



MEMBERSHIP

Mr G Strawbridge (Chair)
Ms P Christie
Mr L Kozlovic
Cr P Klobucar
Cr P Borda (proxy)

NOTICE OF AUDIT AND RISK COMMITTEE MEETING

TO THE CHAIR & MEMBERS OF THE AUDIT AND RISK COMMITTEE

NOTICE is hereby given pursuant to Section 87(4) of the Local Government Act 1999 that the Audit and Risk Committee Meeting will be held in the Council Chamber, Darling Terrace, Whyalla on Tuesday 3 October 2023 at 11.00am.

The Audit and Risk Committee Meeting is open to the public to attend in person or electronically via Microsoft Teams, [Click here to join the meeting.](#)

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

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

JUSTIN COMMONS
CHIEF EXECUTIVE OFFICER
Dated: 27 September 2023

AGENDA

AUDIT AND RISK COMMITTEE MEETING

To be held at Whyalla City Council Civic Building, Darling Terrace, Whyalla
on Tuesday 3 October 2023 at **11.00am**

Members: Grant Strawbridge (Chair), Patricia Christie, Laurie Kozlovic, Cr Peter Klobucar
In Attendance: Justin Commons (CEO), Kathy Jarrett (Director Corporate Services), Jade Ballantine (Director City Growth), Kristen Clark (Director City Infrastructure), Grant Jennings (Manager Finance), Irene Adair (Manager Governance), Sandra Vigar (Finance Co-Ordinator), Lisette Symons (Executive Co-Ordinator – Corporate).

Apologies:

WELCOME TO COUNTRY

“We acknowledge the Barngarla people, the traditional owners of the land on which we meet today and pay our respects to the Elders past and present and extend that respect to other Aboriginal and Torres Strait Islander people who are present today.”

1. STANDING ITEMS	Action	Page
1.1 Welcome and Apologies		
1.2 Declaration of Members Conflict of Interests		
1.3 Committee Members/ Staff/Auditors Discussion (if required)		
1.4 Minutes from Previous Meetings – 17 July 2023	Adopt	4
1.5 Business Arising from Previous Meetings (including progress against external/internal review recommendations)	Note	18
2. ITEMS FOR DECISION		
2.1 Review Annual Financial Statements – <i>including in-camera session with auditors</i>	Recommend	28
2.2 Financial Results 2022/23	Recommend	104
2.3 Review Council Investments and Loans	Recommend	121
2.4 Audit and Risk Committee Annual Report to Council – LATE ITEM	Recommend	
2.5 Budget Review 2023/24 Q1 incorporating Financial Results 2022/23	Recommend	125
2.6 2024/25 Annual Business Plan and Budget Process and Parameters	Recommend	148
2.7 Implementation of Service Review and Internal Audit Services	Recommend	155
2.8 Business Continuity Plan	Recommend	163
2.9 Time and Place for the Audit and Risk Committee Meetings	Recommend	235
2.10 CEO Report on Internal Controls	Recommend	237
2.11 Review CEO’s Annual Report on the Effectiveness of the Organisation’s Culture	Recommend	241
3. ITEMS FOR NOTING		
3.1 Quarterly Procurement Report	Note	245
3.2 Civic Building Demolition Update	Note	252
4. CONFIDENTIAL ITEMS		
4.1 Verbal Update on Council Business and City Developments	Note	266
4.2 Standing Item – Reports on any matters arising about good public administration	Note	267
5. MOTIONS WITH NOTICE		
Nil		

6. MOTIONS WITHOUT NOTICE		

7. NEXT MEETING		
<i>Monday 5 February 2024 9.00am – 11.00am</i>	Note	

8. CLOSE		
	Note	

1. STANDING ITEMS

1.4 Minutes of Audit and Risk Committee Meeting – 17 July 2023

Audit and Risk Committee 3 October 2023

Meeting:

Author's Title: Executive Coordinator - Corporate

File No.: 0-159

Director: Corporate

Annexures

A – Minutes of the Audit and Risk Committee Meeting held 17 July 2023

Officer Direct or Indirect Conflict of Interest:

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

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Yes

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No

Status:

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

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Yes

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No

Reason –Nil

PURPOSE

The purpose of this item is to seek the Audit and Risk Committee's confirmation of minutes from previous meetings of the Committee.

BACKGROUND / DISCUSSION

The last meeting of Council's Audit and Risk Committee was held on 17 July 2023. The confidential version of the minutes were distributed to Committee Members on 4 August 2023, which now require confirmation. Note that attached to this report are the public version of those minutes.

Should the Committee wish to include any additional information in the minutes, this can be facilitated during the meeting, including moving into confidence if needed.

RECOMMENDATION

The Audit and Risk Committee:

1. Confirm the minutes of the Audit and Risk Committee meeting held on 17 July 2023 as a true and correct record of the meeting.

**MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING
HELD ON MONDAY 17 JULY AT 11.00 am**

PRESENT: Mr G Strawbridge(*Chair*), Ms P Christie, Mr L Kozlovic via Teams and Cr P Klobucar

OFFICERS IN ATTENDANCE: Chief Executive Officer (*Mr J Commons*)
Director Corporate Services (*Ms K Jarrett*)
Manager Finance (*Mr G Jennings*)
Finance Coordinator (*Mrs S Vigar*)
Manager Governance (*Ms I Adair*)
Manager Assets and Planning (*Mrs R Nottle*)
Manager People and Culture (*Mrs S King*)
Executive Coordinator – Corporate (*Ms L Symons*)

**COUNCIL MEMBERS
IN ATTENDANCE:** Mayor Phill Stone

ACKNOWLEDGEMENT

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

1. STANDING ITEMS

1.1 Welcome and Apologies

Apologies – Nil
Leave of Absence – Nil

1.2 Declaration of Members' Conflict of Interests

Ms Christie advised that she is a member of the Audit and Risk Committee for the Local Government Association of South Australia (LGASA) which covers the Audit and Risk for LGASA Mutual Services.

It was agreed that this did not preclude Ms Christie from the discussion at item 3.2 'Insurance Claims 2022-2023' on the Agenda given the subject matter of the Information Paper.

1.3 Committee Members and Auditors Discussion

Nil

1.4 Minutes of Previous Meeting – 8 May 2023

The Chair noted that the confidential items from the 8 May meeting were not included within the agenda papers but that the full minutes had been distributed to Committee Members on 11 May 2023.

It was noted that Cr Borda is to replace Cr Klobucar at Item 4.1.

Moved Cr P Klobucar Seconded Mr L Kozlovic

AC361-2023

That the Audit and Risk Committee confirm the minutes of the Audit and Risk Committee meeting held on 8 May 2023 as a true and correct record of proceedings subject to the inclusion of confidential items noted above and Cr Borda to replace Cr Klobucar at Item 4.1

Carried

1.5 Business Arising from Previous Meetings

The Director Corporate provided introductory comments on Business Arising from Previous Meetings including:

- That substantial work had been progressed in the review of Council's risk framework, business continuity and emergency management plans. This work will be presented to the October 2023 Audit and Risk Committee meeting.
- An observation that an additional item could be included on the Committee's agenda providing a feedback loop from the Council regarding the Committee's recommendations and Council's priority and focus.

It was agreed that a new agenda item is to be included, to be framed not only around the Committee's recommendations but also contextual information about developments across the city and Council's priority and focus.

In this regard, the Manager Finance and Chief Executive Officer provided respective updates on the adoption of the Annual Business Plan and Budget and contextual information concerning hydrogen and other city developments.

General discussion was held on Business Arising with the following actions being identified:

ACTIONS

Introduce a new item to the Audit and Risk Committee agenda to facilitate an update on Council business and city developments.

Undertaking an examination of the Long-Term Financial Plan's assumptions is to be facilitated on its own basis, and not part of the ESCOSA review.

The timeline for the review of Council's Asset Management Strategy is to be aligned with Council's Strategic Management Framework.

The Committee's work program is to be updated on a meeting by meeting basis to include the linkages to actual agenda items.

Moved Ms P Christie, Seconded Mr L Kozlovic

AC362-2023

That the Audit and Risk Committee notes the progress of actions taken to address items of business arising from previous meetings of the Audit and Risk Committee as well as external reviews.

Carried

2. ITEMS FOR DECISION

2.1 Loan Facility

The Manager Finance provided an overview on how Council's loan facility operates.

Discussion was held on the proposed facility, with the following being advised by the Manager Finance:

- At the time of adopting the annual Budget, Council resolves its borrowing limits. As such, the loan facility is activated as per budget limits set by Council.
- The Local Government Finance Authority will assess Council's ability to repay loans after considering Council's net financial liabilities.
- Council has an upper threshold limit of approximately \$35 million and the Whyalla Council have no current loan conditions placed upon it.
- When Council draw down from the loan facility the interest rate is pegged to the variable rate with the ability to fix a portion (30/70) fixed and there are no undrawn fees. Administration are delegated to access a fixed rate repayment for up to 5 years.

Moved Mr L Kozlovic, Seconded Cr P Klobucar

AC363-2023

That the Audit and Risk Committee recommends to Council:

1. The establishment of an \$11 million borrowing facility to replace CAD 137 when it expires, to be utilised in line with approved budgets; and

2. To arrange this facility with the Local Government Finance Authority in the form of a Cash Advance Debenture consistent with the terms and conditions of CAD 137 with a term of 10 years.

Carried

2.2 Entertainment and Hospitality Policy

The Manager of Finance presented a review of the Entertainment and Hospitality Policy to add clarity through minor changes to the policy.

It was noted that finding the right balance between flexibility and regulation is critical in these matters.

ACTION

Council's 2023/24 budget amount for entertainment and hospitality to be circulated to the Committee.

It was noted that reference to Committee members and linkages to policy sections resulting from marked changes are to be updated.

It was agreed that all policies subject to review are to consider the governance settings for policy exemption delegations.

Moved Mr L Kozlovic, Seconded Cr P Klobucar

AC364-2023

That the Audit and Risk Committee recommends the updated Entertainment and Hospitality Policy at Annexure A to Council for adoption subject to the inclusion of the above amendments.

Carried

2.3 Prudential Management Policy Review

The Manager Finance presented the updated Prudential Management Policy, following its review. It was agreed that any business case being prepared for projects with a value over \$1 million also contain options for consideration and an exit strategy.

Moved Ms P Christie, Seconded Cr P Klobucar

AC365-2023

That the Audit and Risk Committee recommends the updated Prudential Management Policy at Annexure A to Council for adoption subject to the inclusion of the above amendment.

Carried

2.4 Asset Accounting Policy Review

The Manager Finance presented the Asset Accounting Policy with minor changes to useful lives and condition ratings based on the processes undertaken over the last 12 months.

Discussion was held on the need to include depreciation rates in the policy when a 'useful lives' approach is required. The Manager Finance highlighted Council's reliance on expert advice provided on this matter and the change to accounting standards with the removal of residual value on assets that can't be sold. The example provided related to roads and the lifespan of the road.

The following amendments to the Asset Accounting Policy we agreed:

- Explanatory text to be added prior to the table relating to asset depreciation stating these are general lifespan ratings;
- Removal of the Asset Management section in the policy.

The Committee also requested that the policy be reviewed by the external auditor for support prior to its consideration by Council.

ACTION

Council's external auditor to review the policy prior to its consideration by Council.

Moved Mr L Kozlovic, Seconded Cr P Klobucar

AC366-2023

That the Audit and Risk Committee recommends the updated Asset Accounting Policy to Council for adoption subject to the inclusion of identified amendments and review support by the External Auditors.

Carried

3. ITEMS FOR NOTING

3.1 Review Strategic Management Framework and WTF Project

The Director Corporate Services presented a summary report on the Strategic Management Framework adopted by Council and the commencement of the development of the What's the Future Community Plan, Whyalla 2040, noting that the individual components of the suite of strategic plans will be presented to the Committee prior to consideration by Council.

Management advised that with the combined resources of Council and the University of SA (who are working with Council on a project 'Whyalla, a flourishing city'), the overall capacity to deliver the work envisaged in the framework was sufficient.

Moved Cr P Klobucar, Seconded Ms P Christie

AC367-2023

That the Audit and Risk Committee notes:

1. Council's Strategic Management Framework.
2. Work progressed to date in the development of Whyalla 2040, a plan developed by the Whyalla community for the Whyalla community.

Carried

3.2 Insurance Claims 2022-2023

The Director Corporate Services and Manager Governance presented the report noting Council's insurance costs in comparison for the last two years. In this regard, there has been a 5% increase in the mutual liability scheme and a 4.5% increase for WHS. The actual contributions are normally further reduced by a rebate, however, for this year based on the WHS audit process and WHS activity, there is an 18% increase in costs for WHS in comparison to last year.

The Manager Governance provided an overview of public liability claims as event-based activity, noting that last year's data included a period of low activity due to COVID.

ACTION

Management to advise as to whether the value of claims were net or gross.

Moved Ms P Christie, Seconded Cr P Klobucar

AC368-2023

That the Audit and Risk Committee note the Insurance Claims 2022/2023 report.

Carried

3.3 Management of Excess Leave

Manager Finance presented the report noting the work undertaken to identify and remediate excess leave balances for staff who may have been with Council for many years. This report will be presented annually to the Audit and Risk Committee.

ACTION

The percentage of Council's workforce with excess leave is to be included in future reports.

Moved Ms P Christie, Seconded Cr P Klobucar

AC369-2023

That the Audit and Risk Committee notes the progress on managing large leave balances.

Carried

3.4 Quarterly Procurement Report

The Manager Finance presented the Quarterly Procurement Report. The 'Provision of Services to Council' was clarified as being the former Manager Legislation who has been overseeing Council's mandatory training and is the identified contractor in the event there is a complaint under Council's Behavioral Management Policy.

Moved Mr L Kozlovic, Seconded Ms P Christie

AC370-2023

That the Audit and Risk Committee receive and note the Quarterly Report – Procurement April to June 2023.

Carried

3.5 Disposal of Land and Other Assets Policy

It was noted that this policy was scheduled to be presented to the July 2023 Audit and Risk Committee meeting however, it was presented to Council and adopted prior to the settlement of the Audit and Risk Committee Workplan.

It was agreed that any exceptions to the Policy regarding the sale of other assets approved by the Chief Executive Officer will be reported in the Committee's Quarterly Procurement Report to ensure probity.

Moved Mr L Kozlovic, Seconded Ms P Christie

AC371-2023

That the Audit and Risk Committee note the updated Disposal of Land and other Assets Policy.

Carried

3.6 Code of Practice for Access to Meetings and Documents

It was noted that this policy was scheduled to be presented to the July 2023 Audit and Risk Committee however, it was presented to Council and adopted prior to the settlement of the Audit and Risk Committee Workplan

The Director Corporate Services reiterated that the review of 'Confidential Orders' is comprehensive and presented to Council each February.

Moved Mr L Kozlovic, Seconded Cr P Klobucar

AC372-2023

That the Audit and Risk Committee notes the Code of Practice for Access to Meetings and Documents as attached at Annexure A.

Carried

3.7 Lobbying and Influence Discussion Paper

The Chief Executive Officer presented the Lobbying and Influencing Discussion Paper. It was agreed that given the degree of development activity in and around Whyalla over the coming years, a submission on the Paper would be worthwhile.

ACTION

Prepare a draft submission on the State Government's Lobbying and Influencing Discussion Paper and circulate it to the Committee out of session for comment.

Moved Mr L Kozlovic, Seconded Ms P Christie

AC373-2023

That the Audit and Risk Committee note the Lobbying and Influence Discussion paper attached at Annexure A.

Carried

Adjournment of Meeting

Moved, Mr L Kozlovic, Seconded Cr P Klobucar

AC374-2023

That the Audit and Risk Committee Meeting be adjourned for 15 minutes for a refreshment break.

Carried

The Audit and Risk Committee Meeting adjourned at 12:16 pm

Meeting reconvened

Moved Mr L Kozlovic, Seconded Cr P Klobucar

AC375-2023

That the Audit and Risk Committee Meeting reconvenes.

Carried

The Audit and Risk Committee Meeting reconvened at 12:30 pm

Mr David Poyner, Information Technology Coordinator, entered the meeting at 12:30 pm

4. CONFIDENTIAL ITEMS

4.1 Review Final Reports from Systems Modernisation Review

Moved Cr P Klobucar, Seconded Mr L Kozlovic

AC376-2023

Pursuant to Section 90(2) of the Local Government Act 1999, the Committee orders that the public be excluded from the meeting with the exception of Justin Commons; Chief

Executive Officer, Kathy Jarrett; Director Corporate Services, Grant Jennings; Manager Finance, Sandra Vigar; Finance Coordinator, Irene Adair; Manager Governance, David Poyner; Information Technology Coordinator, Sue King; Manager People and Culture, Robyn Nottle; Manager Assets and Planning and Lisette Symons; Executive Co-Ordinator – Corporate for Agenda Item 4.1 - Systems Modernisation Project.

The Committee is satisfied that, pursuant to Section 90(3)(e) of the Act, the information to be received, discussed or considered in relation to this Agenda Item is related to matters affecting the security of the Council, Council property and employees in that details of the Council's knowledge management and information technology services will be discussed.

The Committee is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed because of the security risk to Council's information technology services if the abovementioned details are disclosed publicly.

Carried

Moved Ms P Christie, Seconded Cr P Klobucar

AC377-2023

That the Audit and Risk Committee:

- 1.
- 2.
3. Having considered Agenda Item 4.1 – Systems Modernisation Project in confidence under Section 90(2) and (3)(e) of the Local Government Act 1999, the Council pursuant to Section 91(7) of the Act orders that this Report, Annexures and Minutes be kept confidential and not available for public inspection on the basis that the Report, Annexures and Minutes contain information related to matters affecting the security of the Council, Council property and employees. This order is to remain in force indefinitely, notwithstanding that it will be reviewed annually in February of each year.

Carried

4.2 Cyber Security Review

Moved Mr L Kozlovic, Seconded Cr P Klobucar

AC378-2023

Pursuant to Section 90(2) of the Local Government Act 1999, the Audit and Risk Committee orders that the public be excluded from the meeting with the exception of Justin Commons; Chief Executive Officer, Kathy Jarrett; Director Corporate Services, Grant Jennings; Manager Finance, Sandra Vigar; Finance Coordinator, Irene Adair; Manager

Governance, David Poyner; Information Technology Coordinator, Sue King; Manager People and Culture, Robyn Nottle; Manager Assets and Planning and Lisette Symons; Executive Coordinator – Corporate for Agenda Item 4.2 – 2023 Cyber Security Assessment.

The Audit and Risk Committee is satisfied that, pursuant to Section 90(3)(e) of the Act, the information to be received, discussed or considered in relation to this Agenda Item is related to matters affecting the security of the Council, Council property and employees in that details of the process attached to the security of Council's technology services will be discussed.

The Committee is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed because of the security risk to Council's information technology services if the abovementioned details are disclosed publicly.

Carried

Moved Cr P Klobucar, Seconded Ms P Christie

AC379-2023

- 1.
2. That having considered Agenda Item 4.2 – 2023 Cyber Security Assessment in confidence under Section 90(2) and (3)(e) of the Local Government Act 1999, the Audit and Risk Committee pursuant to Section 91(7) of the Act orders that this Report, Annexures and Minutes be retained in confidence and not available for public inspection on the basis that the Report, Annexures and Minutes contain information related to matters affecting the security of the Council, Council property and employees. This order is to remain in force indefinitely, notwithstanding that it will be reviewed annually in February of each year.

Carried

David Poyner left the meeting at 1.05pm

4.3 Service Review and Internal Audit Services – Appointment of Provider

Moved Mr L Kozlovic, Seconded Cr P Klobucar

AC380-2023

Pursuant to Section 90(2) and (3)(b) of the Local Government Act 1999, the Committee orders that the public be excluded from the meeting with the exception of Justin Commons; Chief Executive Officer, Kathy Jarrett; Director Corporate Services, Irene Adair; Manager Governance, Grant Jennings; Manager Finance, Sue King; Manager People and Culture,

Robyn Nottle; Manager Assets and Planning and Lisette Symons; Executive Co-Ordinator – Corporate Services for Agenda Item 4.3 – Service Review and Internal Audit Services – Appointment of Provider.

The Committee considers that the requirement for the meeting to be conducted in a place open to the public has been outweighed in circumstances where the Committee will receive and consider a report containing information the disclosure of which could reasonably be expected to prejudice the commercial position of the Council and would, on balance, be contrary to the public interest.

Carried

Moved Mr L Kozlovic, Seconded Ms P Christie

AC381-2023

- 1.
2. Having considered Agenda Item 4.3 – Service Review and Internal Audit Services – Appointment of Provider in confidence, under Sections 90(2) and (3)(b) of the Local Government Act 1999, the Committee pursuant to Section 91(7) of the Act, orders that this Report, any Annexures to this Report and the Minutes pertaining to this item, be kept confidential and not available for public inspection for a period of 7 years except insofar as is necessary to implement the Committee's decision on the basis that it contains commercial information the disclosure of which could reasonably be expected to prejudice the commercial position of the Council, notwithstanding that it will be reviewed annually in February of each year.

Carried

4.4 Reports on any matters arising about good public administration

Moved Ms P Christie Seconded Cr P Klobucar

AC382-2023

Pursuant to Section 90 (3)(b) and Section 90 (3)(h) of the Local Government Act 1999, the Committee orders that the public be excluded from the meeting with the exception of Justin Commons; Chief Executive Officer, Kathy Jarrett; Director Corporate, Irene Adair; Manager Governance, Grant Jennings; Manager Finance, Sue King; Manager People and Culture, Robyn Nottle; Manager Assets and Planning, Lisette Symons; Executive Co-Ordinator - Corporate

The Committee considers that the requirement for the meeting to be conducted in a place open to the public has been outweighed in circumstances where the Committee will receive and consider information the disclosure of which could reasonably be expected to prejudice

the legal and commercial position of the Council and would, on balance, be contrary to the public interest.

Carried

Moved Ms P Christie, Seconded Cr P Klobucar

AC383-2023

That the Audit and Risk Committee note any updates provided under this item.

Carried

5. MOTIONS WITH NOTICE

Nil

6 MOTIONS WITHOUT NOTICE

Nil

7. DATE OF NEXT MEETING – Monday 3 October 2023 at 11am

8. CLOSE – Meeting closed at 2.09pm

Confirmed:

Presiding Member – October 2023

1. STANDING ITEMS

1.5 Business Arising from Previous Meetings – as at 3 October 2023

Audit and Risk Committee 3 October 2023

Meeting:

Author's Title: Executive Coordinator, Corporate

File No.: 0-159

Director: Corporate

Annexures

A – Business Arising from Previous Meetings

B – External/Internal Reviews Work Program

C – Meeting Schedule

D – Work Program

Officer Direct or Indirect Conflict of Interest:

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

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Yes

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No

Status:

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

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Yes

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No

Reason –Nil

PURPOSE

The purpose of this item is to bring to the Audit and Risk Committee's attention, Business Arising from previous meetings of the Audit and Risk Committee and internal/external reviews that remain outstanding.

BACKGROUND / DISCUSSION

Business arising for the Audit and Risk Committee has two sources:

- from previous meetings of the Audit and Risk Committee; and
- matters outstanding from internal/external reviews.

Also attached are the Committee's:

- Meeting Schedule
- Work Program - note that all items on the work program have been included on the Agenda for consideration with the exception of risk and emergency management items and a review of Council's Fraud and Corruption Policy. Both of these have been deferred to the October 2024 meeting. It is further noted that Council's Procurement Policy was presented to the May Audit and Risk Committee meeting for consideration.

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RECOMMENDATION

The Audit and Risk Committee:

1. **Note the progress of actions taken to address items of business arising from previous meetings of the Audit and Risk Committee as well as external reviews.**

“ANNEXURE A”

WHYALLA CITY COUNCIL

BUSINESS ARISING FROM AUDIT COMMITTEE MEETINGS

AS AT 3 October 2023

	Date of Meeting	Item	Responsible	Due Date	Status	Completed
1.	4 October 2022	4.2 – Business Arising <i>Ensure progress is achieved in reviewing Council’s Business Continuity Plan</i>	Manager Governance	17/7/2023	The Business Continuity Plan has been submitted for consideration and feedback at the 3 October meeting.	Complete
2.	8 May 2023	3.4 ESCOSA Advice <i>A deeper insight into the granular assumptions within the LTFP will be required when receiving and responding to ESCOSA advice</i>	Manager Finance	April 2024	This item will be responded to during the upcoming ESCOSA review	
3.	17 July 2023	1.5 Business Arising <i>Introduce a new item to the Audit and Risk Committee Agenda to facilitate an update on Council business and city developments.</i>	Executive Coordinator Corporate	3 October 2023	Item added to the Agenda	Complete
4.	17 July 2023	1.5 Business Arising <i>Undertaking an examination of the Long-Term Financial Plan’s assumptions is to be facilitated on its own basis and not part of the ESCOSA review.</i>	Manager Finance	3 October 2023	Budget Review item includes all key assumptions as a table to the LTFP. These have been updated as appropriate and are open for discussion.	Complete

	Date of Meeting	Item	Responsible	Due Date	Status	Completed
5.	17 July 2023	1.5 Business Arising <i>The timeline for the review of Council's Asset Management Strategy is to be aligned with Council's Strategic Management Framework.</i>	Manager Finance	31 March 2024		
6.	17 July 2023	1.5 Business Arising <i>The committee's workplan is to be updated on a meeting-by-meeting basis to include the linkages to actual agenda items.</i>	Executive Coordinator Corporate	3 October 2023	Workplan has been updated	Complete
7.	17 July 2023	2.2 Entertainment and Hospitality Policy <i>References to Committee members and linkages to policy sections from marked changes are to be updated.</i> <i>Council's 2023/24 budget amount for entertainment and hospitality to be circulated to the committee.</i> <i>All policies subject to review are to consider the governance settings for policy exemption delegations.</i>	Manager Finance	3 October 2023	Changes incorporated. Council does not separately budget for entertainment and hospitality, and any spend in this area is minor in nature, being funded from administrative budget allocations. In previous years an end of year function has been held for all staff, with an approximate cost of \$2,000 or \$14 per employee. Will occur during subsequent reviews.	Complete

	Date of Meeting	Item	Responsible	Due Date	Status	Completed
8.	17 July 2023	2.4 Asset Accounting Policy Review <i>Council's external auditor to review the policy prior to its consideration by Council.</i>	Manager Finance	21 August 2023	Presented to Auditor for review, no issues raised.	Complete
9.	17 July 2023	3.2 Insurance Claims 2022 – 2023 <i>Management to advise as to whether the value of claims was net or gross.</i>	Manager Governance	3 October 2023	The amount reported excludes GST but is the gross amount before the excess is deducted.	Complete
10.	17 July 2023	3.3 Management of Excess Leave <i>The percentage of Council's workforce with excess leave is to be included in future reports.</i>	Manager Finance	February 2024		
11.	17 July 2023	3.7 Lobbying and Influence Discussion Paper <i>Prepare a draft submission on the State Government's Lobbying and Influence Discussion Paper and circulate it to the Committee out of session for comment</i>	Director Corporate /CEO	18 August 2023	Unfortunately, a submission was not prepared for this item due to the tight timelines and other higher priorities needing to be addressed.	No further action required
12.	17 July 2023	4.2 Cyber Security Review <i>Consider a Cyber Security Health Check in the internal audit program and; Ensure progress reporting on actions identified in the Cyber Security Report.</i>	Manager Finance	February 2024		

* Completed items to be removed are shaded

EXTERNAL/INTERNAL REVIEWS WORKPLAN

Source	Date of Report	#	Item	Responsible	Progress Comment	Due	Status / % Complete
GHC	Mar-21	3	Review procurement policies and procedures	Mgr Finance	Training to be rolled out on the new Procurement Framework over the next month	31/07/2023	Complete
GHC	Mar-21	6	Undertake a full review of Council's suite of HR/WHS policies	Mgr People & Culture	An extension of two months is required to finalise and consult	30/06/2023	In Progress / 50%
GHC	Mar-21	16	Review of community land management plans	Mgr Governance	Overall review of all expired leases and land management plans being undertaken in tandem. Land Management data base updated in preparation for new plan population. Workshop completed with Kelledy Jones 25/9/23	30/06/2024	In Progress / 40%
EAMR	Jun-22	9	Review of expired lease agreements	Mgr Governance	Overall review of all expired leases and land management plans being undertaken in tandem. Review of expired leases and licences is progressing.	30/06/2024	In Progress / 60%
EAMR	May-23	2	Ensure transport asset revaluation is consistent with Council assumptions and the Asset Management Strategy	Mgr Finance / Assets Coordinator	Administration working with valuer to ensure the output of the process is relevant	31/07/2023	Complete
EAMR	May-23	4	Review the Asset Management Strategy	Mgr Finance / Assets Coordinator	Due within the first two years of the new Council	31/03/2024	Pending

* Shaded items to be deleted

GHC - Governance Health Check

EAMR - External Audit Management Report

IFCSA - Internal Financial Controls Self Assessment

- recommendation number from external reports and risk number for internal review

“ANNEXURE C”**WHYALLA CITY COUNCIL
AUDIT AND RISK COMMITTEE****INDICATIVE MEETING SCHEDULE AND WORK PROGRAM - 2023**

Schedule of Ordinary Meetings	
Monday 27 February 2023 at 11am	
Monday 3 April 2023 at 11am	
Monday 8 May 2023 at 11am	
Monday 17 July 2023 at 11am	
Tuesday 3 October 2023 at 11am	In person, to include joint workshop with Council at 5.30pm
Monday 5 February 2024 at 11am	

AUDIT AND RISK COMMITTEE WORK PROGRAM



ToR Ref	Deliverables derived from the Committee's Terms of Reference	Feb 23	Apr 23	May 23	July 23	Oct 23	Feb 24	Apr 24	May 24	Jul 24	Oct 24	Action
5.4	Communication											
	Updates on relevant Council considerations since the last meeting	As required										Note
7	Meetings											
7.8	Set annual schedule of meetings					2.9					X	
7.8	Annual joint workshop with Council – topics tbd					X					X	Endorse
7.10	Review Committee meeting procedures					X					X	Endorse
9.3	Reporting											
	Audit and Risk Committee annual report to Council					2.4						Endorse
10.1	Strategic Management											
	Review Strategic Management Framework, including report on WTF: What's the future workshop outcomes and consideration of transformation / investment / development strategies				X							Note
	Review of strategic management plans (Strategic Plan, LTFFP, AMP, WP, ITP), including consideration of transformation / investment / development strategies					X	X	X				Recommend
	Review ABP&B parameters and process for following year					2.6					X	Recommend
	Review draft ABP&B		X					X				Recommend
	Review ESCOSA material			X				X				Note
10.2	Financial and Prudential Management											
	Review annual financial statements					2.1					X	Recommend
	Review quarterly budget reports	X		X		2.5	X		X		X	Recommend
	Review application for new loan				X							Recommend
	Review Council investments & loans					2.3						Recommend
	Rating review considerations					X						Recommend
	Review any prudential report	As required										Recommend
	Review any business case / unsolicited proposals	As required										Recommend
	Review financial/prudential policies:									X		Recommend

AUDIT AND RISK COMMITTEE WORK PROGRAM



ToR Ref	Deliverables derived from the Committee's Terms of Reference	Feb 23	Apr 23	May 23	July 23	Oct 23	Feb 24	Apr 24	May 24	Jul 24	Oct 24	Action
	- Asset Accounting - Budget Management & Review - Corporate Credit Card - Entertainment and Hospitality - Financial Hardship											
	- Financial Hardship Policy – Retail Water Customers	Due 2026										Recommend
	- Disposal of Land and Other Assets				X							Recommend
	- Financial Internal Control						X					Recommend
	- Procurement Policy				X							Recommend
	- Prudential Management					X						Recommend
	- Rating Policy						X	X				Recommend
	- Retail Water – Pricing	Due 2026										Recommend
	- Treasury Management								X			Recommend
	- Unsolicited Proposals	Due 2027										Recommend
	- Water Connection & Billing	Due 2026										Recommend
	Quarterly Procurement Report			X	X	3.1	X		X	X	X	Note
10.3	External Audit											
	Oversee any tender process undertaken and recommend to Council the appointment of the external auditor.	Due February 2026										Recommend
	Review annual audit plan						X					Recommend
	Receive interim management report			X					X			Note
	Receive end of year audit completion report					2.1					X	Note
	Meet with external auditor without management present					2.1					X	Note
	Monitor management's responses to and progress against audit findings			X	X	X	X	X	X	X	X	Note
10.4	Risk Management											
	Review Risk Management Policy, framework, appetite statements, strategic risk profile				X	X		X			X	Recommend
	Review emergency management and business continuity policies and plans				X	2.8				X		Note
	Cyber security review report				X					X		Note
	Information or Annual report on Council insurances, claims			X	X					X		Note

AUDIT AND RISK COMMITTEE WORK PROGRAM



ToR Ref	Deliverables derived from the Committee's Terms of Reference	Feb 23	Apr 23	May 23	July 23	Oct 23	Feb 24	Apr 24	May 24	Jul 24	Oct 24	Action
	Monitor management's responses to and progress against any risk reports			X	X	1.5	X	X	X	X	X	Note
10.5	Internal Audit, Internal Controls and Service Reviews											
	Oversee Council's engagement of an internal audit and service review service provider			X	X							Recommend
	Review and monitor the program of service reviews and internal audit assignments					2.7					X	Note
	Review and monitor the outcomes of service review and internal audit assignments						X	X	X	X	X	Recommend or note
	Review internal financial controls – self assessment						X					Recommend
	Review CEO's report on the effectiveness and improvement of internal control (only required for 2023, prior to establishing internal audit program)					2.10						Note
	Meet with service review and internal audit service provider without management present					2.1					X	Note
	Monitor management's responses to and progress against service review and internal audit reports							X	X	X	X	Note
	Review update report on management of excess leave				X							Note
	Review final reports from Systems Modernisation review (confidential)				X					X		Recommend
11.1	Performance assessment, induction and professional development											
	Review performance assessment methodology									X		Endorse
	Receive and consider performance assessment report including any professional development needs										X	Endorse
	Review the Committee's Terms of Reference						X				X	Recommend
11.2	Ethics, Integrity and Culture											
	Ensure a review of council's systems of control on ethical standards etc is included on the internal audit program. This					X						Endorse



ToR Ref	Deliverables derived from the Committee's Terms of Reference	Feb 23	Apr 23	May 23	July 23	Oct 23	Feb 24	Apr 24	May 24	Jul 24	Oct 24	Action
	includes arrangements for employees to raise concerns											
	Receive and consider internal audit report on council's systems of control on ethical standards etc								X			Recommend or note
	Review Council's key controls / policies that go towards good public administration including (note these policies are on a 4-yearly cycle of review):											
	- Behaviour Management	Next due by November 2027										Recommend
	- Fraud and Corruption				X							Recommend
	- Complaints Handling	Next due May 2025										Recommend
	- Public Interest Disclosure	Next due May 2025										Recommend
	- Review of Council Decisions	Next due June 2025										Recommend
	- Access to information, transparency and confidentiality				X							Recommend
	- Privacy			X								Recommend
	Review CEO's annual report on the effectiveness of the organisation's culture					2.11					X	Note
	Review any reports received that go towards good public administration	As required										Recommend or note
	Other											
11.3	Propose and review the exercise of powers under section 130A of the Local Government Act 1999	As required										Recommend

2 ITEMS FOR DECISION

2.1 2022-23 Draft Financial Statements

Audit and Risk Committee: 3 October 2023

Author's Title: Finance Coordinator

File No.: 0-159, 0-209

Directorate: Corporate

Annexures:

A – General Purpose Financial Statements

B – Management Representation Letter

C – Audit Completion Report

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 financial statements for the 2022-23 financial year, to ensure that they fairly present the affairs of the Council.

SUMMARY

The Audit and Risk Committee advises Council and Councils' Auditor that it has reviewed the draft Annual Financial Statements of the Council for the financial year ended 30 June 2023 and is satisfied that they present fairly the state of affairs of Council.

RECOMMENDATION

The Audit and Risk 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 2023 and is satisfied that they present fairly the state of affairs of Council;
2. advise Councils' Auditor that it has reviewed the Annual Financial Statements of the Council for the financial year ended 30 June 2023 and is satisfied that they present fairly the state of affairs of Council; and
3. note the Audit Completion Report from Dean Newbery & Partners for the financial year ended 30 June 2023.

2.1 2022-23 Draft Financial Statements

REPORT

BACKGROUND

The preparation of the financial statements of a Council must be in accordance with the requirements set out in the Local government Act 1999 and Model Financial Statements. The Audit and Risk Committee is required to review the draft financial statements to ensure that they present fairly the affairs of the Council.

Refer **Annexure “A”** – General Purpose Financial Statements (for the year ended 30 June 2023).

DISCUSSION

The draft financial statements have been prepared for submission to the Audit and Risk Committee. The audit completion report has been presented (**Annexure “C”**) and has not identified any areas of concern. During the Audit and Risk Committee meeting it is proposed that staff leave the meeting to allow the Audit and Risk Committee the opportunity to ask the auditors questions in relation to the 30 June 2023 external audit.

The Management Representation Letter provided to Councils’ auditors, Dean Newbery, is included at **Annexure “B”**. The letter indicates that, in Management’s opinion, the Financial Statements present fairly the affairs of the Council.

Financial Implications

Councils’ key financial sustainability performance targets assist in ensuring the long term financial sustainability of the Council, covering the maintenance and development of the community’s assets as well as providing appropriate services.

Key Financial Indicators	Target	2023	2022	2021	3 Year
		Year End	Year end	Year End	Average
Operating Surplus Ratio - %	(2) – 1%	(2.4)	2.4	(11.6)	(3.9)
Adjusted Operating Surplus Ratio - %		(7.3)	(2.1)	(11.5)	(7.0)
Net Financial Liabilities Ratio - %	< 80%	40	46	40	42
Adjusted Net Financial Liabilities Ratio - %		54	57	0	37
Asset Renewal Funding Ratio - %	90-110%	80	62	61	68

Operating Surplus Ratio

Council is operating outside its key performance indicator target for the operating surplus ratio. Unavoidable increases to costs such as electricity, kerbside waste and animal management have affected this ratio.

In June 2023, the Federal Government distributed the entire 2023-24 financial assistance grants (FAGS) allocation in advance. The impact to the adjusted operating surplus ratio for the current year when removing the effects of receiving the advance payments results is a 7.3% deficit.

Net Financial Liabilities Ratio

Council is operating within its key performance indicator target for the net financial liabilities ratio. The ratio decreased from 46% in June 2022 to 40% in June 2023 as a result of the 2023-24 Financial Assistance Grants being paid entirely in June 2023, deferral of capital projects to future years and the sale of a surplus building in June 2023. The surplus funds were used to partially repay the borrowings outstanding. As at 30 June 2023, Council had reduced borrowings from \$16.25 million to \$11.5 million, but has the capacity to increase loan borrowings as required in the future.

Asset Renewal Funding Ratio

Councils' Asset Renewal Funding Ratio is slightly below the key financial indicator target of between 90 and 110% for the 2022-23 financial year attributed to a number of projects being assigned for completion in the 2023-24 financial year.

Strategic Plan

Objective 1.1 – Unearth community pride within the city.

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

Legislation

Section 126(4) of the *Local Government Act 1999*, the function of the Audit and Risk Committee is to review the annual financial statements to ensure that they present fairly the state of affairs of the Council.

Officer Direct or Indirect Interest – Nil

Risk Assessment

In assessing Council risk associated with legislative compliance and the consequence of the Audit and Risk Committee not reviewing the financial statements, it is considered a moderate risk as Council would be in breach of legislation and receive adverse criticism.

Social Considerations – Not applicable

Community Engagement – Nil

Environmental Implications – Not applicable

Communication – Not applicable

Conclusion

The Audit and Risk Committee review the draft financial statements for the 2022-23 financial year, to ensure that they fairly present the affairs of the Council.

DRAFT

The Corporation of the City of Whyalla

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2023

Whyalla will be a vibrant, attractive city offering the community a diverse range of sustainable economic, social, environmental and cultural opportunities



The Corporation of the City of Whyalla

General Purpose Financial Statements

for the year ended 30 June 2023

Contents	Page
Council certificate	3
Principal Financial Statements	
Statement of Comprehensive Income	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Notes to and forming part of the Financial Statements	8
Independent Auditor's Report – Financial Statements	46
Independent Auditor's Report – Internal Controls	47
Certificates of Audit Independence	
Council Certificate of Audit Independence	48
Audit Certificate of Audit Independence	49

DRAFT

The Corporation of the City of Whyalla

General Purpose Financial Statements

for the year ended 30 June 2023

Certification of Financial Statements

We have been authorised by the Council to certify the financial statements in their final form.

In our opinion:

- the accompanying financial statements comply with the *Local Government Act 1999, Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards,
- the financial statements present a true and fair view of the Council's financial position at 30 June 2023 and the results of its operations and cash flows for the financial year,
- internal controls implemented by the Council provide a reasonable assurance that the Council's financial records are complete, accurate and reliable and were effective throughout the financial year,
- the financial statements accurately reflect the Council's accounting and other records.

Justin Commons
Chief Executive Officer

03 October 2023

Phillip Stone
Mayor

03 October 2023

The Corporation of the City of Whyalla

Statement of Comprehensive Income

for the year ended 30 June 2023

	Notes	2023 \$ '000	2022 \$ '000
Income			
Rates	2a	23,715	22,386
Statutory charges	2b	412	422
User charges	2c	3,742	3,245
Grants, subsidies and contributions - capital	2g	1,227	873
Grants, subsidies and contributions - operating	2g	8,964	8,137
Investment income	2d	38	12
Reimbursements	2e	97	22
Other income	2f	1,229	1,390
Total income		39,424	36,487
Expenses			
Employee costs	3a	13,869	12,393
Materials, contracts and other expenses	3b	17,885	15,740
Depreciation, amortisation and impairment	3c	7,954	7,257
Finance costs	3d	645	205
Total expenses		40,353	35,595
Operating surplus / (deficit)		(929)	892
Physical resources received free of charge	2i	—	186
Asset disposal and fair value adjustments	4	(2,071)	(1,582)
Amounts received specifically for new or upgraded assets	2g	1,149	5,198
Net surplus / (deficit)		(1,851)	4,694
Other comprehensive income			
Amounts which will not be reclassified subsequently to operating result			
Changes in revaluation surplus - I,PP&E	9a	40,988	18,743
Total other comprehensive income		40,988	18,743
Total comprehensive income		39,137	23,437

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position

as at 30 June 2023

	Notes	2023 \$ '000	2022 \$ '000
ASSETS			
Current assets			
Cash and cash equivalent assets	5a	108	350
Trade and other receivables	5b	4,336	6,485
Inventories	5c	2,783	2,861
Total current assets		7,227	9,696
Non-current assets			
Other non-current assets	6	1,681	4,910
Infrastructure, property, plant and equipment	7	349,662	308,477
Total non-current assets		351,343	313,387
TOTAL ASSETS		358,570	323,083
LIABILITIES			
Current liabilities			
Trade and other payables	8a	4,942	3,820
Provisions	8c	2,648	2,630
Total current liabilities		7,590	6,450
Non-current liabilities			
Borrowings	8b	11,500	16,250
Provisions	8c	1,032	1,074
Total non-current liabilities		12,532	17,324
TOTAL LIABILITIES		20,122	23,774
Net assets		338,448	299,309
EQUITY			
Accumulated surplus		46,583	48,044
Asset revaluation reserves	9a	291,578	250,590
Other reserves	9b	287	675
TOTAL COUNCIL EQUITY		338,448	299,309
Total Equity		338,448	299,309

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

The Corporation of the City of Whyalla

Statement of Changes in Equity

for the year ended 30 June 2023

\$ '000	Notes	Accumulated surplus	Asset revaluation reserve	Other reserves	Total equity
2023					
Balance at the end of previous reporting period		48,044	250,590	675	299,309
Adjustments (correction of prior period errors)		2	—	—	2
Net surplus / (deficit) for year		(1,851)	—	—	(1,851)
Other comprehensive income					
- Gain (Loss) on Revaluation of I,PP&E	7a	—	40,988	—	40,988
- Other Movements (Closure of Revaluation Reserve)		—	—	—	—
Other comprehensive income		—	40,988	—	40,988
Total comprehensive income		(1,851)	40,988	—	39,137
Transfers between reserves		388	—	(388)	—
Balance at the end of period		46,583	291,578	287	338,448
2022					
Balance at the end of previous reporting period		43,047	231,847	978	275,872
Net surplus / (deficit) for year		4,694	—	—	4,694
Other comprehensive income					
- Gain (Loss) on Revaluation of I,PP&E	7a	—	18,743	—	18,743
- Other Movements (Closure of Revaluation Reserve)		—	—	—	—
Other comprehensive income		—	18,743	—	18,743
Total comprehensive income		4,694	18,743	—	23,437
Transfers between reserves		303	—	(303)	—
Balance at the end of period		48,044	250,590	675	299,309

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

The Corporation of the City of Whyalla

Statement of Cash Flows

for the year ended 30 June 2023

	Notes	2023 \$ '000	2022 \$ '000
Cash flows from operating activities			
<u>Receipts</u>			
Rates receipts		23,496	22,561
Statutory charges		422	429
User charges		3,960	3,431
Grants, Subsidies and Contributions (operating purpose)		8,981	8,147
Investment receipts		38	12
Reimbursements		106	24
Other receipts		5,519	1,353
<u>Payments</u>			
Payments to employees		(13,834)	(12,104)
Payments for materials, contracts and other expenses		(18,992)	(21,520)
Finance payments		(510)	(198)
Net cash provided by (or used in) operating activities	11b	9,186	2,135
Cash flows from investing activities			
<u>Receipts</u>			
Amounts received specifically for new or upgraded assets		1,149	5,198
Grants utilised for capital purposes		1,227	873
Sale of real estate developments		202	—
Sale of replaced assets		232	192
Sale of surplus assets		1,220	—
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(3,555)	(5,898)
Expenditure on new/upgraded assets		(5,135)	(11,963)
Net cash provided (or used in) investing activities		(4,660)	(11,598)
Cash flows from financing activities			
<u>Receipts</u>			
Proceeds from Borrowings		19,700	24,150
<u>Payments</u>			
Repayment of bonds and deposits		(18)	(17)
Repayments of Borrowings		(24,450)	(14,900)
Net cash provided by (or used in) financing activities		(4,768)	9,233
Net increase (decrease) in cash held		(242)	(230)
plus: cash & cash equivalents at beginning of period		350	580
Cash and cash equivalents held at end of period	11a	108	350

Additional information:

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

The Corporation of the City of Whyalla

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Contents of the Notes accompanying the General Purpose Financial Statements

Note	Details	Page
1	Summary of Significant Accounting Policies	9
2	Income	16
3	Expenses	19
4	Asset disposal and fair value adjustments	21
5	Current assets	22
6	Non-current assets	23
7	Infrastructure, Property, Plant & Equipment	24
8	Liabilities	28
9	Reserves	29
10	Assets subject to restrictions	30
11	Reconciliation to Statement of Cash Flows	31
12(a)	Functions	32
12(b)	Components of functions	33
13	Financial instruments	34
14	Capital expenditure and investment property commitments	37
15	Financial indicators	38
16	Uniform presentation of finances	41
17	Leases	42
18	Superannuation	43
19	Contingencies and assets/liabilities not recognised in the balance sheet	44
20	Events after the balance sheet date	44
21	Related party transactions	45

The Corporation of the City of Whyalla

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted by Council in the preparation of these consolidated financial statements are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated.

(1) Basis of preparation

1.1 Compliance with Australian Accounting Standards

This general purpose financial report has been prepared on a going concern basis using the historical cost convention in accordance with Australian Accounting Standards as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and relevant South Australian legislation.

The financial report was authorised for issue by certificate under regulation 14 of the *Local Government (Financial Management) Regulations 2011* dated 03 October 2023

1.2 Critical accounting estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates and requires management to exercise its judgement in applying Council's accounting policies.

Particular areas involving a high degree of judgement or complexity include the estimation of future payments and timing in relation to tip restoration. Further information in relation to the estimation of these liabilities are given in the relevant sections of these Notes.

1.3 Rounding

All amounts in the financial statements have been rounded to the nearest thousand dollars (\$'000).

1.4 Estimates and assumptions

The COVID-19 pandemic has had an ongoing impact on airport passenger numbers, which has had a detrimental financial impact in both 2022/23 as well as the comparisons in 2021/22.

(2) The local government reporting entity

The Corporation of the City of Whyalla is incorporated under the South Australian Local Government Act 1999 and has its principal place of business at Darling Terrace, Whyalla. These financial statements include the Council's operations.

(3) Income recognition

Income is measured at the fair value of the consideration received or receivable. Income is recognised when the Council obtains control over the assets comprising the income, or when the amount due constitutes an enforceable debt, whichever first occurs.

Where grants, contributions and donations recognised as incomes during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the amounts subject to those undischarged conditions are disclosed in these notes. Also disclosed is the amount of grants, contributions and receivables recognised as incomes in a previous reporting period which were obtained in respect of the Council's operations for the current reporting period.

In recent years the payment of untied financial assistance grants has varied from the annual allocation as shown in the table below:

\$'000	Cash Payment Received	Annual Allocation	Difference
2020/21	\$4,515	\$4,538	- \$23
2021/22	\$6,401	\$4,754	+\$1,647
2022/23	\$7,152	\$5,188	+\$1,964

The Corporation of the City of Whyalla

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 1. Summary of Significant Accounting Policies (continued)

Because these grants are untied, the Australian Accounting Standards require that payments be recognised upon receipt. Accordingly, the operating results of these periods have been distorted compared to those that would have been reported had the grants been paid in the year to which they were allocated.

The Operating Surplus Ratio disclosed in Note 15 has also been calculated after adjusting for the distortions resulting from the differences between the actual grants received and the grants entitlements allocated.

Construction contracts

Construction works undertaken by Council for third parties are generally on an agency basis where the third party reimburses Council for actual costs incurred, and usually do not extend beyond the reporting period. Reimbursements not received are recognised as receivables and reimbursements received in advance are recognised as "payments received in advance".

For works undertaken on a fixed price contract basis, revenues are recognised over time using the input method, with costs incurred compared to total expected costs used as a measure of progress. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

(4) Cash, cash equivalents and other financial instruments

Cash Assets include all amounts readily convertible to cash on hand at Council's option with an insignificant risk of changes in value with a maturity of three months or less from the date of acquisition.

Receivables for rates and annual charges are secured over the subject land, and bear interest at rates determined in accordance with the *Local Government Act 1999*. Other receivables are generally unsecured and do not bear interest.

All receivables are reviewed as at the reporting date and adequate allowance made for amounts the receipt of which is considered doubtful.

All financial instruments are recognised at fair value at the date of recognition, except for trade receivables from a contract with a customer, which are measured at the transaction price. A detailed statement of the accounting policies applied to financial instruments forms part of Note 13.

(5) Inventories

Inventories held in respect of stores have been valued by using the weighted average cost on a continual basis, after adjustment for loss of service potential. Inventories held in respect of business undertakings have been valued at the lower of cost and net realisable value.

5.1 Real estate assets developments

Real Estate Assets developments have been classified as Inventory in accordance with *AASB 102 Inventories* and are valued at the lower of cost or net realisable value. Cost includes the costs of acquisition, development, borrowing and other costs incurred on financing of that acquisition and up to the time of sale. Any amount by which cost exceeds the net realisable value has been recognised as an expense.

Revenues arising from the sale of property are recognised in the operating statement when settlement is completed.

The Corporation of the City of Whyalla

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 1. Summary of Significant Accounting Policies (continued)

5.2 Other real estate held for resale

Properties not acquired for development, but which Council has decided to sell as surplus to requirements, are recognised at the carrying value at the time of that decision.

Certain properties, auctioned for non-payment of rates in accordance with the Local Government Act but which failed to meet the reserve set by Council and are available for sale by private treaty, are recorded at the lower of the unpaid rates and charges at the time of auction or the reserve set by Council. Holding costs in relation to these properties are recognised as an expense when incurred.

(6) Infrastructure, property, plant and equipment

6.1 Initial recognition

All assets are initially recognised at cost. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition.

All non-current assets purchased or constructed are capitalised as the expenditure is incurred and depreciated as soon as the asset is held "ready for use". Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including architects' fees and engineering design fees and all other costs incurred. The cost of non-current assets constructed by the Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

6.2 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Council for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life.

Examples of capitalisation thresholds applied during the year are given below. No capitalisation threshold is applied to the acquisition of land or interests in land.

Office Furniture & Equipment	\$5,000
Other Plant & Equipment	\$5,000
Buildings - New Construction/Extensions	\$10,000
Open Space Structures	\$10,000
Street Furniture & Playground Equipment	\$5,000
Road Construction & Reconstruction	\$10,000
Paving & Footpaths, Kerbs & Gutters	\$5,000
Drains & Culverts	\$5,000
Reticulation Extensions	\$5,000
Sidelines & Household Connections	\$5,000
Irrigation	\$5,000
Artworks	\$5,000

6.3 Subsequent recognition

All material asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. Significant uncertainties exist in the estimation of fair value of a number of asset classes including land, buildings and associated structures and infrastructure. Further detail of these uncertainties, and of existing valuations, methods and valuers are provided at Note 7.

6.4 Depreciation of non-current assets

Other than land, all infrastructure, property, plant and equipment assets recognised are systematically depreciated over their useful lives on a straight-line basis which, in the opinion of Council, best reflects the consumption of the service potential embodied in those assets.

The Corporation of the City of Whyalla

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 1. Summary of Significant Accounting Policies (continued)

Depreciation methods, useful lives and residual values of classes of assets are reviewed annually.

Major depreciation periods for each class of asset are listed below. Depreciation periods for infrastructure assets have been estimated based on the best information available to Council, but appropriate records covering the entire life cycle of these assets are not available, and extreme care should be used in interpreting financial information based on these estimates.

Plant, Furniture & Equipment

Office Equipment	5 to 10 years
Office Furniture	10 to 20 years
Vehicles and Road-making Equipment	5 to 8 years
Other Plant & Equipment	5 to 15 years
Street Furniture	10 to 20 years

Building & Other Structures

Buildings – Masonry (overall)	50 to 100 years
Buildings – Other Construction	20 to 40 years
Buildings – Roofing	40 to 60 years
Buildings – Services	10 to 100 years
Buildings – Interior	20 to 40 years
Buildings – Sub-Structure	50 to 120 years
Buildings – Super Structure	50 to 100 years
Open Space Structures – Masonry & Engineered Structures	50 to 100 years
Open Space Structures – Other Construction	20 to 40 years
Playground Equipment	5 to 20 years

Infrastructure

Sealed Roads – Surface	15 to 30 years
Sealed Roads – Lower Surface / Single Layer	45 to 100 years
Sealed Roads – Carpark	30 to 50 years
Sealed Roads – Pavement	65 to 100 years
Sealed Roads – Pavement Sub-Base	100 to 400 years
Unsealed Roads	10 to 20 years
Paving & Footpaths, Kerbs & Gutters - Surface	25 to 75 years
Paving & Footpaths, Kerbs & Gutters - Sub-Surface	50 to 150 years
Traffic Signals & School Crossings	25 years
Stormwater - Drains	70 to 100 years
Stormwater - Culverts	70 to 100 years
Stormwater - Flood Control Structures	70 to 100 years
Stormwater - Dams and Reservoirs	70 to 100 years
Stormwater - Bores	20 to 40 years
Stormwater - Reticulation Pipes – PVC	70 to 80 years
Stormwater - Reticulation Pipes – Other	25 to 75 years
Irrigation - Primary Supply Lines	80 years
Irrigation - Secondary Supply Lines	50 years
Irrigation - Sub-Surface Supply Lines (Tertiary)	25 years
Irrigation - Pump Stations & Controls	10 to 20 years
Irrigation - Sprinklers, Drippers and Valves	15 to 20 years
Irrigation - Miscellaneous	25 to 50 years

Other Assets

Artworks	indefinite
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The Corporation of the City of Whyalla

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 1. Summary of Significant Accounting Policies (continued)

6.5 Impairment

Assets whose future economic benefits are not dependent on the ability to generate cash flows, and where the future economic benefits would be replaced if Council were deprived thereof, are not subject to impairment testing.

Other assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount (which is the higher of the present value of future cash inflows or value in use).

Where an asset that has been revalued is subsequently impaired, the impairment is first offset against such amount as stands to the credit of that class of assets in Asset Revaluation Reserve, any excess being recognised as an expense.

6.6 Borrowing costs

Borrowing costs in relation to qualifying assets (net of offsetting investment revenue) have been capitalised in accordance with *AASB 123 Borrowing Costs*. The amounts of borrowing costs recognised as an expense or as part of the carrying amount of qualifying assets are disclosed in Note 3, and the amount (if any) of interest revenue offset against borrowing costs in Note 2.

(7) Payables

7.1 Goods & Services

Creditors are amounts due to external parties for the supply of goods and services and are recognised as liabilities when the goods and services are received. Creditors are normally paid 30 days after the month of invoice. No interest is payable on these amounts.

7.2 Payments Received in Advance & Deposits

Amounts other than grants received from external parties in advance of service delivery, and security deposits held against possible damage to Council assets, are recognised as liabilities until the service is delivered or damage reinstated, or the amount is refunded as the case may be.

(8) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred and are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period to which it relates, and is recorded as part of "Payables".

(9) Employee benefits

9.1 Salaries, Wages & Compensated Absences

Liabilities for employees' entitlements to salaries, wages and compensated absences expected to be paid or settled within 12 months of reporting date are accrued at nominal amounts (including payroll based oncosts) measured in accordance with AASB 119.

Liabilities for employee benefits not expected to be paid or settled within 12 months are measured as the present value of the estimated future cash outflows (including payroll based oncosts) to be made in respect of services provided by employees up to the reporting date. Present values are calculated using government guaranteed securities rates with similar maturity terms.

No accrual is made for sick leave as Council experience indicates that, on average, sick leave taken in each reporting period is less than the entitlement accruing in that period, and this experience is expected to recur in future reporting periods. Council does not make payment for unused sick leave.

9.2 Superannuation

The Council makes employer superannuation contributions in respect of its employees to the Hostplus Superannuation Scheme and other superannuation funds. The Scheme has two types of membership, each of which is funded differently. Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 18.

The Corporation of the City of Whyalla

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 1. Summary of Significant Accounting Policies (continued)

(10) Provisions for reinstatement, restoration and rehabilitation

Close down and restoration costs include the dismantling and demolition of infrastructure and the removal of residual materials and remediation and rehabilitation of disturbed areas. Estimated close down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs and are carried at the net present value of estimated future costs.

Although estimated future costs are based on a closure plan, such plans are based on current environmental requirements which may change.

Given there is no air space remaining in the Landfill, all adjustments made to the provision for the capping of landfill cell obligations in future years are recognised through the Statement of Comprehensive Income for the life of the Provision.

As the future cash outflows are estimates that can materially impact the value of the provision, they will be externally verified once every 5 years. In the intervening years the costs are indexed. The last external review was undertaken by Value Add Ventures as at 30 June 2020, with the next review due by 30 June 2025.

(11) Leases

The Council assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

11.1 Council as a lessee

The Council recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-Use-Assets

The Council recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and the estimate of costs to be incurred to restore the leased asset. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The right-of-use assets are also subject to impairment. Refer to the accounting policies above - Impairment of non-financial assets.

ii) Lease Liabilities

At the commencement date of the lease, the Council recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Council uses its incremental borrowing rate or the interest rate implicit in the lease.

iii) Short-term leases and leases of low-value assets

The Council applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date). It also applies the low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

The Corporation of the City of Whyalla

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 1. Summary of Significant Accounting Policies (continued)

(12) GST implications

In accordance with UIG Abstract 1031 "Accounting for the Goods & Services Tax"

- Receivables and Creditors include GST receivable and payable.
- Except in relation to input taxed activities, revenues and operating expenditures exclude GST receivable and payable.
- Non-current assets and capital expenditures include GST net of any recoupment.
- Amounts included in the Statement of Cash Flows are disclosed on a gross basis.

(13) New accounting standards and UIG interpretations

New standards and amendments relevant to the Council are listed below. The Council has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Standards issued by the AASB not yet effective

The AASB has issued Australian Accounting Standards and Interpretations which are not effective at 30 June 2023, these standards have not been adopted by Council and will be included in the financial statements on their effective date. Where the standard is expected to have a significant impact for Council then further information has been provided in this note.

The following list identifies all the new and amended Australian Accounting Standards, and Interpretation, that were issued but not yet effective at the time of compiling these illustrative statements that could be applicable to Councils.

Effective for NFP annual reporting periods beginning on or after 1 January 2023

- AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-Current (amended by AASB 2020-6)
- AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates

Effective for NFP annual reporting periods beginning on or after 1 January 2024

- AASB 2022-10 Amendments to Australian Accounting Standards - Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities

(14) Comparative figures

To ensure comparability with the current reporting period's figures, some comparative period line items and amounts may have been reclassified or individually reported for the first time within these financial statements and/or the notes.

(15) Disclaimer

Nothing contained within these statements may be taken to be an admission of any liability to any person under any circumstance.

The Corporation of the City of Whyalla

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 2. Income

	2023 \$ '000	2022 \$ '000
(a) Rates		
General rates		
General rates	18,995	17,845
Less: mandatory rebates	(207)	(187)
Less: discretionary rebates, remissions and write-offs	(48)	(44)
Total general rates	18,740	17,614
Other rates (including service charges)		
Landscape levy	945	924
Waste collection	4,139	3,968
Total other rates (including service charges)	5,084	4,892
Other charges		
Penalties for late payment	172	148
Total other charges	172	148
Less: discretionary rebates, remissions and write-offs		
Less: discretionary rebates, remissions and write-offs	(281)	(268)
Total less: discretionary rebates, remissions and write-offs	(281)	(268)
Total rates	23,715	22,386
(b) Statutory charges		
Development Act fees	72	74
Town planning fees	54	51
Health and septic tank inspection fees	8	6
Animal registration fees and fines	221	228
Parking fines / expiation fees	6	12
Other licences, fees and fines	51	51
Total statutory charges	412	422
(c) User charges		
Cemetery/crematoria fees	371	373
Hall and equipment hire	21	20
Property lease	299	344
Sales - general	90	46
Subsidies received on behalf of users	927	731
Sundry	244	215
Airport Charges	1,098	829
Marina Fees	65	63
Child Care Centre	538	501
Waste Fees	89	123
Total user charges	3,742	3,245

The Corporation of the City of Whyalla

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 2. Income (continued)

	2023 \$ '000	2022 \$ '000
(d) Investment income		
Interest on Investments		
- Local Government Finance Authority	27	12
- Banks and other	11	—
Total investment income	38	12
(e) Reimbursements		
Roadworks	7	11
Private works	17	6
Other	73	5
Total reimbursements	97	22
(f) Other income		
Rebates received	844	798
Sundry	205	412
Management Other Income	12	—
Finance Debt Collection	94	91
Quarry Income	74	89
Total other income	1,229	1,390
(g) Grants, subsidies and contributions		
Amounts received specifically for new or upgraded assets	1,149	5,198
Total	1,149	5,198
Other grants, subsidies and contributions - capital		
Untied - Local roads and community	1,227	873
Total Other grants, subsidies and contributions - capital	1,227	873
Other grants, subsidies and contributions		
Untied - Financial Assistance Grant	7,152	6,401
Library and communications	173	149
Sundry	1,639	1,587
Total other grants, subsidies and contributions	8,964	8,137
Total grants, subsidies and contributions	11,340	14,208
The functions to which these grants relate are shown in Note 12.		
(i) Sources of grants		
Commonwealth Government	2,846	7,090
State Government	8,347	6,935
Other	147	183
Total	11,340	14,208

The Corporation of the City of Whyalla

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 2. Income (continued)

	2023 \$ '000	2022 \$ '000
(ii) Individually significant items		
Other	1,273	5,704
 (h) Conditions over grants and contributions		
Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:		
Unexpended at the close of the previous reporting period	675	978
Less:		
<i>Expended during the current period from revenues recognised in previous reporting periods</i>		
Roads infrastructure	—	(471)
Heritage and cultural services	(447)	(86)
Other	(100)	(1)
Subtotal	(547)	(558)
Plus:		
<i>Amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>		
Heritage and cultural services	—	35
Other	159	220
Subtotal	159	255
Unexpended at the close of this reporting period	287	675
Net increase (decrease) in assets subject to conditions in the current reporting period	(388)	(303)

The Corporation of the City of Whyalla

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 3. Expenses

	Notes	2023 \$ '000	2022 \$ '000
(a) Employee costs			
Salaries and wages		10,531	9,770
Employee leave expense		1,867	1,585
Superannuation - defined contribution plan contributions	18	1,035	920
Superannuation - defined benefit plan contributions	18	186	188
Workers' compensation insurance		347	253
Less: capitalised and distributed costs		(97)	(323)
Total operating employee costs		13,869	12,393
Total number of employees (full time equivalent at end of reporting period)		134	135
(b) Materials, contracts and other expenses			
(i) Prescribed expenses			
Auditor's remuneration			
- Auditing the financial reports		17	21
Bad and doubtful debts		5	-
Elected members' expenses		351	282
Election expenses		134	7
Subtotal - prescribed expenses		507	310
(ii) Other materials, contracts and expenses			
Contractors		7,495	6,546
Energy		1,455	1,184
Insurance		479	413
Maintenance		627	520
Legal expenses		171	255
Levies Paid to Government - Landscape Levy		945	924
Levies - other		56	22
Parts, accessories and consumables		1,374	1,058
Professional services		1,093	1,009
Sundry		3,683	3,499
Subtotal - Other material, contracts and expenses		17,378	15,430
Total materials, contracts and other expenses		17,885	15,740

The Corporation of the City of Whyalla

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 3. Expenses (continued)

	2023 \$ '000	2022 \$ '000
(c) Depreciation, amortisation and impairment		
(i) Depreciation and amortisation		
Land improvements	743	671
Buildings and other structures	1,559	1,314
Infrastructure		
- Stormwater drainage	433	401
- Irrigation Systems	287	265
- Playgrounds	124	116
- Roads & Footpaths	3,537	3,295
- Runway Assets	151	163
Plant and equipment	599	509
Furniture and fittings	204	220
Street Furniture	90	90
Other assets	227	213
Total depreciation, amortisation and impairment	7,954	7,257
(d) Finance costs		
Interest on overdraft and short-term drawdown	645	205
Total finance costs	645	205

The Corporation of the City of Whyalla

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 4. Asset disposal and fair value adjustments

	2023 \$ '000	2022 \$ '000
Infrastructure, property, plant and equipment		
(i) Assets renewed or directly replaced		
Proceeds from disposal	232	192
Less: carrying amount of assets sold	(2,710)	(1,626)
Gain (loss) on disposal	(2,478)	(1,434)
(ii) Assets surplus to requirements		
Proceeds from disposal	1,220	—
Less: carrying amount of assets sold	(935)	(148)
Gain (loss) on disposal	285	(148)
Real estate development assets		
Proceeds from disposal	201	—
Less: carrying amount of assets sold	(79)	—
Gain (loss) on disposal	122	—
Net Gain (Loss) on Disposal	(2,071)	(1,582)

The Corporation of the City of Whyalla

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 5. Current assets

	2023 \$ '000	2022 \$ '000
(a) Cash and cash equivalent assets		
Cash on hand and at bank	108	280
Short term deposits and bills, etc.	—	70
<u>Total cash and cash equivalent assets</u>	<u>108</u>	<u>350</u>
(b) Trade and other receivables		
Rates - general and other	2,444	2,240
Council rates postponement scheme	38	23
Accrued revenues	848	2,933
Debtors - general	599	874
GST recoupment	369	378
Prepayments	188	176
Sundry	7	16
<u>Subtotal</u>	<u>4,493</u>	<u>6,640</u>
Less: provision for expected credit losses	(157)	(155)
<u>Total trade and other receivables</u>	<u>4,336</u>	<u>6,485</u>
(c) Inventories		
Stores and materials	121	124
Trading stock	37	32
Real estate developments	2,625	2,705
<u>Total inventories</u>	<u>2,783</u>	<u>2,861</u>

The Corporation of the City of Whyalla

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 6. Non-current assets

	2023 \$ '000	2022 \$ '000
Other non-current assets		
Other		
Capital work in progress	1,681	4,910
Total other non-current assets	1,681	4,910
Other disclosures		
Real estate developments - current and non-current (Valued at the lower of cost and net realisable value)		
Industrial and commercial	2,625	2,705
Total real estate for resale	2,625	2,705
Represented by:		
Acquisition costs	466	481
Development costs	2,010	2,071
Finance costs	149	153
Subtotal	2,625	2,705
Total real estate of resale	2,625	2,705
Apportionment of real estate developments		
Current assets	2,625	2,705

The Corporation of the City of Whyalla

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 7. Infrastructure, Property, Plant & Equipment

Infrastructure, property, plant and equipment

	Fair Value Level	as at 30/06/22				Asset movements during the reporting period								as at 30/06/23			
		At Fair Value \$ '000	At Cost \$ '000	Accumulated Depreciation \$ '000	Carrying amount \$ '000	Asset Additions New / Upgrade \$ '000	Asset Additions Renewals \$ '000	WDV of Asset Disposals \$ '000	Depreciation Expense (Note 3c) \$ '000	WIP Transfers \$ '000	Adjustments & Transfers \$ '000	Revaluation Decrements to Equity (ARR) (Note 9) \$ '000	Revaluation Increments to Equity (ARR) (Note 9) \$ '000	At Fair Value \$ '000	At Cost \$ '000	Accumulated Depreciation \$ '000	Carrying amount \$ '000
Land	2	6,724	—	—	6,724	—	—	(93)	—	—	—	—	729	7,361	—	—	7,361
Land	3	27,533	—	—	27,533	—	—	—	—	—	—	—	3,029	30,562	—	—	30,562
Land improvements	3	31,817	—	(10,755)	21,062	534	104	(32)	(743)	(62)	—	(1,209)	3,576	35,903	—	(12,674)	23,229
Buildings and other structures	2	13,448	—	(9,575)	3,873	—	—	(842)	(207)	—	—	(973)	1,283	12,949	—	(9,814)	3,135
Buildings and other structures	3	75,117	—	(40,621)	34,496	2,810	795	(299)	(1,352)	67	—	(4,590)	9,198	87,094	—	(45,969)	41,125
Infrastructure																	
- Stormwater drainage	3	39,553	—	(18,682)	20,871	66	—	(6)	(433)	(19)	—	(2,103)	4,333	43,918	—	(21,210)	22,708
- Irrigation Systems	3	10,747	—	(3,317)	7,430	31	31	(7)	(287)	—	—	(357)	1,189	11,989	—	(3,959)	8,030
- Playgrounds	3	2,478	—	(1,093)	1,385	—	—	—	(124)	—	—	(134)	273	2,751	—	(1,351)	1,400
- Roads & Footpaths	3	259,540	—	(88,349)	171,191	236	1,597	(224)	(3,537)	—	317	(27,164)	51,300	283,999	—	(90,283)	193,716
- Runway Assets	3	11,962	—	(5,996)	5,966	1,224	—	(2,055)	(151)	2,988	—	(496)	3,104	12,526	—	(1,945)	10,581
Plant and equipment		—	5,919	(3,642)	2,277	84	918	(86)	(599)	130	—	—	—	—	6,384	(3,660)	2,724
Furniture and fittings		—	2,663	(1,712)	951	34	110	—	(204)	—	—	—	—	—	2,724	(1,832)	892
Street Furniture		—	2,272	(983)	1,289	—	—	—	(90)	—	—	—	—	—	2,272	(1,073)	1,199
Other assets		—	4,793	(1,364)	3,429	116	—	—	(227)	—	(317)	—	—	—	4,555	(1,555)	3,000
Total infrastructure, property, plant and equipment		478,919	15,647	(186,089)	308,477	5,135	3,555	(3,644)	(7,954)	3,104	—	(37,026)	78,014	529,052	15,935	(195,325)	349,662
Comparatives		433,587	27,091	(179,595)	281,083	12,149	5,898	(1,774)	(7,257)	(365)	—	(13,823)	32,566	478,919	15,647	(186,089)	308,477

The Corporation of the City of Whyalla

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 7. Infrastructure, Property, Plant & Equipment (continued)

Valuation of infrastructure, property, plant & equipment and investment property

Valuation of assets

The fair value of assets and liabilities must be estimated in accordance with various Accounting Standards for either recognition and measurement requirements or for disclosure purposes.

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a "level" in the fair value hierarchy as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Refer to Note 7(a) for the disclosure of the Fair Value Levels of Infrastructure, Property, Plant and Equipment Assets.

Information on valuations

Fair value hierarchy level 2 valuations - Certain land, and the buildings and structures thereon, are shown above as being based on fair value hierarchy level 2 valuation inputs. They are based on prices for similar assets in an active market, with directly or indirectly observable adjustments for specific advantages or disadvantages attaching to the particular asset.

Fair value hierarchy level 3 valuations of land - Valuations of crown land, community land and land subject to other restrictions on use or disposal, shown above as being based on fair value hierarchy level 3 valuation inputs, are based on prices for similar assets in an active market, but include adjustments for specific advantages or disadvantages attaching to the particular asset that are not directly or indirectly observable in that market, or the number and / or amount of observable adjustments of which are so great that the valuation is more fairly described as being based on level 3 valuation inputs.

Fair value hierarchy level 3 valuations of buildings, infrastructure and other assets - There is no known market for buildings, infrastructure and other assets. These assets are valued at depreciated current replacement cost. This method involves:

- The determination of the cost to construct the asset (or its modern engineering equivalent) using current prices for materials and labour, the quantities of each being estimated based on recent experience of this or similar Councils, or on industry construction guides where these are more appropriate.
- The calculation of the depreciation that would have accumulated since original construction using current estimates of residual value and useful life under the prime cost depreciation method adopted by Council.

This method has significant inherent uncertainties, relying on estimates of quantities of materials and labour, residual values and useful lives, and the possibility of changes in prices for materials and labour, and the potential for development of more efficient construction techniques.

Other information

At 1 July 2004 upon the transition to AIFRS, Council elected pursuant to *AASB 1.D5* to retain a previously established deemed cost under GAAP as its deemed cost. With subsequent addition at cost, this remains as the basis of recognition of non-material asset classes.

Upon revaluation, the current new replacement cost and accumulated depreciation are re-stated such that the difference represents the fair value of the asset determined in accordance with *AASB 13 Fair Value Measurement*: accumulated depreciation is taken to be the difference between current new replacement cost and fair value. In the case of land, current replacement cost is taken to be the fair value.

Highest and best use

All of Council's non financial assets are considered as being utilised for their highest and best use.

The Corporation of the City of Whyalla

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 7. Infrastructure, Property, Plant & Equipment (continued)

Fair Value Measurement

The requirements of AASB 13 Fair Value Measurement have been applied to all valuations undertaken since 1 July 2013 as shown by the valuation dates by individual asset classes below.

Land, Land Improvements & Playgrounds

- Basis of valuation: Fair Value / Cost
- Date of condition audit: 30 June 2020
- Date of desktop valuation: 30 June 2023
- Valuer: Opteon Pty Ltd and Tonkin Consulting Pty Ltd

Council being of the opinion that it is not possible to attribute a value sufficiently reliably to qualify for recognition, land under roads and water has not been recognised in these reports. Land acquired for road or marine purposes during the year is initially recognised at cost, but transferred to fair value at reporting date, effectively writing off the expenditure.

Freehold land and land over which Council has control, but does not have title, is recognised on the cost basis. No capitalisation threshold is applied to the acquisition of land or interests in land.

Level 3 classified land and land improvements assets relate to properties where there is an inability or restriction on Council to sell this asset in the open market.

Depreciation for 2023/24 is projected to increase by \$104,000, or 12%.

Buildings & Other Structures

- Basis of valuation: Fair Value / Market Value
- Date of condition audit: 30 June 2020
- Date of desktop valuation: 30 June 2023
- Valuer: Opteon Pty Ltd and Tonkin Consulting Pty Ltd

Buildings have been disclosed as either Fair Value Hierarchy Level 2 valuations or as Fair Value Hierarchy Level 3 valuations, in accordance with AASB 13 Fair Value Measurement.

Building valuations, disclosed as Level 2, are based on prices for similar assets in an active market, with directly or indirectly observable adjustments for specific advantages or disadvantages attaching to the particular asset.

Building valuations, disclosed as Level 3 have been determined to have no known market for these assets and they are valued at depreciated current replacement cost. This method involves the determination of the cost to construct the asset (or its modern engineering equivalent) using current prices for materials and labour, the quantities of each being estimated based on recent experience of this or similar Councils, or on industry construction guides where these are more appropriate. This method has significant inherent uncertainties, relaying on estimates of quantities of materials and labour, residual values and useful lives, and the possibility of changes in prices for materials and labour, and the potential for development of more efficient construction techniques.

Depreciation for 2023/24 is projected to increase by \$173,000, or 11%.

The Corporation of the City of Whyalla

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 7. Infrastructure, Property, Plant & Equipment (continued)

Infrastructure

Roads, Footpaths and Runway Assets

- Written down current replacement cost
- Date of condition audit: 30 June 2023
- Date of desktop valuation: N/A
- Valuer: Tonkin Consulting Pty Ltd

Council undertook a reconstruction and upgrade of the airport's second runway over 2021/22 and 2022/23. This resulted in a large disposal value, mainly attributable to the removal of the existing pavement base.

Depreciation for 2023/24 is projected to increase by \$515,000, or 14%.

Stormwater Drainage

- Written down current replacement cost
- Date of condition audit: 1 July 2018
- Date of desktop valuation: 30 June 2023
- Valuer: Tonkin Consulting Pty Ltd

Depreciation for 2023/24 is projected to increase by \$50,000, or 11%.

Irrigation

- Written down current replacement cost
- Date of condition audit: 30 June 2021
- Date of desktop valuation: 30 June 2023
- Valuer: Tonkin Consulting Pty Ltd

Depreciation for 2023/24 is projected to increase by \$34,000, or 12%.

Plant & Equipment

These assets are recognised on the cost basis.

All other Assets

These assets are recognised on the cost basis.

The Corporation of the City of Whyalla

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 8. Liabilities

	2023 Current \$ '000	2023 Non Current \$ '000	2022 Current \$ '000	2022 Non Current \$ '000
(a) Trade and other payables				
Goods and services	2,843	—	1,702	—
Payments received in advance	1,156	—	1,379	—
Accrued expenses - employee entitlements	610	—	534	—
Accrued expenses - finance costs	216	—	75	—
Accrued expenses - other	86	—	80	—
Deposits, retentions and bonds	31	—	49	—
Other	—	—	1	—
Total trade and other payables	4,942	—	3,820	—

(b) Borrowings

Loans	—	11,500	—	16,250
Total Borrowings	—	11,500	—	16,250

All interest bearing liabilities are secured over the future revenues of the Council

(c) Provisions

Employee entitlements (including oncosts)	2,648	94	2,630	118
Landfill Capping and Closure	—	928	—	946
Child Care Fundraising	—	10	—	10
Total provisions	2,648	1,032	2,630	1,074

The Corporation of the City of Whyalla

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 9. Reserves

	as at 30/06/22				as at 30/06/23
	Opening Balance \$ '000	Increments (Decrements) \$ '000	Transfers \$ '000	Impairments \$ '000	Closing Balance \$ '000
(a) Asset revaluation reserve					
Land	19,649	3,758	—	—	23,407
Land improvements	2,856	2,367	—	—	5,223
Buildings and other structures	22,417	4,918	—	—	27,335
Infrastructure					
- Stormwater drainage	18,133	2,230	—	—	20,363
- Irrigation Systems	550	832	—	—	1,382
- Playgrounds	1,341	139	—	—	1,480
- Roads & Footpaths	176,570	24,136	—	—	200,706
- Runway Assets	9,074	2,608	—	—	11,682
Total asset revaluation reserve	250,590	40,988	—	—	291,578
Comparatives	231,847	18,743	—	—	250,590

	as at 30/06/22				as at 30/06/23
	Opening Balance \$ '000	Tfrs to Reserve \$ '000	Tfrs from Reserve \$ '000	Other Movements \$ '000	Closing Balance \$ '000
(b) Other reserves					
Committed Funds Reserve	675	159	(547)	—	287
Total other reserves	675	159	(547)	—	287
Comparatives	978	255	(558)	—	675

Purposes of reserves

Asset revaluation reserves

The asset revaluation reserve is used to record increments and decrements arising from changes in fair value of non current assets (less any subsequent impairment losses, where applicable).

Committed Funds Reserve

The committed funds reserve is used to record amounts committed for brought forward projects, unexpended grant funds and developer contributions.

The Corporation of the City of Whyalla

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 10. Assets subject to restrictions

	2023 \$ '000	2022 \$ '000
--	-----------------	-----------------

The uses of the following assets are restricted, wholly or partially, by legislation or other externally imposed requirements. The assets are required to be utilised for the purposes for which control was transferred to Council, or for which the revenues were originally obtained.

Cash and financial assets

Other Contributions	–	12
Federal Government	277	215
State Government	10	448
Total cash and financial assets	287	675
Total assets subject to externally imposed restrictions	287	675

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The Corporation of the City of Whyalla

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 11. Reconciliation to Statement of Cash Flows

	Notes	2023 \$ '000	2022 \$ '000
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(a) Reconciliation of cash

Cash assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

Total cash and equivalent assets	5	108	350
Balances per Statement of Cash Flows		108	350

(b) Reconciliation of change in net assets to cash from operating activities

Net surplus/(deficit)		(1,851)	4,694
Non-cash items in income statements			
Depreciation, amortisation and impairment		7,954	7,257
Non-cash asset acquisitions		–	(186)
Grants for capital acquisitions treated as investing activity		(2,376)	(6,071)
Net (gain)/loss on disposals		2,071	1,582
		5,798	7,276
Add (less): changes in net current assets			
Net (increase)/decrease in receivables		2,147	(2,546)
Change in allowances for under-recovery of receivables		(2)	–
Net (increase)/decrease in inventories		(2)	(59)
Net (increase)/decrease in other assets		129	–
Net increase/(decrease) in trade and other payables		1,140	(2,644)
Net increase/(decrease) in unpaid employee benefits		(6)	145
Net increase/(decrease) in other provisions		(18)	(37)
Net cash provided by (or used in) operations		9,186	2,135

(c) Financing arrangements

Unrestricted access was available at balance date to the following lines of credit:

Bank overdrafts	500	250
Corporate credit cards	37	37
LGFA cash advance debenture facility	26,000	26,000

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice.

Council also has immediate access to a short-term draw-down facility, and variable interest rate borrowings under a cash advance facility, both from the Local Government Finance Authority of SA.

The Corporation of the City of Whyalla

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 12(a). Functions

Income, Expenses and Assets have been directly attributed to the following Functions / Activities.
Details of these Functions/Activities are provided in Note 12(b).

	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT AND NON-CURRENT)	
	2023 \$ '000	2022 \$ '000	2023 \$ '000	2022 \$ '000	2023 \$ '000	2022 \$ '000	2023 \$ '000	2022 \$ '000	2023 \$ '000	2022 \$ '000
Functions/Activities										
Business Undertakings	29	15	5	10	24	5	—	—	34,732	34,353
Community Services	1,915	1,716	4,237	3,819	(2,322)	(2,103)	32	69	19,017	16,060
Culture	197	199	1,599	1,468	(1,402)	(1,269)	173	174	963	904
Economic Affairs	329	203	2,127	1,998	(1,798)	(1,795)	50	4	2,383	1,508
Environment	5,983	4,910	7,599	7,832	(1,616)	(2,922)	121	117	4,218	2,444
Sport & Recreation	283	343	5,998	5,483	(5,715)	(5,140)	20	40	38,583	35,227
Regulatory Services	429	378	2,608	2,298	(2,179)	(1,920)	—	5	168	168
Transport & Communication	4,418	3,867	9,791	9,713	(5,373)	(5,846)	2,085	2,152	241,539	213,389
Council Administration	25,841	24,856	6,389	2,974	19,452	21,882	6,483	5,576	16,967	19,030
Total Functions/Activities	39,424	36,487	40,353	35,595	(929)	892	8,964	8,137	358,570	323,083

Revenues and expenses exclude net gain (loss) on disposal or revaluation of assets, amounts received specifically for new or upgraded assets and physical resources received free of charge.

The Corporation of the City of Whyalla

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 12(b). Components of functions

The activities relating to Council functions are as follows:

Business undertakings

Property Portfolio, Private Works, Tourism, and Other Economic Development.

Community services

Public Order and Safety, Crime Prevention, Emergency Services, Other Fire Protection, Other Public Order and Safety, Health Services, Pest Control - Health, Immunisation, Preventative Health Services, Other Health Services, Community Support, Home Assistance Scheme, Other Services for the Aged and Disabled, Child Care Centre, Children and Youth Services, Community Assistance, Family and Neighbourhood Support and Other Community Support. Community Amenities, Bus Shelters, Cemeteries/Crematoria, Public Conveniences, Car Parking – non-fee-paying, Telecommunication Networks and Other Community Amenities.

Culture

Library Services, Mobile Libraries and Housebound Services, Other Library Services, Cultural Services and Venues, Heritage, Museums and Art Galleries, Other Cultural Services.

Economic affairs

Employment Creation Programs, Regional Development, Support to Local Businesses, Other Economic Development.

Environment

Waste Management, Domestic Waste, Green Waste, Recycling, Transfer Stations, Waste Disposal Facility, Other Waste Management, Pest Control, Other Environment, Coastal Protection, Stormwater and Drainage, Street Cleaning, Street Lighting, Streetscaping, Natural Resource Management Levy and Other Environment.

Sport & recreation

Jetties, Marine Facilities, Parks and Gardens, Marinas & Boat Harbours, Sports Facilities – Indoor, Sports Facilities - Outdoor, Swimming Centres - Indoors, Other Recreation and Sporting Facilities.

Regulatory services

Dog and Cat Control, Building Control, Town Planning, Litter Control, Health Inspection, Parking Control and Other Regulatory Services.

Transport & communication

Aerodrome, Footpaths and Kerbing, Roads – Sealed, Roads – Formed, Roads – Natural Formed, Roads – Unformed, Traffic Management, LGGC – Roads (formula funded) and Other Transport.

Council administration

Governance, Administration, N.E.C., Elected Members, Organisational, Support Services, Accounting / Finance, Payroll, Human Resources, Information Technology, Communication, Rates Administration, Records, Occupancy, Contract Management, Customer Service, Other Support Services, Revenues, LGGC – General Purpose, and Separate and Special Rates.

The Corporation of the City of Whyalla

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 13. Financial instruments

Recognised financial instruments

Bank, deposits at call, short term deposits

Accounting Policy:

Initially recognised at fair value and subsequently measured at amortised cost; interest is recognised when earned.

Terms & Conditions:

Deposits are returning fixed interest rates between 0.50% and 4.30% (2022: 0.10% and 1.05%). Short term deposits have an average maturity of 1 day and an average interest rate of 4.30% (2022: 1 day and 1.05%).

Carrying Amount:

Approximates fair value due to the short term to maturity.

Receivables - rates and associated charges

Accounting Policy:

Initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.

Terms & Conditions:

Secured over the subject land, arrears attract interest of 9.05% (2022: 5.80%). Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Receivables - fees and other charges

Accounting policy:

Initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.

Terms and conditions:

Unsecured, and do not bear interest. Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries.

Carrying amount:

Approximates fair value (after deduction of any allowance).

Receivables - other levels of government

Accounting policy:

Initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.

Terms and conditions:

Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of State and Federal Governments.

Carrying amount:

Approximates fair value.

The Corporation of the City of Whyalla

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 13. Financial instruments (continued)

Liabilities - creditors and accruals

Accounting policy:

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.

Terms and conditions:

Liabilities are normally settled on 30 day terms.

Carrying amount:

Approximates fair value.

Liabilities - interest bearing borrowings

Accounting Policy:

Initially recognised at fair value and subsequently at amortised cost using the effective interest rate.

Terms & Conditions:

Secured over future revenues, borrowings are repayable and interest is charged at fixed and variable rates between 2.80% and 6.05% (2022: 1.55% and 2.80%).

Carrying Amount:

Approximates fair value.

Liabilities - leases

Accounting policy:

Accounted for in accordance with AASB 16 as stated in Note 17.

	Due < 1 year \$ '000	Due > 1 year and ≤ 5 years \$ '000	Due > 5 years \$ '000	Total Contractual Cash Flows \$ '000	Carrying Values \$ '000
2023					
Financial assets					
Cash and cash equivalents	108	—	—	108	108
Receivables	4,493	—	—	4,493	4,493
Total financial assets	4,601	—	—	4,601	4,601
Financial liabilities					
Payables	3,176	—	—	3,176	3,176
Non-current borrowings	5,712	6,050	—	11,762	11,500
Total financial liabilities	8,888	6,050	—	14,938	14,676
2022					
Financial assets					
Cash and cash equivalents	350	—	—	350	350
Receivables	6,640	—	—	6,640	6,640
Total financial assets	6,990	—	—	6,990	6,990
Financial liabilities					
Payables	3,130	—	—	3,130	1,906
Non-current borrowings	12,750	3,500	—	16,250	16,250
Total financial liabilities	15,880	3,500	—	19,380	18,156

continued on next page ...

The Corporation of the City of Whyalla

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 13. Financial instruments (continued)

The following interest rates were applicable to Council's borrowings at balance date:

	2023		2022	
	Weighted Avg Interest Rate \$ '000	Carrying Value \$ '000	Weighted Avg Interest Rate \$ '000	Carrying Value \$ '000
Overdraft	9.37%	–	6.55%	–
Other variable rates	4.13%	11,500	2.32%	16,250
		11,500		16,250

Net fair value

All carrying values approximate fair value for all recognised financial instruments. There is no recognised market for the financial assets of the Council.

Risk exposures

Credit Risk represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Council is the carrying amount, net of any impairment. All Council investments are made with the SA Local Government Finance Authority and are guaranteed by the SA Government. Except as detailed in Notes 5 and 6 in relation to individual classes of receivables, exposure is concentrated within the Council's boundaries, and there is no material exposure to any individual debtor.

Market Risk is the risk that fair values of financial assets will fluctuate as a result of changes in market prices. All of Council's financial assets are denominated in Australian dollars and are not traded on any market, and hence neither market risk nor **currency risk** apply.

Liquidity Risk is the risk that Council will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury Management Policy (LGA Information Paper 15), liabilities have a range of maturity dates. Council also has available a range of bank overdraft and standby borrowing facilities that it can access.

Interest Rate Risk is the risk that future cash flows will fluctuate because of changes in market interest rates. Council has a balance of both fixed and variable interest rate borrowings and investments. Cash flow fluctuations are managed holistically in seeking to minimise interest costs over the longer term in a risk averse manner.

Expected credit losses (ECL)

Council uses an allowance matrix to measure expected credit losses for receivables from individual customers, which comprise a large number of small balances. As rates and annual charges are secured over subject land no allowance for such receivables is made. The following table provides information about Council's ECLs from receivables (excluding secured rates and charges, GST and other amounts held in trust). Impairment analysis is performed each reporting date. ECLS are based on credit history adjusted for forward looking estimates and economic conditions.

Set out below is the movement in the allowance for expected credit losses:

	2023 \$ '000	2022 \$ '000
As at 1 July	155	155
Provisions	8	17
Write-off	(5)	–
Less reversals	–	(5)
Other movements	(1)	(12)
As at 30 June	157	155

The Corporation of the City of Whyalla

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 14. Capital expenditure and investment property commitments

	2023 \$ '000	2022 \$ '000
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(a) Capital commitments

Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:

Land Improvements	899	691
Buildings	1,690	1,145
Infrastructure	3,014	1,815
Plant and equipment	307	580
	5,910	4,231

These expenditures are payable:

Not later than one year	4,385	4,231
Later than one year and not later than 5 years	1,525	—
	5,910	4,231

(b) Other expenditure commitments

Other non-capital expenditure commitments in relation to investment properties at the reporting date but not recognised in the financial statements as liabilities:

Audit Services	44	60
Waste Management Services	5,717	8,164
Other Maintenance Contracts	1,949	1,659
Other	8,403	8,900
	16,113	18,783

These expenditures are payable:

Not later than one year	6,867	4,829
Later than one year and not later than 5 years	9,246	13,954
	16,113	18,783

The Corporation of the City of Whyalla

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 15. Financial indicators

	Indicator 2023	Indicators 2022	Indicators 2021
Financial Indicators overview			
<i>These Financial Indicators have been calculated in accordance with Information paper 9 - Local Government Financial Indicators prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia.</i>			
1. Operating Surplus Ratio			
Operating surplus			
Total operating income	(2.4)%	2.4%	(11.6)%
<i>This ratio expresses the operating surplus as a percentage of total operating revenue.</i>			
2. Net Financial Liabilities Ratio			
Net financial liabilities			
Total operating income	40%	46%	40%
<i>Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses). These are expressed as a percentage of total operating revenue.</i>			
Adjusted Operating Surplus Ratio			
Operating surplus			
Total operating income	(7.3)%	(2.1)%	(11.5)%
Adjustments to Ratios			
<i>In recent years the Federal Government has made advance payments prior to 30th June from future year allocations of financial assistance grants, as explained in Note 1. These Adjusted Ratios correct for the resulting distortion in key ratios for each year and provide a more accurate basis for comparison.</i>			
Adjusted Net Financial Liabilities Ratio			
Net financial liabilities			
Total operating income	54%	57%	47%
3. Asset Renewal Funding Ratio			
Asset renewals			
Infrastructure and Asset Management Plan required expenditure	80%	62%	61%
<i>Asset renewals expenditure is defined as capital expenditure on the renewal and replacement of existing assets relative to the optimal level planned, and excludes new capital expenditure on the acquisition of additional assets.</i>			

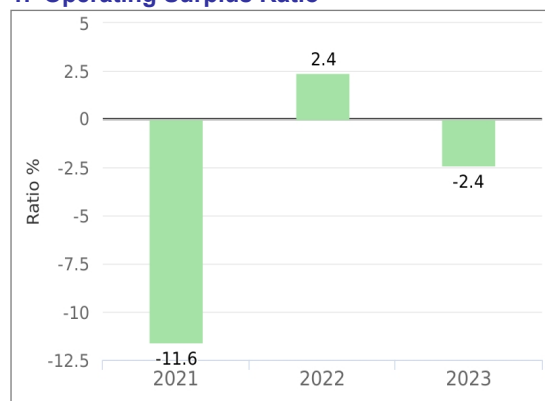
The Corporation of the City of Whyalla

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 15. Financial indicators (continued)

Financial indicators - graphs

1. Operating Surplus Ratio



Purpose of operating surplus ratio

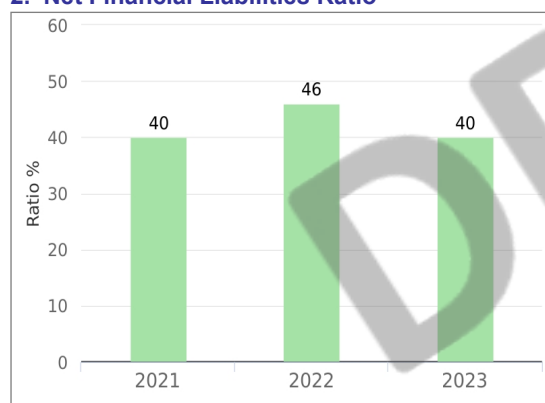
This indicator is to determine the percentage the operating revenue varies from operating expenditure

Commentary on 2022/23 result

2022/23 ratio (2.4)%

The underlying operating result is worse than it appears, due to the increase in Financial Assistance Grants Brought Forward, which is removed in the Adjusted Operating Deficit Ratio. The current year result was budgeted to be a large deficit, but deteriorated further due to some one off budget impacts, such as increased electricity prices. There are also other budget pressures, such as kerbside waste and animal management costs, which are not discretionary, so cannot be avoided.

2. Net Financial Liabilities Ratio



Purpose of net financial liabilities ratio

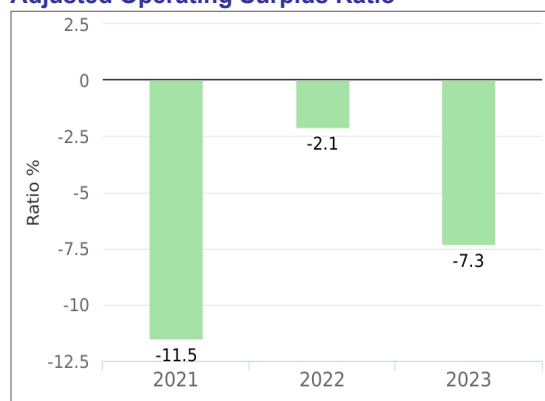
This indicator shows the significance of the net amount owed to others, compared to operating revenue

Commentary on 2022/23 result

2022/23 ratio 40%

The underlying borrowing position is higher than it appears, due to the increase in Financial Assistance Grants Brought Forward, which is removed in the Adjusted Net Financial Liabilities Ratio. Council's borrowings are also lower than expected, due to capital spend deferred to future years, as well as the sale of a building surplus to requirements.

Adjusted Operating Surplus Ratio



Purpose of adjusted operating surplus ratio

This indicator is to determine the percentage the operating revenue (adjusted for timing differences in the Financial Assistance Grant) varies from operating expenditure

Commentary on 2022/23 result

2022/23 ratio (7.3)%

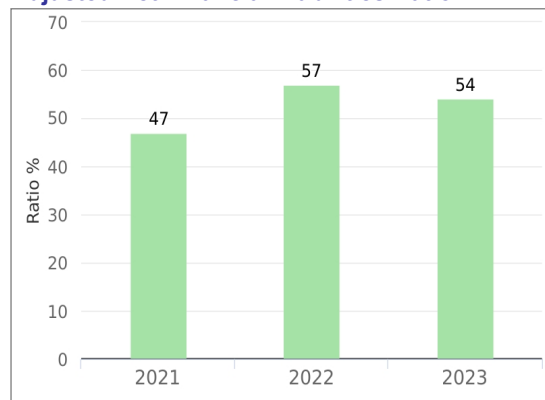
This ratio removes the impact of Financial Assistance Grants being received in advance and shows Council's underlying operating result.

The Corporation of the City of Whyalla

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 15. Financial indicators (continued)

Adjusted Net Financial Liabilities Ratio



Purpose of adjusted net financial liabilities ratio

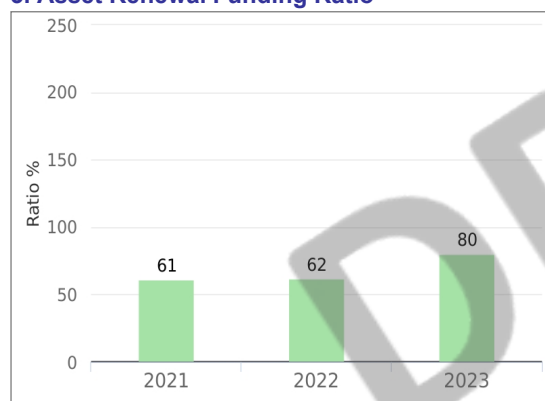
This indicator is to determine the percentage the operating revenue (adjusted for timing differences in the Financial Assistance Grant) varies from operating expenditure

Commentary on 2022/23 result

2022/23 ratio 54%

This ratio removes the impact of Financial Assistance Grants being received in advance and shows Council's underlying borrowing position.

3. Asset Renewal Funding Ratio



Purpose of asset renewal funding ratio

This indicator aims to determine if assets are being renewed and replaced in an optimal way

Commentary on 2022/23 result

2022/23 ratio 80%

The renewal ratio is slightly below the target range, with a number of projects moved to 2023/24.

The Corporation of the City of Whyalla

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 16. Uniform presentation of finances

	2023 \$ '000	2022 \$ '000
The following is a high level summary of both operating and capital investment activities of the Council prepared on a simplified Uniform Presentation Framework basis.		
All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.		
The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances.		
<u>Income</u>		
Rates	23,715	22,386
Statutory charges	412	422
User charges	3,742	3,245
Grants, subsidies and contributions - capital	1,227	873
Grants, subsidies and contributions - operating	8,964	8,137
Investment income	38	12
Reimbursements	97	22
Other income	1,229	1,390
Total Income	39,424	36,487
<u>Expenses</u>		
Employee costs	13,869	12,393
Materials, contracts and other expenses	17,885	15,740
Depreciation, amortisation and impairment	7,954	7,257
Finance costs	645	205
Total Expenses	40,353	35,595
Operating surplus / (deficit)	(929)	892
Net outlays on existing assets		
Capital expenditure on renewal and replacement of existing assets	(3,555)	(5,898)
Add back depreciation, amortisation and impairment	7,954	7,257
Add back proceeds from sale of replaced assets	232	192
	4,631	1,551
Net outlays on new and upgraded assets		
Capital expenditure on new and upgraded assets (including investment property and real estate developments)	(5,135)	(11,963)
Add back amounts received specifically for new and upgraded assets	1,149	5,198
Add back proceeds from sale of surplus assets (including investment property, real estate developments and non-current assets held for resale)	1,421	—
	(2,565)	(6,765)
Annual net impact to financing activities (surplus/(deficit))	1,137	(4,322)

The Corporation of the City of Whyalla

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 17. Leases

Council as a lessor

Council owns various buildings, plant and other facilities that are available for hire or lease (on a non-cancellable basis wherever practicable) in accordance with the published revenue policy. Rentals received from such leases are disclosed as rent and hire of non-investment property in Note 2.

Investment property

Rentals received, and outgoings reimbursed, in relation to Investment Property are also disclosed in Note 2. These lease agreements, all of which are classified as operating leases, are made on a non-cancellable basis wherever practicable.

	2023 \$ '000	2022 \$ '000
Future minimum rentals receivable under non-cancellable operating leases as at 30 June, are as follows:		
Not later than one year	299	239
Later than one year and not later than 5 years	524	481
Later than 5 years	2,576	450
	3,399	1,170

The Corporation of the City of Whyalla

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

Note 18. Superannuation

The Council makes employer superannuation contributions in respect of its employees to Hostplus Superannuation Fund (formerly Statewide Super and Local Government Superannuation Scheme). There are two types of membership, each of which is funded differently. Permanent and contract employees of the South Australian Local Government sector with Salarylink benefits prior to 24 November 2009 have the option to contribute to the Accumulation section and/or Salarylink. All other employees (including casuals) have all contributions allocated to the Accumulation section.

Accumulation only members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (10.50% in 2022/23; 10.00% in 2021/22). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2021/22) of "superannuation" salary.

In addition, Council makes a separate contribution of 3% of ordinary time earnings for Salarylink members to their Accumulation account. Employees also make member contributions to the Salarylink section of the Fund. As such, assets accumulate in the Salarylink section of the Fund to meet the member's benefits, as defined in the Trust Deed, as they accrue.

The Salarylink section is a multi-employer sponsored plan. As the Salarylink section's assets and liabilities are pooled and are not allocated by each employer, and employees may transfer to another employer within the local government sector and retain membership of the Fund, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided by AASB 119.34(a), Council does not use defined benefit accounting for these contributions.

A review was underway at as 30 June 2023 by the Fund's actuary. The report will be issued later in the year and any changes to Council's contribution rates will be effective from 1 July 2024.

Contributions to other superannuation schemes

Council also makes contributions to other superannuation schemes selected by employees under the "choice of fund" legislation. All such schemes are of the accumulation type, where the superannuation benefits accruing to the employee are represented by their share of the net assets of the scheme, and no further liability attaches to the Council.

The Corporation of the City of Whyalla

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 19. Contingencies and assets/liabilities not recognised in the balance sheet

The following assets and liabilities do not qualify for recognition in the Statement of Financial Position, but knowledge is considered relevant to the users of the financial report in making and evaluating decisions about the allocation of scarce resources.

1. Land under roads and water

As reported in the Financial Statements, Council is of the opinion that it is not possible to attribute a value sufficiently reliably for these assets to qualify for recognition, and accordingly land under roads and water has not been recognised in the reports. Land acquired for road or marine purposes during the year is initially recognised at cost, but transferred to fair value at reporting date, effectively writing off the expenditure.

At reporting date, Council controlled 353 km of road reserves, of average width 20 metres and one land parcel under water, containing the Whyalla Jetty.

2. Potential insurance losses

Council is a multi-purpose organisation providing a large range of building, parks infrastructure, playgrounds and other facilities accessible to the public. At any time, it is likely that claims will have been made against Council that remain unsettled.

Council insures against all known insurable risks using a range of insurance policies, each of which is subject to deductible "insurance excesses", the amount of which varies according to the class of insurance.

Council has recognised the potential losses arising from claims known at reporting date based on average historical net cost (including insurance excess) of similar types of claims. Other potential claims not reported to Council may have existed at reporting date.

3. Bank guarantees

Council has no bank guarantees.

4. Legal expenses

Council is the planning consent authority for its area under the Development Act 1993 (as amended). Pursuant to that Act, certain persons aggrieved by a planning decision of the Council may appeal. It is normal practice that parties bear their own legal costs. At the date of these reports, Council had no notice of any appeals against planning decisions made prior to reporting date.

Council is responsible for the operations of the Mount Laura and, previously, the Newton Street landfill sites. The cost of Councils' obligations in relation to the Mount Laura site has been included in Note 8. The Newton Street site is monitored and costs are expensed on an annual basis. Requirements for future restorations have not been identified as at 30 June 2023. If applicable, once identified, the amount will be included and amortised on an annual basis.

Note 20. Events after the balance sheet date

Events that occur after the reporting date of 30 June 2023, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

Council has adopted the date of receipt of the Auditors' Report as the appropriate "authorised for issue" date relating to these General Purpose Financial Statements.

Council is not aware of any "non adjusting events" that merit disclosure.

The Corporation of the City of Whyalla

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

Note 21. Related party transactions

Key management personnel

Transactions with key management personnel

The key management personnel of the Council include the Mayor, Councillors, CEO and certain prescribed officers under section 112 of the Local Government Act 1999. In all 39 persons were paid the following total compensation

	2023 \$ '000	2022 \$ '000
The compensation paid to key management personnel comprises:		
Short-term employee benefits	3,558	3,037
Post-employment benefits	329	235
Long-term benefits	246	227
Termination benefits	21	13
Total	4,154	3,512

Receipts from key management personnel comprise:

Other than amounts paid as ratepayers or residents (e.g. rates, swimming pool entry fees, etc.), Council received the following amounts in total:

Planning and building application Fees	2	1
Total	2	1

Ten key management personnel and relatives own retail businesses from which various supplies were purchased as required either for cash or on 30 day account. The total amount purchased from these businesses for the 2022/23 financial year was \$3,477,915, with aggregate purchases from six of these individual business exceeding \$5,000 during the year.

Five close family members of key management personnel are employed by Council in accordance with the terms of the Award, and as recorded in the public Register of Salaries maintained in accordance with section 105 of the Local Government Act 1999.

Three key management personnel or close family members (including related parties) lodged a total of three Planning and Building applications during the year. In accordance with the Local Government Act 1999, these persons declared conflicts of interest and took no part in the assessment or approval processes for these applications.

Three planning and building approvals, with and without conditions, was granted during the year. Total fees for these applications (all of which are payable on lodgement) amounted to \$1,508.

The Corporation of the City of Whyalla

General Purpose Financial Statements for the year ended 30 June 2023

Independent Auditor's Report - Financial Statements

DRAFT

The Corporation of the City of Whyalla

General Purpose Financial Statements for the year ended 30 June 2023

Independent Auditor's Report - Internal Controls

DRAFT

The Corporation of the City of Whyalla

General Purpose Financial Statements

for the year ended 30 June 2023

Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of The Corporation of the City of Whyalla for the year ended 30 June 2022, the Council's Auditor, Dean Newbery & Partners, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22(3) *Local Government (Financial Management) Regulations 2011*.

Justin Commons
Chief Executive Officer

Grant Strawbridge
Presiding Member, Audit Committee

Date: 03 October 2023

The Corporation of the City of Whyalla

General Purpose Financial Statements

for the year ended 30 June 2023

Statement by Auditor

We confirm that, for the audit of the financial statements of The Corporation of the City of Whyalla for the year ended 30 June 2021, we have maintained our independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22 (5) *Local Government (Financial Management) Regulations 2011*.

Auditor's Name

Audit Firm Name

Date: 03 October 2023

DRAFT



19 September 2023

Samantha Creten
Director
Dean Newbery
PO Box 755
NORTH ADELAIDE SA 5006

Dear Samantha

Management Representations: External Audit, Financial Year Ended 30 June 2023

This Management Representation letter is provided in connection with your audit examination of the General Purpose Financial Report **(2023 Financial Report)** of **The Corporation of the City of Whyalla** ('the Council') for the financial year ended 30 June 2023.

We hereby confirm, at your formal request, that to the best of our knowledge and belief, the following representations relating to the 2023 Financial Report are correct.

In making these representations, we understand that they are provided to you in connection with your external audit of the Council for the year ended 30 June 2023 as prescribed by the Local Government Act 1999, for the express purpose of your expressing an opinion as to whether the 2023 Financial Report is, in all material respects, presented fairly in accordance with all applicable standards and requirements, including statutory. In making these representations, we have read and understood the standard unqualified Audit Opinion that would be normally expressed to the Council by you as is required under Section 129(3) of the Local Government Act 1999 for the financial year ended 30 June 2023. We therefore understand, without exception, the potential ramifications of making any representations to you that are not correct, to the best of our knowledge and belief as of the date of this letter.

We understand and acknowledge that it is the Council management's responsibility for the fair presentation of the 2023 Financial Report and that management, as appropriate, have approved the Financial Report. Accordingly, management of the Council are of the opinion that the 2023 Financial Report is free of material misstatements, including omissions.



1. Compliance with all Applicable Standards, including Statutory

The Financial Report of the Council has been prepared so as to present a true and fair view of the state of affairs of the Council as at 30 June 2023 and of the results of operations of the Council for the financial year ended on that date, including for all post balance date matters, as applicable.

The accounting and financial management policies, practices and records of the Council were at all times maintained in accordance with the requirements of the Local Government Act 1999, Local Government (Financial Management) Regulations 2011 and that the Financial Report was prepared in accordance with the Local Government Act 1999, Local Government (Financial Management) Regulations 2011, Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board together with all other mandatory professional reporting requirements in Australia.

ASSETS

Cash and Cash Equivalents

- (1) Cash on hand at balance date was represented by cash floats reconciled and on hand as at 30 June 2023.
- (2) Cash at bank at balance date represented the reconciled operating account(s) of the Council.
- (3) Short term deposits represented amounts held with the LGFA by the Council, which at 30 June 2023 were nil.

Rates and Other Receivables

- (1) Current rate receivables at balance date represented all outstanding amounts owed by rate payers.
- (2) Current other receivables at balance date represented all outstanding amounts owed by debtors other than rate payers.



- (3) Debts due at balance date that are known to be uncollectible have since been written-off and adequate provision has been made for impairment to cover allowances, discounts and losses that may be sustained by Council in the collection of the debts **(\$156,931)**.

Inventories

- (1) All inventories were the property of the Council and have either been paid for or the liability has been brought to account.
- (2) All inventories have been physically counted and valued in accordance with the applicable Australian Accounting Standard.

Other Current Assets

- (1) Prepayments at balance date represented payments for goods and services to be received in the 2023-24 financial year.
- (2) There are no non-current assets held for sale.

Financial Assets – Loans to Community Groups

- (1) There are no grounds to provide for any impairment loss for loans to community groups or other organisations.

Investments Accounted using the Equity Method

- (1) Council has complied with all applicable Australian Accounting Standards with regard to Council's equity in subsidiaries, regional subsidiaries and other interests, as applicable.

Infrastructure, Property, Plant & Equipment and Depreciation

- (1) Infrastructure, property, plant and equipment at the 2023 balance date was represented by the following fair values, cost, accumulated depreciation and carrying amounts for each class of asset, in accordance with all prescribed requirements and standards, as follows:

Asset Class	Fair Value Level	At Fair Value \$ '000	At Cost \$ '000	Accumulated Depreciation \$ '000	Carrying amount \$ '000
Land	3	7,361	-	-	7,361
Land	3	30,562	-	-	30,562
Land improvements	3	35,903	-	(12,674)	23,229
Buildings and other structures	2	12,949	-	(9,814)	3,135
Buildings and other structures	3	87,094	-	(45,969)	41,125
Stormwater drainage	3	43,918	-	(21,210)	22,708
Irrigation Systems	3	11,989	-	(3,959)	8,030
Playgrounds	3	2,751	-	(1,351)	1,400
Roads & Footpaths	3	283,999	-	(90,283)	193,716
Runway Assets	3	12,526	-	(1,945)	10,581
Plant and Equipment		-	6,384	(3,660)	2,724
Furniture and Fittings		-	2,724	(1,832)	892
Street Furniture		-	2,272	(1,073)	1,199
Other assets		-	4,555	(1,555)	3,000
Total Infrastructure, Property, Plant and Equipment		529,052	15,935	(195,325)	349,662

- (2) The additions during the 2023 financial year to Infrastructure, property, plant and equipment general ledger control accounts and asset registers represents the cost of additions and or improvements to existing facilities or replacements thereof. All units of property which have been replaced, sold, dismantled or otherwise disposed of, or which are permanently unusable, have been removed from the general ledger and applicable asset register. Adequate provision, determined in a manner consistent with that of the preceding financial year, has been made to write-off depreciable assets over their useful economic working lives.



No circumstances have arisen which render adherence to the existing basis of depreciation misleading or inappropriate and the depreciation expense for the financial year ended 30 June 2023 is reliable.

- (3) All additions to depreciable assets represent actual additions or improvements of a capital nature, based on capitalisation thresholds consistently applied for the 2023 financial year and unchanged from the 2022 financial year.
- (4) Where the recorded carrying amount of any depreciable assets exceeds its recoverable amount as at 30 June 2023, that asset's recorded carrying amount has been written down to its recoverable amount.
- (5) Contractual commitments for capital expenditure(s) included in the Financial Report payable not later than one year are as described in the notes accompanying the Financial Report.
- (6) There are no deficiencies or encumbrances attaching to the title of the assets of the Council at 30 June 2023 other than those reflected in the financial report and those are not greater than the value of the asset.
- (7) No Operating or Finance Lease commitments exist that have not been disclosed in the Financial Report. All Operating Lease expenses have been fully disclosed in the notes to the 2023 Statement of Comprehensive Income. Finance Leasing commitments have been fully disclosed in the notes to the 2023 Balance Sheet.
- (8) The asset revaluations of infrastructure assets undertaken during the 2023 financial year by Tonkin Consulting Pty Ltd were based on the principle of written down replacement value. Accordingly, total replacement value, total economic working life, residual economic working life were reliably established for each asset and the financial records of Council were restated in accordance with all applicable Australian Accounting Standards, and the Financial Report reflects all such accounting entries.
- (9) Valuations of all infrastructure assets have been formally accepted by the Council and reflected in the 2023 Financial Report.
- (10) Desktop revaluations of all land and buildings assets owned by Council were undertaken by independent valuers Tonkin Consulting Pty Ltd as at 30 June 2023.

Valuations have been formally accepted by Council and recognised in the 2023 Financial Report.



- (11) The resultant increment to the asset revaluation reserve during the year represents the difference between the prior written down value of the assets being valued and the valuations as at **30 June 2023**.
- (12) Depreciation expense reported in the 2023 Statement of Comprehensive Income is reliable, being based on reliable 'whole of life' asset management information for each class of depreciable non-current asset.

LIABILITIES – Current and Non-Current

- (1) All liabilities which have arisen or which will arise out of the activities of the Council to the end of the 2023 financial year have been included in the 2023 Financial Report.
- (2) All outstanding trade payables at balance date have been taken up as at the 2023 balance date.
- (3) All applicable accrued wages and salaries and accrued employee entitlements at the 2023 balance date have been taken up.
- (4) All accrued interest at the 2023 balance date have been taken up.
- (5) All revenue received in advance as at the 2023 balance date have been taken up.
- (6) Provisions for employee benefits, inclusive of on-costs, all discounted as at the 2023 balance date representing long service leave benefits calculated for all valid employees (as at balance date) have been taken up.
- (7) Accrued employee benefits represent annual leave accrued for all valid employees as at the 2023 balance date.
- (8) Borrowings as at the 2023 balance date represented amounts owed to the Local Government Finance Authority. Loans with the LGFA have varying maturity dates and interest rates with details fully provided in the notes to the 2023 Financial Report.



- (9) There were no contingent liabilities including for:
- a) guarantees;
 - b) bills and accounts receivable discounted, assigned or sold and which are subject to recourse;
 - c) endorsements;
 - d) pending law suits, unsatisfied judgements or claims;
 - e) repurchase agreements; or
 - f) contractual disputes between the Council and any contractor / service provider that may result in an increased liability as at 30 June 2023; which are not fully disclosed in the notes to the 2023 Financial Report.

EQUITY

- (1) There have been no adjustments to the Accumulated Surplus other than those allowable under the Australian Accounting Standards.
- (2) There have been no adjustments to the Asset Revaluation Reserve other than those allowable under the Australian Accounting standards and the balance of the reserve has been reconciled to each class of asset.
- (3) All reserve funds required by legislation to be maintained have been at all times maintained in the accounting records of the Council.
- (4) All transfers to and from reserve funds (including the Accumulated Surplus) have been prior authorised by Council.
- (5) Other than for the Asset Revaluation Reserve, the only other reserve accounts for unexpended grants funds with unfulfilled conditions.
- (6) An ageing of the balances held in Council's Committed Expenditures/Carry Forward Projects reserve (or equivalent(s) is included inclusive of all debit and credit balances.



Reserves	Year Received	Opening Balance \$ '000	Income \$ '000	Expense \$ '000	Closing Balance
Development Bond	Prior	(8)	-	8	-
Library Digital Literacy Grant	Prior	(1)	-	1	-
Youth Led Recovery Grant	Prior	(4)	(2)	5	-
Suicide Prevention Grant	Current	-	(10)	-	(10)
Airport Runway	Current	-	(141)	141	-
Foreshore Grant - Coastal	Prior	(35)	-	35	-
Unisex Toilets - Jubilee	Prior	(397)	-	397	-
Jubilee Park	Current	-	(10)	10	-
Point Lowly Lighthouse	Prior	(15)	-	15	-
Child Care Grant	Prior	(142)	(150)	14	(278)
Tree Replacement Grant	Prior	(73)	-	73	-
IT Depot	Current	-	(30)	30	-
Total		(675)	(341)	729	(287)

(7) Council does not maintain a 'Contingency reserve.'

(8) Council does not maintain any 'cash backed' reserve funds.

2023 STATEMENT OF COMPREHESIVE INCOME

- (1) Please find attached a summary of all variations greater than 10% for all income and expense amounts (variances less than \$5,000 have been deemed immaterial and not included) disclosed in the 2023 Statement of Comprehensive Income, compared to 2022.
- (2) Items re-classified in the 2023 Statement of Comprehensive Income are Grants, Subsidies and Contributions. As per the model financial statements, this item has been separated into capital and operating within the Statement of comprehensive Income and the 2022 figures have been adjusted for comparison (nil effect).
- (3) All depreciable physical resources received free of charge have been included in the appropriate asset register and depreciated from the date when Council assumed control (of the asset).
- (4) Depreciation expense for 2023 is in accordance with Council's asset registers and has been determined on the same basis as for 2022.



- (5) Salaries and Wages expense disclosed in the 2023 Statement of Comprehensive Income reconciles to the last budgeted salaries and wage amount approved by Council for 2023 annual budget funding purposes.
- (6) Capital grants have been correctly separated from operating grants, in accordance with the requirements of the Model Financial Statements.

KEY FINANCIAL INDICATORS

Key Financial Indicators	Target	2023
		Year End
Operating Surplus Ratio - %	(2) – 1%	(2.4)
Adjusted Operating Surplus Ratio - %		(7.3)
Net Financial Liabilities Ratio - %	< 80%	40
Adjusted Net Financial Liabilities Ratio - %		54
Asset Renewal Funding Ratio - %	90-110%	80

Operating Surplus Ratio

The Operating Surplus Ratio is (2.4)%, which is just outside the target range. However, when removing the effects of the Financial Assistance Grants paid in advance the underlying operating result is (7.3)%, Unavoidable increases to costs such as electricity, kerbside waste and animal management have also affected this ratio.

Net Financial Liabilities Ratio

The Net Financial Liabilities Ratio is lower than expected due to the increase in Financial Assistance Grants Brought Forward (the entire 2023-24 allocation was received in June 2023). Council's borrowings are also lower than expected, due to capital spend deferred to future years, as well as the sale of a building surplus to requirements. The adjusted Net Financial Liabilities ratio removes the effect of the Financial Assistance Grants paid in advance and is 54%, still within the target range.

Asset Renewal Funding ratio

The renewal ratio is 80% and is slightly below the target range, due to a number of projects being moved to the 2023-24 financial year.



CHIEF EXECUTIVE OFFICER'S REPORT

There are no exceptions to the standard Chief Executive Officer's Report to be included in the 2023 Financial Report.

OTHER REQUIRED REPRESENTATIONS

- (1) No events have occurred (or are known to occur) subsequent to the 30 June 2023 that would require any consideration for adjustment to or additional disclosure in the 2023 Financial Report.
- (2) The Council does not have any plans or intentions that may materially affect the carrying value or classification of all assets and liabilities as at 30 June 2023.
- (3) The Council has complied with all aspects of contractual arrangements and agreements that would have a material effect on the 2023 Financial Report in the event of non-compliance.
- (4) There were no material commitments for construction or acquisition of property, plant and equipment or to acquire other non-current assets, other than those disclosed in the 2023 Financial Report.
- (5) There are no violations or possible violations of laws, compulsory standards or regulations whose effects should be considered for disclosure in the 2023 Financial Report or as a basis for recording as an expense or otherwise.
- (6) The methods, the data, and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.
- (7) The Council has full title to all assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- (8) All details concerning related party transactions and related amounts receivable or payable (including sales, purchases, loans and guarantees) have been correctly recorded



in the accounting records. All related parties have been identified and disclosed to you during your audit.

- (9) The Council reviews, at least on an annual basis, or when significant items come into use, the adequacy of insurance cover on all assets and insurable risks. This review has been consistently performed, and where it is considered appropriate, assets and insurable risks of the Council are at all times adequately covered by appropriate insurance.
- (10) The minutes of all meetings of Council and its Committees were made available to you and are complete and authentic records of all such meetings held during the 2023 financial year and to the date of this letter. All other statutory records were properly kept at all times during the year and have been made available to you for audit purposes.
- (11) All audit correspondence has been formally and promptly responded.
- (12) All audit correspondence has been referred to Council and Council's Audit and Risk Committee.
- (13) Salaries and wages records together with records for the Goods and Service Tax were at all times fully maintained in accordance with the requirements of the Australian Taxation Office, as applicable.
- (14) All documentation relating to the capture of Related Party Disclosures and Transactions (AASB 124 Related Party Disclosures) including all authorised forms provided by the deemed Key Management Personnel, evidence of review of total related party transactions processed during the financial year by the Council e.g. Transaction reports of payments made by Council to related parties and any working papers of calculation methodologies for the disclosures in the 30 June 2023 financial statements have been made available to the auditors.
- (15) All deemed material transactions relating to Related Party Disclosures and Transactions (AASB 124 Related Party Disclosures) have been included and adequately disclosed in the 30 June 2023 financial statements.
- (16) Council has formally in place and has at all times maintained an appropriate standard of accounting, internal control structure and framework, segregation of duties and risk management structure and framework across the entire organisation, including appropriate controls and mechanisms specifically designed to prevent and detect fraud and error. The Fraud Questionnaires indicates one instances of fraud and the outcome. Further, we advise that there has been one instance of credit card fraud prior to the date



of this letter. The fraudulent activity has been reported to the bank and the funds have been returned to Council. Councils' internal control processes were reviewed internally and are adequate to detect this type of fraud. There are no additional matters that should be brought to your attention for the purposes of your making an assessment as to Sections 129(5) and 129(6) of the Local Government Act 1999.

- (17) The 2023 Financial Report has been adjusted for all agreed audit adjustments for the year ended 30 June 2023 **(a list of all requested audit adjustments not made by us is attached, including our explanations for not doing so).**
- (18) There are no changes in accounting practices and accounting policies made for the financial year ended 30 June 2023.
- (19) Council's Audit and Risk Committee has addressed all of its prescribed responsibilities and no member of the Committee has undertaken other professional services for the Council.
- (20) In our opinion, there are no grounds to believe that the Council will not be able to pay its debts as and when they fall due, that assets will be at all times maintained to the service standards currently determined by Council and accordingly, the Council is long term financially sustainable, subject to comments made in the CEO's financial sustainability report.

Yours sincerely

JUSTIN COMMONS
Chief Executive Officer

Enclosures (as applicable)

Statement of Comprehensive Income - Variance Summary

2022/23 income and expense compared to 2021/22

Statement of Comprehensive Income

Income	CY	PY	Variance
Rates Revenues	\$ 23,715,167	\$ 22,385,558	5.94%
Statutory Charges	\$ 411,787	\$ 422,712	(2.58)%
User Charges	\$ 3,742,327	\$ 3,244,081	15.36%
Grants, Subsidies and Contributions - Capital	\$ 1,227,373	\$ 872,979	40.60%
Grants, Subsidies and Contributions - Operating	\$ 8,964,245	\$ 8,136,835	10.17%
Investment Income	\$ 37,654	\$ 12,543	200.21%
Reimbursements	\$ 96,689	\$ 22,068	338.15%
Other Income	\$ 1,228,827	\$ 1,390,705	(11.64)%
Total Income	\$ 39,424,069	\$ 36,487,481	8.05%
Expenses			
Employee Costs	\$ 13,868,735	\$ 12,393,074	11.91%
Materials, Contracts & Other Expenses	\$ 17,885,317	\$ 15,740,016	13.63%
Depreciation, Amortisation & Impairment	\$ 7,953,832	\$ 7,257,114	9.60%
Finance Costs	\$ 644,574	\$ 204,913	214.56%
Total Expenses	\$ 40,352,458	\$ 35,595,117	13.37%
 Operating Surplus / (Deficit)	 \$ (928,389)	 \$ 892,364	

INCOME

User Charges increased by 15.36% in the 2022/23 financial year as a result of:

- Visitor Centre souvenir income increased by \$44,000
- Airport income increased by \$269,000, a result of increased passenger fees, landing fees, fuel sales and parking income
- Child care subsidy income increased by \$196,000

Grants, Subsidies and Contributions – Capital has increased by 40.60% in the 2022/23 financial year as a result of increased Local Roads and Community Infrastructure Program (LRCI) funding received during the year.

Grants, Subsidies and Contributions – Operating has increased by 10.17% in the 2022/23 financial year as a result of :

- Financial Assistance Grants (FAGS) (general and roads) increasing by \$751,000 due to the entire 2023/24 allocation being paid in advance in June 2023

Investment Income increased by \$25,000 in the 2022/23 financial year as a result of higher deposit interest rates and an increase in the Local Government Finance Authority (LGFA) bonus interest.

Reimbursements increased by \$74,000 in the 2022/23 financial year as a result of:

- Upper Spencer Gulf Assessment Panel reimbursements of \$67,000
- Increase in private works/ driveway constructions of \$7,000

Other Income decreased by 11.64% in the 2022/23 financial year resulting from reduced insurance claims and equipment/service oncharges to external Councils.

EXPENSES

Materials, Contracts & Other Expenses increased by 13.63% in the 2022/23 financial year as a result of:

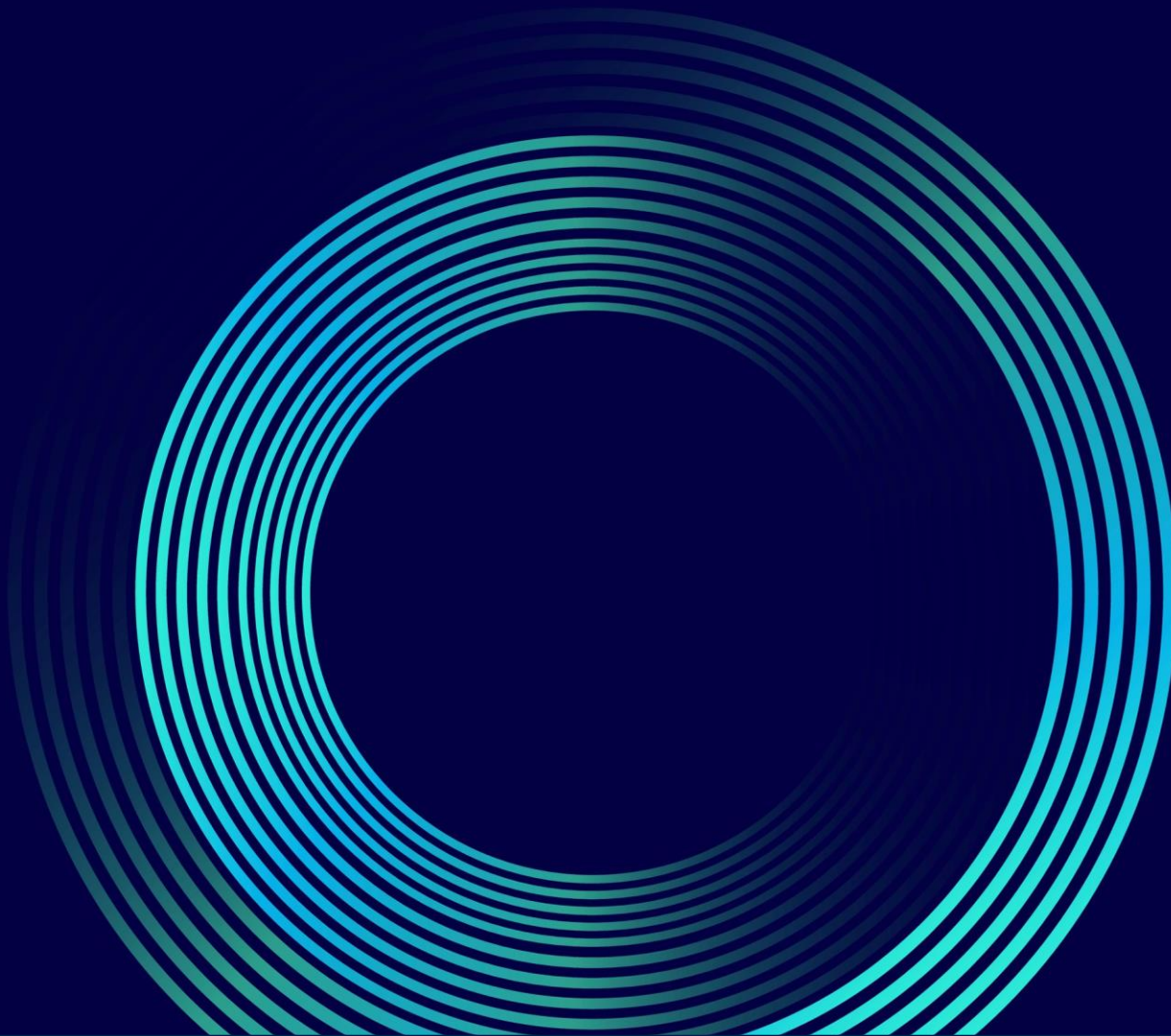
- Contract increases comprise of cleaning \$71,000, labour hire \$22,000, waste \$332,000, other contracts \$432,000 (including operational line-marking, irrigation, laneway, marina, jetty, events, dog and cat management and leisure centre) and professional services \$92,000
- November 2022 Election expenses of \$132,000
- Elected member increase of \$69,000 – New Council elected in November 2022 and elected member training
- Parts, accessories and maintenance costs increased by 26.80% due to increased fuel purchases, stock and general maintenance/supplies for open spaces, roads, public conveniences and vehicles
- Legal expenses decreased by 32.94% - reduced legal advice in 2022/23
- Electricity and insurance costs increased as a result of supplier pricing increases
- Other levies include e-planning portal levies, dog and cat management levies, environmental levies

Finance Costs increased by 214.56% in the 2022/23 financial year as a result of the rise in the Reserve Bank of Australia (RBA) Cash Rate of 3.25% during the year, affecting interest rates paid on borrowings.

Audit Completion Report

Year Ended 30 June 2023

City of Whyalla



26 September 2023

Mr Grant Strawbridge
Chair – Audit & Risk Committee
City of Whyalla
PO Box 126
Whyalla SA 5600

Dear Mr Strawbridge

This report has been prepared for the Audit & Risk Committee of the City of Whyalla (**Council**) in relation to the 30 June 2023 external audit.

The purpose of this report is to provide members of the Audit & Risk Committee and those charged with governance a summary of the significant matters that have arisen from our audit which we believe covers material matters dealt within our work completed.

We are pleased to advise that subject to finalisation of the outstanding matters outlined within this report, our audit opinions for financial year ended 30 June 2023 are expected to be issued as unmodified audit reports.

I would like to take this opportunity to thank the Administration for the assistance provided throughout the year.

Your sincerely
DEAN NEWBERY

A handwritten signature in black ink, appearing to read 'Samantha', with a stylized flourish at the end.

Samantha Creten
Director

Scope

The audit procedures have been designed and carried out by the audit team in accordance with Australian Auditing Standards and per the audit scope prescribed under the *Local Government Act 1999* and applicable Regulations for the financial year ended 30 June 2023.

Independence

In accordance with our professional ethical requirements, we confirm that, for the financial year ended 30 June 2023, all members of our audit team have maintained their independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Part 4A, published by the Accounting Professional and Ethical Standards Board and in accordance with *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*.

Audit Status

All requested audit adjustments have been processed and disclosures have been made within the financial report based on audit testing completed.

All requested information has been provided by the Administration during the course of the audit.

Subject to the finalisation of the matters outlined in this report, our audit opinion for the financial year ended 30 June 2023 will be signed without reference to any qualification.

Outstanding Matters

All requested audit adjustments have been processed and disclosures within the financial report appropriately modified based on audit testing completed.

Subject to the following work being satisfactorily completed, we expect unmodified audit opinions to be issued for the financial year:

- Undertake a review of subsequent events since 30 June 2023
- Complete a review of the draft Financial Statements and obtain certified financial statements as required
- Receipt of the signed Management Representation Letter

Fraud & Litigation

As part of our audit we have discussed with the Administration:

- The safeguards in place in relation to the prevention and detection of fraud
- The existence of any fraud
- The existence of any litigation and claims

We have not become aware of any matter which should be brought to the Council or Audit & Risk Committee's attention

Key Audit Matters Considered

As a result of the work we have recently completed, we have provided further detail below of the key audit matters and the outcomes from our testing completed.

Key Audit Matter Description	Audit Work Undertaken	Outcomes of Testing Completed
Infrastructure, Property, Plant & Equipment	<ul style="list-style-type: none">Reviewed Note 7 Infrastructure, Property, Plant & Equipment movements recorded against the General Ledger and relevant asset registers and supporting documentation.Reviewed the Asset Revaluations processed for each asset class to ensure correct application per AASB 116.	No exceptions were noted.
Work in Progress (WIP)	<ul style="list-style-type: none">Reviewed WIP reconciliation to identify any long-term projects recorded to ensure correct ongoing classification of costs as WIP.Sample tested transactions allocated to WIP to ensure appropriate allocation of expenses incurred and capitalisation of completed projects in line with requirements per AASB 116.	No exceptions were noted.
Real Estate Development	<ul style="list-style-type: none">Reviewed the treatment of assets held and the application of the value being held at the lower of cost and net realisable value to ensure compliance with applicable Australian Accounting Standards.	No exceptions were noted.
Impairment Consideration	<ul style="list-style-type: none">Considered any impairment indicators related to Council's Infrastructure, Property, Plant & Equipment and Real Estate Development to ensure that if impairment indicators were present, that these were queried and factored into the Financial Statements where necessary.	No exceptions were noted.
Grants Revenue Received	<ul style="list-style-type: none">Reviewed Grant Agreements and identified specific performance obligation to assess whether there were any unrecorded liabilities, and the recognition of revenue was appropriate per accounting standards.Reviewed accounting treatment of funding received (e.g. Capital vs Operating) to ensure appropriate classification and disclosure per the Model Financial Statements.	No exceptions were noted.

Summary of Misstatements

There remain no material misstatements that have not been adjusted by the Administration which were identified during the course of our audit.

All requested audit adjustments have been processed and disclosures with the financial report have been appropriately modified based on audit testing completed.

Matters to be Addressed in Future Financial Years

As a result of audit work completed, the following audit matters have been identified during the course of our audit which we have summarised below

Audit Matter	Audit Recommendation
Balance Date Matters	<p>We are pleased to report that all balance date matters have been addressed by the Administration as part of the balance date attendance and audit work completed.</p> <p>Our audit findings and previously reported matters in our FY23 Interim Management Report will be considered and factored into our FY24 Audit Plan.</p>

INDEPENDENT AUDITOR’S REPORT

To the members of City of Whyalla
Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report of the City of Whyalla (the Council), which comprises the statement of financial position as at 30 June 2023, statement of comprehensive income, statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the Certification of the Financial Statements.

In our opinion, the financial report presents fairly, in all material aspects, the financial position of the Council as at 30 June 2023, and its financial performance and its cash flows for the year then ended in accordance with the Local Government Act 1999 and the Local Government (Financial Management) Regulation 2011 and the Australian Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described as in the Auditor’s Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Council in accordance with the auditor independence requirements of the ethical requirements of the Accounting Professional and Ethical Standards Board’s APES 110: Code of Ethics for Professional Accountants (Including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Council’s Responsibility for the Financial Report

The Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 and for such internal control as Council determines is necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error.

In preparing the financial report, Council is responsible for assessing the Council’s ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless Council either intends to liquidate the Council or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Council’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that the audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of financial report.

Auditor’s Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that the audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

DEAN NEWBERY

Samantha Creten
Director

XX/XX/2023

INDEPENDENT ASSURANCE REPORT ON THE INTERNAL CONTROLS OF THE CITY OF WHYALLA

Opinion

In our opinion, the Council has complied, in all material respects, with *Section 125 of the Local Government Act 1999* in relation to the Internal Controls established by the Council relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities so as to provide reasonable assurance that the financial transactions of the Council have been conducted properly and in accordance with law for the period 1 July 2022 to 30 June 2023.

Basis for Opinion

We have audited the Internal Controls of the City of Whyalla (the Council) under the requirements of *Section 125 of the Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2022 to 30 June 2023 have been conducted properly and in accordance with law.

We conducted our engagement in accordance with Standard on Assurance Engagements *ASAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and *ASAE 3150 Assurance Engagements on Controls* issued by the Auditing and Assurance Standards Board.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The Council’s Responsibility for the Internal Controls

The Council is responsible for implementing and maintaining an adequate system of internal controls, in accordance with Section 125 of the Local Government Act 1999 to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and incurring of liabilities have been conducted properly and in accordance with law.

Our Independence and Quality Control

We have complied with the independence and other relevant ethical requirements relating to assurance engagements, and applying Auditing Standard *ASQC 1 Quality Control for Firms that Perform Audits and Review of Financial Reports and Other Financial Information*, and Other Assurance Engagements in undertaking the assurance engagement.

Assurance Practitioner’s Responsibilities

Our responsibility is to express an opinion on the Council’s compliance with *Section 125 of the Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, based on our procedures have been conducted properly and in accordance with law.

ASAE 3150 requires that we plan and performed our procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the control objectives and the controls operating effectively through the period. ASAE 3000 also requires us to comply with the relevant ethical requirements for the Australian professional accounting bodies.

An assurance engagement to report on the designed and operating effectiveness of controls involves performing procedures to obtain evidence about the suitability of the design of the controls to achieve the control objectives and the operating effectiveness of the controls throughout the period. The procedures selected depend on our judgement, including the assessment of the risks that the controls are not suitably designed or the controls did not operate effectively. Our procedures included testing the operating effectiveness to the controls that we consider necessary to achieve the control objectives identified. An Assurance engagement of this type also includes evaluating the suitability of the control objectives.

Limitation on Use

This report has been prepared for the members of the Council in accordance with *Section 129(1)(b) of the Local Government Act 1999* in relation to the Internal Controls specified above. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the members of the Council, or for any purpose other than that for which it was prepared.

Limitations of Controls

Because of the inherent limitations of any internal control structure it is possible that, even if the controls are suitably designed and operating effectively, the control objectives may not be achieved so that fraud, error, or non-compliance with laws and regulations may occur and not be detected.

An assurance engagement on operating effectiveness of controls is not designed to detect all instances of controls operating ineffectively as it is not performed continuously throughout the period and the tests performed are on a sample basis. Any projection of the outcome of the evaluation of controls to future periods is subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate

DEAN NEWBERY

Samantha Creten
Director

XX/XX/2023

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Dean Newbery

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2. ITEMS FOR DECISION

2.2 Financial Results 2022/23

Audit and Risk 3 October 2023

Committee:

Author's Title: Manager Finance

File No.: 0-159

Directorate: Corporate

Annexures:

A – Financial Results 2022/23

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 financial results of Council compared with the estimated financial results set out in the budget for the year ending 30 June 2023.

SUMMARY

Council, on adoption of the 2022/23 budget, projected an adjusted operating deficit of \$1,943,000 and an adjusted operating deficit ratio of (5%). Movements during the year have resulted in a year end adjusted operating deficit of \$2,891,000 and an adjusted operating deficit ratio of (7%).

Council's underlying operating result has deteriorated by approximately \$1.7 million, with a number of large impacts recognised over the last 12 months. The majority of these items are one-off or have already been incorporated into the LTFP on an ongoing basis and it is expected that Council will perform better against budget in the coming year, although many budget pressures still exist.

RECOMMENDATION

The Audit and Risk Committee recommends the financial results compared with the estimated financial result of Council for the financial year ending 30 June 2023, be presented to Council.

2.2 Financial Results 2022/23

REPORT

BACKGROUND

The Local Government (Financial Management) Regulations require the Council to consider Councils' audited financial results (30 June 2023) compared with the estimated financial results (original budget, adopted 27 June 2022) as set out in the budget for the year ending 30 June 2023. The report should be presented in a manner consistent with the Model Financial Statements.

Council has reviewed its budget three times during 2022-23, for the periods ending 30 September 2022, 31 January 2023 and 30 April 2023, as well as updating as required for any amendments related to Council resolutions.

DISCUSSION

The report on Financial Results comprises the following statements:

1. financial indicators;
2. summary of material variances to budget;
3. uniform presentation of finances; and
4. financial statements.

Explanations have been included for material variations since adoption of the 2022/23 Budget.

Refer **Annexure "A"** – Financial Results 2022/23

Financial Implications

Councils' 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.

Key Financial Indicators	Short Term Target	2022/23 Original Budget	2022/23 Current Budget	2022/23 Year End
Adjusted Operating Surplus/(Deficit) - \$'000		(1,943)	(3,011)	(2,893)
Adjusted Operating Surplus/(Deficit) Ratio	(2) - 1%	(5%)	(8%)	(7%)
Net Financial Liabilities Ratio	< 80%	69%	56%	40%
Asset Renewal Funding Ratio	90 - 110%	129%	126%	80%
Total Borrowings - \$'000		23,550	20,500	11,500

Council, on adoption of the 2022/23 budget, projected an adjusted operating deficit of \$1,943,000 and an adjusted operating deficit ratio of (5%). Movements during the year have resulted in a year end adjusted operating deficit of \$2,893,000 and an adjusted operating deficit ratio of (7%).

Council's underlying operating result has deteriorated by approximately \$1.7 million, with a number of large impacts recognised over the last 12 months. The change can be attributed to the following items:

- increased waste costs of \$475,000, including for kerbside waste, hard waste and illegal littering;
- allocating \$400,000 for the relocation to Eyre High;
- a large jump in electricity costs of \$260,000, due to volatility in the market;
- increased interest expenses of \$240,000 due to the speed with which interest rates increased;
- the reallocation of \$200,000 from capital to operating, due to changes in a major project; and
- an increase of \$120,000 in the cost of animal rehoming services, based on year 1 of the new RSPCA agreement.

The majority of these items are one-off or have already been incorporated into the LTFP on an ongoing basis and it is expected that Council will perform better against budget in the coming year. Waste expenses are the main budget risk that needs to continue to be monitored closely.

Council's operating result was also impacted by moving the Local Roads and Community Infrastructure funding from Capital to Operating, however this has no impact on overall cashflow.

The other main impact on Council's finances for 2022/23 was the Federal Government's decision to bring forward an additional quarter of the 2023-24 Financial Assistance Grants, meaning that they are now a full year in advance and that 5 quarters worth were received in 2022/23. The adjusted operating ratio removes the impact of this timing difference.

While there are a large number of other variances listed in the analysis, these largely net off and are part of the normal process of managing resources within budget constraints for any given year.

A decrease of 29% in the Net Financial Liabilities Ratio from 69% to 40% has resulted from a decrease in borrowings required. This can be attributed to:

- the net impact of retimed projects of \$5.1 million, being project budgets moved from 2021/2022, less project budgets moved to 2023/24;
- sale of surplus assets generating \$1.4 million;
- additional Financial Assistance Grants of \$1.7 million; offset by
- a worsening of Council's underlying operating position of \$1.7 million; and
- an increase in capital spending of \$0.8 million relating to the airport runway, child care centre and lighting upgrades.

The first item is just a timing differences, meaning that the related borrowings are now expected to occur in 2023-24 instead.

A decrease of 49% in the Asset Renewal Funding Ratio from 129% to 80% is due to the retiming of renewal projects to 2023/24, as well as the transfer of \$825,000 from Renewal to Upgrade, with the majority of this being savings from the previous transport renewal program that is being held aside pending the outcome of legal action Council is taking for lighting project costs incurred. Renewals are still being planned for in line with Council's Asset Management Strategy and so this ratio should not be taken as indication of under investment in existing assets.

The quantum of projects carried forward to 2023/24 was lower than last year's carry forward, being \$9.9 million compared to \$12.0 million. Grant funding of \$1.0 million was also retimed to 2023/24. There are a number of projects that were deferred, for a variety of reasons, examples being that the planning process is still in process, or that the availability of contractors has made tendering quite difficult.

Asset values are increasing at an extremely high rate at the moment, with existing asset values having increased by 11% to 12% for the year. This will have an impact on depreciation moving forward, although it is hoped that capital costs will begin to moderate and correct over the coming years. The continued use of the Local Government Price Index (LGPI) capital series to undertake indexation of fair value assets on an annual basis appears to have been validated, as the increase in value of Transport assets during the recent condition audit was approximately 9%, only 2% different from the LGPI index of 11% applied for the year.

Airport

The financial performance of the Airport is reported separately, to help ensure that the sustainability of this business unit can be monitored.

On adoption of the 2022/23 budget, the Airport was projected to make a deficit of \$795,000 and have an operating deficit ratio of 25%. The airport is still feeling the impacts of recovering from the impacts of Covid, with passenger numbers increasing at a slower rate than previously hoped. Passenger numbers were approximately 75% of their pre-Covid levels, compared to 60% for 2021/22. In addition, the airport result was impacted by higher interest rates, as well as transferring an employee resource from another area of Council. This meant that ultimately the Airport had a year-end operating deficit of \$975,000 and an operating deficit ratio of (38%).

The Net Financial Liabilities Ratio was originally projected to be 216%. However, this increased to 308% for year end, with the increase mainly attributable to the large reduction in current year income which is the denominator in this calculation, due to screening costs being much less than originally projected.

Strategic Plan

Objective 1.1 – Unearth community pride within the city

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

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

Legislation

The report on financial results has been prepared in accordance with Section 10 of the *Local Government (Financial Management) Regulations 2011*.

Officer Direct or Indirect Interest – Nil

Risk Assessment

By reviewing this report Council will ensure that they are compliant with legislative requirements.

The report is also a key part of the overall budget process, ensuring that Council are aware of material variances to their adopted budget. While variances are reported to Council on a quarterly basis as they are identified, this report provides an overall summary of variances, including those identified at year end.

Social Considerations – Not applicable

Community Engagement – Not applicable

Environmental Implications – Not applicable

Communication – Not applicable

Conclusion

The financial results for 2022/23 are presented and material variances to the 2022/23 original budget are explained.

Council has experienced a large number of negative variances for the year and has little to no capacity to absorb these, as the overall budget is extremely lean. The majority of these items are one-off or have already been incorporated into the LTFP on an ongoing basis and it is expected that Council will perform better against budget in the coming year, although many budget pressures still exist.

FINANCIAL RESULTS 2022-23

KEY FINANCIAL INDICATORS	Target	Note	Original Budget 2022-23	Current Budget 2022-23	Year End Actual 2022-23	Original Budget vs Actual 2022-23
Council (including Airport)						
Operating Surplus/(Deficit) - \$'000		1	(1,943)	(2,737)	(929)	1,014
Adjusted Operating Surplus/(Deficit)* - \$'000			(1,943) ●	(3,011) ●	(2,893) ●	(950)
Adjusted Operating Surplus/(Deficit) Ratio	(2)% - 1%		(5%) ●	(8%) ●	(7%) ●	(2%)
Net Financial Liabilities Ratio	< 80%		69% ●	56% ●	40% ●	(29%)
Asset Renewal Funding Ratio	90 - 110%		129% ●	126% ●	80% ●	(49%)
Council (excluding Airport)						
Operating Surplus/(Deficit) - \$'000			(1,148)	(1,808)	46	1,194
Adjusted Operating Surplus/(Deficit)* - \$'000			(1,148) ●	(2,082) ●	(1,918) ●	(770)
Adjusted Operating Surplus/(Deficit) Ratio	(2)% - 1%		(3%) ●	(5%) ●	(5%) ●	(2%)
Net Financial Liabilities Ratio - %	< 80%		55% ●	38% ●	21% ●	(34%)
Asset Renewal Funding Ratio - %	90 - 110%		157% ●	154% ●	80% ●	(77%)
Whyalla Airport						
Operating Surplus/(Deficit) - \$'000		8	(795) ●	(929) ●	(975) ●	(180)
Operating Surplus/(Deficit) Ratio - %	1% - 6%		(25%) ●	(37%) ●	(38%) ●	(13%)
Net Financial Liabilities Ratio - %	< 250%		216% ●	298% ●	308% ●	92%

KEY

In target range ● Above target ● Below target ●

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

Note Explanations – Financial Results 2022/23:

The main variances between the 2022/23 original budget and year end results are as follows:

1. Financial Indicators

- Council's Adjusted Operating Ratio has deteriorated by 2%, from (5%) to (7%) and is outside of target range;
- a decrease of 29% in the Net Financial Liabilities Ratio from 69% to 40% is due to decreased borrowings, attributable to cash flows associated with projects deferred to 2023/24, grants paid in advance by the Federal Government and the sale of a Council Property in late June; and
- a decrease of 49% in the Asset Renewal Funding Ratio to 80% due to a number of renewal projects being retimed to 2023/24, as well as some planned footpath and road renewal expenditure being classified as upgrade.

2. Operating Activities

- a deficit of \$929,000 as compared with an original adopted deficit of \$1.94 million;
- increased rates income of \$19,000 due to lower than expected objections;
- an increase in user charges of \$121,000 due to:
 - an increase of \$105,000 from fuel sales at the airport;
 - increased cemetery income of \$75,000;
 - an increase in childcare income of \$65,000 generated from an increase in occupancy rate at the centre;
 - increased admission income for the Maritime Museum of \$30,000;
 - \$25,000 of income from the Whyalla Football League, contributing to the cost of running Bennett Oval; offset by
 - a reduction in airport income of \$145,000 due to the COVID-19 recovery progressing at a slower rate than projected; and
 - reduced income for the lease of the foreshore café pod in year 1 of \$34,000 to assist with establishing the business.
- an increase in grants, subsidies and contributions of \$2.48 million due to:
 - Local Roads and Community Infrastructure funding of \$935,000 being made available by the Federal Government, originally budgeted as a capital item;
 - an increase in the Financial Assistance Grants received for 2022/23 of \$388,000, partially due to an adjustment for underpayment in the previous year;
 - additional Financial Assistance Grants of \$1.69 million received due to the Federal Government's decision to bring forward an extra quarter of the 2023-24 grant;
 - grant funding of \$90,000 received to cover the increasing cost of transportation of waste;
 - grant income of \$50,000 received to assist with hosting the SANFL Country Football Championships;
 - library grant income of \$25,000 for digital literacy programs;
 - carry forward of grants unexpended in 2021-22 of \$35,000 for sand replenishment and painting of the Point Lowly Lighthouse; offset by
 - a decrease of \$650,000 in the grant for airport screening, in line with the direct cost of providing the service;
 - a decrease of \$50,000 in grant funding for the Art & Culture Officer as the position was vacant for 2022/23; and
 - a reduction in Star Club funding of \$30,000 due to the program ending.
- an increase in investment income of \$26,000 due to higher interest rates and a higher bonus received from the Local Government Finance Authority;
- an increase in reimbursement income of \$83,000 due to:
 - \$68,000 from Council incurring costs as host of the Regional Assessment Panel; and
 - \$15,000 from minor private works undertaken.

- an increase in other income of \$215,000 due to:
 - an increase of \$56,000 in ex-gratia rates received, due to higher than projected indexation;
 - an increase of \$32,000 in the oncharging of debt collection fees;
 - \$27,000 of income from the rental of property to staff;
 - income of \$26,000 received from granting a licence for short term parking to a local business;
 - \$26,000 of sponsorship for the Whyalla Wings Day;
 - an increase of \$25,000 in the value of IT equipment oncharged to another Council;
 - recognition of a \$18,000 adjustment in the net present value of landfill post closure costs; and
 - an increase in income from immunisation programs of \$5,000.
- decreased employee costs of \$78,000 attributed to:
 - savings from vacant positions across the organisation of \$120,000, which was used to fund labour hire and consultants;
 - an increase in the Workers Compensation Rebate of \$90,000
 - a reduction of \$50,000 due to a grant funded position being temporarily vacant; offset by
 - a \$95,000 increase in labour costs for the childcare centre due to increased occupancy;
 - increased labour costs at the airport of \$65,000; and
 - total leave increment costs being \$22,000 above budget, with this figure impacted by outstanding leave balances and bond rates.
- increased materials, contracts & other expenditure of \$1.95 million attributed to:
 - the re-budgeting of \$200,000 on operating projects that were not completed in 2021-22, made up of the system modernisation roadmap, hosting of the SA Country Football Championships, relocation costs for Junior Soccer and a one-off updating of aerial photography for the entire Council region, rather than just the city. These amounts were not spend last year, causing Council's operating result to be better than projected;
 - an increase in waste costs of \$415,000 due to higher tonnages of kerbside waste collections as well as more hard waste collections being booked;
 - a budget of \$400,000 being allocated to allow the relocation of the Civic Centre;
 - an increase in electricity costs of \$260,000, due to the previous contract coming to an end and issues in the wholesale electricity market making it impossible to find a competitive price for large sites;
 - \$198,000 reallocated from capital to operating, due to the nature of the projects involved;
 - an increase of \$150,000 in the cost of dealing with illegal littering, due in small part to increased fees paid to the contractor, but mainly relating to the disposal cost of the items collected;
 - an increase in labour hire and consulting costs of \$145,000 to backfill vacant positions and those on long term sick leave;
 - an increase of \$120,000 in the cost of animal rehoming services, based on year 1 of the new RSPCA agreement;
 - additional expenditure of \$110,000 funded from minor grants relating to hosting the SANFL Country Football Championships, digital literacy programs, sand replenishment and painting of the Point Lowly Lighthouse;
 - increased fuel costs at the airport of \$105,000, due to increased sales;
 - costs of \$105,000 incurred for the removal of tyres from the old diary site. Council saved significant funds because the work to move rubble from the site was undertaken by the party about to lease the site at their cost;
 - expenses of \$90,000 incurred to purchase devices to allow the remainder of the administrative workforce to operate remotely;
 - \$85,000 of additional costs for maintaining Bennett and Memorial ovals;
 - an increase in cleaning costs of \$80,000, relating to undertaking additional hygienic cleans, which were put in place due to Covid, but have now ended;

- an increase in legal costs of \$70,000 due to a number of ongoing matters and for advice relating to improvements in processes and procedures;
- additional costs of \$68,000 incurred due to Council being the host for the Regional Assessment Panel, with these costs oncharged to the two other councils;
- an increase in insurance costs of \$62,000, due to increased asset values and the addition of cybercrime cover for the first time;
- increased building maintenance costs of \$48,000, due to unexpected items such as inverter failures and a ceiling collapse;
- an increase in the cost of running Council's fleet of \$45,000, primarily due to increased fuel costs;
- \$45,000 of increased costs for maintaining the recycled water and irrigation network;
- a one-off increase in the YMCA management of fee of \$35,000, taking into account the lost income being caused by closed assets in the centre;
- an increase in cemetery costs of \$35,000;
- increased water costs of \$35,000;
- additional debt collection fees of \$32,000;
- increased costs for rental properties for Council employees of \$27,000, with these costs recovered in their entirety;
- increased costs for the Whyalla Wings event of \$26,000, covered by sponsorship;
- increased costs of \$25,000 for the recent election, paid directly to the Electoral Commission;
- an increase of \$25,000 in IT equipment purchased on behalf of another Council;
- an additional \$20,000 required to undertake asset valuation and condition assessments for transport assets, with a reduction in this budget next year for stormwater assets; offset by
- a decrease of \$600,000 in the cost of providing screening services compared to the original estimate, with this cost currently being covered by Federal Government funding;
- removal of the Star Club project line of \$30,000, due to funding being discontinued; and
- an underspend of \$460,000 on operating projects that will need to be re-budgeted in 2023-24, made up of the relocation of the Civic Centre, relocation costs for Junior Soccer and the demolition of the former Fauna Park.
- decreased depreciation of \$178,000 attributed to:
 - decreased depreciation for the airport terminal of \$165,000 compared to earlier estimates, based on a detailed asset register;
 - a decrease in airport runway depreciation of \$215,000 based on the fact that the upgrade project wasn't finished until halfway through the year and that the ongoing estimate was overstated; offset by
 - an increase in Plant & Equipment depreciation of \$100,000 due to a one off write down of residual values for vehicles that have been held for a long period; and
 - an increase in infrastructure depreciation of \$100,000 due to indexation adjustments and projects finished part way through the financial year.
- increased interest expenses of \$241,000 due to interest rates increasing during the financial year more quickly than initially anticipated.

3. Capital Activities – Net Outlays on Existing Assets:

- a decrease of \$2.0 million on the renewal and replacement of existing assets due to:
 - carry forward projects from 2021-22 of \$1.8 million including \$787,000 for the Transport Renewal Program, \$656,000 relating to the replacement of plant & equipment and \$351,000 relating to building works at the Old Airport Hanger and Maritime;
 - \$50,000 of urgent works required on the WEDB roof, brought forward from the 2023-24 program;
 - an increase of \$82,000 in the plant replacement program cost, with the amount from sale of old items increasing by the same amount, leading to no net cost to Council; offset by

- a transfer of \$825,000 from renewal to new/upgrade, \$600,000 being savings from the previous transport renewal program that is being held aside pending the outcome of legal action Council is taking for lighting project costs incurred, \$208,000 relating to a number of footpath and stormwater works being reclassified from renewal to upgrade and \$17,000 for the airport parking boom gate being reclassified from renewal to upgrade; and
- carry forward projects of \$3.1 million deferred to the 2023-24 financial year \$835,000 for the Leisure Centre, \$787,000 for marina renewal works, \$740,000 relating to the replacement of plant & equipment, \$307,000 for public convenience renewal, \$204,000 for the replacement of playgrounds, \$131,000 for a number of minor building renewal projects, \$100,000 relating to the irrigation renewal program and \$37,000 for minor IT renewal projects.
- an increase in proceeds from the sale of replaced assets of \$54,000 due to higher than anticipated trade-in values.

4. Capital Activities – Net Outlays on New and Upgraded Assets

- a decrease of \$5.0 million on the upgrade and expansion of assets due to:
 - carry forward projects from 2021-22 of \$1.1 million including \$500,000 for the Cuttlefish Coast Sanctuary Project, \$284,000 for the Child Care Centre Upgrade, \$124,000 for footpath expansion, \$93,000 for minor upgrades to the Leisure Centre, \$64,000 for the Valley One stormwater project, \$30,000 for a number of stormwater projects and \$30,000 for a number of other minor projects;
 - \$323,000 to undertake required rectification works on the Bennett and Memorial Oval electrical cabinets;
 - \$250,000 of additional budget approved to allow the Childcare Centre Upgrade to proceed, with the cost impacts to be offset by a small increase in fees;
 - \$150,000 of additional budget for the finalisation of the runway project, with the total project cost coming in within 2% of budget;
 - an increase of \$100,000 for the delivery of the Airport Hydrants Upgrade project, in line with the final tendered price;
 - an increase of \$90,000 for the delivery of the Jubilee Park Changeroom Upgrade project, in line with the final tendered price;
 - \$80,000 for required upgrades to the fire system at Jubilee Park in line with resolution C4416-2022;
 - \$30,000 for the fit-out of the foreshore café pod in line with resolution C4445-2022;
 - \$27,000 for the installation of CCTV at the depot, with this being funded by Local Government Risk;
 - a transfer of \$825,000, \$600,000 being savings from the previous transport renewal program that is being held aside pending the outcome of legal action Council is taking for lighting project costs incurred, \$208,000 relating to a number of footpath and stormwater works being reclassified from renewal to upgrade and \$17,000 for the airport parking boom gate being reclassified from renewal to upgrade; offset by
 - a reduction in the Cuttlefish Coast Sanctuary Project budget of \$862,000, due to a reduction in the grant funds to be claimed at this time and some expenditure needing to be transferred to operating;
 - a reduction in the budget for the delivery of Foreshore Master Plan outcomes of \$300,000, to recognise that the timing of funding contributions is currently unknown;
 - \$58,000 moved to operating, as the current work on the lighthouse is more maintenance in nature; and
 - carry forward projects of \$6.8 million deferred to the 2023-24 financial year including \$1.8 million for the Cuttlefish Coast Sanctuary Project, \$1.2 million for design and delivery of the Foreshore Master Plan, \$1.1 million for the Child Care Centre Upgrade, \$1.0 million for a number of stormwater projects, \$600,000 of funds being held aside pending the outcome of legal action, \$400,000 for Walking Trails, \$180,000 for upgrade of unsealed roads, \$115,000 for minor IT projects, \$110,000 of tourism signage upgrades, \$78,000 for minor upgrades to the Leisure Centre and \$200,000 for a number of other minor projects.

- a decrease in amounts received specifically for new and upgrade assets of \$3.7 million due to:
 - grant funding of \$429,000 retimed from 2021-22 in line with updated project timings, including \$263,000 for the Cuttlefish Coast Sanctuary Project, \$142,000 for the Childcare Centre Upgrade, and \$27,000 for the Valley One stormwater project;
 - additional funding of \$27,000 from Local Government Risk for the installation at the Depot; offset by
 - a reduction in grant funding for the Airport Taxiway and Runway Safety Upgrade of \$1.1 million, as this was recognised in 2021-22;
 - Local Roads and Community Infrastructure funding of \$935,000 being transferred from capital to operating;
 - \$835,000 of funding for the Cuttlefish Coast Sanctuary Project not being claimed at this time;
 - removal of the \$300,000 budgeted for Foreshore Master Plan outcomes, to recognise that the timing of funding contributions is currently unknown; and
 - grant funding of \$1.0 million retimed to 2023-24 in line with updated project timing including \$510,000 for the Cuttlefish Coast Sanctuary Project, \$278,000 for the Childcare Centre Upgrade, \$200,000 for Walking Trails, and \$27,000 for the Valley One stormwater project.
- an increase in proceeds from the sale of surplus assets of \$1.4 million due to:
 - the sale of a Council owned building that was surplus to requirements of \$1.2 million; and
 - the sale of one parcel of industrial land which is held for sale, for \$220,000.

5. Financing Transactions

- There has been a decrease of \$5.7 million in the level of financing transactions required between Council's original budget and the year end results, attributed to:
 - the net impact of retimed projects of \$5.1 million, being project budgets moved from 2021-2022, less project budgets moved to 2023-24;
 - sale of surplus assets generating \$1.4 million;
 - additional Financial Assistance Grants of \$1.7 million; offset by
 - a worsening of Council's underlying operating position of \$1.7 million; and
 - an increase in capital spending of \$0.8 million relating to the airport runway, child care centre and lighting upgrades.

6. Movements – Statement of Comprehensive Income

- Asset disposals & fair value adjustments have increased by \$27.3 million due to asset revaluations, with the rate of indexation being much higher than initial projections.

7. Movements – Statement of Financial Position

- A decrease in trade receivables of \$5.0 million due to \$2.0 million reduction in grants owed to Council compared to 30 June 2022, as well as the assumption that Financial Assistance Grants wouldn't be paid in advance this year being incorrect.
- An increase of \$20.1 million in the expected value of Infrastructure, Property, Plant and Equipment assets at 30 June 2023, due to the higher than expected indexation amount, offset by the impact of retimed projects.
- A decrease in Work in Progress of \$3.2 million, with the majority of the value relating to the Airport Runway project which was completed this year.
- The increase of \$1.1 million in the expected value of Council's trade payables at 30 June 2023 can be attributed to an increase in the level of capital activity being undertaken in June compared to the relatively low level experienced last year.

8. Financial Indicators – Whyalla Airport

- The Airport Operating Ratio has decreased by 13%, from (25%) to (38)%, which is well outside of target range.
- The Net Financial Liabilities Ratio was 92% higher than projected at 308%, with the increase mainly attributable to the large reduction in current year income which is the denominator in this calculation, due to screening costs being much less than originally projected.
- The Airport had a deficit of \$975,000 compared with an original adopted budget of a \$795,000 deficit. The variance of \$180,000 is due to;
 - an increase in labour costs of \$191,000, with additional resources needed on the ground to allow the delivery of the runway project and an additional resource moved from another areas to assist with airport operations;
 - a reduction in airport income of \$145,000 due to the COVID-19 recovery progressing at a slower rate than projected;
 - an increase in finance costs of \$125,000 due to interest rates increasing during the financial year more quickly than initially anticipated;
 - a net increase of \$50,000 in the cost of providing screening, as non-direct costs are not able to be recovered;
 - increased insurance costs of \$17,000, due to higher asset values;
 - legal costs of \$15,000;
 - increased cleaning costs of \$10,000; offset by
 - decreased depreciation for the airport terminal of \$165,000 compared to earlier estimates, based on the detailed asset register;
 - a decrease in airport runway depreciation of \$215,000 based on the fact that the upgrade project wasn't finished until halfway through the year and that the ongoing estimate was overstated.

WHYALLA CITY COUNCIL
FINANCIAL RESULTS 2022-23

UNIFORM PRESENTATION OF FINANCES	Note	Original Budget 2022-23 \$000	Current Budget 2022-23 \$000	Year End Actual 2022-23 \$000	Variance Original Budget vs Actual 2022-23 \$000
OPERATING ACTIVITIES	2				
Operating Revenues		36,474	37,738	39,424	2,950
less Operating Expenses		(38,417)	(40,475)	(40,353)	(1,936)
Operating Surplus/ (Deficit)		(1,943)	(2,737)	(929)	1,014
CAPITAL ACTIVITIES					
Net Outlays on Existing Assets	3				
Capital Expense on renewal and replacement of Existing Assets		(5,574)	(5,459)	(3,555)	2,019
add back Depreciation, Amortisation and Impairment		8,132	8,007	7,954	(178)
add back Proceeds from Sale of Replaced Assets		178	187	232	54
Net Outlays on Existing Assets		2,736	2,735	4,631	1,895
Net Outlay on New and Upgraded Assets	4				
Capital Expenditure on New and Upgraded Assets		(10,140)	(5,435)	(5,135)	5,005
add back Amounts received specifically for New and Upgraded Assets		4,823	1,201	1,149	(3,674)
add back Proceeds from Sale of Surplus Assets		-	-	1,422	1,422
Net Outlays on New and Upgraded Assets		(5,317)	(4,234)	(2,564)	2,753
Net Lending/ (Borrowing) for Financial Year		(4,524)	(4,236)	1,138	5,662
Financing transactions associated with the above net overall deficit, or applying the overall net funding surplus are as follows:					
New Borrowings		7,300	4,250	-	(7,300)
Repayment of Principal		-	-	(4,750)	(4,750)
(Increase)/Decrease in Cash and Investments		49	178	242	193
Net Balance Sheet funding (debtors & creditors etc)		(2,825)	(192)	3,370	6,195
Financing Transactions	5	4,524	4,236	(1,138)	(5,662)

WHYALLA CITY COUNCIL
FINANCIAL RESULTS 2022-23

STATEMENT OF COMPREHENSIVE INCOME		Original Budget 2022-23 \$000	Current Budget 2022-23 \$000	Year End Actual 2022-23 \$000	Variance Original Budget vs Actual 2022-23 \$000
INCOME					
Rates		23,696	23,711	23,715	19
Statutory Charges		409	414	412	3
User Charges		3,621	3,810	3,742	121
Grants, subsidies and contributions - capital		-	-	1,227	1,227
Grants, subsidies and contributions - operating		7,708	8,482	8,964	1,256
Investment Income		12	36	38	26
Reimbursements		14	87	97	83
Other Income		1,014	1,198	1,229	215
TOTAL INCOME		36,474	37,738	39,424	2,950
EXPENSES					
Employee Costs		13,947	13,852	13,869	(78)
Materials, contracts & other expenses		15,934	18,012	17,885	1,951
Depreciation, amortisation & impairments		8,132	8,007	7,954	(178)
Finance Costs		404	604	645	241
TOTAL EXPENSES		38,417	40,475	40,353	1,936
OPERATING SURPLUS/(DEFICIT)		(1,943)	(2,737)	(929)	1,014
Amounts specifically for new or upgraded assets		4,823	1,201	1,149	(3,674)
Net gain (loss)		-	-	(2,071)	(2,071)
Physical resources received free of charge		-	-	-	-
NET SURPLUS/(DEFICIT)		2,880	(1,536)	(1,851)	(4,731)
Other Comprehensive Income	6	13,676	13,676	40,988	27,312
TOTAL COMPREHENSIVE INCOME		16,556	12,140	39,137	22,581

WHYALLA CITY COUNCIL
FINANCIAL RESULTS 2022-23

STATEMENT OF FINANCIAL POSITION	7	Original Budget 2022-23 \$000	Current Budget 2022-23 \$000	Year End Actual 2022-23 \$000	Variance Original Budget vs Actual 2022-23 \$000
ASSETS					
Current Assets					
Cash & Cash Equivalents		301	172	108	(193)
Trade & Other Receivables		9,385	6,565	4,336	(5,049)
Inventories		2,861	2,861	2,783	(78)
TOTAL CURRENT ASSETS		12,547	9,598	7,227	(5,320)
Non-current Assets					
Infrastructure, Property, Plant & Equipment		329,557	324,853	349,662	20,105
Other Non-Current Assets		4,810	4,697	1,681	(3,129)
TOTAL NON-CURRENT ASSETS		334,367	329,550	351,343	16,976
Total Assets		346,914	339,148	358,570	11,656
LIABILITIES					
Current Liabilities					
Trade and Other Payables		3,731	3,431	4,942	1,211
Short Term Borrowings		100	-	-	(100)
Short Term Provisions		2,719	2,719	2,648	(71)
TOTAL CURRENT LIABILITIES		6,550	6,150	7,590	1,040
Non-Current Liabilities					
Long Term Borrowings		23,450	20,500	11,500	(11,950)
Long Term Provisions		1,049	1,049	1,032	(17)
TOTAL NON-CURRENT LIABILITIES		24,499	21,549	12,532	(11,967)
Total Liabilities		31,049	27,699	20,122	(10,927)
NET ASSETS		315,865	311,449	338,448	22,583
EQUITY					
Accumulated Surplus		50,924	46,508	46,583	(4,341)
Asset Revaluation Reserve		264,266	264,266	291,578	27,312
Reserves		675	675	287	(388)
TOTAL EQUITY		315,865	311,449	338,448	22,583

WHYALLA CITY COUNCIL
FINANCIAL RESULTS 2022-23

STATEMENT OF CHANGES IN EQUITY	Original Budget 2022-23 \$000	Current Budget 2022-23 \$000	Year End Actual 2022-23 \$000	Variance Original Budget vs Actual 2022-23 \$000
Accumulated Surplus				
Balance at Beginning of Period	48,044	48,044	48,044	-
Change in financial position resulting from operations	2,880	(1,536)	(1,848)	(4,728)
Transfers from Other Reserves	-	-	387	387
Transfers to Other Reserves	-	-	-	-
Balance at End of Period	50,924	46,508	46,583	(4,341)
Asset Revaluation Reserve				
Balance at Beginning of Period	250,590	250,590	250,590	-
Revaluation Increment	13,676	13,676	40,988	27,312
Balance at End of Period	264,266	264,266	291,578	27,312
Other Reserves				
Balance at Beginning of Period	675	675	675	-
Transfers to Accumulated Surplus	-	-	(388)	(388)
Transfers from Accumulated Surplus	-	-	-	-
Balance at End of Period	675	675	287	(388)
TOTAL EQUITY AT END OF REPORTING PERIOD	315,865	311,449	338,448	22,583

WHYALLA CITY COUNCIL
FINANCIAL RESULTS 2022-23

STATEMENT OF CASH FLOWS	Original Budget 2022-23 \$000	Current Budget 2022-23 \$000	Year End Actual 2022-23 \$000	Variance Original Budget vs Actual 2022-23 \$000
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Operating Receipts	33,562	37,322	42,484	8,922
Investment Income	12	36	38	26
Payments				
Operating Payments	(29,806)	(31,676)	(32,844)	(3,038)
Finance Costs	(404)	(604)	(510)	(106)
Net Cash provided by (or used in) Operating Activities	3,364	5,078	9,168	5,804
CASH FLOWS FROM INVESTMENT ACTIVITIES				
Receipts				
Amounts specifically for new or upgraded assets	4,823	1,201	1,149	(3,674)
Grants utilised for capital purposes	-	-	1,227	1,227
Sale of replaced assets	178	187	232	54
Sale of surplus assets	-	-	1,422	-
Payments				
Purchase of Renewal/Replacement Assets	(5,574)	(5,459)	(3,555)	2,019
Purchase of New/Expansion Assets	(10,140)	(5,435)	(5,135)	5,005
Net Cash provided by (or used in) Investing Activities	(10,713)	(9,506)	(4,660)	4,631
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Proceeds from Borrowings - Council	7,300	4,250	-	(7,300)
Payments				
Repayment of Borrowings	-	-	(4,750)	(4,750)
Net Cash provided by (or used in) Financing Activities	7,300	4,250	(4,750)	(12,050)
Net Increase (Decrease) in Cash Held	(49)	(178)	(242)	(193)
Cash & cash equivalents at beginning of period	350	350	350	-
Cash & cash equivalents at end of period	301	172	108	(193)

2. ITEMS FOR DECISION

2.3 2022-23 Investment and Loan Performance

Audit and Risk 3 October 2023

Committee:

Author's Title: Finance Coordinator

File No.: 0-159, 0-209

Directorate: Corporate

Annexures:

Nil

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

Section 140 of the Local Government Act 1999 requires Council to review the performance of its investments on an annual basis. This report reviewed by the Audit and Risk Committee will be presented to Council for adoption at its Council Meeting on 16 October 2023.

SUMMARY

Council shall receive a specific report regarding treasury management performance relative to the policy via the Audit and Risk Committee.

RECOMMENDATION

The Audit and Risk Committee note the Investment and Loan Performance Report for 2022-23.

2.3 2022-23 Investment and Loan Performance

REPORT

BACKGROUND

Decision making regarding investments and loans are carried out under the guidance and parameters set within Councils' Treasury Management Policy. A review is presented annually to the Audit and Risk Committee and Council.

DISCUSSION

Compliance with Treasury Management Policy

Council has complied with all elements of the Treasury Management Policy. Compliance has been achieved against the following major policy requirements:

Policy Requirement	Review
Council will maintain target ranges for its Net Financial Liabilities ratio	Councils' Net Financial liabilities ratio as at 30 June 2023 was 40%. This is within the target financial indicator range of less than 80%
Council will not retain money for particular future purposes unless required by legislation or agreement with other parties	If required, funds are retained in separate accounts however, no requirement exists at balance date.
Council funds available for investment will be lodged 'at call' or, having regard to differences in interest rates for fixed term investments of varying maturity dates, may be invested for a fixed term	Council held no investments during 2022-23, except provisionally in the "at call" account held with the Local Government Finance Authority (LGFA)
Council will apply any funds that are not immediately required to meet approved expenditure (including funds that are required to be expended for specific purposes but are not required to be kept in separate bank accounts) to reduce its level of borrowings or to defer and/or reduce the level of new borrowings that would otherwise be required.	All available excess funds are repaid against existing Local Government Finance Authority 'Cash Advance Debenture' facilities prior to investment
Council will borrow funds in accordance with the requirements set out in its adopted budget and Long Term Financial Plan	Council borrows funds to meet cash flow requirements
Council will hold all borrowings with the Local Government Finance Authority	Council holds all borrowings with the Local Government Finance Authority (LGFA)
Approximately 50% of Councils' total borrowings shall be fixed, with a target range of 30% to 70% over any financial year to allow for cash flow management.	Council currently holds \$7 million, or 60.87%, of its \$11.5 million balance at 30 June 2023 in a fixed facility.

Interest on Investments Budget Performance

The performance of Interest on Investments is monitored and managed against the budgeted forecast. The actual amount of investment interest earned for 2022-23 was \$37,654, a 4.59% favourable variance against the revised budget forecast of \$36,000.

The 2022-23 financial year saw the Reserve Bank of Australia (RBA) cash rate rise monthly except for January (no RBA board meeting held in January) and April (cash rate remained unchanged) during the financial year from 0.85% to 4.10%. The 24 Hour on call account interest rates increased from 1.05% to 4.30% during the year.

Investments	Amount	Rate
Balance as at 30 June 2023	\$ -	-
Balance as at 30 June 2022	\$ -	-
Balance as at 30 June 2021	\$ -	-
Balance as at 30 June 2020	\$ -	-
Balance as at 30 June 2019	\$ 5,188,186	0 - 0.30%

It is worth noting that \$25,975, or 69%, of the total interest earned was from the LGFA bonus payment, which for Council mainly relates to loan balances from the previous financial year. The remaining interest related to cash held in Council's main operating account.

Interest on Loans Budget Performance

The performance of Interest on loans is also monitored and managed against the budgeted forecast. The increase to the RBA cash rate is also reflected in the cash advance drawdown facility (CAD) with the cost of funds increasing by 3.25% from 2.80% to 6.05%. The actual amount of loan interest expense for 2022-23 was \$644,574, a 6.72% unfavourable variance against the revised budget forecast of \$604,000. . However, there was a variance of almost 60% against the original budgeted figure of \$404,000, with interest rates increasing much quicker than expected during the year.

The Local Government Finance Authority (LGFA) continue to provide support to Councils by offering discounted facilities, which are 0.75% below the current debenture rates.

Cash Advance Debentures (CAD)	Amount	Rate
Balance as at 30 June 2023	\$ 11,500,000	1.70 – 6.05%
Balance as at 30 June 2022	\$ 16,250,000	1.55 - 2.80%
Balance as at 30 June 2021	\$ 7,000,000	1.30 - 2.05%
Balance as at 30 June 2020	\$ 7,000,000	2.20 - 3.10%
Balance as at 30 June 2019	\$ -	-

Cash Advance Debenture Facilities as at 30 June 2023

Cash Advance Debentures (CAD)	Facility	Balance	Rate	Maturity Date
CAD 137	\$ 7,000,000	\$ -	6.05%	n/a
CAD 139	\$ 1,500,000	\$ 1,500,000	1.70%	17 July 2023
CAD 139	\$ 3,500,000	\$ 3,500,000	4.95%	19 July 2024
CAD 139	\$ 2,000,000	\$ 2,000,000	1.90%	16 July 2025
CAD 139	\$ 3,800,000	\$ -	6.05%	n/a
CAD 139 CV19 (discounted)	\$ 3,200,000	\$ 3,200,000	5.30%	17 July 2023
CAD 140 LGIPP (discounted)	\$ 2,050,000	\$ 1,300,000	5.30%	19 April 2025
CAD 140	\$ 2,950,000	\$ -	6.05%	n/a
TOTAL	\$ 26,000,000	\$ 11,500,000		

Financial Implications

Council monitors cash flow projections on a daily basis to ensure adequate funding is available for operational requirements.

Strategic Plan

Objective 1.1 – Unearth community pride within the city.

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

Legislation

Section 140 of the *Local Government Act 1999* states a council must, at least once in each year, review the performance (individually and as a whole) of its investments.

Officer Direct or Indirect Interest – Nil

Risk Assessment

Daily monitoring of cash flow projections complement the framework within the Treasury Management Policy and result in a low risk to Council.

Social Considerations – Not applicable

Community Engagement – Nil

Environmental Implications – Not applicable

Communication – Not applicable

Conclusion

The investment and loan performance for 2022-23 was comparable to revised budgeted expectations. Council held no long-term investments during the year. Cash Advance debenture (CAD) facilities were drawn down and repaid as cash flow needs required, in accordance with Councils' Treasury Management Policy.

2. ITEMS FOR DECISION

2.5 Budget Review 2023/24 Quarter 1 incorporating Financial Results 2022/23

Audit and Risk 3 October 2023

Committee:

Author's Title: Manager Finance

File No.: 0-159

Directorate: Corporate

Annexures:

Annexure A – Budget Review 2023/24 Quarter 1

Annexure B – Long Term Financial Plan – Updated Tables

Annexure C – Sensitivity Analysis

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 incorporate Councils' financial results for the year ending 30 June 2023 and provide an updated projection of Councils' operating and capital budgets for the 2023/24 financial year, identifying any variations sought to Councils' original budget and the cumulative financial implications.

SUMMARY

The Quarter 1 Budget Review predominantly reflects the incorporation of the Financial Results 2022/23 and the impact this has on the 2023/24 budget and Long Term Financial Plan. However, any other known material variances are also included.

RECOMMENDATION

The Audit and Risk Committee:

1. recommend the Budget Review incorporating the Financial Results 2022/23, identifying an operating deficit of \$3,759,000 and an estimated cash position at end of reporting period of \$173,000, be submitted to Council for adoption; and
2. recommend that the 2023-24 Annual Business Plan and Budget and Long Term Financial Plan be amended to reflect the variances.

2.5 Budget Review 2023/24 Quarter 1 incorporating Financial Results 2022/23

REPORT

BACKGROUND

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

DISCUSSION

This report considers the impact that the financial results from the year ending 30 June 2023 will have on Councils' 2023/24 Budget and ongoing financial sustainability.

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.

Refer **Annexure A** – Budget Review 2023-24 Quarter 1

Council's Long Term Financial Plan has been updated to reflect the impacts of the Quarter 1 Budget Review, with a full set of the updated tables included for information.

Refer **Annexure B** – Long Term Financial Plan – Updated Tables

The Quarter 1 Budget Review predominantly reflects the incorporation of the Financial Results 2022/23 and the impact this has on the 2023/24 budget and Long Term Financial Plan. This includes operating projects of \$460,000 and capital projects of \$2.2 million being retimed, as they were not completed in 2022/23.

In addition, the 2022/23 year end result has caused the depreciation for 2023/24 to increase from original forecasts. Overall, depreciation expense has increased by \$295,000, with this due to a number of factors:

- increased depreciation for infrastructure and buildings of \$405,000, due to capital costs increasing by 11% for the year ending 30 June 2023; offset by
- a decrease in airport runway depreciation of \$180,000 due to the detailed asset schedule for the new runway, generated by qualified engineers, having much longer lives than originally projected.

The remaining increase of \$70,000 relates to an adjustment in how required savings are recognised in the plan. Council have set a target of \$250,000 of ongoing savings to be found over the LTFP from the rationalisation of building assets, with \$100,000 of this to have been found by the current year. These savings have all been budgeted as decreased depreciation, as in almost all cases the rationalisation will occur from the transfer of buildings to other organisations.

The sale of the Whytec Building at the end of June has resulted in only \$30,000 of this depreciation saving being realised, with the other \$70,000 removed. However, because of the cash generated from the sale, \$45,000 of interest savings will be realised this year, increasing to \$70,000 in two years, and up to \$120,000 by year 6 of the plan, due to the renewal to the building no longer required.

The cost of undertaking capital works has increased by much higher than CPI over the last two years, due to supply site issues, and this has led to depreciation expense to increase by 19% over this period. It stands to reason that these prices should moderate over time and that that for a period of time, capital costs should increase at a rate lower than CPI. The assumptions in the LTFP have been updated to spread this reduction over the next 5 years.

As depreciation is a non-cash item, there is time to review whether this assumption is realised. If this isn't the case, Council will need to review if some minor service level adjustments are required in the future to bring depreciation back to a reasonable level of affordability.

The only other change is an increase of \$50,000 in the cost of relocating to the new Civic Building. This has been funded from unallocated capital funds previously deferred.

The retiming of spending from 2022/23 to 2023/24 has no ongoing impact to Council's operating position. Increased depreciation has worsened Council's position for the first few years of the plan, but by the second half of the plan, Council is in a better position than previous projections. The cashflow projection has improved, with loans peaking lower than before and decreasing more quickly.

Financial Implications

Budget 2023-24 Impact

If approved by Council, these amendments will:

- increase Council's operating deficit by \$760,000 to a projected \$3.26 million;
- deteriorate Council's Adjusted Operating Deficit Ratio, from (6%) to (8%);
- decrease Council's Net Financial Liabilities Ratio from 67% to 60%; and
- increase Council's Asset Renewal Funding Ratio from 132% to 150%.

Council is outside target range for the Operating Ratio. This was already the case for the original budget. The increase in deficit is due to the re-budgeting of unspent budget relating to operating projects from 2022-23, as well as the increase in depreciation caused by higher asset values.

The Asset Renewal Funding Ratio is above target range, as a number of Renewal projects were retimed from 2022-23.

The Net Financial Liabilities Ratio is within target range.

Long Term Financial Plan (LTFP) Impact

Council's operating results in future years are negatively impacted for the first two years, due to the impacts of increased depreciation. However, the impacts of depreciation have been moderated over time to return to previously predicted levels. Offsetting this is the reduction in runway depreciation. In addition, savings from the disposal of Council buildings were all budgeted as reduced depreciation, however the sale of the Whytec Building means that some of the savings are from reduced interest, which compounds over time and improves the overall position of Council.

The Net Financial Liabilities Ratio is estimated to peak at 65% in 2024-25, previously projected to peak at 71%. Borrowings are now estimated to reach \$27.7 million in 2024-25, previously this was projected at \$28.5 million. After this loan balances will decrease over the term of the plan to be \$16.6 million in 2034.

Airport

The operating position for the airport for the current year has improved due to:

- a decrease in airport runway depreciation of \$180,000 due to the detailed asset schedule for the new runway, generated by the engineers, having much longer lives than originally projected; offset by
- an increase of \$70,000 in interest expense, based on the split of loans between the airport and the rest of Council; and
- an increase of \$31,000 in depreciation for buildings and other assets, due to capital costs increasing by 11% for the year ending 30 June 2023.

The ongoing operating position for the airport has been improved by \$180,000 per annum due to the decrease in runway depreciation.

Assumptions and Sensitivity

The key assumptions in the Long Term Financial Plan are included as the last page of the updated projections.

As part of testing the sensitivity of these assumptions, a number of alternate models are included as **Annexure C**. These models show Council without the Airport.

Scenario 1 includes the "low level scenario" of additional rate revenue predicted to be generated over the next 10 years. It then removes the assumption that Management FTE and Capital Expenditure will drop from 2025/26, as this assumption was linked to additional income not being generated. The model shows increased borrowings due to increased capital investment and weaker operating results in the middle years due to the timing of new income, but then shows a stronger result in the later years. This shows that the items identified for removal from the plan if additional income doesn't eventuate are set at an appropriate level.

Scenario 2 shows what would happen if CPI was 1% higher each year. The model shows that the model is slightly weaker in the middle years, but overall isn't significantly different, showing that the model is fairly neutral in relation to CPI. This does reply on the rate increase also going up if CPI does, as the model assumes.

Scenario 3 shows the impact if Council was to adopt a 0.5% lower rate increase each year than currently predicted by the LTFP. This shows that borrowings increase significantly, although not to an unsustainable level. However, the impact on the operating result and the year that a return to surplus is achieved is not acceptable. This shows how important it is that the chamber maintains discipline in budgeting processes.

Scenario 4 shows the impact if expenditure was to be 2% higher than predicted over the term of the plan, without any offsetting increase in income. The model has a similar large increase in borrowings to scenario 3, which is significant but not unsustainable. The impact on the operating result is fairly consistent across the plan and pushes out the return to surplus by 3 years. This model points out the rather obvious, that due to the current financial position, there is no room to absorb unexpected cost increases.

Strategic Plan

Objective 1.1 – Unearth community pride within the city

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

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

Legislation

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

Officer Direct or Indirect Interest – Nil

Risk Assessment

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

As the only recurrent budget impact caused by this review relates to depreciation, there are no negative impacts on Council's forecast cashflows. While depreciation is still important and should be funded, this does allow time to review how capital costs move over the next year or two.

Social Considerations – Not applicable

Community Engagement – Nil

Environmental Implications – Not applicable

Communication – Not applicable

Conclusion

This report considers the impact that the financial results from the year ending 30 June 2023 will have on Councils' 2023-24 Budget and ongoing financial sustainability.

The Quarter 1 Budget Review predominantly reflects the incorporation of the Financial Results 2022/23 and the impact this has on the 2023/24 budget and Long Term Financial Plan. This includes operating projects of \$460,000 and capital projects of \$2.2 million being retimed, as they were not completed in 2022/23.

In addition, the 2022/23 year end result has caused the depreciation for 2023/24 to increase from original forecasts.

Council's operating results in future years are negatively impacted for the first two years, due to the impacts of increased depreciation. However, the impacts of depreciation have been moderated over time to return to previously predicted levels.

BUDGET REVIEW 2023-24 1st Quarter

KEY FINANCIAL INDICATORS	Target	Note	Original Budget 2023-24	Amendments 2023-24	Current Budget 2023-24	Proposed Amendments 2023-24	Projected Total 2023-24	Note	Estimated Budget 2024-25	Estimated Budget 2025-26	Estimated Budget 2026-27
Council (including Airport)		1						2			
Operating Surplus/(Deficit) - \$'000			(2,499)	-	(2,499)	(760)	(3,259)		(2,041)	(1,246)	(966)
Operating Surplus/(Deficit) Ratio	(2)% - 1%		(6%) ●	-	(6%) ●	(2%)	(8%) ●		(5%) ●	(3%) ●	(2%) ●
Net Financial Liabilities Ratio	< 80%		67% ●	-	67% ●	(7%)	60% ●		65% ●	60% ●	56% ●
Asset Renewal Funding Ratio	90 - 110%		132% ●	-	132% ●	18%	150% ●		114% ●	95% ●	103% ●
Council (excluding Airport)											
Operating Surplus/(Deficit) - \$'000			(1,576) ●	-	(1,576) ●	(681)	(2,257) ●		(1,403) ●	(645) ●	(410) ●
Operating Surplus/(Deficit) Ratio	(2)% - 1%		(4%) ●	-	(4%) ●	(3%)	(7%) ●		(4%) ●	(2%) ●	(1%) ●
Net Financial Liabilities Ratio - %	< 80%		51% ●	-	51% ●	(8%)	43% ●		48% ●	44% ●	40% ●
Asset Renewal Funding Ratio - %	90 - 110%		132% ●	-	132% ●	18%	150% ●		114% ●	95% ●	103% ●
Whyalla Airport											
Operating Surplus/(Deficit) - \$'000		9	(923) ●	-	(923) ●	79	(844) ●		(638) ●	(601) ●	(556) ●
Operating Surplus/(Deficit) Ratio - %	1% - 6%		(34%) ●	-	(34%) ●	3%	(31%) ●		(22%) ●	(19%) ●	(17%) ●
Net Financial Liabilities Ratio - %	< 250%		291% ●	-	291% ●	10%	301% ●		278% ●	259% ●	248% ●

KEY
In target range ●
Above target ●
Below target ●

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

WHYALLA CITY COUNCIL

BUDGET REVIEW 2023-24 1st Quarter

UNIFORM PRESENTATION OF FINANCES	Note	Original Budget 2023-24 \$000	Approved Amendments 2023-24 \$000	Current Budget 2023-24 \$000	Proposed Amendments 2023-24 \$000	Projected Total 2023-24 \$000	Note	Estimated Budget* 2024-25 \$000	Estimated Budget* 2025-26 \$000	Estimated Budget* 2026-27 \$000
OPERATING ACTIVITIES										
Operating Revenues	3	39,263	-	39,263	76	39,339		40,669	42,409	43,860
less Operating Expenses	4	(41,762)	-	(41,762)	(836)	(42,598)		(42,710)	(43,655)	(44,826)
Operating Surplus/ (Deficit)		(2,499)	-	(2,499)	(760)	(3,259)		(2,041)	(1,246)	(966)
CAPITAL ACTIVITIES										
Net Outlays on Existing Assets										
Capital Expense on renewal and replacement of Existing	5	(7,692)	-	(7,692)	(1,104)	(8,796)		(5,317)	(4,893)	(6,010)
add back Depreciation, Amortisation and Impairment		8,451	-	8,451	295	8,746		9,027	9,218	9,415
add back Proceeds from Sale of Replaced Assets		238	-	238	45	283		176	81	223
Net Outlays on Existing Assets		997	-	997	(764)	233		3,886	4,406	3,628
Net Outlay on New and Upgraded Assets										
Capital Expenditure on New and Upgraded Assets	6	(5,195)	-	(5,195)	(1,077)	(6,272)		(5,152)	(2,625)	(1,895)
add back Amounts received specifically for New and Upg	7	1,100	-	1,100	18	1,118		743	169	175
Net Outlays on New and Upgraded Assets		(4,095)	-	(4,095)	(1,059)	(5,154)		(4,409)	(2,456)	(1,720)
Net Lending/ (Borrowing) for Financial Year		(5,597)	-	(5,597)	(2,583)	(8,180)		(2,564)	704	942
Financing transactions associated with the above net overall deficit, or applying the overall net funding surplus are as follows:										
New Borrowings		5,600	-	5,600	8,000	13,600		2,600	-	-
Repayment of Principal		-	-	-	-	-		-	(900)	(1,000)
(Increase)/Decrease in Cash and Investments		(78)	-	(78)	13	(65)		(111)	121	(17)
Net Balance Sheet funding (debtors & creditors etc)		75	-	75	(5,430)	(5,355)		75	75	75
Financing Transactions	8	5,597	-	5,597	2,583	8,180		2,564	(704)	(942)

Note Explanations – 2023/24 Quarter 1:

1. The operating deficit is expected to increase by \$760,000 to \$3.26 million. The Operating Deficit Ratio deteriorates from (6%) to (8%). The Net Financial Liabilities Ratio decreases by 7% from 67% to 60%. The Asset Renewal Funding Ratio increases by 18% from 132% to 150%, due to carry forward renewal projects.
2. Council's operating results in future years are negatively impacted for the first two years, due to the impacts of increased depreciation. However, the impacts of depreciation have been moderated over time to return to previously predicted levels. Offsetting this is the reduction in runway depreciation. In addition, savings from the disposal of Council buildings was all budgeted as reduced depreciation, however the sale of the Whytec Building means that some of the savings are from reduced interest, which compounds over time and improves the overall position of Council. The Net Financial Liabilities Ratio is estimated to peak in 2025 at 65%, but then will drop to 22% by the end of the plan. Borrowings are now estimated to be \$27.7 million in 2025 and will drop to \$14.1 million by the end of the plan.
3. Operating income is expected to increase by \$76,000, which is attributed to:
 - \$40,000 of minor grants received for foreshore sand replenishment, youth programs and trail signage in the mangroves;
 - library grant income of \$36,000 for digital literacy programs; and
 - \$325,000 of income moved from user charges to grants, due to funding for airport screening being extended until 30 September 2023. This has no overall impact on Council's operating position.
4. Operating expenditure is expected to increase by \$836,000, this can be attributed to:
 - An increase in contract, material and other costs of \$586,000 due to:
 - the re-budgeting of \$460,000 on operating projects that were not completed in 2022-23, made up of the relocation of the Civic Centre, relocation costs for Junior Soccer and the demolition of the former Fauna Park. These amounts were not spent last year, causing Council's operating result to be better than projected;
 - an increase of \$50,000 for the Civic Relocation Project, as per Council resolution C4850-2023, to be funded from previously deferred capital allocations;
 - \$40,000 of costs covered by minor grants; and
 - \$36,000 for digital literacy programs offset by grant funding.
 - An increase in depreciation expense of \$295,000, which is attributed to;
 - increased depreciation for infrastructure and buildings of \$405,000, due to capital costs increasing by 11% for the year ending 30 June 2023;
 - the removal of \$70,000 of savings from the rationalisation of building assets budgeted to depreciation, with \$30,000 generated from the sale of the Whytec Building, and the remaining portion to be generated through interest savings; offset by
 - a decrease in airport runway depreciation of \$180,000 due to the detailed asset schedule for the new runway, generated by qualified engineers, having much longer lives than originally projected.
 - A decrease in interest expense of \$45,000 due to the sale of the Whytec building, with this increasing to \$70,000 over the next couple of years.
5. An increase of \$1.1 million in the outlay on existing assets due to:
 - carry forward projects from 2022-23 including \$466,000 relating to the replacement of plant & equipment; \$335,000 for the Leisure Centre; \$150,000 for public convenience renewal and \$150,000 for a number of minor building renewal projects; offset by
 - a transfer of \$50,000 from Renewal to New/Upgrade for building works at Jubilee Park.

6. An increase of \$1.1 million in the outlay on new and upgraded assets due to:
 - carry forward projects from 2022-23 of \$1.1 million including \$600,000 of funds being held aside pending the outcome of legal action, \$120,000 for the Cuttlefish Coast Sanctuary Project, \$78,000 for minor upgrades to the Leisure Centre, \$59,000 for design and delivery of the Foreshore Master Plan, \$56,000 for the Child Care Centre Upgrade, \$49,000 for footpath expansion and \$113,000 for a number of other minor projects;
 - an increase of \$384,000 for the delivery of the Child Care Upgrade project in line with resolution C4866-2023, to be funded from previously deferred capital allocations;
 - \$40,000 for a required upgrade to the Council's IT Towers, retimed from 2024/25;
 - a transfer of \$50,000 from Renewal to New/Upgrade for building works at Jubilee Park; offset by
 - deferral of \$484,000 for the delivery of the Foreshore Master Plan to 2024/25.

7. An increase of \$18,000 in amounts received specifically for new and upgraded assets due to:
 - grant funding of \$28,000 retimed from 2022-23 for the Childcare Centre Upgrade; offset by
 - a reduction in grant funding for the Cuttlefish Coast Sanctuary Project of \$10,000, as this was recognised in 2022-23.

8. It is expected additional borrowings of \$8.0 million will be required in 2023-24 to meet cash flow requirements, compared to previous projections. This mainly relates to the timing of the Financial Assistance Grants, with \$5.6 million received in advance for this year and a high chance this won't occur again. In addition, \$2.7 million of capital and operating projects were retimed from 2022/23, meaning that this increase all relates to timing differences. Borrowings for 2022-23 came in \$9.0 million lower than projected, meaning that total borrowings at 30 June 2024 are projected to be \$1.0 million higher than projected by the adopted budget.

9. Whyalla Airport
 - The operating deficit is expected to decrease by \$79,000 to \$844,000. The Operating Deficit Ratio is expected to improve by 3% from (34%) to (31%). The Net Financial Liabilities Ratio increases from 291% to 301%, due to a small increase in projected borrowings.

 - The Airport's operating results in future years are positively impacted by approximately \$180,000 per annum due to the decrease in runway depreciation.

 - The change to the operating result of \$79,000 is due to:
 - a decrease in airport runway depreciation of \$180,000 due to the detailed asset schedule for the new runway, generated by the engineers, having much longer lives than originally projected; offset by
 - an increase of \$70,000 in interest expense, based on the split of loans between the airport and the rest of Council; and
 - an increase of \$31,000 in depreciation for buildings and other assets, due to capital costs increasing by 11% for the year ending 30 June 2023.

WHYALLA CITY COUNCIL
BUDGET REVIEW 2023-24 1st Quarter

STATEMENT OF COMPREHENSIVE INCOME	Original Budget 2023-24 \$000	Approved Amendments 2023-24 \$000	Current Budget 2023-24 \$000	Proposed Amendments 2023-24 \$000	Projected Total 2023-24 \$000	Estimated Budget* 2024-25 \$000	Estimated Budget* 2025-26 \$000	Estimated Budget* 2026-27 \$000
INCOME								
Rates	25,700	-	25,700	-	25,700	26,990	28,210	29,430
Statutory Charges	442	-	442	-	442	458	472	485
User Charges	5,568	-	5,568	(325)	5,243	5,964	6,331	6,604
Grants, subsidies and contributions - capital	840	-	840	-	840	386	386	386
Grants, subsidies and contributions - operating	5,569	-	5,569	401	5,970	5,671	5,757	5,649
Investment Income	12	-	12	-	12	12	12	12
Reimbursements	16	-	16	-	16	17	18	19
Other Income	1,116	-	1,116	-	1,116	1,171	1,223	1,275
TOTAL INCOME	39,263	-	39,263	76	39,339	40,669	42,409	43,860
EXPENSES								
Employee Costs	14,718	-	14,718	-	14,718	15,308	15,306	15,765
Materials, contracts & other expenses	17,637	-	17,637	586	18,223	17,293	17,959	18,462
Depreciation, amortisation & impairments	8,451	-	8,451	295	8,746	9,027	9,218	9,415
Finance Costs	956	-	956	(45)	911	1,082	1,172	1,184
TOTAL EXPENSES	41,762	-	41,762	836	42,598	42,710	43,655	44,826
OPERATING SURPLUS/(DEFICIT)	(2,499)	-	(2,499)	(760)	(3,259)	(2,041)	(1,246)	(966)
Amounts specifically for new or upgraded assets	1,100	-	1,100	18	1,118	743	169	175
Net gain (loss)	-	-	-	-	-	-	-	-
NET SURPLUS/(DEFICIT)	(1,399)	-	(1,399)	(742)	(2,141)	(1,298)	(1,077)	(791)
Other Comprehensive Income	21,302	-	21,302	-	21,302	9,238	7,598	6,947
TOTAL COMPREHENSIVE INCOME	19,903	-	19,903	(742)	19,161	7,940	6,521	6,156

WHYALLA CITY COUNCIL
BUDGET REVIEW 2023-24 1st Quarter

STATEMENT OF FINANCIAL POSITION	Original Budget 2023-24 \$000	Approved Amendments 2023-24 \$000	Current Budget 2023-24 \$000	Proposed Amendments 2023-24 \$000	Projected Total 2023-24 \$000	Estimated Budget* 2024-25 \$000	Estimated Budget* 2025-26 \$000	Estimated Budget* 2026-27 \$000
ASSETS								
Current Assets								
Cash & Cash Equivalents	186	-	186	(13)	173	284	163	180
Trade & Other Receivables	4,336	-	4,336	4,330	8,666	8,666	8,666	8,666
Inventories	2,783	-	2,783	-	2,783	2,783	2,783	2,783
TOTAL CURRENT ASSETS	7,305	-	7,305	4,317	11,622	11,733	11,612	11,629
Non-current Assets								
Infrastructure, Property, Plant & Equipment	375,161	-	375,161	1,841	377,002	387,506	393,323	398,537
Other Non-Current Assets	1,581	-	1,581	-	1,581	1,481	1,381	1,281
TOTAL NON-CURRENT ASSETS	376,742	-	376,742	1,841	378,583	388,987	394,704	399,818
Total Assets	384,047	-	384,047	6,158	390,205	400,720	406,316	411,447
LIABILITIES								
Current Liabilities								
Trade and Other Payables	4,843	-	4,843	(1,100)	3,743	3,743	3,743	3,743
Short Term Borrowings	-	-	-	-	-	-	900	1,000
Short Term Provisions	2,747	-	2,747	-	2,747	2,747	2,747	2,747
TOTAL CURRENT LIABILITIES	7,590	-	7,590	(1,100)	6,490	6,490	7,390	7,490
Non-Current Liabilities								
Long Term Borrowings	17,100	-	17,100	8,000	25,100	27,700	25,900	24,800
Long Term Provisions	1,007	-	1,007	-	1,007	982	957	932
TOTAL NON-CURRENT LIABILITIES	18,107	-	18,107	8,000	26,107	28,682	26,857	25,732
Total Liabilities	25,697	-	25,697	6,900	32,597	35,172	34,247	33,222
NET ASSETS	358,350	-	358,350	(742)	357,608	365,548	372,069	378,225
EQUITY								
Accumulated Surplus	45,183	-	45,183	(742)	44,441	43,143	42,066	41,275
Asset Revaluation Reserve	312,880	-	312,880	-	312,880	322,118	329,716	336,663
Reserves	287	-	287	-	287	287	287	287
TOTAL EQUITY	358,350	-	358,350	(742)	357,608	365,548	372,069	378,225

WHYALLA CITY COUNCIL
BUDGET REVIEW 2023-24 1st Quarter

STATEMENT OF CHANGES IN EQUITY	Original Budget 2023-24 \$000	Approved Amendments 2023-24 \$000	Current Budget 2023-24 \$000	Proposed Amendments 2023-24 \$000	Projected Total 2023-24 \$000	Estimated Budget* 2024-25 \$000	Estimated Budget* 2025-26 \$000	Estimated Budget* 2026-27 \$000
Accumulated Surplus								
Balance at Beginning of Period	46,582	-	46,582	-	46,582	44,441	43,143	42,066
Change in financial position resulting from operations	(1,399)	-	(1,399)	(742)	(2,141)	(1,298)	(1,077)	(791)
Transfers from Other Reserves	-	-	-	-	-	-	-	-
Transfers to Other Reserves	-	-	-	-	-	-	-	-
Balance at End of Period	45,183	-	45,183	(742)	44,441	43,143	42,066	41,275
Asset Revaluation Reserve								
Balance at Beginning of Period	291,578	-	291,578	-	291,578	312,880	322,118	329,716
Revaluation Increment	21,302	-	21,302	-	21,302	9,238	7,598	6,947
Balance at End of Period	312,880	-	312,880	-	312,880	322,118	329,716	336,663
Other Reserves								
Balance at Beginning of Period	287	-	287	-	287	287	287	287
Transfers to Accumulated Surplus	-	-	-	-	-	-	-	-
Transfers from Accumulated Surplus	-	-	-	-	-	-	-	-
Balance at End of Period	287	-	287	-	287	287	287	287
TOTAL EQUITY AT END OF REPORTING PERIOD	358,350	-	358,350	(742)	357,608	365,548	372,069	378,225

WHYALLA CITY COUNCIL
BUDGET REVIEW 2023-24 1st Quarter

STATEMENT OF CASH FLOWS	Original Budget 2023-24 \$000	Approved Amendments 2023-24 \$000	Current Budget 2023-24 \$000	Proposed Amendments 2023-24 \$000	Projected Total 2023-24 \$000	Estimated Budget* 2024-25 \$000	Estimated Budget* 2025-26 \$000	Estimated Budget* 2026-27 \$000
CASH FLOWS FROM OPERATING ACTIVITIES								
Receipts								
Operating Receipts	38,411	-	38,411	(4,254)	34,157	40,271	42,011	43,462
Investment Income	12	-	12	-	12	12	12	12
Payments								
Operating Payments	(32,280)	-	(32,280)	(1,686)	(33,966)	(32,526)	(33,190)	(34,152)
Finance Costs	(956)	-	(956)	45	(911)	(1,082)	(1,172)	(1,184)
Net Cash provided by (or used in) Operating Activities	5,187	-	5,187	(5,895)	(708)	6,675	7,661	8,138
CASH FLOWS FROM INVESTMENT ACTIVITIES								
Receipts								
Amounts specifically for new or upgraded assets	1,100	-	1,100	18	1,118	743	169	175
Grants Utilised for Capital Purposes	840	-	840	-	840	386	386	386
Sale of replaced assets	238	-	238	45	283	176	81	223
Payments								
Purchase of Renewal/Replacement Assets	(7,692)	-	(7,692)	(1,104)	(8,796)	(5,317)	(4,893)	(6,010)
Purchase of New/Expansion Assets	(5,195)	-	(5,195)	(1,077)	(6,272)	(5,152)	(2,625)	(1,895)
Net Cash provided by (or used in) Investing Activities	(10,709)	-	(10,709)	(2,118)	(12,827)	(9,164)	(6,882)	(7,121)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Proceeds from Borrowings - Council	5,600	-	5,600	8,000	13,600	2,600	-	-
Payments								
Repayment of Borrowings	-	-	-	-	-	-	(900)	(1,000)
Net Cash provided by (or used in) Financing Activities	5,600	-	5,600	8,000	13,600	2,600	(900)	(1,000)
Net Increase (Decrease) in Cash Held	78	-	78	(13)	65	111	(121)	17
Cash & cash equivalents at beginning of period	108	-	108	-	108	173	284	163
Cash & cash equivalents at end of period	186	-	186	(13)	173	284	163	180

ESTIMATED STATEMENT OF COMPREHENSIVE INCOME

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	Actual \$('000)	Estimate \$('000)	Year 1 \$('000)	Year 2 \$('000)	Year 3 \$('000)	Year 4 \$('000)	Year 5 \$('000)	Year 6 \$('000)	Year 7 \$('000)	Year 8 \$('000)	Year 9 \$('000)	Year 10 \$('000)
INCOME												
Rates	23,715	25,700	26,990	28,210	29,430	30,647	31,886	33,175	34,517	35,916	37,374	38,893
Statutory Charges	412	442	458	472	485	498	511	524	537	550	564	578
User Charges	3,742	5,243	5,964	6,331	6,604	6,847	7,064	7,287	7,517	7,755	8,000	8,256
Grants, subsidies, contributions - capital	1,227	840	386	386	386	386	386	386	386	386	386	386
Grants, subsidies, contributions - operating	8,964	5,970	5,671	5,757	5,649	5,726	5,801	5,877	5,955	6,034	6,114	6,194
Investment Income	38	12	12	12	12	12	12	12	12	12	12	12
Reimbursements	97	16	17	18	19	19	19	19	19	19	19	19
Other Income	1,229	1,116	1,171	1,223	1,275	1,327	1,380	1,435	1,492	1,551	1,613	1,678
TOTAL INCOME	39,424	39,339	40,669	42,409	43,860	45,462	47,059	48,715	50,435	52,223	54,082	56,016
EXPENSES												
Employee costs	13,869	14,718	15,308	15,306	15,765	16,206	16,660	17,126	17,606	18,099	18,606	19,127
Materials, contracts & other expenses	17,885	18,223	17,293	17,959	18,462	18,873	19,366	19,918	20,570	21,017	21,561	22,168
Depreciation	7,954	8,746	9,027	9,218	9,415	9,624	9,833	10,123	10,421	10,731	11,080	11,441
Finance Costs	645	911	1,082	1,172	1,184	1,261	1,320	1,362	1,346	1,248	1,154	994
TOTAL EXPENSES	40,353	42,598	42,710	43,655	44,826	45,964	47,179	48,529	49,943	51,095	52,401	53,730
OPERATING SURPLUS/(DEFICIT) BEFORE CAPITAL AMOUNTS	(929)	(3,259)	(2,041)	(1,246)	(966)	(502)	(120)	186	492	1,128	1,681	2,286
Net gain/(loss) on disposal or revaluations	(2,071)	0	0	0	0	0	0	0	0	0	0	0
Amounts specifically for new assets	1,149	1,118	743	169	175	180	185	190	195	201	206	212
NET SURPLUS/(DEFICIT)	(1,851)	(2,141)	(1,298)	(1,077)	(791)	(322)	65	376	687	1,329	1,887	2,498
OTHER COMPREHENSIVE INCOME												
Changes in revaluation surplus - IPP&E	40,989	21,302	9,238	7,598	6,947	8,213	7,946	11,318	11,581	11,847	12,219	12,550
TOTAL COMPREHENSIVE INCOME	39,138	19,161	7,940	6,521	6,156	7,891	8,011	11,694	12,268	13,176	14,106	15,048
ADJUSTED OPERATING SUPPLUS/(DEFICIT) BEFORE CAPITAL AMOUNT:	(2,648)	(3,259)	(2,041)	(1,246)	(916)	(451)	(68)	240	547	1,185	1,740	2,346

ESTIMATED STATEMENT OF FINANCIAL POSITION

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	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)
ASSETS												
Current Assets												
Cash & Equivalent Assets	108	173	284	163	180	237	255	252	224	212	189	246
Trade & Other Receivables	4,336	8,666	8,666	8,666	8,666	8,666	8,666	8,666	8,666	8,666	8,666	8,666
Inventories	2,783	2,783	2,783	2,783	2,783	2,783	2,783	2,783	2,783	2,783	2,783	2,783
Total Current Assets	7,227	11,622	11,733	11,612	11,629	11,686	11,704	11,701	11,673	11,661	11,638	11,695
Non-Current Assets												
Infrastructure, Property, Plant & Equipment	349,661	377,002	387,506	393,323	398,537	405,245	412,111	422,478	432,243	445,098	456,792	469,447
Other Non-Current Assets	1,681	1,581	1,481	1,381	1,281	1,181	1,081	981	881	781	681	581
Total Non-Current Assets	351,342	378,583	388,987	394,704	399,818	406,426	413,192	423,459	433,124	445,879	457,473	470,028
TOTAL ASSETS	358,569	390,205	400,720	406,316	411,447	418,112	424,896	435,160	444,797	457,540	469,111	481,723
LIABILITIES												
Current Liabilities												
Trade & Other Payables	4,843	3,743	3,743	3,743	3,743	3,743	3,743	3,743	3,743	3,743	3,743	3,743
Borrowings	0	0	900	1,000	1,300	1,200	1,500	2,600	500	2,500	2,500	0
Provisions	2,747	2,747	2,747	2,747	2,747	2,747	2,747	2,747	2,747	2,747	2,747	2,747
Total Current Liabilities	7,590	6,490	7,390	7,490	7,790	7,690	7,990	9,090	6,990	8,990	8,990	6,490
Non-Current Liabilities												
Borrowings	11,500	25,100	26,800	25,800	24,500	23,400	21,900	19,400	18,900	16,500	14,000	14,100
Provisions	1,032	1,007	982	957	932	907	882	857	832	807	782	757
Total Non-Current Liabilities	12,532	26,107	27,782	26,757	25,432	24,307	22,782	20,257	19,732	17,307	14,782	14,857
TOTAL LIABILITIES	20,122	32,597	35,172	34,247	33,222	31,997	30,772	29,347	26,722	26,297	23,772	21,347
NET ASSETS	338,447	357,608	365,548	372,069	378,225	386,115	394,124	405,813	418,075	431,243	445,339	460,376
EQUITY												
Accumulated Surplus	46,582	44,441	43,143	42,066	41,275	40,953	41,018	41,394	42,081	43,410	45,297	47,795
Asset Revaluation Reserve	291,578	312,880	322,118	329,716	336,663	344,875	352,819	364,132	375,707	387,546	399,755	412,294
Other Reserves	287	287	287	287	287	287	287	287	287	287	287	287
TOTAL EQUITY	338,447	357,608	365,548	372,069	378,225	386,115	394,124	405,813	418,075	431,243	445,339	460,376

ESTIMATED STATEMENT OF CASH FLOWS

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	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)
CASH FLOWS FROM OPERATING ACTIVITIES												
Receipts												
Operating Receipts	42,484	34,157	40,271	42,011	43,462	45,064	46,661	48,317	50,037	51,825	53,684	55,618
Investment Income	38	12	12	12	12	12	12	12	12	12	12	12
Payments												
Operating Payments	(32,842)	(33,966)	(32,526)	(33,190)	(34,152)	(35,004)	(35,951)	(36,969)	(38,101)	(39,041)	(40,092)	(41,220)
Finance Costs	(510)	(911)	(1,082)	(1,172)	(1,184)	(1,261)	(1,320)	(1,362)	(1,346)	(1,248)	(1,154)	(994)
Net Cash provided by (or used in) Operating Activities	9,170	(708)	6,675	7,661	8,138	8,811	9,402	9,998	10,602	11,548	12,450	13,416
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Amounts Specifically for New/Upgraded Assets	1,149	1,118	743	169	175	180	185	190	195	201	206	212
Grants Utilised for Capital Purposes	1,227	840	386	386	386	386	386	386	386	386	386	386
Sale of Renewed/Replaced Assets	232	283	176	81	223	288	179	408	204	184	180	246
Sale of Surplus Assets	1,420	0	0	0	0	0	0	0	0	0	0	0
Payments												
Expenditure on Renewal/Replacement of Assets	(3,555)	(8,796)	(5,317)	(4,893)	(6,010)	(6,314)	(6,927)	(7,524)	(6,695)	(9,752)	(8,505)	(9,502)
Expenditure on New/Upgraded Assets	(5,135)	(6,272)	(5,152)	(2,625)	(1,895)	(2,094)	(2,007)	(2,061)	(2,120)	(2,179)	(2,240)	(2,301)
Net Cash Provided by (or used in) Investing Activities	(4,662)	(12,827)	(9,164)	(6,882)	(7,121)	(7,554)	(8,184)	(8,601)	(8,030)	(11,160)	(9,973)	(10,959)
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Proceeds from Borrowings	2,600	13,600	2,600	0	0	100	0	100	0	100	0	100
Payments												
Repayments of Borrowings	(7,350)	0	0	(900)	(1,000)	(1,300)	(1,200)	(1,500)	(2,600)	(500)	(2,500)	(2,500)
Net Cash provided by (or used in) Financing Activities	(4,750)	13,600	2,600	(900)	(1,000)	(1,200)	(1,200)	(1,400)	(2,600)	(400)	(2,500)	(2,400)
Net Increase/(Decrease) in cash held	(242)	65	111	(121)	17	57	18	(3)	(28)	(12)	(23)	57
Opening cash, cash equivalents or (bank overdraft)	350	108	173	284	163	180	237	255	252	224	212	189
Closing cash, cash equivalents or (bank overdraft)	108	173	284	163	180	237	255	252	224	212	189	246

ESTIMATED STATEMENT OF CHANGES IN EQUITY

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	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)
ACCUMULATED SURPLUS												
Balance at end of previous reporting period	48,045	46,582	44,441	43,143	42,066	41,275	40,953	41,018	41,394	42,081	43,410	45,297
Net Result for Year	(1,851)	(2,141)	(1,298)	(1,077)	(791)	(322)	65	376	687	1,329	1,887	2,498
Transfers to Other Reserves	0	0	0	0	0	0	0	0	0	0	0	0
Transfers from Other Reserves	388	0	0	0	0	0	0	0	0	0	0	0
Balance at end of period	46,582	44,441	43,143	42,066	41,275	40,953	41,018	41,394	42,081	43,410	45,297	47,795
ASSET REVALUATION RESERVE												
Balance at end of previous reporting period	250,590	291,578	312,880	322,118	329,716	336,663	344,875	352,819	364,132	375,707	387,546	399,755
Changes in revaluation surplus - IPP&E	40,988	21,302	9,238	7,598	6,947	8,212	7,944	11,313	11,575	11,839	12,209	12,539
Balance at end of period	291,578	312,880	322,118	329,716	336,663	344,875	352,819	364,132	375,707	387,546	399,755	412,294
OTHER RESERVES												
Balance at end of previous reporting period	675	287	287	287	287	287	287	287	287	287	287	287
Transfers from Accumulated Surplus	0	0	0	0	0	0	0	0	0	0	0	0
Transfers to Accumulated Surplus	(388)	0	0	0	0	0	0	0	0	0	0	0
Balance at end of period	287	287	287	287	287	287	287	287	287	287	287	287
TOTAL EQUITY AT END OF REPORTING PERIOD	338,447	357,608	365,548	372,069	378,225	386,115	394,124	405,813	418,075	431,243	445,339	460,376

ESTIMATED SUMMARY STATEMENT INCLUDING FINANCING TRANSACTIONS

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	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	39,424	39,339	40,669	42,409	43,860	45,462	47,059	48,715	50,435	52,223	54,082	56,016
less: Operating Expenses	(40,353)	(42,598)	(42,710)	(43,655)	(44,826)	(45,964)	(47,179)	(48,529)	(49,943)	(51,095)	(52,401)	(53,730)
Operating Surplus/(Deficit) before Capital Amounts	(929)	(3,259)	(2,041)	(1,246)	(966)	(502)	(120)	186	492	1,128	1,681	2,286
Capital Expenditure on Renewal/Replacement	(3,555)	(8,796)	(5,317)	(4,893)	(6,010)	(6,314)	(6,927)	(7,524)	(6,695)	(9,752)	(8,505)	(9,502)
add back: Depreciation, Amortisation and Impairment	7,954	8,746	9,027	9,218	9,415	9,624	9,833	10,123	10,421	10,731	11,080	11,441
add back: Sale of Replaced Assets	232	283	176	81	223	288	179	408	204	184	180	246
Net Outlays on Existing Assets	4,631	233	3,886	4,406	3,628	3,598	3,085	3,007	3,930	1,163	2,755	2,185
Capital Expenditure on New and Upgraded Assets	(5,135)	(6,272)	(5,152)	(2,625)	(1,895)	(2,094)	(2,007)	(2,061)	(2,120)	(2,179)	(2,240)	(2,301)
add back: Amounts Specifically for New and Upgraded Assets	1,149	1,118	743	169	175	180	185	190	195	201	206	212
add back: Sale of Surplus Assets	1,421	0	0	0	0	0	0	0	0	0	0	0
Net Outlays on New and Upgraded Assets	(2,565)	(5,154)	(4,409)	(2,456)	(1,720)	(1,914)	(1,822)	(1,871)	(1,925)	(1,978)	(2,034)	(2,089)
Net Lending/(Borrowing) for Financial Year	1,137	(8,180)	(2,564)	704	942	1,182	1,143	1,322	2,497	313	2,402	2,382
New Borrowings	2,600	13,600	2,600	0	0	100	0	100	0	100	0	100
Repayment of Principal on Borrowings	(7,350)	0	0	(900)	(1,000)	(1,300)	(1,200)	(1,500)	(2,600)	(500)	(2,500)	(2,500)
(Increase)/Decrease in Cash and Cash Equivalents	242	(65)	(111)	121	(17)	(57)	(18)	3	28	12	23	(57)
Net Balance Sheet Funding	3,371	(5,355)	75	75	75	75	75	75	75	75	75	75
Financing Transactions	(1,137)	8,180	2,564	(704)	(942)	(1,182)	(1,143)	(1,322)	(2,497)	(313)	(2,402)	(2,382)
Adjusted Operating/(Deficit) Ratio	(7)%	(8)%	(5)%	(3)%	(2)%	(1)%	0%	0%	1%	2%	3%	4%
Net Financial Liabilities Ratio	40%	60%	65%	60%	56%	51%	46%	42%	35%	33%	28%	22%
Asset Renewal Funding Ratio	80%	150%	114%	95%	103%	101%	97%	104%	99%	101%	101%	100%

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	Actual \$('000)	Estimate \$('000)	Year 1 \$('000)	Year 2 \$('000)	Year 3 \$('000)	Year 4 \$('000)	Year 5 \$('000)	Year 6 \$('000)	Year 7 \$('000)	Year 8 \$('000)	Year 9 \$('000)	Year 10 \$('000)
Operating Revenues	2,512	2,684	2,944	3,189	3,342	3,468	3,568	3,670	3,775	3,883	3,994	4,109
less: Operating Expenses	(3,487)	(3,528)	(3,582)	(3,790)	(3,898)	(4,032)	(4,164)	(4,304)	(4,447)	(4,551)	(4,657)	(4,766)
Operating Surplus/(Deficit) before Capital Amounts	(975)	(844)	(638)	(601)	(556)	(564)	(596)	(634)	(672)	(668)	(663)	(657)
Capital Expenditure on Renewal/Replacement	(6)	0	0	0	0	0	0	0	0	0	0	0
add back: Depreciation, Amortisation and Impairment	416	508	520	530	539	550	560	575	590	607	624	641
Net Outlays on Existing Assets	410	508	520	530	539	550	560	575	590	607	624	641
Capital Expenditure on New and Upgraded Assets	(2,211)	0	0	0	0	0	0	0	0	0	0	0
add back: Amounts Specifically for New and Upgraded Assets	141	0	0	0	0	0	0	0	0	0	0	0
Net Outlays on New and Upgraded Assets	(2,070)	0	0	0	0	0	0	0	0	0	0	0
Net Lending/(Borrowing) for Financial Year	(2,635)	(336)	(118)	(71)	(17)	(14)	(36)	(59)	(82)	(61)	(39)	(16)
New Borrowings	2,600	300	200	0	0	100	0	100	0	100	0	100
Repayment of Principal on Borrowings	0	0	0	0	0	0	0	0	0	0	0	0
(Increase)/Decrease in Cash and Cash Equivalents	35	36	(82)	71	17	(86)	36	(41)	82	(39)	39	(84)
Financing Transactions	2,635	336	118	71	17	14	36	59	82	61	39	16
Adjusted Operating/(Deficit) Ratio	(39)%	(31)%	(22)%	(19)%	(17)%	(16)%	(17)%	(17)%	(18)%	(17)%	(17)%	(16)%
Net Financial Liabilities Ratio	308%	301%	278%	259%	248%	239%	233%	229%	224%	220%	215%	209%
Asset Renewal Funding Ratio	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	109%	N/A

COUNCIL (EXCLUDING AIRPORT)

ESTIMATED SUMMARY STATEMENT INCLUDING FINANCING TRANSACTIONS

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	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	36,912	36,655	37,725	39,220	40,518	41,994	43,491	45,045	46,660	48,340	50,088	51,907
<i>less: Operating Expenses</i>	(36,866)	(39,070)	(39,128)	(39,865)	(40,928)	(41,932)	(43,015)	(44,225)	(45,496)	(46,544)	(47,744)	(48,964)
Operating Surplus/(Deficit) before Capital Amounts	46	(2,415)	(1,403)	(645)	(410)	62	476	820	1,164	1,796	2,344	2,943
Capital Expenditure on Renewal/Replacement	(4,690)	(8,796)	(5,317)	(4,893)	(6,010)	(6,314)	(6,927)	(7,524)	(6,695)	(9,752)	(8,505)	(9,502)
<i>add back: Depreciation, Amortisation and Impairment</i>	7,538	8,238	8,507	8,688	8,876	9,074	9,273	9,548	9,831	10,124	10,456	10,800
<i>add back: Sale of Replaced Assets</i>	232	283	176	81	223	288	179	408	204	184	180	246
Net Outlays on Existing Assets	3,080	(275)	3,366	3,876	3,089	3,048	2,525	2,432	3,340	556	2,131	1,544
Capital Expenditure on New and Upgraded Assets	(2,434)	(6,272)	(5,152)	(2,625)	(1,895)	(2,094)	(2,007)	(2,061)	(2,120)	(2,179)	(2,240)	(2,301)
<i>add back: Amounts Specifically for New and Upgraded Assets</i>	1,008	1,118	743	169	175	180	185	190	195	201	206	212
<i>add back: Sale of Surplus Assets</i>	1,421	0	0	0	0	0	0	0	0	0	0	0
Net Outlays on New and Upgraded Assets	(5)	(5,154)	(4,409)	(2,456)	(1,720)	(1,914)	(1,822)	(1,871)	(1,925)	(1,978)	(2,034)	(2,089)
Net Lending/(Borrowing) for Financial Year	3,121	(7,844)	(2,446)	775	959	1,196	1,179	1,381	2,579	374	2,441	2,398
New Borrowings	0	13,300	2,400	0	0	0	0	0	0	0	0	0
Repayment of Principal on Borrowings	(7,350)	0	0	(900)	(1,000)	(1,300)	(1,200)	(1,500)	(2,600)	(500)	(2,500)	(2,500)
(Increase)/Decrease in Cash and Cash Equivalents	207	(101)	(29)	50	(34)	29	(54)	44	(54)	51	(16)	27
Net Balance Sheet Funding	4,022	(5,355)	75	75	75	75	75	75	75	75	75	75
Financing Transactions	(3,121)	7,844	2,446	(775)	(959)	(1,196)	(1,179)	(1,381)	(2,579)	(374)	(2,441)	(2,398)
Adjusted Operating/(Deficit) Ratio	(5)%	(7)%	(4)%	(2)%	(1)%	0%	1%	2%	2%	4%	5%	6%
Net Financial Liabilities Ratio	22%	43%	48%	44%	40%	35%	31%	27%	20%	18%	13%	7%
Asset Renewal Funding Ratio	130%	150%	114%	95%	103%	101%	97%	104%	99%	101%	101%	100%

KEY ASSUMPTIONS

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	Actual	Estimate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Consumer Price Index (CPI)			3.5%	3.0%	2.8%	2.6%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Wage Increase			4.0%	3.5%	3.0%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%
Capital Costs - Local Government Price Index (LGPI)			3.8%	3.3%	3.1%	2.9%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%
Depreciation Costs			2.5%	2.0%	1.8%	2.1%	2.0%	2.8%	2.8%	2.8%	2.8%	2.8%
Weighted Interest Rate			4.1%	4.3%	4.5%	5.0%	5.5%	6.0%	6.5%	6.5%	6.5%	6.5%
Rate Increase			5.4%	4.9%	4.7%	4.5%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%

Other Relevant Information

CPI and LGPI are applied in arrears, i.e. the figure applied to each financial year is the estimated annual CPI for the March directly preceding

LGPI is applied to cost of capital

The assumption for Depreciation has been dropped for a number of years, as it is expected that this will correct over time after 2 years of large increases

The Weighted Interest Rate takes into account that Council have a portion of fixed borrowings

The majority of items increase by CPI each year

The increase in superannuation guarantee of 0.5% each year impacts the Wage Increase assumption up to 2026

It is assumed that Federal Grants will only increase by half CPI each year, in line with previous experience

This adds 0.3% to the required rate increase each year, with this assumption tested and adjusted for each budget cycle

The plan assumes that 3 management positions will be removed from 2026, in line with a resolution of Council

This is based on the matching principle, as the plan also assumes that no additional rate income from development will come online in this time

If additional income is generated, the reduction in employee numbers may not be required

Sensitivity Analysis - Council Excluding Airport

Q1 Budget Review	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	Estimate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Operating Surplus / (Deficit) - \$'000	(2,415)	(1,403)	(645)	(410)	62	476	820	1,164	1,796	2,344	2,943
Operating Surplus Ratio - %	(7)%	(4)%	(2)%	(1)%	0%	1%	2%	2%	4%	5%	6%
Net Financial Liabilities Ratio - %	43%	48%	44%	40%	35%	31%	27%	20%	18%	13%	7%
Total Borrowings	17,000	19,400	18,500	17,500	16,200	15,000	13,500	10,900	10,400	7,900	5,400

Scenario 1	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Additional Rate Income - Low Range	Estimate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Operating Surplus / (Deficit) - \$'000	(2,415)	(1,403)	(1,206)	(815)	(387)	388	941	1,233	1,828	2,593	3,178
Operating Surplus Ratio - %	(7)%	(4)%	(3)%	(2)%	(1)%	1%	2%	3%	4%	5%	6%
Net Financial Liabilities Ratio - %	43%	48%	47%	45%	42%	39%	35%	29%	29%	23%	18%
Total Borrowings	17,000	19,400	19,600	19,600	19,300	18,700	17,700	15,500	15,600	13,400	11,300

Scenario 2	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Higher CPI	Estimate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Operating Surplus / (Deficit) - \$'000	(2,415)	(1,446)	(720)	(505)	(44)	368	721	1,085	1,746	2,333	2,993
Operating Surplus Ratio - %	(7)%	(4)%	(2)%	(1)%	0%	1%	2%	2%	3%	4%	5%
Net Financial Liabilities Ratio - %	43%	48%	43%	39%	34%	30%	26%	19%	18%	12%	7%
Total Borrowings	17,000	19,400	18,600	17,600	16,400	15,200	13,800	11,100	10,800	8,300	5,800

Scenario 3	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Lower Rate Increases	Estimate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Operating Surplus / (Deficit) - \$'000	(2,415)	(1,511)	(879)	(786)	(477)	(254)	(125)	(33)	327	572	831
Operating Surplus Ratio - %	(7)%	(4)%	(2)%	(2)%	(1)%	(1)%	0%	0%	1%	1%	2%
Net Financial Liabilities Ratio - %	43%	48%	45%	42%	39%	36%	34%	30%	31%	28%	27%
Total Borrowings	17,000	19,500	18,900	18,200	17,500	17,000	16,400	15,000	16,000	15,300	14,900

Scenario 4	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Higher Costs	Estimate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Operating Surplus / (Deficit) - \$'000	(2,415)	(1,996)	(1,286)	(1,099)	(687)	(346)	(85)	159	705	1,161	1,659
Operating Surplus Ratio - %	(7)%	(5)%	(3)%	(3)%	(2)%	(1)%	0%	0%	1%	2%	3%
Net Financial Liabilities Ratio - %	43%	49%	47%	45%	42%	39%	37%	32%	32%	28%	25%
Total Borrowings	17,000	20,000	19,800	19,400	18,900	18,500	17,900	16,300	16,900	15,600	14,400

2. ITEMS FOR DECISION

2.6 2024/25 Annual Business Plan & Budget Process and Parameters

Audit Committee: 3 October 2023
Author's Title: Manager Finance **File No.:** 0-216
Directorate: Corporate

Annexures
 Nil

Officer Direct or Indirect Conflict of Interest:

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

☐ Yes ☒ No

Status:

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

☐ Yes ☒ No

Reason – Not applicable

PURPOSE

To provide the Audit & Risk Committee information on the proposed process for the development of the 2024/25 Annual Business Plan and Budget and the parameters that will guide this.

SUMMARY

It is proposed that three workshops will be held with Elected Members, to formulate the draft 2024/25 Annual Business Plan and Budget (ABP&B) for public consultation. These will be held from late February to mid-March 2024.

The draft will be reviewed by the Audit & Risk Committee before consultation, from late-April to late-May. A Special Council Meeting will be held in late May, to allow the outcomes of public consultation to be incorporated into the final draft to be prepared for adoption at the June Council Meeting.

The budget is not developed in isolation, but instead should bring together information from a number of relevant sources to ensure that Council allocates its limited resources in the most effective and efficient manner.

RECOMMENDATION

The Audit & Risk Committee:

1. recommends to Council the proposed process and parameters for the development of the 2024/25 budget process, incorporating the following suggestions:

a. xxxx

b. xxxx

2.6 2024/25 Annual Business Plan & Budget Process and Parameters

REPORT

BACKGROUND

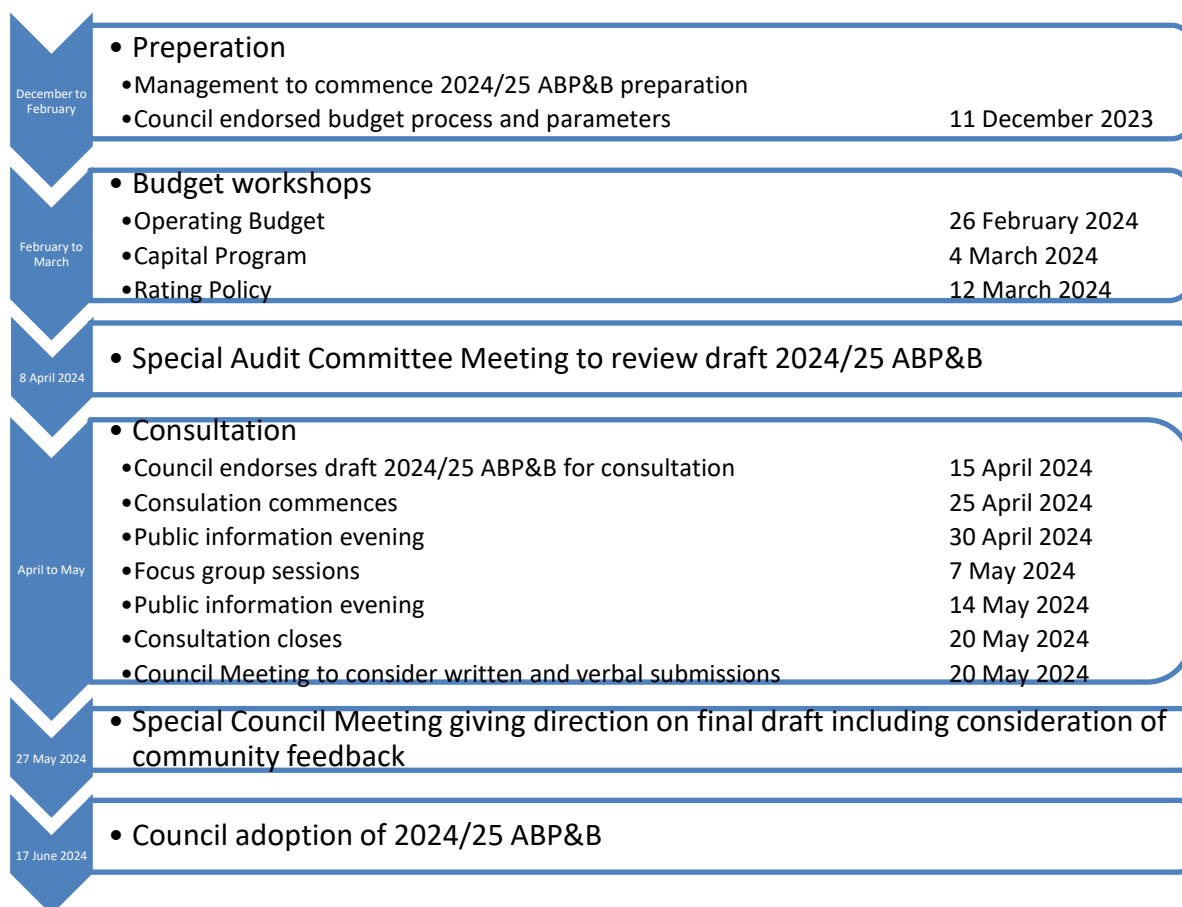
The 2024/25 budget process has been designed to continue with improvements made over the past few years. Areas that received positive feedback from Elected Members included the increased use of storytelling, to help the community understand the position that Council and the City are in, as well as the use of focus group sessions.

To ensure that the budget is developed in a manner consistent with Council's priorities and needs, the first step involved agreeing on a set of underlying parameters, so that everyone is working towards the same goals.

DISCUSSION

Adopting a process and timeline for the development of Council's 2024/25 ABP&B, is an important step in ensuring adequate deliberation by both Council and the community in setting priorities and associated budgets for the 2024/25 year.

Based on legislative requirements as well as good practice, the following is a proposed process and timeline:



As will be noted, it is proposed that three workshops be held with Elected Members, allowing in-depth discussion to assist with the formulation of the draft 2024/25 ABP&B. They will occur on the following dates, with 1 of these dates aligning with the current briefing schedule:

- Monday 26 February 2024 – Operating Budget
- Monday 4 March 2024 – Capital Program
- Tuesday 12 March 2024 – Rating Policy

This is in line with the workshop schedule for the previous budget cycle. While each of the workshops will have a different primary focus as shown, any budget topics can be touched upon during any of the sessions.

Commentary from Council Members during the last budget cycle was that a deeper dive into operating budgets would be useful. While Council should be focusing on the strategic level, rather than day to day operations, it is recognised by administration that having a better understanding of the cost of performing some lower-level activities undertaken can help with explaining the budget to community members. It is proposed that some additional material will be prepared for the first workshop, with an aim to find the right balance between too much and too little information.

The draft 2024/25 ABP&B will be presented to the Audit Committee at a Special Meeting, proposed for Monday 8 April 2024. The draft will then be presented to Council at their April meeting, with consultation to run from Thursday 25 April to Monday 20 May 2024.

For the last few years, two informal information evenings have been conducted, one early in the consultation period and one near the end. It may be a good time to review if this structure is still considered to provide benefit. If two sessions were to be held, it is proposed that they occur on Tuesday 30 April 2024 and Tuesday 14 May 2024. As per the previous few years, they would be held at the Mount Laura Homestead Museum.

For the last three years, focus group sessions have been held as part of the consultation process. This allows for a more representative cross-section of the community to be involved in discussing key areas of the budget considerations and to provide feedback in a slightly less formal setting than a public forum.

Normally the participants is selected by an external company, using proprietary data, however last year Council undertook the process in-house when this company was unable to assist. The process involves the participants being compensated for their time. Previous feedback has been that this is a very worthwhile activity that provides rich feedback. The date of Tuesday 7 May 2024 has been put aside for these sessions to happen.

It may be time to utilise a new provider to pick the focus group participants, to mix up the talent pool. Undertaking the process in-house, while saving money, meant that it was more difficult to find a representative group.

The public will be able to make verbal representations or submit questions for the Council meeting on Monday 20 May 2024. An initial consultation report will also be presented at this meeting.

A Special Council Meeting is proposed for Monday 27 May 2024, to allow for Council to give direction to administration on the final draft version of the ABP&B, to prepare for adoption at the Council Meeting on Monday 17 June 2024. The final report on public consultation will be presented at this meeting. It is envisioned that Council would suspend meeting procedures during the Special Meeting to allow for an in-depth discussion on how the feedback from public consultation can be incorporated into the adopted plan.

In addition to the external budget process, processes are run internally for the development of the initial budget. Each Business Unit will develop workplans, that take into account things such as legislative requirements, process improvement and upcoming opportunities, as well as the delivery of adopted Council plans. This assists each Business Unit to articulate and report on how they are supporting the delivery of Council's strategy.

The ABP&B is a key document that outlines how Council will deliver on its strategic direction and operational requirements for the coming year. The budget is not developed in isolation, but instead should bring together information from a number of relevant sources to ensure that Council allocates its limited resources in the most effective and efficient manner.

Some of the key areas that will be integral in the development of the ABP&B are discussed further below. The budget parameters include either direct or indirect reference to these key considerations.

Strategic Management Plans

The ABP&B should be viewed as a one year "slice" of Council's overall delivery of its strategic direction. For this reason, the ABP&B is developed to be consistent with Council's Strategic Plan, Asset Management Strategy and Long-Term Financial Plan (LTFP). In line with the review of the ABP&B, all LTFP projections will also be updated and presented to Council, to ensure that this consistency remains in place.

Annual Community Survey

Council undertook the third annual Community Survey in early 2023, seeking high level feedback on how Council is performing against the delivery of its strategic objectives. This information is useful in identifying areas that need attention, or perhaps need to be investigated in more detail with the community. While there are some changes between across the three years of data, the results are consistent enough to suggest that the data is a good representation of the community's opinion.

Now that there is good trend data available, it is proposed that the high-level survey could be undertaken every second year, opening up the opportunity to undertake a deep dive on a particular area in the off year. There has been some initial discussion on what the initial topic would be, but this has not yet been finalised.

Key Performance Indicators

Council has adopted a suite of Key Performance Indicators (KPIs) for the Chief Executive Officer. These set, at a high level, the areas that the organisation should be focusing effort on. It is important that the development of the ABP&B is consistent with these KPIs and allocates appropriate resources, to set the organisation up for success.

External Environment

A detailed scan of the external environment will be undertaken by Elected Members and Senior Management, to identify key threats and opportunities that Council need to be aware of and assigning resources towards. The areas of focus are:

- Political
- Economic
- Social
- Technology
- Legal
- Environment
- Relationships

Internal Environment

Each Business Unit will undertake a process to develop a detailed work plan, that will cover at least a 12-month period but will also look to identify upcoming items within the next 4 year timeframe. The development of these plans takes into account many internal factors such as; process improvement; resourcing and succession planning; current service offering; the customer experience; delivery of periodic (i.e. non-annual) tasks; and delivery of actions from adopted Council plans.

These plans will also take into account items identified within the other areas of consideration included here, based on which team/(s) they relate to.

Assumptions

Council's LTFP is built on a number of assumptions, which then flow into the development of the ABP&B. These assumptions need to be tested on an annual basis to ensure they are still appropriate and to update based on the most recent information available. The key assumptions include:

- Service Levels
- Rate Increase
- Wage Increase
- Consumer Price Index
- Interest Rates
- Capital Costs
- Ongoing Savings
- Other Income

After taking all of these considerations into account, the following parameters are proposed to form the basis for the development of the 2024/25 ABP&B:

- Support the achievement of the City of Whyalla's Strategic Direction.
- Address issues arising, and opportunities identified, from organisational effectiveness assessments/reviews.
- Reach a break-even operating position in the Long-Term Financial Plan, for Council excluding Airport, by 2026/27 or earlier.

- Continue to improve the whole of life focus on assets in accordance with Council's Asset Management Strategy, with a priority on:
 - maintenance to ensure assets reach end of life; and
 - 100% funding of renewal at end of life except where a service level change has been specified, or where renewal would be inconsistent with an adopted Council plan or resolution.
- Review existing services and assets to ensure they meet prioritised community needs.
- Council only approve New/Upgrade Capital Projects where it has identified:
 - borrowing capacity to fund upfront cost; and
 - operating capacity to fund ongoing costs.
- Maintain predictability and stability in rating increases, in line with the LTFP.

These parameters are largely the same as those that were adopted in the previous year, as would normally be expected.

The parameter relating to returning to a break-even position by 2026/27 was updated to include reference to Council excluding the Airport, as this is how this has previously been measured. This parameter is not currently being met, with Council projected to return to surplus in 2027/28. If this parameter is to stay as it is, a key part of the budget process will be to identify the changes required in the LTFP to make it happen.

Financial Implications

The main cost of consultation will be the proposed focus group sessions, with the cost to Council being approximately \$200 per attendee. Other costs are minor, such as advertising. All costs can be accommodated within the current budget.

The financial implications of the draft budget on Council's long term financial sustainability will be discussed in depth throughout the budget process and presented to Council at the time of commencing public consultation and again at adoption.

Strategic Plan

Objective 1.1 – Unearth community pride within the city

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

Legislation

Council will prepare and consult on the draft 2024/25 Annual Business Plan and Budget in accordance with the following:

- *Local Government Act 1999;*
- *Local Government (Financial Management) Regulations 2011;* and
- Council's Public Consultation Policy.

Officer Direct or Indirect Interest – Nil

Risk Assessment

The outlined process ensures that Council exceeds all legislative requirements, allocating sufficient time to consider something as important as the annual budget. This will assist the decision-making process and reduce risk to Council.

Ensuring that the ABP&B is developed within a mutually agreed framework from the very beginning reduces the risk to Council, as it allows more time within the process to have detailed discussion around strategic priorities.

Financial risk will be considered as part of the outcomes of the budget process.

Social Considerations – Not applicable

Community Engagement

Council will conduct consultation on its draft 2024/25 Annual Business Plan and Budget in accordance with Section 123 of the *Local Government Act 1999*.

The public consultation period commences on Thursday 25 April 2024 and ends on Monday 20 May 2024. This will be communicated via Council's website, Facebook and a public notice in the local newspaper.

Work will be undertaken to ensure that the reasons for the proposed rate increase are clearly articulated to the community.

Environmental Implications – Not applicable

Communication – Not applicable

Conclusion

The budget process is similar to the overall structure from last year, with feedback received that the process worked well and achieved good consultation outcomes.

The key areas considered in developing the budget parameters include Council's Strategic Management Plans, the results of the recent Annual Community Survey, adopted Key Performance Indicators, a comprehensive scan of Council's external & internal environments and the underlying assumptions. This ensures that the ABP&B is developed in a manner consistent with Council's priorities and needs.

2. ITEMS FOR DECISION

2.7 Implementation of Service Review and Internal Audit Services

Audit and Risk Committee 3 October 2023

Meeting:

Author's Title: Director Corporate
Manager Governance

File No.: 0-159

Director: Corporate

Annexures

A – Draft Scope of Service Review – Airport

B – Draft Scope of Service Review – Childcare Services

C – Draft Scope of Service Review – Open Space Services

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

DISCUSSION

Following the appointment of BDO as Council's provider of Service Review and Internal Audit Services, work has commenced on implementing the services including:

- Preparing for and scheduling a joint risk workshop on 3 October 2023 with the Audit and Risk Committee and Executive Management Team to inform an update of Council's strategic risk profile. This workshop will be followed by a joint workshop with the Council regarding risk appetite.
- Developing the scope of three (3) service reviews as follows:
 - Airport
 - Childcare Services
 - Open Space Services.

The above work will inform the development of a 4-year program of Service Review and Internal Audit projects in line with Council's risk profile. The 4-year program will be presented to the February 2024 Audit and Risk Committee meeting for endorsement.

Regarding the three identified service review projects, these services have been identified as early priorities given their risk and financial profiles. The Audit and Risk Committee's feedback is now sought on the Scopes provided at **Annexures A-C** prior to the commencement of work.

Financial implications

Councils budget for the implementation of Service Review and Internal Audit Services is \$65,000 per annum, allowing for approximately 6 projects per year depending on the scope of the project.

The three Service Review projects identified can be accommodated within the 2023/24 budget.

Conclusion

The establishment of a service review and internal audit program will play a critical role in Council achieving and maintaining financial sustainability over the coming years by keeping Council's resource allocation and service delivery under review. It will provide numerous benefits including compliance with legislative and regulatory requirements, improved governance and risk management, enhanced efficiency and effectiveness, better decision-making, improved accountability and transparency and achieving good standards of public administration.

RECOMMENDATION

The Audit and Risk Committee:

- 1. Note the actions taken to date to implement Service Review and Internal Audit Services**
- 2. Subject to the inclusion of any feedback received, endorses the scope of service reviews for the following services.**
 - a. Airport**
 - b. Childcare Services**
 - c. Open Space Services**

PROJECT BRIEF

Project Title:	Stage 1 - Airport Review Assess viability of aggregating and operating selected regional airports across SA
Project Contact:	Kathy Jarrett, Director Corporate
Project Background:	<p>Whyalla City Council currently owns and operates the towns regional airport. It is classified at a Level 2, meaning that all departing passengers must be security screened. QANTAS is the only airline operating the one or two arrivals and departures per day. Based on the low passenger numbers the airport is currently presenting a significant cost to council.</p> <p>Against this backdrop, reviewing the operations of the Airport is a high priority. The review will be undertaken in two stages:</p> <p>Stage 1 - Explore the feasibility of aggregating other regional airports in SA into a single managed entity. This will require support from other councils who own and operate their airports.</p> <p>Stage 2 - The outcome of stage 1 will determine the focus for the second stage. If there is an interest in aggregating regional airports then this stage will look at ownership, governance, and marketing of such. If there isn't an appetite for aggregation, BDO will investigate ways to reduce costs, maintain service and where possible increase revenue and asset utilisation of the current facility.</p>
Project Objective:	The objective of this project is to assist Whyalla City Council (WCC) in determining the feasibility of aggregating and operating selected regional airports across SA into a single entity, prior to commencing a second stage of review focused on the Airport's service efficiency and effectiveness.
Project Outcomes:	<ul style="list-style-type: none"> ▶ Assess the willingness of councils that own and operate regional airports to aggregating their airport operations. ▶ Determine the nature of the aggregated operating entity. ▶ Identify the merits and demerits of an aggregated model/s.
Scope & Approach:	<p>This project will be undertaken in concert with WCC representatives covering the following stages:</p> <ul style="list-style-type: none"> ▶ Make contact with regional airports across SA. ▶ Assess their 'in principle support' for airport aggregation. ▶ Conduct virtual workshops to explore current operating models. ▶ Conduct virtual workshops to explore potential operating models. ▶ Prepare a high level 'pre-feasibility' study of operating models along with associated merits and demerits. ▶ Present report outlining future pathway with associated resource requirements.

PROJECT BRIEF

Timeframe:	One month following date of project approval
Project Resources:	<p>The estimated 'capped' cost to complete this project is \$7,750 (+ GST)</p> <p>Please note that normal disbursements such as travel and accommodation will be charged at cost.</p> <p>BDO will seek contributions to the above fee from participating councils.</p>
Prepared by:	BDO Industrial & Organisational Psychology (BDO I&OP)
Agreed by:	<div> <div> Scott Way - Director BDO I&OP / /2023 </div> <div> Kathy Jarrett - Director Corporate / /2023 </div> </div>

DRAFT

PROJECT BRIEF

Project Title:	Whyalla Child Care Centre
Project Contact:	Jade Ballantine, Director City Growth
Project Objective:	The objective of this project is to assist Whyalla City Council (WCC) in assessing the merits and demerits of continuing to own and operate the Whyalla Child Care Centre.
Project Background:	<p>Historically governments at all levels have provided services to the community when other providers can not be found. Whyalla City Council established one of the first centres in the city to support shift workers involved with the steel works.</p> <p>Access to quality ‘child care’ has emerged as a major factor for equal access for women to engage in work and to facilitate Australia’s global competitiveness. This has also meant that ‘child care’ has evolved from a cottage industry to big business. This has meant that service offering have improved along with the expectations of parents and care givers.</p> <p>Whyalla now has 11 providers offering ‘child care’ across the range of the ‘early years’ and it is against this backdrop that the question must be asked if council should provide this service and if so at what price and standard.</p>
Project Outcomes:	<ul style="list-style-type: none"> ▶ Explore the possible options for the operation of the Whyalla Child Care Centre ▶ Identify the current and future service standards (legislated and market) council may need to invest in. ▶ Identify the merits and demerits of the future operating models.
Scope & Approach:	<p>This project will be undertaken in concert with WCC representatives covering the following stages:</p> <ul style="list-style-type: none"> ▶ Identify and confirm the current costs of running the Child Care Centre. ▶ Extrapolate the future costs of operating the Child Care Centre at contemporary market standards. ▶ Consult with staff regarding the current operations of the Child Care Centre ▶ Undertake market research to determine the future demand. For child care places in Whyalla ▶ Explore the options for child care in Whyalla ▶ Identify the merits and demerits of the future operating models and options.
Timeframe:	Two months following date of project approval
Project Resources:	<p>The estimated ‘capped’ cost to complete this project is \$12,550 (+ GST)</p> <p>Please note that normal disbursements such as travel and accommodation will be charged at cost.</p>

PROJECT BRIEF

Prepared by:

BDO Industrial & Organisational Psychology (BDO I&OP)

Agreed by:

Scott Way - Director BDO I&OP

/ /2023

Kathy Jarrett - Director Corporate

/ /2023

DRAFT

PROJECT BRIEF

Project Title:	Use and maintenance of Open Space and Community Playing Fields
Project Contact:	Kristen Clark, Director Infrastructure
Project Objective:	This project will review the current use, management, maintenance and resourcing of the open space and community playing fields across the city. The objective will be to provide recommendations to Whyalla City Council regarding achieving a sustainable balance between community need and use against the cost and resource capability of council.
Project Background:	<p>The City of Whyalla grew in support of BHP and other industries in the region. It was anticipated that the population would eventually reach approx. 50,000 residents. On this basis city infrastructure (including parks, ovals and open spaces) was planned accordingly.</p> <p>The current population of the city is approx. 22,000 and although there are promising signs that the city will grow again, the current rate base is not sufficient to maintain open space and community playing fields across the city to a universally high standard.</p> <p>More specifically, and in explanation of the current very high service standard for Bennett and Memorial Ovals: their redevelopment was tied to a grant, that pre-covid likely would have seen an AFL preseason match in Whyalla every second year by partnering with GFG who sponsor Port Adelaide. Other potential use of the ovals include on alternate years be an AFLW preseason game. Or AFLW training week which the Port Adelaide Women's Team have indicated they are interested in doing. Regarding cricket, Bennett Oval is well placed for a women's big bash game, with SACA indicating they'd like to start looking at what the next steps are. For any of these 3 events, the ovals could be "turned up" with minimal notice.</p>
Project Outcomes:	<ul style="list-style-type: none"> ▶ Clarify service standards for the parks, ovals and open spaces. ▶ Determine the council and community resource requirements to consistently meet these standards. ▶ Identify future open space needs and the associated resource needs.
Scope & Approach:	<p>This project will be undertaken in concert with WCC representatives covering the following stages:</p> <ul style="list-style-type: none"> ▶ Consultation with users of Council's open spaces, in particular the users of Bennett and Memorial Ovals e.g. Whyalla football and cricket. ▶ Determine the broad community need for parks and opens spaces. ▶ Determine current utilisation of parks and open spaces. ▶ Review the current resources and schedules used to maintain parks, ovals and open spaces. ▶ Review community management agreements and current schedules

PROJECT BRIEF

	<ul style="list-style-type: none"> ▶ Based on the above, define service standards for parks and open spaces. ▶ Shape a sustainable resource model including staff, skills, culture, equipment and funding. ▶ Included in the project will be parks, ovals, wetlands verges, street and reserve tree planting and maintenance. ▶ Excluded will be the foreshore park, playgrounds and street furniture, the cemetery and the leisure centre. ▶ Prepare draft model/s describing the management, maintenance and resourcing of the open space and community playing fields across the city.
Timeframe:	Three months following date of project approval
Project Resources:	The estimated 'capped' cost to complete this project is \$26,330 (+ GST) Please note that normal disbursements such as travel and accommodation will be charged at cost.
Prepared by:	BDO Industrial & Organisational Psychology (BDO I&OP)
Agreed by:	<div> <div> Scott Way - Director BDO I&OP / /2023 </div> <div> Kathy Jarrett - Director Corporate / /2023 </div> </div>

2. ITEMS FOR DECISION

2.8 Business Continuity Plan – draft

Audit and Risk Committee 3 October 2023

Meeting:

Author's Title: Manager Governance
Coordinator Governance

File No.: 0-159

Director: Corporate

Annexures

A – Draft Business Continuity 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

PURPOSE

To provide an update to the Audit and Risk Committee on work undertaken on the Council's Business Continuity Plan. This aligns with section 10.4.2 of the Audit and Risk Committee's Terms of Reference "At least annually, review Council's risk exposure and the adequacy of Council's emergency management, business continuity, strategic and operational risk registers and mitigation measures."

SUMMARY

Business Continuity Planning is identified as an important element of risk management and continuous improvement. In 2019 Council in conjunction with the Local Government Association of South Australia Mutual Liability Scheme commenced work on the Council Business Continuity Plan. The current version of the Whyalla City Council Business Continuity Plan is version 7.

RECOMMENDATION

The Audit Committee:

1. **Notes this report and recommends to Council the adoption of the Whyalla City Council Business Continuity Plan**

REPORT

BACKGROUND

Councils have been encouraged by Local Government Risk Services to complete the Business Continuity frameworks and have included Business Continuity Plans as an element in risk audits with councils. This catalyst together with events such as the unplanned power outage in 2016 across large parts of Eyre Peninsula and more recently the need to activate a business continuity approach to protect the Community and workforce during the 2019/ 2020 COVID Pandemic has re-energised this work.

The Whyalla City Council has adopted a comprehensive and integrated approach to the development of a Business Continuity Management Plan.

The purpose of this plan is to build organisational capabilities to support the continued achievement of critical business objectives in the face of uncertainty or disruption. Council recognises that this plan (Business Continuity Plan) in isolation does not build capability, it provides the approach to establishing effective capability.

Whilst the plan is important, it is an outcome of the more important planning and analysis process and is a blueprint to kick-start the response to a business interruption event.

This plan identifies the required facilities, technical infrastructure, key responsibilities, and processes that will be required to position Council to be able to respond and recover from a business interruption event.

DISCUSSION

The Governance Team have collaborated with Local Government Risk Services, the Executive Management Team and Managers across Council to review the Business Continuity Plan framework to introduce a contemporary approach to managing an interruption service delivery.

The plan will:

- Provide the first reference point in cases of 'business interruption' or 'business continuity event'
- The basis for a variety of preparation and improvement actions will mean Council can respond more effectively and return more promptly to a business-as-usual approach following any event.

The Business Continuity Plan is focused on interruptions to Council's business-as-usual service delivery and is not an 'all emergencies response plan'. It includes a policy position, a risk-based framework, role descriptions, responsibilities and identified critical functions. It also contains checklists, contact lists and critical sub-plans in detail.

The objectives of the Business Continuity Plan are to provide a mechanism that enables Council and its officers to:

- Identify business functions that are critical to Council in meeting its business objectives

- Develop resumption plans based on the criticality of business functions rather than geographic location
- Build resilience within Council's operational framework
- Identify and document roles and responsibilities for key staff positions
- Minimise the impact of function loss on stakeholders and the community
- The business continuity plan provides a framework for management and staff to enable them to implement an agreed response process.

In assessing the business continuity risks of The Whyalla City Council, it became evident that given the structure of local government, a number of inherent advantages were identified such as:

- More than one business facility able to support and provide the workforce and reduce the impact of a single facility loss
- Common IT systems with duplication and access across most facilities
- The ability to work from home with increased mobility for council employees
- Ability to transfer staff and tasks to other facilities, and
- The ability to call on adjoining Councils for assistance in service delivery.

In the event of a business interruption event, these advantages would suggest the business impact is a reduction in capacity rather than a loss of capability in a particular area.

Financial Implications

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

Legislation

Local Government Act 1999

Work Health and Safety Act 2012

Officer Direct or Indirect Interest – Nil

Risk Assessment

Non-compliance with these items may expose Council to a number of risks.

Social Considerations – not applicable

Community Engagement – not applicable

Environmental Implications – not applicable

Communication

The draft Business Continuity Plan has been presented to and endorsed by Council's Executive Management Team as an Internal Policy.

Conclusion

The review of the Business Continuity Plan represents a significant step in improving the Council risk management and response framework.

WHYALLA CITY COUNCIL BUSINESS CONTINUITY PLAN

Version 7

Reviewed May 2023



WHYALLA

Cover image courtesy Betty Nottle

First Nations Acknowledgement

*We acknowledge the lands in our region
belonging to the Barngarla people,
and acknowledge them as the traditional custodians
from the past, for the present and into the future.*

*The Barngarla people are strong,
and are continuously connecting
to their culture and their country.*

*Whyalla City Council and the Barngala people
can work together to build a stronger future.*



Table of Contents

Abbreviations & Definitions	5
Document Review	6
Business Continuity Policy Statement	7
Purpose	7
Objectives	7
Scope	7
Business Continuity Procedure	11
Assumptions	11
Audience – Distribution	11
Authority	11
Training & Communication	11
Validation & Testing	12
Monitoring & Review	12
Process	13
Notification	13
Assessment	13
Declaration	13
Roles & Responsibilities CMT	13
Business Function Criticality	14
Control Centre	14
Dedicated Media Briefing Centre	14
Business Impact Analysis (BIA)	14
Business Continuity Instructions (BCI)	14
Emergency Contacts	15
Authority – Media	15
General Statement to Media in the event of a business interruption	15
Methodology	15
Continuity Management Team	17
CMT – Structure	17
Control Centre	18
Dedicated Media Briefing Centre	18
Initial CMT Meeting and draft agenda	18
Other issues for consideration	18
General Statement to Media	18
Overview of Business System Criticality	19

Responsibility Statements	20
Responsibility Statement – CMT Lead	20
Responsibility Statement – CMT Directors from Corporate Services, City Growth and Infrastructure	21
Responsibility Statement – CMT Co-ordinator	22
Responsibility Statement – CMT Support	23
BCI 1 Emergency Contacts Continuity Management Team	25
BCI 2 Emergency Contacts External	26
BCI 3 Alternate Work Location Seating Plans	27
BCI 4 Media Enquiry Record Form	28
BCI 5 Press Release	29
BCI 7 Business Continuity Coordination Centre Checklist	30
Critical Functions Sub Plans	32
Corporate – Records Management	32
Corporate – Income (cash flow, rates, investments & banking)	34
Corporate - Payroll	36
Corporate – Procurement	38
Corporate – Management of Stray Animal	40
Corporate – Environmental Health Management	42
Corporate – Food Safety	44
City Growth – Customer Services	46
City Growth – Child Care	48
City Growth – Airport Passenger Dispatch/Receipt	52
City Growth – Visitor Services VIC and Pod	55
City Growth – Library	58
Infrastructure - Cemetery	59
Infrastructure – Waste Management Disposal	59
Office of the CEO – Media and Communications	61
Office of the CEO –ZEMC	63

Abbreviations and Definitions

Term	Definition	Abbreviation
Business Continuity	Is the uninterrupted availability of all key resources supporting essential business functions.	BC
Business Continuity Control Centre	A central point of reference to coordinate the response to a business interruption event. To be established at the discretion of the CMT Lead.	BCCC
Business Continuity Management	Provides for the availability of processes and resources in order to ensure the continued achievement of critical objectives.	BCM
Business Continuity Plan(s)	A collection of procedures and information that is developed, compiled and maintained in readiness for use in the event of an emergency or disaster.	BCP
Business Process Assessment	A management tool designed to assist in the identification and assessment of the criticality of business processes and	BPA
Business Impact Analysis	A management level analysis that identifies the impacts of function loss on the organisation. The BIA provides management with data upon which to base risk mitigation and continuity planning decisions.	BIA
Business Interruption Event	An event that by its duration exceeds the Maximum Acceptable Outage and/or has an adverse impact on business objectives and requires the implementation of the BCP or sub plans.	BIE
Non-Critical Function Action Plan	An agreed documented course of action that identifies mitigation, response and recovery actions for business functions identified as non-critical.	Non-Critical Function Action Plan
Critical Function Sub Plan	An agreed documented course of actions to be taken in the event of business function loss. Plan describes the key actions required under preparation, response and recovery phases.	CFSP
Continuity Management Team	An assembly of executive management representatives and other seconded staff formed for the express purpose of responding to an organisational crisis. CMT management structure will overlay all normal management structures during the response process.	CMT
Emergency Event	An event due to an actual or imminent occurrence (such as a fire, earthquake, or epidemic which: <ol style="list-style-type: none"> 1. endangers or threatens to endanger the safety or health of staff or visitors to the organisation 2. destroys or damages, or threatens to destroy or damage, property of the organisation 3. has the capacity to disrupt operations to the extent that it impacts on business objectives. 	Emergency Event
Maximum Acceptable Outage	The maximum period of time that Council can tolerate the loss of capability of a critical business function, process, asset or IT application.	MAO
Corporate Governance	A system by which the organisation is directed and controlled. Corporate Governance activities are represented by four principal components: direction, executive action, supervision and accountability.	CG
Risk Management	The culture, processes and structures that are directed towards realising potential opportunities whilst managing adverse effects.	RM

Document Review

Whenever this document is reviewed and or amended, details must be recorded on this page.

Date	Review Summary
November 2015	Reviewed by Manager City Services and advised document was correct as is. Minor changes were made to reflect current position titles and group names.
May 2017	Minor changes were made to reflect current position titles and group names.
November 2017	Minor changes and updates to reflect changes in positions and departmental names.
May 2018	Minor changes and updates to reflect changes in positions and departmental changes.
October 2018	BPA (Business Process Assessment) was undertaken and additional Critical Functions were identified.
February 2019	Review of existing CFSPs (Critical Function Action Plan) and development of new ones. Review of Overarching Plan Adopted by EMT 23.5.2019
October 2023	BCP and Sub Plans updated to reflect business changes, employee movements and critical functions. Sub Plans have been reviewed or created in collaboration of all relevant departments.

Business Continuity Policy Statement

Purpose

The Whyalla City Council has adopted a comprehensive and integrated approach to the development of a Business Continuity Management Plan.

The purpose of this plan is to build organisational capabilities to support the continued achievement of critical business objectives in the face of uncertainty or disruption.

Council recognises that this plan (Business Continuity Plan) in isolation does not build capability, it provides the approach to establishing effective capability.

Whilst the plan is important, it is an outcome of the more important planning and analysis process and is a blueprint to kick-start the response to a business interruption event.

This plan identifies the required facilities, technical infrastructure, key responsibilities, and processes that will be required to position Council to be able to respond and recover from a business interruption event.

Objectives

The objectives of the Whyalla City Council's Business Continuity Plan are to provide a mechanism that enables Council and its officers to:

- Identify business functions that are critical to Council in meeting its business objectives
- Develop resumption plans based on the criticality of business functions rather than geographic location
- Build resilience within Council's operational framework
- Identify and document roles and responsibilities for key staff positions
- Minimise the impact of function loss on stakeholders and the community

The business continuity plan provides a framework for management and staff to enable them to implement an agreed response process.

In assessing the business continuity risks of The Whyalla City Council, it became evident that given the structure of local government, a number of inherent advantages were identified such as:

- More than one business facility able to support and provide the workforce and reduce the impact of a single facility loss
- Common IT systems with duplication and access across most facilities
- The ability to work from home with increased mobility for council employees
- Ability to transfer staff and tasks to other facilities, and
- The ability to call on adjoining Councils for assistance in service delivery.

In the event of a business interruption event, these advantages would suggest the business impact is a reduction in capacity rather than a loss of capability in a particular area.

Scope

The objective of the BCP is to ensure that appropriate structures and protocols are in place that enable an effective response to a business interruption event that has the potential to impact councils critical functions.

The BCP documents the processes and resources required by Council in the delivery of its critical business objectives.

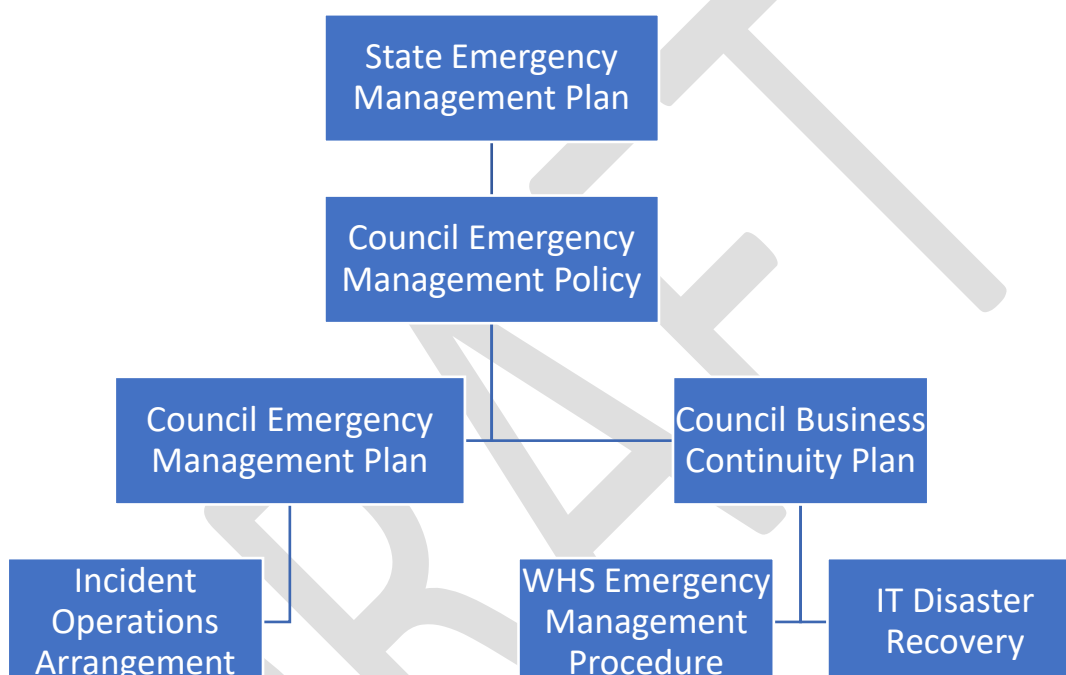
In identifying business continuity risks, the focus is on building the resilience and response capabilities within business functions that have been identified as critical by the organisation.

The BCP does not cover requirements associated with a Work Health and Safety Emergency Plan (staff safety) situation. Both plans support the well-being and safety of employees and critical business functions.

A separate workplace emergency plan that is the responsibility of the Chief Warden/ Emergency Services is to be implemented.

Emergency Management response framework.

Emergency Management in South Australia is facilitated via an integrated system including several legislative and related documents as follows:



Emergency Management Act 2004

The *Emergency Management Act 2004* establishes the strategies and systems to enable an effective response to and recovery from an emergency event, as well as appropriate planning and preparedness to mitigate emergencies in South Australia.

Local Government Act 1999

The *Local Government Act 1999* outlines the requirements for Councils to consider risks including emergency risks as follows:

- to make informed decisions;
- take measures to protect the council's area from natural hazards and provide infrastructure for the community and for development;

- ensure the sustainability of the council's long-term performance; and
- assess the maintenance, replacement or development needs for infrastructure and identify anticipated or predicated changes in any factors that make a significant contribution to the costs of council's activities and/or operations.

State Emergency Management Plan (SEMP)

The State Emergency Management Plan is a series of documents that provide an outline of emergency management within South Australia. The plan aims to ensure that the State has effective arrangements in place to protect communities and people.

Local Government Emergency Management Framework (LGEMF)

The Local Government Emergency Management Framework provides strategic direction for emergency management for the Local Government sector.

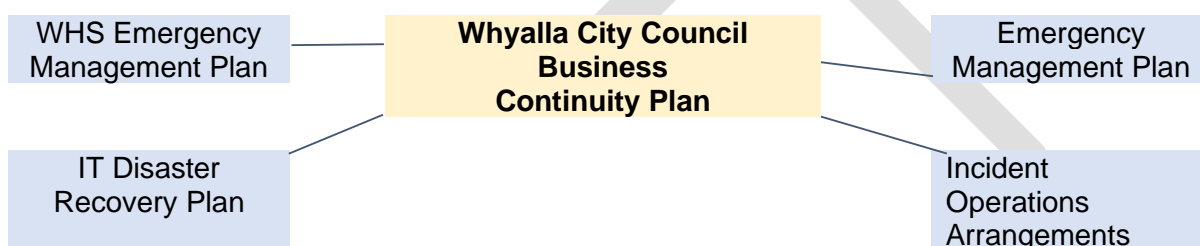
Emergency Management Planning

The diagram below indicates the hierarchy of emergency management documents for the Whyalla City Council. It illustrates the State Emergency Management Plan and the Council Emergency Management Policy being the overarching document for all Council Emergency Management activities.

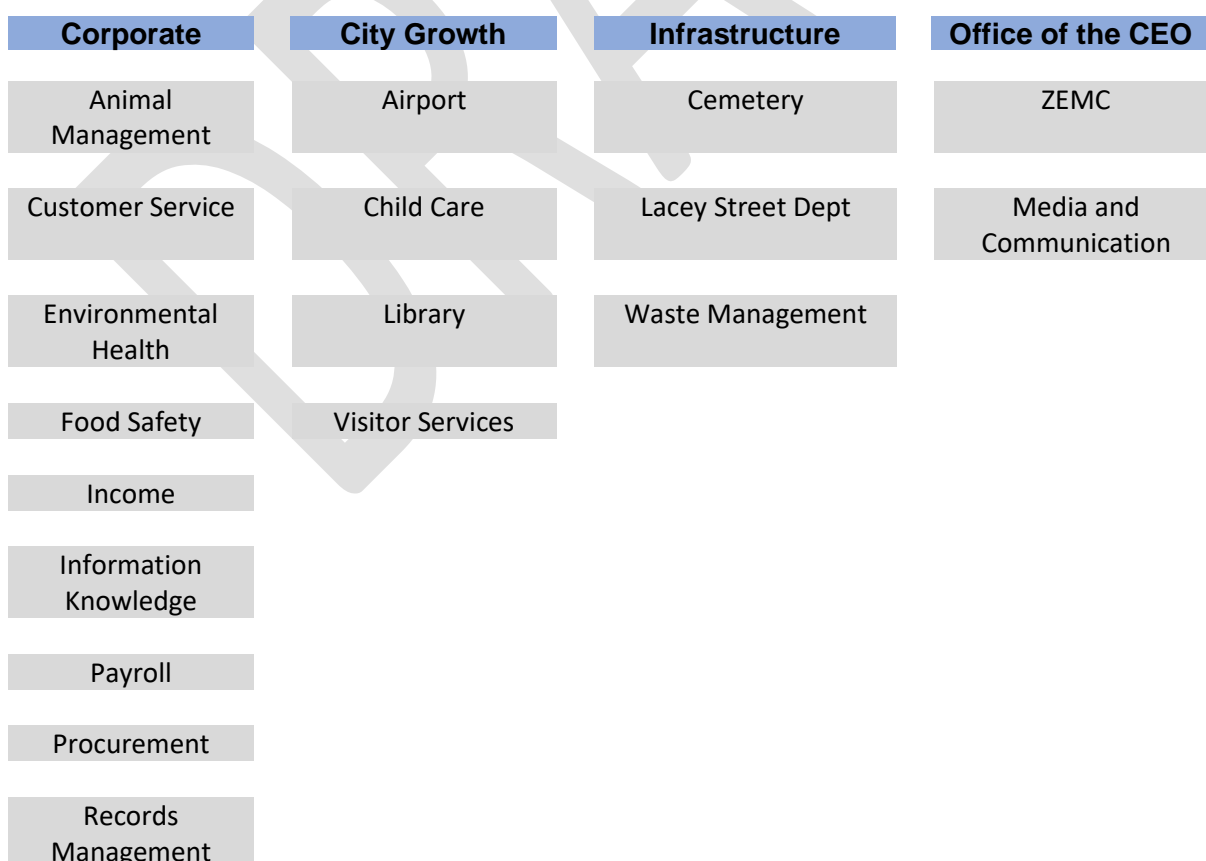
Document	Description
State Emergency Management Plan	The State Emergency Management Plan (SEMP) is a four-part plan containing a range of documents that further detail strategies for dealing with emergencies in South Australia. Local governments play a fundamental enabling role in emergency management because of their strong relationship with their local community networks and knowledge of locally available resources. Local governments have responsibilities, in partnership with state government, to contribute to the safety and wellbeing of their communities by participating in local emergency management.
Council Emergency Management Policy	Last adopted by Council 28 June 2021 the policy has been reviewed by Council's Executive Management Team, 5 September 2023
Whyalla City Council Emergency Management Plan	The Emergency Management Plan reflects Council's Emergency Management Policy by establishing strategic direction for emergency management and describes how Council can reduce disaster risk, maintain incident operational capability and prepare for recovery. The Plan identifies responsibility and resources to achieve broad strategies and is not for use in incident or recovery operations. This plan has been reviewed by Council's Executive Management Team, 5 September 2023
Business Continuity Plan	Council's Business Continuity Plan relates solely to an emergency within Council, whereby services may be interrupted pending the nature of the incident. The BCP plan provides connection to Council's other Emergency Response plans and procedures. The BCP outlines critical sub plans for business units. The Business Continuity Plan has been reviewed by Council's Executive Management Team, 5 September 2023
WHS Workforce Emergency	The objectives of the WHS Workforce Emergency Management Procedure are to enable an effective response to any given workplace emergency event in the shortest possible time to

Management Procedure	eliminate or minimize the loss of life and/or injury to persons and eliminate or minimize damage to property and restore operations as soon as possible when safe and reasonably practicable to do so. The WHS Workforce Emergency Management Procedure has been reviewed by Council's Executive Management Team, 5 September 2023
Incident Operations Plan	Council's Incident Operations Plan is an instruction manual for Council's operational activity that will be delivered by Council in the event of an emergency.
IT Disaster Recovery	A review has been recently undertaken, noting that this recovery procedure and cyber security is audited by an external specialist annually. This report is provided to EMT, the Audit and Risk Committee and Council. This plan has been reviewed by Council's Executive Management Team, 5 September 2023

Emergency Management Framework



Directorates & Critical Function Sub Plans



Business Continuity Procedure

This plan should be used in the event of a business interruption event that may impact the ability of The Whyalla City Council to deliver business objectives. Managers and staff with responsibility for impacted areas of the business should use the BCP and any relevant sub plans to ensure a consistent and agreed course of action is implemented.

Assumptions

The BCP is intended to provide guidance to Council officers to assist continuity of service for critical functions, where those officers are not normally responsible for managing the specific function affected. Where the Council officer who is normally responsible for managing the specific function is available, it is assumed that this document will serve as a checklist to reduce the possibility of omission of important actions.

Audience – Distribution

The intended audience for the Whyalla City Council Business Continuity Plan is:

- Council
- Executive Management Team
- Critical Function Sub Plan Managers and Staff
- Non-Critical Function Action Plan Managers and Staff.

The plan is available to all Managers and staff via Council's intranet and is to be reviewed annually by the Executive Management Team.

Authority

1. The Whyalla City Council Business Continuity Plan has been developed under the authority of the Executive Management Team.
2. The Business Continuity Plan will be reviewed and approved by the Audit and Risk Committee and Council.
3. A standing authority is given to the sub plan owners by the Executive Management Team to implement the actions identified within the sub plans.

Training and Communication

A key objective of the BCP is to increase the awareness within the Whyalla City Council of potential business interruption events that could impact Council. The plan outlines the response/ recovery protocols associated with such an event. Training and communication will play a key role in achieving this objective.

Initial guidance and support has been provided by the process facilitators, one of the benefits of a facilitated process is that engagement and ownership of the BCP is developed at the business unit level. It will be the responsibility of the various Senior Managers to ensure that the requirements of the BCP are communicated to all staff and that induction/ training programs include reference to business continuity in the context of sound risk management practices.

All employees associated with a BCP or emergency response should be familiar with the iResponda Training requirements. This training is to be provided to new employees and refresher sessions for existing employees

Managers should be familiar with key deliverables as detailed in the Critical Function Sub Plans and ensure that staff are aware of their roles and responsibilities in the event of a business interruption event.

Validation and Testing

Business Continuity Management is a process, not an event.

Once the BCP has been prepared, commitment to a pre-planned, annual test plan and maintenance schedule is required by Council to ensure BCP procedures remain viable into the future. An annual schedule designed to prepare business units to respond to emergency situations will be held in June of each year, recognising most natural emergency events are associated with the warmer months in Whyalla such as severe heat, bushfire and storm events.

The testing should include all aspects of the BCP, but not necessarily all in one year. Major components (Sub Plans) should be reviewed at least annually.

Volatile information such as contact lists, or areas that are constantly undergoing changes, should be validated every quarter in the first week of March, June, September and December.

In addition to the annual test and review of the BCP, any significant changes in The Whyalla City Council's operations should also trigger a review of the BCP.

Version control of the BCP should be coordinated through the Manager Governance.

Monitoring & review

Monitoring and review is an integral component of the BCP process. Council recognises and is committed to ensure the following monitoring and review strategy is implemented.

Activity for Review		Accountability	Timeframe
1	Business Continuity Plan (overarching plan)	Continuity Management Team	Monitor annually and action as required
2	Business Continuity Plan Training	Continuity Management Team Manager People and Culture	Annual training brief or refresher session
3	Business Continuity Plan Exercise	Continuity Management Team CMT Coordinator	Annual desktop exercise Simulation exercise each 2 years
CEO Unit			
4	Critical Function Sub Plans	CEO	Annual Review
Corporate Services			
5	Critical Function Sub Plans	Director	Annual Review
Infrastructure			
6	Critical Function Sub Plans	Director	Annual Review
City Growth			
7	Critical Function Sub Plans	Director	Annual Review

Process

Notification

On first becoming aware of a possible business continuity event, an Employee should immediately alert the relevant function Manager. The function Manager is required to assess the situation and if the event is likely to exceed the agreed “MAO timeframe”, then the Manager should inform their CMT Member (Director’s) and CMT Lead (CEO) immediately by phone and where possible, with a follow-up email or personal briefing detailing the key issues including:

- Nature of the incident – time informed etc
- Describe business elements impacted (Critical Functions)
- Facility/ equipment impacted
- Staff
- Any response actions implemented (Critical Function Sub Plan)
- Any media involvement/ interest
- Any immediate support requirements.

Elements of the BCP (Sub Plans) can be implemented at the local level, where appropriate to address an immediate response requirement even if the event is expected to be resolved within an acceptable period.

Assessment

On receipt of a notification that will impact business continuity the CMT Lead (CEO) will:

- Formally note details
- Notify other members of the Continuity Management Team (CMT)
- Confirm the details of the incident and appropriate media strategies
- Conduct preliminary impact assessment (facility and technology infrastructure)
- Determine if a control centre needs to be opened.
- Ensure that the Insurer has been formally notified (if appropriate)

Declaration

The CMT Lead (CEO) is to review and consider the preliminary event information and if considered necessary declare a Business Interruption Event.

The CMT Lead is to facilitate the draft communications, both internal and external, for discussion at the initial CMT meeting.

Roles and Responsibilities CMT

The CMT is established to provide a management mechanism that can ensure reporting lines and responsibilities are clear when the BCP is activated.

The focus of the CMT is to manage the business interruption event from a corporate perspective while providing guidance and support to the Managers on site.

This process is facilitated by the development of pre-determined courses of action (BCP Sub plans) thus allowing the CMT to focus on the strategic or whole-of-business response to the business interruption event.

Resilience within the CMT is the responsibility of the CMT. Wellbeing check-ins are recommended. Each CMT position is to have a proxy member identified and trained in the role.

Business Function Criticality

Integral to the BCP is the determination of the Maximum Acceptable Outage (MAO) of a business process.

The loss of a critical business function for a period greater than the MAO will generally result in the establishment of the Continuity Management Team to direct, oversee and support the emergency or Business Continuity and recovery response phases.

Control Centre

On the declaration of a Business Continuity interruption event by the CMT Lead and if deemed appropriate a control centre will be opened. The resourcing and opening of this centre is the responsibility of the CMT coordinator. Given the variable nature of Business Continuity Events, the following sites have been identified and prioritised.

If the incident does not impact the Civic Building:

1. **Civic Building – Darling Terrace, Whyalla. (noting from November 2023 - the Civic Building address will be 21 Grundel Street, Whyalla Norrie)**

If the Civic Building is uninhabitable then:

2. **Library – Ekblom Street, Whyalla Norrie.**

Dedicated Media Briefing Centre

The CMT Lead (CEO) will determine the location of the media briefing at the time of activation. The CMT coordinator is to ensure that this facility can be used when required.

Business Impact Analysis (BIA)

Central to ensuring the ongoing viability of the business in an interruption event is the identification of critical business functions, the processes and assets (people & property) that support the delivery of these critical functions and the impact of the loss of the functions on the business are analysed within a Business Impact Analysis. BIA's have been completed for each of the identified critical functions and are contained within the Critical Function Sub Plans.

Responsibility Statements

Responsibility Statements for each position in the CMT and supporting positions have been developed to ensure there are clear and unambiguous directions available for each of the members of the CMT. All responsibility statements are to be approved by the CMT and this action is to be recorded on the statement. On activation of the BCP, these statements come into effect.

Business Continuity Instructions (BCI)

Upon declaration of an interruption event, the following instructions have been developed to provide assistance.

- **Emergency Contacts**
- **CMT Sample Meeting Agenda**
- **Media Enquiry Record Form**
- **Media and Communications**
- **Business Continuity Coordination Centre Checklist**
- **Pandemic Response Information Guide**

Emergency Contacts

A list of Emergency Contacts has been prepared including all nominated members of the CMT, their designated deputies as well as key external services.

A copy of this listing should be held off-premises by respective CMT and members and identified alternates to enable the listing to be referenced in the event that access is denied to the premises or members of the CMT are working from a remote location.

A small BCP kit should be considered for all Managers and CMT Members.

Authority - Media

In the event of a BCP declaration the Chief Executive Officer and Mayor may communicate with media agencies. The Chief Executive Officer may delegate this authority. The Chief Executive Officer will determine where practicable in consultation with other senior management and the Mayor the appropriate communication strategy in the circumstances.

This extends to contractors and other service providers and agencies and should be communicated in any site contractor agreements.

General Statement to Media in the event of a business interruption occurrence

In the event of a major incident, particularly after-hours, there may be a period of time elapsed before the designated media spokesperson is in a position to respond to media enquiries.

Should any staff member be approached by media representatives for a comment they are authorised to make the following statement:

"I am sorry, but I am not authorised to make any statement at this time. The appropriate personnel are currently being briefed on the situation and a spokesperson will be available to talk to you shortly."

There is no such thing as an "off the record" comment.

If you cannot immediately refer the journalist to the Chief Executive Officer, please complete the Media Enquiry Record Form.

Let the journalist know that someone will return their call promptly.

Provide the Chief Executive Officer with the journalist's details as soon as possible.

The staff member is required to provide any background and relevant information that they have about the event, including how the journalist came to contact you.

Methodology

Business continuity encompasses the identification and risk management of Council's business processes. It involves a stepping process that seeks to identify, assess control and monitor Council's business functions.

The plan has been developed with consideration given to AS/NZS 5050:2020 Business Continuity - Managing disruption-related risk, AS/NZS/ISO 3100:2018 Risk Management-Principles and guidelines and the ANAO (Australian National Audit Office) Business Continuity Management guidelines – "Keep the wheels in motion", and Societal Security – Guidelines for incident preparedness and operational continuity management (ISO 22320 – 2018).

Broadly, the steps in developing the Business Continuity Plan include:

1. Identify and Assess Business Processes and Functions

Identify business processes and functions within each individual business unit/ section/ division. Once the functions are identified an analysis at a whole of organisational level is conducted to determine which functions are critical and require further planning to ensure the ability to respond in the face of a continuity interruption event.

2. Conduct the Business Impact Analysis (BIA)

The BIA is conducted on those functions identified as critical within the business process assessment. The BIA is intended to identify the impacts of the function loss on the business, functional interdependencies and organisational ownership. The BIA also looks at the resources currently required to support the functions and assesses the minimum level of resources required to continue the availability. Importantly the BIA is the tool that is used to determine the Maximum Acceptable Outage (MAO).

3. Business Continuity Sub Plans

The sub plan identifies the agreed actions that a business process owner will undertake to manage the loss of the function through the emergency, continuity and recovery phases. The sub plan identifies ownership, failure scenarios, criteria for invoking the plan, and agreed courses of action for emergency, continuity and recovery.

4. Overarching Business Continuity Plan (BCP)

The BCP identifies the responsibilities of key Managers, with particular emphasis on direction setting and effective and timely communication to stakeholders at an organisational level. It is important to recognise that this document provides a flexible framework in which the organisation can plan for the disruption of its critical functions. It does not attempt to identify and plan for every contingency or outage that could occur. The sub plan provides a flexible framework for the process owners to identify, plan and develop redundancy for business processes.

5. Test and maintain the BCP

The BCP will be reviewed annually by the CMT Lead and Members (Executive Management Team) with the relevant Manager from each business unit, these actions are essential to ensure that it reflects the current practices of the organisation.

Testing of the Critical Function Sub plans and overarching plans will provide management assurance that the plan(s) are effective. The testing regime is based on the following:

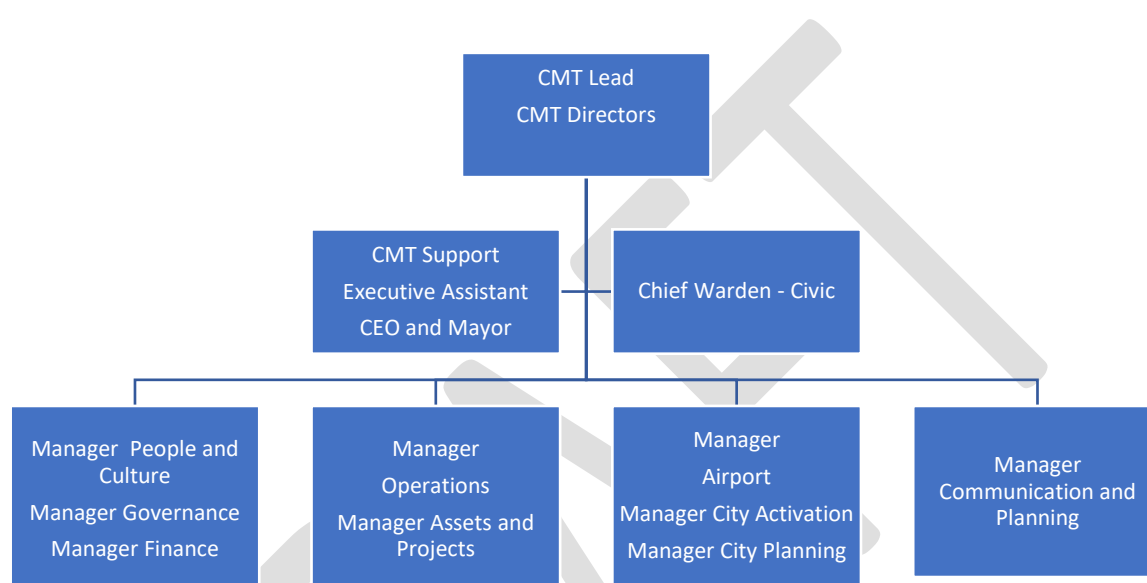
- Desktop/ paper audit to ensure that the appropriate documents are available and understood; for sub plans and overarching plan
- Structured “walk through” where a business interruption scenario is played out through a mock recovery; and a divisional or whole of organisation level, and

The frequency and actions to be undertaken are identified within the monitoring and review section of this document.

Continuity Management Team

CMT – Structure

The focus of the CMT is to manage the business interruption event from a corporate perspective while providing guidance and support to the Managers on site.



CMT Position	Critical Staff Position	Alternate Staff Position
CMT Lead	Chief Executive Officer	As determined by CEO
CMT Member	Director Corporate	Manager People and Culture
CMT Member	Director Infrastructure	Manager Assets and Planning
CMT Member	Director City Growth	Manager City Planning
CMT Coordinator	Manager Governance	WHS Business Partner
CMT Support	Executive Coordinator - CEO and Mayor	Executive Coordinators
Chief Warden	Chief Warden – Civic	Chief Warden – other WCC locations

Control Centre

If the incident does not impact the Civic Building the control centre will be:

1. **Civic Building – Darling Terrace, Whyalla. (21 Grundel Street as at October 2023)**

If the Civic Building is uninhabitable then the control centre will be:

2. **Library – Ekblom Street, Whyalla Norrie.**

Dedicated Media Briefing Centre

The CMT Lead (CEO or nominated EMT member) will determine the location of the media briefing at the time of activation. The CMT coordinator (Manager Governance) is to ensure that this facility is able to be used when required.

Initial CMT Meeting and draft agenda

1. Purpose - to obtain detailed information from the relevant business areas impacted, including:
 - Staff impact and requirements
 - Any associated Emergency Services issues
 - Building facilities condition
 - Public relations/ media
 - Damage/ security
 - Salvage of building and/ or IT equipment and
 - Review and confirmation of delegation of authorities for staff.
2. Ensure all CMT members understand their responsibilities and their assigned tasks.
3. Ensure a formal record of the meeting is collated and updated by the CMT Support person with an emphasis on items to be actioned.

Other Issues for consideration include

- Scheduling of site visit
- Identification of affected departments
- Public notification
- Schedule staff meetings
- Development of an initial plan for operations (short-term)
- Allocation of temporary work locations.

General Statement to Media

4. Advise staff members, approached by media representatives for a comment that they are only authorised to make the following statement:

"I am sorry, but I am not authorised to make any statement at this time. The appropriate personnel are currently being briefed on the situation and a spokesperson will be available to talk to you shortly"

5. Determine where practicable in consultation with other senior management and the Mayor the appropriate communication strategy including the delivery of the communication in the circumstances.

Overview of Business Function Criticality

The following table summarises the response from the completed sub plans. and the maximum acceptable outage for that function for each business unit.

Division/ Group	Corporate Services	
Business Unit	Critical Function	Max Acceptable Outage
Records Management	Records management services	2 – 14 days
Finance	Income (cash flow, rates, investments and banking)	2 weeks
Customer Service	Customer service functions to the community	3 hours
Payroll	Staff payroll	Payday +1 day
Animal Management	Management of stray animals	1 to <3 days
Environmental Health	Environmental Health and Food Safety	1 – 2 days
Procurement	Procurement	<10 days
Information Technology	Connectivity and access to systems	<1 day
Division/ Group	Infrastructure	
Business Unit	Critical Function	Max Acceptable Outage
Cemetery	Cemetery	<3 days
Waste	Waste management disposal	1 – 7 days
Infrastructure	Emergency Response – assisting ZEST	2 – 24 hours
Division/ Group	City Growth	
Business Unit	Critical Function	Max Acceptable Outage
Child Care	Child Care	1 day
Airport	Passenger dispatch/receipt	6 Hours
Library	Alternative Control Centre	<1 day
Visitor Information Centre	Traveller information and assistance	<1 day
Division/ Group	Office of the CEO	
Business Unit	Critical Function	Max Acceptable Outage
Council	ZEMC	<1 Day
Media	Media and Communications	<1 day

Responsibility Statements

Responsibility Statement – CMT Lead (CEO)			
Position	CMT Lead	Staff Position	CEO (or Nominated EMT Member)
During any absence, this role will be assumed by		As determined by the CEO/ EMT	
Position Statement	The CMT Lead is responsible for declaring a business continuity event, invoking the BCP, and overseeing and managing all resumption activities.		
Knowledge Requirements	1. High level of organisation activities and service delivery priorities 2. Community, Business and Regulatory contacts		
Responsibilities	<p>The CMT Lead must make decisions as to the best strategy for business resumption based on information received by other CMT members.</p> <p>This strategy is then translated into an action plan by the support teams.</p> <p>Responsibilities include:</p> <ul style="list-style-type: none">• Maintain knowledge of BCP and relevant critical function sub-work plans• Participate, monitor and review activities• Participate in and ensure appropriate levels of training is undertaken <p>On Activation</p> <ul style="list-style-type: none">• Activate the BCP• Notifying and liaising with stakeholders• Provide the focal point in communication to staff, media and the public• Establishing and chairing all CMT meetings (may delegate)• Authorisation of any detailed restoration plan• Delegate tasks and oversee the resumption activities• Monitor the gathering of business interruption event information• Promote the well-being and safety of all staff• Liaise with Council Members via the Mayor		

Responsibility Statement – CMT Member Corporate Services			
Position	CMT Executive Member/s	Staff Position	Director Corporate Director City Growth Director Infrastructure
During absence this role will be assumed by		Identified Managers listed in the CMT – Structure, Page 15	
Position Statement	<p>A successful Continuity Management Team (CMT) relies on expertise from within the organisation as they are the people that understand the business processes and related risks. Accordingly, the Executive Team members are the designated members of the CMT and are charged with implementing the whole of organisation response.</p> <p>However, they still maintain responsibility for the continuity and recovery actions of their individual business units. The business unit activities are undertaken by the function managers in accordance with agreed sub plans.</p>		
Knowledge Requirements	<ol style="list-style-type: none">1. High level of group activities and service delivery priorities2. High level knowledge of group critical function sub plans3. High level knowledge of overarching BCP		
	<p>Responsibilities include:</p> <ul style="list-style-type: none">• Maintain working plans, knowledge of BCP and relevant critical function sub plans• Participate monitor and review activities• Participate in and ensure appropriate levels of training are undertaken with critical function sub plan managers <p>On Activation:</p> <ul style="list-style-type: none">• Operate as a member of the CMT• Ascertain the impact on business unit activities and report to the CMT• Co-ordination of business unit critical function sub plan implementation as required• Monitor implementation against the Business Continuity Plan• Maintain Information and report on costs to CMT• Maintain Communication with staff		

Responsibility Statement – CMT Co-ordinator			
Position	CMT Co-ordinator	Staff Position	Manager Governance
During absence this role will be assumed by		Governance Coordinator / WHS Business Partner	
Position Statement	The CMT Co-ordinator is required to assist the CMT Lead in the management of the business resumption activities. The CMT Co-ordinator must be familiar with the business continuity plan, Critical function Sub Plans and team responsibilities.		
Knowledge Requirements	<div>1. High-level knowledge of overarching BCP</div> <div>2. Understanding of organisation activities and service delivery priorities</div> <div>3. High level of internal key contacts and accountabilities</div>		
Responsibilities	<div>The CMT coordinator (Manager Governance) is required to report to the CMT on the currency of individual business level continuity plans and activities.</div> <div>Responsibilities include:</div> <div><div><div></div>Pre-event coordination of BCP and sub plans with relevant owners</div><div><div></div>Coordination training for CMT members</div><div><div></div>Training for all roles listed in the business continuity plan</div><div><div></div>Testing the Business Continuity Plan</div><div><div></div>Coordination and Resourcing of control centre on direction from CMT</div></div> <div>On Activation</div> <div><div><div></div>Open Control Centre on direction from CMT Lead</div><div><div></div>Assisting CMT Lead and Members as required</div><div><div></div>Notify the insurer and manage the insurance requirements</div></div>		

Responsibility Statement – Chief Warden – Civic Building			
Position	Chief Warden – Civic Building	Staff Position	Information Technology Coordinator
During absence, this role will be assumed by		Deputy Chief Warden or any available warden	
Position Statement	The Chief Warden assumes control of the site / building from the time the alarm is raised until the arrival of the emergency services. The Chief Warden is the person that liaises with the emergency services until the emergency is over.		
Knowledge Requirements	<ul style="list-style-type: none">• Knowledge of the layout of the building and ability to direct emergency services to the location of the emergency.• Ability to communicate clearly.• Ability to remain calm during an emergency.		
Responsibilities	<ul style="list-style-type: none">• Member of EPC and ECO• During an emergency event, decide to evacuate building if required.• Ensure emergency services have been called in the event of an emergency.• Liaise with emergency services during emergency.• Liaise with other wardens during emergency – especially to ensure building is fully evacuated if required.• Keep EMT informed of the status of emergency.• Decide (in consultation with emergency services) when any evacuation can end.• Be involved in emergency event debrief with ECO		

Responsibility Statement – CMT Co-ordinator			
Position	CMT Member	Staff Position	Leadership Team
During absence this role will be assumed by		Relevant Coordinator	
Position Statement	The CMT Member is required to assist the CMT Lead in the management of the business resumption activities. The CMT Member must be familiar with the Business Continuity Plan, Critical function Sub Plans and team responsibilities.		
Knowledge Requirements	<div>1. High-level knowledge of overarching BCP</div> <div>2. Understanding of organisation activities and service delivery priorities</div> <div>3. High level of internal key contacts and accountabilities</div>		
Responsibilities	<div>The CMT Member is required to report to the CMT on the currency of individual business level continuity plans and activities.</div> <div>Responsibilities include:</div> <div><div>• Testing the Business Continuity Plan</div><div>• Coordination and Resourcing of control centre on direction from CMT</div></div> <div>On Activation</div> <div><div>• Assisting CMT Lead and Members as required</div></div>		

Responsibility Statement – CMT Support			
Position	CMT Support	Staff Position	Executive Officer CEO and Mayor
During absence, this role will be assumed by		Executive Coordinator Corporate, City Growth and Infrastructure	
Position Statement	The CMT Support is responsible for the smooth functioning of the Control Centre (if established) and the administrative needs of the CMT.		
Knowledge Requirements	1. High level of internal key contacts and resource knowledge 2. High level of administrative functions and arrangements		
Responsibilities	<p>Responsibilities include:</p> <p>Maintain working knowledge of BCP and relevant critical function sub plans</p> <p>Maintain a high level of administration skills</p> <p>On Activation:</p> <ul style="list-style-type: none">• If required assist with the setup of the control centre and arranging stationery, equipment etc.• Arrange resources to assist CMT members (if required)• Make arrangements for all CMT meetings• Provide general administrative support (including a log of all events, actions and resumption status, CMT member movements etc.)• Create and Maintain a chronologic log of meetings and decisions made.		

BCI 1 Emergency Contacts

Continuity Management Team

CMT Position	Staff Position	Contact Details	Alternate Staff Position	Contact Details
CMT Lead	Chief Executive Officer	Mobile 0414 896 104	As determined by Group Managers	n/a
CMT Member	Director Corporate	Mobile 0434 305 565	Manager People and Culture	Mobile 0400 182 735
CMT Member	Director City Growth	Mobile 0429 340 775	Manager City Development	Mobile 0447 597 344
CMT Member	Director Infrastructure	Mobile 0418 810 167	Manager Assets and Planning	Mobile 0419 212 711
CMT Coordinator	Manager Governance	Mobile 0408 492 884	Governance Coordinator	Mobile 0488 051 311
Chief Warden	Information Technology Coordinator	Mobile 0411 098 000	Deputy Warden	Mobile
CMT Member	Manager People and Culture	0400 182 735	WHS Business Partner	
CMT Member	Manager Communication and Social Media	0411 054 643	Digital Content Officer	0429 323 380
	Manager Airport	0447 796 909	Airport Coordinator	0409 906 545
CMT Support	Executive Officer	Mobile	Executive Coordinator Corporate, City Growth Infrastructure	Mobile

BCI 2 Emergency Contacts External

Service	Company	Contact Details
Ambulance	SAAS	000
Police	SAPOL	8648 8020 / Hot line 131 444 / 000
Property damage /	SES / Unit manager	8644 0088 / 0417 818 564
Emergency assistance	SES / Deputy	0419 862 630
Telstra / faults	Telstra	132 203
Water	SA Water	1300 883 121
Gas leak emergency	Origin Energy	1800 808 526
Minor Gas issues	Origin Energy	132 461
Power outage/damage	ETSA	8404 5667 / 131 261
Notifiable incidents	SAFEWORK SA	1800 777 209
Notifiable incidents	Office of the Technical Regulator	8226 5518 / AH. 1800 558 811
Earthmoving machinery	Whyalla Earthworks	Geoff 0419 357 902 Michael 0428 897 981
	Growden Excavations	Brenton 0418 843 208
	Des Dunstall Excavations	Des 0419 827 948 Naomi 0428 849 413
	Whyalla Excavations	Neil 0447 018 333
	Whyalla Landscape Supplies	Dave 0417 814 654
General machinery	See Us Maintenance	Chris 0408 810 281
	Whyalla Bobcat and Tipper Hire	Andrew 0407 606 064
Crane hire	CBCH	Chris 0419 828 896
	Max Cranes	8644 3128 / 8641 3955
Security	Silvern Guardian	8645 2352
Software Vendor	DATA#3 Infrastructure Sales Support	1300 23 28 23 sasupport@data3.com.au
Risk	LGRS – Anthony Genovese, Division Manager, LGRS	t: +61 8 8235 6493 m: +421 610 282 e: anthony.genovese@jlta.com.au w: https://www.lgrs.com.au
Minister	Minister for Local Government The Hon. Geoff Brock MP	08 17331200
ICAC	ICAC	08 84635191
OAIC	Office of the Australian Information Commissioner	1300 3639 92

BCI 3 Alternate Work Location Seating Plan/s

Space Capacity plan (Insert timeframe *i.e. Immediate – 1 week*) to be completed on activation

Function & FTE count	No. of these employees with remote work capability?	Alternate work locations					
		Library Spare Capacity =	Depot Spare Capacity =	Civic Centre Spare Capacity =	Home	Other	A/Leave

BCI 4 Media Enquiry Record Form

Business Continuity – Media Enquiry Record Form			
Taken by:			
Issue:			
Date:		Time of call:	
Journalist name:			
Contact numbers:			
Media outlet:			
Deadline:			
Publication date:			
Question:			
Taken by:			
Issue:			
Response by:			
Position in Whyalla City Council:			
Response:			
Date:		Time:	

BCI 5 Press Release

On **(insert day and date)** at approximately **(insert time)** Council experienced a business interruption event **(describe event)** as a result of this event the following services are currently impaired: (examples)

- Rates
- Water & Sewer
- Roads
- Community Services.

Services that are not impacted by the business interruption include: (examples)

- Libraries
- Swimming pools
- Etc

Workarounds are currently being put in place in line with Council's Business Continuity Plan.

Council will advise the community via the media once service delivery strategies have been confirmed.

Council's contact number remains 8640 3444.

Issued by

Chief Executive Officer
The Whyalla City Council
Time

Date

BCI 7 Business Continuity Coordination Centre Checklist

Business Continuity Coordination Centre		
Element	Issues to be addressed	Actions Required
Location of BCCC	The location of the Whyalla City Council Coordination Centre is the Civic Building – Darling Terrace, (21 Grundel Street from November 2023) Whyalla providing that the building is not subject to the	Determine the suitability of the Civic Building depending on event type
Alternate Location of BCCC	Whyalla Public Library – Ekblom Street, Whyalla Norrie Infrastructure Depot – 155 Lacey Street, Whyalla Playford	Determine the number of staff who could relocate to these sites
Diagram of BCCC	<i>To be included as an appendix to BCP</i>	
Provisions of telecommunications facilities	All key stakeholders within the CMT and EPC committees have access to a mobile phone and laptop	
Provision of internet facilities	Each Council site has access to the Council internet	Determine whether external modems are available and can be deployed
Emergency power requirements for	Generator backup for the BCCC	Determine the availability of generator and fuel
Management and Staffing	See Responsibility Statements for nominated positions	
Security	Silvern Guardian	WCC current service provider
Media	Manager Communications and Public Relations	Media Team availability
Initial level of activation	Determined at the CMT or EPC meeting	
Stages of Operation Activation	As determined by CMT considering the BCP sub plan	
Information Displays	Information Board required in the Business Continuity Control Centre (BCCC) Current Operations Display Board , showing all tasks currently being carried out Contacts Display Board Used to display important contact telephone and fax numbers in regular use Resources Allocation Board Showing resources location, resources committed and resources available Staff Rosters for longer or protracted use of the BCCC	CMT Support to coordinate

Business Continuity Coordination Centre		
	Timing Details recording of Briefing, meetings Situation Report etc Media Releases Copies of publicly released materials	CMT Lead to determine
Plans and Documents	Hard and soft copies of BCP, including Critical Function Sub Plans	CMT Support to compile these
Administration	Stationary Equipment list to be developed by the CMT Support	
Extended Operations	Staff Roster to be developed if protracted use of the BCCC is expected	CMT Coordinator in conjunction with Manager People and Culture
Briefing Sessions	Suitable briefing timing sessions to be identified by the CMT 1. Staff 2. Media 3. Community 4. Elected Members	
Stages of Operation Stand down	Stand down of the BCCC will be at the discretion of the CMT Lead A stand down of the coordination centre may be a gradual phasing down over a period of time or it may be an immediate cessation of the operation	CMT Coordinator and CMT Support to coordinate these actions
Forms	CMT Coordinator to identify suitable forms to be used to collect and record information within the BCCC	A BCP forms folder in physical and electronic versions to be made available
Date approved by CMT		

Critical Function Sub Plans

Corporate Services

Records Management

Records Management			
Prepared by	Record Management Coordinator	Date	21 March 2023
Sub Plan Owner	This plan is owned by the Director Corporate who has overall responsibility for this plan. The routine management of the plan is delegated to Records Management Coordinator who has responsibility for ensuring the accuracy and currency of the plan and advising the Director Corporate of any changes required.		
Identified Critical Business Functions			
Capturing all electronic or hard copy documents as well as assigning access protocols for accessing to ensure integrity of records.			
Overview of Functions (Context)			
Mail – 10 per day Email/faxes – 115 per day Emails going directly to staff require those staff to record appropriately.			
Business Impact Analysis			
Business Impact of Function Loss	Penalties for Non Delivery	Functional Independencies	
<ul style="list-style-type: none">Productivity lossesLose the ability to access informationReputational damage - unable to provide customers (external stakeholders) with information i.e. FOI requests	NIL	<ul style="list-style-type: none">Synergy SoftKofaxMicrosoft Exchange/Outlook	
Current Resources Premises/ Equipment/ Staff	Minimum Resources Required	Alternate Manual Process or Work Around	
<ul style="list-style-type: none">3 x computers1 x scanners1 x photocopier (scanner/fax)2.18 x FTE equivalent1 x archive room2 x compactus units	Up to 25% capability <ul style="list-style-type: none">1 x staff1 x laptop/ computer1 x photocopier/ fax/ scannerStorage i.e. archive boxes and manila folders Synergy Soft/Microsoft Exchange Outlook documents and keep all copy•	<ul style="list-style-type: none">Photocopy incoming documents and pass copy to appropriate officer until they can be electronically registered (this can be set up in any other site or even at home).Photocopy outgoing documents in a dated archive box until they can be electronically registered	
Disruption Scenario			Max Acceptable Outage
<ul style="list-style-type: none">No access to building (fire/ flood/ earthquake)Loss of staffLoss of Power/IT Services (electrical storm)			<ul style="list-style-type: none">2 weeks3 days5 days

Records Management		
Authority for Invoking Plan		Manager Finance and Knowledge Management, Director Corporate
Key Decision Makers to be assembled		
Director Corporate, Manager Finance and Knowledge Management, Records Management Coordinator, Information Technology Coordinator.		
Stakeholders other than the process owner		
Internal	External	
Council staff – general	<ul style="list-style-type: none">- Rate payers and residents- Government Agencies- Social and Support Non-Government Agencies- Various Organisations i.e. Land Agents	
Pre Event Preparedness Current policies & procedures & access points required to deliver function		
<ul style="list-style-type: none">- SynergySoft Manuals – work instructions- Records Management Policy- Records Access Procedure		
Emergency Response Immediate actions required if function is lost.		
On being advised of a business interruption event the following immediate responses should be considered:		
<ul style="list-style-type: none">- Meet with key staff to consider alternative set up locations- Refine equipment/resources required- Identify software recovery timeframes- Consider setting up for manual work around process- Advise all staff of loss of function and their requirements to assist with records management in the interim- Advise media officer of loss of function to alert community		
Continuity Management Actions required to ensure continued availability of the function		
In the event of a business interruption event occurring as identified within the Disruption scenario analysis , that exceeds the identified MAO the following responses may be appropriate:		
<ul style="list-style-type: none">- Bring additional staff online to assist in records management function (some staff previously trained ie Finance)- Process manual workaround backlog- Computer access including Synergy Soft- Continually remind and check on staff to send copies back to the records team- Provide work instructions to staff to ensure correct process		
Communication Considerations		
Internal	External	
Access to records has been disrupted – please photocopy all documents which need to be recorded and give photocopies to the Records Staff	Access to Records has been disrupted and will not be available for land search requests, FOI and Customer requests for information until further notice	
Further Treatment/Action Plans Actions required for continuous improvement		
Treatment/Action Plan	Position Responsible for development	Target Date
		Annual Review

Corporate Services

Income (cash flow, rates, investments and banking)

Income (cash flow, rates, investments and banking)			
Prepared by	Finance Manager and Knowledge Management	Date	28 March 2023
Sub Plan Owner	This plan is owned by the Director Corporate who has overall responsibility for this plan. The routine management of the plan is delegated to Manager Finance and Knowledge Management who has responsibility for ensuring the accuracy and currency of the plan and advising the Director Corporate of any changes required.		
Identified Critical Business Functions			
To keep cash income through debtors, rates and investments flowing into the organisation.			
Overview of Functions (Context)			
<ul style="list-style-type: none">Accounts receivable - responsible for sending invoices within timelines to debtors to generate income.Monitoring short-term/long-term cash deposits managed/ rolled over to earn better interest (or withdrawn if required).Issue rate notices and manage outstanding rates balances to ensure income inflows are sufficient.Manage loan balances and ensure sufficient capacity available to fund projected cash flows.			
Business Impact Analysis			
Business Impact of Function Loss	Penalties for Non Delivery	Functional Independencies	
<ul style="list-style-type: none">Inability to pay creditorsReputational damageMay impact local economy	<ul style="list-style-type: none">NIL	<ul style="list-style-type: none">IT system – Synergy soft,NABLGFA	
Current Resources Premises/ Equipment/ Staff	Minimum Resources Required	Alternate Manual Process or Work Around	
<ul style="list-style-type: none">4 x FTE4 x computers	<ul style="list-style-type: none">3 x FTE (2 authorisers)Can work remotely – notebook and phoneFunctional IT systems	<ul style="list-style-type: none">Manual invoice books and rate notices	
Disruption Scenario			Max Acceptable Outage
<ul style="list-style-type: none">Loss of key staffLoss of IT services			2 weeks (loans can fund cash flow)
Authority for Invoking Plan Director Corporate			
Key Decision Makers to be assembled			
Chief Executive Officer, Director Corporate Services, Manager Finance, Finance Coordinator			
Stakeholders other than process owner			
Internal		External	
<ul style="list-style-type: none">Chief Executive OfficerExecutive Management Team		<ul style="list-style-type: none">NABCreditors and Employees	
Pre-Event Preparedness Current policies & procedures & access points required to deliver function			
<ul style="list-style-type: none">Staff training to allow other staff to take control of accounts receivable, rates and investments if requiredDetailed procedure notes for each function			

Income (cash flow, rates, investments and banking)		
Emergency Response Immediate actions required if function is lost.		
On being advised of a business interruption event the following immediate responses should be considered:		
<ul style="list-style-type: none">- Determine unavailability of IT services and possible time span- Ensure internal escalation to Director Corporate is completed- Determine if usual staff are available- Determine if appropriate workplace is available		
Continuity Management Actions required to ensure continued availability of the function		
In the event of a business interruption event occurring as identified within the Disruption scenario analysis , that exceeds the identified MAO the following responses may be appropriate:		
<ul style="list-style-type: none">- If IT services are unavailable, revert to manual processing of accounts receivable and rates- Public notice to residents and businesses advising of possible delay in them receiving accounts and rates notices- Train any available staff to help with manual processes- Continue to work from temporary workplace, if required, and advise public of any change to contact details		
Communication Considerations		
Internal	External	
Announcement via supervisors to relevant staff, seeking possible help for processing of manual invoices and rate notices	Appropriate media announcement to ratepayers and debtors, advising possible delay of accounts	
Further Treatment/Action Plans Actions required for continuous improvement		
Treatment/Action Plan	Position Responsible for development	Target Date
<ul style="list-style-type: none">- Backup staff trained to step in when required- Ensure a manual system is easily accessible in event of IT services not available	Manager Finance	3 months

Corporate Services

Payroll

Payroll			
Prepared by	Manager Finance and Knowledge Management	Date	28 March 2023
Sub Plan Owner	<p>This plan is owned by the Director Corporate who has overall responsibility for this plan.</p> <p>The routine management of the plan is delegated to the Manager Finance and Knowledge Management who has responsibility for ensuring the accuracy and currency of the plan and advising the Director Corporate of any changes required.</p>		
Identified Critical Business Functions			
<ul style="list-style-type: none"> Staff payroll function 			
Overview of Functions (Context)			
<ul style="list-style-type: none"> All Council wages and salaries staff are paid on fortnightly basis with the periods finishing on a Sunday and the funds being transferred to the National Australia Bank electronically prior to 4pm on the following Tuesday. Payments to staff are made in accordance with the Local Government Employees Award, Municipal Services Officer's SA Award and Councils adapted salary system. 			
Business Impact Analysis			
Business Impact of Function Loss	Penalties for Non Delivery	Functional Interdependencies	
<ul style="list-style-type: none"> Noncompliance with Enterprise Agreements, Awards etc Industrial unrest – staff attendance Reputational damage 	<ul style="list-style-type: none"> Penalties – financial 	<ul style="list-style-type: none"> Hardcopy timesheets Banking system - NAB IT payroll program – Definitive 	
Current Resources Premises/ Equipment/ Staff	Minimum Resources Required	Alternate Manual Process or Work Around	
<ul style="list-style-type: none"> 1 x staff 1 x computer 1 x desk 	<ul style="list-style-type: none"> 1 x staff (redundancy with Creditors Officer or Finance Coordinator) 1 x laptop 	<ul style="list-style-type: none"> Refer to Continuity Plan 	
Disruption Scenario			Max Acceptable Outage
<ul style="list-style-type: none"> Loss of key staff Interruption to cloud based system 			Payday + 1
Authority for Invoking Plan Director Corporate			
Key Decision Makers to be assembled			
Director Corporate, Manager Finance, Finance Coordinator, Payroll Officer.			
Stakeholders other than process owner			
Internal	External		
<ul style="list-style-type: none"> All employees 	<ul style="list-style-type: none"> Banking authorities - NAB Unions 		

Payroll		
Pre Event Preparedness Current policies & procedures & access points required to deliver function		
The current policy and procedures for this critical function can be located: <i>Electronic copies</i> – Within folder under ‘Payroll Officer’ <i>Hard copies</i> – Pay office – manual on how to undertake payroll		
Emergency Response Immediate actions required if function is lost.		
On being advised of a business interruption event the following immediate responses should be considered: <ul style="list-style-type: none">- Manager Finance to be informed immediately- Source of disruption to be identified where possible i.e. payroll system, external banking- If the outage is longer than identified MAO the continuity response to be enacted- Liaison with external agencies (ie NAB)		
Continuity Management Actions required to ensure continued availability of the function		
In the event of a business interruption event occurring as identified within the Disruption scenario analysis , that exceeds the identified MAO the following responses may be appropriate: <ul style="list-style-type: none">- Manual pay process to be implemented. This will require arranging with the bank to ‘run last pay’ until further advised- Timesheets to be collected and stored securely until restoration activities can occur- Run a ‘standard’ pay as a first priority then if outage is longer than one pay period then bank to be instructed to ‘run standard pay’, pay staff to arrange date for bank on stand-alone laptop from backup- In the event of loss of staff then the Director Corporate to be informed to identify suitable staff to second to assist in the payroll preparation process		
Communication Considerations		
Internal	External	
Director Corporate – keep informed IT staff – assist with remote access Financial Services Officer - Employees - to be informed that standard pay does not include overtime and penalties	NAB – keep them informed of requirements	
Further Treatment/Action Plans Actions required for continuous improvement		
Treatment/Action Plan	Position Responsible for development	Target Date
<ul style="list-style-type: none">- Backup emergency pay procedure to be developed- Check that manual work around works for NAB- Training of backup staff	Payroll Officer	3 months

Corporate Services

Procurement

Procurement			
Prepared by	Manager Finance and Knowledge Management	Date	28 March 2023
Sub Plan Owner	<p>This plan is owned by the Director Corporate who has overall responsibility for this plan.</p> <p>The routine management of the plan is delegated to Manager Finance and Knowledge Management who has responsibility for ensuring the accuracy and currency of the plan and advising the Director Corporate of any changes required.</p>		
Identified Critical Business Functions			
<ul style="list-style-type: none"> Supply of goods and services into the organisation. 			
Overview of Functions (Context)			
<ul style="list-style-type: none"> Processing credit card purchase orders Approaching market with Requests for Quotes and Tenders 			
Business Impact Analysis			
Business Impact of Function Loss	Penalties for Non Delivery	Functional Interdependencies	
<ul style="list-style-type: none"> Inability to source required goods and services Critical decision-making not documented 	<ul style="list-style-type: none"> Delays in starting projects may result in financial impacts 	<ul style="list-style-type: none"> Altus 	
Current Resources Premises/ Equipment/ Staff	Minimum Resources Required	Alternate Manual Process or Work Around	
<ul style="list-style-type: none"> 2 x FTE's 2 x Credit card 2 x Office computers 	<ul style="list-style-type: none"> 1 x FTE 1 x computer 	<ul style="list-style-type: none"> Manual Purchase Order books Procedure for staff to process own POs. 	
Disruption Scenario			Max Acceptable Outage
<ul style="list-style-type: none"> Loss of staff Loss of IT 			<ul style="list-style-type: none"> < 10days
Authority for Invoking Plan Director Corporate			
Key Decision Makers to be assembled			
<ul style="list-style-type: none"> Director Corporate, Manager Finance and Procurement Coordinator 			
Stakeholders other than process owner			
Internal		External	
<ul style="list-style-type: none"> CEO Executive Management Team Elected Members Employees 		<ul style="list-style-type: none"> Creditors/Suppliers/Contractors 	
Pre Event Preparedness Current policies & procedures & access points required to deliver function			
<p>The current policy and procedures for this critical function can be located –</p> <p>Electronic copies: Documented Council 'Procedure for Staff to Process own Purchase Orders'</p>			

Procurement		
Emergency Response Immediate actions required if function is lost.		
On being advised of a business interruption event the following immediate responses should be considered:		
<ul style="list-style-type: none">- Identify significance/potential impact of incident on the function		
Continuity Management Actions required to ensure continued availability of the function		
In the event of a business interruption event occurring as identified within the disruption scenario analysis , that exceeds the identified MAO the following responses may be appropriate:		
<ul style="list-style-type: none">- Undertake manual processing of purchase orders- Notify public and business as appropriate (potential delays)- Train additional staff to help with manual processes		
Communication Considerations		
Internal	External	
<ul style="list-style-type: none">- Announcement via supervisors to relevant staff, seeking help for processing purchase orders.	<ul style="list-style-type: none">- Appropriate announcement advising possible delays in payment of accounts.	
Further Treatment/ Action Plans Actions required for continuous improvement		
Treatment/ Action Plan	Position Responsible for development	Target Date
<ul style="list-style-type: none">-		Annual Review

Corporate Services

Management of Stray Animals

Management of Stray Animals		
Prepared by	Regulatory Services Coordinator	Date 12 April 2023
Sub Plan Owner	This plan is owned by the Director Corporate Services who has overall responsibility for this plan. The routine management of the plan is delegated to the Regulatory Services Coordinator who has responsibility for ensuring the accuracy and currency of the plan and advising the Director Corporate.	
Identified Critical Business Functions		
■ Collect/catch and house stray dogs/ cats and reuniting with owners		
Overview of Functions (Context)		
■ RSPCA contracted to collect/catch and house stray dogs/ cats found or notified and reuniting with owners. ■ To provide a service to the community by picking up/ collecting stray dogs/ cats, having somewhere to house them and reuniting them with their owners as soon as possible – up to 350 dogs per year and housing 14 pens and up to 20 cats. ■ To maintain safety of community in regard to wandering dogs during emergency event		
Business Impact Analysis		
Business Impact of Function Loss	Penalties for Non Delivery	Functional Independencies
■ Reputational damage (community criticism) ■ Risk of injury to community	■ Possible claims against Council if impounding procedure is not followed and i.e. dog is injured.	■ Dogs and Cats Online – Cloud ■ Synergy Soft ■ RSPCA Shelter- mate
Current Resources Premises/ Equipment/ Staff	Minimum Resources Required	Alternate Manual Process or Work Around
RSPCA ■ Dog pound – 14 pens/ large fenced areas ■ 1 x dedicated dog van ■ 2 x trained staff ■ Dog catching equipment ■ Mobile phones ■ Microchip scanners	■ Vehicle ■ Mobile phone ■ 1 x trained staff (Council has back up officers x 2 if RSPCA unable to provide services) ■ Leashes ■ Large fenced area or shed/ building	■ If power/IT outage at Whyalla, ring Council in i.e. Adelaide to check DACO on our behalf ■ Use log book to record dog in/dog out movements
Disruption Scenario		Max Acceptable Outage
■ No access to either pound (fire) ■ RSPCA unable to provide contracted service ■ Power/IT outage – unable to identify owners		■ < 3 days ■ < 1 day ■ < 1 day
Authority for Invoking Plan Director Corporate Services		
Key Decision Makers to be assembled		
Senior Compliance Officer, Regulatory Services Coordinator and Director Corporate Services		

Management of Stray Animals		
Stakeholders other than process owner		
Internal	External	
<ul style="list-style-type: none">■ Animal Management Officers■ Customer Service■ Media and communications	<ul style="list-style-type: none">■ RSPCA■ SES■ Police	
Pre Event Preparedness Current policies & procedures & access points required to deliver function		
<ul style="list-style-type: none">■ Impounding dog procedure■ Dog and Cat Management Act 1995		
Emergency Response Immediate actions required if function is lost.		
<p>On being advised of a business interruption event the following immediate responses should be considered:</p> <ul style="list-style-type: none">■ Using DACO and microchipping to find owners and reunite ASAP <p>Identify suitable alternative venue e.g.:</p> <ul style="list-style-type: none">■ Whyalla dog park, Searle Street (no shelter).■ Depot■ Private kennel options■ RSPCA or Vets to provide list of foster carers who may be able to assist.		
Continuity Management Actions required to ensure continued availability of the function		
<p>In the event of a business interruption event occurring as identified within the Disruption scenario analysis, that exceeds the identified MAO the following responses may be appropriate:</p> <ul style="list-style-type: none">■ Unclaimed dogs held over 72 hours can be moved to Lonsdale RSPCA to provide additional space■ Ayliffe depot (which may require some work before being used)■ Consider fatigue management for council and contract employees if required.		
Communication Considerations		
Internal	External	
<ul style="list-style-type: none">■ Media for community information updates■ Customer Service to ensure aligned information to community■ Director/Manager of Department	<ul style="list-style-type: none">■ RSPCA contact■ Vet contacts■ Police■ Private kennel operators	
Further Treatment/Action Plans Actions required for continuous improvement		
Treatment/Action Plan	Position Responsible for development	Target Date
		Annual Review

Corporate Services

Environmental Health Management

Environmental Health Management			
Prepared by	Regulatory Services Coordinator	Date	11 May 2023
Sub Plan Owner	<p>This plan is owned by the Director Corporate Services who has overall responsibility for this plan.</p> <p>The routine management of the plan is delegated to Regulatory Services Coordinator and Environmental Health Officer, Regulatory Services who has responsibility for ensuring the accuracy and currency of the plan and advising the Director Corporate Services of any changes required.</p>		
Identified Critical Business Functions			
<ul style="list-style-type: none"> Environmental Health Management 			
Overview of Functions (Context)			
<ul style="list-style-type: none"> Critical aspects of environmental health management during a disaster including the provision of safe drinking water, emergency sanitation, waste disposal, food safety, vector and pest control and the assessment of the risk of epidemics. 			
Business Impact Analysis			
Business Impact of Function Loss	Penalties for Non Delivery	Functional Interdependencies	
<ul style="list-style-type: none"> Failure to fulfil legislative requirements Reputational damage Liability concerns – illness/death in the community 	<ul style="list-style-type: none"> Ombudsman and/or Minister intervention 	<ul style="list-style-type: none"> Assistance from SA Health Synergy, iAuditor & IT 	
Current Resources Premises/ Equipment/ Staff	Minimum Resources Required	Alternate Manual Process or Work Around	
<ul style="list-style-type: none"> Vehicle 1 FTE Environmental Health Officer 1 FTE Health Support Officer 1 FTE Regulatory Services Coordinator Office space including desktop computer, phone, mobile, iPad Information resources 	<ul style="list-style-type: none"> Vehicle 1 FTE Environmental Health Officer Health Support Officer Relevant SA Health Guidelines Risk assessment forms 	<ul style="list-style-type: none"> Use paper version of risk assessment Use of private vehicles 	
Disruption Scenario			Max Acceptable Outage
<ul style="list-style-type: none"> Loss of key staff Interruption to IT Systems Loss of vehicle access 			<ul style="list-style-type: none"> 1 Day 2 Days 1 Day
Authority for Invoking Plan Director Corporate Services			
Key Decision Makers to be assembled			
<ul style="list-style-type: none"> Regulatory Services Coordinator Environmental Health Officer Health Support Officer 			

Environmental Health Management

Stakeholders other than process owner		
Internal		External
<ul style="list-style-type: none"> Customer Service 		SA Health, SA Water Veolia Whyalla Community and other Agencies
<p>The current policy and procedures for this critical function can be located – Electronic copies:</p> <ul style="list-style-type: none"> Disaster and Emergency Management for Environmental Health Practitioners (SA Health) WHS Hazard Management Procedure Relevant SA Health Guidelines e.g. Asbestos Removal 		
Emergency Response Immediate actions required if function is lost.		
<p>On being advised of a business interruption event the following immediate responses should be considered:</p> <ul style="list-style-type: none"> Regulatory Services Coordinator and Environmental Health Officer informed immediately Identify resources are adequate and second staff from elsewhere if required Ensure administrative resources are accessible (risk assessments, guidelines etc.) 		
Continuity Management Actions required to ensure continued availability of the function		
<p>In the event of a business interruption event occurring as identified within the disruption scenario analysis, that exceeds the identified MAO the following responses may be appropriate:</p> <ul style="list-style-type: none"> Use manual forms if required Second EHO's from elsewhere if required 		
Communication Considerations		
Internal		External
<ul style="list-style-type: none"> Inform all staff that EHO is unavailable until further notice, due to emergency. 		<ul style="list-style-type: none"> Media release may be required to highlight issue and actions taken.
Further Treatment/ Action Plans Actions required for continuous improvement		
Treatment/ Action Plan	Position Responsible for development	Target Date
<ul style="list-style-type: none"> 		Annual Review

Corporate Services

Food Safety

Food Safety			
Prepared by	Regulatory Services Coordinator	Date	12 April 2023
Sub Plan Owner	<p>This plan is owned by the Director Corporate Services who has overall responsibility for this plan.</p> <p>The routine management of the plan is delegated to Regulatory Services Coordinator and the Environmental Health Officer Regulatory Services who has responsibility for ensuring the accuracy and currency of the plan and advising the Director Corporate Services of any changes required.</p>		
Identified Critical Business Functions			
<ul style="list-style-type: none"> Food Safety 			
Overview of Functions (Context)			
<ul style="list-style-type: none"> Emergency situations relating to food safety including outbreaks of foodborne disease and interruption to power events. 			
Business Impact Analysis			
Business Impact of Function Loss	Penalties for Non Delivery	Functional Interdependencies	
<ul style="list-style-type: none"> Failure to fulfil legislative requirements Reputational damage Liability concerns – illness/death in the community 	<ul style="list-style-type: none"> Ombudsman and/or Minister intervention 	<ul style="list-style-type: none"> Assistance from SA Health Synergy, iAuditor & IT 	
Current Resources Premises/ Equipment/ Staff	Minimum Resources Required	Alternate Manual Process or Work Around	
<ul style="list-style-type: none"> Vehicle 1 FTE Environmental Health Officer 1 FTE Health Support Officer 1 FTE Regulatory Services Coordinator Office space including desktop computer, phone, mobile, iPad Thermometers Information resources 	<ul style="list-style-type: none"> Vehicle 1 FTE Environmental Health Officer Health Support Officer Thermometers AFSA Assessment either electronic or paper 	<ul style="list-style-type: none"> Use paper version of assessment Use of private vehicles 	
Disruption Scenario			Max Acceptable Outage
<ul style="list-style-type: none"> Loss of key staff Interruption to IT Systems Loss of vehicle access 			<ul style="list-style-type: none"> 1 Day 2 Days 1 Day
Authority for Invoking Plan Director Corporate Services			
Key Decision Makers to be assembled			
<ul style="list-style-type: none"> Regulatory Services Coordinator Environmental Health Officer Health Support Officer 			

Food Safety		
Stakeholders other than process owner		
Internal	External	
<ul style="list-style-type: none">- Customer Service	<ul style="list-style-type: none">- SA Health- Whyalla community- Food businesses	
Pre Event Preparedness Current policies & procedures & access points required to deliver function		
<p>The current policy and procedures for this critical function can be located – Electronic copies:</p> <ul style="list-style-type: none">- Food Inspection Procedure- Evidence Collection Procedure- Compliance and Enforcement Procedure		
Emergency Response Immediate actions required if function is lost.		
<p>On being advised of a business interruption event the following immediate responses should be considered:</p> <ul style="list-style-type: none">- Regulatory Services Coordinator and Regulatory Services informed immediately- Identify resources are adequate and second staff from elsewhere if required- Ensure AFSA available and other resources ready		
Continuity Management Actions required to ensure continued availability of the function		
<p>In the event of a business interruption event occurring as identified within the disruption scenario analysis, that exceeds the identified MAO the following responses may be appropriate:</p> <ul style="list-style-type: none">- Use manual AFSA if required- Second EHO's from elsewhere if required		
Communication Considerations		
Internal	External	
<ul style="list-style-type: none">- Inform all staff that EHO is unavailable until further notice, due to emergency.	<ul style="list-style-type: none">- Media release may be required to highlight the issues and actions taken.	
Further Treatment/ Action Plans Actions required for continuous improvement		
Treatment/ Action Plan	Position Responsible for development	Target Date
<ul style="list-style-type: none">-		Annual Review

Corporate Services

Customer Service

Customer service			
Prepared by	Customer Experience Coordinator	Date	22 March 2023
Sub Plan Owner	<p>This plan is owned by the Director City Growth who has overall responsibility for this plan.</p> <p>The routine management of the plan is delegated to the Manager People and Culture and Customer Experience Coordinator who has the responsibility for ensuring the accuracy and currency of the plan and advising the Director City Growth of any changes required.</p>		
Identified Critical Business Functions			
<ul style="list-style-type: none"> Customer service functions to the community attending/phoning council. 			
Overview of Functions (Context)			
<ul style="list-style-type: none"> Approximately 125 interactions a week (approx. 80% phone and 20% face to face) Customer service staff provide information related to council services and take payments for services rendered as per councils fees and charges schedule. These services are provided at Civic Building. Customer service staff monitor and respond to meltwater (linked In, Instagram, Twitter and Facebook) comments and enquires during working hours. After hours council phones are diverted to the 'Oracle CMS' and emergencies conveyed to relevant staff for action. Council has a website that is used to provide information to the community. 			
Business Impact Analysis			
Business Impact of Function Loss	Penalties for Non Delivery	Functional Independencies	
<ul style="list-style-type: none"> Reputation damage Unable to pass on customer requests to other areas of Council Financial – unable to receive money payments 	<ul style="list-style-type: none"> NIL 	<ul style="list-style-type: none"> Phone system and after hours call centre IT – SynergySoft for customer requests and Property mapping, email Internet – DACO, Meltwater 	
Current Resources Premises/ Equipment/ Staff	Minimum Resources Required	Alternate Manual Process or Work Around	
<ul style="list-style-type: none"> Front Desk and main office 5 x staff (1 FTE, 4 P/T) Cash Security cameras 	<ul style="list-style-type: none"> Alternate location (e.g. library) 2 x staff (for 2 days) Phone system and after hours SynergySoft and Emails 	<ul style="list-style-type: none"> Develop manual log sheet of requests and receipting After hours call service Contact another Council to access DACO 	
Disruption Scenario			Max Acceptable Outage
<ul style="list-style-type: none"> Denial of access to site Loss of IT and/or telephone phone system 			3 hours
Authority for Invoking Plan Director Corporate			
Key Decision Makers to be assembled			
Director Corporate Services, Manager People and Culture, Media and Communication, IT			
Stakeholders other than process owner			
Internal		External	

Customer service		
<ul style="list-style-type: none">- All departments- Council Manager Communications and Public Relations	<ul style="list-style-type: none">- After hours call centre	
Pre Event Preparedness Current policies & procedures & access points required to deliver function		
<ul style="list-style-type: none">- Manual receipting procedures- Fees and charges booklet- Emergency contact list, including staff, call centre		
Emergency Response Immediate actions required if function is lost.		
On being advised of a business interruption event the following immediate responses should be considered:		
<ul style="list-style-type: none">- Assessment of loss and determine requirement of resources- Communicate with Line Manager- Determine alternative venue and share with community/staff- Determine required resources needed, source and implement – develop manual log sheet to record calls- Advise Media, communicate available sources to the community		
Continuity Management Actions required to ensure continued availability of the function		
In the event of a business interruption event occurring as identified within the Disruption scenario analysis , that exceeds the identified MAO the following responses may be appropriate:		
<ul style="list-style-type: none">- Manual receipting processes to be implemented including cash drawer and security, risk assessments- Computer system and Synergy to be operational- Access to operational phone system (mobile phone)- Communication link with after-hours call service- Communicate to the community via Media and websites- Lock cash drawer		
Communication Considerations		
Internal	External	
Advise key departments (i.e. depot) of impact to Customer Service and plans for reinstatement of service	Communicate available services that are available to the community and venue via media and websites, Facebook, TV, newspaper by Leadership team.	
Further Treatment/Action Plans Actions required for continuous improvement		
Treatment/Action Plan	Position Responsible for development	Target Date
-		Annual Review

City Growth

Child Care Services

Child Care Services		
Prepared by	Child Care Centre Coordinator	Date 28 March 2023
Sub Plan Owner	This plan is owned by the Director City Growth who has overall responsibility for this plan. The routine management of the plan is delegated to Manager City Activation and the Child Care Centre Coordinator who have responsibility for ensuring the accuracy and currency of the plan and advising the Director City Growth of any changes required.	
Identified Critical Business Functions		
<ul style="list-style-type: none">- Provision of child care services		
Overview of Functions (Context)		
<ul style="list-style-type: none">- The Centre is licensed for 68 children aged 6 weeks to 5 years of age.- The staff team is made up of part time and full time staff with a team of casual staff used as required- The Centre provides all meals and operates from 7.45am to 5.45pm Monday to Friday (closed public holidays) has several different session times available to families		
Business Impact Analysis		
Business Impact of Function Loss	Penalties for Non Delivery	Functional Interdependencies
<ul style="list-style-type: none">- Reputation damage- Financial impacts (short and longer term)- Casual staff could lose jobs- Permanent staff – no activity	<ul style="list-style-type: none">- nil	<ul style="list-style-type: none">- OWBA software program- Council PBS phone system

Current Resources	Minimum Resources Required	Alternate process / work around
1 x Coordinator, Director	1 x Coordinator, Director	Daily & weekly booking sheets can be hand written for short period of time
10.7 FTE carers	10.7 FTE carers	
2 Relief Staff	2.4 relief staff	
Art supplies	Art supplies	Loss of phone – use mobile of staff on duty – communicate to stakeholders
Asthma puffer	Asthma puffer	
Bath	Bath	
Beds x 50	Beds x 20	Spike OWNA can be accessed at Civic Building
Bins x 13	Bins x 8	
Bottles x 10	Bottles x 5	
Bowls 68+	Bowls 68	Small items can be purchased on petty cash as need arises
Chairs (child) x 71	Chairs (child) x 50	
Chairs x 18	Chairs x 10	
Change benches x 3	Change benches x 1	Menu can be adapted to meet current situation
Chopping boards x 29	Chopping boards x 5	
Consumables – food, detergent, tissues, Milton, sunscreen, disinfectant, bin liners, Aqium)	Consumables – food, detergent, tissues, Milton, sunscreen, disinfectant, bin liners, Aqium)	
Cots x 12	Cots x 8	
Couches x 5	Couches x 3	
Cups 68+	Cups 68	
Cutlery 68+	Cutlery 68 (each)	
Dishwasher x 1	Dishwasher x 1	
Dummies x 20	Dummies x 5	
Enrolment forms	Enrolment forms	
Freezer x 1	Freezer x 1	
Fridge thermometer x 6	Fridge thermometer x 5	
Microwave x 4	Microwave x 1	
Nappy buckets x 4	Nappy buckets x 2	
Oven trays x 15	Oven trays x 9	
Oven/stovetop x 1	Oven/stovetop x 1	
Photocopier/printer	Photocopier/printer	
Plates 68+	Plates 68	
Potties x 3	Potties x 2	
Refrigerators x 4	Refrigerators x 3	
Services ie water	Services ie water	
Spare clothes	Spare clothes	
Table (child) x 25	Table (child) x 15	
Tea towels x 50	Tea towels x 20	
Toilets (adult) x 2	Toilets (adult) x 1	
Toilets (child) x 6	Toilets (child) x 3	
Toys	Toys	
Trolleys x 2	Trolleys x 2	
Urn	Urn	
Disruption scenario		Max acceptable outage
Loss of services – gas / electricity / water		Immediate (hot weather)
Loss of telephone		2 weeks
Loss of internet (Spike)		2 days
Loss of access to building (damage)		Immediate
Authority for invoking plan		
Director City Growth		Chief Executive Officer (CEO)
Key decision makers to be assembled		
Coordinator, Child Care Centre, Manager City Activation, Director City Growth		

Stakeholders other than process owner	
Internal	External
<ul style="list-style-type: none"> • Child Care staff • Customer Services staff • IT Services • Depot staff 	<ul style="list-style-type: none"> • Families of the Centre • Education and Early Childhood Services Registration and Standards Board of SA • Utility providers
Pre Event Preparedness Current policies & procedures & access points required to deliver function	
<p>The current policy and procedures for this critical function can be located –</p> <p>Electronic copies: nil</p> <p>Hard copies: nil</p>	
Emergency Response Immediate actions required if function is lost.	
<p>On being advised of a business interruption event the following immediate responses should be considered:</p> <ul style="list-style-type: none"> • No access to hazardous areas and focus on child/employee immediate safety • Advise CEO on possible centre closure or need to relocate. • Advise parents of centre closure • Advise Regulatory Authority of incident. • If alternate location to be used - apply to the Regulatory Authority early for a waiver for the area on non-compliance (this may take some time) OR apply for a variance in how Centre operates to make up for loss of services as necessary • PHONE: Advise IT on loss of phone function. Nominate mobile phone, with calls to CCC landline to be forwarded to mobile. Ensure mobile phone remains fully charged. • WATER: If centre to remain open - immediate responses - advise staff and ask them to bring in buckets. Fill all buckets, water tank, sinks in Centre areas not accessed by children (maintain high level of vigilance over safety of children). Purchase drinking water from Supermarket. Advise families about how we are maintaining hygiene. Ensure there is ample Aquim antibacterial hand gel. • ELECTRICITY: Advise families we have no electricity via Facebook and signs on the door. In Winter advise families to dress their children warmly. Advise IT on loss of electricity for the time frame. Organise mobile phone, with calls to CCC landline forwarded to mobile. Ask staff to bring in esky, purchase ice for items such as milk, formula bottles. Advise cook to heat pot of water on stove to heat bottles. If Summer, advise CEO Centre closure is advised. Utilise Civic Building to access Spike OWNA • GAS: Advise cook to revise menu. • INTERNET: Advise families and staff we have no access to the Spike OWNA system. Handwrite attendance sheets. If possible, utilise Civic building to access Spike. Ensure emergency contact sheets are up to date. 	
Continuity Management Actions required to ensure continued availability of the function	
<p>In the event of a business interruption event occurring as identified within the disruption scenario analysis, that exceeds the identified MAO the following responses may be appropriate:</p> <ul style="list-style-type: none"> • Maintain communication/updates with the CEO and Regulatory Authority • PHONE: As long as the mobile phone is receiving calls from the landline number we can continue with the mobile indefinitely. • GAS: Menu adjustments will be analysed and pre planned for outage to ensure nutritional requirements are being met. • INTERNET: Utilise civic building to access Spike OWNA or document procedure to ensure consistent manual work around if Spike fails. • Access the alternate temporary location (and see minimum equipment requirements needed to access) - both of which may affect the number of children we can accept. 	

Communication Considerations		
Internal		External
<ul style="list-style-type: none">- Off duty Child Care Staff- IT Services- Customer Services- Council media officer		<p>Provide regular updates to:</p> <ul style="list-style-type: none">- Families of the Centre- Education and Early Childhood Services Registration and Standards Board of SA
Further Treatment/ Action Plans Actions required for continuous improvement		
Treatment/ Action Plan	Position Responsible for development	Target Date
<ul style="list-style-type: none">- Define alternate location and how this will impact on the numbers which can be accepted and the minimum resources required	Coordinator Child Care Director City Growth	3 months

City Growth

Airport - Passenger dispatch/receipt

Airport - Passenger dispatch/receipt		
Prepared by	Airport Manager	Date 18 April 2023
Sub Plan Owner	This plan is owned by the Director City Growth who has overall responsibility for this plan. The routine management of the plan is delegated to the Manager Airport who has responsibility for ensuring the accuracy and currency of the plan and advising the CEO of any changes required.	
Identified Critical Business Functions		
Passenger dispatch/receipt		
Overview of Functions (Context)		
Airport provides an important service: <ul style="list-style-type: none">- 70,000 (approx.) – passengers including FIFO workers etc- For RFDS (500 flights a year)- Air Force/ Army (Defence) – 2-3 times a year- Business which depends on the airport e.g. rental cars/cabs- International business groups running businesses or setting up proposed projects, who normally fly in chartered aircraft		
Business Impact Analysis		
Business Impact of Function Loss	Penalties for Non Delivery	Functional Independencies
<ul style="list-style-type: none">- Major reputational damage- Major financial losses- Some businesses such as rental cars are based at the airport – major financial impact.	Nil	Fire detection systems Constant internet access Carriers use own software programs Terminal security screening Airside Critical Infrastructure – fuel, BOM site, AV Data record flight movements
Current Resources Premises/ Equipment/ Staff	Minimum Resources Required	Alternate Manual Process or Work Around
<ul style="list-style-type: none">- 1 x airport Manager- 1 x airport Coordinator- 1 x airport reporting officer Landside: <ul style="list-style-type: none">- 1 x departure terminal- 1 x hanger Airside: <ul style="list-style-type: none">- 2 x operational runway	<ul style="list-style-type: none">- 3 x airport employees- Terminal building (e.g. hanger, ATCOs 15mx20m)- Fencing to secure airside- Toilets- Wands- Air conditioning (reverse cycle)- Security screening equipment	Undertake manual check in process Pilots and/or Council staff to contact Melbourne Operations to find out weather conditions. Manual security wandering and bag checks
Disruption Scenario		Max Acceptable Outage
Loss of terminal facilities (e.g. fire, storm etc) Loss of Runway (Damage Flooding) Loss of Runway lights (Night Operations)		6 hours Repair ASAP

Authority for Invoking Plan Manager Airport Operations	
Key Decision Makers to be assembled	
Manager Airport, Director City Growth, Manager Operations and relevant stakeholders to come together and meet face to face at earliest opportunity (possibly ongoing also)	
Airport - Passenger dispatch/receipt	
Stakeholders other than process owner	
Internal	External
IT	REX, QANTAS, Budget, Avis, Hertz, Thrifty
Depot Staff	General Aviation pilots
Senior Management	Taxis
HR	Department of Home Affairs
Procurement	CASA
Emergency Committee	Air Services Australia
	RFDS
	Flight Training Adelaide
	Army
	Fuel Suppliers
	General Public
Pre Event Preparedness Current policies & procedures & access points required to deliver function	
<ul style="list-style-type: none"> - Airport Emergency Plan - Scheduled inspections of fire alert systems by contractor - Weekly checks on airport fire pumps - Annual Emergency Exercises - Bi-monthly airport meetings (review policies, procedures etc) - Airport serviceability inspection (Daily) - Airport security screening equipment calibration and test (Daily) 	
Emergency Response Immediate actions required if function is lost.	
<p>On being advised of a business interruption event the following immediate responses should be considered:</p> <ul style="list-style-type: none"> - Allow emergency services to take control of fire situation (liaison with all Emergency Services) per AEP document - Ensure air side inspections are undertaken - Provide appropriate support/ assistance via Airport Manager to access to Council plant and equipment - Notify carriers first and then any other stakeholders as per list in this CFSP - Contact carriers to advise them of event and the need to contact passengers - Photos for insurance etc and liaise with LGRS re clean up options - Documentation of all communication and steps taken to address emergency 	

Airport provides an important service:

- 70,000 (approx.) – passengers including FIFO workers etc
- For RFDS (500 flights a year)
- Air Force/ Army (Defence) – 2-3 times a year
- Business which depends on the airport e.g. rental cars/cabs
- International business groups running businesses or setting up proposed projects, who normally fly in chartered aircraft

Continuity Management Actions required to ensure continued availability of the function

In the event of a business interruption event occurring as identified within the **Disruption scenario analysis**, that exceeds the identified MAO the following responses may be appropriate:

- Ensure building area is safe – all services are disconnected before people access building
- RFDS could operate from airport
- Convert spare hanger or ATCOs into Interim Departure Terminal
- Implement secondary security screening methods in consultation with CISC and other government agencies
- Facilitate setup of departure lounge, assistance with furniture, ICT, temporary entry/ exit gates, wands
- Consider waste management pick up requirements as well as toilets

Communication Considerations

Internal

- Immediate contact between Manager Airport Operations and Director City Growth

External

- Ongoing liaison with all relevant stakeholders
- Media Manager to liaise with media
- All Government agencies

Business Impact Analysis

Business Impact of Function Loss

Penalties for Non Delivery

Functional Independencies

Airport - Passenger dispatch/receipt

- Manager Airport to contact Director City Growth and Chief Executive Officer when response implemented, and fire suitably controlled
- Chief Executive Officer to advise Manager when fire controller and later Ems
- Debrief with staff

Further Treatment/Action Plans Actions required for continuous improvement

Treatment/Action Plan

Position Responsible for development

Target Date

Continuous review of inspections and procedure through documentation

Airport Manager

On going

City Growth

Visitor Services (VIC and Pod)

Visitor Services			
Prepared by	Manager City Activation	Date	8 September 2023
Sub Plan Owner	This plan is owned by the Director City Growth who has overall responsibility for this plan. The routine management of the plan is delegated to Manager City Activation who has responsibility for ensuring the accuracy and currency of the plan and advising the Director City Growth of any changes required.		
Identified Critical Business Functions			
■ To ensure the ongoing provision of continuous visitor services.			
Overview of Functions (Context)			
■ The Tourism Staff team is made up of part time and fulltime staff, with casual staff used as required. ■ Provide visitor information via the Visitor Center located on the Lincoln Highway & Foreshore Visitor Pod, located at the Whyalla Foreshore ■ Operation of Maritime Museum and guided ship tours, ■ Operation of Steelworks Tours ■ Operation of town tours as requested			
Business Impact Analysis			
Business Impact of Function Loss	Penalties for Non Delivery	Functional Interdependencies	
■ Reputational damage ■ Impact on visitor economy/delivery of visitor services ■ Financial – unable to receive financial income (short/long term)	Nil	■ Phone system ■ Synergy, iAuditor & IT	
Current Resources Premises/ Equipment/ Staff	Minimum Resources Required	Alternate Manual Process or Work Around	
■ 2 sites ■ 10 staff ■ Cash kept onsite ■ Office space including desktop computer, phone, mobile, iPads ■ Handheld radios ■ Point of Sale (POS)- Vend ■ Visitor information collateral	■ 2 staff/ 1 for VIC POD ■ Phone system (mobile if necessary)	■ Use of manual point of sale systems ■ Manual receipting and tour booking	
Disruption Scenario			Max Acceptable Outage
■ Loss of key staff			■ 1 Day
■ Interruption to IT Systems			■ 2 days
■ Loss of services, power & gas			■ 1 Day
■ Loss of access to building (damage)			■ 1 Day
Authority for Invoking Plan Director City Growth			

Key Decision Makers to be assembled		
■	Director City Growth	
■	Manager City Activation	
■	Events & Tourism Lead	
■	Media & IT	

Visitor Services		
Stakeholders other than process owner		
Internal	External	
All departments, Volunteers.	<ul style="list-style-type: none">Visitors to siteExternal contractors	
Pre Event Preparedness Current policies & procedures & access points required to deliver function		
<ul style="list-style-type: none">Emergency contact listManual receipting procedures/equipment including fees and chargesEmergency management training		
Emergency Response Immediate actions required if function is lost.		
On being advised of a business interruption event the following immediate responses should be considered:		
<ul style="list-style-type: none">Assessment of loss and determine requirement of resourcesCommunicate with line managerAdvise media, communicate available sources to the communityDetermine required resources, source and implement		
In the event of a business interruption event occurring as identified within the disruption scenario analysis , that exceeds the identified MAO the following responses may be appropriate:		
<ul style="list-style-type: none">Manual processes to be implemented, including cash draw and security and risk assessmentsComputer systemOperational phone system (personal mobile phone)Communicate to the community via media and social media platformsLock cash drawer		
Communication Considerations		
Internal	External	
Advise key departments	<ul style="list-style-type: none">Communicate available services to the community and visitors	
Further Treatment/ Action Plans Actions required for continuous improvement		
Treatment/ Action Plan	Position Responsible for development	Target Date
-		

City Growth

Library

Library			
Prepared by	Manager Governance	Date	26 September 2023
Sub Plan Owner	<p>This plan is owned by the Director City Growth who has overall responsibility for this plan.</p> <p>The routine management of the plan is delegated to the Coordinator Library Services, Community Services Lead and Manager City Activation, who have responsibility for ensuring the accuracy and currency of the plan and advising the Director City Growth of any changes required.</p>		
Identified Critical Business Functions			
<ul style="list-style-type: none"> Library and Community Services 			
Overview of Functions (Context)			
<ul style="list-style-type: none"> The Whyalla Public Library facilitate book borrowing, a library outreach service, free wifi and Computers, childrens activities, a local history collection, a JP service along with photocopying and printing The Library also offer a toy library and meeting room hire facility. 			
Business Impact Analysis			
Business Impact of Function Loss	Penalties for Non Delivery	Functional Independencies	
<ul style="list-style-type: none"> Reputational damage Impact on service delivery 	<ul style="list-style-type: none"> Nil 	<ul style="list-style-type: none"> Information Technology Services Scanners – one card system Mobile Phones 	
Current Resources Premises/ Equipment/ Staff	Minimum Resources Required	Alternate Manual Process or Work Around	
<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> Depending BCP outage 	<ul style="list-style-type: none"> Library return shute Outreach library service 	
Disruption Scenario			Max Acceptable Outage
<ul style="list-style-type: none"> No access to site in power outage 			1 day
Authority for Invoking Plan Director City Growth			
Key Decision Makers to be assembled			
Director City Growth Manager City Activation Community Service lead			
Stakeholders other than process owner			
Internal		External	

<ul style="list-style-type: none">■ All departments and volunteers	<ul style="list-style-type: none">■ Members of the public■ Contractors	
<p>On being advised of a business interruption event the following immediate responses should be considered:</p> <ul style="list-style-type: none">• Communication with the Whyalla Community through available media platforms of service outage• Assessment of the situation and communication with line manager• keys decision makers to determine action plan		
Continuity Management Actions required to ensure continued availability of the function		
<p>n the event of a business interruption event occurring as identified within the Disruption scenario analysis, that exceeds the identified MAO the following responses may be appropriate:</p> <p>Assess what functions and services can be safely delivered and in what format</p> <p>Advise through a public notification of activity</p>		
Communication Considerations		
Internal	External	
Broad messaging to all internal stakeholders and staff	Community are advise of all actions and assessment through available media channels	
Further Treatment/Action Plans Actions required for continuous improvement		
Treatment/Action Plan	Position Responsible for development	Target Date
- BCP sub plan testing	Community Service Lead	June 2024

Infrastructure

Cemetery

Cemetery			
Prepared by	Cemetery Curator	Date	11 April 2023
Sub Plan Owner	<p>This plan is owned by the Director Infrastructure who has overall responsibility for this plan.</p> <p>The routine management of the plan is delegated to the Manager Operations and the Cemetery Curator who has responsibility for ensuring the accuracy and currency of the plan and advising the Director Infrastructure of any changes required.</p>		
Identified Critical Business Functions			
Maintenance of infrastructure (cremator), allocation of plots, digging of graves, liaison with Funeral Services Provider.			
Overview of Functions (Context)			
Whyalla Council provides Crematorium services and is responsible for Asset and Infrastructure maintenance, allocation of burial plots, digging of graves for burial, issuing rights of funeral services, liaising with funeral service providers and record keeping (approximately 1-2 burials on average per week).			
Business Impact Analysis			
Business Impact of Function Loss	Penalties for Non-Delivery	Functional Independencies	
<ul style="list-style-type: none"> ■ Reputational damage ■ Loss of revenue 	<ul style="list-style-type: none"> ■ Nil 	<ul style="list-style-type: none"> ■ Microsoft Outlook ■ Mobile Phone 	
Current Resources Premises/ Equipment/ Staff	Minimum Resources Required	Alternate Manual Process or Work Around	
<ul style="list-style-type: none"> ■ 1 staff ■ 1 digger/dumper ■ Cremator ■ Cemetery maps and ledger (hard copy) 	<ul style="list-style-type: none"> ■ 1 staff ■ 1 digger/dumper ■ Cremator ■ Cemetery maps and ledger (hard copy) 	<ul style="list-style-type: none"> ■ Consult Synergy Soft for map data ■ Hire equipment from contractors 	
Disruption Scenario		Max Acceptable Outage	
<ul style="list-style-type: none"> ■ No access to site (heavy rainfall event) ■ Power/gas outage (stop cremations only) ■ Access to equipment (mini excavator required for one location in cemetery – Council does not have one) 		<ul style="list-style-type: none"> ■ Site access – <3 days ■ Power outage – <3 days ■ Equipment access – <3 days 	
Authority for Invoking Plan		Director Infrastructure	
Key Decision Makers to be assembled			
Director Infrastructure, Manager Operations, Cemetery Supervisor, Funeral Director,			
Stakeholders other than process owner			
Internal		External	
<ul style="list-style-type: none"> ■ Director Infrastructure ■ Manager Operations 		<ul style="list-style-type: none"> ■ Community ■ Funeral Directors 	
Pre Event Preparedness Current policies & procedures & access points required to deliver function			
<ul style="list-style-type: none"> ■ Cemetery operations on records management system 			

Cemetery		
Emergency Response Immediate actions required if function is lost.		
On being advised of a business interruption event the following immediate responses should be considered:		
<ul style="list-style-type: none">- Funeral Directors to be notified- Hire additional equipment if required- Key decision makers to meet and decide action plan		
Continuity Management Actions required to ensure continued availability of the function		
In the event of a business interruption event occurring as identified within the Disruption scenario analysis , that exceeds the identified MAO the following responses may be appropriate:		
<ul style="list-style-type: none">- Funeral Directors notified- Procure temporary equipment- Review outsourcing opportunities		
Communication Considerations		
Internal	External	
Director Infrastructure Manager Operations	<ul style="list-style-type: none">- Funeral Director	
Further Treatment/Action Plans Actions required for continuous improvement		
Treatment/Action Plan	Position Responsible for development	Target Date
-		

Infrastructure

Waste Management Disposal

Waste Management Disposal			
Prepared by	Waste Officer – Graduate	Date	23 March 2023
Sub Plan Owner	<p>This plan is owned by the Director Infrastructure who has overall responsibility for this plan.</p> <p>The routine management of the plan is delegated to the Manager Assets and Planning and the Waste Officer – Graduate who have responsibility for ensuring the accuracy and currency of the plan and advising the Director Infrastructure of any changes required.</p>		
Identified Critical Business Functions			
Recovery of Construction and Demolition waste, Asbestos disposal, Maintain landfill cell 2 airspace for emergency disposal, Kerbside waste Collection, Public litter bin collection and Provide processing site for organic waste.			
Overview of Functions (Context)			
<p>Mt Laura landfill site is closed for public. Asbestos cell and C & D stockpiling and processing areas are only opened for contractors at the Mt Laura site. Landfill cell 2 has been interim capped and remain airspace will be used for emergency. Landfill Management Plan has been implemented to ensure Mt Laura landfill site environmental health & safety.</p> <p>Kerbside, C & D, asbestos waste collections and disposal are contracted to Veolia Environmental Pty Ltd. Part of Mt Laura landfill site has been leased for Peat's soil Pty Ltd for green waste processing. The green waste processing activities are operated under separate EPA license.</p> <p>C & D legacy stockpiles and recovery process are managed by the Council.</p> <p>Public litter bins are collected and drop off at the transfer station for disposal by the council staff.</p>			
Business Impact Analysis			
Business Impact of Function Loss	Penalties for Non Delivery	Functional Independencies	
<ul style="list-style-type: none">■ Reputational damage■ Social■ Environmental harm	<ul style="list-style-type: none">■ Possible EPA penalties for breaching license conditions at Mt Laura landfill site environmental conditions.	<ul style="list-style-type: none">■ C & D recovery■ Remain airspaces at landfill cell for emergency■ Public litter collection	
Current Resources Premises/ Equipment/ Staff	Minimum Resources Required	Alternate Manual Process or Work Around	
<ul style="list-style-type: none">■ 2 major contractors as waste service providers – Veolia and Peats Soil■ Remain space in Asbestos cell■ Leachate monitoring pumps for landfill cell 1 & 2■ 1 staff and 1 waste truck for public litter collection■ Transfer station for temporary waste holding (own and operated by Veolia)	<ul style="list-style-type: none">■ Veolia and Peats' contractors for waste collection and disposal■ 1 staff and waste collection vehicle for public litter collection	<ul style="list-style-type: none">■ Hold green waste at transfer station or contractor to decide drop off location if Landfill site composting facility has emergency.■ Use remaining cell 2 space for general waste disposal at flood or another inaccessible emergency at Glenfield landfill.■ Waste collection truck breakdown – public litter – use a trailer to collect public litter■ Transfer station weight bridge out of service - request Peat's weight bridge to weight C & D and asbestos	
Disruption Scenario			Max Acceptable Outage

<ul style="list-style-type: none">■ No access to disposal of asbestos cell (Flood/large fire)■ No access to C & D drop-off location (Flood or large fire)■ Green waste processing contractor stop receiving materials due to an emergency or end of the contract period (Peats)■ No access to the transfer station for weight bridge for C & D and asbestos weighing■ Vehicle breakdown – public litter collection truck		<ul style="list-style-type: none">■ Disposal site – 2 days■ Drop off site – 7 days■ Drop off site – 3 days■ Weighbridge unavailability 1 day■ Collection delay - 2 days	
Authority for Invoking Plan Director Infrastructure Services			
Key Decision Makers to be assembled			
Director Infrastructure, Manager Assets & Planning, Manager Operations and Contractor's representative			
Stakeholders other than process owner			
Internal		External	
Waste Management Disposal			
<ul style="list-style-type: none">- Staff- Council members		<ul style="list-style-type: none">- Community- EPA- Contractors	
Pre-Event Preparedness Current policies & procedures & access points required to deliver function			
<ul style="list-style-type: none">- Implementing and monitoring Landfill Environmental Plan conditions to ensure all the landfill environmental health and safety conditions- Contract monitoring and managing accordingly			
Emergency Response Immediate actions required if function is lost.			
On being advised of a business interruption event the following immediate responses should be considered:			
<ul style="list-style-type: none">- Notify Senior Management of the plausible severity of the event- Contact EPA to inform of the situation and confirm our response plans are suitable			
Continuity Management Actions required to ensure continued availability of the function			
In the event of a business interruption event occurring as identified within the Disruption scenario analysis , that exceeds the identified MAO the following responses may be appropriate:			
<ul style="list-style-type: none">- Communicate with community to advise of status of their ability to use resource recovery centre- Collaborate with contractors to identify best practice doe C & D collection and asbestos collection- Use available landfill cell 2 space for general waste disposal at the major emergency			
Communication Considerations			
Internal		External	
Leadership team		<ul style="list-style-type: none">- EPA advice- Community information via media- Contractors	
Further Treatment/Action Plans Actions required for continuous improvement			
Treatment/Action Plan		Position Responsible for development	Target Date
<ul style="list-style-type: none">- All the risks to be considered and addressed through contracts- Need to determine if the contactor has a business continuity plan		Director Infrastructure	Target time might vary according to

Office of the Chief Executive Officer

Media and Communications

Media and Communications			
Prepared by	Manager Media and Communications	Date	19 September 2023
Sub Plan Owner	<p>This plan is owned by the Chief Executive Officer who has overall responsibility for this plan.</p> <p>The routine management of the plan is delegated to the Manager Media and Communications who has the responsibility for ensuring the accuracy and currency of the plan and advising the Chief Executive Officer of any changes required.</p>		
Identified Critical Business Functions			
<ul style="list-style-type: none"> ■ To ensure the ongoing provision of continuous Council-related information to the community of Whyalla through Council's various media and communication channels and platforms 			
Overview of Functions (Context)			
<ul style="list-style-type: none"> ■ Media management and interaction ■ Social media management and interaction ■ Council website oversight ■ Design work for external Council comms ■ Stakeholder engagement oversight ■ Capturing stills / video of key Council activities ■ Council reputation management / promotion ■ Keeping the community informed / educated / up-to-date ■ Debunking rumour and misconception ■ Improving the community's customer experience (ie website improvements, introducing new comms channels etc) 			
Business Impact Analysis			
Business Impact of Function Loss	Penalties for Non Delivery	Functional Interdependencies	
<ul style="list-style-type: none"> ■ Reputational damage ■ Community unaware of critical Council updates / information ■ Poor response to Council events / engagement etc due to lack of comms and therefore lack of community awareness 	Nil	<ul style="list-style-type: none"> ■ Phone system ■ Internet Services 	
Current Resources Premises/ Equipment/ Staff	Minimum Resources Required	Alternate Manual Process or Work Around	
<ul style="list-style-type: none"> ■ 1 site ■ 3 staff ■ Office space including desktop computers, phones, laptops, cameras (inc. drone) 	<ul style="list-style-type: none"> ■ 2 staff ■ Mobile phone with data – enables calls to be made and received, as well as online updates to be posted 	<ul style="list-style-type: none"> ■ Mainstream media services ie radio, newspaper 	
Disruption Scenario			Max Acceptable Outage
<ul style="list-style-type: none"> ■ Loss of key staff 			<ul style="list-style-type: none"> ■ 1 Day
<ul style="list-style-type: none"> ■ Interruption to IT Systems 			<ul style="list-style-type: none"> ■ 2 days
<ul style="list-style-type: none"> ■ Loss of services, power & gas 			<ul style="list-style-type: none"> ■ 1 Day (if power lost at all locations, including working from home)

■ Loss of access to building (damage)		■ Indefinite (provided still have access to laptop and mobile)	
Authority for Invoking Plan Chief Executive Officer			
Key Decision Makers to be assembled			
■ Chief Executive Officer ■ Executive Management Team ■ IT			
Media and Communications			
Stakeholders other than the process owner			
Internal		External	
Chief Executive Officer, Council Members, Executive Team Members, Leadership and Staff.		- Whyalla community, including Business Community, ratepayers and residents - Visitors to Whyalla	
Pre Event Preparedness Current policies & procedures & access points required to deliver function			
- Emergency contact list - Emergency management training - Social media policy? - Digital terms of use?			
Emergency Response Immediate actions required if function is lost.			
On being advised of a business interruption event, the following immediate responses should be considered: <ul style="list-style-type: none"> - Assessment of loss and determine requirement of resources - Communicate with line manager - Determine the media message and method to communicate with internal and external stakeholders - Determine required resources, source and implement 			
In the event of a business interruption event occurring as identified within the disruption scenario analysis , that exceeds the identified MAO, the following responses may be appropriate: <ul style="list-style-type: none"> - Identify suitability of working from alternate locations (include remotely, home etc) - Manual processes to be implemented, including risk assessments 			
Communication Considerations			
Internal		External	
Advise key departments		- Communicate available services to the community, visitors and media	
Further Treatment/ Action Plans Actions required for continuous improvement			
Treatment/ Action Plan	Position Responsible for development	Target Date	
-			

Office of the Chief Executive Officer

Emergency Response – Assisting ZEMC (Zone Emergency Management Committee)

Emergency Response – Assisting ZEMC		
Prepared by	Manager Governance	Date23 March 2023
Sub Plan Owner	This plan is owned by the Director Corporate who has overall responsibility for this plan. The routine management of the plan is delegated to the Manager Governance who has responsibility for ensuring the accuracy and currency of the plan and advising the Director Corporate of any changes required.	
Identified Critical Business Functions		
<ul style="list-style-type: none">In conjunction with Infrastructure Manager Operations and Assets and Planning, ensure an emergency response to clear roads, remove and clear identified felled trees, street sweeping and stormwater/ flood management.Safely secure/ inspects buildings, fencing, breakwaters etc.Provide backup support to SES and MFS as per iResponda protocolsReview Environmental Health implications through the Environmental Health Officer		
Overview of Functions (Context)		
<ul style="list-style-type: none">Provide support as required to ZEMC in a community emergency event as per iResponda protocols.		
Business Impact Analysis		
Business Impact of Function Loss	Penalties for Non-Delivery	Functional Independencies
<ul style="list-style-type: none">Exacerbated damage levels to community/council infrastructureLoss of servicesLoss of reputation	<ul style="list-style-type: none">Possible negligence claimsLegislative noncompliance finesLoss of license, authorities	<ul style="list-style-type: none">ZEMCCommunication systems – ie radios, mobile phones
Current Resources Premises/ Equipment/ Staff	Minimum Resources Required to respond	Alternate Manual Process or Work Around
<ul style="list-style-type: none">Approximately 70 field employeesRelevant plant/ equipment eg tractors, trucks, skidsteer, streetsweeper, chainsawsPPE eg chaps, weather proof gear2 way radios and frequencyMeals/ medical emergency treatmentWorkzone traffic management signage	<ul style="list-style-type: none">Minimum 2 persons per truck3-4 people in depot undertaking oversight/control roles2 trucks, street sweeperRelevant PPEBase Radio, hand held and truck radios (channel 9)Mobile phonesWorkzone traffic management signageLog book for jobs and resource allocations/completed jobs	<ul style="list-style-type: none">Outsource to other stakeholders eg SES, SAPOL, MFSDraw on resources from neighbouring councilsUse ‘Preferred Contractors’ – ensuring safe systems are used by them.
Disruption Scenario		Max Acceptable Outage
<ul style="list-style-type: none">Supporting Control Agencies in Emergency Event (Storm/Flood/Bushfire etc)		<ul style="list-style-type: none">24 hour for clearance needed for main roads24 hours for mitigation of dangerous trees, building collapse etcImmediate (2 hours) for workzone traffic management to be in place re hazards

Emergency Response – Assisting ZEMC	
Authority for Invoking Plan Sub delegation from Chief Executive Officer	
Key Decision Makers to be assembled	
Manager Governance, Manager Operations	
Stakeholders other than process owner	
Internal	External
<ul style="list-style-type: none"> ■ Customer Service ■ CEO, CMT ■ Media 	<ul style="list-style-type: none"> ■ State Emergency Response Agencies ■ Community (through Control Agency)
Pre Event Preparedness Current policies & procedures & access points required to deliver function	
<ul style="list-style-type: none"> ■ Disaster and Emergency Management (including WHS) procedure ■ Authorisations/ sub delegations in place to ensure ability to purchase critical supplies and services ■ I-Responda protocols/training up to date - personnel and equipment registers. ■ Operators have relevant licences up to date ■ Safe Working Instructions (including Isolated Work Procedure) ■ Depot staff responsibilities defined in position descriptions ■ Relevant PPE available ■ Communication plans and channels defined and available. ■ Determine appropriate leadership/ work team group with appropriate competencies ■ Priority equipment identified for various scenarios 	
Emergency Response Immediate actions required if function is lost.	
<p>On being advised of a business interruption event the following immediate responses should be considered:</p> <ul style="list-style-type: none"> ■ Follow i-Responda protocols ■ Ongoing liaison with Council Leadership Team to inform them of key strategies/activities ■ Assess emergency situation and impact with depot team (tool box meeting) - to set up a control centre (depot) ■ Assess priority resources needed (contractors as per BCP external contact list) ■ Ongoing consultation with Control Agency (mobile) ■ Keep check on evolving weather patterns (consider employee safety WHS) – and withdraw staff if too dangerous ■ Determine the availability of appropriate leadership/ work team personnel ■ Organise appropriate equipment and personnel to site and deploy ■ Have a plan and tweak to meet particular circumstances and put contingencies in place ■ Communicate with internal and external personnel as required ■ Reinforce safe (SOP) work practices at all times 	
Continuity Management Actions required to ensure continued availability of the function	
<p>In the event of a business interruption event occurring as identified within the Disruption scenario analysis, that exceeds the identified MAO the following responses may be appropriate:</p> <ul style="list-style-type: none"> ■ Call on neighbouring Councils ■ Consider the need to develop a fatigue management plan ■ Control room to consider undertaking a visual welfare check on employees in the field ■ Consider how to maintain appropriate levels of PPE in the field 	

Emergency Response – Assisting ZEST		
Communication Considerations		
Internal	External	
<ul style="list-style-type: none">- Safety (via tool box meetings), maintain Take 5s- Mobile numbers available for leadership coordinator and backup- Consider using a leadership group member designated to group SMS or phone required personnel- Plant/ equipment allocation determined and notified to relevant persons- Council communication channel (9)	<ul style="list-style-type: none">- Notify relevant external stakeholders/ agencies- Setup media/ community information channel- Liaise with ZEST to ensure a coordinated approach	
Further Treatment/Action Plans Actions required for continuous improvement		
Treatment/Action Plan	Position Responsible for development	Target Date
<ul style="list-style-type: none">- Develop checklist- Develop flowchart/ action plan- Develop communication plan- Analyse training needs- Relevant plant/ equipment/ PPE required- Councils Emergency Management Plan	WHS Coordinator	3 months

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WHYALLA

Image courtesy Annette Kirby

2. ITEMS FOR DECISION

2.9 Time and Place for the Audit and Risk Committee Meetings

Audit and Risk Committee Tuesday 3 October 2023

Meeting:

Author's Title: Manager Governance

File No.: 1-0

Directorate: Corporate Services

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

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Yes

☒

No

Reason – Not applicable

PURPOSE

The purpose of this item is to seek the Audit and Risk Committee's review of a proposed Schedule of Meetings for 2024.

BACKGROUND / DISCUSSION

The Audit and Risk Committee Terms of Reference provides that an annual schedule of meetings (which may include at least one joint workshop with Council) will be developed and agreed by Committee Members.

In considering Council's strategic and financial management processes, Committee Members' feedback is sought on the following schedule for the next 12 months.

- Monday 5 February 2024
- Monday 8 April 2024
- Monday 13 May 2024
- Monday 15 July 2024
- Tuesday 7 October 2024 (recommend in person, to coincide with a joint workshop with Council to be confirmed)

As per established practice, it is proposed that all meetings commence at 11am to allow those Members available to attend in person adequate travel time to and from Whyalla. The location of all meetings will be the Council's Civic Building (which in 2024 will be located at the former Edward John Eyre High School, Grundel Street, Whyalla Norrie), with attendance by Members also able to be facilitated electronically.

RECOMMENDATION

The Audit and Risk Committee:

- 1. Sets the 2024 schedule of ordinary meetings for the Audit and Risk Committee to be held at 11.00am at the Council's Civic Building, Grindel Street on:**
 - **Monday 5 February 2024**
 - **Monday 8 April 2024**
 - **Monday 6 May 2024**
 - **Monday 15 July 2024**
 - **Tuesday 7 October 2024 (to coincide with a joint workshop with Council to be confirmed)**

2. ITEMS FOR DECISION

2.10 CEO Report on Internal Controls

Audit and Risk Committee: 3 October 2023
Author's Title: Chief Executive Officer
Directorate: Executive

File No.: 0-159

Annexures

Nil

Officer Direct or Indirect Conflict of Interest:

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

☐

Yes

☒

No

Status:

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

☐

Yes

☒

No

Reason – not applicable

PURPOSE

To inform the Audit and Risk Committee of the policies and processes adopted by Council to evaluate and improve the effectiveness of its internal control practices and procedures.

SUMMARY

The last three to four years have seen significant improvement in Council's policy and procedure framework, leading to improvement in the controls that are in place. Council has suitably skilled Officers in key positions, which provides confidence that these controls are operating in a suitable manner. There is always room for further improvement, as legislation and expectations change over time.

RECOMMENDATION

The Audit and Risk Committee notes the CEO Report on Internal Controls.

2.10 CEO Report on Internal Controls

REPORT

BACKGROUND

As part of the ongoing implementation of the *Statutes Amendment (Local Government Review) Act 2021*, on 30 November 2023 major changes will occur to section 126 of the *Local Government Act 1999*, which sets out the function of Council's Audit and Risk Committee. As part of this change, section 126(4)(g)(ii) will be inserted:

If the council does not have an internal audit function, reviewing and commenting on an annual report provided by the chief executive officer in relation to the policies and processes adopted by the council to evaluate and improve the effectiveness of its internal control practices and procedures.

While Council uses internal resources to undertake processes related to financial internal control, there has until this time been no broader internal audit function. This has recently changed with the appointment of BDO to provide both Service Review and Internal Audit programs.

While the new legislative requirement has not yet come into force, this report is provided to meet best practice.

DISCUSSION

Council has significant processes in place to ensure that financial internal controls are operating effectively at all times. This includes all payments to employees and suppliers being tested by an employee independent of the process before funds are released. In addition, duties are appropriately segregated for all financial functions, and strong procurement practices are in place. An annual self-assessment of all financial internal controls is undertaken to ensure continuous improvement and to ensure controls remain relevant and are operating effectively.

Council's External Auditor is tasked with testing and providing an opinion on Council's financial internal control on an annual basis. This process also includes providing recommendations on areas for improvement. Council has always received an unqualified opinion in this regard.

Financial internal control is considered to be well understood from a risk perspective, with sufficient policies, processes and resources committed to this critical activity.

Council's External Auditor does provide limited review of some areas of operations that fall outside of the financial area, such as review of outdated policies and the availability of required registers.

The area of Workplace Health and Safety receives significant oversight, as Council is a member of the Local Government Workers Compensation scheme. This means that regular audits are undertaken, with the results of these audits affecting Council's overall level of rebate received. Like all areas of risk, expected standards increase over time and recent audits have highlighted areas requiring improvement and action, mainly focused on Council's Works Depot that is a high risk environment. These actions are being worked

through, at a time when the recruitment of relevant skills in the WHS area remain a challenge.

In the past, testing of controls in other areas of the Council have been undertaken on a more ad-hoc basis. An extensive 'Governance Health Check' was undertaken in early 2021, which highlighted a large number of items that needed to be addressed. These matters have been systematically worked through, resulting in improved processes for Council and as a result of organisational realignment seen more Governance resources put in place.

The implementation of an Internal Audit program by BDO will further strengthen Council's internal control framework. It includes a risk-based approach, meaning that resources will be used where they are most needed, providing independent oversight and allowing best practice from other organisations to be incorporated into Council's processes.

Financial Implications

The implementation of an Internal Audit program was incorporated into Council's budget and Long Term Financial plan during the 2023/24 budget process.

Legislation

Section 126 *Local Government Act 1999*

Officer Direct or Indirect Interest – Nil

Risk Assessment

Council's system of internal control is a key risk mitigation factor. While no formal Internal Audit function currently exists, significant internal control activities are undertaken throughout Council, with significant improvement in the policy and procedure framework over the past three to four years.

Adding a layer of independent review over this with further reduce risk for Council.

The relatively few external complaints relating to Council's operations and governance processes received by external agencies including the Ombudsman, ICAC, Office of Public Integrity, SafeWorks SA etc provides an indication that policies and processes are appropriately managing risks and delivering sound outcomes for council and our community.

Social Considerations – Nil

Community Engagement – Nil

Environmental Implications – Nil

Communication – Nil

Conclusion

The last three to four years have seen significant improvement in Council's policy and procedure framework, leading to improvement in the controls that are in place. Council has suitably skilled Officers in key positions, which provides confidence that these controls are operating in a suitable manner. There is always room for further improvement, as legislation and expectations change over time.

2. ITEMS FOR DECISION

2.11 Review CEO's Annual Report on the Effectiveness of the Organisation's Culture

Audit and Risk Committee 3 October 2023

Meeting:

Author's Title: Chief Executive Officer

File No.: 0-159

Director: Executive

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

PURPOSE

Organisational Culture is central to risk and opportunity and inextricably linked to the ethical questions of right and wrong. If the Council has a poor culture, this can override a well-intentioned and documented risk management process. This report is to provide the Audit and Risk Committee with the current pulse of the Council's culture using data derived from the UniSA CERM PI study.

SUMMARY

In July 2021, the Council partnered with UniSA CERM PI for a three (3) year study into Organisational Culture. The study comprises three (3) large surveys and three (3) pulse surveys which are "check-in" points to provide an overview of the organisational culture at a point in time.

The large surveys focus on the following data collection instruments and the pulse surveys use shortened measures of the same data collection instruments providing year on year comparisons:

- Organisational Climate (trust, support, recognition, fairness and innovation);
- Organisational Citizenship Behaviour (civic virtue, sportsmanship, conscientiousness, courtesy and altruism);
- Psychological Capital (optimism, resilience, self-efficacy and hope); and
- Overall Satisfaction

Council will participate in a final Organisational Culture Survey in January/February 2024 and the study and partnership with CERM PI will conclude. The final report will provide an analysis of the three (3) study results.

The 2023 pulse survey provides comparisons against the 2022 main survey, with the comparative data provided below:

- **Organisational Climate** - improvements in Trust, Support, Recognition, and Innovation with a slight decline in fairness. Overall, Organisational Climate improved from 3.21 in 2022 to 3.37 in 2023.

- **Organisational Citizenship Behaviour** - improvements in Altruism, Sportsmanship, Courtesy and Civic Virtue with a decline in Conscientiousness. Overall, the Organisation's Citizenship Behaviours improved from 5.78 in 2022 to 5.88 in 2023.
- **Psychological Capital** - improvements in all areas of Psychological Capital. Overall, Psychological Capital improved from 4.44 in 2022 to 4.67 in 2023.
- **Overall Satisfaction** remains high, albeit there was a slight decline from 3.96 in 2022 to 3.83 in 2023.

RECOMMENDATION

The Audit and Risk Committee:

1. notes the CEO's annual report regarding Council's current Organisational Culture.

REPORT

BACKGROUND

In June 2021, Whyalla City Council partnered with Uni SA CERM PI to participate in a three (3) year Organisational Culture Study. The study measures Organisational Culture, Climate, Satisfaction, Citizenship Behaviours, and Psychological Capital among staff.

It was determined by the Whyalla City Council, in conjunction with CERM PI, that the optimum research method to explore the Organisational Culture would be an online quantitative staff survey comprising three (3) main surveys and three (3) pulse surveys.

The data collection instrument developed for the surveys measures:

- Organisational Culture,
- Climate of the organisation,
- Organisational Citizenship Behaviour (OCB),
- Psychological Capital (Optimism, Resilience, Self-efficacy and Hope), and,
- Overall Satisfaction of staff.

In 2021, the overall data noted that staff were generally satisfied with their job and their role. Likewise, the overall climate of the Council was seen as generally positive. However, whilst overall satisfaction was high, there were some areas that warranted further investigation and attention, with a lack of Recognition, Optimism and, in particular, Conscientiousness being three (3) areas of note. The 2022 results still noted that staff were generally satisfied working for Council and it also indicated notable improvements in Trust and Recognition, Altruism, Civic Virtue, Optimism and Resilience compared to 2021, however, Conscientiousness declined in 2022.

Conscientiousness is defined as *behaviour by employees that goes well beyond minimum role requirements, which may include working from home or for longer hours.*

In 2023 the report presented an overall positive picture of organisational culture, however, this report did see a slight decline in the perception of Fairness. Conscientiousness continues to decline slightly and Council needs to consider strategies to improve this. All areas of Psychological Capital improved in 2023 and the overall satisfaction rate remains high albeit slightly lower than in 2022.

Things that changed during 2021 – 2022: The organisational restructure was finalised and a majority of the positions were filled. A new Executive Management Team was in place and the process to fill newly developed Leadership positions was well underway.

In 2022, internal communications increased as the Council responded to the impacts of COVID-19 on staff and the community. Council took a firm stance asking staff to remain home if unwell and consulted on and introduced a COVID-19 testing regime. Further, there was significant consultation and staff forums held in response to a mandated vaccination policy position. This

generated significant feedback from staff resulting in a changed position. The approach to consultation and engagement with staff and change management seemed to positively impact the organisational culture.

Whilst the UniSA survey results show overall positive feedback from staff regarding the Council's culture, feedback received through 360 degree surveys conducted as part of the Executive Performance Management Framework indicates some matters are currently contributing to entropy within the organisation. The operating environment that the Council is currently operating in is very dynamic with competing priorities and tension associated with attending to 'legacy issues' at the same time as preparing for capitalising on the transformative opportunities for the city leveraging hydrogen projects and decarbonisation. Given this tension, some 360 degree survey respondents are calling for improvements in leadership, prioritisation and collaboration across the organisation. These focus areas have been incorporated into the CEO's Key Performance Indicators for 2023-24 with the expectation that improvements in these areas will contribute positively to organisational culture.

Legislation

Local Government Act 1999 (SA)

Officer Direct or Indirect Interest - Nil

Risk Assessment – Not applicable

Social Considerations

Community Engagement – Not applicable

Environmental Implications – Not applicable

Communication – Not applicable

Conclusion:

The year on year results from the surveys demonstrate that the overall organisational climate has been improving and is positive. Based on the data, staff enjoy working for the Council and enjoy the roles they perform. Improvements were made in Recognition which was rated low in 2021.

Conscientiousness has slightly declined year on year and the Council needs to be mindful of the overall satisfaction rating and ensure that this does not continue to decline. It is important for the Council to continue to review and evaluate the organisational culture, as misalignment between culture and risk can undermine strategy and performance.

This report will be refined over time drawing on other data sources (eg the Ombudsman, ICAC, SAET, and 360 degree feedback through the Executive Performance Management Framework) that may indicate a shift in culture in the areas of ethics, integrity and accountability.

3. ITEMS FOR NOTING

3.1 Quarterly Report – Procurement July to 8 September 2023

Audit and Risk Committee 3 October 2023

Meeting:

Author's Title: Procurement Coordinator

File No.: 0-159

Director: Corporate

Annexures – Nil

Officer Direct or Indirect Conflict of Interest:

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

☐

Yes

☒

No

Status:

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

☐

Yes

☒

No

Reason – not applicable

PURPOSE

The purpose of this report is to provide information regarding Council's procurement activities during the period 1 July to 8 September 2023.

SUMMARY

The Procurement Policy requires quarterly reporting on procurement exemptions.

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

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

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

RECOMMENDATION

The Audit and Risk Committee receive and note the Quarterly Report – Procurement 1 July to 8 September 2023.

3.1 Quarterly Report – Procurement July to 8 September 2023

REPORT

BACKGROUND

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

Council's Procurement Policy exemptions from the policy to be appropriately approved, recorded and reported quarterly to the Audit and Risk Committee and Council.

DISCUSSION

1. TENDERS (greater than \$250,000):

The following tenders were undertaken or in progress for the period 1 July to 8 September 2023:

PROCUREMENT	TENDERS REQUESTED	TENDERS RECEIVED	STATUS
Beach Central Plaza Playground Precinct Development – Stage 1A (Detailed Design and Construction Consultancy)	LGA Procurement facilitated tender via Tenders SA website	6	Contract awarded 29 August 2023

2. POLICY EXEMPTIONS:

From 1 July to 8 September the following 7 procurement exemptions were made:

PROJECT TITLE	VALUE (GST EX)	NATURE & REASON FOR EXEMPTION (Clause 7 of Procurement Policy)	HOW COUNCIL IS RECEIVING VALUE FOR MONEY FROM THIS PROCUREMENT
Microwave Link from Tank Hill to Edward John Eyre High School	\$54,350	The supplier currently provides all other network connections within our tower network, and the use of a separate supplier would require integration and likely lead to higher long-term costs. This supplier understands our environment and reduces the burden on staff resources for this project.	There is always a risk that using the same supplier will result in higher upfront costs than what the market could offer. However, the ongoing costs of integrated systems is likely to outweigh this in the medium to long term
Fit out of former Edward John Eyre High School Building	\$650,000	Due to nature of works, Early Contractor Involvement (ECI) process was undertaken for this project. This process was managed by a Consultant, who were overseeing the scope and design of these works. An ECI is not specifically covered by Council's Procurement processes. However, it was shared to all relevant local contractors as well as some specific Adelaide based firms and made clear that the successful party would most likely undertake the construction works.	Because the ECI process was open to a number of parties the market has been tested. In addition, significant work has been undertaken to get these works down to a much lower cost point that seemed possible a few months ago.
Gardening Maintenance at Former EJE High School Site/New Whyalla Council site	\$34,800	Contractor has been undertaking these works for a long period of time for Education Department, so has good knowledge of the site. To assist with transition to Council managing site, it is considered to be beneficial to have this continuity of service provider, at least initially. Will be reviewed after first year.	Initial concept was to bring services inhouse, however based on estimated hours required to complete works, price is considered to be comparable to cost of delivering internally. Using external provider offers a little more flexibility, particularly as at this time it is not known how long Council will be using the site. Quality of service provided will be monitored to allow for value component to be reassessed after 12 months.
Caterpillar G1 Grader Repairs	\$45,341	Contractor is the local dealer and services agents for their machines.	The grader has multiple structural and maintenance repairs. It cannot be traded in it's current condition due to safety concerns. This investment will completely refurbish the grader and provide an extended life from 2028 to 2033 for next replacement. It also negates the need to hire machines to undertake all unsealed roads programs scheduled for the next few months.

PROJECT TITLE	VALUE (GST EX)	NATURE & REASON FOR EXEMPTION (Clause 7 of Procurement Policy)	HOW COUNCIL IS RECEIVING VALUE FOR MONEY FROM THIS PROCUREMENT
Wi-Fi Hotspots at former Edward John Eyre High School site	\$33,230	The IT works included in the main construction contract included all wiring for Wi-Fi provision, but not the Wi-Fi hotspots themselves. A recent walkaround of the site confirmed the number of Wi-Fi points required at 25, with an increase from the original design to ensure that connectivity is not an issue in the move from ports to wireless. Council is able to reuse some units from the current building, with 18 new ones required to be purchased. Supplier provides these products but will only provide them through resellers. The contractor chosen is the one that will be providing all support for the deployment of these devices and assisting with the move itself.	Online checks shows that the quote is for around 20% less than the readily available price.
Jubilee Park Electrical Switchboard – Engineering Design	\$40,000	Consultant currently hold the intellectual property, having undertaken the inspection and provided a report on their findings. Their familiarity with the project the current end user demands means the delivery of Phase 1 – Engineering design will be completed in 4-8 weeks. The remaining works will be subject to the Tendering Process.	Selecting another party to undertake the Engineering Design will delay the project significantly as the new party will need to attend site and undertake the inspection already completed by the Consultant, doubling processes that have already been undertaken.
Decommissioning Removal and Relocation of Audio Visual Assets from Civic Building to former Edward John Eyre High School site	\$100,371	The main contract for construction at the new Civic Building excluded works on the installation of Audio-Visual Equipment as this is a specialised area that is best procured separately. Based on advice about skilled operators and also contractor availability, it was decided to approach this contractor directly and have them quote for these works. They attended site and undertook a significant audit of all current equipment to ensure everything that can be reused, is. They can deliver the works in a timely manner, when other contractors have indicated long lead times.	The original indicative quote before site visits were undertaken was in excess of \$300,000. The contractor has undertaken significant cost management, to reuse previous equipment and scale to Council's operations. It was decided to remove one room from the final contract to ensure Council's budget is not too significantly constrained. By way of comparison, the cost to install to AV in the current Chamber and Conference room was \$151,000 (ex GST) in 19/20 and 20/21.

Due to the recent Procurement Framework Review the following positions are authorised to approve exemptions from undertaking procurement processes as specified in Council's Procurement Policy:

- Up to \$100,000 – Director
- Above \$100,000 – Chief Executive Officer

The following is a summary of Policy exemptions for the 2023/2024 year:

Exemptions by Department	Amount	Percentage
City Growth	0	0.0%
Corporate	4	57.14%
Infrastructure	3	42.86%
Executive	0	0.0%
Total	7	100.00%

Exemptions by Procurement Thresholds (\$)	Amount	Percentage
10,001 – 40,000	3	42.86%
40,001 – 250,000	3	42.86%
250,001 +	1	14.28%
Total	15	100.00%

3. LOCAL PURCHASES:

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

Out of a total of 779 purchase orders raised for goods, works or services for the quarter:

- 462 were local; and
- 317 were non-local

There was an overall spend of \$10,301,674 broken down as follows:

- Local spend \$5,487,327; and
- Non-local spend \$4,814,347

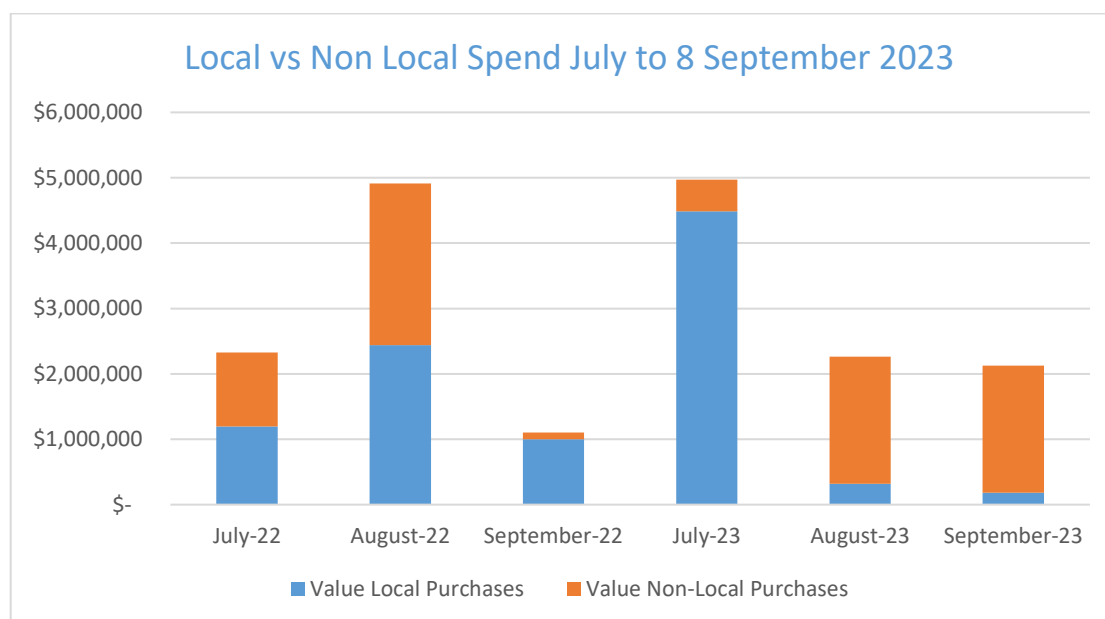
A total of 59.31% were local purchases and 40.69% were non-local purchases for goods, works or services. Non-local purchases for this period were reviewed and were for the following reasons:

- Specialised products or services
- Training/Conferences/Meetings/Accommodation
- Memberships/Subscriptions
- Tendered goods/works/services
- Sponsorship
- Advertising
- PLAN SA online lodgement fees
- Employment screenings
- Vehicle Registration Searches
- Events – Salty 'Sea'esta Cuttlefest, Illuminart HMAS Whyalla
- CITB Levy
- Software licences
- Laptops

The following tables represent local vs non-local purchase order number and value comparison for 1 July to 8 September 2023 and includes a comparison with the previous year.

2023	July	August	To 8 September	Total
Local Purchases	240	182	40	462
Non-Local Purchases	134	136	47	317
Value Local Purchases	\$4,488,579	\$318,441	\$181,459	\$4,988,479
Value Non-Local Purchases	\$484,610	\$1,946,745	\$1,945,325	\$4,376,679

2022	July	August	To 8 September	Total
Local Purchases	213	160	57	430
Non-Local Purchases	137	137	35	309
Value Local Purchases	\$1,194,779	\$2,439,686	\$1,001,526	\$4,635,990
Value Non-Local Purchases	\$1,130,235	\$2,474,463	\$101,531	\$3,706,229



Non-local spend for the quarter included the following tendered works where purchase orders were raised and continuation orders for the new financial year:

- Continuation of Current Contracts:
 - Airport Security Screening, Waste, Cleaning, Road Resurfacing Program, Kerbing Program, Window Cleaning, Service Reviews & Internal Auditing Services, Point Lowly Cottages Construction Works)
- Vehicle & Minor Plant Trade In/Replacement
- Building Fit Out, Relocation of Network Facilitation, Audio Visual, Relocation, Microwave Link, Grounds Maintenance at Edward John Eyre High School
- Jubilee Park Electrical Switchboard – Engineering design (Phase 1)

4. PROCUREMENT FRAMEWORK REVIEW:

The Procurement Framework Review is now complete. Training has been held with Key Staff and a Procurement Training Site has been established with framework documents to be published via SharePoint to staff imminently.

Legislation

Local Government Act (SA) 1999

Officer Direct or Indirect Interest – Nil

Risk Assessment

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

Social Considerations – Nil

Community Engagement – Nil

Environmental Implications – Nil

Communication - Nil

Conclusion

59.31% of purchase orders raised during the period 1 July to 8 September 2023 were for goods, works and services from local suppliers.

3. ITEMS FOR NOTING

3.2 Civic Building Demolition Update

Audit and Risk Committee 3 October 2023

Meeting:

Author's Title: Director Corporate
Manager Governance

File No.: 0-159

Director: Corporate

Annexures

A – Council Report: Civic Building Demolition

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

DISCUSSION

To keep the Audit and Risk Committee fully informed regarding matters of financial and business continuity interest, provided at Annexure 1 is a copy of a report considered by Council at their September 2023 meeting.

This item also provides opportunity for the Audit and Risk Committee to provide feedback on the proposed approach.

RECOMMENDATION

The Audit and Risk Committee:

1. Note the proposed approach to be taken regarding the demolition of the Civic Building and provide any feedback accordingly.

13.2 CORPORATE SERVICES**13.2.4 Civic Building Demolition Options****Council Meeting:** 18 September 2023**Author's Title:** Director Corporate Services**File No.:** 5-115**Directorate:** Corporate Services**Annexures:**

A – Order of Costs for Long-term Accommodation Options

B – Council Owned Darling Terrace Site

C – Prospectus Content

D – Council Owned Ekblom Street Site(s)

Officer Direct or Indirect Conflict of Interest:*In accordance with Local Government Act 1999,
Section 120*☐

Yes

☒

No

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

Yes

☒

No

Reason – Not applicable**PURPOSE**

The purpose of this report is to seek Council's approval to develop a Prospectus for the demolition/redevelopment of the Civic Building, Darling Terrace for release to the market.

SUMMARY

A partial roof collapse occurred on 18 June 2020 within the Civic Building, following which several repairs were made and investigations undertaken into the extent of works required and associated costs.

As the significant extent and costs of repairs became apparent, separate investigations were undertaken as to Council's long-term accommodation options and following this work, Council resolved to undertake further investigations into demolishing the current Civic Building and rebuilding new premises on the existing site or to permanently relocate to the former Edward John Eyre High School.

Since the initial accommodation investigations were completed, there have been some developments in terms of land considerations across Whyalla, and particularly the site of the former Edward John Eyre High School. In addition, given Council's financial position, it is prudent to consider alternative options for the redevelopment of the current Civic Building site including but not limited to Council's long-term accommodation requirements.

On this basis, this report recommends testing the market for the redevelopment of the current Civic Building site, including an option that the site be developed inclusive of long-term accommodation for Council's civic and administrative functions.

RECOMMENDATION

Council:

- 1. notes the report;**
- 2. endorses the development of a Prospectus for the future use and/or redevelopment of the Civic Building, Darling Terrace site for release to the market;**
- 3. endorses to also include the Council owned land on Ekblom Street in the Prospectus, and**
- 4. requests the release of an Early Contractor Involvement tender for the demolition of the Civic Building and minor land improvements, to be facilitated in parallel to the issue of a Prospectus, to be utilised in the event that a suitable Prospectus response is not received.**

13.2.4 Civic Building Demolition Options

REPORT

BACKGROUND

A partial roof collapse occurred on 18 June 2020 within the Civic Building, following which several repairs have been made and investigations undertaken into the extent of works required and associated costs.

As the significant extent and costs of repairs became apparent, Stallard Meek Flightpath Architects (**SMFA**) were engaged to undertake an accommodation relocation study, to provide advice as to how best public value can be achieved in addressing the dilapidated state of the Civic Building. The Relocation Study considered the following four options:

- Option 01 – Repair and refurbishment of the current Civic Building.
- Option 01A – Demolish current Civic Building and rebuild new on existing site.
- Option 02 – Relocate permanently to the former Edward John Eyre High School site.
- Option 03 – New build on new site.

On 4 July 2022, Council resolved to undertake further investigation into Option 1A and Option 2, noting also that Council will be required to temporarily move to the former Edward John Eyre High School site whilst the investigations are undertaken, and a preferred solution implemented.

Since the July decision, work on the temporary relocation has significantly progressed, with relocation to the former Edward John Eyre High School scheduled to occur during the week commencing 30 October 2023.

DISCUSSION

With the temporary relocation work now well underway, it is timely to start detailed consideration/investigation of Council's preferred approach to managing the current Civic Building site. In this regard, several considerations are relevant:

1. Engineering assessment has advised that demolition of the current building must occur by July 2024 from a risk management / safety perspective. Should this not occur, costly repairs will be required.
2. Once Council moves from the Civic Building, the potential for an empty building to detract from the historic city centre trading precinct is high.
3. As mentioned above, demolition of the current Civic Building and rebuilding on the existing site is one of the options (Option 01A) recommended by SMFA for Council's long-term accommodation needs. Refer also to **Annexure "A"** for some order of cost estimates of each option considered by SMFA.
4. With increasing interest and investment in Whyalla, the Civic Building site is strategically positioned and provides an opportunity to catalyse development.
5. Council owns the land, which is not classified as community land.

6. Since the initial accommodation investigations were completed, there have been some developments in terms of land considerations across Whyalla, and particularly the site of the former Edward John Eyre High School. These may impact the former EJEHS being a long-term accommodation option for Council.
7. Given Council's financial position, it is prudent to consider alternative options for the redevelopment of the current Civic Building site including but not limited to Council's long-term accommodation requirements.

In considering the above, the following possible options are discussed (in turn) below.

1. Do nothing, leave the building as is. This is not really an option, given the significant risk of building failure.
2. Council demolishes the building prior to July 2024, leaving the land either as is, or undertake minor improvements to ensure it does not detract from the city plaza trading precinct. Council to then consider development of the site as a greenfield site either for its own accommodation purposes and/or other development opportunities.
3. Council issues a prospectus prior to demolition to test the market as to the development of the site. This will assist Council to understand current levels of interest and potential development options, including either redevelopment/repurposing of the existing building or demolish and develop new.

1. Do Nothing

Some facts about the Civic Building's current state of repair:

- In June 2020, an amount of concrete fell from the roof in the David Knox Room. The room was empty at the time of the incident and this incident was reported as a 'near miss' for Work Health and Safety and SafeWork SA purposes.
- Following the partial roof collapse in June 2020, several 'make good' repairs including the installation of scaffolding on Forsyth Street were made in 2021 to provide surety as to the safety of the current Civic Building in the immediate future.
- This timeframe was secured to allow Council time to consider its next steps given engineering advice that the major works required to secure the structural integrity of the building would cost an estimated \$4.5M plus ongoing annual maintenance in the order of \$1M.
- In May 2023, an engineer's re-inspection of the building was undertaken, focusing on the critical areas identified by the previous inspection as being at risk of failure. This inspection was approached from a risk management perspective to test the ongoing structural integrity of the building.
- The inspection identified further degradation as follows:
 - o Works needed on the main building's box gutters and downpipes is urgent and should be carried out within 3-months. In 2021, the estimated costs of these works were between \$100,000 and \$200,000. The gutters and downpipes are leaking, and if not repaired will impact internal structural integrity.
 - o The 'make safe' work on the Forsyth Street wing walls and pelmet has been noted as having a high potential of dislodgement. This suggests the effectiveness of the scaffolding as a mitigating strategy is not long-term. In 2021, the estimated costs of works to repair the walls and pelmet were between \$65,000 and \$530,000 depending on the approach taken.

- The engineer suggests that if the building is abandoned and demolished within 5-6 months, the building may remain in its current condition with no works carried out. However, if the building is not abandoned and demolished in this timeframe, the above works should be carried out as a matter of urgency.
- The engineer has further advised that following abandonment in October / November, 3 monthly inspections should be carried out until demolition by July 2024.

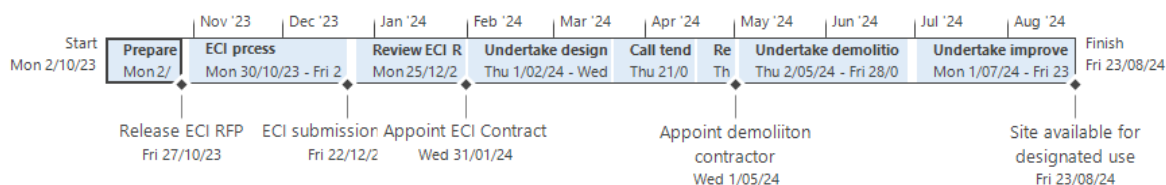
It is clear from the above information that the current Civic Building is in either dire need of major works or demolition. Doing nothing is therefore not an option open to Council. As Council have already indicated that a major spend on the existing 1960's building (that does not significantly increase its useful life and/or functionality), is a poor use of public funds it follows that demolition is the next step.

2. Demolish the building prior to July 2024

Taking note of the engineering advice that the building should be demolished by July 2024, this option involves Council proceeding to demolition via a tender process. Points of relevance for this option include:

- Indicative order of cost estimates for demolition are between \$500-\$750k. This does not include any credits for salvage items, nor does it include costs for any minor improvements to the land. Given current market conditions, this order of cost will need to be tested.
- The tender for demolition will include the following parameters:
 - o Ensuring the integrity of surrounding buildings
 - o Reduce as far as possible any impact on traders in the surrounding area
 - o Dust suppression
 - o Any asbestos management
 - o Appropriate traffic management
 - o Protection and salvage of mural tiles on the Darling Street face of the building
 - o Salvage of internal materials that can be re-used, for either Council or the contractor (to be determined)
 - o Treatment of basement area – fill, cap, fence
- Provision and plans will be needed to undertake minor improvements on the land once the building is demolished to ensure the site does not detract significantly from the city plaza trading precinct. This will be dependent on the treatment of the basement area and what the site layout looks like once the building is removed. Consideration needs to be given to keeping the spend on this item to a minimum due to the temporary nature, however, some options discussed to date include:
 - o creating a park like environment, possibly with beach volleyball or similar
 - o an outdoor cinema area, projected onto an adjacent building
 - o fencing the whole site, potentially adding images depicting future use.
- Due to the complicated nature of the site, it is proposed that an Early Contractor Involvement (ECI) process be undertaken. Council experienced a great outcome with the ECI undertaken for the new Civic Building on Grundel Street, greatly lowering the cost of undertaking the required works, and it is expected that this would also be the case for this project.

- Timelines for this approach could be to release a Request for Proposal (RFP) for an ECI in November 2023, award contract in late January 2024, undertake the ECI process over February and March 2024, confirm the final budget in April 2024 and commence demolition approximately May / June 2024. Undertake minor improvements on the land July / August 2024.



- Costs will continue to be incurred for maintaining security of the Civic Building whilst awaiting demolition.
- The Main Street traders are very clear that they do not want a 'derelict building' and/or 'derelict vacant site' post demolition detracting on the main street environment/experience.

The pros and cons of this approach follow:

Pros – key outcomes achieved	Cons – detractors or outcomes missed
Building demolished in appropriate timeframes	Redevelopment of the site delayed due to a two stepped process – makes treatment of basement area more complicated
Following demolition, Council can release the land for market proposals, or develop the land itself	May miss opportunity for a unique developer with innovative ideas for the current building
Removes risk of abandoned building becoming unsightly and encouraging antisocial activity	Likely to be a costly exercise for Council, with no funding plan for this works currently in place

3. Issue a Prospectus

This option involves Council issuing a prospectus prior to demolition to test the market as to the future use of the site (refer **Annexure “B”**), including demolition of the building. This will assist Council to understand the current levels of interest and potential options for the site, including redevelopment of the existing building or demolish and develop new.

A prospectus is a document that describes a potential investment/development opportunity, to be released to the market to:

- Test the market for investment/development potential
- Act as a catalyst development
- Attract investors, partners, and/or a purchaser
- Promote Whyalla as a place to invest
- Consider multiple / alternate development sites to fulfil Council's long term accommodation needs and other development outcomes.

Refer to **Annexure “C”** for an early outline of content details.

When undertaking a review of Council's current land holdings, the other obvious potential development site to accommodate Council's long term needs is the land held on Ekblom Street, opposite Westland's and behind the Recreation Centre site (refer **Annexure "D"**). Being in the centre of the city and close to the education precinct, this site is also likely to be of interest to the private sector for development. This Council owned land is within the Whyalla Central Precinct and therefore maybe considered in any future precinct planning and application to the Federal Government's Regional Precincts and Partnerships Program

It is proposed that if a prospectus is released, that this land parcel should also be included, to both increase Whyalla's development value proposition, and also the potential range of development scenarios that may be generated via releasing the prospectus to market.

The prospectus needs to be clear on the outcomes that are desired, including:

- A solution for Council's long-term accommodation needs, with flexibility on how this is achieved.
- A preference for activation of these key sites, through contemporary, integrated mixed use developments
- Maximising the delivery of public value from public/private investment.
- Being a catalyst for other development and urban renewal within our city.

There is always the possibility that the prospectus process will not deliver a suitable outcome for Council. In this case, it is important that Council can still be ready to begin demolition of the building in June / July 2024. For this reason, it is proposed that the ECI process outlined above would be run in conjunction with the prospectus, to ensure that Council is ready for numerous development scenarios/outcomes.

The pros and cons of this approach follow:

Pros – key outcomes achieved	Cons – detractors or outcomes missed
Potential to turn an asset that is currently a burden into an opportunity	Time and resources need to be put into the process, even if it doesn't generate an outcome
The private sector can generate solutions that we won't have thought of	Council may end up losing control of prime parcels of land
The timing is good, with interest in Whyalla on the rise	
The process doesn't commit Council to move ahead if the submissions don't meet the mark	
Potential to highlight investment partners that may be suitable for other projects in the city	

Financial Implications

The conduct of tender processes or the issue of a Prospectus as outlined in this report can be accommodated from within Council's existing budget.

The budget impacts from the outcome of the processes will be presented to Council in a future report.

Strategic Plan

<i>Objective 1.1</i>	<i>Unearth community pride within the city</i>
Strategy 1.1.1	Regularly inform the community of council activities, decisions and actions by promoting positive stories and positive images
Strategy 1.1.2	Take a proactive, collaborative approach to the revitalisation of council services to ensure that they adapt to the changing needs and expectations of the community
<i>Objective 2.1</i>	<i>To create a city that is attractive and showcases our natural and built assets</i>
Strategy 2.1.3	Promote, protect, and rehabilitate the unique and historical built environment of Whyalla
<i>Objective 2.4</i>	<i>To ensure that infrastructure is maintained and managed to meet the community's economic, social and physical needs</i>
Strategy 2.4.1	Sustainably fund Whyalla's Asset Management Strategy
Strategy 2.4.2	Continue to look for opportunities to rationalise and dispose of surplus assets in line with service delivery
<i>Objective 4.1</i>	<i>Instil community pride</i>
Objective 4.2	To create an attractive city for the community, visitors and potential investors

Legislation

Building compliance, work health and safety considerations, sales of Council assets.

Officer Direct or Indirect Interest – Nil

Risk Assessment

In June 2020, an amount of concrete fell from the roof in the David Knox Room. The room was empty at the time of the incident and this incident was reported as a near miss.

'Make safe' works were undertaken in 2021 with further works required to provide Council with a 2-year timeframe to consider its options regarding the preferred future location of its Civic building/functions. These works were not completed. Further inspections of critical areas have been carried out to ensure that the building is currently safe both for those using the building and the public in the vicinity of the building. In July 2022, Council considered a report and resolved to undertake a feasibility study into the demolition of the current Civic building and re-building on the site or permanently re-locating to the EJEHS.

The temporary relocation of the current Civic Building functions to the EJEHS is now underway. The next step in managing the risk of the current Civic Building is to either tender for demolition services and/or release a Prospectus inviting offers for redevelopment or demolition.

Social Considerations

The following principles are examples of social considerations that will be sought in any development of the site(s).

Principles

Is the development:

- connected and integrated;
- innovative and future proofed;
- partnership centred;
- safe, welcoming and accessible;
- smart, sustainable and measured;
- vibrant, inclusive, appropriate and functional;
- flexible, multipurpose and compatible;
- an involved and resilient community;
- a sense of place;
- cost-effective and sustainable;
- appropriate;
- equitable and fair;
- local priority;
- priority of access.

Community Engagement – Nil

Environmental Implications

All environmental considerations connected with the demolition of the Civic Building will be managed via contractual arrangements between Council and supplier of services.

Conclusion

It is considered that two practical options for Council to deal with the current Civic Building issues are to undertake demolition by July 2024, or to test the market for a private sector solution to the issue.

In order to The proposed way forward is to undertake work on both of these options concurrently.

This will ensure that the best possible outcome for the community in dealing with this end-of-life asset is achieved.

Annexure “A”

Stallard Meek options and time and order of cost estimates

COMPARISON

The following tables reflect an estimation of the time and cost required to complete the different options;

OPTIONS	UP FRONT CAPITAL COST (Approx.)	
Option 01	Temporary Relocation / Refurbishment	\$30,860,000
Option 01 A	Temporary Relocation / Demolition / New Build	\$36,223,000
Option 02	Relocation / Renovation (Two Stages)	\$19,735,000
Option 03	Temporary Relocation / New Build	\$39,795,000

OPTIONS	TIME (Approx.)	
Option 01	Temporary Relocation / Refurbishment	24 months
Option 01 A	Temporary Relocation / Demolition / New Build	30 months
Option 02	Relocation / Renovation (Two Stages)	21 months
Option 03	Temporary Relocation / New Build	30 months

Description of options:

Option 1 – temporary relocation of Civic services; refurbishment of current Civic Building

Option 1A – temporary relocation of Civic services; demolition of current Civic Building, build new

Option 2 – relocation and renovate EJEHS for long term accommodation

Option 3 – temporary relocation and new build on greenfield site

Annexure “B”

Outline content - Prospectus

1. Our city at a glance
2. The opportunity – market overview and key facts:
 - Main street
 - Ekblom Street and City Centre
 - Neighbourhood analysis, development plan, zoning
 - Area map
 - Existing sites, land size, current state
 - General conditions, rental rates
3. The opportunity – outcomes sought
 - Vision, public value
 - Council’s long term accommodation needs
 - Other government services
4. Possible deal structure
 - PPP; lease back; outright purchase
 - Financial analysis / capital required / ROI
5. Decision-making information
 - Risk factors
 - Investor suitability

Annexure “C”

Council Owned Darling Terrace Site



Council Owned Civic Land and Building = approximately 2,000m²



Combined Council Owned Civic Centre and State Owned Police Station and Court House = approximately 5,500m² (shown for illustrative purposes only).

Annexure "D"

Council Owned Eklom Street Site(s)



Sites combined = approximately 13,600m²



4. CONFIDENTIAL ITEMS

4.1 Verbal Update on Council Business and City Developments - **CONFIDENTIAL**

Audit and Risk Committee 3 October 2023

Meeting:

Author's Title: Director Corporate

File No.: 0-159

Director: Corporate

Annexures - Nil

Officer Direct or Indirect Conflict of Interest:

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

☐

Yes

☒

No

Status:

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

☒

Yes

☐

No

Reason –Nil

PURPOSE

This standing agenda item is to facilitate any required updates to the Audit and Risk Committee on matters regarding Council Business and City Developments

Note that should any items be raised, the Committee may need to consider the item in confidence under the provisions of Section 90 of the Local Government Act 1999. The Chief Executive Officer will advise of any such requirements during the meeting.

RECOMMENDATION

The Audit and Risk Committee:

1. Note any updates provided under this item.

4. CONFIDENTIAL ITEMS

4.2 Reports Regarding Public Administration - **CONFIDENTIAL**

Audit and Risk Committee 3 October 2023

Meeting:

Author's Title: Director Corporate

File No.: 0-159

Director: Corporate

Annexures - Nil

Officer Direct or Indirect Conflict of Interest:

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

☐

Yes

☒

No

Status:

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

☒

Yes

☐

No

Reason –Nil

PURPOSE

This standing agenda item is to facilitate any required updates to the Audit and Risk Committee on matters that may have been raised that go towards ensuring standards of good public administration are achieved and maintained.

Note that should any items be raised, the Committee may need to consider the item in confidence under the provisions of Section 90 of the Local Government Act 1999. The Chief Executive Officer will advise of any such requirements during the meeting.

RECOMMENDATION

The Audit and Risk Committee:

1. Note any updates provided under this item.