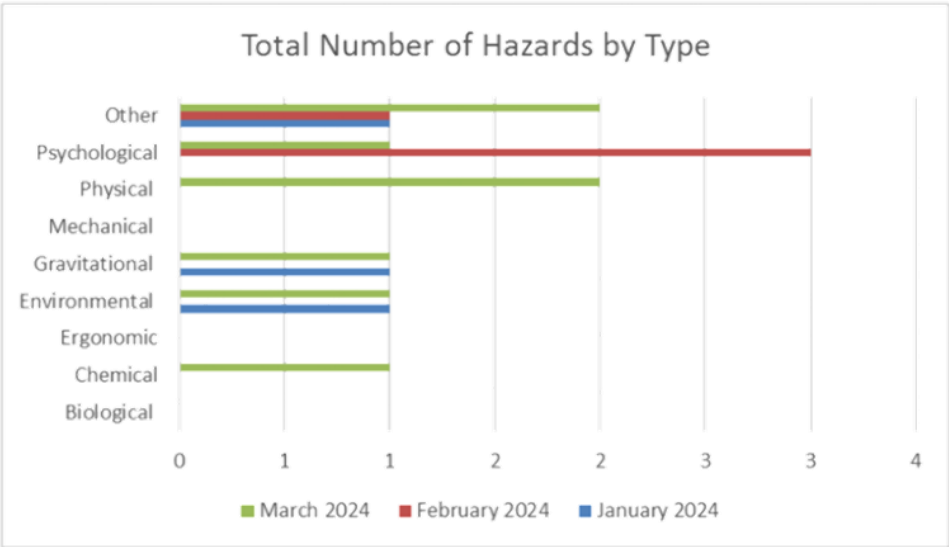
This data assists with providing management an analysis of seasonal hazard trends which may occur across the organisation or identifying where new categories of hazards are trending across the organisation.

Additional analysis is placed on those hazards being put through as 'other' and specifically looking for areas of improvement opportunities.

- Addition of community support information for staff to assist homeless individuals
- Specific monitoring of psychological hazards and development of Psychosocial Management Policy to meet legislative changes.

### 'Other' Hazards (New)

- Welcome Centre – Pumping station gates not closed; visitor drove down in the unauthorised area.
- Civic Centre - Entrance into/out of Civic Centre (Coles Exit side) is dark due to blown globe in corridor.
- WTS & ReUse Market - Water is coming up from under concrete where it joins bitumen at Waste Shed near door 1.
- Community Events – Welcome Centre Toilets not cleaned for over 12 hours. Last cleaned 8.55am 31st December 2023, next clean was 10.40am 1st January 2024



## Hazard Management



### Detailed Hazards by Department

Detailed reporting of Hazards by Department and type for the period of January 2024 until March 2024

Business Unit	ID	Originate Date	Department	Type
City Infrastructure	476	15/01/2024	Asset Maintenance	Gravitational - Fall from height
City & Community Growth	475	1/01/2024	Community & Events Team	Other
City & Community Growth	477	16/01/2024	Library Team- All Library Staff	Environmental - Insects / Vermin
Corporate and Regulatory Services	480	19/02/2024	Iservices / Records	Other
City & Community Growth	478	12/02/2024	Community & Events Team	Psychological – Threatening Behaviours
City & Community Growth	479	18/02/2024	Visitor Services Team	Psychological – Threatening Behaviours
City & Community Growth	481	23/02/2024	Economic Strategy & Development	Psychological – Threatening Behaviours
City & Community Growth	482	23/02/2024	Library Team- All Library Staff	Mechanical - Cutting / Stabbing / Puncturing
City Infrastructure	489	13/03/2024	Waste Transfer Station/ ReUse Market	Other
City Infrastructure	483	1/03/2024	Parks and Gardens	Chemical - Asbestos
City & Community Growth	484	5/03/2024	Visitor Services Team	Gravitational - Slip / Trip / Fall
City & Community Growth	488	12/03/2024	Library Team- All Library Staff	Physical - Housekeeping
City & Community Growth	485	10/03/2024	Welcome Centre	Other
City & Community Growth	486	11/03/2024	Welcome Centre	Environmental - Hot / Cold Working Environment
City & Community Growth	487	11/03/2024	Welcome Centre	Psychological – Threatening Behaviours
City & Community Growth	490	31/03/2024	Welcome Centre	Physical - Housekeeping



## Hazard Management

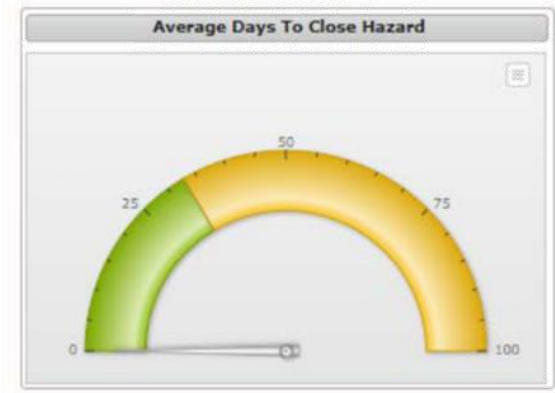
### Effective Hazard Management

The total amount of hazards outstanding as at the 31 March 2024 is one hundred and six (106). This has **increased** from ninety six (96) in the previous reporting period.

The total percentage of hazards closed for the period of January 2024 to March 2024 is 25%

This represents a **decrease** in closure rate of previous period being 17.65%.

The average days taken to assess and close a hazard in the months of January 2024 to March 2024 period is 13 days. This is a slight **decrease** from the previous reporting period which was 31 days.



### Hazard Trending (New)

This table assists with identifying hazard management trends

- Total Outstanding Hazards is increasing
- % of Hazards closed out is decreasing
- The organisation is taking longer to close hazards

Reporting Quarter	Number Hazards Outstanding	% of Hazards Closed Out	Average Days to Close Hazard
January 2023 –March 2023	129	37.50%	6.22 Days
April 2023 – June 2023	112	42.11%	18.66 Days
July 2023 – September 2023	84	50.00%	22.42 Days
October 2023 – December 2023	96	17.65%	31.00 Days



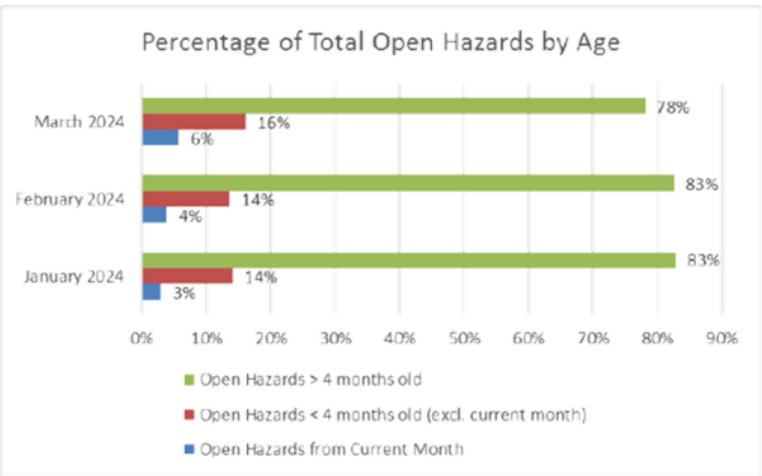
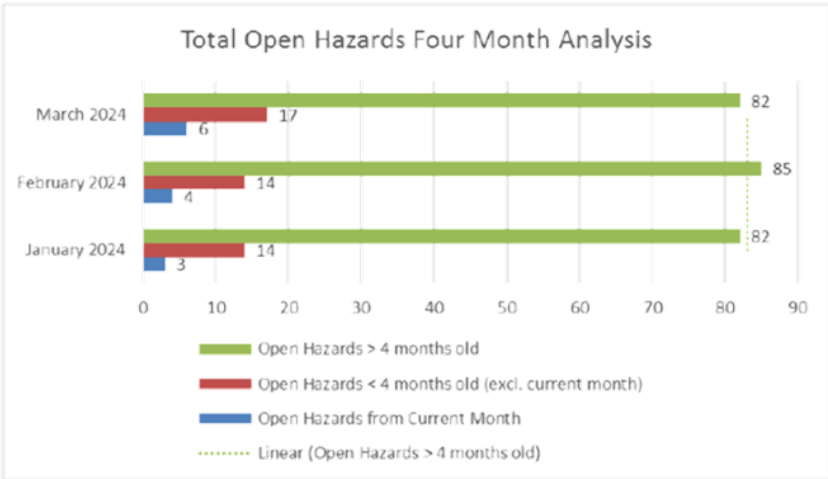
# Hazard Management



## Closure Rate by Four Month Analysis

- The total amount of open hazards that were greater then four (4) months age is **eighty-two (82)**, which **represents seventy-eight percent (78)** of the total open hazards.
- The total number of open hazards that are less then four (4) months old is **seventeen (17)** which represents **sixteen (16)** percent of the total closed hazards
- The total number of hazards closed out within the current month is **six (6)** which represents **six (6)** percent of the total hazards closed.

The linear trend is indicating a **consistent approach** on the four-month analysis for the total number of hazards open greater than four (4) months has slightly increased with the number currently **eighty-two (82)** compared to **seventy-seven (77)** at the end of the last reporting period.



# Incident and Investigation Management



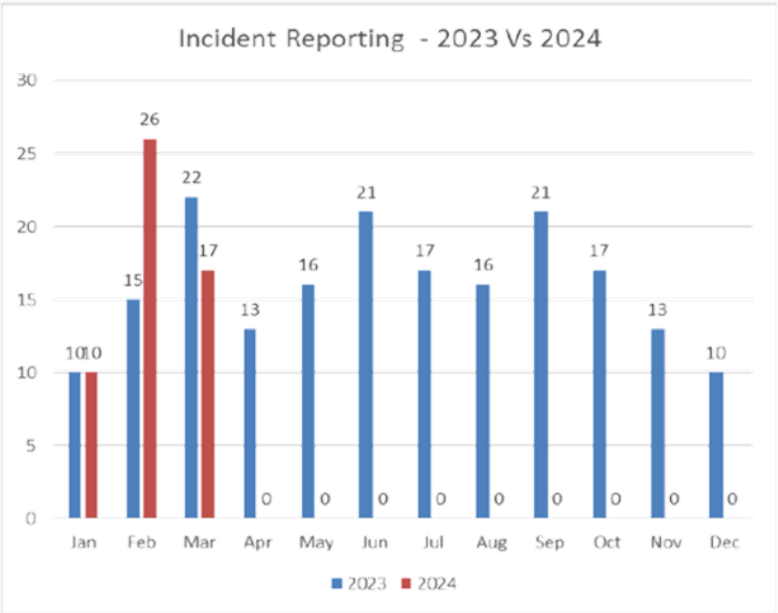
## Incident Reporting

This graph demonstrates the yearly comparison of the Organisational incident reporting for each month compared to the same month in the previous year.

This data assists with providing management an analysis of seasonal hazard trends which may occur across the organisation.

- There was a total of fifty-three (53) incidents reported during the January 2024 – March 2024 period.
- This compares to forty-seven (47) incidents for the same period in the year 2023.

This indicates a slight improvement in the number of incidents being reported.

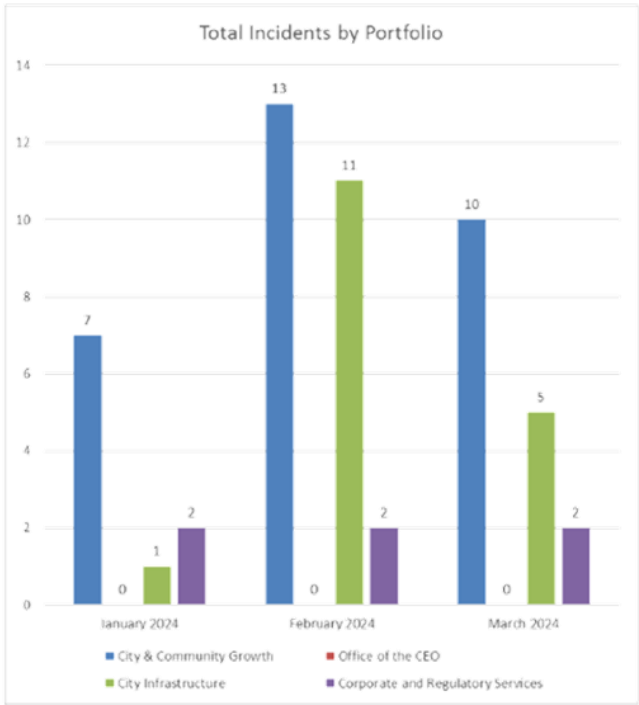


# Incident and Investigation Management



## Incidents By Portfolio

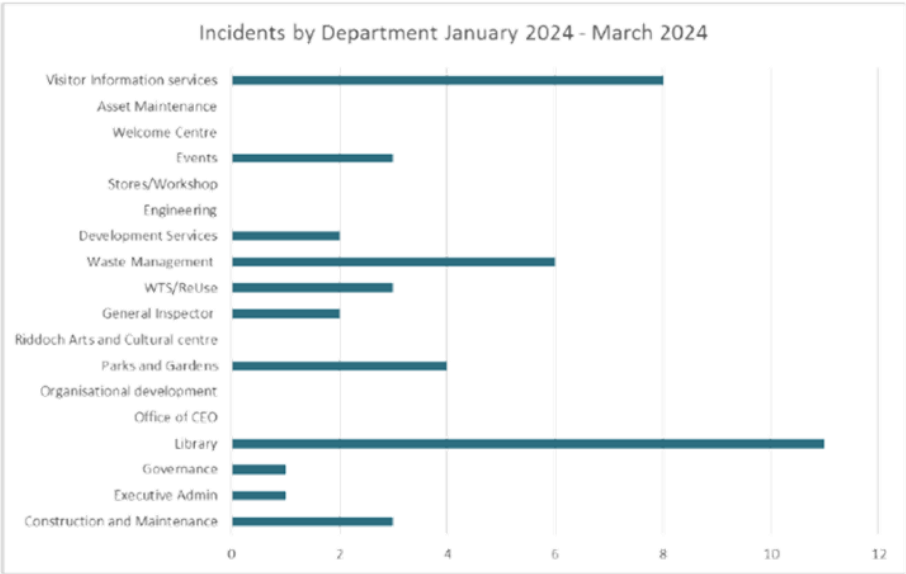
This graph demonstrates the incidents by portfolio for the reporting period January 2024 – March 2024.



## Incidents By Department **NEW**

This graph demonstrates the incidents by department for the reporting period January 2024 – March 2024.

- Library and Visitor Information Services currently have the highest rate of incident.



# Incident and Investigation Management



## Incidents By Type

This graph demonstrates the incidents by type for the reporting period January 2024 – March 2024.

Behavioural incidents at community facing departments continue to be cause of concern. The Library continues to report incidents with most attributed to behavioural within and close by the Library precinct.

Incident Type	Jan	Feb	March
Near Miss	1	2	1
Notifiable	0	0	0
Injury Employee or Volunteer	3	2	5
Injury Member of Public	1	0	3
Communication	0	0	0
Property Damage	0	3	2
Environmental Impact	0	1	2
Other (inc Behavioural)	4	9	4
Report only	0	8	0
Security	0	1	0
Hazard Raised from Incident	1	0	0



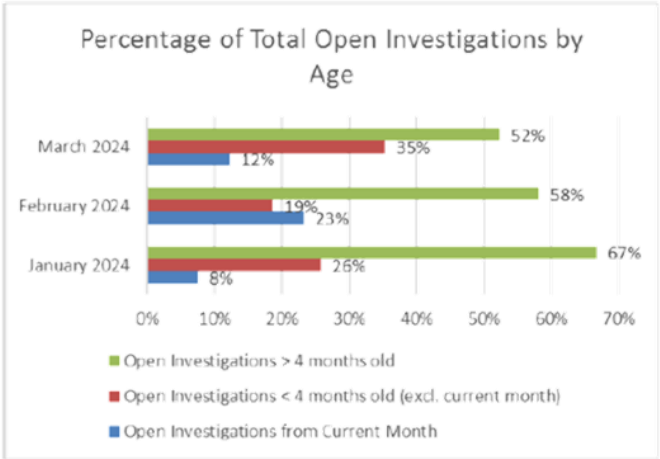
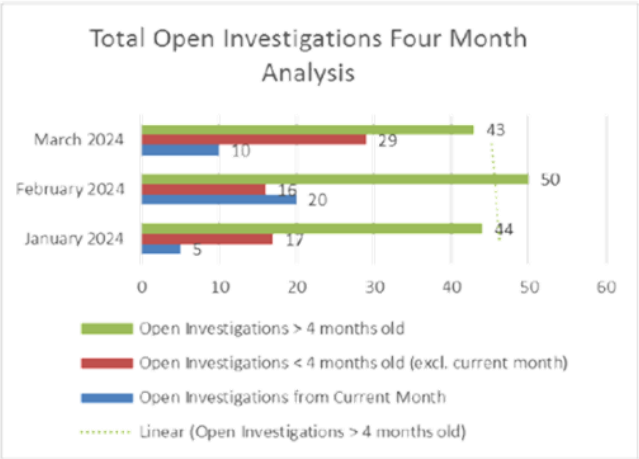
# Investigation Management



## Closure Rate by Four Month Analysis

- The total amount of open investigations that are greater than four (4) months age is **forty-three (43)** which **represents fifty-two percent (52)** of the total open investigations.
- The total number of open investigations that are less than four (4) months old is **twenty-nine (29)** which represents **thirty-five percent (35)** of the total open investigations.
- The total number of open investigations for the current month is **ten (10)** which represents **twelve percent (12)** of the total open investigations.

The linear trend is upward which indicates the investigations are taking longer to close out and the number of investigations open greater the four months is increasing. The four-month analysis indicates the total number of investigations open greater than four (4) months has increased and is currently **forty-three (43)** compared to **twenty-eight (28)** at the end of the previous reporting period.





## Investigation Management



### Open and Overdue Investigations by Department **NEW**

This graph demonstrates the overdue investigations by department which is a drilled down level from portfolio.

The aim of this level in reporting is to identify any training opportunities for investigation management, OR to highlight where there is a long-term investigation that may require additional assistance by collaborating with other departments or industry experts in the relevant field.

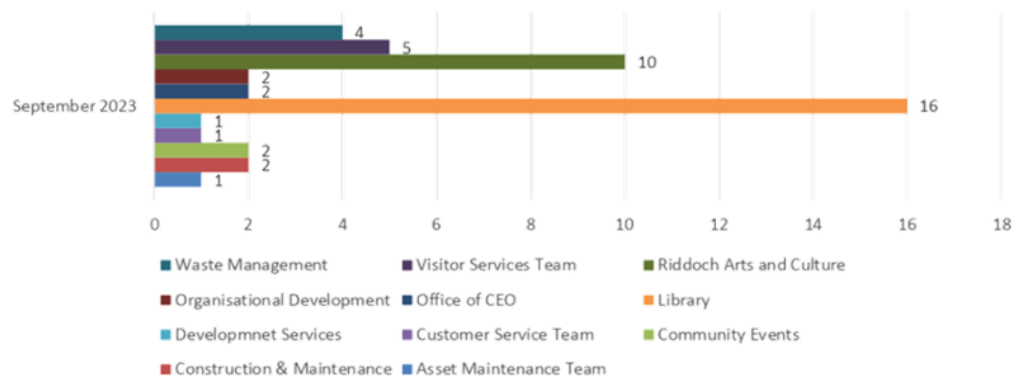
This level of reporting will now be a standing agenda item at the Monthly Management Team meeting to ensure departments are focusing on WHS management and to demonstrate accountability of people Leaders as recommended by external audit and observation reviews by Local Government Workers Compensation Scheme.

- The Manager of Organisational Development has reviewed the content of the overdue investigations to determine if these items are lack of training within skytrust systems or genuine outstanding investigations

#### Recommendations **NEW**

- Training has been occurring and improvement is occurring in age of outstanding transactions

Open Investigations by Department



### Top Ten Oldest Open Investigations by Department **NEW**

Incident ID	Action ID	Incident Date	Area	Business Unit
1048		17/07/2023		City & Community Growth
1054		27/07/2023		City & Community Growth
1060		31/07/2023		City & Community Growth
1063		01/08/2023		City & Community Growth
1070		19/08/2023		City & Community Growth
1074		25/08/2023		City & Community Growth
1075		25/08/2023		City & Community Growth
1076		31/08/2023		City & Community Growth
1084		13/09/2023		City of Mount Gambier
1086		14/09/2023		City & Community Growth
1088		18/09/2023		City & Community Growth

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## Corrective Action Management **NEW**



ID	Added Date	Action Type	Details	Due Date	Responsible Person Department
533675	23/03/2023	Corrective	Identified in previous inspections. The immediate surrounds of the Carinya Gardens Machinery shed need landscaping/ footpaths and drainage improvements. It was never completed since the new shed was erected.	31/08/2024	Engineering
550825	11/05/2023	Corrective	WHS Committee Meeting Action - WHS Principles and Procedure Review - Prevention of Falls procedure	10/06/2023	Organisational Development
550836	11/05/2023	Corrective	EPC Committee Meeting Action - Emergency Planning Committee to look a developing a handover procedure for new Wardens.	10/07/2023	Customer Service Team - Civic Centre
550829	11/05/2023	Corrective	EPC Committee Meeting Action - Collection Management Riddoch - Plan (disaster recovery) ensure City of Mount Gambier Plans and Collections Management Plans intertwine.	10/07/2023	Riddoch Arts & Cultural Centre Team
550840	11/05/2023	Corrective	EPC Committee Meeting Action - TL EX, to complete Chief Warden Training	10/07/2023	Riddoch Arts & Cultural Centre Team
550841	11/05/2023	Corrective	EPC Committee Meeting Action - Mock evacuation due last completed 11/12/2021 ACTION - RACC Coordinator to follow-up and organise the mock evacuation.	10/07/2023	Riddoch Arts & Cultural Centre Team
550803	11/05/2023	Corrective	WHS Committee Meeting Action - To report back with a solution/update with the emergency exit at visitor centre being unsafe to use.	10/06/2023	Visitor Services Team
550809	11/05/2023	Corrective	WHS Committee Meeting Action - HR to investigate organising a disability compliance inspection for sites	10/06/2023	Organisational Development
550824	11/05/2023	Corrective	WHS Committee Meeting Action - WHS Principles and Procedure Review - Hot Work Procedure Mechanic and TL Construction	10/06/2023	Organisational Development
550839	11/05/2023	Corrective	EPC Committee Meeting Action - Emergency Plans ensure first aid kits are located at the same place as identified on the emergency plans.	10/07/2023	Organisational Development
550830	11/05/2023	Corrective	EPC Committee Meeting Action - WTS/ ReUse Market - Concerns raised that no one is trained within emergency management or as a first aid officer on weekends at the WTS.	10/07/2023	Waste Transfer Station/ ReUse Market
550837	11/05/2023	Corrective	EPC Committee Meeting Action - WTS/ ReUse Market - Organise a mock evacuation ASAP for the Waste Transfer Station and ReUse Market.	10/07/2023	Waste Transfer Station/ ReUse Market



## Corrective Action Management **NEW**



550804	11/05/2023	Corrective	WHS Committee Meeting Action - Storage in Library - To report on solution effectiveness	10/06/2023	Library Team- All Library Staff
554517	23/05/2023	Corrective	Organise repairs to fence	21/08/2023	Waste Management
555732	24/05/2023	Corrective	Health & Safety Champion poster for site need to be updated to remove staff no longer employed at Council	31/08/2023	Organisational Development
561350	22/06/2023	Corrective	Carinya Gardens Workplace Emergency and Evacuation Plan needs to be reviewed and updated. Draft version available in CM9 Record no. AR19/67124. Assistance from WHS as required	16/04/2024	Parks and Gardens
562189	27/06/2023	Corrective	Review and implement Plant Sticker Template and file to CM9	31/07/2023	Construction & Maintenance
573784	25/07/2023	Corrective	Blue Lake Sports Park Staff out on site dont have a designated lunchroom. They are using the shed that currently houses petrol, poison and there is evidence of rats living there.  Progress updates - Action put a case together for consideration at ELT. 2	21/01/2024	Engineering
575919	31/07/2023	Corrective	Research and find solution to make site secure. e.g. swipe card access. possible the same solution that's being determined for the Depot.	1/07/2024	Waste Transfer Station/ ReUse Market
575941	31/07/2023	Corrective	Concrete Slab requires extension to provide adequate space for customers loading metal waste.	29/09/2023	Construction & Maintenance
585842	30/08/2023	Corrective	Replace laser light on Waste Shed as it doesn't allow enough natural light through.	26/02/2024	Waste Management
600294	13/10/2023	Corrective	Confined Space Procedure Committee endorsed procedure, update responsible person to reflect- Manager Operations Infrastructure and send to ELT for endorsement (HR/WHS Team)	27/10/2023	Organisational Development
602503	19/10/2023	Corrective	Eye wash station is not working correctly (one side is blocked) and access is obstructed at Caroline Landfill. Identified from site inspection on 11/10/23	18/11/2023	Waste Management
602497	19/10/2023	Corrective	Defibrillator (AED) Signage (Supplied) indicating location of the unit and DRSABCD posters are not displayed at Caroline Landfill. Fire extinguisher sign on office needs replacing	18/11/2023	Waste Management
656943	4/03/2024	Corrective	Cage with bund fit for purpose required	1/08/2024	Waste Transfer Station/ ReUse Market



## Preventative Action Management **NEW**



ID	Added Date	Action Type	Details	Due Date	Responsible Person Department
496461	30/11/2022	Preventative	The wooden retaining wall around Carinya Chapel is rotten and looks quite dangerous. Please see photos attached.	31/08/2024	Engineering
534032	24/03/2023	Preventative	Please investigate structural integrity of fence bordering Umphert on Sinkhole	31/07/2023	Construction & Maintenance
573788	25/07/2023	Preventative	Firefighting equipment at Caroline Landfill.  Progress update Action Jeremy to ensure that ability to use equipment for this is covered off in Caroline Landfill induction. 21/03/2023 Need to check/review the induction. 23/05/2023 Hydro Mulcher can be u	21/01/2024	Waste Management
573783	25/07/2023	Preventative	Traffic Management Plan to be developed for the Depot  Progress update - Abdullah to develop traffic management plan for the depot to address the traffic coming in the back since front gate has been closed. 27/09/2022 - Abdullah has sourced boom gates, w	21/01/2024	Construction & Maintenance
573769	25/07/2023	Preventative	Investigate contact officer available training and associated costs	23/09/2023	Organisational Development
582557	18/08/2023	Preventative	Ongoing issue of non compliant emergency exit	1/09/2023	Visitor Services Team
582563	18/08/2023	Preventative	wetlands walkway not structural. This is not accessed by staff or visitors, although it is an emergency exit so should be compliant.	1/09/2023	Visitor Services Team
597904	5/10/2023	Preventative	Inspect the vehicle service pit at Caroline as it has been damaged, to see if the pit could be filled in and concreted over for safety purposes, and if possible, could you complete task.	2/04/2024	Waste Management
606295	30/10/2023	Preventative	Explore options to improve access to On/Off Valves on Caroline Landfill Overhead Diesel Tank.	10/01/2024	Waste Management
615349	23/11/2023	Preventative	additional evacuation exercise	18/06/2024	Waste Transfer Station/ ReUse Market
657555	6/03/2024	Preventative	TRA to be reviewed to identify appropriate exclusion zone and situational awareness Implementation Training	30/04/2024	Waste Management



## Injury Management

### Lost Time Injury Frequency Rate (LTIFR)

A lost-time injury is something that results in a fatality, permanent disability or time lost from work. It could be as little as one day or shift.

[LTIFR](#) refer to the number of lost-time injuries within a given accounting period, relative to the total number of hours worked in that period.

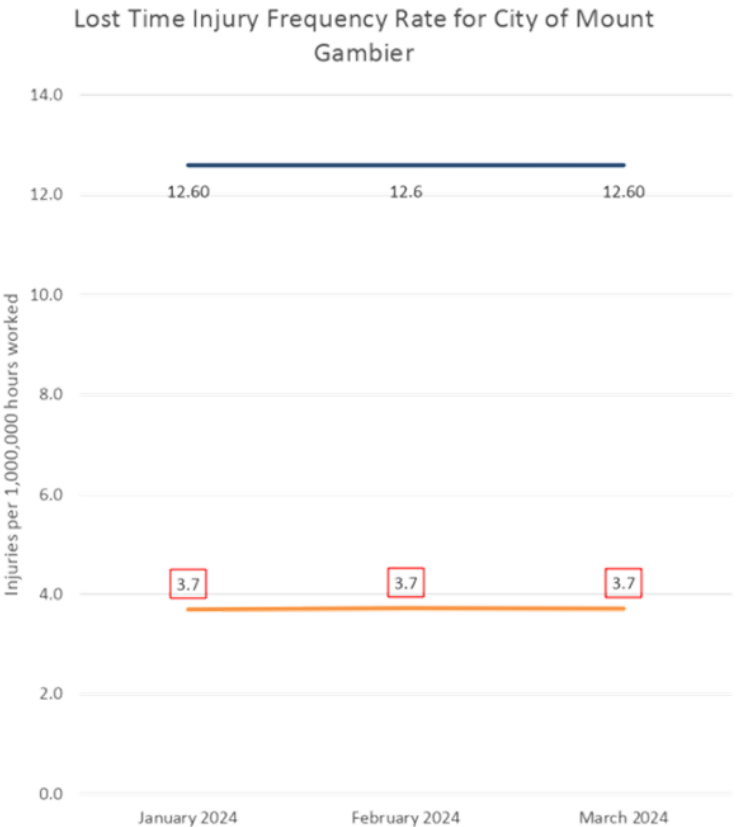
[LTIFR](#) is a proxy measurement for safety performance.

[LTIFR](#) calculations measure the number of lost-time injuries per million hours worked during an accounting period. It is a figure that can be benchmarked with others in the industry.

- The Lost Time Injury Frequency Rate (LTIFR) industry benchmark determined by Safework SA for Local Government Administration is 12.0 and for Local Government Field Staff is 12.6.

The graph provides a comparison for the City of Mount Gambier against the industry benchmark for the last four months using the Field Staff benchmark.

For the months of January, February and March 2024 the City of Mount Gambier significantly reduced its lost time injury rates, which put us further below the industry standard. This is directly attributed to employees increasing capacity, returning to the workplace from injury and the reduction in workplace injuries.





## Workplace Emergency and Evacuation Program **NEW**



Legislative requirements for employers or a person conducting a business or undertaking (PCBU) to prepare and maintain a workplace emergency plan.

The organisation through regular audits, hazard reporting and through the Work health Safety and Risk Management Action Plan, audit and evaluation process, has identified Workplace Emergency Plans to be modified, reviewed and or new plans developed.

Some of these tasks can be completed in house whilst other tasks require the engagement of specialised strategic risk consultants available to the organisation through Local Government Risk Services (LGRS)

The following work has been identified to be completed.

Plans must comply with Australian quality standards AS3745:2010

Site	Detail	Support	Expected Completion
Welcome Centre, Riddoch Arts and Cultural Centre (Additional Areas)	Development of NEW Evacuation diagrams LGRS Site visits occurred in February 2024	Local Government Risk Services	COMPLETE
Works Depot, Visitor Information centre, Library, Civic Centre, Carinya, Caroline Landfill, Waste Transfer Station, Reuse Market	Review, amend and print current plans. Diagram completed each site is responsible to ensure the current plans are available at each site.	Internal Staff (EACG)	COMPLETE
Riddoch Arts and Cultural centre	Review and update existing WEEP including assessment against incidents against code AS1851:2012. LGRS Site visits occurred in February 2024	Local Government risk Services	COMPLETE
Blue Lake Welcome Centre	Review and develop new WEEP including assessment of potential incidents against code AS1851:2012 LGRS Site visits occurred in February 2024	Local Government risk Services	COMPLETE
Works Depot, Visitor Information Centre, Library, Riddoch Arts and Cultural centre, Civic centre, Carinya, Caroline Landfill, Waste Transfer Station, Reuse Station, Welcome Centre	Develop Emergency Warden Induction program for individual sites based on specific WEEP documents. Completed and available within Skytrust	Internal Staff (WHS Team)	COMPLETE

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## Continuous Improvement, Projects and Plans



### LG SAFE PROJECT – Implementation Schedule

WHS & RTW Peak Policy	To be endorsed by WHS Committee	Completed 19/03/2024
WHS & RTW Peak Policy	To be Endorsed by Executive Leadership Team	Completed 27/03/2024
COMG – Administrative Principle WHS & RTW	To be endorsed by WHS Committee	Completed 19/03/2024
COMG – Administrative Principle WHS & RTW	To be Endorsed by Executive Leadership Team	Completed 27/03/2024
Policy Adoption Checklist	To be completed and sent to LGRS	Completed 11/04/2024
New Policy Advice	To be sent to all staff	Completed 11/04/2024



## Continuous Improvement, Projects and Plans



### Communication and Key Focus Areas

- Remind People Leaders to reiterate to their teams the overall importance of reporting safety matters from a preventative and continuous improvement point of view.
- Focus on hazard reporting in high-risk areas
- Remind People Leader of their responsibility to review or investigate hazard and incident reports in a timely manner and tidy up those that are still open and provide feedback to those who have reported. Using the toolbox meeting platforms is a great way to provide this structured feedback.
- Focus on development of Management Team reporting to assist with accountability.
- Continue with contributing to the improved “**Safety Always**” Culture.
- Return to Work and Hazardous Procedures Observation conducted by Local Government Risk Services – April 2024
- Development of Planned Program Review (PPR) in conjunction with Local Government Risk services
- Development of Internal Audit Program for Work Health Safety Management Systems.



**5.9 QUARTERLY INTERNAL AUDIT UPDATE REPORT – REPORT NO. AR24/36613**

<b>Committee:</b>	<b>Audit and Risk Committee</b>
<b>Meeting Date:</b>	<b>3 June 2024</b>
<b>Report No.:</b>	<b>AR24/36613</b>
<b>CM9 Reference:</b>	<b>AF11/863</b>
<b>Author:</b>	<b>Julie Scoggins, Manager Financial Services</b>
<b>Authoriser:</b>	<b>Jane Fetherstonhaugh, General Manager Corporate and Regulatory Services</b>
<b>Summary:</b>	<b>Further to the adoption of the Internal Audit Program by Council in December 2023 this report provides an overview of the progress made over the last quarter.</b>
<b>Strategic Plan Reference:</b>	<b>Goal 1: Our People</b> <b>Goal 2: Our Location</b> <b>Goal 3: Our Diverse Economy</b> <b>Goal 4: Our Climate, Natural Resources, Arts, Culture and Heritage</b> <b>Goal 5: Our Commitment</b>

**REPORT RECOMMENDATION**

1. That Audit and Risk Committee Report No. AR24/36613 titled 'Quarterly Internal Audit Update Report' as presented on 03 June 2024 be noted.



## TYPE OF REPORT

Legislative

## BACKGROUND

1. **Section 84** - of the Statutes Amendment (Local Government Review) Act 2021 includes subsection (3) which results in a greater emphasis on internal audit and risk management.
2. **Section 82** - of the Act amends Section 125 of the Local Government Act and in particular, Section 125(3) to include that 'a Council must ensure that appropriate policies, systems and procedures relating to risk management are implemented and maintained in order to assist the Council to carry out its activities in an efficient and orderly manner' to:
  - achieve its objectives;
  - inform appropriate decision making;
  - facilitate appropriate prioritisation of finite resources;
  - promote appropriate mitigation of strategic, financial and operational risks relevant to the Council.
3. **Section 126 (4)** - *The functions of a council audit and risk committee include—*  
(g) —  
(i) *if the council has an internal audit function—*  
(A) *providing oversight of planning and scoping of the internal audit work plan; and*  
(B) *reviewing and commenting on reports provided by the person primarily responsible for the internal audit function at least on a quarterly basis;*
4. **Internal Audit Approach** - Council historically not had an internal audit function or undertaken internal audits. An approach was agreed with Dean Newbery and Partners further to their appointment as Council's external auditor in 2021 as follows:
  - **Internal Financial Controls Self-Assessment** - The internal financial controls that had not been assessed since 2018 would be assessed in FY 2023;
  - **Internal Audit** - A risk based approach would be undertaken to build an internal audit program starting with one internal audit in FY 2024.
5. **Audit and Risk Committee Terms of Reference** - The following section of the Audit and Risk Committee Terms of Reference (as adopted in April 2024) is relevant to this report:

**12.4 Internal Audit** (where Council has a separate internal audit function) The Committee shall:

**12.4.1 Monitor and Review** - The effectiveness of the Council's internal audit function in the context of the Council's overall risk management system.

**12.4.2 Program** - Consider and make recommendation on the program of the internal audit function and the adequacy of its resources and access to information to enable it to perform its function effectively and in accordance with the relevant professional standards.

**12.4.3 Reports** - Review all reports on the Council's operations from the internal auditors.

Aligned with **Section 126 (4)** of the Local Government Act one of the functions of the Audit and Risk Committee will be as follows:

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





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

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

*Aligned with **Section 125A** of the Local Government Act as follows:*

*(1) Despite any other law or instrument to the contrary, the person primarily responsible for the internal audit function –*

*(a) must ensure that any reports they prepare relating to the internal audit function are provided directly to the audit and risk committee; and*

*(b) may report any matters relating to the internal audit function directly to the audit and risk committee.*

**12.4.4 Findings and Recommendations** - Review and monitor management's responsiveness to the findings and recommendations of the Internal Auditor; and

**12.4.5 Direct Access** - Provide the internal Auditor with the right of direct access to the Mayor of the Council and to the Presiding Member of the Committee.

As such quarterly reporting will be provided to the Council Executive and the Audit and Risk Committee.

**6. Internal Audit Policy** – As adopted by Council in December 2023 includes the following reporting requirements:

**9.2 Audit and Risk Committee** - A number of reports will be brought to the Audit and Risk Committee to include the following:

- **Individual Internal Audit Reports** - Will be brought to the Council Executive and Audit and Risk Committee as required to detail the scope of the internal audit prior to commencement of the audit activity, with a further report to be brought to the Council Executive and Audit and Risk Committee to provide the internal audit report that will detail the findings and agreed actions.
- **Quarterly Internal Audit Updates** – A report that will provide an overview of the internal audit function at least on a quarterly basis.
- **CEO Annual Report** - on the council's internal audit processes, reporting as required with regard to the internal audit plan and proposed scope of each internal audit.

**7. Audit and Risk Committee Work Program** - The adopted work program includes quarterly reports to be taken to the Audit and Risk Committee for the following meetings (noting that a proposed revised work program has been included in this agenda):

- 26 February 2024;
- 3 June 2024;
- 29 July 2024; and
- 28 October 2024.

**8. Audit and Risk Committee Workshop** - A workshop was held on 30 October 2023 with members that covered the following:



- **Internal Audit Legislative Changes** - An overview of the changes to be implemented from 30 November 2023.
  - **Draft Internal Audit Program** - A draft three year Internal Audit Program was presented to with feedback provided by members. This included an overview of the program, approach and consultation with members with regards to the proposed responsibility for the Internal Audit function (Manager, Financial Services).
9. **Audit and Risk Committee Review and Council Adoption** - A report was taken to the Audit and Risk Committee meeting in November 2023 and Council meeting in December 2023. The purpose of the report was to provide a draft Internal Audit Plan for review by the Audit and Risk Committee prior to review and adoption by Council.

## PROPOSAL

1. **Overview and Purpose** - The purpose of this report is to provide the Audit and Risk Committee with oversight of the progress against the internal audit work plan further to the reports provided to the Audit and Risk Committee and Council from February - June 2024.
2. **Internal Audit Plan Progress** - As per the table below the following progress has been made with the internal audit plan focussing on audits to be undertaken this financial year:

Internal Audit Project	Progress in this quarter
<b>Internal Audit Plan Development</b>	<ul style="list-style-type: none"> <li>• <b>Adopted Internal Audit Plan</b> - Reviewed by the Audit and Risks Committee in November 2023 and adopted by Council in December 2023.</li> <li>• <b>Proposed Revised Internal Audit Plan</b> - Further to progress made in this financial year, the three year plan has been reviewed. The proposed revised program has been updated to reschedule some internal audits taking into consideration organisational capacity to deliver. The report is included in this meeting's agenda.</li> </ul>
<b>Penetration Testing</b>	<b>Progress</b> - Has been completed by external systems provider.
<b>Incident Response Plan</b>	<ul style="list-style-type: none"> <li>• <b>External Resource</b> - The plan has been completed and one component has been tested. Another significant component has been prioritised for completion in Q1 2024/2025.</li> <li>• <b>Audit and Risk Committee Meeting</b> - A report will be brought to the Audit and Risk Committee in October 2024.</li> </ul>
<b>Payroll and Remuneration</b>	<ul style="list-style-type: none"> <li>• <b>Audit and Risk Committee Meeting</b> - A report detailing the scope was brought to February 2024 Audit and Risk Committee meeting.</li> <li>• <b>Internal Audit</b> - Was undertaken between March and May 2024 by UHY Haines Norton.</li> <li>• <b>Internal Audit Report</b> - Will be presented to ELT in June 2024.</li> <li>• <b>Audit and Risk Committee Meeting</b> - The final report and Council's response will be presented at the July 2024 Audit and Risk Committee meeting.</li> </ul>
<b>Position Description and Accreditation</b>	<ul style="list-style-type: none"> <li>• <b>Internal Manager Engagement and Planning</b> - The Manager Organisational Development is working with other Managers across the organisation to update all position descriptions. The</li> </ul>



Internal Audit Project	Progress in this quarter
	<p>internal audit has been deferred and will take place in HY1 2024/2025.</p> <ul style="list-style-type: none"> <li>• <b>Audit and Risk Committee Meeting</b> - A report will be brought back in March 2025.</li> </ul>
<b>PDI Act 2016 – Post Implementation Review</b>	<ul style="list-style-type: none"> <li>• <b>Audit and Risk Committee Meeting</b> - A report detailing the scope was brought to February 2024 Audit and Risk Committee meeting.</li> <li>• <b>Internal Audit</b> - Was undertaken between March and May 2024 by Galpins.</li> <li>• <b>Internal Audit Report</b> - Will be presented to ELT in June 2024.</li> <li>• <b>Audit and Risk Committee Meeting</b> – The final report and Council's response will be presented at the July 2024 Audit and Risk Committee meeting.</li> </ul>
<b>Workers Compensation</b>	<ul style="list-style-type: none"> <li>• <b>Review</b> - The organisation participated in a Return To Work (RTW) procedural review by the Local Government Workers Compensation Scheme in April 2024.</li> <li>• <b>Draft Report Findings</b> - The draft report indicated minor improvements which included. <ul style="list-style-type: none"> <li>➢ Contingency roles to be identified within Position Description (PD) for RTW roles;</li> <li>➢ RTW Claim Responsibilities to be articulated in Payroll PD's; and</li> <li>➢ RTW training for all People Leaders.</li> </ul> </li> <li>• <b>Executive Review</b> - Final Report to go to ELT in June 2024.</li> <li>• <b>Audit and Risk Committee Meeting</b> - The final report and Council's response will be presented at the July 2024 Audit and Risk Committee meeting.</li> </ul>

3. **Next Steps** - Individual Internal Audit Reports will be brought to the Audit and Risk Committee on 29 July for review. The next quarterly Internal Audit report will be brought to the Audit and Risk Committee on 29 July.

## LEGAL IMPLICATIONS

Local Government Act

## STRATEGIC PLAN

N/A

## COUNCIL POLICY

[Internal Audit Policy](#)

[F225 Fraud and Corruption Prevention Policy](#)

[Internal Controls Policy](#)

[Risk Management Policy](#)



**ECONOMIC IMPLICATIONS**

N/A

**ENVIRONMENTAL IMPLICATIONS**

N/A

**SOCIAL IMPLICATIONS**

N/A

**CULTURAL IMPLICATIONS**

N/A

**RESOURCE IMPLICATIONS**

**Budget Allocation** - The Internal Audit Plan 2024-2026 was created to be conducted within the current available budget (pending a procurement process). \$20k has been included in the 2023/2024 budget. The two audits undertaken are expected to be within budget.

**VALUE FOR MONEY**

Some internal audits will improve Council's efficiency and effectiveness.

**RISK IMPLICATIONS**

Improved Internal Audit processes is in keeping with the Audit and Risk responsibilities and legislation and will result in improved risk management processes.

**EQUALITIES AND DIVERSITY IMPLICATIONS**

N/A

**ENGAGEMENT AND COMMUNICATION STRATEGY**

N/A

**IMPLEMENTATION STRATEGY**

N/A

**CONCLUSION AND RECOMMENDATION**

It is recommended that the quarterly Internal Audit report be noted.

**ATTACHMENTS**

Nil



**5.10 DRAFT REVISED INTERNAL AUDIT PROGRAM – REPORT NO. AR24/36992**

<b>Committee:</b>	<b>Audit and Risk Committee</b>
<b>Meeting Date:</b>	<b>3 June 2024</b>
<b>Report No.:</b>	<b>AR24/36992</b>
<b>CM9 Reference:</b>	<b>AF11/863</b>
<b>Author:</b>	<b>Julie Scoggins, Manager Financial Services</b>
<b>Authoriser:</b>	<b>Jane Fetherstonhaugh, General Manager Corporate and Regulatory Services</b>
<b>Summary:</b>	<b>Further to the annual review of the Council’s internal audit program this report reviews the progress and provides a Draft Revised Internal Audit Plan for review by the Audit and Risk Committee prior to review and adoption by Council.</b>
<b>Strategic Plan Reference:</b>	<b>Goal 1: Our People</b> <b>Goal 2: Our Location</b> <b>Goal 3: Our Diverse Economy</b> <b>Goal 4: Our Climate, Natural Resources, Arts, Culture and Heritage</b> <b>Goal 5: Our Commitment</b>

**REPORT RECOMMENDATION**

1. That Audit and Risk Committee Report No. AR24/36992 titled ‘Draft Revised Internal Audit Program’ as presented on 03 June 2024 be noted.
2. That the Revised Internal Audit Plan as attached to Report No. AR24/36992, having been reviewed by the Audit and Risk Committee on 3 June 2024, be adopted.
3. That the Chief Executive Officer or Delegate be authorised to make any necessary changes to the Draft Revised Internal Audit Plan arising from this meeting, together with any typographical corrections, amendments to position or organisation titles, and finalisation of the document’s formatting that do not materially alter the integrity of the document.





## TYPE OF REPORT

Legislative

## BACKGROUND

1. **Section 84** - of the Statutes Amendment (Local Government Review) Act 2021 includes subsection (3) which results in a greater emphasis on internal audit and risk management.
2. **Section 82** - of the Act amends Section 125 of the Local Government Act and in particular, Section 125(3) to include that 'a Council must ensure that appropriate policies, systems and procedures relating to risk management are implemented and maintained in order to assist the Council to carry out its activities in an efficient and orderly manner' to:
  - achieve its objectives;
  - inform appropriate decision making;
  - facilitate appropriate prioritisation of finite resources;
  - promote appropriate mitigation of strategic, financial and operational risks relevant to the Council.
3. **Section 126 (4)** - *The functions of a council audit and risk committee include—*

*(g) —*

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

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

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

4. **Audit and Risk Committee Terms of Reference** - The following section of the Audit and Risk Committee Terms of Reference (as adopted in April 2024) is relevant to this report:

**12.4 Internal Audit** (where Council has a separate internal audit function) The Committee shall:

**12.4.1 Monitor and Review** - The effectiveness of the Council's internal audit function in the context of the Council's overall risk management system.

**12.4.2 Program** - Consider and make recommendation on the program of the internal audit function and the adequacy of its resources and access to information to enable it to perform its function effectively and in accordance with the relevant professional standards.

**12.4.3 Reports** - Review all reports on the Council's operations from the internal auditors.

Aligned with **Section 126 (4)** of the Local Government Act one of the functions of the Audit and Risk Committee will be as follows:

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

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

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

Aligned with **Section 125A** of the Local Government Act as follows:



(1) *Despite any other law or instrument to the contrary, the person primarily responsible for the internal audit function –*

*(a) must ensure that any reports they prepare relating to the internal audit function are provided directly to the audit and risk committee; and*

*(b) may report any matters relating to the internal audit function directly to the audit and risk committee.*

**12.4.4 Findings and Recommendations** - Review and monitor management's responsiveness to the findings and recommendations of the Internal Auditor; and

**12.4.5 Direct Access** - Provide the internal Auditor with the right of direct access to the Mayor of the Council and to the Presiding Member of the Committee.

5. **Internal Audit Approach** - Council agreed an approach with Dean Newbery and Partners (Council's external auditors) further to their appointment as Council's external auditor in 2021 as follows:

- **Internal Financial Controls Self-Assessment** - The internal financial controls that had not been assessed since 2018 would be assessed in FY 2023;
- **Internal Audit** - A risk based would be undertaken to build an internal audit program starting with one internal audit in FY 2024.

6. **Line of Defence** - Monitoring activities form an important component of Council's lines of defence for managing risk. The Better Practice Model – Internal Financial Controls for South Australian Councils identifies monitoring activities as being within the second line of defence for Councils, with the internal audit function as the third (As shown below).



*Source: SALGFMG Better Practice Model –Internal Financial Controls for South Australian Councils published April 2017*

7. **Audit and Risk Committee Workshop** - A draft three year Internal Audit Program was presented to the Audit and Risk Committee on 30 October 2023 with feedback provided by members.

8. **Audit and Risk Committee Review** - The Audit and Risk Committee reviewed the Internal Audit Plan at the meeting on 27 November 2023 and requested that Procurement and Contract Management be added in the second and third year of the plan. The revised plan was tabled and adopted at the Council meeting on 12 December 2023.

9. **Internal Audit Policy** - A new policy was reviewed by the Audit and Risk Committee at the November meeting and adopted by Council in December 2023 .
10. **Annual Review** - The Internal Audit Program is reported upon in line with legislation and a review of the program will be undertaken annually with changes made if required.

## PROPOSAL

1. **Delivery To Date** - The following projects either have or will be delivered in this financial year (as per the reports included in this Audit and Risk Agenda):
  - **PDI Act** - Undertaken by Galpins from March-May 2024. Report to be brought to the Audit and Risk Committee on 29 July 2024.
  - **Payroll and Remuneration** - Undertaken by UHY Haines Norton from March-May 2024. Report to be brought to the Audit and Risk Committee on 29 July 2024.
  - **Penetration Testing** - Has been completed for this financial year (2023/2024).
  - **Workers Compensation Internal Audit** - Completed for this financial year with report to be brought to the Audit and Risk Committee on 29 July 2024.
  - **Incident Response Plan** – Progressed in this financial year with further testing planned for next year.
2. **Changes to Internal Audit Plan** - The following changes are proposed (as highlighted in Attachment 1 in red):
  - **Workers Compensation** - Further to advice from the Manager Organisational Development this activity has now been included for all years.
  - **Position Description & Accreditation** - This internal audit has been deferred to 2024/2025 reflecting organisational capacity.
  - **Payroll & Remuneration** - A broader internal audit has been proposed for 2025/2026 further to the internal auditor's recommendations.
  - **Legislated Training** - This internal audit has been deferred to 2025/2026 reflecting organisational capacity.
3. **Next Steps** - The maturity of the organisation and capacity to deliver will be carefully considered in the future years of the program. Quarterly reporting that will be brought directly to the Audit and Risk Committee will monitor the progress throughout the year.

## LEGAL IMPLICATIONS

Local Government Act

## STRATEGIC PLAN

N/A

## COUNCIL POLICY

[F225 Fraud and Corruption Prevention Policy](#)

[Internal Controls Policy](#)

[Internal Audit Policy](#)

[Risk Management Policy](#)

## ECONOMIC IMPLICATIONS

N/A



## **ENVIRONMENTAL IMPLICATIONS**

N/A

## **SOCIAL IMPLICATIONS**

N/A

## **CULTURAL IMPLICATIONS**

N/A

## **RESOURCE IMPLICATIONS**

**Budget Allocation** – The attached revised plan includes audits planned for 2024/2025. The Draft budget includes \$20k allocation for external resource to undertake one audit.

## **VALUE FOR MONEY**

Some internal audits will improve Council's efficiency and effectiveness.

## **RISK IMPLICATIONS**

Improved Internal Audit processes is in keeping with the Audit and Risk responsibilities and legislation and will result in improved risk management processes.

## **EQUALITIES AND DIVERSITY IMPLICATIONS**

N/A

## **ENGAGEMENT AND COMMUNICATION STRATEGY**

N/A

## **IMPLEMENTATION STRATEGY**

The internal audit program once adopted by Council will be implemented as follows:

- **Procurement Activities** - Will be undertaken to select external provider(s) that will lead the internal audit where external resource is required.
- **Detailed Planning** - Will be undertaken where the Manager Financial Services will work with the lead Manager of the function being audited.

## **CONCLUSION AND RECOMMENDATION**

It is recommended that the Revised Internal Audit Plan be adopted.

## **ATTACHMENTS**

1. Draft - Internal Audit Plan [↓](#)





# City of Mount Gambier

Proposed Revised  
Internal Audit Plan  
(June 2024)  
2023/2024 - 2025/2026





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## Objective:

- **Proposed Internal Audit Projects** - The City of Mount Gambier's Internal Audit Plan presents the proposed internal audit projects for the 2023/2024 – 2025/2026 financial years.
- **Key Objective** - The objective of these internal audit projects is to ensure that key strategic risks are being effectively managed and to enhance the business performance of City of Mount Gambier by reviewing existing business processes and recommending improvements to process effectiveness, efficiency and economy.
- **Organisational Performance** - These audit projects are expected to strengthen the effectiveness of risk management, governance and internal controls.

## Methodology:

- **Risk Based Approach** - To ensure that the City of Mount Gambier is able to obtain the most value from its internal audit projects, projects have been selected and resources have been allocated to the most significant auditable risks faced by Council.
- **Strategic Risk Register** - This defined focus of internal audit projects assumes that the Internal Audit Plan should be primarily based on City of Mount Gambier's risk profile. Council Administration has reviewed its strategic risk register, and as such this register is the primary source in the determination of the Internal Audit Plan (Appendix 1).
- **Strategic Risk Inherent Risk Extreme** - For the first three year Internal Audit Plan for COMG internal audits have been proposed that have an inherent risk rating of extreme and current risk rating of high as per the Strategic Risk Register summary below:

	Description	Inherent	Current	Target
1	Cyber Security	Extreme	High	Medium
2	Financial Sustainability	Extreme	High	Medium
3	People Workforce and Compliance	Extreme	High	Medium
4	Climate and Future Vulnerability	High	High	Medium
5	People Culture and Workforce Planning	Extreme	High	Medium
6	Safety Compliance and WHS Management	Extreme	High	Medium
7	Environmental Compliance	High	High	Medium
8	Major Infrastructure	Extreme	High	Medium
9	Governance, Compliance and Legislative Obligations	Extreme	High	Medium
10	Political Risk and Stability	Medium	Medium	Low
11	Economic Development	Medium	Medium	Low
12	Contract Management, Procurement and Project Management	Medium	Medium	Low
13	Relationship, Connection and Engagement with Community	High	Low	Low

## Methodology(Continued):

- **Secondary Sources** - Have been considered in the development of the Internal Audit Plan:
  - **External Auditor's Recommendations** - Recommendations made as part of Council's previous interim and balance date audits.
  - **Benchmarking** - A review of internal audits being undertaken by other South Australian Councils.
  - **Internal Financial Controls Self-Assessment** - Controls/activities where action plans have been developed have also been considered.
  - **Scheme/LGRS Audits** – Feedback from audits.
- **Strategic Work Plan** – Council has a number of strategic priorities that Administration will be delivering over the next three years. These include a number of projects such as the workforce plan that are aligned with the strategic risk of People Workforce and Compliance. Where projects are being delivered across the three years either internal audits are not proposed in this plan or are included in the final year.
- **The Internal Audit Plan Categorisation** – The internal audit plan has been categorised principally under three headings as shown below:

Three Types of Audit	
Operational	To review the robustness of systems, policies and processes.
Strategic	To provide an independent examination of the strategic objective, a program, function, operation or the management systems and procedures of council to assess whether the administration is achieving value for money, efficiency, and effectiveness.
Compliance/Legislative	To provide comfort that contractual or legislative/regulatory obligations are being met.

## Approval and Revision:

- **Approval** - The City of Mount Gambier's Internal Audit Plan requires approval from the following authorities:
  - Council Executive Leadership Team (ELT);
  - Audit and Risk Committee; and
  - Council.
- **Annual Review** - Subsequent to its adoption the 2023/2024 – 2025/2026 Internal Audit Plan should be reviewed at the end of each financial year against the City of Mount Gambier's risk register which is also revised annually. This ensures that the coming year's audit projects continue to focus on critical business risks impacting the organization. This revision may result in the introduction of new audit projects, removal of some audit projects and re-prioritisation of some existing audit projects.
- **Emerging Issues** - Issues that arise outside the formalised work plan but are considered of high risk or in response to an emerging matter may also drive changes to the program. As Council becomes more mature in its measure of risk or as new risks arise, the Internal Audit Plan will be updated to accommodate any new priorities for audits to be undertaken.

## Internal Audit Process:

- **Process Steps** – The steps to be followed in an internal audit are as follows:





## Resourcing:

- The City of Mount Gambier's 2023/2024 – 2025/2026 Internal Audit Plan will be delivered utilising the following resource:
  - **Manager Financial Services (MFS) (or such equivalent position)** - Is responsible, on a day to day basis, for the internal audit function of Council. In achieving operational independence of the internal audit function the CEO has ensured that the MFS has dual reporting lines. These reporting lines require that the MFS must:
    - **Administrative Reporting** - Report administratively to the CEO to facilitate day to day operations of the internal audit function and;
    - **Strategic Direction** - Report to the Audit and Risk Committee for strategic direction and accountability of the internal audit function.
  - **Finance Activities** - Where the MFS has responsibility for an activity that is scheduled for review, the Manager Organisational Development will manage the internal audit to ensure that the independence of the function is not compromised.
  - **Internal Resource** – Where appropriate controls are in place to maintain independence and the skills and capacity are available within the organisation audits will be completed using existing in-house resource.
  - **External Resource** – External providers will be utilised for strategic and compliance audits where specialised skills and experience are required.

## Reporting:

- **Individual Internal Audit Reports** - Will be brought to the Council Executive and Audit and Risk Committee as required to detail the scope of the internal audit prior to commencement of the audit activity, with a further report to be brought to the Council Executive and Audit and Risk Committee to provide the internal audit report that will detail the findings and agreed actions.
- **Legislated Reporting:**

Aligned with **Section 126 (4)** of the Local Government Act one of the functions of the Audit and Risk Committee will be as follows:

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

  - (A) providing oversight of planning and scoping of the internal audit work plan; and*
  - (B) reviewing and commenting on reports provided by the person primarily responsible for the internal audit function at least on a quarterly basis;*



## Reporting (Continued):

Aligned with **Section 125A** of the Local Government Act as follows:

- (1) *Despite any other law or instrument to the contrary, the person primarily responsible for the internal audit function - (a) must ensure that any reports they prepare relating to the internal audit function are provided directly to the audit and risk committee; and (b) may report any matters relating to the internal audit function directly to the audit and risk committee.*

As such quarterly reporting will be provided to the Council Executive and the Audit and Risk Committee.

Aligned with **Section 99** of the Local Government Act the CEO will:

- (ib) *to report annually to the relevant audit and risk committee on the council's internal audit processes;*

## Internal Audit Plan:

Internal Audit Project	Description	Strategic Risk	Category	Resource	2023/2024	2024/2025	2025/2026
<b>Internal Audit Plan Development</b>	Development of the Internal Audit Plan following review in 2024. This will include indicative audit scopes and links to Council's Strategic Risk Register.	All Risks	All	Internal	✓		
<b>Penetration Testing</b>	The objective of this testing is to identify weaknesses within the COMG internal network on an ongoing basis.	Cyber Security	Operational	External	✓	✓	✓
<b>Incident Response Plan</b>	Review the adequacy of the incident response plan.	Cyber Security	Operational	Internal	✓	✓	✓
<b>Payroll &amp; Remuneration</b>	Review onboarding, changes to staff employment terms and exit of staff.	Financial Sustainability	Operational	External	✓		
<b>Payroll &amp; Remuneration</b>	Broader organisation wide internal audit testing a range of current employees (excluding the employees within the scope of the above audit) against the terms and conditions of the relevant EBs, Awards and Contracts	Financial Sustainability	Operational	External			✓
<b>Position Description &amp; Accreditation</b>	Review of position descriptions across the organisation to ensure that they are in date, accurate and that accreditation has been maintained by staff.	People, Workforce and Compliance	Compliance/ Legislation	Internal	✓	✓	
<b>PDI Act 2016 - Post Implementation Audit</b>	Review of processes and organizational compliance further to the implementation of the PDI Act 2016.	Governance, Compliance, and Legislative Obligations	Compliance/ Legislation	External	✓		
<b>Data Protection &amp; Privacy</b>	The review will assess the design of Council's process for compliance with relevant privacy legislation and testing the operating effectiveness of key controls such as data management, data storage, privacy breach response and management.	Cyber Security	Compliance/ Legislation	Internal		✓	
<b>Management of Leave Entitlements</b>	Review of staff leave entitlements focusing liabilities, and effectiveness of administrative principles and procedures.	People, Workforce and Compliance	Compliance/ Legislation	Internal		✓	
<b>Legislated Training</b>	Review of completion of legislated training across the organisation.	Safety Compliance and WHS Management	Compliance/ Legislation	Internal		✓	✓



Internal Audit Project	Description	Strategic Risk	Category	Resource	2023/ 2024	2024/ 2025	2025/ 2026
<b>Workers Compensation Process</b>	Review of effectiveness of administrative principles and procedures.	Safety Compliance and WHS Management	Compliance/ Legislation	External	✓	✓	✓
<b>Fraud Prevention</b>	Review the effectiveness and completeness of Council's framework (gap analysis vs standard, roles, responsibilities, policies and procedures and internal training and awareness).	Governance, Compliance, and Legislative Obligations	Compliance/ Legislation	External		✓	
<b>Council Policies</b>	Review of Council policies ensuring alignment with the "Better Practice model" and legislation.	Governance, Compliance, and Legislative Obligations	Compliance/ Legislation	Internal		✓	
<b>Grants Management</b>	Review of Council's 'Cradle to Grave' grants process from strategy to acquittal.	Financial Sustainability	Strategic	External			✓
<b>Investigations</b>	Review of investigation procedures.	Safety Compliance and WHS Management	Compliance/ Legislation	External			✓
<b>Project Health Check</b>	This review will include an assessment of a project's management mechanisms, governance structure, project team roles and responsibilities, and project status reporting mechanisms.	Major Infrastructure	Strategic	External			✓
<b>Legislative Compliance</b>	Assessment of COMG's legislative compliance work plan, auditing one act at a time with actions monitored and managed by Council Staff.	Governance, Compliance, and Legislative Obligations	Compliance/ Legislation	External			✓
<b>Procurement</b>	Assessment of compliance with the exemption from competitive process framework.	Financial Sustainability	Compliance/ Legislation	Internal		✓	
<b>Contract Management</b>	Compliance with delegation register throughout the contract management life cycle.	Financial Sustainability	Compliance/ Legislation	Internal			✓

It is acknowledged that the Internal Audit Plan may be subject to variations the risk profile or business objectives for Council mature further. Any proposed variations will be presented to the Audit and Risk Committee for consideration prior to any amendments being made to the endorsed Internal Audit Plan.

As required Council's ELT, the Audit and Risk Committee or Council Members may also request for additional audit projects that were not originally included in the Internal Audit Plan.



## Appendix 1 - Strategic Risk Register:

Risk ID #	Risk Description	Inherent Risk Rating (If Controls Fail)	Current Risk Rating (Controls in Place)
S1	Inability to maintain connected relationship with community may result in strategic targets and objectives not being aligned to community expectation	High	Low
S2	Non compliance with legislation requirements can result in legal implications and inability to deliver on decision making and critical council services.	Extreme	High
S3	Adequate resource and planning to maintain and current major infrastructure and delivery of new infrastructure	Extreme	High
S4	Inability to meet environmental targets and legislative requirements could impact ability to deliver on core services such as waste management, cemetery operations, conservation and water management, heritage requirements.	High	High
S5	Management of the political environment including relationships with Elected body, State, Federal and Regional Local Governments	Medium	Medium
S6	Access, Connectivity and positioning of the City to ensure ongoing economic viability	Medium	Medium
S7	Effective Contract Management that demonstrates transparency, value and quality of projects	Medium	Medium
S8	Effective management of Rates Revenue, Level of Funding, Revenue Growth, Ineffective Debt, Liability and Expenditure Management	High	High
S9	Organisational preparedness for climate change events, emergency management planning and capability within organisation, community and other councils	High	High
S10	Providing a safe and compliant environment and systems to manage WHS in the workplace, and keep people safe from risk, injury and harm	Extreme	High
S11	Strategic, Planned and Effective workforce planning, including recruitment and retention, creating a positive culture where people with capacity to innovate and grow	Extreme	High
S12	Ineffective Systems can leave the organisation exposed to cyberattacks resulting in possibility of ransom, loss of organisation and community data and reputational damage	Extreme	High
S13	Prevention of Risk or harm to children, young people and vulnerable people, inability to maintain Child Safe Organisational Standard with Department of Human Services	Extreme	High





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**5.11 EXTERNAL AUDIT MANAGEMENT REPORT – REPORT NO. AR24/36615**

<b>Committee:</b>	<b>Audit and Risk Committee</b>
<b>Meeting Date:</b>	<b>3 June 2024</b>
<b>Report No.:</b>	<b>AR24/36615</b>
<b>CM9 Reference:</b>	<b>AF11/863</b>
<b>Author:</b>	<b>Julie Scoggins, Manager Financial Services</b>
<b>Authoriser:</b>	<b>Jane Fetherstonhaugh, General Manager Corporate and Regulatory Services</b>
<b>Summary:</b>	<b>To inform the Audit and Risk Committee of the progress against Council’s External Auditor’s recommendations for the 2020/2021 2021/2022, and 2023/2024 years.</b>
<b>Strategic Plan Reference:</b>	<b>Goal 1: Our People</b> <b>Goal 2: Our Location</b> <b>Goal 3: Our Diverse Economy</b> <b>Goal 4: Our Climate, Natural Resources, Arts, Culture and Heritage</b> <b>Goal 5: Our Commitment</b>

**REPORT RECOMMENDATION**

1. That Audit and Risk Committee Report No. AR24/36615 titled ‘External Audit Management Report’ as presented on 03 June 2024 be noted.



## TYPE OF REPORT

Legislative

## BACKGROUND

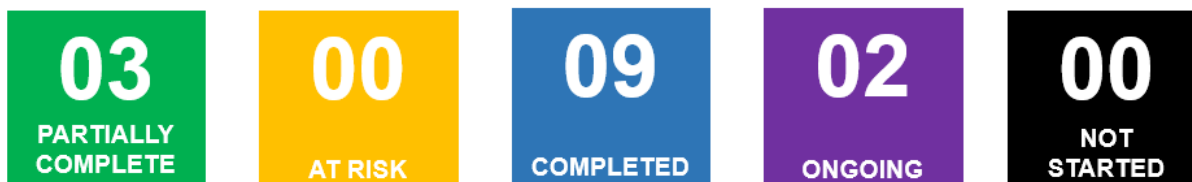
1. **Audit and Risk Committee Terms of Reference** - The following section of the Audit and Risk Committee Terms of Reference (as adopted in April 2024) is relevant to this report:
  - 12.5.5 **Annual Audit Plan** - Review and make recommendations on the annual audit plan, and in particular its consistency with the scope of the external audit engagement.
  - 12.5.6 **Audit Findings** - Review the findings of the audit with the auditor. This shall include, but not be limited to, the following:
    - A discussion of any major issues which arose during the external audit;
    - Any accounting and audit judgements; and
    - Levels of errors identified during the external audit.
  - 12.5.9 **Management Letter** - Review the management letter and management's response to the external auditor's findings and recommendations. Subsequent to the initial review the Committee will oversee action to follow up on matters raised by the external auditors.
2. **External Auditor Recommendations** - Council's previous external auditor, Galpins Accountants Auditors and Business Consultants, were appointed as Council's external auditor in 2016 and undertook interim and balance date audits over the following 5 years. Recommendations for improvement were put forward by Galpins with follow up actions agreed with Council.
3. **Appointment of External Auditors** - Dean Newbery and Partners were appointed as Council's external Auditors for a period of 5 years commencing with the audit of the financial year ending 30 June 2022.
4. **Audit and Risk Committee Recommendation February 2022** - A report be provided to the Audit and Risk Committee at least on a quarterly basis throughout the financial year to provide an update on the progress against the recommendations raised by the External Auditors.
5. **Visits 2021/2022-** Council's external auditors (Dean Newbery and Partners) undertook an interim site visit in April 2022 and a balance date audit site visit in August 2022 in relation to the external audit for the year ended 30 June 2022.
6. **Visits 2022/2023 Financial Year** - Council's external auditors (Dean Newbery and Partners) undertook an interim site visit in May 2023 and a balance date audit site visit in September 2023.
7. **Visit 2023/2024 Financial Year** - Council's external auditors (Dean Newbery and Partners) undertook an interim site visit in May 2024. At the visit review meeting the auditors requested that a letter from the CEO be sent to the external audit partner to detail the progress against previous actions/recommendations (as per Attachment 2).
8. **New Legislation** - From 30 November 2023, the following function has been required as per Section 126 (4)
  - (4) *The functions of a council audit and risk committee include—*
    - (c) *monitoring the responsiveness of the council to recommendations for improvement based on previous audits and risk assessments, including those raised by a council's auditor;*

## PROPOSAL

1. **Action Plan** - Council staff have prepared and are continuing to implement an action plan to address the items identified in the Management Reports.



2. **Council's Progress** - This report and its attachments provide an update on Council's progress in implementing the continuous improvement recommendations from Council's auditors (further to the last update at the February 2024 meeting)..
3. **2020/2021 Internal Controls Report** - As shown in Attachment 1 of this report of the five activities highlighted, four have been completed and one is partially completed.
4. **Interim Management Report May 2022 Management Response** - Attachment 2 also shows the progress against risks as requested by the External Auditors, noting that the status of all risks is as follows:



- **Completed (9 Risks)** - Including User access levels – payroll masterfile, general journal review, asset revaluation reserve adjusting entry, internal financial controls self-assessment, user access levels – segregation of duties, payroll and accounts payable back up duties, payroll procedure, procurement exemption register and Library books accounting treatment.
  - **Partially Complete/Ongoing (5 Risks)** - Including internal plant hire and full cost attribution, policy register, grants register, Riddoch Art Collection - Curatorial and Preservation Policy and, and leases and licences register.
5. **Balance Date Audit 2021/2022** – Two matters were raised to be addressed for future financial years including Caroline Landfill Post Closure Provision Review and Infrastructure Asset Revaluation. These actions have been reviewed with responses included in Attachment 2 for interim audit responses.
  6. **Interim Audit Management Report June 2023 Management Response** - Attachment 2 shows the following (including updates for items requested by the External Auditors):



- **Completed (2 Risks)** - Infrastructure Asset Valuation, procurement policy.
  - **Partially Complete/Ongoing (2 Risks)** - Caroline landfill post closure provision and leases/licenses.
7. **Balance Date Audit 2022/23** - Two matters were raised to be addressed for future financial years including Caroline Landfill Post Closure Provision Review (noting that the response is included in Attachment 2) and that the Reserve Accounting Practices response is as below.
    - **Reserve Accounting Practices** - It should be noted that Council does not currently record any reserves as having a negative balance. Further to discussions during the FY 2023 balance date audit Finance staff will continue to carefully monitor reserves shown as having a zero balance.
  9. **Next Update** - The next update will be brought to the Audit and Risk Committee at the July 2024 meeting.



## **LEGAL IMPLICATIONS**

Actions are required to be resolved to ensure compliance with the Local Government Act 1999, Local Government (Financial Management) Regulations 2011 and accounting standards.

Section 129 of the Local Government Act 1999.

## **STRATEGIC PLAN**

N/A

## **COUNCIL POLICY**

[A900 Asset Management Policy](#)

[Procurement Policy](#)

[Asset Accounting Policy](#)

[B300 Budget Framework](#)

[T150 Treasury Management Policy](#)

## **ECONOMIC IMPLICATIONS**

N/A

## **ENVIRONMENTAL IMPLICATIONS**

N/A

## **SOCIAL IMPLICATIONS**

N/A

## **CULTURAL IMPLICATIONS**

N/A

## **RESOURCE IMPLICATIONS**

N/A

## **VALUE FOR MONEY**

N/A

## **RISK IMPLICATIONS**

External audit is a key mitigation action for financial risk.

## **EQUALITIES AND DIVERSITY IMPLICATIONS**

N/A

## **ENGAGEMENT AND COMMUNICATION STRATEGY**

N/A

## **IMPLEMENTATION STRATEGY**

## **CONCLUSION AND RECOMMENDATION**

The external audit management reports indicate that overall Council has effective controls in place, with opportunity for improvements noted, action plans established to achieve best practice and progress made to date.

## **ATTACHMENTS**

1. Attachment 1 [↓](#)
2. Attachment 2 - Letter from CEO to Dean Newbery re. External Audit Actions [↓](#)







Attachment 1

Auditor Recommendation or Comment	Risk	Progress	Target Date	Status	Completion Date
<b>2020/21 Internal Controls Letter</b>					
		Executive reporting developed and implemented.	31-Dec-21	Complete	31-Dec-21
Purchase Orders raised after invoices are received	M	Revised procurement policy and recommendations from procurement review presented to Executive, Audit and Risk Committee and Council. Updated policy adopted by Council at the April 2022 Council meeting. Procurement procedures have been reviewed and approved by the Executive.	31-Dec-22	Complete	31-Dec-22
No formal maintenance plans supporting general maintenance strategies per the Asset Management Plan.	L	The building valuation and condition ratings have been received and have been included in the draft Building and Structures Asset Management Plan.	TBC	Partially Complete	
<b>Accounts Payable</b> - Improvements required in process for uploading supplier EFT files into online banking system.	M	A business systems review is scheduled. Any direct interface would need to be considered following completion of the review. As shown in the original response audit checks are already in place that would identify any changes.	30-Jun-23	Complete	30/04/2023
<b>Payroll</b> - Improvements required in process for uploading supplier EFT files into online banking system.	M	A business systems review is scheduled. Any direct interface would need to be considered following completion of the review. As shown in the original response audit checks are already in place that would identify any changes.	30-Jun-23	Complete	30/04/2023





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Reference:  
Enquiries to: Ms Sarah Philpott

28 May 2024

Samantha Creten  
Partner  
Dean Newbery  
PO Box 755  
NORTH ADELAIDE SA 5006

Dear Samantha,

**RE: City of Mount Gambier Progress Against Prior Year Audit Matters and Assessment of Audit Matters from the Interim Management Report 2022/23 Financial Year**

**Purpose:**

Further to a request from Daniel Phillips Audit Manager that I send a letter detailing the progress against audit findings from the last two financial years (i.e. 2021/2022 and 2022/2023) the purpose of this letter is to provide you with an update on those items that were either not completed from the 2021/2022 interim audit or raised with Council further to the 2022/2023 interim audit.

**Background:**

1. **Action Plan** - Council staff have prepared and are continuing to implement an action plan to address the items identified in the Management Reports.
2. **Legislation** - Aligned with recent legislation, reports have been presented to the Audit and Risk Committee providing regular updates against these action plans.
3. **Audit and Risk Committee Report** – The last update on Council's progress in implementing the continuous improvement recommendations from you as Council's external auditors was presented at the February 2024 meeting.

**Proposal:**

1. **Interim Management Report May 2022 Management Response** - Attachment 1 also shows the progress against risks that were not complete at the time of the Interim Management Report from May 2023, noting that the status of all risks is as follows:



- **Completed (9 Risks)** - Including User access levels – payroll masterfile, general journal review, asset revaluation reserve adjusting entry, internal financial controls self-



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assessment, user access levels – segregation of duties, payroll and accounts payable back up duties, payroll procedure, procurement exemption register and Library books accounting treatment.

- **Partially Complete/Ongoing (5 Risks)** - Including internal plant hire and full cost attribution, policy register, grants register, Riddoch Art Collection - Curatorial and Preservation Policy and, and leases and licenses register.

**2. Interim Audit Management Report June 2023 Management Response** - Attachment 1 shows the following (including updates for items requested by the External Auditors):



- **Completed (2 Risks)** - Infrastructure Asset Valuation, and procurement policy.
- **Partially Complete/Ongoing (2 Risks)** - Caroline landfill post closure provision and leases/licenses.

If you have any queries relating to this letter or the attachment please contact me, Jane Fetherstonhaugh or Julie Scoggins.

Kind Regards

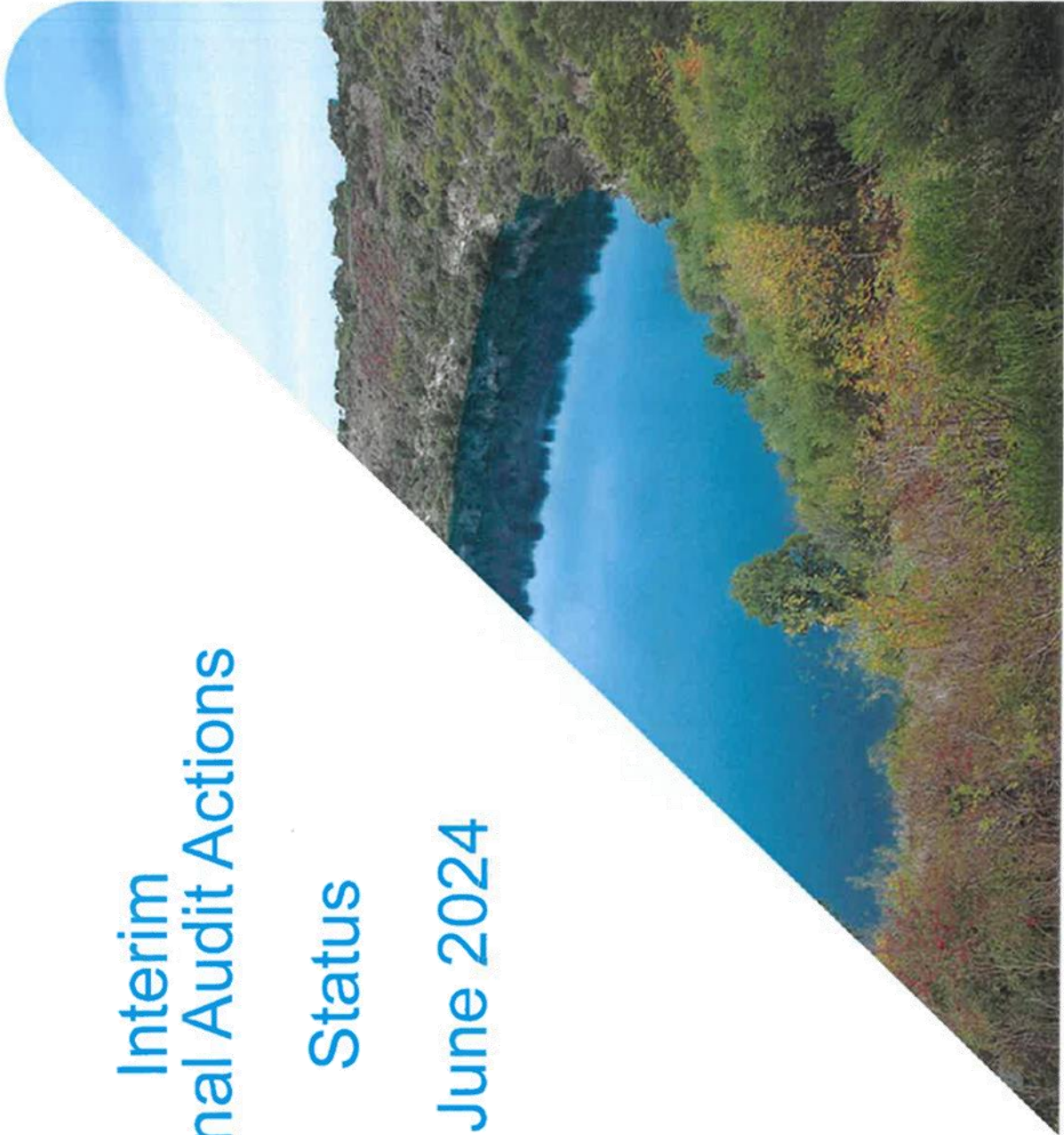
  
**Sarah PHILPOTT**  
Chief Executive Officer

# Interim External Audit Actions

Status

June 2024

City of  
Mount Gambier





# ORGANISATIONAL OVERVIEW

## External Audit Actions

### Interim Audit 2021/2022



**03**  
PARTIALLY  
COMPLETE

**00**  
AT RISK





**09**  
COMPLETED

**02**  
ONGOING

**00**  
NOT  
STARTED



## External Audit 2022 - Previous Actions Status

Ref	Description	Date	Status	Progress Update
2022.1.6	Internal Plant Hire rates and the Full Cost Attribution (FCA)	5 May 2022		<p><b>Initial Review</b> - Galpins undertook a review of methodology for FCA, labour allocations and plant rates.</p> <p><b>New Rates</b> - The new Plant Hire, labour allocation and Full Cost Attribution methodology has been reviewed with the external auditors and is due for review with key stakeholders, ELT and the Audit and Risk Committee.</p>
2022.1.7	Review of Council's policy register.	5 May 2022		<p><b>Ongoing Review</b> - The review and update of Council policies is a priority activity for Council staff. This is a standing agenda item on each Executive (ELT) agenda. Overdue policies and those due for review are reviewed by ELT and the Audit and Risk Committee prior to being taken to Council. Bi-annual reports are taken to the Audit and Risk Committee and regular reports have also been taken to Council.</p> <p><b>Key Policies</b> - Of the policies highlighted the following have been updated or revoked:</p> <ul style="list-style-type: none"> <li>• Fraud and Corruption Prevention Policy</li> <li>• Expiation Notices - Cancellation or Waiver</li> <li>• Waste Management - Receipt of Waste – Caroline Landfill</li> <li>• Asset Management</li> </ul>
2022.1.09	Grants Register	5 May 2022		<ul style="list-style-type: none"> <li>• <b>Schedule</b> - A grants schedule was provided for the interim and balance date audit for FY 2023 and for the interim audit in FY 2024.</li> <li>• <b>Policy</b> - An external grants policy was brought to the ARC meeting in September 2023 and adopted by Council at the September 2023 Council meeting.</li> <li>• <b>Procedures</b> - Supporting administrative procedures are under development.</li> </ul>
2022.1.11	Riddoch Art Collection - Curatorial and Preservation Policy	5 May 2022		<p><b>Policy</b> - to be developed with new Director. To be brought to Audit and Risk Committee in this calendar year.</p>

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# ORGANISATIONAL OVERVIEW

## External Audit Actions

### Interim Audit 2022/2023



**01**  
PARTIALLY  
COMPLETE




**00**  
AT RISK

**02**  
COMPLETED



**01**  
ONGOING

**00**  
NOT  
STARTED

## External Audit 2023 - Previous Actions Status

Ref	Description	Date	Status	Progress Update
2023.1.1	Infrastructure Asset Valuation	May 2023		<p><b>Valuation</b> - A valuation was undertaken as at 30 June 2023 for the major asset classes (roads, footpaths and kerb and guttering). This was reviewed by the external auditors as part of the balance date audit.</p> <p><b>Audit and Risk Committee Review</b> - The unaudited results of the valuation were taken to the Committee prior to the year-end audit.</p> <p><b>Asset Management Plans and LTFP</b> - The valuation and condition rating data has been used to inform the draft Asset Management Plans and LTFP endorsed by Council for public consultation in May 2024.</p> <ul style="list-style-type: none"> <li><b>Financial modelling</b> - has been undertaken working with an external consultant and staff.</li> <li><b>Review</b> - The draft post closure provision is currently being reviewed by senior Council Management prior to a further review and certification to be undertaken by an external engineer.</li> </ul>
2023.1.2	Caroline Landfill – Post Closure Provision Review (landfill liability).	May 2023		
2023.1.3	Procurement Policy – Open tender limited responses and application of exemption from tender process.	May 2023		<ul style="list-style-type: none"> <li><b>Procurement Policy</b> - New policy brought to ARC in November 2023 and adopted by Council in December 2023.</li> <li><b>Exemption Process</b> - Exemption from competitive process updated for when have less than 3 tenders submitted from open tender and have used more select tenders to mitigate this risk</li> <li><b>Procedures</b> - Supporting procedures reviewed and approved by Council's Executive in January 2024 and rolled out across the organisation.</li> </ul>

## External Audit 2023 - Previous Actions

Ref	Description	Date	Status	Progress Update
2023.1.4	Leases & Licenses Register - Review	May 2023		<ul style="list-style-type: none"> <li><b>Audit and Risk Committee</b> - Have requested a bi-annual report be presented detailing progress following the interim audit management letter for 2022/2023.</li> <li><b>April ARC Meeting</b> – A report was presented at the 8 April meeting with the following conclusion   <p><i>Having provided background information on Council's 'strategic approach to property management' this report proposes that the renewal of Council's leases and licences be prioritised, aligned to Council's adopted priorities for strategic site/precinct master planning as proposed for consideration in the coming months.</i></p> <p><i>A further update will be provided to the Audit and Risk Committee on a six-monthly basis as requested.</i></p> </li> </ul>

**NB** - also raised at 2022 Interim audit.



**5.12 REVIEW OF 2024 AUDIT AND RISK PROGRAM – REPORT NO. AR24/36971**

<b>Committee:</b>	<b>Audit and Risk Committee</b>
<b>Meeting Date:</b>	<b>3 June 2024</b>
<b>Report No.:</b>	<b>AR24/36971</b>
<b>CM9 Reference:</b>	<b>AF11/863</b>
<b>Author:</b>	<b>Julie Scoggins, Manager Financial Services</b>
<b>Authoriser:</b>	<b>Jane Fetherstonhaugh, General Manager Corporate and Regulatory Services</b>
<b>Summary:</b>	<b>This report provides an overview of the proposed changes to the 2024 Audit and Risk Committee Work Program that is put before the Committee for review prior to adoption by Council.</b>
<b>Strategic Plan Reference:</b>	<b>Goal 1: Our People</b> <b>Goal 2: Our Location</b> <b>Goal 3: Our Diverse Economy</b> <b>Goal 4: Our Climate, Natural Resources, Arts, Culture and Heritage</b> <b>Goal 5: Our Commitment</b>

**REPORT RECOMMENDATION**

1. That Audit and Risk Committee Report No. AR24/36971 titled 'Review of 2024 Audit and Risk Program' as presented on 03 June 2024 be noted.
2. That the revised work program as reviewed by the Audit and Risk Committee for the calendar year 2024 (attached) be adopted, noting the meeting dates, months and schedule are subject to change, including if an additional meeting is required.





## TYPE OF REPORT

Other

## BACKGROUND

1. **Terms of Reference** - The Audit and Risk Committee (ARC) Terms of Reference was adopted by Council in April 2024, the following sections of the terms of reference are relevant to this report:

- 9.1 **Number of Meetings** - *The Committee have an ordinary meeting at least four times a year at appropriate times in the reporting and audit cycle and otherwise as required.*
- 9.2 **Additional Meetings** - *Shall be convened at the discretion of the Chairperson or at the written request of a Committee member, the CEO or the internal or external auditors.*

The Committee:

- 13.1 **Annual Work Program** - *The Committee must adopt an annual work program.*
2. **Purpose of the Work Program** - The Audit and Risk Committee has a work program that enables responsibilities from the Terms of Reference to be scheduled across the various committee dates.
3. **Legislation** - The attached work program is aligned with Section 126 (4) and (5) of the Local Government Act as shown below effective from 30 November 2023:
  - (4) *The functions of a council audit and risk committee include—*
    - (a) *reviewing annual financial statements to ensure that they present fairly the state of affairs of the council; and*
    - (b) *proposing, and providing information relevant to, a review of the council's strategic management plans or annual business plan; and*
    - (c) *monitoring the responsiveness of the council to recommendations for improvement based on previous audits and risk assessments, including those raised by a council's auditor; and*
    - (d) *proposing, and reviewing, the exercise of powers under section 130A; and*
    - (e) *liaising with the council's auditor in accordance with any requirements prescribed by the regulations; and*
    - (f) *reviewing the adequacy of the accounting, internal control, reporting and other financial management systems and practices of the council on a regular basis; and*
    - (g) —
      - (i) *if the council has an internal audit function—*
        - (A) *providing oversight of planning and scoping of the internal audit work plan; and*
        - (B) *reviewing and commenting on reports provided by the person primarily responsible for the internal audit function at least on a quarterly basis; or*
    - (h) *reviewing and evaluating the effectiveness of policies, systems and procedures established and maintained for the identification, assessment, monitoring, management and review of strategic, financial and operational risks on a regular basis; and*
    - (i) *reviewing any report obtained by the council under section 48(1); and*
    - (j) *performing any other function determined by the council or prescribed by the regulations.*
  - (5) *There must be at least 1 meeting of a council audit and risk committee in each quarter.*



## PROPOSAL

1. Further to review by the Manager Financial Services and the General Manager Corporate and Regulatory Services the attached revised Audit and Risk Committee Work Program has been updated to consider the following:
  - **Internal Audit Program** - Further to the adoption of the Internal Audit Program, the following has now been included in the program: Internal Audit - quarterly reports, progress on internal audits reports, annual review of Internal Audit Program and Internal Audit - CEO Annual Report.
  - **Internal Financial Controls Self-Assessment Update** - This report has been incorporated into the proposed revised work program.
  - **Strategic Risk Register and WHS Update Reporting** - This has been updated to reflect the quarterly reporting cycle of the reporting that is taken to Council's Executive Leadership Team (ELT) and brought to the Audit and Risk Committee.
  - **Budget Reviews** - Reflecting that the Audit and Risk Committee is advised of the draft Budget Review prior to adoption by Council at Audit Committee workshops, the reporting has been removed from the work program (with the exception of Budget Review 3) that is included in the ABP and LTTP.
  - **Half Yearly Reports** - As requested by the Audit and Risk Committee half yearly reports on Council Policies and Leases and Licences have been included in the program.
2. **Number of Meetings** - The meetings scheduled in this report ensure that there are a minimum of four meetings per financial year aligned with the Audit and Risk Committee Terms of Reference.
3. **Revised Dates** - The revised dates of meetings held this year have been included in the revised work program.
4. **Publication of Revised Work Program** - The program will be published on the Audit and Risk Committee's page of Council's website.

## LEGAL IMPLICATIONS

The Audit and Risk Committee is required under S126 of the Local Government Act 1999.

## STRATEGIC PLAN

N/A

## COUNCIL POLICY

N/A

## ECONOMIC IMPLICATIONS

N/A

## ENVIRONMENTAL IMPLICATIONS

N/A

## SOCIAL IMPLICATIONS

N/A

## CULTURAL IMPLICATIONS

N/A



## **RESOURCE IMPLICATIONS**

Sitting fees are included in the annual budget.

Reports for the Audit and Risk Committee are incorporated into staff work plans.

## **VALUE FOR MONEY**

N/A

## **RISK IMPLICATIONS**

There is a risk that some reports identified in the work program may be delay to a different meeting.

## **EQUALITIES AND DIVERSITY IMPLICATIONS**

N/A

## **ENGAGEMENT AND COMMUNICATION STRATEGY**

N/A

## **IMPLEMENTATION STRATEGY**

N/A

## **CONCLUSION AND RECOMMENDATION**

The Draft Revised Audit and Risk Committee Work Program 2024 is sufficiently detailed and flexible to enable the Committee to fulfill its Terms of Reference

## **ATTACHMENTS**

1. Attachment 1 - Proposed Revised Audit and Risk Committee Work Plan June 2024 [↓](#)



**Audit & Risk Committee - Draft Work Program**

Month	January 29-Jan	February 26-Feb	April 8-Apr	June 3-Jun	July 29-Jul	October 28-Oct	November 25-Nov
<b>Recommendations To Council Meeting Dates</b>	<b>February</b>	<b>March</b>	<b>April</b>	<b>June</b>	<b>August</b>	<b>November</b>	<b>December</b>
<b>Financial Reporting &amp; Management:</b>							
Review statutory financial statements							
Comparison of actual performance to budget as at year-end							
Review performance of investments and borrowings							
Audit & Risk Committee self-assessment and annual report							
<b>Internal Controls and Risk Management Systems:</b>							
Internal Financial Controls Self Assessment Update							
Strategic Risk Register							
Review of insurances							
Work Health Safety Update							
<b>Internal Audit:</b>							
Internal Audit - Quarterly Reports							
Progress on internal audits							
Annual review of Internal Audit Program							
Internal Audit - CEO Annual Report							
<b>External Audit:</b>							
Review annual audit plan							
Meeting with auditors to review audit findings							
Review audit management report and management's response							
Review any Mgt Representation Letter before they are signed by management.							
<b>Review of Strategic Management and Business Plans:</b>							
Review Asset Management Plans (Forward Works Program)							
Review Long Term Financial Plan							
Review Annual Business Plan							
Budget Reviews (BR3) - Included in ABP and LTFP							
<b>Policy Reviews:</b>							
Asset Accounting Policy (Annual review)							
Half yearly report - Council Policy Update							
Any other policies as required							
<b>Other:</b>							
Review annual work program							
Review Terms of Reference							
Half Yearly Report - Leases and Licences Update							



**5.13 AUDIT AND RISK COMMITTEE MEETING REPORT – REPORT NO. AR24/29748**

<b>Committee:</b>	<b>Audit and Risk Committee</b>
<b>Meeting Date:</b>	<b>3 June 2024</b>
<b>Report No.:</b>	<b>AR24/29748</b>
<b>CM9 Reference:</b>	<b>AF11/863</b>
<b>Author:</b>	<b>Julie Scoggins, Manager Financial Services</b>
<b>Authoriser:</b>	<b>Jane Fetherstonhaugh, General Manager Corporate and Regulatory Services</b>
<b>Summary:</b>	<b>Further to legislative changes this report provides a report to Council after the Audit and Risk Committee meeting, summarising the work of the committee preceding the meeting and the outcomes of the meeting.</b>
<b>Strategic Plan Reference:</b>	<b>Goal 1: Our People</b> <b>Goal 2: Our Location</b> <b>Goal 3: Our Diverse Economy</b> <b>Goal 4: Our Climate, Natural Resources, Arts, Culture and Heritage</b> <b>Goal 5: Our Commitment</b>

**REPORT RECOMMENDATION**

1. That Audit and Risk Committee Report No. AR24/29748 titled 'Audit and Risk Committee Meeting Report' as presented on 03 June 2024 be noted.





## TYPE OF REPORT

Legislative

## BACKGROUND

1. **Legislation** – Section 126 of the Local Government Act effective from 30 November 2023 requires that the following report is prepared as shown below:

*(8) A council audit and risk committee must— (a) provide a report to the council after each meeting summarising the work of the committee during the period preceding the meeting and the outcomes of the meeting;*

## PROPOSAL

### ***Period Preceding The Meeting:***

3. **Council Member Briefing** - A meeting was held between the Council Member Audit and Risk Committee representative, the General Manager Corporate and Regulatory Services, Manager Financial Services and other report authors to provide a briefing on the reports included in the agenda prior to the meeting
4. **Presiding Member Pre-Meeting** - A meeting was held between the Manager Financial Services and the Presiding Member to discuss the agenda prior to the meeting.

### ***Outcomes of The Meeting:***

5. The outcomes of this meeting will be summarised in the minutes to be adopted by Council.

## LEGAL IMPLICATIONS

Local Government Act Sections 125A, 126 and 41.

Local Government (Financial Management) Regulations 2011

Terms of Reference – Audit and Risk Committee

## STRATEGIC PLAN

N/A

## COUNCIL POLICY

N/A

## ECONOMIC IMPLICATIONS

N/A

## ENVIRONMENTAL IMPLICATIONS

N/A

## SOCIAL IMPLICATIONS

N/A

## CULTURAL IMPLICATIONS

N/A

## RESOURCE IMPLICATIONS

N/A

## VALUE FOR MONEY

N/A



**RISK IMPLICATIONS**

N/A

**EQUALITIES AND DIVERSITY IMPLICATIONS**

N/A

**ENGAGEMENT AND COMMUNICATION STRATEGY**

N/A

**IMPLEMENTATION STRATEGY**

N/A

**CONCLUSION AND RECOMMENDATION**

The recommendation to Council is that they note the report as presented (in conjunction with the minutes of the meeting).

**ATTACHMENTS**

Nil



**6       MOTIONS WITHOUT NOTICE**

**7       MEETING CLOSE**



**MINUTES OF CITY OF MOUNT GAMBIER  
AUDIT AND RISK COMMITTEE MEETING  
HELD AT THE COUNCIL CHAMBER, CIVIC CENTRE, 10 WATSON TERRACE, MOUNT  
GAMBIER  
ON MONDAY, 8 APRIL 2024 AT 5.30 P.M.**

**PRESENT:** Mr Paul Duka, Mayor Lynette Martin (OAM), Cr Paul Jenner, Mr Alexander Brown (virtual), Ms Belinda Johnson

<b>OFFICERS IN ATTENDANCE:</b>	Chief Executive Officer	- Mrs S Philpott (virtual)
	General Manager Corporate and Regulatory Services	- Mrs J Fetherstonhaugh
	Manager Financial Services	- Mrs J Scoggins
	Manager Governance and Property	- Mr M McCarthy
	Executive Administrator	- Mrs A Pasquazzi

**1 ACKNOWLEDGEMENT OF COUNTRY**

**WE ACKNOWLEDGE THE BOANDIK PEOPLES AS THE TRADITIONAL CUSTODIANS OF THE LAND WHERE WE MEET TODAY. WE RESPECT THEIR SPIRITUAL RELATIONSHIP WITH THE LAND AND RECOGNISE THE DEEP FEELINGS OF ATTACHMENT OUR FIRST NATIONS PEOPLES HAVE WITH THE LAND.**

**2 APOLOGY(IES)**

Nil

**3 CONFIRMATION OF MINUTES**

**COMMITTEE RESOLUTION**

Moved: Belinda Johnson  
Seconded: Alexander Brown

That the minutes of the Audit and Risk Committee meeting held on 26 February 2024 be confirmed as an accurate record of the proceedings of the meeting.

**CARRIED**

**4 QUESTIONS WITHOUT NOTICE**

Nil



## 5 REPORTS

### 5.1 LEASE AND LICENCE UPDATE

#### COMMITTEE RESOLUTION

Moved: Alexander Brown

Seconded: Mayor Lynette Martin

1. That Audit and Risk Committee Report No. AR24/5611 titled 'Lease and Licence Update' as presented on 08 April 2024 be noted.
2. That Council's resolved position of '*a strategic approach to property management issues guided by a Sport, Recreation and Open Space Plan and associated site/precinct/property category master plans including Tourism Assets Master Plan and Blue Lake Sports Park Master Plan*', be noted.
3. That the renewal of 'holding over' leases and licences occur, following Council's prioritisation of strategic site/precinct master planning to be conducted over the coming years, and taking into account other relevant factors, be noted.

**CARRIED**

### 5.2 COUNCIL POLICY UPDATE

#### COMMITTEE RESOLUTION

Moved: Cr Paul Jenner

Seconded: Alexander Brown

1. That Audit and Risk Committee Report No. AR24/19583 titled 'Council Policy Update' as presented on 08 April 2024 be noted.
2. That the Council Administration conduct periodical reviews of Council policies to ensure compliance with legislative requirements, with the aim of presenting for consideration any other policies to Council at least once during the Council term.

**CARRIED**

### 5.3 FINANCING ARRANGEMENTS

#### COMMITTEE RESOLUTION

Moved: Mayor Lynette Martin

Seconded: Paul Duka

1. That Audit and Risk Committee Report No. AR24/18649 titled 'Financing Arrangements' as presented on 08 April 2024 be noted.
2. That having been reviewed by the Audit and Risk Committee on 08 April 2024:
  - The Council's Westpac Corporate Card Facility limit of \$30,000 be noted.
  - Council approve the extension of the Westpac overdraft facility to \$400,000 and notes that the overdraft provides Council with a cost effective contingency against unforeseen events.





- The Westpac Corporate Card Facility limit and overdraft facility be reviewed and included in the Council's investments and borrowings report presented to the Audit and Risk Committee annually.

**CARRIED**

#### **5.4 REVIEW OF AUDIT AND RISK COMMITTEE TERMS OF REFERENCE**

##### **COMMITTEE RESOLUTION**

Moved: Alexander Brown

Seconded: Belinda Johnson

1. That Audit and Risk Committee Report No. AR23/76969 titled 'Review of Audit and Risk Committee Terms of Reference' as presented on 08 April 2024 be noted.
2. That having been reviewed by the Audit and Risk Committee on 08 April 2024:
  - The General Manager Corporate and Regulatory Services, in liaison with the Presiding Member, be authorised to make any minor amendments to the draft Audit and Risk Committee Terms of Reference that the Committee identifies, with the finalised document presented for endorsement by Council.

**CARRIED**

#### **5.5 AUDIT AND RISK COMMITTEE MEETING REPORT 26/02/24**

##### **COMMITTEE RESOLUTION**

Moved: Mayor Lynette Martin

Seconded: Cr Paul Jenner

1. That Audit and Risk Committee Report No. AR24/24108 titled 'Audit and Risk Committee Meeting Report 26/02/24' as presented on 08 April 2024 be noted.

**CARRIED**

#### **6 MOTIONS WITHOUT NOTICE**

Nil

#### **7 MEETING CLOSE**

**The Meeting closed at 6:36 pm.**

**The minutes of this meeting were confirmed at the Audit and Risk Committee held on 27 May 2024.**

.....  
**PRESIDING MEMBER**

