



**CITY OF**

**WHYALLA**

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

**MEMBERSHIP**

Mayor C McLaughlin  
Cr S Stuppos  
Mr P Klobucar

Cr D Knox  
Mr A Rushbrook

**NOTICE OF AUDIT COMMITTEE MEETING**

**TO HER 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 in the Council Chamber, Darling Terrace, Whyalla on Monday 3 February 2020 at 11.00 am.

The business of the meeting is:

- Risk Management Action Plan
- Quarterly Report – Procurement Exemptions
- Internal Audit Report
- External Auditor Appointment
- 2019/20 Budget Review – Quarter 2
- Draft Long Term Financial Plan
- Audit Committee Work Plan
- Draft Asset Management Strategy

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

**KRISTEN CLARK**  
**ACTING CHIEF EXECUTIVE OFFICER**

Dated: 30 January 2020

## AGENDA

### AUDIT COMMITTEE MEETING – MONDAY 3 FEBRUARY 2020

**1. ATTENDANCE RECORD**

Apologies – Nil

Leave of Absence – Nil

**2. DECLARATION OF MEMBERS' CONFLICT OF INTERESTS**

**3. MINUTES OF PREVIOUS MEETING**

- 3.1 *Confirmation of the Minutes of the Audit Committee Meeting held on Monday 28 October 2019* *Page 3*

**Recommendation**

**That the Minutes of the Audit Committee Meeting held on Monday 28 October 2019, as per copies supplied to Members, be adopted as a true and correct record to that meeting.**

**4. DEPUTATIONS / PRESENTATIONS – Nil**

**5. REPORTS – COUNCIL OFFICERS**

**5.1 Corporate – Ordinary Reports**

- |       |  |                 |
|-------|--|-----------------|
| 5.1.1 | <i>Risk Management Action Plan</i>               | <i>Page 7</i>   |
| 5.1.2 | <i>Quarterly Report – Procurement Exemptions</i> | <i>Page 60</i>  |
| 5.1.3 | <i>Internal Audit Report</i>                     | <i>Page 63</i>  |
| 5.1.4 | <i>External Auditor Appointment</i>              | <i>Page 77</i>  |
| 5.1.5 | <i>2019/20 Budget Review – Quarter 2</i>         | <i>Page 85</i>  |
| 5.1.6 | <i>Draft Long Term Financial Plan</i>            | <i>Page 97</i>  |
| 5.1.7 | <i>Audit Committee Work Plan</i>                 | <i>Page 137</i> |

**5.2 Infrastructure – Ordinary Reports**

- |       |  |                 |
|-------|--|-----------------|
| 5.2.1 | <i>Draft Asset Management Strategy</i> | <i>Page 146</i> |
|-------|--|-----------------|

**6. CONSIDERATION OF CONFIDENTIAL ITEMS – Nil**

**7. CLOSURE**

**8. DATE OF NEXT MEETING – To be advised**

**MINUTES OF THE AUDIT COMMITTEE MEETING**  
**HELD ON MONDAY 28 OCTOBER 2019 AT 11.02 AM IN THE COUNCIL CHAMBER**

**PRESENT:** Mr A Rushbrook (*Chair*), Crs S Stuppos, D Knox, Mr P Klobucar

**OBSERVERS:** Chief Executive Officer (*Mr C Cowley*)  
Director Corporate (*Ms R Dunstall*)  
Senior Finance Officer (*Mrs S Vigar*)  
Executive Assistant (*Mrs M Armstrong*)

**1. Attendance Record**

Apologies – Mayor C McLaughlin  
Leave of Absence – Nil

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

**3. Minutes of Previous Meeting**

**3.1 Confirmation of the Minutes of the Audit Committee Meeting held on Monday 22 July 2019**

Moved Cr Stuppos, seconded Cr Knox

**AC240-2019**

That the Minutes of the Audit Committee Meeting held on Monday 22 July 2019, as per copies supplied to Members, be adopted as a true and correct record to that meeting.

**Carried**

**4. Deputations/Presentations – Nil**

**5. Reports – Council Officers**

**5.1 Corporate – Ordinary Reports**

**5.1.1 Audit Committee Work Plan**

*Agenda Item 5.1.1 discussed after Item 5.1.8 (refer page 4 of the Minutes)*

5.1.2 *Risk Management Action Plan*

Moved Cr Knox, seconded Cr Stuppos

**AC241-2019**

That the Audit Committee:

1. receive and note the report under reference, including:
  - a. the final Risk Management Action Plan, as attached at Annexure “A”;
  - b. the final Work Health and Safety and Return to Work Action Plan, as attached at Annexure “B”;
  - c. the draft Risk Evaluation Report 2019, as attached at Annexure “C”; and
  - d. the draft Strategic Risk Program, as attached at Annexure “D”.

**Carried**

5.1.3 *Procurement Report*

Moved Cr Knox, seconded Cr Stuppos

**AC242-2019**

That the Audit Committee:

1. receive this report; and
2. all future reports to include the dispensations in more detail.

**Carried**

5.1.4 *Internal Audit Report*

Moved Cr Stuppos, seconded Mr Klobucar

**AC243-2019**

That the Audit Committee receive and note the Internal Audit Report dated September 2019 and monitors the action plan developed from the report.

**Carried**



5.1.5 2018/19 Draft Audit Completion Report

***Mr Ian McDonald, Chartered Accountant – Creative Auditing,  
joined the Audit Committee Meeting via telephone link-up at 12.11 pm***

Moved Cr Knox, seconded Cr Stuppos

**AC244-2019**

That the Audit Committee note the Draft Audit Completion Report from Ian McDonald, for the financial year ended 30 June 2019.

**Carried**

***Mr Ian McDonald left the Audit Committee Meeting at 12.29 pm***

5.1.6 2018/19 Draft Financial Statements

Moved Cr Knox, seconded Cr Stuppos

**AC245-2019**

That the Audit Committee:

1. in accordance with Section 126(4) of the Local Government Act 1999, advise that it has reviewed the draft Annual Financial Statements of the Council for the financial year ended 30 June 2019 and is satisfied that they present fairly the state of affairs of Council; and
2. advise Councils' Auditor that it has reviewed the Annual Financial Statements of the Council for the financial year ended 30 June 2019 and is satisfied that they present fairly the state of affairs of Council.

**Carried**

5.1.7 *2018/19 Financial Results*

Moved Cr Knox, seconded Mr Klobucar

**AC246-2019**

That the Audit Committee:

1. recommends the financial results compared with the estimated financial result of Council for the financial year ending 30 June 2019, be presented to Council;
2. the 2019/20 Annual Business Plan and Budget be updated to reflect the year end results; and
3. notes the review of the performance of Council investments.

**Carried**

5.1.8 *2019/20 Budget Update incorporating 2018/19 Financial Results*

Moved Cr Stuppos, seconded Cr Knox

**AC247-2019**

That the Audit Committee:

1. recommend the Budget Update, incorporating the 2018/19 Financial Results, be submitted to Council for adoption; and
2. the 2019/20 Annual Business Plan and Budget and Long Term Financial Plan be amended to reflect the variances.

**Carried**

5.1.9 *Audit Committee Work Plan*

Moved Cr Stuppos, seconded Cr Knox

**AC248-2019**

That the Audit Committee receive and note the Work Plan, with the additions included, as discussed at the meeting.

**Carried**

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

7. **Closure – 1.03 pm**

8. **Date of Next Meeting – To be confirmed**

## 5.1 CORPORATE

### 5.1.1 Risk Management Action Plan

**Audit Committee:** 3 February 2020

**Author's Title:** Corporate Strategy Business Partner

**Directorate:** Corporate

**Director:** Robyn Dunstall

**File No.:**

#### Annexures:

A – Draft Risk Management Action Plan 2020-2021

B – 2019 Risk Evaluation Summary Report

#### 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 – Nil**

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## PURPOSE

To present to the Audit Committee, the draft Risk Management Action Plan for 2020-2021 resulting from the 2019 Risk Evaluation by Local Government Risk Services.

## SUMMARY

The Risk Management Action Plan is a schedule of all risk items identified for action within the 2019 Risk Evaluation Summary Report of Whyalla City Council, as completed by the Mutual Liability Scheme and the Workers Compensation Scheme.

The Risk Evaluation Report 2019 is based on the evaluation undertaken in September by Local Government Risk Services and has been be used to develop the 2020-2021 Risk Management Action Plan.

## RECOMMENDATION

**That the Audit Committee:**

1. receive and note the report under reference, including:

- a) the draft Risk Management Action Plan 2020-2021, as attached at Annexure "A";  
and
- b) the 2019 Risk Evaluation Summary Report, as attached at Annexure "B".

### 5.1.1 Risk Management Action Plan

#### **REPORT**

##### **BACKGROUND**

The Risk Management Action Plan is a schedule of all risk items identified for action within the 2019 Risk Evaluation Summary Report of Whyalla City Council, as completed by the Mutual Liability Scheme and the Workers Compensation Scheme.

The Risk Management Action Plan is updated and reported to the Executive Management team bimonthly.

##### **DISCUSSION**

Council has developed the Draft Risk Management Action Plan 2020-2021 by reviewing the recommendations within the 2019 Risk Evaluation Summary Report.

The 2019 Risk Evaluations Summary Report evaluated 24 sector baselines, 13 which were met and 11 were not met. The following table summarises the baseline evaluations by sectors.

<b>Sector</b>	<b>Total Number of Sector Baselines Evaluated</b>	<b>Sector Baselines Met</b>	<b>Sector Baselines Not Met</b>
Risk Management Systems	3	0	3
Roads and Footpaths	8	6	2
Procurement	7	5	2
Tree Management	3	1	2
Emergency Management	3	1	2
<b>Totals</b>	<b>24</b>	<b>13</b>	<b>11</b>
<b>Total %</b>		<b>54%</b>	<b>46%</b>

Council has already taken steps to reduce and mitigate a number of the risks identified in the 2019 Risk Evaluation Summary Report and progress will be noted in the Action Plan.

##### **Financial Implications**

Adequate risk management systems and controls are required to reduce and maintain Council's insurance premiums.

Inadequate risk management systems and controls may result in financial detriment to Council.

## **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

## **Legislation**

*Local Government Act (SA)1999*

**Officer Direct or Indirect Interest – Nil**

## **Risk Assessment**

Non-compliance with these items, may expose Council to a number of risks including:

### *Inadequate Risk Management Systems*

- Failure to identify and mitigate risks.
- Inability for Council to monitor and control or mitigate risks or exposure to risk.
- Wellbeing of safety of staff and members of the public.
- Potential liability or legal exposure of Council.

### *Roads and Footpaths*

- Legal implications relating to non-compliance with the *Local Government Act (SA) 1999*.
- Potential liability or legal exposure of Council if a contractual agreement is not in place for the railway use.
- Poor asset maintenance and/or service standards.

### *Procurement and Contracts*

- Delayed or unnecessarily lengthy procurements.
- Failure to identify adequate risks before, during and after procurement process.
- Non-compliance with procurement processes.

### *Tree Management*

- Financial loss due to inadequate policy and process documentation.
- Public safety.

### *Emergency Management*

- Employee and public safety.
- Equipment loss or damage.

**Social Considerations – Nil**

**Community Engagement – Nil**

**Environmental Implications – Nil**

**Communication**

Any relevant matters or changes will be communicated through reports to Council and the Audit Committee.

**Conclusion**

That the Audit Committee note this report, the draft Risk Management Action Plan 2020-2021 and the Risk Evaluation Summary Report 2019.

Council:	Whyalla City Council	Version: 1 (DRAFT) Issued: November 2019 Next Review: September 2020	Approved by EMT XX	Progress Report for month of: November 2019	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Total	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Total			
<p><i>Please note: The close out date for the completion of 2019 -2020 actions is 30th September 2020.</i></p> <p><i>Applications for extensions must be provided to the LGAWCS WHS and Risk Manager, outlining why special consideration should be given.</i></p>					Proposed Actions for the Month	0	0	0	0	0	0	2	4	0	2	0	8	0	4	1	0	0	0	0	0	0	0	3	0	8			
					Actual / Completed Actions for the Month	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
					Proposed YTD (accumulated)	0	0	0	0	0	0	2	6	6	8	8	8	8	8	0	4	5	5	5	5	5	5	5	5	8	8	8	0
					Actual / Completed YTD (accumulated)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
					Total percentage complete	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	0%	0%	0%	0%	0%	0%	0%	0%	0%	#DIV/0!	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Risk Management Systems																															
Evaluation Score	Risk Evaluation Q or Source	Action Agreed	Due	Responsible Person	Progress	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20		Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	
Baseline Not Met	1a	Review & update risk management policy in line with model LGRS policy or AS/NZS ISO 31000:2019, taking into account the current organisation structure & responsibilities. Adapt and endorse the model LGRS risk management framework to reflect Council's risk criteria & organisation structure. Develop a risk management implementation plan that includes identification, evaluation & treatment of strategic & operational risks within a structured reporting		Corporate Strategy Business Partner												P															
Baseline Not Met	1b	Develop workable risk register/investigate risk management software options. Identify & evaluate strategic risks (executive/managers). Identify & evaluate operational risks (managers/supervisors). Record & monitor treatments for unacceptable risks.		Corporate Strategy Business Partner												P															
Baseline Not Met	1c	Customise risk assessment template to reflect risk management framework. Identify opportunities for integration of risk management into existing processes. Develop reporting templates/structures to enable reporting and monitoring of risks, (including implementation and effectiveness of controls,) at appropriate levels within the organisation.		Corporate Strategy Business Partner																	P										

Roads and Footpaths																															
Evaluation Score	Risk Evaluation Q or Source	Action Agreed	Due	Responsible Person	Progress	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20		Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	
Baseline Not Met	2a	Review and update procedures that reference Section 221 of the LG Act &/or use of permit. Identify suitable contingency personnel to process S221 Permit applications. Update sub-delegations to provide appropriate authorisation to contingency personnel. Provide contingency personnel with training in updated procedure, assessment process and use of database.		Manager Assets									P																		
Opportunity for Improvement	2c	Include requirement for applicant to indemnify Council in the S221 application form.		Manager Assets									P																		
Baseline Not Met	2d	Verify current status of Asset Management Plans (AMPs) for specific asset classes. Update AMPs to reflect required/long term budgeted expenditure. Check for consistency between over-arching strategy and plans, (e.g. service standards, prioritisation,) and that these are consistent with methodology used in modelling asset maintenance/renewal. Endorse 10 year asset management plans for each asset class, (as per Asset Management Strategy 2018-2027.)		Manager Assets										P																	

Procurement and Contracts																																
Evaluation Score	Risk Evaluation Q or Source	Action Agreed	Due	Responsible Person	Progress	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20		Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21		
Baseline Not Met	3a	Undertake a review of the currency and relevance of policies and procedures relating to procurement and asset disposal, including: - Disposal policy (due for review July 2019) - Prudential management policy (due for review January 2018) - Simple procurement procedure (due for review January 2018) - Request for Tender procedure (due for review January 2018) - Procurement framework (version 1, January 2016) to ensure consistency with the current policy, process and delegations.		Senior Procurement Officer/Corporate Strategy Business Partner																P												
Baseline Not Met	3b	Review and update procurement and project risk identification and evaluation process and tools, with a view to embedding risk management within the procurement and project planning process. Provide training to all staff who are involved in procurement and project management. Monitor effectiveness and application of the updated tools and process.		Senior Procurement Officer/Corporate Strategy Business Partner																P												
Opportunity for Improvement	3c	Based on pre-purchase risk assessment, determine evaluation weightings prior to issuing go-to-market documentation and include in information provided to bidders.		Senior Procurement Officer/Corporate Strategy Business Partner																P												
Opportunity for Improvement	3f	Review usage of purchase orders to confirm that they are issued for acquisition of goods only. If purchase orders be issued for services, review and update of the terms & conditions to capture indemnity, public liability and sub-contracting requirements.		Senior Procurement Officer/Corporate Strategy Business Partner																P												

Tree Management																																
Evaluation Score	Risk Evaluation Q or Source	Action Agreed	Due	Responsible Person	Progress	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20		Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21		
Baseline Not Met	E4a	Update Tree Management policy & procedure to reflect current practice, available guidance materials and templates. Develop a roll-out plan, (which may include training, supporting documentation, etc.) for the Street Tree Master Plan.		Manager Operations										P																		
Baseline Not Met	E4b	Review & update Tree Management policy & procedure, (as above,) noting current roles & responsibilities. Update position descriptions to reflect current roles. Develop internal guidance, (or incorporate into revised tree/vegetation management procedure,) around maintenance of trees/vegetation adjacent DPTI roads.		Manager Operations										P																		
Opportunity for Improvement	E4c	Consider outlining process for native vegetation clearance in an updated tree/ vegetation management procedure.		Manager Operations										P																		

Emergency Management																													
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Evaluation Score	Risk Evaluation Q or Source	Action Agreed	Due	Responsible Person	Progress	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20		Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	
Baseline Not Met	E6a	In conjunction with LGA Emergency Management team, undertake a review of current status of community emergency management policies, plans and/or procedures and other potential system gaps. Review and update policies, plans and/or procedures to reflect current arrangements.		Corporate Strategy Business Partner																									P		
Opportunity for Improvement	E6b	Revisit risks relating to community emergencies, (including where staff attend nearby Council areas) and update risk register. Finalise & endorse community emergency risk management plan. Verify that controls listed are in place and effective, (consider building resilience rather than focus on response.)		Corporate Strategy Business Partner																									P		
Baseline Not Met	E6c	Identify appropriate personnel to undertake training in LGFSG Council command role and record in training needs analysis. Identify who requires i-Responda training (either as refresher or new) and record in training needs analysis. Provide training to relevant personnel.		Corporate Strategy Business Partner/Manager Operations/WHS Officer																									P		





# **2019 Risk Evaluation Summary Report**

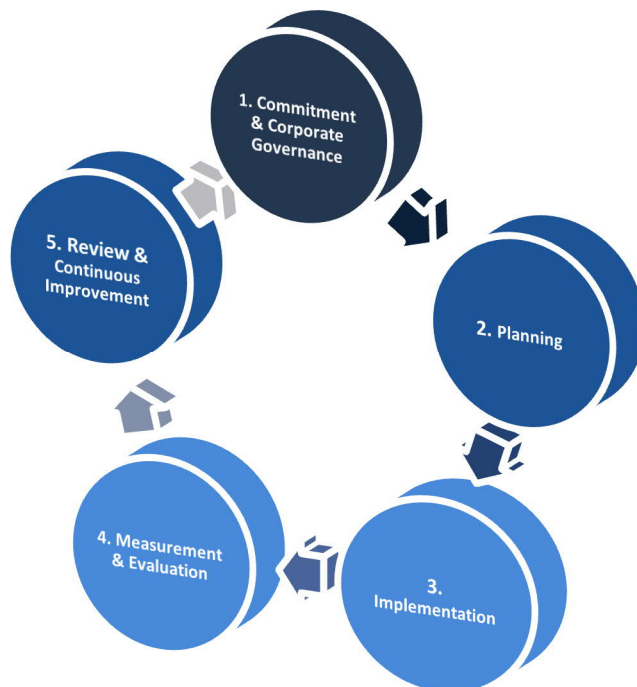
## **City of Whyalla**

**Date of Evaluation: 25<sup>th</sup> – 27<sup>th</sup> September 2019**

**Date Report Issued: 5<sup>th</sup> December 2019**

**Name of Evaluators: Jo Calliss & Sandy Munro**

# 1. Risk Evaluation Overview



The LGAWCS and LGAMLS provide a Risk Evaluation service to their Members, every two years. The aim of the Risk Evaluation process is to review each Member's risk management systems (including WHS and IM) against both LG Industry agreed Sector Baselines and other external requirements (e.g. RTWSA Performance Standards for Self Insurer requirements and relevant legislation). The objective of the evaluation is to:

- Assist Members to recognise and share LG risk management excellence;
- Identify where opportunities for system improvements exist; and
- Work in partnership with Members to implement identified improvements.

The Risk Evaluation in its current format was introduced in 2017. More information is available on the Member Centre regarding the structure and process.

## **This summary report is structured as follows:**

- An executive summary for both risk and WHS/IM system aspects briefly outlines the overall results of the evaluation and potential focus areas and recommended actions.
- Separate risk management and WHS and IM evaluation reports, which include the evaluation scope, names of interviewees, summary of findings and specific recommendations for each sub-element within the evaluation scope.
- A conclusion, which summarises where overall trends and issues are occurring and what may be of assistance to Council to improve or develop systems, moving forward.



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## 2. Executive Summary

### 2.1. Overview and Objective

Every two years, the Local Government Mutual Liability and Workers Compensation Schemes conduct an evaluation of each Scheme Member's Risk Management, Work Health and Safety and Injury Management systems. The purpose of the evaluation is to test (within the scope of the evaluation):

- How well Council's Risk Management systems meet Local Government sector established baselines and
- Council's level of conformance with ReturnToWork SA's Performance Standards for Self-Insurers for Work Health and Safety and Injury Management systems.

Sector-wide results are also collated and analysed to enable the Schemes to further assist the Local Government industry, either via sector wide programs or individual programs of targeted support.

This section provides a brief summary of findings of the risk evaluation of City of Whyalla on 25<sup>th</sup> – 27<sup>th</sup> September 2019. Council should use the findings in its management planning and review of systems to drive further improvement to Risk, Safety and Injury Management within the organisation; as such, Executive management are encouraged to review the evaluation summary report in its entirety for further detail and recommendations.

The completed Risk, WHS and IM Evaluation tools that support these findings are available from Council's allocated Regional Risk Coordinator. The completed tools and reports are also available on the Member Centre, (in Member Documents.)

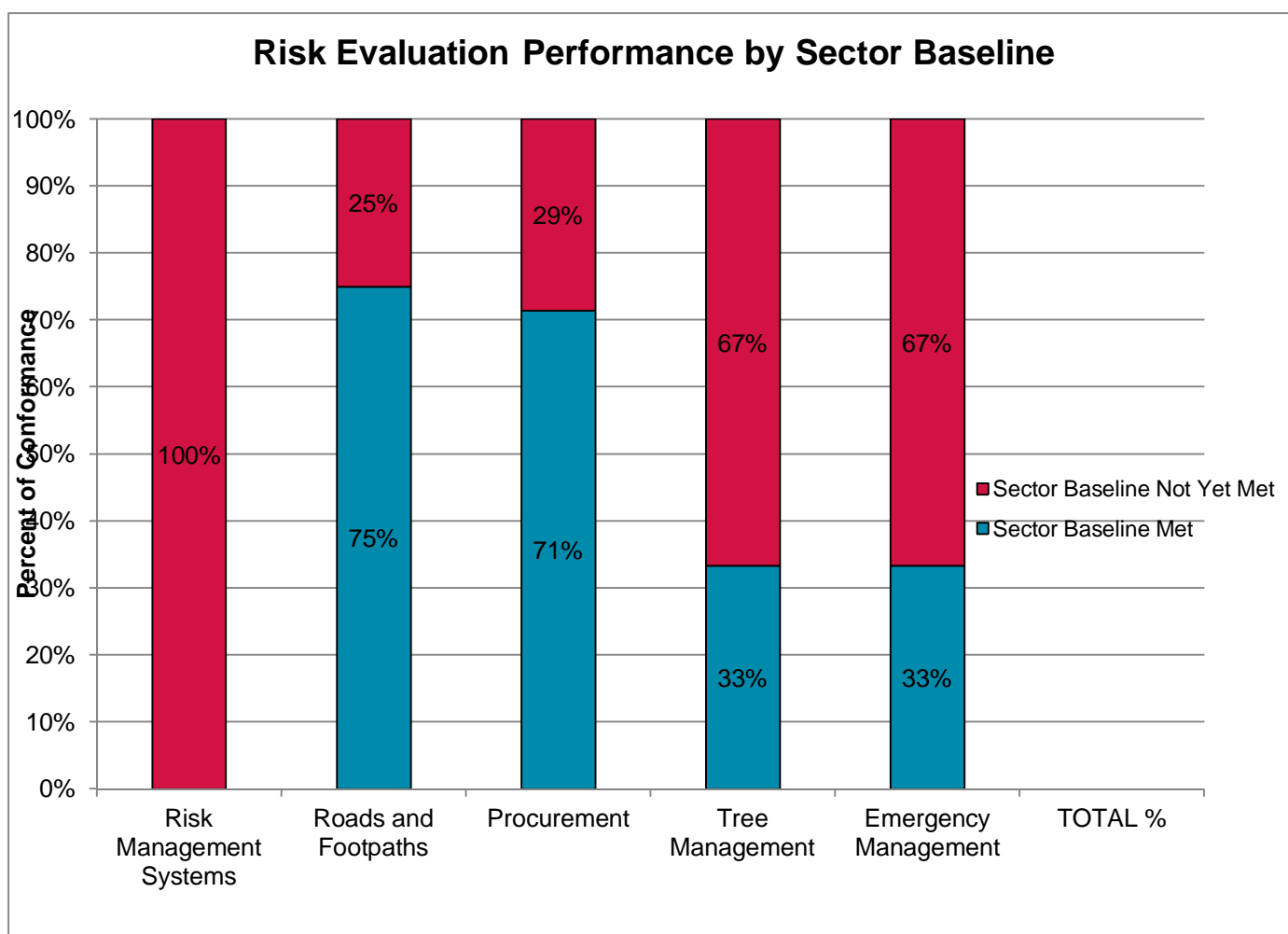
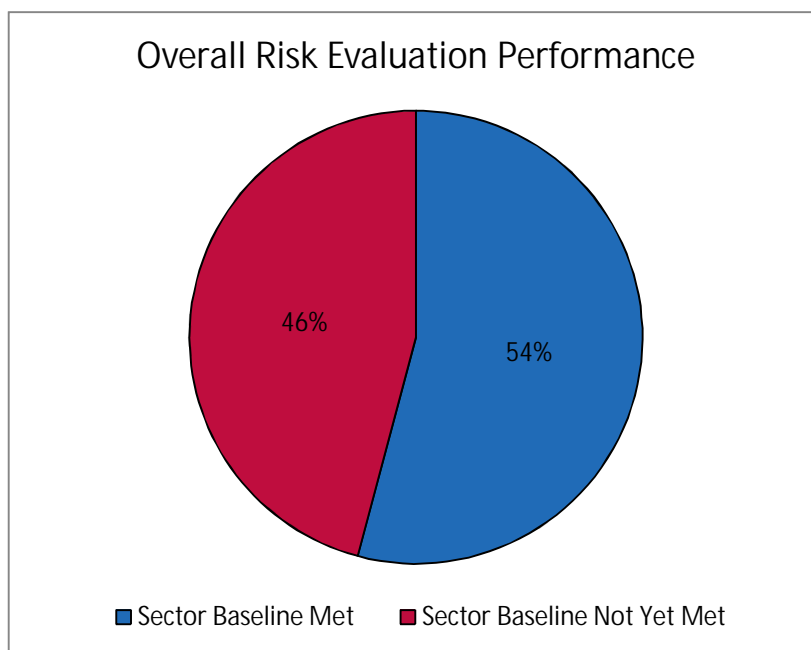
### 2.2. Risk Management

Within the risk management systems, there are three mandatory areas and five electives of, which Scheme Members are required to choose two to be evaluated.

In evaluating Council's risk management systems, reference was made to sector baselines, being a minimum standard expected to be in place. Sector baselines were established by a consultative group that included membership from both metropolitan and regional Scheme Members. It is to be noted that the baselines are not all legislative requirements, but a set of minimum requirements that is expected within the Local Government sector. All the criteria within the defined sector baseline must be met in order for the sector baseline to be deemed as being met.

City of Whyalla's results against the mandatory and elective question sets are as follows:

Topics	Total Number of Sector Baselines Evaluated	Sector Baseline Met	Sector Baseline Not Yet Met
<b>MANDATORY AREAS</b>			
Risk Management Systems	3	0	3
Roads and Footpaths	8	6	2
Procurement	7	5	2
<b>ELECTIVES</b>			
Tree Management	3	1	2
Emergency Management	3	1	2
<b>TOTALS</b>	<b>24</b>	<b>13</b>	<b>11</b>
<b>TOTAL %</b>		<b>54%</b>	<b>46%</b>



## 2.2.1. Risk Management Systems

### Overview of Results – Mandatory Areas - Risk Management Systems

Topics	Total Number of Sector Baselines Evaluated	Sector Baseline Met	Sector Baseline Not Yet Met
<b>MANDATORY AREAS</b>			
Risk Management Systems	3	0	3

### Specific Results and Improvement areas – Risk Management Systems

Q#	Risk Management Systems	Summary of Sector Baselines <u>not met</u> and any improvement required	Recommendation
1a	What does Council's Risk Management (RM) approach consist of?	<p>Council's risk management policy and procedure are both out-of-date and therefore do not reflect the current AS/NZS ISO 31000:2019 Standard, in particular the integration of risk management into all facets of the organisation.</p> <p>The procedure provides information about how to use the risk assessment tool, but not the broader risk management process, (e.g. establishing context, stakeholder identification and engagement, monitoring and review, etc.), as outlined in the Standard.</p>	<p>Review &amp; update risk management policy in line with model LGRS policy or AS/NZS ISO 31000:2019, taking into account the current organisation structure &amp; responsibilities.</p> <p>Adapt and endorse the model LGRS risk management framework to reflect Council's risk criteria &amp; organisation structure.</p> <p>Develop a risk management implementation plan that includes identification, evaluation &amp; treatment of strategic &amp; operational risks within a structured reporting &amp; monitoring environment.</p>
1b	Does Council have a risk register or a tool/repository where risks are actively monitored and maintained on a periodic basis as per their documented approach?	<p>Council has a Strategic Risk Plan 2015-2018, last updated September 2019, when a review was undertaken to differentiate between strategic and operational risks.</p> <p>Risks relating to achievement of Council's strategic objectives have not been clearly articulated/ linked to the objectives and this is proposed to be considered as part of the work being undertaken with the LGRS Strategic Risk Team. (Strategic management plans will be reviewed between October 2019 – February 2020)</p>	<p>Develop workable risk register/ investigate risk management software options.</p> <p>Identify &amp; evaluate strategic risks (executive/managers).</p> <p>Identify &amp; evaluate operational risks (managers/supervisors).</p> <p>Record &amp; monitor treatments for unacceptable risks.</p>

Q#	Risk Management Systems	Summary of Sector Baselines <u>not met</u> and any improvement required	Recommendation
		<p>and this presents an ideal opportunity to consider Council's strategic risks.)</p> <p>The existing plan is in Microsoft Word format and does not provide for active monitoring or reporting. Council is investigating alternatives to allow for real-time and proactive monitoring of risks.</p>	
1c	Is Council's above risk management approach implemented and operational?	<p>Whilst Corporate Strategy Business Partner role, (which has specific responsibilities for risk management, strategy and compliance,) has been created and training has been provided for managers and other key roles in the organisation, risk management is not yet embedded across the organisation.</p> <p>Risk reporting is a part of the audit committee work plan and there is evidence of discussion of risks at the most recent audit committee meeting, however there was no alignment with strategic risk plan or potential impact on Council's strategic objectives.</p> <p>Council appears to have a positive risk culture, (indicated by awareness, developing interest and application of risk management principles and proactive reporting and treatment of risk,) and will benefit from a structured, consistent and integrated approach.</p>	<p>Customise risk assessment template to reflect risk management framework.</p> <p>Identify opportunities for integration of risk management into existing processes.</p> <p>Develop reporting templates/structures to enable reporting and monitoring of risks, (including implementation and effectiveness of controls,) at appropriate levels within the organisation.</p>



## 2.2.2. Roads and Footpaths

### Overview of Results – Mandatory Areas - Roads and Footpaths

Topics	Total Number of Sector Baselines Evaluated	Sector Baseline Met	Sector Baseline Not Yet Met
<b>MANDATORY AREAS</b>			
Roads and Footpaths	8	6	2

### Specific Results and Improvement areas – Roads and Footpaths

Q #	Roads and Footpaths	Summary of Sector Baselines <u>not met</u> and any improvement required	Recommendation
2a	Does Council have systems in place to authorise or permit 3rd party alterations to a public road (non-business purposes) in relation to S221 of the LG Act?	Whilst Council has a process in place for authorising activities in accordance with S221 of the LG Act, (which include provision of information, accessibility and a process to track the application process), there are no contingency arrangements in place, should the Technical Officer be absent. This, coupled with out-of-date procedures, poses a risk of disputes arising from incorrect or inconsistent treatment of permit applications.	Review and update procedures that reference Section 221 of the LG Act &/or use of permit.  Identify suitable contingency personnel to process S221 Permit applications.  Update sub-delegations to provide appropriate authorisation to contingency personnel.  Provide contingency personnel with training in updated procedure, assessment process and use of database.
2b	Does the authorisation process or permit consider structures and installations for their safety & suitability?	Sector baseline met.	
2c	Does the authorisation or permit include an indemnity from the applicant to the Council?	Although the sector baseline criteria were met, an opportunity for improvement exists.  Currently, applicants are not formally advised of the requirement to indemnify Council until they receive the "general conditions for work on Council land", issued as part of the permit approval. It is suggested that this is included in the application form, so that the applicant is both aware, and signs in acknowledgment, of the requirement.	Include requirement for applicant to indemnify Council in the S221 application form.
2d	Does Council have an	Council has an Asset	Verify current status of Asset



Q #	Roads and Footpaths	Summary of Sector Baselines <u>not met</u> and any improvement required	Recommendation
	Infrastructure and Asset Management Plan that covers the management and maintenance of roads and footpaths?	<p>Management Strategy 2018-2027, (version 1.3 dated July 2017,) which is the over- arching document that guides maintenance and renewal of all classes of infrastructure. It refers to individual asset management plans for specific asset categories, being the operational documents that are regularly reviewed and underpin the implementation of the strategy, and states (page 4) that Council will "develop and maintain a 10 year asset renewal program across a ll asset classes" and "complete revision of asset management plans for all asset classes". I was provided with evidence that a series of Asset Management Plans were endorsed in July 2015, however a review was undertaken and Council authorised revised plans to be issued for public consultation in June 2016, (sighted agenda &amp; minutes for Audit Committee &amp; subsequent Council meeting.) I could not find any evidence to demonstrate that a revised plan had been endorsed &amp; - given that it pre-dates the endorsement of the Asset Management Strategy &amp; that I was presented with a 2018 draft, I have concluded that there is not a current, endorsed 10 year asset management plan for roads and footpaths.</p> <p>A 3 year capital works delivery program, (endorsed in March 2019,) was prepared in recognition that some assets needed priority renewal/ maintenance. In the absence of a current, endorsed 10 year asset management plan, this is the current operational document for roads &amp; footpaths.</p>	<p>Management Plans (AMPs) for specific asset classes.</p> <p>Update AMPs to reflect required/long term budgeted expenditure.</p> <p>Check for consistency between over-arching strategy and plans, (e.g. service standards, prioritisation,) and that these are consistent with methodology used in modelling asset maintenance/renewal.</p> <p>Endorse 10 year asset management plans for each asset class, (as per Asset Management Strategy 2018-2027.)</p>

Q #	Roads and Footpaths	Summary of Sector Baselines <u>not met</u> and any improvement required	Recommendation
2e	Does Council have an inspection and maintenance regime (or schedule) to inspect roads and footpaths?	Sector baseline met.	
2f	How does Council prioritise roads during scheduling of maintenance/repair?	Sector baseline met.	
2g	How does Council prioritise footpaths during scheduling of maintenance/repair?	Sector baseline met.	
2h	If Council has Railway Interface/s, does Council fulfil its duties as a Road Manager?	Sector baseline met.	At the time of the evaluation, the Rail Safety Interface Agreement had not yet been executed by all parties, and this should be followed up.

## 2.2.3. Procurement and Contracts

### Overview of Results – Procurement and Contracts

Topics	Total Number of Sector Baselines Evaluated	Sector Baseline Met	Sector Baseline Not Yet Met
<b>MANDATORY AREAS</b>			
Procurement and Contracts	7	5	2

### Specific Results and Improvement areas – Procurement and Contracts

Q #	Procurement and Contracts	Summary of Sector Baselines <u>not met</u> and any improvement required	Recommendation
3a	Are there policies, and procedures prepared and adopted for the procurement process, including approach to the market, evaluation of responses and selection of providers?	Whilst there are policies and procedures for various aspects of the procurement process, there are a number that are out of date, that conflict with the recently reviewed Procurement Policy. The potential risk is that an out-of-date document may be referred to and procurement activity is not in line with the policy.	Undertake a review of the currency and relevance of policies and procedures relating to procurement and asset disposal, including: - Disposal policy (due for review July 2019) - Prudential management policy (due for review January 2018) - Simple procurement procedure (due for review January 2018)

Q #	Procurement and Contracts	Summary of Sector Baselines <u>not met</u> and any improvement required	Recommendation
			<ul style="list-style-type: none"> <li>- Request for Tender procedure (due for review January 2018)</li> <li>- Procurement framework (version 1, January 2016) to ensure consistency with the current policy, process and delegations.</li> </ul>
3b	Are there systems in place to identify risks as part of the procurement/purchasing process?	<p>Whilst the Procurement Policy and Framework both include reference to managing procurement risks and the supporting procedures briefly discuss an assessment of risk/complexity being required to determine the appropriate procurement method, the assessment is subjective and often not recorded.</p> <p>The risk elements of the project management phases need to be reinforced and documented to provide more robust evidence that procurement (&amp; contracting) risks beyond finance and safety have been considered. Early identification of these risks will assist with development of specification, go-to-market documentation and evaluation criteria.</p> <p>The risk assessment tool in use has been adapted from the WHS version &amp; a review would be beneficial to prompt for consideration of procurement (&amp; contracting) risks.</p>	<p>Review and update procurement and project risk identification and evaluation process and tools, with a view to embedding risk management within the procurement and project planning process.</p> <p>Provide training to all staff who are involved in procurement and project management.</p> <p>Monitor effectiveness and application of the updated tools and process.</p>
3c	Is there evidence that the procurement process is transparent and in accordance with applicable organisation's procurement policy/operational guidance/procedures	<p>Sector baseline met, with opportunity for improvement.</p> <p>At present, weightings that will be applied to evaluation criteria are not made known to tenderers. By providing this information in go-to-market documentation, it would lessen the likelihood of a tenderer disputing an outcome based on the weightings being biased toward a competitor.</p>	<p>Based on pre-purchase risk assessment, determine evaluation weightings prior to issuing go-to-market documentation and include in information provided to bidders.</p>

Q #	Procurement and Contracts	Summary of Sector Baselines <u>not met</u> and any improvement required	Recommendation
3d	Have staff who have delegated roles and/or are responsible for procurement and/or contracts been provided with appropriate training?	Sector baseline met.	
3e	Does Council have a process in place to justify the rationale behind, and approval of, variations from standard indemnity, insurance, legal liability and contractor incident notification clauses?	Sector baseline met.	
3f	Is there evidence of the rationale in 3e being applied during the procurement process including when calling for tenders and developing/writing contracts?	Sector baseline met, with opportunity for improvement. Purchase order terms and conditions include necessary provisions for acquisition of goods. Should purchase orders be issued for the performance of minor services, the inclusion of public liability and sub-contractor requirements need to be included.	Review usage of purchase orders to confirm that they are issued for acquisition of goods only.  If purchase orders be issued for services. review and update of the terms & conditions to capture indemnity, public liability and sub-contracting requirements.
3g	Are there processes in place to administer the contract and manage supplier performance during and after the contract?  Note: The criteria in this section are checking to see that there is evidence that these things are actually occurring	Sector baseline met.	

An out-of-scope observation of the go-to-market documentation provided in the evaluation evidence is that it appears to be very lengthy and unnecessarily onerous for vendors to complete. Many vendors will be deterred by this and the consequence for Council is that it may (a) not receive responses to its go-to-market responses, (b) deter small local businesses from responding and/or (c) not be attracting responses that would offer best value for money or meet the specification. A knock-on effect may be negative impact on local business, should the majority of responses be from vendors outside the city or region. It is recommended that Council undertake a review of this documentation, (in line with review of procedures discussed above and based on level of risk,) to simplify the process for Council and vendors alike.

## 2.2.4. Overview of Results – Elective Area – E4 Tree Management

Topics	Total Number of Sector Baselines Evaluated	Sector Baseline Met	Sector Baseline Not Yet Met
<b>ELECTIVE AREAS</b>			
Tree Management	3	1	2

### Specific Results and Improvement areas – E4 Tree Management

Q #	Tree Management	Summary of Sector Baselines <u>not met</u> and any improvement required	Recommendation
E4 a	Does Council have systems in place to manage existing and new trees?	<p>Council's Tree Management Procedure (Version 1, issued March 2013, due for review March 2015) no longer reflects current practice.</p> <p>Council has a Street Tree Master Plan (dated 21 February 2017, prepared by Oxygen which documents existing tree species &amp; table of preferred species by zones. This was prepared subsequent to the last review of the procedure so is not referenced, nor is it currently well used.</p>	<p>Update Tree Management policy &amp; procedure to reflect current practice, available guidance materials and templates.</p> <p>Develop a roll-out plan, (which may include training, supporting documentation, etc.) for the Street Tree Master Plan.</p>
E4 b	Does the system provide a process for identifying, analysing, assessing, evaluating and treating risks related to trees during development & planning, planting, and maintenance?	<p>As per above, tree management procedure is out of date and references out of date tree selection and planting guides, (which are no longer used,) as well as job roles that no longer exist within Council. Furthermore, position description for Project Manager Landscape is out-of-date.</p> <p>There is no internal guidance about current practices specific to maintenance of trees adjacent DPTI roads</p>	<p>Review &amp; update Tree Management policy &amp; procedure, (as above,) noting current roles &amp; responsibilities.</p> <p>Update position descriptions to reflect current roles.</p> <p>Develop internal guidance, (or incorporate into revised tree/vegetation management procedure,) around maintenance of trees/vegetation adjacent DPTI roads.</p>
E4c	Has Council taken "reasonable action" in response to all tree requests regarding street trees in the last 24 months?	<p>Sector baseline met with opportunity for improvement.</p> <p>Although Council undertakes appropriate action regarding native vegetation clearance (Project Manager Landscape's accreditation), the requirements are not documented in a tree/vegetation management procedure &amp; could be overlooked in the officer's absence.</p>	<p>Consider outlining process for native vegetation clearance in an updated tree/vegetation management procedure.</p>

## 2.2.5. Overview of Results – Elective Area – E6 Emergency Management

Topics	Total Number of Sector Baselines Evaluated	Sector Baseline Met	Sector Baseline Not Yet Met
<b>ELECTIVE AREA</b>			
Emergency Management	3	1	2

### Specific Results and Improvement areas – E6 Emergency Management

Q #	Emergency Management	Summary of Sector Baselines <u>not met</u> and any improvement required	Recommendation
E6a	Does the Council have a documented approach for emergency management?	<p>A community emergency risk management plan was drafted in 2009 but does not appear to have been endorsed or reviewed. This plan was written prior to legislative changes &amp; the establishment of the Local Government Functional Support Group “LGFSG”, (i.e. local government is listed as a participating organisation,) so is no longer current.</p> <p>Internally, there are no known defined response procedures, registers for plant or people available to respond in the event of a community emergency.</p>	<p>In conjunction with LGA Emergency Management team, undertake a review of current status of community emergency management policies, plans and/or procedures and other potential system gaps.</p> <p>Review and update policies, plans and/or procedures to reflect current arrangements.</p>
E6b	Have appropriate emergency risk assessments been conducted?	<p>Sector baseline met, although there are opportunities for improvement.</p> <p>Although some risks have been identified and assessed, it was found that most of the controls listed were either not in place or ineffective.</p> <p>Council should also consider the possible impact on community and infrastructure arising from emergency events.</p>	<p>Revisit risks relating to community emergencies, (including where staff attend nearby Council areas) and update risk register.</p> <p>Finalise &amp; endorse community emergency risk management plan</p> <p>Verify that controls listed are in place and effective, (consider building resilience rather than focus on response.)</p>



Q #	Emergency Management	Summary of Sector Baselines <u>not met</u> and any improvement required	Recommendation
E6c	Has council developed its capability in its emergency operations?	<p>Internal training has been provided to staff with roles in workplace emergencies and business continuity.</p> <p>Although Council have provided training for staff in incident response ("i-Responda"), this does need to be renewed, as a refresher and to capture employees who started after the most recent training in 2015.</p> <p>Council does not currently have any staff trained in LGFSG Council command.</p>	<p>Identify appropriate personnel to undertake training in LGFSG Council command role and record in training needs analysis.</p> <p>Identify who requires i-Responda training (either as refresher or new) and record in training needs analysis.</p> <p>Provide training to relevant personnel.</p>

## 2.3. Work Health and Safety

Work Health and Safety Systems are evaluated against selected elements from ReturnToWork SA's Performance Standards for Self-Insurers (PSSI). The Performance Standards describe the WHS and IM management system requirements for self-insured organisations in South Australia. The Performance Standards are designed to provide organisations with the opportunity to demonstrate the presence of effective business management systems. The model consists of 5 inter-related standards, 23 elements and 55 sub elements.

The LGA is the group self-insurance licence holder for all Councils and Prescribed Bodies in South Australia. Self-insured employers (Councils and Prescribed Bodies) are required to design, implement and maintain WHS systems to meet the self-insurance requirements.

This year, the WHS evaluation scope continues to focus on areas identified as requiring improvement from the 2017 RTWSA evaluation and two elements from standard 4 and 5 that are focussed on monitoring, reporting, review and improvement of the WHS system.

RTWSA provides guidance in relation to the specific requirements of each sub-element and evaluators are trained in understanding and applying this guidance to determine if an organisation is conforming to the requirements. Assessment is provided in line with the published PSSI definitions for conformance, non-conformance and observation.

City of Whyalla's results are as follows:

STANDARDS	Total Sub-Elements Evaluated	Conformance	Observation	Non-Conformance
Standard One – Commitment and Policy	1		1	
Standard 3 – Implementation	8	3	3	2
Standard 4 – Measurement and Evaluation	1	1		
Standard 5 – Management Systems Review and Improvement	1	1		

### Specific Results and Improvement areas – WHS Management Systems

Q #	Sub-element requirements	Result
1.2.1	<p><b>Policies and/or procedure to support the policy statement are in place</b></p> <p>Policies and procedures are in place to support the Policy Statement and induction and consultation to workers was evident. The WHS Document Register manages the status and review of policies and procedures and consultation processes including feedback opportunity, endorsement at WHS Committee Meetings and adoption by EMT. There are some policies and procedures overdue for review and some inconsistencies with versions uploaded to Skytrust (current) versus the Portal (lagging). For these reasons a conformance (with observation) has been given.</p> <p>Considerations:</p> <ul style="list-style-type: none"> <li>Review policies and procedures currently out of date (N.B. some are scheduled for next WHS Committee Meeting).</li> <li>Determine if one source can be provided to staff for policies and procedures</li> </ul>	Observation



Q #	Sub-element requirements	Result
	(i.e. Skytrust) or if multiple sources to be used then uploads to occur at same time.	
3.2.1	<p><b>A relevant Training program is in place and being implemented (relating to the Training Needs Analysis (TNA) and subsequent plan and effective delivery thereof)</b></p> <p>Training is well managed and documented with the TNA, Training Plan and Training Register all implemented. Training is well captured and there are strong follow up processes evident for non-attendance and evaluation of training. Reporting to both the WHS Committee and EMT is relevant and well documented. The identification of training needs is not currently supported by position descriptions (PDs) as these require major review however this has been recognised by City of Whyalla with an external provider appointed to undertake this work. The Hazard Register (noting activities) will also assist to identify training needs when completed. Licences are now being recorded with some dates missing from current Training Register (plan is to transfer to Skytrust). For these reasons a conformance (with observation) has been given.</p> <p>Considerations:</p> <ul style="list-style-type: none"> <li>• Complete PD review and cross reference to confirm/ identify training needs and update the TNA.</li> <li>• Complete Hazard Register (noting activity/ task drill down) and use to confirm/ identify training needs and update the TNA.</li> <li>• Rectify missing dates for licences.</li> <li>• Continue work to transfer licences into Skytrust (enabling electronic process).</li> </ul>	Observation
3.3.2	<p><b>Accountability mechanisms are being used where relevant</b></p> <p>The City of Whyalla was able to demonstrate accountability mechanisms are used where relevant. This includes robust probationary and performance appraisal processes and strong performance management processes where necessary for WHS breaches by staff. The CAPA process is well implemented and reporting of items for the CAPA, follow up and timely close out of items was evidenced.</p> <p>Notably the City of Whyalla made a decision approximately 12 months ago to extend executive team meetings to ensure a dedicated opportunity to discuss and further WHS &amp; IM. As a result EMT WHS and Risk Meetings are held on a regular basis where the WHS/HR Advisor attends. City of Whyalla should be commended for this initiative. A conformance has been given.</p> <p>Considerations:</p> <ul style="list-style-type: none"> <li>• Insert Assessor Name (in addition to signature) for all Performance Assessment – Probationary report forms for easy identification of assessor.</li> <li>• Consider specific WHS metrics (or KPI's) for PD's as part of the current review or for performance appraisals (based on key accountabilities for positions).</li> </ul>	Conformance
3.7.1	<p><b>The organisation must ensure contingency plans are periodically tested and/or evaluated to ensure an adequate response, if required</b></p> <p>City Of Whyalla has implemented and maintained robust emergency management systems and training is current for nominated fire wardens (training extended further to all staff which should be noted and commended) and first aiders. Contingency plans are well tested, recorded and monitored via the EPC meetings and reports provided to both the WHS Committee and EMT via the WHS &amp; RTW Performance Report. Based on this, a conformance has been given.</p> <p>Considerations:</p>	Conformance

Q #	Sub-element requirements	Result
	<ul style="list-style-type: none"> <li>Review and update the First Aid Procedure and related forms.</li> <li>Ensure signatures are gained for all testing scenarios (good document control).</li> <li>Move to instant electronic scenarios (direct into Skytrust) as part of continuous improvement.</li> <li>Consider an additional EPC meeting (2 per year instead of mandatory one) to ensure continued focus and keep motivation of EPC.</li> </ul>	
3.8.1	<p><b>Hazard management systems including identification, evaluation and control are in place.</b></p> <p>Council has a number of system mechanisms to identify hazards including Incident Reports; Hazard/Near Miss Reports; Worksite Inspections and Internal/ External Audits and the existing Hazard Register. There are also mechanisms to address risk assessment and control of hazards including risk assessment processes, supporting documentation (SWI's etc.). The maintenance and currency of the Hazard Register and the development and application of SWMS as legislatively required could not be demonstrated, as openly recognised by Council, which has resulted in a non-conformance.</p> <p>Considerations:</p> <ul style="list-style-type: none"> <li>Implement the new Hazard Register across the organisation (once received from LGRS following close out of current TIP program).</li> <li>Ensure processes regarding the use of the Hazard Register are clearly outlined in Whyalla's Hazard Management Procedure.</li> <li>Develop SWMS for all high risk construction work activities and implement (ensure application of SWMS as per legislative requirements).</li> </ul>	<b>Non Conformance</b>
3.8.3	<p><b>Control measures are based on the hierarchy of control process.</b></p> <p>City Of Whyalla has made good inroads with respect to documentation encouraging the use of the hierarchy of controls by insertion of check boxes and providing information and training around this. A new risk assessment template has been endorsed and adopted late June 2019 and will take some time for exiting risk assessments to be reviewed to incorporate the hierarchy of control tool changes. Currently this and other supporting documentation does not evidence consistent application or direct link to the hierarchy of controls in controlling risk outcomes (including the hazard register which will shortly have a new version implemented) therefore a non-conformance has resulted.</p> <p>Considerations:</p> <ul style="list-style-type: none"> <li>Review all relevant hazard identification and control documents to ensure the application of the hierarchy of control is used and clearly demonstrates reasons/ rationale as why a lower order control may have been selected over a higher order control.</li> <li>Review existing risk assessments to ensure aligned with new template.</li> <li>Implement and use new Hazard Register to demonstrate overall organisational risk reduction by use of hierarchy of control application.</li> <li>Continue work with staff (and train further if required) regarding importance of quality of documentation with regards to demonstrated application of the hierarchy of control when recommending controls.</li> </ul>	<b>Non Conformance</b>
3.8.5	<p><b>Program(s) are in place to ensure an appropriate WHS consideration is given at the time of purchase, hire or lease of plant, equipment and</b></p>	<b>Observation</b>

Q #	Sub-element requirements	Result
	<p><b>substances.</b></p> <p>Council has relevant consistent processes in place that evidence appropriate WHS consideration is given when purchasing, hiring or leasing plant, equipment and substances. There is a new Pre-Purchase Plant/ Equipment Template (includes a Pre-Purchase Checklist which has WHS considerations included in the 21 question set). This shows continuous improvement over the time these forms have been used. The involvement of the EHO's in the purchase of substances has ensured good control of the purchase of substances, which is further strengthened by the annual audit which is tabled at the WHS Committee and EMT WHS and Risk Management Meetings. There are some deficiencies in both the plant and hazardous chemical internal documentation that require consistency therefore a conformance (with observation) has been given.</p> <p>Considerations:</p> <ul style="list-style-type: none"> <li>• Ensure all checklist cover sheet information (and relevant associated documentation) for plant purchasing is completed (sections ticked where required and comments noted where needed).</li> <li>• Ensure all office only sections of the Chemical Approval Form are consistently completed by the EHO as required.</li> <li>• Consider any extra opportunities to identify if the hierarchy of control tool/ explanation could be inserted in documentation to evidence direct linkage in risk reduction controls resulting from pre-purchase consideration.</li> </ul>	
3.8.6	<p><b>Contractor and volunteer management systems are in place to meet the organisations duty of care to all persons.</b></p> <p>Contractor and Volunteer management processes are comprehensive and recent training on contractor management has assisted the emphasis and importance on contractor monitoring. Procurement and upkeep of the preferred contractor register is sound with swift and effective processes in play to ensure a contractor is not used or invoices paid unless licences and insurances are current. Processes are sound however there were some deficiencies found in the required documentation/ record keeping area for contractors which require consistency to be effective and the Volunteer procedure was due for review May 2018 which has resulted in a conformance (with observation).</p> <p>Considerations:</p> <ul style="list-style-type: none"> <li>• Ensure documentation required for contractor processes is completed consistently (suggest to undertake an internal audit in 2020 following the training recently undertaken in June 2019).</li> <li>• Review Volunteer procedure.</li> <li>• Refer 3.8.1 – conduct risk assessment for open access to depot.</li> </ul>	Observation
3.9.1	<p><b>That the implementation of relevant inspection and testing procedures are conducted by the relevant, competent person(s).</b></p> <p>There is evidence to support the implementation of relevant inspection and testing procedures is being undertaken by relevant, competent persons. Staff are trained in conducting Workplace Inspections according to Whyalla's procedure. Other inspection testing (electrical, mechanical, emergency equipment) is conducted by persons with the relevant competencies, licensing and certification with all documentation being recorded and kept. This has been deemed a conformance.</p> <p>Considerations:</p> <ul style="list-style-type: none"> <li>• Ensure Lift (Civic) undergoes outstanding quarterly/ annual lift inspection.</li> </ul>	Conformance

Q #	Sub-element requirements	Result
	<ul style="list-style-type: none"> <li>Continue transfer of all inspection schedules, records and documentation into Skytrust for centralised approach and auto scheduling (i.e. licence renewals).</li> </ul>	
4.1.1	<p><b>The organisation must ensure planned objectives, targets and performance indicators for key elements of program(s) are maintained, and monitored and reported.</b></p> <p>City Of Whyalla's WHS &amp; Return to Work Action Plan (2018 -2020) has the requirements of the PSSI which are: Planned Objectives, targets and performance indicators for key elements of programs contained within the plan. Strong maintenance, monitoring and reporting of the plan is undertaken with evidence from WHS Committee and EMT Risk &amp; WHS Meetings. Based on this a conformance has been given.</p> <p>Considerations:</p> <ul style="list-style-type: none"> <li>Check training requirements (Section 5) of the WHS Planning and Program Development Procedure against TNA and schedule and undertake accordingly.</li> </ul>	Conformance
5.3.1	<p><b>The organisation must ensure the system is reviewed and revised, if required, in line with current legislation, the workplace and work practices.</b></p> <p>City Of Whyalla reviews and revises the system, if required, in line with current legislation, the workplace and work practices. Recent COP (Code of Practice) changes have been identified and managed through policy and procedure review processes and COR (Chain of Responsibility) legislative changes have been assisted by providing training to relevant staff. On the ground workplace practice changes as a result of incident investigations are occurring as needs. The application of this has resulted in a conformance.</p> <p>Considerations:</p> <ul style="list-style-type: none"> <li>Nil</li> </ul>	Conformance

Specific details of the identified gaps are available in the WHS results table in the WHS/IM report section of this summary report.

In order to further develop systems and processes in the sub elements where observation/s and non-conformance/s have been identified, it is suggested that Council review the findings and recommendations and include relevant actions that address the root cause of system failures into their Risk Evaluation action plan going forward.

## 2.4. Injury Management

The ReturnToWork SA's Injury Management Standards provide a framework from which a self-insured employer's exercise of its delegated powers and discretions can be evaluated. The Code of conduct for self-insured employers states the performance of the employer or self-insured employer will be measured against the Code and Injury management standards.

This year, the evaluation scope has been limited to only those IM sub-elements that sit under the revised Code of Conduct for Self Insured Employers version 12 relevant to LGAWCS Members.

Whilst the IM Standards are measured by RTWSA at the LGAWCS level, the following sub-elements have been scoped and amended for the 2017 Risk Evaluation specifically for Scheme Members to meet their requirements in supporting the LGAWCS.

City of Whyalla's results are as follows:

SUB-ELEMENT	Total Sub-Elements Evaluated	Conformance	Observation	Non-Conformance
Standard 1.2 - Resources	5	5	0	
Standard 1.6- Information provided to employees	2	2		
Standard 2.8 – Early Intervention, recovery and RTW	2	2		
Standard 4 – Measurement, Monitoring Review	2	2		

### Specific Results and Improvement areas – IM Management Systems

Sub Element	Sub-element requirements	Result
1.2.1	Documented job descriptions for all injury management personnel and where relevant management, supervisors and employees.	Conformance
1.2.2	Ensuring injury management personnel are competent to administer their role in a reasonable manner.	Conformance
1.2.3	Ensuring the allocation of resources is appropriate for the organisations type, volume and complexity of the case load.	Conformance
1.2.4	Suitability of facilities and accommodation to ensure restricted access to information, including maintaining confidentiality during interaction with injured workers and service providers.	Conformance
1.2.5	A Scheme Member is required to appoint a return to work coordinator and ensure the person appointed to this role has successfully completed relevant LGAWCS training. Where this role becomes vacant, the Scheme Member is required to re-appoint an employee within 3 months and ensure the employee(s) appointed have received relevant LGAWCS training within 3 months of the appointment being made.	Conformance
1.6.1	How to report a work related injury	Conformance
1.6.2	The process for lodging a claim for compensation	Conformance



2.8.5	Where a worker has not returned to pre-injury employment within 6 months from date of first incapacity and is not working to their full capacity, new or other employment options are considered for the worker by the Scheme Member in conjunction with the LGAWCS.	Conformance
2.8.6	Where a Scheme Member does not provide suitable employment to a former work injured employee the Scheme Member notifies and consults with the LGAWCS.	Conformance
4.1.1	Processes are in place that monitor, measure and review the effective implementation of the injury management system and where relevant, strategies to improve performance of the injury management system are identified.	Conformance
4.1.3	The Service Standards set out in Schedule 5, Part 2 of the Return to Work Act 2014 are in place.	Conformance



## 2.5. CONCLUSION

We would like to thank all those involved in the City of Whyalla's Risk Evaluation.

The risk evaluation process gave Council the opportunity to showcase a number of risk management, work health and safety and injury management/return to work systems that are in place.

In relation to the Risk Management Systems, City of Whyalla has already identified the need to reinvigorate and fully implement risk management across the organisation and will be seeking support from the Strategic Risk Team in this respect.

Council has identified the need to plan for the renewal and maintenance of its Roads and Footpaths, by developing a 3 year capital works delivery program; progress has been made toward developing a 10 year asset management plan, supported by data being collected from inspection programs that already in place.

Procurement policies and procedures are in review, which presents an opportunity to embed risk management within the procurement and project planning process.

Although Council has recently completed a Street Tree Master Plan, it is yet to be rolled out across the organisation and the current procedures do not reflect current practice or available guidance material.

Council has established policies, procedures and structures in place to response to workplace emergencies but will be working with the LGA, (via the Council Ready program) to document and prepare for its response in community emergencies.

It is apparent that City of Whyalla has made significant inroads in their WHS Management System. The introduction of Skytrust has enabled improved centralising of documentation (in particular policies and procedures, workplace inspections and the housing of the CAPA – corrective and preventative action plan etc.).

Strong commitment and accountability is evident in the WHS and Injury Management space City of Whyalla should be commended for the initiative of a regularly scheduled EMT WHS and Risk Meetings, in addition the WHS Committee meetings, which is providing a very clear line of sight for WHS and IM system management and enabling good discussion on direction, status and actions to be taken.

City of Whyalla has already identified areas requiring improvement in order to meet legislation and the PSSI (Performance Standards for Self Insurers) with a new hazard register being introduced and implemented in the near future and reviewing various supporting WHS documentation (risk assessments, SWMS, etc).

A continued focus on opportunities to transition to Skytrust to enable a centralised and electronic approach will assist in furthering and ensuring a systematic approach for work health and safety.

Whilst it may appear that Council has a number of areas for improvement, we also recognise that significant system build and improvement is occurring, and providing that City of Whyalla continue to work on the building of this system and making improvements, the system should mature and progress to a compliant level.

I would recommend that you work closely with Jacqui Quarton (your Regional Risk Coordinator) and the Strategic Risk Team going forward to ensure that a planned and prioritised approach to addressing the corrective actions required. Jacqui can provide guidance on how you might move forward in a way that will provide the best approach for building a system in line with Council's resources and assist with the setting of a programmed body of work for the next 2 years that is achievable, addresses the issues in a systematic way and enables you to achieve the best possible rebate return in line with corrective actions completed.

## 3. Risk Management Report

The evaluation of the City of Whyalla's risk management (RM) system included a review of existing documentation and meeting with employees and other workers. Comments and recommendations, including action items will provide management with some suggested ways to improve their systems, however it may be appropriate to implement alternative actions and this is at the discretion of Council and its management team.

### 3.1. Summary of the evaluation scope

The Risk Management evaluation considered the presence & degree of implementation of systems relating to:

- Risk Management Systems
- Roads & Footpaths
- Procurement, Tenders, Contracts
- Tree Management
- Emergency Management

#### 3.1.2. Employees and other workers involved in the evaluation process included:

- Robyn Dunstall, Director Corporate
- Laura Watson, Corporate Strategy Business Partner
- Robyn Nottle, Manager Operations
- Robert Grace, Manager Assets
- Amanda Gilbert, Technical Assistant
- Kristen Clark, Director Infrastructure
- Dianne Aspey, Senior Procurement Officer
- Sandra Vigar, Senior Finance Officer
- Graeme (Red) Stephenson, Supervisor Tree Management
- Robyn Nottle - Manager Operations
- Sam Bourne - Project Manager Landscape
- Leslie Hosking, Work Health & Safety & Training Coordinator

#### 3.1.3. Documentation Review

The review included reviewing policies, procedures and supporting documentation within the Council's RM, and supporting organisational systems, as provided by the Auditee prior to and during the evaluation.

Additional evidence provided after the evaluation will only be accepted as evidence for this evaluation if agreed by the evaluator or the Client (i.e. LGAWCS and LGAMLS management).

#### 3.1.4. Physical Verification

Verification of evidence provided included viewing software systems that support the systems in place.



## 3.2. Report Findings and Recommendations

Report findings and recommendations for each evaluation question are provided in the following table (in a summary format) and in the audit reports and tool (in more depth).

Further broader system recommendations are provided in the executive overview and conclusion.

It should be recognised that the findings and recommendations of this report should be used for planning, continuous improvement and integration of risk management into Council's operations.

### 3.2.1.RM Systems Evaluation Findings

Topics	Total Number of Sector Baselines Evaluated	Sector Baseline Met	Sector Baseline Not Yet Met
<b>MANDATORY AREAS</b>			
Risk Management Systems	3	0	3
Roads and Footpaths	8	6	2
Procurement	7	5	2
<b>ELECTIVES</b>			
Tree Management	3	1	2
Emergency Management	3	1	2
<b>TOTALS</b>	<b>24</b>	<b>13</b>	<b>11</b>
<b>TOTAL %</b>		<b>54%</b>	<b>46%</b>

### 3.2.2.Risk Evaluation Tool and Findings

The Risk Evaluation Tool and Findings document provides the specific detail of the evaluation findings, results and recommendation. The Risk Evaluation Tool & Findings document has been placed on the Members Centre in the following location: **Member Documents – Risk Evaluations - 2019**

## 4. WHS/IM Management Report

### 4.1. Work Health and Safety

The evaluation of Council's work, health and safety (WHS) management system and injury management (IM) processes, included a review of existing documentation and meeting with employees and other workers. Comments and recommendations, including action items will provide management with some suggested ways to improve their systems, however it may be appropriate to implement an alternative action and this is at the discretion of each individual organisation and their management team.

#### 4.1.1. Summary of the evaluation scope

The Work Health and Safety (WHS) and Injury Management (IM) component of the evaluation was conducted over two days onsite, it involved a desktop review of evidence supplied prior. There were 11 sub elements for both the Work Health and Safety and Injury Management sections. Interviews were conducted with the WHS/HR Advisor and key personnel across the areas. A site visit was conducted to the Depot for which the WHS & Training Coordinator was in attendance.

#### 4.1.2. Employees and other workers involved in the evaluation process included:

- Tamara Clark, WHS/ HR Officer
- Annette Bowley, HR Advisor
- Norma McQuarrie, Internal RTW Coordinator
- Leslie Hosking, WHS & Training Coordinator
- Clifford Morris – Supervisor Civil Team
- Tom Spirat – Manager Roads

#### 4.1.3. Documentation Review

The review included reviewing policies, procedures and supporting documentation within the Council's RM, WHS and IM systems as provided by the Auditee prior to and during the evaluation.

#### 4.1.4. Physical Verification

A site visit was undertaken at City of Whyalla Depot – Lacey Street (WHS & Training Coordinator in attendance).

## 4.2. Report Findings and Recommendations

Report findings and recommendations for each evaluation question are provided in the following table (in a summary format) and in the audit tool (in more depth).

Further broader system recommendations are provided in the executive overview and conclusion.

It should be recognised that the findings of this report should be used for:

- Planning and continuous improvement by Council of their WHS and IM Systems
- Reviewing potential conformance levels with the RTWSA Performance Standards for Self Insurers.

### 4.2.1. WHS System Evaluation Findings

City of Whyalla's results are as follows:

STANDARDS	Total Sub-Elements Evaluated	Conformance	Observation	Non-Conformance
Standard One – Commitment and Policy	1		1	
Standard 3 – Implementation	8	3	3	2
Standard 4 – Measurement and Evaluation	1	1		
Standard 5 – Management Systems Review and Improvement	1	1		

### Specific Results and Improvement areas – WHS Management Systems

Q #	Sub-element requirements	Result
1.2.1	<p><b>Policies and/or procedure to support the policy statement are in place</b></p> <p>Documents reviewed and discussed included the following: WHS Document Register (excel)</p> <ul style="list-style-type: none"> <li>• Peak WHS and RTW Policy v3.0 11.9.2017 (in date)</li> <li>• WHS Workplace Return to Work Procedure 2019 (in date)</li> <li>• Consultation email to staff for WHS Procedures for Consultation (Review) (10.05.19) sent by Tamara Clark</li> <li>• Example of consultation email confirming WHS procedures uploaded onto Skytrust (24.06.19) sent by Tamara Clark</li> </ul> <p>Whyalla have adopted the One System suite of documents in addition to several City of Whyalla ones including: WHS Committee Constitution Procedure (WCC), Communicable Diseases prevention Procedure, Employee Health Monitoring Procedure and Fitness for Work Procedure.</p> <p>All staff are able to access to City of Whyalla documents through the Whyalla Portal (intranet), Skytrust and through the electronic Policies and Procedures Manual. Instructions are provided during inductions on these various access points.</p> <p>Policies and Procedures are managed through the WHS Document Register, which has a legend and is easy to navigate and read. It contains categories of policy, procedure, templates (forms or checklists) and denotes WCC council policies or</p>	Observation

Q #	Sub-element requirements	Result
	<p>procedures that are in addition to One System.</p> <p>The Peak WHS Policy and Procedure is signed and in date however several policies and procedures are out of review date including:</p> <ul style="list-style-type: none"> <li>- WHS - First Aid Procedure (Aug 19) * Scheme update sent 5/6/19</li> <li>- WHS - Isolation , Lock out, Tag Out procedure (Aug 19)</li> <li>- WHS - Electrical Safety (July 19)</li> <li>- WHS – Prevention of Falls (July 19)</li> <li>- WHS – Hazardous Manual Tasks (Aug 19) * Scheme update sent 12/8/19</li> <li>- WHS – Procedure – Hot Work (July 19) * Scheme update sent 12/8/19</li> <li>- WHS – Procedure – WZTM and forms (x 2) (Aug 19)</li> <li>- Volunteer Procedure (May 18) – undergoing major review</li> <li>- Fitness for Work Policy &amp; Procedure (Sep 18) – undergoing major review</li> </ul> <p>Discussion noted City of Whyalla was awaiting scheme release of several documents and several current releases from the Scheme in June and August had not yet undergone internal processes in time for the WHS Committee August meeting. A schedule was sighted for the review to commence (to be furthered at next WHS Committee Meeting).</p> <p>It was acknowledged a major review of components of the Fitness for Work Program was being undertaken (as discussed with Annette Bowley), which will now incorporate a Drug &amp; Alcohol testing component, so due diligence with consultation is being undertaken. It is anticipated the Fitness for Work Program will be scheduled for the next WHS Committee meeting. The Volunteer Procedure is also under major review including the Code of Conduct and progress had been made but has taken time to undertake comprehensively.</p> <p>City of Whyalla has a Document Management Procedure (in date) and consultation to staff for policy and procedure appears strong and well managed. Consultation occurs by email, noticeboard and cascading via managers and supervisors via team meetings and toolbox talks. Policies and procedures are given time for feedback, then endorsed by the WHS Committee and adopted by the Executive Management Team (EMT).</p> <p>Policies and procedures are uploaded onto Skytrust and all staff advised by email by the HR Advisor. They are also placed on the Whyalla Portal (intranet) and the electronic Policies and Procedures Manual by the Executive Assistant. There are some inconsistencies with policy and procedure dates on Skytrust versus the electronic Policies and Procedures Manual including:</p> <ul style="list-style-type: none"> <li>- Document Management Procedure (Portal shows due Mar 19/ Skytrust Jul 21)</li> <li>- Remote &amp; Isolated Work Procedure (Portal show due Aug 19/ Skytrust Apr 22)</li> </ul> <p>It was discussed that uploads occur to Skytrust first with some delays occurring for the manual. It was recommended that one system be considered as the source (i.e. Skytrust) and this be reflected in the Document Management Procedure. If it is determined multi systems are to be used then uploads need to occur simultaneously to maintain currency.</p> <p>Policies and procedures are in place to support the Policy Statement and induction and consultation to workers was evident. The WHS Document Register manages the status and review of policies and procedures and consultation processes including feedback opportunity, endorsement at WHS Committee Meetings and adoption by EMT. There are some policies and procedures overdue for review and some inconsistencies with versions uploaded to Skytrust (current) versus the Portal (lagging). For these reasons a conformance (with observation) has been given.</p> <p>Considerations:</p> <ul style="list-style-type: none"> <li>• Review policies and procedures currently out of date (scheduled for next WHS Committee Meeting).</li> </ul>	

Q #	Sub-element requirements	Result
	<ul style="list-style-type: none"> <li>Determine if one source can be provided to staff for policies and procedures (i.e. Skytrust) or if multiple sources to be used then uploads to occur at same time.</li> </ul>	
3.2.1	<p><b>A relevant Training program is in place and being implemented (relating to the TNA and subsequent plan and effective delivery thereof)</b></p> <p>Documents reviewed and discussed included the following:</p> <ul style="list-style-type: none"> <li>WCC TNA &amp; Training plan 2019 – 2021 (excel)</li> <li>PD – Municipal Employee Grade 4-5</li> <li>WHS and Risk Agenda 21.8.19 (EMT)</li> <li>Training Report – City of Whyalla – April to May 2019</li> <li>Record of Worker Attendance – 27/11/18 – Manual Handling training</li> <li>Training Plan 2019-2021 and TNA consultation email 6/8/19 from Tamara Clark to EMT and leadership group</li> <li>EMT– WHS &amp; RTW Performance Report (monthly activity for Jun/ Jul 2019)</li> <li>Training Record – Manual Handling 27/11/18 – Pinnacle (provider)</li> </ul> <p>City of Whyalla has a WHS Induction and Training Procedure (in date). A Training needs Analysis (TNA) has been developed and implemented (excel) for January 2019 to December 2021 (3 years) and a Training Plan incorporated. <i>There is an oversight on the TNA tab noting endorsement by the WHS Committee on 15/8/19 however the date of Adoption by EMT is blank (it was confirmed by sighting minutes it was adopted by EMT on 21/8/19).</i> A yearly review occurs in consultation with Managers, Supervisors and the WHS Committee and this goes upline to EMT.</p> <p>The TNA covers the 4 key areas of Council and does not include Volunteers or Elected Members (housed in a separate document). Training for First Aiders, Wardens, HSR's and Safety Committee Members is identified and recorded in Skytrust.</p> <p>he Hazard Register is still under development following a major review and the drill down of activities/ tasks is used to inform the TNA (as activities change, are new or become obsolete for which training requirements may also change). It is acknowledged this body of work is underway (with assistance from LGRS – Local Government Risk Services).</p> <p>Position Descriptions (PD's) are a valuable source for the TNA to identify training needs (as per Section 4 of the Training and Induction Procedure) based on specific role and task requirements. It was discussed openly during the evaluation that some Position Descriptions are outdated and currently under major review. An external provider has been appointed to undertake this work and as a result training needs can be identified and cross-referenced with the TNA to ensure accuracy.</p> <p>There is a Training Register within the excel Training Document which identifies training required and undertaken by various individuals (including operator competencies for field staff). This information is also uploaded to Skytrust against personnel records. Currently the excel Training Register is used as the main guide and then all records transferred to Skytrust.</p> <p>The Training Plan (January 2019 to December 2021) has a legend that denotes: Training Planned, Training Completed, Mandatory Training for all staff, Training Scheduled and Booked, Training Overdue and Non-attendance to be followed up. The Plan also indicates the frequency that training should occur.</p> <p>It was noted there is a strong culture of providing more training than sometimes required where possible to ensure upskilling of staff and general awareness (i.e. WZTM is provided all field workers irrespective of position and Fire Warden Training is provided to all staff to assist in overall Community Support in the event of an emergency).</p>	Observation



Q #	Sub-element requirements	Result
	<p>The WHS Training Plan is reported upline to the WHS Committee (bi-monthly meetings) and provided also by way of Performance Report to EMT. Relevant data is provided on Training undertaken, numbers of attendance (training attendance percentage) and there is also a column specifically noting those who did not attend for follow up purposes.</p> <p>Training records are kept (Record of Worker Attendance) which notes training course/ type/ attendee name, signature and payroll number (to enable entering against staff record). Non attendances are followed up and providing the training was not face to face (i.e. first aid training), then this is undertaken by completing an online course created in Skytrust.</p> <p>Evaluation of training is captured by the completion of the Whyalla Training/ Workshop/ Conference Evaluation Form (sample sighted from Pinnacle Manual Handling Training 28/11/18) and an overall evaluation is included in the WHS Performance Report that goes to both the WHS Committee and EMT meetings.</p> <p>It was acknowledged these processes are strong and have had significant focus and improvement over recent times which has positively contributed to the improved safety culture at the City of Whyalla.</p> <p>Licences are now being tracked (refer Training Register tab) and it was noted there some dates for licences missing (i.e. Driving Licence – HR (Heavy Rigid) and MR (Medium Rigid) and Forklift Licence. It was acknowledged Whyalla intends to transfer all of this information to Skytrust shortly to enable auto reminders to be sent to staff prior to licences falling due and to assist in electronic record keeping.</p> <p>Training is well managed and documented with the TNA, Training Plan and Training Register all implemented. Training is well captured and there are strong follow up processes evident for non-attendance and evaluation of training. Reporting to both the WHS Committee and EMT is relevant and well documented. The identification of training needs is not currently supported by PD's as these require major review however this has been recognised by City of Whyalla with an external provider appointed to undertake this work. The Hazard Register (noting activities) will also assist to identify training needs when completed. Licences are now being recorded with some dates missing from current Training Register (plan is to transfer to Skytrust). For these reasons a conformance (with observation) has been given.</p> <p>Considerations:</p> <ul style="list-style-type: none"> <li>• Complete PD review and cross reference to confirm/ identify training needs and update the TNA.</li> <li>• Complete Hazard Register (noting activity/ task drill down) and use to confirm/ identify training needs and update the TNA.</li> <li>• Rectify missing dates for licences.</li> <li>• Continue work to transfer licences into Skytrust (enabling electronic process).</li> </ul>	
3.3.2	<p><b>Accountability mechanisms are being used where relevant</b></p> <p>Documents reviewed and discussed included the following:</p> <ul style="list-style-type: none"> <li>• CAPA Report – Skytrust (export example)</li> <li>• CAPA follow up Infrastructure Civil overdue action summary (10/7/19) from Tamara Clark to Leslie Hosking</li> <li>• EMT WHS &amp; Risk Management Meeting Minutes – Wed 19/6/19</li> <li>• WHS and Return to Work Action Plan 2018 – 2020 (progress at 31.7.19)</li> <li>• PD – Manager Community Services - April 2019</li> <li>• PD – HR Officer – June 2018</li> <li>• Performance Assessment – Probationary Review 1 – Gordon Conlin (4/2/19)</li> <li>• Performance Assessment – Probationary Review 2 – Gordon Conlin (25/2/19)</li> <li>• Performance Assessment – Probationary Review 3 – Gordon Conlin (4/4/19)</li> </ul>	Conformance

Q #	Sub-element requirements	Result
	<ul style="list-style-type: none"> <li>Appraisal – Amanda Gilbert 24/4/18</li> <li>WHS breach (confidential – relevant documents sighted by evaluator with Annette Bowley – HR Advisor)</li> </ul> <p>Accountability mechanisms used for WHS are evidenced across the organisation at varying levels. Irrespective of the major PD review that is currently occurring to ensure currency and alignment of all PD's, there are very clear WHS responsibilities in the current PD's and the level of WHS responsibility is tailored for different position levels of the organisation.</p> <p>A robust probation system was evidenced. Staff must undertake a Performance Assessment – Probationary Review 1 (completed 4 weeks after commencement) which includes an assessment on key areas of responsibility, overall summary of performance, co-operation/ communication, with an action plan for areas requiring improvement (or identified support training) with timelines designated (before next review is undertaken).</p> <p>A further 2<sup>nd</sup> and 3<sup>rd</sup> performance assessment is undertaken (with the 3<sup>rd</sup> to be completed not less than 2 weeks prior to completion of the probationary period). This provides the final recommendation by the assessor to confirm continuing employment or otherwise (with HR advice being advocated). <i>N.B. It is recommended on the Performance Assessment forms to have the name (not just the signature of the assessor so they can be easily identified).</i></p> <p>Performance appraisals are undertaken and it was acknowledged the current PD review program has delayed regular reviews this year (which will be bought back into line following the review). The appraisals evidenced (April 2018) contain specific reference to WHS and demonstration of safe practices and strong safety culture.</p> <p>Accountability mechanisms are in place and have been used for personnel breaches of WHS procedures and safety standards. In April 2019 a safety incident was reported (damage to plant). Investigations were undertaken which found pre-start checks were not being completed as required prior to commencement but rather completed at the end of the shift. HR has followed their disciplinary procedures with respect to this incident and taken the appropriate performance management measures required to address the breach. The evaluator sighted the relevant documentation and noted the breach was handled both swiftly and with strong regard for safety.</p> <p>The CAPA (Corrective and Preventative Action Register) includes a range of actions resulting from internal audit reports, workplace inspections, risk assessments and incident and hazard reporting. Housed in Skytrust automated email notifications are sent to the responsible officer who has been allocated responsibility for the action. Overdue reminder emails are sent and an escalation is forwarded to the next manager upline.</p> <p>HR also keeps an overseeing role on overdue actions and sends follow up emails to relevant parties (as evidenced for CAPA item 135042 – sensor light for sheds). In addition, overdue CAPA items are reported to the relevant responsible personnel and the Director of each Directorate on a monthly basis. Reports are also provided to the WHS Committee and EMT Meetings for discussion, resolution or direction if required. There appears to be strong commitment to both reporting items for the CAPA and ensuring timely closure of overdue items.</p> <p>The WHS &amp; IM Action Plan (19-20) is also reported to the WHS Committee and upline to EMT Meetings. The plan holds various Council personnel responsible for actions contained within the plan and there are regular reports on progress, percentage status of action completion and any risks to plan.</p> <p>The City of Whyalla was able to demonstrate accountability mechanisms are used</p>	

Q #	Sub-element requirements	Result
	<p>where relevant. This includes robust probationary and performance appraisal processes and strong performance management processes where necessary for WHS breaches by staff. The CAPA process is well implemented and reporting of items for the CAPA, follow up and timely close out of items was evidenced. Notably the City of Whyalla made a decision approximately 12 months ago to extend executive team meetings to ensure a dedicated opportunity to discuss and further WHS &amp; IM. As a result EMT WHS and Risk Meetings are held on a regular basis where the WHS/HR Advisor attends. City of Whyalla should be commended for this initiative. A conformance has been given.</p> <p>Considerations:</p> <ul style="list-style-type: none"> <li>• Insert Assessor Name (in addition to signature) for all Performance Assessment – Probationary report forms for easy identification of assessor.</li> <li>• Consider specific WHS metrics (or KPI's) for PD's as part of the current review or for performance appraisals (based on key accountabilities for role).</li> </ul>	
3.7.1	<p><b>The organisation must ensure contingency plans are periodically tested and/or evaluated to ensure an adequate response, if required</b></p> <p>Documents reviewed and discussed included the following:</p> <ul style="list-style-type: none"> <li>• Emergency Management Policy (in date) and Procedure (in date)</li> <li>• First Aid Procedure (review due Aug 19).</li> <li>• Record of Worker Attendance – BCP Testing Exercise (LGRS) on 7/6/19</li> <li>• Minutes of the Workplace Emergency Planning Committee – 6/9/18 &amp; 10/9/19.</li> <li>• WEEPS – Whyalla Child Care Centre - V2 Sep 2019</li> <li>• WEEP Consultation – Child Care Centre – email of feedback of WEEP from Natale Warner to Tamara Clark on 5/9/19</li> <li>• Emergency Exercise Roster Schedule 2018-2019 and 2019-2020 (excel)</li> <li>• Emergency Drill Scenario – HMAS – March 2018 with corrective actions</li> <li>• Record of Worker Attendance – Emergency Warden Training – 1/5/18</li> <li>• First Aid Training Register and First Aid Training Records</li> <li>• Emergency Warden Training Register</li> <li>• BCP (Business Continuity Plan Exercise 7/6/19) and LGRS Maintenance Proposal</li> </ul> <p>Both the Emergency Management Policy and Procedure are current. The WHS First Aid Procedure which supports the emergency management is out of date (review due Aug 19).</p> <p>All first aiders are currently trained (up to date) and a training register and training records are kept (sighted). Emergency Wardens are also trained every 2 years with training up to date (records sighted) and information kept in Skytrust.</p> <p>WEEPS (Workplace Emergency Evacuation Plans are completed for all areas (undertaken by LGRS provider) and evidence of consultation with all areas on the plans was undertaken and feedback given.</p> <p>There is a BCP (Business Continuity Plan) and Whyalla has engaged LGRS to provide a 2 year maintenance program. The review of the BCP was commenced in Oct 2018, training conducted the CMT (Continuity Management Team) and the updated BCP was adopted by EMT in May 2019.</p> <p>An emergency exercise roster schedule (18/19 and 19/20 in evidence) denotes the frequency, scenario type and area to be conducted in. Evidence of testing was provided and included a desktop exercise (medical emergency – client fall from one level to another) at the HMAS Whyalla Maritime Museum (22/3/18). The Emergency Evacuation Exercise Checklist was completed noting 2 actions required as a result which were assigned responsibility and placed on to the CAPA (reference numbers provided). <i>N.B. Oversight on form as names of observers listed however there are no signatures.</i> It was discussed a BCP training exercise also occurred in June 2019</p>	Conformance



Q #	Sub-element requirements	Result
	<p>by LGRS with CMT members and their respective back-ups (attendance record sighted).</p> <p>Whyalla's EPC meets at least yearly, recently on 10 Sep 2019 and prior to that 6 Sep 2018, with minutes for both meetings sighted. Comprehensive minutes are taken and the 2018/ 2019 schedule of emergency exercises were discussed and documented in detail with the 19/20 schedule provided for noting. It is great to see a variety of emergency scenarios being used. It was noted that moving forward it is anticipated scenario testing may go direct into Skytrust (paperless) as continuous improvement.</p> <p>City Of Whyalla has implemented and maintained robust workplace emergency management systems and training is current for nominated fire wardens (training extended further to all staff which should be noted and commended) and first aiders. Contingency plans are well tested, recorded and monitored via the EPC meetings and reports are then provided to both the WHS Committee and EMT via the WHS &amp; RTW Performance Report. Based on this a conformance has been given.</p> <p>Considerations:</p> <ul style="list-style-type: none"> <li>• Review and update the First Aid Procedure and related forms.</li> <li>• Ensure signatures are gained for all testing scenarios (good document control).</li> <li>• Move to instant electronic scenarios (direct into Skytrust) as part of continuous improvement.</li> <li>• Consider an additional EPC meeting (2 per year instead of mandatory one) to ensure continued focus and keep motivation of EPC.</li> </ul>	
3.8.1	<p><b>Hazard management systems including identification, evaluation and control are in place.</b></p> <p>Documents reviewed and discussed included the following:</p> <ul style="list-style-type: none"> <li>• Hazard Management Policy (in date)</li> <li>• Hazard Management Procedure (in date)</li> <li>• COW Hazard Register (2019 Draft)</li> <li>• Plant Risk Register (excel)</li> <li>• Mandatory Procedure Training (Hazard Management- online Skytrust module)</li> <li>• Hazard Profile Review Consultation August – Records of Worker Attendance</li> <li>• Workplace Inspection Procedure (in date)</li> <li>• Workplace Hazard Inspection Schedule</li> </ul> <p>Both the Hazard Management Policy and Procedure are in date (<i>N.B. oversight on the WHS Documents Register as procedure notes due for review in May 22 but date of WHS Committee Endorsement and EMT adoption date are blank</i>). Training was done with all staff via online Skytrust module in July. Identification of hazards and risks are done via several methods (as evidenced in the Flow Chart (page 18 of the Hazard Management Procedure. These include: Incident Reports; Hazard/Near Miss Reports; Worksite Inspections; Internal/ External Audits and the Hazard Profile or Register.</p> <p>The Council made the decision to combine their Hazard Profile and Risk Assessment Register (referred to as the 'register'), into one document (to be called a Hazard Register). This decision was made as the existing documentation was outdated, complex, not well understood and housed in an excel document that became unworkable and therefore unusable for the Council. The 'register' was not provided in evidence or viewing for these reasons however a Hazard Register (draft) was sighted as Council had attempted to develop a new register but due to the importance of the document for Council needs and internal resource constraints, sought external assistance for this body of work.</p>	Non Conformance

Q #	Sub-element requirements	Result
	<p>Assistance was sought from the LGRS (Local Government Risk Services), funded through a TIP (Tailored Intervention Program) with a scope of works to assist in conducting a full review of the existing 'register'. The works commenced mid August with a view to undertake the following:</p> <ul style="list-style-type: none"> <li>- create a new register that suits councils needs and requirements</li> <li>- meet and work with various workgroups to confirm existing and identify any new activities they may be undertaking</li> <li>- provide training to workgroups on register (understanding, maintenance &amp; review)</li> <li>- provide training on conducting risk assessments via Skytrust system.</li> </ul> <p>It was advised the majority of this work has been undertaken and Council was now waiting on LGRS to provide the newly revised Hazard Register so this can be implemented as this is the foundational document required to ensure capture of all WHS hazards and risks across the organisation. It is noted Council are currently awaiting the revised register from LGRS.</p> <p>It was openly acknowledged by Council their awareness of the legislative requirement around identification of High Risk Construction Work activities and the need for SWMS (Safe Work Method Statement) for these activities. Council has a template and the WHS/ HR Officer is working with the relevant works staff to develop these.</p> <p>Supporting documentation includes the CAPA (Corrective and Preventative Action Register), Plant Register (which houses Plant Risk Assessments), SWI's (Safe Work Instructions) which are developed for plant that are risk rated High or Medium.</p> <p>The CAPA is actively used and reported upline to WHS Committee and EMT meetings using Skytrust. This has also enabled more efficient follow ups.</p> <p>Workplace Inspections are conducted according to a schedule for each quarter and these are discussed at WHS Committee and EMT meetings. Any identified actions are captured on the CAPA and regular review is undertaken. Council has recently implemented the inspections on Skytrust.</p> <p>Risk Assessments on the Plant Register have been risk rated High, Medium or Low and it was acknowledged the review of these is currently behind. It is anticipated reviews may be transitioned into Skytrust for easier capture and future maintenance.</p> <p>During the physical site visit to the works depot open access to the depot from 2 public roads (Lacey street and a parallel street) was sighted. Discussion with the WHS &amp; Training Coordinator confirmed that both gates are left open and there had previously been a time management exercise taken with respect to the 'wait time' for the gates to open/close. Subsequent to this a decision was made to leave the gates open during operational hours. A risk assessment on the gates could not be evidenced, nor found on the hazard register. It is recommended a risk assessment be undertaken to identify risks (various public liability and WHS risks as machinery, open sheds and a vehicle pit could be accessed by the general public in addition to theft of property and equipment).</p> <p>Council has a number of system mechanisms to identify hazards including Incident Reports; Hazard/Near Miss Reports; Worksite Inspections and Internal/ External Audits and the existing Hazard Register. There are also mechanisms to address risk assessment and control of hazards including risk assessment processes, supporting documentation (SWI's etc). The maintenance and currency of the Hazard Register and the development and application of SWMS as legislatively required could not be demonstrated, as openly recognised by Council, which has resulted in a non-conformance.</p> <p>Considerations:</p> <ul style="list-style-type: none"> <li>• Implement the new Hazard Register across the organisation (once received</li> </ul>	

Q #	Sub-element requirements	Result
	<p>from LGRS following close out of current TIP program).</p> <ul style="list-style-type: none"> <li>• Ensure processes regarding the use of the Hazard Register are clearly outlined in Whyalla's Hazard Management Procedure.</li> <li>• Update SWMS for all high risk construction work activities and implement (ensure application of SWMS as per legislative requirements).</li> <li>• Schedule and undertake task and plant risk assessments (based on currency and risk rating).</li> <li>• Conduct a risk assessment on the entry/ access to the Works Depot to determine acceptable risk and controls required.</li> </ul>	
3.8.3	<p><b>Control measures are based on the hierarchy of control process.</b></p> <p>Documents reviewed and discussed included the following:</p> <ul style="list-style-type: none"> <li>• WHS Workplace Hazard Inspection Checklist template</li> <li>• Mandatory Procedure Training (Hazard Management- online Skytrust module)</li> <li>• Hazard Management Procedure (in date)</li> <li>• Risk Assessment Template – ref 4-5-177a (in date)</li> <li>• Risk Assessment – Boom Spray Unit (dated 9/1/19)</li> <li>• CAPA report (Skytrust export)</li> <li>• Incident Report Form from arbor shed and associated documentation</li> <li>• Incident report Weed Spray Pump (1 &amp; 2)</li> </ul> <p>The Hazard Management Procedure clearly outlines the Hierarchy of Control (section 4.6) and online Hazard Management training (Skytrust module) was undertaken by staff in July 2019. There is clear reference to the hierarchy of control (page 6 and detailed explanation of application in pages 19 -20). Understanding of training is confirmed by a competency questionnaire and question 5 is specifically on the hierarchy of controls.</p> <p>The Hazard Identification Report Form (Appendix A – hard copy) seeks identification as to why a particular control was selected (Section 3) however this relies on the quality of explanation/ rationale provided the person completing the form.</p> <p>The Workplace Inspection Checklist template has the hierarchy of controls listed with clear instructions on page 6 on how to apply this. Corrective and preventative actions required (page 5) prompts the user to select which hierarchy of control is to be used but is reliant on the quality of the information provided by the user to indicate why a lower order control has been chosen over a higher order one (i.e. PPE can be chosen over substitution or isolation) without providing a reason or rationale as to why.</p> <p>The Risk Assessment template (ref 4-5-177A – review date of May 2022) has a column for the user to select which hierarchy of control is currently used and the risk rating and provides opportunity to list additional proposed controls using the hierarchy of control tool to show a residual risk rating. This is a relatively new change (adopted and endorsed late June 2019) as the previous template did not have the hierarchy of control tool on the form. This is a beneficial addition to the risk assessment template however it still relies on the quality of commentary provided by the user as to why a lower order control was selected over a higher order control. As this template is relatively new all existing risk assessments will require review to enable application of the hierarchy of control to be undertaken and evidenced.</p> <p>The CAPA currently denotes a column for hierarchy of control but excerpts sighted were empty and do not demonstrate the application of hierarchy of control. Several examples submitted into evidence showed application of risk controls and genuine actions undertaken to address hazards however the direct link applied use of the hierarchy of control was not demonstrated.</p> <p>City Of Whyalla has made good inroads with respect to documentation encouraging the use of the hierarchy of controls by insertion of check boxes and providing</p>	Non-Conformance

Q #	Sub-element requirements	Result
	<p>information and training around this. A new risk assessment template has been endorsed and adopted late June 2019 and will take some time for existing risk assessments to be reviewed to incorporate the hierarchy of control tool changes. At present, this and other supporting documentation does not evidence consistent application or direct link to the hierarchy of controls in controlling risk outcomes (including the hazard register which will shortly have a new version implemented) therefore a non-conformance has resulted.</p> <p>Considerations:</p> <ul style="list-style-type: none"> <li>• Review all relevant hazard identification and control documents to ensure the application of the hierarchy of control is used and clearly demonstrates reasons/ rationale as why a lower order control was selected over a higher order control.</li> <li>• Review existing risk assessments to ensure aligned with new template.</li> <li>• Implement and use new Hazard Register to demonstrate overall organisational risk reduction by use of hierarchy of control application.</li> <li>• Continue work with staff (and train further if required) regarding importance of quality of documentation with regards to demonstrated application of the hierarchy of control when recommending controls.</li> </ul>	
3.8.5	<p><b>Program(s) are in place to ensure an appropriate WHS consideration is given at the time of purchase, hire or lease of plant, equipment and substances.</b></p> <p>Documents reviewed and discussed included the following:</p> <ul style="list-style-type: none"> <li>• WHS Plant Procedure (in date)</li> <li>• Plant Pre-Purchase Template – Appendix A (in date)</li> <li>• Kubota Hoca Tractor Loader (purchased Sep 2019)</li> <li>• Wacker Neuson Dumper trial (photographs 16)</li> <li>• Iseki SF370 Ride on Mower (purchased Sep 2018)</li> <li>• WHS Hazardous Chemicals Procedure (in date) &amp; Appendix A (pre-purchase)</li> <li>• Dulux Epoxy Thinner 920-08925 –pre purchase checklist</li> <li>• SDS Dulux Epoxy Thinner (with attached ChemAlert RA Report 21/03/19)</li> <li>• 2016 Audit Report for WHS Department- Hazardous Substances Audit Report – May 2017 by EHO Samantha Bowman- Manager, EH &amp; Regulatory Services).</li> </ul> <p>City Of Whyalla has a Plant Procedure which includes introduction of plant to the workplace (Section 4.2) and specifically outlines processes for WHS consideration at time of purchase lease or hire (4.2.1 – 4.2.3).</p> <p>The Senior Procurement Officer outlined the process undertaken for procurement, noting Altus is the system used at City Of Whyalla. All documentation is kept centrally and it was advised training documents will now also be uploaded.</p> <p>Purchases on credit card provide an opportunity to divert from undertaking defined processes however this is strictly controlled and managed at Whyalla with a limited number of personnel authorised to purchase via credit card.</p> <p>The Plant Pre-Purchase Template is used when considering equipment purchase and this form includes is comprehensive and includes the following sections: Justification; Pre-purchase checklist of 21 items/ questions; Consultation; Purchase Approval; Process checklist (post pre-purchase assessment). WHS considerations are included the pre-purchase checklist and supporting Risk Assessment to be conducted prior to operation in the workplace.</p> <p>It was evidenced Council, where possible, arrange a trial of the equipment to confirm views on this and it was confirmed with the WHS &amp; Training Coordinator and Supervisor Civil Team that works staff have visited neighbouring councils to view equipment in order to assist the assessment and decision making process.</p> <p>Documentation for the purchase of the Kubota L5740 HOCA Tractor Loader was provided into evidence. The pre-purchase template was sighted for this new piece</p>	Observation



Q #	Sub-element requirements	Result
	<p>of equipment and the Risk Assessment dated 29/8/19 (commenced) and signed by risk assessment team members on 3/9/19 and 4/9/19.</p> <p>As the purchase was in September 2019 it as acknowledged that some checklist items were still being completed on the form. Some other incomplete documentation included: <i>Checklist Cover sheet</i>– Instruction manual was not ticked as being received – hard copy sighted, registration number missing, delivery checklist not ticked. <i>Plant/ Equipment/ Vehicle Pre-Purchase Checklist</i> - Q1 partially completed, Q6 – not ticked although a supplier risk assessment attached).</p> <p>The purchase of the Iseki SF370 Ride on Mower in Sep 2018 followed the same purchase process and the checklist list cover sheet makes specific mention of air ride seats as part of requirements requested and states increased effect on service standards, listing safe operational equipment (page 13 of 35 of document provided for evidence).The risk assessment (used for the pre-purchase) was completed in consultation with staff and this was confirmed at the works depot.</p> <p>ChemAlert is the centralised system used for and applied to Hazardous Substances. Risk assessments are completed in ChemAlert and managed through the Environmental Health Officer (EH) who is a Council appointed worker, as outlined in Whyalla's Hazardous Chemicals Procedure (sections 4.1-4.2).</p> <p>All requests for chemicals are provided to the EHO for assessment and approval. Section 4.1.1 Section 4.8 outlines processes for purchasing of chemicals (including pre-purchase requirements). A Pre-Purchase Chemical Approval Form template (Appendix A) states clearly on the form it must go to the EHO prior to any new chemical purchase. The Dulux Epoxy Thinner Chemical Approval Form provided in evidence did not have the Office Use only section completed however it was confirmed this was approved by the EHO on 21/03/19 in the ChemAlert risk assessment report details (page 13).</p> <p>There is also a yearly audit undertaken by the Environmental Health &amp; Regulatory Services team (last one May 2017) and one has recently been conducted which will also be tabled with the WHS Committee and EMT WHS and Risk Management Group. The May 2017 audit report stated <i>'It is also noted that general compliance with the use of the Chemical Approval Form as part of the purchasing process has improved'</i>.</p> <p>Council has relevant consistent processes in place that evidence appropriate WHS consideration is given when purchasing, hiring or leasing plant, equipment and substances. There is a new Pre-Purchase Plant/ Equipment Template (includes a Pre-Purchase Checklist which has WHS considerations included in the 21 question set). This shows continuous improvement over the time these forms have been in use. The involvement of the EHO's in the purchase of substances has ensured good purchase control, which is further strengthened by the annual audit which is tabled at the WHS Committee and EMT WHS and Risk Management Meetings. There are some deficiencies in both the plant and hazardous chemical internal documentation that require consistency therefore a conformance (with observation) has been given.</p> <p>Considerations:</p> <ul style="list-style-type: none"> <li>• Ensure all checklist cover sheet information (and relevant associated documentation) for plant purchasing is completed (sections ticked where required and comments noted where needed).</li> <li>• Ensure all office only sections of the Chemical Approval Form are consistently completed by the EHO as required.</li> <li>• Consider any extra opportunities to identify if the hierarchy of control tool/ explanation could be inserted in documentation to evidence direct linkage in risk reduction controls resulting from pre-purchase consideration.</li> </ul>	

Q #	Sub-element requirements	Result
3.8.6	<p><b>Contractor and volunteer management systems are in place to meet the organisations duty of care to all persons.</b></p> <p>Documents reviewed and discussed included the following:</p> <ul style="list-style-type: none"> <li>• WHS Contractor Management Procedure (in date)</li> <li>• Contractor Management Training 2019 (Record of Worker Attendance -19/6/19)</li> <li>• Contractor Management Training 2017 (on line presentation)</li> <li>• WHS Contractor Management – Selection, Induction and Monitoring Template</li> <li>• Completed Monitoring Template – Ada Ryan Gardens Toilet Refurbishment</li> <li>• Completed Monitoring Template – Playgrounds surfacing works</li> <li>• Email – example for audit –overdue letter for preferred contactors (26/9/19)</li> <li>• Volunteer Procedure (due for review May 18)</li> <li>• Volunteer Register</li> <li>• Library Volunteer Risk Assessment 29/06/18</li> </ul> <p>City of Whyalla's Contractor Management Procedure (in date) guides the processes and relevant staff were trained in 2017 (online) and recently again in June (conducted by LGAWCS RRC Consultant). Consistency of training provided to those involved in contractor management was evident (ensuring knowledge and requirements of contractor management is well understood).</p> <p>A Preferred Contractor Register has been developed and maintained (as per section 4.2 of the procedure) which is housed in Synergy Soft. Contractors are required to provide documentation including: Insurances, JSEA's SWMS, licences etc. This is reflected in the WHS Contractor Management – Selection, Induction and Monitoring Template. Upon request evidence was supplied of contractor follow ups for licences etc. Very efficient processes are conducted for ensuring licences and insurances required are kept maintained and evidence was sighted of formal advice to contactors (Adelaide Vegetation Mulching Services 27/06/18, Westside Services 13/12/18, Aceblock Pty Ltd 29/8/18). The advice confirms their record is suspended on the Preferred Contractor Register and work of any type is unable to be conducted on any council site until rectified. It was confirmed there is also a process whereby accounts payable is notified and no invoices are paid during this period. Section 13 – Contractor Monitoring / Surveillance outlines the determination of monitoring frequency (daily, weekly, fortnightly, monthly or other) based on the risk level (very high, high, medium or low). Following completion of works a rating for future contracts (unacceptable, acceptable or outstanding) and this is updated into the Preferred Contractor Register on Synergy and Altus Procurement System. Completion of the Contractor Monitoring Templates was evidenced in the Ada Ryan Gardens Toilet Refurbishment and Playground Resurfacing Works in addition to on-site specific inductions. N.B. There were some required details missing in the documentation (<i>page 21 of Ada Ryans works did not select the risk level or frequency rate; page 23 had daily frequency selected but no risk rating</i>). A further example was requested (Boral Roadworks Asphalt and Seal Program) for which there were some required details missing (<i>page 8 empty for section 4, licence details blank</i>).</p> <p>Volunteers are managed by way of the Volunteer Procedure (review required May 18) and an updated Register. Induction occurs for all volunteers (confirmed all active volunteers have completed induction which is via Skytrust online) and there is a TNA and training completed record with only a few volunteers outstanding to undertake required training. A Volunteer task / activity statement is completed for each volunteer to determine exactly what tasks are involved. Risk assessments have been undertaken for all activities of volunteers and this was evidenced.</p> <p>As part of Council's procedures there are visitor sign in registers at both the Main Administration office and Lacey Street Depot, both of which assist in ensuring the duty of care to visitors at the workplace. The open entry gates at the Depot (Lacey</p>	Observation

Q #	Sub-element requirements	Result
	<p>Street and the parallel street) were noted in sub element 3.8.1 and a formal risk assessment was recommended due to risk exposures, which includes includes the safety of visitors and others persons under this sub-element also.</p> <p>Contractor and Volunteer management processes are comprehensive and recent training on contactor management has assisted the emphasis and importance on effective contractor monitoring. Procurement and upkeep of the preferred contactor register is sound with swift and effective processes in play to ensure a contractor is not used or invoices paid unless licences and insurances are current. Processes are sound however there were some deficiencies found in the required documentation/ record keeping area for contractors which require consistency to be effective and the Volunteer procedure was due for review May 2018 which has resulted in a conformance (with observation).</p> <p>Considerations:</p> <ul style="list-style-type: none"> <li>• Ensure documentation required for contractor processes is completed consistently (suggest to undertake an internal audit in 2020 following the training recently undertaken in June 2019).</li> <li>• Review Volunteer procedure.</li> <li>• Refer 3.8.1 – conduct risk assessment for open access to depot.</li> </ul>	
3.9.1	<p><b>That the implementation of relevant inspection and testing procedures are conducted by the relevant, competent person(s).</b></p> <p>Documents reviewed and discussed included the following:</p> <ul style="list-style-type: none"> <li>• WHS TNA &amp; Training Plan 2019-2021</li> <li>• Workplace Inspection Procedure (in date)</li> <li>• Inspection Schedule (excel excerpt from Skytrust)</li> <li>• Certification – White (Anthony) RPM30406 Certificate III in Asset Maintenance (Fire Protection Equipment)</li> <li>• Mechanic Service Schedule</li> <li>• Mechanic Service Record</li> <li>• Mechanic Qualification – Bruce McHendrie- TAFE – Automotive Mechanic</li> </ul> <p>Workplace Inspections are conducted for all council areas. It was noted that training to be able to undertake these inspections effectively was provided to staff in Aug 2017 and the current Training Plan evidences the next scheduled training for Nov 2019.</p> <p>An Inspection Schedule for all items requiring inspection has recently been transferred from an excel spreadsheet onto Skytrust (evidenced). The inspection Schedule includes an ID number, Group (area of council belongs to), Person Responsible, Location, Description, Frequency, Scheduled Inspection Date, Last Scheduled, Last Completed and a column for Current (Yes/ No). Items on the Inspection Schedule include (but are not limited to):</p> <ul style="list-style-type: none"> <li>- Workplace Inspections</li> <li>- Emergency Exercises/ BCP Exercises/ Evacuation Drills</li> <li>- Fire &amp; Alarm Systems/ Duress Alarm Testing/ Extinguishers/ First Aid Kits</li> <li>- Electrical RCD testing/ Electrical Testing and Tagging</li> <li>- Lift Registration and Lift Testing</li> <li>- Slings, Harnesses, Chains, Shackles/ Vehicle Hoist</li> </ul> <p>These inspections are scheduled in Skytrust (according to their determined testing frequency) and arranged by the Assets Maintenance Supervisor (who at this stage also keeps a spreadsheet as the transition to Skytrust is relatively new). Once testing is undertaken records (invoices/ reports) are uploaded into Synergy and also kept in the Assets Maintenance electronic folder. This process has commenced transition over to Skytrust for centralised housing and record keeping.</p> <p>Some in house mechanical repairs are undertaken by licenced mechanics</p>	Conformance

Q #	Sub-element requirements	Result
	<p>(certification sighted) and there is a service schedule and service inspection records kept (will be uploaded to Skytrust over time to streamline with other centralised records for inspections).</p> <p>Inspection status is monitored by the HR Officer and relevant information is tabled at the WHS Committee and EMT meetings highlighting inspections undertaken, those outstanding and any actions that have been referred to the CAPA. The majority of inspections are up to date with the exception of the quarterly Lift Inspection – Civic Building (due 30/6/19) and the Annual Lift Inspection – Civic Building (due 30/9/19) and some RCD testing due 30/4/19.</p> <p>Sampling of inspection testing certification (competent persons) was conducted and the following evidenced for inspections undertaken:</p> <ul style="list-style-type: none"> <li>- Eyre Peninsula Fire &amp; Safety – Cert III in Asset Maintenance (Anthony White)</li> <li>- The Hoist Man – Registered &amp; Licenced * noted on procurement contractor list</li> <li>- Council employed Mechanic – Bruce McHendrie (TAFE Automotive Mechanic)</li> <li>- Aquest Electrical – 3 x personnel electrical licences</li> </ul> <p>There is evidence to support the implementation of relevant inspection and testing procedures which are undertaken by relevant, competent persons. Staff are trained in how to undertake Workplace Inspections according to Whyalla's procedure and other inspection testing (electrical, mechanical, emergency equipment) is conducted by persons with the relevant competencies, licensing and certification with all documentation being recorded and kept. This has been deemed a conformance.</p> <p>Considerations:</p> <ul style="list-style-type: none"> <li>• Ensure Lift (Civic Building) undergoes outstanding quarterly and annual lift inspection.</li> <li>• Continue to transfer all inspection schedules, records and documentation into Skytrust for systematic, centralised approach and auto scheduling (i.e. licence renewals) where possible.</li> </ul>	
4.1.1	<p><b>The organisation must ensure planned objectives, targets and performance indicators for key elements of program(s) are maintained, monitored &amp; reported.</b></p> <p>Documents reviewed and discussed included the following:</p> <ul style="list-style-type: none"> <li>• WHS Planning and Program Development Procedure (in date)</li> <li>• WHS &amp; Return to Work Action Plan &amp; Monitoring Tool 2018 – 2020</li> <li>• WHS Committee Minutes – 15 Aug 2019 (item 4.3)</li> <li>• EMT WHS &amp; Risk Management Meeting Agenda 21 Aug 2019 (Item 4.6)</li> <li>• EMT WHS &amp; Risk Management Meeting Minutes 21 Aug 2019 (Item 4.6)</li> <li>• EMT WHS &amp; Risk Management Meeting Minutes 19 Jun 2019 Item 5.1)</li> </ul> <p>The WHS Planning and Program Development Procedure outlines the steps to be taken with respect to Councils WHS Plans including development, consultation, monitoring, reporting and reviewing of the plan. City Of Whyalla's processes, for areas considered, align with this procedure.</p> <p>City Of Whyalla has a current WHS &amp; Return to Work Action Plan (2018 -2020). This plan is a combined strategic and operational WHS &amp; Injury Management Plan. Discussions noted that previously a separate WHS Plan existed however this was cumbersome (in addition to managing the Action Plan for the scheme rebate) so a decision was made to have one plan which incorporated the requirements of the PSSI. This is reviewed yearly with the EMT.</p> <p>The WHS &amp; Return to Work Action Plan (2018 -2020) has the requirements which are: Planned Objectives, targets and performance indicators for key elements of programs contained within the plan. There are currently 3 major programs and 4 projects identified for completion over the plan period.</p>	Conformance



Q #	Sub-element requirements	Result
	<p>Within the Plan each Program has defined Targets and Performance Indicators and immediately adjacent to both are progress notes for each – which monitors the milestones that support and verify reaching the overall Program Objective.</p> <p>Monitoring of the Plan's progress and current status occurs regularly. WHS Committee Minutes (15 Aug – Item 4.3) show specific discussion around various programs and plans with the current figures on progress. This is supported upline at EMT WHS &amp; Risk Management Meeting Minutes (19 Jun 2019 – Item 5.1) and 21 Aug 2019 (Item 4.6). The June meeting in particular has in depth discussion on the status quo and the resource allocation possibilities to ensure actions are completed which shows executive engagement and ownership.</p> <p>In order to support the plan Section 5 of the Planning and Program Development Procedure outlines training. Managers Supervisors and the WHS Committee should be trained in the requirements of the PSSI and the executive team should be trained in their roles and responsibilities for WHS planning, monitoring and review. The TNA for the organisation notes some PSSI training and some has been undertaken by staff however it is recommended a review be done on those requiring training so it can be scheduled and undertaken accordingly.</p> <p>City Of Whyalla's WHS &amp; Return to Work Action Plan (2018 -2020) has the requirements of the PSSI which are: planned objectives, targets and performance indicators for key elements of programs contained within the plan. Strong maintenance, monitoring and reporting of the plan is undertaken with evidence from WHS Committee and EMT Risk &amp; WHS Meetings. Based on this a conformance has been given.</p> <p>Considerations:</p> <ul style="list-style-type: none"> <li>• Check training requirements (Section 5) of the WHS Planning and Program Development Procedure against TNA and schedule and undertake accordingly.</li> </ul>	
5.3.1	<p><b>The organisation must ensure the system is reviewed and revised, if required, in line with current legislation, the workplace and work practices.</b></p> <p>Documents reviewed and discussed included the following:</p> <ul style="list-style-type: none"> <li>• WHS Committee Minutes 20 June 2019</li> <li>• WHS Committee Minutes 15 August 2019</li> <li>• EMT WHS and Risk Management Meeting Minutes 19/6/19</li> <li>• EMT WHS and Risk Management Meeting Minutes 21/8/19</li> <li>• Chipper Incident Report (Skytrust Incident ID 281 – date 30/04/19)</li> <li>• SWI – Infrastructure Arbor Team – Stump Grinder Operation (in date)</li> </ul> <p>Information comes into Council in a number in a number of ways including: OHS Alert, LGA Gazettes, LGRS Members Centre emails and information portal and attendance at LGAWCS networking forums (quarterly). Subscriptions also occur: SafeWork Australia; SafeWork SA (alerts etc.) and RTWSA (Return to Work SA).</p> <p>In addition to this various professional memberships are held by Council personnel (e.g. Local Government Authorised Person Association, Environmental Health Australia, Planning Institute etc.). A register of these memberships has been drafted. It was acknowledged a compliance register was in existence however this has been replaced with the professional memberships register (draft policy sighted).</p> <p>Dissemination of relevant changes in legislation or work practices is consistently evident via both WHS Committee minutes and EMT Risk and WHS Meetings which has a flow on effect to changes that may be required or further awareness in council areas on practices that may require review. Evidenced examples include: Electrical Safety Guidelines at Events (WHS Committee) and changes from Codes of Practice resulting in Policy and Procedure Updates (reported to WHS Committee and EMT WHS and Risk Meetings).</p>	Conformance

Q #	Sub-element requirements	Result
	<p>The changes highlighted via legislative updates (agenda item) on the COR (Chain of Responsibilities) legislation resulted in a 4 hour training session attended by Leslie Hosking-WHS &amp; Training Coordinator in collaboration with the NHVR project engineer (National Heavy Vehicle Regulator) and then the delivery of a session to staff and management.</p> <p>Workplace practice changes have occurred as a result of incident investigations and this is evidenced by an incident in April that resulted in minor facial injury to a worker when, whilst grinding a tree stump, was hit with a projectile to the helmet. Incorrect preparation was rectified by ensuring the SWI (Safe Work Instruction) was altered to reflect the correct preparation that should be undertaken for this task.</p> <p>City Of Whyalla reviews and revises the system, if required, in line with current legislation, the workplace and work practices. Recent COP (Code of Practice) changes have been identified and managed through policy and procedure review processes and COR (Chain of Responsibility) legislative changes have been assisted by providing training to relevant staff. On the ground workplace practice changes as a result of incident investigations are occurring as needs. The application of this has resulted in a conformance.</p> <p>Considerations: Nil</p>	

In order to further develop systems and processes in the sub elements where observation/s and non-conformance/s have been identified, it is suggested that City of Whyalla review the findings and recommendations and include relevant actions that address the root cause of system failures into their Risk Evaluation action plan going forward.

## 4.2.2. Injury Management

The ReturnToWork SA's Injury Management Standards provide a framework from which a self-insured employer's exercise of its delegated powers and discretions can be evaluated. The Code of conduct for self-insured employers states the performance of the employer or self-insured employer will be measured against the Code and Injury management standards.

This year, the evaluation scope has been limited to only those IM sub-elements that sit under the revised Code of Conduct for Self Insured Employers version 12 relevant to LGAWCS Members.

Whilst the IM Standards are measured by RTWSA at the LGAWCS level, the following sub-elements have been scoped and amended for the 2017 Risk Evaluation specifically for Scheme Members to meet their requirements in supporting the LGAWCS.

City of Whyalla's results are as follows:

SUB-ELEMENT	Total Sub-Elements Evaluated	Conformance	Observation	Non-Conformance
Standard 1.2 – Resources	5	5		
Standard 1.6- Information provided to employees	2	2		
Standard 2.8 – Early Intervention, recovery and RTW	2	2		
Standard 4 – Measurement, Monitoring Review	2	2		

### Specific Results and Improvement areas – IM Management Systems

Sub Element	Sub-element requirements	Result
1.2.1	<b>Documented job descriptions for all injury management personnel and where relevant management, supervisors and employees.</b> Position Descriptions (PD's) were sighted for the following injury management positions/ personnel: HR Advisor - Internal RTW (Annette Bowley). HR Advisor Officer - Internal RTW back up (Tamara Clark) N.B. review underway for HR Officer role but current and IRC noted. Payroll Officer – ICC (Norma McQuarrie) Senior Finance Officer (Sandra Vigar)	Conformance
1.2.2	<b>Ensuring injury management personnel are competent to administer their role in a reasonable manner.</b> Certification was sighted for all positions listed and are current as follows: Annette Bowley (valid to 5/9/21); Tamara Clark (valid to 5/9/21); Norma McQuarrie (valid to 7/6/21) and Sandra Vigar (valid to 7/6/21).	Conformance
1.2.3	<b>Ensuring the allocation of resources is appropriate for the organisations type, volume and complexity of the case load.</b> Statistics sighted and discussed with HR Advisor – resources are more than adequate for the organisations type, volume and complexity of case load.	Conformance
1.2.4	<b>Suitability of facilities and accommodation to ensure restricted access to</b>	Conformance

Sub Element	Sub-element requirements	Result
	<p><b>information, including maintaining confidentiality during interaction with injured workers and service providers</b></p> <p>Locked cabinet sighted in payroll officers office (which is locked at all times when unattended). When HR Advisor is working on files in HR Advisor office they are put in locked cabinet and door locked if leaving the office.</p>	
1.2.5	<p><b>A Scheme Member is required to appoint a return to work coordinator and ensure the person appointed to this role has successfully completed relevant LGAWCS training. Where this role becomes vacant, the Scheme Member is required to re-appoint an employee within 3 months and ensure the employee(s) appointed have received relevant LGAWCS training within 3 months of the appointment being made.</b></p> <p>It was confirmed with the HR Advisor that this role has never been vacant for a period of longer than 3 months and training has occurred within the required timeframe.</p>	Conformance
1.6.1	<p><b>How to report a work related injury</b></p> <p>City of Whyalla has a current WHS Incident Reporting and Investigation Procedure which outlines processes for reporting a work related injury. Workers are aware via induction and the procedure is available for viewing on WHS notice boards, the intranet, Skytrust and Whyalla's electronic policy and procedure manual.</p>	Conformance
1.6.2	<p><b>The process for lodging a claim for compensation</b></p> <p>City of Whyalla has a current WHS Workplace Return to Work Procedure (in date) which outlines processes for lodging a claim for compensation. Workers are aware via induction and the procedure is available for viewing on WHS notice boards, the intranet, Skytrust and Whyalla's electronic policy and procedure manual. Recently in June 2019 training was conducted for all staff via an online module in Skytrust.</p>	Conformance
2.8.5	<p><b>Where a worker has not returned to pre-injury employment within 6 months from date of first incapacity and is not working to their full capacity, new or other employment options are considered for the worker by the Scheme Member in conjunction with the LGAWCS.</b></p> <p>City of Whyalla provided evidence of a re-deployment constructively initiated and undertaken by them in January 2019. This was sighted and discussed with the HR Advisor.</p>	Conformance
2.8.6	<p><b>Where a Scheme Member does not provide suitable employment to a former work injured employee the Scheme Member notifies and consults with the LGAWCS.</b></p> <p>Not applicable – refer 2.8.5</p>	Conformance
4.1.1	<p><b>Processes are in place that monitor, measure and review the effective implementation of the injury management system and where relevant, strategies to improve performance of the injury management system are identified.</b></p> <p>The Injury Management status is reported to the WHS Committee (standing agenda item). Statistics are provided on LTI's (Lost Time Injuries), with a year on year comparison for 3 years, number of current open claims, incidents reported with area breakdown and graphs that provide various metrics such as : mechanism, agency, type and body part. Reporting is thorough and any specific Injury Management Program developed in the future will be well served by this reporting mechanism.</p>	Conformance
4.1.3	<p><b>The Service Standards set out in Schedule 5, Part 2 of the Return to Work</b></p>	Conformance



Sub Element	Sub-element requirements	Result
	<b>Act 2014 are in place.</b> Service Standards were in place in addition to the WHS Workplace Return to Work Procedure and the Back on the Job Kit.	

## 5. Conclusion

We would like to thank all those involved in the City of Whyalla's Risk Evaluation.

The risk evaluation process gave Council the opportunity to showcase a number of risk management, work health and safety and injury management/return to work systems that are in place as well as work in progress.

Please note that evaluation findings can only be provided against the evidence presented at the time and within the evaluation scope. As part of the evaluation scope, we conducted a desktop review of evidence and requested additional records and information based on the initial evidence provided, followed by some testing of implementation via staff and management interviews and a site visit to the depot. The timeframe provided for on-site visit and interviews was only two days and hence this can only be a sampling process.

The risk evaluation process requires the provision of evidence two weeks prior to the site component to enable sufficient time for review before on site audit activities commence. We were grateful that the evidence was submitted in a timely manner.

As indicated in the executive summary and the evaluation findings contained herein, Council has a number of areas to focus on during the next two years and should develop an appropriate action plan to review, monitor and complete the actions. Completion of the actions will further improve the overall effectiveness of the risk, WHS, IM/RTW systems.

In relation to the risk management systems, it is suggested that Council consider the suggestions provided in relation to the implementation of their Risk Management System as well as the commentary provided in the Roads and Footpaths, Procurement, Tenders, Contracts, Tree Management and the Emergency Management areas. This should form the basis for Councils Risk Action Plan over the coming two years.

The effective implementation of the WHS, IM and RTW systems requires Council to be compliant with the legislative requirements, Performance Standards for South Australia (PSSI) and the policies and procedures; managers to be aware of their accountabilities to ensure the systems are implemented, reviewed and continuously improved and regular reporting to and monitoring by the Senior Management Team should occur. During the evaluation, evidence was noted that this is occurring and we recommend that Council continues this process to ensure the continuous improvement occurs in this area.

Whilst it may appear that there are numerous areas to follow up on, we also recognise that significant system build has occurred and that improvement is occurring; providing that City of Whyalla continue to maintain this level of development and improvement, the system should mature and progress to a compliant level.

I would recommend that you work closely with Jacqui Quarton (your RRC) going forward to ensure that a planned and prioritised approach is undertaken, in addressing the corrective actions required. Jacqui can provide guidance to City of Whyalla on how you might move forward in a way that will provide the best approach for building a system in line with Council's resources and assist with the setting of a programmed body of work for the next 2 years that is achievable, addresses the issues in a systematic way and enables you to achieve the best possible rebate return in line with corrective actions completed.

Please note that action plans need to be submitted for review within four weeks of this Summary Report being received to address the issues identified in the evaluation (in a systemic way). If you are unclear on how this is to be undertaken or need examples of formats and structures, Jacqui will be available to assist in drafting your action plan in order to meet the criteria that is required for approval of these plans and to ensure that the action plans are appropriate for closing out the identified issues in a prioritised, structured and systemic way.





## Contact

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## 5.1 CORPORATE

### 5.1.2 Quarterly Report – Procurement Exemptions

**Audit Committee Meeting:** 3 February 2020  
**Author's Title:** Senior Procurement Officer  
**Department:** Corporate  
**Director:** Robyn Dunstall  
**File No.:**

**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 – Nil**

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## PURPOSE

To report to the Audit Committee on procurement exemptions and the dispensation register as per Clause seven of the Procurement Policy dated June 2019.

## SUMMARY

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

## RECOMMENDATION

**That the Audit Committee receive and note the 'Quarterly Report – Procurement Exemptions' report.**



### 5.1.2 Quarterly Report – Procurement Department

#### REPORT

#### **BACKGROUND**

Clause seven of the Procurement Policy requires exemptions from the procurement policy to be appropriately approved and are to be recorded and reported to the Audit Committee quarterly.

#### **DISCUSSION**

From 1 October 2019 until 31 December 2019, the following five procurement exemptions were made:

PROJECT TITLE	VALUE (GST Inc)	REASON FOR DISPENSATION	DEPARTMENT	DISPENSATED BY	DATE OF DISPENSATION
Custom made cat condos	\$41,987.00	Sole Source – Only one supplier	City Growth	Compliance Officer Director	2/10/19
Top Dressing	\$40,095.00	Single Source and no local supply of specific product	Infrastructure	CEO Director Manager	23/10/19
Supply & Install shade Wetlands	\$34,639.00	Single Source – Urgent, elimination of public hazard – risk management	Infrastructure	CEO Director Manager	31/10/19
Budgeting and Long-Term Financial Planning Software	\$60,500 (Yr 1) \$25,500 (future years)	Two quotes obtained from industry provider of specialised software.	Corporate	CEO Director Business Manager	27/11/19
Supply of Scoreboard Memorial Oval	\$57,493	Single Source – supplied Bennett Oval scoreboard.	Infrastructure	CEO Director Manager	19/12/19

In the previous quarter, 14 exemptions were made equalling 19 exemptions for FY 19/20 up until 31 December 2019.

#### **Financial Implications – Nil**

#### **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.*

*Strategy 3.3.9 – Assist local business to build capacity to access major contracts.*

## **Legislation**

*Local Government Act (SA) 1999, Section 49*

**Officer Direct or Indirect Interest – Nil**

## **Risk Assessment**

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

**Social Considerations – Nil**

**Community Engagement – Nil**

**Environmental Implications – Nil**

## **Communication**

Any relevant changes will be communicated through Council's website and social media

## **Conclusion**

That the Audit Committee receive and note this report.

## 5.1 CORPORATE

### 5.1.3 Internal Audit Report

**Audit Committee:** 3 February 2020

**Author's Title:** Corporate Strategy Business Partner

**Department:** Corporate

**Director:** Robyn Dunstall

**File No.:**

**Annexures:**

Annexure A – Draft Internal Financial Controls Action Plan

**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 – Nil**

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## PURPOSE

The draft Internal Financial Controls Action Plan is provided for Members' information.

## SUMMARY

Attached at **Annexure "A"**, is the draft Internal Financial Controls Action Plan which formalises the recommended actions from the internal audit report with regard to the 2019 Internal Financial Controls Review as reported to the Audit Committee on 28 October 2019 and adopted by Council on 18 November 2019.

## RECOMMENDATION

**That the Audit Committee receive and note the Internal Audit report and the draft Internal Financial Controls Action Plan (refer Annexure "A").**

### 5.1.3 Internal Audit Report

#### REPORT

#### BACKGROUND

This report details the findings of the 2019 Internal Financial Controls Review.

#### DISCUSSION

Section 125 of the Local Government Act 1999 states that *“a Council must 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, to ensure adherence to management policies, to safeguard the Council’s assets and to secure (as far as possible) the accuracy and reliability of Council records”*.

The Local Government (Financial Management) Regulations 2011, Section 19(3) requires that an auditor must assess the internal controls of a Council based on the criteria in the Better Practice Model – Internal Financial Controls. The ‘Better Practice Model’ outlines the key financial risks faced by Local Government in South Australia and suggested controls which assist in limiting exposure to these risks. The report assessed the financial controls for the Whyalla City Council against the ‘Better Practice Model’. The Better Practice Model identifies the normal risks in financial management along with possible controls.

The consequences of risks occurring are graded as summarised in the table below and were used for the assessment:

Impact measurement	Political/Community – effect on public image or level of community concern	Cost/Financial Impact	Delay in routine tasks	Legal issues
1.Insignificant	Insignificant level	Less than \$5k	up to ½ day	
2.Minor	Minor level	\$5k to \$20k	1 day	
3.Moderate	Moderate level	\$20k to \$50k	1-3 days	Noncompliance and breach of regulation
4.Major	Major/Significant	\$50k to \$100k	3-5 days	Serious breach, prosecution/fine
5.Catastrophic	Huge effect, community outrage	Over \$100k	Over 5 days Failure of programs	Major breach, litigation

The consequences of risk matrix above was provided by the internal auditors and will be reviewed as part of Council’s Strategic Risk Program as reported to the Audit Committee on 28 October 2019 and subsequently endorsed by Council on 18 November 2019.

The following table shows the resulting risk level when the consequence and likelihood of an event occurring have been determined.

Consequence		Insignificant	Minor	Moderate	Major	Catastrophic
Likelihood		1	2	3	4	5
Almost Certain	E	Moderate	High	High	Extreme	Extreme
Likely	D	Low	Moderate	High	Extreme	Extreme
Possible	C	Low	Low	Moderate	High	Extreme
Unlikely	B	Low	Low	Low	Moderate	High
Rare	A	Low	Low	Low	Moderate	High

Based on the above tables, the following number of risks were identified in Whyalla City Council:

	Insignificant	Minor	Moderate	Major	Catastrophic
Almost Certain	0	0	0	0	0
Likely	0	1	2	4	1
Possible	0	0	7	21	7
Unlikely	0	1	12	11	10
Rare	1	1	3	9	1

The draft Internal Financial Controls Action Plan focuses on addressing the extreme and high risks before moving on the lower categorised items. The action plan includes recommendations from the internal auditors for improvement of controls for the extreme and high risks.

Please refer to the 2019 Internal Financial Controls Review for details of the identified risk and areas examined.

**Financial Implications – Nil**

### **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  
Promote positive stories, positive image

**Legislation – Nil**

**Officer Direct or Indirect Interest**

No officer involved in the preparation of this report has any conflicts of interest.

### **Risk Assessment**

Not addressing these items is likely to expose Council to a number of risks including financial and reputational risk.

**Social Considerations** – Not applicable

**Community Engagement** – Not applicable

**Environmental Implications** – Applicable

**Communication** – Not applicable

**Conclusion**

That the Audit Committee note this report and the draft Internal Financial Controls Action Plan which will be reported to the Audit Committee regularly.

## Annexure "A"

Risk Number	Risk Description	Current Risk Level		Control to be improved		Suggested Improvement	Responsible Officer	Due Date
		Consequence	Likelihood	Control Number	Control Description			
8.1.2	Delegations of authority are not commensurate with job roles and responsibilities	Catastrophic	Likely	8.1.2.1	Delegations of authority referenced in the Better Practice Model are reviewed for appropriateness, with changes approved as required.	S44(6) of the Local Government Act state that the council should review the delegations at least once in every financial year. The Delegation from Council to the CEO was last reviewed by Council on 19 June 2017. The sub delegations from the CEO to other staff have not been reviewed for many years - some since 2015 and some further to 2009.	GO	30/06/2020
3.1.2	Cash Floats and Petty Cash transactions are either invalid, inaccurately recorded or not recorded at all	Catastrophic	Possible	3.1.2.1	A register for cash floats and petty cash and custodians is maintained by authorised personnel to record all movements.	Document process	SFO	30/06/2020
				3.1.2.2	Petty Cash to be approved in line with policy or procedure having regard to amounts, substantiation criteria and authorisation.	Document process	SFO	30/06/2020
				3.1.2.3	Custodians of cash floats are informed of and undertake their responsibilities and obligations including reconciliations and accountability for cash movements.	Document process	SFO	30/06/2020
				3.1.2.5	Cash floats and petty cash are reconciled and reviewed by a person other than the preparer.	Document process	SFO	30/06/2020
3.4.2	Credit notes to debtors are either inaccurately recorded or not recorded at all	Catastrophic	Possible	3.4.2.1	There is a process in place to review and approve all credit notes for sundry debtors in accordance with delegations of authority.	Develop a Write off/credit note policy with delegations from CEO to show who can write/off request Credit notes and in what circumstances	SFO	30/06/2020
				3.4.2.2	All invoices raised and credit notes applied have an audit trail.	Audit log needs to be regularly checked by someone other than IT	SFO	Ongoing
5.1.3	The Property Masterfile date does not remain pertinent	Catastrophic	Possible	5.1.3.1	Recorded changes to property master file data and any rate adjustments are compared to authorised source documents to ensure that they were input accurately. An audit trail is maintained for all changes.	Consider printing audit trail for random testing by an officer other than input officer.	SFO	30/06/2020
				5.1.3.2	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.	Update synergy access	SFO	30/06/2020
				5.5.1.1	Customers are provided with a system-generated or pre-numbered (manual) sequential tax compliant receipt detailing payment made.	Document processes	SFO	30/06/2020
				5.5.1.3	Officers who create debtors' invoices do not have access to receipting payments and/or reversing receipt transactions.	There is a cash handling policy dated Sept 2015 and was due for renewal in Sept 2017. Include requirement Customer Service officers need to get someone else to receive payments relating to themselves as per current practice	SFO	30/06/2020

5.5.1	Receipts are either inaccurately recorded or not recorded at all	Catastrophic	Possible	5.5.1.4	Receipt transactions are reconciled to the daily takings, and out-of-balance banking is <u>corrected promptly</u> .	Document Process to ensure consistency	SFO	30/06/2020
				5.5.1.5	There is a process in place to ensure that the third-party receipting downloads are reconciled to the third-party <u>substantiation documents</u> .	Document process	SFO	30/06/2020
				5.5.1.7	There is a review process for the authorisation of the reversal of <u>transactions</u> .	A daily list of reversed receipts to be provided to Finance. IT to restrict ability of CS to reverse receipts.	SFO	30/06/2020
6.2.1	Payroll expense is inaccurately calculated	Catastrophic	Possible	6.2.1.2	There is a process to ensure all overtime is verified and approved by relevant appropriate staff.	Develop HR policy which includes the requirement for overtime to be approved prior to being undertaken.	HRA	30/06/2020
				6.2.1.3	There is a process in place to ensure accurate data entry of payroll source documents.	Data on leave, codes and changes are copied from the leave forms onto input sheet, and then data is input into synergy from the input sheet. - double handling could result in increased likelihood of error. Leave forms are received earlier and not held at hand for input at actual payroll input. Moving to Electronic leave applications and electronic timesheets will eliminate this task and reduce risk of <u>error and double handling</u>	SFO	30/06/2020
				6.2.1.4	All calculations for generating payroll payments are verified for <u>accuracy</u> .	Annually check calculation methodology	SFO	Ongoing
6.2.6	Employees termination payments are not in accordance with statutory and enterprise agreements	Catastrophic	Possible	6.2.6.1	There is a process in place to ensure termination payments comply with relevant policies, <u>procedures and legislation</u> .	Include in procedures.	HRA & SFO	30/06/2020
				6.2.6.2	There is adequate training of payroll staff to ensure they are up to date with relevant statutory and enterprise agreements.	Training needs analysis to be undertaken on staff, including keeping up with relevant legislation and changes to enterprise agreements. Training undertaken to be signed off.	HRO	Ongoing
6.4.2	Credit Cards are used for purchases of a personal nature	Catastrophic	Possible	6.4.2.1	Credit cardholders sign a declaration confirming compliance with Council policy and procedures prior to the <u>Credit Card being released</u> .	Stronger compliance with procedure and declaration statements is required	SFO	30/06/2020
				6.4.2.2	There is a process in place to approve all credit card transactions to ensure compliance with the policies and procedures covering credit card <u>usage</u> .	Another director should sign the CEO's	SFO	30/06/2020
				6.4.2.3	Cardholders are advised in the policy and procedures that improper use of the credit card, such as purchases of a personal nature, may result in disciplinary action in accordance with the Code of Conduct.	Add disciplinary action to Credit card declaration and create credit card policy that reflects this.	SFO	30/06/2020
3.9.2	Loans/Grants to Clubs/Community Groups are inaccurately recorded or not recorded at all	Major	Probable	3.9.2.1	Loan receivable reconciliations are prepared and reviewed by appropriate staff with follow up of all outstanding receipts.	Develop Community Loan Policy to require loan receivable reconciliations to be prepared and reviewed	SFO	30/06/2020
				3.9.2.2	All loans/grants to Clubs/Community Groups are approved in accordance with the policy.	Develop Community Loan Policy so that council is not presented with a request from the community without having any previous policy consideration on this topic. To avoid making decisions under pressure in the chamber, extend the Community Grant Guidelines to include Council's policy on Community loans - are they going to be provided, if yes - then what are the parameters and how will they be assessed	MCS & SFO	30/06/2020



				3.9.2.4	A loan schedule is provided to the loan recipient.	Develop Community Loan Policy including procedure of providing loan schedule to loan recipient	SFO	30/06/2020
3.9.3	Clubs/Community Groups not able to repay Loans/Grants to Council	Major	Probable	3.9.3.1	Bad-debt write-offs for loans receivable are approved in line with relevant delegations.	Ensure that delegations for Bad Debt write-offs include how this will occur for community loans.	SFO	30/06/2020
				3.9.3.2	Loan receivable reconciliations are prepared and reviewed by appropriate staff with follow up of all outstanding receipts.	Develop Community Loan Policy to require loan receivable reconciliations to be prepared and reviewed	MCS & SFO	30/06/2020
				3.9.3.3	Council has a policy for issuing funds to Clubs/Community Groups. The Policy includes criteria for approval of funds with reference to the Delegations of Authority and conflicts of interest.	Develop Community Loan Policy so that council is not presented with a request from the community without having any previous policy consideration on this topic. To avoid making decisions under pressure in the chamber, extend the Community Grant Guidelines to include Council's policy on Community loans - are they going to be provided, if yes - then what are the parameters and how will they be assessed	MCS & SFO	30/06/2020
6.4.1	Credit Cards are issued to unauthorised employees	Major	Probable	6.4.1.1	There is a process in place to ensure there are appropriate approvals prior to the issuing of Credit Cards and limits.	Develop a credit card policy - endorsed by the Audit Committee/Council. This could be part of the procurement policy. Ensure that allocation of a credit card to the Mayor is supported by the Elected Members' Allowance and Benefits Policy	CSBP & SFO	30/06/2020
				6.4.1.2	Credit cardholders sign a declaration confirming compliance with Council policy and procedures prior to the Credit Card being released	Stronger compliance with procedure and declaration statements is required	CSBP & SFO	30/06/2020
6.4.3	Credit Card limits are set at inappropriate levels	Major	Probable	6.4.3.1	There is a process in place to ensure there are appropriate approvals set prior to the issuing of Credit Cards and limits.	Develop a credit card policy which sets out appropriate credit card limits	CSBP & SFO & SPO	30/06/2020
				6.4.3.2	There is a process in place to ensure credit card limits and usage is reviewed for operational efficiency.	Develop a credit card policy which sets out appropriate credit card limits	CSBP & SFO & SPO	30/06/2020
2.2.1	General Ledger does not contain accurate financial information	Catastrophic	Unlikely	2.2.1.2	Access to General Ledger maintenance is restricted to appropriately authorised personnel.	Review Synergy permissions at least annually. Access should be changed when staff change.	SFO	Ongoing
				2.2.1.3	Reconciliation of all balance sheet accounts is completed in accordance with a schedule of review and/or procedure.	Document Procedure	SFO	30/06/2020
				2.2.1.4	All balance sheet reconciliations are reviewed by a person other than the preparer at least annually.	Document Procedure	SFO	30/06/2020
				2.2.1.5	Journal entry access is restricted to appropriately authorised personnel.	Review Synergy permissions at least annually. Access should be changed when staff change.	SFO	Ongoing
				2.2.1.7	Amendments to the structure of the General Ledger framework and accounts are reviewed and approved by appropriately authorised personnel.	Project plan for the updating of the GL to be developed with testing and documentation incorporated.	SFO	30/06/2020
				2.2.1.8	General Ledger policies and procedures are appropriately created, updated and communicated to relevant staff.	Review GL Procedure.	SFO	30/06/2020

				2.2.1.10	There is a process in place to review actual vs budget and significant variances investigated.	Document budget process	BPM	30/06/2020
3.1.1	Cash Floats and Petty Cash are inadequately safeguarded	Catastrophic	Unlikely	3.1.1.2	Access to the cash floats and petty cash is limited to authorised personnel.	Investigate mechanisms to automatically lock cashier drawers and have keys held on cashier person, consider potential automatic draw directed by synergy program on cashier computers which is controlled by login	MIS	30/06/2020
				3.1.1.3	A register for cash floats and petty cash and custodians is maintained by authorised personnel to record all movements.	Document process	SFO	30/06/2020
				3.1.1.4	I.O.U.'s are prohibited.	Include the prohibition of IOUs into cash handling procedure and consider the development of an overarching cash handling policy	SFO	30/06/2020
				3.1.1.6	Cash floats and petty cash are reconciled and reviewed by a person other than the person responsible for the petty cash	Document process	SFO	30/06/2020
				3.1.1.7	Spot cash float and petty cash counts conducted periodically by independent personnel.	Document process	CSBP & SFO	30/06/2020
					Bank reconciliations are performed on a predetermined basis and are reviewed by an appropriate person. Any identified discrepancies are investigated.			
3.2.2	Fraud	Catastrophic	Unlikely	3.2.2.2	Cash transfers between bank accounts and investment bodies are undertaken by appropriate staff.	Investigate using Synergy's bank reconciliation module.	SFO	30/06/2020
				3.2.2.3	There is a process in place to ensure all cash collected is adequately recorded and banked regularly.	Document procedure	SFO	30/06/2020
				3.2.2.4	Debtor's reconciliation is performed on a regular basis to the General Ledger and reviewed by appropriate staff, with consideration of segregation of duties.	Document procedure	SFO	30/06/2020
3.4.4	Debtors are either not collected on a timely basis or not collected at all	Catastrophic	Unlikely	3.4.4.1	Relevant staff reviews debtors ageing profile on a regular basis and investigates any outstanding items, and considers provisions for doubtful debts.	Document Process	SFO	30/06/2020
				3.4.4.2	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.	SFO to review contents of Provision of Doubtful debts each year.	SFO	Ongoing
3.7.5	Fixed Asset maintenance and/ or renewals are inadequately planned	Catastrophic	Unlikely	3.7.5.1	Document process of adjusting Fixed Asset Register in regards to useful lives for 'depreciated assets'.		AM & BPM	30/06/2020
3.9.1	Council issues Loans/Grant without appropriate approval	Catastrophic	Unlikely	3.9.1.1	Council has a policy for issuing funds to Clubs/Community Groups. The Policy includes criteria for approval of funds with reference to the Delegations of Authority and Conflicts of Interest.	Develop Community Loan Policy so that council is not presented with a request from the community without having any previous policy consideration on this topic. To avoid making decisions under pressure in the chamber, extend the Community Grant Guidelines to include Council's policy on Community loans - are they going to be provided, if yes - then what are the parameters and how will they be assessed	MCS & SFO	30/06/2020

4.3.5	Lack of working capital to meet the Council's financial commitments	Catastrophic	Unlikely	4.3.5.1	Cashflow forecasts are considered to ensure sufficient working capital is available	If invoices were entered into the system with due dates ongoing through month, cashflow forecasting would be improved	SFO & BPM	31/01/2020
4.5.2	Council does not meet statutory reporting/lodgement deadlines	Catastrophic	Unlikely	4.5.2.1	There is a process in place to ensure that all taxation returns are lodged within statutory timeframes.	Develop a financial calendar for the team for year	SFO	30/06/2020
5.1.1	Council does not raise the correct level of rate income	Catastrophic	Unlikely	5.1.1.3	There is a rating policy in place that is reviewed annually, that provides clear guidance on rating methodology and relevant rebates and remissions in line with legislation.	That the rating policy be reviewed with the Council to determine the principles behind the current rating process including amount of differential and that this should be reviewed annually as part of the ABP preparation process.	BPM	7/07/2020
6.1.1	Council does not obtain value for money in its purchasing and procurement	Catastrophic	Unlikely	6.1.1.3	The organisation has a process in place to ensure the use of preferred suppliers where relevant to maximise the best value for money to Council	Introduce a spot check process to check compliance with policies/procedures. Spot check to be based on risk, ie all open tenders would be checked while purchases under \$5000 might not. Also undertake spending analysis to determine if suppliers are becoming major suppliers and require a different level of procurement	CSBP & SFO	30/06/2020
				6.1.1.4	All relevant staff should undertake training for the raising of orders, posting of goods received and the requirements of the creditors' process.	Ongoing annual training for relevant staff	CSBP & SFO	Ongoing
4.3.2	Loans are taken out without appropriate approval	Catastrophic	Rare	4.3.2.1	The loan register and loan approvals are subject to management and/or internal audit review.	Controls are effective, so there are no suggested improvements.	CSBP	Ongoing
						This risk remains at high due to the \$ consequence.		
2.1.2	Unrealistic Budgets	Major	Possible	2.1.2.1	Budgets and budget amendments are based on realistic and achievable assumptions at the time of preparation	Document budget process. All budget additions to use the Project Management Budget Application form and this form to be approved by relevant Director and EMT prior to being included in Draft Budget for Council consideration.	BPM	30/06/2020
				2.1.2.2	The adopted budget and budget amendments approved by Council are reviewed and the impact on financial sustainability considered.	Document budget process	BPM	30/06/2020
2.2.2	Data contained within the General Ledger is permanently lost	Major	Possible	2.2.2.3	Access to General Ledger maintenance is restricted to appropriately authorised personnel.	Review Synergy permissions at least annually. Access should be changed when staff change.	SFO	Ongoing
				2.2.2.4	General Ledger policies and/or procedures are appropriately created, updated and communicated to relevant staff.	Review GL Procedure.	SFO	30/06/2020
				2.2.2.5	A formal disaster recovery plan is in place and communicated to relevant staff.	The plan needs to be updated including updating relevant staff and enabling access. i.e. SharePoint or accessible website storage	CSBP & SFO & ISM	30/06/2021
				2.3.2.1	There is a process in place to review actual compared to budget and significant variances investigated	Document budget process	BPM	30/06/2020
				2.3.2.2	Statutory financial reports prepared by appropriate personnel; reviewed by senior management and/or Audit Committee.	Document process	SFO	30/06/2020

2.3.2	Council's statutory reports provide inaccurate financial information	Major	Possible	2.3.2.3	Reconciliation of all balance sheet accounts is completed in accordance with a schedule of review and/or procedure.	Document Procedure	SFO	30/06/2020
				2.3.2.4	Financial policies and procedures and related guidance are reviewed and updated as required.	Review & document financial policy framework and develop a checklist for consistent and timely policy review	CSBP & SFO	30/09/2020
				2.3.2.5	All balance sheet reconciliations are reviewed by a person other than the preparer at least annually.	Reviewing/checking process to be reviewed in order to reduce checking to a sustainable level and enable the position to concentrate on resolving and improving processes.	SFO	30/06/2020
				2.3.2.6	Liaison with external auditors to ensure completion and lodgement of statutory documents.	Document process	SFO	30/06/2020
				2.3.2.7	Liaison with legal and tax advisors as required to assist in timely completion and lodgement of statutory documents.	Document process	SFO	30/06/2020
2.4.1	KPIs are not consistent with Corporate Objectives, and accounting policies adopted by Council are not adhered to by Council administration	Major	Possible	2.4.1.1	Council has adopted a set of key financial indicators and targets that are consistent with the corporate objectives	As part of reviewing strategic, operational and asset management plans, Council should consider the key financial targets that best work for their objectives and consider also adopting an average over a period of time to cope with individual years that may be outside targets but where averages are still within targets	BPM	30/04/2020
				2.4.1.2	Council has a suite of accounting policies and procedures that are regularly reviewed, and updates are communicated to appropriate personnel.	Review & document financial policy framework and develop a checklist for consistent and timely policy review	SFO & BPM	30/06/2020
				2.4.1.3	The long-term financial plan is reviewed in accordance with the Local Government Act 1999 and monitored in line with key financial targets.	Document process	BPM	30/04/2020
3.3.4	Conflict of interest impacts negatively upon the investment decision	Major	Possible	3.3.4.1	Council has a clear and comprehensive investment policy to assist when making any decisions to invest funds.	Review outdated Treasury management policy	BPM & SFO	30/06/2020
				3.3.4.2	Staff involved in the investment decision-making process understands their obligations under the Investment Policy.	Include in the annual training plan	HRO	Ongoing
				3.3.4.3	There is a process in place to ensure compliance with Conflict of Interests and Code of Conduct.	Include in the annual training plan	HRO & CSBP	Ongoing
3.4.3	An appropriate provision for doubtful debts is not recorded	Major	Possible	3.4.3.1	Relevant staff reviews sundry debtors ageing profile on a regular basis and investigates any outstanding items, and considers provision for doubtful debts at year-end.	SFO to review contents of Provision of Doubtful debts each year.	SFO	Ongoing
				3.4.3.2	Bad debt write-offs and movements in the provision for doubtful debts for Sundry Debtors are processed in accordance with delegations of authority and Local Government Act	SFO to review contents of Provision of Doubtful debts each year. Debt management policy to include process and thresholds and delegations for writing off debts.	SFO	30/06/2020
				3.4.3.3	Records of bad debt write-offs should be maintained.	Journal to include Council resolution for bad debt write off	SFO	30/06/2020

3.4.5	The Debtors Masterfile data does not remain pertinent	Major	Possible	3.4.5.1	Access to the debtor's master file is restricted to appropriately designated personnel and is reviewed by relevant staff for accuracy and on-going pertinence.	Separate Masterfile maintenance from transaction work	SFO	30/06/2020
				3.4.5.2	There is a process in place to ensure changes to the debtor's master file are compared to source documents to ensure they are inputted accurately.	IT access should be restricted so that the task of creating debtors' invoices is separate to creating credit notes and writing off.	ISM & SFO	30/06/2020
				3.4.5.3	Debtors system provides an audit trail to record changes made to master file.	Audit log needs to be regularly checked by someone other than IT	SFO	Ongoing
3.5.2	Inventory is inadequately safeguarded	Major	Possible	3.5.2.3	Inventory is appropriately insured.	That Council's Insurance Policy is adjusted to include inventory such as fuel and oil, items for sale and stock items at the depot	CSBP & PLO	Ongoing
3.7.1	Fixed asset acquisitions, disposals and write-offs are fictitious, inaccurately recorded or not recorded at all. Fixed Asset Register (FAR) does not remain pertinent	Major	Possible	3.7.1.1	There is a process in place for the verification of fixed assets which is reconciled to the FAR.	Document process.	SFO	30/06/2020
				3.7.1.2	Recorded changes to the FAR and/or Masterfile are approved by appropriate staff compared to authorised source documents and General Ledger to ensure accurate input.	Document process	AM & SFO	30/06/2020
				3.7.1.3	All fixed asset acquisitions and disposals are approved in accordance with the Delegation of Authority and relevant Procurement and Fixed Asset Policies.	Document disposal process in regards to the renewal of infrastructure	AM & SFO & SPO	30/06/2020
				3.7.1.4	Maintenance of the fixed asset register is limited to appropriate staff with consideration to segregation of duties.	Document process.	AM & SFO & CSBP	30/06/2020
				3.7.1.7	Asset register calculations are reviewed for accuracy.	Undertaken random check of depreciation calculations each year.	SFO	Ongoing
				3.7.1.8	Fixed assets are recorded on the acquisition, creation, or when provided free of charge to facilitate accurate identification of assets and recording of details with regards to the Asset Accounting Policy.	Develop a process for Free of Charge assets to be brought into the asset register.	SFO	30/06/2020
				3.7.1.9	Asset maintenance is planned and monitored with relevant staff in accordance with the Asset Management Plans.	Complete review of Asset Service Levels	AM	Ongoing
3.7.2	Fixed assets are inadequately safeguarded	Major	Possible	3.7.2.1	Where appropriate, fixed assets are secured, and access is restricted to appropriate staff and authorised users.	Develop minor equipment register assets below the capitalisation threshold.	AM	30/06/2020
				3.7.2.3	Where appropriate, identification details are recorded for portable and attractive assets such as IT and fleet assets, on acquisition to facilitate accurate identification.	IT has identified that it will consider barcoding IT assets as the latest software allows this. Recommend that this project is undertaken	ISM	30/12/2020

3.8.1	Projects are either inaccurately recorded or not recorded at all	Major	Possible	3.8.1.1	Actual project costs are regularly compared to budgets; significant variances are investigated by relevant staff.	Managers and Finance team, workshop to discuss the provision, analysis and identification of issues in relation to budget reports. Project Managers be required to review and investigate variations on the budget reports and report to Executive Management team	SPM & BPM	30/06/2020
				3.8.1.2	The project costing methodology is reviewed to ensure appropriate costs are recorded.	Continue with the project to implement project management	BPM	Ongoing
3.8.2	Appropriate approvals are not received for the establishment and changes in project scope or costs	Major	Possible	3.8.2.1	Actual project costs are regularly compared to budgets; significant variances are investigated by appropriate staff.	Managers and Finance team, workshop to discuss the provision, analysis and identification of issues in relation to budget reports. Project Managers be required to review and investigate variations on the budget reports and report to Executive Management team	SPM & BPM	30/06/2020
				3.8.2.3	Exception report generated detailing all variances for project costs over a fixed threshold (i.e. a percentage or dollar amount). Exception report reviewed by appropriate staff and all significant variances are investigated.	Continue with exploring automatic budget variation report	SPM & BPM	30/06/2020
				3.8.2.4	There is an on-going review of current projects having regard to project scope and delivery within budget and with variations communicated and endorsed within relevant Delegations of Authority	Managers and Finance team, workshop to discuss the provision, analysis and identification of issues in relation to budget reports. Project Managers be required to review and investigate variations on the budget reports and report to Executive Management team	SPM & BPM	30/06/2020
4.1.2	Credit notes and other adjustments to accounts payable are either inaccurately recorded or not recorded at all	Major	Possible	4.1.2.1	Separation of Accounts Payable and Procurement duties.	Check that financial delegation has been removed from AP Officer who had the previous delegation in former position	SFO	30/06/2020
				4.1.2.2	Goods returned notes are matched to credit notes; differences are investigated promptly.	Get credit notes authorised.	SFO	Ongoing
				4.1.2.3	Statements received from suppliers are reconciled to the supplier accounts in the accounts payable sub-ledger regularly and differences are investigated.	Document process	SFO	30/06/2020
4.1.4	Accounts are not paid on a timely basis	Major	Possible	4.1.4.1	Relevant staff to review aged payables listing on a predetermined basis and investigate where appropriate.	Input invoices as received with the due date.	SFO	Ongoing
				4.1.4.2	There is a system-generated report detailing supplier invoices due for payment at any one time.	Input invoices as received (authorised and returned) with a due date to limit number of payments made	SFO	Ongoing
				4.1.4.3	Statements received from suppliers are reconciled to the supplier accounts in the accounts payable sub-ledger regularly and differences are investigated.	Document process	SFO	30/06/2020
				4.1.5.1	Access to the supplier Masterfile is restricted to authorised staff	AP should not be able to change Masterfile.	SFO	30/06/2020

4.1.5	Supplier Masterfile does not remain pertinent and/or unauthorised changes are made to the supplier Masterfile	Major	Possible	4.1.5.2	Recorded changes to the supplier master file are compared to authorised source documents to ensure that they were input accurately.	Undertake random checking	SFO	Ongoing
				4.1.5.3	Separation of accounts payable and procurement duties.	Check that financial delegation has been removed from AP Officer who had the previous delegation in former position	SFO	30/06/2020
				4.1.5.4	There is a process in place to ensure the supplier master file is periodically reviewed for ongoing pertinence.	Develop a process to review supplier Masterfile for ongoing pertinence	SFO	30/06/2020
				4.1.5.5	Requested changes or additions to supplier Masterfile are verified independently of source documentation.	Review changes to Masterfile.	SFO	Ongoing
4.3.1	Borrowings are either not recorded or are recorded inaccurately	Major	Possible	4.3.1.1	A loan register is maintained including reference to Council resolution approving the loan and schedule of the loan liability and loan repayments from the lender. This also includes details of any Cash Advanced Debentures.	Document process	BPM & SFO	30/06/2020
				4.3.1.4	All new loan repayment schedules and conditions are checked prior to accepting each loan.	Document process	SFO	30/06/2020
4.4.1	Employee provisions are either inaccurately recorded or not recorded at all	Major	Possible	4.4.1.1	Where appropriate, employee provisions are calculated by an automated process and the integrity of the calculations are verified for accuracy to ensure consistency with statutory reporting requirements.	Spot check annually to ensure leave liability is calculating correctly.	HRA	Ongoing
				4.4.1.2	There is an approval process for all staff requests for leave and leave taken recorded by somebody independent from the approval.	Develop HR Manual to inform staff of all processes to do with HR matters	HRA	30/12/2020
				4.4.1.3	There is a process in place to ensure the accuracy and completeness of inputs into the calculation of the employee provisions.	Introduce annual spot checks	SFO	30/12/2020
				4.4.1.4	Leave balances are recorded on pay advice slips for verification by staff.	Investigate printing of entitlement to LSL being printed on payslips once over 7yrs	CSBP & SPO	30/12/2020
6.1.2	Purchases of goods and services are made from non-preferred suppliers	Major	Possible	6.1.2.1	Employees must ensure all purchases are in accordance with the Council's Procurement Policy and approved in accordance with the Delegations of Authority and other relevant policies.	Introduce a spot check process to check compliance with policies/procedures. Spot check to be based on risk, i.e. all open tenders would be checked while purchases under \$5000 might not. Also undertake spending analysis to determine if suppliers are becoming major suppliers and require a different level of procurement	CSBP & SPO	30/12/2020
				6.1.2.2	There is a process in place to review purchasing patterns and ensure maximum use of preferred suppliers.			

6.1.3	Purchase orders are either recorded inaccurately or not recorded at all	Major	Possible	6.1.3.2	There is a process in place to ensure all invoices for payment are matched to relevant source documents such as purchase orders where applicable and are in line with Procurement Policy guidelines.	Managers to be taught procurement policies/procedures and be responsible for correct procurement being used in dept.	SPO & HR	Ongoing
				6.1.3.3	There is a process in place to follow up and action incomplete purchase orders.	Add a process to review incomplete purchase order, to the procurement procedures to eliminate duplicate orders	SPO & SFO	30/06/2020
				6.1.3.4	There is a process in place to review purchasing patterns and ensure maximum use of preferred suppliers	Introduce a spot check process to check compliance with policies/procedures. Spot check to be based on risk, i.e. all open tenders would be checked while purchases under \$5000 might not. Also undertake spending analysis to determine if suppliers are becoming major suppliers and require a different level of procurement	SPO	30/06/2020
6.5.1	Employees are reimbursed for expenses of a personal nature	Major	Possible	6.5.1.2	A policy or procedure is in place, setting guidelines for employee reimbursements.	Develop policy or procedure with guidelines on appropriate employee reimbursements	SPO & HRA & SFO	30/06/2020
8.1.1	Policies and Procedures do not reflect current requirements	Major	Possible	8.1.1.1	There is a process in place to ensure all policies and procedures referenced in the Better Practice Model are reviewed for appropriateness and relevance	Improve the process for review of policies	CSBP	30/12/2020
2.4.2	Council's financial information is not reviewed in a timely manner to enable effective decision making	Moderate	Probable	2.4.2.1	Council reviews and reports on its financial performance in accordance with relevant legislative requirements.	Document process	BPM	30/06/2020
				2.4.2.2	There is a process in place to ensure relevant staff are clearly informed of their duties and responsibilities in relation to financial management reporting.	Calendar for the financial department to be developed and documented and managed by SFO, so all department is aware of key dates and actions	SFO	30/06/2020
3.6.1	Prepayments are either inaccurately recorded or not recorded at all	Moderate	Probable	3.6.1.1	Prepayment reconciliation performed in accordance with the schedule of review or procedure to the General Ledger and reviewed by the relevant staff, with consideration of segregation of duties.	Document process	SFO	30/06/2020
				3.6.1.2	Procedures provide guidance as to the recognition, treatment and recording of prepayments.	Document to be prepared to provide guidelines	SFO	30/06/2020

DC = Director Corporate, CSBP = Corporate Strategy Business Partner, BPM = Business Performance Manager, SPM = Senior Projects Manager, SFO = Senior Finance Officer, SPO = Senior Procurement Officer, HRA = Human Resources Adviser, HRO = Human Resources Officer, GO = Governance Officer, MA = Manager Assets, ISM = Information Services Manager, CSM = Community Services Manager, PLO = Property and Leasing Officer



## 5.1 CORPORATE

### 5.1.4 External Auditor Appointment

**Audit Committee:** 3 February 2020

**Author's Title:** Corporate Strategy Business Partner

**Directorate:** Corporate

**Director:** Robyn Dunstall

**File No.:**

#### Annexures:

A – Audit Specifications

#### 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 – Nil**

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## PURPOSE

For the Audit Committee to recommend to Council to undertake select tender process to appoint an external auditor as the existing auditor's contract expires on 30 June 2020.

## SUMMARY

This report proposes the Audit Committee endorse a select tender process to commence the process of appointing an external auditor from 1 July 2020 for a term of five years.

## RECOMMENDATION

**That the Audit Committee endorse:**

1. a select tender process for the appointment of Council's auditors from 1 July 2020; and
2. the draft audit specifications as tabled.

#### 5.1.4 External Auditor Appointment

### **REPORT**

#### **BACKGROUND**

The current Auditor, Ian McDonald, is contracted until 30 June 2020.

Section 128 of the *Local Government Act (SA) 1999* requires that a Council must rotate its auditors at least once each five years. It is proposed to undertake a select tendering process as the current auditor was appointed on 1 July 2015 and has been engaged by Council for the five years.

#### **DISCUSSION**

It is proposed that Council undertake a select tendering process to appoint new auditors. A set of suggested audit specifications is attached at **Annexure "A"**.

Due to the independence requirements of the *Local Government Act (SA) 1999*, Ian McDonald is unable to tender for the external audit contract for a two-year period.

The tenders received will be presented to the Audit Committee for review.

**Financial Implications** – Nil

#### **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  
Promote positive stories, positive image

#### **Legislation**

*Local Government Act (SA) 1999, Section 128*

#### **Officer Direct or Indirect Interest**

No officer involved in the preparation of this report has any conflicts of interest

#### **Risk Assessment**

Failure to comply with Section 128 of the *Local Government Act (SA) 1999* may result in financial and reputational risks.

**Social Considerations** – Not applicable

**Community Engagement** – Not applicable

**Environmental Implications** – Not applicable

**Communication** – Not applicable

**Conclusion**

The Audit Committee endorse a select tender process to commence the process of engaging an external auditor from 1 July 2020 as the current auditor's terms concludes on 30 June 2020 after the maximum statutory period of appointment of five years as per Section 128 of the *Local Government Act (SA) 1999*.

## **AUDIT SPECIFICATIONS**

### **1. THE OBJECTIVES OF THE AUDIT**

The objective of Council's audit is to provide two independent audit opinions of the:

- accounts and annual financial reports; and
- internal financial controls

of Council for each financial year covered by the term of the audit appointment.

The audit must meet both statutory requirements and Australian audit standards.

### **2. TERM OF AUDIT APPOINTMENT**

Council is seeking to make an appointment for a period of five years commencing 1 July 2020 through to 30 June 2025.

### **3. SCOPE OF THE AUDIT**

The auditor is to:

3.1. carry out such work as is necessary to form opinions as to whether:

- a) the accounts are properly kept and the annual financial statements:
  - i) are prepared in accordance with the financial records; and
  - ii) represent fairly the results of the operations and cash flows for the financial year and the financial position of the Council at 30 June in accordance with the Australian Accounting Standards, the Local Government Act 1999 (as amended) and other mandatory professional reporting requirements.
- b) the controls exercised by the Council during the relevant financial year in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities are sufficient to provide reasonable assurance that the financial transactions of the council have been conducted properly and in accordance with law.

3.2. include in the audit report any matters identified during the normal audit procedures such as:

- a) any significant adverse trends in the financial position or the financial management practices of the Council;
- b) any material irregularities in the Council's accounting practices or in the management of the Council's financial affairs identified during the course of the audit;
- c) any weaknesses in the Council's internal financial controls;
- d) any factors impacting on the adequacy of the depreciation charge for the year. This is after due consideration of an assessment of the depreciation methodology principles adopted by Council and the consistency of the accounting principles applied.

#### 4. AUDIT METHODOLOGY AND APPROACH

- 4.1. The auditor is required to comply with the requirements of the *Local Government Act (SA) 1999* and the *Local Government (Financial Management) Regulations (SA) 2011*.
- 4.2. An audit is to be carried out in accordance with Auditing Standards and Auditing Guidance Statements published (and amended from time to time) by the Auditing and Assurance Standards Board established under the *Australian Securities and Investments Commission Act (Cth) 2001*.
- 4.3. The auditor is to provide the Council with a general outline of their methodology. This may include the proposed analysis and review of internal controls and the extent to which these controls lead to reliance on the Council's administration and financial systems to produce accurate reports.
- 4.4. The auditor is to provide the Council with a plan for the audit including:
  - timing of interim audit visits;
  - final audit visit (within 60 days of being advised that the accounts and annual financial report are available for audit); and
  - the method to be used to communicate with, and provide advice and information to, the Council.
- 4.5. The auditor is required to produce two opinions in compliance with Section 129(3) of the *Local Government Act (SA) 1999* written advice on particular matters arising from the audit, in compliance with Section 129(4).
- 4.6. Prior to handing over a final audit management letter (see Section 6 below) the auditor is to discuss the proposed contents of the letter with management and thereafter at a meeting of the Council's Audit Committee or the Council itself.

#### 5. CRITICAL MATTERS TO BE AUDITED

Council is of the view that the following matters are important to the proper maintenance and reporting of its financial statements. They are also important to the auditor's responsibility for providing the audit opinions and the written advice required by sub-sections 129(3) and (4) of the *Local Government Act (SA) 1999*.

The auditor should include in their proposal the extent to which the matters outlined below will be examined in the course of forming their independent audit opinions of the accounts and annual financial reports and the internal financial controls of the Council.

##### 5.1. Governance and Control

- a) Roles and Responsibilities
- b) Delegated Authorities
- c) Council/Committee Minutes and Directions
- d) Strategic/Business/Risk Planning
- e) Budget Management
- f) Internal Controls including ICT Security

## 5.2. Financial Accounting and Reporting

### a) Income

- Rates revenue Government grants User pays revenue
- Profit on sale of non-current assets
- Other income

### b) Expenses

- Salary and wages costs
- Depreciation
- Materials and contract expenditure
- Loss on sale or revaluation of non-current assets
- Insurances
- Bad debts
- Other expenses

### c) Current Assets

- Cash at bank and short-term investments
- Receivables and prepayments
- Inventory

### d) Non-Current Assets

- Property, plant, furniture and equipment
- Infrastructure and accumulated depreciation thereon
- other receivables

### e) Liabilities (current and non-current)

- Creditors and accruals
- Loan borrowings
- Provisions for employee entitlements

### f) Other

- Statement of changes in equity
- Disclosure of contingent liabilities
- Disclosure of capital commitments
- Accounting policies and notes to the financial statements
- Statement of cash flow
- Financial Indicators as set out in the Model Financial Statements

## 6. **AUDIT MANAGEMENT LETTER – REPORTING ON THE FINDINGS OF AN INTERIM AUDIT AND A FINAL AUDIT**

Without limiting the scope and application of ASA 260 – “Communication of Audit Matters with Those Charged With Governance”, Council requires that the auditor shall promptly, after the conclusion of both the interim audit or a final audit (in compliance with Section 129(4) of the *Local Government Act (SA) 1999*), provide to the Principal Member of the Council, the Council’s Audit Committee and the Chief Executive Officer a management letter outlining the audit findings in relation to the following matters where such matters are material:

- 6.1. Any significant adverse trends in the financial performance, financial position or financial management practices of the Council and any material irregularities in the Council’s accounting practices or in the management of the Council’s financial affairs identified during the course of the audit. Where management has taken steps to correct or improve the financial performance, financial position, financial management practices, accounting practices or management of the Council’s financial affairs, the auditor must comment on the efficacy of the correction or improvement.
- 6.2. The appropriateness of the valuation and depreciation methodologies being used in respect of infrastructure assets. Depreciation is a significant component of a Council’s operating expenses and any errors in the way in which depreciation is calculated can have a material impact on the calculation of a Council’s operating surplus or deficit. The auditor also needs to ensure that useful lives and residual values of infrastructure are realistic.
- 6.3. The extent to which the internal control environment has been assessed as set out in the audit plan and any material weaknesses in the control environment, based on the application of auditing standard ASA 315 (Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment), other relevant auditing standards, and the LGA’s Better Practice Model –Internal Financial Controls. Where weaknesses have been identified and management has proposed or adopted remedial action to rectify the weaknesses, the auditor must comment on the efficacy of the proposed or adopted course of action. Where weaknesses have not been addressed the auditor must make recommendations for addressing the weaknesses.
- 6.4. Whether the Council, through its Audit Committee, is regularly monitoring and assessing the adequacy and effectiveness of its risk management framework and activities.
- 6.5. Where the Council or management have requested that a specific activity, function or operation of the Council be reviewed during an audit, the auditor must report on the scope of the review, its findings and any recommendations in relation to the activity, function or operation of the Council.
- 6.6. Where an Auditing Standard requires that the auditor must give consideration to the reporting of specific matters to those charged with governance, the auditor must comply with the Auditing Standard and report as necessary.
- 6.7. The auditor must report on the outcome of any remedial action taken by the Council as a result of previous reports. Specific attention must be drawn to situations where the remedial action is not adequate, including the failure to implement remedial action.
- 6.8. Where it becomes apparent to the auditor that the Council has failed to comply with relevant legislation, the auditor must report on significant failures and any remedial action proposed or adopted by management to rectify non-compliance.
- 6.9. Where, during the course of an audit, it becomes apparent that management has failed to comply with Council policies, the auditor must report on significant non-compliance and any action proposed or adopted by management to rectify non-compliance with the Council’s policies.
- 6.10. The requirements set out above do not limit the scope of the auditor’s report and the auditor must report on any other matter that in the auditor’s judgment may have an impact on good governance and the sound management of the Council’s affairs.



## **7. HOURS, FEES AND EXPENDITURE**

The auditor is to provide the following detail:

- a) an estimate of the hours to be spent on the audit;
- b) fees for completing the audit in accordance with this specification;
- c) the nominated auditor and registered company audit number;
- d) the experience of the nominated auditor in completing Local Government audits; and
- e) fees for any additional work permitted under section 130A of the *Local Government Act (SA) 1999*, or under sub-regulation 22(2) of the *Local Government (Financial Management) Regulations (SA) 2011*.

## **8. TERMS AND CONDITIONS**

The following conditions should be noted by auditors:

- a) the auditor shall not sub-contract to a third party without Council approval.
- b) the auditor shall not, and has no right to, assign the audit contract to third parties.
- c) the auditor shall not be engaged by the Council to undertake any financial and accounting work that results in financial information that will be the subject of the annual audit.
- d) the auditor shall confirm that he or she has, and will maintain during the duration of the audit term, professional indemnity insurance covering the legal liability arising out of any neglect, default, error, or omission of at least \$5million in aggregate or \$2million on an "each and every claim" basis with a two year run-off, plus public liability insurance to a minimum of \$10million.

## **9. TERMINATION OF APPOINTMENT**

The appointment as auditor is terminated if:

- a) the auditor (being a natural person) dies;
- b) the auditor ceases to be a registered company auditor;
- c) the auditor is a disqualified person under Section 128 (6) of the *Local Government Act (SA) 1999*;
- d) the auditor otherwise ceases to be eligible for appointment as auditor;
- e) the auditor accepts remunerated office or employment from the Council;
- f) the auditor resigns by notice in writing to Council;
- g) Council serves notice in writing to the auditor terminating the appointment for reasonable cause;
- h) the term of the appointment expires.

## **10. AUDITOR INDEPENDENCE**

Pursuant to regulation 22(5) of the *Local Government (Financial Management) Regulations (SA) 2011*, the auditor is required, annually, to provide a declaration that he/she is independent of Council and nothing has transpired that would compromise their independence during the conduct of the audit.

## 5.1 CORPORATE

### 5.1.5 2019/20 Budget Review – Quarter 2

**Audit Committee:** 3 February 2020  
**Author's Title:** Business Performance Manager  
**Directorate:** Corporate  
**Director:** Robyn Dunstall  
**File No.:** 0-159

#### Annexures:

A – Budget Review 2019/20 Quarter 2

#### 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

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## PURPOSE

To provide a projection of Councils' operating and capital budgets for the 2019/20 financial year as at 31 January 2020, identifying any variations sought to Councils' original budget and the cumulative financial implications.

## SUMMARY

That the 2019/20 Annual Business Plan and Budget be amended to reflect the variances as listed in the Budget Review 2019/20 – Quarter 2.

## RECOMMENDATION

**That the Audit Committee:**

1. recommend the Budget Review, identifying an operating deficit of \$2,753,000 and an estimated cash position at end of reporting period of \$155,000, be submitted to Council for adoption; and
2. the 2019/20 Annual Business Plan and Budget and Long-Term Financial Plan be amended to reflect the variances.

### 5.1.5 2019/20 Budget Review – Quarter 2

#### **REPORT**

##### **Background**

Regulation 9(1)(a) of the *Local Government (Financial Management) Regulations 2011*, requires a budget review 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 2019/20 Quarter 2**

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.

Normally, the future three years of the Long-Term Financial Plan (LTFP) would be included in the Budget Review, however, as the plan is currently under review and considered in a separate report, this has been excluded on this occasion. Future Budget Reviews will include LTFP implications.

##### **Financial Implications**

##### **Budget 2019/20 Impact**

If approved by Council, these amendments will:

- increase Council's adjusted operating deficit by \$9,000 to a projected \$266,000;
- result in Council's Operating Deficit Ratio remaining at (1%);
- decrease Council's Net Financial Liabilities Ratio from 55% to 54%; and
- decrease Council's Asset Renewal Funding Ratio from 210% to 208%.

Updated target ranges for Council's Key Financial Indicators are being proposed as part of the review of the LTFP.

##### **LTFP Impact**

Implications on the Long-Term Financial Plan have not been considered for this Budget Review as the plan is currently under review. The impacts of this Budget Review have been incorporated into the draft Long-Term Financial Plan as presented at this meeting.

## Airport

Council has recognised the need for the Airport to operate as a sustainable business unit and to ensure the costs of service delivery are borne by those using them. For this reason, the budget position of this service area will be separately reported during Budget Review's from this time forward.

If approved by Council, these amendments will:

- decrease the Airport's operating position by \$235,000 to a projected deficit of \$173,000;
- decrease the Airport's Operating Ratio from 7% to (17%); and
- increase the Airport's Net Financial Liabilities Ratio from (31%) to 28%.

Separate target ranges for the Airport's Key Financial Indicators are being proposed as part of the review of the LTFP.

The change in the operating result for the Airport can be attributed to the inclusion of budgets for Full Cost Attribution for the first time. Full Cost Attribution allocates the cost of Council's support departments to the services they help to deliver, in line with s11(2) of the Local Government (Financial Management) Regulations 2011, with this cost estimated to be \$134,000 for the airport for 2019/20. The rest of the change relates to aligning the budget to results for 2018/19.

## **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  
Promote positive stories, positive image

## **Legislation**

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

**Officer Direct or Indirect Interest – Nil**

## **Risk Assessment**

In assessing Council risk associated with legislative compliance and the consequence of the Audit Committee not reviewing the financial statements, it is considered a moderate risk as Council would be in breach of legislation and receive adverse criticism. The likelihood of this occurring would be rare and only in exceptional circumstances, by supporting this recommendation the risk is removed.

**Social Considerations – Not applicable**

**Community Engagement – Nil**

**Environmental Implications** – Not applicable

**Communication** – Not applicable

**Conclusion**

The Budget Review 2019/20 Quarter 2, projects a small increase in Council's adjusted operating deficit by \$9,000 to a projected \$266,000. There is very little impact on Council's Key Financial Indicators.

## BUDGET REVIEW - 19/20 Quarter 2

KEY FINANCIAL INDICATORS	Target	Note	Original Budget 2019-20	Approved Amendments 2019-20	Current Budget 2019-20	Proposed Amendments 2019-20	Projected Total 2019-20
<b>Council (including Airport)</b>							
		1					
Adjusted Operating Surplus/(Deficit) - \$'000			(65) ●	(192)	(257) ●	(9)	(266) ●
Adjusted Operating Surplus/(Deficit) Ratio	3% - 7%		0% ●	(1%)	(1%) ●	-	(1%) ●
Net Financial Liabilities Ratio	0% - 50%		52% ●	3%	55% ●	(1%)	54% ●
Asset Renewal Funding Ratio	90 - 110%		165% ●	45%	210% ●	(2%)	208% ●
<b>Whyalla Airport</b>							
Operating Surplus/(Deficit) - \$'000		8	62 ●	-	62 ●	(235)	(173) ●
Operating Surplus/(Deficit) Ratio - %	3% - 7%		7% ●	-	7% ●	(24%)	(17%) ●
Net Financial Liabilities Ratio - %	0% - 50%		0% ●	(31%)	(31%) ●	59%	28% ●

## KEY

In target range ●

Above target ●

Below target ●

## Note Explanations – 19/20 Quarter 2:

1. The adjusted operating deficit is expected to increase by \$9,000 to \$266,000. The Adjusted Operating Deficit Ratio remains at (1%). The Net Financial Liabilities Ratio decreases by 1% from 55% to 54%. The Asset Renewal Funding Ratio decreases by 2% from 210% to 208%. Work is currently being undertaken to review Council's Asset Management Strategy and Key Financial Indicator Targets. This will ensure that Council's Key Financial Indicators provide meaningful measurement to assess performance against.
2. Operating income is expected to increase by \$491,000, this can be attributed to:
  - a \$25,000 adjustment to rates associated with less valuation objections than expected;
  - increased child care income of \$45,000, offset by expenditure;
  - \$45,000 to be received from the AFL to cover operating costs of the Marsh Community Series game;
  - an increase in projected airport income of \$120,000 in line with last year's result, offset by expenditure;
  - an increase in grant income of \$39,000 from several small grants, including library materials and risk management projects, offset by expenditure;
  - an increase in interest income of \$20,000 due to the bonus payment received from the LGFA;
  - a one off \$283,000 payment from SA Power Networks, related to overcharges in previous financial years; offset by
  - a reduction in projected income from planning applications of \$20,000; and
  - a reduction in lease income of \$64,000 from Council's industrial estate. This income will increase again next year with a new lease set to commence.
3. Operating expenditure is expected to increase by \$494,000, this can be attributed to:
  - An increase in labour costs of \$44,000 due to:
    - savings from vacant positions in Library, IT and Tourism of \$123,000; offset by
    - \$122,000 of labour movement from capital to operating; and
    - a \$45,000 increase in child care labour offset by income.
  - An increase in contract, material and other costs of \$476,000 due to:
    - \$39,000 of costs offset by several small grants, including library materials and risk projects;
    - a \$179,000 increase in operating budget for the airport in line with last year's result, partially offset by income;
    - \$13,000 for the beach access project, a timing variance as the grant funds were received last year;
    - a \$54,000 increase in water costs for parks & gardens and council buildings in line with last year's result;
    - a \$32,000 increase in waste costs, related to the reduction in value of recyclables being passed on by Council's supplier;
    - \$23,000 for chemicals required to keep the Bennett and Memorial Oval playing surfaces in pristine condition;
    - \$45,000 of operating costs for the Marsh Community Series game, to be reimbursed by the AFL;
    - \$30,000 moved from capital relating to the demolition of B-Block, recognising that this expenditure relates to the disposal of an asset rather than the creation of a new one;
    - a \$39,000 increase in the line marking budget, allowing for approximately 29,000 lineal metres of urgent work to be undertaken to ensure that minimum standards are met; and
    - a \$15,000 increase in the cost of maintaining Council's public conveniences in line with last year's result, due to increased cleaning and security costs.
  - A reduction in interest expenses of \$20,000 in line with updated cashflow projections.
  - An allocation was made in the budget for savings of \$160,000 to be found during the year. \$74,000 of savings have been identified to date, relating to new electricity contracts as well as a number of small initiatives that have contributed to the total. The remaining \$86,000 will be identified during the third quarter review.



4. A decrease of \$53,000 in the outlay on existing assets due to:
  - an increase in site costs for works on the HMAS Whyalla of \$22,000 due to unavoidable delays;
  - \$24,000 required to renew equipment to allow the smooth operations of Airport carparking;
  - an increase in the plant renewal program of \$96,000 to cover the cost of an urgent replacement, with the initial allocation used to purchase equipment vital to maintaining Bennett and Memorial Ovals; offset by
  - a reclassification of \$195,000 from Renewal to Expansion/Upgrade.
5. An increase of \$134,000 in the outlay on new and upgraded assets due to:
  - \$176,000 of design works undertaken on the Airport Upgrade project;
  - \$110,000 of works required on the Airport Control Centre;
  - \$32,000 for the installation of a shade sail at the wetlands playground due to safety concerns;
  - \$15,000 for the installation of a camera platform at Bennett Oval, to be offset by income from the AFL;
  - an adjustment in the calculation of the carry forward amount for the Jetty project, resulting in an increase of \$82,000. This multi-year project is still within its overall budget allocation;
  - an increase of \$30,000 for Ada Ryan Gardens Power Upgrade, with extra trenching required to avoid damage to tree roots;
  - a reclassification of \$195,000 from Renewal to Expansion/Upgrade; offset by
  - the removal of \$501,000 for capping at the landfill from the capital program, as this is already covered by a provision.
6. An increase of \$83,000 in amounts received specifically for new and upgraded assets due to:
  - \$15,000 to be received from the AFL for the installation of a camera platform at Bennett Oval;
  - \$50,000 received for Council's bike path works on Ekblom Street; and
  - \$18,000 received for works already undertaken at Civic Park.
7. It is expected \$450,000 less borrowings will be required in 2019-20 to meet expenditure compared to previous projections, due to the changes outlined above.
8. Whyalla Airport (now operating as a standalone entity)
  - The operating result is expected to worsen by \$235,000 to a deficit of \$173,000. The Operating Ratio is expected to reduce by 24% from 7% to (17%). The Net Financial Liabilities Ratio increases by 59% from (31%) to 28%.
  - The change to the operating result of \$235,000 is due to:
    - a \$179,000 increase in operating budget in line with last year's result, offset by an increase in projected income of \$120,000;
    - an increased allocation of \$176,000 of indirect costs from Council, including plant usage, labour overhead and for the first time Full Cost Attribution. Full Cost Attribution allocates the cost of Council's support departments to the services they help to deliver, in line with s11(2) of the *Local Government (Financial Management) Regulations 2011*, with this cost estimated to be \$134,000 for the airport for 2019/20.

This Budget Review excludes projections for future years, as Council's Long Term Financial Plan is currently being reviewed and updated. Projections will be included in future Review's.

## WHYALLA CITY COUNCIL

### BUDGET REVIEW - 19/20 Quarter 2

UNIFORM PRESENTATION OF FINANCES	Note	Original Budget 2019-20 \$000	Approved Amendments 2019-20 \$000	Current Budget 2019-20 \$000	Proposed Amendments 2019-20 \$000	Projected Total 2019-20 \$000
<b>OPERATING ACTIVITIES</b>						
Operating Revenues	2	31,563	(2,171)	29,392	491	29,883
less Operating Expenses	3	(31,818)	(318)	(32,136)	(500)	(32,636)
<b>Operating Surplus/ (Deficit)</b>		<b>(255)</b>	<b>(2,489)</b>	<b>(2,744)</b>	<b>(9)</b>	<b>(2,753)</b>
<b>CAPITAL ACTIVITIES</b>						
<b>Net Outlays on Existing Assets</b>						
Capital Expense on renewal and replacement of Existing Assets	4	(5,995)	(1,825)	(7,820)	53	(7,767)
add back Depreciation, Amortisation and Impairment		7,083	(178)	6,905	-	6,905
add back Proceeds from Sale of Replaced Assets		50	204	254	22	276
<b>Net Outlays on Existing Assets</b>		<b>1,138</b>	<b>(1,799)</b>	<b>(661)</b>	<b>75</b>	<b>(586)</b>
<b>Net Outlay on New and Upgraded Assets</b>						
Capital Expenditure on New and Upgraded Assets	5	(9,442)	(6,437)	(15,879)	(134)	(16,013)
add back Amounts received specifically for New and Upgraded Assets	6	250	95	345	83	428
add back Proceeds from Sale of Surplus Assets		-	-	-	120	120
<b>Net Outlays on New and Upgraded Assets</b>		<b>(9,192)</b>	<b>(6,342)</b>	<b>(15,534)</b>	<b>69</b>	<b>(15,465)</b>
<b>Net Lending/ (Borrowing) for Financial Year</b>		<b>(8,309)</b>	<b>(10,630)</b>	<b>(18,939)</b>	<b>135</b>	<b>(18,804)</b>
Financing transactions associated with the above net overall deficit, or applying the overall net funding surplus are as follows:						
New Borrowings		8,300	5,950	14,250	(450)	13,800
Repayment of Principal		-	-	-	-	-
(Increase)/Decrease in Cash and Investments		49	5,661	5,710	(38)	5,672
Net Balance Sheet funding (debtors & creditors etc)		(40)	(981)	(1,021)	353	(668)
<b>Financing Transactions</b>	<b>7</b>	<b>8,309</b>	<b>10,630</b>	<b>18,939</b>	<b>(135)</b>	<b>18,804</b>

# WHYALLA CITY COUNCIL

## BUDGET REVIEW - 19/20 Quarter 2

### STATEMENT OF COMPREHENSIVE INCOME

	Original Budget	Approved Amendments	Current Budget	Proposed Amendments	Projected Total
	2019-20 \$000	2019-20 \$000	2019-20 \$000	2019-20 \$000	2019-20 \$000
<b>INCOME</b>					
Rates	21,152	-	21,152	35	21,187
Statutory Charges	368	-	368	(25)	343
User Charges	3,944	8	3,952	94	4,046
Grants, subsidies and contributions	5,000	(2,142)	2,858	39	2,897
Investment Income	35	-	35	20	55
Reimbursements	8	-	8	333	341
Other Income	1,056	(37)	1,019	(5)	1,014
<b>TOTAL INCOME</b>	<b>31,563</b>	<b>(2,171)</b>	<b>29,392</b>	<b>491</b>	<b>29,883</b>
<b>EXPENSES</b>					
Employee Costs	11,386	-	11,386	44	11,430
Materials, contracts & other expenses	13,201	496	13,697	476	14,173
Depreciation, amortisation & impairments	7,083	(178)	6,905	-	6,905
Finance Costs	148	-	148	(20)	128
<b>TOTAL EXPENSES</b>	<b>31,818</b>	<b>318</b>	<b>32,136</b>	<b>500</b>	<b>32,636</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>	<b>(255)</b>	<b>(2,489)</b>	<b>(2,744)</b>	<b>(9)</b>	<b>(2,753)</b>
Amounts specifically for new or upgraded assets	250	95	345	83	428
Net gain (loss)	50	204	254	22	276
<b>NET SURPLUS/(DEFICIT)</b>	<b>45</b>	<b>(2,190)</b>	<b>2,145</b>	<b>96</b>	<b>(2,049)</b>
Other Comprehensive Income	8,294	(886)	7,408	-	7,408
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>8,339</b>	<b>(3,076)</b>	<b>5,263</b>	<b>96</b>	<b>5,359</b>

## WHYALLA CITY COUNCIL

### BUDGET REVIEW - 19/20 Quarter 2

#### STATEMENT OF FINANCIAL POSITION

	Original Budget	Approved Amendments	Current Budget	Proposed Amendments	Projected Total
	2019-20 \$000	2019-20 \$000	2019-20 \$000	2019-20 \$000	2019-20 \$000
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash & Cash Equivalents	5,778	(5,661)	117	38	155
Trade & Other Receivables	3,806	81	3,887	(82)	3,805
Inventories	100	-	100	-	100
<b>TOTAL CURRENT ASSETS</b>	<b>9,684</b>	<b>(5,580)</b>	<b>4,104</b>	<b>(44)</b>	<b>4,060</b>
<b>Non-current Assets</b>					
Infrastructure, Property, Plant & Equipment	276,543	7,554	284,097	81	284,178
Other Non-Current Assets	4,530	(466)	4,064	-	4,064
<b>TOTAL NON-CURRENT ASSETS</b>	<b>281,073</b>	<b>7,088</b>	<b>288,161</b>	<b>81</b>	<b>288,242</b>
<b>Total Assets</b>	<b>290,757</b>	<b>1,508</b>	<b>292,265</b>	<b>37</b>	<b>292,302</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Trade and Other Payables	3,357	(602)	2,755	572	3,327
Short Term Borrowings	8,300	5,950	14,250	(450)	13,800
Short Term Provisions	2,679	(402)	2,277	(150)	2,127
<b>TOTAL CURRENT LIABILITIES</b>	<b>14,336</b>	<b>4,946</b>	<b>19,282</b>	<b>(28)</b>	<b>19,254</b>
<b>Non-Current Liabilities</b>					
Long Term Provisions	1,347	(362)	985	(31)	954
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>1,347</b>	<b>(362)</b>	<b>985</b>	<b>(31)</b>	<b>954</b>
<b>Total Liabilities</b>	<b>15,683</b>	<b>4,584</b>	<b>20,267</b>	<b>(59)</b>	<b>20,208</b>
<b>NET ASSETS</b>	<b>275,074</b>	<b>(3,076)</b>	<b>271,998</b>	<b>96</b>	<b>272,094</b>
<b>EQUITY</b>					
Accumulated Surplus	41,205	(2,190)	39,015	96	39,111
Asset Revaluation Reserve	232,137	(886)	231,251	-	231,251
Reserves	1,732	-	1,732	-	1,732
<b>TOTAL EQUITY</b>	<b>275,074</b>	<b>(3,076)</b>	<b>271,998</b>	<b>96</b>	<b>272,094</b>

## WHYALLA CITY COUNCIL

### BUDGET REVIEW - 19/20 Quarter 2

#### STATEMENT OF CHANGES IN EQUITY

	Original Budget	Approved Amendments	Current Budget	Proposed Amendments	Projected Total
	2019-20 \$000	2019-20 \$000	2019-20 \$000	2019-20 \$000	2019-20 \$000
<b>Accumulated Surplus</b>					
Balance at Beginning of Period	41,010	-	41,010	-	41,010
Change in financial position resulting from operations	45	(2,190)	(2,145)	96	(2,049)
Transfers from Other Reserves	550	-	550	-	550
Transfers to Other Reserves	(400)	-	(400)	-	(400)
<b>Balance at End of Period</b>	<b>41,205</b>	<b>(2,190)</b>	<b>39,015</b>	<b>96</b>	<b>39,111</b>
<b>Asset Revaluation Reserve</b>					
Balance at Beginning of Period	223,843	-	223,843	-	223,843
Revaluation Increment	8,294	(886)	7,408	-	7,408
<b>Balance at End of Period</b>	<b>232,137</b>	<b>(886)</b>	<b>231,251</b>	<b>-</b>	<b>231,251</b>
<b>Other Reserves</b>					
Balance at Beginning of Period	1,882	-	1,882	-	1,882
Transfers to Accumulated Surplus	(550)	-	(550)	-	(550)
Transfers from Accumulated Surplus	400	-	400	-	400
<b>Balance at End of Period</b>	<b>1,732</b>	<b>-</b>	<b>1,732</b>	<b>-</b>	<b>1,732</b>
<b>TOTAL EQUITY AT END OF REPORTING PERIOD</b>	<b>275,074</b>	<b>(3,076)</b>	<b>271,998</b>	<b>96</b>	<b>272,094</b>

# WHYALLA CITY COUNCIL

## BUDGET REVIEW - 19/20 Quarter 2

### STATEMENT OF CASH FLOWS

	Original Budget	Approved Amendments	Current Budget	Proposed Amendments	Projected Total
	2019-20	2019-20	2019-20	2019-20	2019-20
	\$000	\$000	\$000	\$000	\$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
<b>Receipts</b>					
Operating Receipts	31,496	( 2,220)	29,276	553	29,829
Investment Income	35	-	35	20	55
<b>Payments</b>					
Operating Payments	( 24,595)	( 1,428)	( 26,023)	( 249)	( 26,272)
Finance Costs	( 148)	-	( 148)	20	( 128)
<b>Net Cash provided by (or used in) Operating Activities</b>	<b>6,788</b>	<b>( 3,648)</b>	<b>3,140</b>	<b>344</b>	<b>3,484</b>
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>					
<b>Receipts</b>					
Amounts specifically for new or upgraded assets	250	95	345	83	428
Sale of replaced assets	50	204	254	22	276
Sale of surplus assets	-	-	-	120	120
<b>Payments</b>					
Purchase of Renewal/Replacement Assets	( 5,995)	( 1,825)	( 7,820)	53	( 7,767)
Purchase of New/Expansion Assets	( 9,442)	( 6,437)	( 15,879)	( 134)	( 16,013)
<b>Net Cash provided by (or used in) Investing Activities</b>	<b>( 15,137)</b>	<b>( 7,963)</b>	<b>( 23,100)</b>	<b>144</b>	<b>( 22,956)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
<b>Receipts</b>					
Proceeds from Borrowings - Council	8,300	5,950	14,250	( 450)	13,800
<b>Payments</b>					
Repayment of Borrowings	-	-	-	-	-
<b>Net Cash provided by (or used in) Financing Activities</b>	<b>8,300</b>	<b>5,950</b>	<b>14,250</b>	<b>( 450)</b>	<b>13,800</b>
<b>Net Increase (Decrease) in Cash Held</b>	<b>( 49)</b>	<b>( 5,661)</b>	<b>( 5,710)</b>	<b>38</b>	<b>( 5,672)</b>
Cash & cash equivalents at beginning of period	5,827	-	5,827	-	5,827
<b>Cash &amp; cash equivalents at end of period</b>	<b>5,778</b>	<b>( 5,661)</b>	<b>117</b>	<b>38</b>	<b>155</b>

## 5.1 CORPORATE

### 5.1.6 Draft Long Term Financial Plan

**Audit Committee:** 3 February 2020  
**Author's Title:** Business Performance Manager  
**Directorate:** Corporate

**Director:** Robyn Dunstall  
**File No.:** 0-159

#### Annexures:

A – Draft 2020-2030 Long Term Financial Plan

#### 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

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## PURPOSE

To review Council's 2020-30 draft Long Term Financial Plan in accordance with Section 122(4)(b) of the *Local Government Act 1999*.

## SUMMARY

That the Audit Committee recommend to Council, the draft 2020-30 Long Term Financial Plan to Council be released for public consultation.

## RECOMMENDATION

**That the Audit Committee recommend to Council, the draft 2020-2030 Long Term Financial Plan to Council be released for public consultation, as per Council's Public Consultation Policy.**



### 5.1.6 Draft Long Term Financial Plan

#### **REPORT**

##### **BACKGROUND**

The key objective of the draft Long Term Financial Plan is financial sustainability in the medium to long term, while still achieving Council's objectives as specified in its Strategic Plan, ensuring we understand the impact of decisions made today on our future. The Council considers that its Long Term Financial Plan is a fundamental instrument of accountability and projections for the Council's currently planned activities over a ten-year timeframe.

A workshop was held with Council's Elected Members in January to review the 2020-30 draft Long Term Financial Plan.

##### **DISCUSSION**

Refer **Annexure "A" – Draft 2020-2030 Long Term Financial Plan**

The draft Long Term Financial Plan is based on a conservative estimate of zero rates growth, based on the experience of council over the past few years. For this reason, the plan includes no capacity for increases in existing services or the introduction of new programs, unless growth can be achieved.

The draft Long Term Financial Plan as presented is consistent with the draft Asset Management Strategy, as required by Section 122(1b) of the *Local Government Act 1999*. The draft Asset Management Strategy includes renewal figures in 2019/20 real values, while the draft Long Term Financial Plan includes indexation.

In addition to Council's asset renewal requirements of \$63 million, the Long Term Financial Plan includes allocation for new capital works of \$33 million over the life of the plan. Ten million of this relates to the proposed Airport upgrade, while the remaining \$23 million provides scope for Council to deliver key projects from the suite of Masterplan documents currently under review or in development. The proposed projects will be subject to individual project consultation and will require final approval by Council during future annual budget processes. All dollar figures provided include indexation as per the assumptions outlined in the Long Term Financial Plan.

Council has adopted a rating strategy that seeks to achieve a reasonable degree of stability and predictability in the overall rates burden over time while ensuring ratepayers are paying for those services and assets that they are consuming. Rates will be set at an affordable level having regard to the Council's strategic direction and its social and economic objectives balanced against the community's ability to pay. Rate increases of 1.9% above CPI each year of the plan are proposed, to ensure that the plan is funded in a sustainable manner.

It is important that the Airport is correctly cost recovering to ensure that operations are not subsidised by Rates. Additionally, it is reasonable for the service to generate a return on the investment made by the community, as investment in this service reduces the amount of funds available to invest in other community assets in the short term. To ensure that this is occurring, a separate Long Term Financial Plan has been prepared for the Airport, which includes the impacts of the Airport Upgrade that is currently under consideration by Council for Terminal and Runway improvements.

### Financial Implications

Council is proposing to revise its targets for its Key Financial Indicators. Key financial sustainability performance targets are proposed to ensure the long Term financial sustainability of the Council covering the maintenance and development of the community's assets as well as providing appropriate services. The targets promote a breakeven position in the long term plus a margin for risk and uncertainty. Council has set short, medium- and long-term targets to achieve this aim.

<b>Council (including Airport)</b>	<b>Target Short Term</b>	<b>Target Medium Term</b>	<b>Target Long Term</b>
<b>Indicator</b>	<b>Year 1-3</b>	<b>Year 4-6</b>	<b>Year 7-10</b>
<b>Adjusted Operating Surplus/(Deficit) Ratio - %</b>	(2) - 1	0 - 2	1 - 3
<b>Net Financial Liabilities Ratio - %</b>	< 80	< 80	< 80
<b>Asset Renewal Funding Ratio - %</b>	90 - 110	90 - 110	90 - 110

The Ten-Year Long Term Financial Plan is prepared using a number of assumptions which reflect an assessment of the economic climate and predictions on variables which will impact on Council operations. Some of these key assumptions are:

- The forecast for the Consumer Price Index (CPI) is based on projections provided by the Reserve Bank of Australia (RBA) in the short term, and then increases to 2.5% over the term of the plan, the mid-point of the RBA medium to long term target range.
- The Local Government Price Index (LGPI) is assumed to be 0.3% above CPI, based on a long-term comparison of the relationship between the two measures. LGPI has been used to index capital expenditure and depreciation over the life of the plan.
- The forecast for interest rates is based on projections provided by the National Australia Bank in the short term, adjusted for the discount available to Local Government, and then gradually increases to 6.5% over the term of the plan. A long-term interest rate of 4% plus CPI is an industry standard and is considered to be a conservative assumption, reducing risk for Council.

The draft Long Term Financial Plan predicts Council will achieve an operating surplus in 2024/25 following deficits in preceding years. The operating deficits for the first two years of the plan are due to the impacts of a strategic realignment that Council have committed to undertaking. This will allow Council to continue its transformation into a modern organisation and only has temporary budget impacts. The operating ratio, whilst negative in the short term becomes increasingly positive over the life of the plan and is 3% in year 10. With the exception of 2020/21, Council remains within its proposed targets for the adjusted operating surplus/(deficit) ratio over the life of the Long Term Financial Plan.

The Statement of Financial Position forecasts an increase in total assets from \$292 million in 2019/20 to \$389 million in 2029/30. Loan borrowings are \$13.8 million at the beginning of the plan, peak at \$25.5 million in 2022/23 and reduce to \$15.4 million by the end of the plan. The net financial liabilities ratio peaks at 75% in 2022/23 and reduces to 35% by the end of the plan, Council remains within its proposed target range for the net financial liabilities ratio over the life of the Long Term Financial Plan.

The asset renewal funding ratio is forecast to be 100% in all years of the plan, showing that the Long Term Financial Plan is aligned with the draft Asset Management Strategy, ensuring that required renewal is correctly funded.

Although the draft Long Term Financial Plan predicts that Council will be within its desired key financial indicators over the ten-year period, Council needs to be mindful that other needs are likely to emerge in future that may adversely impact on these projections.

Council has recognised the need for the Airport to operate as a sustainable business unit and to ensure the costs of service delivery are borne by those using them. Different targets are proposed for the Airport Long Term Financial Plan. These targets recognise that a higher proportion of borrowings are required up front due to the investment being made and that a stronger operating result is required to provide a return on this investment.

<b>Airport</b>	<b>Target Short Term</b>	<b>Target Medium Term</b>	<b>Target Long Term</b>
<b>Indicator</b>	<b>Year 1-3</b>	<b>Year 4-6</b>	<b>Year 7-10</b>
<b>Operating Surplus/(Deficit) Ratio - %</b>	1 - 6	1 - 6	6 - 11
<b>Net Financial Liabilities Ratio - %</b>	< 250	< 175	< 100
<b>Asset Renewal Funding Ratio - %</b>	90 - 110	90 - 110	90 - 110

It is estimated that the passenger tax will need to increase to \$24 in 2020/21, a figure that is consistent with other regional airports. This tax will then need to increase by 5% for 3 years, before dropping to CPI increases. This is based on conservative passenger growth projections of 1% per annum.

The draft Long Term Financial Plan for the Airport predicts surpluses for all years of the plan. It is envisioned that these surpluses would be used to fund a positive outcome for the city.

The Statement of Financial Position forecasts an increase in total assets from \$7 million in 2019/20 to \$18 million in 2029/30. Loan borrowings peak at \$5.9 million in 2022/23 reducing to nil by 2028/29. The net financial liabilities ratio peaks at 213% in 2020/21 due to the proposed Airport upgrade and reduces to (31%) by the end of the plan.

The asset renewal funding ratio is forecast to be 100% in all years of the plan in which renewal is required, showing that the Long Term Financial Plan is aligned with the draft Asset Management Strategy, ensuring that required renewal is correctly funded.

### **Strategic Plan**

The draft Long Term Financial Plan has been developed in conjunction with the review of Council's Strategic Plan and is the key planning document to allow for the delivery of all outcomes outlined in the plan.

### **Legislation**

The draft Long Term Financial Plan has been prepared in accordance with Section 122(1a)(a) of the *Local Government Act 1999* and Section 5 of the *Local Government (Financial Management) Regulations 2011*.

### **Officer Direct or Indirect Interest – Nil**

### **Risk Assessment**

In assessing Council risk associated with legislative compliance and the consequence of the Audit Committee not reviewing the Long Term Financial Plan, it is considered a moderate risk as Council would be in breach of legislation and receive adverse criticism. The likelihood of this occurring would be rare and only in exceptional circumstances, by supporting this recommendation the risk is removed.

### **Social Considerations – Not applicable**

### **Community Engagement**

Council will undertake consultation on the three Strategic Management Plans as required under legislation. The consultation will focus on the suite of masterplans currently under review or development, allowing the community to inform Council of their priorities and any specific items they believe should be in these plans. This will assist with the prioritisation of projects during future budget discussions. A community information night will be held during the consultation period.

### **Environmental Implications – Not applicable**

### **Communication**

Consultation will be advertised via a notice in the Whyalla News and also on Council's website. The preferred method for the consultation will be electronic, but hard copied of all documents will be made available at key Council sites.

**Conclusion**

Council has reviewed its Long Term Financial Plan and is proposing a plan that requires rate increases of 1.9% above CPI each year, to fund in a sustainable manner. The rate increases are required as the plan includes allocation for the construction of new assets, while assuming that growth will not be achieved. The plan provides a framework for financial decisions of Council, with the projections and assumptions to be updated regularly as new information becomes available.

# DRAFT LONG TERM FINANCIAL PLAN

2020 - 2030





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# OVERVIEW

Council considers that its Long Term Financial Plan (LTFP) is a fundamental instrument of accountability and projections for Council's planned activities over a ten year timeframe.



# OVERVIEW

Photographer:  
Cherilee Bagshaw

The key objective of Council's LTFP is financial sustainability in the medium to long term, while still achieving Council's corporate objectives as specified in its Strategic Plan and Asset Management Strategy. We must ensure that we understand the impact of decisions made today on our future. This means ensuring the cost-effective delivery of works and services, and the appropriate maintenance and renewal of our significant asset base in a financially sustainable manner.

The purpose of this plan is not to provide specific detail about individual works or services. The LTFP will provide a decision-making tool that allows various assumptions and sensitivity analysis to be carried out that will indicate the ability of Council to deliver cost effective services to our community in the future in a financially sustainable manner.

Council has adopted a rating strategy that seeks to achieve a reasonable degree of stability and predictability in the overall rates burden over time, while ensuring ratepayers are paying for those services and assets that they are consuming.

Rates will be set at an affordable level having regard to Council's strategic direction and its social and economic objectives balanced against the community's ability to pay. Rate Revenue forecasts have been based on nil growth plus consumer price index (CPI) plus 1.9% for sustainability and projects. The actual increase payable by any individual ratepayer may be more or less than this depending on the relative movement in the capital value of their property.

Council is proposing extensive capital works totalling \$95 million over the ten years of the plan, to see a variety of benefits delivered to the community. This includes renewal of Council's existing assets base of \$62 million as well as an allocation of nearly \$23 million to deliver key projects identified in Council's Masterplan documents. These projects will be identified and approved through Council's annual budget processes. An allocation of \$10 million has also been made for upgrades of the Whyalla Airport. All dollar figures include indexation.



Photographer: Betty Nottle

# PLANNING FRAMEWORK

This document presents the Long Term Financial Plan for the years 2020/21 to 2029/30. The basis of the LTFP is consistent with the Financial Statements 30 June 2019 and the 2019/20 Annual Business Plan and Budget adopted by Council and any authorised amendments. The LTFP has been based on detailed budgets for 2021 to 2023, extrapolated over the 10-year period using the assumptions outlined in this document. Renewal budgets are based on the requirements set out in Council's Asset Management Strategy.

This is a fluid document, which will be updated and amended over time as circumstances change. Council currently reviews its LTFP

twice each year, once during the preparation of its Annual Business Plan and Budget and again following the financial year end.

Other updates are made to the LTFP, where it is considered appropriate. In addition, a full review is required within two years after a Council election.

The 10 year LTFP is prepared using a number of assumptions (refer to page 10) with regard to projected rate income, projected fees, charges and grants and also includes assumptions with regard to future operational and capital expenditure. Given that Long Term Financial Plans are derived from an estimate of future performance, it should be appreciated that actual results are likely to vary from the information contained in the LTFP and at times these variations could be material. A sensitivity analysis has been undertaken for some key areas to project the impacts of such movements, this information is available on pages 16-18.







# PLANNING FRAMEWORK

The accuracy of predictions over the longer term decreases over time and difficulties can exist in the ability of council to accurately predict the capital expenditure requirements for Council's extensive infrastructure. Council has prepared an Asset Management Strategy to assist in determining the funding impact of maintaining and replacing our assets. These projections are based on the current understanding of asset management needs over the next ten years and ensure that assets are maintained at a safe and functional standard that meet community expectations and cater for future growth and demographic changes.

All new initiatives proposed, will be evaluated in terms of meeting Council's strategic directions. The LTFP includes an allocation of approximately \$23 million for major new capital projects that Council may undertake in the future.

The operational budget will be structured in such a way that there is no reliance on asset sales to fund core services. Debt will be regarded primarily as a tool to be used in a strategic perspective to provide community assets.

Debt will be considered:

- in the context of the strategic objectives of Council
- in the context of long term financial forecasts and objectives
- as funding for long term infrastructure asset creation
- as a means of spreading the recovery of infrastructure costs overtime
- as a mechanism to fund temporary cash shortfalls.

To determine whether this LTFP ensures financial sustainability of council operations over the long term, a number of financial indicators are used to track performance, with target ranges for the short, medium and long term.

Ideally a council should raise enough revenue from rates to cover all of its operating expenses. This means that a council should aim for a break even operating position where total income equals total expenses and ratepayers in that year are paying for all the resources consumed. However, Council is mindful of the community's ability to pay. So to avoid excessive rate increases in any one year it is content to run an operating deficit in the short term (total revenue is less than total operating expenditure), while it positions itself to reach a break even operating result.

Operating deficits are not sustainable or equitable in the long term as they result in services consumed by current ratepayers being paid for by future ratepayers. A fair and equitable tax system is one in which taxes paid by each generation is in proportion to the benefits which that generation receives.

Operating cash surpluses will be used when possible to fund Capital Expenditure on Renewal and New & Upgraded assets. The balance of available surplus funds will be used to retire debt or minimise the use of new debt.

The LTFP is an evolving document that will be renewed over time as a result of changes to the community's goals and expectations, changes to income and expenditure projections and to remain directly linked to our detailed Infrastructure & Asset Management Plans.

Council's Annual Business Plan and Budget is prepared on the basis of the Long Term Financial Plan, taking into account any new information and economic factors at the time of preparation.

The LTFP estimates are presented as a series of reports comprising the following:

- Estimated Statement of Comprehensive Income
- Estimated Statement of Financial Position
- Estimated Statement of Cashflows
- Estimated Statement of Changes in Equity
- Estimated Summary Statement
- Estimated Key Financial Indicators

Please refer to **Appendices A to B**.

# MEASURING OUR PERFORMANCE



Photographer: Jenny Gordon

## KEY FINANCIAL INDICATORS

	Target Short Term	Target Medium Term	Target Long Term
Indicator	Year 1-3	Year 4-6	Year 7-10
Adjusted Operating Surplus/(Deficit) Ratio - %	(2) - 1	0 - 2	1 - 3
Net Financial Liabilities Ratio - %	< 80	< 80	< 80
Asset Renewal Funding Ratio - %	90 - 110	90 - 110	90 - 110



# KEY FINANCIAL INDICATORS

Key Financial Indicators enable an assessment of Council's long term financial performance and position and will place Council on a path to deliver long term sustainability of operations (based on the assumptions used in the modelling) and give it the flexibility to respond to future changes.

The Key Financial Indicators support a positive forward outlook and adherence over the longer term to Council's financial sustainability. Council has set targets for its Key Financial Indicators to guide revenue and expenditure decisions, overall budget strategies and future decision making.

These targets promote a breakeven position in the long term plus a margin for risk and uncertainty. Council has set short, medium and long term targets to achieve this aim.

## ADJUSTED OPERATING SURPLUS/(DEFICIT) RATIO

The Adjusted Operating Ratio measures the extent to which Council's operating income meets its operating expenditure. It removed the impacts of timing differences in untied grants received from the Federal Government which occur quite regularly, allowing Council to measure its underlying performance. Council projects an improvement in operating position moving from projected operating deficits in the first few years, to a strong surplus position by the end of the plan.

This reflects an ongoing strategy over the short term to move to a breakeven operating result without imposing unexpected spikes in rates, while still giving Council the capacity to deliver projects identified in adopted plans. The Adjusted Operating Ratio, while negative in the short term becomes increasingly positive over the life of the plan and is 3% in Year 10. This demonstrates Council's ability to move to a breakeven operating position where Council's revenues can

meet total operating costs and then a surplus position in the future where surplus funds can be used to fund increased capital expenditure or pay down loan balances. The target range for the Adjusted Operating Ratio increases over the term of the plan, to ensure that Council has capacity to deal with the risk of unknown future events, which increases in the medium to long term.

2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
(3)%	(2)%	(1)%	0%	0%	1%	1%	2%	2%	3%

# NET FINANCIAL LIABILITIES RATIO

The Net Financial Liabilities Ratio indicates the extent to which the net financial liabilities of Council could be met by its annual operating revenue. Where the ratio is falling, it indicates Council’s capacity to meet its financial obligations from operating revenue is strengthening. This demonstrates Council’s ability to fund capital expansion projects during the planning period. Loan borrowings are \$13.8 million at the beginning of the plan, peak at \$25.5 million in 2022/23 reducing to \$15.4 million by the end of the plan. To effectively manage its cash flows and reduce the impact of debt, Council utilises cash advance debenture facilities. The Net Financial Liabilities Ratio peaks at 75% in 2022/23 and reduces to 35% by the end of the plan. Over this period the Statement of Financial Position forecasts an increase in total assets from \$292 million in 2019/20 to \$389 million in 2029/30, an overall increase of \$97 million.

Council’s target is for the Net Financial Liabilities Ratio to remain below 80% over the term of the plan. While Council could comfortably accommodate a debt level higher than this, this figure is considered prudent when taking into account the level of Council’s debt at the start of the plan. This will ensure that Council builds up core debt in a responsible and sustainable manner, in line with strategic priorities.

2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
71%	74%	75%	72%	63%	56%	50%	44%	37%	35%

# ASSET RENEWAL FUNDING RATIO

The Asset Renewal Funding Ratio is a measure of Council’s capital expenditure on renewal or replacement of assets relative to the level of such expenditure proposed in Council’s Asset Management Strategy. Council has ensured that these documents are aligned, so the Asset Renewal Funding Ratio is 100% for all years of the plan. Council target is for the Asset Renewal Funding Ratio to be between 90 and 100% in any given year. This range allows for timing changes that can occur in program delivery.

2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

# ESTIMATED SUMMARY STATEMENT

Year Ending 30 June:	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
	ACTUAL	ESTIMATE	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operating Revenues	31,922	29,883	33,773	35,556	36,634	37,722	38,880	40,123	41,448	42,856	44,367	45,948
less: Operating Expenses	(30,203)	(32,636)	(34,881)	(36,113)	(36,902)	(37,831)	(38,835)	(39,870)	(41,069)	(42,138)	(43,350)	(44,654)
<b>Operating Surplus/(Deficit) before Capital Amounts</b>	<b>1,719</b>	<b>(2,753)</b>	<b>(1,108)</b>	<b>(557)</b>	<b>(268)</b>	<b>(109)</b>	<b>45</b>	<b>253</b>	<b>379</b>	<b>718</b>	<b>1,017</b>	<b>1,294</b>
Capital Expenditure on Renewal/ Replacement	(6,350)	(7,767)	(7,584)	(7,818)	(5,722)	(5,799)	(3,781)	(5,152)	(5,591)	(5,773)	(6,231)	(8,375)
add back: Depreciation, Amortisation and Impairment	6,503	6,905	7,103	7,550	7,794	8,002	8,235	8,490	8,764	9,054	9,362	9,681
add back: Sale of Replaced Assets	144	276	202	196	167	325	141	164	215	180	298	278
<b>Net Outlays on Existing Assets</b>	<b>297</b>	<b>(586)</b>	<b>(279)</b>	<b>(72)</b>	<b>2,239</b>	<b>2,528</b>	<b>4,595</b>	<b>3,502</b>	<b>3,388</b>	<b>3,461</b>	<b>3,429</b>	<b>1,584</b>
Capital Expenditure on New and Upgraded Assets	(1,533)	(16,013)	(8,455)	(2,087)	(6,002)	(2,185)	(2,235)	(2,293)	(2,353)	(2,415)	(2,482)	(2,553)
add back: Amounts Specifically for New and Upgraded Assets	1,527	428	2,095	209	2,741	218	224	229	235	242	248	255
add back: Sale of Surplus Assets	0	120	0	0	0	0	0	0	0	0	0	0
<b>Net Outlays on New and Upgraded Assets</b>	<b>(6)</b>	<b>(15,465)</b>	<b>(6,360)</b>	<b>(1,878)</b>	<b>(3,261)</b>	<b>(1,967)</b>	<b>(2,011)</b>	<b>(2,064)</b>	<b>(2,118)</b>	<b>(2,173)</b>	<b>(2,234)</b>	<b>(2,298)</b>
<b>Net Lending/(Borrowing) for Financial Year</b>	<b>2,010</b>	<b>(18,804)</b>	<b>(7,747)</b>	<b>(2,507)</b>	<b>(1,290)</b>	<b>452</b>	<b>2,629</b>	<b>1,691</b>	<b>1,649</b>	<b>2,006</b>	<b>2,212</b>	<b>580</b>

## FINANCING TRANSACTIONS

Year Ending 30 June:	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
	ACTUAL	ESTIMATE	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
New Borrowings	8,277	13,800	7,800	2,700	1,200	0	0	0	0	0	0	100
Repayment of Principal on Borrowings	(8,381)	0	0	0	0	(500)	(2,600)	(1,600)	(1,700)	(2,000)	(1,800)	0
(Increase)/Decrease in Cash and Cash Equivalents	(2,181)	5,672	(98)	15	(2)	106	(46)	(68)	56	11	(399)	(665)
Net Balance Sheet Funding	275	(668)	45	(208)	92	(58)	17	(23)	(5)	(17)	(13)	(15)
<b>Financing Transactions</b>	<b>(2,010)</b>	<b>18,804</b>	<b>7,747</b>	<b>2,507</b>	<b>1,290</b>	<b>(452)</b>	<b>(2,629)</b>	<b>(1,691)</b>	<b>(1,649)</b>	<b>(2,006)</b>	<b>(2,212)</b>	<b>(580)</b>



# ASSUMPTIONS

# OPERATING INCOME

## General Rates

### Rating Analysis 2021-30

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Forecast CPI - %	1.9%	1.9%	1.9%	2.0%	2.1%	2.2%	2.3%	2.4%	2.5%	2.5%
Allocation for sustainability - %	0.6%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
Allocation for projects - %	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Forecast increase to the average rate assessment - %	3.5%	3.8%	3.8%	3.9%	4.0%	4.1%	4.2%	4.3%	4.4%	4.4%

The rate increase to the average assessment is projected to be 4.0%\* per annum over the term of the plan. CPI is projected to average 2.1% over this period, with an additional 1.9% increase required per year. Of this 1.9%, 0.9% is required to sustainably deliver Council's existing services while also moving out of a deficit position, while the other 1.0% gives Council the capacity to deliver projects out of its Masterplans. No rates growth has been included in the projections, based on Council's experience over the last few years.

This strategy attempts to reconcile the impact of pressure on Council's costs for service provision, which can increase

greater than CPI, against ratepayers expectations of rate increases based on CPI and still achieve long term financial sustainability.

General Rates as a percentage of operating income is an average of 52% for the period of the plan.

\* The actual increase payable by any individual ratepayer may be more or less than this depending on the movement in the capital value of the relative property.

### Rates Other

Rates Other revenue includes the State Government's Natural Resources Management (NRM) levy collected on behalf of the NRM Board as well as Council's Waste Collection Levy.

Increases in Other Rates have been indexed by CPI. Rates Other as a percentage of operating income is an average of 13% for the period of the plan.

### Statutory Charges

Statutory charges are fees for regulatory services. They are associated with the granting of a permit/ licence or the regulation of an activity. They include Development Act Fees and Parking Fines. Increases in statutory charges are made in accordance with legislative requirements and have been indexed by CPI. Statutory Charges as a percentage of operating income is an average of 1% for the period of the plan.







# OPERATING INCOME CONT.

## Grants, Subsidies and Contributions

Operating Grants are based on identified grants and include grants, subsidies and contributions from all sources but excludes amounts specifically received for new/upgraded assets (i.e. the acquisition or enhancement of assets).

The grants include the General Purpose Grant, Local Roads Grants and Roads to Recovery Grant. The Roads to Recovery Grant is fixed for a 5 year period, so no indexation has been included, while the other two grants have been assumed to only increase at half of CPI each year. This is based on history where these grants have decreased over time in real terms, although this trend has improved slightly over the last few years. All other ongoing grants have been projected to increase in line with CPI.

Grants, subsidies and contributions as a percentage of operating income is an average of 14% for the period of the plan.

## User Charges

User charges relate mainly to the recovery of service delivery costs through the charging of fees to users of Council's services. They include hire and leasing of community facilities, landfill gate fees, child care fees and airport income.

Both airport and child care income are planned for changes that will see these services move to being cost neutral or making a return on community investment (in the case of the airport) over the next two years. Hire and leasing income is projected to increase at twice CPI to move these services towards cost recovery, taking pressure off rates income. Landfill charges are projected to increase by CPI. User Charges as a percentage of operating income is an average of 17% for the period of the plan.

## Investment Income

Investment income is based on cash flows for the relevant year.

## Reimbursements and Other Revenues

Reimbursements are amounts received as payment for work done by the Council acting as an agent for others. Other Revenue is revenue not separately classified above.

For these income classifications CPI has been applied for indexation purposes. Reimbursements and Other Revenue as a percentage of operating income is an average of 3% for the period of the plan.

# AMOUNTS SPECIFICALLY FOR NEW/UPGRADED ASSETS

Income for New/ Upgraded Assets is based on anticipated grants and contributions being received for identified capital works projects and have been indexed by the Local Government Price Index (LGPI).

These grants are received predominantly from the Federal and State Government.

Over the ten years of the LTFP Council anticipates it will receive \$6.7 million in capital income.

This amount is subject to application and approval for specific projects.

# OPERATING EXPENSES

## Employee Costs

Employee costs include all labour related expenses such as wages and salaries, and on-costs such as allowances, leave entitlements and employer superannuation. Enterprise Bargaining Agreements for staff covered by the ASU and AWU awards have impacted on salary and wages by 2.0% for 2020-2021. Subsequent years have been based on CPI projections. No allocation has been made for FTE growth in line with the model being based on no rates growth. Employee costs as a percentage of operating expenditure is an average of 34% for the period of the plan.

## Materials, Contracts & Other Expenses

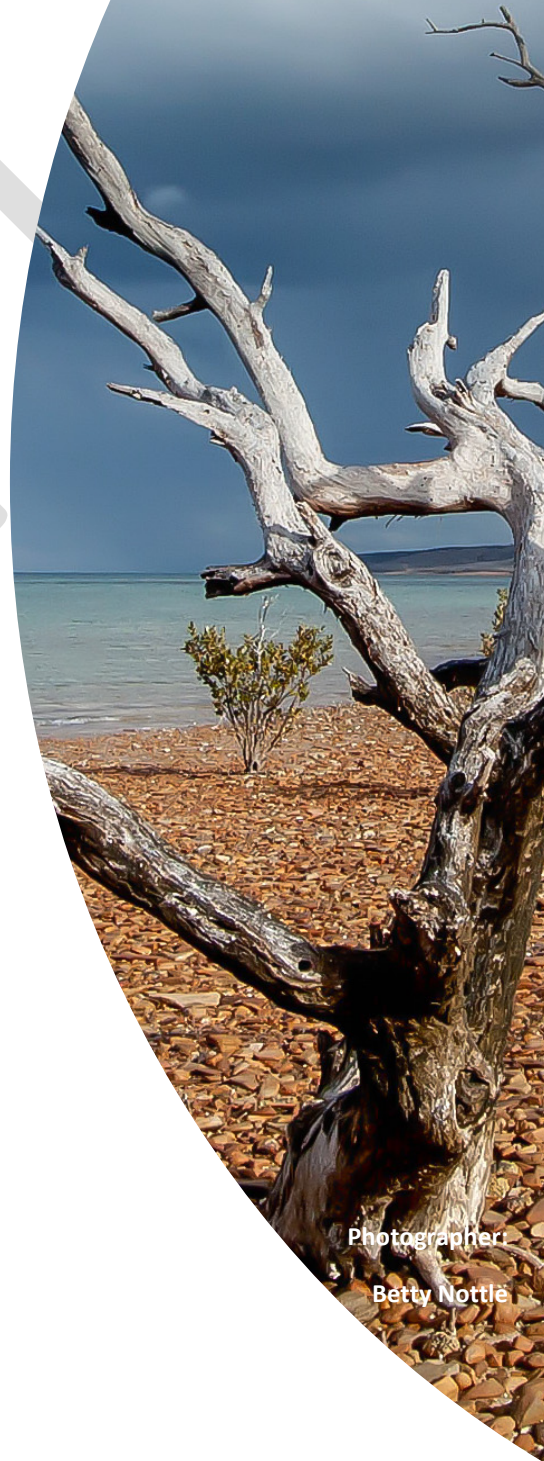
Materials cover payments for physical goods, this includes purchase of consumables, water and energy. Contract services involve payments for the external provision of services. Other Expenses cover costs such as Training and Insurance. Over the period of the plan CPI has been applied for indexation purposes. Materials, Contracts and Other Expenses as a percentage of operating expenditure is an average of 43% for the period of the plan.

## Finance Costs

Finance costs cover the costs of financing the Council's activities through borrowings. The interest expense is based on cash flows with projected interest rates averaging 4.7% over the life of the plan. Finance costs as a percentage of operating expenditure is an average of 2% for the period of the plan.

## Depreciation

Depreciation is an accounting measure, which records the consumption of Council's infrastructure, property, plant and equipment and has been based on Council's Asset Management Strategy. It reflects the combined effect of the impact of depreciable assets created by capital expenditure on new/ upgraded assets, and the ongoing impact of regularly revaluing infrastructure assets on a 'fair value' basis. Over the period of the plan the Local Government Price Index (LGPI) has been applied for indexation purposes. Depreciation expense as a percentage of operating expenditure is an average of 21% for the period of the plan.



Photographer:  
Betty Nottle





## NET OUTLAYS ON NEW & EXISTING ASSETS

Sale of assets is based on Council's Plant Replacement program; no estimate has been allocated for the disposal of assets surplus to Council's needs.

Asset Renewals are based on Council's Asset Management Strategy, with \$62 million allocated over the ten years of the plan as outlined below.

The allocation for New and Upgrade Assets has been based on affordability with \$23 million allocated over the ten years of the plan, as well as another \$10 million for the upgrade of the Whyalla Airport.

	Buildings	Rec and Open Spaces	Transport	Irrigation	Stormwater	Plant & Equipment
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Renewal</b>	11,736	4,467	30,864	1,779	349	12,631





Photographer: Annette Kirby

# PROCEEDS AND REPAYMENTS OF LOANS

Council funds are preserved and invested in accordance with its legislative and common law responsibilities ensuring that interest cost of borrowings are minimised.

All investments and borrowings are to be made exercising care, diligence and skill that a prudent person of business would exercise in managing the affairs of other persons.

To effectively manage its cash flows and reduce the impact of debt, Council has cash advance debenture facilities with the Local Government Finance Authority.

## BALANCE SHEET

### Assets

Trade, Other Receivables and Inventories such as outstanding rates and other debtor balances are not expected to change significantly and therefore have been based in accordance with the 2019 Financial Statements.

Non-Current Assets reflect the combined effect of all capital expenditure, the depreciation of existing assets, the book value of assets sold and the ongoing revaluation of infrastructure assets on a 'fair value' basis.

### Liabilities

Trade, Other Payables and Provisions are not expected to change significantly and therefore have been based in accordance with the 2019 Financial Statements, with minor adjustments for known changes.

### Equity

Council's total equity is forecast to increase from \$273 million in 2020/21 to \$368 million in 2029/30. Increases in the asset revaluation reserves for the period of the plan have been based on an annual LGPI.



# SENSITIVITY ANALYSIS



# SENSITIVITY ANALYSIS

The figures in the LTFP are based on a number of assumptions about economic indicators over the life of the plan. While these assumptions are based on the best data available, by their nature they are hard to predict and subject to some variability.

Variations in these assumptions can have a material impact on Council's predicted results.

Sensitivity analysis has been undertaken to show the impacts of a number of key assumptions

- CPI
- Growth
- Rates

## CPI impacts of +1% and -1% change

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Adjusted Operating Suplus/(Deficit) - CPI Current</b>	(918)	(557)	(268)	(109)	45	253	379	718	1,017	1,294
<b>Adjusted Operating Suplus/(Deficit) - CPI +1%</b>	(837)	(511)	(253)	(103)	55	276	421	787	1,120	1,448
<b>Adjusted Operating Suplus/(Deficit) - CPI -1%</b>	(989)	(584)	(258)	(89)	64	260	370	698	965	1,208

The LTFP model forecasts that CPI will incrementally return to 2.5% in the long term, the mid-point of the Reserve Bank of Australia's target range.

The table above shows changes to Council's Operating Result for 1% movements in this assumption, a reduction in CPI worsens Council's operating position slightly while an increase in CPI strengthens Council's operating position slightly.

The relatively small changes in future operating results show that the model is fairly neutral to changes in CPI, which reduces the risk if actual CPI is different to the forecast.



Photographer:  
Jenny Gordon







## Growth impacts of +0.2% and +0.5% change

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Adjusted Operating Suplus/(Deficit) - Growth Current</b>	(918)	(557)	(268)	(109)	45	253	379	718	1,017	1,294
<b>Adjusted Operating Suplus/(Deficit) - Growth +0.2%</b>	(885)	(486)	(156)	51	263	531	728	1,151	1,548	1,940
<b>Adjusted Operating Suplus/(Deficit) - Growth +0.5%</b>	(834)	(379)	16	294	588	951	1,257	1,810	2,352	2,913

The LTFP model assumes nil growth, changes in the level of growth can affect the cost of providing services and rate income. The table above shows that if consistent Growth can be

achieved this will significantly improve Council's operating position due to the extra Rates income generated. The current no growth model provides little capacity for increases in services.

It is envisioned that if Growth is achieved, these funds will be reinvested in the expansion of existing services and the provision of new ones, as will be demanded by a growing population.

Photographer: Karen Bilney





# Rates

impacts of -0.5% and -1.0% change

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Adjusted Operating Suplus/(Deficit) - Rates Current</b>	(918)	(557)	(268)	(109)	45	253	379	718	1,017	1,294
<b>Adjusted Operating Suplus/(Deficit) - Rates -0.5%</b>	(1,007)	(741)	(562)	(528)	(511)	(467)	(521)	(390)	(335)	(337)
<b>Adjusted Operating Suplus/(Deficit) - Rates -1.0%</b>	(1,094)	(926)	(855)	(939)	(1,056)	(1,163)	(1,392)	(1,461)	(1,638)	(1,907)

The LTFP model assumes rate increases of 1.9% above CPI per annum for the term of the plan. Our General Rate income is in the vicinity of \$21 million per annum, therefore, any movement in the rate increase relative to CPI can have a significant impact on

our rate income and operating result. The table below shows that a decrease in the rate assumption above CPI of 0.5% will result in deficits for all ten years of the plan, which is not considered to be sustainable.

Further, the table shows a decrease in the rate assumption above CPI of 1% will affect the ability of Council to continue to operate without significant service cuts, with significant and increasing deficits predicted for all ten years of the plan.





# PLANNING FOR THE FUTURE





# YOUR RATES DELIVERING COUNCIL SERVICES

All Councils have responsibilities under the Local Government Act, the Development Act, the Public and Environmental Health Act, the Natural Resources Management Act and other relevant legislation.

These include:

- regulatory activities e.g. maintaining the voters roll and supporting the elected Council;
- setting rates, preparing an annual budget and determining longer-term strategic management plans for the area;
- management of basic infrastructure including roads, footpaths, parks, sporting facilities, public open space, street lighting and storm-water drainage;
- street cleaning and rubbish collection;
- development planning and control, including building safety assessment;
- various environmental health programs, animal management and community safety;
- protection of natural resources including coastal areas.

In response to community needs the Council also provides further services and programs including:

- economic development;
- environmental programs;
- community programs;
- libraries; and
- tourism including information services and community events.

**The Council operates a number of facilities on a fee for service basis. These provide important community benefits while also generating revenue for services and projects of benefit to the City of Whyalla:**

- waste management facilities and services;
- recreation facilities including swimming pools and Museum; and
- Child Care Centre
- Airport
- Sporting grounds
- Marinas

Photographer:

Karen Bilney



Photographer: Jeffrey Venning

# AIRPORT

Council maintains and manages the Whyalla Airport. Council recovers the cost of the operating the service primarily through a passenger fee, but also collects other income such as car parking fees, landing fees for non-passenger flights and hanger rental.

It is important for the airport to be financially sustainable in the medium to long term, and to ultimately make a return on the investment made by the community, to ensure a positive outcome for the city. To achieve this, a separate LTFP is prepared. In line with the proposed Airport Upgrade project, increases to the passenger fee will be required to

ensure that the service does not require rates income to operate. This fee is proposed to be set at \$24 in 2021, which is comparable with other regional airports. The LTFP for the Airport predicts surpluses in all years increasing towards the end of the plan, giving scope to adjust increases in the passenger fee or respond to unknowns.





## Key Financial Indicators (Airport)

	Target Short Term	Target Medium Term	Target Long Term
Indicator	Year 1-3	Year 4-6	Year 7-10
Operating Surplus/(Deficit) Ratio - %	1 - 6	1 - 6	6 - 11
Net Financial Liabilities Ratio - %	< 250	< 175	< 100
Asset Renewal Funding Ratio - %	90 - 110	90 - 110	90 - 110

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
	Actual	Estimate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Operating Surplus/(Deficit) Ratio - \$'000	(187)	(173)	111	138	120	37	77	131	198	279	370	443
Operating Surplus/(Deficit) Ratio - %	(21)%	(17)%	6%	5%	4%	1%	3%	4%	6%	8%	11%	13%
Net Financial Liabilities Ratio - %	0%	28%	213%	123%	206%	171%	136%	101%	64%	26%	(13)%	(31)%
Asset Renewal Funding Ratio - %	0%	N/A	N/A	N/A	100%	N/A	N/A	N/A	N/A	N/A	N/A	100%

The Operating Ratio is within range for all but the final year of the plan, where it is slightly above target range.

The Net Financial Liabilities Ratio peaks at 213% in 2020/21, which is attributed

to the airport upgrade currently under consideration, and reduces to (31%) by the end of the plan.

Total borrowings are projected to peak at \$5.9 million in 2022/23 reducing to nil by 2028/29.

The Asset Renewal Funding Ratio is 100% in all years that renewal is required, showing that renewal budgets are in line with Council's Asset Management Strategy.

Photographer: Brian Tonkin









# APPENDIX A





# Estimated Statement of Comprehensive Income

Year Ending 30 June:	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
	Actual	Estimate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>INCOME</b>												
Rates	20,519	21,187	21,830	22,572	23,340	24,159	25,033	25,965	26,958	28,017	29,149	30,326
Statutory Charges	332	343	349	355	361	368	375	383	392	401	411	421
User Charges	3,887	4,045	5,275	6,225	6,445	6,616	6,800	6,998	7,210	7,436	7,682	7,936
Grants, subsidies, contributions	5,737	2,897	5,201	5,249	5,297	5,349	5,404	5,463	5,526	5,592	5,662	5,733
Investment Income	129	55	35	37	37	37	34	36	38	36	36	50
Reimbursements	52	341	13	13	13	13	13	13	13	13	13	13
Other Income	1,266	1,015	1,070	1,105	1,141	1,180	1,221	1,265	1,311	1,361	1,414	1,469
<b>TOTAL INCOME</b>	<b>31,922</b>	<b>29,883</b>	<b>33,773</b>	<b>35,556</b>	<b>36,634</b>	<b>37,722</b>	<b>38,880</b>	<b>40,123</b>	<b>41,448</b>	<b>42,856</b>	<b>44,367</b>	<b>45,948</b>
<b>EXPENSES</b>												
Employee costs	10,706	11,430	12,633	12,491	12,353	12,637	12,940	13,263	13,607	13,975	14,366	14,769
Materials, contracts & other expenses	12,968	14,173	14,631	15,315	15,834	16,157	16,593	17,058	17,641	18,077	18,634	19,206
Depreciation	6,503	6,905	7,103	7,550	7,794	8,002	8,235	8,490	8,764	9,054	9,362	9,681
Finance Costs	26	128	514	757	921	1,035	1,067	1,059	1,057	1,032	988	998
<b>TOTAL INCOME</b>	<b>30,203</b>	<b>32,636</b>	<b>34,881</b>	<b>36,113</b>	<b>36,902</b>	<b>37,831</b>	<b>38,835</b>	<b>39,870</b>	<b>41,069</b>	<b>42,138</b>	<b>43,350</b>	<b>44,654</b>
<b>OPERATING SURPLUS/(DEFICIT) BEFORE CAPITAL AMOUNTS</b>	<b>1,719</b>	<b>(2,753)</b>	<b>(1,108)</b>	<b>(557)</b>	<b>(268)</b>	<b>(109)</b>	<b>45</b>	<b>253</b>	<b>379</b>	<b>718</b>	<b>1,017</b>	<b>1,294</b>
Net gain/(loss) on disposal or revaluations	(430)	276	0	0	0	0	0	0	0	0	0	0
Amounts specifically for new assets	1,527	428	2,095	209	2,741	218	224	229	235	242	248	255
<b>NET SURPLUS/(DEFICIT)</b>	<b>2,816</b>	<b>(2,049)</b>	<b>987</b>	<b>(348)</b>	<b>2,473</b>	<b>109</b>	<b>269</b>	<b>482</b>	<b>614</b>	<b>960</b>	<b>1,265</b>	<b>1,549</b>
<b>OTHER COMPREHENSIVE INCOME</b>												
Changes in revaluation surplus - IPP&E	26,428	7,408	0	0	0	25,653	13,641	0	0	0	31,577	16,905
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>29,244</b>	<b>5,359</b>	<b>987</b>	<b>(348)</b>	<b>2,473</b>	<b>25,762</b>	<b>13,910</b>	<b>482</b>	<b>614</b>	<b>960</b>	<b>32,842</b>	<b>18,454</b>
<b>ADJUSTED OPERATING SUPPLUS/(DEFICIT) BEFORE CAPITAL AMOUNTS</b>	<b>1,272</b>	<b>(266)</b>	<b>(918)</b>	<b>(557)</b>	<b>(268)</b>	<b>(109)</b>	<b>45</b>	<b>253</b>	<b>379</b>	<b>718</b>	<b>1,017</b>	<b>1,294</b>

# Estimated Statement of Financial Position

Year Ending 30 June:

	2019 Actual	2020 Estimate	2021 Year 1	2022 Year 2	2023 Year 3	2024 Year 4	2025 Year 5	2026 Year 6	2027 Year 7	2028 Year 8	2029 Year 9	2030 Year 10
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>												
<b>CURRENT ASSETS</b>												
Cash & Equivalent Assets	5,827	155	253	238	240	134	180	248	192	181	580	1,245
Trade & Other Receivables	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805
Inventories	100	100	100	100	100	100	100	100	100	100	100	100
<b>Total Current Assets</b>	<b>9,732</b>	<b>4,060</b>	<b>4,158</b>	<b>4,143</b>	<b>4,145</b>	<b>4,039</b>	<b>4,085</b>	<b>4,153</b>	<b>4,097</b>	<b>4,086</b>	<b>4,485</b>	<b>5,150</b>
<b>NON-CURRENT ASSETS</b>												
Investment Property	3,154	3,034	3,034	3,034	3,034	3,034	3,034	3,034	3,034	3,034	3,034	3,034
Infrastructure, Property, Plant & Equipment	259,895	284,178	292,912	295,071	298,834	324,144	335,425	334,216	333,181	332,135	362,765	380,639
Other Non-Current Assets	1,376	1,030	885	993	801	759	642	565	470	387	335	350
<b>Total Non-Current Assets</b>	<b>264,425</b>	<b>288,242</b>	<b>296,831</b>	<b>299,098</b>	<b>302,669</b>	<b>327,937</b>	<b>339,101</b>	<b>337,815</b>	<b>336,685</b>	<b>335,556</b>	<b>366,134</b>	<b>384,023</b>
<b>TOTAL ASSETS</b>	<b>274,157</b>	<b>292,302</b>	<b>300,989</b>	<b>303,241</b>	<b>306,814</b>	<b>331,976</b>	<b>343,186</b>	<b>341,968</b>	<b>340,782</b>	<b>339,642</b>	<b>370,619</b>	<b>389,173</b>
<b>LIABILITIES</b>												
<b>CURRENT LIABILITIES</b>												
Trade & Other Payables	3,327	3,327	3,327	3,327	3,327	3,327	3,327	3,327	3,327	3,327	3,327	3,327
Borrowings	0	13,800	21,600	24,300	25,000	22,400	20,800	19,100	17,100	15,300	15,300	15,400
Provisions	2,679	2,127	2,127	2,127	2,127	2,127	2,127	2,127	2,127	2,127	2,127	2,127
<b>Total Current Liabilities</b>	<b>6,006</b>	<b>19,254</b>	<b>27,054</b>	<b>29,754</b>	<b>30,454</b>	<b>27,854</b>	<b>26,254</b>	<b>24,554</b>	<b>22,554</b>	<b>20,754</b>	<b>20,754</b>	<b>20,854</b>
<b>NON-CURRENT LIABILITIES</b>												
Borrowings	0	0	0	0	500	2,600	1,600	1,700	2,000	1,800	0	0
Provisions	1,416	954	854	754	654	554	454	354	254	154	89	89
<b>Total Non-Current Liabilities</b>	<b>1,416</b>	<b>954</b>	<b>854</b>	<b>754</b>	<b>1,154</b>	<b>3,154</b>	<b>2,054</b>	<b>2,054</b>	<b>2,254</b>	<b>1,954</b>	<b>89</b>	<b>89</b>
<b>TOTAL LIABILITIES</b>	<b>7,422</b>	<b>20,208</b>	<b>27,908</b>	<b>30,508</b>	<b>31,608</b>	<b>31,008</b>	<b>28,308</b>	<b>26,608</b>	<b>24,808</b>	<b>22,708</b>	<b>20,843</b>	<b>20,943</b>
<b>NET ASSETS</b>	<b>266,735</b>	<b>272,094</b>	<b>273,081</b>	<b>272,733</b>	<b>275,206</b>	<b>300,968</b>	<b>314,878</b>	<b>315,360</b>	<b>315,974</b>	<b>316,934</b>	<b>349,776</b>	<b>368,230</b>
<b>EQUITY</b>												
Accumulated Surplus	41,010	39,111	40,248	40,050	42,673	42,932	43,351	43,983	44,747	45,857	47,272	48,971
Asset Revaluation Reserve	223,843	231,251	231,251	231,251	231,251	256,904	270,545	270,545	270,545	270,545	302,122	319,027
Other Reserves	1,882	1,732	1,582	1,432	1,282	1,132	982	832	682	532	382	232
<b>TOTAL EQUITY</b>	<b>266,735</b>	<b>272,094</b>	<b>273,081</b>	<b>272,733</b>	<b>275,206</b>	<b>300,968</b>	<b>314,878</b>	<b>315,360</b>	<b>315,974</b>	<b>316,934</b>	<b>349,776</b>	<b>368,230</b>

# Estimated Statement of Cash Flows

Year Ending 30 June:	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
	Actual	Estimate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>												
<b>RECEIPTS</b>												
Operating Receipts	33,248	29,828	33,738	35,519	36,597	37,685	38,846	40,087	41,410	42,820	44,331	45,898
Investment Income	129	55	35	37	37	37	34	36	38	36	36	50
<b>PAYMENTS</b>												
Operating Payments	(25,874)	(26,271)	(27,219)	(28,014)	(28,095)	(28,852)	(29,516)	(30,344)	(31,253)	(32,069)	(33,013)	(33,990)
Finance Costs	(26)	(128)	(514)	(757)	(921)	(1,035)	(1,067)	(1,059)	(1,057)	(1,032)	(988)	(998)
<b>Net Cash provided by (or used in) Operating Activities</b>	<b>7,477</b>	<b>3,484</b>	<b>6,040</b>	<b>6,785</b>	<b>7,618</b>	<b>7,835</b>	<b>8,297</b>	<b>8,720</b>	<b>9,138</b>	<b>9,755</b>	<b>10,366</b>	<b>10,960</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>												
<b>RECEIPTS</b>												
Amounts Specifically for New/Upgraded Assets	1,527	428	2,095	209	2,741	218	224	229	235	242	248	255
Sale of Renewed/Replaced Assets	144	276	202	196	167	325	141	164	215	180	298	278
Sale of Surplus Assets	0	120	0	0	0	0	0	0	0	0	0	0
<b>PAYMENTS</b>												
Expenditure on Renewal/Replacement of Assets	(4,672)	(7,767)	(7,584)	(7,818)	(5,722)	(5,799)	(3,781)	(5,152)	(5,591)	(5,773)	(6,231)	(8,375)
Expenditure on New/Upgraded Assets	(2,191)	(16,013)	(8,455)	(2,087)	(6,002)	(2,185)	(2,235)	(2,293)	(2,353)	(2,415)	(2,482)	(2,553)
<b>Net Cash Provided by (or used in) Investing Activities</b>	<b>(5,192)</b>	<b>(22,956)</b>	<b>(13,742)</b>	<b>(9,500)</b>	<b>(8,816)</b>	<b>(7,441)</b>	<b>(5,651)</b>	<b>(7,052)</b>	<b>(7,494)</b>	<b>(7,766)</b>	<b>(8,167)</b>	<b>(10,395)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>												
<b>RECEIPTS</b>												
Proceeds from Borrowings	8,277	13,800	7,800	2,700	1,200	0	0	0	0	0	0	100
<b>PAYMENTS</b>												
Repayments of Borrowings	(8,381)	0	0	0	0	(500)	(2,600)	(1,600)	(1,700)	(2,000)	(1,800)	0
<b>Net Cash provided by (or used in) Financing Activities</b>	<b>(104)</b>	<b>13,800</b>	<b>7,800</b>	<b>2,700</b>	<b>1,200</b>	<b>(500)</b>	<b>(2,600)</b>	<b>(1,600)</b>	<b>(1,700)</b>	<b>(2,000)</b>	<b>(1,800)</b>	<b>100</b>
Net Increase/(Decrease) in cash held	2,181	(5,672)	98	(15)	2	(106)	46	68	(56)	(11)	399	665
Opening cash, cash equivalents or (bank overdraft)	3,646	5,827	155	253	238	240	134	180	248	192	181	580
<b>Closing cash, cash equivalents or (bank overdraft)</b>	<b>5,827</b>	<b>155</b>	<b>253</b>	<b>238</b>	<b>240</b>	<b>134</b>	<b>180</b>	<b>248</b>	<b>192</b>	<b>181</b>	<b>580</b>	<b>1,245</b>

# Estimated Statement of Changes in Equity

Year Ending 30 June:

	2019 Actual \$'000	2020 Estimate \$'000	2021 Year 1 \$'000	2022 Year 2 \$'000	2023 Year 3 \$'000	2024 Year 4 \$'000	2025 Year 5 \$'000	2026 Year 6 \$'000	2027 Year 7 \$'000	2028 Year 8 \$'000	2029 Year 9 \$'000	2030 Year 10 \$'000
<b>ACCUMULATED SURPLUS</b>												
Balance at end of previous reporting period	37,951	41,010	39,111	40,248	40,050	42,673	42,932	43,351	43,983	44,747	45,857	47,272
Net Result for Year	2,816	(2,049)	987	(348)	2,473	109	269	482	614	960	1,265	1,549
Transfers to Other Reserves	(1,126)	(400)	(400)	(400)	(400)	(400)	(400)	(400)	(400)	(400)	(400)	(400)
Transfers from Other Reserves	1,369	550	550	550	550	550	550	550	550	550	550	550
<b>Balance at end of period</b>	<b>41,010</b>	<b>39,111</b>	<b>40,248</b>	<b>40,050</b>	<b>42,673</b>	<b>42,932</b>	<b>43,351</b>	<b>43,983</b>	<b>44,747</b>	<b>45,857</b>	<b>47,272</b>	<b>48,971</b>
<b>ASSET REVALUATION RESERVE</b>												
Property Plant & Equipment	223,843	231,251	231,251	231,251	231,251	256,904	270,545	270,545	270,545	270,545	302,122	319,027
<b>Balance at end of period</b>	<b>223,843</b>	<b>231,251</b>	<b>231,251</b>	<b>231,251</b>	<b>231,251</b>	<b>256,904</b>	<b>270,545</b>	<b>270,545</b>	<b>270,545</b>	<b>270,545</b>	<b>302,122</b>	<b>319,027</b>
<b>OTHER RESERVES</b>												
Balance at end of previous reporting period	2,125	1,882	1,732	1,582	1,432	1,282	1,132	982	832	682	532	382
Transfers from Accumulated Surplus	1,126	400	400	400	400	400	400	400	400	400	400	400
Transfers to Accumulated Surplus	(1,369)	(550)	(550)	(550)	(550)	(550)	(550)	(550)	(550)	(550)	(550)	(550)
<b>Balance at end of period</b>	<b>1,882</b>	<b>1,732</b>	<b>1,582</b>	<b>1,432</b>	<b>1,282</b>	<b>1,132</b>	<b>982</b>	<b>832</b>	<b>682</b>	<b>532</b>	<b>382</b>	<b>232</b>
<b>TOTAL EQUITY AT END OF REPORTING PERIOD</b>	<b>266,735</b>	<b>272,094</b>	<b>273,081</b>	<b>272,733</b>	<b>275,206</b>	<b>300,968</b>	<b>314,878</b>	<b>315,360</b>	<b>315,974</b>	<b>316,934</b>	<b>349,776</b>	<b>368,230</b>



# APPENDIX B



Photographer: Annette Kirby



# Estimated Summary Statement including Financing Transactions

	2019 Actual \$'000	2020 Estimate \$'000	2021 Year 1 \$'000	2022 Year 2 \$'000	2023 Year 3 \$'000	2024 Year 4 \$'000	2025 Year 5 \$'000	2026 Year 6 \$'000	2027 Year 7 \$'000	2028 Year 8 \$'000	2029 Year 9 \$'000	2030 Year 10 \$'000
Operating Revenues	908	1,001	1,974	2,706	2,839	2,917	2,998	3,088	3,184	3,283	3,390	3,515
<i>less:</i> Operating Expenses	(1,095)	(1,174)	(1,863)	(2,568)	(2,719)	(2,880)	(2,921)	(2,957)	(2,986)	(3,004)	(3,020)	(3,072)
<b>Operating Surplus/(Deficit) before Capital Amounts</b>	<b>(187)</b>	<b>(173)</b>	<b>111</b>	<b>138</b>	<b>120</b>	<b>37</b>	<b>77</b>	<b>131</b>	<b>198</b>	<b>279</b>	<b>370</b>	<b>443</b>
Capital Expenditure on Renewal/Replacement	0	(128)	0	0	(2,009)	0	0	0	0	0	0	(745)
<i>add back:</i> Depreciation, Amortisation and Impairment	272	281	493	719	735	808	828	848	871	895	919	945
<b>Net Outlays on Existing Assets</b>	<b>272</b>	<b>153</b>	<b>493</b>	<b>719</b>	<b>(1,274)</b>	<b>808</b>	<b>828</b>	<b>848</b>	<b>871</b>	<b>895</b>	<b>919</b>	<b>200</b>
Capital Expenditure on New and Upgraded Assets	(209)	(299)	(6,410)	0	(3,868)	0	0	0	0	0	0	0
<i>add back:</i> Amounts Specifically for New and Upgraded Assets	59	38	1,891	0	2,528	0	0	0	0	0	0	0
<b>Net Outlays on New and Upgraded Assets</b>	<b>(150)</b>	<b>(261)</b>	<b>(4,519)</b>	<b>0</b>	<b>(1,340)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Lending/(Borrowing) for Financial Year</b>	<b>(65)</b>	<b>(281)</b>	<b>(3,915)</b>	<b>857</b>	<b>(2,494)</b>	<b>845</b>	<b>905</b>	<b>979</b>	<b>1,069</b>	<b>1,174</b>	<b>1,289</b>	<b>643</b>
New Borrowings	0	300	4,000	0	2,500	0	0	0	0	0	0	0
Repayment of Principal on Borrowings	0	0	0	(900)	0	(900)	(900)	(900)	(1,100)	(1,200)	(900)	0
(Increase)/Decrease in Cash and Cash Equivalents	65	(19)	(85)	43	(6)	55	(5)	(79)	31	26	(389)	(643)
<b>Financing Transactions</b>	<b>65</b>	<b>281</b>	<b>3,915</b>	<b>(857)</b>	<b>2,494</b>	<b>(845)</b>	<b>(905)</b>	<b>(979)</b>	<b>(1,069)</b>	<b>(1,174)</b>	<b>(1,289)</b>	<b>(643)</b>

---

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## 5.1 CORPORATE

### 5.1.7 Audit Committee Work Plan

**Audit Committee:** 3 February 2020

**Author's Title:** Corporate Strategy Business Partner

**Directorate:** Corporate

**Director:** Robyn Dunstall

**File No.:**

**Annexures:**

A – Audit Committee Work Plan

**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 – Nil**

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## PURPOSE

To review the Audit Committee's Work Plan to ensure it reflects the activity areas determined by the Audit Committee's Terms of Reference.

## SUMMARY

This report details the Audit Committee's legislative requirements and Work Program.

## RECOMMENDATION

**That the Audit Committee receive and note the Work Plan.**

### 5.1.7 Audit Committee Work Plan

#### **REPORT**

##### **BACKGROUND**

This report details the Audit Committee Work Plan and remaining outstanding actions under the guidance and responsibility of the Audit Committee for the financial year but also on an ongoing basis.

##### **DISCUSSION**

A summary of the actions and responsibilities of the Audit Committee is provided to assist the Committee in their monitoring of activities within their responsibility outlined in a central document (the Work Plan – refer **Annexure “A”**).

In accordance with the Local Government Act (SA) 1999, Section 126, the functions of an Audit Committee include:

- reviewing annual financial statements to ensure that they fairly present the state of affairs of a Council;
- proposing, and contributing relevant information to, a review of a Council’s Strategic Management Plan or Annual Business Plan;
- proposing and reviewing the exercise of powers in relation to “other investigations” as specified under Section 130A of the Act (e.g. the conduct of efficiency and economy audits);
- liaising with the Council’s auditors; and
- reviewing the adequacy of the Council’s accounting, internal control, reporting and other financial management systems and practices on a regular basis.

The Work Plan (**Annexure “A”**) highlights in yellow, the activities for presentation or discussion at this meeting.

There is one outstanding item listed in the Work Plan at Annexure “A” which is highlighted in blue. This will be presented at the next Audit Committee meeting.

**Financial Implications – Nil**

##### **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  
Promote positive stories, positive image

## **Legislation**

*Local Government Act (SA) 1999, Section 126(4)* specifies the functions of an Audit Committee

## **Officer Direct or Indirect Interest**

No officer involved in the preparation of this report has any conflicts of interest.

## **Risk Assessment**

Failure to adhere to the *Local Government Act (SA) 1999* may result in financial or reputational risk.

**Social Considerations** – Not applicable

**Community Engagement** – Not applicable

**Environmental Implications** – Not applicable

**Communication** – Not applicable

## **Conclusion**

Council are to ensure that the Audit Committee are kept informed of appropriate information within their responsibilities and the Work Program is continually reviewed.



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		October 2019	SFO
<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		To be presented at this meeting.	October 2019	BPM
	Long Term Financial Plan	S 122 (1a) (a) & (4) (b)	Within two years of a general election		To be presented at this meeting.		BPM
	Infrastructure Asset Management Plans	S 122 (1a) (b)	Two-year program		To be presented at this meeting.		BPM
<i>Financial Reporting</i> 7.1	Consider and review, where necessary, the consistency of improvement to and/or any changes to accounting policies.		Annual	July	No changes required as at July 2019.		SFO

## CITY OF WHYALLA – 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 and report to Council likely impact of ongoing financial sustainability due to changes in Strategic Management Plans.		As required	As required	To be discussed at this meeting.		DC
<i>Annual Business Plan and Budget</i>	Ensure the Annual Business Plan conforms to the Local Government Act.	S 123	Annually	April			DC & CSBP
<i>Annual Business Plan and Budget</i>	Recommend the draft Annual Business Plan prior to its formal consideration for adoption by Council.		Annually	April			DC & CSBP
<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			DC
<i>Internal Controls and Risk Management</i> 7.2	Review practice, policy and procedure for internal controls.	S 125	Annually	July	To be discussed at this meeting		CEO/EMT/SFO

## CITY OF WHYALLA – AUDIT COMMITTEE WORK PROGRAM

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)	As required	As required			SFO
<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		October 2019	SFO
<i>Internal Controls and Risk Management</i> 7.2	Review Business Continuity Plan and Disaster Management Action Plans.		Every 3 years	June 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	June 2019		October 2019	EMT

## CITY OF WHYALLA – AUDIT COMMITTEE WORK PROGRAM

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	January, April, July & September	To be presented at this meeting		CSBP
<i>External Audit</i> 7.5	Ensure appointment of external auditor conforms with legislative provisions.	S 128 (2) & (4a)	Every five years	2020	To be presented at this meeting		CSBP
<i>External Audit</i> 7.5.4	Liaise with Council's external auditors.	S 126 (4) (b)	Yearly	September			CEO/SFO/DC
<i>External Audit</i> 7.5	Receive the independent auditor's reports.		Twice yearly	April and September		October 2019	SFO
<i>External Audit</i> 7.5	Ensure actions proposed in the correspondence from the independent auditor's report are actioned.		As required	As required			DC

## CITY OF WHYALLA – AUDIT COMMITTEE WORK PROGRAM

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.		Annually	July		July 2019	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	January	To be deferred to the next meeting.		DC
<i>Reporting Responsibilities</i> 9	Ensure urgent or significant matters are formally and promptly reported to Council.		As required	As required			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



## CITY OF WHYALLA – AUDIT COMMITTEE WORK PROGRAM

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			DC

## 5.2 INFRASTRUCTURE

### 5.2.1 Draft Asset Management Strategy

**Audit Committee:** 3 February 2020

**Author's Title:** Manager Assets

**Directorate:** Infrastructure

**A/Director:** Markus Dunatov

**File No.:** 0-159

**Annexures:**

A – Draft 2021-2030 Asset Management Strategy

**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 draft 2021-2030 Asset Management Strategy in accordance with Section 122(4)(b) of the *Local Government Act 1999*.

## SUMMARY

That the Audit Committee recommend to Council, the draft 2021-2030 Asset Management Strategy be released for public consultation.

## RECOMMENDATION

**That the Audit Committee recommend to Council, the draft 2021-2030 Asset Management Strategy be released for public consultation, as per Council's Public Consultation Policy.**

### **5.2.1 Draft Asset Management Strategy**

#### **REPORT**

##### **BACKGROUND**

To comply with Section 122 of the Local Government Act 1999, Council is required to produce and adopt Asset Management Plans within two years after each general election – this is to ensure services are maintained in a financially sustainable manner.

The key objective of the draft 2021-2030 Asset Management Strategy is to provide the framework for how the Council seeks to deliver and fund services to the community over the medium and long term. The Asset Management Strategy has been prepared to comply with regulatory requirements and provide a breakdown of funding projected over a ten-year reporting period.

##### **DISCUSSION**

Refer to **Annexure “A” – Draft 2021-2030 Asset Management Strategy**

The draft 2021 -2030 Asset Management Strategy is a summary that combines the six major asset categories of Transport, Buildings, Open Space, Plant and Equipment, Stormwater and Irrigation. There is also reference to Furniture and Fittings, which has been provided an annual renewal allowance within the renewal funding figures. Individual Asset Management Plans for each category are considered to be internal operational documents and will be reviewed annually.

The figures throughout the document are based on the philosophy of 100% asset renewal funding and maintaining existing operational service levels.

There are known deficiencies across the buildings and open spaces asset categories, which have been addressed in the improvements section of the Asset Management Strategy. The improvements section specifies that Council develop sound asset registers for improved accuracy so that componentised condition assessments can be undertaken. This will provide greater confidence in predictive modelling, which in turn improves the planned renewal expenditures.

Recent improvements have included componentising transport and stormwater data into an asset register and using predictive modelling for forecasting optimised renewals. This was after condition assessments were undertaken.

##### **Financial Implications**

The draft 2021-2030 Asset Management Strategy proposes \$54.6 million for projected asset renewal requirements over the ten-year period. This is in line with what is being proposed in the draft 2020-2030 Long Term Financial Plan with 100% asset renewal projected expenditure. Figures included in the draft Asset Management Strategy are the 2019/20 real values, with the total spend shown in the draft Long-Term Financial Plan being \$61.8 million due to the application of indexation.

The expenditure on buildings and open space is expected to be further refined once updated condition data is obtained. It is also expected that as the transition towards pro-active maintenance progresses, savings will be realised as intervention points are optimised.

Council is continuing to revise its individual Asset Management Plans with work being undertaken on the formalisation of asset service standards, hierarchy levels, useful lives and the formalisation of a three-year delivery program.

### **Strategic Plan**

- |                |   |
|----------------|---|
| Objective 1.1  | Unearth community pride within the city   |
| Strategy 1.1.1 | <i>Regularly inform the community of council activities, decisions and actions<br/>Promote positive stories, positive image</i>   |
| Strategy 1.1.2 | <i>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</i>                                       |
| Objective 2.1  | To create a city that is attractive and showcases our natural and built assets  |
| Strategy 2.1.1 | <i>Embed place making principles in council development to ensure that places are not just infrastructure but reflect the needs and uses of the location, and include messaging and connectivity to community</i> |
| Strategy 2.1.5 | <i>Promote, protect, and rehabilitate the unique and historical built environment of Whyalla</i>  |
| Objective 2.4  | To ensure that infrastructure is maintain and managed to meet the community's economic, social and physical needs   |
| Strategy 2.4.1 | <i>Aim to fund Whyalla City Council asset management plan at 100 per cent</i>   |

### **Legislation**

Section 122 – Strategic Management Plans, *Local Government Act 1999*

**Officer Direct or Indirect Interest – Nil**

### **Risk Assessment**

In assessing Council risk associated with legislative compliance and the consequence of the Audit Committee not reviewing the Asset Management Strategy, it is considered a moderate risk as Council would be in breach of legislation and receive adverse criticism. The likelihood of this occurring would be rare and only in exceptional circumstances, by supporting this recommendation the risk is removed.

**Social Considerations – Not applicable**

### **Community Engagement**

Council will undertake consultation on the three Strategic Management Plans as required under legislation. A community information night will be held during the consultation period.

**Environmental Implications** – Not applicable

### **Communication**

Consultation will be advertised via a notice in the Whyalla News and on Council's web-site. The preferred method for the consultation will be electronic, but hard copies of all documents will be made available at key Council sites.

### **Conclusion**

Council has reviewed its Asset Management Strategy and is proposing to fully fund the projected \$54.6 million required to renew assets over the next 10 years. This figure is in 2019/20 dollars and excludes the impact of inflation.







# **Draft Asset Management Strategy 2021 – 2030**



The Corporation of the City of Whyalla

Revision 1.4

16 January 2020

Document Control		<div><div>IPWEA INSTITUTE OF PUBLIC WORKS ENGINEERING AUSTRALASIA</div></div> <div></div>			
Document ID: Asset Management Strategy_S1_V1					
Rev No*	Date	Revision Details	Author	Reviewer	Approver
1.0	01.05.2017	1 <sup>st</sup> Draft	PMAP	GMIP	
1.1	15.06.2017	Draft - Amendment as per AC188-2017	PMAP	GMIP	
1.2	29.06.2017	Draft - Amended title within executive summary	PMAP	AC	
1.3	17.07.2017	Draft Adopted as per C3124-2017	PMAP	WCC	WCC
1.4	16.01.2020	Revised draft for strategic workshop 20/01/2020	MA	A/DI	WCC

WCC	–	Whyalla City Council
AC	–	Audit Committee
GMIP	–	Group Manager Infrastructure & Planning
A/DI	–	Acting Director Infrastructure –
PMAP	–	Project Manager Assets & Programming
MA	–	Manager Assets
MO	–	Manager Operation

\*Supersedes previous Revision 1.3 adopted by Council 17 July 2017

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## 1. EXECUTIVE SUMMARY

### Context

This Asset Management Strategy ('the Strategy') is prepared to assist Council in improving the way it delivers services from infrastructure; including road and transport related infrastructure, buildings, open space and land improvements, stormwater, irrigation, plant and equipment. The combined replacement value for all Council Assets is \$382,897,000.

The Strategy has been compiled to combine all asset classes into one summarised document. Adopting the Strategy will assist Council in meeting the requirements of the National Sustainability Framework, the Local Government Act 1999, the Financial Audit and Management Act 2012; and provide services needed by the community in a financially sustainable manner.

Asset Management Plans (AM Plans) for specific asset categories are held as operational documents and are reviewed regularly to underpin the implementation of the Strategy. The Strategy ensures;

- the asset portfolio will meet the service delivery needs of the community into the future.
- Council's Asset Management Policy can be achieved,
- integration of Council's Asset Management with its long term strategic and financial plans.

### Strategic Outlook

1. Council is able to continue to improve the level of service provided by its assets and to meet optimal levels of service identified in condition surveys.
2. Council must consider strategies to fund the projected asset renewal expenditure over next 10 years.
3. Council's current asset management maturity is considered at 'core' level. Continued investment is required to ensure that data verification, system management and evaluation continues to mature towards an 'advanced' system level.
4. Council endeavours to optimise the life of assets at the most economic cost over time (lifecycle approach) including the development of new technologies to support optimisation.
5. Reducing the demand for new assets through demand management techniques and consideration of alternative service delivery options.

### What is Covered?

Council is responsible for managing its assets at a level that ensures the desired standards of service are achieved and maintained in a cost effective and timely manner.

The assets included within this strategy are;

- Transport Assets
- Stormwater Assets
- Irrigation
- Plant and Equipment
- Recreation and Open Space
- Building Assets
- Furniture and Fittings

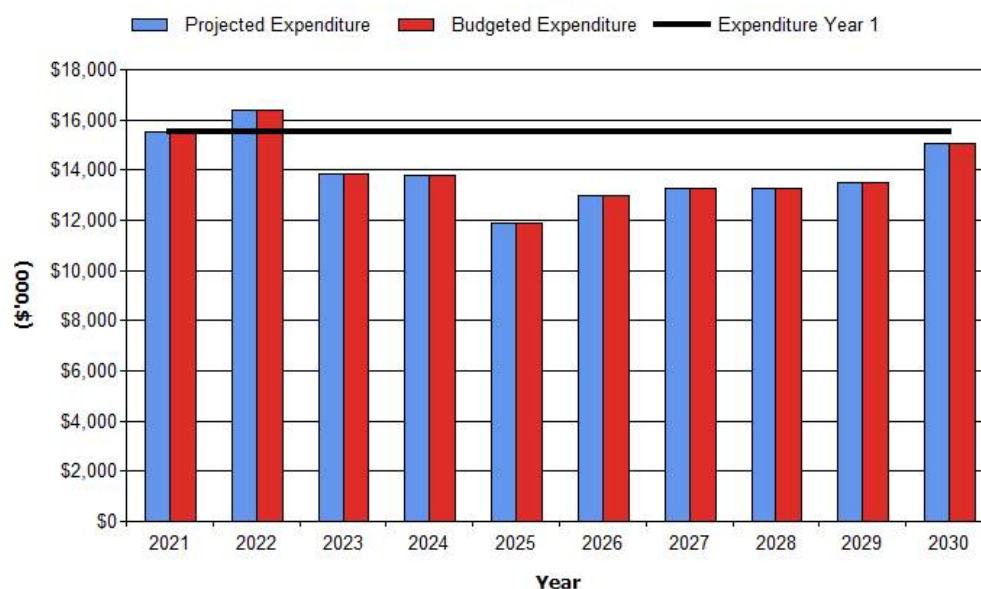
## What does it Cost?

The projected outlays necessary to provide the services covered by this Strategy, include; operations, maintenance, renewal and upgrade of existing assets over the 10 year and is calculated at \$139,498,000 or \$13,950,000 on average per year for the planning period (2021-2030).

Estimated available funding for this period is \$139,498,000 or \$13,950,000 on average per year which is 100% of the cost to provide the service.

The graph below demonstrates projected and budget expenditure for all assets. Projected Expenditure for year 2021 (2020/21 financial year) includes those assets which are expired or due to expire within the first year of this planning period.

### Whyalla CC - Projected and Budget Expenditure for (Strategy)



## What we will do

We plan to provide Infrastructure services for the following:

- Operation, maintenance, renewal of Council's transport network to meet service levels set by Council in annual budgets while addressing renewal backlog.
- Building categorisation to quantify the funding levels required for optimal operation, maintenance, renewal of Building infrastructure.
- Commissioning of the new Jetty.
- Develop ovals that open up Whyalla to opportunities for hosting sporting event on the national stage.
- Extension of stormwater network for mitigation projects as provided by the Stormwater Management Plan.
- Implement the 3-year transport delivery plan.
- Continued implementation of master plans as considered in Council's Long-Term Financial Plan.

## What we cannot do

We do **not** have enough funding to provide services at a higher level than currently delivered or provide new services, unless considered separately by Council.



## Managing the Risks

The following have been identified as major risks:

- Limitation of data, particularly those categories which require componentisation to optimise forward planning and renewal; and, discrepancy in data where full componentisation is not achieved.
- Gifted assets once handed to Council are fit for purpose with any damage rectified and brought to standard.
- Responding to reactive maintenance through Council's Customer Request system to alleviate and manage risk of increased asset deterioration.
- Reliance on historical data and knowledge available for asset categories which are below a 'core' level of maturity.
- Compliance with legislative requirements on limited resources.

Council will endeavour to manage these risks by:

- Ensuring continuous improvement of Council's Conquest Asset Management System and systematic componentisation of assets to ensure optimum performance.
- Identifying assets most at risk and undertake necessary testing to quantify function and condition.
- Develop and maintain a 10-year asset renewal program across all asset classes, with continued analysis prior to compiling annual works program.
- Undertake conditioning surveys for each asset class on a rotating five-year schedule, to rectify any data deficiencies over the 10 year period.
- Continue planned and some reactive maintenance through Council's maintenance programs.
- Record, inspect, repair and finalise specific concerns through the customer service system.

## Confidence Levels

This Strategy, on balance, is based on a medium level of confidence in information. Data pertaining to categories with the majority value, including Transport, Buildings and Stormwater is provided with a high level of confidence. However, continued investment is required to achieve similar validation of data in those categories that carry the least value, namely Irrigation, Plant and Equipment.

## The Next Steps

The actions resulting from this Strategy are:

- Complete revision of AM Plans for all Asset classes to ensure effective management of Assets.
- Investigate and implement innovative cost-effective treatment methods and solutions to extend the life of Council Assets.
- Compile a 10 year forward works program in line with treatments and/or recommendations.
- Undertake testing on key assets where details are unknown or assumed.
- Implement the Asset Management Policy in line with national framework requirements.
- Refine the existing Asset Management System to comply with Asset Management Policy and ensure that the Conquest data is suitably componentised and inclusive of all asset categories.
- Enact the asset management improvement program (Table 6.1) which details a program of tasks to be completed and resources required to bring Council to an 'advanced' level of asset maturity and competence.

## 2. INTRODUCTION

### 2.1 Background

This Strategy is designed to;

- demonstrate responsive management of assets (and services provided from assets), compliance with regulatory requirements, and to communicate funding needed to provide the required levels of service over a 20 year planning period.
- follow the format recommended in Section 4.2.6 of the International Infrastructure Management Manual<sup>1</sup>.
- be read with the organisation's Asset Management Policy, Whyalla City Council Strategic Plan and the Long Term financial Plan.

This infrastructure assets covered by this Strategy are shown in Table 2.1. These assets are used to provide a range of services to the community.

**Table 2.1: Assets covered by this Plan**

Asset category	Category Components
Transport Assets	Road Pavement (Base) Road Surface (Seal) Kerb and Channel Footpaths
Building Assets	Community Facilities Council Operational Facilities Public Toilets Sporting Facilities Community Halls
Recreation and Open Space	Land Improvements Playgrounds and Open Space
Stormwater	Stormwater Pits (above ground infrastructure) Stormwater Pipe (below ground infrastructure)
Plant and Equipment	Minor Plant Major Plant
Irrigation	Recycled Water Network Irrigation pipework Valves and miscellaneous fittings
Furniture and Fittings*	Information Technology Furniture Miscellaneous Equipment

Key stakeholders in the preparation and implementation of this Strategy are shown in Table 2.1.1.

\* Due to the total value making up a small portion of Council's total asset stock, Furniture and Fittings is low risk from an Asset Management perspective and is therefore excluded from individual renewal plans. Risk is mitigated by providing an allowance for annual renewal in the Long Term Financial Plan which is reflected in the total renewal figures listed in this Asset Management Strategy.

<sup>1</sup> IPWEA, 2011, Sec 4.2.6, *Example of an Asset Management Plan Structure*, pp 4 | 24 – 27.

**Table 2.1.1: Key Stakeholders in the AM Strategy**

Key Stakeholder	Role in Asset Management Strategy
Mayor and Elected Members	<ul style="list-style-type: none"> <li>Represent needs of community/stakeholders,</li> <li>Ensure organisation is financial sustainable.</li> </ul>
Chief Executive Officer	<ul style="list-style-type: none"> <li>Allocate resources to meet the organisation's objectives in providing services while managing risks,</li> <li>Ensure organisation is financial sustainable.</li> </ul>
Director Infrastructure	<ul style="list-style-type: none"> <li>Overall responsibility for Engineering and Infrastructure Department.</li> <li>Ensuring compliance of Strategic Plan Objectives</li> <li>Guidance and leadership based on expertise within asset management category.</li> </ul>
Manager Assets	<ul style="list-style-type: none"> <li>Responsibility for ensuring asset management tasks and improvement plan are undertaken in line with objectives set out in Asset Management Strategy</li> <li>Guidance and leadership based on expertise within asset management category.</li> <li>Direct Responsibility of Technical Assist</li> <li>Drafting of Asset Management related plans for approval</li> <li>Capital works projects</li> </ul>
Project Engineer, Project Manager Landscape, Manager Roads	<ul style="list-style-type: none"> <li>Capital works projects</li> <li>Report of any asset defects or deficiencies noted during inspections</li> </ul>
Manager Operations, Civil/Maintenance Coordinator and Open Spaces Coordinator	<ul style="list-style-type: none"> <li>Responsible for reactive and planned maintenance schedules</li> <li>Completion of customer requests relating to asset maintenance issues</li> <li>Report of any asset defects or deficiencies noted during inspections</li> </ul>
Technical Assistant	<ul style="list-style-type: none"> <li>Responsible for Data integrity, storage and retrieval</li> <li>Update and maintain GIS systems</li> <li>Assist with capital works projects</li> </ul>
The Community (residents, businesses, property owners)	<ul style="list-style-type: none"> <li>Provide feedback on Level of Service and the implications on revenue and budget expenditure</li> <li>Reporting of any asset defects or deficiencies through Council's Customer Service System</li> </ul>
Federal and State Governments	<ul style="list-style-type: none"> <li>Liaise for funding opportunities through various Government Agencies</li> <li>Reporting body for any issues or service deficiencies for DPTI infrastructure</li> </ul>

## 2.2 Resourcing Strategy

Council's asset management strategy is aligned with the vision and objectives set in Council's strategic plan. Central to this is forecasting the service delivery needs and the capacity to meet them on a short, medium and long term basis.

Cost occurs in all phases of an asset's life. It is important to attribute the costs to each phase of an asset's life cycle so that the total life cycle costs can be determined to enable better management decision making. There are four key phasis of the asset management lifecycle of a council's asset: acquisition, operation and maintenance, renewal and disposal. These phases are interrelated.

The cost of implementing the Asset Management Plan has been incorporated within Council's delivery program and financial estimates and LTFP. However, it should be noted that this strategy reflects council's intention at the time of publication. As with any plan or budget the actual results may vary from that forecast.

## 2.3 Goals and Objectives of Asset Management

Council exists to provide services to the community. Some of these services are provided by public infrastructure assets. We have acquired infrastructure assets by 'purchase', by contract, construction by our staff and by donation of assets constructed by developers and others to meet increased levels of service.

Our goal in managing infrastructure assets is to meet the defined level of service (as amended from time to time) in the most cost effective manner for present and future consumers. The key elements of infrastructure asset management are:

- Continuous improvement in asset management practices,
- Providing a defined level of service and monitoring performance,
- Managing the impact of growth through demand management and infrastructure investment,
- Taking a lifecycle approach to developing cost-effective management strategies for the long-term that meet the defined level of service,
- Identifying, assessing and appropriately controlling risks, and
- Having a long-term financial plan which identifies required, affordable expenditure and how it will be financed.<sup>2</sup>

## 2.4 Framework

Key elements of the Strategy are:

- Life cycle management – how Council will manage its existing and future assets to provide defined levels of service,
- Financial summary – what funds are required to provide the defined services,
- Asset management practices,
- Monitoring – how the plan will be monitored to ensure it is meeting organisation's objectives,
- Asset management improvement plan.

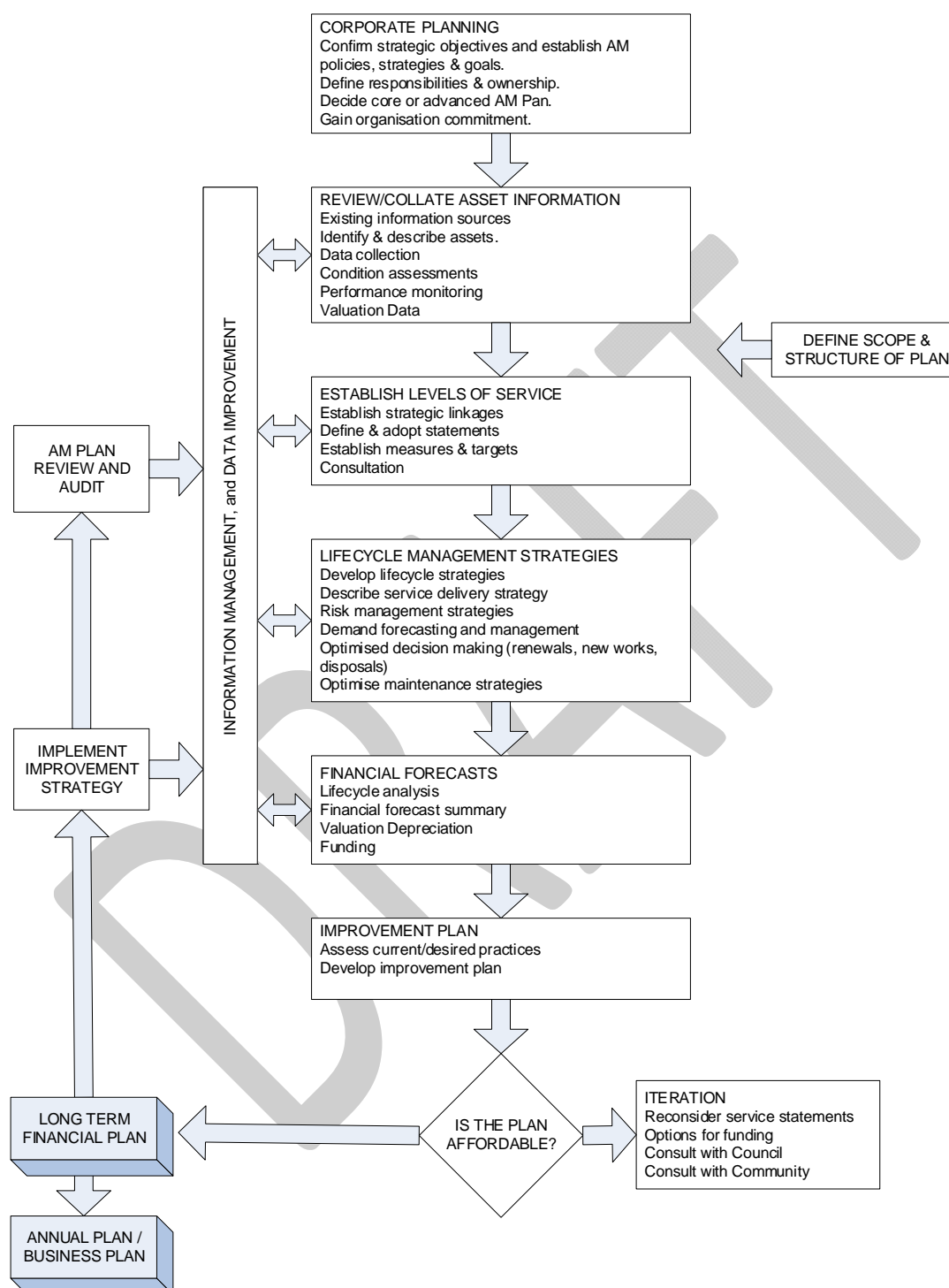
A road map for preparing an AM Plan is shown over page.

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<sup>2</sup> Based on IPWEA, 2011, IIMM, Sec 1.2 p 1|7.

### Road Map for preparing an Asset Management Plan

Source: IPWEA, 2006, IIMM, Fig 1.5.1, p 1.11.





## 2.5 Core and Advanced Asset Management

This Strategy is prepared as a 'core' asset management plan over a 20 year planning period in accordance with the International Infrastructure Management Manual<sup>3</sup>. It is prepared to meet minimum legislative and organisational requirements for sustainable service delivery and long term financial planning and reporting. Core asset management is a 'top down' approach where analysis is applied at the 'system' or 'network' level.

The Strategy provides an approach to asset management based on:

- Best available current information
- Current level of service
- Contrasting existing management strategies with opportunities for improvement.
- A long term financial plan for 10 years with an advanced approach, resulting from financial needs prediction through particular asset's economic life span.
- Prioritising work for rolling forward programming focusing in detail on capital, operational and maintenance requirements.
- A life cycle approach

This Strategy is based on the best information available at the time of preparation. The plan will be regularly reviewed and updated with the level of sophistication improving incrementally to an optimum level that is appropriate to the needs of council and the community.

Future revisions of this Strategy and the associated operational plans will move towards 'advanced' asset management using a 'bottom up' approach for gathering asset information for individual assets to support the optimisation of activities and programs to meet agreed service levels.

An advanced asset management approach contains optimisation of activities and programs to meet agreed service standards, through the development of management tactics based on the collection and analysis of key information on asset condition, performance, lifecycle costs, risk costs and treatment options.

## 2.6 Community Consultation

This 'core' asset management strategy is prepared to facilitate community consultation initially through feedback on public display of the draft prior to adoption by Council. Future revisions of the Strategy will incorporate community consultation on service levels and costs of providing the service. This will assist Council and the community in matching the level of service needed by the community, service risks and consequences with the community's ability and willingness to pay for the service.

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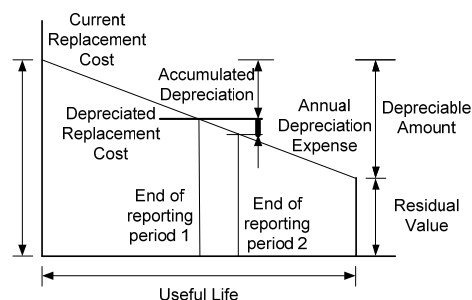
<sup>3</sup> IPWEA, 2011, IIMM.

### 3. LIFECYCLE MANAGEMENT PLAN

#### 3.1 Asset valuations

The value of assets recorded in the asset register as at 30 June 2019 covered by this asset management strategy is shown below.

Current Replacement Cost	\$382,987,000
Depreciable Amount	\$382,987,000
Depreciated Replacement Cost <sup>4</sup>	\$225,347,000
Annual Depreciation Expense	\$5,899,000



Key assumptions made in preparing the valuations were:

- Asset Data available at time of audit is accurate and based on sound methodology
- Depreciation being calculated using a straight-line method
- Current depreciated value based on standard life
- Landfill, land assets, street furniture and office furniture are not included in the above asset valuations due to being outside of the asset registers. An allowance for annual renewal has been included in the Long Term Financial Plan for these asset groups. Their total value makes up a small portion of Council's total asset stock and they are therefore considered to be low risk from an Asset Management perspective.

Various ratios of asset consumption and expenditure have been prepared to help guide and gauge asset management performance and trends over time.

Rate of Annual Asset Consumption (Depreciation/Depreciable Amount)	1.5%
Rate of Annual Asset Renewal (Capital renewal exp/Depreciable amount)	1.8%

In 2020 the organisation plans to renew assets at 115.9% of the rate they are being consumed. Increases in asset stock are considered 0% in the year throughout this plan as upgrade/new is being developed separately.

#### 3.2 Infrastructure Risk Management Plan

An assessment of risks<sup>5</sup> associated with service delivery from infrastructure assets has identified critical risks that will result in loss or reduction in service from infrastructure assets or a 'financial shock' to the organisation. The risk assessment process identifies credible risks, the likelihood of the risk event occurring, the consequences should the event occur, develops a risk rating, evaluates the risk and develops a risk treatment plan for non-acceptable risks.

Critical risks, being those assessed as 'Very High' - requiring immediate corrective action and 'High' – requiring prioritised corrective action identified in the Infrastructure Risk Management Plan, together with the estimated residual risk after the selected treatment plan is operational are summarised in Table 3.1. These risks are reported to management and Council.

<sup>4</sup> Also reported as Written Down Current Replacement Cost (WDCRC).

<sup>5</sup> Council's Risk Management Policy

**Table 3.1: Critical Risks and Treatment Plans**

Service or Asset at Risk	What can Happen	Risk Rating (VH, H)	Risk Treatment Plan	Residual Risk *
All assets	Errors in data analysis based on existing historical data resulting in inaccurate calculations for useful life, renewal costs and asset depreciation	VH	Componentisation of all asset classes and the uploading of this data into Conquest for programming and reporting	L
All assets	Further deterioration compounding existing back log	VH	Ensure capital renewal expenditure exceeds annual depreciation across the medium and long term	L
Footpaths and Kerb & Channel	Future deterioration of network resulting in excessive capital outlay	VH	Implement 3-year delivery program	L
Stormwater Management	Interruption of services, road network etc as a result of flooding	H	Execute Stormwater Management Plan projects in alignment with road renewal program	M
Open Space	Limitation to available water	H	Optimise and upgrade irrigation network	M
Open Space & Buildings	Operations and Maintenance costs become unsustainable to maintain current service levels	H	Condition assessment and develop renewal, upgrade & divestment plans	L

Note \* The residual risk is the risk remaining after the selected risk treatment plan is operational.

### 3.3 Routine Operations and Maintenance Plan

Operations include regular activities to provide services such as public health, safety and amenity, e.g. cleansing, street sweeping, grass mowing and street lighting.

Routine maintenance is the regular on-going work that is necessary to keep assets operating, including instances where portions of the asset fail and need immediate repair to make the asset operational again.

#### 3.3.1 Operations and Maintenance Plan

Operations activities affect service levels including quality and function through street sweeping and grass mowing frequency, intensity and spacing of street lights and cleaning frequency and opening hours of building and other facilities.

Maintenance includes all actions necessary for retaining an asset as near as practicable to an appropriate service condition including regular ongoing day-to-day work necessary to keep assets operating, eg road patching but excluding rehabilitation or renewal. Maintenance may be classified into reactive, planned and specific maintenance work activities.

Reactive maintenance is unplanned repair work carried out in response to service requests and management/supervisory directions.

Planned maintenance is repair work that is identified and managed through a maintenance management system (MMS). MMS activities include inspection, assessing the condition against failure/breakdown experience, prioritising, scheduling, actioning the work and reporting what was done to develop a maintenance history and improve maintenance and service delivery performance.

Specific maintenance is replacement of higher value components/sub-components of assets that is undertaken on a regular cycle including repainting, replacing air conditioning units, etc. This work falls below the capital/maintenance threshold but may require a specific budget allocation.

Actual past operating and maintenance expenditure is shown in Table 3.3.1.

**Table 3.3.1: Operating and Maintenance Expenditure Trends**

Asset Class	Operating & Maintenance Expenditure
Transport Assets	\$1,225,400
Building Assets	\$1,763,500
Recreation and Open Space	\$3,984,000
Stormwater Assets	\$58,800
Plant and Equipment	\$434,500
Irrigation	\$268,600

Planned and specific maintenance work is currently 49% of total maintenance expenditure.

Assessment and prioritisation of reactive maintenance is undertaken by Council staff using experience, judgement and feedback from the community through Council's Customer Service System and through further refinement of Council's inspection regime.

### 3.3.2 Operations and Maintenance Strategies

The organisation will operate and maintain assets to provide the defined level of service to approved budgets in the most cost-efficient manner. The operation and maintenance activities include:

- Scheduling operations activities to deliver the defined level of service in the most efficient manner,
- Undertaking maintenance activities through a planned maintenance system to reduce maintenance costs and improve maintenance outcomes. Undertake cost-benefit analysis to determine the most cost-effective split between planned and unplanned maintenance activities (50 – 70% planned desirable as measured by cost),
- Maintain a current infrastructure risk register for assets and present service risks associated with providing services from infrastructure assets and reporting Very High and High risks and residual risks after treatment to management and Council/Board,
- Review current and required skills base and implement workforce training and development to meet required operations and maintenance needs,
- Review asset utilisation to identify underutilised assets and appropriate remedies, and over utilised assets and customer demand management options,
- Maintain a current hierarchy of critical assets and required operations and maintenance activities,
- Develop and regularly review appropriate emergency response capability,
- Review management of operations and maintenance activities to ensure Council is obtaining best value for resources used.

### 3.3.3 Asset hierarchy

An asset hierarchy provides a framework for structuring data in an information system to assist in collection of data, reporting information and making decisions. The hierarchy includes the asset class and component used for asset planning and financial reporting and service level hierarchy used for service planning and delivery. Council has developed a hierarchy system to assist with asset management strategies into the future and will continue to develop this throughout future iterations of Asset Management Plans (refer to improvement plan).

### 3.3.4 Critical Assets

Critical assets are those assets which have a high consequence of failure but not necessarily a high likelihood of failure. By identifying critical assets and critical failure modes, Council can target and refine investigative activities, maintenance plans and capital expenditure plans at the appropriate time.

Operations and maintenance activities may be targeted to mitigate critical assets failure and maintain service levels. These activities may include increased inspection frequency, higher maintenance intervention levels, etc. Critical assets failure modes and required operations and maintenance activities are detailed in Table 3.3.4.

**Table 3.3.4: Critical Assets and Service Level Objectives**

Critical Assets	Critical Failure Mode	Operations & Maintenance Activities
Footpaths	Unserviceable for use with particular risk to the elderly or those who rely on mobility aids	Undertake planned and reactive maintenance in line with Council's customer service charter and internal schedules and policies.
Roads	Unserviceable for vehicular traffic due to failure	Undertake planned and reactive maintenance in line with Council's customer service charter and internal schedules and policies.
Culverts and similar road structures	Failure/Collapse	Continued inspection procedures to identify and complete maintenance as required
Sporting facilities	Unserviceable for use by community and/or sporting clubs.	Undertaken planned and reactive maintenance in line with Council's customer service charter and internal schedules and policies.
Playgrounds	Unserviceable for use due to failure	Undertaken planned and reactive maintenance in line with Council's customer service charter and internal inspections and policies.
Public furniture/structures	Failure/Collapse	Continued inspection procedures to identify and complete maintenance as required

### 3.3.5 Standards and specifications

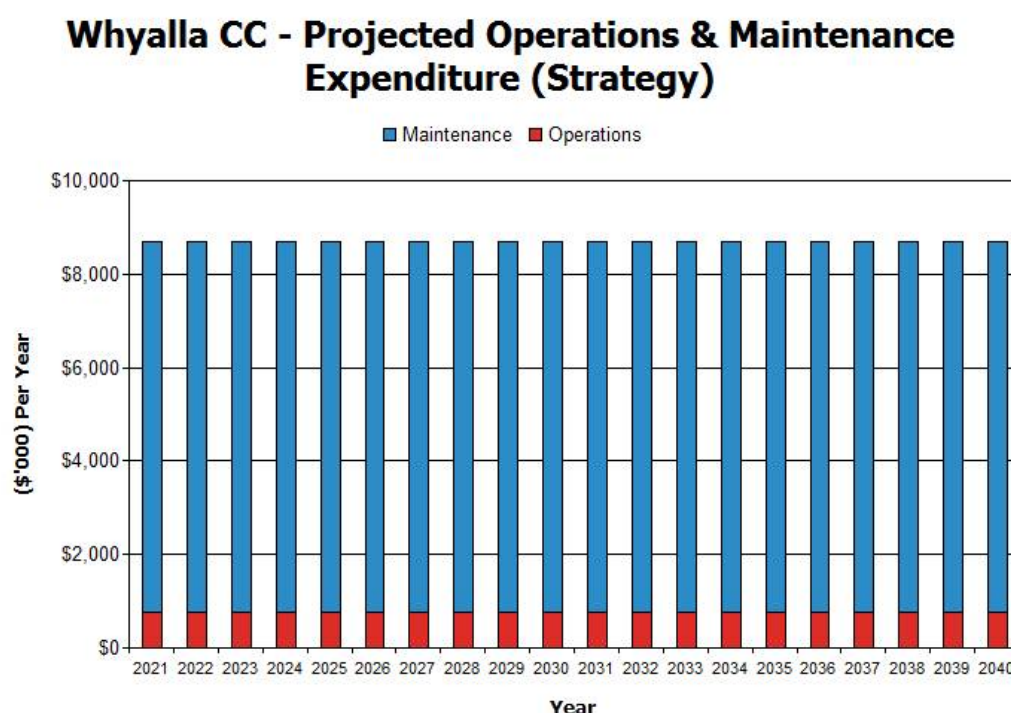
Maintenance work is carried out in accordance with the following Standards and Specifications.

- SAA HB81 parts 1-9: Field Guide for Traffic Control at Works on Roads
- AS 1472 parts 1-13: Manual of Uniform Traffic Control Devices
- Ministers Notice to Council – 9 September 2013
- Various internal policies
- Approved maintenance schedules

### 3.3.6 Summary of future operations and maintenance expenditures

Future operations and maintenance expenditure is forecast to trend in line with the value of the asset stock as shown in Figure 1. Note that all costs are shown in current 2019/20 dollar values (i.e. real values).

**Figure 1: Projected Operations and Maintenance Expenditure**



Deferred maintenance, i.e. works that are identified for maintenance and unable to be funded are to be included in the risk assessment and analysis in the infrastructure risk management plan.

Maintenance is funded from the operating budget where available.

### 3.4 Renewal/Replacement Plan

Renewal and replacement expenditure is major work which does not increase the asset's design capacity but restores, rehabilitates, replaces or renews an existing asset to its original or lesser required service potential. Work over and above restoring an asset to original service potential is upgrade/expansion or new works expenditure.

#### 3.4.1 Renewal plan

Assets requiring renewal/replacement are identified from one of three methods provided in the 'Expenditure Template'.

- Method 1 uses Asset Register data to project the renewal costs using acquisition year and useful life to determine the renewal year, or
- Method 2 uses capital renewal expenditure projections from external condition modelling systems (such as Pavement Management Systems), or
- Method 3 uses a combination of average *network renewals* plus *defect repairs* in the *Renewal Plan* and *Defect Repair Plan* worksheets on the 'Expenditure template'.

Achieving an asset maturity to allow for the use of Method 2 across all categories is Council's preference. To develop this strategy a mix of Method 1 and Method 2 was used subject to information available for each asset category.



### 3.4.2 Renewal and Replacement Strategies

Council will plan capital renewal and replacement projects to meet level of service objectives and minimise infrastructure service risks by:

- Planning and scheduling renewal projects to deliver the defined level of service in the most efficient manner,
- Undertaking project scoping for all capital renewal and replacement projects to identify:
  - the service delivery 'deficiency', present risk and optimum time for renewal/replacement,
  - the project objectives to rectify the deficiency,
  - the range of options, estimated capital and life cycle costs for each options that could address the service deficiency,
  - and evaluate the options against evaluation criteria adopted by the organisation, and
  - select the best option to be included in capital renewal programs,
- Using 'low cost' renewal methods (cost of renewal is less than replacement) wherever possible,
- Maintain a current infrastructure risk register for assets and service risks associated with providing services from infrastructure assets and reporting Very High and High risks and residual risks after treatment to management and Council/Board,
- Review current and required skills base and implement workforce training and development to meet required construction and renewal needs,
- Maintain a current hierarchy of critical assets and capital renewal treatments and timings required ,
- Review management of capital renewal and replacement activities to ensure Council is obtaining best value for resources used.

### 3.4.3 Asset Improvement Program & Revaluation Schedule

AM Plans will be prepared in accordance with this Strategy and the International Infrastructure Management Manual. They will be prepared to meet minimum legislative and organisational requirements for sustainable service delivery and long term financial planning and reporting.

Further revisions of the AM Plans will move towards 'advanced' asset maturity and further develop 'bottom up' approach for gathering asset information for individual assets to support the optimisation of activities and programs to meet agreed service levels. Objectives provided in the Asset Improvement Program (see Table 6.1) will be incorporated in to the AM Plans to provide operational direction and underpin the implementation of this Strategy.

AM Plans will be based on refined data that Council has available with each iteration. It is anticipated that the AM Plans will be significantly revised and enhanced regularly in line with the Asset Revaluation Schedule provided in table 3.4.3 below with the emphasis being using the latest technology to collect and store data for all asset classes.

**Table 3.4.3 - Asset Revaluation Schedule**

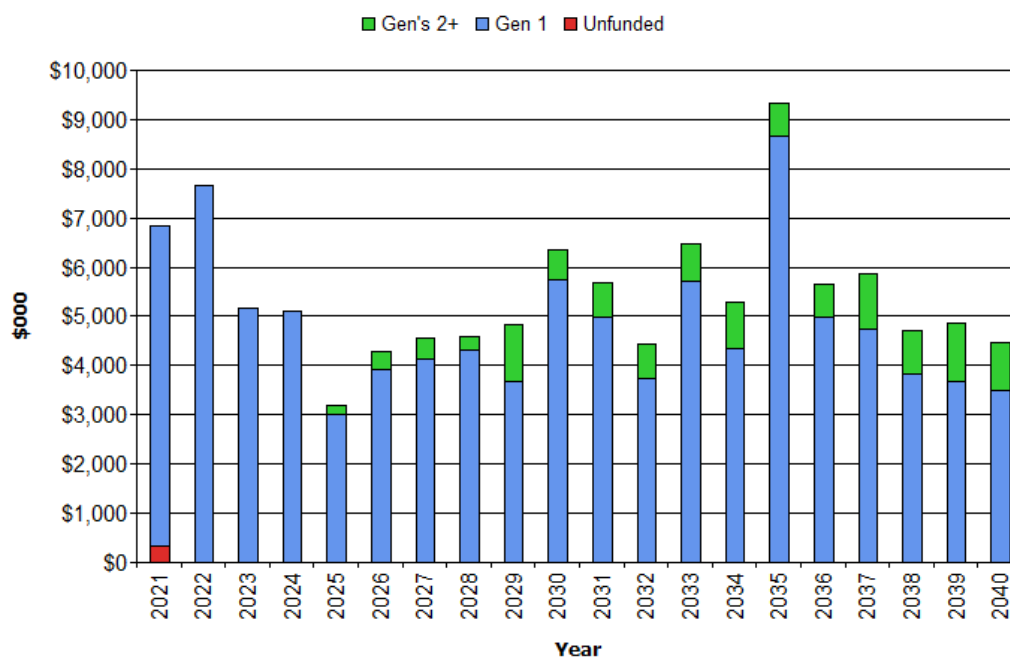
Asset Class	Asset Type	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Transport	Road Network	Desk	Desk	Desk	Desk	Cond	Desk	Desk	Desk	Desk	Cond	Desk
Transport	Kerbs	Desk	Desk	Desk	Desk	Cond	Desk	Desk	Desk	Desk	Cond	Desk
Transport	Footpaths	Desk	Desk	Desk	Desk	Cond	Desk	Desk	Desk	Desk	Cond	Desk
Transport	Signs	Desk	Desk	Desk	Desk	Cond	Desk	Desk	Desk	Desk	Cond	Desk
Stormwater	Pits	Desk	Desk	Desk	Desk	Cond	Desk	Desk	Desk	Desk	Cond	Desk
Stormwater	Pipes	Desk	Desk	Desk	Desk	Cond	Desk	Desk	Desk	Desk	Cond	Desk
Buildings	Level 2	Cond	Desk	Desk	Desk	Desk	Cond	Desk	Desk	Desk	Desk	Cond
Buildings	Level 3	Cond	Desk	Desk	Desk	Desk	Cond	Desk	Desk	Desk	Desk	Cond
Open Space	Land Improvements	Cond	Desk	Desk	Desk	Desk	Cond	Desk	Desk	Desk	Desk	Cond
Open Space	Playgrounds	Cond	Desk	Desk	Desk	Desk	Cond	Desk	Desk	Desk	Desk	Cond
Irrigation	Recycled Water Network	Desk	Cond	Desk	Desk	Desk	Desk	Cond	Desk	Desk	Desk	Desk
Irrigation	Other	Desk	Cond	Desk	Desk	Desk	Desk	Cond	Desk	Desk	Desk	Desk

Cond – Condition Assessment; Desk – Desktop Valuation

#### 3.4.4 Summary of future renewal and replacement expenditure

Projected future renewal and replacement expenditures are forecast to increase over time as the asset stock increases from growth. The expenditure is summarised in Fig 2. Note: that all amounts are shown in real values.

Note: The Red (unfunded) bar in Fig 2 does have allocated renewal budget however is displayed as unfunded due to the financial model beginning from year 2021 and works not yet being completed in 2020. There is no unfunded renewal as depicted in figure 5.

**Fig 2: Projected Capital Renewal and Replacement Expenditure****Whyalla CC - Projected Capital Renewal Expenditure (Strategy)**

Gen's 2+ represents the second and subsequent renewals of an asset.

Deferred renewal and replacement, i.e. those assets identified for renewal and/or replacement and not scheduled in capital works programs are to be included in the risk analysis process in the risk management plan.

Renewals and replacement expenditure in the organisation's capital works program will be accommodated in the long term financial plan.

### 3.5 Creation/Acquisition/Upgrade Plan

New works are those works that create a new asset that did not previously exist, or works which upgrade or improve an existing asset beyond its existing capacity. They may result from growth, social or environmental needs. Assets may also be acquired at no cost to the organisation from land development.

Any asset upgrade or Asset creation will require a project plan and to be tested against the LTFP.

#### 3.5.1 Capital Investment Strategies

The organisation will plan capital upgrade and new projects to meet level of service objectives by:

- Planning and scheduling capital upgrade and new projects to deliver the defined level of service in the most efficient manner,
- Undertake project scoping for all capital upgrade/new projects to identify:
  - the service delivery 'deficiency', present risk and required timeline for delivery of the upgrade/new asset,
  - the project objectives to rectify the deficiency including value management for major projects,
  - the range of options, estimated capital and life cycle costs for each options that could address the service deficiency,

- management of risks associated with alternative options,
- and evaluate the options against evaluation criteria adopted by Council, and
- select the best option to be included in capital upgrade/new programs,
- Review current and required skills base and implement training and development to meet required construction and project management needs,
- Review management of capital project management activities to ensure Council is obtaining best value for resources used.

Standards and specifications for new assets and for upgrade/expansion of existing assets are the same as those for renewal shown in Section 3.4.2.

Projected capital upgrade/new asset expenditure costs are being developed outside of this Asset Management Plan and will be accommodated for in the organisations long term financial plan.

### **3.6 Disposal Plan**

Disposal includes any activity associated with disposal of a decommissioned asset including sale, demolition or relocation. Further investigation regarding assets identified for possible decommissioning and disposal, together with estimated annual savings from not having to fund operations and maintenance of the assets require further reinvestigation to determine the required levels of service and see what options are available for alternate service delivery, if any.

## 4. FINANCIAL SUMMARY

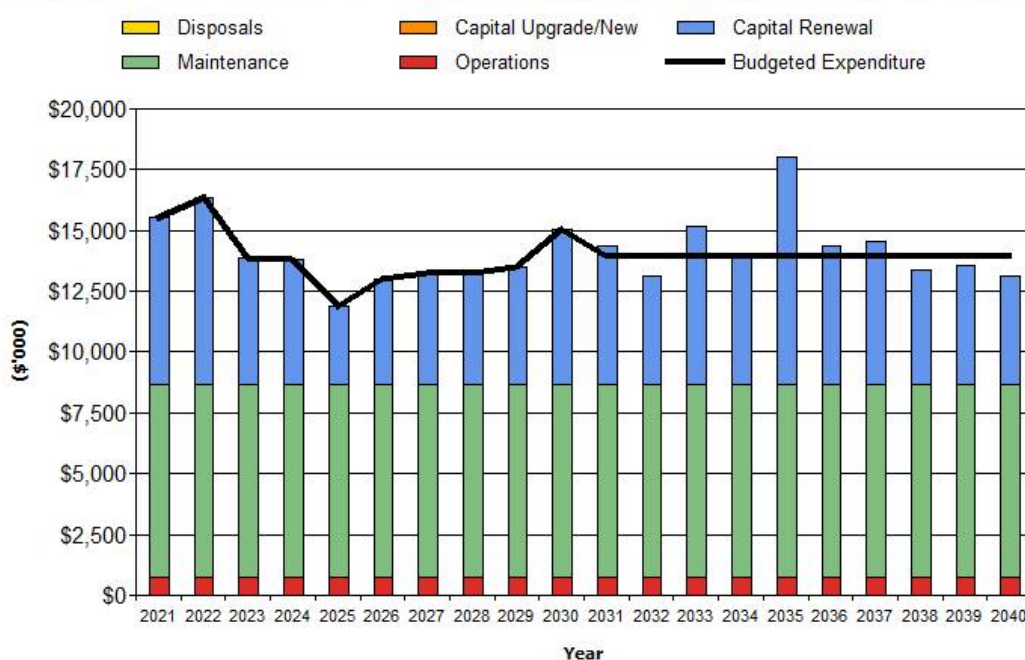
This section contains the financial requirements resulting from all the information presented in the previous sections of this asset management plan. The financial projections will be improved as further information becomes available on desired levels of service and current and projected future asset performance.

### 4.1 Financial Statements and Projections

The financial projections are shown in Fig 4 for projected operating (operations and maintenance) and capital expenditure (renewal and upgrade/expansion/new assets). Note that all costs are shown in real values and upgrade/new expenditure is being developed outside of this plan.

*Fig 4: Projected Operating and Capital Expenditure*

#### Whyalla CC - Projected Operating and Capital Expenditure



#### 4.1.1 Sustainability of service delivery

There are four key indicators for service delivery sustainability that have been considered in the analysis of the services provided by this asset category, these being the asset renewal funding ratio, long term life cycle costs/expenditures and medium term projected/budgeted expenditures over 5 and 10 years of the planning period.

## Asset Renewal Funding Ratio

Asset Renewal Funding Ratio <sup>6</sup>	100%
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The Asset Renewal Funding Ratio is the most important indicator and reveals that over the next 10 years, Council is forecasting that it will have 100% of the funds required for the optimal renewal and replacement of its assets.

## Long term - Life Cycle Cost

Life cycle costs (or whole of life costs) are the average costs that are required to sustain the service levels over the asset life cycle. Life cycle costs include operations and maintenance expenditure and asset consumption (depreciation expense). The life cycle cost for the services covered in this asset management plan is \$14,592,000 per year.

Life cycle costs can be compared to life cycle expenditure to give an initial indicator of affordability of projected service levels when considered with age profiles. Life cycle expenditure includes operations, maintenance and capital renewal expenditure. Life cycle expenditure will vary depending on the timing of asset renewals. The life cycle expenditure over the 10 year planning period is \$13,951,000 per year.

Life cycle expenditure is 100% of life cycle costs.

The life cycle costs and life cycle expenditure comparison highlights any difference between present outlays and the average cost of providing the service over the long term. If the life cycle expenditure is less than that life cycle cost, it is most likely that outlays will need to be increased or cuts in services made in the future.

Knowing the extent and timing of any required increase in outlays and the service consequences if funding is not available will assist organisations in providing services to their communities in a financially sustainable manner. This is the purpose of the asset management plans and long term financial plan.

## Medium term – 10 year financial planning period

This asset management plan identifies the projected operations, maintenance and capital renewal expenditures required to provide an agreed level of service to the community over a 10 year period. This provides input into 10 year financial and funding plans aimed at providing the required services in a sustainable manner.

These projected expenditures may be compared to budgeted expenditures in the 10 year period to identify any funding shortfall. In a core asset management plan, a gap is generally due to increasing asset renewals for ageing assets.

The projected operations, maintenance and capital renewal expenditure required over the 10 year planning period is \$13,950,000 on average per year.

Estimated (budget) operations, maintenance and capital renewal funding is \$13,950,000 on average per year indicating that Council expects to have 100% of the projected expenditures needed to provide the services documented in the asset management plan.

## Medium Term – 5 year financial planning period

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<sup>6</sup> AIFMG, 2012, Version 1.3, Financial Sustainability Indicator 4, Sec 2.6, p 2.16



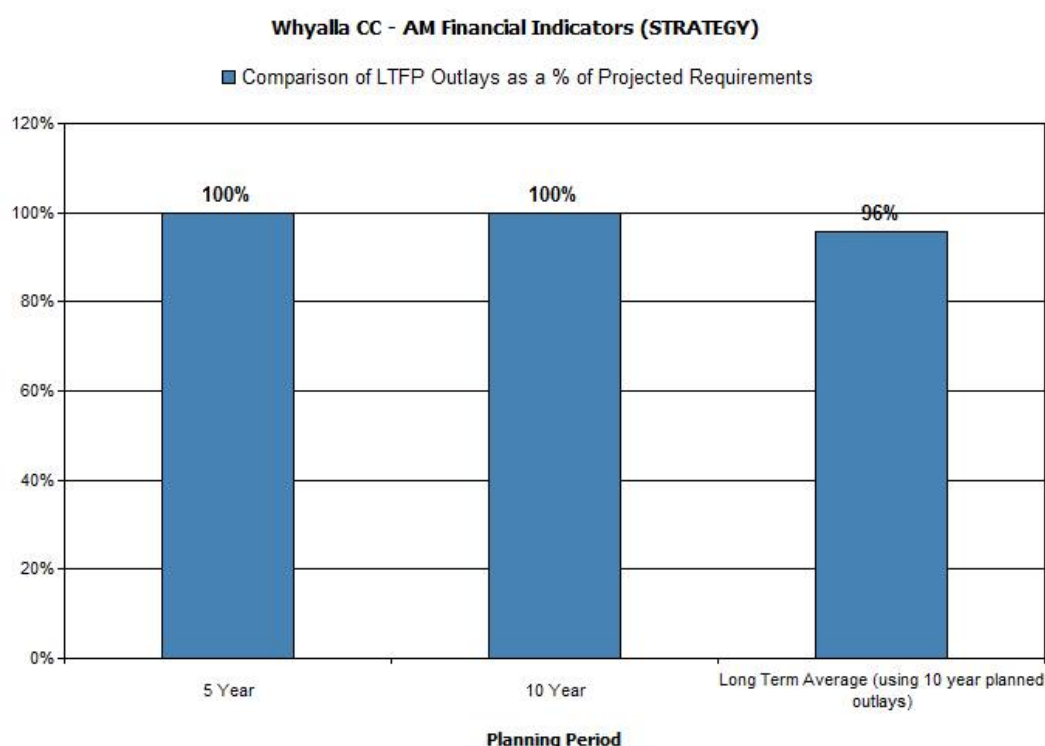
The projected operations, maintenance and capital renewal expenditure required over the first 5 years of the planning period is \$14,285,000 on average per year.

Estimated (budget) operations, maintenance and capital renewal funding is \$14,285,000 on average per year indicating that Council expects to have 100% of projected expenditures required to provide the services shown in this asset management plan.

## 4.2 Asset Management Financial Indicators

Figure 5 shows the asset management financial indicators over the 10 year planning period and for the long term life cycle.

**Figure 5: Asset Management Financial Indicators**

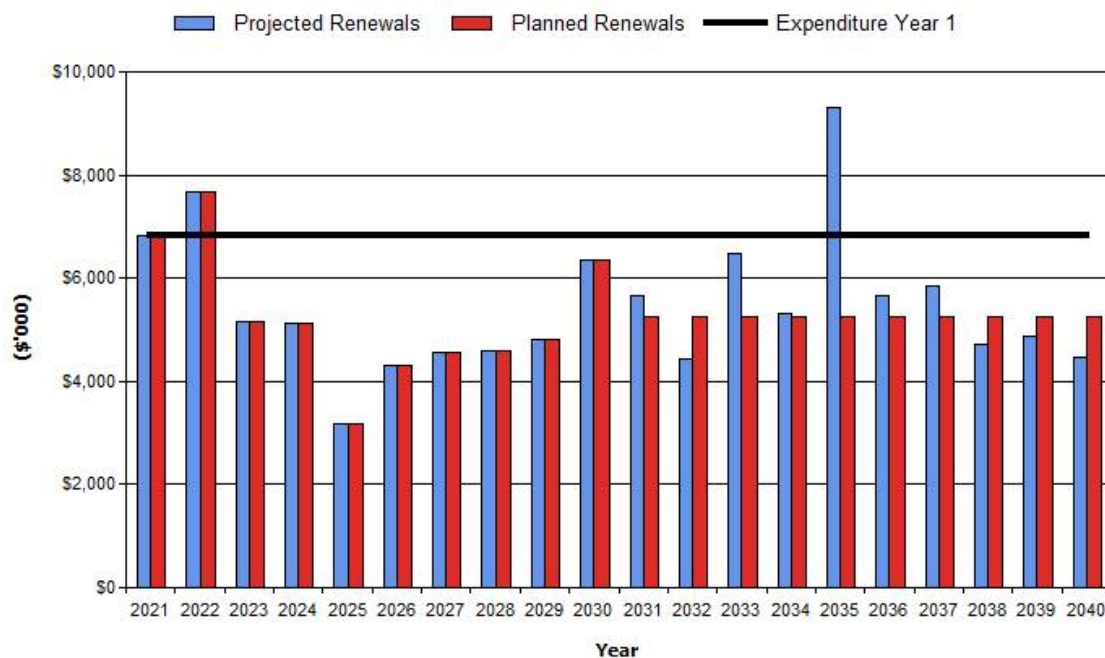


Providing services from infrastructure in a sustainable manner requires the matching and managing of service levels, risks, projected expenditures and financing to achieve a financial indicator of approximately 1.0 for the first years of the asset management plan and ideally over the 10-year life of the Long Term Financial Plan.

Figure 6 shows the projected asset renewal and replacement expenditure over the 20 years of the AM Plan. The projected asset renewal and replacement expenditure is compared to renewal and replacement expenditure in the capital works program, which is accommodated in the long term financial plan

Figure 6: Projected and LTFP Budgeted Renewal Expenditure

### Whyalla CC - Projected & LTFP Budgeted Renewal Expenditure (Strategy)



### 4.3 Projected Expenditures for Long Term Financial Plan

Table 4.3 shows the projected expenditures for the 10 year long term financial plan.

Expenditure projections are in 2020 real values.

**Table 4.3: Projected Expenditures for Long Term Financial Plan (\$000)**

Year	Operations (\$000)	Maintenance (\$000)	Projected Capital Renewal (\$000)	Capital Upgrade/ New (\$000)	Disposals (\$000)
2021	\$768	\$7,925	\$6,835	\$0	\$0
2022	\$768	\$7,925	\$7,670	\$0	\$0
2023	\$768	\$7,925	\$5,161	\$0	\$0
2024	\$768	\$7,925	\$5,111	\$0	\$0
2025	\$768	\$7,925	\$3,181	\$0	\$0
2026	\$768	\$7,925	\$4,295	\$0	\$0
2027	\$768	\$7,925	\$4,556	\$0	\$0
2028	\$768	\$7,925	\$4,579	\$0	\$0
2029	\$768	\$7,925	\$4,819	\$0	\$0
2030	\$768	\$7,925	\$6,361	\$0	\$0

### 4.4 Valuation Forecasts

Asset values are forecast to increase as additional assets are added to the asset stock from construction and acquisition by Council and from assets constructed by land developers and others and donated to Council.

The depreciated replacement cost will vary over the forecast period depending on the rates of addition of new assets, disposal of old assets and consumption and renewal of existing assets.

Valuations are expected to be updated annually in line with the Asset Revaluation Schedule in Table 3.4.3.

## 4.5 Key Assumptions made in Financial Forecasts

This section details the key assumptions made in presenting the information contained in this asset management plan and in preparing forecasts of required operating and capital expenditure and asset values, depreciation expense and carrying amount estimates. It is presented to enable readers to gain an understanding of the levels of confidence in the data behind the financial forecasts.

Key assumptions made in this asset management plan and risks that these may change are shown in Table 4.5.

**Table 4.5: Key Assumptions made in AM Plan and Risks of Change**

Key Assumptions	Risks of Change to Assumptions
Asset Data available at time of audit is accurate and based on sound methodology	Asset data is based on historical data that is incomplete. Further testing is required to confirm assumptions made from visual inspection.
Current depreciated value based on standard life	Actual service life may vary, resulting in reduced or increased life of assets.
Growth not considered in this plan as all figures are in real values.	Unexpected growth may result in unplanned/unbudgeted maintenance and renewal.

## 4.6 Forecast Reliability and Confidence

The expenditure and valuations projections in this AM Plan are based on best available data. Currency and accuracy of data is critical to effective asset and financial management. Data confidence is classified on a 5 level scale<sup>7</sup> in accordance with Table 4.6.1.

**Table 4.6.1: Data Confidence Grading System**

Confidence Grade	Description
A Highly reliable	Data based on sound records, procedures, investigations and analysis, documented properly and recognised as the best method of assessment. Dataset is complete and estimated to be accurate $\pm 2\%$
B Reliable	Data based on sound records, procedures, investigations and analysis, documented properly but has minor shortcomings, for example some of the data is old, some documentation is missing and/or reliance is placed on unconfirmed reports or some extrapolation. Dataset is complete and estimated to be accurate $\pm 10\%$
C Uncertain	Data based on sound records, procedures, investigations and analysis which is incomplete or unsupported, or extrapolated from a limited sample for which grade A or B data are available. Dataset is substantially complete but up to 50% is extrapolated data and accuracy estimated $\pm 25\%$
D Very Uncertain	Data is based on unconfirmed verbal reports and/or cursory inspections and analysis. Dataset may not be fully complete, and most data is estimated or extrapolated. Accuracy $\pm 40\%$
E Unknown	None or very little data held.

<sup>7</sup> IPWEA, 2011, IIMM, Table 2.4.6, p 2|59.

The estimated confidence level for and reliability of data used in this AM Plan is shown in Table 4.6.2.

**Table 4.6.2: Data Confidence Assessment for Data used in AM Plan**

Data	Confidence Assessment	Comment
Demand drivers	B	Demand drivers are based on historical trends and are not expected to vary significantly.
Growth projections	N/A	Growth projections are not considered in this plan.
Operations expenditures	B	Are expected to remain steady
Maintenance expenditures	B	Are expected to remain steady
Projected Renewal exps.	A	Values are based on latest contract values for correspondence asset subcategories to reflect current market
- Asset values	B	Asset residual values are only considered for assets with an active market such as plant & equipment.
- Asset residual values	B	Asset useful lives are based on visual inspection applied to historical information to revise the expiry.
- Asset useful lives	B	Conditions are based on visual inspections undertaken in in line with the inspection schedule
- Condition modelling	B	Network renewals are based analysed after a sample visual inspection methodology is expected to be accurate.
- Network renewals	B	Treatments in line with Asset Audit Deliverables
- Defect repairs	B	Capital delivery program and LTFP allows for careful scoping of projects. This will be evaluated in conjunction with renewal programs to ensure intervention point is optimised and budget is based on historical expenditure.
Upgrade/New expenditures	B	
Disposal expenditures	C	Written down value (accumulated depreciation) is based on standard life estimations. Actual residual value may be greater if actual useful like exceeds standard useful life.

Over all data sources, the data confidence is assessed as medium to high confidence level for data used in the preparation of this Strategy.

## 5. STRATEGIC AND CORPORATE GOALS

## 5.1 Alignment to Organisational Goals

This Strategy is prepared under the direction of the organisation's vision, mission, goals and objectives.

Our vision is:

***Whyalla will be vibrant, attractive City offering our community a diverse range of sustainable economic, social, environmental and cultural opportunities.***

Our mission is:

***We will provide access to quality infrastructure, services and facilities, capitalising on and protecting our attractive coastal and outback landscapes.***

***We will be home to an energetic, harmonious, integrated community actively involved in shaping Whyalla for current and future generations.***

Relevant organisational goals and objectives and how these are addressed in this asset management plan are:

**Table 5.1: Organisation Goals and how these are addressed in this Plan**

Goal	Objective	How Goal and Objectives are addressed in AM Plan
Infrastructure is appropriately planned, maintained and managed.	Plan, Maintain and Enhance Council's infrastructure assets to meet, as far as practicable, the community's economic, social, environmental and financial needs.	<p>Develop annual work programs and long-term projects to reflect maintenance and investment priorities, risk and available resources and be proactive and link them to Council's annual budgeting and long term financial plan.</p> <p>By ensuring that expenditure reflect both the current requirement to bring transport assets to a suitable standard in conjunction with a commitment to ensure capital renewal exceeding annual depreciation.</p> <p>Asset management plans will define outcomes, service standards, condition, performance, maintenance and investment requirements.</p> <p>Asset Management Plan and system will outline for optimised maintenance cost through next 3-5 years by looking at best mixture of reactive and planned maintenance, asset rehabilitation and renewal interventions.</p> <p>Asset management plan will outline the projected future funding requirements and funding gaps for the next 20 years.</p>
Council will be recognised for being	Ensure the provision of appropriate services and	Identify long term funding gaps, discuss strategies



financially responsible.	<p>maintenance of assets by:</p> <ul style="list-style-type: none"> <li>- Cost containment</li> <li>- Income generation</li> <li>- Rate setting policy review</li> <li>- Adopting a flexible and sustainable rating structure</li> <li>- Exploring cost recovery mechanisms</li> </ul> <p>Use financial risk management strategies and take appropriate action to manage these risks across the organisation.</p>	<p>to minimise those gaps as ongoing.</p> <p>Prepare Long term financial plans and funding forecasts for long term sustainability of transport assets.</p> <p>Continue to work in partnership with State and Federal Government organisations and funding bodies.</p> <p>Prepare maintenance and rehabilitation plans, identify interventions to provide agreed service levels at a minimum life cycle cost.</p> <p>Maintain a collaborative and interactive relationship with Audit Committee.</p> <p>Assess the suitability of current Asset Management System to meet the current and future requirements of the council and community.</p> <p>Asset Management Plans for all assets evolve from core Asset Management Plans, i.e. Generation 1 towards advance Asset Management Plans following current international Asset Management principals and guidelines.</p>
Council is inclusive in its financial governance	<p>Involve the Whyalla community early in the annual budget and rate-setting process.</p> <p>Proactively inform the Whyalla community on developments with Council's finances and communicate and explain the rate-setting and services-provision processes in as open and transparent way.</p>	<p>By linking ability to pay to level of service and setting the level of service to a price the community are willing to pay.</p> <p>As a part of new Asset Management Policy the Council will undertake customer satisfaction surveys on an annual basis so quantifiable information can be gathered, this will then be implemented in future iterations of this Asset Management Plan.</p> <p>Continue engagement with community to ensure assets providing services are still required to be held by council, i.e. divest certain assets if deemed appropriate.</p> <p>The community understand what we are doing and how we are doing it.</p>

The organisation will exercise its duty of care to ensure public safety is accordance with the infrastructure risk management plan prepared in conjunction with this Strategy (refer to Asset Management Improvement Program).

## 5.2 Legislative Requirements

The organisation must meet many legislative requirements including Federal and State legislation and State regulations. These include:

**Table 3.3: Legislative Requirements**

Legislation	Requirement
Local Government Act	Sets out role, purpose, responsibilities and powers of local governments including the preparation of a long term financial plan supported by asset management plans for sustainable service delivery.
Road Traffic Act	Sets out the requirements for public consultation and notification requirements for road events, road closures etc.
Work Health and Safety Act 2012 & Regulations	Set out roles and responsibilities to secure the health, safety and welfare of persons at work.
Native Vegetation Act	Sets out the requirements under the Act to protect and preserve native vegetation.
Highways Act	A reference for legislation relating to state roads
AS 1742 Manual of uniform traffic control devices	Standards in relation to traffic control devices for general use and works on roads, speed control, street names, service and tourist signs, railways crossings, freeways, bicycle facilities, pedestrian controls, parking controls, bus transit and truck lanes and local area traffic management
Australian Road Rules	Ensure that Transport facilities satisfy the requirements of Road rules for example road marking to be consistent with legal requirements
AS/NZS 2890 Parking Facilities	Sets out parking requirements in various forms (Off-street parking, on-street parking, etc)
AS1428 Design for access and mobility	Reference for access requirements relating to transport (ie ramps, parking, pedestrian ways, etc)
Austroads Design Guidelines	Ensure that transport facilities satisfy the requirements of guidelines.
Development Act 1993	Sets our parameters for Developments, including what developments required Development Approval (Planning Consent/Building Rules Consent) and the process required to obtain such consents.
Building Codes Australia	Sets out Technical requirements relating to building works.
Disability Discrimination Act 1993	Set outs requirements for equality of access to services and facilities.

## 6. PLAN IMPROVEMENT AND MONITORING

### 6.1 Improvement Program

The asset management improvement plan generated from this Strategy is shown in Table 6.1.

**Table 7.2: Asset Management Improvement Plan**

Task No	Task	Responsibility	Resources Required	Timeline
<b>Transport Assets</b>				
1	Further Development Asset Management System (for modelling purposes)	MA	Staff time/consultant	Completed
2	Update of Asset Registers and upload into Conquest for surface and pavement	MA	Staff/consultant	Completed
3	Validation and upload into Conquest of data pertaining to airport infrastructure, laneways, unsealed roads and carparks	MA	Staff/consultant	Completed
4	Community Satisfaction Survey and desired level of service identification	MA / DI	Staff time/consultant	November 2020
5	Asset Condition Surveys and desktop valuations	MA / DI	Staff time/Consultant	Completed
6	Identification of gaps within data and sourcing of required data	MA / DI	Staff time	Annually
7	Development and review of 10 year capital roads, kerbs & footpaths renewal program	MA	Staff time	Completed and review annually
8	Signage audit and development of 10 year renewal plan	MA	Staff time	June 2018
9	Review of useful life projections at valuation	MA / DI	Staff time/consultant	annually
10	Conduct association maturity Assessment in line with national framework	MA	Staff Time	annually
11	Risk Management Plans, AM Plans and other various operation documents as required.	MA	Staff Time	annually
12	Maintenance Response Levels of Service	MO	Staff Time	Ongoing
13	Update of data on Exponare	MA	Staff Time/consultant	annually
<b>Buildings</b>				
1	Further Development Asset Management System (for modelling purposes)	MA / DI	Staff time/consultant	Ongoing
2	Validation of data collected on Buildings Plus	MA	Staff time	To be done with register upload into Conquest 2020
3	Update of Asset Registers and upload into Conquest	MA	Staff/consultant	June 2020
4	Development of Asset Hierarchy	MA / DI	Staff time/consultant	To be done with register upload into Conquest 2020
5	Community Satisfaction Survey and desired level of service identification	MA	Staff time/consultant	November 2020
6	Asset Condition Surveys	MA / DI	Staff Time/Consultant	To be done with register upload into Conquest 2020
7	Identification of gaps within data and sourcing of required data	MA / DI	Staff	annually
8	Enhance the existing Renewal/Replacement Plans and annual review of 10 year capital programs	MA	Staff Time	To be done with register upload into Conquest
9	Review of useful life projections at valuation	MA / DI	Staff time	annually

10	Conduct association maturity Assessment in line with national framework	MA	Staff Time	annually
11	Risk Management Plans and AM Plans for operational purposes	MA / DI	Staff Time	annually
12	Maintenance Response Levels of Service	MA	Staff Time	Ongoing
13	Conduct Utilisation Study and fit for purpose/functionality of assets and present recommendations for consideration by Council	MA	Staff time/consultant	December 2020
14	Update of data on Exponare	MA	Staff Time/consultant	annually
<b>Recreation and Open Space</b>				
1	Further Development Asset Management System (for modelling purposes)	MA / DI	Staff time/consultant	Ongoing
2	Validation of data collected on Buildings Plus	MA	Staff time	To be done with register upload into Conquest
3	Update of Asset Registers and upload into Conquest	MA	Staff/consultant	In line with condition assessment schedule
4	Development of Asset Hierarchy	MA / DI	Staff time/consultant	To be done with register upload into Conquest
5	Community Satisfaction Survey and desired level of service identification	MA	Staff time/consultant	November 2020
6	Asset Condition Surveys	MA / DI	Staff Time/Consultant	To be done with register upload into Conquest
7	Identification of gaps within data and sourcing of required data	MA / DI	Staff	annually
5	Conduct association maturity Assessment in line with national framework	MA	Staff Time	annually
6	Further testing to verify historical pavement data	MA / DI	Staff Time/NAATA Accredited laboratory	June 2021
7	Risk Management Plans	MA / DI	Staff Time	Every six months
8	Renewal/Replacement Plans and annual review of 10 year capital programs	MA	Staff Time	annually
9	Review of useful life projections at valuation	MA / DI	Staff time	To be done with register upload into Conquest
11	Risk Management Plans	MA / DI	Staff Time	Every six months
12	Maintenance Response Levels of Service	MA	Staff Time	Ongoing
13	Conduct Utilisation Study and fit for purpose/functionality of assets and present recommendations for consideration by Council	MA	Staff time/consultant	December 2020
14	Update of data on Exponare	MA	Staff Time/consultant	annually
<b>Stormwater</b>				
1	Further Development into Asset Management System (for modelling/planning purposes)	MA	Staff time/consultant	Completed
2	Update of Asset Registers and upload into Conquest	MA	Staff/consultant	Completed
3	Community Satisfaction Survey and desired level of service identification	MA	Staff time/consultant	November 2020
4	Enhance Asset Condition data /surveys	MA / DI	Staff Time/Consultant	Condition assessment 2024
5	Identification of gaps within data and sourcing of required data	MA / DI	Staff	annually

6	Renewal/Replacement Plans and annual review of 10 year capital programs	MA	Staff Time	annually
7	Review of useful life projections at valuation	MA / DI	Staff time	annually
5	Conduct association maturity Assessment in line with national framework	PMAP	Staff Time	annually
7	Risk Management Plans and AM Plans for operational purposes	MA / DI	Staff Time	annually
8	Maintenance Response Levels of Service	MA	Staff Time	Ongoing
9	Update of data on Exponare	MA	Staff Time/consultant	annually
<b>Plant and Equipment</b>				
1	Further Development Asset Management System (for modelling purposes)	MA	Staff time/consultant	Ongoing
2	Update of Asset Registers and upload into Conquest	MA	Staff/consultant	To be reassessed annually. Target 2022
3	Develop a renewal system / register with optimised figures (maximising trade in values against depreciated replacement cost)	MA / DI	Staff Time/Consultant	To be reassessed annually. Target 2022
4	Identification of gaps within data and sourcing of required data	MA / DI	Staff	annually
5	Renewal/Replacement Plans and annual review of 10 year capital programs	MA	Staff Time	annually
6	Review of useful life projections at valuation	MA / DI	Staff time	annually
7	Conduct association maturity Assessment in line with national framework	MA	Staff Time	annually
8	Risk Management Plans and operational AM Plans	MA / DI	Staff Time	annually
8	Maintenance Response Levels of Service	MA	Staff Time	Ongoing
<b>Irrigation</b>				
1	Further Development Asset Management System (for modelling purposes)	MA	Staff time/consultant	Ongoing
2	Update of Asset Registers and upload into Conquest	MA	Staff/consultant	To be done in line with next condition assessment in 2021
3	Community Satisfaction Survey and desired level of service identification	MA	Staff time/consultant	November 2020
4	Asset Condition Surveys	MA / DI	Staff Time/Consultant	June 2021
5	Identification of gaps within data and sourcing of required data	MA / DI	Staff	annually
6	Renewal/Replacement Plans and annual review of 10 year capital programs	MA	Staff Time	annually
7	Review of useful life projections at valuation	MA / DI		annually
8	Conduct association maturity Assessment in line with national framework	MA	Staff Time	annually
9	Risk Management Plans and operational AM Plans	MA / DI	Staff Time	annually
10	Maintenance Response Levels of Service	MA	Staff Time	Ongoing
11	Update of data on Exponare	MA	Staff Time/consultant	annually

## 6.2 Monitoring and Review Procedures

This Asset Management Plan will be reviewed during annual budget planning processes and amended to recognise any material changes in service levels and/or resources available to provide those services as a result of budget decisions.

The AM Plan will be updated annually to ensure it represents the current service level, asset values, projected operations, maintenance, capital renewal and replacement and asset disposal expenditures and projected expenditure values incorporated into the Council's long term financial plan. Noting that upgrade/new will be considered outside of this plan.

The AM Plan has a life of 4 years (Council election cycle) and is due for complete revision and updating within 2 years of each Council election.

### 6.3 Performance Measures

The effectiveness of the asset management plan can be measured in the following ways:

- The degree to which the required projected expenditures identified in this asset management plan are incorporated into the organisation's long term financial plan,
- The degree to which 1-5-year detailed works programs, budgets, business plans and organisational structures take into account the 'global' works program trends provided by the asset management plan,
- The degree to which the existing and projected service levels and service consequences (what we cannot do), risks and residual risks are incorporated into the organisation's Strategic Plan and associated plans,
- The Asset Renewal Funding Ratio achieving the target of 1.0.

### 6.4 Status of Asset Management Practices

#### 6.4.1 Accounting and financial systems

Financial records are maintained within the Synergy Soft system and Asset Management within the Conquest Asset Management System. This system provides links to Asset Maintenance, Records, Property Files and other services provided by Council.

Manager Assets is responsible for regular up-dating of asset data on Conquest. Finance Manager, provides supervision for Finance staff in the regular up-dating of Synergy Soft. Technical support is provided by IT Vision and Tonkin Consulting.

Council maintains records and reports financial information in accordance with AASB standards, The Local Government Act 1999 and the Financial Regulations.

#### 6.4.2 Accounting standards and regulations

IPWEA, 2011, "International Infrastructure Management Manual", Institute of Public Works Engineering Australia, Sydney, [www.ipwea.org.au](http://www.ipwea.org.au)

IPWEA, August 2007, "A Guided Pathway to Asset Management Planning", Institute of Public Works Engineering Australia Limited.

IPWEA, December 2009, "Australian infrastructure Financial Management Guidelines", Institute of Public Works Engineering Australia Limited.

#### 6.4.3 Asset management system

Council currently records asset details for the Transport and Stormwater Category's within the Asset Management System Conquest. Records are updated as and when required by Finance (in Synergy Soft) and Engineering and Infrastructure Staff (in Conquest).

Procedures assist with timely flow through of information between the Asset Register and Accounting system.



Director Finance is responsible for the management of financial data, Director Infrastructure is responsible for Asset Management Systems. Manager Operations is responsible for the Planned and reactive maintenance of Transport Assets.

The key information flows *into* this infrastructure and asset management plan are:

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

The key information flows *from* this asset management plan are:

- The assumed Works Program and trends;
- The resulting budget, valuation and depreciation projections;
- The useful life analysis.

These will impact the Long Term Financial Plan, Strategic Business Plan, annual budget and departmental business plans and budgets. Annual Maintenance and renewal requirements are used for the purpose of budgeting for expenditure. New assets are recognised and recorded at the date on which they are available for use. This usually occurs on 30 June of each year. Assets are depreciated from the date of recognition.

## 7. REFERENCES

- IPWEA, 2006, 'International Infrastructure Management Manual', Institute of Public Works Engineering Australasia, Sydney, [www.ipwea.org/IIMM](http://www.ipwea.org/IIMM)
- IPWEA, 2008, 'NAMS.PLUS Asset Management', Institute of Public Works Engineering Australasia, Sydney, [www.ipwea.org/namsplus](http://www.ipwea.org/namsplus).
- IPWEA, 2009, 'Australian Infrastructure Financial Management Guidelines', Institute of Public Works Engineering Australasia, Sydney, [www.ipwea.org/AIFMG](http://www.ipwea.org/AIFMG).
- IPWEA, 2011, 'International Infrastructure Management Manual', Institute of Public Works Engineering Australasia, Sydney, [www.ipwea.org/IIMM](http://www.ipwea.org/IIMM)

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## 8. APPENDICES

Appendix A LTFP Budgeted Expenditures (Category Specific)

Appendix B Abbreviations

Appendix C Glossary

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## Appendix A Budgeted Expenditures Accommodated in LTFP

### Transport\_2019RG\_S2\_V1

### Asset Management Plan



First year of expenditure projections 2021 (financial yr ending)

#### Transport\_2019RG

##### Asset values at start of planning period

Current replacement cost	\$240,093 (000)
Depreciable amount	\$240,093 (000)
Depreciated replacement cost	\$157,536 (000)
Annual depreciation expense	\$3,287 (000)

Calc CRC from Asset Register

\$0 (000)

This is a check for you.

##### Operations and Maintenance Costs for New Assets

	% of asset value
Additional operations costs	0.30%
Additional maintenance	0.51%
Additional depreciation	1.37%
Planned renewal budget (information only)	

You may use these values calculated from your data or overwrite the links.

##### Planned Expenditures from LTFP

#### 20 Year Expenditure Projections

Note: Enter all values in current 2021 values

Financial year ending	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Expenditure Outlays included in Long Term Financial Plan (in current \$ values)</b>										
<b>Operations</b>										
Operations budget	\$702	\$702	\$702	\$702	\$702	\$702	\$702	\$702	\$702	\$702
Management budget	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
AM systems budget	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11
<b>Total operations</b>	\$713	\$713	\$713	\$713	\$713	\$713	\$713	\$713	\$713	\$713
<b>Maintenance</b>										
Reactive maintenance budget	\$613	\$613	\$613	\$613	\$613	\$613	\$613	\$613	\$613	\$613
Planned maintenance budget	\$306	\$306	\$306	\$306	\$306	\$306	\$306	\$306	\$306	\$306
Specific maintenance items budget	\$306	\$306	\$306	\$306	\$306	\$306	\$306	\$306	\$306	\$306
<b>Total maintenance</b>	\$1,225	\$1,225	\$1,225	\$1,225	\$1,225	\$1,225	\$1,225	\$1,225	\$1,225	\$1,225
<b>Capital</b>										
Planned renewal budget	\$4,415	\$4,933	\$3,285	\$1,438	\$1,398	\$2,424	\$2,424	\$2,298	\$2,161	\$2,727
Planned upgrade/new budget	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Non-growth contributed asset value</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Asset Disposals</b>										
Est Cost to dispose of assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Carrying value (DRC) of disposed assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Additional Expenditure Outlays Requirements (e.g from Infrastructure Risk Management Plan)</b>										
Additional Expenditure Outlays required and not included above	2021 \$000	2022 \$000	2023 \$000	2024 \$000	2025 \$000	2026 \$000	2027 \$000	2028 \$000	2029 \$000	2030 \$000
Operations	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Maintenance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capital Renewal	to be incorporated into Forms 2 & 2.1 (where Method 1 is used) OR Form 2B Defect Repairs (where Method 2 or 3 is used)									
Capital Upgrade	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
User Comments #2										
<b>Forecasts for Capital Renewal using Methods 2 &amp; 3 (Form 2A &amp; 2B) &amp; Capital Upgrade (Form 2C)</b>										
Forecast Capital Renewal from Forms 2A & 2B	2021 \$000	2022 \$000	2023 \$000	2024 \$000	2025 \$000	2026 \$000	2027 \$000	2028 \$000	2029 \$000	2030 \$000
	\$4,415	\$4,933	\$3,285	\$1,438	\$1,398	\$2,424	\$2,424	\$2,298	\$2,161	\$2,727
Forecast Capital Upgrade from Form 2C	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

## Buildings\_2019RG\_S1\_V6 Asset Management Plan



First year of expenditure projections 2021 (financial yr ending)

## Buildings\_2019RG

## Asset values at start of planning period

Current replacement cost	\$71,058 (000)
Depreciable amount	\$71,058 (000)
Depreciated replacement cost	\$23,912 (000)
Annual depreciation expense	\$958 (000)

Calc CRC from Asset Register

\$71,058 (000)

This is a check for you.

## Operations and Maintenance Costs for New Assets

	% of asset value
Additional operations costs	0.02%
Additional maintenance	2.48%
Additional depreciation	1.35%
Planned renewal budget (information only)	

You may use these values  
calculated from your data  
or overwrite the links.

## Planned Expenditures from LTFP

## 20 Year Expenditure Projections

Note: Enter all values in current 2021 values

Financial year ending	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Expenditure Outlays included in Long Term Financial Plan (in current \$ values)</b>										
<b>Operations</b>										
Operations budget	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Management budget	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
AM systems budget	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11
<b>Total operations</b>	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11
<b>Maintenance</b>										
Reactive maintenance budget	\$882	\$882	\$882	\$882	\$882	\$882	\$882	\$882	\$882	\$882
Planned maintenance budget	\$882	\$882	\$882	\$882	\$882	\$882	\$882	\$882	\$882	\$882
Specific maintenance items budget	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total maintenance</b>	\$1,764	\$1,764	\$1,764	\$1,764	\$1,764	\$1,764	\$1,764	\$1,764	\$1,764	\$1,764
<b>Capital</b>										
Planned renewal budget	\$921	\$909	\$798	\$1,046	\$754	\$873	\$963	\$1,001	\$992	\$1,908
Planned upgrade/new budget										
<b>Non-growth contributed asset value</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Asset Disposals</b>										
Est Cost to dispose of assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Carrying value (DRC) of disposed assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Additional Expenditure Outlays Requirements (e.g from Infrastructure Risk Management Plan)</b>										
Additional Expenditure Outlays required and not included above	2021 \$000	2022 \$000	2023 \$000	2024 \$000	2025 \$000	2026 \$000	2027 \$000	2028 \$000	2029 \$000	2030 \$000
Operations	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Maintenance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capital Renewal	to be incorporated into Forms 2 & 2.1 (where Method 1 is used) OR Form 2B Defect Repairs (where Method 2 or 3 is used)									
Capital Upgrade	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
User Comments #2										
<b>Forecasts for Capital Renewal using Methods 2 &amp; 3 (Form 2A &amp; 2B) &amp; Capital Upgrade (Form 2C)</b>										
Forecast Capital Renewal from Forms 2A & 2B	2021 \$000	2022 \$000	2023 \$000	2024 \$000	2025 \$000	2026 \$000	2027 \$000	2028 \$000	2029 \$000	2030 \$000
Forecast Capital Upgrade from Form 2C	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

## Open\_Space\_2019RG\_S1\_V6

## Asset Management Plan



First year of expenditure projections 2021 (financial yr ending)

## Open\_Space\_2019RG

## Asset values at start of planning period

Current replacement cost	\$21,415 (000)
Depreciable amount	\$21,415 (000)
Depreciated replacement cost	\$13,728 (000)
Annual depreciation expense	\$664 (000)

Calc CRC from Asset Register

\$21,415 (000)

This is a check for you.

## Operations and Maintenance Costs for New Assets

	% of asset value
Additional operations costs	0.05%
Additional maintenance	18.60%
Additional depreciation	3.10%
Planned renewal budget (information only)	

You may use these values  
calculated from your data  
or overwrite the links.

## Planned Expenditures from LTFP

## 20 Year Expenditure Projections

Note: Enter all values in current 2021 values

Financial year ending	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Expenditure Outlays included in Long Term Financial Plan (in current \$ values)</b>										
<b>Operations</b>										
Operations budget	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Management budget	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
AM systems budget	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11
<b>Total operations</b>	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11
<b>Maintenance</b>										
Reactive maintenance budget	\$1,992	\$1,992	\$1,992	\$1,992	\$1,992	\$1,992	\$1,992	\$1,992	\$1,992	\$1,992
Planned maintenance budget	\$996	\$996	\$996	\$996	\$996	\$996	\$996	\$996	\$996	\$996
Specific maintenance items budget	\$996	\$996	\$996	\$996	\$996	\$996	\$996	\$996	\$996	\$996
<b>Total maintenance</b>	\$3,984	\$3,984	\$3,984	\$3,984	\$3,984	\$3,984	\$3,984	\$3,984	\$3,984	\$3,984
<b>Capital</b>										
Planned renewal budget	\$547	\$973	\$259	\$307	\$119	\$303	\$292	\$419	\$431	\$327
Planned upgrade/new budget	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Non-growth contributed asset value</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Asset Disposals</b>										
Est Cost to dispose of assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Carrying value (DRC) of disposed assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Additional Expenditure Outlays Requirements (e.g from Infrastructure Risk Management Plan)</b>										
Additional Expenditure Outlays required and not included above	2021 \$000	2022 \$000	2023 \$000	2024 \$000	2025 \$000	2026 \$000	2027 \$000	2028 \$000	2029 \$000	2030 \$000
Operations	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Maintenance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Capital Renewal</b>										
Capital Upgrade	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
User Comments #2										
<b>Forecasts for Capital Renewal using Methods 2 &amp; 3 (Form 2A &amp; 2B) &amp; Capital Upgrade (Form 2C)</b>										
Forecast Capital Renewal from Forms 2A & 2B	2021 \$000	2022 \$000	2023 \$000	2024 \$000	2025 \$000	2026 \$000	2027 \$000	2028 \$000	2029 \$000	2030 \$000
Forecast Capital Upgrade from Form 2C	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0



## Stormwater\_2019RG\_S1\_V2

## Asset Management Plan



First year of expenditure projections 2021 (financial yr ending)

## Stormwater\_2019RG

## Asset values at start of planning period

Current replacement cost	\$35,250 (000)
Depreciable amount	\$35,250 (000)
Depreciated replacement cost	\$19,587 (000)
Annual depreciation expense	\$385 (000)

Calc CRC from Asset Register

\$35,250 (000)

This is a check for you.

## Operations and Maintenance Costs for New Assets

	% of asset value
Additional operations costs	0.03%
Additional maintenance	0.16%
Additional depreciation	1.09%
Planned renewal budget (information only)	

You may use these values  
calculated from your data  
or overwrite the links.

## Planned Expenditures from LTFF

## 20 Year Expenditure Projections

Note: Enter all values in current 2021 values

Financial year ending	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Expenditure Outlays included in Long Term Financial Plan (in current \$ values)</b>										
<b>Operations</b>										
Operations budget	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Management budget	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
AM systems budget	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11
<b>Total operations</b>	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11
<b>Maintenance</b>										
Reactive maintenance budget	\$29	\$29	\$29	\$29	\$29	\$29	\$29	\$29	\$29	\$29
Planned maintenance budget	\$29	\$29	\$29	\$29	\$29	\$29	\$29	\$29	\$29	\$29
Specific maintenance items budget	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total maintenance</b>	\$58	\$58	\$58	\$58	\$58	\$58	\$58	\$58	\$58	\$58
<b>Capital</b>										
Planned renewal budget	\$29	\$7	\$0	\$11	\$38	\$0	\$51	\$56	\$2	\$100
Planned upgrade/new budget	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Non-growth contributed asset value</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Asset Disposals</b>										
Est Cost to dispose of assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Carrying value (DRC) of disposed assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Additional Expenditure Outlays Requirements (e.g from Infrastructure Risk Management Plan)</b>										
Additional Expenditure Outlays required and not included above	2021 \$000	2022 \$000	2023 \$000	2024 \$000	2025 \$000	2026 \$000	2027 \$000	2028 \$000	2029 \$000	2030 \$000
Operations	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Maintenance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capital Renewal	to be incorporated into Forms 2 & 2.1 (where Method 1 is used) OR Form 2B Defect Repairs (where Method 2 or 3 is used)									
Capital Upgrade	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
User Comments #2										
<b>Forecasts for Capital Renewal using Methods 2 &amp; 3 (Form 2A &amp; 2B) &amp; Capital Upgrade (Form 2C)</b>										
Forecast Capital Renewal from Forms 2A & 2B	2021 \$000	2022 \$000	2023 \$000	2024 \$000	2025 \$000	2026 \$000	2027 \$000	2028 \$000	2029 \$000	2030 \$000
Forecast Capital Upgrade from Form 2C	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

## Plant\_2019RG\_S1\_V3

## Asset Management Plan



First year of expenditure projections 2021 (financial yr ending)

## Plant\_2019RG

## Asset values at start of planning period

Current replacement cost	\$6,220 (000)
Depreciable amount	\$6,220 (000)
Depreciated replacement cost	\$2,539 (000)
Annual depreciation expense	\$514 (000)

Calc CRC from Asset Register

\$6,220 (000)

This is a check for you.

## Operations and Maintenance Costs for New Assets

	% of asset value
Additional operations costs	0.18%
Additional maintenance	6.98%
Additional depreciation	8.26%
Planned renewal budget (information only)	

You may use these values  
calculated from your data  
or overwrite the links.

## Planned Expenditures from LTFP

## 20 Year Expenditure Projections

Note: Enter all values in current 2021 values

Financial year ending	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Expenditure Outlays included in Long Term Financial Plan (in current \$ values)										
<b>Operations</b>										
Operations budget	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Management budget	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
AM systems budget	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11
<b>Total operations</b>	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11
<b>Maintenance</b>										
Reactive maintenance budget	\$217	\$217	\$217	\$217	\$217	\$217	\$217	\$217	\$217	\$217
Planned maintenance budget	\$217	\$217	\$217	\$217	\$217	\$217	\$217	\$217	\$217	\$217
Specific maintenance items budget	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total maintenance</b>	\$434	\$434	\$434	\$434	\$434	\$434	\$434	\$434	\$434	\$434
<b>Capital</b>										
Planned renewal budget	\$927	\$849	\$801	\$792	\$781	\$695	\$825	\$806	\$1,237	\$1,300
Planned upgrade/new budget	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Non-growth contributed asset value</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Asset Disposals</b>										
Est Cost to dispose of assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Carrying value (DRC) of disposed assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Additional Expenditure Outlays Requirements (e.g from Infrastructure Risk Management Plan)</b>										
Additional Expenditure Outlays required and not included above	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Operations	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Maintenance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capital Renewal	to be incorporated into Forms 2 & 2.1 (where Method 1 is used) OR Form 2B Defect Repairs (where Method 2 or 3 is used)									
Capital Upgrade	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
User Comments #2										
<b>Forecasts for Capital Renewal using Methods 2 &amp; 3 (Form 2A &amp; 2B) &amp; Capital Upgrade (Form 2C)</b>										
Forecast Capital Renewal from Forms 2A & 2B	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Forecast Capital Upgrade from Form 2C	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

## Irrigation 2019RG\_S1\_V2

## Asset Management Plan



First year of expenditure projections 2021 (financial yr ending)

## Irrigation 2019RG

## Asset values at start of planning period

Current replacement cost	\$8,861 (000)
Depreciable amount	\$8,861 (000)
Depreciated replacement cost	\$8,045 (000)
Annual depreciation expense	\$91 (000)

Calc CRC from Asset Register

\$8,861 (000)

This is a check for you.

## Operations and Maintenance Costs for New Assets

	% of asset value
Additional operations costs	0.12%
Additional maintenance	5.19%
Additional depreciation	1.03%

Planned renewal budget (information only)

You may use these values calculated from your data or overwrite the links.

## Planned Expenditures from LTFF

## 20 Year Expenditure Projections

Note: Enter all values in current 2021 values

Financial year ending	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Expenditure Outlays included in Long Term Financial Plan (in current \$ values)</b>										
<b>Operations</b>										
Operations budget	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Management budget	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
AM systems budget	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11
<b>Total operations</b>	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11
<b>Maintenance</b>										
Reactive maintenance budget	\$368	\$368	\$368	\$368	\$368	\$368	\$368	\$368	\$368	\$368
Planned maintenance budget	\$92	\$92	\$92	\$92	\$92	\$92	\$92	\$92	\$92	\$92
Specific maintenance items budget	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total maintenance</b>	\$460	\$460	\$460	\$460	\$460	\$460	\$460	\$460	\$460	\$460
<b>Capital</b>										
Planned renewal budget	\$0	\$0	\$18	\$1,517	\$92	\$0	\$0	\$0	\$0	\$0
Planned upgrade/new budget										
<b>Non-growth contributed asset value</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Asset Disposals</b>										
Est Cost to dispose of assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Carrying value (DRC) of disposed assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Additional Expenditure Outlays Requirements (e.g from Infrastructure Risk Management Plan)</b>										
Additional Expenditure Outlays required and not included above	2021 \$000	2022 \$000	2023 \$000	2024 \$000	2025 \$000	2026 \$000	2027 \$000	2028 \$000	2029 \$000	2030 \$000
Operations	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Maintenance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capital Renewal	to be incorporated into Forms 2 & 2.1 (where Method 1 is used) OR Form 2B Defect Repairs (where Method 2 or 3 is used)									
Capital Upgrade	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
User Comments #2										
<b>Forecasts for Capital Renewal using Methods 2 &amp; 3 (Form 2A &amp; 2B) &amp; Capital Upgrade (Form 2C)</b>										
Forecast Capital Renewal from Forms 2A & 2B	2021 \$000	2022 \$000	2023 \$000	2024 \$000	2025 \$000	2026 \$000	2027 \$000	2028 \$000	2029 \$000	2030 \$000
Forecast Capital Upgrade from Form 2C	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

## Appendix B   Abbreviations

<b>AAAC</b>	Average annual asset consumption
<b>AM</b>	Asset management
<b>AM Plan</b>	Asset management plan
<b>ARI</b>	Average recurrence interval
<b>ASC</b>	Annual service cost
<b>BOD</b>	Biochemical (biological) oxygen demand
<b>CRC</b>	Current replacement cost
<b>CWMS</b>	Community wastewater management systems
<b>DA</b>	Depreciable amount
<b>DRC</b>	Depreciated replacement cost
<b>EF</b>	Earthworks/formation
<b>IRMP</b>	Infrastructure risk management plan
<b>LCC</b>	Life Cycle cost
<b>LCE</b>	Life cycle expenditure
<b>LTFP</b>	Long term financial plan
<b>MMS</b>	Maintenance management system
<b>PCI</b>	Pavement condition index
<b>RV</b>	Residual value
<b>SoA</b>	State of the Assets
<b>SS</b>	Suspended solids
<b>vph</b>	Vehicles per hour
<b>WDCRC</b>	Written down current replacement cost

## Appendix C Glossary

### Annual service cost (ASC)

- 1) Reporting actual cost  
The annual (accrual) cost of providing a service including operations, maintenance, depreciation, finance/opportunity and disposal costs less revenue.
- 2) For investment analysis and budgeting  
An estimate of the cost that would be tendered, per annum, if tenders were called for the supply of a service to a performance specification for a fixed term. The Annual Service Cost includes operations, maintenance, depreciation, finance/opportunity and disposal costs, less revenue.

### Asset

A resource controlled by an entity as a result of past events and from which future economic benefits are expected to flow to the entity. Infrastructure assets are a sub-class of property, plant and equipment which are non-current assets with a life greater than 12 months and enable services to be provided.

### Asset category

Sub-group of assets within a class hierarchy for financial reporting and management purposes.

### Asset class

A group of assets having a similar nature or function in the operations of an entity, and which, for purposes of disclosure, is shown as a single item without supplementary disclosure.

### Asset condition assessment

The process of continuous or periodic inspection, assessment, measurement and interpretation of the resultant data to indicate the condition of a specific asset so as to determine the need for some preventative or remedial action.

### Asset hierarchy

A framework for segmenting an asset base into appropriate classifications. The asset hierarchy can be based on asset function or asset type or a combination of the two.

### Asset management (AM)

The combination of management, financial, economic, engineering and other practices applied to physical assets with the objective of providing the required level of service in the most cost effective manner.

### Asset renewal funding ratio

The ratio of the net present value of asset renewal funding accommodated over a 10 year period in a long term financial plan relative to the net present value of projected capital renewal expenditures identified in an asset management plan for the same period [AIFMG Financial Sustainability Indicator No 8].

### Average annual asset consumption (AAAC)\*

The amount of an organisation's asset base consumed during a reporting period (generally a year). This may be calculated by dividing the depreciable amount by the useful life (or total future economic benefits/service potential) and totalled for each and every asset OR by dividing the carrying amount (depreciated replacement cost) by the remaining useful life (or remaining future economic benefits/service potential) and totalled for each and every asset in an asset category or class.

### Borrowings

A borrowing or loan is a contractual obligation of the borrowing entity to deliver cash or another financial asset to the lending entity over a specified period of time or at a specified point in time, to cover both the initial capital provided and the cost of the interest incurred for providing this capital. A borrowing or loan provides the means for the borrowing entity to finance outlays (typically physical assets) when it has insufficient funds of its own to do so, and for the lending entity to make a financial return, normally in the form of interest revenue, on the funding provided.

### Capital expenditure

Relatively large (material) expenditure, which has benefits, expected to last for more than 12 months. Capital expenditure includes renewal, expansion and upgrade. Where capital projects involve a combination of renewal, expansion and/or upgrade expenditures, the total project cost needs to be allocated accordingly.

### Capital expenditure - expansion

Expenditure that extends the capacity of an existing asset to provide benefits, at the same standard as is currently enjoyed by existing beneficiaries, to a new group of users. It is discretionary expenditure, which increases future operations and maintenance costs, because it increases the organisation's asset base, but may be associated with additional revenue from the new user group, eg. extending a drainage or road network, the provision of an oval or park in a new suburb for new residents.

**Capital expenditure - new**

Expenditure which creates a new asset providing a new service/output that did not exist beforehand. As it increases service potential it may impact revenue and will increase future operations and maintenance expenditure.

**Capital expenditure - renewal**

Expenditure on an existing asset or on replacing an existing asset, which returns the service capability of the asset up to that which it had originally. It is periodically required expenditure, relatively large (material) in value compared with the value of the components or sub-components of the asset being renewed. As it reinstates existing service potential, it generally has no impact on revenue, but may reduce future operations and maintenance expenditure if completed at the optimum time, eg. resurfacing or resheeting a material part of a road network, replacing a material section of a drainage network with pipes of the same capacity, resurfacing an oval.

**Capital expenditure - upgrade**

Expenditure, which enhances an existing asset to provide a higher level of service or expenditure that will increase the life of the asset beyond that which it had originally. Upgrade expenditure is discretionary and often does not result in additional revenue unless direct user charges apply. It will increase operations and maintenance expenditure in the future because of the increase in the organisation's asset base, eg. widening the sealed area of an existing road, replacing drainage pipes with pipes of a greater capacity, enlarging a grandstand at a sporting facility.

**Capital funding**

Funding to pay for capital expenditure.

**Capital grants**

Monies received generally tied to the specific projects for which they are granted, which are often upgrade and/or expansion or new investment proposals.

**Capital investment expenditure**

See capital expenditure definition

**Capitalisation threshold**

The value of expenditure on non-current assets above which the expenditure is recognised as capital expenditure and below which the expenditure is charged as an expense in the year of acquisition.

**Carrying amount**

The amount at which an asset is recognised after deducting any accumulated depreciation / amortisation and accumulated impairment losses thereon.

**Class of assets**

See asset class definition

**Component**

Specific parts of an asset having independent physical or functional identity and having specific attributes such as different life expectancy, maintenance regimes, risk or criticality.

**Core asset management**

Asset management which relies primarily on the use of an asset register, maintenance management systems, job resource management, inventory control, condition assessment, simple risk assessment and defined levels of service, in order to establish alternative treatment options and long-term cashflow predictions. Priorities are usually established on the basis of financial return gained by carrying out the work (rather than detailed risk analysis and optimised decision-making).

**Cost of an asset**

The amount of cash or cash equivalents paid or the fair value of the consideration given to acquire an asset at the time of its acquisition or construction, including any costs necessary to place the asset into service. This includes one-off design and project management costs.

**Critical assets**

Assets for which the financial, business or service level consequences of failure are sufficiently severe to justify proactive inspection and rehabilitation. Critical assets have a lower threshold for action than non-critical assets.

**Current replacement cost (CRC)**

The cost the entity would incur to acquire the asset on the reporting date. The cost is measured by reference to the lowest cost at which the gross future economic benefits could be obtained in the normal course of business or the minimum it would cost, to replace the existing asset with a technologically modern equivalent new asset (not a second hand one) with the same economic benefits (gross service potential) allowing for any differences in the quantity and quality of output and in operating costs.

**Deferred maintenance**

The shortfall in rehabilitation work undertaken relative to that required to maintain the service potential of an asset.

**Depreciable amount**

The cost of an asset, or other amount substituted for its cost, less its residual value.



**Depreciated replacement cost (DRC)**

The current replacement cost (CRC) of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset.

**Depreciation / amortisation**

The systematic allocation of the depreciable amount (service potential) of an asset over its useful life.

**Economic life**

See useful life definition.

**Expenditure**

The spending of money on goods and services. Expenditure includes recurrent and capital outlays.

**Expenses**

Decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or increases in liabilities that result in decreases in equity, other than those relating to distributions to equity participants.

**Fair value**

The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties, in an arms length transaction.

**Financing gap**

A financing gap exists whenever an entity has insufficient capacity to finance asset renewal and other expenditure necessary to be able to appropriately maintain the range and level of services its existing asset stock was originally designed and intended to deliver. The service capability of the existing asset stock should be determined assuming no additional operating revenue, productivity improvements, or net financial liabilities above levels currently planned or projected. A current financing gap means service levels have already or are currently falling. A projected financing gap if not addressed will result in a future diminution of existing service levels.

**Heritage asset**

An asset with historic, artistic, scientific, technological, geographical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture and this purpose is central to the objectives of the entity holding it.

**Impairment Loss**

The amount by which the carrying amount of an asset exceeds its recoverable amount.

**Infrastructure assets**

Physical assets that contribute to meeting the needs of organisations or the need for access to major economic and social facilities and services, eg. roads, drainage, footpaths and cycleways. These are typically large, interconnected networks or portfolios of composite assets. The components of these assets may be separately maintained, renewed or replaced individually so that the required level and standard of service from the network of assets is continuously sustained. Generally the components and hence the assets have long lives. They are fixed in place and are often have no separate market value.

**Investment property**

Property held to earn rentals or for capital appreciation or both, rather than for:

- (a) use in the production or supply of goods or services or for administrative purposes; or
- (b) sale in the ordinary course of business.

**Key performance indicator**

A qualitative or quantitative measure of a service or activity used to compare actual performance against a standard or other target. Performance indicators commonly relate to statutory limits, safety, responsiveness, cost, comfort, asset performance, reliability, efficiency, environmental protection and customer satisfaction.

**Level of service**

The defined service quality for a particular service/activity against which service performance may be measured. Service levels usually relate to quality, quantity, reliability, responsiveness, environmental impact, acceptability and cost.

**Life Cycle Cost \***

1. **Total LCC** The total cost of an asset throughout its life including planning, design, construction, acquisition, operation, maintenance, rehabilitation and disposal costs.
2. **Average LCC** The life cycle cost (LCC) is average cost to provide the service over the longest asset life cycle. It comprises average operations, maintenance expenditure plus asset consumption expense, represented by depreciation expense projected over 10 years. The Life Cycle Cost does not indicate the funds required to provide the service in a particular year.

### Life Cycle Expenditure

The Life Cycle Expenditure (LCE) is the average operations, maintenance and capital renewal expenditure accommodated in the long term financial plan over 10 years. Life Cycle Expenditure may be compared to average Life Cycle Cost to give an initial indicator of affordability of projected service levels when considered with asset age profiles.

### Loans / borrowings

See borrowings.

### Maintenance

All actions necessary for retaining an asset as near as practicable to an appropriate service condition, including regular ongoing day-to-day work necessary to keep assets operating, eg road patching but excluding rehabilitation or renewal. It is operating expenditure required to ensure that the asset reaches its expected useful life.

- **Planned maintenance**

Repair work that is identified and managed through a maintenance management system (MMS). MMS activities include inspection, assessing the condition against failure/breakdown criteria/experience, prioritising scheduling, actioning the work and reporting what was done to develop a maintenance history and improve maintenance and service delivery performance.

- **Reactive maintenance**

Unplanned repair work that is carried out in response to service requests and management/supervisory directions.

- **Specific maintenance**

Maintenance work to repair components or replace sub-components that needs to be identified as a specific maintenance item in the maintenance budget.

- **Unplanned maintenance**

Corrective work required in the short-term to restore an asset to working condition so it can continue to deliver the required service or to maintain its level of security and integrity.

### Maintenance expenditure \*

Recurrent expenditure, which is periodically or regularly required as part of the anticipated schedule of works required to ensure that the asset achieves its useful life and provides the required level of service. It is expenditure, which was anticipated in determining the asset's useful life.

### Materiality

The notion of materiality guides the margin of error acceptable, the degree of precision required and the extent of the disclosure required when preparing general purpose financial reports. Information is material if its omission, misstatement or non-disclosure has the potential, individually or collectively, to influence the economic decisions of users taken on the basis of the financial report or affect the discharge of accountability by the management or governing body of the entity.

### Modern equivalent asset

Assets that replicate what is in existence with the most cost-effective asset performing the same level of service. It is the most cost efficient, currently available asset which will provide the same stream of services as the existing asset is capable of producing. It allows for technology changes and, improvements and efficiencies in production and installation techniques

### Net present value (NPV)

The value to the organisation of the cash flows associated with an asset, liability, activity or event calculated using a discount rate to reflect the time value of money. It is the net amount of discounted total cash inflows after deducting the value of the discounted total cash outflows arising from eg the continued use and subsequent disposal of the asset after deducting the value of the discounted total cash outflows.

### Non-revenue generating investments

Investments for the provision of goods and services to sustain or improve services to the community that are not expected to generate any savings or revenue to the Council, eg. parks and playgrounds, footpaths, roads and bridges, libraries, etc.

### Operations

Regular activities to provide services such as public health, safety and amenity, eg street sweeping, grass mowing and street lighting.

### Operating expenditure

Recurrent expenditure, which is continuously required to provide a service. In common use the term typically includes, eg power, fuel, staff, plant equipment, on-costs and overheads but excludes maintenance and depreciation. Maintenance and depreciation is on the other hand included in operating expenses.

**Operating expense**

The gross outflow of economic benefits, being cash and non cash items, during the period arising in the course of ordinary activities of an entity when those outflows result in decreases in equity, other than decreases relating to distributions to equity participants.

**Operating expenses**

Recurrent expenses continuously required to provide a service, including power, fuel, staff, plant equipment, maintenance, depreciation, on-costs and overheads.

**Operations, maintenance and renewal financing ratio**

Ratio of estimated budget to projected expenditure for operations, maintenance and renewal of assets over a defined time (eg 5, 10 and 15 years).

**Operations, maintenance and renewal gap**

Difference between budgeted expenditures in a long term financial plan (or estimated future budgets in absence of a long term financial plan) and projected expenditures for operations, maintenance and renewal of assets to achieve/maintain specified service levels, totalled over a defined time (e.g. 5, 10 and 15 years).

**Pavement management system (PMS)**

A systematic process for measuring and predicting the condition of road pavements and wearing surfaces over time and recommending corrective actions.

**PMS Score**

A measure of condition of a road segment determined from a Pavement Management System.

**Rate of annual asset consumption \***

The ratio of annual asset consumption relative to the depreciable amount of the assets. It measures the amount of the consumable parts of assets that are consumed in a period (depreciation) expressed as a percentage of the depreciable amount.

**Rate of annual asset renewal \***

The ratio of asset renewal and replacement expenditure relative to depreciable amount for a period. It measures whether assets are being replaced at the rate they are wearing out with capital renewal expenditure expressed as a percentage of depreciable amount (capital renewal expenditure/DA).

**Rate of annual asset upgrade/new \***

A measure of the rate at which assets are being upgraded and expanded per annum with capital upgrade/new expenditure expressed as a percentage of depreciable amount (capital upgrade/expansion expenditure/DA).

**Recoverable amount**

The higher of an asset's fair value, less costs to sell and its value in use.

**Recurrent expenditure**

Relatively small (immaterial) expenditure or that which has benefits expected to last less than 12 months. Recurrent expenditure includes operations and maintenance expenditure.

**Recurrent funding**

Funding to pay for recurrent expenditure.

**Rehabilitation**

See capital renewal expenditure definition above.

**Remaining useful life**

The time remaining until an asset ceases to provide the required service level or economic usefulness. Age plus remaining useful life is useful life.

**Renewal**

See capital renewal expenditure definition above.

**Residual value**

The estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

**Revenue generating investments**

Investments for the provision of goods and services to sustain or improve services to the community that are expected to generate some savings or revenue to offset operating costs, eg public halls and theatres, childcare centres, sporting and recreation facilities, tourist information centres, etc.

**Risk management**

The application of a formal process to the range of possible values relating to key factors associated with a risk in order to determine the resultant ranges of outcomes and their probability of occurrence.

**Section or segment**

A self-contained part or piece of an infrastructure asset.

**Service potential**

The total future service capacity of an asset. It is normally determined by reference to the operating capacity and economic life of an asset. A measure of service potential is used in the not-for-profit sector/public sector to value assets, particularly those not producing a cash flow.

**Service potential remaining**

A measure of the future economic benefits remaining in assets. It may be expressed in dollar values (Fair Value) or as a percentage of total anticipated future economic benefits. It is also a measure of the percentage of the asset's potential to provide services that is still available for use in providing services (Depreciated Replacement Cost/Depreciable Amount).

Source: IPWEA, 2009, Glossary

Additional and modified glossary items shown \*

**Specific Maintenance**

Replacement of higher value components/sub-components of assets that is undertaken on a regular cycle including repainting, replacement of air conditioning equipment, etc. This work generally falls below the capital/ maintenance threshold and needs to be identified in a specific maintenance budget allocation.

**Strategic Longer-Term Plan**

A plan covering the term of office of councillors (4 years minimum) reflecting the needs of the community for the foreseeable future. It brings together the detailed requirements in the Council's longer-term plans such as the asset management plan and the long-term financial plan. The plan is prepared in consultation with the community and details where the Council is at that point in time, where it wants to go, how it is going to get there, mechanisms for monitoring the achievement of the outcomes and how the plan will be resourced.

**Sub-component**

Smaller individual parts that make up a component part.

**Useful life**

Either:

- (a) the period over which an asset is expected to be available for use by an entity, or
- (b) the number of production or similar units expected to be obtained from the asset by the entity.

It is estimated or expected time between placing the asset into service and removing it from service, or the estimated period of time over which the future economic benefits embodied in a depreciable asset, are expected to be consumed by the Council.

**Value in Use**

The present value of future cash flows expected to be derived from an asset or cash generating unit. It is deemed to be depreciated replacement cost (DRC) for those assets whose future economic benefits are not primarily dependent on the asset's ability to generate net cash inflows, where the entity would, if deprived of the asset, replace its remaining future economic benefits.

**AUDIT COMMITTEE MEETING – 03.02.20**

**6. CONSIDERATION OF CONFIDENTIAL ITEMS – Nil**

**7. CLOSURE**

**8. DATE OF NEXT MEETING – To be advised**