

# AGENDA

## Audit and Risk Committee Wednesday 4 June 2025



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

**Time:** 5:30 pm  
**Date:** Wednesday 4 June 2025  
**Location:** Level 1 Conference Room - Civic Centre  
10 Watson Terrace, Mount Gambier



Sarah Philpott  
**CHIEF EXECUTIVE OFFICER**  
30 May 2025

## **Order of Business**

<b>1 Acknowledgement of Country.....</b>	<b>3</b>
<b>2 Apologies .....</b>	<b>3</b>
<b>3 Confirmation of Minutes .....</b>	<b>3</b>
3.1 Confirmation of Minutes .....	3
<b>4 Questions without Notice .....</b>	<b>3</b>
<b>5 Reports .....</b>	<b>3</b>
5.1 Draft 2025/2026 Annual Business Plan and Budget .....	3
5.2 Draft Long Term Financial Plan for Public Consultation .....	88
5.3 Asset Management Planning Approach .....	132
5.4 Risk Appetite Statement.....	139
5.5 2024/2025 External Audit Interim Management Report .....	181
5.6 Quarterly Internal Audit Update.....	188
5.7 Internal Audit Procurement and Contract Management.....	202
5.8 Work Health Safety (WHS) and Wellbeing Quarterly Report - January - March 2025....	251
5.9 Audit and Risk Committee Meeting Report .....	276
<b>6 Urgent Motions without Notice.....</b>	<b>278</b>
<b>7 Confidential Items.....</b>	<b>278</b>
7.1 New Confidential Items - Nil .....	278
<b>8 Meeting Close .....</b>	<b>279</b>
<b>9 Attachment - Previous Committee Minutes .....</b>	<b>279</b>

**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 APOLOGIES**

Nil

**3 CONFIRMATION OF MINUTES**

**3.1 CONFIRMATION OF MINUTES**

**RECOMMENDATION**

That the minutes of the Audit and Risk Committee Meeting held on 2 April 2025 be confirmed as an accurate record of the proceedings of the meeting.

**4 QUESTIONS WITHOUT NOTICE**

**5 REPORTS**

**5.1 DRAFT 2025/2026 ANNUAL BUSINESS PLAN AND BUDGET**

Author: Kahli Rolton, Manager Financial Services

Authoriser: Sarah Philpott, Chief Executive Officer

**RECOMMENDATION**

1. That the Audit and Risk Committee report titled 'Draft 2025/2026 Annual Business Plan and Budget' as presented on Wednesday 4 June 2025 be noted.
2. That the Audit and Risk Committee feedback on Council's Draft 2025/2026 Annual Business Plan and Budget 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 to be held on the 17 June 2025 for consideration of the adoption of the Draft 2025/2026 Annual Business Plan and Budget.

**PURPOSE**

To present the 2025/2026 Draft Annual Business Plan and Budget for the Audit and Risk Committee review and feedback.

**TERMS OF REFERENCE**

The role of the Audit and Risk Committee specifically details review of strategic management plans and business plans under section 12.6.

*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.*

## **RELEVANT LEGISLATION**

Sec 123 Local Government Act 1999

Sec(s) 6 and 7 of the Local Government (Financial Management) Regulations 2011

## **BACKGROUND / OPTIONS**

### **Background and Context**

This year a new format has been introduced to enhance engagement with readers and improve transparency. Following the release of Government Advice by Essential Services Commission of South Australia (ESCOSA) in February 2025, a section responding to recommendations advised has been incorporated.

The Draft 2025/2026 Annual Business Plan and Budget outlines Council's service delivery priorities, strategic projects, and financial commitments for the year ahead. Although in its second year, this is the first budget that Council's Strategic Plan 2024-2028 is aligned with.

This plan has been developed with regard to Council's Long Term Financial Plan and Asset Management Plans and is the third business plan prepared for the current Council term. It also serves as a key operational and financial planning tool to deliver both statutory services and discretionary services based on community needs and aspirations.

Council's 2025/2026 budgeted expenditure is \$52.2 million, covering both operational delivery and capital works, with a continued focus on asset renewal to avoid deferring liabilities to future generations. All new capital projects were assessed using a prioritisation framework considering safety, urgency, compliance, value for money, and community impact.

### **Development of the Plan**

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 workshops held between March and May 2025. 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.

### **Key Budget Influences**

The development of the Draft Annual Business Plan considered both internal performance and external environmental factors:

- Post-COVID recovery continues to affect materials pricing, labour availability, and project timelines.
- Inflation and under-indexed rates in past years have required recent adjustments to bring Council onto a financially sustainable path by 2026/2027.
- Waste service costs are rising above CPI due to increased contract and landfill expenses. A 10.61% increase in the service charge is proposed to reflect a truer cost of service delivery.
- Organisational capacity needs require modest resource growth (e.g., 2 FTEs or equivalent consultants) to enable strategic project delivery.

- Electricity and energy contracts are being revised to leverage green power opportunities and improve long-term financial outcomes.
- Asset renewal programs are informed by increasingly detailed condition assessments.
- Council is undertaking a Rating Review, with implementation anticipated for 2026/2027.

### **Key Initiatives and Highlights for 2025/2026**

#### Capital and Strategic Projects

- Blue Lake Solar Lighting Renewal: Commencing a two-year upgrade program with potential co-funding opportunities.
- Civic Centre Renewal: Roof and lift replacement in partnership with Country Arts SA.
- CBD Master Planning and Activation: Completion of master plan and funding to implement short-term activation actions.
- Road Infrastructure: Reconstruction of Lake Terrace East and Wireless Road West (Roads to Recovery funding), and Davison Drive (subject to Special Local Roads Funding).
- James Street Public Toilets: Renewal in line with asset planning.
- Shared Path Extension: Rail Trail extension to O'Leary Road in line with the Shared Path Master Plan.
- Master Planning for Open Spaces: Planning for Umpherston Sinkhole/Balumbul, with future work proposed for Vansittart Park, Olympic Park, and Hastings Cunningham Reserve.
- Wulanda Recreation and Convention Centre: Continued activation, including capital upgrades to AV systems.

#### Strategic Work Plan – Unlocking Projects

- Asset Management Planning
  - New asset classes
  - Draft Asset Management Plans
  - Condition assessments and service levels
- Business Systems and Infrastructure
  - Civica Altitude transition
  - SaaS implementation
  - Enterprise Records Management upgrade
- Workforce Planning Framework
  - Strategic service and workforce review
  - Organisational Workforce Plan

#### Other Key Initiatives

- Visitor Servicing Model: Transition continues with community activation of Lady Nelson site and further planning for the Umpherston/Balumbul site.
- Waste and Resource Recovery Master Plan: Nearing finalisation.
- Rating Review: Consultation and strategy development during 2025/2026.

### **Rates**

Rates revenue is critical to Council's financial sustainability, accounting for approximately 63% of total income. Council's approach to rating is underpinned by sound financial management principles, asset stewardship responsibilities, legislative obligations, and the equitable provision of services and infrastructure across the city. Every resident benefits from Council's investment in the local economy, infrastructure, parks, libraries, and other community amenities.

For 2025/2026:

- A general rate revenue increase of 8.18% (excluding growth) is proposed.

- A waste service charge increase of 10.61% is proposed to reflect inflationary pressures and better align service charges with actual service delivery costs.

Council plans to raise \$26.801 million from general rates (excluding the Regional Landscape Levy and service charges).

The City's average residential rates remain below the state rural average, although this needs to be considered against the community's relative socio-economic disadvantage (SEIFA Index) and separate Waste Service Charge.

### Rating Policies

Minor amendments are suggested for the Rating Policies attached to the Annual Business Plan and Budget as follows.

R105 Rating policy –

- Inclusion of consideration of Local Government Advice from ESCOSA
- Removal of site value as a method used to value land in accordance with the Local Government Act
- Expansion of rationale for the application of differential rating

R155 Rate Rebate Policy –

- Refined clarity in regards to discretionary rebates in alignment with the Local Government Act.
- Removed rate relief options as clarification is already provided in the R105 Rating Policy. This was a duplication.

### IMPLICATIONS TO CONSIDER

<b>Legal</b>	The consultation process and subsequent adoption are aligned with statutory obligations.
<b>Financial and Budget</b>	The draft budget is consistent with the Long Term Financial Plan and provides for sustainable service delivery.
<b>Community Consultation and Engagement</b>	A detailed consultation approach will ensure inclusive and transparent engagement.
<b>Other Resources</b>	Additional FTEs, consultant support and unlocking projects are incorporated into the plan to ensure effective delivery.

### RISK ANALYSIS

The risk identification and categorisation relies on the City of Mount Gambier [Risk Management Policy](#).

<b>Risk</b>	<b>Consequence Rating</b>	<b>Risk Likelihood Rating</b>	<b>Risk Rating</b>	<b>Mitigation</b>
<b>Finance -</b> Inadequate revenue to deliver planned services	Major (4)	Unlikely (2)	Moderate	Step increases, service reviews, grant pursuit
<b>Reputation -</b> Community dissatisfaction with service levels or rates	Moderate (3)	Possible (3)	Moderate	Clear communication, transparent process
<b>Legal / Regulatory</b> / Policy Non-compliance with	Moderate (3)	Unlikely (2)	Moderate	Compliance monitored through

statutory requirements				governance practices
<b>Service Delivery</b> - Inability to meet service expectations>	Moderate (3)	Possible (3)	Moderate	Strategic workforce planning and unlocking projects
<b>People</b> -Staff capacity limitations	Moderate (3)	Possible (3)	Moderate	Resourcing provisions and contractor support
<b>Infrastructure</b> - Asset failure due to underinvestment	Major (4)	Unlikely (2)	Moderate	Prioritised renewal and condition monitoring

## APPLICATION OF STRATEGIC PLAN

This report aligns to the following strategic objectives(s):

Priority 6: Excellence in Leadership and Governance

- 6.1 Ensure Elected Council Members are meeting their civic obligations and making informed, strategic decisions in the best interests of the community.
- 6.2 Ensure compliance with legislative obligations and apply best-practice governance to strengthen risk management, accountability and transparency, fostering trust within the community.

## RELEVANT COUNCIL POLICY

[Asset Accounting](#)  
[Budget Policy - B300](#)  
[Community Consultation and Engagement - P195](#)  
[Rates - Rate Rebate - R155](#)  
[Rates - Rating - R105](#)  
[Treasury Management - T150](#)

## IMPLEMENTATION AND NEXT STEPS

Community consultation will conclude **17 June 2025**, in accordance with the Local Government Act 1999 and Councils Community Consultation and Engagement Policy. The community is encouraged to provide feedback through the following channels:

- **Have Your Say** website (interactive Q&A and submissions)
- **In-person copies** at the Mount Gambier Library and Civic Centre Customer Service
- **Budget Information Sessions** at the Mount Gambier Library:
  - Tuesday 10 June 2025 at 12 noon
  - Wednesday 11 June 2025 at 5.30 p.m.
- **Public Meeting:** Special Council Meeting on **Tuesday 17 June 2025 at 5:00pm** to hear submissions

Community input is invited across all sections of the Draft Plan, although legislative and regulatory components remain fixed.

A Special Meeting for the Final adoption of the Annual Business Plan and Budget is scheduled for **24 June 2025**, following consultation.

## CONCLUSION

The Draft **2025/2026 Annual Business Plan and Budget** represents a balanced, strategic approach to delivering community outcomes, maintaining services, and ensuring financial sustainability. It reflects Council's commitment to strong governance and long-term planning.

#### **ATTACHMENTS**

1. DRAFT 2025 2026 Business Plan and Budget [**5.1.1** - 79 pages]



City of  
Mount Gambier

Draft  
2025/2026  
**Business Plan  
and Budget**

## Contents

<b>A message from the Mayor .....</b>	<b>4</b>
<b>Our City .....</b>	<b>5</b>
<b>Overview</b>	
Key budget influences .....	6
Highlights .....	8
Where our funding comes from .....	11
How funding is allocated .....	11
Operating expenditure by function .....	12
<b>Our Strategic Framework</b>	<b>14</b>
Environment and Liveability .....	17
Learning and Innovation .....	18
Infrastructure and Services .....	19
Economic and Business Growth .....	21
A Vibrant Community .....	22
Excellence in Leadership and Governance ....	23
<b>Our Organisation</b>	
Office of the CEO .....	25
Corporate and Regulatory Services .....	26
City Infrastructure .....	27
People, Place and Liveability .....	28
Capital Works and Projects .....	29
<b>Our Budget .....</b>	<b>32</b>
<b>Appendices</b>	
Financial Statements .....	44
Rating policies .....	49

City of Mount Gambier acknowledges the Boandik people 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 people have with the land and water.



## A message from the Mayor



The draft 2025/2026 Annual Business Plan and Budget outlines Council's priorities, services, programs, projects, and financial commitments for the upcoming year. This document has been shaped by many factors, including community aspirations from the Mount Gambier 2035 Community Vision, strategic goals set out in the 2024–2028 Strategic Plan, and financial guidelines outlined in the Long Term Financial Plan (LTFP). Additionally, our Asset Management Plans (AMPs) have influenced decisions to ensure our infrastructure and services remain sustainable for the future.

Budgeting is always about balance, and this year we approached the process with careful restraint. We took into consideration the recommendations from the Essential Services Commission of South Australia (ESCOSA), issued in March 2025, while thoroughly reviewing our operational and capital budgets.

Through a series of collaborative workshops with Council staff and Elected Members, we examined fees, charges, and project allocations - prioritising essential needs and postponing non-essential spending.

Now, we want to hear from you, our community members. I encourage you to review the draft Annual Business Plan and Budget and share your thoughts at [www.haveyoursaymountgambier.sa.gov.au](http://www.haveyoursaymountgambier.sa.gov.au)

A handwritten signature in dark ink that reads "Lynette Martin". The signature is fluid and cursive, written over a large, faint, light-grey watermark that says "DRAFT" diagonally across the page.

Lynette Martin OAM  
MAYOR

## Our City

**27,888**

Population  
ABS ERP 2024

**33.88 km<sup>2</sup>**

Total land  
area

**\$1.75b**

Gross Regional  
Product

**2,105**

Local  
businesses

**41**

Median resident  
age

**\$TBC**

Average  
residential rates

**156.15 FTE**

Council  
employees  
(excl. casuals)

**\$445.6m**

2023/2024  
total asset  
value

**8.18%\***

Rate revenue  
increase (excl.  
growth)

### Sources:

i.d (informed decisions), NEMA.

\*Proposed

The draft Business Plan and Budget sets out Council's priorities, services, programs and projects for 2025/2026. Although in its second year, this is the first budget aligned with the 2024-2028 Strategic Plan since its adoption and details what Council plans to provide to the community for the year ahead, including measures for success.

Reflecting the aspirations, priorities and values articulated in the Community Vision, Mount Gambier 2035, the Strategic Plan 2024–2028 will guide Council's work to deliver on its vision and purpose throughout the next four years. The Business Plan and Budget is an important part of the City of Mount Gambier's suite of strategic planning documents. Informed by Council's Strategic Plan and Long Term Financial Plan, the Business Plan and Budget serves as the key annual operational and financial document. It is the third business plan and budget for this council term, as we contribute to delivery of the community's vision.

Council provides a wide range of services to the community, some mandated under legislation, such as the *Local Government Act 1999* and others on the basis of community need or expectation. The program of services provided by Council are presented in this plan per portfolio and business unit and include capital and strategic projects. The financial information which underpins this plan is provided at the end of this document.

Our budgeted expenditure of \$52.2 million across operating and capital budgets focuses on maintaining service delivery. Renewal capital projects are first priority to ensure investment in existing assets are sustained and do not burden future generations of ratepayers, and new capital projects are based on priority ranking criteria that consider an array of attributes including value for money, complexity, urgency, compliance and safety.

#### Key budget influences

**In the development of the plan we have undertaken a review of our internal environment and broader external environment that includes social, environment, economic and planning elements.**

Following historical financial pressures associated with rates below inflation and the COVID-19 pandemic, 2025/2026 focuses on maintaining the long-term sustainability within current targets. This review identifies key issues that help provide the context for the development of this plan.

- Ongoing supply chain and financial impacts following COVID-19 and other world events continue to influence the availability and cost of materials and resources to deliver the capital works program. If these trends continue, additional contingencies may be required to fund the capital program included in this Annual Business Plan and Budget.
- Unplanned impacts of underground services continue to influence time, cost and resource requirements to deliver the capital works program.
- 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.
- The Limestone Coast Regional Plan has been released, providing a comprehensive long term strategic framework for land use and infrastructure development in the region. This plan outlines a long-term vision for sustainable growth, identifying key areas for housing, employment, and infrastructure needs over the next 15 to 30 years.

Significant concerns regarding the provision of infrastructure, such as sewer and water, including existing older infrastructure and limited capacity, pose challenges to the region's development. These challenges may influence the slowing of development across the city, resulting in the inability to meet growth identified in the regional plan. A conservative approach to anticipated income from development is required until concerns are addressed. The Council is actively advocating for, and engaging with key stakeholders to address these challenges to ensure sustainable development for the City of Mount Gambier and the broader region.

- Global influences, political shifts, the introduction of Artificial Intelligence (AI) and supply change logistics will also significantly influence opportunities and risks associated with regional growth, noting the South Australian Government currently has a clear priority to identify changes to enable and facilitate increasing the housing supply, and where Council's role in the regulation of housing development is reduced.
- In previous years rating did not keep up with inflation and whilst an increase was proposed to be smoothed across three years for 2023/2024 financial year, rating was below actual CPI. A large step-increase was applied in 2024/2025 to create organisational capacity and achieve financial targets by 2026/2027 financial year.

City of Mount Gambier's average residential rates remain below the rural state average, however this needs to be reviewed in context to the city's Socio-Economic Index for Areas (SEIFA) Australia. Further, councils apply service charges uniquely so it can be difficult to compare.

- A review was undertaken on the cost of providing waste services to the community. Due to inflationary pressures that have impacted both operating and capital costs, an increase above CPI for 2025/2026 is required. However, it should be noted the increase is lower than the proposed forecast increase from the Long Term Financial Plan.

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. An increase to the waste service charge of 10.61% will ensure that Council is able to cover the cost of service and also charge at a level that is more consistent with other SA councils. Noting this is less than the forecast increase of 20% in the Long Term Financial Plan adopted in June 2024.

- Council is currently undertaking a rating review. While work has started on the review, community consultation and finalisation of strategies will be undertaken during 2025/2026 financial year. It is anticipated that the first year of implementation will be 2026/2027.
- Council has not increased its budget to reflect community growth and the rising cost of existing services in prior years. The step-increase included in the 2024/2025 budget and additional proposed step-increase for 2025/2026 addresses this.
- The budget has incorporated the pressures from previous year's high inflation impacting on major valuations, and increases in goods and services. Recent easing of cost pressures on electricity and fuel have been conservatively applied as they are subject to influences outside of Council's control. Council has recently engaged specialist consultants to review electricity contracts to advantage Council's green power with a desired outcome to

reduce Council's overall electricity and potential for an increased revenue source. 2025/2026 will be the first year of implementation of a new contract and will be used as a base to determine impacts on future budgets.

- Council continues to invest in detailed condition assessments to refine our capital renewal program for infrastructure and buildings. These adjustments are aimed at maintaining assets to a standard that meets both legislative requirements and community expectations.
- To meet financial targets while responding to community needs and strengthening the organisation's capacity to deliver services efficiently and effectively, additional capacity is required. The adopted budget includes provision for:
  - Unlocking projects (as per the Strategic Work Plan and detailed in the key assumptions section).
  - Resource capacity (either in the form of two FTEs or contractors/consultants).
  - CBD planning and activation.
  - Strategic work plan delivery (beyond those projects already identified).
- These investments are essential to build the organisational capability necessary to support long-term service delivery and strategic outcomes.

### Highlights

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

Key highlights in the 2025/2026 budget include:

#### **Blue Lake /Warwar lighting**

Council intends to undertake needed capital renewal works to the Blue Lake/Warwar solar lighting over a period of two years starting 2025/2026 financial year. Council will seek funding opportunity to assist.

#### **Civic Centre**

Council intends to undertake required capital renewal works to the Civic Centre roofing and complete the lift replacement. These projects are in partnership with Country Arts South Australia.

#### **Central Business District (CBD)**

Council undertook community consultation with PlaceScore in 2024/2025 financial year to provide evidence-based metrics, strengths, challenges and opportunities for the Mount Gambier CBD. This was the first step toward informing the development of a master plan to guide the future direction for the CBD. Council intends to complete the master plan for the CBD in 2025/2026 financial year.

To further support work started in the 2024/2025 financial year, Council has maintained an allocation to support CBD activation and immediate implementation of actions following finalisation of the master plan.

### **Infrastructure grant funding**

Council will use increased funding from the Roads to Recovery (RTR) initiative to renew existing infrastructure assets, including road reconstruction projects for Lake Terrace East and Wireless Road West. In addition to funding for RTR, Council will use Special Local Road Funding (if successful) for the reconstruction of Davison Drive.

### **James Street public toilet**

Council intends to undertake capital renewal works on the James Street public toilets as part of asset management planning.

### **Shared paths**

The Shared Path Master Plan was developed in 2024 in consultation with the community to improve connectivity and shared pathway networks that can be used by a variety of active transport users. Council intends to maintain its capital investment in new footpaths to meet objectives outlined in the Shared Path Master Plan. In 2025/2026, this investment will be used to extend the Rail Trail to O'Leary Road. Council will seek funding opportunities to assist.

### **Master planning - Sport Recreation and Open Space**

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 with further master planning identified for Vansittart Park, Olympic Park and Hastings Cunningham Reserve in future years.

### **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. These multi-year projects started in 2024/2025 and continue to 2025/2026 where the three projects are expected to deliver the following:

#### **1) Asset management planning approach**

- Establishment of new asset classes for 2025/2026.
- Asset policy framework and supporting procedures and service levels.
- Detailed condition assessments.
- Review rates of asset consumption.
- Draft asset management plans.

#### **2) Business systems and infrastructure**

Creating capacity through the following:

- Upgrade and transition to Civica Authority Altitude and selected support applications.
- Upgrade of Enterprise Records Management System, and
- Transition to a SaaS (software as a service) solution.

#### **3) Workforce planning framework**

Developing organisational knowledge and creating efficiencies through the following:

- Undertake strategic assessment of services.
- Undertake service reviews and workforce analysis.

- Develop organisational workforce plan.

#### **Visitor Servicing Model**

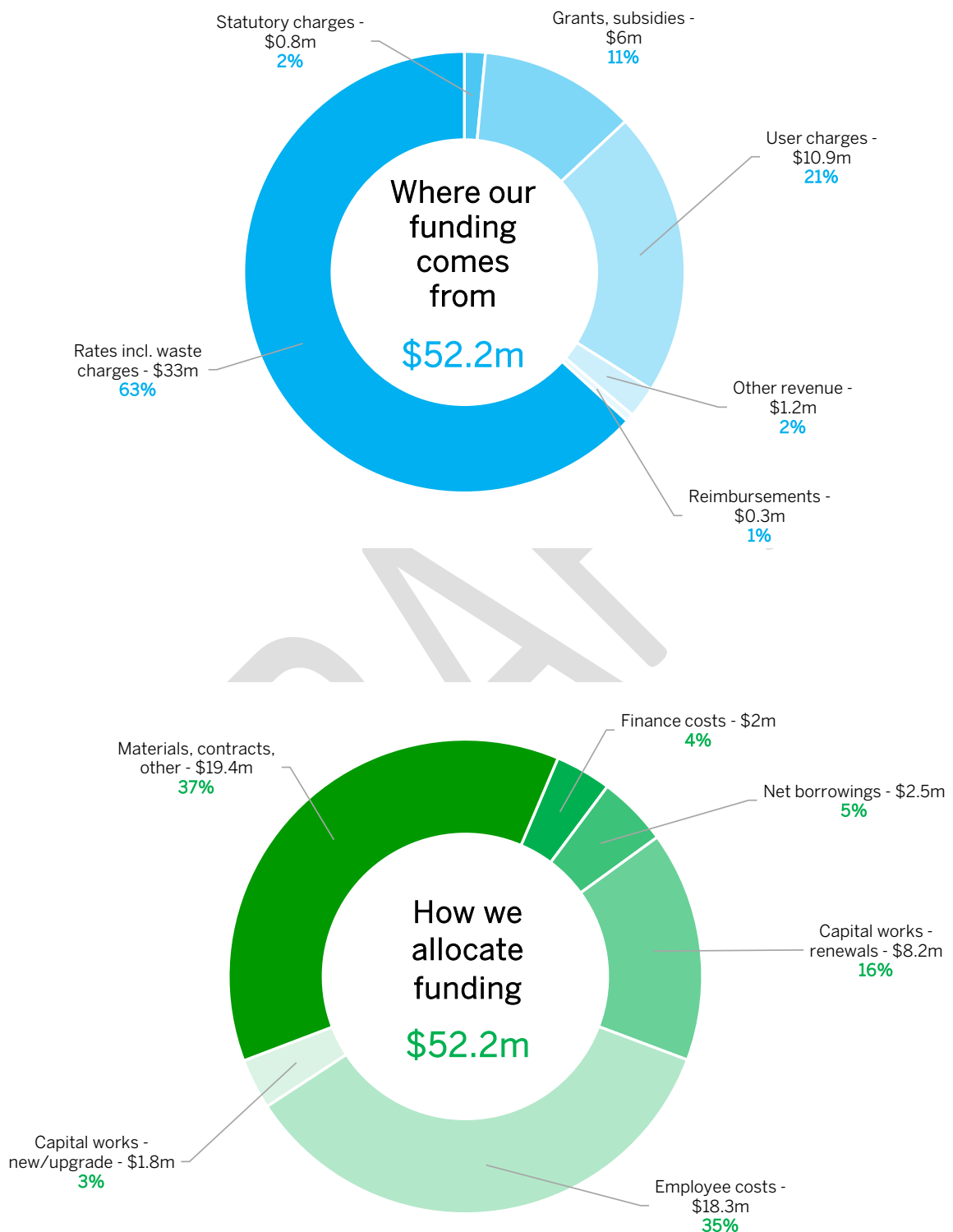
Council continues to transition to a new operating model for visitor servicing which includes a hub and spoke approach. This new approach was launched in 2024/2025 and will continue to be reviewed and phased in throughout 2025/2026 in conjunction with the Expression of Interest for community activation of the current Visitor Information Services, Lady Nelson site and completion of master planning for the Umpherston/Balumbul site.

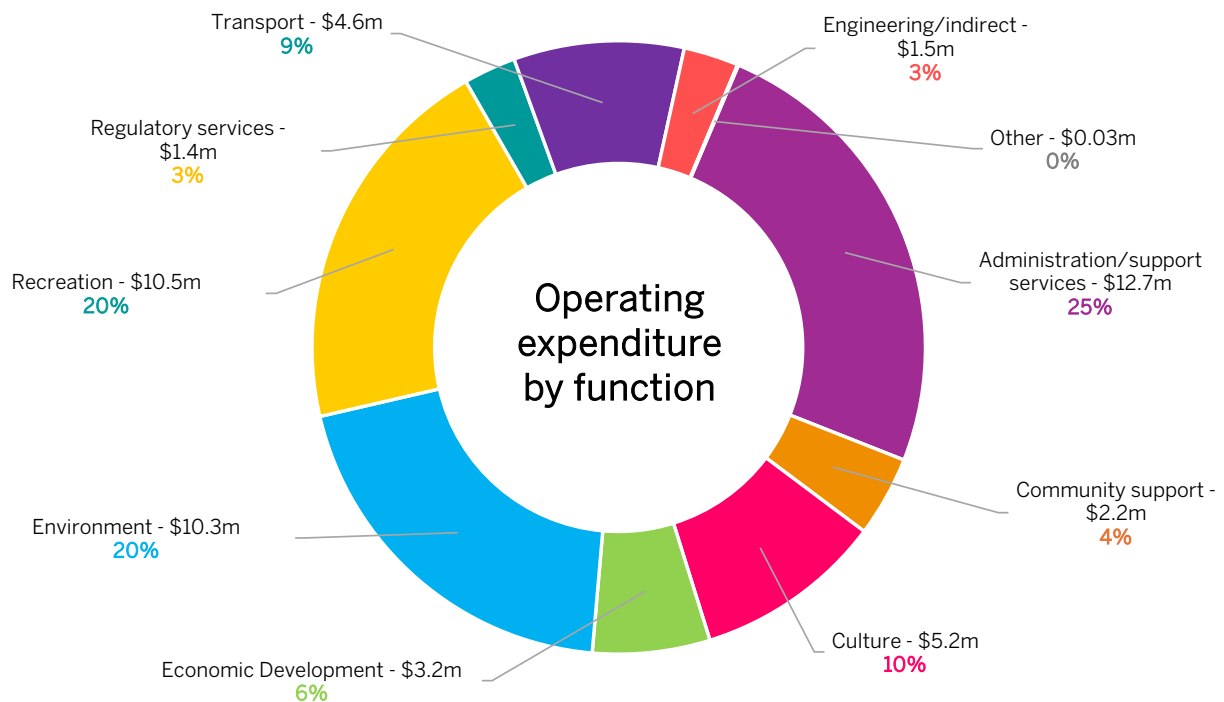
#### **Waste and Resource Recovery Master Plan**

At the time of preparation of this document, Council is reviewing the draft Waste and Resource Recovery Master Plan in readiness for adoption.

#### **Wulanda Recreation and Convention Centre**

Continued operation and activation of the Wulanda Recreation and Convention Centre. This will increase the ability for Mount Gambier to host major sporting competitions, conferences, events and performances providing significant social and recreational benefits and broader economic opportunities for local business. Council has resolved to include capital improvements to audio visual technologies to enable increased activation.





#### Definitions

**Administration / Support Services** - Governance, Elected Members, organisational, support services, accounting/finance, payroll, human resources, information technology, communication, rates administration, records, occupancy, customer service, other support services, revenues, separate and special rates.

**Community Support** - Public order and safety, crime prevention, emergency services, other fire protection, other public order and safety, health services, pest control – health, immunisation, preventive health services, other health services, community support, senior citizens facilities, children and youth services, community assistance, other community support, community amenities, bus shelters, cemeteries / crematoria, public conveniences, car parking – non-fee-paying and other community amenities.

**Culture** - Library services, other library services, cultural services, cultural venues, heritage, museums and art galleries and other cultural services.

**Economic development** - Regional development, tourism, visitor information and other economic development.

**Environment** - Animal/plant boards, waste management, domestic waste, green waste, recycling, transfer station, other waste management, other environment, stormwater and drainage, street cleaning, street lighting, street-scaping, Natural Resource Management levy, and other environment.

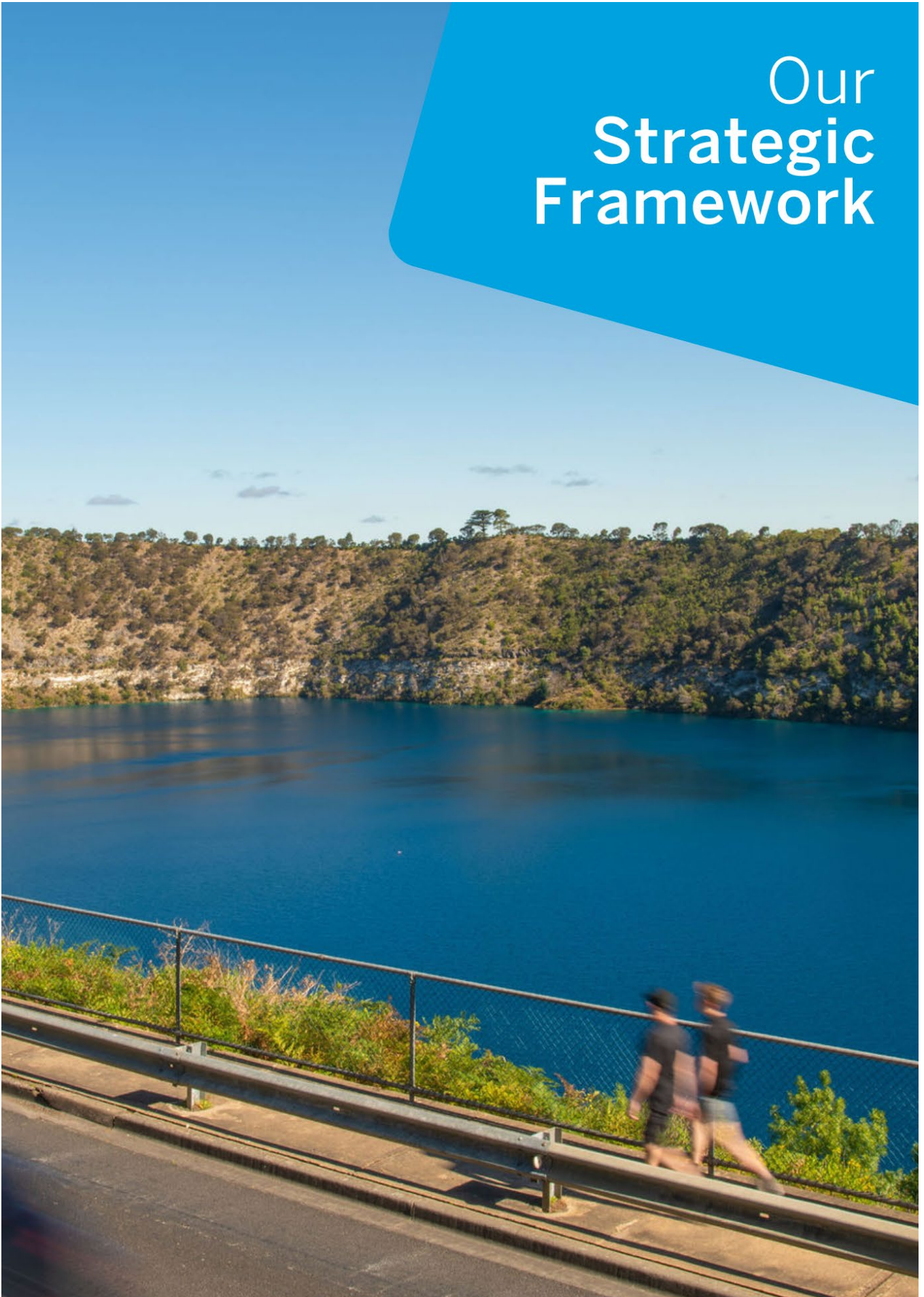
**Recreation** - Parks and gardens, sports facilities – indoor, sports facilities – outdoor, swimming centres – Outdoor, and other recreation.

**Regulatory services** - Dog and cat control, building control, town planning, clean air/pollution control, litter control, health inspection, parking control, and other regulatory services.

**Transport** - Footpaths and kerbing, roads – sealed, roads – formed, roads – natural formed, roads – unformed, traffic management and other transport.

**Engineering / Indirect** - Depot management, indirect and general plant cost not included in other functions.

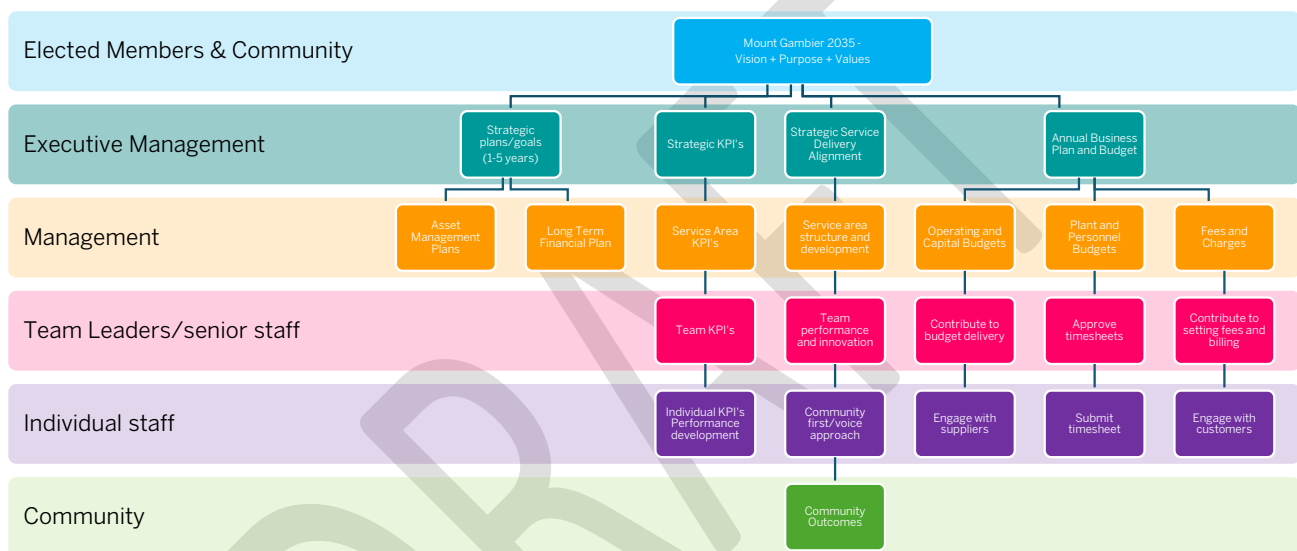
# Our Strategic Framework



Shaping the future of Mount Gambier requires both vision and commitment to long-term planning. As South Australia's largest regional capital, our city plays a pivotal role in driving development and prosperity for the Limestone Coast region.

The 2024-2028 Strategic Plan, adopted in November 2024, focuses on six strategic priorities and responds to what the community told us we should focus on as we work towards the Community Vision, Mount Gambier 2035. It charts a path to achieve our long-term goals, focusing on the environment and liveability, fostering learning and innovation, enhancing infrastructure and services, stimulating economic and business growth and building a vibrant community—all guided by responsible leadership and governance.

### Strategic document hierarchy



### Mount Gambier 2035 – A community vision for our regional capital

*- A volcanic past with a crystal clear future. In 2035, Mount Gambier is a connected hub nestled on the slopes of an ancient volcano; a haven of natural beauty. It is a place of stories, where our community is family, nurtured through growth, opportunity and connection.*

The Mount Gambier community has developed a vision, Mount Gambier 2035, to shape our city's future based on its inherent strengths and shared values. This vision represents a collective agreement on what we want our community to look like in 2035.

The Mount Gambier 2035 Community Vision was developed through extensive community engagement and serves as a foundational document for the Council. It informs our overarching strategic planning and reporting framework, ensuring that all Council activities and decisions are aligned with the community's goals and aspirations. The Council is proud to be the custodian of this community-led vision and is committed to using it as a guiding document for planning and decision-making. This vision informs our strategic plan, which in turn guides all of Council's strategic documents.

## Strategic Plan 2024 - 2028 – Four years

Council's Strategic Plan 2024 – 2028 outlines the overarching goals for the next four years, guiding resource allocation and establishing a framework for measuring and reporting progress.

The plan responds directly to the community's vision, addressing the needs and aspirations of those who live, work, study, or visit Mount Gambier. It reflects the core principles of connection, accessibility and sustainability, which the community has identified as essential to everything we do.

These priorities include the five from the Community Vision – Mount Gambier 2035, along with a sixth priority highlighting Council's commitment to strong, accountable leadership and governance.



### Long Term Financial Plan (LTFP) - 10 year forecast

The 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 Plans. The LTFP is reviewed by Council annually.

### Asset Management Plans – 10 year forecast

Asset Management Plans identify the required future expenditure on infrastructure and funding required to maintain service levels. They are aligned with the LTFP.

DRAFT

## Environment and Liveability

*'We are custodians of the landscape, committed to protecting and preserving our natural environments, creating a liveable city.'*

### What success looks like as we work towards 2028:

- Our environment is protected and restored, with the volcanic landscape, unique aquifer, volcanic soils and ancient heritage preserved as key natural areas of our identity and character.
- Our city is a leader in resource sustainability.
- Our city's green corridors and urban biodiversity are enhanced through sustainable land management and the seamless integration of path networks.

### Strategic Plan key projects to prioritise this year:

- Work with key stakeholder to progress the Vision and Guiding Principles of the Crater Lakes Activation Plan.
- Implementation of agreed actions under our Waste and Resource Recovery Strategy.
- Master planning for our resource recovery and waste management services to ensure best practice for the future.
- Review and update Community Land Management Plans.

### Measures of success for this year:

- Utilise the endorsed vision and guiding principles to progress the Crater Lakes Activation Plan and delivery of supporting implementation plan.
- Reduction in waste to landfill from the previous year.
- Contemporary community land management plans are in situ.



## Learning and Innovation

*'A regional learning hub that fosters innovation and local industries.'*

### What success looks like as we work towards 2028:

- Local businesses and entrepreneurial activities flourish through opportunities for collaboration and development.
- Our city attracts and retains a skilled workforce for regional growth, development and succession planning.
- Our community members are inspired to learn at any age, achieving a holistic and comprehensive approach to personal growth and development.

### Strategic Plan key projects to prioritise this year:

- Implementation of the Mount Gambier Library Strategy 2023 -2027 so that our library fosters curiosity and builds connections that deliver life shaping experiences for all.

### Measures of success for this year:

- Recruit 10 diverse community advocates to participate in a story-sharing campaign that promotes the library as a welcoming and accessible place for all, with the goal of reaching 4,000 community members through social media and public screenings.



## Infrastructure and Services

*A high quality, affordable lifestyle where people are happy, healthy and housed and able to access all available resources.'*

### What success looks like as we work towards 2028:

- Our city is connected through a safe, inclusive and seamless integrated transport network.
- Our quality infrastructure provides equitable access to information, services, activities and facilities.
- Our urban environment is thoughtfully designed to adapt to our diverse and growing city, ensuring access to affordable and varied housing options that meet community needs.
- Our community spaces are inclusive, safe and accessible, promoting active, healthy and connected lifestyles through enhanced open spaces, quality recreation areas and supportive infrastructure.

### Strategic Plan key projects to prioritise this year:

- Progression of the goals and priorities of our Affordable Housing Plan for Mount Gambier.
- Support the Regional Plan for Limestone Coast by guiding city growth, development and amenity needs, while promoting diverse housing options.
- Continue implementation of the goals and priorities outlined in the Sport, Recreation and Open Space Strategy.
- Continue to work with key stakeholders and advocate for funding support for the detailed design and implementation of the Blue Lake Sports Park Master Plan.
- Review and update our asset management planning framework to enhance our Infrastructure and Asset Management Plans ensuring that work programs are well planned and budgeted for delivery.
- Delivery of a refreshed Disability Access and Inclusion Plan underpinning our approach to disability access and inclusion.
- Review and implement renewed by-laws which respond to community needs by 2025.
- Develop and deliver a Property Management Strategy that informs Council's management, acquisition and disposal of community land and property.
- Progression and the implementation of the priorities and actions in the Shared Path Master Plan.
- Implementation of strategies and actions outlined in our Dog and Cat Management Plan.

**Measures of success for this year:**

- Asset Management Plans are fully funded.
- Deliver the adopted capital works program with regular reporting on Council on progress.
- Complete review and implementation of Council's by-laws by 31 December 2025.
- Develop Disability Access and Inclusion Plan (DAIP) and supporting implementation plan.
- Develop and adopt a Leasing and Licensing Policy which sets out Council's position with respect to the management of occupancy arrangements over Council land and facilities.
- Implementation of the shared path from the Rail Trail to O'Leary Road in accordance with the Shared Path Master Plan.
- Implement a subsidised desexing and microchipping program in partnership with the local veterinary community.



## Economic and Business Growth

*'A creative, entrepreneurial mindset that creates a thriving, resilient community.'*

### What success looks like as we work towards 2028:

- Our resilient local economy is supported by diverse industries and employment opportunities, enhanced by connectivity through modern freight networks and efficient transport.
- Our visitor economy thrives through collaboration in sharing our story via immersive experiences with our unique natural and cultural assets.

### Strategic Plan key projects to prioritise this year:

- Work with key stakeholders to create a master plan for Umpherston Sinkhole/Balumbul.
- Implementation of a hub and spoke visitor servicing model.
- Evolve a Retention, Attraction and Investment Framework and platform that promotes Mount Gambier as a key location to live, work, visit and invest.

### Measures of success for this year:

- Develop a master plan for Umpherston Sinkhole/Balumbul.
- Complete a review following 12 months of operation of the tourism hub and spoke model and implement endorsed actions and recommendations.



## A Vibrant Community

*'Events, activities, sport and recreation all contributing to a vibrant city during the day, at night and across the seasons.'*

### What success looks like as we work towards 2028:

- Our CBD and key inner-city spaces are thriving, welcoming, functional and sustainable, fostering a sense of belonging while celebrating our diversity, culture and history.
- We are a city renowned for our social and cultural diversity, creativity and heritage, supporting diverse events and experiences that bring people together and enhance social connection.
- Our city is known as a regional destination for arts and cultural experiences with a community enriched by arts, culture and live entertainment initiatives.

### Strategic Plan key projects to prioritise this year:

- Delivery of a CBD activation and master plan that transforms our CBD into a vibrant hub.
- Implementation a Riddoch Arts and Cultural Centre Strategy.
- Continue to pursue opportunities to reactivate the Mount Gambier Railway Station.
- Pursue community activation of the Lady Nelson site to accommodate the city's creative industries and/or historic collections management.

### Measures of success for this year:

- Develop and adopt a CBD Master plan.
- Strengthen governance of arts and cultural experiences by developing and adopting best-practice policies for Collections, Exhibitions, Retail, and Public Art.
- Enhance the AV infrastructure at Wulanda Recreation and Convention Centre to support live entertainment in our city.



## Excellence in Leadership and Governance

*'We are a professional and innovative Council, valued for our progressive, responsive and sustainable management in delivering meaningful outcomes for the community.'*

### What success looks like as we work towards 2028:

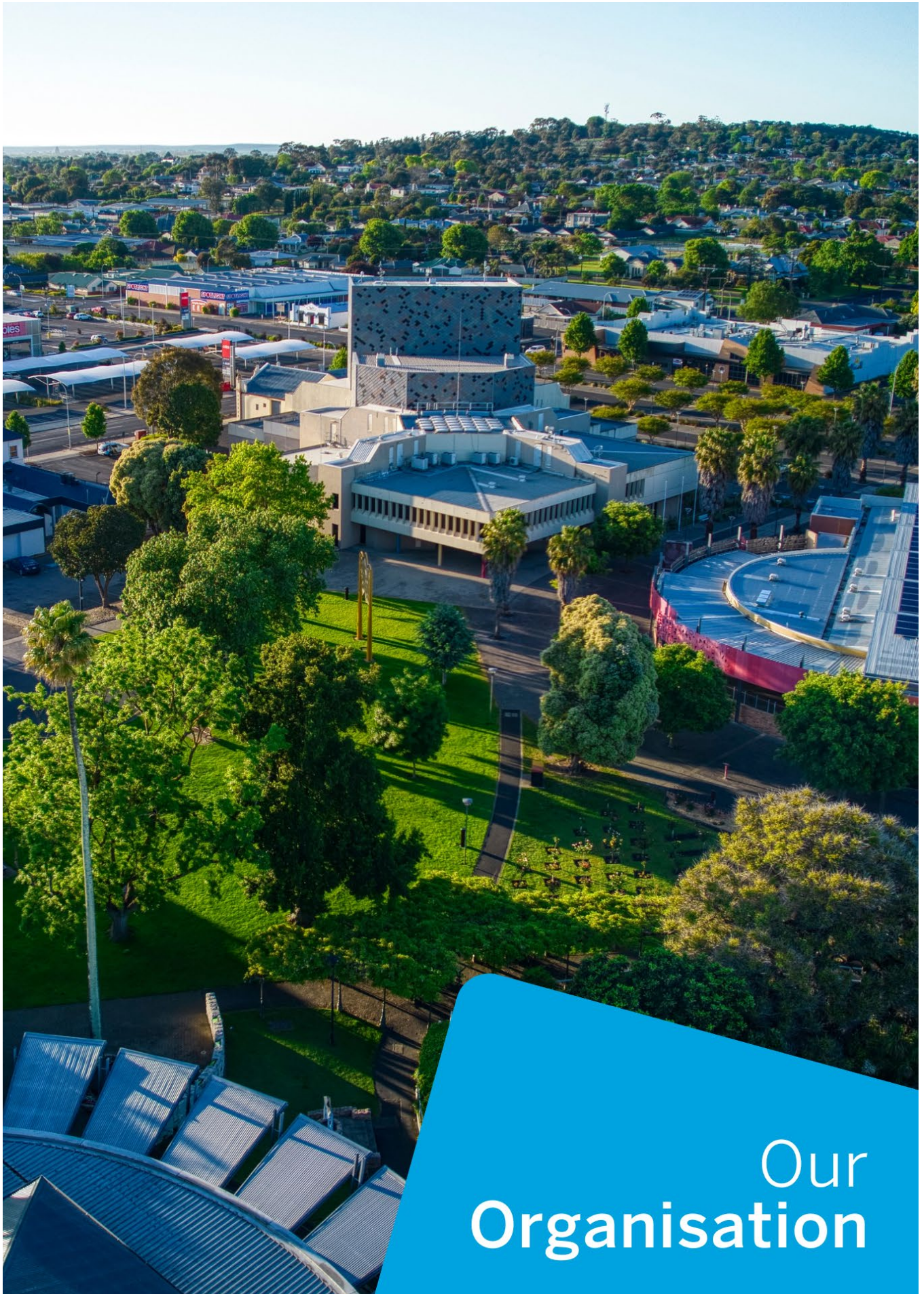
- We are a transparent and accountable organisation that makes informed decisions and demonstrates integrity through effective governance.
- We are a financially responsible organisation delivering sustainable, value-for-money services that meet community needs and uphold the principle of intergenerational equity.
- We care about our people ensuring we support, develop and motivate our workforce to meet community needs with capability and confidence.
- We are easy to do business with, committing to a customer-centric approach that delivers positive experiences and builds trust.

### Strategic Plan key projects to prioritise this year:

- Deliver business systems and infrastructure improvements that support us to deliver our services more efficiently and effectively to the community.
- Develop and implement a workforce planning framework that informs the skill and capability requirements council needs to deliver its services and programs.
- Develop and deliver our next Reconciliation Action Plan in partnership with the Yerkalalpata Community Reference Group.
- Continue to deliver improvements that enhance a 'Safety First' culture in accordance with our Work, Health Safety and Wellbeing Strategy.
- Update Council's Community Consultation and Engagement Policy to align with Local Government Association South Australia and Local Government Act Reforms.
- Continue to develop the leadership capability of our workforce in accordance with the Leadership Capability Framework.
- Continue the implementation of Council's Volunteer Management Plan to support and expand our volunteer workforce.
- Continue the implementation of Council's Media and Communications Strategy.

### Measures of success for this year:

- Develop and adopt a new Advocacy Plan and continue to advocate for community opportunities and challenges.
- Complete business system upgrade of the Enterprise Records Management System and Civica Authority Altitude.
- Implementation of Service Review Framework with at least three comprehensive service reviews completed across the financial year.
- Develop and endorse Workforce Plan.
- Develop and endorse a renewed Reconciliation Action Plan.
- Deliver year two of the Volunteer Management Plan and report progress towards measures of success.



The City of Mount Gambier will deliver the 2025/2026 Business Plan and Budget through our organisational structure, facilities and partnerships. The organisational structure comprises the Office of the Chief Executive Officer (CEO) and three portfolios each containing business units that deliver services and key focus areas supporting the Community, Strategic Plans, and legislative requirements.

#### Office of the Chief Executive Officer

The Office of the Chief Executive Officer (CEO) supports the CEO to lead the City of Mount Gambier in making informed decisions to deliver on Council's priorities and to foster productive partnerships with community, commerce, industry and government entities.

The Office of the CEO is supported by 4.76 FTEs plus an additional two FTEs or contractor equivalents for capacity building that may be reallocated to other portfolios pending priority. Key service functions provided by this portfolio include:

- Oversight and strategic direction,
- Organisational capacity building,
- Advocacy, partnerships and government relationships,
- Communication and media relations,
- Mayor, Elected Member and Council administration and support, and
- Civic protocols and events.

Office of the CEO	Income \$'000	Expense \$'000	TOTAL (net) \$'000
Elected Members	-	(276)	(276)
Organisational	346	(1,065)	(719)
Media and Communications	-	(383)	(383)
<b>Total</b>	<b>346</b>	<b>(1,724)</b>	<b>(1,378)</b>
% of overall budget	<b>1%</b>	<b>3%</b>	

Strategic Work Plan	Operating /Capital	Expense \$'000
Capacity building and resourcing	Operating	(245)
Media and Communications Strategy implementation	Operating	(20)
<b>Total</b>		<b>(265)</b>

## Corporate and Regulatory Services

The Corporate and Regulatory Services portfolio plays a critical role in supporting the efficient, high-quality services and strategic insights that enhance the City of Mount Gambier's organisational capability, while fostering a culture of accountability, transparency and innovation.

The Corporate and Regulatory Services portfolio is supported by 39.17 FTEs. Key service functions provided by this portfolio include:

- Customer service,
- Development and health services,
- General inspectorate,
- Financial services and procurement,
- Corporate governance and risk management,
- Compliance and Freedom of Information,
- Technology infrastructure and records management,
- Human resource management,
- Organisational performance and development, and
- Business and strategic planning.

	Income '\$000	Expense '\$000	TOTAL (net) '\$000
General Manager Corporate and Regulatory Services	-	(376)	(376)
Financial Services/Revenue*	37,014	(4,845)	32,169
Organisational Development	-	(3,890)	(3,890)
Governance and Property	146	(1,068)	(922)
Development Services	524	(871)	(347)
General Inspectorate	372	(483)	(111)
Environmental Health	8	(250)	(242)
<b>Total</b>	<b>38,064</b>	<b>(11,783)</b>	<b>26,281</b>
% of overall budget	74%	23%	

\*For the purposes of this table, Financial Services includes rates revenue and interest expense on all borrowings. Following the consultation period, an internal process is undertaken to apply full cost attribution to all outward facing services.

Strategic Work Plan	Operating / Capital	Expense '\$000
Leadership and Capability Framework	Operating	(15)
Rating Review	Operating	(10)
Workforce Planning Framework	Operating	(15)
Business Systems Review	Operating	(250)
Volunteer Management	Operating	(75)
Council By-Laws	Operating	(10)
Dog and Cat Management Plan	Operating	(10)
Property Management Strategy	Operating	(5)
<b>Total</b>		<b>(390)</b>

## City Infrastructure

The City Infrastructure portfolio delivers essential services for our community, providing and maintaining infrastructure and waste management for our community to conduct business, live and work, partake in recreational activities in a clean, safe and attractive environment.

The City Infrastructure portfolio is supported by 77.67 FTEs. Key service functions provided by this portfolio include:

- Capital Works program,
- Parks and Gardens,
- Waste facility management,
- Kerbside collections – waste, recycling, Food Organics, Garden Organics (FOGO),
- ReUse Market,
- Building maintenance,
- Infrastructure maintenance,
- Asset management planning,
- Environment and sustainability,
- Streetscaping, cleaning and lighting,
- Traffic management and maintenance,
- Public conveniences,
- Cemeteries, and
- Plant, machinery and fleet management and maintenance.

	Income '\$000	Expense '\$000	TOTAL (net) '\$000
General Manager City Infrastructure	-	(1,624)	(1,624)
Council Works Administration	1	(152)	(151)
Waste and Reuse	6,460	(8,270)	(1,810)
Environmental Sustainability	61	(269)	(208)
Operations and Engineering	2,201	(11,992)	(9,791)
Cemeteries	948	(846)	102
<b>Total *</b>	<b>9,555</b>	<b>(23,037)</b>	<b>(13,482)</b>
% of overall budget	<b>19%</b>	<b>45%</b>	

\*For the purposes of this table, following the consultation period, an internal process is undertaken to apply full cost attribution to all outward facing services. Revenue from the Waste Service Charge is reflected with all rates revenue raised in the Corporate and Regulatory Services Portfolio.

Strategic Work Plan	Operating / Capital	Expense '\$000
Asset Management Planning	Operating	(50)
Shared Path Master Plan	Capital	(402)
<b>Total</b>		<b>(452)</b>



## People, Place and Liveability

The People, Place and Liveability portfolio value adds, by leading and enhancing a vibrant culture, thriving economy, creative and inclusive community. It leverages partnerships to build on opportunities to create positive experiences for all who choose to live, work and enjoy our city.

The People, Place and Liveability portfolio is supported by 32.55 FTEs. Due to the nature of services provided by this portfolio, Council estimates casual staff at an additional 5.26 FTE may be utilised. Key service functions provided by this portfolio include:

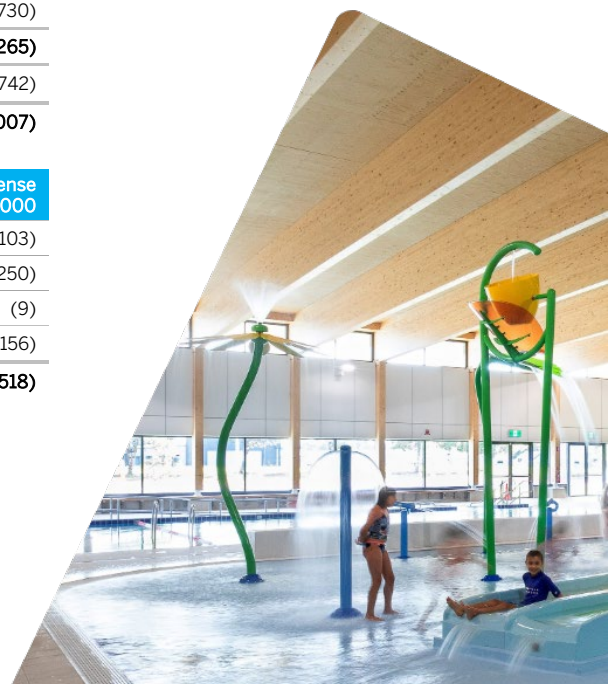
- Library operations and programming,
- Community engagement,
- Community development and assistance,
- Riddoch Arts and Cultural Centre,
- Economic development,
- Tourism activation and operations,
- Events and activations,
- Master planning and place making, and
- Cultural heritage and venues.

	Income '\$000	Expense '\$000	TOTAL (net) '\$000
General Manager People, Place and Liveability	-	(542)	(542)
Economy Strategy and Engagement	493	(3,671)	(3,178)
Riddoch Arts and Cultural Centre	109	(2,176)	(2,067)
Library and Community Development	213	(2,581)	(2,368)
Wulanda Recreation and Convention Centre*	2,923	(6,188)	(3,265)
<b>Total</b>	<b>3,738</b>	<b>(15,158)</b>	<b>(11,420)</b>
% of overall budget	<b>7%</b>	<b>29%</b>	

\*All interest on borrowings has been included under Corporate and Regulatory Services. Interest covers both debt incurred for the construction of Wulanda and required in working capital as outlined below.

Wulanda Recreation and Convention Centre	'\$000
Operating (net)	(1,535)
Depreciation	(1,730)
<b>Subtotal excl. Interest</b>	<b>(3,265)</b>
Interest	(1,742)
<b>Total</b>	<b>(5,007)</b>

Strategic Work Plan	Operating / Capital	Expense '\$000
Visitor Servicing Model	Operating	(103)
Master planning and activation	Operating	(250)
Reconciliation Action Plan	Operating	(9)
Live entertainment	Capital	(156)
<b>Total</b>		<b>(518)</b>



## Capital Works and Projects

Council is responsible for the management of a diverse asset portfolio that provides services and facilities for residents and visitors. It is essential that we manage and maintain our assets responsibly to maximise the value and service the community derives from them.

The annual capital works program is informed by:

- Elected Members and community input,
- Strategic Plan,
- The suite of Asset Management Plans,
- Long Term Financial Plan, and
- Prioritisation and capacity to deliver.

The capital works and projects budget identifies the amount of money that Council will invest in its long-term physical assets including renewal and new or upgraded assets.

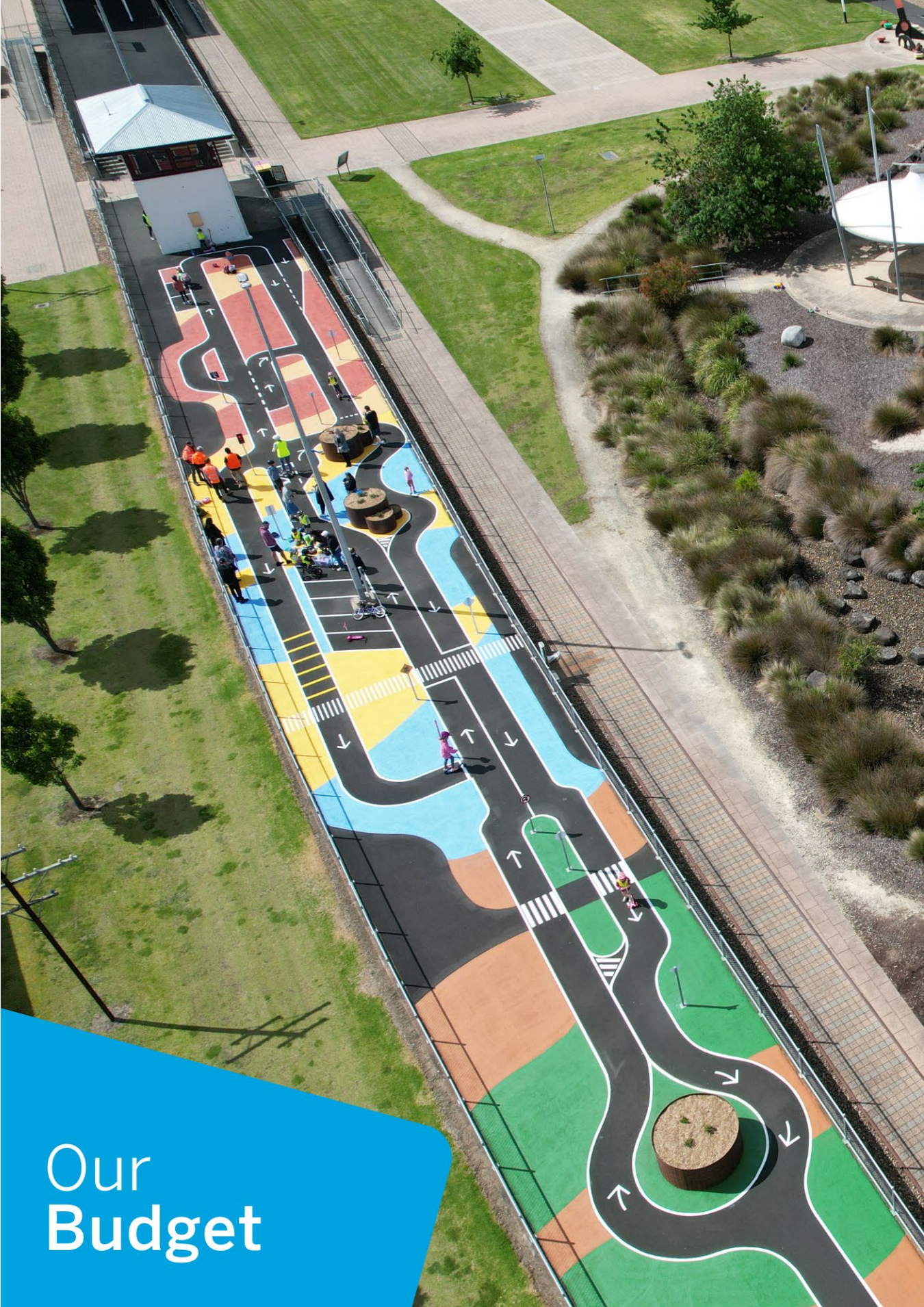
**Renewal** – refers to the amount of money that Council will spend in maintaining and replacing its existing asset base.

**New/upgrade** – refers to the amount of money Council will invest in new assets, or the upgrading of existing assets as identified through Council's strategies and plans.

Capital works and projects summary	Renewal \$'000	New/Upgrade \$'000	TOTAL \$'000
Buildings and structures	(2,162)	(596)	(2,758)
Caroline Landfill	-	(93)	(93)
Infrastructure	(3,638)	(402)	(4,040)
Office equipment (IT, furniture and fittings)	(70)	(50)	(120)
Other	(170)	-	(170)
Plant and equipment	(2,143)	(650)	(2,793)
<b>Total capital</b>	<b>(8,183)</b>	<b>(1,791)</b>	<b>(9,974)</b>
% of overall capital budget	<b>82%</b>	<b>18%</b>	

Capital works and projects		Expenditure \$'000	Funding \$'000	Net \$'000
<b>Corporate and Regulatory Services</b>		<b>(120)</b>	<b>-</b>	<b>(120)</b>
Office equipment (IT, furniture and fittings)	IT refresh program and new	(120)	-	(120)
<b>City Infrastructure</b>		<b>(9,459)</b>	<b>1,303</b>	<b>(8,156)</b>
<b>Buildings and structures</b>				
Playgrounds		(147)	-	(147)
Sport, recreation and open space	Pergola AF Sutton, Crater Lakes BBQ & viewing platform	(86)	-	(86)
Public lighting	Blue Lake solar lighting, Cave Gardens LED, Crater Lakes LED, Railway Lands LED	(361)	-	(361)
Carinya Gardens	Chapel crematorium design, mowing strips	(100)	-	(100)
Civic Centre lift	Second year of project	(106)	300	194
Civic Centre roof		(530)	-	(530)

Capital works and projects		Expenditure \$'000	Funding \$'000	Net \$'000
Depot	Roof, wash bay and workshop gantry	(383)	-	(383)
Public toilets	James Street	(364)	-	(364)
Bus shelter		(26)	-	(26)
Air conditioning	Annual renewals, various buildings	(52)	-	(52)
Sustainability initiatives		(50)	-	(50)
Waste Transfer Station	Awning and handwash facility	(93)	-	(93)
Wulanda Recreation and Convention Centre	Annual renewals	(85)	-	(85)
<b>Infrastructure</b>				
Roads	Roads to Recovery, reseal program, road reconstruction including Avey, Starline, Bertha, Fairlie, Reginald.	(3,050)	943	(2,107)
Boundary roads	O'Leary Road	(121)	60	(61)
Traffic control		(97)	-	(97)
Footpaths	Shared Path Master Plan and reseal program	(448)	-	(448)
Kerbing and channel		(52)	-	(52)
Other infrastructure	Retaining walls	(201)	-	(201)
Carparks	Alexander Street	(54)	-	(54)
Stormwater drainage		(17)	-	(17)
<b>Other</b>				
Crater Lakes bushfire rehabilitation	Rehabilitation and revegetation of the fire affected area	(80)	-	(80)
Mobile garbage bins		(70)	-	(70)
<b>Plant and equipment</b>				
Fleet	Includes x2 garbage compactors, x2 mowers, loader, street sweeper, tractor, tip truck, various utilities, vans and pool cars	(2,753)	-	(2,753)
Minor plant		(40)	-	(40)
Caroline Landfill	Design cell construction	(93)	-	(93)
<b>People, Place and Liveability</b>		<b>(395)</b>	<b>-</b>	<b>(395)</b>
<b>Buildings and structures</b>				
Engelbrecht Cave	Roofing	(26)	-	(26)
Library	Carpet, children's cave, mains water replacement	(193)	-	(193)
Wulanda Recreation and Convention Centre	Courts AV	(156)	-	(156)
<b>Other</b>				
Christmas decorations	Annual renewal program	(20)	-	(20)
<b>TOTAL</b>		<b>(9,974)</b>	<b>1,303</b>	<b>(8,671)</b>



### Summary

The proposed **general rate increase** will result in an **8.18%** increase in total rate revenue (excluding growth).

The proposed **Waste Service Charge** will result in a **10.61%** increase to **\$344** per applicable assessment.

The proposed net operating position will result in a **balanced budget**. This is an improvement on the current Long Term Financial Plan adopted June 2024 which targeted a minor operating deficit of (\$115,000).

Increased revenue and careful review of costs support:

- Inflationary pressures, and
- Additional capacity.

### How the business plan and budget was prepared

The budget process was built from the bottom up using 2024/2025 operating budget as a base, with an update to incorporate ongoing changes. The LTFP was used to guide the preparation of the budget, setting targets for control and to ensure financial sustainability. The LTFP is paramount to assist Council in meeting borrowing covenants set by the Local Government Financing Authority (LGFA). This approach is consistent with previous years.

The strategic work plan was separately prioritised, with cost estimates applied and added to the base budget. These were also modelled through the LTFP where known cost implications could be reasonably applied.

At the same time, revenue assumptions, particularly fees and charges were reviewed to ensure cost recovery of user pay services to drive the relevant revenue components of the budget. Rates and the waste service charge - the most significant revenue input - was reviewed and modelled throughout the budget process.

### Financial Sustainability Ratios

#### Operating Surplus Ratio

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

Council set a target of achieving a positive operating result by 2026/2027, in line with its Treasury Management Policy and the LGFA loan conditions for the construction of the Wulanda Recreation and Convention Centre. Pleasingly, Council has achieved a balanced budget 12 months ahead of schedule, reflecting improved financial performance and strong fiscal management.

*How is this ratio calculated?*

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

### Net Financial Liabilities Ratio

This financial indicator is useful in determining the level of indebtedness that Council has in comparison to its operating revenue. Council will achieve a net financial liabilities ratio of less than 100% of total operating revenue by 2025/2026 a year ahead of schedule to LGFA loan covenants and in alignment with Council's Treasury Management Policy.

*How is this ratio calculated?*

Net financial liabilities as a percentage of total operating revenue.

### Asset Renewal Funding 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. Council will maintain an asset renewal funding ratio of greater than or equal to 100% of Asset Management Plan (aligned with Council's Treasury Management Policy).

*How is this ratio calculated?*

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

### Borrowings

Council undertook its largest borrowings to date in recent years to fund the Wulanda Recreation and Convention Centre, a significant new infrastructure project that the community will benefit from for many years to come. These borrowings are incorporated in our budget and longer term planning.

Borrowing is undertaken in accordance with our Treasury Management Policy.

### Fees and charges

Our fees and charges are reviewed annually as an input to the Annual Business Plan and Budget. In recent years, Council has experienced increases in costs and in response to this, fees and charges need to be adjusted accordingly.

The review ensures that fees and charges:

- Recover the cost of service or incrementally move toward recovery,
- Are comparable with market rates and competitor neutrality,
- Are aligned with strategic and operational plans and policies,
- Take into account other influences such as environmental, community expectations, relevant legislation.

There are a number of fees and charges Council cannot directly influence. These are Statutory Fees and are set by the Government prescribed under other Acts.

A complete list of fees and charges is available for 2025/2026 is online at [www.escosa.sa.gov.au](http://www.escosa.sa.gov.au)

## Risks

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 or pending further advice.

- Superannuation payable on Council committee member sitting fees, in particular required backpays. This will require a budget revision once finalised.
- Ongoing inflationary pressures and interest rates.
- The development of a Waste and Resource Recovery Master Plan has been identified as a key strategic project that is well underway. 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.
- Legislative requirements on the remediation of overfilling of Caroline landfill cell were unknown at the time of the completion of this plan. Council will incur increased depreciation should waste be required to be shifted from the overfilled cell to an open cell equivalent to the amount of airspace consumed.
- Last year, costing principles for the allocation of internal costs to capital projects were introduced. While a base approach has been implemented and reflected in this budget, this will be reviewed, refined and improved over the coming years.
- Supply chain lead time on significant plant and equipment items may exceed the span of the financial year. This is due to Euro 6 compliance requirements on plant introduced and post COVID.
- Under new legislation Automated External Defibrillator (AED) devices are required to be installed on public buildings. At the time of budget preparation this impact was unknown in relation to both initial outlay and ongoing maintenance requirements. Council intends to apply for grant funding to assist with required implementation.
- At the time of preparation of this budget, Council was preparing community consultation on a proposed Cats By-Law. No inclusion has been incorporated for cat management in 2025/2026, pending results of the consultation process.
- SA Water infrastructure remains a pertinent issue for the region and could result in reduced development revenue for Council.
- An Expression of Interest is currently underway for the use of the Lady Nelson site.
- Civic Centre lift remains an ongoing capital project, with completion dependent on complex specialist engineering and structural works. Council continues to work closely with technical experts to ensure a safe and effective outcome. Final project costs are yet to be confirmed and will be determined upon completion of the detailed design and procurement phases.
- Council is in the final year of its current Enterprise Bargaining Agreement. Negotiations are scheduled to formally commence in July 2025, with implementation by December 2025.

## ESCOSA

This year Council underwent independent review by the Essential Services Commission of South Australia (ESCOSA).

ESCOSA advised that our historic, current and projected financial performance is mostly sustainable and in forming this advice made six recommendations for consideration.

**Recommendation 1:** Disclose material changes to capital expenditure forecasts as part of its annual review and update to its long term financial plans.

**Recommendation 2:** Develop a plan to achieve cost saving measures and targets and report annually in the budget and the long term financial plans as appropriate, to provide evidence of controlling the growth in costs and achieving efficiencies across its operations and service delivery.

**Recommendation 3:** Review planned pace of repayment of debt, balancing rate increases, financial costs, an intergenerational equity.

**Recommendation 4:** Review depreciation assumptions and the underlying valuations and useful life data to ensure that depreciation accurately reflects the rate of asset consumption and ensure that asset renewal and replacement is fully funded.

**Recommendation 5:** Review pace of development of new and upgraded assets having regard to rates affordability, the affordability of the stream of future liabilities created by new and upgraded assets, and the need to prioritise and fully fund asset renewal and replacement.

**Recommendation 6:** Review approach to addressing financial sustainability risks in consultation with its community, with a view to limiting future increases in rates and improving affordability for ratepayers.

### Response to ESCOSA recommendations

To ensure that our city continues to grow, improve and prosper, investment in new and upgraded assets is still required. We have reviewed the rate of new investment in the previous LTFP and asset management plans keeping in mind our capacity to deliver and the capacity of our ratepayers to service the level of investment. In light of this, previous inclusions for Sport, Recreation and Open Space (SROSS) have been updated as follows:

- Strategic project name changed from SROSS to Making Better Places Fund. This is to enable expansion of the use of funds across city wide projects and encompass renewal of existing assets.
- Split the anticipated spend of the funds across new and renewal. Previously it was assumed that all spend would be new, when in reality Council would leverage renewal of existing assets and add to the amenity and function with new. This split has been assumed at 50% renewal and 50% new.
- Extend the timeframe to three yearly intervals. Previously it was assumed that \$5m of SROSS new projects, offset by 50% grant funding would be achievable every two years. The Making Better Places project fund has now been extended to three yearly intervals in recognition that the length of time required to complete projects will likely span two years, with the first year for design and consultation. Further, a three yearly assumption for the receipt of 50% grant funding aligns better to the term of Government and availability of funding intervals.

As part of this budget and planning process, Council was already in the process of cost saving reviews and has since undertaken further efficiencies as follows:

- A formal review of the entire visitor servicing model will be completed 2025/2026, however, in the interim while it is in a transitional test and trial phase, opening hours have been adjusted to align with industry standards and off-peak periods. Further refinements will be made as part of the upcoming annual review, following collection of 12 months of data and master planning of the Umpherston Sinkhole/Balumbul site and Central Business District (CBD).
- We have recently engaged specialist consultants to negotiate new electricity contracts for our large sites with the purpose of reducing the impact on the Long Term Financial Plan due to no indexation increases on usage charges. The new contract also incorporates green energy, improving our environmental impact.
- We have recently renegotiated terms with our current banking services provider for a reduction in BPay fees. BPay fees are a major contributor to Council's bank fees and charges as the primary method used by ratepayers to pay their rates.
- We continue to follow good procurement principles that encourage competitive process with a view of obtaining best value for money.
- We continue to progress three strategic unlocking projects that will drive efficiency, improved data and decision making:
  - Asset management,
  - Business systems, and
  - Workforce planning.

The strategic unlocking projects are multi-faceted, multi-year projects. In recognition of this, Council has endorsed a reduction to indexation of asset valuations from CPI annually to 50% of CPI for the 2025/2026 financial year while work progresses on asset management with the prioritisation of reviewing asset useful lives compared to actual consumption, noting that depreciation compared to other councils in South Australia is at the higher end of the scale.

The current version of the LTFP incorporates 0.5% estimate for growth in assessments. Where actual growth exceeds this target, the amount in excess of growth will be used in 2025/2026 to reduce rates raised and not added to increase total rates raised.

### Rates and Service Charges

Rate revenue is an integral part of Council's resourcing, accounting for more than 63% of total revenue. As a result, Council's rating strategy and policies are a key component of the annual planning process.

In determining rate revenue, consideration is given to both internal and external influences on Council including strategic management plans, stewardship of assets and infrastructure, provision of services to meet community expectation, taxation principles, capacity to pay and legislative compliance.

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.

The 2025/2026 Annual Business Plan and Budget includes an 8.18% increase in general rate revenue (excluding growth) and 10.61% Waste Service Charge increase. Council plans to raise \$26.801 million 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).

### Valuation methods

Council has the option of adopting one of two 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. This method is the most commonly used in South Australia and values the land and all of the improvements on the land. It is considered the fairest and most efficient method of distributing the rate responsibility across all ratepayers because:

- Relative wealth - 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.
- 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

A component of the total rate will be a fixed charge on every rateable property. This fixed charge applies to all ratepayers and continues to raise less than half of the total rate revenue (before rebates and remissions) required for the 2025/2026 financial year. The reasons for including a fixed charge component are:

- Range of services - To deliver a range of services to the community, Council must maintain various internal support, infrastructure and administrative services. No particular group of ratepayers benefits more than any other from the provision of these services.
- Equal contribution – It is appropriate that all ratepayers contribute equally to the cost of administering Council's services and activities.

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.

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 2025/2026 Council proposes to raise 38% of its general rate revenue by way of a fixed charge, same approach as the last financial year.

Total expected revenue							
	2024/2025	2025/2026	Change	2024/2025	2025/2026		Change
Fixed charge	\$9,370,607	\$10,184,407	8.68%	\$635	TBC	(q)	TBC

- (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 for details.

#### **Differential (rate in the dollar)**

In addition to a fixed charge, Council will declare differential general rates in the dollar according to the use of the land within the council area. 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.

Council will declare differential general rates in the dollar based on the use of the land, as follows:

Category	Land Use Description
1	Residential
2	Commercial - Shop
3	Commercial – Office
4	Commercial – Other
5	Industrial - Light
6	Industrial – Other
7	Primary Production
8	Vacant Land
9	Other

The main reasons for applying 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.

	Total expected revenue			No. of rateable properties		Average per rateable property				Cents in the \$
	2024/ 2025	2025/ 2026	Change	2024/ 2025	2025/ 2026	2024/ 2025	2025/ 2026		Change	2025/ 2026

**Land Use (General Rates - GROSS)**

Residential	\$17,388,460	\$18,821,102	8.24%	12,953	TBC	\$1,342	TBC	(p)	TBC	TBC
Commercial - Shop	\$2,196,963	\$2,353,544	7.13%	473	TBC	\$4,644	TBC	(p)	TBC	TBC
Commercial - Office	\$458,782	\$544,704	18.73%	157	TBC	\$2,922	TBC	(p)	TBC	TBC
Commercial - Other	\$2,114,701	\$2,352,912	11.26%	456	TBC	\$4,637	TBC	(p)	TBC	TBC
Industry – Light	\$521,095	\$593,240	13.84%	147	TBC	\$3,544	TBC	(p)	TBC	TBC
Industry - Other	\$905,235	\$977,556	7.99%	99	TBC	\$9,143	TBC	(p)	TBC	TBC
Primary Production	\$65,715	\$68,886	4.83%	30	TBC	\$2,190	TBC	(p)	TBC	TBC
Vacant Land	\$755,846	\$824,103	9.03%	419	TBC	\$1,803	TBC	(p)	TBC	TBC
Other	\$253,658	\$265,023	4.48%	61	TBC	\$4,158	TBC	(p)	TBC	TBC
Total Land Use	\$24,660,455	\$26,801,070	8.68%	14,795	TBC	\$1,667	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.

### Benchmarking

In previous years rating did not keep up with inflation, last year, modelling identified the need to increase rates more than double CPI over 2024/2025 and 2025/2026 to continue delivering services and meet covenants required by Local Government Financing Authority (LGFA). Last year aligned with previous years, average residential rates were significantly below the rural state average.

## 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).*

	2024/ 2025 (as adopted)	2025/ 2026	Notes	Change
<b>General Rates Revenue</b>				
General rates (existing properties)	\$24,660,455	\$26,801,070	(a)	8.68%
General rates (new properties)	0	\$TBC	(b)	
General rates (GROSS)	\$24,660,535	\$26,801,070	(c)	8.68%
Less: Mandatory rebates	(\$305,000)	(\$355,000)	(d)	
General rates (NET)	\$24,355,455	\$26,446,070	(e)	8.58%
	(e)=(c)+(d)			
<b>Other Rates (Incl. Service Charges)</b>				
Regional Landscape Levy	\$1,406,869	\$1,470,477	(f)	4.52%
Waste collection	\$4,455,575	\$4,955,320	(g)	
	\$28,811,110	\$31,401,390		
Less: Discretionary rebates	(\$17,000)	(\$40,000)	(l)	
Expected total rates revenue	\$28,791,110	\$31,361,390	(m)	8.92%
	(m)= (e)+(g)+(h)+(i)+(j) +(k)+(l)			

## Notes

(a) General rates (existing properties) - In 2025/2026 this will reflect the revenue from properties that existed in 2024/2025. Please note that 2024/2025 has been restated so that year on year numbers are comparable.

(b) General rates (new properties) - In 2025/2026 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.

(g) Waste collection (Waste Service Charge) Waste management is one of the largest costs to the community and Council encourages ratepayers to consider their personal environmental impact and the associated costs. This service charge of **\$344** 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

	2024/ 2025 (as adopted)	2025/ 2026	Notes	Change
Number of rateable properties	14,795 <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 2025/26 Annual Business Plan to be adopted by Council.*

#### Notes

(n) "Growth" - As defined in the Local Government (Financial Management) Regulations 2011 reg 6(2) 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.

(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.

#### Estimated average general rates per rateable property

	2024/ 2025 (as adopted)	2025/ 2026	Notes	Change
Average per rateable property	\$1667*	TBC	(o)	TBC
		(o)=(c)/(n)		

\*Does not include WSC.

**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 has not calculated an estimate of number of rateable properties. At this stage, the calculations have been estimated on the most recent data provided by the Office of the Valuer General.

DRAFT

# Appendices



Uniform Presentation of Finances

\$'000	2023/2024	2024/2025	2025/2026
	Actuals	Budget Revision 2	Budget
<b>Income</b>			
Rates	26,488	30,325	32,998
Statutory Charges	781	846	844
User Charges	9,179	10,317	10,938
Grants, Subsidies and Contributions - Capital	559	588	955
Grants, Subsidies and Contributions - Operating	1,102	9,094	4,995
Investment Income	54	78	56
Reimbursements	1,230	1,195	276
Other Income	2,668	716	642
<b>Total Income</b>	<b>42,061</b>	<b>53,159</b>	<b>51,703</b>
<b>Expenses</b>			
Employee Costs	19,320	16,964	18,346
Materials, Contracts & Other Expenses	15,292	20,195	19,403
Depreciation, Amortisation & Impairment	10,795	11,950	11,997
Finance Costs	1,822	2,027	1,957
<b>Total Expenses</b>	<b>47,229</b>	<b>51,136</b>	<b>51,703</b>
<b>Operating Surplus / (Deficit)</b>	<b>(5,168)</b>	<b>2,022</b>	<b>0</b>
Less: Grants, Subsidies and Contributions - Capital	(4,355)	(588)	(955)
<b>Adjusted Operating Surplus / (Deficit)</b>	<b>(9,523)</b>	<b>1,434</b>	<b>(955)</b>
<b>Net Outlays on Existing Assets</b>			
Capital Expenditure on renewal and replacement of Existing Assets	(3,528)	(9,438)	(8,184)
Depreciation, Amortisation and Impairment	10,795	11,950	11,997
Grants, Subsidies and Contributions - Capital Renewal	-	588	955
Proceeds from Sale of Replaced Assets	110	454	508
	<b>7,377</b>	<b>3,555</b>	<b>5,276</b>
<b>Net Outlays on New and Upgraded Assets</b>			
Capital Expenditure on New and Upgraded Assets	(6,188)	(3,753)	(1,791)
Amounts Received Specifically for New and Upgraded Assets	-	-	-
Grants, Subsidies and Contributions - Capital New / Upgraded	216	-	-
	<b>(5,972)</b>	<b>(3,753)</b>	<b>(1,791)</b>
<b>Net Lending / (Borrowing) for Financial Year</b>	<b>(8,118)</b>	<b>1,236</b>	<b>2,530</b>

Statement of Comprehensive Income

\$'000	2023/2024	2024/2025	2025/2026
	Actuals	Budget Revision 2	Budget
<b>Income</b>			
Rates	26,488	30,325	32,998
Statutory Charges	781	846	844
User Charges	9,179	10,317	10,938
Grants, Subsidies and Contributions - Capital	559	588	955
Grants, Subsidies and Contributions - Operating	1,102	9,094	4,995
Investment Income	54	78	56
Reimbursements	1,230	1,195	276
Other Income	2,668	716	642
Net Gain - Equity Accounted Council Businesses	-	-	-
<b>Total Income</b>	<b>42,061</b>	<b>53,159</b>	<b>51,703</b>
<b>Expenses</b>			
Employee Costs	15,292	16,964	18,346
Materials, Contracts & Other Expenses	19,320	20,195	19,403
Depreciation, Amortisation & Impairment	10,795	11,950	11,997
Finance Costs	1,822	2,027	1,957
Net Loss - Equity Accounted Council Businesses	-	-	-
<b>Total Expenses</b>	<b>47,229</b>	<b>51,136</b>	<b>51,703</b>
<b>Operating Surplus / (Deficit)</b>	<b>(5,168)</b>	<b>2,022</b>	<b>0</b>
Asset Disposal & Fair Value Adjustments	(1,475)	(67)	-
Amounts Received Specifically for New or Upgraded Assets	216	-	-
Physical Resources Received Free of Charge	2,053	1,000	1,200
Operating Result from Discontinued Operations	-	-	-
<b>Net Surplus / (Deficit)</b>	<b>(4,374)</b>	<b>2,955</b>	<b>1,200</b>
<b>Other Comprehensive Income</b>			
Changes in Revaluation Surplus - I,PP&E	45,425	-	5,643
Share of Other Comprehensive Income - Equity Accounted Council Businesses	-	-	-
Movements in Other Reserves	(177)	-	-
<b>Total Other Comprehensive Income</b>	<b>45,248</b>	<b>-</b>	<b>5,643</b>
<b>Total Comprehensive Income</b>	<b>40,874</b>	<b>2,955</b>	<b>6,843</b>
<b>Operating Surplus / (Deficit) Excl. Capital Grants</b>	<b>(5,727)</b>	<b>1,434</b>	<b>(955)</b>

**Statement of Financial Position**

\$'000	2023/2024	2024/2025	2025/2026
	Actuals	Budget Revision 2	Budget
<b>Current Assets</b>			
Cash and Cash Equivalents	270	500	500
Trade and Other Receivables	2,531	2,502	2,681
Inventories	76	78	80
Assets Held for Sale	335	-	-
<b>Total Current Assets</b>	<b>3,212</b>	<b>3,079</b>	<b>3,261</b>
<b>Non-Current Assets</b>			
Equity Accounted Investments in Council Businesses	-	-	-
Infrastructure, Property, Plant & Equipment	445,641	450,287	454,781
Other Non-Current Assets	-	-	-
<b>Total Non-Current Assets</b>	<b>445,641</b>	<b>450,287</b>	<b>454,781</b>
<b>Total Assets</b>	<b>448,853</b>	<b>453,366</b>	<b>458,041</b>
<b>Current Liabilities</b>			
Trade & Other Payables	5,317	5,111	5,854
Borrowings	9,986	14,590	15,319
Provisions	3,561	3,664	3,756
Other Current Liabilities	-	-	-
<b>Total Current Liabilities</b>	<b>18,864</b>	<b>23,366</b>	<b>24,929</b>
<b>Non-Current Liabilities</b>			
Borrowings	27,079	21,241	18,458
Provisions	1,608	4,502	3,553
Liability - Equity Accounted Council Businesses	-	-	-
<b>Total Non-Current Liabilities</b>	<b>28,687</b>	<b>25,743</b>	<b>22,011</b>
<b>Total Liabilities</b>	<b>47,551</b>	<b>49,109</b>	<b>46,941</b>
<b>Net Assets</b>	<b>401,302</b>	<b>404,257</b>	<b>411,101</b>
<b>Equity</b>			
Accumulated Surplus	87,287	90,242	91,442
Asset Revaluation Reserves	312,693	312,693	318,336
Other Reserves	1,322	1,322	1,322
<b>Total Equity</b>	<b>401,302</b>	<b>404,257</b>	<b>411,101</b>

Statement of Changes in Equity

\$'000	2023/2024	2024/2025	2025/2026
	Actuals	Budget Revision 2	Budget
<b>Accumulated Surplus</b>			
Balance at the end of previous reporting period	87,644	87,287	90,242
Net result for the year	(4,374)	2,955	1,200
Transfers from other reserves	4,017	-	-
<b>Balance at the end of the period</b>	<b>87,287</b>	<b>90,242</b>	<b>91,442</b>
<b>Asset Revaluation Reserve</b>			
Balance at the end of previous reporting period	271,174	312,693	312,693
Gain (Loss) on Revaluation of I, PP&E	41,519	-	5,643
<b>Balance at the end of period</b>	<b>312,693</b>	<b>312,693</b>	<b>318,336</b>
<b>Other Reserves</b>			
Balance at the end of previous reporting period	1,610	1,322	1,322
Transfers from Accumulated Surplus	(288)	-	-
<b>Balance at the end of period</b>	<b>1,322</b>	<b>1,322</b>	<b>1,322</b>
<b>Total Equity at end of reporting period</b>	<b>401,302</b>	<b>404,257</b>	<b>411,101</b>

Statement of Cash Flows

\$'000	2023/2024	2024/2025	2025/2026
	Actuals	Budget Revision 2	Budget
<b>Cash Flow from Operating Activities</b>			
Receipts			
Rates	26,501	30,354	32,819
Statutory Charges	781	846	844
User Charges	9,179	10,317	10,938
Grants, Subsidies and Contributions - Operating	1,102	9,094	4,995
Investment Income	54	78	56
Reimbursements	1,230	1,195	276
Other Income	1,349	716	642
Payments			
Payments for Employees	(14,663)	(16,964)	(18,346)
Payments for Materials, Contracts & Other Expenses	(19,843)	(20,349)	(19,720)
Finance Payments	(1,719)	(1,828)	(1,757)
<b>Net Cash Provided By (or Used In) Operating Activities</b>	<b>3,971</b>	<b>13,459</b>	<b>10,746</b>
<b>Cash Flow from Investing Activities</b>			
Receipts			
Amounts Received Specifically for New / Upgraded Assets	216	-	-
Grants, Subsidies and Contributions - Capital	307	588	955
Sale of Replaced Assets	110	454	508
Payments			
Expenditure on Renewal / Replacement of Assets	(3,528)	(9,438)	(8,184)
Expenditure on New / Upgraded Assets	(6,188)	(3,753)	(1,791)
<b>Net Cash Provided By (or Used In) Investing Activities</b>	<b>(9,083)</b>	<b>(11,813)</b>	<b>(8,512)</b>
<b>Cash Flow from Financing Activities</b>			
Receipts			
Proceeds from CAD	-	-	638
Proceeds from Borrowings	8,438	4,750	3,000
Payments			
Repayment of CAD	-	(255)	-
Repayment of Borrowings	(2,930)	(5,729)	(5,691)
Repayment of Lease Liabilities	(202)	(181)	(181)
<b>Net Cash Provided By (or Used In) Financing Activities</b>	<b>5,306</b>	<b>(1,415)</b>	<b>(2,234)</b>
<b>Net Increase (Decrease) in Cash Held</b>	<b>194</b>	<b>230</b>	<b>0</b>
Cash & Cash Equivalents at the Beginning of Period	76	270	500
<b>Cash &amp; Cash Equivalents at the End of Period</b>	<b>270</b>	<b>500</b>	<b>500</b>
Net Cash Flow before Financing Activities and Interest Payments	(3,393)	3,473	3,991
Inflows	40,829	53,977	52,031
Outflows	(44,222)	(50,504)	(48,040)

 <p>City of Mount Gambier</p>	<p><b>R105 RATING POLICY</b></p>	Version No:	15.0
		Issued:	25 June 2024
		Next Review:	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 Policy
- 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.
- Local Government advice from Essential Services Commission of South Australia (ESCOSA)

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.

 <p>City of Mount Gambier</p>	<p><b>R105 RATING POLICY</b></p>	Version No:	15.0
		Issued:	25 June 2024
		Next Review:	May 2025

#### 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 two 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:** [OVGobjections@sa.gov.au](mailto:OVGobjections@sa.gov.au)

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

**Fax:** 08 8115 5709

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

 <p>City of Mount Gambier</p>	<p><b>R105 RATING POLICY</b></p>	<p><b>Version No:</b></p>	<p>15.0</p>
		<p><b>Issued:</b></p>	<p>25 June 2024</p>
		<p><b>Next Review:</b></p>	<p>May 2025</p>

#### 4.4 Objection to Valuation

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.

 <p>City of Mount Gambier</p>	<p><b>R105 RATING POLICY</b></p>	Version No:	15.0
		Issued:	25 June 2024
		Next Review:	May 2025

- Council's recent development approval trends.
- 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.

 <p>City of Mount Gambier</p>	<p><b>R105 RATING POLICY</b></p>	Version No:	15.0
		Issued:	25 June 2024
		Next Review:	May 2025

Applications for “adjoining properties” must be in writing addressed to Chief Executive Officer (as per 4.25 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.

Councils rationale for differential rates is to provide consideration to:

- 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.

#### 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 that a particular land use has been wrongly attributed 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.

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 \(valuergeneral.sa.gov.au\)](#) or by contacting the Office of the Valuer General directly:

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

*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.*

Page 5 of 13

 <p>City of Mount Gambier</p>	<p><b>R105 RATING POLICY</b></p>	Version No:	15.0
		Issued:	25 June 2024
		Next Review:	May 2025

#### 4.11 Minimum Rate

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

#### 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

 <p>City of Mount Gambier</p>	<p><b>R105 RATING POLICY</b></p>	Version No:	15.0
		Issued:	25 June 2024
		Next Review:	May 2025

#### 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.

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.

 <p>City of Mount Gambier</p>	<p><b>R105 RATING POLICY</b></p>	Version No:	15.0
		Issued:	25 June 2024
		Next Review:	May 2025

#### 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.

#### 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.

 <p>City of Mount Gambier</p>	<p><b>R105 RATING POLICY</b></p>	Version No:	15.0
		Issued:	25 June 2024
		Next Review:	May 2025

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.

#### 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.

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.

#### 4.22 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

 <p>City of Mount Gambier</p>	<p><b>R105 RATING POLICY</b></p>	Version No:	15.0
		Issued:	25 June 2024
		Next Review:	May 2025

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).

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. i.e. 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 only, excluding second and subsequent properties and all other non principal place of residence properties.
- The current financial year only then subject to an annual review.

*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.*

Page 10 of 13

 <p>City of Mount Gambier</p>	<p><b>R105 RATING POLICY</b></p>	<p><b>Version No:</b></p>	<p>15.0</p>
		<p><b>Issued:</b></p>	<p>25 June 2024</p>
		<p><b>Next Review:</b></p>	<p>May 2025</p>

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. (Refer Section 4.25)

#### 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

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.

#### 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.

<p><i>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.</i></p>	<p>Page 11 of 13</p>
---	----------------------

 <p>City of Mount Gambier</p>	<p><b>R105 RATING POLICY</b></p>	Version No:	15.0
		Issued:	25 June 2024
		Next Review:	May 2025

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.

### 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.

 City of Mount Gambier	<b>R105 RATING POLICY</b>	<b>Version No:</b>	15.0
		<b>Issued:</b>	25 June 2024
		<b>Next Review:</b>	May 2025

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 R155 Rates - Rebate Policy and Application Process R130 Rates - General Policy (Amalgamated with R105)
Related Procedures:	Nil
Related Documents:	Nil

#### DOCUMENT DETAILS

Responsibility:	General Manager Corporate and Regulatory Services
Version:	16.0
Last revised date:	24 June 2025
Effective date:	24 June 2025
Minute reference:	25 June 2024 - Item No. 4.1 - Resolution 2024/144
Next review date:	May, 2025
<u>Document History</u> First Adopted By Council: Reviewed/Amended:	18 <sup>th</sup> October, 2011 Annually

 <p>City of Mount Gambier</p>	<p><b>R155 RATE REBATE POLICY</b></p>		Version No:	15.0
			Issued:	24 June 2025
			Next Review:	May 2026

## 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 5 below).

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

Page 1 of 19

 <p>City of Mount Gambier</p>	<p><b>R155 RATE REBATE POLICY</b></p>	Version No:	15.0
		Issued:	24 June 2025
		Next Review:	May 2026

- 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.
- 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 *South Australian Health Commission Act 1976*.

### 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.*

 <p>City of Mount Gambier</p>	<p><b>R155 RATE REBATE POLICY</b></p>		Version No:	15.0
			Issued:	24 June 2025
			Next Review:	May 2026

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

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

Page 3 of 19

 <p>City of Mount Gambier</p>	<p><b>R155 RATE REBATE POLICY</b></p>	Version No:	15.0
		Issued:	24 June 2025
		Next Review:	May 2026

- 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 10 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 of this Policy and **may** take into account any or all of those matters set out at Clause 6 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 this Policy and the Council will provide written notice to the applicant of its determination of that application.
- 57 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(a) *where it is desirable for the purpose of securing the proper development of the area (or a part of the area);*
- 6.1(b) *where it is desirable for the purpose of assisting or supporting a business in its area;*
- 6.1.(c) *where it will be conducive to the preservation of buildings or places of historic significance;*
- 6.1.(d) *where the land is being used for educational purposes;*
- 6.1(e) *where the land is being used for agricultural, horticultural or floricultural exhibitions;*
- 6.1(f) *where the land is being used for a hospital or health centre;*
- 6.1(g) *where the land is being used to provide facilities or services for children or young persons;*
- 6.1(h) *where the land is being used to provide accommodation for the aged or disabled;*
- 6.1(i) *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(j) *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(k) *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;*

 <p>City of Mount Gambier</p>	<b>R155 RATE REBATE POLICY</b>	<b>Version No:</b>	15.0
		<b>Issued:</b>	24 June 2025
		<b>Next Review:</b>	May 2026

- 6.1(l) *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(m) *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(n) *where the rebate is to give effect to a review of a decision of the Council under Chapter 13 Part 2; and*
- 6.1(o) *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;

 <p>City of Mount Gambier</p>	<p><b>R155 RATE REBATE POLICY</b></p>	Version No:	15.0
		Issued:	24 June 2025
		Next Review:	May 2026

- (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 A Discretionary rebate of rates or charges provided under subsection 166(1)(a),(b) or (k) may be granted for a period exceeding one year, but not exceeding 10 years.
- 6.5 A Discretionary rebate of rates or charges provided under subsection 166(1) (l) may be granted for a period exceeding one year, but not exceeding three years.
- 6.6 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).
- 6.7 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**

<p><i>Electronic version in CM is the controlled version. Printed copies are considered uncontrolled. Before using a printed copy, verify that it is the current version.</i></p>	<p>Page 6 of 19</p>
---	---------------------

 <p>City of Mount Gambier</p>	<p><b>R155 RATE REBATE POLICY</b></p>	Version No:	15.0
		Issued:	24 June 2025
		Next Review:	May 2026

- 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 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.

*Electronic version in CM is the controlled version.*

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

Page 7 of 19

 <p>City of Mount Gambier</p>	<p><b>R155 RATE REBATE POLICY</b></p>		Version No:	15.0
			Issued:	24 June 2025
			Next Review:	May 2026

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.

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.

If 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.

10.8 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:

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

 <p>City of Mount Gambier</p>	<p><b>R155 RATE REBATE POLICY</b></p>		Version No:	15.0
			Issued:	24 June 2025
			Next Review:	May 2026

10.8.2 *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.

**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"**

## 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.

## 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:~~

- ~~(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~~

Electronic version in CM is the controlled version.  
Printed copies are considered uncontrolled. Before using a printed copy, verify that it is the current version.

Page 9 of 19

 <p>City of Mount Gambier</p>	<p><b>R155 RATE REBATE POLICY</b></p>		Version No:	15.0
			Issued:	24 June 2025
			Next Review:	May 2026

- ~~\_\_\_\_\_ (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.) and 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 and excludes 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 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~~

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

Page 10 of 19

 <p>City of Mount Gambier</p>	<p><b>R155 RATE REBATE POLICY</b></p>		Version No:	15.0
			Issued:	24 June 2025
			Next Review:	May 2026

~~\_\_\_\_\_ (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"**

#### 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.

### 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.

<p><i>Electronic version in CM is the controlled version. Printed copies are considered uncontrolled. Before using a printed copy, verify that it is the current version.</i></p>	<p>Page 11 of 19</p>
---	----------------------

 <p>City of Mount Gambier</p>	<p><b>R155 RATE REBATE POLICY</b></p>		Version No:	15.0
			Issued:	24 June 2025
			Next Review:	May 2026

**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.

<p><i>Electronic version in CM is the controlled version. Printed copies are considered uncontrolled. Before using a printed copy, verify that it is the current version.</i></p>	<p>Page 12 of 19</p>
---	----------------------

 <p>City of Mount Gambier</p>	<p><b>R155 RATE REBATE POLICY</b></p>	Version No:	14.0
		Issued:	25 June 2024
		Next Review:	May 2025

### 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 ☐

Electronic version in CM is the controlled version.  
Printed copies are considered uncontrolled. Before using a printed copy, verify that it is the current version.

Page 13 of 19


 <p>City of Mount Gambier</p>	<b>R155 RATE REBATE POLICY</b>	<b>Version No:</b>	14.0
		<b>Issued:</b>	25 June 2024
		<b>Next Review:</b>	May 2025

*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 (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 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.*

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

Page 14 of 19

 <p>City of Mount Gambier</p>	<p><b>R155 RATE REBATE POLICY</b></p>	Version No:	14.0
		Issued:	25 June 2024
		Next Review:	May 2025

☐ **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;*

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

Page 15 of 19

 City of Mount Gambier	<b>R155 RATE REBATE POLICY</b>	Version No:	14.0
		Issued:	25 June 2024
		Next Review:	May 2025

- ☐ *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.

.....


.....

.....

.....

.....

Electronic version in CM is the controlled version. Printed copies are considered uncontrolled. Before using a printed copy, verify that it is the current version.	Page 16 of 19
--	---------------

 <p>City of Mount Gambier</p>	<p><b>R155 RATE REBATE POLICY</b></p>	<p><b>Version No:</b></p>	<p>14.0</p>
		<p><b>Issued:</b></p>	<p>25 June 2024</p>
		<p><b>Next Review:</b></p>	<p>May 2025</p>

**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.

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

Page 17 of 19



 <p>City of Mount Gambier</p>	<b>R155 RATE REBATE POLICY</b>	<b>Version No:</b>	14.0
		<b>Issued:</b>	25 June 2024
		<b>Next Review:</b>	May 2025

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

#### DOCUMENT DETAILS

Responsibility:	General Manager Corporate and Regulatory Services
Version:	15.0
Last revised date:	24 June 2025
Effective date:	24 June 2025
Minute reference:	25 June 2024 - Item No. 4.1 - Resolution 2024/144
Next review date:	June, 2026
<u>Document History</u> First Adopted By Council: Reviewed/Amended:	May 2002 Annually

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

Page 19 of 19

## 5.2 DRAFT LONG TERM FINANCIAL PLAN FOR PUBLIC CONSULTATION

Author: Kahli Rolton, Manager Financial Services

Authoriser: Sarah Philpott, Chief Executive Officer

### RECOMMENDATION

1. That the Audit and Risk Committee report titled 'Draft Long Term Financial Plan for Public Consultation' as presented on Wednesday 4 June 2025 be noted.
2. That the Audit and Risk Committee feedback on Council's Draft Long Term Financial Plan 2026-2035 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 to be held on the 17 June 2025 for consideration of the adoption of the Draft Long Term Financial Plan 2026-2035.

### PURPOSE

To present the Draft Long Term Financial Plan 2026-2035 for the Audit and Risk Committee review and feedback.

### TERMS OF REFERENCE

The role of the Audit and Risk Committee specifically details review of strategic management plans and business plans under section 12.6.

*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.*

### RELEVANT LEGISLATION

Sec 122 Local Government Act 1999

### BACKGROUND / OPTIONS

The draft Long Term Financial Plan (LTFP) for 2026–2035 has been prepared to guide the financial decision-making and planning of the City of Mount Gambier over the next ten years. The LTFP is an essential component of Council's Strategic Management Plans and is reviewed annually to ensure it remains relevant to the evolving needs of the community and organisation.

The draft plan has been developed through internal collaboration between Council's Executive Leadership Team and Elected Members and has been informed by a series of workshops in conjunction with annual business planning. The LTFP provides a forward financial framework that aligns with Council's Strategic Plan 2024–2028, Asset Management Plans, and the Mount Gambier 2035 Community Vision.

### Key Highlights

The draft LTFP 2026–2035 outlines the City of Mount Gambier’s financial strategy over the next ten years and presents a strong position for community consultation.

Pleasingly, the draft Plan demonstrates that Council is on track to achieve its key financial sustainability targets—Operating Surplus Ratio, Net Financial Liabilities Ratio, and Asset Renewal Funding Ratio set by the Local Government Finance Authority by 30 June 2027. This achievement is the result of careful financial management, improved budget processes, and a focus on long-term planning. It provides Council with a more stable platform from which to consider future investment, service delivery, and community priorities.

The Plan is built on the following key assumptions:

- **Rate Revenue Growth:** Average annual rate revenue increase of 3.95% (excluding growth and waste service charge) over the life of the plan.
- **Operational Expenditure:** Reflects CPI-based indexation, known service level adjustments, and incorporation of enterprise bargaining outcomes.
- **Capital Expenditure:** Based on prioritised capital works forecasts and current Asset Management Plans, including renewal, new, and upgrade works.
- **Borrowings:** Short-term use of borrowings to support capital delivery, with a projected repayment trajectory that maintains net financial liabilities within target.
- **Grants and Other Income:** Continued receipt of Federal Assistance Grants and known external funding commitments; conservative estimates for discretionary grant funding.
- **No Major New Unfunded Projects:** The LTFP does not include any major new capital projects that are not already funded or identified within current strategic plans.

#### **How the Draft LTFP Addresses ESCOSA's Observations and Recommendations**

The draft Long Term Financial Plan (LTFP) has been prepared in the context of achieving financial sustainability while maintaining service levels and managing long-term asset obligations. It directly addresses both key observations and formal recommendations made by the Essential Services Commission of South Australia (ESCOSA) through a considered approach to capital investment, borrowings, asset management, and rate setting. The draft LTFP addresses these observations and recommendations through the following measures:

- **Rates and Affordability:** The Plan takes a balanced approach to rate increases, with a focus on long-term stability. While initial increases are necessary to return to sustainability, the additional 2% margin for sustainability reduces progressively over the life of the plan. By the end of the 10-year period, rate increases are limited to CPI, reflecting improved financial health and community affordability considerations.
- **Cost Control and Efficiency:** A key focus of the Plan is improving operational efficiency and identifying cost savings. Council is progressing a structured approach to service reviews and workforce planning, underpinned by a Continuous Improvement Program. These initiatives aim to contain cost growth and deliver measurable savings over time.
- **Asset Management and Depreciation:** Updated Asset Management Plans better align capital renewal with depreciation, helping to close the historical renewal funding gap. The upcoming Asset Unlocking Project will further strengthen this by reviewing depreciation assumptions and asset valuations to ensure sufficient and sustainable funding for asset renewal and replacement.
- **Capital Investment Discipline:** New and upgraded assets are limited to those with external funding or strategic justification. The focus has shifted to asset renewal to prevent growth in unfunded future liabilities.
- **Transparency and Community Engagement:** Community consultation will seek feedback on the draft Plan and help inform future prioritisation decisions.

## IMPLICATIONS TO CONSIDER

<b>Legal</b>	Section 122 of the <i>Local Government Act 1999</i> requires Council to prepare and adopt a Long Term Financial Plan as part of its Strategic Management Plans. Public consultation must be undertaken in accordance with Council's Community Engagement Policy.
<b>Financial and Budget</b>	The LTFP forecasts Council's financial position over the next decade, including revenue and expenditure assumptions, capital investment, and achievement of financial sustainability targets. While the plan provides guidance, it does not commit Council to specific future rate increases or expenditures without further decision-making.
<b>Community Consultation and Engagement</b>	If endorsed, the draft LTFP will be released for public consultation. This will include promotion through Council's website, social media, media releases, and stakeholder engagement, with the opportunity for community feedback on the financial strategy, assumptions, and priorities.
<b>Other Resources</b>	Preparation of the draft LTFP has involved significant input from the Finance team and Executive Leadership Team. Additional staff resources will be allocated to facilitate consultation, respond to enquiries, and compile feedback for Council's consideration.

## RISK ANALYSIS

The risk identification and categorisation relies on the City of Mount Gambier [Risk Management Policy](#).

c	Consequence Rating	Risk Likelihood Rating	Risk Rating	Mitigation
<b>Finance</b> - Failure to meet long-term financial sustainability targets, leading to deficit budgets and increased debt.	Major (4)	Possible (3)	High	Monitor financial performance quarterly, adjust LTFP annually, implement efficiency measures and rate smoothing.
<b>Reputation</b> - Community dissatisfaction due to rate increases above CPI, particularly in a low socio-economic environment.	Moderate (3)	Likely (4)	High	Engage community during consultation, clearly communicate rationale and long-term benefits of plan, phased rate path.
<b>Legal / Regulatory / Policy</b> - Non-compliance with ESCOSA's financial sustainability guidelines and recommendations.	Moderate (3)	Possible (3)	Moderate	Align LTFP with ESCOSA recommendations, disclose material changes annually, and maintain clear audit trails.
<b>Service Delivery</b> - Inability to maintain or improve service levels due to	Major (4)	Possible (3)	High	Prioritise core services, complete service reviews, invest in

insufficient funding or poor cost control.				workforce planning and efficiency programs.
<b>People</b> - Staff stress or low morale if efficiency targets result in under-resourcing or unclear expectations	Moderate (3)	Possible (3)	Moderate	Align workforce planning with service needs, communicate change clearly, and support staff through transitions.
<b>Infrastructure</b> - Asset deterioration or failure due to underfunding of renewal and maintenance.	Major (4)	Possible (3)	High	Ensure alignment between asset management plans and LTFP, review depreciation assumptions, prioritise renewal spend.
<b>Environmental</b> - Delays or underinvestment in environmentally sustainable infrastructure or services.	Minor (2)	Possible (3)	Low	Include environmental considerations in capital planning, seek grant funding for sustainability projects.

## APPLICATION OF STRATEGIC PLAN

This report aligns to the following strategic objectives(s):

Priority 6: Excellence in Leadership and Governance

- 6.1 Ensure Elected Council Members are meeting their civic obligations and making informed, strategic decisions in the best interests of the community.
- 6.4 Review and continually update the Long -Term Financial Plan to ensure ongoing financial sustainability to community expectations and legislative requirements.

## RELEVANT COUNCIL POLICY

[Asset Accounting](#)  
[Budget Policy - B300](#)  
[Community Consultation and Engagement - P195](#)  
[Procurement](#)  
[Treasury Management - T150](#)

## IMPLEMENTATION AND NEXT STEPS

If endorsed, the following steps will be undertaken:

1. **Commence Public Consultation** – Community consultation will be undertaken for a minimum of 21 days, as per Council’s Community Engagement Policy.
2. **Engagement Activities** – Activities will include online promotion, a summary factsheet, and community Q&A sessions.
3. **Receive Feedback and Finalise Plan** – All feedback will be collated and presented to Council with recommendations. Amendments may be made prior to the final version being presented for formal adoption.

4. **Final Adoption** – A separate report will be presented to Council seeking formal adoption of the LTFP, inclusive of any community-informed adjustments.

## **CONCLUSION**

The draft Long Term Financial Plan 2026–2035 provides a robust financial roadmap to support Council's strategic objectives and meet the community's aspirations for Mount Gambier. It demonstrates responsible financial stewardship and positions Council to meet its sustainability targets as scheduled.

## **ATTACHMENTS**

1. Draft Long Term Financial Plan ( LTF P) 2026-2035 - for consultation - v 1.1 [**5.2.1** - 39 pages]

# DRAFT



# Long Term Financial Plan

## 2026 - 2035



1. Acknowledgement of Country	1
2. Overview	2
3. Significant Influences and Challenges <sup>4</sup>	
4. Hierarchy Of Documents	10
5. Strategic Plan - Our Roles and Goals	12
6. CEO Statement of Financial Sustainability	15
7. Rate Setting	16
8. Funding of this plan	18
9. Key Assumptions	21
10. Key Financial Ratios	24

**Appendix:** Assumptions Financial Statements

**Changes Following Public Consultation:**

Consultation feedback received on the Draft LTFP along with Council's Annual Business Plan and Budget will be included here following its conclusion.

City of Mount Gambier acknowledges the Boandik people 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 people have with the land and water.



## DRAFT Long Term Financial Plan 2026-2035

---

### 1. Acknowledgment of Country

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 2026-2035

---

### 2. Overview

**What Is This Document?** - This is the Long Term Financial Plan (LTFP) for the City of Mount Gambier Council for the period 2026 - 2035. 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, Mount Gambier 2035 and Councils suite of Asset Management Plans, 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, June 2023 and June 2024.

**Roadmap** - The LTFP is developed in the context of the Mount Gambier 2035 Community Vision and Strategic Plan 2024-2028 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, indexation or interest rates change then this may drive changes in the annual budget.

**Financial Position** - Over the life of this Plan, Council is scheduled to achieve its financial targets by 2026/27. A balanced budget for 2025/2026 demonstrates strong financial management and progress toward long-term sustainability.

**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 Council's Executive Leadership Team and Elected Members. Workshops were held that carefully considered/explored 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.

## DRAFT Long Term Financial Plan 2026-2035

---

**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 2026-2035

---

### 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 setting 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:

- Mount Gambier 2035 Community Vision
- 2024-2028 Strategic Plan
- Asset Management Plans
- Annual Business Plan and Budget.

**Mount Gambier 2035** - Council has collaborated with the community to develop a community vision for our regional capital - Mount Gambier 2035. This will serve as the guiding document to inform Council's planning and decision making for the next ten years. This version of the LTFP has considered the Strategic Work required which is informed by Council's current 2024-2028 Strategic Plan.

**ESCOSA** - Consideration of the recommendations from the recent Local Government Advice Scheme report from the Essential Services Commission of South Australia (ESCOSA). City of Mount Gambier was included in tranche three, 2025.

**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. 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** – Future iterations of the LTFP will become a primary document that will be reviewed by Essential Services Commission of South Australia (ESCOSA) during their four yearly reviews 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 63% of operating revenue over the ten years of the plan and is an important part of the planned long-term strategy. It supports the funding of Council services to meet community expectations by maintaining essential infrastructure and services such as roads, waste management, footpaths, buildings, and more. It also contributes to the delivery of the Asset Management Plan, including both renewal and upgrade works. A Review of

## DRAFT Long Term Financial Plan 2026-2035

---

the rating strategy has begun in 2024/25 and will continue in 2025/26, 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 incorporates Reserve Bank of Australia (RBA) mid-range target for Consumer Price Index (CPI). At the time of preparation this was consistent with the March 2025 Quarter CPI of 2.4%. This is consistent with independent advice sought from BRM Advisory consultants, who offer specialised financial modelling advice to Local Government and Deloitte's Access Economics short term forecast.

**Asset Management Plan** - The Asset Management Plans have had a minor update for 2025/26 to incorporate an additional year for 2035 and incorporated to 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 Plan's they have not). The next formal review and adoption of AMPs will occur after development of the next iteration of the AMP/LTFP starting December 2025.

## DRAFT Long Term Financial Plan 2026-2035

---

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

It should be noted the following assumptions have been updated:

**Base Year** - The LTFP has been updated to include the Budget Review 2 position for 2024/25 and the budget for 2025/26.

**Interest Rates** - Interest rates have been updated to reflect actual interest/forecast rates for credit foncier loans and variable LGFA rates have been updated based on best estimates from independent Consultants BRM advisory, internal administration and to relatively align with the forecast level of CPI increases.

**Indexation** - Forecast CPI assumptions have been updated based on Deloitte Access Economics (DAE) forecasts in the short term and based using RBA mid-range targets for the longer term of 2.5%.

**General Rates** – Council's rating strategy has been reviewed, where Council Staff and Elected Members worked together to determine a balance between community expectations, the achievement of financial targets and the capacity required to deliver this LTFP (refer to rating section).

**Waste Management and Waste Service Charge** - Further to a review of the cost of service a proposed increase was presented that ensured that the revenue collected via the Waste Service charge covered the costs incurred by Council to deliver this service to the community (refer to rating section).

**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" organisational capacity by identifying efficiencies and reviewing service levels:

**Asset Management Planning Approach** - Allocations have been included for condition audits of \$50k p.a. for all years of the LTFP and Buildings and Structures valuations in 2026/27 and 2030/31 of c\$200k and Infrastructure valuations in 2026/27 and 2030/31 of c\$230k (unindexed).

**Business Systems and Infrastructure** - \$365k investment over 3 financial years to 2026/27.

**Workforce Planning Framework** - This has incorporated \$15k in 2025/26 and an additional resource as part of capacity creation (refer below).

**Capacity Creation** – Capacity has been created in a number of different ways: to deliver the community's vision and ensure Council can respond effectively to current and future demands, improve service delivery, and operate more efficiently.

**Capacity Building Strategic Projects** – An allocation of \$385k p.a. to year 2028/29 and \$435k p.a. thereafter (unindexed) has been included to fund the delivery of the Strategic Work Plan.

## DRAFT Long Term Financial Plan 2026-2035

---

**Resource** – The capacity of 2 FTE's p.a. or contractor/consultant equivalents (20 FTEs over the life of the LTFP has been included) which is expected to either be Council Staff or consultants/contractors.

**Making Better Places Program** – Previously known as Sports Recreation and Open Space Strategy (SROSS) has been reviewed, however implementation remains from 2027/28 (details on next page).

**Strategic Work Plan** - Individual projects such as the Business Systems review have been scheduled for a finite period, however, consideration of an ongoing allocation over the life of the LTFP in recognition of the need to resource for future priorities and growth is maintained for various items such as capacity building, asset management condition audits, etc.

**CBD Activation** - An allocation has been included of \$100k p.a. (unindexed) to conclude in 2026/27 .

**Asset Management** - Condition audits and valuations undertaken throughout 2022/23 and 2023/24 financial years for our major asset classes has seen a significant increase in baseline depreciation, 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 LTFP indexes CPI annually from 2026/27 and applies 50% of actual CPI in 2025/26 while the asset management unlocking strategic project focuses on review of our actual asset consumption and depreciation.

**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 2, and capital for new/upgrade expenditure following engagement with relevant Council staff and Elected Members.

**Master Planning** – The previous version of the LTFP included a \$50k p.a. allocation for master plans. This version of the LTFP includes \$100k p.a to 2028/29 to better reflect actual cost. The additional \$50k p.a has been offset by a reduction in the capacity building strategic projects fund.

**Making Better Places Program (ex SROSS)** – in recognition of the need to renew ageing assets and continue to invest in growing and improving the city, a capital allocation of \$5m (unindexed) every three years has been included (design in year 1 and construction in years 2 and 3) 50% for renewal and 50% for new/upgrade capital expenditure. Further 50% grant funding has been incorporated resulting in a cash impact every three year cycle of \$2.5m. This has changed from inclusions in the previous LTFP which included \$5m projects every two years and assumed 100% new/upgrade capital expenditure.

**Waste Management** – The development of a Waste and Resource Recovery Master Plan has been identified by Council as a key strategic project and is almost complete. 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

## **DRAFT Long Term Financial Plan 2026-2035**

---

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.

## DRAFT Long Term Financial Plan 2026-2035

---

### 5. Essential Services Commission of South Australia

In February 2025, the Essential Services Commission of South Australia (ESCOSA) released its findings on the City of Mount Gambier's financial performance and sustainability.

The City of Mount Gambier's historical, current, and projected financial performance was deemed mostly sustainable. This outcome reflects our commitment to delivering services and infrastructure while maintaining long-term stability.

Council acknowledges the recommendations provided by ESCOSA and provides the following responses and actions being implemented as part of its ongoing commitment to financial sustainability, transparency, and responsible governance:

#### **1. Disclose material changes to its capital expenditure forecasts as part of its annual review and update to its Long-Term Financial Plans.**

Council has undertaken a review of its capital expenditure forecasts, particularly relating to the former Sport, Recreation and Open Space (SROSS) program, now retitled the *Making Better Places Program*. Changes to this program include the reallocation of expenditure between new and renewal assets, extension of the delivery timeframe from two to three years, and an expansion of the fund's scope to city-wide projects.

#### **2. Develop a plan to achieve cost saving measures and targets and report annually in the budget and the Long-Term Financial Plans as appropriate, to provide evidence of controlling the growth in costs and achieving efficiencies across its operations and service delivery.**

Council has commenced several cost-saving and efficiency initiatives, including:

- Transitional adjustments to visitor servicing hours to reflect seasonal demand and industry benchmarks, ahead of a formal model review in 2025/2026.
- Engagement of specialist consultants to secure improved electricity contract terms, achieving cost savings through zero indexation on usage charges while incorporating green energy.
- Renegotiation of BPay fees with Council's banking provider, lowering transaction costs associated with rates payments.
- Ongoing adherence to strong procurement practices that emphasise competitive processes and value for money.

These measures will be documented and reported through Council's annual budget process and updates to the LTFP, providing transparency and accountability in managing cost growth and achieving operational efficiencies.

## DRAFT Long Term Financial Plan 2026-2035

---

### **3. Review its planned pace of repayment of debt, balancing rate increases, financial costs, and intergenerational equity.**

Council continues active discussions with the Local Government Financing Authority (LGFA) to explore options for optimising its debt repayment strategy. This includes consideration of financial cost impacts, the effect on current and future ratepayers, and intergenerational equity. Council's approach aligns with its Treasury Management Policy and also considers potential break costs associated with early repayment of loans. This work aims to create future financial capacity while maintaining a sustainable balance between debt servicing and other financial obligations.

### **4. Review its depreciation assumptions and the underlying valuations and useful life data to ensure that depreciation accurately reflects the rate of asset consumption and ensure that asset renewal and replacement is fully funded.**

Council is progressing a multi-year strategic project to enhance asset management, with a key focus on reviewing asset useful lives in comparison to actual consumption patterns. As an interim measure, Council has endorsed a reduction in asset valuation indexation from 100% of CPI to 50% of CPI for the 2025/2026 financial year. This adjustment recognises the need for improved data and better alignment of depreciation to the real rate of asset use. Asset renewal funding is a priority within this project to ensure long-term infrastructure sustainability.

### **5. Review its pace of development of new and upgraded assets, having regard to rates affordability, the affordability of the stream of future liabilities created by new and upgraded assets, and the need to prioritise and fully fund asset renewal and replacement.**

Through the transition from the SROSS program to the *Making Better Places Program*, Council has taken a more measured approach to new capital investment. The fund now includes a 50/50 split between new and renewal projects and extends delivery cycles to every three years, better aligning with project delivery timeframes and grant availability. This approach balances the need for community infrastructure with the long-term financial burden of asset maintenance and replacement.

### **6. Review its approach to addressing financial sustainability risks, in consultation with its community, with a view to limiting future increases in rates and improving affordability for ratepayers.**

Council remains committed to engaging with the community to improve transparency and ensure that rate-setting decisions are understood and supported. The current LTFP includes a modest 0.5% growth estimate. Where actual growth exceeds this target, the additional revenue will be used in 2025/2026 to reduce the overall amount of rates raised, not to increase total revenue. This approach reflects Council's intent to limit rate increases where possible, while maintaining service delivery and financial sustainability.

## DRAFT Long Term Financial Plan 2026-2035

---

### Key Financial Indicators:

The following targets have been set in line with the adopted T150 Treasury Management Policy and Council's loan conditions with the LGFA:

**Operating Surplus Ratio %** - Positive surplus ratio by 2026/27.

**Net Financial Liabilities Ratio %** - Net Financial Liabilities Ratio of lower than 100% to be achieved by 2026/27.

**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.

**Indexation** - Escalation of expenditure and revenue.

**Interest Rates** - Interest rates have been forecast based on current interest rates and the forecast projection of inflation and indexation. 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.

## DRAFT Long Term Financial Plan 2026-2035

---

### 6. Risks and Opportunities

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:

#### **Risks**

**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.

**Grant Revenue** - Whilst grant revenue may fund additional capital works, additional maintenance/renewal expenditure will be incurred as a result. Discontinuation of Local Roads Community Infrastructure (LRCI).

**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.

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

#### **Opportunities**

**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 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.

**Service Reviews** – identifying service efficiencies can help optimise resources and support the sustainable delivery of services that align with community expectations.

**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.

## DRAFT Long Term Financial Plan 2026-2035

---

### 7. Exclusions from this Plan

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

**Waste Resource Recovery Masterplan** - Further work is currently underway aligned with the development of the draft masterplan. A component of this is expected to further define the design and subsequent cost of future cell construction, capping, other capital investment and operational requirements, and the post closure provision and unwinding of net present values.

**Capital Works Costing Principles** - Work continues to improve costing principles for the allocation of internal cost to capital projects, including project management, total staff costs, disposal of materials (e.g. road surfaces) and plant usage allocations. The implementation of these principles will be staged across a number of years. This version of the ABP and LTFP includes the results of initial work undertaken and further incremental improvement. Future iterations of the LTFP and supporting AMPs will incorporate refinements as work progresses.

**Asset Management** - Further review to be undertaken in preparation for the development of the next iteration of the Asset Management Plan / LTFP starting December 2025.

**Master Planning** - Recommendations from the master planning currently in progress and forecast to be completed annually up to and including 2028/29. Noting that allocations for the Making Better Places Program capital expenditure will be prioritised to assist meeting any recommendations.

**Visitor Information Services** – A review of the visitor information service is due to be undertaken in September 2025. This follows 12 months of a transition, test and trial phase to a hub and spoke model and will incorporate expressions of interest sought for the community activation of the Lady Nelson site with a view to house local creative industries and/or historical collections.

**Enterprise Bargaining (EB) Agreements** - The current EB's conclude November 2025 with negotiations due to start July 2025. At the time of writing this plan, indexation was applied using Deloitte's Access Economics short-term estimates with the assumption that all other wage conditions will remain materially the same.

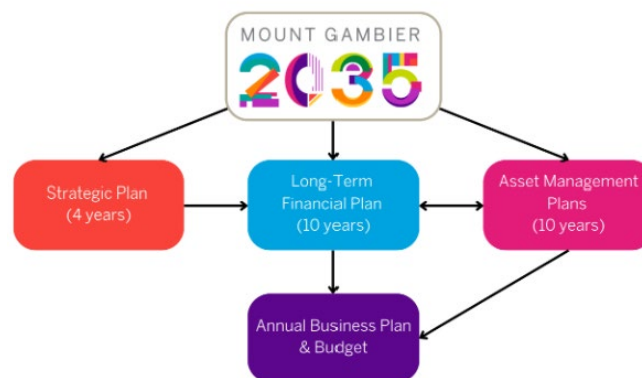
## DRAFT Long Term Financial Plan 2026-2035

---

### 8. Hierarchy Of Documents

**Hierarchy of Documents** - Brings together the key planning documents to ensure that the vision, goals and objectives set by Mount Gambier 2035 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:



**Mount Gambier 2035 (10 Years)** - The Mount Gambier 2035 Community Vision was developed through extensive community engagement and serves as a foundational document for the Council. It informs our overarching strategic planning and reporting framework, ensuring that all Council activities and decisions are aligned with the community's goals and aspirations. The Council is proud to be the custodian of this community-led vision and is committed to using it as a guiding document for planning and decision-making. This vision informs our strategic plan, which in turn guides all the Council's strategic documents.

**Strategic Plan (4 Years)** - Outlines the overarching goals for the next four years, guiding resource allocation and establishing a framework for measuring and reporting progress.

**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.

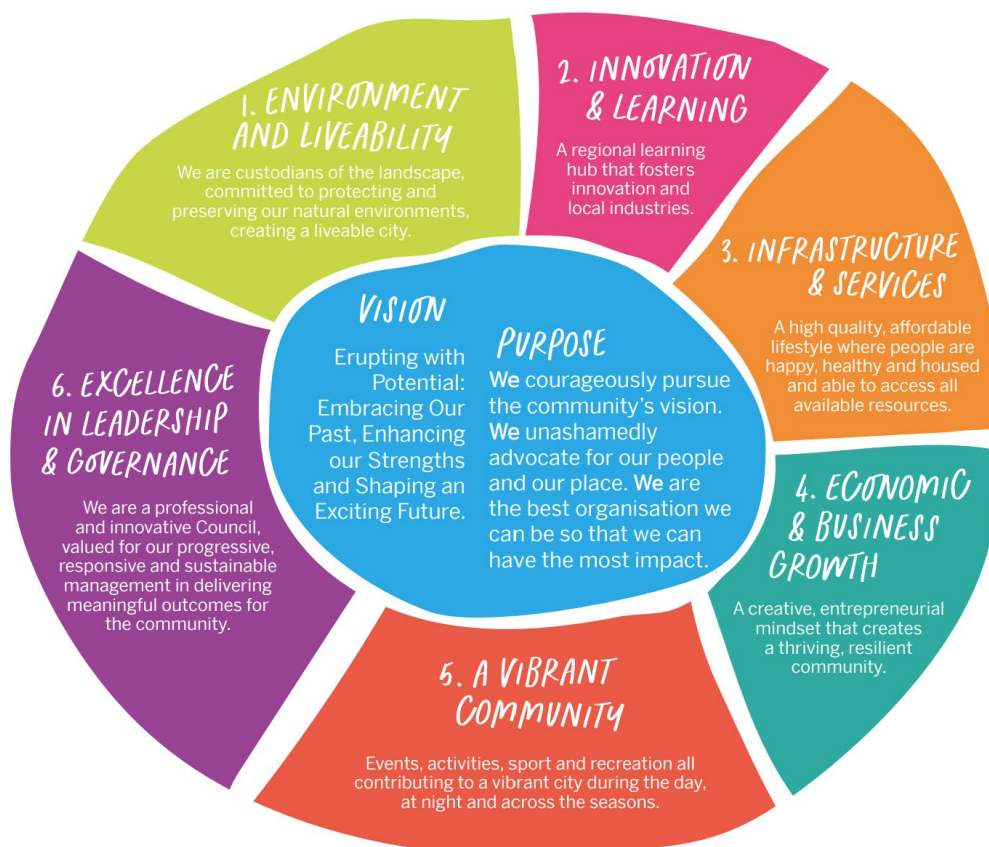
**Asset Management Plan (Asset Management Summary) (10 Years)** - Identifies the required future expenditure on infrastructure and funding required to maintain service levels. It is aligned with the LTFP.

**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 2026-2035

### 9. Strategic Plan - Our Vision and Strategic Priorities

The Council's Strategic Plan 2024–2028 outlines the overarching goals and priorities for the next four years, guiding resource allocation and establishing a framework for measuring and reporting progress. It directly responds to the community's vision, addressing the needs and aspirations of those who live, work, study, or visit Mount Gambier. It sets out the expected outcomes from Council's actions, organised under six strategic priorities, including the five from the Community Vision – Mount Gambier 2035, and a sixth priority emphasising strong, accountable leadership and governance.



## DRAFT Long Term Financial Plan 2026-2035

---

### 10. 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 will be met in 2026/2027.

- **Operating Surplus Ratio** - The ratio is positive over the 10 year period with an average ratio of 1.3%, achieving a balanced budget in 2025/26 and surpluses from 2026/27 onwards.
- **Net Financial Liabilities Ratio** - The average ratio over the 10 years is 46%, achieving a ratio of less than 100% in 2024/25 and continuing to 2034/35.
- **Asset Renewal Funding Ratio** - The Asset Renewal Ratio averages 110% over the 10 years of the LTFP and is consistently above 100% each year. The LTFP is aligned with the forward works program and Asset Management Plans.

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

## DRAFT Long Term Financial Plan 2026-2035

### 11. Rate Setting (General Rates and Waste Service Charge)

**Historic Rating** - In previous years rating did not keep up with inflation and whilst an increase was proposed smoothed across 3 years for 2023/24 financial year, rating was below actual CPI. A large step-increase was applied in 2024/25 to create organisational capacity and achieve financial targets by 2026/27 financial year. Average residential rates were significantly below the rural state average, noting this does not consider variances between Council's for service charges.

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

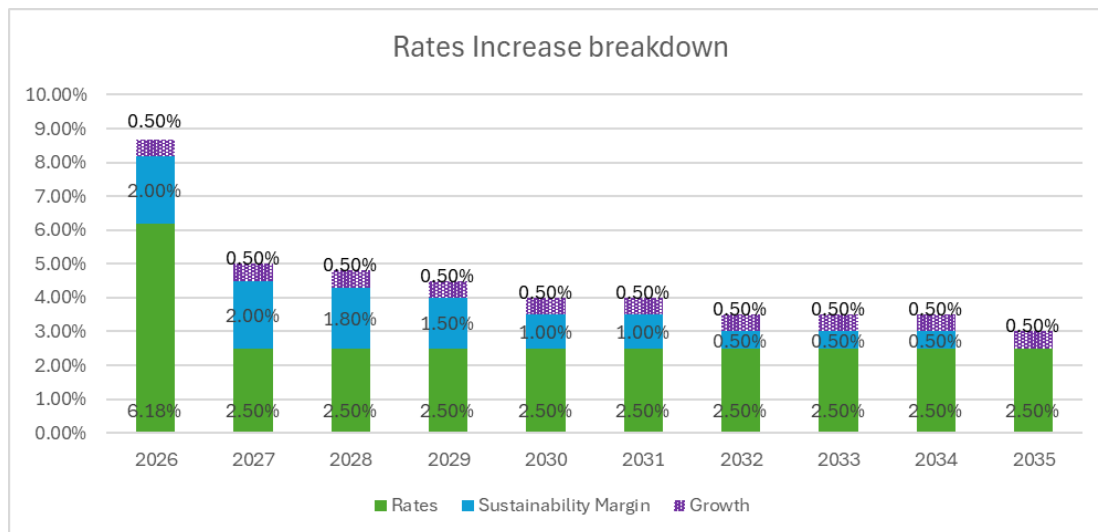
**Balanced Approach** - Council needs to find the balance between resident expectations and what is appropriate and affordable for Council to provide with the revenue available.

**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 \$1,342 in 2024/25 compared to \$1,769 for the SA rural average, noting a waste service charge of \$311 was applied.
- **Depreciation** - Further to the revaluations undertaken over the past 2 financial years 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.
- **Sustainability** – The updated modelled rate for 2026/27 and beyond is based upon CPI plus a maximum of 2% sustainability margin as required to ensure that Council achieves and maintains its operating surplus to fund future service provision and pay down debt. The sustainability margin will be reduced as Council estimates the impact of cost savings and efficiencies are recognized.



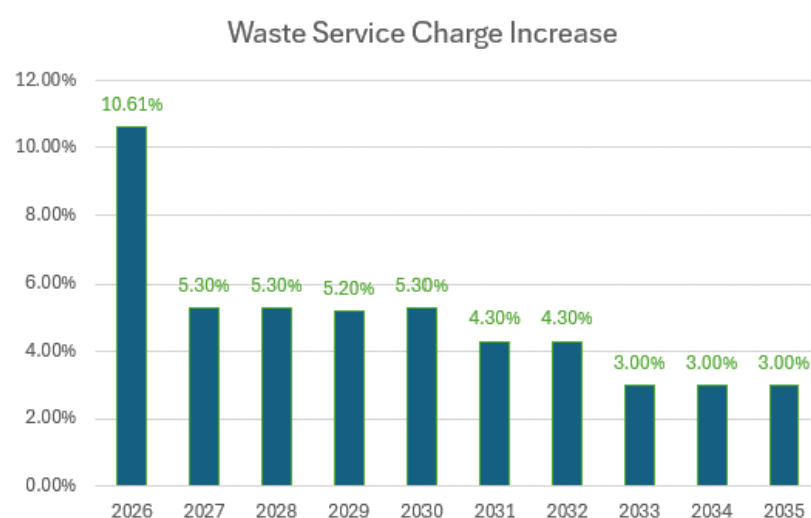
## DRAFT Long Term Financial Plan 2026-2035



**Assessment Growth** - Assessment growth has been considered in the LTFP and has been assumed to be 0.5% p.a. in the future years. Council has taken a prudent approach considering average growth of 0.76% for all assessments over the last 7 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.

**Waste Service Charge** – The Waste Service Charge is reviewed annually and is based on estimated operating and capital costs of delivery the kerbside collection service(s).



## DRAFT Long Term Financial Plan 2026-2035

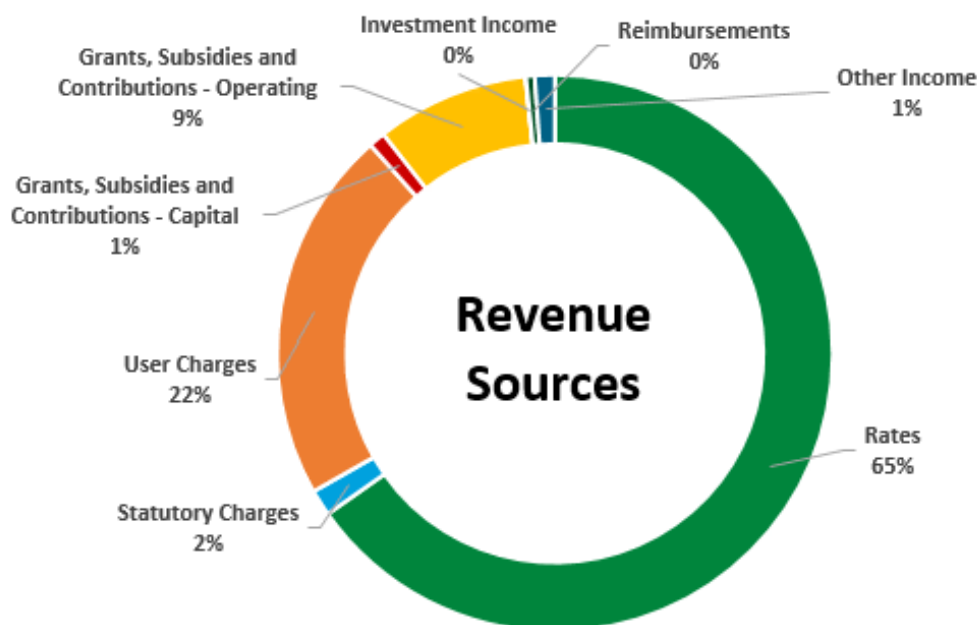
### 12. Funding Of This Plan

#### 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).

## DRAFT Long Term Financial Plan 2026-2035

---

**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.

### BORROWINGS:

**Council's Debt** - 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 (it should be noted that the borrowings are funded by loans/debt capacity specifically allocated to the construction of the Wulanda Recreation and Convention Centre and other debt capacity for other Council operations).

### LGFA Loan Agreement To Fund the Wulanda Recreation and Convention Centre (WRCC):

The targets were aligned with the terms of the special conditions of the

loan with the LGFA (Local Government Finance Authority) accepted by Council at the Special Council meeting on 23 March 2021 (as follows):

### REPORT RECOMMENDATION

1. That Council Report No. AR21/17395 titled 'Wulanda Recreation and Convention Centre Funding' as presented on 23 March 2021 be noted.
2. That Council accept the special conditions of the loan approval for the Wulanda Recreation and Convention Centre imposed by the Local Government Finance Authority and will, as forecast in the current adopted Long-Term Financial Plan, not later than the end of the financial year ending 30 June 2027 have achieved:
  - A positive Operating Surplus Ratio
  - Net Financial Liabilities Ratio less than 100%;

## DRAFT Long Term Financial Plan 2026-2035

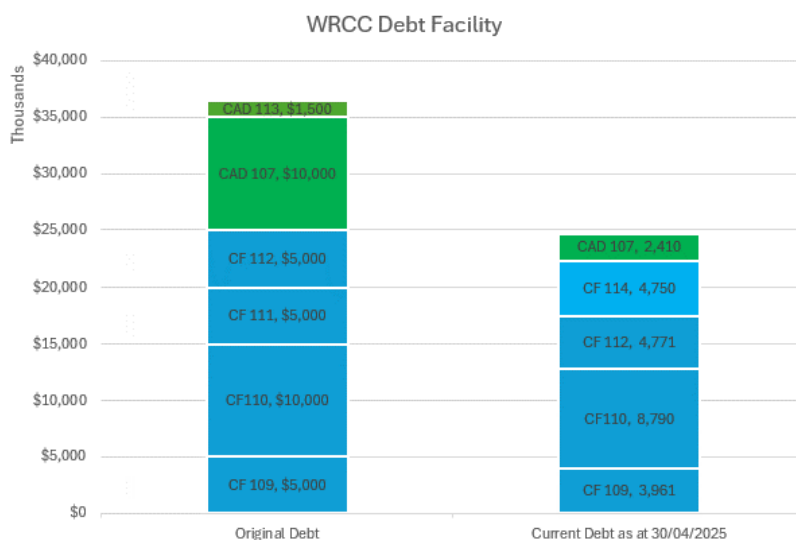
- *Asset Renewal Ratios which align with forecasts set out in the Long-Term Financial Plan*
- *That Council not undertake any capital projects or increase the costs of operations through new or enhanced services other than as set out in the Long-Term Financial Plan.*

### Debt Structure/Strategy:

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).

**WRCC Borrowings/Debt Capacity** - The original funding of Wulanda assumed \$35m of debt for Wulanda (i.e. cash c\$5m, Federal Government grant funding of \$15m and State Government grant funding of \$10m, plus \$35m debt funding). Subsequently, an additional CAD facility of \$1.5m was approved.

The graph below shows the available debt facility by individual loan with the original loan amount/capacity of \$36.5m and the current debt value as at 30 April 2025. For noting that debt values fluctuate according to Council's working capital cycle.



**Individual Loans** - Details of the individual loans/debt capacity in terms of the expiry date and interest rate are as follows (aligned with annual Audit and Risk Committee reporting):

Facility	Expiry Date	Interest Rate
Credit Foncier 109 amortising (WRCC)	16/05/2032	4.75%
Credit Foncier 110 amortising (WRCC)	16/05/2037	4.85%
Credit Foncier 112 amortising (WRCC) *	15/05/2026	4.95%
Credit Foncier 114 interest only (WRCC) *	17/03/2027	4.88%
CAD 104 (WRCC)	16/08/2026	5.75%
CAD 106 (WRCC)	15/06/2025	5.75%
CAD 107	16/08/2026	5.75%
CAD 113 (WRCC)	15/06/2025	5.75%

## DRAFT Long Term Financial Plan 2026-2035

---

\* It should be noted that these loans have balloon facilities that allow the loan to be either repaid or refinanced (either as another credit foncier loan or a CAD). The LTFP assumes that the loans will be refinanced as credit fonciers upon expiry until 2031 when they are repaid and converted into flexible CADs.

It should also be noted that the CAD interest rates included in the table are as at 30 April 2025.

### 13. Key Assumptions

#### OPERATING REVENUE:

**General Rates** - Revenue has been indexed by 8.18% (excluding growth) in the first year of the LTFP and CPI plus 2% sustainability margin as required to ensure financial sustainability (excluding growth) for the remaining years of the LTFP. For noting that stepped cost decreases are forecasting a reducing requirement for the sustainability margin over the life of the plan.

**Waste Service Charges** – The waste service charge value has been modelled based on estimated cost including CPI.

**Council Operations User Charges** – increases incorporate CPI and weighted average impact of waste management long term planning estimates, aligned with the user pays principle for the majority of user charges. Waste Management accounts for over 51% of user charges.

**Grant Funding (Recurrent)** - Financial Assistance Grants and Roads to Recovery (RTR) have been assumed to continue over the life of the plan.

For Financial Assistance Grants it has been assumed that 100% of the year's allocation will be paid in the current year (from 2025/26 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 current and future years and as such no adjustment has been made to the LTFP.

A significant increase in the Roads to Recovery program over the next five year term has been built in.

Indexation where appropriate has been applied to other grant revenue based on CPI.

**Grant Funding (One-off)** - Tied grant funding is applied in the same year that corresponding expenditure is planned.

**Development Related Revenue** - Development Approval and Planning fees have been reduced in the baseline year 2025/26 as the previous model baseline estimate was too generous. These fees have been inflated by CPI annually over the life of the plan.

#### OPERATING EXPENDITURE:

**Materials, Contracts & Other Expenditure** - Has been indexed in line with forecast CPI increases over the period of the plan. One-off expenditure has been removed and cyclical expenditure has been incorporated.

**Employee Costs** - Standard increases are aligned with Deloitte's Access Economics for the initial

## DRAFT Long Term Financial Plan 2026-2035

---

years of the LTFP, with anticipated increases thereafter.

**Strategic Work Plan Delivery** - Additional funding has been allocated to support the delivery of identified initiatives and a further capacity of c\$435k p.a.(unindexed from 2025/26 onwards). Noting \$50k of this amount has already been allocated to fund additional master planning costs annually to 2028/29.

**FTEs** - The number of FTEs employed by Council over the life of the LTFP is assumed to increase by 2 FTEs annually (or equivalent in consultancy/contractor fees).

**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).

### 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 is unindexed).

**New Capital/Upgrade** – Council's asset management plan's provide the basis for inclusion in the Long Term Financial Plan as well as known changes or additions that may not yet be reflected through the Annual Management Plan. At this stage prior to the completion of the Waste and Resource Recovery Masterplan the only significant investment for new capital at Caroline Landfill is for cell construction, cell capping and a weighbridge. 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).

**Future Development** - It should be noted that the next iteration of Asset Management Plans for inclusion in the next iteration of Long Term Financial Plan. This is an annual cycle and will be prepared in the first half of 2025/26.

### CAPITAL REVENUE

**Grants** - Future grants have been assumed for the Making Better Places Program. Noting that should grant applications be unsuccessful the projects will be reviewed to establish whether a lesser project scope should be delivered.

**Making Better Places Program (ex SROSS)** - From 2028 onwards the program is expected to deliver two projects with design in year 1 and construction in year 2 and year 3 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 \$1.2m per annum has been included in this version of the LTFP.

## DRAFT Long Term Financial Plan 2026-2035

---

### 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.

**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 2026/27 onwards 100% of forecast CPI has been applied to index asset values annually in years that a revaluation does not occur. The revaluation cycle is every 4 years.

**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.

## DRAFT Long Term Financial Plan 2026-2035

---

### 14. 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 (KFIs)**

- *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 2026/27.*
  - **Net Financial Liabilities Ratio** – *Achieve a target of less than 100% of total operating revenue by 2026/27; 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.

#### 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.

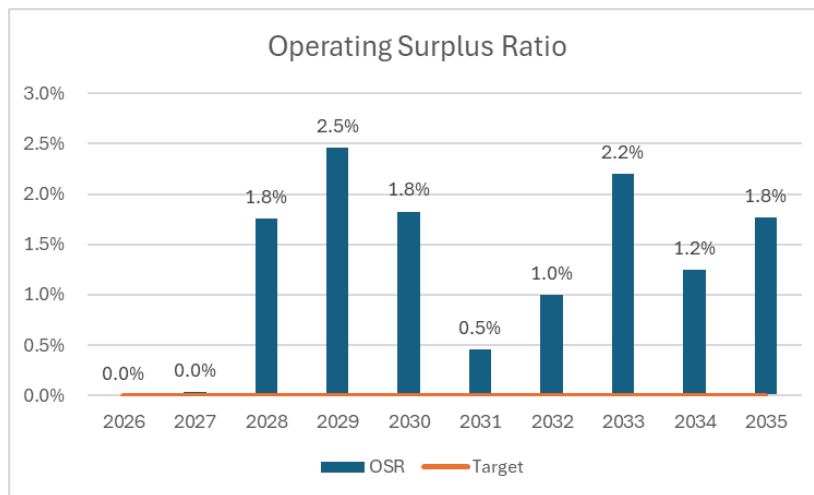
##### **How is this ratio calculated?**

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

##### **What is the target?**

## DRAFT Long Term Financial Plan 2026-2035

The target to be achieved by 2026/27 is that Council will achieve a positive ratio (aligned with Council's Treasury Management Policy and the LGFA loan terms to fund the construction of the Wulanda Recreation and Convention Centre).



### Result:

Council is expected to return to a balanced budget in 2025/26—one year ahead of the previous Long Term Financial Plan—delivering a positive result for the remainder of the Long Term Financial Plan. This early achievement reflects strong financial management and continued progress toward long-term sustainability. The average ratio over the life of the LTFP is 1.3%.

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

## 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?

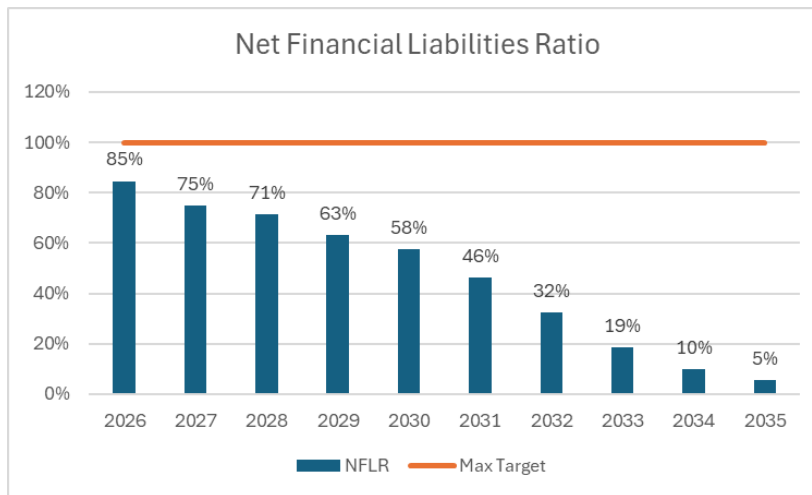
Net financial liabilities as a percentage of total operating revenue.

### What is the target?

Council will achieve a net financial liabilities ratio of less than 100% of total operating revenue 2026/27" (aligned with Council's Treasury Management Policy and the LGFA loan terms to fund the construction of the Wulanda Recreation and Convention Centre).

## DRAFT Long Term Financial Plan 2026-2035

---



### Result:

Based on current forecasts, Council is now expected to meet its financial targets 12 months earlier than planned—demonstrating strong financial management and a clear trajectory toward long-term sustainability. The Net Financial Liabilities Ratio is projected to fall below the 100% target by 2024/25 and remain under this threshold for the entire 10-year period of the Plan, averaging 46%.

### 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.

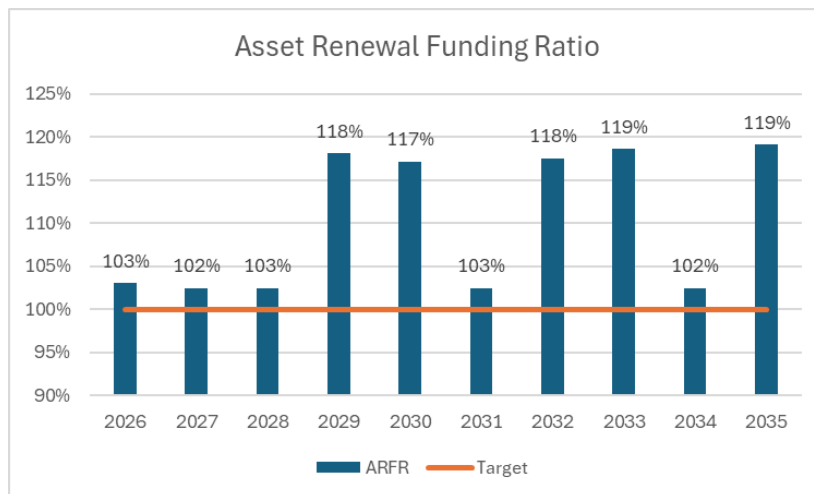
#### How is this ratio calculated?

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.

## DRAFT Long Term Financial Plan 2026-2035



### 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% excluding inclusions for Waste Management and Making Better Places Program.

Spikes in the ratio in years 2029, 2030, 2032, 2033, 2035 are due to change in assumption that the Making Better Places Program will be 50% renewal, prior to this charge it was considered 100% new asset expenditure.

## 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.

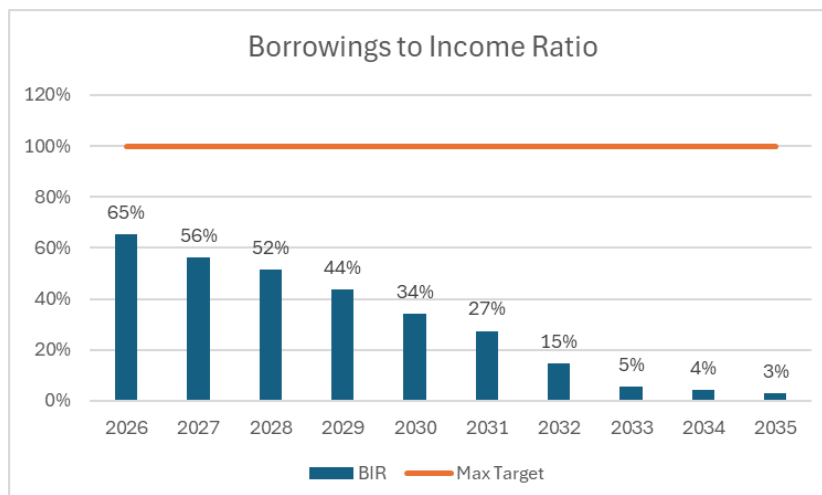
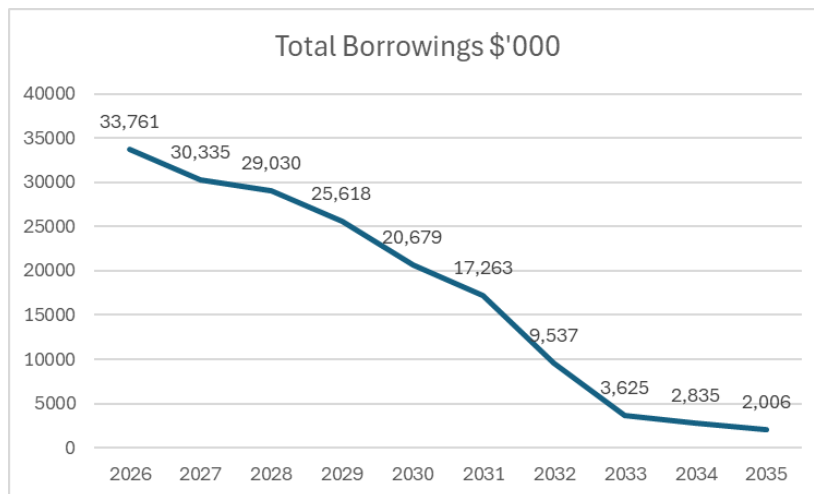
### How is this ratio calculated?

Total borrowings including CAD divided by total operating revenue.

### What is the target?

Council will maintain a target of less than 100%.

## DRAFT Long Term Financial Plan 2026-2035



### 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 reducing debt from the peak forecast for 2024/25 to \$2m in 2034/35.

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).

## Long Term Financial Plan 2026-2035

### Assumptions

Key Assumptions	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
General Rates Revenue Increase (excl Growth)	8.18%	4.50%	4.30%	4.00%	3.50%	3.50%	3.00%	3.00%	3.00%	2.50%
Assessment Growth	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Waste Service Charge Increase	10.61%	5.30%	5.30%	5.20%	5.30%	4.30%	4.30%	3.00%	3.00%	3.00%
Consumer Price Index (South Australian CPI)	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
CAD Interest Rate (estimate)	5.20%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%

### Significant Expenditure:

Item	Operating/ Capital	Assumption
ESCOSA Local Government Rates Oversight Scheme	Operating	FY 2029 \$40k, FY 2033 \$40k (unindexed)
Asset Maintenance	Operating	\$100kp.a ongoing from FY 2027
Asset Condition Audits	Operating	\$50k p.a. (unindexed)
SROSS Masterplans	Operating	\$100k p.a. (unindexed) to FY 2029
CBD Activation	Operating	c\$100k p.a. (unindexed) To FY 2028
Business Systems Review	Operating	\$250k in FY 2026 and \$100k FY 2027
Council Election costs	Operating	FY 2027 \$140k, FY 2031 \$150k and FY 2035 \$150k (unindexed)
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	\$385k from FY 2027 to FY 2029 and \$435k onwards (unindexed)
Making Better Places Program ) (ex SROSS) Implementation	Capital	Year 1 Design \$500k, Year 2 and Year 3 Construct (spread over 2 years) \$4,500k (gross capital expenditure unindexed), supported by 50% grant funding (unindexed)

## Long Term Financial Plan 2026-2035

### Financial Statements - Uniform Presentation of Finances

\$'000	2023/2024 Actuals	2025/2026 Budget	2026/2027 Budget	2027/2028 Budget	2028/2029 Budget	2029/2030 Budget	2030/2031 Budget	2031/2032 Budget	2032/2033 Budget	2033/2034 Budget	2034/2035 Budget
<b>Income</b>											
Rates	26,488	32,998	34,662	36,353	38,029	39,623	41,226	42,719	44,181	45,693	47,064
Statutory Charges	781	844	865	887	909	932	955	979	1,003	1,028	1,054
User Charges	9,179	10,938	11,482	12,059	12,668	13,314	13,804	14,307	14,665	15,031	15,407
Grants, Subsidies and Contributions - Capital	559	955	769	810	810	410	420	431	442	453	464
Grants, Subsidies and Contributions - Operating	1,102	4,995	5,045	5,180	5,248	5,389	5,514	5,661	5,793	5,947	6,086
Investment Income	54	56	51	43	35	25	21	8	-	-	-
Reimbursements	1,230	276	283	290	297	305	313	320	328	337	345
Other Income	2,668	642	658	674	691	708	726	744	763	782	801
<b>Total Income</b>	<b>42,061</b>	<b>51,703</b>	<b>53,816</b>	<b>56,296</b>	<b>58,687</b>	<b>60,705</b>	<b>62,978</b>	<b>65,169</b>	<b>67,174</b>	<b>69,271</b>	<b>71,221</b>
<b>Expenses</b>											
Employee Costs	19,320	18,346	19,229	20,150	20,927	21,731	22,562	23,422	24,309	25,227	26,176
Materials, Contracts & Other Expenses	15,292	19,403	20,206	19,911	20,441	20,864	22,031	21,920	22,516	23,042	24,318
Depreciation, Amortisation & Impairment	10,795	11,997	12,753	13,813	14,544	15,684	16,999	18,593	18,579	19,834	19,049
Finance Costs	1,822	1,957	1,609	1,435	1,332	1,317	1,098	583	289	304	423
<b>Total Expenses</b>	<b>47,229</b>	<b>51,703</b>	<b>53,797</b>	<b>55,309</b>	<b>57,245</b>	<b>59,596</b>	<b>62,690</b>	<b>64,518</b>	<b>65,694</b>	<b>68,407</b>	<b>69,965</b>
<b>Operating Surplus / (Deficit)</b>	<b>(5,168)</b>	<b>0</b>	<b>18</b>	<b>987</b>	<b>1,442</b>	<b>1,109</b>	<b>288</b>	<b>651</b>	<b>1,480</b>	<b>864</b>	<b>1,255</b>
Less: Grants, Subsidies and Contributions - Capital	(4,355)	(955)	(769)	(810)	(810)	(410)	(420)	(431)	(442)	(453)	(464)
<b>Adjusted Operating Surplus / (Deficit)</b>	<b>(9,523)</b>	<b>(955)</b>	<b>(751)</b>	<b>177</b>	<b>632</b>	<b>699</b>	<b>(132)</b>	<b>220</b>	<b>1,038</b>	<b>411</b>	<b>791</b>
<b>Net Outlays on Existing Assets</b>											
Capital Expenditure on renewal and replacement of Existing Assets	(3,528)	(8,184)	(8,033)	(8,176)	(9,417)	(10,166)	(10,088)	(10,449)	(10,081)	(9,712)	(12,254)
Depreciation, Amortisation and Impairment	10,795	11,997	12,753	13,813	14,544	15,684	16,999	18,593	18,579	19,834	19,049
Grants, Subsidies and Contributions - Capital Renewal	-	955	769	810	810	410	420	431	442	453	464
Proceeds from Sale of Replaced Assets	110	508	213	198	219	257	312	231	166	249	249
	<b>7,377</b>	<b>5,276</b>	<b>5,702</b>	<b>6,644</b>	<b>6,157</b>	<b>6,185</b>	<b>7,643</b>	<b>8,806</b>	<b>9,106</b>	<b>10,824</b>	<b>7,508</b>
<b>Net Outlays on New and Upgraded Assets</b>											
Capital Expenditure on New and Upgraded Assets	(6,188)	(1,791)	(1,344)	(6,482)	(4,757)	(3,475)	(1,471)	(2,346)	(2,831)	(5,407)	(5,005)
Amounts Received Specifically for New and Upgraded Assets	-	-	-	-	1,346	1,380	-	1,450	1,486	-	1,561
Grants, Subsidies and Contributions - Capital New / Upgraded	216	-	-	-	-	-	-	-	-	-	-
	<b>(5,972)</b>	<b>(1,791)</b>	<b>(1,344)</b>	<b>(6,482)</b>	<b>(3,411)</b>	<b>(2,096)</b>	<b>(1,471)</b>	<b>(897)</b>	<b>(1,345)</b>	<b>(5,407)</b>	<b>(3,444)</b>
<b>Net Lending / (Borrowing) for Financial Year</b>	<b>(8,118)</b>	<b>2,530</b>	<b>3,608</b>	<b>339</b>	<b>3,378</b>	<b>4,789</b>	<b>6,039</b>	<b>8,130</b>	<b>8,799</b>	<b>5,827</b>	<b>4,856</b>

## Long Term Financial Plan 2026-2035

### Financial Statements - Statement of Comprehensive Income

\$'000	2023/2024	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031	2031/2032	2032/2033	2033/2034	2034/2035
	Actuals	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
<b>Income</b>											
Rates	26,488	32,998	34,662	36,353	38,029	39,623	41,226	42,719	44,181	45,693	47,064
Statutory Charges	781	844	865	887	909	932	955	979	1,003	1,028	1,054
User Charges	9,179	10,938	11,482	12,059	12,668	13,314	13,804	14,307	14,665	15,031	15,407
Grants, Subsidies and Contributions - Capital	559	955	769	810	810	410	420	431	442	453	464
Grants, Subsidies and Contributions - Operating	1,102	4,995	5,045	5,180	5,248	5,389	5,514	5,661	5,793	5,947	6,086
Investment Income	54	56	51	43	35	25	21	8	-	-	-
Reimbursements	1,230	276	283	290	297	305	313	320	328	337	345
Other Income	2,668	642	658	674	691	708	726	744	763	782	801
Net Gain - Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	-	-	-
<b>Total Income</b>	<b>42,061</b>	<b>51,703</b>	<b>53,816</b>	<b>56,296</b>	<b>58,687</b>	<b>60,705</b>	<b>62,978</b>	<b>65,169</b>	<b>67,174</b>	<b>69,271</b>	<b>71,221</b>
<b>Expenses</b>											
Employee Costs	19,320	18,346	19,229	20,150	20,927	21,731	22,562	23,422	24,309	25,227	26,176
Materials, Contracts & Other Expenses	15,292	19,403	20,206	19,911	20,441	20,864	22,031	21,920	22,516	23,042	24,318
Depreciation, Amortisation & Impairment	10,795	11,997	12,753	13,813	14,544	15,684	16,999	18,593	18,579	19,834	19,049
Finance Costs	1,822	1,957	1,609	1,435	1,332	1,317	1,098	583	289	304	423
Net Loss - Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenses</b>	<b>47,229</b>	<b>51,703</b>	<b>53,797</b>	<b>55,309</b>	<b>57,245</b>	<b>59,596</b>	<b>62,690</b>	<b>64,518</b>	<b>65,694</b>	<b>68,407</b>	<b>69,965</b>
<b>Operating Surplus / (Deficit)</b>	<b>(5,168)</b>	<b>0</b>	<b>18</b>	<b>987</b>	<b>1,442</b>	<b>1,109</b>	<b>288</b>	<b>651</b>	<b>1,480</b>	<b>864</b>	<b>1,255</b>
Asset Disposal & Fair Value Adjustments	(1,475)	-	-	-	-	-	-	-	-	-	-
Amounts Received Specifically for New or Upgraded Assets	216	-	-	-	1,346	1,380	-	1,450	1,486	-	1,561
Physical Resources Received Free of Charge	2,053	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Operating Result from Discontinued Operations	-	-	-	-	-	-	-	-	-	-	-
<b>Net Surplus / (Deficit)</b>	<b>(4,374)</b>	<b>1,200</b>	<b>1,218</b>	<b>2,187</b>	<b>3,989</b>	<b>3,689</b>	<b>1,488</b>	<b>3,300</b>	<b>4,166</b>	<b>2,064</b>	<b>4,016</b>
<b>Other Comprehensive Income</b>											
Changes in Revaluation Surplus - I,PP&E	45,425	5,643	11,294	11,321	11,650	11,951	12,216	12,002	12,217	11,908	12,170
Share of Other Comprehensive Income - Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	-	-	-
Movements in Other Reserves	(177)	-	-	-	-	-	-	-	-	-	-
<b>Total Other Comprehensive Income</b>	<b>45,248</b>	<b>5,643</b>	<b>11,294</b>	<b>11,321</b>	<b>11,650</b>	<b>11,951</b>	<b>12,216</b>	<b>12,002</b>	<b>12,217</b>	<b>11,908</b>	<b>12,170</b>
<b>Total Comprehensive Income</b>	<b>40,874</b>	<b>6,843</b>	<b>12,512</b>	<b>13,508</b>	<b>15,639</b>	<b>15,639</b>	<b>13,704</b>	<b>15,303</b>	<b>16,382</b>	<b>13,972</b>	<b>16,187</b>

## Long Term Financial Plan 2026-2035

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

\$'000	2023/2024 Actuals	2025/2026 Budget	2026/2027 Budget	2027/2028 Budget	2028/2029 Budget	2029/2030 Budget	2030/2031 Budget	2031/2032 Budget	2032/2033 Budget	2033/2034 Budget	2034/2035 Budget
<b>Current Assets</b>											
Cash and Cash Equivalents	270	500	500	500	500	500	500	500	3,526	9,139	13,953
Trade and Other Receivables	2,531	2,681	2,812	2,947	3,082	3,213	3,337	3,454	3,564	3,678	3,783
Inventories	76	80	82	84	86	88	90	93	95	97	100
Assets Held for Sale	335	-	-	-	-	-	-	-	-	-	-
<b>Total Current Assets</b>	<b>3,212</b>	<b>3,261</b>	<b>3,394</b>	<b>3,531</b>	<b>3,668</b>	<b>3,801</b>	<b>3,927</b>	<b>4,046</b>	<b>7,185</b>	<b>12,914</b>	<b>17,835</b>
<b>Non-Current Assets</b>											
Infrastructure, Property, Plant & Equipment	445,641	454,781	463,865	477,215	489,656	503,261	511,107	518,461	526,226	534,551	547,658
Other Non-Current Assets	-	-	-	-	-	-	-	-	-	-	-
<b>Total Non-Current Assets</b>	<b>445,641</b>	<b>454,781</b>	<b>463,865</b>	<b>477,215</b>	<b>489,656</b>	<b>503,261</b>	<b>511,107</b>	<b>518,461</b>	<b>526,226</b>	<b>534,551</b>	<b>547,658</b>
<b>Total Assets</b>	<b>448,853</b>	<b>458,041</b>	<b>467,259</b>	<b>480,745</b>	<b>493,323</b>	<b>507,062</b>	<b>515,034</b>	<b>522,508</b>	<b>533,411</b>	<b>547,465</b>	<b>565,493</b>
<b>Current Liabilities</b>											
Trade & Other Payables	5,317	5,854	5,673	6,630	6,639	6,628	7,080	6,658	6,795	7,319	7,986
Borrowings	9,986	15,319	11,793	10,878	9,343	4,424	3,775	2,400	790	829	829
Provisions	3,561	3,756	3,850	3,946	4,045	4,146	4,249	4,356	4,465	4,576	4,691
Other Current Liabilities	-	-	-	-	-	-	-	-	-	-	-
<b>Total Current Liabilities</b>	<b>18,864</b>	<b>24,929</b>	<b>21,317</b>	<b>21,454</b>	<b>20,026</b>	<b>15,197</b>	<b>15,105</b>	<b>13,413</b>	<b>12,050</b>	<b>12,724</b>	<b>13,505</b>
<b>Non-Current Liabilities</b>											
Borrowings	27,079	18,458	18,564	18,177	16,302	16,286	13,520	7,173	2,835	2,006	1,176
Provisions	1,608	3,553	3,767	3,994	4,236	7,181	4,307	4,516	4,739	4,976	6,865
<b>Total Non-Current Liabilities</b>	<b>28,687</b>	<b>22,011</b>	<b>22,330</b>	<b>22,171</b>	<b>20,539</b>	<b>23,466</b>	<b>17,827</b>	<b>11,689</b>	<b>7,574</b>	<b>6,981</b>	<b>8,041</b>
<b>Total Liabilities</b>	<b>47,551</b>	<b>46,941</b>	<b>43,647</b>	<b>43,625</b>	<b>40,564</b>	<b>38,664</b>	<b>32,932</b>	<b>25,102</b>	<b>19,623</b>	<b>19,705</b>	<b>21,546</b>
<b>Net Assets</b>	<b>401,302</b>	<b>411,101</b>	<b>423,612</b>	<b>437,120</b>	<b>452,759</b>	<b>468,398</b>	<b>482,102</b>	<b>497,405</b>	<b>513,788</b>	<b>527,760</b>	<b>543,946</b>
<b>Equity</b>											
Accumulated Surplus	87,287	91,442	92,661	94,848	98,836	102,525	104,013	107,313	111,479	113,543	117,559
Asset Revaluation Reserves	312,693	318,336	329,630	340,951	352,601	364,551	376,768	388,770	400,987	412,895	425,065
Other Reserves	1,322	1,322	1,322	1,322	1,322	1,322	1,322	1,322	1,322	1,322	1,322
<b>Total Equity</b>	<b>401,302</b>	<b>411,101</b>	<b>423,612</b>	<b>437,120</b>	<b>452,759</b>	<b>468,398</b>	<b>482,102</b>	<b>497,405</b>	<b>513,788</b>	<b>527,760</b>	<b>543,946</b>

## Long Term Financial Plan 2026-2035

### Financial Statements – Statement of Changes in Equity

\$'000	2023/2024 Actuals	2025/2026 Budget	2026/2027 Budget	2027/2028 Budget	2028/2029 Budget	2029/2030 Budget	2030/2031 Budget	2031/2032 Budget	2032/2033 Budget	2033/2034 Budget	2034/2035 Budget
<b>Accumulated Surplus</b>											
Balance at the end of previous reporting period	87,644	90,242	91,442	92,661	94,848	98,836	102,525	104,013	107,313	111,479	113,543
Net result for the year	(4,374)	1,200	1,218	2,187	3,989	3,689	1,488	3,300	4,166	2,064	4,016
Transfers from other reserves	4,017	-	-	-	-	-	-	-	-	-	-
<b>Balance at the end of the period</b>	<b>87,287</b>	<b>91,442</b>	<b>92,661</b>	<b>94,848</b>	<b>98,836</b>	<b>102,525</b>	<b>104,013</b>	<b>107,313</b>	<b>111,479</b>	<b>113,543</b>	<b>117,559</b>
<b>Asset Revaluation Reserve</b>											
Balance at the end of previous reporting period	271,174	312,693	318,336	329,630	340,951	352,601	364,551	376,768	388,770	400,987	412,895
Gain (Loss) on Revaluation of I, PP&E	41,519	5,643	11,294	11,321	11,650	11,951	12,216	12,002	12,217	11,908	12,170
<b>Balance at the end of period</b>	<b>312,693</b>	<b>318,336</b>	<b>329,630</b>	<b>340,951</b>	<b>352,601</b>	<b>364,551</b>	<b>376,768</b>	<b>388,770</b>	<b>400,987</b>	<b>412,895</b>	<b>425,065</b>
<b>Other Reserves</b>											
Balance at the end of previous reporting period	1,610	1,322	1,322	1,322	1,322	1,322	1,322	1,322	1,322	1,322	1,322
Transfers from Accumulated Surplus	(288)	-	-	-	-	-	-	-	-	-	-
<b>Balance at the end of period</b>	<b>1,322</b>	<b>1,322</b>	<b>1,322</b>	<b>1,322</b>	<b>1,322</b>	<b>1,322</b>	<b>1,322</b>	<b>1,322</b>	<b>1,322</b>	<b>1,322</b>	<b>1,322</b>
<b>Total Equity at end of reporting period</b>	<b>401,302</b>	<b>411,101</b>	<b>423,612</b>	<b>437,120</b>	<b>452,759</b>	<b>468,398</b>	<b>482,102</b>	<b>497,405</b>	<b>513,788</b>	<b>527,760</b>	<b>543,946</b>

## Long Term Financial Plan 2026-2035

### Financial Statements - Statement of Cash Flow

\$'000	2023/2024 Actuals	2025/2026 Budget	2026/2027 Budget	2027/2028 Budget	2028/2029 Budget	2029/2030 Budget	2030/2031 Budget	2031/2032 Budget	2032/2033 Budget	2033/2034 Budget	2034/2035 Budget
<b>Cash Flow from Operating Activities</b>											
Receipts											
Rates	26,501	32,819	34,531	36,219	37,894	39,492	41,102	42,602	44,071	45,579	46,959
Statutory Charges	781	844	865	887	909	932	955	979	1,003	1,028	1,054
User Charges	9,179	10,938	11,482	12,059	12,668	13,314	13,804	14,307	14,665	15,031	15,407
Grants, Subsidies and Contributions - Operating	1,102	4,995	5,045	5,180	5,248	5,389	5,514	5,661	5,793	5,947	6,086
Investment Income	54	56	51	43	35	25	21	8	-	-	-
Reimbursements	1,230	276	283	290	297	305	313	320	328	337	345
Other Income	1,349	642	658	674	691	708	726	744	763	782	801
Payments											
Payments for Employees	(14,663)	(18,346)	(19,229)	(20,150)	(20,927)	(21,731)	(22,562)	(23,422)	(24,309)	(25,227)	(26,176)
Payments for Materials, Contracts & Other Expenses	(19,843)	(19,720)	(20,295)	(18,861)	(20,336)	(20,831)	(24,804)	(22,239)	(22,273)	(22,409)	(23,601)
Finance Payments	(1,719)	(1,757)	(1,396)	(1,208)	(1,089)	(892)	(645)	(374)	(67)	(67)	(67)
<b>Net Cash Provided By (or Used In) Operating Activities</b>	<b>3,971</b>	<b>10,746</b>	<b>11,996</b>	<b>15,133</b>	<b>15,389</b>	<b>16,711</b>	<b>14,422</b>	<b>18,587</b>	<b>19,973</b>	<b>21,002</b>	<b>20,809</b>
<b>Cash Flow from Investing Activities</b>											
Receipts											
Amounts Received Specifically for New / Upgraded Assets	216	-	-	-	1,346	1,380	-	1,450	1,486	-	1,561
Grants, Subsidies and Contributions - Capital	307	955	769	810	810	410	420	431	442	453	464
Sale of Replaced Assets	110	508	213	198	219	257	312	231	166	249	249
Payments											
Expenditure on Renewal / Replacement of Assets	(3,528)	(8,184)	(8,033)	(8,176)	(9,417)	(10,166)	(10,088)	(10,449)	(10,081)	(9,712)	(12,254)
Expenditure on New / Upgraded Assets	(6,188)	(1,791)	(1,344)	(6,482)	(4,757)	(3,475)	(1,471)	(2,346)	(2,831)	(5,407)	(5,005)
<b>Net Cash Provided By (or Used In) Investing Activities</b>	<b>(9,083)</b>	<b>(8,512)</b>	<b>(8,395)</b>	<b>(13,650)</b>	<b>(11,798)</b>	<b>(11,594)</b>	<b>(10,827)</b>	<b>(10,683)</b>	<b>(10,819)</b>	<b>(14,418)</b>	<b>(14,985)</b>
<b>Cash Flow from Financing Activities</b>											
Receipts											
Proceeds from CAD	-	638	-	798	1,944	-	-	-	-	-	-
Proceeds from Borrowings	8,438	3,000	4,200	2,000	-	1,000	-	-	-	-	-
Payments											
Repayment of CAD	-	-	(1,821)	-	-	(2,726)	(2,145)	(5,392)	(5,194)	-	-
Repayment of Borrowings	(2,930)	(5,691)	(5,799)	(4,100)	(5,354)	(3,210)	(1,269)	(2,330)	(753)	(790)	(829)
Repayment of Lease Liabilities	(202)	(181)	(181)	(181)	(181)	(181)	(181)	(181)	(181)	(181)	(181)
<b>Net Cash Provided By (or Used In) Financing Activities</b>	<b>5,306</b>	<b>(2,234)</b>	<b>(3,601)</b>	<b>(1,483)</b>	<b>(3,591)</b>	<b>(5,117)</b>	<b>(3,595)</b>	<b>(7,903)</b>	<b>(6,128)</b>	<b>(971)</b>	<b>(1,010)</b>
<b>Net Increase (Decrease) in Cash Held</b>	<b>194</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,026</b>	<b>5,613</b>	<b>4,814</b>
Cash & Cash Equivalents at the Beginning of Period	76	500	500	500	500	500	500	500	500	3,526	9,139
<b>Cash &amp; Cash Equivalents at the End of Period</b>	<b>270</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>3,526</b>	<b>9,139</b>	<b>13,953</b>

## Long Term Financial Plan 2026-2035

### 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.

## Long Term Financial Plan 2026-2035

<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 ASSET MANAGEMENT PLANNING APPROACH

Author: Abdullah Mahmud, Manager Engineering, Design & Assets  
Authoriser: Barbara Cernovskis, General Manager City Infrastructure

#### RECOMMENDATION

1. That the Audit and Risk Committee report titled 'Asset Management Planning Approach' as presented on Wednesday 4 June 2025 be noted.
2. That the Audit and Risk Committee:
  - (a) Endorse the progress made from July 2024 to February 2025 in implementing the Asset Management Strategy.
  - (b) Note the ongoing actions to reconcile renewal expenditure against depreciation and improve asset condition data collection for the purposes of ensuring depreciation accurately reflects the rate of asset consumption and that asset renewal and replacement is fully funded.
  - (c) Support the continued development of class-by-class breakdowns in the Asset Management Plans, ensuring alignment with the Long-Term Financial Plan (LTFP).
3. That a further report will be presented to the Audit and Risk Committee following the conclusion of the detailed condition audits (currently in progress) that includes considerations to maintenance scheduling and depreciation.

#### PURPOSE

To provide an update on the City of Mount Gambier's Asset Management Strategy progress since inception (July 2024 to February 2025), focusing on key improvements, identified gaps, and planned actions for the coming period.

Asset management is one of three key strategic unlocking projects identified that will drive efficiency, improve data and decision making. It is a multi-year project covering three years.

#### TERMS OF REFERENCE

- Oversee, monitor, and review the effectiveness of Council's Asset Management Plans (AMPs).
- Ensure that Council's asset management practices align with legislative requirements and community needs.
- Advise on budgeting and financial implications associated with asset planning and renewal.

#### RELEVANT LEGISLATION

- Local Government Act 1999 (SA).
- Relevant Australian Accounting Standards (e.g., AASB 116).

#### BACKGROUND / OPTIONS

Over 2024/2025 financial year, the City of Mount Gambier has focused on strengthening its asset management framework to address identified challenges, including gaps in systems, processes, and corporate knowledge. Recognising that key improvements were needed to meet Annual Business Plan (ABP) and Long-Term Financial Plan (LTFP) targets, the Council aimed to:

- Ensure South Australian regulatory compliance (including the Local Government Act 1999).
- Consider Essential Services Commission of South Australia (ESCOSA) Advice, received February 2025.
- Finalise asset registers for multiple asset classes.
- Streamline financial planning and integrate advanced data technologies (GIS, IoT, and predictive analytics).
- Enhance staff training and close knowledge gaps, thereby fast-tracking overall asset management maturity.

Through regular internal workshops and collaboration with a short-term consultant engagement, Council has established clearer asset classifications, refined data structures, and began re-aligning renewal allocations with annual depreciation. Summaries of key improvements include upgraded GIS dashboards with up-to-date asset information, building-asset component breakdowns, and more transparent reporting for both internal stakeholders and external agencies.

### Key Actions and Progress

- 1. Asset Hierarchy & Classification:** Refined to align with best practices, a Framework has been drafted offering a structured approach to classification and definition of relevant Asset types and subtypes. Following finalisation and review of the Framework, this will be tabled at a future Audit and Risk Committee meeting for consideration.
- 2. Short-Term Consultant Engagement:** Accelerated the documentation of asset classes, compliance reviews, and data integration needs, bridging staff resource gaps.
- 3. Building Asset Management Plan Refresh:** Structured component-level frameworks, including sub-structure, super-structure, and services.
  - A comprehensive condition audit is being undertaken by external consultant to determine potential maintenance/renewal cost for achieving required compliances/service levels.
  - Through identifying and sorting into right categories and sub-categories, a criticality weighting will be used to optimised capital spending for better value for service/asset life.
  - Assessing the conditions of the critical components and planning proactive periodic maintenance/renovation to extend asset useful life for increased demand (i.e. crematorium).
- 4. Variance in Renewal vs. Depreciation:** As part of Council's "Asset Management Unlocking Project," a planned two-year program has commenced to undertake detailed condition assessments of building and structural assets.
  - This initiative is intended to facilitate comprehensive breakdown and thorough inspection of individual asset components. In the current phase, a specialist consultant has been engaged to conduct detailed assessments of six (6) Council buildings, including their key components.
  - Identified buildings are
    1. Civic Centre – Fair Value \$8.6M
    2. Public Library – Fair Value \$6.9M
    3. Riddoch Art Gallery/City Hall – Fair Value \$9.6M
    4. Town Hall – Fair Value \$4.3M
    5. Lady Nelson Visitor Centre – Fair Value \$2.5M
    6. Engelbrecht Cave Office/Kiosk– Fair Value \$88.7K
  - The primary objectives of these assessments are to determine the condition of each component, assess compliance with relevant standards, and estimate the remaining useful life of the assets. Preliminary findings indicate that assessing components individually has led to more favourable overall building

condition ratings, thereby extending the estimated remaining useful life of the buildings. This, in turn, contributes to more accurate forecasting of renewal requirements and has the potential to reduce the annual depreciation values applied to building assets, as established in the 2023 fair value assessment.

5. **Heritage Buildings Conservation Management Plan (CMP):** As part of its Strategic Asset Management Priorities, Council has planned to progressively engage qualified heritage consultants to prepare individual Conservation Management Plans (CMPs) for its heritage assets. These plans will define the significance of key heritage components and establish a proactive, long-term framework for their preservation, maintenance, and adaptive reuse. CMPs will support informed asset management decisions, ensure compliance with statutory heritage requirements, and safeguard the cultural and structural integrity of heritage buildings. By extending asset life and reducing the frequency and cost of renewals, CMPs are expected to contribute to lower depreciation rates - supporting Council's long-term financial sustainability and asset management objectives.
6. **Data & Financial Integration:** Regular sessions between Finance and Engineering to reconcile annual budgets and forward works allocations. Also, to agree on asset categorisation and definitions.
7. **GIS & Mapping Enhancements:** Updated ESRI layers and dashboards for broad organisational access. The following tools have been developed or are under development:
  - **General Web Map (Developed)** – A tool for all City of Mount Gambier Internal Staff to retrieve information on:
    1. Aerial Map (Near Map Subscription - updated quarterly)
    2. Land Parcel/ Properties Ownership/Tenancy
    3. Kerbside Bin Collection Schedule
    4. City Bus routes
    5. Public Road Register
    6. Public Incident Register
    7. Street Trees Register
    8. Road Crash Data (External Data)
  - **Engineering & Asset Maps (Partially Developed)** – A tool currently being developed with a Dashboard for easy access to individual assets for extracting or updating information. The following asset class data is linked to the map-
    1. Road Segments
    2. Intersections & Cul-de-Sacs
    3. Carparks
    4. Signs
    5. Footpath
    6. Kerb & Channel
    7. Council Buildings & Structures
    8. Public Toilets
    9. Contours
    10. Storm water Bores
    11. On Site Wastewater Systems
  - **Interactive field Mapping tool (Under Development)** – A tool is currently being developed using the online web portal for the following improvements/efficiency:
    1. Optimising Kerbside Waste Collection
    2. Real time Kerbside Bin Collection Location by using adopted travel route.
    3. Historic Tree Canopy coverage analysis using Nearmap AI data.
    4. Using Field Map tools to collect and update Asset data in real time by field staff.

5. Plotting customer request using Mapping tools to understand priority/criticality of service level for asset renewal needs.

#### DETAILED IMPLICATIONS

<b>Legal</b>	<ul style="list-style-type: none"> <li>- Ensures compliance with SA Local Government Act 1999 and relevant AASB standards.</li> <li>- Reduces potential for regulatory non-conformance.</li> </ul>
<b>Financial and Budget</b>	<ul style="list-style-type: none"> <li>- Addresses renewal vs. depreciation variances (notably for building assets).</li> <li>- Aligns renewal programs with the LTFP for resource prioritisation.</li> <li>- Clearly identifies renewal needs.</li> </ul>
<b>Community Consultation and Engagement</b>	<ul style="list-style-type: none"> <li>- Improves transparency about asset priorities and condition through class-by-class breakdowns.</li> <li>- Enables informed community discussions on funding.</li> </ul>
<b>Other Resources</b>	<ul style="list-style-type: none"> <li>- Short-term consultant helps address capacity gaps, enabling faster AMP improvements.</li> <li>- Collaborative approach for Finance &amp; Engineering to refine budgeting.</li> </ul>

#### RISK ANALYSIS

The risk identification and categorization rely on the City of Mount Gambier [Risk Management Policy](#).

<b>Risk</b>	<b>Consequence Rating</b>	<b>Risk Likelihood Rating</b>	<b>Risk Rating</b>	<b>Mitigation</b>
<b>Finance -</b> Inadequate renewal funding vs. depreciation leading to sustainability challenges.	Moderate (3)	Possible (3)	Moderate	<ul style="list-style-type: none"> <li>- Condition audits &amp; LTFP alignment</li> <li>- Clear justification of renewal programs</li> </ul>
<b>Reputation -</b> Scrutiny from external regulators if significant variance persists without clear explanation (i.e. ESCOSA advice)	Major (4)	Possible (3)	High	<ul style="list-style-type: none"> <li>- Transparent AMP reporting</li> <li>- Class-by-class expenditure breakdowns</li> <li>- Implement ESCOSA advice report recommendations</li> </ul>
<b>Legal / Regulatory / Policy -</b> Non-compliance with AASB or LG Act if AMP gaps remain.	Moderate (3)	Unlikely (2)	Low	<ul style="list-style-type: none"> <li>- Periodic policy reviews</li> <li>- Routine cross-check with legislative requirements</li> </ul>
<b>Service Delivery -</b> Risk of asset failure if renewal shortfalls accumulate.	Major (4)	Possible (3)	High	<ul style="list-style-type: none"> <li>- Prioritisation of high-risk assets</li> <li>- Condition-based renewal scheduling</li> </ul>
<b>People -</b> Lack of staff capacity for asset data improvements.	Moderate (3)	Possible (3)	Moderate	<ul style="list-style-type: none"> <li>- Short-term consultant engagement</li> <li>- Prioritising resourcing for</li> </ul>

				Asset Data improvements.
<b>Infrastructure</b> - Inaccurate asset data affects capital works planning.	Major (4)	Likely (4)	High	- Continuous workshop between engineering & operations and finance department to refine data and forward works allocations.
<b>Environmental</b> - Potential for environmental impact if poor drainage or asset management leads to flooding or pollution.	Moderate (3)	Unlikely (2)	Moderate	- Environmental risk factors in renewal strategies.

## RELEVANT COUNCIL POLICY

[Asset Management - A900](#)

## IMPLEMENTATION, COMMUNICATION AND ENGAGEMENT

### 1. Implementation

- Continue finalising and embedding the refreshed Asset Management Plans (Buildings AMP, Infrastructure AMP, etc.), ensuring the improved classification approach is systematically applied.
- Maintain a class-by-class rationale for renewal vs. depreciation gaps, prioritising further property management reviews and comprehensive condition audits.
- Work towards implementing an advance asset data management tool (AM System, GIS etc) for real time asset data tracking and modelling.

### 2. Communication and Engagement

- Provide regular updates to the Executive Leadership Team (ELT) and the Audit & Risk Committee on progress, challenges, and emerging opportunities.
- Facilitate periodic briefings across relevant departments (Finance, Engineering, Community Services, etc.) to ensure alignment of asset management practices and timely adoption of new systems or processes.
- Encourage ongoing dialogue between operational teams, ensuring that revised approaches to asset classification, budget forecasting, and service level monitoring are well understood and consistently applied.

## CONCLUSION

Through deliberate engagement of a short-term consultant and a strengthened internal coordination process, the City of Mount Gambier has made notable progress in standardising asset classifications, aligning renewal needs with depreciation, and improving data integration for informed decision-making. These measures address compliance requirements, mitigate operational risks, and provide a sound basis for future planning. Continued focus on refining AMPs, sustaining high-quality data, and closing any remaining gaps will ensure that Council's infrastructure remains both financially and operationally sustainable.


## ATTACHMENTS

1. Infrastructure- Asset hierarchy [5.3.1 - 1 page]



INFRASTRUCTURE ASSET HIERARCHY

ASSET FINANCIAL (CVR) HIERARCHY			CVR LEVEL	ENGINEERING HIERARCHY			PRECINCT LOCATION
ROAD	ROAD	ROAD	ROAD	ROAD	ROAD	ROAD	
ROADS	UNSEALED PUBLIC ROAD SEALED PUBLIC ROAD UNSEALED ANCILLARY ROAD SEALED ANCILLARY ROAD	BLANC	SEAL PAVEMENT SUB-PAVEMENT	ASPHALT SEAL PAVER UNREAL	CENTRAL BUSINESS LOCAL COLLECTOR INDUSTRIAL INTERSECTIONS	ROAD SEGMENTS	
PATHWAYS	PATHWAYS	PATHWAYS	SHARED PATH FOOTPATH RAMPS & STAIRS SEPARATED CYCLE-WAY	CONCRETE BITUMEN ASPHALT GRAVEL PAVERS NOT BUILD-UP	PRIMARY SECONDARY	PATHWAYS	
DRAINAGE	DRAINAGE	DRAINAGE	ROWE PIPE FIT GPT SOMAGE PITS/LAYERS	SIDE ENTRY PITS JUNCTION PITS PIPES GRATES SEDIMENT PITS GPTS HEADWALLS SOMAGE LAYERS	COUNCIL OWNED DIT OWNED	DRAINAGE (PLAN NO.)	
KERB & CHANNEL	KERB & CHANNEL	KERB & CHANNEL	KERB & CHANNEL	BARBER KERB EDGING/MEDIAN KERB UPRIGHT KERB ROLL OVER KERB V-DRAIN/CHANNEL	CONCRETE PAVERS/BLOCKS	KERB & CHANNEL	
CARPARK	CARPARK	CARPARK	SEAL PAVEMENT SUB-PAVEMENT	ON ROAD OFF ROAD	HIGH TRAFFIC LOW TRAFFIC COMMUTERS/DAILY CAR PARKING	CARPARK	
TRAFFIC & PUBLIC LIGHTING	CARPARK	LED STREET LIGHT PUBLIC LIGHT TRAFFIC SIGNALS	DECORATIVE STANDARD SOLAR LIGHT STREET FLOOD LIGHT TS - CONTROLLED TS - LANTERN TS - SITE TS - DETECTORS	LED STREET LIGHT PUBLIC LIGHT INTERSECTION TRAFFIC SIGNAL PEDESTRIAN CROSSING SIGNAL	TRAFFIC SIGNALS	TRAFFIC & PUBLIC LIGHTING	STRATEGIC PLACES
OTHER INFRASTRUCTURES	OTHER	RETAINING WALLS SAFETY BARRIER PEDESTRIAN TUNNEL	CONCRETE BRICK BLOCK POST & PANEL DRY STACK GABION CAGE STONE RIDGE RIDGE FLEXIBLE	RETAINING WALLS SAFETY BARRIER PEDESTRIAN TUNNEL	OTHER INFRASTRUCTURES	OTHER INFRASTRUCTURES	

 City of Mount Gambier	Approved by	
	Co-ordinates	N/A
	Height Datum	N/A
	Revision No.	01
	Revision Date	21/03/2025
Designed by	AHM JUNE 2024	
Checked by	AT JUNE 2024	
	Issued for Review	

CITY OF MOUNT GAMBIER	
ASSET HIERARCHY	
INFRASTRUCTURE ASSET CLASSES AND SUB-CLASSES	

Sheet Label	Sheet No
A-01	1 of 2
Project No.	##

## 5.4 RISK APPETITE STATEMENT

Author: Brittany Shelton, Manager Governance and Property  
Authoriser: Jane Fetherstonhaugh, General Manager Corporate and Regulatory Services

### RECOMMENDATION

1. That the Audit and Risk Committee report titled 'Risk Appetite Statement' as presented on Wednesday 4 June 2025 be noted.
2. That the Audit and Risk Committee receive and note the draft Risk Appetite Statement for City of Mount Gambier and amended Risk Management Policy.

### PURPOSE

To present to the Audit and Risk Committee, for their consideration and reference, the draft Risk Appetite Statement and amended Risk Management Policy prior to adoption by Council.

### TERMS OF REFERENCE

Section 126 (1a) of the *Local Government Act 1999* (the Act) states that the purpose of an audit and risk committee established by a council (the Committee) is to provide independent assurance and advice to the council on accounting, financial management, internal controls, risk management and governance matters.

Part 1.3 of the relevant Terms of Reference sets out the functions of the Committee, in particular:

*"The functions of the Audit and Risk Committee include, per the Local Government Act 1999, Division 2, Section 126 (4):*

*(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."*

### RELEVANT LEGISLATION

Local Government Act 1999

### BACKGROUND / OPTIONS

#### Industry Benchmarking and Maturity Model

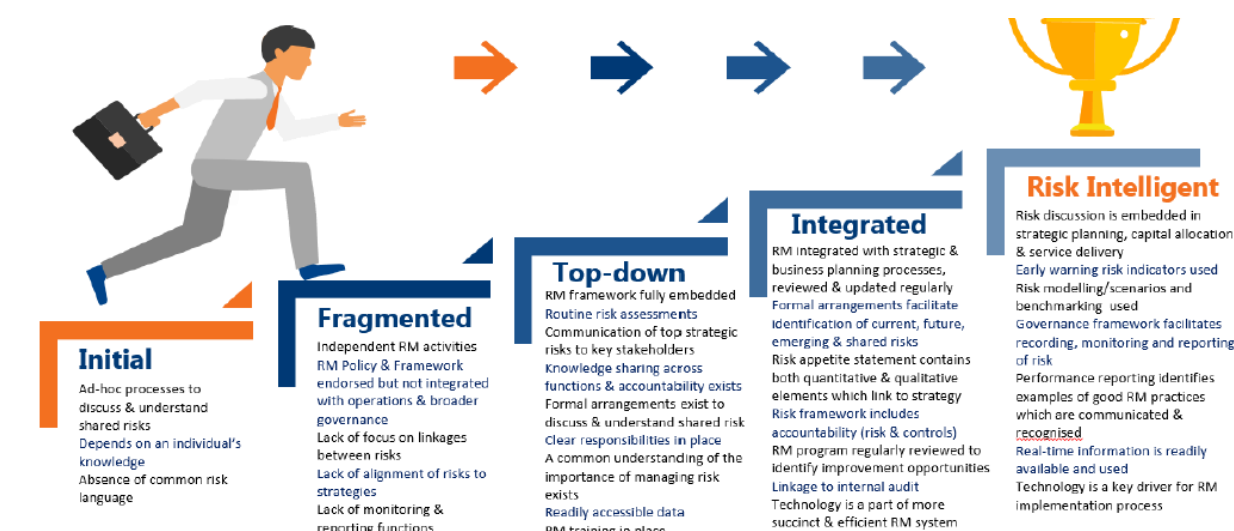
In June 2023, the Local Government Risk Services (LGRS) supported Council to undertake a risk maturity benchmarking activity, resulting in the **attached** Risk Maturity Assessment. The risk maturity assessment, which is based upon AS ISO 31000:2018 Risk Management Guidelines and the Local Government Association Mutual Liability Scheme (LGAMLS) model Risk Management Framework, considers the following five focus areas:

1. Risk Culture
2. Risk Appetite
3. Integration
4. Identification and Assessment
5. Reporting and Monitoring

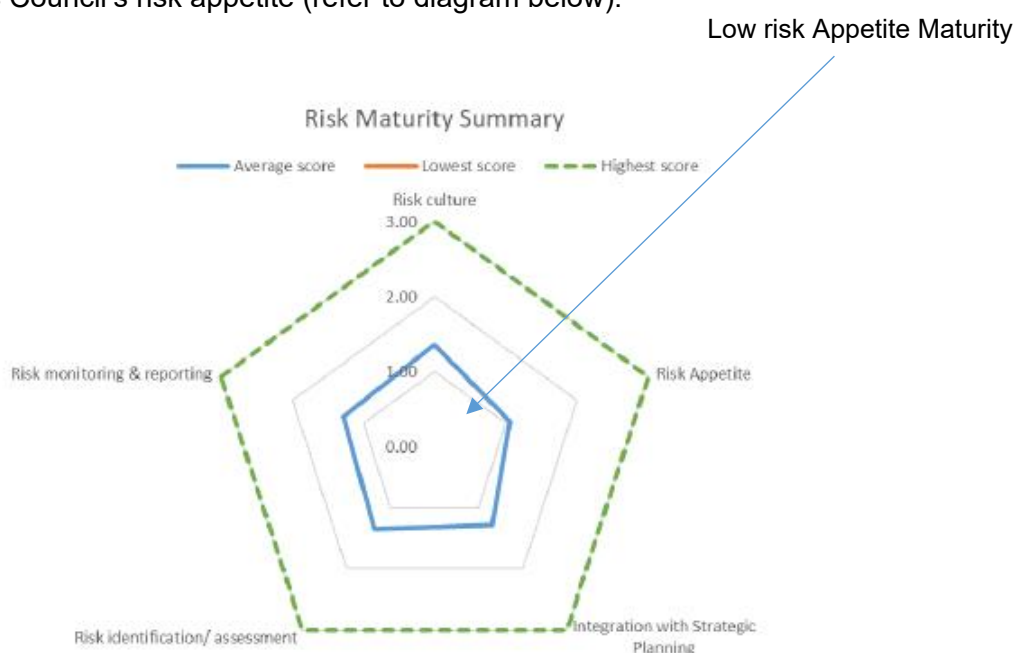
These five focus areas underpin the requisite foundations for successful Enterprise Risk Management. The focus areas cannot be applied in isolation, there must be correlation, connection and fluency between each for successful implementation of Council's Risk Management Policy and Framework.

The risk maturity model provides a roadmap for the development and continuous improvement of the City of Mount Gambier's risk management systems. The risk maturity assessment offers an insight into the organisation's progress towards implementing an integrated enterprise risk management (ERM) system and an organisational risk culture that supports strategic and business planning.

Each phase of the model demonstrates a gradual advancement in ERM system development, knowledge and the use of risk information as a key input into strategic planning and decision making. City of Mount Gambier was assessed as being at the 'Initial' phase of ERM (refer diagram below).



When further broken down into the relevant focus areas, one of the particular exposure areas identified was Council's risk appetite (refer to diagram below).



City of Mount Gambier's Risk Maturity Statement

Based on the results of the maturity benchmarking assessment, the following recommendations were made by LGRS, to assist the City of Mount Gambier to increase its risk maturity:

- Consideration be given to the resourcing required to assist with, and drive a consistent risk management approach across the organisation;
- Providing risk management awareness sessions (elected members, managers and staff);
- Encouraging management and staff participation in identification, evaluation and management of risks within their departments;
- Considering the use of technology to record, monitor and report strategic and operational risks;
- Developing and operationalising formal risk appetite statements by integrating this into the decision making process;
- Enhancing reporting mechanisms to support strategic and operational decision making; and
- Encouraging elected members to interrogate and consider risks when they arise.

From late 2024 / early 2025, the following activities have been undertaken towards actioning these recommendations, generally:

1. Enterprise risk portfolio has been transitioned to the Governance and Property team in recognition of resourcing constraints.
2. Risk assessment built into all Council reports, to improve organisational awareness, staff participation of the identification and evaluation process, consideration of risk in making of strategic decisions, and risk reporting.
3. Education sessions facilitated by LGRS with Elected Members and senior staff.
4. Current investigations into appropriate software options to manage enterprise risk management.
5. Development of clearly articulated risk appetite and tolerances for the City of Mount Gambier.

### **Risk Appetite Statement**

In February 2025, Members participated in a survey and subsequent workshop, which resulted in the creation of two new risk categories, as well as informed the development of the **attached** draft Risk Appetite Statement and relevant amendments to the **attached** Risk Management Policy.

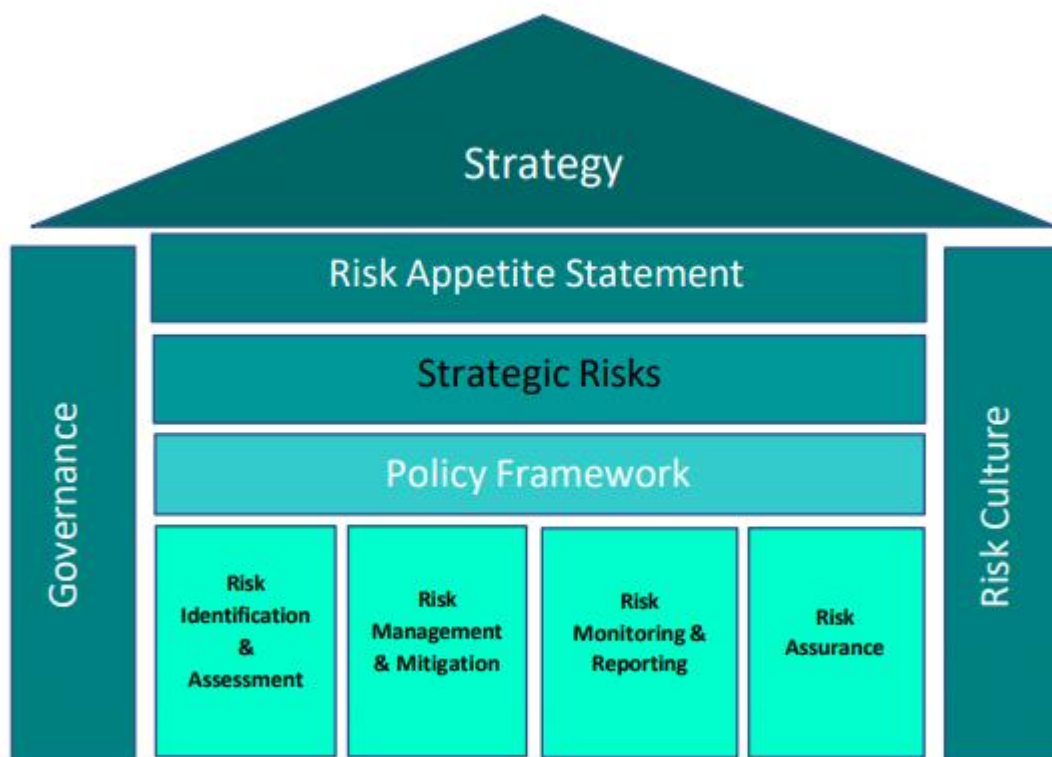
The City of Mount Gambier (Council) Risk Appetite Statement defines the level and type of risk that Council is willing to pursue or tolerate in order to achieve its strategic objectives. It assists the Council to align its risk management strategy with its vision, mission, values, and culture.

Establishing the Council's risk appetite is fundamental to implementing a systematic approach to identifying, assessing, and managing risk within the organisation. The Council recognises that it is not practical or desirable to avoid all risk. As not all risks are equally important or acceptable, decisions need to be made about how much risk the Council is willing to take or to what extent it is required to avoid. Risk appetite statements are a useful tool in decision making, prioritising opportunities, and resource allocation.

Using a risk appetite statement to manage risk involves applying it to our risk management activities and processes. Risk appetite statements can be used to guide risk identification, assessment, response, and reporting. For example, when undertaking an activity or program, firstly evaluate the likelihood and consequence and compare the risk rating to the risk

appetite levels. The risk appetite statement can then be used to decide how to respond to the risks, whether by accepting, sharing, transferring, reducing or avoiding them.

Council's risk appetite statement exists within the hierarchy of our enterprise risk management framework. The risk appetite of Council informs the strategic decision-making process (refer diagram below).



#### DETAILED IMPLICATIONS

<b>Legal</b>	<p>Whilst there is no prescriptive requirement under the legislation for Council to adopt a Risk Appetite Statement, the below provisions are achieved (or materially contributed to) by doing so:</p> <ul style="list-style-type: none"> <li>• Section 99(1)(ia) of the Local Government Act 1999 ('LG Act') requires the CEO to ensure that effective policies, systems and processes are established and maintained for the identification, assessment, monitoring, management and annual review of strategic, financial and operational risks.</li> <li>• Section 125 of the Local Government Act 1999 ('LG Act') 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.</li> <li>• 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.</li> <li>• Section 134(4) (b) of the LG Act requires Council to adopt risk management policies, controls and systems.</li> </ul>
<b>Financial and Budget</b>	N/A

<b>Community Consultation and Engagement</b>	N/A
<b>Other Resources</b>	As noted in the report generated by LGRS, Council does not currently have any resources specifically dedicated to Enterprise Risk Management, and in order to achieve the desired maturity level, this is a relevant consideration of the efficiency and quality of work able to be achieved by the administration. The risk portfolio has recently been transferred to the Governance and Property portfolio, in acknowledgement of resourcing constraints, and subject matter expertise.

## RISK ANALYSIS

The risk identification and categorisation relies on the City of Mount Gambier [Risk Management Policy](#).

Risk	Consequence Rating	Risk Likelihood Rating	Risk Rating	Mitigation
<b>Finance</b> – Council is unable to apply a strategic risk lens to projects / business activities of significance, exposing Council to financial inefficiency or loss	Major (4)	Rare (1)	Moderate	Establishment of a mature risk culture, effective and embedded risk management activities which lead to risk-informed decision-making, supported by a contemporary Risk Management Framework
<b>Reputation</b> – Council is unable to clearly articulate its risk management culture / activities, eroding trust with the community	Moderate (3)	Possible (3)	Moderate	As above
<b>Legal / Regulatory / Policy</b> – Council is not taking a mature approach to cognoscente risk management, leaving is exposed to legislative breach or litigation	Major (4)	Rare (1)	Moderate	As above
<b>Service Delivery</b> - A lack of organisational risk maturity leaves the organisation exposed to business continuity disruption	Moderate (3)	Rare (1)	Low	As above
<b>People</b> – A lack of mature risk culture	Minor (2)	Unlikely (2)	Low	As above

prevents staff from being able to take advantage of opportunities, or perform to their potential				
<b>Infrastructure –</b> Council does not have the necessary tools to make informed decisions as to resource allocation / asset management planning for infrastructure and assets, resulting in deterioration or loss of assets	Moderate (3)	Possible (3)	Moderate	As above
<b>Environmental -</b> Council does not have the necessary tools to make information decisions about the impact of projects and business activities on the environment, resulting in negative environmental impact or harm	Moderate (3)	Rare (1)	Low	As above

#### RELEVANT COUNCIL POLICY

[Risk Management](#)

#### IMPLEMENTATION, COMMUNICATION AND ENGAGEMENT

Further work towards organisational integration and increased risk maturity is planned, including:

- Review and amendment of the Risk Management Administrative Principle (Framework),
- Staff education workshops,
- Review of the strategic risk reporting and review function,
- Establishment of and Operational Risk Register,
- Establishment of a standard Project Risk process,
- Implication of regular risk reporting processes at Executive Leadership level, and Elected Council level,
- Integration of a contemporary enterprise risk management software,
- Integration of risk management culture throughout the organisation.

#### CONCLUSION

The draft Risk Appetite Statement and amended Risk Management Policy will be presented to Council for adoption. The Audit and Risk Committee are asked to review and provide any relevant commentary in regard to the presented documents, for Council's consideration prior to adopting.

### **ATTACHMENTS**

1. Council Policy - Risk Management [**5.4.1** - 7 pages]
2. DRAFT City of Mount Gambier - Risk Appetite Statement - March 2025 [**5.4.2** - 13 pages]
3. FINAL Mount Gambier Risk Maturity Report V 1.0 20230621 [**5.4.3** - 15 pages]


 City of Mount Gambier	<b>COUNCIL POLICY RISK MANAGEMENT</b>	Version No:	2
		Issued:	18 June 2024
		Next Review:	June 2028

## 1. PURPOSE

- 1.1. The City of Mount Gambier (Council) recognises that effective risk management policies, systems and processes will inform decision making, resource allocation and risk mitigation, which in turn will support successful achievement of its vision and strategic objectives.
- 1.2 The purpose of the Risk Management Policy (the Policy) is to enable an integrated approach to risk management through:
  - Articulating Council's commitment to core risk management principles;
  - Defining responsibilities for the application of risk identification, assessment, evaluation and treatment programs across Council operations;
  - Supporting the implementation and maintenance of 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.
- 1.3. 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.
- 1.4. 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

 City of Mount Gambier	<b>COUNCIL POLICY RISK MANAGEMENT</b>		Version No:	2
			Issued:	18 June 2024
			Next Review:	June 2028

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 Framework, through internal and external auditing and evaluation.
- Value add to the whole of Council, including achievement of Strategic Objectives.
- Benchmarking, Monitoring and Development of Council's Risk Maturity and Culture.

### 4. LEGISLATIVE REQUIREMENT AND POLICY CONTEXT


- 4.1 Section 99(1)(ia) of the Local Government Act 1999 ('LG Act') requires the CEO to ensure that effective policies, systems and processes are established and maintained for the identification, assessment, monitoring, management and annual review of strategic, financial and operational risks.
- 4.2 Section 125 of the 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.
- 4.3 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.
- 4.4 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 APPETITE AND TOLERANCE

Council acknowledges that there is significant risk in taking no risks at all (being unreasonably risk-adverse). Organisations must take calculated risks to release opportunity, but they evaluate and treat risks accordingly to do so successfully.

 City of Mount Gambier	<b>COUNCIL POLICY RISK MANAGEMENT</b>		Version No:	2
			Issued:	18 June 2024
			Next Review:	June 2028

Council has adopted a Risk Appetite Statement which articulates the boundaries within which risks are acceptable to achieve Council's strategic objectives. Council's appetite and tolerances provide guidance on the acceptable risk rating target for any identified risks, to inform how a risk is appropriately managed.

## 7. ROLES & RESPONSIBILITIES

### 7.1 Council

Council is responsible for the approval of this Policy and overseeing the systematic approach to managing risk across Council operations, including:

- Setting the organisation's risk appetite and policy for managing risk;
- Giving adequate consideration to risks when setting objectives and making decisions;
- Fostering a culture that is consistent with the organisation's appetite for risk;
- Ensuring the organisation has the structures and processes in place to support decision making and management of risk;
- Setting an appropriate governance structure for risk and risk management including Audit and Risk Committee and delegations;
- Considering recommendations from the Audit and Risk Committee relating to strategic, financial and operational risks or any other risk matter.

### 7.2. Audit and Risk Committee


The Audit and Risk Committee is responsible for monitoring and evaluating appropriate internal control and risk management policies, processes 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, including:

- Reviewing and recommending endorsement of the criteria contained within the Risk Management Framework;
- Monitoring overall responsiveness for improvement based on previous audit and risk assessments, including those raised by Council's auditor;
- Providing oversight of the planning and scoping of the internal audit work plan and reviewing internal audit reports on a regular basis;
- 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.

### 7.3 Chief Executive Officer (CEO)

The CEO has the responsibility for :

- Promoting a strong risk management culture by providing firm and visible commitment to risk management including ensuring appropriate accountability for the management of risk;
- Ensuring that a Framework is established and implemented;

 City of Mount Gambier	<b>COUNCIL POLICY RISK MANAGEMENT</b>		Version No:	2
			Issued:	18 June 2024
			Next Review:	June 2028

- Ensuring that effective policies, systems and processes are established and maintained for the identification, assessments, monitoring, management and annual review of strategic, financial and operational risks;
- Risk management is integrated into Council's activities and functions.

#### 7.4 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;
- Contributing to the reporting of relevant risk activities 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.

#### 7.5 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.

#### 7.5 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.

#### 7.6 Risk Management (Function)

The Risk Management (Function) includes responsibility for:

- Coordination of risk management activities, programming and strategy in accordance with Council Policy and Framework;
- Providing guidance and assistance to the Executive Management Team and employees in relation to the application of the Framework;
- Maintaining this Risk Management Policy and the Framework to ensure their currency and relevance;
- Facilitating reporting of the status of Council's risk profile and mitigation strategies to the Audit and Risk Committee.

 City of Mount Gambier	<b>COUNCIL POLICY RISK MANAGEMENT</b>	Version No:	2
		Issued:	18 June 2024
		Next Review:	June 2028

**7.7 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.

**8. AVAILABILITY**

8.1 The Policy will be available on Council's website with hard copies supplied on request.

**9. REVIEW & EVALUATION**

Council will review this Policy once during every two (2) year period, or upon significant legislative change as required. The Council may, at any time by resolution, alter, substitute, or revoke this Policy.

**10. 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:	2
		Issued:	18 June 2024
		Next Review:	June 2028

File Reference:	AF18/48
Applicable Legislation:	Local Government Act 1999 Work Health and Safety Act 2012 Civil Liabilities Act 1936 Public Interest Disclosure Act 2018
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  Internal Audit Policy  Fraud and Corruption Policy  Emergency Management Policy
Related Procedures:	<b>Risk Management Framework</b>
Related Documents:	AS/NZS ISO31000:2009 Risk Management – Principles and Guidelines  ISO31000:2018 Risk Management - Guidelines  City of Mount Gambier Risk Appetite Statement  Audit Committee Terms of Reference (AR11/51413[V6])

 City of Mount Gambier	<b>COUNCIL POLICY RISK MANAGEMENT</b>	Version No:	2
		Issued:	18 June 2024
		Next Review:	June 2028

#### DOCUMENT DETAILS

Responsibility:	General Manager Corporate and Regulatory Services
Version:	3.0
Last revised date:	18 June 2024
Effective date:	18 June 2024
Minute reference:	Council Meeting 18 June 2024 - Item 16.6 - Resolution 2024/119
Next review date:	June 2028
<u>Document History</u> First Adopted By Council: Reviewed/Amended:	17 November, 2020 18 June 2024

<i>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.</i>	Page 7 of 7
---	-------------



# Risk Appetite Statement

March 2025

Version 1.0

### **Introduction**

The City of Mount Gambier (Council) Risk Appetite Statement defines the level and type of risk that Council is willing to pursue or tolerate in order to achieve its strategic objectives. It assists the Council to align its risk management strategy with its vision, mission, values, and culture.

Establishing the Council's risk appetite is fundamental to implementing a systematic approach to identifying, assessing, and managing risk within the organisation. The Council recognises that it is not practical or desirable to avoid all risk. As not all risks are equally important or acceptable, decisions need to be made about how much risk the Council is willing to take or to what extent it is required to avoid. Risk appetite statements are a useful tool in decision making, prioritising opportunities, and resource allocation.

Using a risk appetite statement to manage risk involves applying it to our risk management activities and processes. Risk appetite statements can be used to guide risk identification, assessment, response, and reporting. For example, when undertaking an activity or program, firstly evaluate the likelihood and consequence and compare the risk rating to the risk appetite levels. The risk appetite statement can then be used to decide how to respond to the risks, whether by accepting, sharing, transferring, reducing or avoiding them.

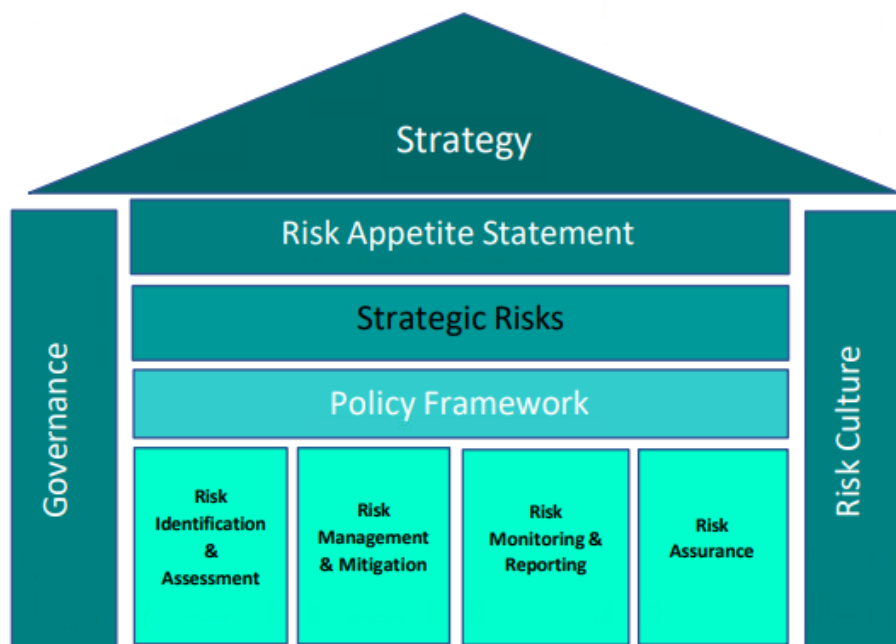
### **Definitions**

**Risk appetite** - The amount of risk an organisation is willing to accept or retain in order to achieve its objectives. It is a statement or series of statements that describes the organisation's attitude towards risk taking. Appetite is typically aligned to categories of risk such as financial, people or reputation.

**Risk tolerance** - The levels of risk taking acceptable to achieve a specific objective or manage a particular category of risk. Risk tolerance represents the practical application of risk appetite and in effect is the boundaries the organisation is willing to push and in what circumstances to achieve specific objectives.

### Enterprise Risk Management Framework

Council's risk appetite statement exists within the hierarchy of our enterprise risk management framework. The risk appetite of Council informs the strategic decision-making process. The diagram below reflect how the risk appetite statement fits into the organisation and informs risk management activities.



### Risk Appetite Ratings

Council categorises its level of risk appetite into five (5) categories as set out below.

AVOID	RESISTANT	NEUTRAL	ACCEPT	RECEPTIVE
<p><b>Little to no appetite</b> Avoidance of adverse exposure to risks even when outcome benefits are higher</p>	<p><b>Small appetite</b> A general preference for safer options with only small amounts of adverse exposure</p>	<p><b>Medium appetite</b> The approach taken balances outcome delivery with degree of protection</p>	<p><b>Moderate appetite</b> Options selected based on outcome delivery with a reasonable degree of protection</p>	<p><b>Larger appetite</b> Engagement with risks based more on outcome benefits than potential exposure</p>

### **Risk Appetite Statements**

Below are the risk appetites and tolerance levels determined for City of Mount Gambier Council's strategic risks. Our risk appetite, alongside our risk management policy and framework, support our decision making and ensures Council makes appropriate and informed decisions.

Risk Category	Risk Appetite	Risk Tolerance	
		Will Pursue	Won't Pursue
<b><u>Financial</u></b> As a general position Council will be Resistant to taking risks in its financial and accounting activities to achieve its objectives and will seek to operate within the parameters of its long term financial plan. Council will, however, increase its risk appetite to Neutral potential risks, in order to ensure achievement of its strategic objectives.	<b>Resistant</b>	<b><u>Neutral</u></b> <u>Will pursue</u> <ul style="list-style-type: none"> <li>When financial risk taking leads Council to higher long-term returns, which are community centric, or of benefit to the community (whether socially or financially)</li> <li>When leveraging debt or alternative funding is necessary to sustain growth in population</li> <li>For innovative projects or business activities, when there is a robust financial safety net to absorb potential losses</li> <li>To enable working with contracted third parties, favourable procurement arrangements, or pursue shared services for core business activities, or major regional projects which will result in value for money</li> <li>To maximise opportunities for external grant funding, for business activities and projects where the</li> </ul>	<u>Won't pursue</u> <ul style="list-style-type: none"> <li>Business activities or projects which do not meaningfully contribute to Council's strategic plan, or are unaccounted for in the long term financial plan</li> <li>Activity which does not align with responsible use of public funds principles, or legislative requirements</li> <li>Expenditure which is likely to result in sustained operating deficit which has potential to impact the organisation as a going concern</li> <li>Any activity which would compromise Council's ability to meet the requisite LGFA performance targets</li> <li>Any activity whatsoever which is fraudulent or correct</li> </ul>

		<p>budget impact is known and acceptable</p> <ul style="list-style-type: none"> <li>• To facilitate significant renewable infrastructure which contributes towards Council's environmental objectives, essential infrastructure, or infrastructure required to facilitate growth which will not compromise Council's ability to deliver on its Long Term Financial Plan or Asset Management Plan</li> <li>• Where Asset Management Plans have identified areas for capital investment in infrastructure</li> <li>• For unique, high-scale opportunities to significantly boost or transform our city or region's tourist economy</li> <li>• In order to meet requisite legislated standards</li> <li>• In order to materially improve service delivery</li> </ul>	
<p><b>Reputation</b></p> <p>As a general position Council will be Neutral to taking risks in its reputation and brand activities to achieve its objectives and will seek to maintain and build confidence within the community. Council will, however, increase its risk appetite to Accept for potential risks, in order to ensure achievement of its strategic objectives which are deemed to</p>	<p><b>Neutral</b></p>	<p><b>Accept</b></p> <p><u>Will pursue</u></p> <ul style="list-style-type: none"> <li>• When a controversial decision aligns with Council's vision and Strategic Plan</li> <li>• When stakeholder concerns must be balanced with long-term benefit to the community wholistically</li> <li>• When public opinion is divided, but evidence supports the decision</li> </ul>	<p><u>Won't pursue</u></p> <ul style="list-style-type: none"> <li>• Business activity or projects which materially erode sustained community trust in Council</li> <li>• Activity which impedes Council's service delivery or standards</li> <li>• Activity which has the potential to negatively impact on safety, wellbeing or social cohesion of the community</li> </ul>

be in the best interest of the community.		<ul style="list-style-type: none"> <li>To correct or maintain legislative / financial management requirements</li> <li>To pursue beneficial art and cultural, social or economic development projects which contribute to the social fabric of the region</li> <li>To facilitate infrastructure or initiatives which contribute towards Council's environmental objectives</li> </ul>	<ul style="list-style-type: none"> <li>Monitoring or correction of negative public sentiment or misinformation on external or uncontrolled social media sites, excluding regulated published news media and Council's own social and other media</li> </ul>
<b><u>Legal / Regulatory / Policy</u></b> As a general position Council will Avoid taking risks in its legal, regulatory and policy activities to achieve its objectives and will seek to maintain the highest standards of governance and compliance. Council will, however, increase its risk appetite to Resistant for potential risks, which are legal, transparent and in the best interest of the community in order to achieve its strategic objectives.	<b>Avoid</b>	<b>Resistant</b>	
		<u>Will pursue</u> <ul style="list-style-type: none"> <li>When new regulatory changes are flexible, and early adoption could provide an advantage in achieving strategic objectives</li> <li>When taking a position contrary to a discretionary policy could lead to beneficial flexibility or progress in service delivery</li> <li>To facilitate population growth or progress in the community, where Council is the compliance agency and safety is not a concern</li> <li>To pursue innovative solutions to complex problems, where legal advice has been obtained</li> <li>To improve efficiency where regulatory compliance is not mandatory and to strictly comply would be onerous or cause business continuity concerns</li> </ul>	<u>Won't pursue</u> <ul style="list-style-type: none"> <li>When taking a calculated compliance risk may enable service or policy improvements, but positive results are not certain</li> <li>Business activity or projects which breach mandatory legislative requirements, are fraudulent, corrupt or unethical</li> <li>Activity which erodes relationships of trust with the community, stakeholders, or other government agencies</li> <li>Activity which may result in confidentiality or privacy breach</li> <li>Business activity which has potential to expose Council to litigation or indictable offence repercussions</li> </ul>

<b><u>Service Delivery</u></b> As a general position Council will Accept taking risks in its service delivery activities, provided that the focus remains on our organisational values and that delivery of critical services as identified in our business continuity plan are maintained. Council will, however, increase its risk appetite to Receptive for potential risks, in order to accommodate innovation and where long-term benefits are likely to be realised.	<b>Accept</b>	<b><u>Receptive</u></b>	
		<b><u>Will pursue</u></b> <ul style="list-style-type: none"><li>When short-term service disruptions may lead to long-term efficiencies or improvements</li><li>When new technologies or process changes introduce temporary uncertainty to service delivery</li><li>When maintaining the status quo carries a higher risk than change</li><li>To facilitate projects which are likely to improve Council's service delivery, standards, or achieve efficiencies in the medium to long term</li><li>In order to meaningfully upgrade, improve or replace capital assets</li><li>In order to implement the use of new and innovative technologies or shared service arrangements</li></ul>	<b><u>Won't pursue</u></b> <ul style="list-style-type: none"><li>Business activity or projects which would pose a business continuity concern for critical services</li><li>Activity which erodes relationships of trust with the community, stakeholders, or other government agencies</li><li>Business activity which would be unduly onerous on resourcing or staff to undertake or maintain</li></ul>
<b><u>People</u></b> As a general position Council is Resistant to taking risks in its people and human resourcing activities, ensuring that the commitment to positive culture, succession planning and wellbeing of staff are maintained. Council will, however, increase its risk appetite to Neutral for potential risks, in order to improve organisational resilience, build leadership capacity or invest in skill	<b>Resistant</b>	<b><u>Neutral</u></b>	
		<b><u>Will pursue</u></b> <ul style="list-style-type: none"><li>When significant workforce changes (e.g. restructuring or automation) are required to ensure long-term sustainability of Council and alignment with workforce planning strategies</li><li>When leadership succession planning involves appointing individuals with non-traditional backgrounds or limited conventional experience</li></ul>	<b><u>Won't pursue</u></b> <ul style="list-style-type: none"><li>Business activity or projects which would pose a business continuity concern for critical services</li><li>Activity which erodes relationships of trust with staff, diminishes workplace culture or morale, or is not aligned to Council's values</li></ul>

attraction and retention initiatives.		<ul style="list-style-type: none"> <li>• Recognising the benefits associated with internally developing our workforce (“growing our own”) by ensuring there are adequate frameworks in place to support those individuals to succeed</li> <li>• When investing in new workforce initiatives (e.g. upskilling and well-being programs) which are anticipated to have a positive impact on culture, without immediate or guaranteed returns</li> <li>• Innovative, flexible or adaptable recruitment and resourcing approaches to ensure the most appropriate candidate is appointed to roles requiring subject matter expertise, significant experience or technical skills</li> <li>• In order to ensure Council is an employer of choice, offering competitive working arrangements, opportunities and conditions</li> <li>• Initiatives to improve workplace performance or productivity</li> <li>• To enable working with contracted third parties or pursue shared services for core business activities, or major regional projects</li> </ul>	
<b>Infrastructure</b> As a general position Council is Neutral to taking risks in its infrastructure and asset	<b>Neutral</b>	<b>Accept</b>	
		<u>Will pursue</u> <ul style="list-style-type: none"> <li>• When investing in new or innovative infrastructure projects,</li> </ul>	<u>Won't pursue</u> <ul style="list-style-type: none"> <li>• When deferring maintenance or upgrades to critical assets to</li> </ul>

activities, ensuring that Australian or relevant industry standards are maintained. Council will, however, increase its risk appetite to Accept for potential risks, in order to utilise new technologies, innovative materials or methods which further Council's strategic objectives or improve longevity or standard of assets, providing long term benefits.		<p>even if the long-term financial benefits are uncertain</p> <ul style="list-style-type: none"> <li>• When disposing of underutilised assets to reinvest in higher priority infrastructure, recognising potential public or stakeholder concerns, but balancing these with long-term benefits</li> <li>• To facilitate significant renewable infrastructure which contributes towards Council's environmental objectives, essential infrastructure, or infrastructure required to facilitate population growth</li> <li>• High value infrastructure or assets which provide better longevity, impact or gains in the long term</li> <li>• Projects which will improve community resilience</li> <li>• Where Asset Management Plans have identified areas for capital investment in infrastructure</li> </ul>	<p>allocate resources elsewhere in the short-term</p> <ul style="list-style-type: none"> <li>• Business activity or projects which would pose a business continuity concern for critical infrastructure or services</li> <li>• Activity or infrastructure which has the potential to impact on the safety, wellbeing and utility of the community, stakeholders or staff</li> <li>• Infrastructure or assets which cannot demonstrate a long term benefit which outweighs or justifies the investment</li> <li>• Infrastructure or assets which do not meet Australian or relevant industry standards, or prove to be an insurance concern</li> </ul>
<b>Environmental</b> As a general position Council will Avoid taking risks in its environmental activities, ensuring that safety, amenity, preservation of natural and cultural environments and sustainable practices are at the forefront of consideration. Council will, however, increase its risk appetite to Resistant for potential risks, in order to explore	<b>Avoid</b>	<b>Resistant</b> <u>Will pursue</u> <ul style="list-style-type: none"> <li>• When sustainability investments require risk but offer long-term benefits to the environment</li> <li>• When balancing economic growth with environmental or social responsibilities</li> <li>• When regulatory and public expectations for sustainability require bold action</li> </ul>	<u>Won't pursue</u> <ul style="list-style-type: none"> <li>• Decisions, activities and practices that result in long-term or irrevocable environmental damage or negative climate impacts, threatens biodiversity, including extinction of flora and fauna, or is hazardous to the community</li> <li>• Activity or infrastructure which has the potential to impact on the</li> </ul>

innovative environmental sustainability initiatives, or activities which contribute to Council's environmental objectives.		<ul style="list-style-type: none"> <li>Business activities or projects which are likely to improve the sustainability of the way Council operates, and reduce Council's emission footprint</li> <li>In order to be a leader and educator of the community in matters of environmental and cultural resilience</li> <li>To facilitate or implement innovative solutions to waste reduction, recycling and reuse</li> </ul>	<p>safety, wellbeing and utility of the community, stakeholders or staff</p> <ul style="list-style-type: none"> <li>Failure to meet environmental commitments, EPA regulations or legal requirements</li> </ul>
<p><b>Work Health Safety</b></p> <p>As a general position Council will Avoid taking risks in its work health and safety activities, ensuring that safety, wellbeing and adherence to industry standards and regulations are given paramount priority. Council will, however, increase its risk appetite to Resistant for potential risks, in order to ensure that morale is not unduly impacted by compliance requirements, tasks do not become onerous or cost prohibitive, and risk averse culture does not stifle creativity or innovation.</p>	<b>Avoid</b>	<p><b>Resistant</b></p> <p><u>Will pursue</u></p> <ul style="list-style-type: none"> <li>When pursuing innovation or efficiency improvements that introduce new minor safety risks, provided they offer substantial operational benefits and adequate systems are in place to mitigate those risks</li> <li>When implementing significant organisational changes (e.g. new technologies or automation) that carry unknown WHS risks provided our safety management systems are sufficient to identify and mitigate potential hazards and incidents</li> <li>Activities with inherently higher risk, such as construction, which are required in order to maintain or improve assets, where robust risk assessment and risk control</li> </ul>	<p><u>Won't pursue</u></p> <ul style="list-style-type: none"> <li>When emergency circumstances (e.g. emergency response, business continuity) require temporarily relaxing safety protocols unless any adjustments are strictly controlled, proportionate to the situation, and reinstated as soon as practicable to protect people and operations</li> <li>Unmitigated risk that could result in significant injury (whether physical or psychological) or loss of life under any circumstances</li> <li>Work practices, actions or inactions that compromise the wellbeing and safety of people including staff, councillors, contractors, consultants or volunteers</li> </ul>

		<p>mitigation are in place and demonstrated to be effective</p> <ul style="list-style-type: none"> <li>Activities with low risk of minor injury to deliver projects of significance, innovative services, or trialling new technologies where effective controls are in situ</li> <li>Terminating a customer interaction if their safety or wellbeing is placed at risk</li> </ul>	<ul style="list-style-type: none"> <li>Any activity which gives rise to all forms of bullying and harassment, is disrespectful, un-inclusive, or includes any forms of intimidation or harassment (whether directly or indirectly)</li> <li>Events that occur arising from untrained (or uncertified) employees or failed internal safety processes</li> </ul>
<p><b><u>Information Technology</u></b></p> <p>As a general position Council has a Resistant appetite for risks relating to Information Technology, and seeks to ensure security of its corporate information, ICT infrastructure, support systems and cyber security. Council will, however, increase its risk appetite to Neutral to facilitate adopting and adapting to new technologies and innovations, particularly in improving efficiencies, service delivery and engaging with its stakeholders via contemporary, user-friendly modes.</p>	<b>Resistant</b>	<p><b>Neutral</b></p> <p><u>Will pursue</u></p> <ul style="list-style-type: none"> <li>Business activities or projects which are likely to optimise capability and efficiency, including shared capability arrangements, cloud and virtual hosting or new technologies where their 'efficiency or security' payback can be demonstrated in the short-term</li> <li>New systems or practices which may improve the security of our digital assets (including information), business practices or safeguarding from both external and internal threats, misuse, modification and unintended damage</li> <li>Activities or systems which strengthen or improve internal controls, a cyber aware workforce, effective governance, timely remediation of identified control weaknesses, persistent review of</li> </ul>	<p><u>Won't pursue</u></p> <ul style="list-style-type: none"> <li>Decisions, activities and practices that result in compromising the integrity and confidentiality, misuse or inappropriate distribution of information, or breaches trust with our stakeholders</li> <li>Any activity with a risk of any serious breach of privacy or confidentiality and in particular sensitive information</li> <li>Prolonged unplanned outages (caused by cyber security control issues) of critical Council systems and services</li> <li>Lack of diligence in relation to procurement and implementation of cyber systems and services</li> <li>Data loss due to inappropriate data loss protection practices and processes</li> <li>Inactivity, or inability to adapt to technological change, resulting in</li> </ul>

		<p>the external threat landscape and consistent management of our third-party providers</p> <ul style="list-style-type: none"><li>• Scheduled outages that are regarded as part of normal business activities and do not impact business continuity</li><li>• Taking systems off-line temporarily to prevent imminent or current cyber attacks</li></ul>	<p>increased risk exposure, or impacted service delivery</p>
--	--	--	--

**DOCUMENT DETAILS**

File Reference:	AR25/19496
Related Documents:	Risk Management Policy Risk Management Framework (Administrative Principle)

Responsibility:	People and Culture Coordinator
Version:	1.0
Last revised date:	
Effective date:	
Minute reference:	
Next review date:	



# The City of Mount Gambier Risk Maturity Assessment

Date: 21<sup>ST</sup> June 2023



## Background

Senior management at the City of Mount Gambier have recognised the need to assess the organisation's risk maturity in order to gain an understanding of the current state and to develop actions to reach its target level of risk maturity.

To achieve this, the Senior Management Team (SMT) and other key staff were invited to individually complete an assessment of the City of Mount Gambier's risk maturity; thirteen responses were received and are documented and summarised in this report.

The risk maturity assessment is based upon AS ISO 31000:2018 Risk management guidelines and the LGAMLS model Risk Management Framework and considers the following five focus areas:



The focus areas cannot be applied in isolation; there needs to be a correlation between each for successful implementation of Council's risk management policy and framework.

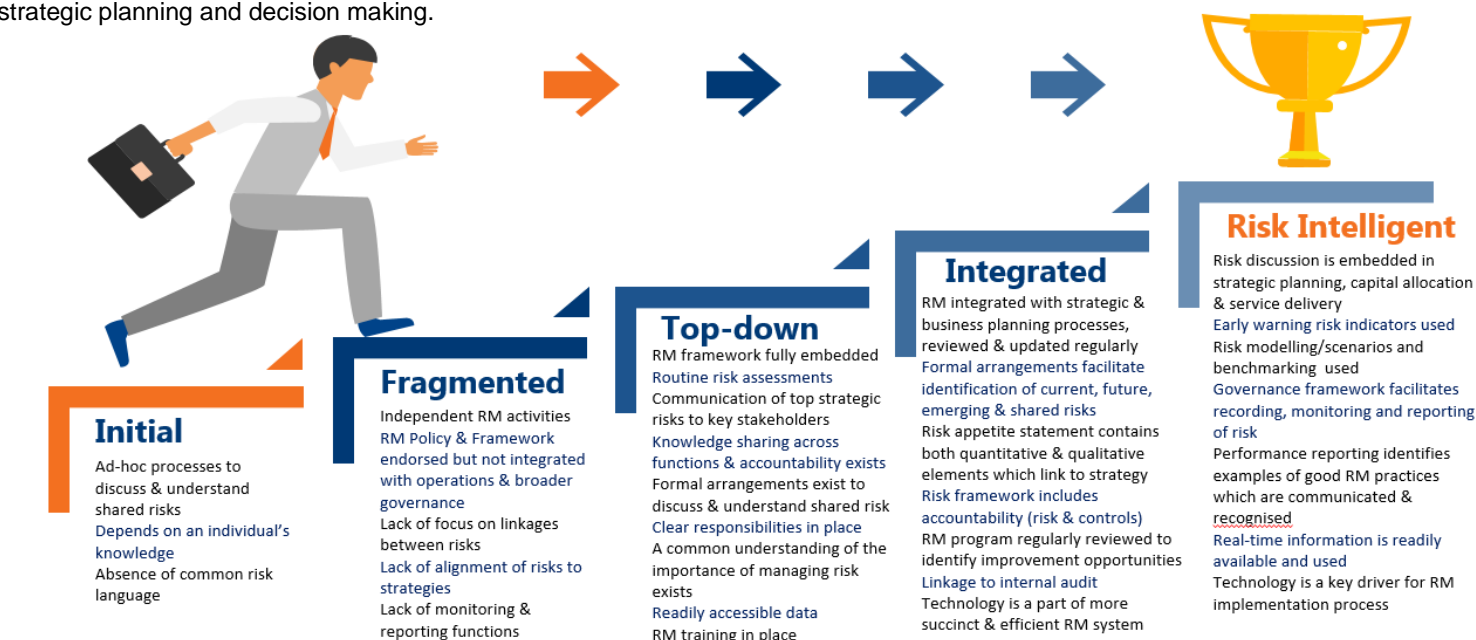


## Risk maturity model

The risk maturity model provides a roadmap for the development and continuous improvement of the City of Mount Gambier's risk management systems.

The risk maturity assessment offers an insight into the organisation's progress towards implementing an integrated enterprise risk management (ERM) system and an organisational risk culture that supports strategic and business planning.

Each phase of the model demonstrates a gradual advancement in ERM system development, knowledge and the use of risk information as a key input into strategic planning and decision making.





## Methodology

LGAMLS Strategic Risk Team have compiled a self-assessment tool which considers key elements of an effective ERM system, which are structured according to the five focus areas.

Individual elements within each focus area were scored on a scale of:

- 0 Element is not in place/ never applied
- 1 Element is partly in place or established/ inconsistently applied
- 2 Element is fully in place and consistently applied
- 3 As well as being fully in place and consistently applied, a proactive and positive attitude to risk is demonstrated

The self-assessment tool was distributed to the Senior Management Team and other key staff with a total of thirteen responses received (which was a response rate of 81%). These have been collated to provide an overview of the current understanding of the current status of the organisation's ERM.

Comments provided with the responses have been considered and form the basis for the commentary in this report.

The scoring for each element is provided in the appendices to further assist the City of Mount Gambier in identifying areas of potential improvement.





## Risk maturity summary

Despite some variances in the scoring, there is a visible trend in each of the focus areas which links back to the implementation status of the risk management framework.

The average score was marginally higher for risk identification/assessment (1.36) and risk culture (1.35) and lower for risk appetite (1.06), however the results show there are elements of each of the focus areas in place in at least some parts of the organisation.

This should provide a good foundation to implement those elements across the remaining departments and teams.

Overall, results indicate there is a lack of linkage between the risks identified in the risk register to the organisational planning processes (strategic, annual budget, business plans etc.) and decision making. In addition, commentary has been provided which indicates that resourcing challenges, technology, a need for training as well as inconsistency in the application of risk management principles have been identified as issues.

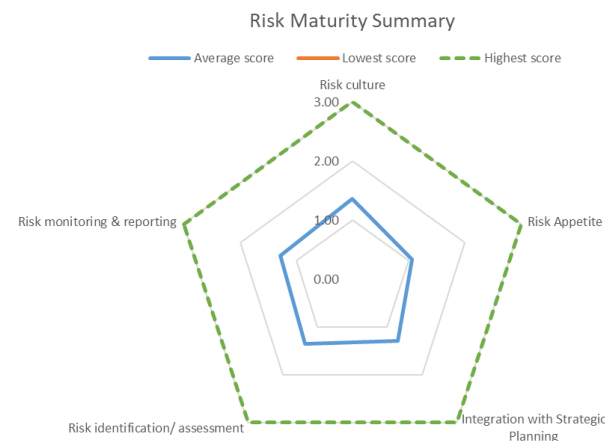
This makes it difficult to drive the integration of risk throughout all levels of the organisation.

## Risk Culture

In terms of risk culture, there is uncertainty about whether elected members understand the correlation between effective risk management and achievement of the organisation's strategic objectives. There is an opportunity here to provide training or awareness sessions to elected members and management, (this should then cascade throughout the organisation.) The risk management framework is still being implemented across the organisation which may be contributing to the inconsistency of how risk is managed across the different departments.

## Risk appetite

Risk appetite did not score as strongly from the responses received (79% responded with a score of 0 or 1). Whilst there appears to have been some informal discussions about risk appetite at the administration level, risk appetite is not an area that has been formally defined. A body of work to define and articulate risk appetite (and tolerance) with elected members and management would be beneficial to support appropriate





risk taking. This presents an opportunity for the City of Mount Gambier to improve risk awareness across the organisation and to further integrate ERM into strategic planning and day-to-day decision making.

### **Integration with strategic planning**

Whilst the organisation has a formal strategic planning process in place, risk does not appear to be fully integrated into this process. Risk registers are currently not connected to the Annual Business Plan/ Asset Management Plan/ Forward Works Program. Work on communicating the importance of managing risk as part of the planning processes (strategic and business planning) should assist with risk integration and subsequently decision making. Encouraging elected members to interrogate and consider risks when they arise will also help with the integration as well as improve the decision making process.

At an operational level, Council should look to embed its existing framework and processes across the organisation; improving accountability of managers to both implement ERM systems and strengthen risk awareness within their teams.

### **Risk identification and assessment**

Risk identification and assessment elements have been defined in the documented risk management system and are generally in place or partly in place; the responses indicate that there could be more consistency with the application of the process to ensure this is applied across all areas of the organisation. Having a central repository to record the risk identification and assessment outcomes and ensuring the appropriate people are aware of this would also help support a consistent approach. Commentary provided with the risk maturity questionnaire indicates that work is currently being undertaken to investigate opportunities and better record and monitor activities such as risk management and strategic planning to ensure the information is accessible for all employees while being easy to use and understand.

It is likely that these elements will show improvement following the identification and implementation of the preferred option for this (process & technology platform) in addition to training or refresher training of managers and staff.

### **Risk reporting & monitoring**

Results indicate that risk reporting and monitoring is not widespread throughout the organisation and is reliant on individual managers reporting and monitoring risk in their areas. It appears that there is no consistent approach or oversight across the organisation. Whilst there are reporting and monitoring processes captured in the documented system (framework), it doesn't appear this is routinely being followed as described.

There is an opportunity for Council to consider the use of technology to support real-time reporting and analysis of risk. This will support a more proactive management of risk within the organisation.

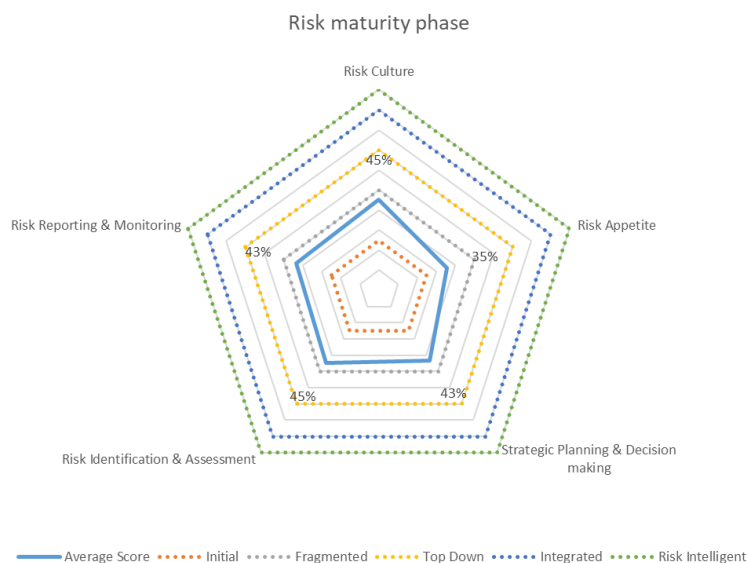


## Risk maturity phase

We have used the average scores for each focus area to map the point at which the City of Mount Gambier is currently positioned on the risk maturity model. The diagram on the right indicates that four out of the five focus areas fall just below the fragmented stage (but closer to fragmented than initial), with risk appetite sitting approximately halfway between initial and fragmented.

A further detailed summary of responses for each element is provided in Appendices 1 – 5.

All elements still need further implementation and development within each of the focus areas, which have been highlighted in the summary above and are detailed in the appendices.





## Next steps

Recognising that there are opportunities for improvement of the City of Mount Gambier's ERM systems and practices, consideration should be given to developing an enterprise risk strategy and action plan, which may include:

- Consideration be given to the resourcing required to assist with, and drive a consistent risk management approach across the organisation;
- Providing risk management awareness sessions (elected members, managers and staff);
- Encouraging management and staff participation in identification, evaluation and management of risks within their departments;
- Considering the use of technology to record, monitor and report strategic and operational risks;
- Developing and operationalising formal risk appetite statements by integrating this into the decision making process;
- Enhancing reporting mechanisms to support strategic and operational decision making; and
- Encouraging elected members to interrogate and consider risks when they arise.

The LGAMLS Strategic Risk team are able to support the City of Mount Gambier with:

- Provision of customised risk management awareness sessions for elected members, managers and staff;
- Facilitation of workshops in strategic and operational risk;
- Development of risk appetite statements in consultation with elected members and managers; and
- Provision of tools and templates to assist with integration of risk management across the organisation.



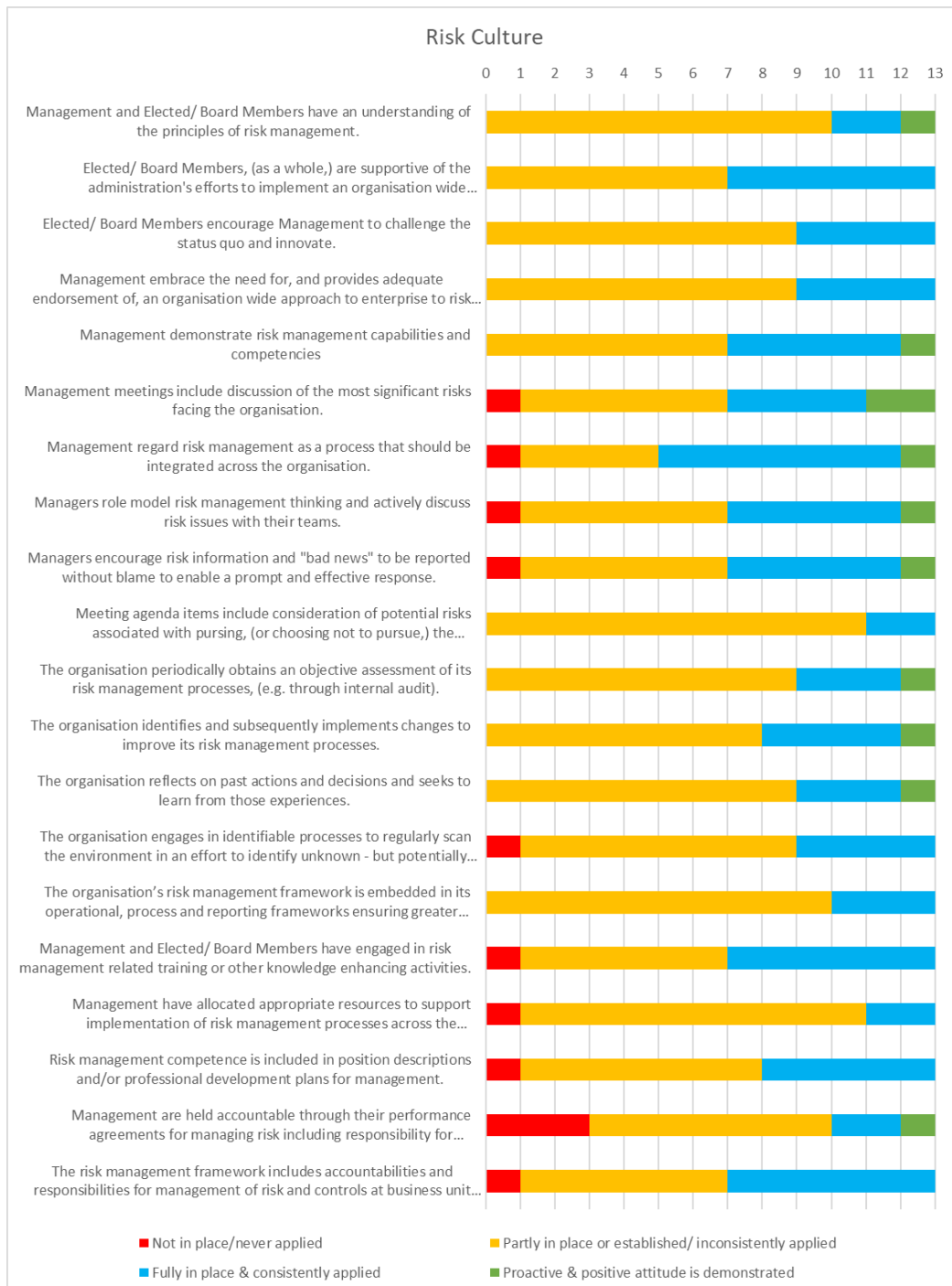
## Appendices

The appendices provide a detailed summary of responses to each of the elements for the focus areas.

This information has been provided to assist the City of Mount Gambier in developing strategies and actions to develop, improve and/or embed specific elements of its risk management framework and processes.



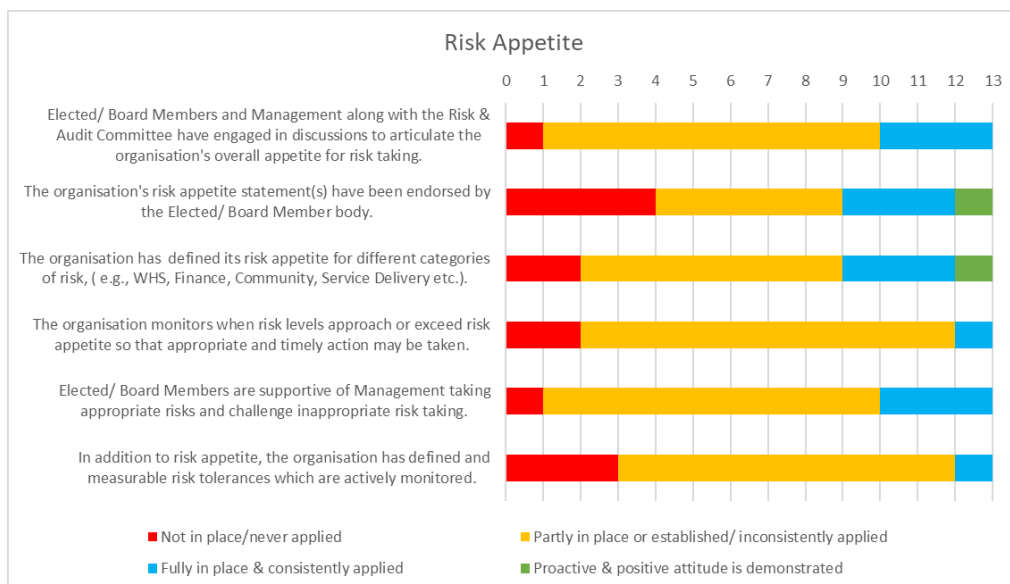
## Appendix 1: Risk Culture



G:\xJLTData\dataars\Management\STRATEGIC RISK\SRT\Scopes of Work for all Councils\Mt Gambier\Risk Maturity\FINAL  
Mount Gambier Risk Maturity Report V1.0  
20230621.docx

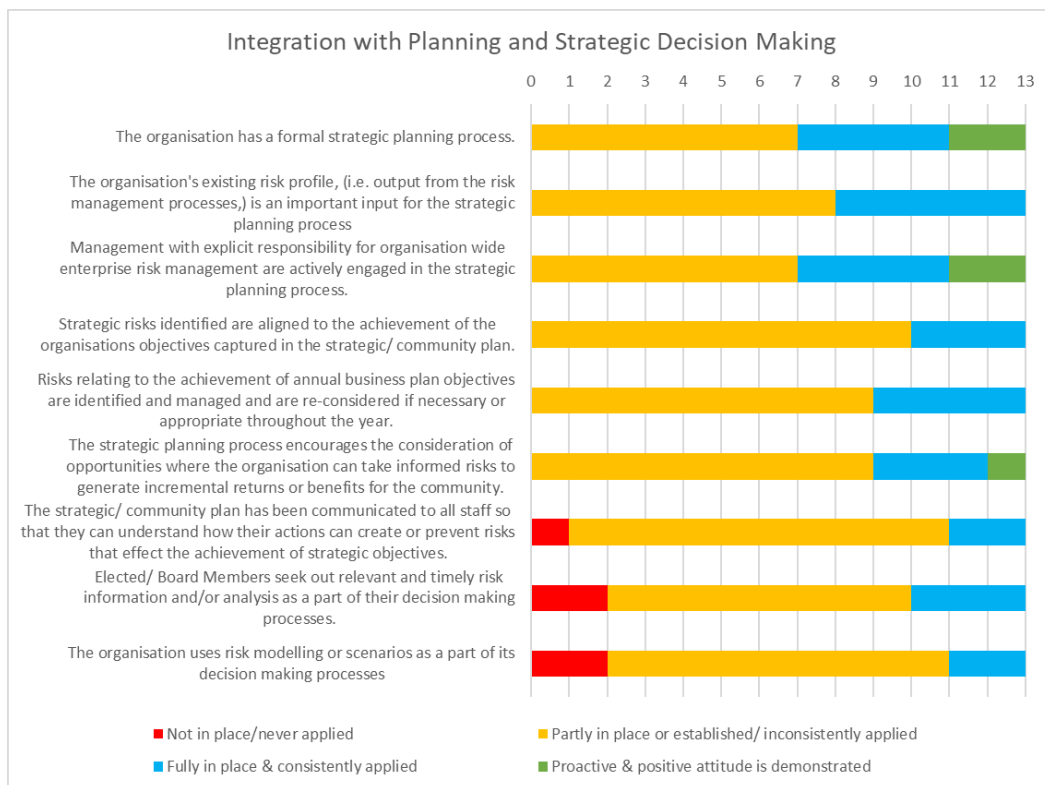


## Appendix 2: Risk Appetite



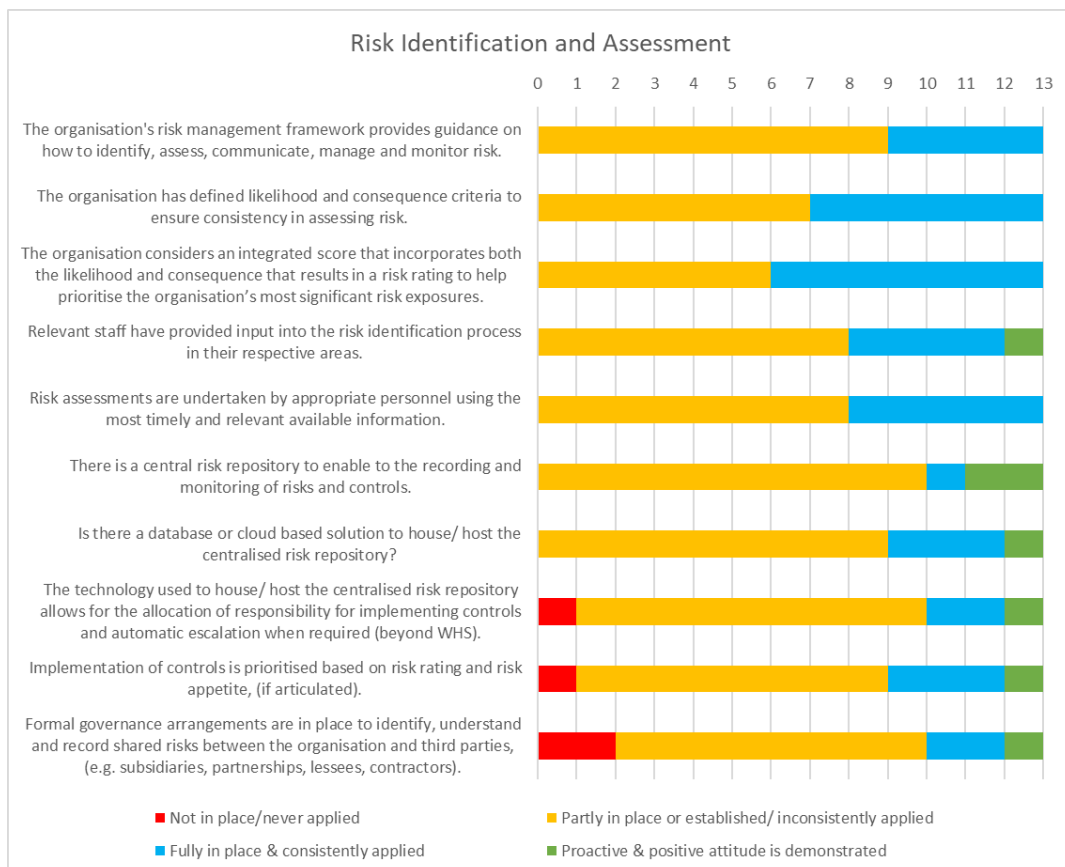


## Appendix 3: Integration



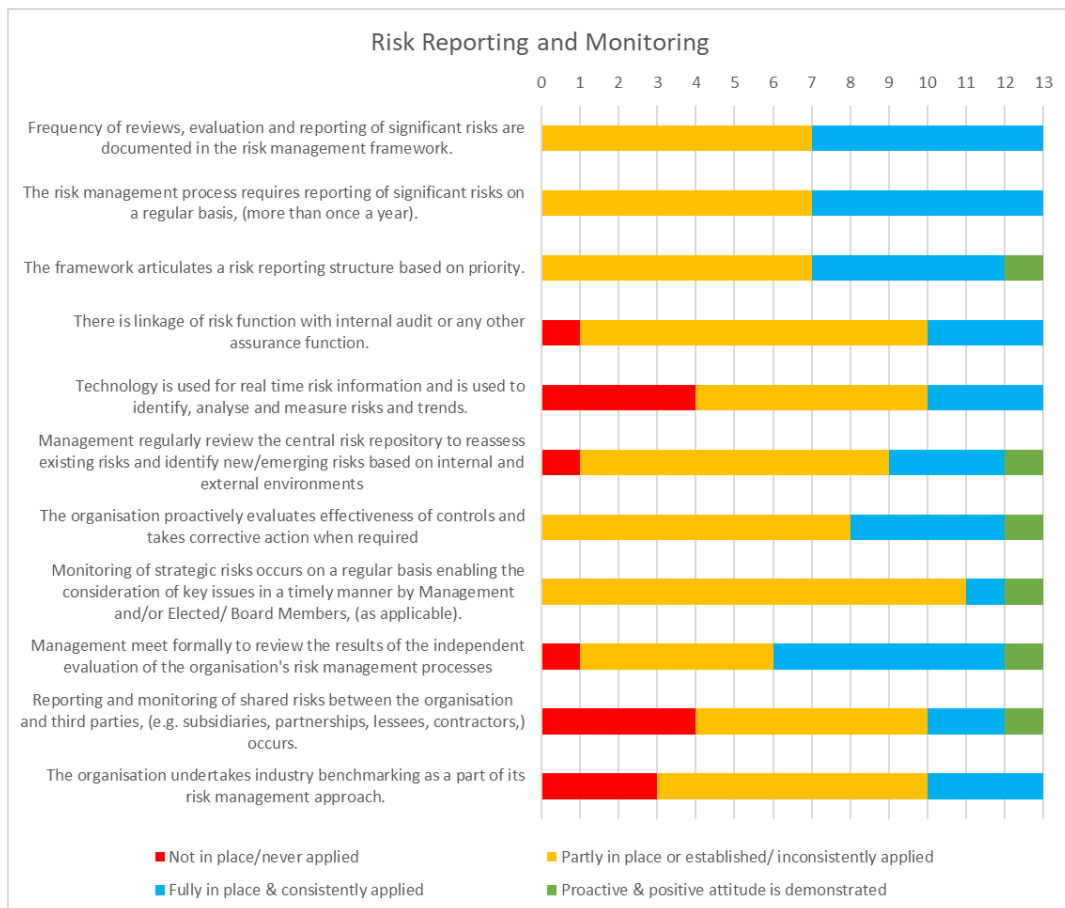


## Appendix 4: Risk Identification & Assessment





## Appendix 5: Reporting & Monitoring





#### Contact

Name: Colleen Green  
Strategic Risk Consultant  
M: 0447 120 321  
colleen.green@jlta.com.au

Level 3, 148 Frome Street, Adelaide SA 5000  
T: +61 8 8418 0288  
www.lgrs.com.au

LGA Mutual Liability Scheme is managed by LGRS which is a division of JLT Risk Solutions Pty Ltd (ABN 69 009 098 864 AFS Licence No: 226827) (JLT) and is a business of Marsh McLennan

© 2021 JLT Risk Solutions Pty Ltd. All rights reserved.

Published by JLT Risk Solutions Pty Ltd and no part of this document may be reproduced without permission from JLT Risk Solutions Pty Ltd.

## **5.5 2024/2025 EXTERNAL AUDIT INTERIM MANAGEMENT REPORT**

Author: Kahli Rolton, Manager Financial Services  
Authoriser: Jane Fetherstonhaugh, General Manager Corporate and Regulatory Services

### **RECOMMENDATION**

1. That the Audit and Risk Committee report titled '2024/2025 External Audit Interim Management Report' as presented on Wednesday 4 June 2025 be noted.
2. That the Audit and Risk Committee:
  - (a) Have reviewed the findings of the audit with the external auditor, Dean Newbery at a workshop held prior to the commencement of the meeting;
  - (b) Are satisfied with the external auditor's effectiveness to arrive at their findings and considerations raised for balance date audit;
  - (c) Have reviewed Management's responses contained in this report and are satisfied they address the findings of the external auditor per the interim audit management letter.
3. That actions arising as a result of the interim audit 2024/2025 will be overseen by the Audit and Risk Committee as updated/completed.

### **PURPOSE**

To formally table and respond to the 2025/2026 external audit interim management letter as provided by Dean Newbery.

### **TERMS OF REFERENCE**

The following section of the Audit and Risk Committee Terms of Reference is relevant to this report:

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.

### **RELEVANT LEGISLATION**

Local Government Act 1999 sec 129 Conduct of audit (partial extract)-

- (3) The auditor must provide to the council -
  - (a) an audit opinion with respect to the financial statements; and
  - (b) an audit opinion as to whether the controls audited under subsection (1)(b) are sufficient to provide reasonable assurance that the financial transactions of the council have been conducted properly and in accordance with law.
- (4) The auditor must also provide to the council written advice on particular matters arising from an audit.

### **BACKGROUND / OPTIONS**

#### **Interim Audit Visit**

Dean Newbery and Partners attended in person to undertake the interim audit for 2025/2026 from 31 March 2025 to 1 April 2025. Testing work was completed on rating transactions prior

to attendance onsite. Further work to finalise the interim audit was undertaken following the onsite visit, with a Draft Interim Management Letter issued 2 May 2025.

### Summary of Observations, findings and recommendations

A full copy of Dean Newbery's interim audit management letter is attached to this Report. Below provides a brief summary of the key audit issues observed.

1. **Purchase Orders** – Sample testing of supplier invoices identified a number of instances where a purchase order was raised after the supplier invoice was received. Council's overarching Administrative Framework, linked to Council's Procurement Policy requires purchase orders to be raised for all purchases except those outside of the list of goods and services categories provided. Recommendation to review the Procurement Policy in relation to purchase order exemptions being sufficient. Further recommendation for training.
2. **Caroline Landfill Capping Provision** – Noted that capping liability for overfilled cell 3C will require a comprehensive review once design is completed which is still in progress and may not be completed in FY25.
3. **Contracts Management Procedures** – Identified that Council does not maintain any formal documented policy/procedure for position responsibilities when managing contracts. Acknowledged this was already identified by management through internal control self-assessment. Testing to date has found no instances of non-compliance. Recommendation to consider implementation of a formal documented policy/procedure for contract management.
4. **Budget Review Timeframe** – The December budget review was adopted 3 days outside of the legislative timeframe. Considered minor and will not impact auditor opinion of the internal controls of Council.
5. **Rates Fines and Interest** – Observed that no report is run to determine assessments in arrears that have not been charged fines and interest and that there is no independent review of this. Risk that assessments can have their fines and interest status removed and not being charged.
6. **Superannuation obligations Council Committee Members** – In light of recent communication, Council's are now obliged to review their superannuation obligations for independent committee members and sole traders. Recommend that an impact assessment is completed and to keep Audit and Risk Committee informed of progress.

### Management Response

1	<b>Purchase Orders</b> Testing undertaken by the Auditors has identified a gap in relation to the raising of purchase orders for operational and maintenance items that are under contract, where it is difficult to raise invoices in advance of the month as the outcome may not be known until the invoice is received. Examples of these items include Belgravia where actual income and expenditure is not known in advance and waste management where actual tonnes are not known in advance. These examples are under contractual arrangements with budget allocations. A simple update to the Procurement Policy will ensure that Policy is aligned to practice and also maintain integrity of the budget where purchase orders are not raised for the value of the budget where it is difficult to estimate actual results per month.	<b>Not Started</b>  <b>Due Date</b> <b>31/07/2025</b>
2	<b>Caroline Landfill Provision</b> At the time of writing this report, a proposed design had been completed by external consultants for the capping of Cell 3C that was previously overfilled. This is currently pending EPA approval with the expected results and works not anticipated until FY25/26. A provision adjustment (if required) will only be made where there are reasonable grounds/evidence to do so. This excludes an indexation adjustment which would be nominal and have an immaterial impact.	<b>In Progress</b>  <b>Due Date</b> <b>30/06/2026</b>

<b>3</b>	<b>Contracts Management Procedures</b> Development of a Council Administrative Principle for Contract Management required that clearly articulates the connection between financial responsibilities, project management responsibilities and approvals. Noting this was already identified as an area of risk and an internal audit conducted to assist identify areas for improvement.	<b>Not Started</b>  <b>Due Date</b> <b>30/06/2026</b>
<b>4</b>	<b>Budget Review Timeframe</b> Acknowledge that this was outside the timeframe by 3 days in order to align with the Council Meeting. Noting that a workshop was held with Elected Members prior and all documentation prepared in advance of the date to meet Agenda deadlines. Further, due to a change in staff and a subsequent vacant position, where this report would normally be presented in February, it was presented in March. Now that staffing is back to regular levels, the budget revision should be presented to February to ensure this does not occur again.	<b>Noted</b>  <b>Due Date</b> <b>31/01/2026</b>
<b>5</b>	<b>Rates Fines and Interest</b> At present Council's practice defaults all ratepayers to "Yes" to charge fines and interest. All ratepayers are charged fines and interest unless a payment is made on the day. A further process is then undertaken to waive fees and interest where applicable in line with the rating policy. A procedure will be implemented to ensure at minimum an independent review is undertaken each month. Further, currently investigating options for reporting and exception reporting to streamline.	<b>In Progress</b>  <b>Due Date</b> <b>31/12/2025</b>
<b>6</b>	<b>Superannuation obligations Council Committee Members</b> An impact assessment was progressed in February, following the recent guidance released from the LGA. Work on this was halted waiting a training session in April and outcome of an ATO ruling. Whilst the ATO ruling has not yet been released, the training session clarified that it is highly unlikely that the ruling will return with a requirement not to pay superannuation on independent Council Committee Members. Administration are currently preparing to gather information required from past and present Independent Committee Members in order to prepare relevant forms for lodgement and set up future payments. An accrual will be recognised in FY24/25 for the liability.	<b>In Progress</b>  <b>Due Date</b> <b>30/06/2025</b>

## DETAILED IMPLICATIONS

<b>Legal</b>	There is an obligation under the Superannuation Guarantee (Administration) Act where a person is employed wholly or principally for their labour (as an individual) and is a member of a Council Committee. Pending further outcome from an ATO ruling requested.
<b>Financial and Budget</b>	Budget Adjustment required at BR3 FY24/25 to bring in accrual for superannuation obligations on independent committee members. Estimated impact under \$10k, however note this will increase each quarter with administration and interest charges.
<b>Community Consultation and Engagement</b>	There is no need for community consultation, however engagement with the Audit and Risk Committee has already begun and updates will be provided following progression. Letters will be sent to independent committee members of both Audit and Risk Committee and Regional Assessment Panel to keep them informed and request required information to make payment.
<b>Other Resources</b>	Staff time, additional process required following each meeting of Council Committee's in future.

## RISK ANALYSIS

The risk identification and categorisation relies on the City of Mount Gambier [Risk Management Policy](#).

Risk	Consequence Rating	Risk Likelihood Rating	Risk Rating	Mitigation
<b>Finance</b> – That Council does not follow good financial management practices and is not compliance with relevant legislative requirements.	Minor (2)	Possible (3)	Moderate	Continue to rotate external auditors as required, ensure reporting from external auditors is reviewed by Audit and Risk Committee and continue to maintain quality internal financial control regime, all staffed appropriately.
<b>Reputation</b> – Loss in trust and transparency from Community if quality audit both internal and external is not prioritised and maintained	Minor (2)	Unlikely (2)	Low	Regular reporting on audit observations and issues. Review schedule to maintain accountability and transparency for the community.
<b>Legal / Regulatory / Policy</b> – Act is not adhered to and compliance obligations not met	Minor (2)	Unlikely (2)	Low	Audit and Risk Committee oversight of audit program. Review legislative requirements regularly and include in reporting requirements.

#### RELEVANT COUNCIL POLICY

N/A

#### IMPLEMENTATION, COMMUNICATION AND ENGAGEMENT

Dean Newbery will be available at a workshop prior to the Audit and Risk Committee meeting 4 June 2025 to discuss their key issues/observations with the Committee.

#### CONCLUSION

That Council, via the Audit and Risk Committee, note the 2024/2025 external audit interim management letter as provided by Dean Newbery resulted in 6 key issue/observations. Council Administration's response including actions in relation to key issues/observations is detailed in the report.

#### ATTACHMENTS

1. Draft 2025 Interim Audit Management Letter - City of Mount Gambier V 2 [5.5.1 - 3 pages]



Chartered  
Accountants

**HEAD OFFICE**  
214 Melbourne Street  
North Adelaide SA 5006

PO Box 755  
North Adelaide SA 5006

T: (08) 8267 4777  
www.deannewbery.com.au

Dean Newbery  
ABN: 48 007 865 081

27 May 2025

Mr Paul Duka  
Independent Chairperson – Audit & Risk Committee  
City of Mount Gambier

Dear Mr. Duka

**RE: Interim Report – 2024/25 Financial Year External Audit**

We have recently completed our Interim Audit component of the City of Mount Gambier (**Council**) 2024/25 financial year (FY25) external audit.

We are pleased to provide members of the Audit & Risk Committee an update on the status of the FY25 External Audit and wish to advise our work to date has covered the following areas:

- Review of internal controls in line with the Local Government Better Practice Model to identify controls which can be relied upon for testing purposes.
- Performed Internal control walkthrough updates of key business operations relating to revenue, expenses and payroll were completed.
- Interim sample transaction testing of operating income (including rates, fees and charges income), grant revenue, operating expenditure and employee payroll was completed.
- Completed a Rates regeneration to confirm the accuracy of rate revenue recognised in the general ledger.
- Review of Council agenda and minute reports were completed to determine if there were any potential issues to be considered within the Audit Plan and whether there were any contingent matters to be considered.

**As a result of the work have completed, we wish to provide to you a summary of our observations, findings and recommendations on key audit issues as outlined below:**

**1. Purchase Orders**

Outside of the list of goods and services categories listed in section 4.5 of Council's Overarching Administrative Framework (linked to Councils Procurement Policy), Purchase Orders are required to be raised for all purchases.

Sample testing of supplier invoices identified a high number of instances where a Purchase Order was raised after the supplier invoice was received. From our observations, it appears that the use of the Purchase Orders were for the purposes of complying with the Policy requirements rather than acting as an actual procurement control mechanism given the procurement activity has already occurred before the Purchase Order has been created.

---

Interim Report – 2024/25 Financial Year External Audit

---

We recommend that the Procurement Policy be reviewed to determine whether current Purchase Order exemptions are deemed sufficient, and training is implemented to ensure that procuring officers understand the requirements of Council's Policy.

## **2. Caroline Landfill Capping Provision**

Discussions with the Administration to determine the progress of matters raised in our Audit Completion Report issued on 18 October 2024 noted that Council have engaged Tonkin Consulting to develop a capping design to determine how Council will treat the cell overfill situation (as disclosed in Note 18 of the 2024 Financial Statements).

We noted in our Report that a review of the assumptions behind the calculation for the capping liability (disclosed on the Statement of Financial Position) will require a comprehensive review once the capping design is completed. The Administration has advised that it is unlikely the capping plan will be completed in FY25 and we will review the progress of this matter as part of future audit attendances.

## **3. Contracts Management Procedures**

Our internal control review of Council's External Services identified that although there are templates that can be utilised to manage/monitor contractor performance Council does not maintain any formal documented policy/procedure for position responsibilities when managing contracts.

We acknowledge that this is a matter the Administration have already identified through their internal control self-assessment that requires action.

Our audit testing to date has not identified any instances of contractor non-compliance in relation to the establishment of contracts from a procurement perspective. As a preventative measure and to strengthen controls around the management of Council contracts, we recommend that Council consider implementing a formal, documented policy/procedure for contract management.

By way of example, this may include the following, to ensure a consistent approach to contract management:

- Development of monitoring/inspection programs based on assessed risks in order to monitor contractor performance (Templates for which have been established)
- How Council will intervene if performance is not up to standard,
- Council responsibilities when there is a variation to a Contract with consideration for delegation of authority; and
- Project finalisation and inspection procedures.

## **4. Budget Review Timeframe**

The December budget review (Budget Review 2) was adopted by Council at the meeting held on the 18th of March 2025 which is 3 days outside of the legislative timeframe as set out in Regulation 9(1)(b) of the *Local Government (Financial Management) Regulations 2011*.

---

Interim Report – 2024/25 Financial Year External Audit

---

We consider this a minor breach of the *Local Government Act 1999* and as such this matter will not impact on our opinion of the internal controls of Council however, we recommend Council review its Budget Framework Policy which does address the legislative review timeframes to ensure Council understands the requirements of the *Local Government Act 1999* and *Local Government (Financial Management) Regulations 2011*.

#### **5. Rates Fines and Interest**

A review of the Rates controls observed that the Rates Officer does run a report to determine that there are no assessments in arrears that have not been charged fines and interest however, this report is not independently reviewed as part of the month end rates review when fines and/or interest are raised.

Without an independent review there remains a risk that assessments can have their fines and interest status removed which will result in fines and interest not being charged when the assessment is in arrears.

#### **6. Superannuation obligations Council Committee Members**

In light of the recent communication from the South Australian Local Government Financial Management Group, Councils are now obligated to review their superannuation obligations for independent committee members and sole traders, such as contractors, performers, and officeholders.

Given that the Council has already undertaken its assessment and presented it to the Audit Committee, we recommend that the Administration continue to monitor the requirements and impact of this matter. The Administration should keep the Audit and Risk Committee informed of their progress to ensure that the Council is meeting compliance obligations.

#### **Summary**

We would like to thank the Administration for their valued assistance provided during our recent attendance.

Should you have any further queries, please contact me on the details provided below.

Yours sincerely  
**DEAN NEWBERY**

**Samantha Creten**  
**Director**

P. 8267 4777  
E. [samanthac@deannewbery.com.au](mailto:samanthac@deannewbery.com.au)

C. Chief Executive Officer  
C. Mayor

## 5.6 QUARTERLY INTERNAL AUDIT UPDATE

Author: Kahli Rolton, Manager Financial Services  
Authoriser: Jane Fetherstonhaugh, General Manager Corporate and Regulatory Services

### RECOMMENDATION

1. That Audit and Risk Committee report titled 'Quarterly Internal Audit Update' as presented on Wednesday 4 June 2025 be noted.
2. That Audit and Risk Committee note the progress achieved on the actions resulting from the internal audits already completed be noted.
3. That Audit and Risk Committee note that two internal audit projects—Procurement and Contract Management—have been completed, with reports to be presented to the Committee in June 2025, and that the Rating Review audit is underway, scheduled for completion in the 2025/2026 financial year in line with Council's request.

### PURPOSE

To provide a quarterly update on the progress of the Internal Audit Plan including actions and recommendations arising from work undertaken.

### TERMS OF REFERENCE

The role of the Audit and Risk Committee specifically details Internal Audit, where Council has a separate internal audit function.

**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 Sections 125A and 126(4) of the Local Government Act.

**12.4.4 Findings and Recommendations** - Review and monitor management's responsiveness to the findings and recommendations of the Internal Auditor.

**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.

**12.4.6 Consult** - Consult with the CEO prior to appointing a person primarily responsible for the internal audit functions in accordance with section 125A (Internal Auditor).

**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.

#### RELEVANT LEGISLATION

**Statutes Amendment (Local Government Review) Act 2021** – Item 83 Amendment of section 125 - Internal control policies and item 84 Amendment of section 126 – Audit and Risk committee applies greater emphasis on internal audit and risk management.

**Local Government Act 1999 Section 125A - Internal audit functions:**

- (1) The chief executive officer of a council that has an internal audit function must, before appointing a person to be primarily responsible for the internal audit function, or assigning such responsibility to an employee of the council, consult with the relevant audit and risk committee on the appointment or assignment of responsibility.
- (2) 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.

**Local Government Act 1999 section 126(4) – Audit and risk committee:**

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;

#### BACKGROUND / OPTIONS

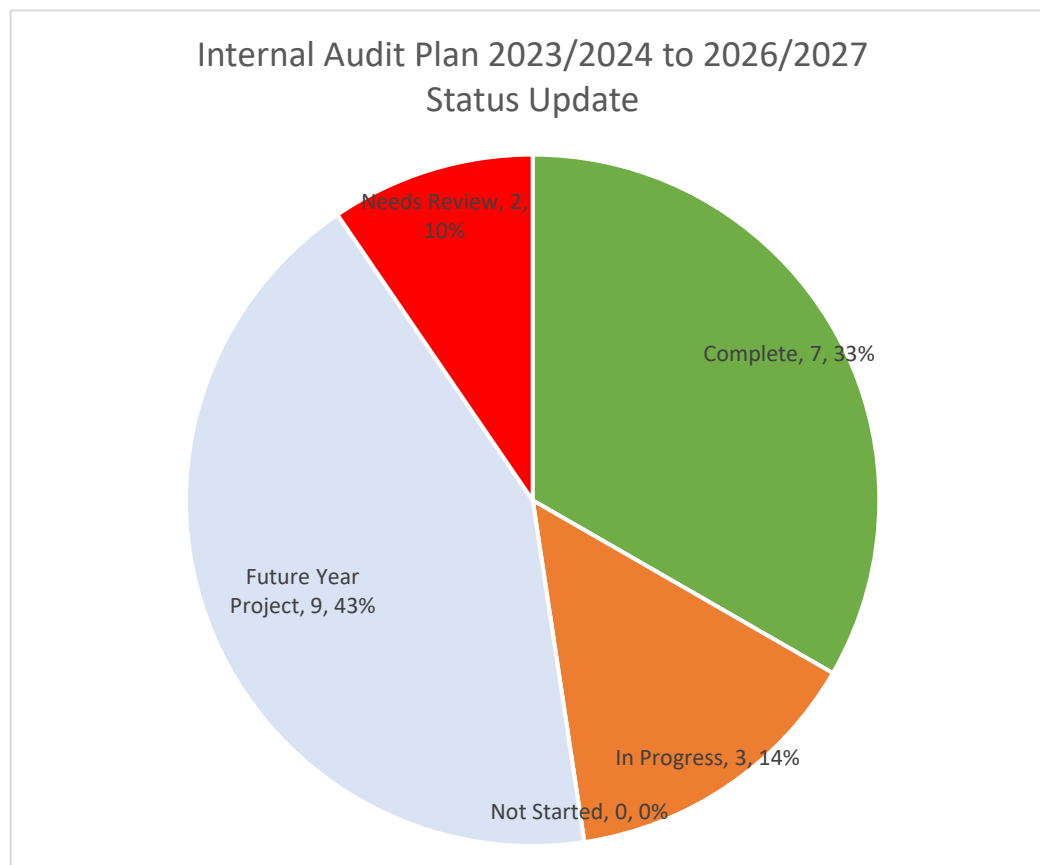
An approach was agreed with Dean Newbery and Partners further to their appointment as Council's external auditor in 2021 as follows:

- **Internal Financial Controls Self-Assessment** - The internal financial controls that had not been assessed since 2018 would be assessed in FY 2023;
  - These were assessed and presented to Audit and Risk Committee at their June 2023 meeting and a further update provided October 2024.
  - In line with the biennial review requirement a further assessment of internal controls was workshopped and presented to Audit and Risk in April 2025, prior to the external auditors arriving onsite to complete the interim audit for 2024/2025 financial year.

- Internal Audit - A risk-based approach would be undertaken to build an internal audit program starting with one internal audit in FY 2024.

## PROGRESS TOWARD INTERNAL AUDIT PLAN

**Quarterly progress update** – Attachment 1 to this report tables in detail the 2023/2024-2026/2027 revised internal audit plan and progress against this plan. The graph below provides a high-level status update. There are 21 documented internal audit projects in total over the 4 year period, with 7 completed, 2 requiring review, 3 in progress and 9 planned for future years.



**Completed Projects** - 3 completed projects were relevant to the 2023/2024 financial year and 4 completed projects are from the current financial year. An update on outstanding actions and recommendations resulting from these completed audits is detailed below and attached.

**In Progress** – 3 internal audit projects are listed as in progress, Data Protection and Privacy, Council Policies and Rating Review.

- It is estimated that the Data Protection and Privacy project will be completed prior to the end of the financial year.
- The Rating Review has commenced, however has been postponed at Council request to FY2025/2026.
- The Council Policies project is well underway with 4 of 78 Policies remaining to be reviewed and estimated to be completed prior to the conclusion of the current council term and pending legislative changes.

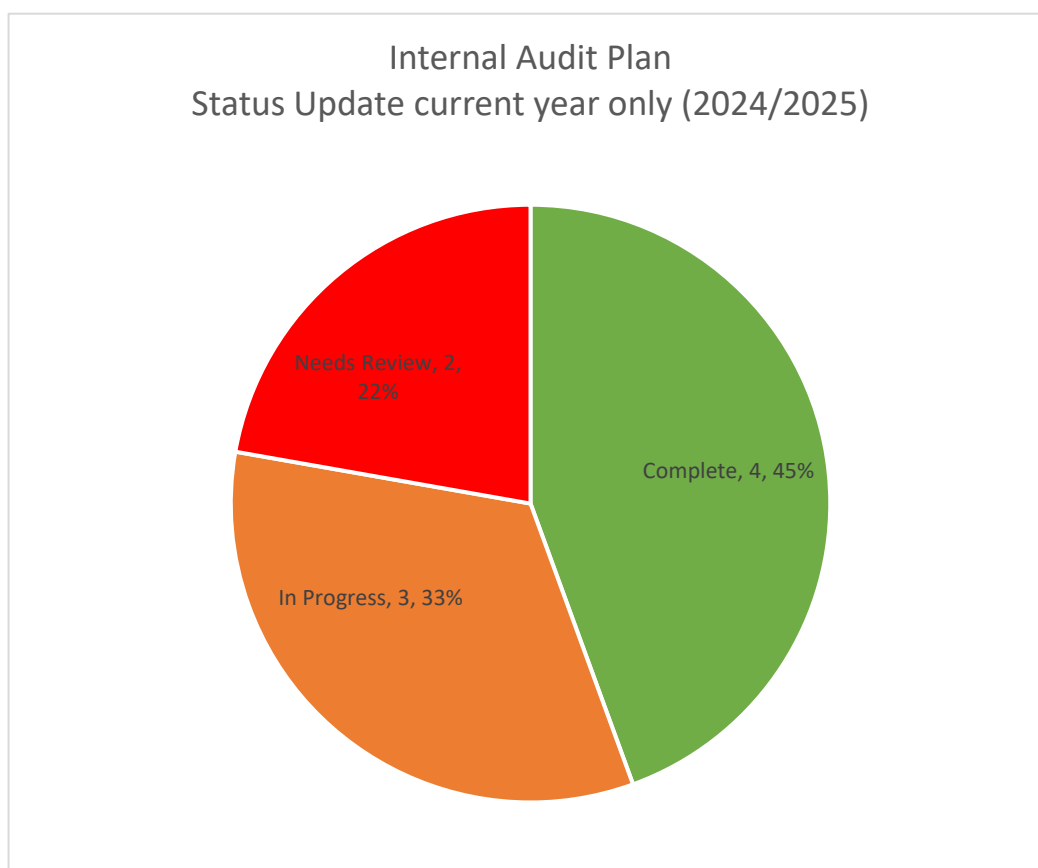
**Not Started** – There are no current projects that have not started.

**Needs Review** – The penetration testing project is currently off track. Council's managed host provider completes this as part of their regular security plan. It is anticipated that this will be completed this financial year and a report will be provided. The Incident Response Plan is also off track, with external providers originally estimated to complete review by February 2025.

**Future Year Project** – 9 projects have been included for future years, with 5 planned for the 2025/2026 financial year and 4 planned for 2026/2027 financial year (with an extra 1 project being a recurring item every 2 years). This plan will be reviewed and updated annually to incorporate any required updates for projects off track or unlikely to be completed within the relevant financial year.

#### **Current Year 2024/2025**

Of the progress detailed above, 9 internal audit projects have been identified for 2024/2025 financial year, with 3 in progress and 2 off track and 4 completed. Of the 3 in progress, external consultants have been formally appointed for 1 of the projects with work well underway for the Rating Review. Council's own review of its internal financial controls has been completed and a report included at the April 2025 Audit and Risk Committee meeting. The Data Protection and Privacy project is underway with initial data cleanse completed to minimise exposure of personal data risks and an Administration Principle being drafted. Council Policies project is also well underway with only 4 out of 78 Policies remaining for review. This is an improvement of 4 policies reviewed since the last quarterly update. Refer Attachment to this report for details of the Internal Audit Plan and progress made.



**Recommendations and Actions** – From the internal audits completed, Attachment 2 to this report provides a detailed table of recommendations, actions and completion dates with management commentary. The table below provides a high-level summary with comparison to the previous report in April 2025. Noting that Procurement and Contract Management have only just been received and status including actions will be updated in the next quarterly report.

Internal Audit Project	Recommendations & Actions	Actions Complete	Actions Pending
Payroll and Remuneration	3	2 (previously 2)	1
PDI Act	16	6 (previously 6)	10 (previously 10)
Internal Financial Controls Assessment 2025	21	1	20
Procurement	12	0	12
Contract Management	15	0	15

#### DETAILED IMPLICATIONS

<b>Financial and Budget</b>	<p>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 2024/2025 plus \$20k for a rating review. Improvements have been made to the plan to estimate costs associated with internal audits to be completed by external parties in future years as follows: FY2025/2026 \$25k FY2026/2027 \$35k These amounts are estimates only and subject to change.</p>
<b>Other Resources</b>	<p>The administration and implementation of the internal audit plan requires dedicated time from members of staff throughout Council. Where possible, the plan has been reduced to take this into consideration and deliver meaningful, value adding audits within current resourcing levels.</p>

#### RISK ANALYSIS

Consequence	Consequence Rating:	Risk Likelihood Rating:	Risk Rating	Risk Controls and effectiveness	Risk Mitigation Plan
<b>Finance</b>	Minor (2)	Possible (3)	Moderate	Council has adequate systems in place to ensure value for money for its community	Procurement Policy, Procedures and internal audit.
<b>Reputation</b>	Moderate (3)	Unlikely (2)	Moderate	Council has robust procurement procedures in place to uphold the highest operating standards	Continue to ensure openness and transparency and report to the public regarding internal audit recommendations
<b>Legal / Regulatory / Policy</b>	Moderate (3)	Possible (3)	Moderate	Identification of non-compliance in certain area.	Internal Audit Plan has been amended to include areas for concern as a means to value add and improve

<b>People</b>	Moderate (3)	Possible (3)	Moderate	In some areas recruiting and retaining qualified staff has been identified as an issue.	Work on recruitment strategies and culture
---------------	--------------	--------------	----------	---	--

## **RELEVANT COUNCIL POLICY**

[Internal Audit](#)

## **IMPLEMENTATION, COMMUNICATION AND ENGAGEMENT**

Individual Internal Audit Reports will be brought to the Audit and Risk Committee for review as they are completed. The next quarterly Internal Audit report will be brought to the Audit and Risk Committee August 2025.

## **CONCLUSION**

Progress towards the Internal Audit Plan has been included and provides an update on the status of internal audit projects. Actions and recommendations from completed internal audits are also enclosed including updates towards their progress.

## **ATTACHMENTS**

1. Actions and Recommendations tracking - completed internal audits June 2025 [**5.6.1** - 4 pages]
2. Internal Audit Plan (detail) F Y 2024-2027 June 2025 [**5.6.2** - 3 pages]

Recommendations and Actions

Payroll and remuneration processes	Risk Rating	Lead	Status	Completion Date	Revised Completion	Comments
1a The Council's Administrative Principle Risk Management was issued in June 2022 and is noted on the document as due for review in June 2023. This document is overdue for review.  We note that the Council adopted a reviewed Risk Management Policy in June 2024	Moderate	General Manager Corporate and Regulatory Services	Completed	Jun-24		The Risk Management Policy was reviewed by the Audit and Risk Committee and adopted by Council in June 2024.
1b The Administration Procedure – Acting Arrangements and Higher Duties Allowance, provides guidance on the processes for higher duties but also extracts from EBs and Awards. It does not include Mixed Functions for field staff which has different provisions for payment at higher classifications. A procedure should extract all components from a Relevant Award or EB but be kept updated whenever those change or instead refer to the relevant Clause Numbers of the Award or EB.	Moderate	Manager Performance and Capability	In Progress	Dec-24		Administration Principle is being reviewed and is scheduled to be updated by the end of the calendar year.
2 One contract was signed manually by the employee and not signed by a witness. Two contracts were not signed by the CEO. One contract was signed by the CEO and employee via Adobe Sign; the witness box remains on the document and is unsigned. An employment contract does not need a witness when signed securely, such as using Adobe Esign, but if the Council is not going to use a witness, the witness box should be removed. We note that the latest contracts did not have a witness box. The Council also now uses Adobe Esign to electronically sign their employment contracts. This process ensures that all parties sign the contract and initial each page.  The Contract with the missing CEO signature should be addressed.	Low to Moderate	Manager Performance and Capability	Completed	Jul-24	n/a	The contracts with the missing CEO signature had a letter of offer which is issued by the CEO. The organisation has adopted esigning processes to ensure a streamlined approach for the perspective employee. This was identified and implemented prior to the audit being undertaken. The areas of improvement have been rectified accordingly.  One of the contracts that was not signed by the CEO covers terms and conditions within the EB.  The other contract that was not signed by the CEO will be addressed as the terms and conditions fall outside of the EB

PDI Act	Risk Rating	Lead	Status	Completion Date	Revised Date	Comments
1 Consider and confirm the Council's short-term intent in relation to city planning and the use of code amendments.	Moderate	Manager Development Services	Not Started	Mar-25		Council intends to wait for the finalisation of the Limestone Coast Regional Plan before commencing code amendment work. Completion date: First Qtr of 2025 - Noting Council's Budgetary Restraints - No Budget allocation for 24/25 FY Awaiting finalisation of Regional Plan to guide future code amendments. Draft Plan currently out for consultation.
2 Review whether the Planning Team have sufficient capacity and resources to lead Council-initiated code amendments, and/or respond to externally driven code amendments.	Moderate	General Manager Corporate and Regulatory Services	In Progress	Jul-25		Service reviews and workforce planning project has commenced. Summary findings will be presented to the Audit and Risk Committee upon completion.
3 Prioritising human resourcing for the Planning Team.	High	Manager Development Services	Completed	Jul-24		Addressing via para planner / additional administration support. Para Planner position filled in mid-June 2024. Council has successfully recruited a Planning Officer to replace the Senior Planning Officer, with the incumbent starting 03/03/2025. All vacant positions in the Planning and Building Teams have been filled .
4 Consider ways to reduce the workload associated with lower-level customer requests on the Development Services team.	High	Manager Development Services	In Progress	Sep-24		Para Planner commenced June 2024, Admin assistance currently being finalised, Para planner has completed work on FAQ's in conjunction with other officers in August 2024. Work with the Customer Service Team to re-implement scripts for general development related enquiries.
5 Re-introduce regular, recurrent scheduled meetings between Development Services and Operations & Engineering teams and other stakeholders.	Moderate	Manager Engineering Design & Assets	Completed	Oct-24		Fortnightly meetings with the Engineering Team have been reimplemented.
6 Conduct a mapping exercise to document/confirm roles and responsibilities between the Development Services and City Infrastructure teams.	Moderate	Manager Engineering Design & Assets	In Progress	Oct-24		Will be impacted by proposed legislative changes. Being addressed at the reintroduced meetings between Development Services and City Infrastructure.

7	Consider how CoMG could influence planning and development activity by more proactively engaging with external stakeholders at the pre-planning stage, where applicable.	Moderate	ELT to determine	Not Started	Dec-24	<p>Guidance Development: Develop comprehensive guidance documents outlining CoMG's preferred positions on key elements of development plans. This should include clear explanations of requirements under relevant legislation like the Planning and Development Infrastructure (PDI) Act.</p> <p>Best Practice Outcomes: Define CoMG's views on best practice outcomes for holistic planning considerations such as stormwater management, established tree retention, streetscape enhancement, and heritage character preservation. This can be communicated through guidelines, policy statements, or informational materials provided to developers.</p> <p>Subject Matter Expert Availability: Identify and designate CoMG subject matter experts who can assist developers with inquiries at the pre-planning stage. Ensure that these experts are accessible and responsive to developers' needs, providing guidance and expertise to help align projects with CoMG's objectives and regulatory requirements.</p> <p>Stakeholder Engagement Platforms: Establish platforms or forums for regular engagement between CoMG representatives and external stakeholders, including developers, community groups, and industry associations. These platforms can facilitate dialogue, exchange of ideas, and collaboration on planning and development initiatives.</p> <p>Education and Awareness Programs: Conduct educational programs and outreach activities to raise awareness among developers and other stakeholders about CoMG's priorities, policies, and expectations regarding planning and development. This can include workshops, seminars, and informational materials disseminated through various channels.</p>
8	Increase capacity to perform important higher-risk compliance and enforcement actions.	Moderate	Manager Development Services	In Progress	Jun-25	<p>Prioritise Compliance Actions: Evaluate the current workload of Class 1 building inspections and identify areas where resources can be reallocated. Prioritize higher-risk compliance and enforcement actions over routine inspections to focus efforts on addressing outstanding issues.</p> <p>Planning Inspections are being undertaken to identify areas of non compliance.</p> <p>Training and Delegation: Provide comprehensive training to select administrative support staff to handle lower-level tasks typically performed by Building Officers. Assign responsibility for tasks such as following up with developers/building owners, data reporting, and customer service provision</p> <p>Streamlining Processes: Identify opportunities to streamline compliance and enforcement processes to improve efficiency. This may include leveraging technology for streamlined communication with stakeholders.</p>
9	Consider engaging external consultants to assist with backlogs in class 2-9 building inspections.	Moderate	Manager Development Services	Completed		Backlog of inspections have been completed.
10	Ensure that Council's latest/updated published Delegations Register as available on the public website.	Low	Manager Governance and Property	Completed	Jul-24	This is an ongoing obligation, and is consistently updated in accordance with any updates in head/sub-delegations. We are currently working to include Instrument C & D in this register.
11	Work to ensure that members of the Limestone Coast Southern Regional Assessment Panel have clarity around responsibility for maintaining/updating relevant delegations.	Low	Manager Governance and Property	In Progress	Nov-24	Jun-25 COMG is currently the council responsible for 'administering' the LCSRAP. Therefore, when updates come through in RelianSys which relate to Instrument C or D under the PDI Act, Tracy Tzioutziouklaris (as Assessment Manager) is notified and makes the necessary arrangements to update affected sub-delegations (whether that is directly in her capacity as AM, or organises for the requisite report to be tabled with the LCSRAP). Given this recommendation relates more specifically to the role/responsibilities of individual councils in their administration of those sub-delegations to their staff, an item will be included on the 19th June 2025 Regional Governance Network (including governance officers from all 7 LCLGA councils) agenda to share the way COMG currently manages this and recommend that governance officers ensure a similar robust process is in place at any councils who are also a member council of the LCSRAP.
12	Develop a pragmatic approach to periodically confirming that Development Services officers' delegations are up to date, correct and that officers have signed acceptance of these delegations.	Low	Manager Governance and Property	Completed	Nov-24	The way this is currently done in practice is that Development Services staff keep track of their current delegations via the 'live' link to RelianSys on our website. We are currently working to include Instrument C & D in this register. We already receive queries from Development Services staff periodically querying their delegations, so we are confident this is occurring in real time.
13	The BFSC consider developing a proactive approach to inspecting higher-risk buildings.	Low	Manager Development Services	In Progress	Dec-24	Ways of matters being directed to the Building Fire Safety Committee have been confirmed. High risk buildings have been identified.

14	Review and update CoMG's complaint handling policy with respect to PDI Act obligations.	Low	Manager Governance and Property	Completed	Nov-24		The Request for Service and Complaints Policy has been reviewed and the relevant inclusions under the PDI Act complains processes added. This is set to be presented to the A&RC in November, and Council in December.
15	Consider monitoring trends of community feedback/complaints to assist continuous improvement.	Low	Manager Performance and Capability	In Progress	Dec-24		Set up a regular schedule for analysing community feedback and complaints data. This could be done monthly, quarterly, or annually, depending on the volume of feedback received. Analyse the data to identify recurring issues, trends, and areas for improvement. Based on the analysis of feedback and complaints data, identify specific areas within development services that require improvement. Look for patterns or common themes in the feedback to pinpoint areas where changes or adjustments may be needed. Develop action plans to address the identified improvement opportunities. Complaints Policy has been updated to include information under the Planning, Development and Infrastructure Act 2016. An update has been made to the Council websites to consolidate complaints, feedback and requests for services/ products under one form which will assist on our capacity to report and monitor trends. Reporting is being developed for customer feedback/ complaints across the organisation with a view of feeding this into our program of continuous improvement. This is due to be finalised with a reporting cycle through ELT and Council by the end of the financial year.
16	Reconsider the need to continue maintaining the Land Division and Building and Swimming Pool Inspection policies, and either revoke them or update them to ensure consistency with legislation.	Low	Manager Engineering Design & Assets	In Progress	Sep-24		The Land Division Policy L130 has been drafted, however is on hold to consider the regional plan process outcome. The Building and Swimming Pool Inspection can be revoked

Internal Financial Controls Assessment 2025		Risk Rating	Lead	Status	Completion Date	Revised Date	Comments
1	There is a process in place to review and approve all credit notes for sundry debtors in accordance with delegations of authority.	Moderate	Manager Financial Services	In Progress	Dec-25		Finance to undertake a review of Bookable and implement automatic controls within administration settings.
2	Asset Management Plans are prepared and renewal expenditure and programmed maintenance required is reviewed periodically to reflect changing priorities, additional asset data and other relevant factors.	High	Manager Engineering Design & Assets	In Progress	Jun-27		AMP are to be reviewed annually in line with ABPB. Forward works plans are to be in line with AMPs. The unlocking project for asset management is currently in progress. Select detailed condition audits are currently occurring with the intention of identifying maintenance schedules. This is planned to progress each year.
3	Asset Management Plans for all major asset classes are adopted and reviewed by Council as required by the Local Government Act 1999.	High	Manager Engineering Design & Assets	Completed	May-25		Council have identified as a key strategic 'Unlocking Project' to improve Councils Asset Management Planning, Maintenance and Financial approach. Asset Management Plans incurred minor updates this year. No public consultation this year, as were consulted on last year.
4	Maintenance of the fixed asset register is limited to appropriate staff with consideration to segregation of duties.	Low	Manager Financial Services	In Progress	Dec-25		Controls are currently in place to restrict user access however requires review. Internal Financial Controls documentation currently under review and will reference a register of positions with master level access for the IT team to administer.
5	Where appropriate, fixed assets are insured.	Low	Manager Financial Services	Not Started	Dec-25		Controls are currently in place however there is a gap in buildings insurance for new construction. Finance Business Partner to map out the process and ensure controls are in place. Note that new/upgraded buildings are far less frequent than motor vehicles and are picked up every year as part of the renewal process.
6	Processes are in place for establishing and changing project scope and budgets with approvals in accordance with Delegations of Authority.	Moderate	Manager Financial Services	In Progress	Jun-27		Council is currently reviewing the capital inputs of project budgets as part of the unlocking project.
7	There is a contract management process in place throughout the term of the contract to ensure that supplier/contractor meet their obligations.	Moderate	Manager Financial Services	In Progress	Jun-26		Internal audit on contract management is complete. Policies, procedures, roles and responsibilities and training to be implemented and rolled out.
8	There is a process in place for staff to be made aware of the Code of Conduct and Conflict of Interest.	Moderate	Manager Performance and Capability	Not Started	Dec-25		While code of conduct forms part of the induction process, introducing periodical training and/or reminders would benefit staff understanding.
9	Access to the supplier Masterfile is restricted to authorised staff	Moderate	Manager Financial Services	In Progress	Dec-25		Controls are currently in place to restrict user access however requires review. Internal Financial Controls documentation currently under review and will reference a register of positions with master level access for the IT team to administer.
10	Management and/or Council to approve all tied grants (prior to funds being received by Council) to ensure that Council will be able to meet the terms and obligations of the grant.	Moderate	Manager Financial Services	Not Started	Dec-25		There is no formal process at this stage. This has been identified as an area for improvement and the following item has been included on the strategic plan 2024-2028 which will have KPI and regular reporting updates: "Develop and implement policies and procedures that support the organisation to attract grant funding and ensure appropriate accountability in acquitting those funds."
11	Access to the Property master file is restricted to appropriately designated personnel, with a process in place to ensure changes are in line with policies and procedures.	Low	Manager Financial Services	In Progress	Dec-25		Controls are currently in place to restrict user access however requires review. Internal Financial Controls documentation currently under review and will reference a register of positions with master level access for the IT team to administer.
12	There is a process in place to establish fees and charges (including GST treatment) which are reviewed annually and adopted by Council.	Low	Manager Financial Services	In Progress	Dec-25		Controls are currently in place with an update to the procedure required. Ensure review links directly back to Accounts Receivable standard billing codes. Where standard billing codes are not established, create and update fees and charges.

13	Access to edit Budget information and master file is restricted/limited to appropriately authorised personnel.	Low	Manager Financial Services	In Progress	Dec-25		Controls are currently in place to restrict user access however requires review. Internal Financial Controls documentation currently under review and will reference a register of positions with master level access for the IT team to administer.
14	There is a process in place to review actual compared to budget and significant variances investigated.	Low	Manager Financial Services	In Progress	Dec-25		The are controls in place, however further Management engagement required. Vacant position since filled within finance team for Finance Business Partner role. This role regularly meets with managers and requires monthly commentary.
15	Access to General Ledger maintenance is restricted to appropriately authorised personnel.	Low	Manager Financial Services	In Progress	Dec-25		Controls are currently in place to restrict user access however requires review. Internal Financial Controls documentation currently under review and will reference a register of positions with master level access for the IT team to administer.
16	Journal entry access is restricted to appropriately authorised personnel.	Low	Manager Financial Services	In Progress	Dec-25		Controls are currently in place to restrict user access however requires review. Internal Financial Controls documentation currently under review and will reference a register of positions with master level access for the IT team to administer.
17	Asset maintenance is planned and monitored with relevant staff in accordance with the Asset Management Plans	High	Manager Engineering Design & Assets	Not Started	Jun-26		Robust review of AMP for inclusion of relevant maintenance scheduling combined with detailed condition assessments on critical assets.
18	There is a process in place to review purchasing patterns and ensure maximum use of preferred suppliers.	Moderate	Manager Financial Services	Not Started	Jun-26		Controls are currently in place, however aim to implement and review of cumulative spend and in order to implement this contractor module needs to be operational to allow payments to be easily identified and reported.
19	There is an ongoing management in place that identifies and manages deliverables, key contact clauses, responsibilities, milestones and includes dispute resolution procedures.	Moderate	Manager Financial Services	Not Started	Jun-26		Recommend implementing Contract Management Program to capture key contract details for monitoring (basic details currently captured on contract management checklist).
20	Formal disaster recovery plan is in place and communicated to relevant staff.	Low	Manager Performance and Capability	In Progress	Dec-25		Controls are in place with Civica having a Disaster Recovery Plan for financial data. Council is currently developing an Incident Response Plan and is identified in the internal audit plan.
21	There is a process in place to ensure relevant staff are clearly informed of their duties and responsibilities in relation to financial management reporting.	Low	Manager Financial Services	In Progress	Dec-25		Recently reviewed the budget policy where further definition of roles and responsibilities was included, training to follow up on this policy change and a review of procedures and position descriptions required.

# City of Mount Gambier Audit and Risk Committee Meeting Agenda

4 June 2025

## Internal Audit Plan 2023/2024-2026/2027 (November 2024 update)

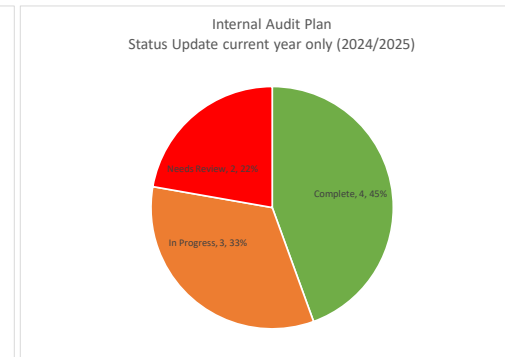
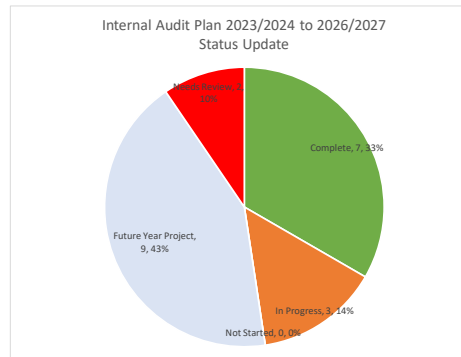
No.	Internal Audit Project	Description	Strategic Risk	Category	Resource	Status	Lead	2023/ 2024	2024/ 2025	2025/ 2026	2026/ 2027	Latest Progress update
1	Internal Audit Plan Development	Development of the Internal Audit Plan following review in 2024. This will include indicative audit scopes and links to Council's Strategic Risk Register.	All Risks	All	Internal	Complete	Manager Financial Services	\$0				Reviewed and Updated by Audit and Risk Committee June 2024
2	Penetration Testing	The objective of this testing is to identify weaknesses within the COMG internal network on an ongoing basis.	Cyber Security	Operational	External	Needs Review	Manager Performance and Capability		\$0			Council's managed host provider completed this as part of their regular cyber security plan. An update will be brought to a future Audit and Risk Committee meeting, but will exclude specific details on vulnerabilities to avoid exposing the provider to unnecessary risk.
3	Incident Response Plan	Review the adequacy of the incident response plan.	Cyber Security	Operational	External	Needs Review	Manager Performance and Capability		\$0			Confirmed desktop review will be undertaken by Local Government Risk Services (LGRS) with reporting to be brought to Audit and Risk Committee Meeting in June 2025. Administrative Procedure Cyber Security Incidence Plan has been drafted based on LGITSA template with some underpinning templates and resources to be developed.
4	Payroll & Remuneration	Review onboarding, changes to staff employment terms and exit of staff.	Financial Sustainability	Operational	External	Complete	Manager Financial Services	\$10,000				This is now complete. Report tabled at Audit and Risk Committee meeting July 2024.
5	Payroll & Remuneration	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	Future Year Project	Manager Financial Services				\$8,000	
6	Position Description & Accreditation	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	Complete	Manager Performance and Capability		\$0			Key roles have been reviewed that have specific professional accreditation requirements and PD's reviewed and updated and compliance checked. All other PD's are on a regular review cycle.
7	PDI Act 2016 - Post Implementation Audit	Review of processes and organisational compliance further to the implementation of the PDI Act 2016.	Governance, Compliance, and Legislative Obligations	Compliance/ Legislation	External	Complete	Manager Financial Services	\$10,000				This is now complete. Report tabled at Audit and Risk Committee meeting July 2024. 16 recommendations tabled.
8	Data Protection & Privacy	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	In Progress	Manager Performance and Capability		\$0			Data clean up has been completed to minimise exposure of personal data. An Administrative Principle is in draft format, due to be reported back to Audit and Risk Committee at the June 2025 meeting.
9	Management of Leave Entitlements	Review of staff leave entitlements focusing liabilities, and effectiveness of administrative principles and procedures.	People, Workforce and Compliance	Compliance/ Legislation	Internal	Future Year Project	Manager Performance and Capability				\$0	Principle in draft format expected completion December 2024. Will commence regular reporting in 2025 (currently adhoc).
10	Legislated Training	Review of completion of legislated training across the organisation.	Safety Compliance and WHS Management	Compliance/ Legislation	Internal	Future Year Project	Manager Performance and Capability			\$0		
11	Workers Compensation Process	Review of effectiveness of administrative principles and procedures.	Safety Compliance and WHS Management	Compliance/ Legislation	External	Future Year Project	Manager Financial Services			\$0		
12	Fraud Prevention	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	Future Year Project	Manager Financial Services			\$9,000		

City of Mount Gambier  
Audit and Risk Committee Meeting Agenda

4 June 2025

13	Council Policies	Review of Council policies ensuring alignment with accepted industry best practice standards and legislation.	Governance, Compliance, and Legislative Obligations	Compliance/ Legislation	Internal	In Progress	Manager Governance and Property		\$0			Council undertakes a review of all policies and procedures at least once per council term (four yearly) unless otherwise stipulated by legislation. Reviews require consideration of relevance, accuracy against current practice, compliance with industry 'best practice' and relevant legislation / reform. As at 20/05/2025, council had 4 out of 78 policies remaining for review. A register is being created on RelianSys to manage oversight of such reviews, providing up-to-date data and automated reminders, for the relevant managers.
14	Investigations	Review of investigation procedures.	Safety Compliance and WHS Management	Compliance/ Legislation	External	Future Year Project	Manager Performance and Capability			\$6,000		
15	Project Health Check	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	Future Year Project	Manager Financial Services				\$10,000	
16	Procurement	Review the adequacy of procurement policies, procedures and compliance herewith including exemptions.	Financial Sustainability	Compliance/ Legislation	External	Complete	Manager Financial Services		\$8000 + travel			UHY appointed, consultant onsite in February with presentation of findings due to Audit and Risk Committee June 2025 recommendations and observations. Actions and recommendations updated to incorporate.
17	Contract Management	Overarching review of adequacy of Policies, Procedures and Compliance including roles and responsibilities across Council and tools to record and access required information and report against.	Financial Sustainability	Compliance/ Legislation	External	Complete	Manager Financial Services		\$8000 + travel			UHY appointed, consultant onsite in February with presentation of findings due to Audit and Risk Committee June 2025 recommendations and observations. Actions and recommendations updated to incorporate, noting they are mostly centred around systems and automation.
18	Plant and Fleet	Review Plant utilisation and purchasing strategies, Eg lease v's buy v's hire and the most efficient use of resources with consideration to the local economy.	Financial Sustainability	Strategic	External	Future Year Project	Manager Financial Services				\$10,000	Per ARC Resolution 5.10 Draft Revised Internal Audit Program COMMITTEE RESOLUTION Moved: Alexander Brown Seconded: Mayor Lynette Martin 3. That plant and fleet be subject to a future internal audit in a later iteration of the Internal Audit program.
19	Rating Review	To review and improve the fairness and equity of the current system of rating.	Financial Sustainability	Strategic	External	In Progress	Manager Financial Services		\$12000+ travel			LGIQ has been appointed to undertake the rating review and has begun working with Elected Members and Council Administration in December 2024. Elected members have requested public consultation does not take place prior to the Annual Business Plan and Budget Process, ETA July 2025. Audit and Risk Committee has been provided an informal briefing on the progress to date.
20	General Inspectorate	Review and assess procedures and record keeping in relation to enforcements. Risk that Council is exposed to unnecessary litigation and ineffective use of resources if inadequate documentation and process.	Governance, Compliance, and Legislative Obligations	Compliance/ Legislation	External	Future Year Project	Manager Governance and Property			\$10,000		
21	Internal Financial Controls	In accordance with the LG Act and external auditors, a biennial review of financial internal controls in alignment with the better practice model is required.	Governance, Compliance, and Legislative Obligations	Compliance/ Legislation	Internal	Complete	Manager Financial Services		\$0		\$7,000	Biennial review since completed for FY24/25, workshopped and reported back to Audit and Risk Committee in April 2025. This was completed prior to the external auditors being onsite to conduct the interim audit.
Future Iterations								\$20,000	\$0	\$25,000	\$35,000	
24	Cash Handling											

2024/2025			
Legend		21	9
Complete	Internal audit complete. Actions and recommendations arising from the audit may not yet be complete. These will be monitored separately.	7	4
In Progress	progress has been made towards the internal audit. This could include a number of stages including scoping of works, select RFO, appointment of an external consultant or that the internal audit itself is currently being undertaken.	3	3
Not Started	Planned internal audit not yet started, but still within anticipated time frames for the current financial year.	0	
Future Year Project	Internal audit is planned for a future financial year.	9	
Needs Review	Internal audit requires review and is currently off track. Plan may require updating pending review. Elements of the internal audit could be on track and some elements may be off track or require updating.	2	2



## 5.7 INTERNAL AUDIT PROCUREMENT AND CONTRACT MANAGEMENT

Author: Samantha Spears, Executive Administrator Corporate and Regulatory Services  
Authoriser: Jane Fetherstonhaugh, General Manager Corporate and Regulatory Services

### RECOMMENDATION

1. That the Audit and Risk Committee report titled 'Internal Audit Procurement and Contract Management' as presented on Wednesday 4 June 2025 be noted.
2. That it be noted that progress achieved on the actions resulting from the internal audits for procurement and contract management will be reported in future internal audit updates.

### PURPOSE

This report provides a summary of internal audit outcomes including observations, actions and recommendations in relation to procurement and contract management matters as prepared by UHY Haines Norton, Chartered Accountants.

### TERMS OF REFERENCE

The role of the Audit and Risk Committee specifically details Internal Audit, where Council has a separate internal audit function.

**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 Sections 125A and 126(4) of the Local Government Act.

**12.4.4 Findings and Recommendations** - Review and monitor management's responsiveness to the findings and recommendations of the Internal Auditor.

**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.

**12.4.6 Consult** - Consult with the CEO prior to appointing a person primarily responsible for the internal audit functions in accordance with section 125A (Internal Auditor).

### RELEVANT LEGISLATION

**Statutes Amendment (Local Government Review) Act 2021** – Item 83 Amendment of section 125 - Internal control policies and item 84 Amendment of section 126 – Audit and Risk committee applies greater emphasis on internal audit and risk management.

**Local Government Act 1999 Section 125A - Internal audit functions:**

- (1) The chief executive officer of a council that has an internal audit function must, before appointing a person to be primarily responsible for the internal audit function, or assigning such responsibility to an employee of the council, consult with the relevant audit and risk committee on the appointment or assignment of responsibility.
- (2) 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.

**Local Government Act 1999 section 126(4) – Audit and risk committee:**

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;

## **BACKGROUND / OPTIONS**

**External Provider Engagement and Planning** – UHY Haines Norton was the external provider appointed to undertake the internal audit. Meetings were held with UHY to determine the most efficient means of completing testing, which resulted in their representative attending the Mount Gambier office from 17 February to 21 February 2025.

**Internal Audit Scope Review** - Aligned with the updated Internal Audit Plan 2024-2027 and the Internal Audit Policy a report was brought to the November 2024 Audit and Risk Committee to outline the scope for the procurement and contract management Internal Audit.

**Assurance Internal Audit** – The focus of this assurance internal audit was to investigate, test and review the procurement and contract management processes at the City of Mount Gambier including the adequacy of controls. UHY reported processes to be working well and mostly effective from a

- 20% testing ratio resulting 19 separate payment runs being reviewed for procurement; And
- 20% testing ratio resulting in 8 contracts being reviewed for contract management.

## **Significant Observations and Recommendations**

Full details of UHY observations, findings and recommendations are attached to this report and will be incorporated to future quarterly update reports to the Audit and Risk Committee.

## **PROCUREMENT**

UHY concluded that the audit resulted in positive findings when reviewing policies, processes and internal controls in place.

Five significant observations were noted by UHY, topics including awareness, support, delegations, systems and risk.

Ten findings accompanied by 12 recommendations are tabled in UHY's report, including Management's response and expected completion dates. Of these findings and recommendations, one was assessed with a high audit risk rating, five as medium and four as low.

Ref. #	Audit Scope Outcome	Recommendations	Audit Risk Rating	Significance
1.0	The Council has policies, systems and controls in place to enable transparent, efficient and effective procurement activities, including resourcing	Rec.1.1 Review the potential for exception reports/system reconciliations checks to support the provision of ongoing fraud checks, system probity and enhance the efficiency of financial reporting to management.	Medium	High (due to potential inefficiencies)
2.0	Financial Delegations - The Council has policies, systems, and controls in place to enable transparent, efficient, and effective procurement activities, including resourcing.	Rec. 2.1 Consideration should be given to generating a regular, detailed summary report for senior management, which would replace the current administrative burden relating to reviewing purchase orders, whilst still providing granular expenditure and commitment details in a specific and timely manner. Rec. 2.2. Consideration should be given to establishing Financial Delegation levels, e.g., \$25,000 and \$50,000, to distribute the approval workload vertically down through the management lines and onto the relevant individual business units or budget holders.	Medium	Business Opportunity
3.0	Procurement policies and procedures are communicated to and understood by key stakeholders.	Rec. 3.1 Instigate a formal process for the Finance Officer to assist on procurement process matters; however, if or when extended support is required, consider an escalation process (i.e., suggest referral to the Procurement Business Partner or Financial Accounting Coordinator) in order to limit business disruption.	Medium	Low
4.0	Effective monitoring and reporting mechanisms are in place to provide management with accurate, relevant, and reliable information for decision-making regarding the delivery of procurement services.	Rec. 4.1 Investigate the automation of report generating within the Magiq system to provide a series of templated formats, which will reduce the risk of data transposition as well as increase efficiencies. (Longer term) Rec.4.2 Review the potential for introducing a suite of exception reports/additional system reconciliations to support the finance team in providing timely and efficient financial reporting to the business and Elected Members. (Shorter term) Rec.4.3 Review whether exception reporting can be allocated and integrated into the Finance Team workload(s) to provide	High	High (due to potential for errors)

Ref. #	Audit Scope Outcome	Recommendations	Audit Risk Rating	Significance
		data integrity checks for the budget monitoring and data management processes. (Shorter term)		
5.0	Controls over raising and approving purchase orders are in place.	No Recommendations	Low	Low
6.0	Processes are in place for checking goods and services when received.	No Recommendations	Low	Low
7.0	Exemptions from seeking quotes are well-documented and justified.	Rec 7.1 A report is generated, identifying circumstances where purchase orders are raised retrospectively. The business areas/work teams identified, can then receive additional training and/or support to ensure controls are fully embedded.	Low	Low
8.0	Processes are in place for seeking, recording and managing conflicts of interest.	No Recommendations	Low	Low
9.0	Mechanisms and controls are in place to effectively manage risks related to procurement.	Rec. 9.1 Consider opportunities for cross-skilling and/or providing additional cover across the procurement function to ensure continuity in the event of long-term absence or loss of a key worker. Rec. 9.2 Consider incorporating a risk rating into the financial reporting to provide a more strategic focus and to aid the decision-making process.	Medium	Business Opportunity
10.0	Appropriate training is provided to staff.	Rec. 10.1 Consideration should be given to training and raising awareness through regular updates on the intranet or by providing other opportunities, such as 'lunch and learn' sessions, if there is an identified need across the organisation. Rec.10.2 Ensure the organisational Training Needs Analysis captures all positions needing Procurement training so that it can be scheduled in a proactive manner.	Medium	Medium

## CONTRACT MANAGEMENT

UHY concluded that the audit resulted in positive findings when reviewing policies, processes and internal controls in place.

Eight significant observations were noted by UHY, topics including process, systems, networking/working groups, risk, cumulative spend, training and delegations.

Nine findings accompanied by 15 recommendations are tabled in UHY's report, including Management's response and expected completion dates. Of these findings and recommendations, two were assessed with a high audit risk rating, three medium and four as low.

Ref. #	Audit Scope Outcome	Recommendations	Audit Risk Rating	Significance
1.0	The Council has appropriate resources and systems in place to effectively and efficiently manage contracts throughout the term of the contract, including deliverables, milestones and dispute resolution.	<b>Rec.1.1</b> – Consideration should be given to implementing a contract management software system in order to migrate the current contract management process away from Excel spreadsheets – a new initiative bid has already been drafted. <b>Rec.1.2</b> - Develop local procurement networking group to maximise efficiencies from wider collective knowledge and more diverse contacts.	Medium	High
2.0	A Contract Register is monitored to ensure key dates are flagged, and appropriate action is undertaken.	<b>Rec.2.1</b> - In the event of new contract management software being implemented, investigate integration of a contract register with full reporting functionality, to generate a range of executive reports for use by any working group and/or senior management.	Medium	Medium
3.0	Documentation is executed in accordance with the Council delegations.	<b>Rec. 3.1</b> - Review cumulative expenditure as a priority for reporting to allow review of the most appropriate procurement method.	Medium	Medium
4.0	An appropriate contract management system has been implemented to enable ongoing monitoring of contract milestones.	<b>Rec.4.1</b> - In the event of new contract management software being implemented, investigate options for effectively managing key milestones and related reportable deadlines. <b>Rec.4.2</b> - Develop dashboards to relay key contract data to senior management	Low	Low
5.0	Project costs are monitored throughout the life of the contract to identify, and budget overspends.	<b>Rec.5.1</b> - Investigate positives to be gained from a designated Project Management Working Group to provide rigour and oversight for the management of contracts post award phase to being finalised. <b>Rec.5.2</b> - A standardised reporting template is implemented to ensure accurate and timely reporting of progress on all contracts, with early alerts to any variations/deviations.	High	High (as linked to Contract Mgt)

Ref. #	Audit Scope Outcome	Recommendations	Audit Risk Rating	Significance
6.0	Roles and responsibilities are clearly defined in relation to contract management.	<b>Rec.6.1</b> - Ensure the staff with recognised roles in contract management receive training and system updates in the event of a new contract management system being implemented. <b>Rec.6.2</b> - Ensure all relevant information from the procurement support network is recorded and disseminated in a timely manner to all staff with recognised roles in contract management.	Low	Low
7.0	Contract documentation, such as variations and certificates, are issued and approved where applicable.	<b>Rec.7.1</b> - In the event of new contract management software being implemented, investigate integrated workflow functionality for variations, final certifications and other related contract-specific documentation.	Low	Low
8.0	Mechanisms and controls are in place to effectively manage risks related to contract management.	<b>Rec.8.1</b> - Strategic and operational risk ratings to be integrated into the contract management processes and systems in order to align them with the corporate risk environment and provide relevant risk references to aid decision-making. <b>Rec. 8.2</b> - Ensure the new contract management software has fully integrated risk management functionality.	High	High
9.0	Appropriate training is provided to staff.	<b>Rec.9.1</b> - In the event of new contract management software being implemented, ensure appropriate training is scheduled and rolled out in order to maximise system functionality. <b>Rec. 9.2</b> - Ensure updated training notes are accessible via intranet/system links to those working on the contract management system to ensure standardisation of approach and consistency of processing.	Low	Low

## DETAILED IMPLICATIONS

<b>Legal</b>	There are no pertinent legal concerns arising from these audits.
<b>Financial and Budget</b>	The consultants appointment was within budget.
<b>Community Consultation and Engagement</b>	n/a
<b>Other Resources</b>	Ongoing resourcing from various members of the finance team is required to work through recommendations from UHY and implement improvements.

## RISK ANALYSIS

The risk identification and categorisation relies on the City of Mount Gambier [Risk Management Policy](#).

<b>Risk</b>	<b>Consequence Rating</b>	<b>Risk Likelihood Rating</b>	<b>Risk Rating</b>	<b>Mitigation</b>
<b>Finance</b> – Council has adequate processes, systems, controls and resources in place to ensure good financial governance	Minor (2)	Possible (3)	Moderate	Regular review and reporting of internal controls, policies and internal audits to the Audit and Risk Committee
<b>Reputation</b> - Council has robust procurement and contract management procedures in place to uphold the highest operating standards	Moderate (3)	Unlikely (2)	Moderate	Continue to ensure openness and transparency and report to the public regarding internal audit recommendations
<b>Legal / Regulatory / Policy</b> – Council is highly regulated and is non-compliant in certain areas.	Moderate (3)	Possible (3)	Moderate	Internal Audit Plan has been amended to include areas for concern as a means to value add and improve
<b>People</b> - Recruiting and retaining qualified staff has been identified as an issue. Key person risk.	Moderate (3)	Possible (3)	Moderate	Invest in upskilling of staff and Leverage internal auditor and Audit and Risk Committee experience to continue to grow. Work on strategic finance strategy to build in succession planning.

## RELEVANT COUNCIL POLICY

{custom-field-council-policies}

## **IMPLEMENTATION, COMMUNICATION AND ENGAGEMENT**

**Internal Auditor Attendance** – UHY have been invited to attend a workshop immediately prior to the Audit and Risk Committee meeting scheduled 4 June 2025 to answer questions from Committee Members.

Progress against the actions arising from this internal audit will be reported back to the Audit and Risk Committee as part of regular quarterly updates and annual reporting.

## **CONCLUSION**

Two internal audits have been undertaken by external consultants in alignment with the Internal Audit Work Plan. It is recommended that the attached internal audit reports for procurement and contract management as prepared by UHY Haines Norton are noted. The internal audits resulted in a number of recommendations of which progress against actions arising from these audits will be presented against future internal audit updates.

## **ATTACHMENTS**

1. Internal Audit UHY Contract Management v 3.0 FINAL [5.7.1 - 22 pages]
2. Internal Audit UHY Procurement v 3.0 FINAL [5.7.2 - 21 pages]

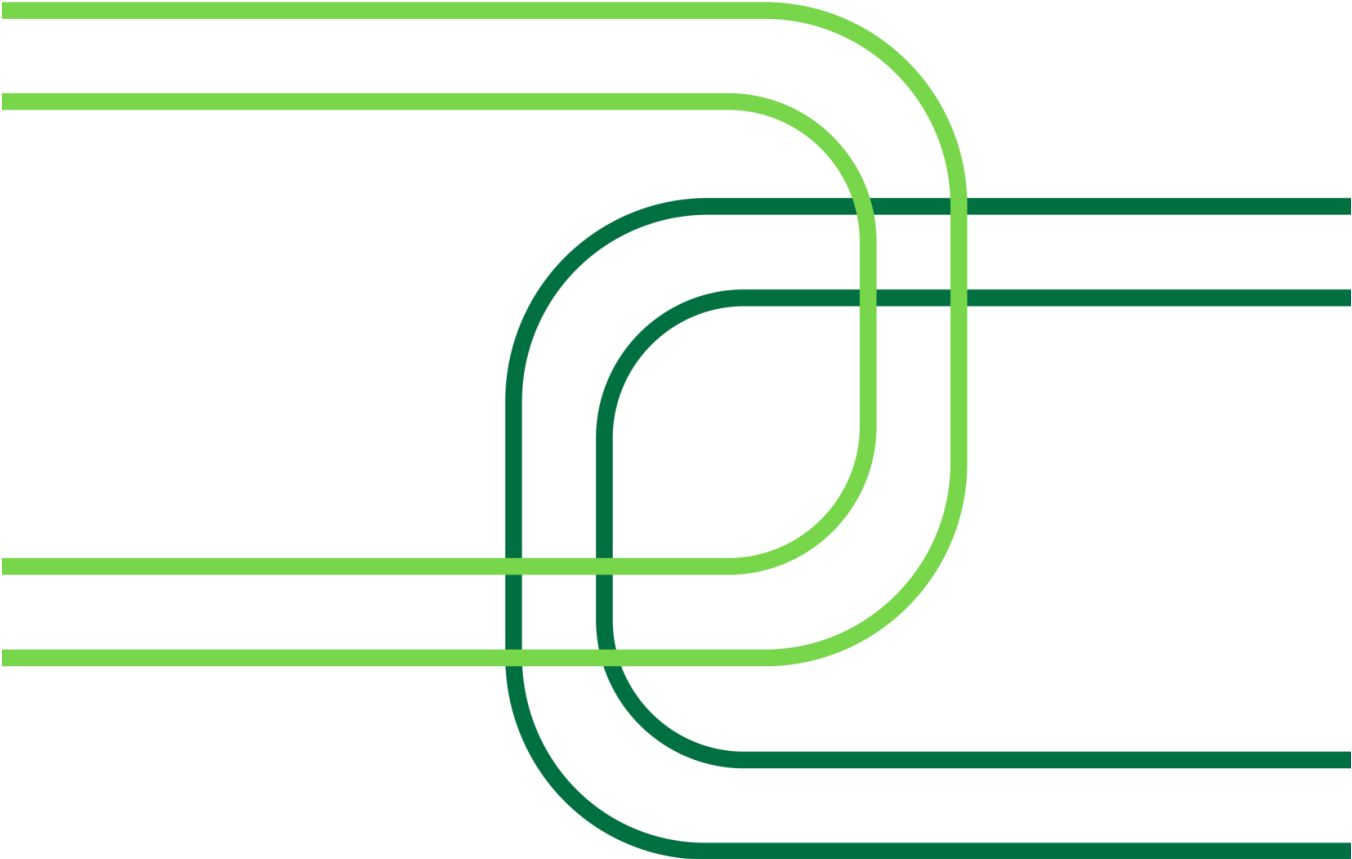


UHY Haines Norton

# Internal Audit Report – Contract Management

City of Mount Gambier

May 2025





UHY Haines Norton

**Disclaimer:** This document is for the exclusive use of the person/entity named on the front of this document ('Recipient'). This document must not be relied upon by any person who is not the Recipient. UHY Haines Norton does not take responsibility for any loss, damage, or injury caused by the use, misuse, or misinterpretation of the information in this document by any person who is not the Recipient. This document may not be reproduced in whole or in part without permission.

Liability limited by a scheme approved under the Australian Professional Standards Legislation.

Lead Report Author: Corinne Garrett  
Internal Auditor: Karen Peake  
UHY Haines Norton  
25 Peel Street, Adelaide SA 5000  
Tel 08 8110 0999  
ABN: 37 223 967 491

<b>Executive Summary</b>	<b>1</b>
Background	1
Internal Audit Methodology – Understanding of Processes	2
The Objective and Scope of this Engagement	2
Summary of Testing	3
Summary of Significant Observations	4
Strategic Risk Link	5
Conclusion	5
<b>Summary of Findings and Recommendations</b>	<b>6</b>
<b>Detailed Findings and Recommendations</b>	<b>8</b>
<b>Appendix A – Risk Management</b>	<b>16</b>

## Executive Summary

### Background

The City of Mount Gambier is a regional Council, 33.88 km<sup>2</sup>, located on Boandik lands, five hours' drive from Adelaide towards the Victoria state border.

It serves a population of 27,888 residents and is part of the larger Limestone Coast Region.

With a Vision:

- **Erupting with Potential, Embracing our Strengths and Shaping an Exciting Future.**

**Diagram 1 - City of Mount Gambier - A volcanic past with a crystal clear future.**



**Data Source:** City of Mount Gambier website

To deliver on this vision statement, it is essential for the City of Mount Gambier to implement efficient and effective processes within a robust internal control environment.

Internal audits are part of this assurance program, and this audit provides a review of the contract management processes in place, as well as the overall management of the procurement process, tendering function and its related internal controls.

## Internal Audit Methodology – Understanding of Processes

During the undertaking of this audit, many good practices were observed, and a strong corporate culture of process and procedure was evident.

Discussions were held with the Council staff to gain an understanding of how the processes were operating, whether business needs were being met, and what areas within the internal audit scope, if any, would require a more in-depth, specific review.

The following staff members contributed during this time:

- Procurement Business Partner
- Manager Financial Services

The Finance Team facilitated access to policy documentation and transactional data at the offices at Watson Terrace, Mount Gambier, allowing for a greater contextual understanding of how business processes are managed and how work areas interact.

## The Objective and Scope of this Engagement

The objective of this internal audit was to undertake the required testing, investigation, and review of the procurement and contract management processes at the City of Mount Gambier. A separate audit was conducted alongside this one, focusing on the 'accounts payable' procurement processes, and is the subject of a separate report.

The scope of this internal audit includes, but is not limited to, the following in relation to the contract management process for goods and services.

- Council has appropriate resources and systems in place to effectively and efficiently manage contracts through the term of the contract, including deliverables, milestones and dispute resolution.
- A Contract Register is monitored to ensure key dates are flagged, and subsequent to this, appropriate action is undertaken.
- Documentation is executed in accordance with Council delegations.
- An appropriate contract management system has been implemented to enable ongoing monitoring of contract milestones.
- Project costs are monitored throughout the contract to identify budget overspends.
- Roles and responsibilities are clearly defined in relation to the management of contracts.
- Contract documentation, such as variations and certifications, are issued and approved where applicable.
- Mechanisms and controls are in place to effectively manage risks related to contract management.
- Appropriate training is provided to staff.

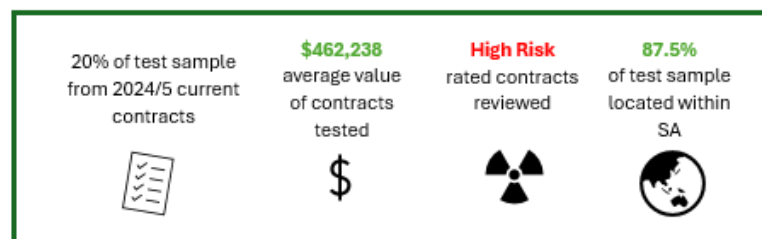
We included the assessment of the procurement methods in this audit, purposefully omitted from the separate internal audit report on Procurement - May 2025.

This was an assurance internal audit. An assurance internal audit evaluates and reports on the adequacy of controls and processes. We found the processes to be working well and mostly effective.

## Summary of Testing

To provide insight, sample testing was undertaken on the contract register listings across the period July 2024 through to January 2025, with a 20% testing ratio resulting in 8 contracts being reviewed.

- During the contract testing, the following were reviewed;
  - Procurement thresholds – with appropriate procurement methods utilised,
  - Documentation and authorisations in place
  - Exemptions, Conflicts of Interest and percentage of localised sourcing
  - Risk Management of Initial Contract Management
- The procurement and tendering processes were found to incorporate satisfactory internal controls, segregation of roles and accurate record keeping.
- Supplier purchase contracts were found to be in place for procurement values over \$10,000 and up to \$100,000, and council contracts were in place for those procurement requirements over \$100,000.
- The current Financial Delegations were reviewed and reconciled to the Contract Register.
- The Contract Management process is well documented, and record management links to ensure a full information trail.
- The focus of this audit was the procurement process up to and including the issuing of orders, accepting of quotes and/or awarding of contracts. Ongoing project management was not part of the scope of this audit. However, we note that the Procurement Business Partner undertakes high-level oversight of contract progress, including variations, completions and extensions of contracts.
- Exemptions are processed satisfactorily, reported monthly and closely monitored in order to reduce the frequency whenever possible.
- The management of Conflicts of Interest is a noted stage in the tender evaluation process, with a nominated form to capture relevant details, and when required, individuals are removed from the evaluation process.
- Accumulated spending was reviewed. Regular checks are undertaken across contract-related expenditure accounts however, specific areas identified by the Monthly Management reporting remain delayed.
- Variations and certifications were tested and found to be timely and well documented.
- The percentage of tested suppliers listed in the contracts register found to be local or South Australian was 87.5%.



- Risk management references and/or reporting within the contract management process at present was tested.

The rating included in the contracts register is based on each contract contextually without reference to the corporate risk management framework, and the risk rating in the Monthly Management reporting relates to progress against the initial Acquisition Plan process, also without linking to the corporate risk environment.

## Summary of Significant Observations

Resulting from interviews and observations, the following points were noted:

- **Process** – Improved formal contract management processes are in place with the recruitment of a Procurement Business Partner, with additional processes and procedures being developed over the coming months.
- **Contract Management System** – an internal business initiative bid has been drafted for contract management software to enable more timely and detailed oversight, given the ongoing high value of procurement and contract arrangements. It is envisaged a market approach will be undertaken to compare all bespoke software to determine the best option for Council.

This will also enable further analysis by promoting a high level of detailed reporting, integrated risk management, system alerts for key milestones and project outcomes, as well as enabling the day-to-day monitoring of high-value procurement.

It would also deliver a corporate training opportunity on desirable project management skills.

- **Supportive Network** – the Procurement Business Partner has reached out to other contract and procurement professionals within the Limestone Coast Local Government population to create a network for knowledge sharing, subject referrals and advice. This network has a positive approach and will develop further over the coming years. This will be a great asset to all involved.
- **Strategic Risk** – The Council has a strategic risk register. It reports quarterly against 13 risk categories. (See Appendix A).





The contract register has a risk rating reference that is contextual, referring to the risks of awarding the initial contract. There is, therefore, an opportunity to link this risk rating to the strategic level risks and incorporate risk management into contract reporting as it progresses through the project management phase.

This would provide transparency and a timely flag for any contract-related issues, as well as aiding strategic-level discussion and decision-making.

- **Cumulative Spending** – This is an important proactive reporting area and is incorporated into the Monthly Management report headings; however, this section is currently not receiving any active updates. The Procurement Business Partner undertakes cumulative spending reviews on an ad hoc basis, with a regular reporting process to be refined with the introduction of exception reporting.
- **Awareness/Training** - overall user awareness of the contract management process is good with the Procurement Business Partner providing support, templates, context and monitoring processes whenever required.

Further training to be undertaken as and when the need arises or in the event of a contract management system being implemented.

- **Financial Delegations** - consideration should be given to introducing some mid-tier financial delegations, e.g., \$25,000 and/or \$50,000, to ease potential bottlenecks from the current procurement process workflows (where financial delegations are set at \$10,000 and \$100,000). This recommendation was detailed in the Procurement Internal Audit report and therefore is not listed again in this report.
- **Project Management Working Group** - investigate whether there's any benefit to be gained from a designated Project Management Working Group to add project management rigour and oversight for the management of contracts once they've been awarded.

Value for Money	Corporate Governance	Efficient/Effective Processing	Strategic Planning
			
<i>Processes in place for procurement, quotations or tenders</i>	<i>Policies and procedures in place Procurement Business Partner monitoring &amp; managing</i>	<i>Processes are in place, monitored and reviewed Support given</i>	<i>Strong base for corporate decision making Prudential controls in place</i>
<i>Potential to develop <b>supportive procurement network</b> across local Limestone Coast Councils</i>	<i>Potential to introduce a <b>Project Management Working Group</b> to provide rigour and oversight once contracts have been awarded/commenced</i>	<i>Potential to <b>implement bespoke software</b> such as Vendor Panel Contract Management software system – and generate effective <b>cumulative spending</b> reporting</i>	<i>Potential to integrate <b>strategic risk management</b> across contract and project management</i>

### Strategic Risk Link

- **SR9** Governance, Compliance and Legislative Obligations
- **SR12** Contract Management, Procurement and Project Management

### Conclusion

- Our audit resulted in positive findings when reviewing the procurement policy, processes and internal controls in place at the City of Mount Gambier.
- By implementing the recommendations outlined in this report, procurement risks will be further mitigated, which will, in turn, increase assurances for both the Council and Elected Members alike.
- These outline actions that will strengthen procurement processes and support the Council's vision of enhancing strengths and shaping an exciting future.

## Summary of Findings and Recommendations

Ref. #	Audit Scope Outcome	Recommendations	Audit Risk Rating	Significance	Expected Completion Date
1.0	The Council has appropriate resources and systems in place to effectively and efficiently manage contracts throughout the term of the contract, including deliverables, milestones and dispute resolution.	<b>Rec.1.1</b> – Consideration should be given to implementing a contract management software system in order to migrate the current contract management process away from Excel spreadsheets – a new initiative bid has already been drafted. <b>Rec.1.2</b> - Develop local procurement networking group to maximise efficiencies from wider collective knowledge and more diverse contacts.	Medium	High	30/06/26
2.0	A Contract Register is monitored to ensure key dates are flagged, and appropriate action is undertaken.	<b>Rec.2.1</b> - In the event of new contract management software being implemented, investigate integration of a contract register with full reporting functionality, to generate a range of executive reports for use by any working group and/or senior management.	Medium	Medium	30/06/26
3.0	Documentation is executed in accordance with the Council delegations.	<b>Rec. 3.1</b> - Review cumulative expenditure as a priority for reporting to allow review of the most appropriate procurement method.	Medium	Medium	31/12/25
4.0	An appropriate contract management system has been implemented to enable ongoing monitoring of contract milestones.	<b>Rec.4.1</b> - In the event of new contract management software being implemented, investigate options for effectively managing key milestones and related reportable deadlines. <b>Rec.4.2</b> - Develop dashboards to relay key contract data to senior management	Low	Low	30/06/26
5.0	Project costs are monitored throughout the life of the contract to identify, and budget overspends.	<b>Rec.5.1</b> - Investigate positives to be gained from a designated Project Management Working Group to provide rigour and oversight for the management of contracts post award phase to being finalised. <b>Rec.5.2</b> - A standardised reporting template is implemented to ensure accurate and timely reporting of progress on all contracts, with early alerts to any variations/deviations.	High	High (as linked to Contract Mgt)	30/06/26

Ref. #	Audit Scope Outcome	Recommendations	Audit Risk Rating	Significance	Expected Completion Date
6.0	Roles and responsibilities are clearly defined in relation to contract management.	<b>Rec.6.1</b> - Ensure the staff with recognised roles in contract management receive training and system updates in the event of a new contract management system being implemented. <b>Rec.6.2</b> - Ensure all relevant information from the procurement support network is recorded and disseminated in a timely manner to all staff with recognised roles in contract management.	Low	Low	31/12/25
7.0	Contract documentation, such as variations and certificates, are issued and approved where applicable.	<b>Rec.7.1</b> - In the event of new contract management software being implemented, investigate integrated workflow functionality for variations, final certifications and other related contract-specific documentation.	Low	Low	30/06/26
8.0	Mechanisms and controls are in place to effectively manage risks related to contract management.	<b>Rec.8.1</b> - Strategic and operational risk ratings to be integrated into the contract management processes and systems in order to align them with the corporate risk environment and provide relevant risk references to aid decision-making. <b>Rec. 8.2</b> - Ensure the new contract management software has fully integrated risk management functionality.	High	High	30/06/26
9.0	Appropriate training is provided to staff.	<b>Rec.9.1</b> - In the event of new contract management software being implemented, ensure appropriate training is scheduled and rolled out in order to maximise system functionality. <b>Rec. 9.2</b> - Ensure updated training notes are accessible via intranet/system links to those working on the contract management system to ensure standardisation of approach and consistency of processing.	Low	Low	31/12/25

## Detailed Findings and Recommendations

<b>Audit Scope Outcome</b>	<b>1.0 The Council has appropriate resources and systems in place to effectively and efficiently manage contracts throughout the term of the contract, including deliverables,</b>			
<b>Audit Area</b>	Resources and Systems			
<b>Findings</b>	<p><b>Systems and processes</b> Walkthrough observations showed a system that is developing under the guidance of the recently appointed Procurement Business Partner.</p> <p>The Contract Register is an Excel file with separate tabs for Instructions, Current and Expired records. On the current register, contracts are recorded under the year of expiry and testing was undertaken from those listed as expiring in 2025 – 39 records;</p> <ul style="list-style-type: none"> <li>- 22 CoMG contracts,</li> <li>- 2 x CoMG panel contracts</li> <li>- 2 x LGAP contracts</li> <li>- 1 x heads of agreement</li> <li>- 1 x commission agreement</li> <li>- 11 x supplier contracts</li> </ul> <p>Due to the spreadsheet set up, there are risks involved with multiple users updating the same record. Therefore, project owners maintain their own records, providing regular updates for oversight and reporting purposes.</p> <p><b>Efficiency &amp; Effectiveness</b> This is a resource-intensive process requiring great attention to detail, timeliness in communication and repeated checking for accuracy to ensure a 'single source of truth'. A new business bid has been drafted, requesting the implementation of tailored contract management software.</p> <p><b>Deliverables &amp; Milestones</b> The Procurement Business Partner maintains a list of key dates in a works diary, which then allows her to follow up on key deliverables and milestones.</p> <p><b>Dispute Resolution</b> Through discussion, it was noted that dispute resolution is well managed, with an example being used to explain how this was resolved by detailed monitoring, regular dialogue and the use of variation forms in order to manage changes to the initial contract deliverables. The management of disputes is a key function of contract management, especially when there are limited contractors to undertake some areas of work.</p> <p><b>Network Resources</b> In addition to the initial resources, there is a newly forming network of local government procurement officers from across the Limestone Coast. This will provide an extended source of reference material and procurement/contract management-related knowledge. The Procurement Business Partner, being qualified in procurement, will look to lead this group and maximise outcomes for local procurement when and where possible.</p>			
<b>Recommendations</b>	<p><b>Rec.1.1 - Consideration should be given to implementing a contract management software system in order to migrate the current contract management process away from Excel spreadsheets.</b></p> <p><b>Rec.1.2 - Develop local procurement networking group to maximise efficiencies from wider collective knowledge and more diverse contacts.</b></p>			
<b>Risk Assessment</b>	<b>Likelihood</b>	<b>Consequence</b>	<b>Risk Rating</b>	<b>Significance</b>
	Possible	Moderate	Medium	High
<b>Management Response</b>	<p>As part of the unlocking projects strategic work plan, Council is focussing first on the upgrade of its current system ,Authority. Following this we will determine whether Authority is fit for purpose. A new investment bid has been reviewed for Vendor Panel and product demonstrations viewed.</p>			



	Pending the progress of the Authority upgrade and suitability of contract management integration and usability, a broader scope may be required to test various market products and determine fit for purpose. This will avoid double handing of information, streamline processes and hopefully improve communication. Local Procurement Networking Group has been established with meetings to start May 2025.
<b>Completion Due Date</b>	30/06/2026 – Pending Authority upgrade

<b>Audit Scope Outcome</b>	<b>2.0 A Contract Register is monitored to ensure key dates are flagged, and appropriate action is undertaken.</b>			
<b>Audit Area</b>	Contract Register			
<b>Findings</b>	<p>The Contract Register was reviewed, and discussions were undertaken with the key user, the Procurement Business Partner.</p> <p>As the contracts register is currently based on an Excel spreadsheet, the functionality for flagging key dates is limited to a separate list of key dates in a diary note.</p> <p>If the current bid for new software is approved, setting date and/or action alerts should be incorporated into the functionality of the new system, for both the system administrator and the project management officer.</p>			
<b>Recommendations</b>	<b>Rec.2.1 - In the event of new contract management software being implemented, investigate integration of a contract register with full reporting functionality, to generate a range of executive reports for use by any working group and/or senior management.</b>			
<b>Risk Assessment</b>	<b>Likelihood</b>	<b>Consequence</b>	<b>Risk Rating</b>	<b>Significance</b>
	Possible	Minor	Medium	Medium
<b>Management Response</b>	Refer previous response			
<b>Completion Due Date</b>	Refer previous response			



<b>Audit Scope Outcome</b>	<b>3.0 Documentation is executed in accordance with the Council delegations.</b>			
<b>Audit Area</b>	Council Delegations			
<b>Findings</b>	<p><b>Delegations</b> The Financial Delegations were included in the recent Internal Audit – Procurement Report, with recommendations listed within the findings, and are to be managed separately.</p> <p><b>Documentation and Management Reporting</b> Procurement Reporting updates are presented to the Management Team monthly, across a range of standard reporting headlines, and reflecting timely data from the following documentation:</p> <ul style="list-style-type: none"> <li>- Goods / Services Contracts – due to expire/extend/renew – and new contracts</li> <li>- Capital and Operating Projects – Consultancies, Construction, Plant &amp; Others</li> <li>- Cumulative Spend – several listed (<i>however, not presented</i>)</li> <li>- Exemptions – including YTD figures</li> <li>- Contracts Update – newly awarded/completed</li> <li>- Variations – listed individually</li> </ul> <p>The reporting style and content have evolved over recent months, showing that the maturing systems and information flow are in place. It was also observed that senior management often calls into the Finance section for more detailed 1:1 updates with the Procurement Business Partner.</p> <p><b>Further Financial Review – via Cumulative Expenditure</b> Although listed as a management reporting heading, the analysis of cumulative expenditure has not yet been regularly undertaken. There may be areas within the General Managers’ budgets where strategic procurement opportunities may result in improved pricing and ought to be delivered via a contract; this area of management reporting needs to be established and delivered as a priority.</p>			
<b>Recommendations</b>	<b>Rec. 3.1 - Review cumulative expenditure as a priority for reporting to allow review of the most appropriate procurement method.</b>			
<b>Risk Assessment</b>	<b>Likelihood</b>	<b>Consequence</b>	<b>Risk Rating</b>	<b>Significance</b>
	Possible	Minor	Medium	Medium
<b>Management Response</b>	<p>Stage 1 – contract tracking established in Authority and capturing costs (refer previous response).</p> <p>Stage 2 – Review BIS and other reporting available in Authority already to provide work around while investigating if current system is actually fit for purpose.</p>			
<b>Completion Due Date</b>	31/12/2025			



<b>Audit Scope Outcome</b>	<b>4.0 An appropriate contract management system has been implemented to enable ongoing monitoring of contract milestones</b>			
<b>Audit Area</b>	Ongoing Monitoring of Contract Milestones			
<b>Findings</b>	<p><b>Ongoing Reporting</b> The initial testing undertaken within the scope of this audit was in relation to the contracts being awarded, with these contracts being managed via Excel spreadsheets.</p> <p>Once awarded, the progression and management of reporting falls to the project manager, with monitoring and oversight in place from the Procurement Business Partner in order to fulfil the reporting and supporting role.</p> <p><b>Weaknesses of Excel Systems</b> Excel spreadsheets are not an appropriate management system for contract management, given the volume of reporting and the complexities of managing high-value contracts with reputational risk impacts and high levels of community visibility. Excel does not allow for efficient and effective project and data management once inputs are required from multiple officers.</p> <p>Due to additional external controls such as tight version control, cross-referencing and duplication of effort with data input and reporting data extracts, the current system is being managed. However, there are risks involved relating to data input errors, transpositional errors, data loss and corruption. Milestones and variations are being managed in a parallel system of notes and diary dates. This will not transfer easily to a replacement member of staff should the current incumbent leave at short notice.</p> <p><b>Future Functionality</b> An integrated system will incorporate all this functionality, give system security via a portal-style login, and allow for individual project managers to make timely updates. It would also provide a suite of standardised reporting that can be tailored and may be used for dashboard-style updates for management reporting.</p>			
<b>Recommendations</b>	<p><b>Rec.4.1 - In the event of new contract management software being implemented, investigate options for effectively managing key milestones and related reportable deadlines.</b></p> <p><b>Rec.4.2 - Develop dashboards to relay key contract data to senior management</b></p>			
<b>Risk Assessment</b>	<b>Likelihood</b>	<b>Consequence</b>	<b>Risk Rating</b>	<b>Significance</b>
	Likely	Moderate	High	High
<b>Management Response</b>	Refer previous comments. Investigate Authority fit for purpose as part of unlocking project, then potentially market approach for other bespoke products that fully integrate if not suitable.			
<b>Completion Due Date</b>	30/06/2026			



<b>Audit Scope Outcome</b>	<b>5.0 Project costs are monitored throughout the life of the contract to identify, and budget overspends.</b>			
<b>Audit Area</b>	Ongoing Monitoring of Project Costs			
<b>Findings</b>	<p>As mentioned previously, the initial audit testing was related to the first stage - awarding of the contract.</p> <p><b>Project Costs &amp; Ongoing Monitoring</b> Project management of the contracts and monitoring of budgets, milestones, deliverables, and other key items are currently undertaken via Excel spreadsheets.</p> <p>Through discussion, it was stated that this is difficult to manage efficiently and effectively, as each officer may have differing recording styles and priorities. Project management processes were not included within the remit of this audit, and therefore, no conclusion on styles and templates has been made.</p> <p><b>Panel Contracts and Strategic Alliances</b> Testing noted that there have been instances of both of these procurement methods:</p> <ul style="list-style-type: none"> <li>- Panel Contract – Tree Maintenance Services – Nelson Tree Services Pty Ltd</li> <li>- Strategic Alliance – Electricity Supply via Flow Power via BRM PreSync and Eastern Councils</li> </ul> <p><b>Introduction of a Designated Project Management Working Group</b> Whilst there is currently no defined project management process, it may be beneficial to create a working group where key personnel and project managers can meet frequently, discuss key impacts, the achievement of target milestones and key dates, explain any blockages, reach out for advice and/or provide reporting updates via a standardised template to ease the management reporting information gathering burden.</p>			
<b>Recommendations</b>	<p><b>Rec.5.1 - Investigate positives to be gained from a designated Project Management Working Group to provide rigour and oversight for the management of contracts post award phase to being finalised.</b></p> <p><b>Rec.5.2 - A standardised reporting template is implemented to ensure accurate and timely reporting of progress on all contracts, with early alerts to any variations/deviations.</b></p>			
<b>Risk Assessment</b>	<b>Likelihood</b>	<b>Consequence</b>	<b>Risk Rating</b>	<b>Significance</b>
	Likely	Moderate	High	High (as linked to Contract Mgt)
<b>Management Response</b>	<p>While software is being reviewed (and not in place) there may be benefits in a project management working group meeting monthly to tick off milestones, discuss concerns and ensure documentation is standardised. Exception reporting of risks, timelines, budget could flow from this, albeit manually at the outset. Depending on the size and complexity of the project, it may require its own steering group. An Administration Principle to be prepared that outlines roles and responsibilities and purpose of such groups is required. Exception reporting to be developed overtime and semi-dependent on software considerations.</p>			
<b>Completion Due Date</b>	30/06/2026			



<b>Audit Scope Outcome</b>	<b>6.0 Roles and responsibilities are clearly defined in relation to contract management.</b>			
<b>Audit Area</b>	Roles and Responsibilities			
<b>Findings</b>	<p>At a high level, the contract management roles and responsibilities are identified and listed in the Council's Procurement Policy and again in the Training Needs Analysis (TNA), and outlined more fully in the Position Descriptions of key officers involved.</p> <p><b>Training</b></p> <p>This is offered on a 'needs to know', with the Procurement Business Partner reaching out to all officers involved in the wider Procurement &amp; Contract Management work area to; - fully explain the purpose, clarify the processes and introduce the various templates and registers for updating, referencing and managing, with individual support and development being readily available.</p>			
<b>Recommendations</b>	<p><b>Rec.6.1</b> - Ensure the staff with recognised roles in contract management receive training and system updates in the event of a new contract management system being implemented.</p> <p><b>Rec.6.2</b> - Ensure all relevant information from the procurement support network is recorded and disseminated in a timely manner to all staff with recognised roles in contract management.</p>			
<b>Risk Assessment</b>	<b>Likelihood</b>	<b>Consequence</b>	<b>Risk Rating</b>	<b>Significance</b>
	Unlikely	Minor	Low	Low
<b>Management Response</b>	<p>Consider offering internal training alongside the procurement training identified and offer onsite as require at the depot etc. As relevant information arises from the procurement networking group, incorporate to procedures and practices and disseminate knowledge, noting that much of this may be relevant to procurement and contract management administration rather than contractor management. Consider inviting key contract managers to the networking group when agenda is topical. Ensure HR maintain training needs analysis and capability requirements in relation to contract management and that it is reflected in relevant PDs.</p>			
<b>Completion Due Date</b>	31/12/2025			

<b>Audit Scope Outcome</b>	<b>7.0 Contract documentation, such as variations and certificates, are issued and approved where applicable.</b>			
<b>Audit Area</b>	Contract Documentation – Variations and Certifications			
<b>Findings</b>	<p><b>Variations and Certificates</b></p> <p>These were tested, and the process discussed. All were found to be accurately managed, with variations being detailed in the monthly management report.</p> <p>An opportunity exists to generate these electronically should a new contract management system be implemented.</p>			
<b>Recommendations</b>	<p><b>Rec.7.1</b> - In the event of new contract management software being implemented, investigate integrated workflow functionality for variations, final certifications and other related contract-specific documentation.</p>			
<b>Risk Assessment</b>	<b>Likelihood</b>	<b>Consequence</b>	<b>Risk Rating</b>	<b>Significance</b>
	Rare	Minor	Low	Low



<b>Management Response</b>	Refer previous comments about systems review and assessment of fit for purpose. Removing manual processes is required, however needs to be considered alongside the unlocking projects already underway.
<b>Completion Due Date</b>	30/06/2026

<b>Audit Scope Outcome</b>	<b>8.0 Mechanisms and controls are in place to effectively manage risks related to contract management.</b>			
<b>Audit Area</b>	Risk Management			
<b>Findings</b>	<p><b>Risk Management</b></p> <p>Through discussion and review of the contract management suite of documentation, it is evident that there is little integration of risk management into the current contract management documentation and related processes.</p> <p>A reference to risk rating was noted in the contract register. However, this is largely contextual to that particular contract and not linked to the corporate risk environment via reference to the strategic risk register in the first instance. Then any secondary operational risks are identified as relevant.</p> <p>This link will align any contract management reporting with risk ratings already featured in corporate reporting and provide senior leadership with a consistent, relevant and meaningful background for strategic review and/or further decision-making.</p>			
<b>Recommendations</b>	<p><b>Rec.8.1 - Strategic and operational risk ratings to be integrated into the contract management processes and systems in order to align it with the corporate risk environment and provide relevant risk references to aid decision-making.</b></p> <p><b>Rec. 8.2 - Ensure the new contract management software has fully integrated risk management functionality.</b></p>			
<b>Risk Assessment</b>	<b>Likelihood</b>	<b>Consequence</b>	<b>Risk Rating</b>	<b>Significance</b>
	Likely	High	High	High
<b>Management Response</b>	Review risk-based approach to contract management and integration with systems following on from previous responses.			
<b>Completion Due Date</b>	30/06/2026			



<b>Audit Scope Outcome</b>	<b>9.0 Appropriate training is provided to staff.</b>			
<b>Audit Area</b>	Training			
<b>Findings</b>	<p><b>Training</b></p> <p>Training is currently provided to those who need to know how the contract management system and related documentation works.</p> <p>The Procurement Business Partner is the central source of information which has provided consistency and a 'single source of truth' as the contract management processes have developed and become further embedded. As these processes mature, the Procurement Business Partner is planning to introduce additional templates and system references, these will need to incorporate new system operations should a new contract management software system be implemented.</p>			
<b>Recommendations</b>	<p><b>Rec.9.1 - In the event of new contract management software being implemented, ensure appropriate training is scheduled and rolled out in order to maximise system functionality.</b></p> <p><b>Rec. 9.2 - Ensure updated training notes are accessible via intranet/system links to those working on the contract management system to ensure standardisation of approach and consistency of processing.</b></p>			
<b>Risk Assessment</b>	<b>Likelihood</b>	<b>Consequence</b>	<b>Risk Rating</b>	<b>Significance</b>
	Unlikely	Minor	Low	Low
<b>Management Response</b>	Ensure training notes and videos are updated as required and easily accessible.			
<b>Completion Due Date</b>	31/12/2025			



## Appendix A – Risk Management

### City of Mount Gambier – Strategic Risk, Matrix and Risk Tables

Strategic Risk Categories as of June 2024

	Description	Inherent	Current	Target
1	Cyber Security	Extreme	High	Medium
2	Financial Sustainability	Extreme	High	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	Extreme	Extreme	High
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	High	High	Low
12	Contract Management, Procurement and Project Management	Medium	Medium	Low
13	Relationship, Connection and Engagement with Community	High	Medium	Medium



## Risk Matrix and Risk-Related Tables

### Risk Matrix

	Insignificant	Minor	Moderate	Major	Catastrophic
Rare	Low	Low	Low	Moderate	High
Unlikely	Low	Low	Moderate	Moderate	High
Possible	Low	Moderate	Moderate	High	High
Likely	Moderate	Moderate	High	High	Extreme
Almost certain	Moderate	High	High	Extreme	Extreme

### Risk Likelihood

The Risk Likelihood based on the potential for the risk to occur.

Rating	Potential for Risk to Occur	Likelihood Description
Rare	Extremely low probability. Will only occur in exceptional circumstances	<b>Operations Explanation:</b> May occur in exceptional circumstances. Could be incurred in a 5-10year timeframe <b>Projects / Business Case Explanation:</b> Has not occurred in similar studies or projects, Conceivable but in extreme circumstances
Unlikely	Low probability of an incident	<b>Operations Explanation:</b> Could be incurred in a 2-5 year timeframe <b>Projects / Business Case Explanation:</b> Known to happen but only rarely
Possible	Moderate probability of an incident	<b>Operations Explanation:</b> Could be incurred within a 1-2 year period <b>Projects / Business Case Explanation:</b> Incurred in a minority of similar studies or projects
Likely	Probably will occur	<b>Operations Explanation:</b> Will probably occur in most circumstances - several times a year <b>Project / Business Case Explanation:</b> Could easily be incurred and has generally occurred in similar studies or projects
Almost Certain	Expected to occur in most circumstances	<b>Operations Explanation:</b> It is expected to occur again, immediately or within a short period - likely to occur most <b>Project / Business Case Explanation:</b> Could be expected to occur more than once during the study or project delivery



### Target Risk Level / Risk Tolerance

The Organisational target risk level is the risk tolerance and rating the Organisation is willing to accept after implementing controls.

Risk Level	Acceptance Level	Monitoring Frequency
Low	Acceptable	Quarterly / Yearly
Medium	Acceptable	Monthly / Quarterly
High	Acceptable in Some Circumstances	Weekly / Monthly
Extreme	Unacceptable in most circumstances	Daily/ Weekly

### Risk Area and Consequence

The Councils risk appetite and consequence level may vary based on the area of risk. The areas are defined as Financial, reputation, Legal / Regulatory / Policy, Service Delivery, People, Infrastructure and Environmental.

#### Finance

Consequence Level	Consequence Description
Insignificant	Financial Low - Financial Loss <\$100,000 impact on operating result
Minor	Financial Medium - Financial Loss >\$100,000 and <\$1,000,000
Moderate	Financial High - Financial Loss >\$1,000,000 and <\$2,500,000 or 2.5% rate revenue
Major	Financial Major - Financial Loss > \$2,500,000 and < \$5,000,000 or 5% rate revenue
Catastrophic	Financial Catastrophic - Financial Loss Exposure >\$5,000,000 or 5% rate revenue

#### Reputation

Consequence Level	Consequence Description
Insignificant	Little community interest, low profile, no news items
Minor	Low impact, some passing interest, low news profile
Moderate	Moderate impact, moderate public interest, public embarrassment, moderate news profile
Major	Sustained public interest, high negative news profile, Premier/Cabinet publicly involved, third party action
Catastrophic	Widespread public agitation, Government censure, high multiple impacts, widespread negative news profile

#### Legal / Regulatory / Policy

Consequence Level	Consequence Description
Insignificant	No noticeable statutory or regulatory impact
Minor	Minor/temporary non-compliance with statutory requirements
Moderate	Short-term non-compliance with moderate statutory requirements
Major	Significant non-compliance with essential statutory requirements
Catastrophic	Long term or indefinite non-compliance with essential statutory requirements and may result in criminal charges





**Let us help you achieve further business success**

**UHY Haines Norton  
Chartered Accountants**

25 Peel Street  
Adelaide SA 5000  
Phone 8110 0999 (office)  
Email

UHY Haines Norton, \*(the "Firm") is a member of Urbach Hacker Young International Limited, a UK company that forms part of the international UHY network of legally independent accounting and consulting firms. UHY is the brand name for the UHY international network. The services described herein are provided by the Firm and not by UHY or any other member firm of UHY. Neither UHY nor any member of UHY has any liability for services provided by other members.

© 2024 UHY Haines Norton.

**Audit | Tax | Consulting | Local Government**

**UHY Haines Norton**

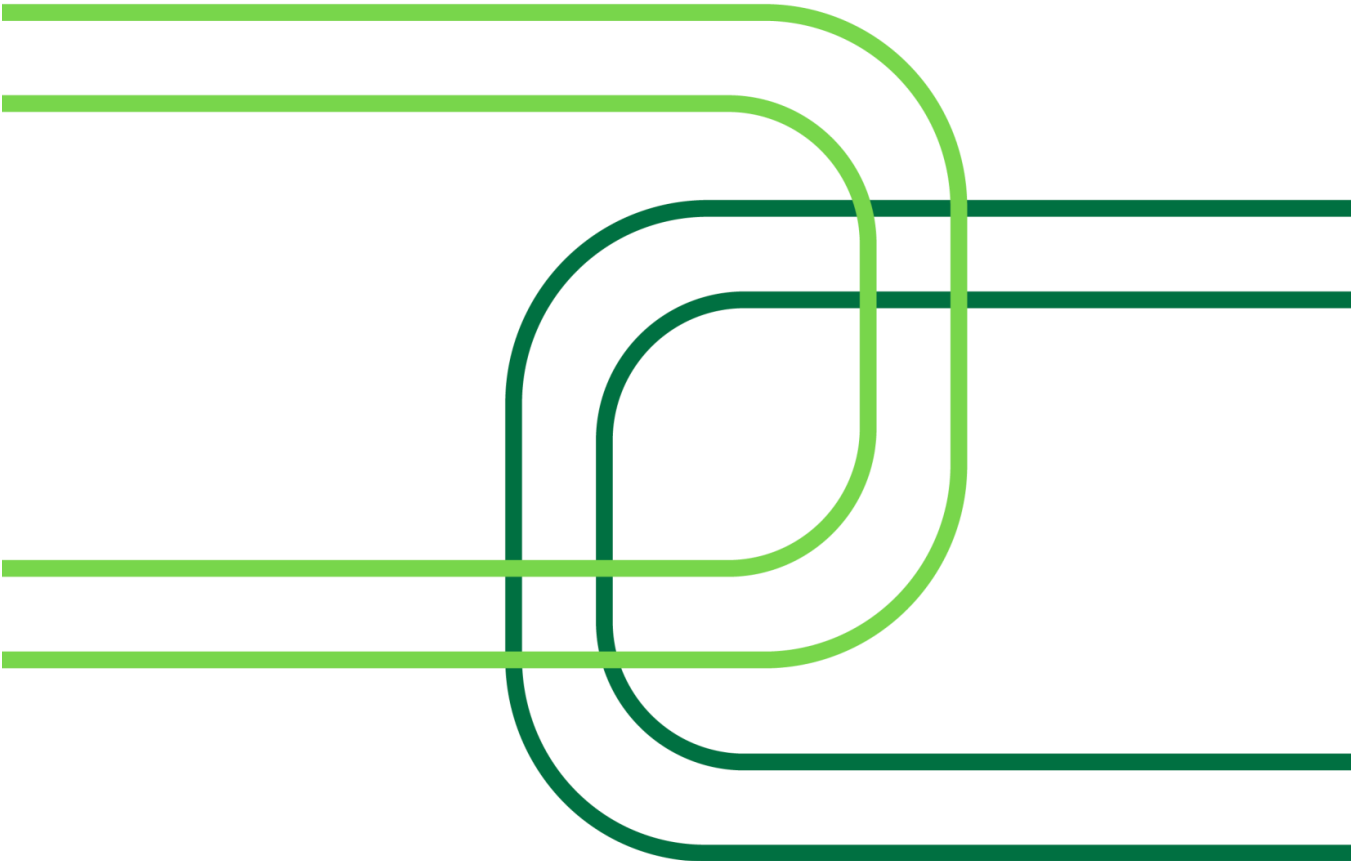


UHY Haines Norton

# Internal Audit Report - Procurement

City of Mount Gambier

May 2025





UHY Haines Norton

**Disclaimer:** This document is for the exclusive use of the person/entity named on the front of this document ('Recipient'). This document must not be relied upon by any person who is not the Recipient. UHY Haines Norton does not take responsibility for any loss, damage, or injury caused by the use, misuse, or misinterpretation of the information in this document by any person who is not the Recipient. This document may not be reproduced in whole or in part without permission.

Liability limited by a scheme approved under the Australian Professional Standards Legislation.

Lead Report Author: Corinne Garrett  
Internal Auditor: Karen Peake  
UHY Haines Norton  
25 Peel Street, Adelaide SA 5000  
Tel 08 8110 0999  
ABN: 37 223 967 491

<b>Executive Summary</b>	<b>1</b>
Background	1
Internal Audit Methodology – Understanding of Processes	2
The Objective and Scope of this Engagement	2
Summary of Testing	3
Summary of Significant Observations	3
Strategic Risk Link	4
Conclusion	4
<b>Summary of Findings and Recommendations</b>	<b>5</b>
<b>Detailed Findings and Recommendations</b>	<b>7</b>
<b>Appendix A – Risk Management</b>	<b>14</b>
<b>Appendix B – Unlocking Projects</b>	<b>17</b>

## Executive Summary

### Background

The City of Mount Gambier is a regional Council, 33.88 km<sup>2</sup>, located on Boandik lands, five hours drive from Adelaide towards the Victoria state border.

It serves a population of 27,888 residents and is part of the larger Limestone Coast Region.

With a Vision:

- **Erupting with Potential, Embracing our Strengths and Shaping an Exciting Future.**

**Diagram 1 - City of Mount Gambier - A volcanic past with a crystal clear future.**



**Data Source:** City of Mount Gambier website

To deliver on this vision statement, it is essential for the City of Mount Gambier to implement efficient and effective processes within a robust internal control environment.

Internal audits are part of this assurance program, and this audit provides a review of the procurement processes in place, as well as the overall management of the Accounts Payable function and its related internal controls.

### Internal Audit Methodology – Understanding of Processes

Many good practices were observed during this audit, and a strong corporate culture of process and procedure was evident.

Discussions were held with the following officers to gain an understanding of how the processes were operating, whether business needs were being met, and what areas within the internal audit scope, if any, would require a more in-depth, specific review.

The following staff members contributed during this time:

- Finance Officer,
- Financial Accounting Coordinator,
- Procurement Business Partner,
- Manager Financial Services.

The Finance Team facilitated access to policy documentation and transactional data at the offices at Watson Terrace, Mount Gambier, allowing for a greater contextual understanding of how business processes are managed and how work areas interact.

### The Objective and Scope of this Engagement

The objective of this internal audit was to undertake the required testing, investigation, and review of the procurement processes at the City of Mount Gambier. A separate audit was conducted alongside this one, focusing on the Contract Management processes, and is the subject of a separate report.

The scope of this internal audit includes, but is not limited to, the following in relation to the payment process for goods and services.

- Policies and Procedures – assessing the completeness, clarity and relevance of procurement policies and procedures.
- Compliance – reviewing adherence to procurement policies and procedures, identifying instances of non-compliance, and recommending corrective actions.
- Exemptions – assessing the validity and appropriateness of procurement exemptions and assessing that proper documentation and justification for any exemptions exist.
- Internal Controls – evaluating the effectiveness of internal controls over procurement activities and assessing the separation of duties, authorisation processes and safeguards against fraud or errors.
- Risk Management – assessing the risk management around procurement and evaluating risk identification and management – see Appendix A.
- Monitoring and Reporting – Assessing the monitoring and oversight mechanisms in place to ensure that procurement activities align with set objectives and evaluating the effectiveness of procurement reporting systems in providing timely and accurate information for informed decision-making.

We have included the assessment of the procurement methods used in the Contract Management Internal Audit, which is a separate report.

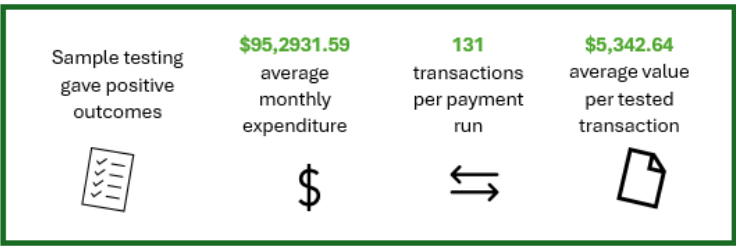
This was an assurance internal audit. An assurance internal audit evaluates and reports on the adequacy of controls and processes. We found the processes to be working well and mostly effective.

Summary of Testing

To provide insight, sample testing was undertaken on accounts payable transactions across the period July 2023 through to January 2025, with a 20% testing ratio resulting in samples from 19 separate payment runs.

During the transactional testing, the following were reviewed;

- Raising of Purchase Orders
- Receipt of Goods
- Receiving Invoices
- Authorisation of payments
- The procurement process was found to incorporate robust internal controls, segregation of roles and accurate record keeping.
- The process for raising purchase orders is operating efficiently. However, there are occasions when orders are raised retrospectively.
- The current Financial Delegations were reviewed and found to be operating as required. However, it was noted that the current delegated levels include a stepped rise from \$10,000 up to \$100,000, which may lead to bottlenecks in the ‘accounts payable’ workflows.
- Probity and spot checks were undertaken to ensure payments are processed accurately, with the system checking for duplicate payments and management undertaking reviews.



Summary of Significant Observations

Resulting from interviews and observations, the following points were noted:

**Awareness** - overall user awareness of the accounts payable and procurement processes was found to be good.

**Support** - when required, throughout the accounts payable process, additional support is readily available.

Support was most notably required for raising purchase orders, with further support given to ensure the procurement process was complied with and expenditure committed accurately.

A review of this support may identify teams with a need for more targeted training or additional, independent input from the Procurement Business Partner, in support of the Finance Officer.

**Financial Delegations** - consideration should be given to introducing some mid-tier financial delegations, e.g., \$25,000 and/or \$50,000, to ease potential bottlenecks from the current procurement process workflows (where financial delegations are set at \$10,000 and \$100,000). An additional option may be to introduce senior management reports if oversight of this level of procurement information is desired/required.





**Financial Systems Interface** – Magiq automatically updates via links to Authority for work orders, commitments and General Ledger transactions, with a manual process to upload budget data back from Magiq to Authority.

In addition to the manual budget data upload, the reporting functionality currently relies on manual extractions and data manipulation in order to provide a varied range of customised reporting.

This financial data is key for management reporting and is therefore a main focus for the Finance Team.

In order to mitigate data input risks or transposition errors, consideration should be given to;

- using more exception reporting and reconciliation checks across the team to share workloads and continue to ensure data integrity,
- investigating the current interface set up between Authority and Magiq, to identify adjustments that, when implemented, would result in more automated data retrieval for corporate financial reporting.
- **Risk management** - incorporating 'traffic light' risk ratings and/or risk references into financial reporting, to increase strategic focus and assist in reviewing multiple levels of reporting, such as budgets, projects, and insurance renewals.

Value for Money	Corporate Governance	Efficient/Effective Processing	Strategic Planning
			
Clear processes in place for accounts payable and procurement	Policies and procedures in place Supporting business growth	Processes are established, monitored and reviewed Support given	Strong base for corporate decision making Prudential controls in place
Potential for additional <b>support</b> via targeted training	Potential to expand <b>Financial Delegations</b> to cover middle dollar tiers	Potential to upgrade <b>financial interface</b> , manage workloads and provide reporting efficiencies	Potential to include <b>risk management</b> references to aid strategic focus and decision making

## Strategic Risk Link

- **SR9** Governance, Compliance and Legislative Obligations
- **SR12** Contract Management, Procurement and Project Management

## Conclusion

- Our audit resulted in positive findings when reviewing the procurement policy, processes and internal controls in place at the City of Mount Gambier.
- By implementing the recommendations outlined in this report, procurement risks will be further mitigated, which will, in turn, increase assurances for both the Council and Elected Members alike.
- These outline actions that will strengthen procurement processes and support the Council's vision of enhancing strengths and shaping an exciting future.

## Summary of Findings and Recommendations

Ref. #	Audit Scope Outcome	Recommendations	Audit Risk Rating	Significance	Expected Completion Date
1.0	The Council has policies, systems and controls in place to enable transparent, efficient and effective procurement activities, including resourcing	<b>Rec.1.1</b> Review the potential for exception reports/system reconciliations checks to support the provision of ongoing fraud checks, system probity and enhance the efficiency of financial reporting to management.	Medium	High (due to potential inefficiencies)	30/06/26 (pending implementation of Authority Altitude upgrade)
2.0	Financial Delegations - The Council has policies, systems, and controls in place to enable transparent, efficient, and effective procurement activities, including resourcing.	<b>Rec. 2.1</b> Consideration should be given to generating a regular, detailed summary report for senior management, which would replace the current administrative burden relating to reviewing purchase orders, whilst still providing granular expenditure and commitment details in a specific and timely manner. <b>Rec. 2.2.</b> Consideration should be given to establishing Financial Delegation levels, e.g., \$25,000 and \$50,000, to distribute the approval workload vertically down through the management lines and onto the relevant individual business units or budget holders.	Medium	Business Opportunity	30/11/25
3.0	Procurement policies and procedures are communicated to and understood by key stakeholders.	<b>Rec. 3.1</b> Instigate a formal process for the Finance Officer to assist on procurement process matters; however, if or when extended support is required, consider an escalation process (i.e., suggest referral to the Procurement Business Partner or Financial Accounting Coordinator) in order to limit business disruption.	Medium	Low	31/12/25
4.0	Effective monitoring and reporting mechanisms are in place to provide management with accurate, relevant, and reliable information for decision-making regarding the delivery of procurement services.	<b>Rec. 4.1</b> Investigate the automation of report generating within the Magiq system to provide a series of templated formats, which will reduce the risk of data transposition as well as increase efficiencies. (Longer term) <b>Rec.4.2</b> Review the potential for introducing a suite of exception reports/additional system reconciliations to support the finance team in providing timely and efficient financial reporting to the business and Elected Members. (Shorter term) <b>Rec.4.3</b> Review whether exception reporting can be allocated and integrated into the Finance Team workload(s) to provide	High	High (due to potential for errors)	30/06/27 (to align with 'Unlocking Project' timeframe)

Ref. #	Audit Scope Outcome	Recommendations	Audit Risk Rating	Significance	Expected Completion Date
		data integrity checks for the budget monitoring and data management processes. (Shorter term)			
5.0	Controls over raising and approving purchase orders are in place.	No Recommendations	Low	Low	n/a
6.0	Processes are in place for checking goods and services when received.	No Recommendations	Low	Low	n/a
7.0	Exemptions from seeking quotes are well-documented and justified.	<b>Rec 7.1</b> A report is generated, identifying circumstances where purchase orders are raised retrospectively. The business areas/work teams identified, can then receive additional training and/or support to ensure controls are fully embedded.	Low	Low	<b>31/12/26</b> <i>(pending Authority upgrade to Altitude as 'procure to pay' in the system is not currently implemented)</i>
8.0	Processes are in place for seeking, recording and managing conflicts of interest.	No Recommendations	Low	Low	n/a
9.0	Mechanisms and controls are in place to effectively manage risks related to procurement.	<b>Rec. 9.1</b> Consider opportunities for cross-skilling and/or providing additional cover across the procurement function to ensure continuity in the event of long-term absence or loss of a key worker. <b>Rec. 9.2</b> Consider incorporating a risk rating into the financial reporting to provide a more strategic focus and to aid the decision-making process.	Medium	Business Opportunity	31/12/25
10.0	Appropriate training is provided to staff.	<b>Rec. 10.1</b> Consideration should be given to training and raising awareness through regular updates on the intranet or by providing other opportunities, such as 'lunch and learn' sessions, if there is an identified need across the organisation. <b>Rec.10.2</b> Ensure the organisational Training Needs Analysis captures all positions needing Procurement training so that it can be scheduled in a proactive manner.	Medium	Medium	30/06/26

## Detailed Findings and Recommendations

Audit Scope Outcome	1.0 The Council has policies, systems and controls in place to enable transparent, efficient and effective procurement activities, including resourcing.																																								
Audit Area	Policies and Procedures																																								
Findings	<p>Policies and procedures were reviewed and found to be operating well.</p> <p>The Procurement policy position referred to fair, transparent and accountable operations, including relevant roles and responsibilities and referenced the <i>Local Government Act 549</i> (Value for money/public monies)</p> <p>The Policy also referenced contracting out, competitive tendering, open and fair competition, ethical behaviour and risk management.</p> <p><b>Procurement Thresholds</b></p> <table><tr><th>Value of Procurement (\$)</th><th>Procurement Method</th><th>Policy Clause</th><th>Minimum No. of Quotes</th><th>Approver</th></tr><tr><td>Up to \$2,000</td><td>Direct Purchase</td><td>10.1</td><td>0</td><td rowspan="4">As per Financial Delegation</td></tr><tr><td>\$2,001 to \$10,000</td><td>Direct Purchase<sup>1</sup></td><td>10.1</td><td>1</td></tr><tr><td>\$10,001 to \$50,000</td><td>Request for Quotation (RFQ)<sup>1</sup></td><td>10.2</td><td>2</td></tr><tr><td>\$50,001 to \$100,000</td><td>Request for Quotation (RFQ)<sup>2</sup></td><td>10.2</td><td>3</td></tr><tr><td>\$100,001 to \$500,000</td><td>Request for Tender (RFT)<sup>2 3</sup></td><td>10.5</td><td>3</td><td rowspan="2">Council Resolution</td></tr><tr><td>Over \$500,000</td><td>Request for Tender (RFT)<sup>2 3</sup></td><td>10.5</td><td>3</td></tr></table> <table><tr><td>Direct Purchasing (Formal Supply Contracts)</td><td><ul style="list-style-type: none"><li>• Authorised Officer – up to \$ limit</li><li>• Chief Executive Officer – up to budget</li></ul></td></tr><tr><td>Panel Contracts</td><td><ul style="list-style-type: none"><li>• Authorised Officer – up to \$ limit</li><li>• Chief Executive Officer – up to budget</li></ul></td></tr><tr><td>Strategic Alliances</td><td><ul style="list-style-type: none"><li>• Authorised Officer – up to \$ limit</li><li>• Chief Executive Officer – up to budget</li></ul></td></tr></table> <p><b>Cumulative Spend</b></p> <p>A current focus on the management reporting format needs to be developed to enable the Procurement Business Partner to effectively investigate areas for future/potential contracts.</p> <p><b>Fraud, Corruption, Misconduct and Maladministration Prevention Policy</b></p> <p>Refers to the <i>Independent Commission Against Corruption Act 2012</i> and sets organisational principles to address fraud and corruption. Due to the small size of the organisation, fraud controls are able to work effectively, alongside staff awareness and relevant training in this area.</p> <p><b>Workloads and Processing</b></p> <p>The Finance Team meet regularly, cross-referencing workloads and processing needs. Workload efficiencies may be achieved via the introduction of exception reporting/system reconciliation checks, particularly in relation to the range of reports generated. The financial systems are housed within Authority, which provides automated updates to Magiq. The reporting functionality is provided by Magiq and currently not automated, requiring data manipulation and review in order to provide the various formats as per the business demand.</p>				Value of Procurement (\$)	Procurement Method	Policy Clause	Minimum No. of Quotes	Approver	Up to \$2,000	Direct Purchase	10.1	0	As per Financial Delegation	\$2,001 to \$10,000	Direct Purchase <sup>1</sup>	10.1	1	\$10,001 to \$50,000	Request for Quotation (RFQ) <sup>1</sup>	10.2	2	\$50,001 to \$100,000	Request for Quotation (RFQ) <sup>2</sup>	10.2	3	\$100,001 to \$500,000	Request for Tender (RFT) <sup>2 3</sup>	10.5	3	Council Resolution	Over \$500,000	Request for Tender (RFT) <sup>2 3</sup>	10.5	3	Direct Purchasing (Formal Supply Contracts)	<ul style="list-style-type: none"><li>• Authorised Officer – up to \$ limit</li><li>• Chief Executive Officer – up to budget</li></ul>	Panel Contracts	<ul style="list-style-type: none"><li>• Authorised Officer – up to \$ limit</li><li>• Chief Executive Officer – up to budget</li></ul>	Strategic Alliances	<ul style="list-style-type: none"><li>• Authorised Officer – up to \$ limit</li><li>• Chief Executive Officer – up to budget</li></ul>
Value of Procurement (\$)	Procurement Method	Policy Clause	Minimum No. of Quotes	Approver																																					
Up to \$2,000	Direct Purchase	10.1	0	As per Financial Delegation																																					
\$2,001 to \$10,000	Direct Purchase <sup>1</sup>	10.1	1																																						
\$10,001 to \$50,000	Request for Quotation (RFQ) <sup>1</sup>	10.2	2																																						
\$50,001 to \$100,000	Request for Quotation (RFQ) <sup>2</sup>	10.2	3																																						
\$100,001 to \$500,000	Request for Tender (RFT) <sup>2 3</sup>	10.5	3	Council Resolution																																					
Over \$500,000	Request for Tender (RFT) <sup>2 3</sup>	10.5	3																																						
Direct Purchasing (Formal Supply Contracts)	<ul style="list-style-type: none"><li>• Authorised Officer – up to \$ limit</li><li>• Chief Executive Officer – up to budget</li></ul>																																								
Panel Contracts	<ul style="list-style-type: none"><li>• Authorised Officer – up to \$ limit</li><li>• Chief Executive Officer – up to budget</li></ul>																																								
Strategic Alliances	<ul style="list-style-type: none"><li>• Authorised Officer – up to \$ limit</li><li>• Chief Executive Officer – up to budget</li></ul>																																								
Recommendations	1.1 Review the potential for exception reports/system reconciliation checks to support the provision of ongoing fraud checks and system probity and enhance the efficiency of financial reporting to management.																																								
Risk Assessment	Likelihood	Consequence	Risk Rating	Significance																																					
	Rare	Moderate	Medium	High (due to potential inefficiencies)																																					
Management Response	<p>Investigate exception reporting within Authority to regularly report on:</p> <ul style="list-style-type: none"><li>• purchase orders raised after invoice date (retrospectively)</li><li>• cumulative spend where expenses not related to a contract. Noting this will require investment in the use of the contracts module within Authority and has the potential to reduce manual calculations and reporting.</li></ul>																																								



<b>Completion Due Date</b>	30/06/2026 - pending implementation of Authority Altitude Upgrade.			
<b>Audit Scope Outcome</b>	<b>2.0 Financial Delegations - The Council has policies, systems and controls in place to enable transparent, efficient and effective procurement activities, including resourcing.</b>			
<b>Audit Area</b>	Financial Delegations			
<b>Findings</b>	<p>The Procurement policy has a section referencing delegations. While testing a sample of accounts payable entries, the financial delegations were checked, and all were found to be correct according to the current 'Procurement Delegation Table'. It was noted that initial delegation levels are \$2,000, \$5,000, and \$10,000 respectively and then there is a significant increase in the next level, expenditure ranging from \$10,001 to \$100,000. This level also requires approval at a high managerial level ie: the General Managers.</p> <p>This is understood to be due to a desire for transparency at the highest level regarding operational expenditure items; however, it may be creating workflow bottleneck whilst also creating overly heavy workloads for senior management.</p>			
<b>Recommendations</b>	<p><b>2.1 Consideration should be given to generating a regular, detailed summary report for senior management, which would replace the current administrative burden relating to reviewing purchase orders, whilst still providing granular expenditure and commitment details in a specific and timely manner.</b></p> <p><b>2.2 Consideration should be given to establishing Financial Delegation levels, e.g., \$25,000 and \$50,000, to distribute the approval workload vertically down through the management lines and onto the relevant individual business units or budget holders.</b></p>			
<b>Risk Assessment</b>	<b>Likelihood</b>	<b>Consequence</b>	<b>Risk Rating</b>	<b>Significance</b>
	Minor	Moderate	Medium	Business Opportunity
<b>Management Response</b>	<p>Financial Regulations: Table report for consideration of Management Team and ELT to increase Manager ability to approve expenditure to a level they are comfortable with. This decision ultimately lies with the Executive Team.</p> <p>If required, investigate development of exception reporting as part of monthly financial report for purchase orders raised and approved above the current delegations of \$10k. However regular budget versus actual monitoring should provide a level of oversight.</p> <p>Lastly, investigate ability of Authority to "lock-down" or have constraints on spending money outside budget parameters, noting that if this is only available at a line-by-line level it may not be appropriate.</p>			
<b>Completion Due Date</b>	30/11/2025			



<b>Audit Scope Outcome</b>	<b>3.0 Procurement policies and procedures are communicated to and understood by key stakeholders.</b>			
<b>Audit Area</b>	Staff Awareness			
<b>Findings</b>	<p>Staff from the Finance Team were interviewed. No independent verification was performed to assess the awareness of all other staff. However, once staff are inducted, and where relevant, specific procurement training is given.</p> <p>The Finance Team, in general, and the Finance Officer, in particular, are knowledgeable and approachable, and take pride in their process guidelines and the support they offer.</p> <p>If there are issues with teams or individuals and their understanding of the procurement processes, support is offered. While testing the procurement samples, it was found that a few staff members repeatedly experienced issues.</p> <p>The Finance Officer initially addresses these issues; however, there should be an escalation process in place to ensure efficiencies for a tightly process-driven workload.</p>			
<b>Recommendations</b>	<b>3.1 Instigate a formal process for the Finance Officer to assist on procurement process matters; however, if or when extended support is required, consider an escalation process (i.e., suggest referral to the Procurement Business Partner or Financial Accounting Coordinator) in order to limit business disruption.</b>			
<b>Risk Assessment</b>	<b>Likelihood</b>	<b>Consequence</b>	<b>Risk Rating</b>	<b>Significance</b>
	Rare	Moderate	Medium	Low
<b>Management Response</b>	Expand procedure in relation to roles and responsibilities and support for Finance Officer with escalation. Investigate videoing of instructions made available on intranet to help staff self-service where members of the finance team competing interests may result in business disruption.			
<b>Completion Due Date</b>	<b>31/12/2025</b>			



<b>Audit Scope Outcome</b>	<b>4.0 Effective monitoring and reporting mechanisms are in place to provide management with accurate, relevant, and reliable information for informed decision-making regarding the delivery of procurement services.</b>			
<b>Audit Area</b>	Monitoring and Reporting			
<b>Findings</b>	<p>Monitoring was reviewed as part of the procurement testing and also evidenced via an interview with the Financial Accounting Coordinator, who regularly undertakes sample testing and monitoring following the accounts payable batching process.</p> <p>Within Authority, the monitoring and reporting functionality for 'accounts payable' works well; however, creating financial data reporting for senior management via Magiq is more involved. For example, the regular and ad hoc reporting for budget monitoring, budget management and updated committed expenditure currently involves some manual input.</p> <p>Through discussion, it was noted that there is a three-year project plan currently underway, referenced as the 'unlocking' projects – see Appendix B - and aimed at creating increased capacity and capability across the organisation. The plan includes potential further investment in Authority system(s), improved reporting functionality, maintenance of existing hierarchy allocations and the potential introduction of other tools, including interactive dashboards.</p> <p>The 'unlocking' of potential within council is noted and links to our audit findings. There is a current lack of high functioning interface for budget updates and reporting functionality, causing increased workload against tight timeframes, with potential for input errors when manually importing and manipulating data between systems.</p> <p>This may be addressed in number of ways. In the short term this may be alleviated by the use of exception reporting and/or incorporating increased reconciliation processes to give assurance to the data integrity.</p> <p>In the longer term, consideration be given to automation of the reporting functionality within Magiq. With further integration when updating Authority modules (Altitude), enabling an improved level of automated reporting formats, data updates and integrity between systems.</p>			
<b>Recommendations</b>	<p><b>4.1 Investigate the automation of report generating within the Magiq system to provide a series of templated formats, which will reduce the risk of data transposition as well as increase efficiencies. (Longer term)</b></p> <p><b>4.2 Review the potential for introducing a suite of exception reports/additional system reconciliations to support the finance team in providing timely and efficient financial reporting to the business and Elected Members. (Shorter term)</b></p> <p><b>4.3 Review whether exception reporting can be allocated and integrated into the Finance Team workload(s) to provide data integrity checks for the budget monitoring and data management processes. (Shorter term)</b></p>			
<b>Risk Assessment</b>	<b>Likelihood</b>	<b>Consequence</b>	<b>Risk Rating</b>	<b>Significance</b>
	Possible	Major	High	High (due to potential of errors)
<b>Management Response</b>	Council is currently undertaking an unlocking project for its Business Systems. Part of this project will include data warehousing, updating the Authority system and improved end user reporting. This is a 3-year project and is currently in year 2 of 3. Magiq will be investigated as part of this.			
<b>Completion Due Date</b>	30/06/2027 to align with unlocking project			



<b>Audit Scope Outcome</b>	<b>5.0 Controls over raising and approving purchase orders are in place.</b>			
<b>Audit Area</b>	Process Controls			
<b>Findings</b>	Process controls were found to be very tight due to all data/procurement information being evidenced within the Content Manager workflows. Both the Finance Officer and the Procurement Business Partner are highly competent, have robust systems and controls in place, and are working on enhancing data sharing between them. This cross-reference is beneficial to the Council and key to good procurement outcomes.			
<b>Recommendations</b>	<b>No Recommendations</b>			
<b>Risk Assessment</b>	<b>Likelihood</b>	<b>Consequence</b>	<b>Risk Rating</b>	<b>Significance</b>
	Rare	Minor	Low	Low

<b>Audit Scope Outcome</b>	<b>6.0 Processes are in place for checking goods and services when received.</b>			
<b>Audit Area</b>	Goods Receipting			
<b>Findings</b>	Testing of procurement processes revealed that goods receipting is a well-established part of the procurement process at the Council. If staff are initially unaware of the need for goods receipt, support is given, if goods receipting needs chasing, reminders are sent therefore this process was found to be well embedded.			
<b>Recommendations</b>	<b>No Recommendations</b>			
<b>Risk Assessment</b>	<b>Likelihood</b>	<b>Consequence</b>	<b>Risk Rating</b>	<b>Significance</b>
	Rare	Minor	Low	Low

<b>Audit Scope Outcome</b>	<b>7.0 Exemptions from seeking quotes are well-documented and justified.</b>			
<b>Audit Area</b>	Quote Exemptions			
<b>Findings</b>	<p>The current procurement process requires a purchase order to be raised in advance of receipt of goods/services as per best practice and the Council's Procurement Policy. If this does not happen, a retrospective order is requested by the Finance Officer to progress to through to payment.</p> <p>During discussion it was established that these are adhered to and closely monitored by the Financial Team, although none were detailed within our 20% testing sample.</p> <p>Exemption from quotations relating to the tendering and contract management process are referenced in a separate audit report.</p>			
<b>Recommendations</b>	<b>7.1 A report is generated, identifying circumstances where purchase orders are raised retrospectively. The business areas/work teams identified can then receive additional training and/or support to ensure controls are fully embedded.</b>			
<b>Risk Assessment</b>	<b>Likelihood</b>	<b>Consequence</b>	<b>Risk Rating</b>	<b>Significance</b>
	Rare	Minor	Low	Low
<b>Management Response</b>	Investigate Authority Procure to Pay (already underway), there may be instances where a goods receipt is not actually required and approval direct to invoice can take place. This will only be considered where workflows and audit trails are available in the system. This may streamline processes across the organisation, but will require policies, procedures to be updated and review of internal financial controls to make sure remain pertinent.			



<b>Completion Due Date</b>	31/12/2026 – pending authority upgrade to Altitude as procure to pay in the system is not currently implemented.			
<b>Audit Scope Outcome</b>	<b>8.0 Processes are in place for identifying, recording, and managing conflicts of interest.</b>			
<b>Audit Area</b>	Conflicts of Interest			
<b>Findings</b>	<p>Reference to the expected identification and management of conflicts of interest is made in the Procurement policy and was discussed with the Procurement Business Partner.</p> <p>This is largely linked to the procurement - tendering process, ensuring formal identification via a 'Confidentiality and Conflict of Interest Declaration' form prior to progressing with the tender evaluation. This process is closely monitored and managed by the Procurement Business Partner.</p>			
<b>Recommendations</b>	<b>No Recommendations</b>			
<b>Risk Assessment</b>	<b>Likelihood</b>	<b>Consequence</b>	<b>Risk Rating</b>	<b>Significance</b>
	Rare	Minor	Low	Low
<b>Audit Scope Outcome</b>	<b>9.0 Mechanisms and controls are in place to effectively manage risks related to procurement.</b>			
<b>Audit Area</b>	Procurement Risk Management			
<b>Findings</b>	<p>It was noted that risk management processes are in place across the Council and overseen by the Governance Team – see Appendix A.</p> <p>With regard to specific procurement risks, the Finance Team work well both as individuals and as a unit in covering this function, however due to being a small team with differing specialties, there is little opportunity for cross- skilling creating a level of 'loss of key worker' risk.</p> <p>In addition, the current (low) level of integration between the Authority and Magiq systems presents a high risk of transposition / input error with extensive workarounds needed to ensure data is accurately transferred from one system to another. This risk is currently mitigated through additional checks and cross-referencing. (See Recommendation 4.1 - Monitoring and Reporting)</p> <p>In addition to identifying operational procurement risks, reporting risks were also discussed with the Manager of Financial Services. As a result, it was suggested that a level of risk rating be considered for integrating into senior management reporting, for example across budget variations, budget management, committed expenditure and other high-level extracts to assist management focus and aid decision-making.</p>			
<b>Recommendations</b>	<p><b>9.1 Consider opportunities for cross-skilling and/or providing additional cover across the procurement function to ensure continuity in the event of long term absence or loss of a key worker.</b></p> <p><b>9.2 Consider incorporating a risk rating into the financial reporting to provide a more strategic focus and to aid the decision-making process.</b></p>			
<b>Risk Assessment</b>	<b>Likelihood</b>	<b>Consequence</b>	<b>Risk Rating</b>	<b>Significance</b>
	Possible	Moderate	Medium	Business Opportunity
<b>Management Response</b>	Strategic review of finance team in consideration of restructuring to a multi-disciplinary team approach to start reducing key person risk. Noting procurement is not the only identified area for succession/key person risk.			
<b>Completion Due Date</b>	31/12/2025			



<b>Audit Scope Outcome</b>	<b>10. Appropriate training is provided to staff.</b>			
<b>Audit Area</b>	Training			
<b>Findings</b>	<p>Once staff are inducted, and where relevant, specific procurement training is given.</p> <p>As noted above (in staff awareness), the Finance Team, in general, and the Finance Officer, in particular, are knowledgeable, approachable, and proud of the guidelines they follow. If there are issues with teams or individuals and their understanding of the procurement processes, support is offered.</p>			
<b>Recommendations</b>	<p><b>10.1 Consideration be given to training and raising awareness through regular updates on the intranet or by providing other opportunities, such as 'lunch and learn' sessions, if there is an identified need across the organisation.</b></p> <p><b>10.2 Ensure the organisational Training Needs Analysis captures all positions requiring Procurement training so that it can be scheduled in a proactive manner.</b></p>			
<b>Risk Assessment</b>	<b>Likelihood</b>	<b>Consequence</b>	<b>Risk Rating</b>	<b>Significance</b>
	Unlikely	Moderate	Medium	Medium
<b>Management Response</b>	<p>A targeted approach as required has been identified as a better approach due to lack of participation at previous 'drop-in' sessions provided. For example, 2-3 members of the finance team attending the depot at a convenient time will have better uptake and build relationships.</p> <p>Discussion required with HR regarding inclusion in the training and capability framework and for staff members at certain levels, specific inclusion in PDs.</p>			
<b>Completion Due Date</b>	30/06/2026			



## Appendix A – Risk Management

### City of Mount Gambier – Strategic Risk Register, Matrix and Risk Tables

Strategic Risk Register as of June 2024

	Description	Inherent	Current	Target
1	Cyber Security	Extreme	High	Medium
2	Financial Sustainability	Extreme	High	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	Extreme	Extreme	High
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	High	High	Low
12	Contract Management, Procurement and Project Management	Medium	Medium	Low
13	Relationship, Connection and Engagement with Community	High	Medium	Medium



## Risk Matrix and Risk-Related Tables

### Risk Matrix

	Insignificant	Minor	Moderate	Major	Catastrophic
Rare	Low	Low	Low	Moderate	High
Unlikely	Low	Low	Moderate	Moderate	High
Possible	Low	Moderate	Moderate	High	High
Likely	Moderate	Moderate	High	High	Extreme
Almost certain	Moderate	High	High	Extreme	Extreme

### Risk Likelihood

The Risk Likelihood based on the potential for the risk to occur.

Rating	Potential for Risk to Occur	Likelihood Description
Rare	Extremely low probability. Will only occur in exceptional circumstances	<b>Operations Explanation:</b> May occur in exceptional circumstances. Could be incurred in a 5-10year timeframe <b>Projects / Business Case Explanation:</b> Has not occurred in similar studies or projects, Conceivable but in extreme circumstances
Unlikely	Low probability of an incident	<b>Operations Explanation:</b> Could be incurred in a 2-5 year timeframe <b>Projects / Business Case Explanation:</b> Known to happen but only rarely
Possible	Moderate probability of an incident	<b>Operations Explanation:</b> Could be incurred within a 1-2 year period <b>Projects / Business Case Explanation:</b> Incurred in a minority of similar studies or projects
Likely	Probably will occur	<b>Operations Explanation:</b> Will probably occur in most circumstances - several times a year <b>Project / Business Case Explanation:</b> Could easily be incurred and has generally occurred in similar studies or projects
Almost Certain	Expected to occur in most circumstances	<b>Operations Explanation:</b> It is expected to occur again, immediately or within a short period - likely to occur most <b>Project / Business Case Explanation:</b> Could be expected to occur more than once during the study or project delivery



### Target Risk Level / Risk Tolerance

The Organisational target risk level is the risk tolerance and rating the Organisation is willing to accept after implementing controls.

Risk Level	Acceptance Level	Monitoring Frequency
Low	Acceptable	Quarterly / Yearly
Medium	Acceptable	Monthly / Quarterly
High	Acceptable in Some Circumstances	Weekly / Monthly
Extreme	Unacceptable in most circumstances	Daily/ Weekly

### Risk Area and Consequence

The Councils risk appetite and consequence level may vary based on the area of risk. The areas are defined as Financial, reputation, Legal / Regulatory / Policy, Service Delivery, People, Infrastructure and Environmental.

#### Finance

Consequence Level	Consequence Description
Insignificant	Financial Low - Financial Loss <\$100,000 impact on operating result
Minor	Financial Medium - Financial Loss >\$100,000 and <\$1,000,000
Moderate	Financial High - Financial Loss >\$1,000,000 and <\$2,500,000 or 2.5% rate revenue
Major	Financial Major - Financial Loss > \$2,500,000 and < \$5,000,000 or 5% rate revenue
Catastrophic	Financial Catastrophic - Financial Loss Exposure >\$5,000,000 or 5% rate revenue

#### Reputation

Consequence Level	Consequence Description
Insignificant	Little community interest, low profile, no news items
Minor	Low impact, some passing interest, low news profile
Moderate	Moderate impact, moderate public interest, public embarrassment, moderate news profile
Major	Sustained public interest, high negative news profile, Premier/Cabinet publicly involved, third party action
Catastrophic	Widespread public agitation, Government censure, high multiple impacts, widespread negative news profile

#### Legal / Regulatory / Policy

Consequence Level	Consequence Description
Insignificant	No noticeable statutory or regulatory impact
Minor	Minor/temporary non-compliance with statutory requirements
Moderate	Short-term non-compliance with moderate statutory requirements
Major	Significant non-compliance with essential statutory requirements
Catastrophic	Long term or indefinite non-compliance with essential statutory requirements and may result in criminal charges



## Appendix B – Unlocking Projects

Extract from the City of Mount Gambier Council Annual Business Plan and Budget 2024/25 (page 13)

### 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:
  - 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.





**Let us help you achieve further business success**

**UHY Haines Norton  
Chartered Accountants**

25 Peel Street  
Adelaide SA 5000  
Phone 8110 0999 (office)  
Email [adelaide@uhyhnadl.com.au](mailto:adelaide@uhyhnadl.com.au)

UHY Haines Norton, \*(the "Firm") is a member of Urbach Hacker Young International Limited, a UK company that forms part of the international UHY network of legally independent accounting and consulting firms. UHY is the brand name for the UHY international network. The services described herein are provided by the Firm and not by UHY or any other member firm of UHY. Neither UHY nor any member of UHY has any liability for services provided by other members.

© 2024 UHY Haines Norton.

**Audit | Tax | Consulting | Local Government**

**UHY Haines Norton**

## **5.8 WORK HEALTH SAFETY (WHS) AND WELLBEING QUARTERLY REPORT - JANUARY - MARCH 2025**

Author: Leanne Little, People and Culture Coordinator  
Authoriser: Jane Fetherstonhaugh, General Manager Corporate and Regulatory Services

### **RECOMMENDATION**

1. That the Audit and Risk Committee report titled 'Work Health Safety (WHS) and Wellbeing Quarterly Report - January - March 2025' as presented on Wednesday 4 June 2025 be noted.

### **PURPOSE**

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.

### **TERMS OF REFERENCE**

N/A

### **RELEVANT LEGISLATION**

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)

### **BACKGROUND / OPTIONS**

This report was circulated to the Audit and Risk Committee on 1 May 2025 and 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.

### **RELEVANT COUNCIL POLICY**

[Risk Management](#)

**CONCLUSION**

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 ( WH S) and Wellbeing Quarterly Report - RAC - January - March 2025 [5.8.1 - 23 pages]

Corporate & Regulatory Services – Performance and  
Capability Team

## Work Health Safety, Injury Management & Wellbeing

Detailed Quarterly Report

January 2025 – March 2025



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).

Increased capability of use within the Skytrust Safety Management Systems through the WHS Field Partner project has been critical in driving continuous improvement within this space.

The organisation continues to show increased capability within Safety Management Systems and automation of Safety processes.

Improved reporting, monitoring and accountability processes have commenced implementation in early 2025 with the organisational safety maturity increasing.

A key data clean up of old and overdue hazards, actions and incidents has been undertaken to give a true reflection of current state.

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:

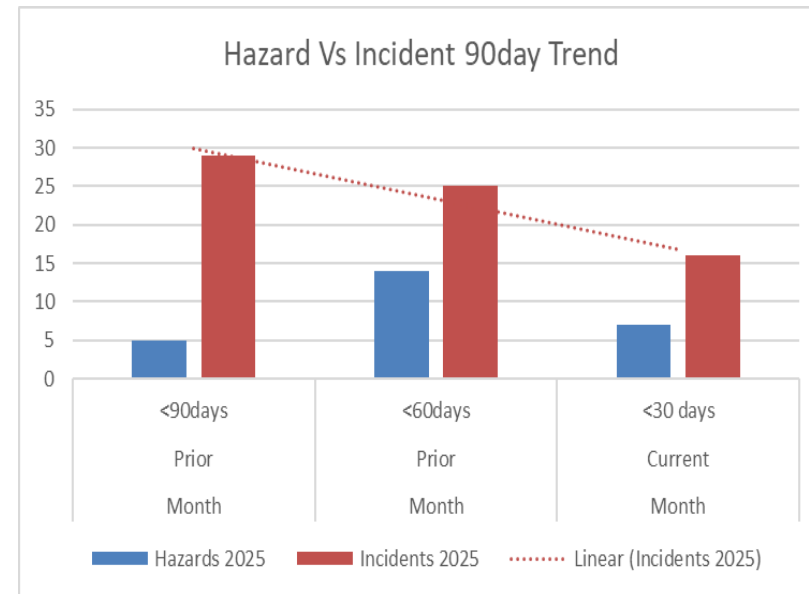
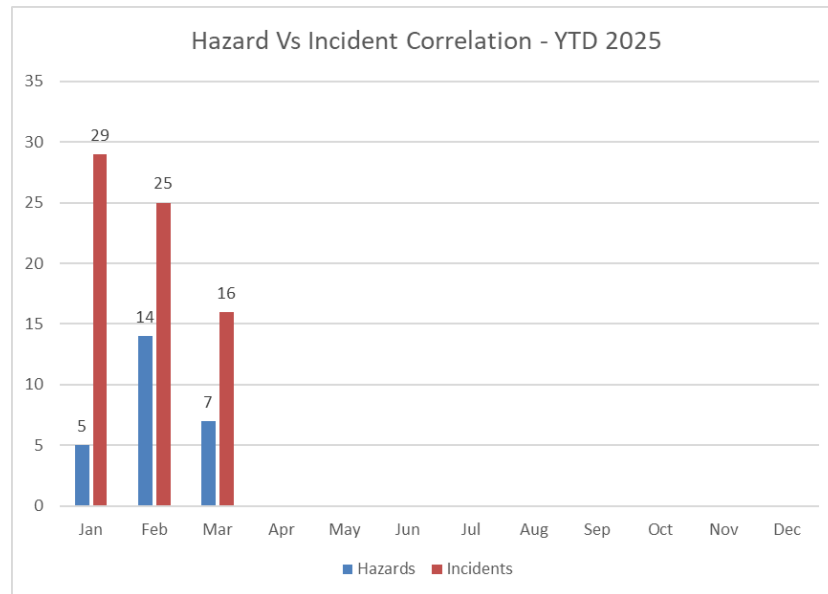
- Delivery of the endorsed WHS Strategic Plan supported by the PPR Program.
- WHS Field Partner Project - Ongoing development of online training modules and skytrust capability
- Improved Accountability Reporting for ALL People Leaders.
- Deep dive review into all outstanding hazards and investigations including data clean up
- Implementation of People and Culture Monitoring function as a training intervention strategy to prevent long standing overdue actions, hazards and investigations
- Analysis of organisations wellbeing program and its effectiveness.

## NOTIFIABLE INCIDENTS

There were zero Notifiable Incidents reported to Safe work SA for the period of January 2025 until March 2025



## Hazard and Incident Correlation



## Hazard Management



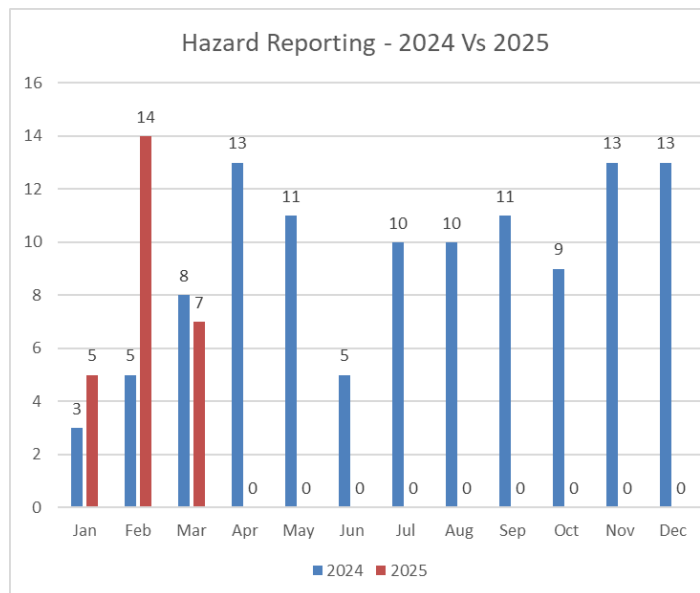
### Total Hazard Reports – Yearly Comparison

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 twenty-six (26) hazards reported for the January 2025 – March 2025 period.
- This compares to thirty-five (35) hazards reported for the same period in 2024.

This data indicates consistency reporting trends for this period compared to the same time last year.



## Hazard Management



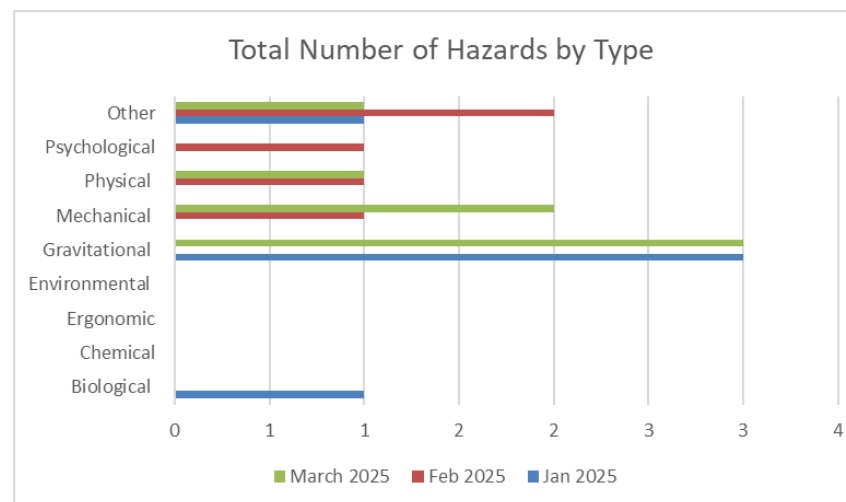
### Hazards by Type

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

- Hazards reported in the 'other' category have related largely due to behavioural incidents in the surrounding areas of the sites rather than at the actual sites. Staff have raised as hazards as can potentially impact on the staff or MOP

## Hazard Management



### Detailed Hazards by Risk level

Detailed reporting of Hazards by Department and level of risk rating for the January 2025-March 2025

Hazard ID	Originate Date	Department	Details	Date Added	Risk Level
418	10/05/2023	Building and Asset Maintenance	Post has rotted off, railing not supported in this area of fence.	10/05/2023	05 (Low)
544	12/09/2024	Building and Asset Maintenance	The depot does not have area that meets the criteria to treat casualty	12/09/2024	05 (Low)
208	13/01/2022	Stores/ Workshop	As noted during the November 2021 site evaluation there is no risk a	13/01/2022	13 (Medium)
610	27/03/2025	Iservices / Records	The first concrete manhole near the black water grate as this is a little	27/03/2025	08 (Low)
427	25/05/2023	Organisational Development	Plant and task risk assessments and competency assessments have r	25/05/2023	13 (Medium)
425	25/05/2023	Organisational Development	There is no current mechnism for volunteers to report hazards and ir	25/05/2023	13 (Medium)
493	09/04/2024	City Infrastructure	The depot yard has lots of tripping hazards and sharp objects along s	09/04/2024	17 (High)
526	23/07/2024	Visitor Services Team	Raised a concern regarding if a De-Fib is required at Engelbrecht Cav	23/07/2024	01 (Low)
525	23/07/2024	Visitor Services Team	We need a SDS folder at Engelbrecht Caves for the cleaning chemica	23/07/2024	01 (Low)
533	10/08/2024	RACC	The large and expensive screen that is used to project images and vi	10/08/2024	01 (Low)
518	25/06/2024	Visitor Services Team	Elec Air visited today for air conditioning maintenance and have let	25/06/2024	02 (Low)
593	03/02/2025	Visitor Services Team	Walked through the discovery centre with the main lights turned off	05/02/2025	05 (Low)
609	22/03/2025	Visitor Services Team	In the West Cave there is a loose piece of wood on one of the hand r	22/03/2025	05 (Low)
573	03/12/2024	Tourism	Last section of the cement steps at the East Cave (10 steps before th	03/12/2024	07 (Low)
574	03/12/2024	Tourism	Last section of the cement steps at the East Cave (10 steps before th	03/12/2024	07 (Low)
552	02/10/2024	RACC	Pendant light in stairwell reached 75 degrees and triggered fire alarr	02/10/2024	08 (Low)
560	01/11/2024	Visitor Services Team	Minimal lighting on stairs leading into East Cave at Engelbrecht cave	01/11/2024	08 (Low)
601	19/02/2025	Visitor Services Team	Back door area is very dark from the roof eves when later in the day	19/02/2025	08 (Low)
606	06/03/2025	Economy, Strategy & Engagement	Loose handrail in West cave dislodged as a visitor was leaning in it, s	07/03/2025	08 (Low)
583	21/12/2024	Visitor Services Team	Light LED strip required at the entrance concrete steps of the East ca	23/12/2024	12 (Medium)
529	30/07/2024	Visitor Services Team	A meeting was held today to discuss the WEEP for Engelbrecht Caves	30/07/2024	13 (Medium)
604	23/02/2025	Visitor Services Team	There are no emergency procedures for this site in relation to the ca	23/02/2025	13 (Medium)
505	06/05/2024	RACC	The lift door sensor is broken and awaiting a new part. Instead of ser	06/05/2024	17 (High)

# Hazard Management



## Effective Hazard Management

The total amount of hazards outstanding as at the 31 March 2025 is one hundred and twenty-six (26). This has **decreased** from one hundred and forty-four (144) in the previous reporting period.

The total percentage of hazards closed for the period of January-March 2025 is 69.23%

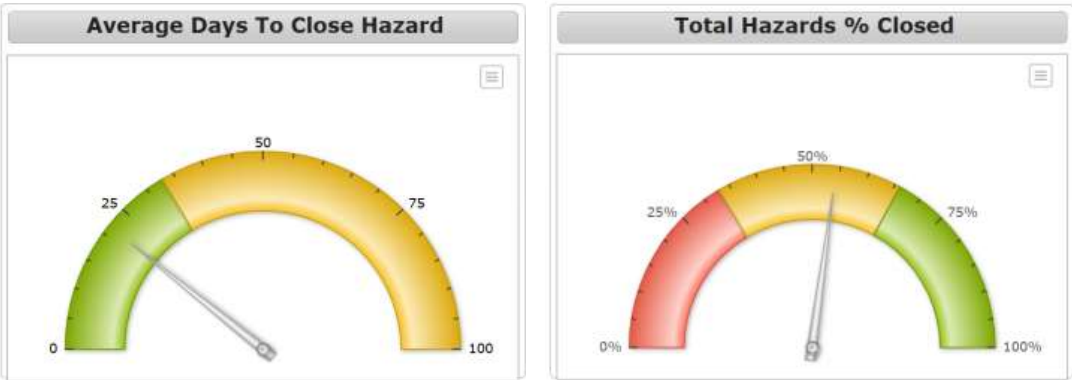
This represents an **increase** in closure rate of previous period being 54.29%.

The average days taken to assess and close a hazard in the months of January –March 2025 period is 18.78 days. This is an **improvement** from the previous reporting period which was 21.47 days.

## Hazard Trending

This table assists with identifying hazard management trends

- Total Outstanding Hazards has decreased
- % of Hazards closed has improved
- The organisation is improving in its average days to close out hazards.



Reporting Quarter	Number Hazards Outstanding	% of Hazards Closed Out	Average Days to Close Hazard
January 2025 – March 2025	26	69.23%	18.78 Days
October 2024 – December 2024	144	54.29%	21.47 Days
July 2024 – September 2024	138	16.13%	17.8 Days
April 2024 – June 2024	126	20.69%	24.33 Days

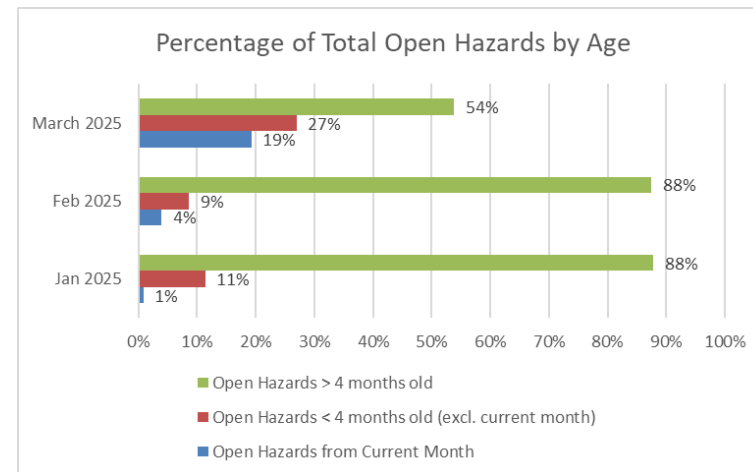
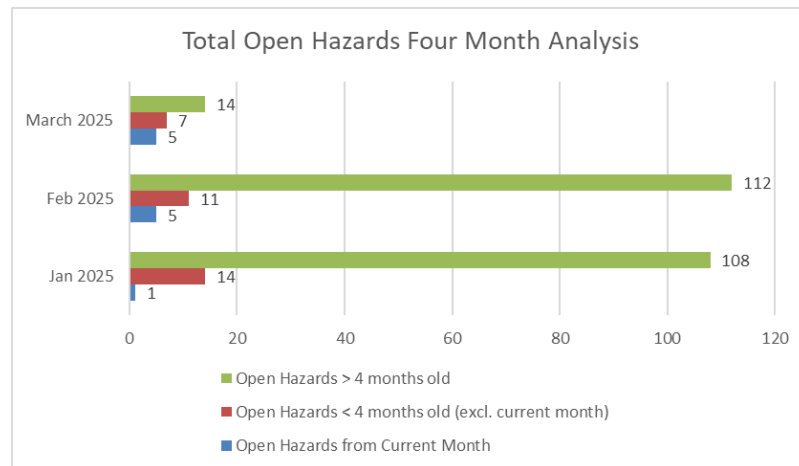
## Hazard Management



### Closure Rate by Four Month Analysis

- The total amount of open hazards that were greater than four (4) months age is **fourteen (14)**, which represents **fifty-four percent (54)** of the total open hazards.
- The total number of open hazards that are less than four (4) months old is **seven (7)** which represents **twenty seven percent (27)** percent of the total closed hazards
- The total number of hazards open within the current month is **five (5)** which represents **nineteen percent (19)** of the total hazards closed.

The trend is indicating a decrease on the four-month analysis for the total number of hazards open greater than four (4) months. This has decreased the number currently **twenty-six (26)** compared to **one hundred and forty-four(144)** at the end of the last reporting period.



## Incident and Investigation Management



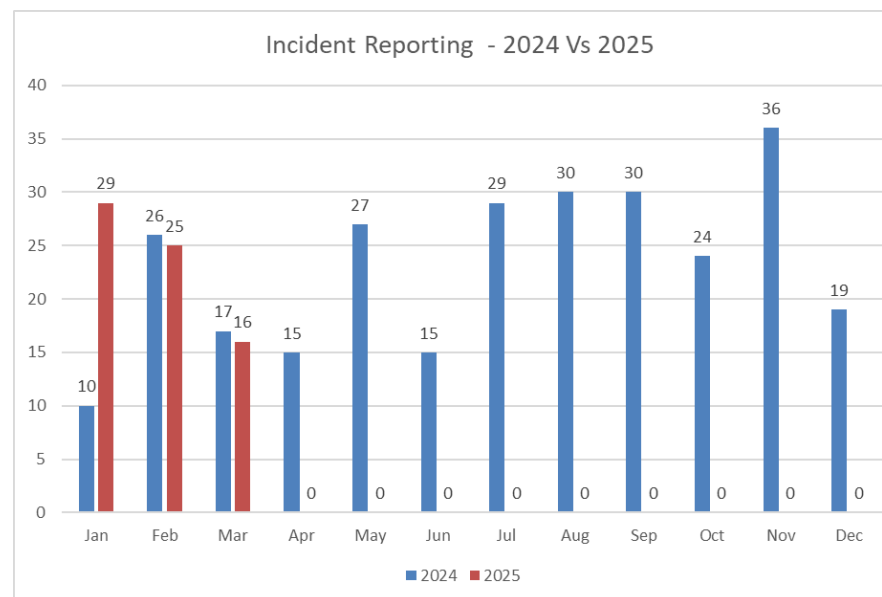
### Incident Reporting

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 seventy (70) incidents reported during the January – March 2025 period.
- This compares to fifty-three (53) incidents for the same period in the year 2024.

This indicates an increase in the number of incidents being reported.

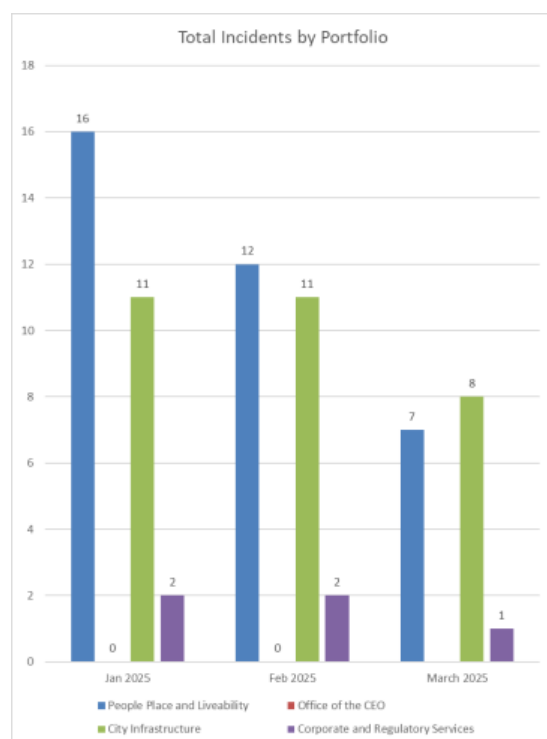


## Incident and Investigation Management



### Incidents By Portfolio

This graph demonstrates the incidents by portfolio for the reporting period January – March 2025.



### Incidents By Type

The below table demonstrates the type of incident for the reporting period.

Near Miss – Upon investigation three (3) of these incidents were deemed to be a **‘true near miss’** the other reports should have been reported as behavioural, report only and property damage.

Recommend additional training.

Incident Type	Jan 2025	Feb 2025	March 2025
Near Miss	2	4	3
Notifiable	0	0	0
Injury Employee or Volunteer	1	0	1
Injury Member of Public	2	1	1
Communication	0	1	0
Property Damage	6	8	6
Environmental Impact	0	0	0
Other (inc Behavioural)	16	10	3
Report only	0	0	0
Security	2	1	1
Hazard Raised from Incident	0	0	1

## Investigation Management

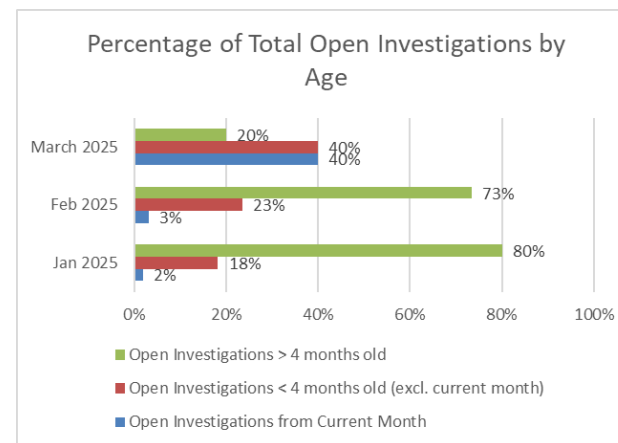
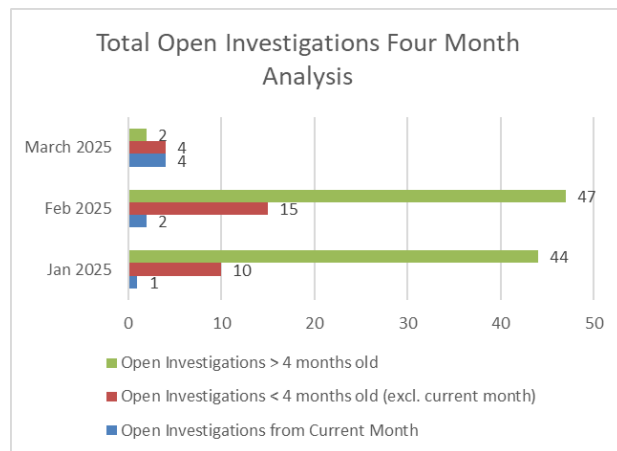


### Closure Rate by Four Month Analysis

- The total amount of open investigations that are greater than four (4) months age is **two (2)** which represents **twenty percent (20)** of the total open investigations.
- The total number of open investigations that are less than four (4) months old is **four (4)** which represents **forty percent (40)** of the total open investigations.
- The total number of open investigations for the current month is **four (4)** which represents **forty percent (40)** 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 consistent with previous reports.

The four-month analysis indicates the total number of investigations open greater than four (4) months has and is currently **two (2)** compared to **sixty-five (65)** at the end of the previous reporting period.



## Investigation Management



### Open and Overdue Investigations by Department

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.

### Top Ten Oldest Open Investigations by Department

Business Unit	ID	Incident Date	Location/Project
People, Place and Liveabi	1241	13/06/2024	The Riddoch Art Gallery
City of Mount Gambier	1353	9/10/2024	Other
People, Place and Liveabi	1409	5/12/2024	The Riddoch Art Gallery
People, Place and Liveabi	1426	3/01/2025	Riddoch Arts and Cultural Centre
People, Place and Liveabi	1436	14/01/2025	Riddoch Arts and Cultural Centre
City Infrastructure	1451	30/01/2025	Valley Lakes
People, Place and Liveabi	1478	5/03/2025	Riddoch Arts and Cultural Centre
City Infrastructure	1483	12/03/2025	Depot
City Infrastructure	1492	27/03/2025	Other
People, Place and Liveabi	1493	30/03/2025	Umpherston Sinkhole

## Corrective Action Management



Business Unit	ID	Added Date	Action Type	Details	Due Date	Completed Date	Status	Source	Source ID	Responsible Person Department
City Infrastructure	736617	23/01/2025	Corrective	11/10/25 Carinya Chapel Defib Pads Expire	22/07/2025		New	Inspected Item	33722	Stores/ Workshop
City Infrastructure	729565	5/12/2024	Corrective	Please arrange repairs to the Storage shelf unit in the Public Library cleaners room.	12/12/2024		Not Complete (Overdue)	Safety Hazard Report	576	Building and Asset Maintenance
City Infrastructure	723936	11/11/2024	Corrective	There is no permanent fire extinguisher in the Store behind the lunchroom.. Chainsaw storage area.	11/12/2024		Not Complete (Overdue)	Inspected Item	33502	Building and Asset Maintenance
City Infrastructure	723984	11/11/2024	Corrective	Old wood chip shed, a 20 liter paint tin has been knocked over and spilled on the ground, also other miscellaneous containers from Wulunda	11/12/2024		Not Complete (Overdue)	Inspected Item	33502	Building and Asset Maintenance
City Infrastructure	723989	11/11/2024	Corrective	There is no fire extinguisher or hose reel on the Eastern end of the Main Plant shed (Garbage truck parking area). The existing hose reel will	11/12/2024		Not Complete (Overdue)	Inspected Item	33502	Building and Asset Maintenance
City of Mount Gambier	722101	1/11/2024	Corrective	6.B Identify options for early intervention strategies for MSDs and present them to the Executive for their consideration and direction.	31/12/2026		New	Other - Hazard Manual Task Procedure		Organisational Development
City of Mount Gambier	721996	1/11/2024	Corrective	3.A Identify all the training required for workers undertaking hazardous manual tasks as set out in 5.2 of the HMT procedure	31/07/2025		New	Other - Hazard Manual Task Procedure		Organisational Development
City of Mount Gambier	722000	1/11/2024	Corrective	3.A Document all of the identified training on the TNA in Skytrust (data entry into Skytrust) as per the developed guideline	31/08/2025		New	Other - Hazard Manual Task Procedure		Organisational Development
City of Mount Gambier	721922	1/11/2024	Corrective	1.A, 2.B, 2.C Review and update the Hazardous Manual Tasks Procedure	30/06/2025		New	Other - Hazard Manual Task Procedure		Organisational Development
City of Mount Gambier	721981	1/11/2024	Corrective	- ensure that it reflects the correct job titles for 2.B, 5.B Review task risk assessments as per the developed risk assessment schedules to ensure:	30/11/2026		New	Other - Hazard Manual Task Procedure		Organisational Development
City of Mount Gambier	721987	1/11/2024	Corrective	2.C Develop training in the requirements of the HMT Procedure for managers/coordinators/people leaders that	31/10/2025		New	Other - Hazard Manual Task Procedure		Organisational Development
City of Mount Gambier	722100	1/11/2024	Corrective	5.D Report on the completion of the Worksite Safety Inspections to the HSC and Executive	31/12/2024		Not Complete (Overdue)	Other - Hazard Manual Task Procedure		Organisational Development

## Corrective Action Management



City of Mount Gambier	721988	1/11/2024	Corrective	2.D Determine the viability of the Infrastructure WHS Sub-committee	31/12/2024		Not Complete (Overdue)	Other - Hazard Manual Task Procedure		Organisational Development
City of Mount Gambier	721982	1/11/2024	Corrective	2.B Review and update the WHS Officer Job Description to include the monitoring of the risk register	30/11/2024		Not Complete (Overdue)	Other - Hazard Manual Task Procedure		Organisational Development
City of Mount Gambier	721974	1/11/2024	Corrective	2.B Develop training in how to effectively complete a Risk Assessment in Skytrust, that includes:	31/01/2025		Not Complete (Overdue)	Other - Hazard Manual Task Procedure		Organisational Development
City of Mount Gambier	721978	1/11/2024	Corrective	2.B Develop and implement a prioritised risk assessment review schedule for tasks performed by inside staff	31/01/2025		Not Complete (Overdue)	Other - Hazard Manual Task Procedure		Organisational Development
City of Mount Gambier	722004	1/11/2024	Corrective	5.B Review, and tailor to Council's needs, the ELMO Personal Protective Equipment course	31/03/2025		Not Complete (Overdue)	Other - Hazard Manual Task Procedure		Organisational Development
City of Mount Gambier	722102	1/11/2024	Corrective	7.B Review and update the WHS Internal Audit Procedure	31/12/2024		Not Complete (Overdue)	Other - Hazard Manual Task Procedure		Organisational Development
City of Mount Gambier	721993	1/11/2024	Corrective	7.B Complete an implementation checklist for 3.A Develop a guideline for entering training courses in the TNA in Skytrust	28/02/2025		Not Complete (Overdue)	Other - Hazard Manual Task Procedure		Organisational Development
City of Mount Gambier	721994	1/11/2024	Corrective	3.A Review and update all the existing training courses in the TNA to ensure the courses are entered as per the developed guideline	31/03/2025		Not Complete (Overdue)	Other - Hazard Manual Task Procedure		Organisational Development
City of Mount Gambier	721989	1/11/2024	Corrective	2.D Review and update the Infrastructure WHS Sub-committee terms of reference to ensure that all members of the infrastructure	31/10/2024	5/11/2024	Person Responsible Complete	Other - Hazard Manual Task Procedure		Stores/ Workshop
City of Mount Gambier	722099	1/11/2024	Corrective	5.D Develop a Worksite Safety inspection and schedule in Skytrust to check that controls selected in the TRA are in place and effective	31/10/2024	5/11/2024	Person Responsible Complete	Other - Hazard Manual Task Procedure		Stores/ Workshop
City Infrastructure	721352	30/10/2024	Corrective	Caroline Landfill. Procedures in work hut are out of date and need updating.	1/01/2025		Not Complete (Overdue)	Inspected Item	116107	Waste Management
City Infrastructure	721358	30/10/2024	Corrective	Replace and reinstall damaged sign at entrance to landfill.	2/01/2025		Not Complete (Overdue)	Inspected Item	116107	Waste Management
City of Mount Gambier	719793	22/10/2024	Corrective	Coordination over four sites (Kiddoch, City Hall, Institute and Old Town Hall) could be improved with a better communication tool (i.e. walkie	30/11/2024		Not Complete (Overdue)	Inspection Completion	99429	RACC

## Corrective Action Management



City of Mount Gambier	719792	22/10/2024	Corrective	FOH staff acted as floor wardens and followed instructions well. Designated floor wardens were not rostered and some trained staff were Consultation and Training of SWP and TRA for the operator and the wider working group Fork Lift	30/11/2024	2/12/2024	Person Responsible Complete	Inspection Completion	99429	Visitor Services Team
City Infrastructure	713341	16/09/2024	Corrective	L.A, Z.B, Z.C Review and update the Hazardous Manual Tasks Procedure	29/11/2024		Not Complete (Overdue)	Investigation	1325	Waste Transfer Station/ ReUse Market
Corporate and Regulatory Services	703602	7/08/2024	Corrective	ensure that it reflects the correct job titles for Signage purchased for facility and stored in landfill office needs to be installed. (Asbestos, Speed and Evacuation signs)	30/09/2024		Not Complete (Overdue)	Other - 2024 HMT PV		Organisational Development
City Infrastructure	696412	17/07/2024	Corrective	ACA, -AC Confined Space Procedure	15/10/2024		Not Complete (Overdue)	Inspected Item	33713	Waste Management
City of Mount Gambier	600294	13/10/2023	Corrective	Committee endorsed procedure, update responsible person to reflect- Manager	27/10/2023		Not Complete (Overdue)	Other - WHS - Committee Meeting -		Organisational Development
City Infrastructure	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	21/01/2025		Not Complete (Overdue)	Other - WHS - Committee		Building and Asset Maintenance
City of Mount Gambier	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	10/07/2023		Not Complete (Overdue)	Other - EPC Committee		Organisational Development
City of Mount Gambier	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		Not Complete (Overdue)	Other - EPC Committee		Customer Service Team - Civic Centre

## Preventative Action Management



Business Unit	ID	Added Date	Action Type	Details	Due Date	Completed Date	Status	Source	Source ID	Responsible Person Department
City of Mount Gambier	747192	18/03/2025	Preventative	LG Safe - Standards - Please present to ELI and WHS Committee to be recognised as the minimum standards to adhere to (statement to	16/06/2025		New	Evaluated Item	529250	Organisational Development
City Infrastructure	746407	14/03/2025	Preventative	Investigate acquiring quick response spill kits to install on all waste management fleet.	13/04/2025		New	Investigation	1475	Waste Management
City Infrastructure	737513	29/01/2025	Preventative	Hi Tim. Can you investigate getting a side jet spray for the RTV spray unit. This will help with getting to close to edges when spraying tracks.	29/04/2025		New/In Process	Investigation	1449	Parks and Gardens
People, Place and Liveability	737235	28/01/2025	Preventative	Clean walkway of overgrown greenery so in an emergency it can be used	11/02/2025		Not Complete (Overdue)	Inspected Item	32052	Strategic Development & Visitor Economy
People, Place and Liveability	737236	28/01/2025	Preventative	Clean walkway of overgrown greenery so in an emergency it can be used	11/02/2025		Not Complete (Overdue)	Inspected Item	32052	Strategic Development & Visitor Economy
People, Place and Liveability	737237	28/01/2025	Preventative	Clean walkway of overgrown greenery so in an emergency it can be used	11/02/2025		Not Complete (Overdue)	Inspected Item	32052	Strategic Development & Visitor Economy
People, Place and Liveability	737239	28/01/2025	Preventative	Clean walkway of overgrown greenery so in an emergency it can be used	11/02/2025		Not Complete (Overdue)	Inspected Item	32052	Strategic Development & Visitor Economy
City Infrastructure	736615	23/01/2025	Preventative	Entrance door to Carinya Gardens Office has a trip hazard/step for elderly and mobility aids, also the handle is of poor design and catches	23/04/2025		New	Inspected Item	33722	Building and Asset Maintenance
City Infrastructure	735805	20/01/2025	Preventative	Code of conduct review, Customer Service Charter review, with volunteers.	3/07/2025		New	Investigation	1440	Waste Transfer Station/ ReUse Market
City Infrastructure	735341	16/01/2025	Preventative	Murray has highlighted an area under the second landing at Umpherston Sinkhole (refer to photo) that appears to be eroding away and Public Library.	15/07/2025		New	Safety Hazard Report	587	Engineering
City Infrastructure	731393	16/12/2024	Preventative	Cleaning staff are using the staff kitchen sink to decant (small buckets) of boiling water to use in	15/01/2025		Not Complete (Overdue)	Safety Hazard Report	580	Building and Asset Maintenance
People, Place and Liveability	729847	7/12/2024	Preventative	Items need to be tested and tagged when possible	6/01/2025		Not Complete (Overdue)	Inspected Item	517811	Building and Asset Maintenance

016

## Preventative Action Management



People, Place and Liveability	729848	7/12/2024	Preventative	Two extinguishers need to be tested	21/12/2024		Not Complete (Overdue)	Inspected Item	517811	Building and Asset Maintenance
City of Mount Gambier	721971	1/11/2024	Preventative	1.A, 7.A Update the IM & WHS Quarterly Report template to include: - monitoring of the implementation of	31/12/2024		Not Complete (Overdue)	Other - Hazard Manual Task Procedure		Organisational Development
City Infrastructure	719139	18/10/2024	Preventative	Purchase New Battery and Pads for Depot Defib.	20/05/2025		New	Inspected Item	513175	Stores/ Workshop
City Infrastructure	710117	29/08/2024	Preventative	RFQ Harness Points and Ladder Points for Building and Shed located at Reuse Market and Waste Transfer Station	28/10/2024	24/03/2025	Person Responsible Complete	Safety Hazard Report	538	Building and Asset Maintenance
City Infrastructure	709283	26/08/2024	Preventative	Possible cross cutting surface to enable traction under foot or installation of grip tap if deemed necessary. Guard rail if deemed necessary. (Rail	22/02/2025		Not Complete (Overdue)	Investigation	1302	Building and Asset Maintenance
City Infrastructure	709383	26/08/2024	Preventative	Procedure needs to be written in consultation with team members using the forklift Refuse Collection - Operator Picking up Bins,	29/11/2024		Not Complete (Overdue)	Investigation	1286	Waste Transfer Station/ ReUse Market
City Infrastructure	657555	6/03/2024	Preventative	The Bin attached to the arm of the truck hit a pedestrian putting the bin down.	30/04/2024		Not Complete (Overdue)	Investigation	1149	Waste Management
City Infrastructure	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, wetlands walkway not structural. This is not	2/04/2024		Not Complete (Overdue)	Safety Hazard Report	332	Waste Management
People, Place and Liveability	582563	18/08/2023	Preventative	accessed by staff or visitors, although it is an emergency exit so should be compliant.	1/09/2023		Not Complete (Overdue)	Inspected Item	32052	Visitor Services Team
City of Mount Gambier	573769	25/07/2023	Preventative	Investigate contact officer available training and associated costs	23/09/2023		Not Complete (Overdue)	Other - WHS - Committee		Organisational Development
City Infrastructure	534032	24/03/2023	Preventative	Please investigate structural integrity of fence bordering Umpherton Sinkhole	31/07/2025		Not Complete (Overdue)	Safety Hazard Report	75	Construction & Maintenance

## 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.

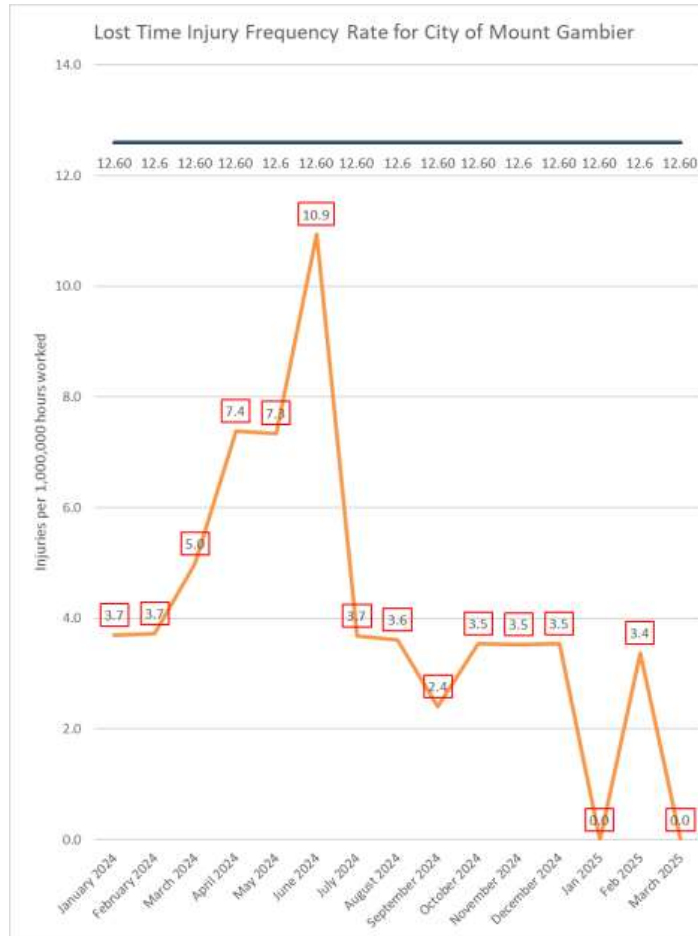
[LTIFR](#) calculations measure the number of lost-time injuries per million hours worked during an accounting period. It is a figure that can be benchmarked with others in the industry.

- 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 – March 2025 the City of Mount Gambier lost time injury rates has significantly decreased. This is directly attributed to the closure of work cover claims injuries and illnesses.

**NOTE – This information includes lost time hours for claims that are yet to be determined by Workcover.**



## Workplace Emergency and Evacuation Program



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
Englebrecht Cave site	Develop Workplace Emergency Management Plan (WEEM) including assessment against incidents against code AS1851:2012. For Cave itself	Internal Staff (WHS Team, Building Maintenance & Site staff)	<b>UNDERWAY</b>
Umpherston Sinkhole	Develop Workplace Emergency Management Plan (WEEM) including assessment against incidents against code AS1851:2012. For Sinkhole	Internal Staff (WHS Team, Building Maintenance & Site staff)	<b>UNDERWAY</b>

## Work Site Inspections



Following recommendations and actions identified within the Work Health and Safety Plan; the organisation is now choosing to report on its Work Site Inspection register.

Site inspections assist in identifying potential hazards and opportunities for site improvements before incident occurs.

- There are currently two overdue site inspections on the register.
- There is one NEW site without a schedule set.

Business Unit	Inspection Type	Exact Location	Description	Frequency	Scheduled	Last Schedule	Last Complete	Current Y/M
City of Mount Gambier	Site Inspection	Umpherston Sinkhole	Workplace Inspection	Six Monthly	5/06/2025	30/11/2024	7/12/2024	Yes
City of Mount Gambier	Site Inspection	Engelbrecht Cave	Workplace Inspection	Six Monthly	20/11/2024	Not Set		Yes
People, Place and Liveability	Site Inspection	Welcome Centre	Workplace Inspection	Six Monthly	27/07/2025	23/12/2024	28/01/2025	Yes
City Infrastructure	Site Inspection	ReUse Market	Workplace Inspection	Quarterly	20/04/2025	14/01/2025	20/01/2025	Yes
City Infrastructure	Site Inspection	Workshop	Workplace Inspection	Quarterly	5/08/2024	1/02/2024	7/05/2024	Yes
People, Place and Liveability	Site Inspection	Depot	Workplace Inspection	Six Monthly	13/08/2025	14/02/2025	13/02/2025	Yes
City Infrastructure	Site Inspection	Caroline Landfill	Workplace Inspection	Quarterly	15/10/2024	11/06/2024	17/07/2024	Yes
People, Place and Liveability	Site Inspection	Library	Workplace Inspection	Six Monthly	24/09/2025	17/02/2025	28/03/2025	Yes
People, Place and Liveability	Site Inspection	Main Corner, Riddoch Art Gallery & City Hall	Workplace Inspection	Six Monthly	28/04/2025	29/10/2024	30/10/2024	Yes
People, Place and Liveability	Site Inspection	Mount Gambier Visitor Centre and Discovery Area	Workplace Inspection	Six Monthly	27/07/2025	4/01/2025	28/01/2025	Yes

## Updates from Industry Regulators & Partnerships



Partnership	Advice	Actions	Progress
<b>LG Safe</b>	Expression of Interest for LG Safe Roll Out Workshops	<ul style="list-style-type: none"> <li>Request Assistance and Workshop Delivery</li> </ul>	LGRS Consultant attended site March 2025 and provided training to P&C Team <b>COMPLETE</b>
<b>LGRS</b>	External Defibrillators Implementation	<ul style="list-style-type: none"> <li>Establish work group to identify sites that have requirements and liaise with stakeholders</li> <li>Identify funding opportunities</li> </ul>	Workgroup includes, Strategic Recreation Coordinator, Manager Governance & Property, Governance and Property Support Officer <b>IN PROGRESS</b>
<b>LGRS</b>	Regional Risk Coordinator Update	<ul style="list-style-type: none"> <li>Include within quarterly WHS and Wellbeing report, Management team Update, WHS Committee</li> </ul>	Report received to ELT, to be forwarded onto other groups as listed. <b>IN PROGRESS</b>

## Implementation of WHS Procedures Schedule (under development)



This section will provide and planned schedule for implementation of WHS Procedures including LG Safe and required implementation checklist. .

## 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.
- Hazardous Procedures Observation Corrective Actions Local Government Risk Services – People and Culture Team allocated responsibilities and timeframes CAPA actions have been created to monitor completion.
- Development of Planned Program Review (PPR) in conjunction with Local Government Risk services – People and Culture Team have allocated timeframes and recommendations for a five (5) year strategic plan.
- Development of Internal Audit Program for Work Health Safety Management Systems.
- LGRS approved 12 monthly WHS and IM Action, actions due for completion by 30 September 2025.

## 5.9 AUDIT AND RISK COMMITTEE MEETING REPORT

Author: Kahli Rolton, Manager Financial Services  
Authoriser: Jane Fetherstonhaugh, General Manager Corporate and Regulatory Services

### RECOMMENDATION

1. That Audit and Risk Committee report titled 'Audit and Risk Committee Meeting Report' as presented on Wednesday 4 June 2025 be noted.
2. That the Audit and Risk Committee be provided with a summary of the outcomes of this meeting within 5 business days and will provide feedback prior to inclusion in the Council Meeting Agenda for 17 June 2025.

### PURPOSE

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.

### TERMS OF REFERENCE

N/A

### RELEVANT 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;

### BACKGROUND / OPTIONS

#### **Period Preceding the June Meeting:**

1. **Workshop 4 June 2025** – A workshop for Audit and Risk Committee Members and Council Elected Members is scheduled to be held immediately prior to the meeting. This workshop will include presentations from consultants about two topics:
  - **Internal Audit, procurement and contract management** – UHY will present their findings and recommendations from 2 internal audits completed in relation to procurement and contract management. A separate report has been tabled containing the full details of this report at the June Meeting.
  - **External Audit, Interim Management Letter** – Dean Newbery will present their findings from completion of the interim audit. A separate report has been tabled containing the full details of this report at the June Meeting.
2. **Email to Presiding Member 3 April 2025** – Draft 2025 External Audit Plan – Forward Dean Newbery proposed audit procedures and key audit matters for the external audit of the City of Mount Gambier for the financial year ending 30 June 2025 for the purposes of completing the interim audit.
3. **Email to Committee 7 April 2025** - Summary Report to Council – The Committee reviewed the draft report prepared for Council, summarising the work of the Committee preceding the meeting and the outcomes of the meeting.

Feedback was received from two members and changes incorporated and confirmed from the Audit and Risk Committee Presiding Member prior to the report being presented to Council.

4. **Email to Committee 30 April 2025** – No Special Meeting for May 2025 - A special meeting was proposed for 7 May 2025 to review the Annual Business Plan and Budget. Due to the documentation not being ready at this time, the meeting was not required.
5. **Email to Committee 1 May 2025** – Work Health Safety and Wellbeing Report January to March 2025 for noting.
6. **Email to Committee 23 May 2025** – Memorandum sent to Committee Members advising them of recent Council decision to increase independent member sitting fees.
7. **Email to Committee 27 May 2025** – Draft copy of Annual Business Plan and Budget 2025/2026 and Draft Long Term Financial Plan 2026-2035 to be reviewed prior to Audit and Risk Meeting 4 June 2025.
8. **Council Member Briefing** – Meeting held as required between the Council Member Audit and Risk Committee representative and General Manager Corporate and Regulatory Services, Manager Financial Services to provide a briefing on the reports included in the agenda prior to the meeting.
9. **Presiding Member Pre-Meeting** - Meeting held as required between the Manager Financial Services and the Presiding Member to discuss the agenda prior to the meeting.

**Outcomes of the Meeting:**

The outcomes of this meeting will be summarised in a report direct to Council.

**CONCLUSION**

The recommendation to Council is that they note the report as presented (in conjunction with the minutes of the meeting).

**ATTACHMENTS**

Nil

**6 URGENT MOTIONS WITHOUT NOTICE**

**7 CONFIDENTIAL ITEMS**

Nil

**8 MEETING CLOSE**

**9 ATTACHMENT - PREVIOUS COMMITTEE MINUTES**



# MINUTES

## Audit and Risk Committee Wednesday 2 April 2025



**Minutes of City of Mount Gambier Audit and Risk Committee held at:**

**Time:** 5:30 pm  
**Date:** Wednesday 2 April 2025  
**Location:** Council Chamber - Civic Centre  
10 Watson Terrace, Mount Gambier

**PRESENT:** Mayor Lynette Martin (OAM)  
Mr Paul Duka (Presiding Member)  
Cr Paul Jenner  
Mr Alexander Brown (virtual)  
Ms Belinda Johnson

<b>OFFICERS IN ATTENDANCE:</b>	Chief Executive Officer	- Mrs S Philpott
	General Manager City Infrastructure	- Ms B Cernovskis
	General Manager Corporate and Regulatory Services	- Mrs J Fetherstonhaugh (virtual)
	Manager Financial Services	- Ms K Rolton
	Financial Accounting Coordinator	- Ms K Harradine
	Manager Engineering Design and Assets	- Mr A Mahmud
	Executive Administrator	- Mrs S Spears
	Executive Administrator	- Miss T Chant

**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 APOLOGIES**

Nil

**3 CONFIRMATION OF MINUTES**

**3.1 CONFIRMATION OF MINUTES**

**COMMITTEE RESOLUTION ARC 2025/8**

Moved: Mayor Lynette Martin  
Seconded: Cr Paul Jenner

That the minutes of the Audit and Risk Committee Meeting held on 5 February 2025 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 ARC 2025/9

Moved: Cr Paul Jenner  
Seconded: Belinda Johnson

1. That the Audit and Risk Committee report titled 'Lease and Licence Update' as presented on Wednesday 2 April 2025 be noted.

**CARRIED**

### 5.2 POLICY UPDATE

#### COMMITTEE RESOLUTION ARC 2025/10

Moved: Mayor Lynette Martin  
Seconded: Alexander Brown

1. That the Audit and Risk Committee report titled 'Policy Update' as presented on Wednesday 2 April 2025 be noted.

**CARRIED**

### 5.3 QUARTERLY INTERNAL AUDIT UPDATE

#### COMMITTEE RESOLUTION ARC 2025/11

Moved: Belinda Johnson  
Seconded: Mayor Lynette Martin

1. That Audit and Risk Committee report titled 'Quarterly Internal Audit Update' as presented on Wednesday 2 April 2025 be noted.
2. That it be noted that progress achieved on the actions resulting from the internal audits already completed will continue to be reviewed and reported in future quarterly updates.

3. That progress has advanced with three internal audit projects being provided by external consultants including: Procurement, Contract Management and the Rating Review with reports to be presented to Audit and Risk Committee at the June 2025 meeting.
4. That a workshop be held prior to consideration of the next annual internal audit plan update to ensure that amendments to the Plan incorporate a risk based approach following internal financial control review, service review, ESCOSA Local Government Advice and internal audits already completed.

**CARRIED**

#### **5.4 INTERNAL FINANCIAL CONTROLS 2024-2025 SELF ASSESSMENT AND UPDATE FROM PREVIOUS SELF ASSESSMENT**

##### **COMMITTEE RESOLUTION ARC 2025/12**

Moved: Paul Duka

Seconded: Belinda Johnson

1. That the Audit and Risk Committee report titled 'Internal Financial Controls 2024-2025 self assessment and update from previous self assessment' as presented on Wednesday 2 April 2025 be noted.
2. That the Audit and Risk Committee note the results of the 2024/2025 internal control self assessment and that progress towards identified improvement action plans will be reported annually to the Audit and Risk Committee.
3. That the Audit and Risk Committee note that the Internal Financial Controls Procedure document is currently under review and will be presented to Audit and Risk Committee at a future date.

**CARRIED**

#### **5.5 ASSET ACCOUNTING POLICY**

##### **COMMITTEE RESOLUTION ARC 2025/13**

Moved: Paul Duka

Seconded: Alexander Brown

1. That the Audit and Risk Committee report titled 'Asset Accounting Policy' as presented on Wednesday 2 April 2025 be noted.

2. That the amended Asset Accounting Policy, having been reviewed by the Audit and Risk Committee on 2 April 2025 be recommended to Council for adoption, with the exception of the application of indexation which should be retained at CPI annually.
3. That the Chief Executive Officer or Delegate be authorised to make any necessary changes to the policy 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.

**CARRIED**

#### **5.6 ESCOSA LOCAL GOVERNMENT ADVICE FEBRUARY 2025**

The Presiding Member sought the approval of at least two-thirds of the members present at the meeting to suspend meeting procedures:

Purpose of the Suspension: To discuss item 5.6

Carried by more than two-thirds of the members present at the meeting.

Meeting Procedures were suspended at 6:49pm.

The Presiding Member determined that the period of suspension should be brought to an end;

Carried by more than two-thirds of the members present at the meeting.

The Period of Suspension came to an end and Meeting Procedures resumed at 7:31 pm.

#### **COMMITTEE RESOLUTION {resolution-number}**

Moved: Mayor Lynette Martin

Seconded: Cr Paul Jenner

1. That the Audit and Risk Committee report titled 'ESCOSA Local Government Advice February 2025' as presented on Wednesday 2 April 2025 be noted.
2. That having reviewed the ESCOSA Local Government Advice for the City of Mount Gambier dated February 2025, the Audit and Risk Committee tables the following commentary and recommendations for Council consideration:
  - (a) The Committee acknowledges ESCOSA's assessment that the City of Mount Gambier's financial performance is mostly sustainable and recognises the importance of addressing key risks impacting sustainability, and the commendations from ESCOSA for Councils well developed strategic planning processes and commitment to community consultation.
  - (b) The Committee supports the need for greater transparency in capital expenditure forecasting and recommends that material changes to forecasts be clearly disclosed in the Annual Business Plan, Long-Term Financial Plan, and Asset Management Plans (with a definition of material to also be included).

- (c) That the Committee notes the planned approach to identifying cost savings through upcoming service reviews and workforce planning initiatives and requests a report to the Audit and Risk Committee regarding the framework and approach.
  - (d) That the Committee recommends Council continue discussions with the Local Government Financing Authority (LGFA) to explore opportunities to optimise debt repayment strategies while balancing financial costs, rate increases, and intergenerational equity, as well as creating financial capacity for the future, in alignment with Council's Treasury Management Policy. Consideration should also be given to any break costs associated with early loan repayments.
  - (e) The Committee acknowledges that the Asset Unlocking Project will include a comprehensive review of depreciation assumptions, methodologies and asset valuations to ensure sufficient funding for asset renewal and replacement.
  - (f) The Committee acknowledges the financial implications of new asset development and recommends that Council carefully assess project prioritisation, with lifecycle costing analysis before committing to major new capital projects, ensuring funding for future maintenance and renewal is considered. This will align with community expectations around growth of the city, long-term financial sustainability, rate affordability, and future maintenance obligations, noting that some new assets may be in self-funded service areas such as waste.
  - (g) The Committee acknowledges the importance of the ongoing Rating Review in addressing rate affordability concerns. Additionally, the Committee recommends that Council continue to refine and monitor financial sustainability ratios as part of its budget review processes to ensure alignment with ESCOSA's advice and best practices in financial management.
3. That the audit and risk committee acknowledge the proactive work the of the organisation in progressing financial sustainability.

**CARRIED**

#### **5.7 EXTERNAL AUDIT MATTERS 2023/2024 UPDATE**

##### **COMMITTEE RESOLUTION ARC 2025/14**

Moved: Belinda Johnson

Seconded: Mayor Lynette Martin

1. That the Audit and Risk Committee report titled 'External Audit Matters 2023/2024 Update' as presented on Wednesday 2 April 2025 be noted.

**CARRIED**

## **5.8 AUDIT AND RISK COMMITTEE MEETING REPORT**

### **COMMITTEE RESOLUTION ARC 2025/15**

Moved: Paul Duka

Seconded: Belinda Johnson

1. That Audit and Risk Committee report titled 'Audit and Risk Committee Meeting Report' as presented on Wednesday 2 April 2025 be noted.
2. That the Audit and Risk Committee be provided with a summary of the outcomes of this meeting within 5 business days and will provide feedback prior to inclusion in the Council Meeting Agenda for 15 April 2025.

**CARRIED**

## **6 URGENT MOTIONS WITHOUT NOTICE**

Nil

## **7 CONFIDENTIAL ITEMS**

Nil

## **8 MEETING CLOSE**

The meeting closed at 7:43 pm.

The minutes of this meeting were confirmed at the Audit and Risk Committee Meeting held on 04 June 2025.

.....  
**PRESIDING MEMBER**