



CITY OF

## WHYALLA

*'Whyalla, Where the Outback Meets the Sea'*

### MEMBERSHIP

Mayor C McLaughlin  
Cr S Stuppos  
Mr P Klobucar

Cr B Simpson  
Mr A Rushbrook (Chair)

### NOTICE OF AUDIT COMMITTEE MEETING

#### TO YOUR WORSHIP THE MAYOR & MEMBERS OF COUNCIL

**NOTICE** is hereby given pursuant to Section 126 of the Local Government Act that the Audit Committee Meeting **will be held via Microsoft Teams** on Monday 9 May 2022 at 11.00 am.

The business of the meeting is:

- Quarter 3 Budget Review
- Treasury Management Policy Review
- Quarterly Procurement Report
- ESCOSA Consultation - **Confidential**

This meeting is being held electronically.

Please note, the Council Chamber will not be open for in-person attendance at this meeting.

The Audit Committee Meeting is open to the public [Click here to join the meeting](#)

When attending the meeting via Microsoft Teams, participants are agreeing to Microsoft's *Terms and Conditions* – follow this link [Microsoft Privacy Statement – Microsoft privacy](#) to view Microsoft's *Privacy Statement*.

A copy of the Agenda for the above meeting is supplied as required.

**JUSTIN COMMONS**  
**CHIEF EXECUTIVE OFFICER**

Dated: 5 May 2022

## AGENDA

### AUDIT COMMITTEE MEETING – MONDAY 9 MAY 2022

#### 1. ACKNOWLEDGEMENT

*"We acknowledge that this meeting is held on Barngarla Land and we give thanks for the use of this Land."*

#### 2. ATTENDANCE RECORD

Apologies – Nil

Leave of Absence – Nil

#### 3. DECLARATION OF MEMBERS' CONFLICT OF INTERESTS

#### 4. MINUTES OF PREVIOUS MEETING AND BUSINESS ARISING

- 4.1 *Confirmation of the Minutes of the previous Audit Committee Meeting held on Tuesday 8 February 2022.* Page 4

##### **Recommendation**

**That the Minutes of the previous Audit Committee Meeting held on Tuesday 8 February 2022, as per copies supplied to Members, be adopted as a true and correct record to that meeting.**

- 4.2 *Confirmation of the Minutes of the previous Special Audit Committee Meeting held on Monday 4 April 2022.* Page 9

##### **Recommendation**

**That the Minutes of the previous Special Audit Committee Meeting held on Monday 4 April 2022, as per copies supplied to Members, be adopted as a true and correct record to that meeting.**

- 4.3 *Business Arising* Page 12

#### 5. DEPUTATIONS / PRESENTATIONS – Nil

#### 6. REPORTS – COUNCIL OFFICERS

##### **6.1 Corporate Services– Ordinary Reports**

- |       |                                   |         |
|-------|-----------------------------------|---------|
| 6.1.1 | Quarter 3 Budget Review           | Page 21 |
| 6.1.2 | Treasury Management Policy Review | Page 34 |
| 6.1.3 | Quarterly Report - Procurement    | Page 42 |

**7. CONSIDERATION OF CONFIDENTIAL ITEMS**

**7.1 Corporate Services – Confidential Reports**

7.1.1 *Feedback on ESCOSA proposed Framework and Approach* *Page 49*

**8. CLOSE**

**9. DATE OF NEXT MEETING – Monday 18 July 2022**

**MINUTES OF THE AUDIT COMMITTEE MEETING**  
**HELD ON TUESDAY 8 FEBRUARY 2022 AT 11.02 AM VIA MICROSOFT TEAMS**

**PRESENT:** Mr A Rushbrook (*Chair*), Mayor C McLaughlin, Cr B Simpson, Cr S Stuppos, and Mr P Klobucar

**OFFICERS IN ATTENDANCE:** Chief Executive Officer (*Mr J Commons*)  
 Director Corporate Services (*Ms K Jarrett*)  
 Director Infrastructure (*Mr K Clark*)  
 Manager Finance (*Mr G Jennings*)  
 Finance Coordinator (*Mrs S Vigar*)  
 Manager Governance (*Mrs I Adair*)  
 Governance Coordinator (*Mrs J Barnes*)

**1. Acknowledgement**

**2. Attendance Record**

The Chair welcomed Cr Simpson as a new member of the committee.

Apologies – Nil

Leave of Absence – Nil

**3. Declaration of Members' Conflict of Interests – Nil**

**4. Minutes of Previous Meeting**

**4.1 Confirmation of the Minutes of the previous Audit Committee Meeting held on Monday 27 September 2021**

Moved Cr Stuppos, seconded Mayor McLaughlin

**AC325-2022**

That the Minutes of the previous Audit Committee Meeting held on Monday 27 September 2021, as per copies supplied to Members, be adopted as a true and correct record to that meeting.

**Carried**

**4.2 Business Arising**

Discussion

Discussion was held on various items of business arising with the following being noted:

- Staff appointments within the Governance department mean that work has commenced on bringing the risk profile and action plan up to date.
- The draft schedule of meetings includes an additional meeting scheduled for April.

- Cr Stuppos enquired as to the timing of item 6.1.3 – *Further report on the benefits or otherwise of the inclusion of green assets within the Asset Accounting Policy*. Manager Finance advised that this item is less material than first thought, with a report on this matter to be submitted to the May meeting.
- The Chair enquired about the closing of item 20 from the Governance Health Check - *Finalise draft documents in association with tree management*. Manager Finance clarified that the Tree Management Policy is compliant and that reference in the document to future proposed documents is not considered to be an issue.

**5. Deputations/Presentations – Nil**

**6. Reports – Council Officers**

**6.1 Corporate Services– Ordinary Reports**

**6.1.1 Budget Review 2020/21 Quarter 2**

Manager Finance provided a summary of the report. The main item impacting the operating result is similar to last year, with the income from Local Roads and Community Infrastructure moved from capital to operating in line with auditor's recommendations. More of these funds are expected but as we are unsure of the timing at this stage, this will be picked up in future reviews. Most capital projects are in progress but delivery for some will happen in 2022/23.

The following is a summary of matters noted during discussion on this item:

- 100% of the \$487,000 that's been reallocated to operating will go towards projects of a capital nature.
- The worsening of the operating result for the airport reflects the risk council will continue to experience with airport operations over the next few years.
- Savings from vacant positions was the same as the increase in labour hire costs, noting that very little labour savings were used for back up. There may be some minor adjustments in upcoming budget reviews.
- In the context of the airport operating deficit, Council have received requests from Qantas seeking the waiving or reduction of the passenger levy. Qantas have requested to present to a future council meeting. Outcomes of this consideration may affect the airport's future operating position.
- When the airport terminal was opened, Council only received conditional approval from the Metropolitan Fire Service (MFS) as additional works are required to the fire hydrant system due to inadequate water flows and pressure. The MFS requested automation of the pump system and automatic re-filling of the water tank, with this work being stage 1 and estimated at \$700,000. Subsequent design works based on risk and condition of infrastructure have also advised replacing the entire existing mains, with this being stage 2 and estimated at \$1 million. Stage 1 will be funded by savings from the road program and previous budget allocation. Council will submit a funding application to the Building Better Regions fund. If unsuccessful in receiving government funding, Council will be able to complete stage 1 of these works and refer stage 2 for consideration as part of the long-

term financial plan. If funding is received, stages 1 and 2 can be undertaken at the same time. Thus, there are no cash-flow impacts and any changes will be referred to budget review. These actions will manage risks and satisfy MFS requirements.

- A prudential report is not required for the fire hydrant upgrade at the airport given the total cost of the project is costed at \$1.7 million and the threshold to trigger a prudential report is over \$4 million.

Moved Cr Stuppos, seconded Cr Simpson

**AC326-2022**

The Audit Committee:

1. recommend the Budget Review 2021-22 Quarter 2, identifying an adjusted operating deficit of \$1,035,000 and an estimated cash position at end of reporting period of \$186,000, be submitted to Council for adoption; and
2. recommend that the 2021-22 Annual Business Plan and Budget and Long-Term Financial Plan be amended to reflect the variances.

**Carried**

**6.1.2**     *2022/23 Annual Business Plan & Budget Process & Parameters*

Manager Finance advised that a Council workshop has already been held regarding the underlying assumptions and parameters in this report and that Council adopted the budget timeline and parameters. The following matters were clarified as part of the discussion on this item:

- The rating of Whyalla properties based on capital value begins for the rating year 24/25.
- Council's budget discussions will take into consideration many factors including how costs have significantly increased in recent times, noting that the March CPI figures will likely reflect this.

Moved Mr Klobucar, seconded Mayor McLaughlin

**AC327-2022**

That the Audit Committee notes the process and parameters for the development of the 2022-23 Annual Business Plan and Budget, as endorsed by Council.

**Carried**

**6.1.3**     *Internal Financial Controls – Policy Review & Self-Assessment*

Manager Finance outlined that this internal self-assessment is in line with the process previously endorsed by the Audit Committee and provides additional assurance to the external auditor that Council's controls are sufficient.

The section in the assessment outlining the review period for each control will be amended to include the following words: 'subject to no significant change in the risk environment'

The Committee noted staff efforts and commented that it is good to see transparency in the process, resulting in a more effective process than in the past.

Moved Cr Stuppos, seconded Mayor McLaughlin

**AC328-2022**

The Audit Committee:

1. recommend the updated Internal Financial Control Policy, with minor suggested changes, to Council for adoption; and
2. notes the outcomes of the 2021 control self-assessment, including actions for improvement.

**Carried**

**6.1.4 Review of Finance Policies**

Manager Finance advised these policies are required as Council provides recycled water to community groups and on-charge the cost. Some minor wording changes are presented to one policy, while the other two are unchanged.

The Chair requested additional information to give an idea of the scale of these operations. Manager Finance advised that for recycled water income is approximately \$50k (5-6 sporting groups) Our expenses are \$450,000 per annum, which includes the entire recycled network, much of which is used by Council. Council also provides water to a small number of shacks, costing \$4,000 per annum, which is currently not on charged. The charges may need to be reviewed, but further information is required on the apportionment of cost between Council and sporting groups. Manager Finance will bring back further information to the Audit Committee.

It was noted the definition for 'sewerage' was included in the policy as it is part of the the template provided by ECSOSA.

It was further noted that this policy only relates to recycled water and that clubs using mains water are charged directly by SA Water and so are outside the scope of this policy.

Moved Cr Stuppos, seconded Cr Simpson

**AC329-2022**

The Audit Committee:

1. recommends the updated Retail Water – Pricing Policy to Council for adoption;
2. notes the review of the Financial Hardship Policy – Retail Water Customers resulted in no recommended changes; and
3. notes the review of the Water Connection and Billing Policy resulted in no recommended changes.

**Carried**

**6.1.5**     *Quarterly Report - Procurement*

It was noted that future reports would include commentary on how staff have determined that the price for goods procured outside the normal process is fair, to ensure that there has been consideration of value for money.

Moved Cr Stuppos, seconded Cr Simpson

**AC330-2022**

The Audit Committee receive and note the Procurement Quarterly report:

**Carried**

**6.1.6**     *Audit Committee Work Plan & Meeting Schedule*

Moved Mayor McLaughlin seconded Cr Stuppos

**AC331-2022**

The Audit Committee:

1. receive and note the Work Plan for 2022 as presented under Business Arising; and
2. meeting schedule for the remainder of 2022 be set as, Monday 4 April 2022, Monday 9 May 2022, Monday 18 July 2022 and Tuesday 4 October 2022.

**Carried**

**6.1.7**     *January Commencements for Local Government Reform*

Director Corporate provided a summary of the report. Council is keeping abreast of the changes in a stepped approach.

Moved Cr Stuppos, seconded Mayor McLaughlin

**AC332-2022**

The Audit Committee notes the report on implementation of Local Government Reform.

**Carried**

**7.**        **Consideration of Confidential Items – Nil**

**8.**        **Closure – 11.54am**

**9.**        **Date of Next Meeting – Monday 4 April 2022**



**MINUTES OF THE AUDIT COMMITTEE MEETING**  
**HELD ON MONDAY 4 APRIL 2022 AT 11.04 AM VIA MICROSOFT TEAMS**

**PRESENT:** Mr A Rushbrook (*Chair*), Cr B Simpson, Cr S Stuppos and Mr P Klobucar

**OFFICERS IN ATTENDANCE:** Chief Executive Officer (*Mr J Commons*)  
 Director Corporate Services (*Ms K Jarrett*)  
 Manager Finance (*Mr G Jennings*)  
 Finance Coordinator (*Mrs S Vigar*)  
 Manager Governance (*Mrs I Adair*)  
 Governance Coordinator (*Mrs J Barnes*)  
 Executive Coordinator Corporate (*Ms L Fisher*)

**1. Acknowledgement**

The Chair acknowledged that the meeting was being held on both Barngarla and Narungga land and gave thanks for the use of the land.

**2. Attendance Record**

Apologies – Mayor McLaughlin  
 Leave of Absence – Nil

**3. Declaration of Members’ Conflict of Interests – Nil**

**4.1 Corporate Services– Ordinary Reports**

**4.1.1 2022-23 Draft Annual Business Plan and Budget**

Manager Finance introduced the item highlighting:

- The expanded process that had been adopted in preparing the draft Annual Business Plan and Budget including the preparation of Business Unit Plans across the organisation focussed on new initiatives and aligned to Council’s Strategic Plan.
- Council’s new/upgrade capital program is largely fixed following decisions previously taken by Council such as the Northern Coastline project.

**11.08 am Councillor Simpson entered the meeting**

- The strain on Council resources due to the impact of Covid on the Airport operations.
- The proposed rate increase of 4.9% is within (and slightly lower than) the assumptions built into Council’s Long Term Financial Plan.
- The various budget pressures including higher operating costs with CPI estimated at 3.3%; supply side issues seeing capital prices being quoted at 20% higher than previous levels; and necessarily increasing capacity within the organisation to address legacy issues as well as leverage many emerging opportunities for the benefit of the City.

Discussion was held on the draft Annual Business Plan and Budget with the following being a summary of matters raised:

- In the context of confidence concerning whether the budget can be brought within the predicted CPI, it was noted that there is some ability to absorb a higher CPI due to inbuilt contingencies. However if this is insufficient, delaying or changing the scope of various projects and services may need to be considered.
- Increasing the organisation's capacity will unlock efficiencies as well as position Council to deliver services to other councils in the region. It will also position Council to ensure emerging opportunities are realised, noting that if opportunities such as hydrogen developments do not eventuate, the organisation can be realigned once more.

The organisational realignment undertaken over the last 12 months was discussed extensively with Council, staff and unions. The realignment ensures a strategic approach to addressing legacy issues as well as future opportunities, contributing to Whyalla becoming a regional capital of significance.

Whyalla is on the cusp of a once in a generation opportunity including hydrogen, with significant quantum of private investment in the area. The significance of this cannot be underestimated.

The Chair noted it was not within the Committee's ambit to comment on the reasonableness or otherwise of additional resources, however ensuring adequate funding over the term of the Long Term Financial Plan is important.

- Regarding the Airport, areas of concern included reduced passenger numbers and a slower than expected post Covid recovery; grant funding conditions placing limitations on what can be recovered via the passenger levy; and the need for continued upgrades at the Airport.

The Committee requested that further information be provided at a future Audit Committee meeting on appropriate targets / depreciation levels across Airport assets. Further discussion needs to be held regarding an adjustment to targets to account for those assets covered by the Federal funding, and which cannot be recovered via the passenger levy.

- The Chair expressed concern regarding the updated Long Term Financial Plan showing an unsustainable operating position with increasing borrowings over the life of Plan.
- In the context of funding across the term of the Long Term Financial Plan, it was noted that Council workshops were being held to discuss strategies being developed to improve sustainability, including assumptions for holding a level of vacant positions within the organisation, a detailed review of buildings with a view to rationalisation and ongoing efficiency savings.
- A Committee Member raised as to whether the proposed rate increase of 4.9% was sufficient to account for the estimated CPI and supply chain pressures. It was suggested that a further 0.5% may be needed.
- It was noted that a rate increase of 4.9% equated to \$1.00 per week for most ratepayers.

Moved Cr Stuppos, seconded Cr Simpson

**AC333-2022**

The Audit Committee:

1. provides the following comments to Council on the draft 2022-23 Annual Business Plan and Budget in the context of Council's adopted Budget Parameters and ongoing financial sustainability:
  - a) that the rates information required by Regulation 6(1) of the Local Government (Financial Management) Regulations 2011, be included in the draft Annual Business Plan
  - b) that the concerns raised in the report titled 2022-23 Draft Annual Business Plan and Budget regarding the deterioration in Council's financial sustainability are echoed by the Committee; and
  - c) strongly recommends that Council undertake further work in developing plans to improve Council's long term financial sustainability
2. recommend to Council that the draft 2022-23 Annual Business Plan and Budget be released for public consultation in accordance with Council's Public Consultation Policy, subject to Council's consideration of the above comments.

**Carried Unanimously**

5. **Closure** – 12.00pm
6. **Date of Next Meeting** – Monday 9 May 2022

## WHYALLA CITY COUNCIL

## BUSINESS ARISING FROM AUDIT COMMITTEE MEETINGS

AS AT 9 MAY 2022

	Date of Meeting	Item	Responsible	Due Date	Status	Completed
1.	7 April 2021	<i>6.1.2 – That an update of the Governance Compliance Workplan be provided to future committee meetings</i>	Manager Governance	30/06/2022	Refer attached table	
2.	3 May 2021	<i>4.2 - Risk Profile/Action Plan – update profile/action plan and actively manage on an ongoing basis</i>	Manager Governance	30/06/22	Refer to item 6.1.1	
3.	19 July 2021	<i>6.1.3 – Further report on the benefits or otherwise of the inclusion of green assets within the Asset Accounting Policy</i>	Manager Finance	30/06/2022	Deferred to the July 2022 meeting	
4.	4 April 2022	<i>4.1.1 – Further information be provided on targets/depreciation levels across Airport assets and adjustment to targets to account for assets covered by Federal funding, which cannot be recovered via the passenger levy.</i>	Manager Finance	04/10/2022		

\* Completed items to be removed are shaded

## Whyalla City Council Audit Committee Draft Schedule of Meetings for 2022

---

<b>SCHEDULE OF MEETINGS - 2022</b>
<b>Tuesday 8 February 2022</b>
<b>Monday 4 April 2022 – Additional Meeting</b>
<b>Monday 9 May 2022</b>
<b>Monday 18 July 2022</b>
<b>Tuesday 4 October 2022</b>

## Whyalla City Council Audit Committee Work Program

Terms of Reference	Proposed Activity	LG Act	Frequency	Review Month	Comments	Date Last Reviewed/ Completed	Responsible Officer
<i>Financial Reporting</i> 7.1	Review annual financial statements as required by Section 126(4) of the Local Government Act prior to its presentation to Council for adoption.	S 126 (4) (a)	Annually	September		September 2021	FC
<i>Financial Reporting</i> 7.1	Monitor integrity of financial reports of the Council including:	S 126 (4) (a)					
	Budget Review	S 126 (4) (a)	Quarterly		Considered at this meeting	September 2021	MF
	Full review of Long Term Financial Plan	S 122 (1a) (a) & (4) (b)	Within two years of a general election	February 2024		February 2020	MF
	Full review of Infrastructure Asset Management Plans	S 122 (1a) (b)	Within two years of a general election	February 2024		February 2020	MF
<i>Financial Reporting</i> 7.1	Consider and review, where necessary, the consistency of improvement to and/or any changes to accounting policies.		Annual As required	July	Policies relating to being a water retailer presented at this meeting	September 2021	FC/MF

Terms of Reference	Proposed Activity	LG Act	Frequency	Review Month	Comments	Date Last Reviewed/ Completed	Responsible Officer
<i>Financial Reporting</i> 7.1	Review and report to Council likely impact of ongoing financial sustainability due to changes in Strategic Management Plans.		As required	As required		April 2021	DC & MF
<i>Annual Business Plan and Budget</i>	Ensure the Annual Business Plan conforms to the Local Government Act.	S 123	Annually	April		April 2021	DC, MG & MF
<i>Annual Business Plan and Budget</i>	Recommend the draft Annual Business Plan prior to its formal consideration for adoption by Council.		Annually	April		April 2021	DC & MG
<i>Annual Business Plan and Budget</i>	Ensure the Annual Business Plan is consistent with relevant targets for Key Performance Indicators to Council.	S 123 (2) (b) (ii)	Annually	April		April 2021	DC
<i>Internal Controls and Risk Management</i> 7.2	Review practice, policy and procedure for internal controls.	S 125	As required	As required	Considered at this meeting	September 2021	CEO/EMT/FC

Terms of Reference	Proposed Activity	LG Act	Frequency	Review Month	Comments	Date Last Reviewed/ Completed	Responsible Officer
<i>Internal Controls and Risk Management</i> 7.2.3	Regularly review the effectiveness of Council's internal controls and risk management and governance systems.	S 126 (4) (c)	Annually	February	Considered at this meeting	September 2021	FC
<i>Internal Controls and Risk Management</i> 7.2	Review and recommend the approval, where appropriate, of statements to be included in the Annual Report concerning internal controls, risk management and governance.	S 126 (4) (ab)	Annually	September		September 2021	MG & FC
<i>Internal Controls and Risk Management</i> 7.2	Review Business Continuity Plan and Disaster Management Action Plans.		Every 3 years	July 2022		July 2019	EMT
<i>Internal Controls and Risk Management</i> 7.2	Review Councils Risk Plan & Strategic Risk Plan.	S 122	Every 3 years	September 2023		September 2020	EMT



Terms of Reference	Proposed Activity	LG Act	Frequency	Review Month	Comments	Date Last Reviewed/ Completed	Responsible Officer
<i>Internal Controls and Risk Management</i> 7.2	Review reports from Procurement including recent tenders and high value purchases.		Quarterly		Presented at this meeting	September 2021	MF
<i>External Audit</i> 7.5	Ensure appointment of external auditor conforms with legislative provisions.	S 128 (2) & (4a)	Every five years	April 2025		April 2020	MG
<i>External Audit</i> 7.5.4	Liaise with Council's external auditors.	S 126 (4) (b)	Yearly	September		September 2021	CEO/DC/FC
<i>External Audit</i> 7.5	Receive the independent auditor's reports.		Twice yearly	May and September	Auditors report on internal controls to be presented at this meeting	September 2021	FC
<i>External Audit</i> 7.5	Ensure actions proposed in the correspondence from the independent auditor's report are actioned.		As required	As required	Added to Business Arising documentation	July 2021	DC

Terms of Reference	Proposed Activity	LG Act	Frequency	Review Month	Comments	Date Last Reviewed/ Completed	Responsible Officer
<i>Public Interest Disclosure (formerly Whistle-blowing)</i> 7.3	Review the adequacy and awareness of the current Public Interest Disclosure Policy and Procedure.		Every 2 years	July 2023		July 2021	EMT
<i>Reporting Responsibilities</i> 9..7	Report annually to Council outlining the outputs of the Audit Committee, any training needs, future work proposals and invite Council to comment.		Annually	September		September 2020	DC
<i>Reporting Responsibilities</i> 9	Ensure urgent or significant matters are formally and promptly reported to Council.		As required	As required		September 2021	DC
<i>Reporting Responsibilities</i> 9.2	Ensure appropriate and timely training is provided to all members including inductions for new members.		As required	As required			DC

Terms of Reference	Proposed Activity	LG Act	Frequency	Review Month	Comments	Date Last Reviewed/ Completed	Responsible Officer
<i>Economy and Efficiency Audits</i> 7.6	Ensure any matter relating to financial management, efficient or economy of Council is examined, reported and proposed actions monitored.	S 126 (4) (ac) & S 130A	As required	As required	Business arising provides a progress report on actions / improvements identified from external reviews	September 2021	DC

## EXTERNAL REVIEWS WORKPLAN

Source	#	Ref	Item	Responsible	Due	Status / % Complete
GHC	2	s.43	Review Charter of EPLGA	Dir Corporate	31/03/2022	95% complete. To be considered by Council at 16/5/22 Council Meeting
GHC	3	s.49	Review procurement policies and procedures	Mgr Finance	30/06/2022	In Progress / 40%
GHC	5	s.90	Add the grounds for confidentiality to staff and Elected Member training program and then undertake training	Mgr Legislation	30/06/2022	Pending
GHC	6	s.103	Undertake a full review of Council's suite of HR policies	Mgr People & Culture	30/06/2022	In progress/25%
GHC	7	s.109	Develop Complaints Handling Procedure for Complaints against Employees as a priority	Mgr People & Culture	30/06/2022	Pending
GHC	8	s.120	Add training in conflict of interest for CEO and staff to training program, and then undertake training	Mgf Legislation	30/04/2022	Completed-not all staff reached so will need to be repeated.
GHC	13	s.172	Add to list of procedures to be developed a new procedure for requests to suppress information from the Assessment Record	Mgr Governance/Finance	30/06/2022	Pending
GHC	16	s.196	Review of community land management plans	Mgr City Development	31/12/2022	Pending
GHC	17	s.207	Review of Council's register of community land	Mgr City Development	31/12/2022	In progress/75%
EAMR	9	Moderate	Completeness of Timesheet data	Mgr Finance	30/06/2022	In Progress / 40%

\* Shaded items to be deleted

## 6.1 Corporate

### 6.1.1 Budget Review 2021-22 - Quarter 3

**Audit Committee:** 9 May 2022  
**Author's Title:** Manager Finance  
**Director:** Corporate

**File No.:** 0-159

#### Annexures:

Annexure A – Budget Review 2021-22 Quarter 3

#### Officer Direct or Indirect Conflict of Interest:

*In accordance with Local Government Act 1999,  
Section 120*

#### Status:

*Information classified confidential under  
Section 90(2) of the Local Government Act*

☐ Yes

☒ No

☐ Yes

☒ No

**Reason** – Not applicable

## PURPOSE

To provide a projection of Councils' operating and capital budgets for the 2021-22 financial year as at 30 April 2022, identifying any variations sought to Councils' original budget and the cumulative financial implications.

## SUMMARY

The Quarter 3 Budget Review sees a reduction in projected loan borrowings for the current financial year, due to capital expenditure being retimed to 2022-23 in line with updated project schedules.

There are a number of budget pressures that have been recognised, but the majority of these have been able to be managed within existing budget allocations. The exception is the reduction in projected airport income, caused by reduced passenger numbers, which has worsened Council's overall budget position.

## RECOMMENDATION

#### The Audit Committee:

1. recommend to Council the adoption of the Quarter 3 Budget Review, identifying an adjusted operating deficit of \$1,173,000 and an estimated cash position at the end of reporting period of \$229,000;
2. recommend to Council that the 2021-22 Annual Business Plan and Budget and Long Term Financial Plan be amended to reflect the variances, noting that the budget position is consistent with previous projections, with the exception of reduced airport income, which could not be offset.

### 6.1.1 Budget Review 2021-22 Quarter 3

#### **REPORT**

##### **BACKGROUND**

Regulation 9(1)(a) of the *Local Government (Financial Management) Regulations 2011*, requires a budget update report to include a revised forecast of the Councils' operating and capital investment activities compared with estimates set out in the budget.

##### **DISCUSSION**

Refer **Annexure "A"** – Budget Review 2021-22 Quarter 3.

The Budget Update comprises the following statements:

1. key financial indicators;
2. explanation of material variances;
3. uniform presentation of finances; and
4. financial statements.

The main change to the budget and Long-Term Financial Plan is the retiming of capital expenditure from 2021-22 to 2022-23 in line with updated project schedules.

The expenditure required for the oval lighting has been included in line with a previous Council decision. Further discussion on the long-term funding of this project will be discussed when further information is known.

There are a number of budget pressures that have been recognised, but the majority of these have been able to be managed within existing budget allocations. The exception is the reduction in projected airport income, caused by reduced passenger numbers, which has worsened Council's overall budget position.

It is worth noting that the budget and Long Term Financial Plan currently do not include any budget implications relating to known issues with the Civic Building. Investigations into this issue are currently being undertaken and detailed budget implications will be reviewed by Council once available.

The Federal Government recently paid three quarters of the 2022-23 Financial Assistance Grants in advance, an increase from the two quarters that they have paid over the last few years. This timing change has had the impact of moving Council into a surplus position, which is not reflective of the underlying position. The adjusted operating ratio removes this impact.

## Financial Implications

### Budget 2021-22 Impact

If approved by Council, these amendments will:

- increase Council's adjusted operating deficit by \$138,000 to a projected \$1.17 million;
- leave Council's Adjusted Operating Deficit Ratio unchanged at (3%);
- decrease Council's Net Financial Liabilities Ratio from 68% to 57%; and
- decrease Council's Asset Renewal Funding Ratio from 98% to 87%.

Council is outside the target range for the Adjusted Operating Ratio, which was already the case for the original budget.

The Net Financial Liabilities Ratio is within target range. The Asset Renewal Funding Ratio is slightly below target range due to some renewal expenditure being retimed to 2022-23, as well as savings realised in the transport renewal program..

### Long Term Financial Plan (LTFP) Impact

Council's operating results in future years are in line with the projections outlined in the consultation version of the 2022-23 budget, except for a small increase in interest expense due to a small increase in loan borrowing projections. The Net Financial Liabilities Ratio is estimated to peak at 72% in 2023-24, in line with previous projections. Borrowings are now estimated to peak at \$31.7 million in 2031-32, previously projected to peak at \$31.4 million in the same year.

### Airport

The operating deficit for the airport in 2021-22 is expected to increase by \$211,000 to \$914,000. The Operating Deficit Ratio is expected to increase from (30%) to (49%). The Net Financial Liabilities Ratio increases from 269% to 335%, due to the reduction in the income base and decline on the operating position. The

The Airport's Long Term Financial Plan projections are in line with the projections outlined in the consultation version of the 2022-23 budget, except for an increase in interest expense due to an increase in loan borrowing projections. In line with a previous Council resolution, \$450,000 of savings from the Transport Renewal Program have been reallocated to the Airport Hydrant Project, which has had the impact of transferring loan borrowings from Council to the airport business unit. Loan borrowings are projected to peak at \$7.0 million in 2022-23, previously projected to peak at \$6.3 million in 2021-22.

## Strategic Plan

### *Objective 1.1 – Unearth community pride within the city*

Strategy 1.1.1 – Regularly inform the community of Council activities, decisions and actions by promoting positive stories and positive image

Strategy 1.1.2 – Take a proactive, collaborative approach to the revitalisation of council services to ensure that they adapt to the changing needs and expectations of the community

## **Legislation**

The Budget Review has been prepared in accordance with S 9(1)(a) of *the Local Government (Financial Management) Regulations 2011*.

**Officer Direct or Indirect Interest** – Nil

## **Risk Assessment**

The financial implications presented in this report are considered to be of a low risk to Council, as they result in no material impact to Council's operating results or loan borrowings over the term of the Long Term Financial Plan.

Legislative risk is minimised as Council will have reviewed its budget in line with the Local Government Act 1999 and Local Government (Financial Management) Regulations.

**Social Considerations** – Not applicable

**Community Engagement** – Nil

**Environmental Implications** – Not applicable

**Communication** – Not applicable

## **Conclusion**

The main change to the budget and Long Term Financial Plan is the retiming of capital expenditure from 2021-22 to 2022-23 in line with updated project schedules.



## BUDGET REVIEW 2021-22 Q3 Review

KEY FINANCIAL INDICATORS	Target	Note	Original Budget 2021-22	Amendments 2021-22	Current Budget 2021-22	Proposed Amendments 2021-22	Projected Total 2021-22	Note	Estimated Budget 2022-23	Estimated Budget 2023-24	Estimated Budget 2024-25
<b>Council (including Airport)</b>		<b>1</b>						<b>2</b>			
Operating Surplus/(Deficit) - \$'000			(1,423)	388	(1,035)	1,326	291		(2,085)	(2,290)	(1,656)
Adjusted Operating Surplus/(Deficit)* - \$'000			(1,423) ●	388	(1,035) ●	(138)	(1,173) ●		(2,085) ●	(2,290) ●	(1,656) ●
Adjusted Operating Surplus/(Deficit) Ratio (2)% - 1%			(4%) ●	1%	(3%) ●	-	(3%) ●		(6%) ●	(6%) ●	(4%) ●
Net Financial Liabilities Ratio	< 80%		73% ●	(5%)	68% ●	(11%)	57% ●		70% ●	72% ●	68% ●
Asset Renewal Funding Ratio	90 - 110%		102% ●	(4%)	98% ●	(11%)	87% ●		128% ●	100% ●	98% ●
<b>Whyalla Airport</b>											
Operating Surplus/(Deficit) - \$'000		<b>9</b>	(392) ●	(311)	(703) ●	(211)	(914) ●		(787) ●	(736) ●	(635) ●
Operating Surplus/(Deficit) Ratio - %	1% - 6%		(18%) ●	(12%)	(30%) ●	(19%)	(49%) ●		(25%) ●	(22%) ●	(18%) ●
Net Financial Liabilities Ratio - %	< 250%		187% ●	82%	269% ●	66%	335% ●		218% ●	204% ●	185% ●

## KEY

In target range ●

Above target ●

Below target ●

\* The Adjusted Operating Surplus/(Deficit) removes the impact of timing differences in the receipt of Financial Assistance Grant income and is considered to provide a more meaningful measurement of Council's underlying financial position.

# WHYALLA CITY COUNCIL

## BUDGET REVIEW 2021-22 Q3 Review

UNIFORM PRESENTATION OF FINANCES	Note	Original Budget 2021-22 \$000	Approved Amendments 2021-22 \$000	Current Budget 2021-22 \$000	Proposed Amendments 2021-22 \$000	Projected Total 2021-22 \$000	Note	Estimated Budget* 2022-23 \$000	Estimated Budget* 2023-24 \$000	Estimated Budget* 2024-25 \$000
<b>OPERATING ACTIVITIES</b>										
Operating Revenues	3	33,517	1,211	34,728	1,171	35,899		36,073	37,288	38,673
less Operating Expenses	4	(34,940)	(823)	(35,763)	155	(35,608)		(38,158)	(39,578)	(40,329)
<b>Operating Surplus/ (Deficit)</b>		<b>(1,423)</b>	<b>388</b>	<b>(1,035)</b>	<b>1,326</b>	<b>291</b>		<b>(2,085)</b>	<b>(2,290)</b>	<b>(1,656)</b>
<b>CAPITAL ACTIVITIES</b>										
<b>Net Outlays on Existing Assets</b>										
Capital Expense on renewal and replacement of Existing	5	(9,531)	291	(9,240)	1,081	(8,159)		(5,517)	(5,638)	(4,339)
add back Depreciation, Amortisation and Impairment		7,607	-	7,607	(32)	7,575		8,045	8,207	8,402
add back Proceeds from Sale of Replaced Assets		178	53	231	-	231		176	193	154
<b>Net Outlays on Existing Assets</b>		<b>(1,746)</b>	<b>344</b>	<b>(1,402)</b>	<b>1,049</b>	<b>(353)</b>		<b>2,704</b>	<b>2,762</b>	<b>4,217</b>
<b>Net Outlay on New and Upgraded Assets</b>										
Capital Expenditure on New and Upgraded Assets	6	(14,559)	(1,673)	(16,232)	3,600	(12,632)		(10,140)	(3,177)	(2,260)
add back Amounts received specifically for New and Upg	7	8,190	(790)	7,400	(2,832)	4,568		4,823	824	205
<b>Net Outlays on New and Upgraded Assets</b>		<b>(6,369)</b>	<b>(2,463)</b>	<b>(8,832)</b>	<b>768</b>	<b>(8,064)</b>		<b>(5,317)</b>	<b>(2,353)</b>	<b>(2,055)</b>
<b>Net Lending/ (Borrowing) for Financial Year</b>		<b>(9,538)</b>	<b>(1,731)</b>	<b>(11,269)</b>	<b>3,143</b>	<b>(8,126)</b>		<b>(4,698)</b>	<b>(1,881)</b>	<b>506</b>
Financing transactions associated with the above net overall deficit, or applying the overall net funding surplus are as follows:										
New Borrowings	8	9,500	6,700	16,200	(5,500)	10,700		7,500	1,900	-
Repayment of Principal		-	-	-	-	-		-	(100)	(500)
(Increase)/Decrease in Cash and Investments		(37)	431	394	(43)	351		23	6	(81)
Net Balance Sheet funding (debtors & creditors etc)		75	(5,400)	(5,325)	2,400	(2,925)		(2,825)	75	75
<b>Financing Transactions</b>		<b>9,538</b>	<b>1,731</b>	<b>11,269</b>	<b>(3,143)</b>	<b>8,126</b>		<b>4,698</b>	<b>1,881</b>	<b>(506)</b>

### Note Explanations – 2021-22 Quarter 3:

1. The adjusted operating deficit is expected to increase by \$138,000 to \$1.17 million. The Adjusted Operating Deficit Ratio is unchanged at (3%). The Net Financial Liabilities Ratio decreases by 11% from 68% to 57%. This is due to some capital expenditure being retimed to 2022-23. The Asset Renewal Funding Ratio decreases by 11% from 98% to 87%, due to some capital renewal expenditure being retimed to 2022-23, as well as savings realised in the transport renewal program.

Council have received 3 quarters of the Financial Assistance Grants in advance, where this has only been 2 quarters over the last few financial years. This has caused the operating result to move into a surplus position, but because this is due to a timing difference, this discrepancy is removed from the adjusted result.

2. Council's operating results in future years are in line with the projections outlined in the consultation version of the 2022-23 budget, except for a small increase in interest expense due to a small increase in loan borrowing projections. The Net Financial Liabilities Ratio is estimated to peak at 72% in 2023-24, in line with previously projections. Borrowings are now estimated to peak at \$31.7 million in 2031-32, previously projected to peak at \$31.4 million in the same year.
3. Operating income is expected to increase by \$1.17 million, this can be attributed to:
  - additional financial assistance grants of \$1.46 million, due to the Federal Government paying an additional quarter in advance, causing a timing discrepancy that will correct in a future year;
  - an increase in childcare income of \$30,000 generated from an increase in occupancy rate at the centre, offset by increased staffing costs;
  - an increase in debt collection oncharges of \$25,000, due to a return to normal debt collection processes
  - additional grant funding of \$86,000 received for youth programs, foreshore management and restoration of the point lowly lighthouse;
  - an increase in cemetery income of \$20,000, with an increase in related costs; offset by
  - a reduction in airport screening grant income of \$300,000, in line with the drop in expenditure; and
  - a reduction of \$158,000 in airport income in line with updated passenger projections. The recovery was impacted significantly in early 2022 due to increased restrictions.
4. Operating expenditure is expected to decrease by \$155,000, this can be attributed to:
  - A decrease in labour costs of \$255,000 due to:
    - savings from vacant positions of \$185,000, which was used to fund labour hire;
    - an increase in the Workers Compensation Rebate of \$100,000, due to good performance of Council and the scheme as a whole; offset by
    - a \$30,000 increase in labour costs for the childcare centre due to increased occupancy.
  - An increase in contract, material and other costs of \$222,000 due to:
    - an increase in labour hire of \$185,000 to backfill vacant positions, offset by labour savings;
    - an increase of \$135,000 in kerbside and hard waste costs, relating to an increase in the overall tonnages collected;
    - expenses of \$70,000 incurred to purchase devices to allow more of the workforce to operate remotely, to increase flexibility and efficiency;
    - \$60,000 of additional costs for maintaining Bennett and Memorial ovals;
    - \$55,000 of expenses relating to the relocation of the Whyalla Junior Soccer Association to Jubilee Park, as per Council resolution C4310-2022;
    - increased debt collection costs of \$25,000, due to a return to normal debt collection processes;

- increased expenditure of \$86,000 relating to youth programs, foreshore management and restoration of the point lowly lighthouse, funded from grant income;
    - \$40,000 of one-off costs incurred due to the changeover to the new airport terminal;
    - a \$20,000 increase in cemetery operational costs; offset by
    - operational savings of \$95,000; and
    - a \$300,000 reduction in screening costs, with updated projections based on current flight schedules;
    - an increase of \$60,000 in the capitalisation of overhead costs.
  - A decrease in depreciation, amortisation & impairments of \$32,000 due to the works on the runway now scheduled to be completed next financial year.
  - A reduction in interest expenses of \$90,000 in line with updated cashflow projections.
5. A decrease of \$1.08 million in the outlay on existing assets due to:
- \$611,000 of project expenditure carried forward to 2022-23 in line with updated project schedules, including \$550,000 for renewal works at the Recreation Centre and \$61,000 for electrical switchboard replacement at the Foreshore; and
  - \$450,000 of savings from the Transport Renewal Program transferred to New/Upgrade to allow the Airport Hydrant Project to go ahead.
6. A decrease of \$3.60 million in the outlay on new and upgraded assets due to:
- \$4.97 million of project expenditure carried forward to 2022-23 in line with updated project schedules, including \$1.3 million for the Cuttlefish Coast Projects; \$1.2 million for the Airport Taxiway and Runway Safety Upgrade; \$760,000 for Newton Street and Broadbent Terrace Flood Mitigation; \$700,000 for the Airport Hydrant Project; \$700,000 for Foreshore Master Plan delivery; a \$200,000 allocation for Arts & Culture related projects; an allocation of \$58,000 for conservation projects not required in the current year and \$47,000 for expansion of the light fleet; offset by
  - \$450,000 of savings from the Transport Renewal Program transferred from Renewal to allow the Airport Hydrant Project to go ahead; and
  - \$953,000 required to bring the lights at Bennett and Memorial Oval up to the required standard, as previously advised to Council
7. A decrease of \$2.83 million in amounts received specifically for new and upgraded assets due to grant funding being re-budgeted in 2022-23 in line with updated project schedules, including \$1.2 million for the Airport Taxiway and Runway Safety Upgrade; \$650,000 for the Cuttlefish Coast Projects and \$934,000 of Round 3 Local Roads and Community Infrastructure Program funding.
8. It is expected decreased borrowings of \$5.5 million will be required in 2021-22 to meet cash flow requirements, when compared to previous projections. This relates to the retiming of capital expenditure to 2022-23, as well as the Federal Government's decision to again pay Financial Assistance Grants in Advance.
9. Whyalla Airport
- The operating deficit is expected to increase by \$211,000 to \$914,000. The Operating Deficit Ratio is expected to increase from (30%) to (49%). The Net Financial Liabilities Ratio increases from 269% to 335%, due to the reduction in the income base and decline on the operating position.
  - The Airport's Long Term Financial Plan projections are in line with the projections outlined in the consultation version of the 2022-23 budget, except for an increase in interest expense due to an increase in loan borrowing projections. In line with a previous Council resolution, \$450,000 of savings from the Transport Renewal Program have been reallocated to the Airport Hydrant Project, which has had the impact of transferring loan borrowings from Council to the airport business unit.

Loan borrowings are projected to peak at \$7.0 million in 2022-23, previously projected to peak at \$6.3 million in 2021-22.

- The change to the operating result of \$243,000 is due to:
  - a reduction of \$158,000 in airport income in line with updated passenger projections. The recovery was impacted significantly in early 2022 due to increased restrictions;
  - \$40,000 of one-off contractor and materials costs incurred due to the changeover to the new airport terminal;
  - \$45,000 of additional employee and internal plant costs incurred to support the capital works being undertaken at the airport, with these costs being offset within the overall Council budget; offset by
  - a decrease in depreciation, amortisation & impairments of \$32,000 due to the works on the runway now scheduled to be completed next financial year.

## WHYALLA CITY COUNCIL

### BUDGET REVIEW 2021-22 Q3 Review

STATEMENT OF COMPREHENSIVE INCOME	Original Budget 2021-22 \$000	Approved Amendments 2021-22 \$000	Current Budget 2021-22 \$000	Proposed Amendments 2021-22 \$000	Projected Total 2021-22 \$000	Estimated Budget* 2022-23 \$000	Estimated Budget* 2023-24 \$000	Estimated Budget* 2024-25 \$000
<b>INCOME</b>								
Rates	22,381	-	22,381	7	22,388	23,402	24,332	25,284
Statutory Charges	371	40	411	20	431	404	412	422
User Charges	4,369	(1,164)	3,205	(129)	3,076	3,595	3,915	4,182
Grants, subsidies and contributions	5,426	2,089	7,515	1,250	8,765	7,646	7,564	7,679
Investment Income	34	(22)	12	-	12	12	12	12
Reimbursements	14	3	17	-	17	14	14	14
Other Income	922	265	1,187	23	1,210	1,000	1,039	1,080
<b>TOTAL INCOME</b>	<b>33,517</b>	<b>1,211</b>	<b>34,728</b>	<b>1,171</b>	<b>35,899</b>	<b>36,073</b>	<b>37,288</b>	<b>38,673</b>
<b>EXPENSES</b>								
Employee Costs	12,786	(178)	12,608	(255)	12,353	13,947	14,349	14,765
Materials, contracts & other expenses	14,071	1,185	15,256	222	15,478	15,760	16,291	16,280
Depreciation, amortisation & impairments	7,607	-	7,607	(32)	7,575	8,045	8,207	8,402
Finance Costs	476	(184)	292	(90)	202	406	731	882
<b>TOTAL EXPENSES</b>	<b>34,940</b>	<b>823</b>	<b>35,763</b>	<b>(155)</b>	<b>35,608</b>	<b>38,158</b>	<b>39,578</b>	<b>40,329</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>	<b>(1,423)</b>	<b>388</b>	<b>(1,035)</b>	<b>1,326</b>	<b>291</b>	<b>(2,085)</b>	<b>(2,290)</b>	<b>(1,656)</b>
Amounts specifically for new or upgraded assets	8,190	(790)	7,400	(2,832)	4,568	4,823	824	205
Net gain (loss)	-	-	-	-	-	-	-	-
<b>NET SURPLUS/(DEFICIT)</b>	<b>6,767</b>	<b>(402)</b>	<b>6,365</b>	<b>(1,506)</b>	<b>4,859</b>	<b>2,738</b>	<b>(1,466)</b>	<b>(1,451)</b>
Other Comprehensive Income	4,330	-	4,330	-	4,330	10,475	8,033	8,554
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>11,097</b>	<b>(402)</b>	<b>10,695</b>	<b>(1,506)</b>	<b>9,189</b>	<b>13,213</b>	<b>6,567</b>	<b>7,103</b>

**WHYALLA CITY COUNCIL**  
**BUDGET REVIEW 2021-22 Q3 Review**

<b>STATEMENT OF FINANCIAL POSITION</b>	<b>Original Budget 2021-22 \$000</b>	<b>Approved Amendments 2021-22 \$000</b>	<b>Current Budget 2021-22 \$000</b>	<b>Proposed Amendments 2021-22 \$000</b>	<b>Projected Total 2021-22 \$000</b>	<b>Estimated Budget* 2022-23 \$000</b>	<b>Estimated Budget* 2023-24 \$000</b>	<b>Estimated Budget* 2024-25 \$000</b>
<b>ASSETS</b>								
<b>Current Assets</b>								
Cash & Cash Equivalents	617	(431)	186	43	229	206	200	281
Trade & Other Receivables	3,939	2,400	6,339	(2,400)	3,939	6,839	6,839	6,839
Inventories	2,802	-	2,802	-	2,802	2,802	2,802	2,802
<b>TOTAL CURRENT ASSETS</b>	<b>7,358</b>	<b>1,969</b>	<b>9,327</b>	<b>(2,357)</b>	<b>6,970</b>	<b>9,847</b>	<b>9,841</b>	<b>9,922</b>
<b>Non-current Assets</b>								
Infrastructure, Property, Plant & Equipment	301,718	1,329	303,047	(4,649)	298,398	316,309	324,757	331,354
Other Non-Current Assets	4,476	-	4,476	-	4,476	4,376	4,276	4,176
<b>TOTAL NON-CURRENT ASSETS</b>	<b>306,194</b>	<b>1,329</b>	<b>307,523</b>	<b>(4,649)</b>	<b>302,874</b>	<b>320,685</b>	<b>329,033</b>	<b>335,530</b>
<b>Total Assets</b>	<b>313,552</b>	<b>3,298</b>	<b>316,850</b>	<b>(7,006)</b>	<b>309,844</b>	<b>330,532</b>	<b>338,874</b>	<b>345,452</b>
<b>LIABILITIES</b>								
<b>Current Liabilities</b>								
Trade and Other Payables	6,423	(3,000)	3,423	-	3,423	3,423	3,423	3,423
Short Term Borrowings	1,300	(1,000)	300	-	300	100	500	200
Short Term Provisions	2,595	-	2,595	-	2,595	2,595	2,595	2,595
<b>TOTAL CURRENT LIABILITIES</b>	<b>10,318</b>	<b>(4,000)</b>	<b>6,318</b>	<b>-</b>	<b>6,318</b>	<b>6,118</b>	<b>6,518</b>	<b>6,218</b>
<b>Non-Current Liabilities</b>								
Long Term Borrowings	15,200	7,700	22,900	(5,500)	17,400	25,100	26,500	26,300
Long Term Provisions	1,065	-	1,065	-	1,065	1,040	1,015	990
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>16,265</b>	<b>7,700</b>	<b>23,965</b>	<b>(5,500)</b>	<b>18,465</b>	<b>26,140</b>	<b>27,515</b>	<b>27,290</b>
<b>Total Liabilities</b>	<b>26,583</b>	<b>3,700</b>	<b>30,283</b>	<b>(5,500)</b>	<b>24,783</b>	<b>32,258</b>	<b>34,033</b>	<b>33,508</b>
<b>NET ASSETS</b>	<b>286,969</b>	<b>(402)</b>	<b>286,567</b>	<b>(1,506)</b>	<b>285,061</b>	<b>298,274</b>	<b>304,841</b>	<b>311,944</b>
<b>EQUITY</b>								
Accumulated Surplus	49,814	(402)	49,412	(1,506)	47,906	50,644	49,178	47,727
Asset Revaluation Reserve	236,177	-	236,177	-	236,177	246,652	254,685	263,239
Reserves	978	-	978	-	978	978	978	978
<b>TOTAL EQUITY</b>	<b>286,969</b>	<b>(402)</b>	<b>286,567</b>	<b>(1,506)</b>	<b>285,061</b>	<b>298,274</b>	<b>304,841</b>	<b>311,944</b>

**WHYALLA CITY COUNCIL**  
**BUDGET REVIEW 2021-22 Q3 Review**

<b>STATEMENT OF CHANGES IN EQUITY</b>	<b>Original Budget 2021-22 \$000</b>	<b>Approved Amendments 2021-22 \$000</b>	<b>Current Budget 2021-22 \$000</b>	<b>Proposed Amendments 2021-22 \$000</b>	<b>Projected Total 2021-22 \$000</b>	<b>Estimated Budget* 2022-23 \$000</b>	<b>Estimated Budget* 2023-24 \$000</b>	<b>Estimated Budget* 2024-25 \$000</b>
<b>Accumulated Surplus</b>								
Balance at Beginning of Period	43,047	-	43,047	-	43,047	47,906	50,644	49,178
Change in financial position resulting from operations	6,767	(402)	6,365	(1,506)	4,859	2,738	(1,466)	(1,451)
Transfers from Other Reserves	-	-	-	-	-	-	-	-
Transfers to Other Reserves	-	-	-	-	-	-	-	-
<b>Balance at End of Period</b>	<b>49,814</b>	<b>(402)</b>	<b>49,412</b>	<b>(1,506)</b>	<b>47,906</b>	<b>50,644</b>	<b>49,178</b>	<b>47,727</b>
<b>Asset Revaluation Reserve</b>								
Balance at Beginning of Period	231,847	-	231,847	-	231,847	236,177	246,652	254,685
Revaluation Increment	4,330	-	4,330	-	4,330	10,475	8,033	8,554
<b>Balance at End of Period</b>	<b>236,177</b>	<b>-</b>	<b>236,177</b>	<b>-</b>	<b>236,177</b>	<b>246,652</b>	<b>254,685</b>	<b>263,239</b>
<b>Other Reserves</b>								
Balance at Beginning of Period	978	-	978	-	978	978	978	978
Transfers to Accumulated Surplus	-	-	-	-	-	-	-	-
Transfers from Accumulated Surplus	-	-	-	-	-	-	-	-
<b>Balance at End of Period</b>	<b>978</b>	<b>-</b>	<b>978</b>	<b>-</b>	<b>978</b>	<b>978</b>	<b>978</b>	<b>978</b>
<b>TOTAL EQUITY AT END OF REPORTING PERIOD</b>	<b>286,969</b>	<b>(402)</b>	<b>286,567</b>	<b>(1,506)</b>	<b>285,061</b>	<b>298,274</b>	<b>304,841</b>	<b>311,944</b>



**WHYALLA CITY COUNCIL**  
**BUDGET REVIEW 2021-22 Q3 Review**

<b>STATEMENT OF CASH FLOWS</b>	<b>Original Budget 2021-22 \$000</b>	<b>Approved Amendments 2021-22 \$000</b>	<b>Current Budget 2021-22 \$000</b>	<b>Proposed Amendments 2021-22 \$000</b>	<b>Projected Total 2021-22 \$000</b>	<b>Estimated Budget* 2022-23 \$000</b>	<b>Estimated Budget* 2023-24 \$000</b>	<b>Estimated Budget* 2024-25 \$000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>								
<b>Receipts</b>								
Operating Receipts	33,483	( 4,167)	29,316	3,571	<b>32,887</b>	33,161	37,276	38,661
Investment Income	34	( 22)	12	-	12	12	12	12
<b>Payments</b>								
Operating Payments	( 26,782)	( 1,007)	( 27,789)	33	<b>( 27,756)</b>	( 29,632)	( 30,565)	( 30,970)
Finance Costs	( 476)	184	( 292)	90	( 202)	( 406)	( 731)	( 882)
<b>Net Cash provided by (or used in) Operating Activities</b>	<b>6,259</b>	<b>( 5,012)</b>	<b>1,247</b>	<b>3,694</b>	<b>4,941</b>	<b>3,135</b>	<b>5,992</b>	<b>6,821</b>
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>								
<b>Receipts</b>								
Amounts specifically for new or upgraded assets	8,190	( 790)	7,400	( 2,832)	<b>4,568</b>	4,823	824	205
Sale of replaced assets	178	53	231	-	231	176	193	154
<b>Payments</b>								
Purchase of Renewal/Replacement Assets	( 9,531)	291	( 9,240)	1,081	<b>( 8,159)</b>	( 5,517)	( 5,638)	( 4,339)
Purchase of New/Expansion Assets	( 14,559)	( 1,673)	( 16,232)	3,600	<b>( 12,632)</b>	( 10,140)	( 3,177)	( 2,260)
<b>Net Cash provided by (or used in) Investing Activities</b>	<b>( 15,722)</b>	<b>( 2,119)</b>	<b>( 17,841)</b>	<b>1,849</b>	<b>( 15,992)</b>	<b>( 10,658)</b>	<b>( 7,798)</b>	<b>( 6,240)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
<b>Receipts</b>								
Proceeds from Borrowings - Council	9,500	6,700	16,200	( 5,500)	<b>10,700</b>	7,500	1,900	-
<b>Payments</b>								
Repayment of Borrowings	-	-	-	-	-	-	( 100)	( 500)
<b>Net Cash provided by (or used in) Financing Activities</b>	<b>9,500</b>	<b>6,700</b>	<b>16,200</b>	<b>( 5,500)</b>	<b>10,700</b>	<b>7,500</b>	<b>1,800</b>	<b>( 500)</b>
<b>Net Increase (Decrease) in Cash Held</b>	<b>37</b>	<b>( 431)</b>	<b>( 394)</b>	<b>43</b>	<b>( 351)</b>	<b>( 23)</b>	<b>( 6)</b>	<b>81</b>
Cash & cash equivalents at beginning of period	580	-	580	-	<b>580</b>	229	206	200
<b>Cash &amp; cash equivalents at end of period</b>	<b>617</b>	<b>( 431)</b>	<b>186</b>	<b>43</b>	<b>229</b>	<b>206</b>	<b>200</b>	<b>281</b>

## 6.1 CORPORATE

### 6.1.2 Treasury Management Policy Review

**Audit Committee:** 9 May 2022  
**Author's Title:** Manager Finance **File No.:** 0-159  
**Director:** Corporate

#### Annexures:

A – Draft Treasury Management Policy track changes

#### Officer Direct or Indirect Conflict of Interest:

*In accordance with Local Government Act 1999,  
Section 120*

#### Status:

*Information classified confidential under  
Section 90(2) of the Local Government Act*

☐ Yes

☒ No

☐ Yes

☒ No

**Reason** – Not applicable

---

#### PURPOSE

To review the Treasury Management Policy in line with the review schedule.

#### SUMMARY

Only minor changes to the policy are recommended, increasing the target to 50% of Council loans to be fixed, with a target range of 30% to 70% to allow for cash flow movements.

#### RECOMMENDATION

**The Audit Committee recommend the updated Treasury Management Policy to Council for adoption.**

## 6.1.2 Treasury Management Policy Review

### **REPORT**

#### **BACKGROUND**

The Treasury Management Policy was last reviewed in June 2020 and is due for review.

#### **DISCUSSION**

Refer **Annexure “A”** – Draft Treasury Management Policy track changes

Council’s Treasury Management Policy was updated in 2020 with the following core requirements:

- a statement that all borrowings will be held with LGFA, due to the benefits of doing so;
- a target of 30% of Council loans to be fixed, with a target range of 10% to 50% to allow for cash flow movements;
- a target of no greater than 50% of total fixed loans maturing in any one financial year;
- a statement that the fixing of loans should be undertaken to meet the targets in the policy and not because fixed interest rates are considered “low” at a particular point in time;
- a statement that existing Cash Advance Debenture facilities will be used to fix interest rates, meaning additional loan facilities are not required; and
- delegation for fixing interest rates sit with the Director Corporate for periods of up to 5 years, with any period greater than this needing a decision of Council via the Audit Committee.

The policy has operated well over this time and very little change is suggested to the document. It was discussed during the last review, that once Council had built up some more core debt in line with Long Term Financial Plan projections, the target range for fixed borrowings should increase.

This is the suggested change to the policy, with the target increasing to 50% of Council loans to be fixed, with a target range of 30% to 70% to allow for cash flow movements.

#### **Financial Implications**

The Treasury Management Policy gives Council adequate flexibility to manage cash flows in the most efficient way, reducing overall interest expense.

#### **Strategic Plan**

*Objective 1.1 – Unearth community pride within the city*

Strategy 1.1.2 – Take a proactive, collaborative approach to the revitalisation of council services to ensure that they adapt to the changing needs and expectations of the community

**Legislation – Nil**

**Officer Direct or Indirect Interest – Nil**

**Risk Assessment**

By increasing the balance between fixed and variable borrowings, Council financial risk relating to interest rates will be reduced.

**Social Considerations – Nil**

**Community Engagement – Nil**

**Environmental Implications – Nil**

**Communication – Not applicable**

**Conclusion**

Only minor changes to the policy are recommended, increasing the target to 50% of Council loans to be fixed, with a target range of 30% to 70% to allow for cash flow movements.



## Whyalla City Council

Treasury Management Policy	
Type	Financial
GDS Category	Financial Management – Public
Responsible Officer	<del>Senior Finance Officer</del> <u>Finance Coordinator</u>
Policy Adopted	<del>June-May 2022</del> <u>20</u>
Review Period	Two years
Last Reviewed	<del>June-May 2022</del> <u>20</u>
Next Review Date	<del>June-May 2024</del> <u>2</u>
Policy Version Number	<del>7</del> <u>6</u>
Applicable Legislation	<ul style="list-style-type: none"> <li>Local Government Act 1999 Section 44, Section 47, Section 122, Section 134, Section 139, Section 140</li> <li>Local Government (Financial Management) Regulations 2011 5(1)</li> </ul>
Related Documents	<ul style="list-style-type: none"> <li>LGA Financial Sustainability (paper 15)</li> </ul>
Public Consultation Required	No
Purpose	To provide clear direction to Management, staff and Council in relation to the treasury function.

## 1. Introduction

This policy underpins Councils' decision-making regarding the financing of its operations as documented in its Annual Budget and Long Term Financial Plan and associated projected and actual cash flow receipts and outlays.

Council is committed to operating in a financially sustainable manner and maintains a Long Term Financial Plan to assist it to determine affordable service levels and revenue raising needs. This Plan also provides projections of future cash flow availability and needs.

## 2. Policy Objective

This Treasury Management Policy establishes a decision framework to ensure that:

- funds are available as required to support approved outlays;
- interest rates and other risks (e.g. liquidity and investment credit risks) are acknowledged and responsibly managed; and
- the net interest costs associated with borrowing and investing are reasonably likely to be minimised on average over the longer term.

## 3. Scope

The Treasury Management Policy covers the investments and borrowings of Council and is an important financial management tool that assists Councils' processes relating to borrowings and investments.

## 4. Definitions – Nil

## 5. Policy Statement

### 5.1 Treasury Management Strategy

Councils' operating and capital expenditure decisions are made on the basis of:

- identified community need and benefit relative to other expenditure options;
- cost-effectiveness of the proposed means of service delivery; and
- affordability of proposals having regard to Councils' long term financial sustainability (including consideration of the cost of capital and the impact of the proposal on Councils' Net Financial Liabilities ratio).

Council manages its finances holistically in accordance with its overall financial sustainability strategies and targets. This means Council will:

- maintain target ranges for its Net Financial Liabilities ratio;
- not retain and quarantine money for particular future purposes unless required by legislation or agreement with other parties;
- borrow funds in accordance with the requirements set out in its adopted budget and Long Term Financial Plan; and
- apply any funds that are not immediately required to meet approved expenditure (including funds that are required to be expended for specific purposes but are not required to be kept in separate bank accounts) to reduce its level of borrowings or to defer and/or reduce the level of new borrowings that would otherwise be required.

Council will hold all borrowings with the Local Government Finance Authority, due to the following considerations:

- very competitive interest rates;
- paying a bonus each year on balances held with them therefore reducing the effective interest rate paid;
- easy and convenient processes for setting up new loan facilities;
- products that specifically cater to Local Government borrowing requirements; and
- profits are reinvested into the Local Government sector.

## 5.2 Interest Rate Risk Exposures

Council has a set range of limits for both fixed and variable interest rate borrowings in order to minimise net interest costs on average over the longer term and at the same time manage interest rate movement risk within acceptable limits.

### 5.2.1 Variable Interest Rate Borrowings

Council has established and makes extensive use of the Local Government Finance Authority 'Cash Advance Debenture' facility. This facility requires interest-only payments and enables any amount of principal to be repaid or redrawn at call. This provides Council with access to liquidity when needed and flexibility to pay down borrowings with excess funds.

### 5.2.2 Fixed Interest Rate Borrowings

To reduce Council's interest rate risk, approximately ~~53~~0% of Council's total borrowings shall be fixed, with a target range of ~~31~~0% to ~~75~~0% over any financial year to allow for cash flow management. The decision to fix borrowings should be taken solely to remain with these targets, and not because fixed term rates are considered "low" at any particular time.

In order to spread its exposure to interest rate movements, Council will aim to have a variety of maturity dates on its fixed interest borrowings, with no more than 50% of total fixed loans maturing in one financial year.

When fixing interest rates Council will use its existing Cash Advance

Debenture facilities, which provide the flexibility to convert a portion of the balance from variable to fixed interest rates for a nominated period. In this way, fixed interest loans will not require principle repayments and will covert back to variable at the end of the nominated period.

The decision to fix interest rates in line with this policy is delegated to the Director Corporate for periods of up to 5 years. Fixing of interest rates greater than 5 years will be by a decision of Council, with review by the Audit Committee.

#### 5.2.3 Investments

Council funds that are not immediately required for operational needs and cannot be applied to either reduce existing borrowings or avoid the raising of new borrowings, will be invested. The balance of funds held in any operating bank account that does not provide investment returns at least consistent with “at call” market rates shall be kept at a level that is not greater than is required to meet immediate working capital requirements.

Council funds available for investment will be lodged ‘at call’ or, having regard to differences in interest rates for fixed term investments of varying maturity dates, may be invested for a fixed term. In the case of fixed term investments, the term should not exceed a point in time where the funds otherwise could be applied to cost-effectively either defer the need to raise a new borrowing or reduce the level of Councils’ variable interest rate borrowing facility.

When investing funds, Council will select the investment type which delivers the best value, having regard to investment returns, transaction costs and other relevant and objectively quantifiable factors.

Council Management may, from time to time, invest surplus funds in:

- deposits with the Local Government Finance Authority; and/or
- bank interest bearing deposits.

A report is to be provided to Council by the Chief Executive Officer covering all the aspects in Section 139(3) for any other investment that requires the specific approval of Council.

#### 5.2.4 Reporting

At least once a year, Council shall receive a specific report regarding treasury management performance relative to this policy document via the Audit Committee. The report shall highlight:

- the quantum of fixed term investments, interest rates and maturity dates;
- the quantum of total borrowings, interest rates and maturity dates; and
- the proportion of fixed interest rate and variable interest rate borrowings at the end date of the reporting period and an estimate of the average of these proportions across this period along with key reasons for significant variances compared with the targets specified in this policy.



## 6. Authority

Adopted by Council – ~~165 June~~May 202~~20~~20

## 7. History

Version 6 – adopted by Council 15 June 2020

Version 5 – adopted by Council 16 July 2018

Version 4 – adopted by Council 21 September 2015

Version 3 – adopted by Council 16 June 2014

Version 2 – adopted by Council May 2012

Version 1 – adopted by Council 19 July 2010

Investment Policy subsumed – 19 July 2010

## 6.1 CORPORATE

### 6.1.3 Quarterly Report – Procurement

**Audit Committee Meeting:** 9 May 2022

**Author's Title:** Procurement Co-ordinator

**File No.:** 0-159

**Director:** Corporate

**Annexures – Nil**

**Officer Direct or Indirect Conflict of Interest:**

*In accordance with Local Government Act 1999,  
Section 120*

☐

Yes

☒

No

**Status:**

*Information classified confidential under  
Section 90(2) of the Local Government Act*

☐

Yes

☒

No

**Reason – not applicable**

---

## PURPOSE

The purpose of this report is to provide information regarding Council's procurement activities during the period 1 January to 31 March 2022.

## SUMMARY

Clause 7 of the Procurement Policy requires quarterly reporting on procurement exemptions to the Audit Committee.

This report also provides a snapshot of the following procurements which have been undertaken by Council during the quarter:

- Tenders undertaken;
- use of local vs non-local goods, works and services; and
- comparison of purchase orders and local vs non-local spend to same quarter of the previous year

All figures included in this report are GST exclusive, in line with the budget.

## RECOMMENDATION

**The Audit Committee receive and note the Procurement Quarterly report.**

### 6.1.3 Quarterly Report – Procurement Department

#### **REPORT**

##### **BACKGROUND**

In adopting better governance practices, this report is prepared to ensure Audit Committee and Elected Members are informed about procurement outcomes achieved by the Council.

In addition to this, Council's Procurement Policy requires the following to be reported quarterly to the Audit Committee and Council:

- Clause 7 requires exemptions from the policy to be appropriately approved and are to be recorded and reported to the Audit Committee quarterly.

##### **DISCUSSION**

#### **1. TENDERS (greater than \$200,000):**

The following tenders were undertaken or in progress for the period 1 January to 31 March 2022:

PROCUREMENT	TENDERS REQUESTED	TENDERS RECEIVED	STATUS
Broadbent & Newton Stormwater Drainage Construction	LGA Procurement facilitating select tender via Tenders SA website	1	Closed 31 March. Tender currently being evaluated.
Project Management – Airside Works at Whyalla Airport	Select Direct Tender	2	Services in progress.
Design Install Apron & Taxiway Lighting at Whyalla Airport	Select tender via Tenders SA website	4	Contract currently being signed.
Jubilee Park Changerooms	LGA Procurement facilitating tender via Tenders SA website	-	LGA Procurement putting tender documents together
Child Care Centre Extension	LGA Procurement facilitating tender via Tenders SA website	-	LGA Procurement putting tender documents together
Concrete Kerbing Program – 3 Years (2022/2023 – 2024/2025)	Open tender via Tenders SA website	2	Tenders currently being evaluated.
Northern Coastline Amenities and Facilities	Open tender via Tenders SA website	-	Tenders close on Friday 29 April 2022

## 2. POLICY EXEMPTIONS:

From 1 January to 31 March the following 9 procurement exemptions were made:

PROJECT TITLE	VALUE (GST EX)	NATURE & REASON FOR EXEMPTION (Clause 7 of Procurement Policy)
Wallack Terrace Stormwater Drainage Construction	\$400,841.81	Project was released via SA Tenders twice with no responses. Contractor expressed interest however were not able to submit response due to timing of prior commitments. Contractor submitted a budget estimate for the works followed by a tender response with applicable detail and supporting documentation.
Recruitment Campaign to fill 2x Management Positions	\$38,500.00	Positions of Manager Knowledge Management & Manager Economic Development are specialised roles that require a broad national search to secure the right individuals, skills, abilities, attributes needed to fulfil the key objective of the two positions. Service provider has experience in recruitment successfully undertaking recruitment campaigns previously for high level roles where outcomes were within agreed expectations.
Feasibility Study Whyalla Council Office Relocation	\$12,000.00	Only one quote was sought for this work due to opportunity to reduce costs by using an existing consultant already providing services to Council (for development of Recreation Centre Masterplan). Further substantiation includes: the low cost associated with project; consultant has experience in undertaking feasibility studies of this nature; consultant is growing their knowledge of Whyalla as a city with multiple engagements including for Helping Hand, and Bunyarra Medical Clinic.
Project Management & Quality Assurance Services Airport Airside Works	\$304,909.09	Seeking exemption from full tender process due to pending Airside Works commencing in February 2022 and fact that tender process involves 4 weeks to advertise/receive responses. Request for Quotes sent out via email to obtain quotes due to urgency of matter. This role alleviates need to source additional Work Safety Officers for project and is thought as an economical avenue saving Council from separately resourcing required services. Also ensures independent stakeholder to manage project day by day onsite who will provide required reports for hold points and quality assurance.

“How Council is receiving Value for Money from this Procurement” was added to the Procurement Memo template document and the table below as a result of the request from the Audit Committee at its meeting on Monday 8 February 2022. The following exemptions have been approved since then:

PROJECT TITLE	VALUE (GST EX)	NATURE & REASON FOR EXEMPTION (Clause 7 of Procurement Policy)	HOW COUNCIL IS RECEIVING VALUE FOR MONEY FROM THIS PROCUREMENT
Procurement Framework Review	\$20,626.36 + travel (billed at cost)	Seek exemption from undertaking Request for Quote process for Procurement Framework Review. Proposed to engage Procurement Services SA directly, to leverage off insights they gained from recent review they undertook of State Government Procurement Framework. We see great potential in working side by side with State Government on this project and based on enthusiasm they showed after we approached them, we believe that they do too.	Quote includes work being undertaken by a Director being charged at \$105 per hour. This is unheard of and there is no way this would be matched by the private sector. The estimated hours at 216 seems more than reasonable based on the number of tasks being undertaken.

**POLICY EXEMPTIONS (CONTINUED)...**

<b>PROJECT TITLE</b>	<b>VALUE (GST EX)</b>	<b>NATURE &amp; REASON FOR EXEMPTION (Clause 7 of Procurement Policy)</b>	<b>HOW COUNCIL IS RECEIVING VALUE FOR MONEY FROM THIS PROCUREMENT</b>
Whyalla Leisure Centre Project – Detailed Design	\$131,172.73	Council has renewal funds to upgrade the leisure pool area and remove the slide in this financial year, the above works will complete the design phase for council exec approval before finalising for construction documentation. The condition of the leisure area pool asset has increased the scope of the project, as there is a number of repairs that require detailed specs before we can tender them. It is important to note the provider has recently completed the masterplan of this precinct and have considerable knowledge and specialist expertise on this project.	Recent project costs for other Council projects (via open tender/quote request) are consistent with the fees proposed for this project.  *Note that requested single source covers full scope of project and engagement will be a staged approach to each phase*.
Supply & Installation of WIFI nodes – Northern Coastline sites (Cuttlefish Drive Dive Site, Fitzgerald Bay Campground & Douglas Point North Campground)	\$67,650.00	Council is unaware of any other supplier who manufactures and installs these specified solar nodes. Contractor has installed these nodes at other locations along the Eyre Peninsula as part of DEW's Eyes on Eyre Project. Purchasing nodes will consolidate Councils Northern Coastline Infrastructure with other EP Councils, currently servicing other Eyes on Eyre camping locations within the Eyre Peninsula. Council is receiving value for money with this purchase, we have compared prices from previous quotes that show similar values to what Contractor is now offering, includes a 5% discount on the infrastructure and installation price due to ordering 3 WIFI units all at once	We have compared the prices from previous quotes that show similar values to what Contractor is now offering with this project. Contractor is also offering a 5% discount on the infrastructure and install price due to ordering the three WIFI units at once.
Supply & Delivery of 3 Sheltered Picnic Settings	\$15,600.00	We have gone through the procurement process twice to determine the Contractor's product is the best fit for the Council for the following reasons: <ul style="list-style-type: none"> <li>• We have used these shelters for 3 previous projects with great results.</li> <li>• The units are easy for our civil team to assemble and install.</li> <li>• Choosing this product keeps them all the same, city wide.</li> </ul> They provided the cheapest quote last time and have quoted a fair price this time, in a package deal.	Receiving value for money from this procurement as Contractor has a special on at the moment, that if you buy 3 sheltered picnic settings, you are getting them for \$13,000 + GST and freight.

**POLICY EXEMPTIONS (CONTINUED):**

PROJECT TITLE	VALUE (GST EX)	NATURE & REASON FOR EXEMPTION (Clause 7 of Procurement Policy)	HOW COUNCIL IS RECEIVING VALUE FOR MONEY FROM THIS PROCUREMENT
Bennett / Memorial Oval Lights – Independent Report	\$5,157.00	After contacting a number of other professionals that offer similar services, Council was unable to secure another company that was not already involved with the Bennett Memorial Oval Sports Lighting issue. Provider was willing to meet timeframes and accommodate the urgent nature of Council's request.	Legal advice has recommended that Council seek a third-party inspection and report prior to the rectification works commencing.

Note that only the Chief Executive Officer can authorise exemptions from undertaking procurement processes as specified in Council's Procurement Policy.

The following is a summary of Policy exemptions for the 2021/2022 year:

Exemptions by Department	Amount	Percentage
City Growth	1	4.55%
Corporate	12	54.55%
Infrastructure	9	40.91%
Executive	0	0.00%
<b>Total</b>	<b>22</b>	<b>100.00%</b>

Exemptions by Procurement Thresholds (\$)	Amount	Percentage
0 – 5,000	1	4.55%
5,001 – 30,000	4	18.18%
30,001 – 200,000	15	68.18%
200,001 +	2	9.09%
<b>Total</b>	<b>22</b>	<b>100.00%</b>

**3. LOCAL PURCHASES:**

As a contributor to Whyalla's economy, Council is committed to purchasing from local suppliers where possible, as well as ensuring value for money procurement outcomes.

Out of a total of 741 purchase orders raised for goods, works or services for the quarter

- 441 were local; and
- 300 were non-local

There was an overall spend of \$9,863,097 broken down as follows:

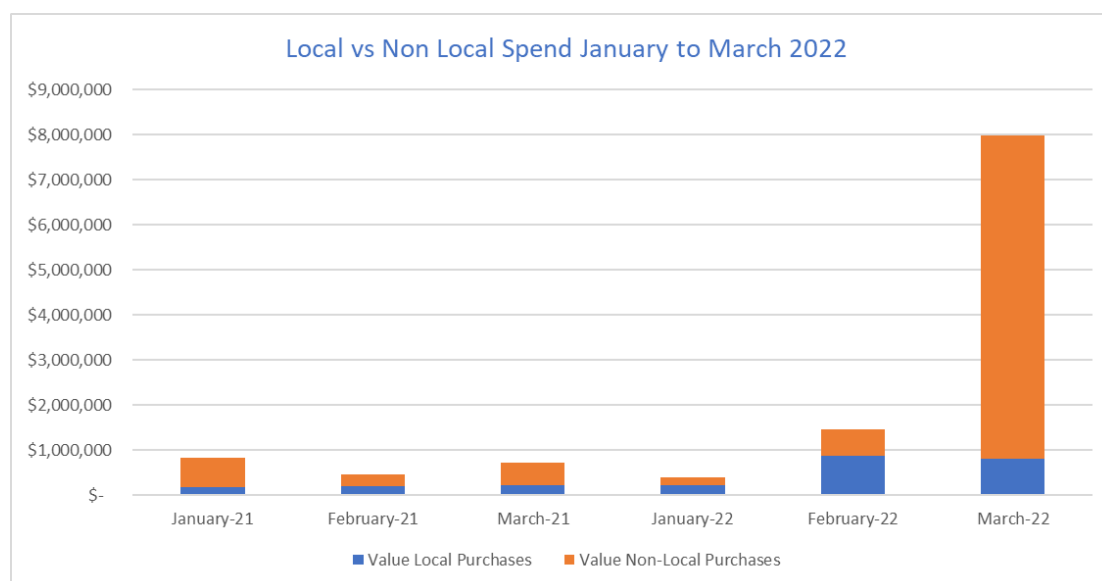
- Local spend           \$1,906,353; and
- Non-local spend     \$7,956,744

A total of 59.51% were local purchases and 40.49% were non-local purchases for goods, works or services. Non-local purchases for this period were reviewed and were for the following reasons:

- Specialised products or services not available locally
- Training not available locally
- Conferences/Meetings/Accommodation
- Membership/Subscription renewals
- Tendered works/services
- Advertising not available locally
- Tendered Contracts
- Software Maintenance not available locally
- PLAN SA online lodgement fees

The following tables represent local vs non-local purchase order number and value comparison for 1 January to 31 March and includes a comparison with the previous year.

<b>2022</b>	<b>January</b>	<b>February</b>	<b>March</b>	<b>Total</b>
Local Purchases	119	147	175	<b>441</b>
Non-Local Purchases	95	110	95	<b>300</b>
Value Local Purchases	\$226,045	\$868,333	\$811,975	<b>\$1,906,353</b>
Value Non-Local Purchases	\$176,460	\$601,243	\$7,179,041	<b>\$7,956,744</b>
<b>2021</b>	<b>January</b>	<b>February</b>	<b>March</b>	<b>Total</b>
Local Purchases	155	159	168	<b>482</b>
Non-Local Purchases	121	126	128	<b>375</b>
Value Local Purchases	\$182,000	\$203,846	\$230,054	<b>\$615,900</b>
Value Non-Local Purchases	\$649,033	\$252,830	\$488,044	<b>\$1,389,907</b>



Non-local spend for February and March was higher than usual due to the following tendered works:

- Whyalla Airport Airside Upgrade Works
- Whyalla Airport Airside Upgrade Works - Project Management and Quality Assurance Services
- UneARTh Festival - marketing, promotion, equipment hire, catering, insurance, workshops, sponsorship & entertainment
- Rectification Works to Sports Lighting at Bennett and Memorial Oval
- Wallack Terrace Stormwater Drainage
- Completion of current Concrete Kerbing Program

## **Legislation**

*Local Government Act (SA) 1999*

**Officer Direct or Indirect Interest – Nil**

## **Risk Assessment**

Non-compliance with the Procurement Policy and Local Government Act (SA) 1999 may expose Council to reputation and financial risks.

**Social Considerations – Nil**

**Community Engagement – Nil**

**Environmental Implications – Nil**

**Communication - Nil**

## **Conclusion**

59.51% of purchase orders raised during the period 1 January to 31 March 2022 were for goods and services from local suppliers.



## 7.1 CONFIDENTIAL

### 7.1.1 Feedback on ESCOSA proposed Framework and Approach - **CONFIDENTIAL**

**Audit Committee Meeting:** 9 May 2022  
**Author's Title:** Manager Finance **File No.:** 0-159  
**Director:** Corporate

#### Annexures

A – ESCOSA Draft Framework and Approach

B - LGA Consultation Paper

#### Officer Direct or Indirect Conflict of Interest:

*In accordance with Local Government Act 1999,  
Section 120*

☐

Yes

☒

No

#### Status:

*Information classified confidential under  
Section 90(2) of the Local Government Act*

☒

Yes

☐

No

**Reason** –information provided on a confidential basis by a public authority

## RECOMMENDATION

Pursuant to Section 90(2) and (3)(j) of the Local Government Act 1999, the Audit Committee orders that the public be excluded from the meeting with the exception of Justin Commons; Chief Executive Officer, Kristen Clark; Director City Infrastructure, Kathy Jarrett; Director Corporate Services, Jade Ballantine; Director City Growth, Grant Jennings; Manager Finance, Sandra Vigar; Finance Coordinator, Irene Adair; Manager Governance and Lisette Fisher; Executive Co-ordinator – Corporate for Agenda Item 7.1.1 – Feedback on ESCOSA proposed Framework and Approach.

The Audit Committee considers that the requirement for the meeting to be conducted in a place open to the public has been outweighed in circumstances where the Audit Committee will receive and consider information the disclosure of which would divulge information provided on a confidential basis by a public authority, being the Local Government Association of SA (LGA).