



**Adelaide Hills**  
COUNCIL

**AUDIT COMMITTEE**

**NOTICE OF MEETING**

To: **Presiding Member** Cr Malcolm Herrmann

**Members**

David Moffatt  
Peter Brass  
Natalie Johnston  
Cr Leith Mudge

Notice is hereby given pursuant to the provisions under Section 87 of the *Local Government Act 1999* that the next meeting of the Audit Committee will be held on:

**Monday 15 November 2021**  
**6.30pm**  
**63 Mt Barker Road, Stirling**

A copy of the Agenda for this meeting is supplied under Section 87 of the Act.

Committee meetings are open to the public and members of the community are welcome to attend. Meetings will be conducted in accordance with the applicable COVID-19 social distancing guidelines and may result in Members participating electronically in accordance with the provisions of the Committee's Terms of Reference.

A Public notice of the Agenda for this meeting is supplied under Section 88 of the Act.

**Andrew Aitken**  
**Chief Executive Officer**



**Adelaide Hills**  
COUNCIL

**AUDIT COMMITTEE**

**AGENDA FOR MEETING**  
**Monday 15 November 2021**  
**6.30pm**  
**63 Mt Barker Road, Stirling**

**ORDER OF BUSINESS**

**1. COMMENCEMENT**

- 1.1. Acknowledgement of Country

*Council acknowledges that we meet on the traditional lands and waters of the Peramangk and Kurna people. We pay our respects to Elders past, present and emerging as the Custodians of this ancient and beautiful land. Together we will care for this country for the generations to come.*

**2. APOLOGIES/LEAVE OF ABSENCE**

- 2.1. Apology  
2.2. Leave of Absence  
2.3. Absent

**3. MINUTES OF PREVIOUS MEETINGS**

- 3.1. Audit Committee Minutes – 18 October 2021

***Recommendation***

*That the minutes of the Audit Committee meeting held on 18 October 2021, as supplied, be confirmed as an accurate record of the proceedings of that meeting.*

**4. DELEGATION OF AUTHORITY**

The Audit Committee operates in accordance with the relevant sections of the Local Government Act 1999, and its Terms of Reference.

**5. DECLARATION OF CONFLICT OF INTEREST BY MEMBERS OF THE COMMITTEE**

**6. PRESENTATIONS, ACTION REPORT & WORKPLAN**

6.1. Director Infrastructure & Operations Risk Presentation

6.2. Action Report and Work Plan Update

1. *That the report be received and noted.*
2. *That the status of the Action Report and Work Plan be noted.*
3. *The draft Audit Committee Work Plan 2022, at Appendix 3, be adopted.*

**7. OFFICER REPORTS**

7.1. CWMS Expansion

1. *That the report be received and noted*
2. *That it supports Council withdrawal from the current LGA CWMS Subsidy Scheme Program*

7.2. CWMS Service Charge Fee Adjustment

1. *That the report be received and noted*
2. *That it endorses the adjustment of the CWMS 21-22 Service Charge Fee and return of the savings to customers.*

7.3. End of Year Financial Report

1. *That the report be received and noted*
2. *To recommend to Council that the Audited 2020-21 Financial Results compared to Budget contained within this report have been appropriately considered.*

7.4. Draft Annual Report

1. *That the report be received and noted*
2. *To advise Council that the Committee has reviewed the Draft 2020-21 Annual Report, as contained in Appendix 1, in terms of the reports adequacy in meeting its legislative requirements.*
3. *That, on the basis of the Committee's review, to recommend the Annual Report to Council for adoption.*

- 7.5. Audit Committee Self-Assessment 2021  
*The Audit Committee resolves that the report be received and noted.*
- 7.6. LGRS Risk Evaluation 2019 – Action Plan Review  
*The Audit Committee resolves that the report be received and noted.*
- 7.7. Audit Action Implementation Report
1. *That the report be received and noted*
  2. *To note the implementation status of Internal and External Audit actions.*
- 7.8. Internal Audit Quarterly Update  
*The Audit Committee resolves that the report be received and noted*
- 7.9. Budget Review 1
1. *That the report be received and noted.*
  2. *To recommend to Council the proposed budget adjustments presented in Budget Review 1 which result in:*
    - a. *An increase in the Operating Surplus from \$957k to \$1.115m for the 2021-22 financial year.*
    - b. *Changes to Capital Works, reducing capital income by \$259k and increasing capital expenditure by \$757k for the 2021-22 financial year resulting in a revised capital expenditure budget for 2021-22 of \$27.236m.*
    - c. *An increase in Council's current Net Borrowing Result from \$6.460m to \$7.348m for the 2021-22 financial year as a result of the proposed operating and capital adjustments.*
- 7.10. Risk Management Plan Update  
*The Audit Committee resolves that the report be received and noted.*

**8. CONFIDENTIAL ITEMS**

Nil

**9. NEXT MEETING**

The next Audit Committee meeting will be held at 6.30pm on Monday 14 February 2022 at 63 Mount Barker Road, Stirling.

**10. CLOSE MEETING**



**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE  
MINUTES OF MEETING  
MONDAY 18 OCTOBER 2021  
63 MT BARKER ROAD STIRLING**

---

**In Attendance****Members:**

Cr Malcolm Herrmann	Presiding Member
Peter Brass	Independent Member
David Moffatt	Independent Member
Natalie Johnston	Independent Member
Cr Leith Mudge	Council Member

**In Attendance:**

David Waters	A/Chief Executive Officer
Terry Crackett	Director Corporate Services
Peter Bice	Director Infrastructure & Operations
Lachlan Miller	Executive Manager Governance & Performance
Mike Carey	Manager Financial Services
John McArthur	Manager Waste, Sustainability and Emergency Management
Sharon Leith	Sustainability Coordinator
Kira-marie Laverty	Corporate Planning & Performance Coordinator

**Guests in Attendance:**

Tim Muhlhausler	Galpins
-----------------	---------

**1. COMMENCEMENT**

The meeting commenced at 6.30pm.

**1.1. Acknowledgement of Country**

Council acknowledges that we meet on the traditional lands and waters of the Peramangk and Kaurna people. We pay our respects to Elders past, present and emerging as the Custodians of this ancient and beautiful land. Together we will care for this country for the generations to come.

**2. APOLOGIES/LEAVE OF ABSENCE****2.1. Apology**

Nil

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE  
MINUTES OF MEETING  
MONDAY 18 OCTOBER 2021  
63 MT BARKER ROAD STIRLING**

---

**2.2. Leave of Absence**

Nil

**2.3. Absent**

Nil

**3. MINUTES OF PREVIOUS MEETINGS****3.1. Audit Committee Meeting – 16 August 2021**

**Moved Peter Brass  
S/- Natalie Johnston**

**AC 45/21**

**That the minutes of the Audit Committee meeting held on 16 August 2021 as supplied, be confirmed as an accurate record of the proceedings of that meeting.**

<b>Carried Unanimously</b>
----------------------------

**4. Delegation of Authority**

In accordance with the Audit Committee Terms of Reference, the Committee has no delegated decision-making powers. The Recommendations in Items 7.1, 7.3, and 7.4 are to be submitted to Council for consideration.

**5. DECLARATION OF CONFLICT OF INTEREST BY MEMBERS OF AUDIT COMMITTEE**

Nil

**6. PRESENTATIONS, ACTION REPORT & WORKPLAN****6.1. Community Capacity Risk Presentation**

A/CEO David Waters presented the Community Capacity Risk Presentation.

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE  
MINUTES OF MEETING  
MONDAY 18 OCTOBER 2021  
63 MT BARKER ROAD STIRLING**

---

**6.2. Action Report and Work Plan Update**

Moved Peter Brass  
S/- David Moffatt

AC 46/21

The Audit Committee resolves:

1. That the report be received and noted.
2. That the status of the Action Report and Work Plan be noted.
3. To adopt the draft Audit Committee Work Plan v1.3 as contained in Appendix 2.

<b>Carried Unanimously</b>
----------------------------

**7. OFFICER REPORTS – DECISION ITEMS**

**7.1. General Purpose Financial Statements**

The Audit Committee met with the auditor, Tim Muhlhausler, without management present, to discuss the external auditor's report and any issues arising from the audit.

Moved Peter Brass  
S/- Natalie Johnston

AC 47/21

The Audit Committee resolves:

1. That the report be received and noted.
2. That in accordance with Section 126(4)(a) of the *Local Government (Financial Management) Regulations 1999*, the Audit Committee advises Council that it has reviewed:
  - a. the General Purpose Financial Statements of the Council for the financial year ended 30 June 2021 as contained in Appendix 1, and
  - b. the External Auditor Galpins' Audit Clearance Report as contained in Appendix 2,

and is satisfied that the 2020-21 financial statements present fairly the state of affairs of the Council.
3. To recommend that the Adelaide Hills Council 2020-21 General Purpose Financial Statements, contained in Appendix 1, be certified by the Chief Executive Officer and the Mayor.

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE  
MINUTES OF MEETING  
MONDAY 18 OCTOBER 2021  
63 MT BARKER ROAD STIRLING**

---

4. To note the confirmation of Galpins' Auditor Independence Statement provided at Appendix 3.
5. To recommend that the Certification of Auditor Independence statement contained in Appendix 4 be certified by the Chief Executive Officer and the Presiding Member of the Audit Committee in accordance with the requirements of Regulation 22(3) of the *Local Government (Financial Management) Regulations 2011*.

<b>Carried Unanimously</b>
----------------------------

**7.2. Climate Risk & Governance - Update**

Moved Cr Leith Mudge  
S/- David Moffatt

**AC 48/21**

The Audit Committee resolves:

1. That the report be received and noted
2. That an annual status update be provided on the Climate Change Adaptation Governance and Risk Assessment indicator progression

<b>Carried Unanimously</b>
----------------------------

**7.3. Bridge Asset Management Plan (draft for review)**

Moved Cr Leith Mudge  
S/- Peter Brass

**AC 49/21**

The Audit Committee resolves:

1. That the report be received and noted
2. To recommend to Council the approval of the *Draft Bridge Asset Management Plan* as contained in *Appendix 3* for consultation.

<b>Carried Unanimously</b>
----------------------------

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE  
MINUTES OF MEETING  
MONDAY 18 OCTOBER 2021  
63 MT BARKER ROAD STIRLING**

---

**7.4. Service Review Framework (draft for review)**

Moved Cr Leith Mudge  
S/- Natalie Johnston

AC 50/21

The Audit Committee resolves:

1. That the report be received and noted
2. To recommend to Council to adopt the *Service Review Framework* contained in *Appendix 1*.

<b>Carried Unanimously</b>
----------------------------

**7.5. Confidential Items Review**

Moved Peter Brass  
S/- David Moffatt

AC 51/21

The Audit Committee resolves:

1. That the report be received and noted.
2. That the items held as confidential in the Confidential Items Register (Appendix 1) be noted.
3. Pursuant to Section 91(7) of the *Local Government Act 1999*, the Audit Committee orders that the following document(s) (or part) shall be kept confidential, being document(s) (or part) relating to a matter dealt with by the Audit Committee on a confidential basis under Sections 90(2) and 90(3)(e) of the Act:
  - Report of 19 October 2020, Item No. 7.2.1, Cyber Security Audit, 51/AC20 remain confidential until the control deficiencies are mitigated and that this order be reviewed every twelve (12) months.

On the grounds that the document(s) (or part) relates to matters affecting the security of the council, members or employees of the council, or council property, or the safety of any person.

<b>Carried Unanimously</b>
----------------------------

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE  
MINUTES OF MEETING  
MONDAY 18 OCTOBER 2021  
63 MT BARKER ROAD STIRLING**

---

**7.6. Quarterly Performance Report Q1**

Moved Peter Brass  
S/- David Moffatt

AC 52/21

The Audit Committee resolves that the report be received and noted.

<b>Carried Unanimously</b>
----------------------------

**8. CONFIDENTIAL ITEMS**

Nil

**9. NEXT MEETING**

The next ordinary meeting of the Audit Committee will be held on Monday 15 November 2021 from 6.30pm at 63 Mt Barker Road, Stirling.

**10. CLOSE MEETING**

The meeting closed at 9.08pm.

**ADELAIDE HILLS COUNCIL  
AUDIT COMMITTEE MEETING  
Monday 15 November 2021  
AGENDA BUSINESS ITEM**

**Item:** Item 6.2

**Responsible Officer:** Steven Watson  
Governance & Risk Coordinator  
Office of the Chief Executive

**Subject:** Action Report

**For:** Decision

---

**SUMMARY**

A formal Audit Committee Action Report is maintained to record the items requiring 'actioning' that result from each of the Audit Committee meetings.

The Audit Committee Work Plan assists the Committee members and staff in scheduling both discussion and reports to ensure appropriate coverage of the Committee functions over the 12 month period.

The Audit Committee 2021 Work Plan has NIL (0) suggested amendments for this meeting.

With the conclusion of the 2021 calendar year, a 2022 Work Plan is proposed at Appendix 3 for the Committee's consideration.

**RECOMMENDATION**

**The Audit Committee resolves:**

- 1. That the report be received and noted.**
  - 2. That the status of the Action Report and Work Plan be noted.**
  - 3. The draft Audit Committee Work Plan 2022, at Appendix 3, be adopted.**
- 

**1. GOVERNANCE**

➤ **Strategic Management Plan/Council Policy**

Strategic Plan 2020-24 – A brighter future

Goal 5 A Progressive Organisation

Objective 05 We are accountable, informed, and make decisions in the best interests of the whole community

Priority 05.1 Enhance governance structures and systems to prudently adapt to changing circumstances and meet our legislative obligations

➤ **Legal Implications**

Section 126 of the *Local Government Act 1999* sets out the functions of an audit committee. Management of Committee's action items and work plan facilitates the achievement of these functions.

➤ **Risk Management Implications**

The management of action items and the work plan will assist in mitigating the risk of:

*Poor governance practices occur which lead to a loss of stakeholder (i.e. customer and regulator) confidence and/or legislative breaches.*

Inherent Risk	Residual Risk	Target Risk
Extreme (5C)	Low (3E)	Low (3E)

Note that there are many other controls that assist in mitigating this risk.

➤ **Financial and Resource Implications**

Council's current budget contains provision for the costs associated with the notification and conduct of Audit Committee meetings

➤ **Customer Service and Community/Cultural Implications**

The timing and location of Audit Committee meetings should be considerate of the desire for community members to attend.

With the current COVID-19 social distancing requirements, Audit Committee meetings are continuing to be held in the advertised venue with Committee Members participating by following COVID safe practices.

➤ **Sustainability Implications**

There are no direct sustainability implications arising from this report.

➤ **Engagement/Consultation conducted in the development of the report**

*Council Committees:* Not Applicable

*Council Workshops:* Not Applicable

*Council Committees:* Not Applicable

*Advisory Groups:* Not Applicable

*External Agencies:* Not Applicable

*Community:* Not Applicable



## 2. BACKGROUND

### Action Report

The Action List tracks the implementation of resolutions of the Audit Committee.

### Work Plan

The functions of the Audit Committee are set out in part 7 (Role) of the Committee Terms of Reference.

### Work Plan Amendment

A Work Plan has been developed to assist the Committee members and staff in scheduling discussion and reports to ensure appropriate coverage of the functions over the 12 month period. The Audit Committee adopted an updated Work Plan at its 16 August 2021 meeting.

## 3. ANALYSIS

### Action Report

There are nine (9) completed items and four (4) outstanding item on the Audit Committee Action Report (**Appendix 1**) arising from previous Committee meetings. Commentary against the item is provided for the Committee's information.

### Work Plan and Reporting Schedule

As per the 2021 Audit Committee Work Plan and Reporting Schedule (**Appendix 2**), the following items are detailed below are included in this meeting:

Item	Commentary	Month Scheduled
<b>Financial Reporting</b>		
Long Term Financial Plan (LTFP)		February
Annual Business Plan		April
Budget Review 1	Included in this meeting	November
Budget Review 2		February
Budget Review 3		May
End of Year Financial Report	Included in this meeting	November
End of financial year reporting timetable		May
End of financial year update		August
Final Annual Financial Statements (incl management representation letter)		October

<b>Internal Control and Risk Management</b>		
Placement of Council's insurance portfolio (for noting)		August
Internal Financial Controls update		May
Risk Management Plan update	Included in this meeting	February/May/ August/November
Results of LGRS Risk Management Review		February (Biennial)
LGRS Risk Evaluation - Action Plan Review	Included in this meeting	May/November
<b>Internal Audit</b>		
Internal Audit quarterly update	Included in this meeting	February/May/ August/November
Internal audit reports		As Required
Implementation of internal audit actions progress report	Agreed Actions Implementation Report (included in this meeting)	February/August
Internal Audit Plan review		May
<b>External Audit</b>		
External audit interim letter		April
Implementation of external audit actions progress report	Agreed Actions Implementation Report (included in this meeting)	February/August
External Audit Plan review		February
Meeting attendance by external auditors		February/October
Review of auditor independence and legislative compliance		October
Audit Committee Completion Report	There was one audit action arising from the Audit Completion Report and this is reported in the Audit Actions Implementation Report (included in this meeting).	October/November
<b>Public Interest Disclosure</b>		
Public Interest Disclosure Policy review (replaces Whistle-blowers)		April 2022
Public Interest Disclosure Arrangements and Compliance		May 2022

<b>Other Business</b>		
Audit Committee self-assessment review	Included in this meeting	November
Presiding Member's Report	Will be provided by the Presiding Member (Included in this meeting)	November
Work Plan and Reporting Schedule	Included in this meeting	November
Audit Committee Meeting Dates	Dates for 2022 have already been determined by the Committee.	November
Debtors Report		February/August
Annual Report	Included in this meeting	November
Action Report & Work Plan Update	Included in this meeting	All Meetings
Audit Committee Terms of Reference		August
Directors Presentation	Included in this meeting	February/May/ August/November
Other Reports	Included in meeting as required	As Required

#### 2021 Work Plan

As this is the final meeting for 2021, there are no changes suggested to the 2021 Audit Committee Work Plan for the Audit Committee's consideration at this meeting.

#### 2022 Work Plan

A proposed 2022 Audit Committee Work Plan is attached (**Appendix 3**) for the Audit Committee's consideration and adoption.

#### **4. OPTIONS**

The Committee has the following options:

- I. To note the status of the Action Report at **Appendix 1** (recommended).
- II. To alter or substitute elements of the Action Report (not recommended).

In relation to the proposed 2022 Audit Committee Work Plan:

- I. To adopt the proposed 2022 Work Plan at **Appendix 3** (recommended).
- II. To alter or substitute elements of the proposed Work Plan (not recommended).

#### **5. APPENDICES**

- (1) Audit Committee Action Report
- (2) 2021 Audit Committee Work Plan (v1.3)
- (3) 2022 Draft Audit Committee Work Plan (draft)

---

# **Appendix 1**

## *Audit Committee Action Report*

---

Meeting Date	Res No.	Item Name	Previously Declared COI	Action Required (Council Resolution)	Responsible Officer	Status	Date of Update	Due Date	Status (for Council reporting)
24/05/2021	AC33/21	Cyber Security Report - Period of Confidentiality	None declared	That the report, related attachments and the minutes of the Audit Committee and the discussion and considerations of the subject matter be retained in confidence until the control deficiencies are mitigated but no longer than 30 June 2023.	James Sinden	In Progress	9/11/2021	30/06/2023	Work activity has commenced on a number of recommendations from the Cyber Security Audit, though there were some delays due to the resignation of a key staff member in the delivery of the Cyber Security Plan.
16/08/2021	36/AC21	Item 6.2 Action Report and Work Plan Update	NIL	Administrative Action - Schedule into work plan the quarterly performance report as a standing item.	Lachlan Miller	Completed	17/08/2021	28/09/2021	Version 1.3 included in 18 October 2021 Audit Committee agenda.
16/08/2021	29/AC21	7.3 Quarterly Performance Report Q4	NIL	Administrative Action -Update legend to reflect feedback provided in meeting.	Kira-Marie Laverty	Completed	17/08/2021	27/09/2021	As shown in the quarter 4 performance submitted at the Council Meeting, the legend has been updated to reflect the feedback provided by Audit committee.
16/08/2021	42/AC21	7.6 Internal Audit Quarterly Update	NIL	Administrative Action - Review the Strategic Internal Audit Plan, construct an assurance map of the scheduled audits and propose a revised Plan.	Lachlan Miller	In Progress	9/11/2021	30/11/2021	In progress however delayed due to resource shortages in the Governance & Performance Department arising from leave accrual management and legislative reform implementation.
16/08/2021	40/AC21	7.4 Audit Action Implementation Update	NIL	Administrative Action -Once appointed, the Director Corporate Services to invite Team Leader ICT to present at Audit Committee.	Terry Crackett	In Progress	3/11/2021	28/02/2022	Recruitment to the Team Leader ICT position has been completed. Recruitment to the Technical Officer role was not successful after approaching the market. A revised approach to support this activity is currently being implement. An update to the Audit Committee from the Team Leader ICT will be provided in February 2022.
16/08/2021	40/AC21	7.4 Audit Action Implementation Update	NIL	Administrative Action -CEO to consider implementing a process where CEO approval is needed for extensions to deadline dates.	Andrew Aitken	Completed	9/11/2021	27/09/2021	CEO has reviewed all agreed action updates prior to inclusion in the report.
16/08/2021	43/AC21	7.7 Placement of Council's Insurance Portfolio	NIL	Administrative Action -Investigate if Audit Committee may participate in the Transferable Risk Workshop.	Steven Watson	Completed	20/08/2021	10/09/2021	Email forwarded to AC - Following the question from Monday 16 August 2021 Audit Committee Meeting in regards to Audit Committee Members attending the Transferable Risk Profile Workshop, the facilitators response advised, apologies the workshop is not suitable for Audit Committee Members.
18/10/2021	AC46/21	Action Report and Work Plan Update	Nil	To adopt the draft Audit Committee Work Plan v1.3 as contained in Appendix 2.	Lachlan Miller	Completed	10/11/2021	11/11/2021	Workplan finalised
18/10/2021	AC47/21	7.1 General Purpose Financial Statements	Nil	1. That in accordance with Section 126(4)(a) of the Local Government (Financial Management) Regulations 1999, the Audit Committee advises Council that it has reviewed:  a. the General Purpose Financial Statements of the Council for the financial year ended 30 June 2021 as contained in Appendix 1, and b. the External Auditor Galpins' Audit Clearance Report as contained in Appendix 2,  and is satisfied that the 2020-21 financial statements present fairly the state of affairs of the Council.  2. To recommend that the Adelaide Hills Council 2020-21 General Purpose Financial Statements, contained in Appendix 1, be certified by the Chief Executive Officer and the Mayor.  3. To note the confirmation of Galpins' Auditor Independence Statement provided at Appendix 3.  4. To recommend that the Certification of Auditor Independence statement contained in Appendix 4 be certified by the Chief Executive Officer and the Presiding Member of the Audit Committee in accordance with the requirements of Regulation 22(3) of the Local Government (Financial Management) Regulations 2011.	Mike Carey	Completed	10/11/2021	26/10/2021	General Purpose Financial Statements have been adopted by Council on 26 October and signed by all relevant parties. Audit reports subsequently received and attached to complete the financial statements.
18/10/2021	AC48/21	7.2 Climate Risk & Governance - Update	Nil	That an annual status update be provided on the Climate Change Adaptation Governance and Risk Assessment indicator progression	Steven Watson	In Progress	10/11/2021	11/11/2021	Included in draft 2022 Workplan
18/10/2021	AC49/21	7.3 Bridge Asset Management Plan (draft for review)	Nil	To recommend to Council the approval of the Draft Bridge Asset Management Plan as contained in Appendix 3 for consultation.	David Collins	Completed	10/11/2021	26/10/2021	Council adopted the draft Bridge AMP for public consultation at its 26 October 2021 meeting.
18/10/2021	AC50/21	7.4 Service Review Framework (draft for review)	Nil	To recommend to Council to adopt the Service Review Framework contained in Appendix 1.	Kira-Marie Laverty	Completed	10/11/2021	26/10/2021	Council adopted the draft Service Review Framework at its 26 October 2021 meeting.

18/10/2021	AC51/21	7.5. Confidential Items Review	Nil	<p>1. Pursuant to Section 91(7) of the Local Government Act 1999, the Audit Committee orders that the following document(s) (or part) shall be kept confidential, being document(s) (or part) relating to a matter dealt with by the Audit Committee on a confidential basis under Sections 90(2) and 90(3)(e) of the Act:</p> <p>· Report of 19 October 2020, Item No. 7.2.1, Cyber Security Audit, 51/AC20 remain confidential until the control deficiencies are mitigated and that this order be reviewed every twelve (12) months.</p> <p>On the grounds that the document(s) (or part) relates to matters affecting the security of the council, members or employees of the council, or council property, or the safety of any person.</p>	Steven Watson	Completed	10/11/2021	1/11/2021	Updated confidential register.
------------	---------	--------------------------------	-----	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------	-----------	------------	-----------	--------------------------------

---

## **Appendix 2**

*2021 Audit Committee Work Plan (v1.3)*

---





---

# **Appendix 3**

*2022 Draft Audit Committee Work Plan*

---



**ADELAIDE HILLS COUNCIL  
AUDIT COMMITTEE MEETING  
Monday 15 November 2021  
AGENDA BUSINESS ITEM**

**Item:** 7.1

**Responsible Officer:** David Collins  
Manager Strategic Assets  
Infrastructure and Operations Directorate

**Subject:** LGA Subsidy Scheme - CWMS Expansion

**For:** Decision

---

**SUMMARY**

There are a number of townships within the Adelaide Hills Council (AHC) that have been identified as potential locations for the construction of new Community Wastewater Management Systems (CWMS). These townships are:

- Houghton/Inglewood
- Summertown/Uraidla
- Mylor

Waste water disposal within these towns is currently undertaken via onsite waste water systems such as septic tanks/soakage trenches or Aerobic Waste water Treatment systems (AWTS). Previous studies undertaken in these areas had identified a high proportion of these onsite systems were either failing or lacking proper maintenance, resulting in environmental and public health risks.

As a result, over the last 20 years there have been a number of CWMS feasibility studies undertaken by Council to assess the potential of providing a CWMS network in these areas. Several costings of each scheme have also been considered, however due to the high capital costs further development of these schemes has never been undertaken.

In 2017 the Local Government Association (LGA) announced that funding would be available for Councils interested in the construction of new CWMS schemes. As the above townships have always been considered as a consideration for CWMS, Council submitted an expression of interest to be considered for the subsidy to help with cost of construction. As the LGA funding is only available until 2027, Council has now received further correspondence from the LGA requesting a commitment to move to the next stage of the process. This would mean a further feasibility study and commitment by Council to provide the resources to undertake this and commit to delivery of the schemes by 2027.

If Council wishes to proceed with the CWMS schemes for the above townships, a decision regarding this commitment is now required. Given that this has never been included in Councils Strategic Plan or Long Term Financial plan such an undertaking would clearly have a considerable impact on Council resources, staffing and budgets.

Should Council choose to withdraw from this CWMS expansion process, the current resources used to manage public health risks associated with onsite systems would continue, maintaining the same level of risk to the environment and public health that currently exists.

## RECOMMENDATION

The Audit Committee resolves:

1. That the report be received and noted
2. That it supports Council withdrawal from the current LGA CWMS Subsidy Scheme Program

---

### 1. GOVERNANCE

#### ➤ Strategic Management Plan/Functional Strategy/Council Policy Alignment

*Strategic Plan 2020-24 – A brighter future*

Goal A functional BUILT ENVIRONMENT

Objective B4 Sustainable management of our built assets ensures a safe, functional and well serviced community

Priority B4.1 Ensure the long term management of the built form and public spaces occurs in the consideration of the relevant financial social and environmental management matters

*Strategic Plan 2020-24 – A brighter future*

Goal A prosperous ECONOMY

Objective E2 Provide local infrastructure to drive growth and productivity

Priority E2.4 Manage and maintain Council assets to maximise their utilisation and benefit to the community

*Strategic Plan 2020-24 – A brighter future*

Goal A progressive ORGANISATION

Objective O3 Our organisation is financially sustainable for both current and future generations

Priority O3.4 Assess the range and level of services undertaken to ensure they fulfil Councils legislative and strategic intent.  
The consideration of new CWMS networks is in line with Councils obligations to ensure resources are used and funded in the most efficient manner.

➤ **Legal Implications**

As Council is already licenced as a water entity under the *Water Industry Act 2012* and has current Environment Protection Authority (EPA) licences for operating waste water treatment lagoons. The addition of any new CWMS schemes will not impact existing licences.

The continuation of Councils current monitoring and compliance responsibilities of onsite waste water systems under the *Public Health Act 2011* would also continue should the expansion not be considered.

➤ **Risk Management Implications**

The ownership and operation of CWMS infrastructure occurs within a highly regulated industry. Council has many mandatory reporting and environmental obligations it must meet each year under the *Water Industry Act 2012*. Non-compliance with these obligations puts council at risk of financial penalties, potential to cause environmental harm and inability to provide CWMS service to the community. As Council is already licenced under the *Water Industry Act 2012* an increase in CWMS networks would not likely provide any additional regulatory obligations.

The introduction of CWMS in these areas would likely reduce the risk of environmental pollution and lessen the public health risk posed by onsite systems, however Council currently mitigates this risk by ensuring property owners are maintaining their onsite systems appropriately.

The cost of funding the three schemes is in the order of \$18m. The most recent estimates were updated in 2019 by WGA consulting engineers. The funding is typically a combination of the LGA subsidy, customer contributions and Council funding.

The withdrawal from the LGA CWMS Subsidy Scheme would mitigate the risk of committing considerable funds and resources (to produce a new high level feasibility study and possible implementation of CWMS in high risk townships).

*The withdrawal for the LGA CWMS Subsidy Scheme Program will assist in mitigating the risk of:*

*Significant borrowing leading to additional debt and short term budget impacts to Council.*

Inherent Risk	Residual Risk	Target Risk
Extreme 3A	Low 1D	Low 1D

➤ **Financial and Resource Implications**

There is currently no commitment by Council in the Long Term Financial Plan to fund any new CWMS networks. Wallbridge Gilbert Aztec (WGA) estimates upfront capital expenditure for the three CWMS network of Mylor, Summertown/Uraidla and Houghton/Inglewood at approximately \$18.1 million (based on 2019 estimate).

This total funding would be made up of LGA CWMS subsidy, Council funds and capital contribution by customer.

The exact amount of LGA subsidy is unknown at this stage. The subsidy model reviews what SA Water would be able to charge based on the capital property values and the difference of providing the service by Council is the subsidy amount provided. Where capital valuations are higher the level of subsidy reduces.

The LGA staff have provided a non-binding indication of the subsidy at \$ 8m. This would leave a considerable cost to be funded by Council and residents connecting into the new infrastructure. Ongoing operating and maintenance costs of these new networks would also impact existing residents via increased CWMS service charge fees.

Council would have the financial capacity to undertake the proposed capital works. However, it is likely that in the short term the delivery of a project of this scale will have a negative impact on the Council financial position. Depending on the infrastructure roll out schedule and progression to full cost recovery, the new scheme would ultimately have a positive impact on Council financial position. This assumption is based on the current impact that CWMS business has on the operation position of Council.

Certainly the exact impacts of this cannot be stated without detailed feasibility and detailed financial modelling.

Council as part of the divestment process did commission a report on the impact of the CWMS Expansion. This report was to assist in understanding the potential sale value of the CWMS business in relation to potential future growth. The report attached in **Appendix 3** provides a financial impact scenario that reflects the similar principles as documented in this report. Note the author has provided approval for Council to publish this Commercial in Confidence document.

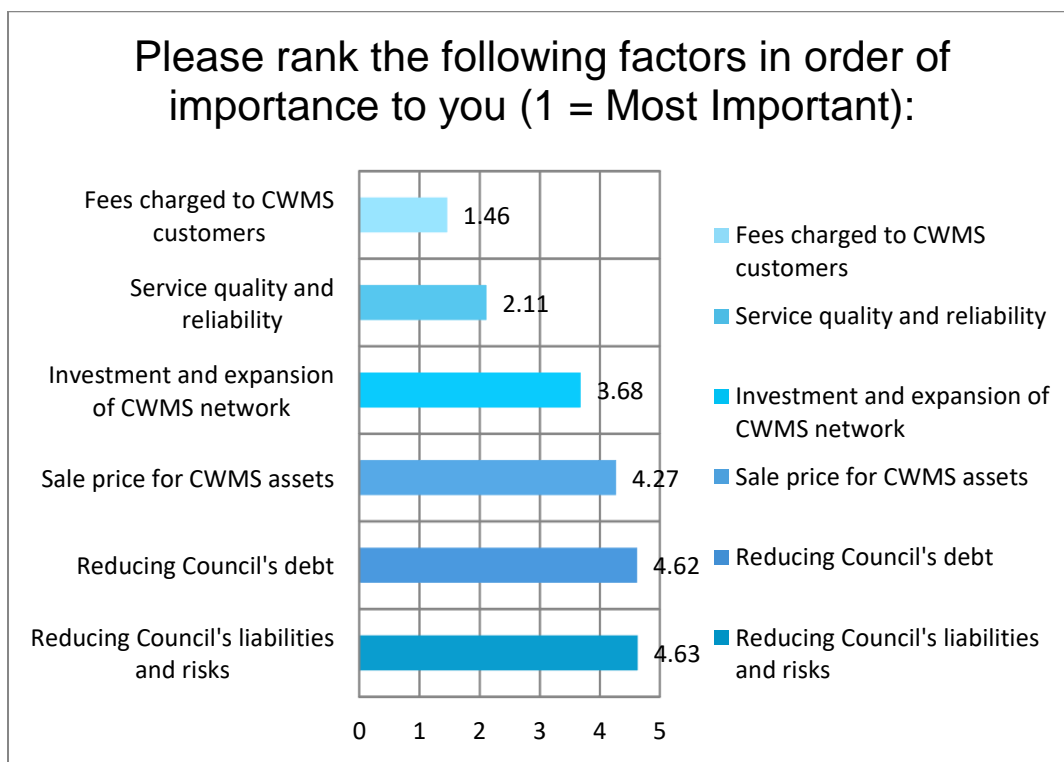
The LGA CWMS subsidy management committee is looking for Council to make a commitment to undertake further feasibility studies as soon as possible. In order to undertake this type of expansion Council would need additional resources to provide the initial information and would ultimately need additional resources with the expertise and knowledge to undertake this type of infrastructure expansion by 2027.

➤ **Customer Service and Community/Cultural Implications**

The existing CWMS community would still be provided with waste water services if the recommendation is adopted. Residents in proposed townships for CWMS expansion would remain users of onsite waste water systems that are maintained by the property owner.

Whilst no specific consultation was undertaken on this report, previously Council undertook consultation on the potential divestment of the existing CWMS scheme with customers.

The table below is an extract from that report to Council on 28 August 2018.



In 2018, the existing customer base was most concerned about the service fee that would be charged to CWMS customers. The expansion of the CWMS network would result in a potential increase to existing customers under a network scheme pricing model.

➤ **Sustainability Implications**

Previous studies undertaken in the CWMS expansion townships have highlighted the environmental and public health risks associated with the use of onsite waste water systems. These risks are ongoing and can be adequately managed by use of current compliance monitoring. The majority of residents in these townships have also upgraded their onsite systems in recent years. This has further reduced the immediate public health risks.

A lack of adequate sewerage infrastructure may have a small impact on economic development in these areas. However most businesses within these townships have been able to overcome any limitations set by lack of sewerage infrastructure. It is not expected that there will be any significant population growth within these areas that would heavily rely on the introduction of CWMS.

➤ **Engagement/Consultation conducted in the development of the report**

Consultation on the development of this report was as follows:

- Council Committees:* Not Applicable
- Council Workshops:* 21 September 2021
- Advisory Groups:* Not Applicable
- External Agencies:* Local Government Association (LGA)
- Community:* Not Applicable

## 2. BACKGROUND

Adelaide Hills Council owns and operates five Community Waste Water Management Systems (CWMS) which collect, transport and treat waste water from properties in seven townships. Each of these properties pay an annual fee to fund the operation of the scheme.

The majority of remaining townships rely on traditional onsite waste water systems for effluent disposal. Previous studies undertaken by SA water in these areas found a high proportion of onsite systems were failing resulting in risks to the environment and public health as well as limiting economic development within the community. As a result of this, several townships were prioritised as high risk by the Local Government Association (LGA) and funding was provided to undertake feasibility studies for potential CWMS in the following townships;

- Mylor
- Uraidla/Summertown
- Houghton/Inglewood

Due to high capital costs of constructing and operating each of these networks Council has never sought to progress the schemes further.

In 2017 the LGA announced that they were extending the LGA CWMS Subsidy Scheme for the next 10 years and sought commitment from Council by means of an application to confirm interest in progressing the introduction of CWMS networks in these townships. Council submitted an application confirming interest in progression of the three priority CWMS networks.

In May this year the LGA again contacted Council requiring a commitment to move forward with the three CWMS schemes given LGA funding is only available until 2027. To enable progression of these networks and provide clarity to the LGA regarding their subsidy funding, Council now needs to make a decision to either further develop CWMS in these townships or remove itself from this option entirely. A recent workshop, held in September 2021, was also held with elected members to discuss the merits of CWMS expansion. The LGA subsidy scheme funding has been confirmed as operating until 2027.

## 3. ANALYSIS

The proposed CWMS network schemes would provide 85 residential connections in Mylor, 278 connections in Uraidla/Summertown and a further 202 in Houghton/Inglewood. The schemes for Mylor and Summertown/ Uraidla would involve pumping into the SA Water network for treatment of the effluent. The Houghton/Inglewood scheme would also involve the construction of a Waste water Treatment Plant at the Highercombe Golf Course.

An updated CWMS costing report by WGA in 2019 estimated the following costs associated with each scheme. Refer **Appendix 1** - CWMS Preliminary Costing Update for detailed information on costs.

Scheme	No of Connections	Capital (millions)	Whole of Life Cost (Millions)	Indicative Subsidy
Mylor	85	2.4	4.2	2.1
Uraidla/Summertown	278	8.5	11.3	2.7
Houghton/Inglewood	202	7.2	11.4	3.6



The upfront capital investment to fund the three schemes is approximate \$18.1 million (2019 dollars). It should also be acknowledge that this estimate is dated and based on feedback on current market conditions the actual costs may be significantly more.

Most CWMS schemes are funded through a combination of the LGA subsidy, property owner connection fees and Council funding. The amount of LGA subsidy is only estimated at an officer level and not an official offer by the scheme.

Currently unknown and is based on the SA Water property valuations and the cost of connection. The subsidy would only be a small portion of the overall cost of this infrastructure with the rest of the funds being absorbed by Council, current CWMS customers and new customers.

#### Effects on CWMS Service charge fee

Council has a policy of setting one price for all its CWMS operations. This policy means that those connected to less costly schemes subsidise the property owners serviced by more costly schemes. This is common practice amongst South Australian Councils and known as network pricing. This method helps provide universal access to wastewater infrastructure.

The table below illustrates individually and as a group the effect that the CWMS expansion would have on the current service charge.

Description	Existing Properties	New customers	Combined customers
No Connections	1803 (Occupied) 120 (Vacant)	565 (Occupied) 30 (Vacant)	2368
Base Operating Costs	\$1.4 m	\$0.86m	\$2.26m
CWMS Fee levy (Estimate)	\$897 (Occupied) \$450 (Vacant)	\$1,800-\$2000 \$900-\$1000	\$1,100 \$500

#### Assumptions for CWMS fee model

- model used same basis as existing fee setting model (95% of upper bound recovery)
- subsidy assumed will be available to Council (assumed amount not verified by LGA)
- lower 'new' CWMS fee assumes capital contribution from residents
- WACC assumed to be 4%

If the new CWMS schemes were introduced this would have a significant increase to existing customers due to network pricing. In the indicative, based on our current fee setting modelling, that fee for existing customer would increase from \$ 897 to about \$ 1,100 per annum under a full cost recovery scenario.

It is possible to consider operation of the old scheme and new scheme as separate businesses. That is, the existing customers would remain on their existing indicative CWMS service charge fees. The customers on the new 3 township scheme would then pay a significantly higher CWMS service charge fee of at least double that of existing CWMS customer. This is on the assumption that Council is achieving full cost recovery for the new scheme as it is currently doing for the existing scheme.

It is also important to note that many of the property owners in the proposed CWMS expansion areas have already heavily invested upgrading their existing older onsite waste water systems to newer systems that provide a source of irrigation to their gardens. Although there are ongoing costs associated with the upkeep and servicing of these types of systems, mandatory reporting by the service technicians to Council allows any non-compliance issues to be investigated by Council staff reducing the environmental and public health risks caused by these system.

#### Potential Benefits to the community of proposed CWMS Schemes

The introduction of CWMS networks in water catchment areas such as Summertown/Uraidla would take the responsibility of waste water management away from the property owner. The mandatory de-sludge program would reduce the impact of poorly maintained waste water systems on the environment and potentially allow for further development both residential and commercially in these areas. As CWMS is more desirable than onsite waste water systems it would likely increase the property value in these areas.

Although there are potentially some benefits to the introduction of CWMS in these areas there are some significant challenges involved in providing this type of infrastructure. LGA subsidy is only available until 2027 and construction of these types of schemes would need to be undertaken as soon as possible to ensure it is delivered before 2027. Council would likely need to employ specialist staff to oversee this project. Even with the LGA subsidy there would still be high upfront costs required by Council that has not been identified in the Long Term Financial Plan. These types of networks would also have high operating cost and would significantly increase the CWMS levy for existing customers and new customers.

#### **4. OPTIONS**

Council has the following options:

##### **I. Council withdraw from the LGA CWMS subsidy program. (Recommended)**

Council can withdraw from the subsidy program and continue to own, operate and maintain the existing CWMS assets. Since the divestment process has ended, Council has a full time officer dedicated to the operation and management of CWMS networks. This has provided a better understanding of the risks associated with the ownership of these assets and has improved its understanding of the financial modelling around CWMS pricing to provide cost efficiencies to the customers.

Council now has an overall focus on renewal of existing infrastructure for the long term benefit of its customer base. Investing in new CWMS networks would reduce Council's ability to continue to do this and put pressure on current resources as well as increasing costs to existing customers. Withdrawing from the current subsidy scheme up until 2027 does not preclude Council from applying for the next round of CWMS subsidy schemes should the State Government continue with funding beyond 2027.

##### **II. That Council works with the LGA CWMS Management Committee to further investigate the CWMS viability of the above townships by means of a new feasibility study and high level economic assessment (Not Recommended).**

If Council were to continue to investigate and move forward with this decision there would need to be an immediate commitment to additional Council resources to provide the relevant information to undertake the new feasibility study. Council would need to commit a significant amount of upfront capital between now and 2027. This has not been accounted for in the Long Term Financial Plan.

Council would need an appropriately skilled resources to implement the new schemes. Due to the high capital costs associated with the new CWMS networks new customers would most likely pay a high fee as part of CWMS levy. Under a network pricing structure the existing customers would also see a significant rise in their fees. There may be some benefit from CWMS networks in these townships from an environmental and public health perspective, however, these risks are currently being managed by Council resources and there is the potential ability by Council to continue or increase the resources in this area that may further alleviate some of that risk.

## **5. APPENDICES**

- (1) CWMS Preliminary Costing update
- (2) LGA CWMS Subsidy Scheme Letter
- (3) CWMS Expansion Financial Impact Report

---

# **Appendix 1**

*CWMS Preliminary Costing update*

---



WALLBRIDGE GILBERT  
AZTEC

Adelaide Hills Council  
63 Mount Barker Road  
STIRLING SA 5152

Attention: Karen Bennink

11<sup>th</sup> January 2019

PROJECT NO. 181754

Dear Karen

## ADELAIDE HILLS COUNCIL – CWMS PRELIMINARY COSTING UPDATE

### 1. GENERAL

Wallbridge Gilbert Aztec (WGA) was engaged by the Adelaide Hills Council to update the cost estimates for the CWMS schemes proposed for the Townships of:

- Inglewood
- Houghton
- Summertown
- Uraidla
- Mylor

The scheme concepts were developed in early 2009 as part of the LGA's CWMS subsidy scheme seed funding program. Council subsequently decided not to proceed with further development of the schemes mainly due to the high capital costs.

Council are now seeking additional funding for the schemes and have sought to update the estimated scheme costs.

Four of the townships shared common schemes, leading to the development of 3 separate schemes as outlined below:

- Inglewood / Houghton
- Mylor
- Summertown / Uraidla

Of those schemes two planned to connect to SA Water infrastructure via a remote SA Water sewerage connection, namely Mylor and Summertown/Uraidla.

The Inglewood/Houghton scheme required the development of its own wastewater treatment plant (WWTP) and recycled water scheme.

The concept development reports for each of the schemes considered several options for the collection networks and disposal systems. The cost estimates have been updated only for the preferred option for each scheme.

The update of the cost estimates has been based on the itemised costs from the most recent schemes constructed under the CWMS Subsidy Funding Program, while taking into consideration the site-specific construction conditions. In addition, several legislative changes have occurred

60 Wyatt Street  
Adelaide SA 5000  
T: 08 8223 7433  
WGASA Pty Ltd  
ABN 97 617 437 724

since the schemes were originally developed. The design guidelines for CWMS have also been updated. The legislative and design criteria amendments have been accounted for in the updated estimates.

WGA has not revised the concept designs for each of the schemes and have used the original schedule of quantities for each of the schemes with updated unit rates to update the cost estimates for the schemes.

A capital cost estimate and a Whole of Life (WoL) NVP assessment have been completed and are enclosed in Appendices as indicated below:

**Appendix A** - Inglewood / Houghton

**Appendix B** - Mylor

**Appendix C** - Summertown / Uraidla

## 2. SCHEME DESCRIPTIONS

### Inglewood / Houghton

The concept for Inglewood / Houghton was developed by WGA in March 2009.

Houghton is approximately 20 km north east of Adelaide and Inglewood is approximately 2 km east of Houghton, both situated in the Adelaide Hills.

The region is characterised by undulating terrain with several small watercourses passing through the towns.

The scheme provided for a total of 112 connections with 49 connections at Inglewood and 63 connections at Houghton. However, an additional 90 connections could also be serviced by connecting directly to the rising mains, which transfer sewage from the townships to the WWTP.

At the time of development of the concept 202 connections equated to a design population of 707.

The 2006 Census data show that the greater areas of Inglewood and Houghton had a population of 264 and 472 respectively.

2016 Census data indicates that the population of Inglewood is 390 and Houghton is 492. This indicates that the area serviced may need to be expanded to cater for the increased population.

The preferred scheme for the collection of wastewater from the two townships consisted of a hybrid gravity / low pressure sewer system.

In 2009 Council indicated that the preferred means of disposal was a centralised WWTP to be located at the Highercombe Golf Course, which would then allow for reuse within the Golf Course. The Highercombe Golf Course is situated approximately 2 km south of Houghton and Inglewood.

The preferred scheme consisted of a rising main from Houghton to the golf course and one from Inglewood to the golf course. The rising main routes are shown as routes 3 and 5 on the scheme layout plan, which is enclosed in **Appendix D**.

For further information about the previous assessment reference should be made to the following report:

WGA

Inglewood and Houghton community Wastewater Management System, Collection Network Options Assessment, March 2009

## **Mylor**

The concept report for Mylor was developed by GHD in January 2009.

The township of Mylor is located in the Adelaide Hills approximately 25 km south east of Adelaide, South Australia. The township consists of approximately 75 residential allotments, a primary school, and oval clubroom that includes a public toilet.

The current population of the greater Mylor area is 1097 (2016 Census).

The scheme developed was to service a population of 260 persons, indicating that the scheme extends only serviced a very defined area within the greater Mylor region.

The preferred scheme consisted of a gravity STEDS with 4 low pressure connections. The collected effluent was to be pumped to a 450mm diameter SA Water trunk main located at the intersection of Longwood Road and Scott Creek Road. The rising main from Mylor to the sewerage connection point is approximately 5.4km.

GHD identified that an additional 36 properties may be able to be connected directly to the rising main delivering the effluent to the SA Water sewer. This would increase scheme capital costs by approximately \$360,000.

The general scheme layout as shown in Figure 3 in the GHD report is enclosed as **Appendix E**.

Further information about the proposed scheme can be found in the following Council report:

GHD  
Report for Mylor CWMS  
Options Report, January 2009

## **Summertown / Uraidla**

The concept development for this scheme was undertaken by Tonkin Consulting in April 2009.

The townships of Summertown and Uraidla at the time of the concept development had a combined permanent population of approximately 850 persons (ABS Census 2006).

The current combined population is 1251 (Census 2016).

The townships of Summertown and Uraidla are located in the Adelaide Hills, with Summertown approximately 2.5km north-east of Mt Lofty summit, and Uraidla approximately 1km further to the east. The area surrounding the townships is undulating, ranging from approximately 550m AHD at the eastern boundary of Summertown to below 480m AHD in Uraidla.

Residential allotments in Summertown are generally located to the north of Greenhill Road, with only a smaller number of residences and more horticultural use to the south. Greenhill Road follows a natural ridge through Summertown, and links the township to Uraidla, where the terrain is higher to the north of Greenhill Road. The lowest point in the collection area is to the southwest corner of Uraidla.

The preferred scheme consisted of a Hybrid, gravity pressure sewerage system which included a gravity collection system across Uraidla and a pressure sewer system across Summertown.

The collected wastewater was to be pumped to a SA Water sewer. However, the capacity of the SA Water system is limited in that area and could not take the peak flows from the scheme. As such Tonkin proposed that a buffer storage be included in the scheme to enable peak flows to be buffered and transfer of wastewater could occur off peak.

More information about the proposed scheme can be located in Council report:

Tonkin Consulting  
Summertown/ Uraidla Community Wastewater Management System, Preliminary Report  
April 2009

### 3. UPDATED COST SUMMARY

Table 1 provides a summary of the updated capital and WoL costs for the 3 schemes.

Scheme	No Connections	Capital Cost	Whole of Life Cost	Description
Inglewood Houghton	202	\$7.2m	\$11.3	Hybrid Pressure / Gravity Sewer
Summertown Uraidla	278	\$8.5m	\$11.4	Hybrid Pressure / Gravity Sewer
Mylor	85*	\$2.4m	\$4.2	Gravity STEDS

\*GHD identified that an additional 36 properties may be able to be connected along the rising main route. These connections have not been included in the above cost estimates. Further investigation is required to determine the feasibility and connecting these properties.

#### General

- The Whole of Life Costs are based on the LGA CWMS NPV template.
- The estimates have been based on the quantities outlined in the concept reports, WGA have not undertaken an assessment of the proposed designs.
- The cost estimates have been based on the itemised costs from the most recent CWMS constructed under the subsidy program.
- WGA liaised with SA Water and the current supply charge is \$131.60 per residential connection.
- At the time of preparing the revised cost estimates SA Water had not confirmed what system augmentation would be required to enable a remote connection to be established. They are currently undertaking a capacity assessment of these systems, which is due to be completed by mid-March 2019. At which time connection requirements and costs can be confirmed.
- Generally, population in each of the towns has increased and the scheme extents will need to be confirmed as part of the design development process.

If you have any questions in relation to the revised costings, please do not hesitate to contact the undersigned.

Yours faithfully



Nathan Silby  
for

**WALLBRIDGE GILBERT AZTEC**

Appendix A - Inglewood / Houghton  
Appendix B - Mylor  
Appendix C - Summertown / Uraidla  
Appendix D - Inglewood / Houghton Layout Plan  
Appendix E - Mylor Layout Plan  
Appendix F - Summertown / Uraidla Layout Plan

NJS:nf



---

**APPENDIX A**  
**INGLEWOOD /**  
**HOUGHTON**



WALLBRIDGE & GILBERT  
 Consulting Civil and Structural Engineers  
 60 Wyatt Street, Adelaide SA 5000

**JOB No:** C080225  
**PROJECT:** Inglewood/ Houghton  
 CWMS

Telephone: 8223 7433  
 Fax: 8232 0967

CALC BY: PH  
 DATE: 13/3/09

## Hybrid Sewer-Pressure Option

With RM 6 Route  
**202 Connections**

Updated 23/01/2019  
 By NJS

### Summary of Capital Costs

ITEM NO.	DESCRIPTION	UNIT	QUANTITY	RATE	AMOUNT
	<b>Preliminaries</b>				\$ 536,178.60
	Gravity Drains				\$914,856.00
	Pump Stations				\$845,000.00
	Rising Main				\$1,366,930.00
	Domestic Pump Connections				\$1,140,000.00
	WWTP				\$622,500.00
	Storage Lagoon				\$322,500.00
	Irrigation system				\$150,000.00
	<b>TOTAL</b>				<b>\$5,897,964.60</b>
	Design and management				\$324,388.05
	<b>Contingencies (15%)</b>				<b>\$884,694.69</b>
	<b>Overall Cost Estimate (excl GST)</b>				<b>\$7,107,047</b>

WALLBRIDGE & GILBERT  
 Consulting Civil and Structural Engineers  
 60 Wyatt Street, Adelaide SA 5000

**JOB No:** C080225  
**PROJECT:** Inglewood/ Houghton  
 CWMS

Telephone: 8223 7433  
 Fax: 8232 0967

**CALC BY:** PH  
**DATE:** 13/3/09

## Hybrid Sewer-Pressure Option

Updated 23/01/2019  
 By NJS

### PRELIMINARY CONSTRUCTION ESTIMATE

Job Number 181754

ITEM NO.	DESCRIPTION	UNIT	QUANTITY	RATE	AMOUNT
<b>Gravity Mains</b>					
1	150mm PVC	m	1762	294	\$518,028.00
2	Maintenance Shafts	No.	28	2500	\$70,000.00
3	Access Chambers	m	9	6700	\$60,300.00
4	Connections	No.	112	1250	\$140,000.00
5	Allowance for Rock	m	352.4	220	\$77,528.00
6	Easements	No.	14	3500	\$49,000.00
<b>Sub Total</b>					<b>\$914,856.00</b>
<b>Pumping</b>					
7	50mm pumping main	m	214	75	\$16,050.00
8	80mm pumping main	m	815	110	\$89,650.00
9	150mm pumping main	m	0	180	\$0.00
<b>Sub Total</b>					<b>\$105,700.00</b>
<b>Pump Stations</b>					
10	Civil	No.	3	83750	\$251,250.00
11	Mech and Elec	No.	3	41250	\$123,750.00
12	Individual Property Pumps	No.	24	10000	\$240,000.00
13	Power connection	No.	3	20000	\$60,000.00
14	Dewatering allowance	No.	3	15000	\$45,000.00
<b>Sub Total</b>					<b>\$720,000.00</b>
<b>TOTAL</b>					<b>\$1,740,556.00</b>
Preliminaries 10%					\$174,055.60
<b>Contingencies (15%)</b>					<b>\$261,083.40</b>
<b>Overall Cost Estimate (excl GST)</b>					<b>\$2,175,695</b>

**PRELIMINARY CONSTRUCTION ESTIMATE**

**Updated NJS  
11-Feb-19**

ITEM NO.	DESCRIPTION	UNIT	QUANTITY	RATE	AMOUNT
	<b>Pumping</b>				
1	50mm pumping main	m	3050	75	\$228,750.00
2	80mm pumping main	m	7110	110	\$782,100.00
3	100mm pumping main	m	0	150	\$0.00
4	150mm pumping main	m	0	180	\$0.00
5	Additional Connections	No.	90	750	\$67,500.00
6	Allowance for Rock	m	1016	180	\$182,880.00
	<b>Sub Total</b>				<b>\$1,261,230.00</b>
	<b>Booster Pump Station</b>				
7	Civil	No.	1	55000	\$55,000.00
8	Dewatering Allowance	No.	1	15000	\$15,000.00
9	Mech and Elec	No.	1	55000	\$55,000.00
	<b>Sub Total</b>				<b>\$125,000.00</b>
	<b>Additional Cost</b>				
	Upgrade Inglewood PS 2-Civil	No.	1	5000	\$5,000.00
	Upgrade Inglewood PS 2-Mech and Elec	No.	1	10000	\$10,000.00
	Upgrade Houghton PS 1-Civil	No.	1	5000	\$5,000.00
	Upgrade Houghton PS 1-Mech and Elec	No.	1	10000	\$10,000.00
10	Additional Individual Property Pumps	No.	90	10000	\$900,000.00
	<b>Sub Total</b>				<b>\$930,000.00</b>
	<b>TOTAL</b>				<b>\$2,316,230.00</b>
	<b>Contingencies (15%)</b>				<b>\$347,434.50</b>
	<b>Construction Estimate (excl GST)</b>				<b>\$2,663,664.50</b>

**STEDS Rate Evaluation**  
**Hybrid (pressure/sewer)**  
**No. Rateable Connections**  
**Discount Rate**

**Inglewood/ Houghton**  
**202 \***  
**4%**

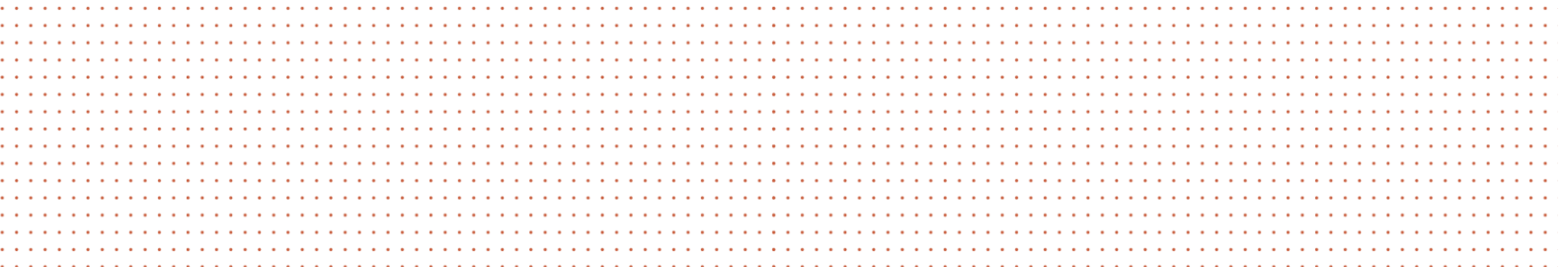
**Updated NJS Feb-19**  
**based on income/\$0**

COSTS	Totals	Life yrs	Per Connection	Analysis		Cashflows (Present Day \$/connection)
				PMT	NPV	
<b>Capital</b>						
Network Costs						
Preliminaries	\$536,179	70	\$2,654	-\$119	\$2,548	\$2,654
uPVC	\$865,856	70	\$4,286	-\$192	\$4,114	\$4,286
Pumped Main	\$1,366,930	70	\$6,767	-\$302	\$6,495	\$6,767
Pumping Stations						
Civil	\$1,191,000	30	\$5,896	-\$346	\$7,437	\$5,896
Mech & Elec	\$794,000	10	\$3,931	-\$485	\$10,411	\$3,931
Treatment Plant						
Civil	\$311,250	50	\$1,541	-\$72	\$1,541	\$1,541
Mech & Elec	\$311,250	10	\$1,541	-\$190	\$4,081	\$1,541
Storage Pond	\$322,500	70	\$1,597	-\$71	\$1,532	\$1,597
Reuse / Disposal						
Site	\$0	25	\$0	\$0	\$0	\$0
Civil	\$112,500	25	\$557	-\$36	\$766	\$557
Mech & Elec	\$37,500	25	\$186	-\$12	\$255	\$186
Easement	\$49,000	70	\$243	-\$11	\$233	\$243
Design and PM	\$324,388	70	\$1,606	-\$72	\$1,541	\$1,606
Project / Contingency	\$884,695	70	\$4,380	-\$196	\$4,204	\$4,380
<b>Sub-Total</b>	<b>\$7,107,047</b>		<b>\$32,529</b>			
Subsidy	\$0	50	\$0	\$0	\$0	\$0
<b>Operating</b>						
Network Maintenance	\$20,880	1	\$103	-\$103	\$2,221	
Planned Maintenance						
Pump Rebuilds		5	\$0	\$0	\$0	
Collection System Cleaning		2	\$0	\$0	\$0	
Lagoon Bank Rehabilitation		5	\$0	\$0	\$0	
Consumables						
Power	\$49,700	1	\$246	-\$246	\$5,285	
Telstra	\$3,000	1	\$15	-\$15	\$319	
Materials & Plant		1	\$0	\$0	\$0	
Weed and pest control		1	\$0	\$0	\$0	
Sludge Disposal						
WWTP	\$28,800	1	\$143	-\$143	\$3,063	
Septic Tanks	\$0	1	\$0	\$0	\$0	
Fees						
EPA Licence	\$1,000	1	\$5	-\$5	\$106	
SA Water Discharge		1	\$0	\$0	\$0	
Lease / Rent		1	\$0	\$0	\$0	
Management & Staffing						
WWTP Operator	\$18,720	1	\$93	-\$93	\$1,991	
Monitoring & Compliance	\$4,500	1	\$22	-\$22	\$479	
	-\$527,269	1	-\$2,610		-\$56,074	
<b>Sum</b>				<b>-\$2,610</b>	<b>\$0</b>	

---

# APPENDIX B

## MYLOR



**COST ESTIMATE**

**Treatment of Septic Effluent via SA Water Connection to Trunk Main**

Note: Includes capital costs and operational and maintenance costs for pump stations and rising mains

Original Assessment Completed by GHD

Update of costing rates WGA Feb 2019

**Capital Costs**

Item Description	Quantity	Unit	Unit cost (\$)	Total Cost (\$)
Mylor Pump Station	1	no.	\$135,000	\$135,000
Booster Pump Station	1	no.	\$135,000	\$135,000
HDPE Rising Main 110mm PN20 (including traffic management)	3000	m	\$150	\$450,000
HDPE Rising Main 75mm PN10 (including traffic management)	2400	m	\$120	\$288,000
SA Water Connection Charge	1	no.	\$7,500	\$7,500
Supply 3-Phase Power to Pump Station Locations	2	no.	\$40,000	\$80,000
Contingency (15% of Capital Costs)				\$164,325
<b>CAPITAL COST =</b>				<b>\$ 1,259,825.00</b>
Network Capital Cost				<b>\$ 1,099,439.60</b>
Total Capital Cost				<b>\$ 2,359,264.60</b>

**Operational and Maintenance Costs**

SA Water Rate \$131.60

Item Description	Cost (\$)	Frequency (years)	Present Value Annual Cost (\$)
Annual Sewage Rates	\$11,186	1	\$11,186
Power	\$22,500	1	\$15,000
Maintenance	\$10,800	1	\$10,000

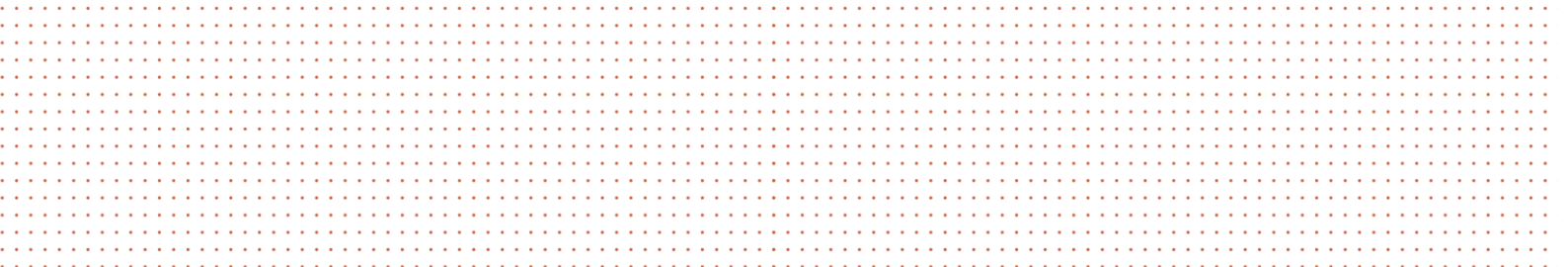
No. Rateable **85**  
Discount Rate **4%**  
Project Life **70**

pressure connections along Stock Road not included

COSTS	Totals	Life yrs	Per Connection	Analysis		
				PMT	PV	
<b>Capital</b>						
Network Costs						
uPVC	\$734,038	70	\$8,636	-\$369	\$8,636	\$734,038
Pumped Main	\$738,000	70	\$8,682	-\$371	\$8,682	\$738,000
Low Pressure Civil	\$35,400	30	\$416	-\$24	\$563	\$47,893
Low Pressure M&E	\$23,600	10	\$278	-\$34	\$801	\$68,070
Pump Stations						
Civil	\$162,000	30	\$1,906	-\$110	\$2,578	\$219,171
Mech & Elec	\$188,000	10	\$2,212	-\$273	\$6,379	\$542,254
Treatment						
Civil	\$7,500	70	\$88	-\$4	\$88	\$7,500
Mech & Elec	\$0	15	\$0	\$0	\$0	\$0
Reuse / Disposal						
Site	\$0	25	\$0	\$0	\$0	\$0
Mech & Elec	\$0	15	\$0	\$0	\$0	\$0
Design	\$198,260	70	\$2,332	-\$100	\$2,332	\$198,260
Project / Construction	\$272,467	70	\$3,205	-\$137	\$3,205	\$272,467
<b>Sub-Total</b>	<b>\$2,359,265</b>					<b>\$2,827,653</b>
error check	\$0					
<b>Operating</b>						
		Cycle Yrs				
Annual Sewage Rates	\$11,186	1	\$132	-\$132	\$3,079	\$0
Compliance	\$12,500	1	\$147	-\$147	\$3,440	\$138
Power	\$22,500	1	\$265	-\$265	\$6,193	\$526,377
Network Maintenance	\$10,800	1	\$127	-\$127	\$2,972	\$252,661
<b>Sum</b>				<b>-\$2,092</b>	<b>\$48,951</b>	<b>\$4,160,813</b>

---

**APPENDIX C**  
**SUMMERTOWN /**  
**URAILDA**





**INDICATIVE CONSTRUCTION COST ESTIMATE**

Quantities taken from Tonkin Report Dated April 2009

Project: Summertown / Uraidla CWMS: Hybrid Collection Concept  
 Job No: 181754  
 Date: 8-Feb-19  
 Estimated by: Tonkin Consulting  
 Review by: NJS (WGA)

Item No	Description	Unit	Qty	Rate	Cost	Sub Totals
<b>1</b>	<b>Gravity Pipe (Uraidla)</b>					<b>\$ 2,171,704.80</b>
1.1	100mm PVC Property Connections (Supply, Installation and Reinstatement)	m	4170	150	\$ 625,500.00	
1.2	150mm PVC Gravity Pipe (Supply, Installation and Reinstatement)	m	4316	294	\$ 1,268,904.00	
1.3	225mm PVC Gravity Pipe (Supply, Installation and Reinstatement)	m	786	352.8	\$ 277,300.80	
<b>2</b>	<b>Pressure Connections (Summertown)</b>					<b>\$ 1,417,800.00</b>
2.1	Mono PSS ECO01-60 Pump Unit	No.	139	8750	\$ 1,216,250.00	
2.2	Boundary Kit	No.	139	200	\$ 27,800.00	
2.3	Pressure Pipe to Street (Supply, Installation and Reinstatement)	No.	139	1250	\$ 173,750.00	
<b>3</b>	<b>Pressure Pipe (Summertown)</b>					<b>\$ 257,080.00</b>
3.1	50mm PE 100 Pipe Mainly in Road (Supply, Installation and Reinstatement)	m	2756	75	\$ 206,700.00	
3.2	75mm PE 100 Pipe in Road (Supply, Installation and Reinstatement)	m	458	110	\$ 50,380.00	
<b>4</b>	<b>Maintenance Structures (Uraidla)</b>					<b>\$ 181,300.00</b>
4.1	Access Chambers	No.	9	6700	\$ 60,300.00	
4.2	Flushing Points	No.	69	1250	\$ 86,250.00	
4.3	House Connection Inspection Points	No.	139	250	\$ 34,750.00	
<b>5</b>	<b>Maintenance Structures (Summertown)</b>					<b>\$ 35,000.00</b>
5.1	Pressure Pipe Isolation Valves	No.	13	2000	\$ 26,000.00	
5.2	Air Release / Vacuum Break Valves	No.	6	1500	\$ 9,000.00	
<b>6</b>	<b>Rising Main (Uraidla)</b>					<b>\$ 107,800.00</b>
6.1	50mm Rising Main (Supply, Installation and Reinstatement)	m	418	75	\$ 31,350.00	
6.2	80mm Rising Main Uraidla to Summertown	m	695	110	\$ 76,450.00	
<b>7</b>	<b>Pump Stations (Uraidla)</b>					<b>\$ 435,000.00</b>
7.1	Pump Stations - (Civil/Mechanical/Electrical)	No.	2	125000	\$ 250,000.00	
7.2	Uraidla to Summertown Pump Station (Civil/Mechanical/Electrical)	No.	1	125000	\$ 125,000.00	
7.3	Power	No.	3	20000	\$ 60,000.00	
<b>8</b>	<b>Wastewater Transfer to SA Water Sewer in Piccadilly</b>					<b>\$ 1,265,400.00</b>
8.1	24 hours storage at Summertown (200kL)	allow	1	250000	\$ 250,000.00	
8.2	Pump Transfer Station at Summertown	allow	1	125000	\$ 125,000.00	
8.3	150mm Rising Main to Piccadilly	allow	3300	180	\$ 594,000.00	
8.4	Power Augmentation	allow	1	20000	\$ 20,000.00	
8.5	Valves (isolation and airvalves)	no	13	2000	\$ 26,400.00	
8.6	Upgrade to SA Water infrastructure	allow	1	250000	\$ 250,000.00	
<b>9</b>	<b>Easement acquisition</b>	No.	24	3500	\$ 84,000.00	<b>\$ 84,000.00</b>
<b>10</b>	<b>Rock Allowance</b>					<b>\$ 503,162.00</b>
			2287.1	220	\$ 503,162.00	
<b>11</b>	<b>Dewatering allowance</b>					<b>\$ 74,176.00</b>
			927.2	80	\$ 74,176.00	
	<b>Sub Total</b>				\$6,532,422.80	<b>\$ 6,532,422.80</b>
	<b>Preliminaries (10%)</b>				\$ 653,242.28	
	<b>Design</b>				\$ 326,621.14	
	<b>Contingency (15%)</b>				\$ 979,863.42	
	<b>TOTAL</b>				<b>\$ 8,492,149.64</b>	

8492149.553

-\$ 0.09

STEDS Rate Evaluation

Summertown/ Uraidla CWMS

Updated Feb-19

Hybrid (pressure/sewer)

No. Rateable Connections

Discount Rate

278

4%

NJS  
based on income/\$0

Original Costing by

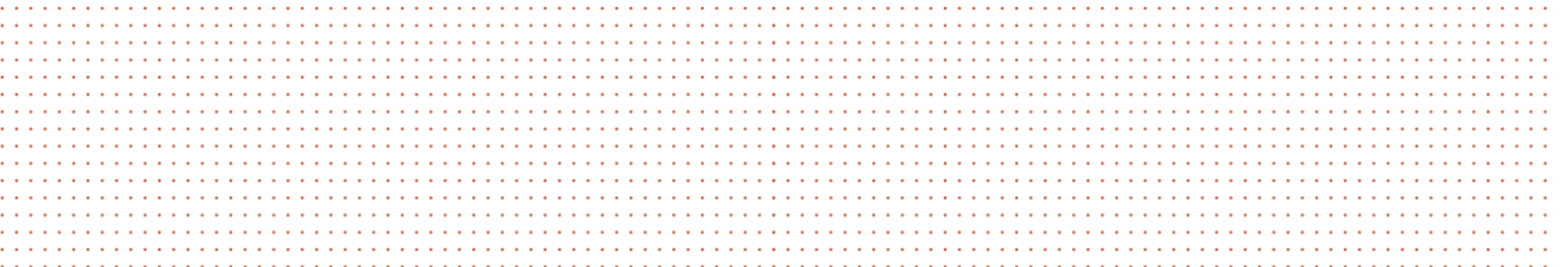


16-Feb-09

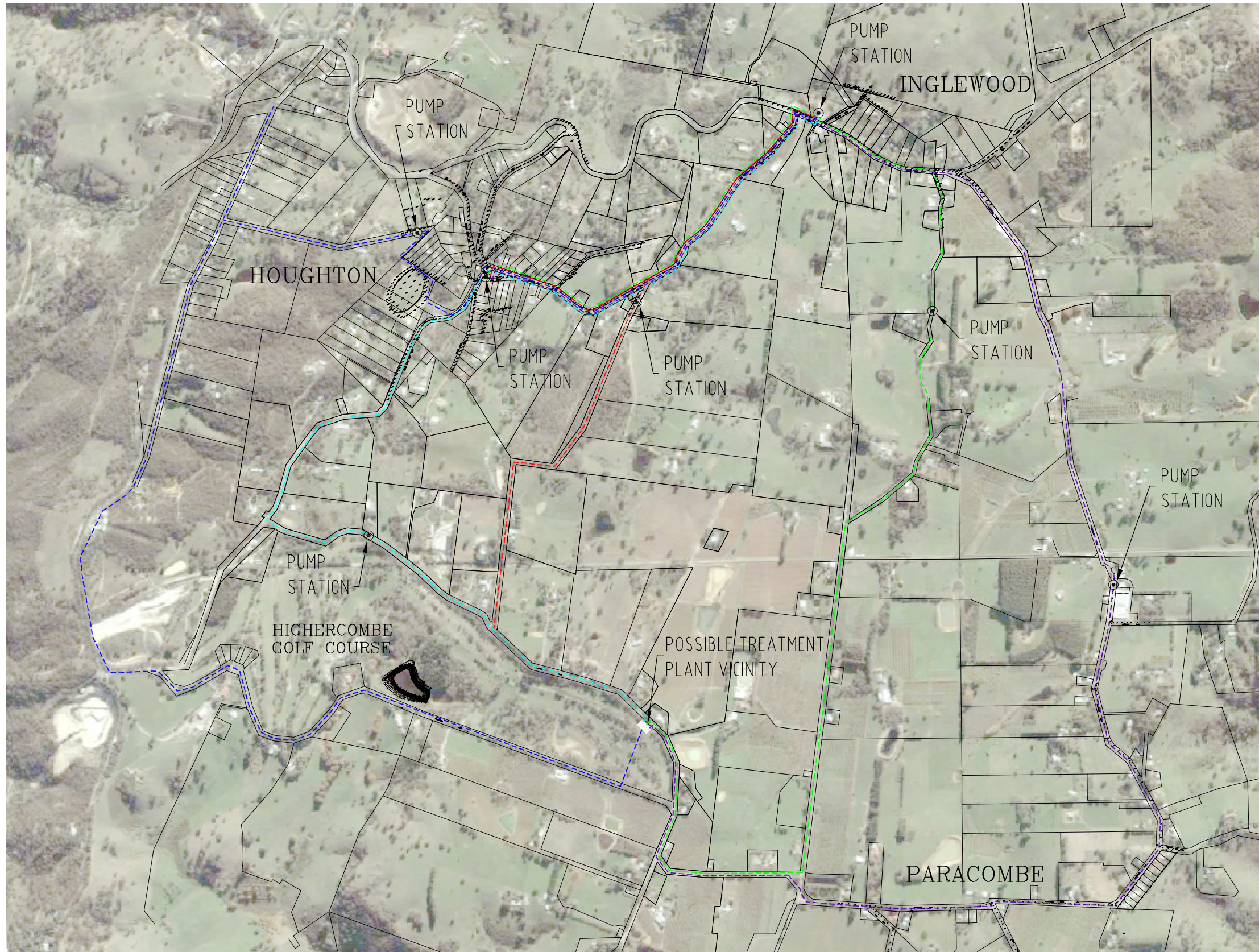
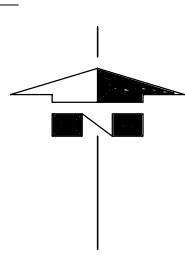
COSTS	Totals	Life yrs	Per Connection	Analysis		Cashflows (Present Day \$/connection)
				PMT	NPV	
<b>Capital</b>						
Network Costs						
Preliminaries	\$653,242	70	\$2,350	-\$105	\$2,255	\$2,350
uPVC gravity	\$2,749,043	70	\$9,889	-\$442	\$9,491	\$9,889
Pumped Main	\$958,880	70	\$3,449	-\$154	\$3,311	\$3,449
Pumping Stations						
Civil	\$1,111,680	50	\$3,999	-\$186	\$3,999	\$3,999
Mech & Elec	\$741,120	10	\$2,666	-\$329	\$7,061	\$2,666
Transfer PS						
Civil	\$87,000	30	\$313	-\$18	\$395	\$313
Mech & Elec	\$58,000	10	\$209	-\$26	\$553	\$209
SA Water	\$250,000	70	\$899	-\$40	\$863	\$899
Misc Items						
Valves	\$63,633	25	\$229	-\$15	\$315	\$229
Storage tank	\$250,000	25	\$899	-\$58	\$1,237	\$899
mainteanace holes	\$181,300	50	\$652	-\$30	\$652	\$652
Easement	\$84,000	70	\$302	-\$14	\$290	\$302
Design and PM	\$324,388	70	\$1,167	-\$52	\$1,120	\$1,167
<b>Project / Contingency</b>	<b>\$979,863</b>	<b>70</b>	<b>\$3,525</b>	<b>-\$157</b>	<b>\$3,383</b>	<b>\$3,525</b>
<b>Sub-Total</b>	<b>\$8,492,150</b>		<b>\$28,198</b>			
Subsidy	\$0	50	\$0	\$0	\$0	\$0
<b>Operating</b>						
Network Maintenance	\$25,349	1	\$91	-\$91	\$1,959	
Planned Maintenance						
Pump Rebuilds		5	\$0	\$0	\$0	
Collection System Cleaning		2	\$0	\$0	\$0	
Lagoon Bank Rehabilitation		5	\$0	\$0	\$0	
Consumables						
Power	\$24,500	1	\$88	-\$88	\$1,893	
Telstra	\$5,000	1	\$18	-\$18	\$386	
Materials & Plant		1	\$0	\$0	\$0	
Weed and pest control		1	\$0	\$0	\$0	
Sludge Disposal						
WWTP		1	\$0	\$0	\$0	
Septic Tanks	\$0	1	\$0	\$0	\$0	
Fees						
EPA Licence	\$1,000	1	\$4	-\$4	\$77	
SA Water Discharge	\$36,307	1	\$131	-\$131	\$2,806	
Lease / Rent		1	\$0	\$0	\$0	
Management & Staffing						
system operator		1	\$0	\$0	\$0	
Monitoring & Compliance	\$15,000	1	\$54	-\$54	\$1,159	
	<b>-\$529,913</b>	<b>1</b>	<b>-\$1,906</b>		<b>-\$40,949</b>	

---

**APPENDIX D**  
**INGLEWOOD /**  
**HOUGHTON LAYOUT**  
**PLAN**







**LEGEND**

- OPTION 1
- OPTION 2
- OPTION 3
- OPTION 4
- OPTION 5



SCALE 1:15000

I:\2008\02Feb2008\C080225\Appendix-1.dwg , Rev A, 16/3/2009 10:31 AM , tmullan

REV.	DATE	DESCRIPTION	DRAFT	ENG.	CHKD



**W&G**  
WALLBRIDGE & GILBERT  
Consulting Engineers

60 Wyatt Street Adelaide South Australia 5000  
Telephone (08) 8223 7433 Facsimile (08) 8232 0967  
Email adelaide@wgeng.com

W&G Engineers Pty Ltd ACN 052 528 926  
trading as Wallbridge & Gilbert

**Inglewood and Houghton  
COMMUNITY WASTEWATER MANAGEMENT  
SYSTEM COLLECTION NETWORK OPTIONS  
APPENDIX 1**

©

**A3**

Design  
MM

Drawn  
TSM

**DRAWING NUMBER**

Job Number Sheet No. Rev.

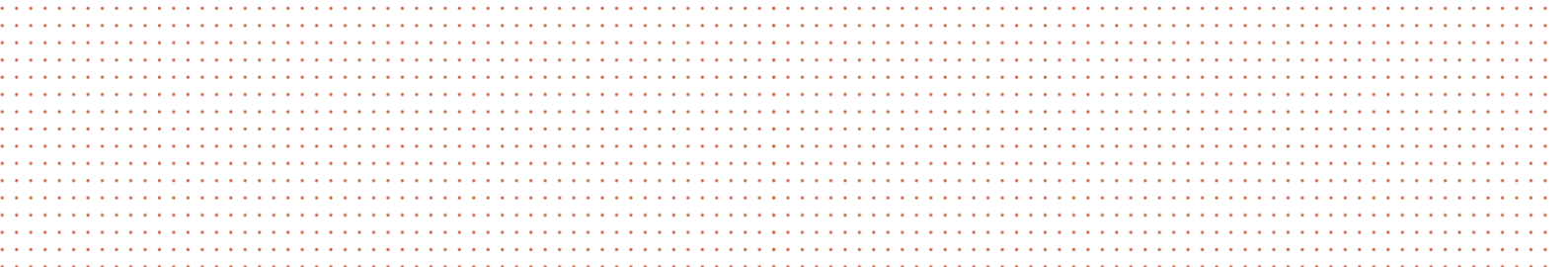
**C080225 1**



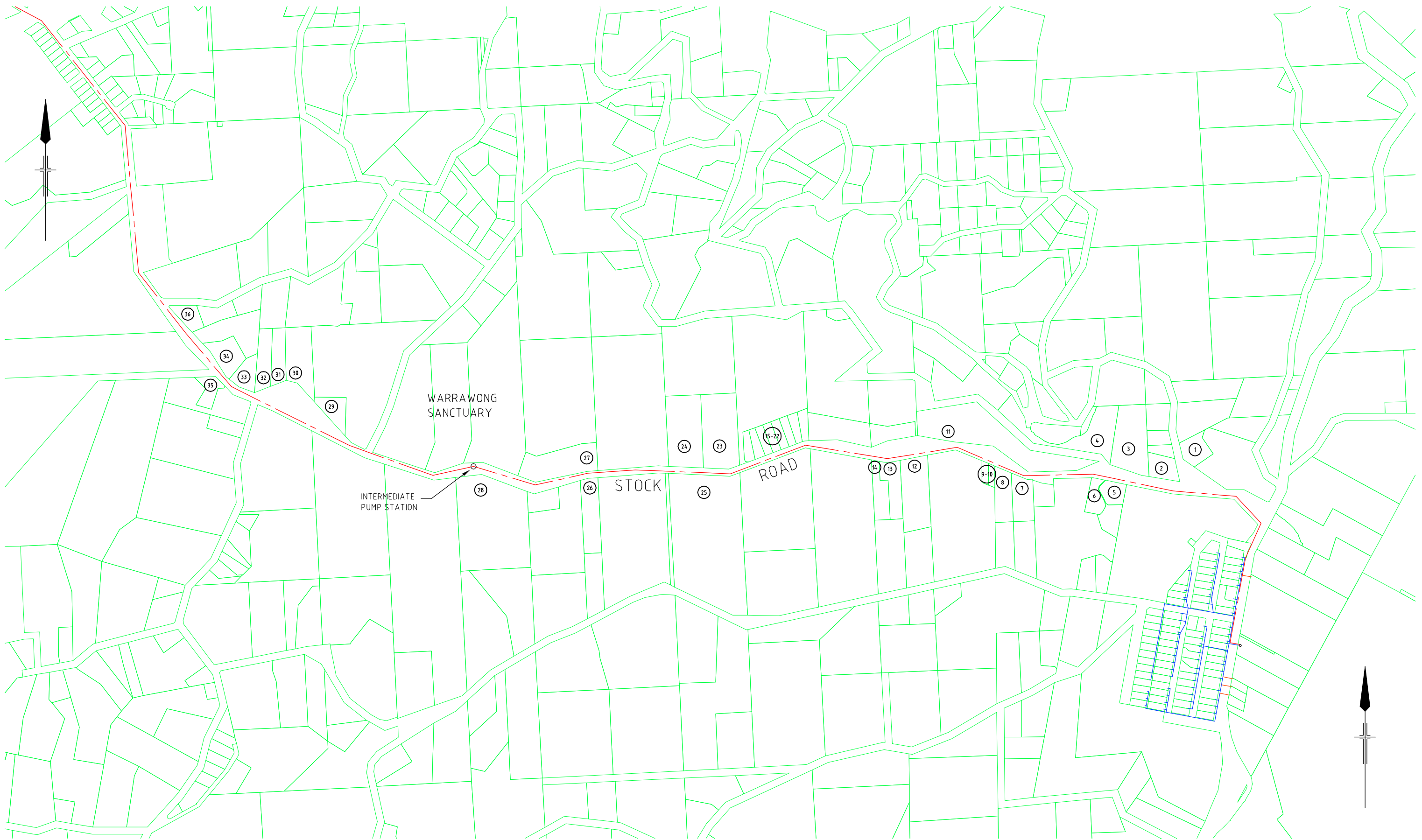
---

# APPENDIX E

## MYLOR LAYOUT PLAN

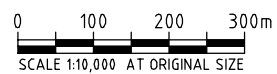






LEGEND:

- ② PROPERTIES ALONG PROPOSED RISING MAIN ROUTE  
(NUMBERED FOR REFERENCE IN REPORT)



CLIENTS | PEOPLE | PERFORMANCE

ADELAIDE HILLS COUNCIL  
MYLOR CWMS

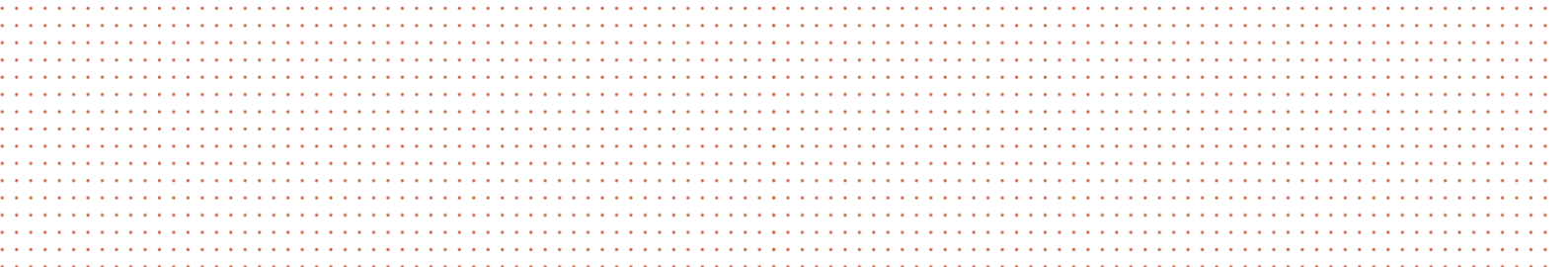
**PROPERTIES ALONG  
PROPOSED RISING MAIN ROUTE Figure 3**

scale | 1:10000 for A3 date | January 2009

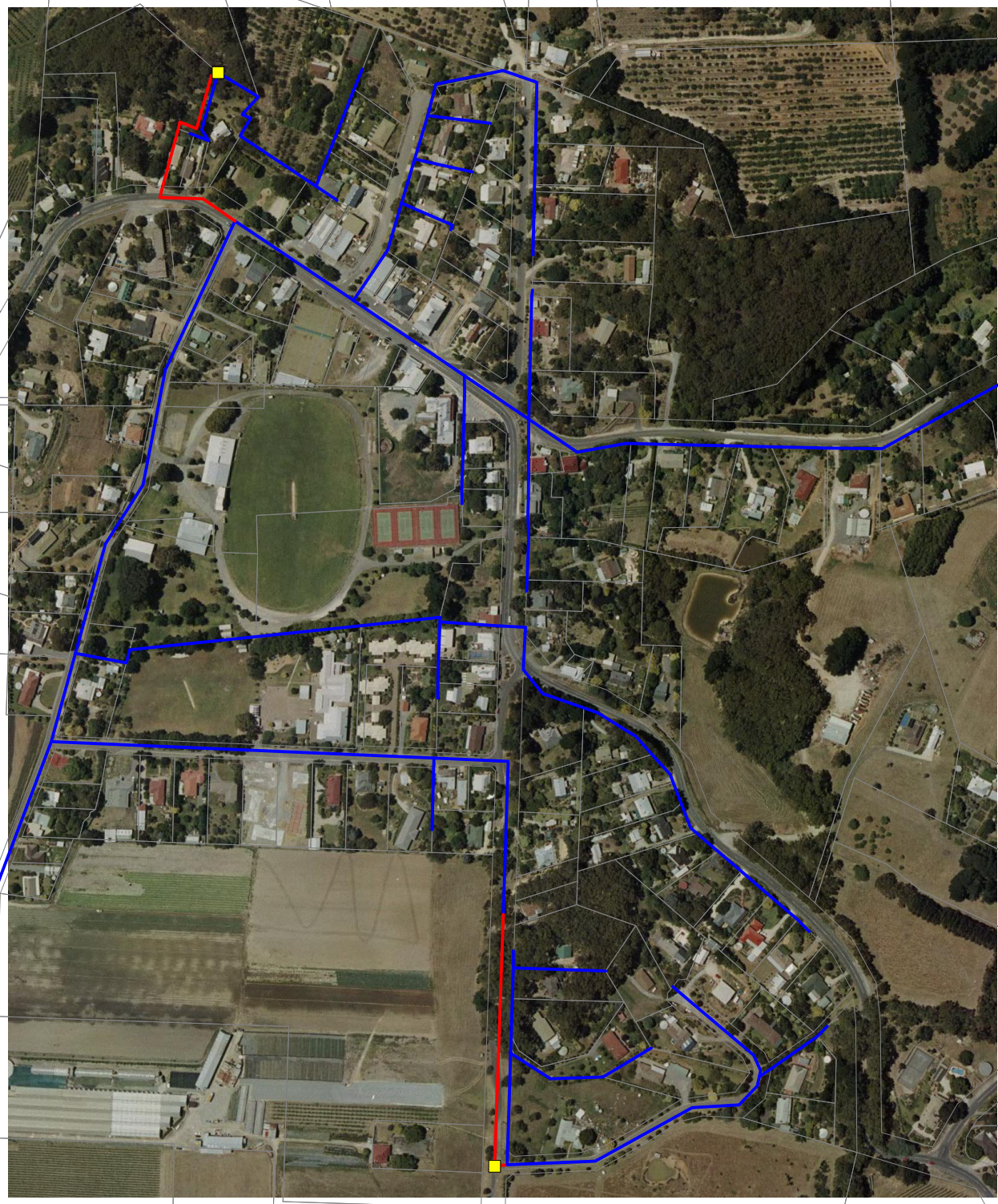
job no. | 33-14443  
rev no. | 0

---

**APPENDIX F**  
**SUMMERTOWN /**  
**URAILDA LAYOUT**  
**PLAN**











Scale: 1:5,000

**Legend**

-  Pump station
-  Pump Transfer Station
-  Gravity Drain
-  Rising Main

© TONKIN CONSULTING



**ADELAIDE**  
**TONKIN CONSULTING**  
5 COOKE TERRACE  
WAYVILLE SA 5034  
T +61 8 8273 3100  
F +61 8 8273 3110  
E [adelaide@tonkin.com.au](mailto:adelaide@tonkin.com.au)  
W [www.tonkin.com.au](http://www.tonkin.com.au)

MAP DETAILS  
Cadastral Data: PB MapInfo  
Drainage Data: Tonkin Consulting  
Aerial Photography: DEH  
Job Number: 2008\_0193  
Filename: Figure3-2.wor  
Drawn: Simon Callaghan  
Date: 05/02/2009

**Adelaide Hills Council**  
**Summertown/Uraidla CWMS**  
**Uraidla Gravity Collection Concept**





---

## **Appendix 2**

*CWMS LGA Expansion Letter*

---



In reply please quote our reference: ECM 765329

20 August 2021

Andrew Aitken  
Chief Executive Officer  
Adelaide Hills Council

**Emailed:** [aaiken@ahc.sa.gov.au](mailto:aaiken@ahc.sa.gov.au)

Dear Andrew,

**Community Wastewater Management System (CWMS) – Inglewood/Houghton, Mylor and Summertown/Uraidla**

I write to you requesting an update on the status of Councils position for new Community Wastewater Management Systems (CWMS) at the above sites.

As you are aware, the CWMS Program maintains a priority list of projects and Councils who had potential schemes on the list were contacted in May 2021 to confirm whether they wished to remain on the Priority list.

In response to our letter, email correspondence was received from David Collins, Manager Strategic Assets, to confirm that in January 2021, Council decided not to divest the existing CWMS assets and services and is now able to consider the expansion of the CWMS network. I understand that Council will be discussing the CWMS expansion feasibility with Elected Members in the second half of 2021. Given that Council will be considering the future of these projects soon, all three schemes have been retained on the Priority list.

Under the CWMS Program Funding Deed, the CWMS Management Committee (CMC) provides oversight of the CWMS Program and must confirm that a CWMS is required for the township. To fulfil this requirement, a Feasibility Study is undertaken investigating the need and viability of a future scheme compared to current town conditions. The Feasibility Study is paid for by the CWMS Program and is undertaken in two parts:

- Part A: Assessment of public health risks and environmental harm
- Part B: High level economic assessment

To progress this work, it would be appreciated if a suitable date and time can be arranged to discuss the Feasibility Study and the expectations of Council moving forward, specifically:

- What is involved with undertaking the Feasibility Study,
- The proposed area that will potentially connect to the CWMS,
- Access to wastewater approvals register and/or records system containing this information, and any compliance Notices issued to owners/occupiers of on-site wastewater systems,
- Identification of any commercial businesses and potential areas of future development,



- Support from your Environmental Health Officer (EHO) to provide access to properties or temporary authorisation of LGA Staff under the SA Public Health Act, to perform functions of the SA Public Health (Wastewater) Regulations,
- A suitable timeframe to undertake a desktop review of existing approvals, perform the on-site inspections, and to review the findings report,
- Early rate-payer engagement through a mail-merge to affected properties to advise of the upcoming inspections and early investigations of a CWMS,
- Process for addressing any on-site wastewater systems that are found to pose an immediate risk to public health requiring further action from Council, and
- Any other related matters.

I would welcome the opportunity to meet with Council staff to discuss the next steps in these projects. It is the preference of the CWMS Program to progress with feasibility of the three schemes as soon as possible. To provide certainty, I ask that a timeframe is provided for when Council will be considering the future of these schemes.

Please note, a general call for expressions of interest for new schemes will be made shortly and Council will not need to apply – unless Council wishes to apply for a CWMS not previously applied for.

On behalf of the CMC, I look forward to working with you on this project.

To arrange a suitable date and time to discuss the feasibility process moving forward, and if you have any questions, please do not hesitate to contact me on 0431 324 159 or [thomas.mckellar@lga.sa.gov.au](mailto:thomas.mckellar@lga.sa.gov.au).

Yours sincerely



Thomas McKellar  
**CWMS Program Officer**

Telephone: 0431 324 159  
Email: [thomas.mckellar@lga.sa.gov.au](mailto:thomas.mckellar@lga.sa.gov.au)

Copy to: [dacollins@ahc.sa.gov.au](mailto:dacollins@ahc.sa.gov.au)

---

# **Appendix 3**

## *CWMS Expansion Financial Impact Report*

---

Adelaide Hills Council

Community Wastewater Management Scheme

Expansion Modelling Report



Alan Rushbrook  
Utintja Consulting  
22 November 2019  
alan@utintja.com.au  
0402409352

## Contents

<b>EXECUTIVE SUMMARY</b>	<b>2</b>
<b>INTRODUCTION</b>	<b>4</b>
<b>PROJECT SCOPE</b>	<b>4</b>
<b>DATA</b>	<b>4</b>
<b>MODELLING ASSUMPTIONS</b>	<b>5</b>
<b>EXISTING SCHEME</b>	<b>6</b>
<b>NEW SCHEMES</b>	<b>7</b>
<b>FUNDING CONSTRUCTION COSTS</b>	<b>8</b>
<b>OPERATING COSTS</b>	<b>9</b>
<b>IMPACT ON NETWORK PRICING</b>	<b>10</b>
<b>IMPACT ON COUNCIL BUDGET</b>	<b>12</b>
<b>MODELLING OPTIONS</b>	<b>13</b>
<b>SUMMARY</b>	<b>14</b>

## Executive Summary

Utintja Consulting was appointed to undertake modelling for Adelaide Hills Councils to assess the financial viability of extending the existing Community Wastewater Management System.

The modelling used updated engineering estimates of the cost of extending the CWMS to Mylor, Summertown / Uraidla and Inglewood / Houghton. It also used non-binding advice from the Local Government Association (LGA) regarding potential grants. No grants have been approved, and it is unlikely that Council will receive any CWMS grants in the next three to five years. The financial modelling assumes AHC has been successful in receiving grant funding.

The modelling concentrated on one scenario and assumed that unoccupied property charge would be \$500 per annum and there would be a \$6,100 connection fee.

The significant financial information used in the model is summarised in the table below.

Details	Inglewood Houghton	Mylor	Summertown Uraidla
Number of properties	202	85	278
Capital cost \$'m	\$7.8m	\$2.6m	\$9.3m
Potential capital income from grants and property owners	\$5.7m	\$2.0m	\$6.7m
Net Capital to be funded by Council	\$2.2m	\$0.6m	\$2.7m
Annual operating cost per property	\$1,930	\$1,656	\$1,448

If operated as part of the existing Council network the addition of one or more new schemes would put upward pressure on the existing service charges. The exact impact of this would depend on the policies determined at the time of construction but as a guide existing CWMS customers would probably experience fee increases of approximately 11% if the Inglewood / Houghton scheme was installed, no change if the Mylor scheme installed and approximately 7% if the Summertown / Uraidla scheme installed. If all schemes were installed the service charges of existing CWMS customers would increase by 11%

In addition to the impact on service charges there would be an immediate impact on Council's budget which would affect the wider community. Depending on which scheme is developed the initial negative impact on the Council budget would be



between \$45k and \$150k. However, if prices were transitioned towards 90% of the maximum allowable prices within five years these schemes could, in total, be making a positive impact on the Council budget.

If Council was to identify a priority scheme, presumably in consultation with the community, detailed financial planning could be undertaken to see what opportunities there are to reduce the negative financial impacts of the development of a new scheme.

If Council was to maintain a similar pricing policy to what it currently uses the introduction of two of the three schemes would result in higher prices for existing CWMS customers and an initial negative impact on Council's budget. With a flexible approach to pricing the negative impacts on existing customers could be softened and over time the impact of the new schemes on Council's budget is likely to move from a negative impact to a positive impact.

## Introduction

Utintja Consulting was appointed to prepare financial models, undertake scenario modelling and produce a valuation for the Adelaide Hills Council (AHC) Community Wastewater Management System (CWMS). The modelling was required to support Council and Council staff during the assessment of responses to a proposed Request for Tender for the divestment of the CWMS.

The project has several components. The first is a valuation component and the second a scenario modelling component.

This report addresses the second component of the project. A separate report has been provided to summarise the results of the valuation modelling.

## Project Scope

The modelling was to assess the financial impact on Council and CWMS customers on the possible expansion of the existing CWMS to Mylor, Summertown / Uraidla and Inglewood / Houghton.

In addition, the project was to provide a series of linked spreadsheets which are easy to follow and able to be easily adjusted for different scenarios.

A collaborative approach between the consultant and staff of the AHC was employed which ensured there was a clear understanding of the business, the valuation philosophy and the inputs into the model.

No consideration was given to the environmental, social, economic and equity issue surrounding the development of new CWMS schemes.

## Data

The following data was used during the development of the model:

- Adelaide Hills Council – CWMS Preliminary Costing Updates from Wallbridge Gilbert Aztec and supporting spreadsheets (referred to as WGA Report)
- AHC Preliminary Indicative Subsidy Calcs spreadsheet and accompanying email (Gaylor spreadsheet and Gaylor email)
- AHC Draft 2019-20 Budget (2019-20 BUDGET WASTE AND EMERGENCY MANAGEMENT spreadsheet)
- AHC 2017 Asset data (Sub Divs 12246 - 03 Adelaide Hills Council - Reconciliation Rt 21.09.17 spreadsheet)

## Modelling Assumptions

The “base” model used the following assumptions

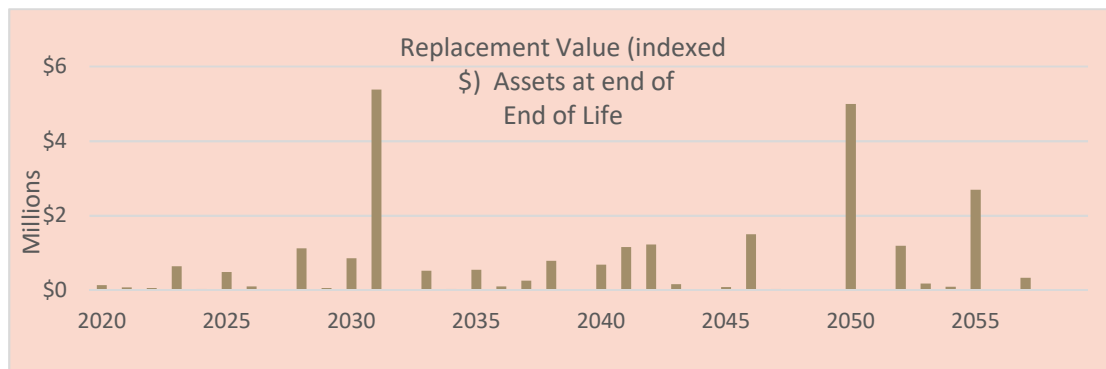
- All figures are in real dollars.
- Base income and expenditure derived from AHC’s draft 2019/20 budget
- Capital expenditure and operating costs derived from the WGA report.
- The Weighted Average Cost of Capital used is 4.21%
- Service Charges were calculated using the methodology set out in the National Water Initiative Pricing Principles as required by the Essential Services Commission of SA (ESCOSA). These principles refer to Lower Bound Revenue, which is the minimum revenue that should be received and Upper Bound Revenue, which is the maximum revenue allowable.
- In the calculation of the service charge, Depreciation expense is reduced by the depreciation attributable to contributed assets. Similarly, the value of contributed assets is deducted from the total value of CWMS assets in the calculation of the cost of capital.
- All funds raised by the CWMS are available for use on the CWMS, excluding the Cost of Capital charge.
- Council does not need to incur addition internal support to operate any or all of the new schemes.
- New loans will have an interest rate of 4.05% and a term of 20 years.
- 95% of all potential existing properties are connected to the scheme and 80% of all properties in the new scheme are connected.
- The unoccupied property charge is set at \$500 per property per year.

## Existing Scheme

The finances of the exiting CWMS scheme will form the foundation of any future network that AHC may decide to develop. As part of the work undertaken to determine a valuation for the existing CWMS some important information was determined. The following observations should be read in conjunction with the valuation report.

If the CWMS pricing was to be maintained at approximately 90% of Upper Bound Revenue the scheme will operate in a financially sustainable manner. It will be able to fund anticipated capital renewals and operate with a small but consistent operating surplus. Currently AHC's service charges are about 90% of Upper Bound Revenue

Using the existing database of assets the following table illustrates the anticipated capital renewal expenditure required over the next 40 years



Should prices be set at higher than 90% of Upper Bound Revenue significant operating and cash surpluses would be generated.

## New Schemes

WGA estimated the construction cost of the schemes using concept plans created in 2009. The concept plans have been updated for legislative and design criteria changes that have occurred in the intervening years, and the cost estimates have been revised.

The capital cost of each of the new schemes is significant as can be seen from the table below.

Details	Inglewood Houghton \$'000	Mylor \$'000	Summertown Uraidla \$'000	Total Capital \$'000
Construction costs	\$ 7,107	\$ 2,359	\$ 8,492	\$ 17,958
Number of properties	202	85	278	565

An important partner in any expansion would be Local Government Association CWMS Program which coordinates the allocation of State Government funding to assist in the construction of Council wastewater management schemes. Council staff sought information on the size of any potential grants from the CWMS Program from their Program Manager. This advice was received, and understandably it was heavily qualified. In summary, the qualifications were:

- The figures provided were an “officer” opinion and have no formal status with the LGA.
- The figures are speculative due to the nature of the estimates provided.
- The LGA CWMS program would not have sufficient funds to assist AHC with these schemes without additional external support.
- Funds would not be available for at least 3 to 5 years from now (i.e. from 2019).
- Each scheme has a very high per connection cost.

It was also noted in the correspondence that all schemes were in Water Protection Zones which ensures they receive funding priority.

Given these comments, it was decided that it would be too speculative to attempt to establish the likely timing of the construction of any of the schemes. Therefore, all the financial analysis has been undertaken in real dollars with no adjustments for inflation.

In the absence of other external funding, the net capital expenditure required to construct the new schemes would need to be funded by the Council. It has been assumed that a loan would be taken out to pay for this expenditure.

## Funding Construction Costs

Most new CWMS schemes are funded through a combination of LGA subsidy, property owner's connection fees and Council funds. A quick investigation of possible grants was undertaken, but no other grant opportunities were identified.

For the purpose of this analysis, the full amount of LGA grant funding was assumed to be available and property owners would be charged a once off fee of \$6,100, which is consistent with the current fee.

The spreadsheets used to make these calculations have been provided to AHC. Council staff will be able to manipulate the spreadsheets and change any of the assumptions made in this report and see the impact of those changes.

The Net Capital requirements of each scheme are set out in the table below.

Details	Inglewood Houghton \$'000	Mylor \$'000	Summertown Uraidla \$'000	Total Capital \$'000
Total Construction costs	\$ 7,107	\$ 2,359	\$ 8,492	\$ 17,958
<b>Capital Income</b>				
State Govt Subsidy fund	\$4,433	\$1,521	\$4,978	\$10,932
Augmentation fees	\$1,232	\$519	\$1,696	\$3,447
<b>Total Capital Income</b>	<b>\$5,665</b>	<b>\$2,040</b>	<b>\$6,674</b>	<b>\$14,379</b>
<b>Net Capital Expenditure</b>	<b>\$1,442</b>	<b>\$320</b>	<b>\$1,818</b>	<b>\$3,580</b>

## Operating Costs

Operating costs for CWMS are funded through service charges charged to property owners who have access to the scheme.

The service charges are calculated to cover the cost of operating the scheme, plus the recovery of capital (i.e. depreciation) plus a charge for the cost of capital. The revenue required to recover operating costs and depreciation is referred to as Lower Bound Revenue and is the minimum that can be charged according to ESCOSA pricing guidelines. Lower Bound Revenue plus the cost of capital is Upper Bound Revenue and is the maximum that can be recovered.

Using the operating costs identified in the WPA report an estimate of the operating cost of each of the schemes was determined

Details	Inglewood Houghton \$'000	Mylor \$'000	Summertown Uraidla \$'000	Total Capital \$'000
<b>Annual Operating costs</b>				
Network Maintenance	\$21	\$11	\$25	\$57
Utilities	\$53	\$23	\$30	\$106
Depreciation	\$178	\$55	\$199	\$428
Staffing	\$19	\$11	\$-	\$30
Sludge disposal	\$29	\$12	\$36	\$77
Monitoring & Compliance	\$5		\$16	\$21
Finance costs	\$47	\$12	\$59	\$118
Overhead allocation	\$25	\$11	\$18	\$54
<b>Net Operating Expenditure</b>	<b>\$358</b>	<b>\$124</b>	<b>\$364</b>	<b>\$864</b>
Details	Inglewood Houghton	Mylor	Summertown Uraidla	Total
<b>Annual Net Expenditure per connection</b>	<b>\$1,774</b>	<b>\$1,461</b>	<b>\$1,308</b>	<b>\$1,498</b>

The operating cost for each new scheme is significant.

The following table shows the range of service charges that would be considered for each scheme if it were to operate on a standalone basis.

Details	Inglewood Houghton \$'000	Mylor \$'000	Summertown Uraidla \$'000
<b>Lower Bound costs</b>			
Net Operating Expenditure	\$358	\$124	\$364
less: Finance costs	-\$32	-\$7	-\$40
less: Depreciation from contributed assets	-\$23	-\$7	-\$26
	\$303	\$110	\$298
<b>Fee per occupied connection</b>	<b>\$1,753</b>	<b>\$1,494</b>	<b>\$1,215</b>
<b>Upper Bound costs</b>			
Lower Bound costs	\$303	\$110	\$298
Cost of Capital	\$61	\$13	\$77
	\$364	\$123	\$375
<b>Fee per occupied connection</b>	<b>\$2,131</b>	<b>\$1,685</b>	<b>\$1,561</b>

This analysis assumes that the schemes are operated independent of each other and of the existing system. The scale of these fees is unlikely to be acceptable to property owners who would be connected to the new schemes. These figures illustrate the high capital and operational costs of each of the proposed schemes

## Impact on Network Pricing

AHC has a policy of setting one price for all of its CWMS operations, a practice called Network pricing. This policy means that those connected to less costly schemes subsidise the property owners serviced by more costly schemes. This a common practice amongst South Australian Councils and is a policy used by SA Water throughout South Australia. It has the benefit of simplicity and helps provide universal access to wastewater infrastructure.

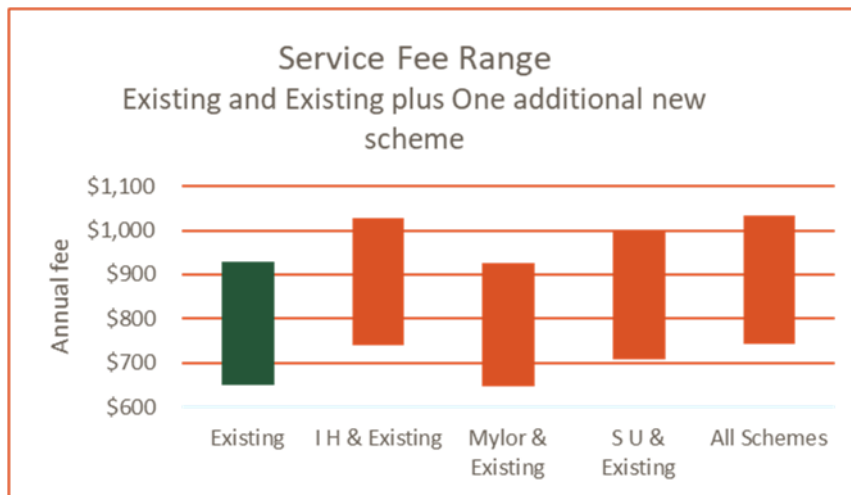


The table below illustrates the potential impact of each new scheme would have individually, and as a group, on the current service charge.

	Existing	Existing scheme plus		
		Inglewood Houghton	Mylor	Summertown Uraidla
Lower bound fee	\$649	\$740	\$647	\$708
Upper bound fee	\$930	\$1,028	\$925	\$996

If Council were to decide to construct and operate the Houghton / Inglewood scheme lower bound pricing would increase from \$621 to \$708 and upper bound pricing from \$934 to \$996.

This is illustrated in the following graph.



This graph shows that for existing CWMS customers there could be a seamless pricing transition when a new scheme is added to the system. The Upper Bound Revenue fee is always more than the fee associated with Lower Bound Revenue when a new system becomes operational.

However, there would then be a period of transition as the fee moves to what would be the new higher fee. The exact amount of the increase would be set by Council.

Assuming the detailed analysis shared earlier in the report was still relevant and a fee of about 90% of Upper Bound Revenue is an appropriate long term target, then existing property owners would probably experience significant fee increases of approximately 11% if the Inglewood / Houghton scheme was installed, no increase if the Mylor scheme installed and approximately 7% if the Summertown / Uraidla scheme installed.

If multiple schemes were installed existing property owners would be looking at a fee increase of about 11% over an extended period to keep the fee income at the 90% benchmark level of Upper Bound Revenue.

Given the new schemes do not require significant asset renewal expenditure in the near future with creative long term planning, the size of these potential increases could probably be ameliorated. For instance, recognising the contribution that the CWMS scheme makes to the AHC budget in the short term there may be an opportunity for the AHC budget to partially fund some of the operating deficits caused by the new scheme. Also, long term cash flows in real terms may identify better long-term strategies.

The development of a new CWMS scheme is likely to have a small positive impact on Council's rates income through increased property values in the area serviced by the new CWMS scheme.

## Impact on Council budget

Currently, the AHC Council budget receives a significant annual benefit each year from the CWMS to the extent of approximately \$750,000 each year.

The introduction of a new scheme will incur additional expenses for the Council. These expenses would only be partially offset by the additional income from the scheme. As described earlier, except for the Mylor scheme, without a significant increase in the network service charge, it is likely that the additional income would not cover the additional costs. As a result, there would be a negative impact on the Council budget.

The estimated impact on the Council budget is described below.

	Estimated impact on AHC Annual Budget		
	Inglewood Houghton \$'000	Mylor \$'000	Summertown Uraidla \$'000
Year 1	\$(150)	\$(45)	\$(93)
Year 5	\$66	\$(55)	\$57

This assumes that Council has a policy of Network Pricing and there is a five-year transition to Upper Bound Pricing (i.e. existing CWMS customers service charges increase to the new service charge over a 5 year period).

As these figures are subject to a large number of variables and are only illustrative.

## Modelling Options

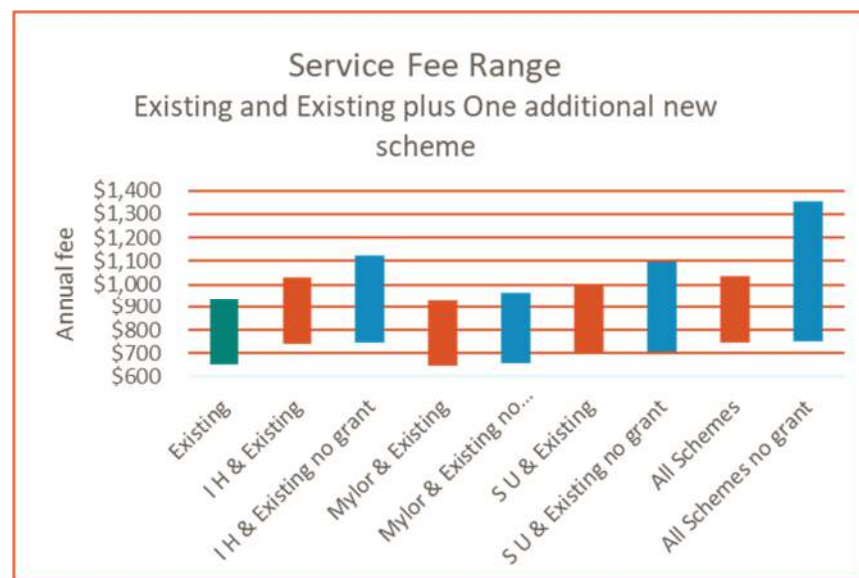
The spreadsheet developed for this project has been provided to AHC. The model provides the opportunity to change a range of assumptions and to see the impact of those changes. For instance, the impact of different connection fees, vacant property charges, number of properties, number of vacant properties, changes in expenses can all be assessed.

### No Grant funding

The “baseline” model described above assumes that the Council will receive capital grants from the State Government Subsidy Fund, up to \$10.9m for all three new schemes. The model was updated to see what the impact of not receiving any grants

Without grant funds being available the Council would need to fund the balance of the capital requirements. For all three schemes this would require financing of \$16.3m, resulting in average interest payments of \$359k per year. This would be less if not all three schemes were constructed.

The new loans would be funded by the service charges on CWMS properties. The graph below compares the Lower and Upper Bound Revenue service charges with and without the grant funding.



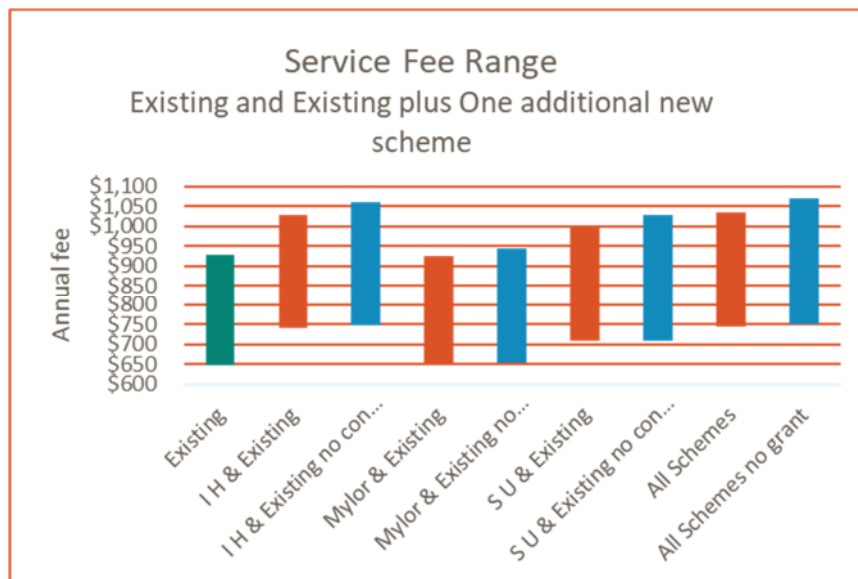
The increase in the Upper Bound service charge that would be required if no grant funding was available is substantial. Using a service charge of 90% of Upper Bound Revenue, the service charges for existing CWMS customers would increase by 29% if Inglewood Houghton scheme was installed, 5% if Mylor was installed, 26% for Summertown Uraidla and 40% if all schemes were constructed.

### No connection fee charged to new customers

Another model was developed which changed the “baseline” model by reducing the connection fee of \$6,100 to nil \$. This would be relevant should the proposed connection fee of \$6,100 be considered to be too high for new CWMS customers to pay keeping in mind that they would have to pay additional “on property” expenses to connect to the new scheme.

The impact of no connection fees is less dramatic than no grant funding. The reduction in connection fees results in a loss of income of \$3.4m over the three schemes.

The change in the 90% of Upper bound fees is illustrated in the graph below.



Using a service charge of 90% of Upper Bound Revenue, the service charges for existing CWMS customers would increase by 14% if Inglewood Houghton scheme was installed, 1% if Mylor was installed, 11% in Summertown Uraidla and 14% if all schemes were installed.

### Summary

The construction of any new CWMS scheme would be a significant undertaking. The operating expenditure resulting from the operation of the new schemes will, in the case of the, Summertown / Uraidla and Inglewood / Houghton schemes, put upward pressure on the current service charge and put negative pressure on the Council’s budget. However, the analysis indicated that the development of these schemes is not beyond the Council’s financial capacity should it receive LGA CWMS scheme funding. While detailed financial planning could identify ways to reduce some of the

negative impacts of the new schemes they will, with the expectation of the Mylor scheme, put upward pressure on existing service charges.

If Council was to decide, presumably in consultation with the community, on a priority scheme, detailed financial modelling should be undertaken to ascertain the more precise financial implications as well as investigate opportunities to reduce the potential negative impacts.

**ADELAIDE HILLS COUNCIL  
AUDIT COMMITTEE MEETING  
Monday 15 November 2021  
AGENDA BUSINESS ITEM**

**Item:** 7.2

**Responsible Officer:** David Collins  
Manager Strategic Assets  
Infrastructure and Operations Directorate

**Subject:** CWMS 21\_22 Service Charge Fee Adjustment

**For:** Decision

---

**SUMMARY**

In January 2021 Council resolved not to divest its (Community Waste Management Scheme) CWMS ownership.

As part that decision, Council has dedicated additional internal resource directly managing and administering the contracts, day to day operations, and the regulatory requirements of this asset intensive business.

A recent procurement process, operational changes and a reduction in SA Water charges has identified significant savings in operating the CWMS business.

The current CWMS service fee charge was set for the 21-22 financial year before these savings were identified.

Given the quantum of the savings identified, \$143,200, it is being recommended that these savings be returned directly to the CWMS customers.

This decision to return the savings will align with our requirements under Council's ESCOSA licence and pricing principles and supported by our Customer Charter.

The CWMS business continues to perform well and will return in excess of \$640,000 to the operating position of Council in 2021-22.

**RECOMMENDATION**

**The Audit Committee resolves:**

- 1. That the report be received and noted**
  - 2. That it endorses the adjustment of the CWMS 21-22 Service Charge Fee and return of the savings to customers.**
-

## 1. GOVERNANCE

### ➤ Strategic Management Plan/Functional Strategy/Council Policy Alignment

#### *Strategic Plan 2020-24 – A brighter future*

Goal	A functional BUILT ENVIRONMENT
Objective B4	Sustainable management of our built assets ensures a safe, functional and well serviced community
Priority B4.1	Ensure the long term management of the built form and public spaces occurs in consideration of the relevant financial, social and environmental management matters.

#### *Strategic Plan 2020-24 – A brighter future*

Goal	A prosperous ECONOMY
Objective E2	Provide local infrastructure to drive growth and productivity
Priority E2.4	Manage and maintain Council assets to maximise their utilisation and benefit to the community

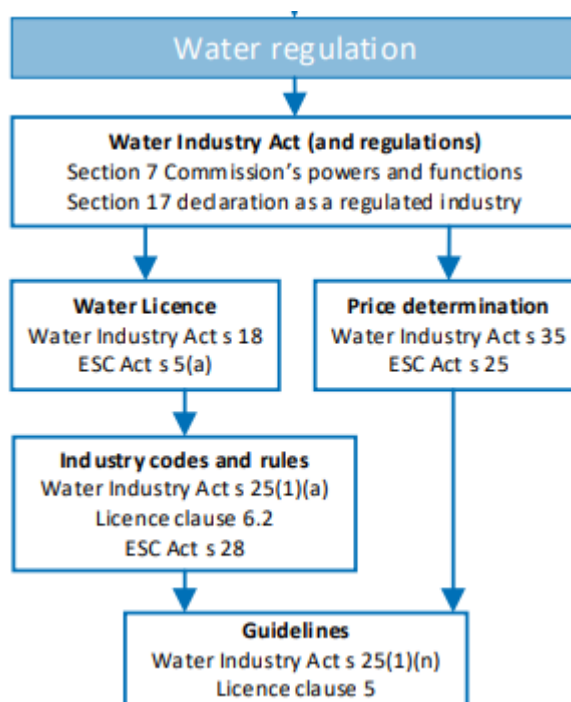
Also, in line with its licence requirement Council also has a Customer Charter and a copy of this is attached in **Appendix 1**.

### ➤ Legal Implications

CWMS operates in a highly regulated environment and has many pieces of legislation associated with the licences, approval, and operation and reporting in the provision of this service.

Section 155 of the *Local Government Act 1999*, Section 35 of the *Water industry Act 2012* and Section 25 of the *Essential Services Act* specifically relate to the CWMS service charge.

The figure below provides regulatory framework for the Essential Services Commission of South Australia (ESCOSA)



Council operates with a Water Industry Retail Licence issued by the Essential Services Commissioner under the *Water Industry Act 2012*. A copy of Council’s licence is attached in **Appendix 3**.

➤ **Risk Management Implications**

The CWMS business operates within a highly regulatory framework. The setting of the CWMS service charge is required to be align with the ESCOSA licence and associated water pricing principles.

*The return of identified savings to CWMS customers will assist in mitigating the risk of:*

*Over-recovery of costs leading to a breach of our ESCOSA licence and not in line with our customer charter.*

Inherent Risk	Residual Risk	Target Risk
High (2A)	Low (2D)	Low (2D)

Council reviews its cost base and service fee charge on an annual basis as it is required to do under its water licence agreement. This adjustment is considered to be a one-off given the timing and significant nature of the identified savings.



➤ **Financial and Resource Implications**

Currently the 21-22 budget (direct costs) for CWMS;

Expenses      \$ 1,079,000  
Revenue        \$ 1,796,100

Therefore, currently the CWMS business has \$741,100 positive accounting which benefits the operating position of Council. This includes both the indirect costs and the return on capital in line with the ESCOSA pricing principles.

The overall expense required to operate the CWMS business has been reduced by \$ 143,880.

21 22 Budget Impact

The impact of the 21-22 budget will be a \$ 143,880 reduction from existing customers in the revenue of the CWMS budget line.

However, the reduction in the expenditure will reduce less than the reduction in revenue for the following reasons.

- As \$ 42,680 is an in-direct expenditure this is not reduced from the \$ 1,079,000 expenditure line.
- The \$ 50,000 tank de-sludge contract saving has been achieved, however, the old contract was running behind schedule so subsequently the savings are being used this financial year to complete contractor works that were charged in 2020/21.

Therefore, the actual reduction to the expenditure line of CWMS will be the following.

SA Water Service Fee	\$ 18,000
Utilities/ Contractors/ Maintenance	\$ 23,200
Depreciation	\$ 10,000

That is a reduction in the expenses budget for CWMS of \$ 51,200.

And hence the net impact on the 21-22 Budget will be (\$ 92,680). That is the operating surplus will be \$ 92,680 less based on this proposed service charge fee adjustment.

➤ **Customer Service and Community/Cultural Implications**

The CWMS customer benefit with the same service being delivered at a reduced service charge fee.

➤ **Sustainability Implications**

Not applicable

➤ **Engagement/Consultation conducted in the development of the report**

There has been significant discussion internally on the CWMS service fee and the identified savings that have been identified in the past 10 months since the Council made the decision to continue to own and operate the CWMS service.

Consultation on the development of this report was as follows:

*Council Committees:* Not Applicable  
*Council Workshops:* 21 September 2021  
*Advisory Groups:* Not Applicable  
*External Agencies:* Not Applicable  
*Community:* Not Applicable

**2. BACKGROUND**

It was resolved by Council in January 2021 not to divest the CWMS assets. As part of that decision it was identified that on-going operational performance reviews would be occurring.

**MINUTES NOT IN CONFIDENCE**

**18.2.1 CWMS Review – Confidential Item**

Moved Cr Leith Mudge  
S/- Cr Chris Grant

21/21

**Council resolves that:**

1. the report be received and noted.
2. Council withdraws from the tender process with the consortium of councils thereby determining not to divest its Community Wastewater Management System Assets.
3. Council continues to own, operate and maintain the Community Wastewater Management Systems for the communities of Kersbrook, Birdwood, Mount Torrens, Woodside, Charleston, Verdun and Stirling (Golf Links Road).
4. Council, in deciding to retain the Community Wastewater Management System Assets, acknowledges the on-going review of the operational management of the system and risk profile that may result in changes to Council's future operational management requirements.
5. the Chief Executive Officer writes to the Chief Executive Officers of both the City of Onkaparinga and Rural City of Murray Bridge to formally inform them of Council's decision.

**Carried Unanimously**

The divestment process was beneficial to Council as it assisted the organisation to better understand its Regulated Asset Base (RAB), and associated risk of operating an asset intensive business in a highly regulated environment.

Following that divestment decision the CWMS Technical Officer Contract position was made a full time position. This position was filled on 1 July 2021.

The contract resource had their time split between working on the divestment process, primarily, and undertaking some of the regulatory and administration function.

The full time resource has provided the opportunity to review the operational performance of the asset, current contracts, and maintenance schedules.

Council commences its budget planning and service charge setting in March each year and many of the identified operational efficiencies and savings have been subsequently identified since the service charge fee was set.

### 3. ANALYSIS

Since the decision to retain the ownership of the CWMS business by Council and the appointment of full time resource (CWMS Technical Officer), significant review work on the many operational aspects of the business has occurred.

Whilst, one off minor savings/ over expenditures would normally be managed at the end of year through the adjustment of the CWMS reserve. In this instance, a significant number of savings have occurred since the service charge fee setting and it is considered appropriate to return these significant savings back to customers.

For information, the general structure of the CWMS service charge setting is per the table below – refer to Section 1 of the **Appendix 2** for additional detail on service charge fee setting.

<i>Service charge calculation</i>	<i>Comprising</i>	<i>Based on</i>
<b>Operating expenses</b>	Staff, material, contractors and other costs	Direct costs and associated overheads
	Depreciation	Current useful lives of assets
	Overheads and support costs attributable to CWMS	Up-to-date asset valuations
		Supervision
	Billing and collection costs	
	Other overheads	
<b>plus</b>		
<b>Cost of Capital</b>	Real interest rate applied to Council financed assets	Current value of assets NOT financed either through grants or e.g. by developers
	Allowance for risk applied against all CWMS assets	Residual risk and unspecified CWMS risks
		Current value of all CWMS assets
<b>less</b>		
<b>Income</b>	Sale of water	Sale of recycled water from CWMS
	Other income	Any other income attributable to the CWMS
<b>gives a balance of the total amount to be raised by the service charge</b>		
<b>Service Charge</b>	Annual charge for each unit	Amount to be raised
		No. of units
		Differential rating policy for CWMS

In relation to the table above the operational expense, these are considered in both direct and indirect expenses. The 'Overhead and support costs attributable to CWMS' are the indirect costs mentioned in this report.

Below are the costs saving operational efficiencies that are driving the service charge fee reduction

Firstly, we have identified a number of direct operational savings (materials/ contractors). These include,

Procurement - Positive long term contract outcome for tank de-sludge program

- Council recently completed a new contract of the de-sludge program under a 7 year plus 3 contract.
- This included a reduction in pump out dollars per customer tank.
- An increased cycle times between de-sludge pumping of tanks. (In line with industry practice across Council's, historic requirement for tanks to be pumps every 3 years by SA Water no longer exists.)
- Inclusion of the yearly pumps out of Council's pump stations and the monthly pumps out of the Birdwood treatment plant (Sequencing Batch Reactor) SBR. These were previously managed separately and by various officers.
- This has resulted in a reduction in the order of \$ 50,000 pa

SA Water Fee

- Current SA Water charges fees for disposal from our CWMS systems at Stirling, Verdun, Woodside and Charleston. This effluent is treated SA Water treatment plants.
- SA Water has reduced their fee per property and Council has validated the total number of connections.
- This has resulted in a reduction of \$ 18,000 p.a.

Utilities, Contractors and Maintenance

As part of reviewing current contracts it has been identified that a number of reductions are justified. There has been identified whole of life cycle pump replacements and recent investment in control panels and solar panels that will result in reduce operating costs that were not previously identified.

- Utility cost reductions of \$ 3,000 p.a. at Birdwood – there is a direct reduction anticipated with the commissioning of the solar panels. There is also the potential for greater use of the SBR during the day and a direct use of the solar generation that is being further investigated.

- Reduction in general contractor maintenance as divestment costs removed and pump upgrades reduce Life Cycle Costs. This allows a reduction of \$ 15,000.
- Legal expenses can be reduced by \$ 5,200 as an expected costs associated with trade waste disposal issue is being resolved.

#### Depreciation

Council has reviewed the asset within the portfolio and has identified some adjustments in the asset base that has reduced the depreciation by \$ 10,000 for the 21-22 financial year.

#### Reduction in Staff Resources (Direct v Indirect)

- There is a full time resource now undertaking CWMS functions that were previously spread across the organisation.
- This pushes indirect staff costs from the CWMS function back into delivery of additional services within their current roles. For example, the Environmental Health Officer (5% of their time) no longer managing sludge pump out contract and hence staff time removed.
- This review has identified a \$65,000 reduction in indirect salaries from right across the organisation associated with providing the CWMS service.
- This was offset with direct cost salary and overhead increase of \$ 37,500. This includes the CWMS Technical Officer salary and a percent of the Manager Strategic Assets directly allocated time.
- The net resource benefit to the CWMS business equates to \$ 27,500. This is not a direct saving. The normal business areas of Council are unable to offset this cost to CWMS customers. This is a direct reduction in Council's operating position.

#### Corporate Overhead Charge

As part of the cost of operation of the CWMS business it is considered reasonable to include an overhead charge. This overhead covers the costs associated with operating the business including items such as computers, utility costs, stationary, office furniture and similar items.

- Council sets the corporate overhead charge at 15%.
- Under the pricing model used this 15% is applied to the direct costs (staff material and contractors)
- Where there is a reduction/ saving in these direct costs there is an associated reduction in the overhead charge to CWMS.
- This reduction in overheads equates to \$ 15,180. ( That is, 15% of \$ 101,200)

### Saving Summary

Procurement – De-sludge Contract	\$ 50,000
SA Water Service Fee	\$ 18,000
Utilities/ Contractors/ Maintenance	\$ 23,200
Depreciation	\$ 10,000
Sub Total	\$ 101,200
Salary Reduction	\$ 27,500
Corporate Overheads	\$ 15,180
Sub Total	\$ 42,680
<u>Total Saving</u>	<u>\$ 143,880</u>

### CWMS Service Charge Fee

Currently Council set a CWMS service charge fee based on property units. This currently includes a CWMS Service Charge fee in 21-22 for each occupied property unit of \$ 897 and for each vacant property unit of \$ 450.

Most residential properties attract 1 property unit charge, however businesses may attract more than one property unit charge depending on the nature of the business.

It is proposed that the customers will receive a credit on their rate notice of \$ 52 per occupied property unit and \$ 25 per vacant property unit.

#### **4. OPTIONS**

The Committee has the following options:

- I. To adjust the CWMS service charge fee, taking into account the operational savings that have been recently identified, and return these savings to the customers. **(Recommended)**
- II. That Council retains the CWMS service charge fee at the adopted amount as per the Annual Business Plan. This will mean that Council is over-recovering what it is allowed to recover under the ESCOSA pricing principles and not in alignment with the principles of the Council Customer Charter for CWMS customers (Not Recommended)

#### **5. APPENDICES**

- (1) Wastewater Service Charter
- (2) LGA CWMS Accounting Principles
- (3) ESCOSA Water Retail Licence

---

# **Appendix 1**

## *Wastewater Service Charter*

---



## CWMS Wastewater Service Charter

<b>Responsible Department(s):</b>	<b>Strategic Assets</b>
<b>Relevant Legislation:</b>	<b>Water Industry Act 2012</b> <b>Essential Services Commission Act 2002</b>
<b>Adoption Authority:</b>	<b>Strategic Planning and Development Policy Committee</b>
<b>Date of Adoption:</b>	<b>10 November 2015</b>
<b>Effective From:</b>	<b>1 January 2016</b>
<b>Minute Reference for Adoption:</b>	<b>54</b>
<b>Next Review:</b>	<b>December 2022 or early if required</b>

### ***CWMS Wastewater Service Charter***

Adelaide Hills Council is a Local Government Authority providing community services to a population of approximately 40,000 residents. The Council covers 800 square kilometres including character townships, agrarian landscapes, diverse built features and some of Australia's most valuable native bushland.

The aim of Council's CWMS Wastewater Service Charters is to provide our sewerage customers with a clear understanding of the standards of service they can expect from us and their rights and responsibilities.

The *Water Retail Code-Minor & Intermediate Retailers*, developed by the Essential Services Commission of South Australia (ESCOSA), contains a detailed description of your rights and Council's responsibilities in providing you with sewerage services and can be found at ([www.escosa.sa.gov.au](http://www.escosa.sa.gov.au)).



### ***Sewerage services provided***

Adelaide Hills Council provides customers in Birdwood, Kersbrook, Mount Torrens, Charleston, Verdun, Woodside and Stirling with Community Wastewater Management System (CWMS) services.

#### **SEWERAGE REMOVAL (QUALITY)**

We will:

- remove sewage and wastewater from your property in accordance with all relevant health and environmental regulatory requirements
- use our best endeavours to minimise the frequency and duration of interruptions or limitations to your sewerage service
- provide you with information on any planned interruptions to your sewerage service at least four business days prior to us undertaking any works or maintenance
- provide an emergency telephone number on our website for you to call in the event of an emergency or interruption to the supply of your sewerage service
- pump out your septic tank of sludge at a regular period to continue its effective operation

You:

- will report any spills, leaks or incursions relating to Council's infrastructure to us as soon as possible by calling the emergency telephone number displayed on our website
- will not discharge stormwater or restricted wastewater into our sewerage infrastructure
- may be liable to pay us for a proportion of the costs reasonably attributable to you for a blockage, burst or leak caused to Councils infrastructure. Will we advise you of the reasons for cost recovery in these circumstances and any amounts payable will be subject to Councils payment assistance and financial hardship provisions.
- will be liable for any costs associated with the maintenance of the connection on your property
- will contact us to discuss our requirements for disposal of industrial or non-domestic waste into our sewerage infrastructure
- will uncover your septic tank access cover when requested by Council or its contractor and allow site access for desludging of your tank

### ***Our prices***

#### **FEES AND CHARGES**

We will:

- publish all our fees and CWMS charges associated with the supply of your sewerage service, each year once adopted by the Adelaide Hills Council and by no later than 30th October on our website at [www.ahc.sa.gov.au](http://www.ahc.sa.gov.au). We will also make this available at our Service Centres at 45 Albert Street, Gumeracha, 28 Onkaparinga Valley Road, Woodside and 63 Mount Barker Road, Stirling.
- publish our Pricing Policy Statement, which outlines how our fees and charges are compliant with ESCOSA's pricing principles set out in its Price Determination, within two months of our charges changing on our website at [www.ahc.sa.gov.au](http://www.ahc.sa.gov.au). We will also make this available at our Service Centres.
- In the case that any fees and charges set out in the Fees and Charges Register change, publish these on our website within 14 days after adoption by Council, and make these available at our Service Centres.

### **SERVICE AVAILABILITY CHARGE**

The *Local Government Act 1999* allows us to recover a “service availability charge” from you where our sewerage infrastructure runs adjacent to your property. We will require you to pay our “service availability charge (vacant property levy)” where a connection point is located on your land

### **SEWERAGE CONCESSIONS**

Sewerage concessions are administered by the Department for Communities and Social Inclusion. To check your eligibility for current sewerage concessions, assistance or advice visit [www.dcsi.sa.gov.au/concessions](http://www.dcsi.sa.gov.au/concessions), phone the Concessions Hotline on 1800 307 758 or email [concessions@dcsi.sa.gov.au](mailto:concessions@dcsi.sa.gov.au).

## **Connections**

### **EXISTING CONNECTIONS - WHERE YOUR PROPERTY IS CURRENTLY CONNECTED TO OUR INFRASTRUCTURE**

We will:

- maintain your connection to our sewerage service subject to payment of the CWMS ‘occupied property’ levy on the annual rates notices and compliance with your responsibilities pursuant with requirements of the *Water Industry Act 2012*.

### **CONNECTIONS - WHERE YOUR PROPERTY IS NOT CURRENTLY CONNECTED TO OUR INFRASTRUCTURE**

We will:

- inform you within 30 days for single allotments whether or not you can be connected to our infrastructure. Applications for multiple allotments will be considered on a case by case basis.

You will:

- provide us with a completed “Wastewater Application Form available from [www.ahc.sa.gov.au](http://www.ahc.sa.gov.au)
- pay the relevant connection fees as set out in our Fees and Charges Register

Further details on connecting new properties to our infrastructure is available on our website at <http://www.ahc.sa.gov.au/Community/health-wellbeing/waste-water/waste-water-system-failures-repairs> or by visiting one of our Service Centres at 45 Albert Street, Gumeracha, 28 Onkaparinga Valley Road, Woodside and 63 Mount Barker Road, Stirling.

## **Billing and payments**

We will:

- include the CWMS levy on the annual first quarterly rates notice and when relevant provide quarterly notices of any balance due
- for any other charges additional to the levy provide you with a detailed account and give you at least 12 business days to pay your account
- offer you the ability to pay your account in person, by mail, by direct debit (quarterly and annual payments only), Centrepay (by application only), Australia Post, BPAY, telephone and over the internet

You will:

- pay our bill by the payment due date unless Council has agreed on a flexible payment arrangement
- pay any fee Council incurs if any of your payment methods are dishonoured

#### **PAYMENT ASSISTANCE AND FINANCIAL HARDSHIP**

We will:

- provide you with the ability to pay your account by instalments or enter into a flexible payment arrangement
- offer you the ability to make payments towards future accounts, grant payment extensions and agree to have your account redirected to another person (where that person agrees)
- inform you about, and assess your eligibility for, our Hardship Program if requested

You will:

- inform us if you are having difficulty paying your account prior to the due date

Further details on our Hardship Policy are available on our website at [www.ahc.sa.gov.au](http://www.ahc.sa.gov.au) or by visiting one of our Service Centres. Council will provide you with a copy of our Hardship Policy upon request.

#### **REVIEWING YOUR BILL/BILLING DISPUTES**

We will:

- not commence our debt collection processes where a bill (or part of a bill) is in dispute
- review your bill and inform you of the outcome of our review within 30 business days of your request
- inform you about our independent external dispute resolution body where you remain dissatisfied following our review

You will:

- pay any portion of your bill that is not in dispute while your bill is being reviewed or any future bills that become due

#### ***Overcharging***

We will:

- inform you within 10 business days of becoming aware of you being overcharged as a result of an act or omission by us and credit the overcharged amount to your next account
- pay the overcharged amount directly to you within 10 business days if you have ceased to purchase a sewerage service from us pursuant to Clause 5.8.1 (b) of the Water Retail Code
- Where overcharging is identified – a refund is assessed where applicable subject to success in contacting the relevant resident

#### ***Undercharging***

We will:

- in relation to unmetered services, limit the amount Council recovers from you to the amount undercharged in the 12 months prior to the error being advised to you in writing

- list the undercharged amount as a separate item in your next rates notice with an explanation of that amount and, if requested, offer you an extended time to pay the amount
- not charge you interest on the undercharged amount

#### **DEBT RECOVERY**

We will:

- only commence debt collection/recovery action where you have failed to pay your bill(s) by the due date and you have not contacted us to discuss a payment extension or other flexible payment arrangements (including eligibility for our Hardship Policy)

You will:

- contact us if you are having difficulty paying your bills prior to the due date

#### ***Entry to your property***

We will:

- In non-emergency situations Council will provide you with at least 24 hours' notice if we need to enter your supply address for the purposes of connecting, disconnecting, restricting, inspecting, repairing or testing your sewerage service
- In emergency situations Council will provide you with as much notice as possible for the purposes of connecting, disconnecting, restricting, inspecting, repairing or testing your sewerage service

You will:

- ensure safe access to our infrastructure and your sewerage service located at your supply address

#### ***Disconnections***

Subject to any applicable regulatory requirements that prohibit disconnection, Council will only disconnect your sewerage service if:

- there is a public health, environment or safety risk to our services from your connection point (e.g. backflow risk or unauthorised industrial waste or stormwater discharge)
- you are found to be using the services illegally or have refused entry to person authorised to read your meter or undertake maintenance or repairs in accordance with relevant regulatory instruments
- you request the disconnection in connection with a development application. Procedure to disconnect is on a case by case basis in negotiation with the property owner.

#### ***Complaints and dispute resolution***

We will:

- respond or acknowledge your complaint or enquiry within 7 business days
- refer you to the Manager Strategic Assets if you are not satisfied with Council's initial response or resolution or, if required, escalate you to the Director Infrastructure and Operations.
- advise you of your option to escalate your complaint to our nominated independent dispute resolution body and provide you with the details of that organisation

Further details on our Complaint Handling Procedure are available on our website at [www.ahc.sa.gov.au](http://www.ahc.sa.gov.au) or by visiting one of our Service Centres at 45 Albert Street, Gumeracha, 28 Onkaparinga Valley Road, Woodside and 63 Mount Barker Road, Stirling. Council will provide you with a copy of our procedures upon request.

### ***Contacting Us***

If you need to know more about us or the content of this Charter, please contact Adelaide Hills Council on:

General Enquiries: 8408 0400

Faults & Emergencies: 8408 0400

Website: [www.ahc.sa.gov.au](http://www.ahc.sa.gov.au) Email: [mail@ahc.sa.gov.au](mailto:mail@ahc.sa.gov.au)

#### Service Centres:

Gumeracha: 45 Albert Street, Gumeracha.

Woodside: 28 Onkaparinga Valley Road, Woodside

Stirling: 63 Mount Barker Road, Stirling.

Mailing: PO Box 44 Woodside SA 5244

#### Business hours:

Gumeracha: Monday, Wednesday, Friday 11am to 2pm and Tuesday and Thursday 2pm to 5pm

Woodside: Monday, Tuesday, Wednesday, Friday 9am to 5pm and Thursday 9am to 8pm

Stirling: Monday to Friday 8.30am to 5pm

---

# **Appendix 2**

*LGA CWMS Accounting Principles*

---

# CWMS

# Accounting

# Principles

**The Costing and Pricing of  
CWMS**

**December 2016**

<b>0. Purpose and Introduction .....</b>	<b>4</b>
<b>1. How to Cost and Price a CWMS.....</b>	<b>5</b>
1.1 An example of the application of CWMS Accounting Principles .....	5
1.1.1 Introduction .....	5
1.1.2 Calculating the Cost of Capital .....	5
1.1.3 Connection Fees and Developer Headworks Charges .....	5
Table 1 – DC Anytown Example – Calculating the Service Charge .....	6
1.1.4 Allowance for Risk.....	7
1.1.5 Service Charge Setting .....	8
1.1.6 What’s in the Reserve? .....	8
1.1.7 Common versus individual scheme pricing issues .....	8
1.2 The Framework for Costing and Pricing a CWMS Scheme .....	9
Table 2 – Steps in the costing and pricing of a CWMS .....	13
1.3 Setting the Service Charge.....	13
Table 3 – Determining the Service Charge .....	15
<b>2. Accounting and Pricing Issues .....</b>	<b>16</b>
2.1 Service rates and charges .....	16
2.2 Accounting for a CWMS.....	17
2.3 Direct and Indirect Costs .....	18
2.4 Attribution of Indirect Costs .....	18
2.5 How can indirect costs be allocated to a CWMS? .....	19
Table 4 – Allocating Indirect Costs .....	21
2.6 Cost of Capital.....	21
2.7 Under or Over Recovery of Full Cost .....	22
2.8 Historical Aspects of Full Cost Recovery .....	23
2.9 Is a CWMS Reserve Account Necessary?.....	23
Table 5 – Reconciling the CWMS cash balance .....	25



Table 6 – Example cash balance reconciliation .....	26
2.10 Pricing policy framework .....	26
2.11 Augmentation Charges .....	26
2.11.1 Augmentation charges wholly attributable to new users.....	27
2.11.2 Augmentation charges attributable to new users and existing users.....	27
<b>3. Other Issues.....</b>	<b>29</b>
3.1 A Uniform Service Charge.....	29
3.2 Vacant vs. Occupied.....	30
3.3 Standard Boundary Kit.....	31
3.4 Desludging Septic Tanks .....	32
3.5 Sale of Recycled Water .....	32
<b>4. CWMS Framework – Legislative and Other .....</b>	<b>33</b>
4.1 Legislation.....	33
4.1.1 Local Government Act and Regulations.....	33
4.1.2 South Australian Public Health (Wastewater) Regulations 2013.....	34
4.2 ESCOSA determinations.....	34
4.3 CWMS Property Units Code.....	36
4.4 Other relevant material.....	36
<b>Appendix 1 – Relevant Local Government legislation .....</b>	<b>38</b>
Local Government Act 1999 as at July 4 2016 .....	38
Local Government (General) Regulations 2013 as at March 31 2016.....	39
<b>Appendix 2 - Other relevant references and legislation .....</b>	<b>42</b>

This document was prepared by David Hope, Principal Consultant, Skilmar Systems Pty Ltd with guidance and editing from John Comrie, JAC Comrie Pty Ltd and Richard Gayler, Principal Engineer, Gayler Professional Services

## 0. Purpose and Introduction

The purpose of this document is to provide guidance to staff and elected members who have, or will have, responsibility for planning, constructing, operating and maintaining community waste water management schemes (CWMS), with particular reference to the costing and charging regimes for such schemes.

CWMS schemes are now subject to a regulatory regime under the auspices of the Essential Services Commission of South Australia (ESCOSA) and it is important that Councils are familiar with the regulatory and reporting regime imposed by ESCOSA.

There are four main parts to the document:

- A broad 'how to' guide that steps through the process that needs to be followed to cost and price a CWMS.
- Accounting and Pricing Issues: This part provides guidance and pragmatic explanation of how the legislation, ESCOSA and other material is to be applied.
- Other Issues: This part provides guidance and pragmatic explanation on the application of non-legislated sound business principles.
- CWMS Framework – Legislative and Other: This part provides an outline of the relevant legislation, ESCOSA and other material that Councils should have knowledge of in relation to CWMS.

The four main parts of the document are supplemented by Appendices which provide access to relevant legislation, ESCOSA and other material.

# 1. How to Cost and Price a CWMS

## 1.1 An example of the application of CWMS Accounting Principles

### 1.1.1 Introduction

The following example (see next page) is based on a single year's revenue and expenses for simplicity. In reality, pricing decisions should be based on regularly reviewed estimates of full long-run (whole-of-life) costs as determined in accordance with ESCOSA guidelines and should have regard to future forecast CWMS outlays in a Council's long-term financial plan and infrastructure and asset management plan. (In considering the 'whole-of-life' costs this might encompass a time frame greater than ten years because of the long-lived nature of the assets and/or where the growth in the number of customers might give rise to consideration of the impact of growth on pipe, pumping station and lagoon capacities.)

### 1.1.2 Calculating the Cost of Capital

Note that the example has used the 'Legacy Date' for assessing the cost of capital. Councils are reminded that where they "... have appropriate records, or have a reasonable basis for estimating assets gifted from other spheres of government, either directly or through grants, or contributed by developers or third parties then that information should be used to ensure that the cost of capital applied to the CWMS is as fair and reasonable as possible."<sup>1</sup>

### 1.1.3 Connection Fees and Developer Headworks Charges

CWMS schemes often charge developers and individual users a connection fee for the right to access the scheme. In the case of developers this is commonly called a developer headworks charge. The purpose of the connection fee is for the developer or individual to make a contribution to the cost of the scheme infrastructure.

In calculating the cost of capital developer headworks charges should be treated as a capital contribution, reducing the quantum on which the cost of capital is determined.<sup>2</sup> Note that in the Statement of Comprehensive Income connection fees need to be shown as Income in the category 'Grants, Subsidies and Contributions' as the income is not specifically for new or upgraded assets.<sup>3</sup>

There needs to be a defensible basis for calculating connection fees. It is likely to be based on the net present value of the earlier replacement of scheme assets, as a result of a greater number of users, offset by any expected 'net revenue' generated. (See Section 2.11)

---

<sup>1</sup> Local Government Association of South Australia (2015), *Costing Principles for Local Government*, p. 10

<sup>2</sup> See the discussion at the foot of page 19 of the LGA's *Costing Principles for Local Government*

<sup>3</sup> Refer to the current set of Model Financial Statements published by the LGA

It may be difficult to justify a significant level of fee where the existing CWMS scheme is operating well below its capacity. In this case the fee would be restricted to a reasonable estimate of the cost of dealing with the application for connection.

<b>DC Anytown - 20xx/xy Financials</b>				
	<b>Township A</b>	<b>Township B</b>	<b>Township C</b>	<b>Total</b>
	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>
<b>Operating Revenue</b>				
CWMS service charges	743	173	98	<b>1,014</b>
Interest received	50	1	-	<b>51</b>
Sale of treated water	26	-	-	<b>26</b>
Other income	-	-	-	-
<i>Total Operating Revenue</i>	<b>819</b>	<b>174</b>	<b>98</b>	<b>1,091</b>
<b>Operating Expenses</b>				
Contractual expenses	37	19	19	<b>75</b>
Plant, materials and maintenance	137	54	15	<b>206</b>
Infrastructure maintenance	87	23	26	<b>136</b>
Insurance	3	1	1	<b>5</b>
Depreciation	183	48	37	<b>268</b>
Other expenditure	4	2	2	<b>8</b>
Support costs allocated	37	18	18	<b>73</b>
<i>Total Operating Expenses</i>	<b>488</b>	<b>165</b>	<b>118</b>	<b>771</b>
<b>Operating Surplus/(Deficit)</b>	<b>331</b>	<b>9</b>	<b>(20)</b>	<b>320</b>
<b>Cost of Capital</b>				
Cost of capital - 4% real interest rate of Legacy Date assets - all subsequent assets contributed by developers	180	40	26	<b>246</b>
Cost of capital - 2% for unspecified and residual risk on WDV of all assets	130	42	27	<b>199</b>
<b>Total Cost of Capital</b>	<b>310</b>	<b>82</b>	<b>53</b>	<b>445</b>
<b>Net Operating Surplus/(Deficit)</b>	<b>21</b>	<b>(73)</b>	<b>(73)</b>	<b>(125)</b>
Connection fees	10		5	
Current WDV of infrastructure	5,971	2,005	1,337	<b>9,313</b>
Current value of Land	532	110	12	<b>654</b>
	<b>6,503</b>	<b>2,115</b>	<b>1,349</b>	<b>9,967</b>
Current WDV of infrastructure held at Legacy Date	4,074	974	650	<b>5,698</b>
Current Value of Land held at Legacy Date	420	18	10	<b>448</b>
	<b>4,494</b>	<b>992</b>	<b>660</b>	<b>6,146</b>
CWMS Reserve balance	2,743	72	(168)	<b>2,647</b>
No. of units serviced	1,920	457	257	<b>2,634</b>
Unit Charge				<b>\$ 380</b>
Average operating cost per unit (excluding cost of capital)	254.17	361.05	459.14	<b>292.71</b>
Average operating cost per unit, including cost of capital	415.53	540.44	666.85	<b>461.72</b>

**Table 1 – DC Anytown Example – Calculating the Service Charge**

The connection fee paid by individual property owners should be treated as a service charge as should any fee charged by Council to make the physical connection to the CWMS, i.e. plumbing the property to the scheme.

#### **1.1.4 Allowance for Risk**

The risks associated with wastewater and recycled water businesses are significant. Typical risks are:

- a. Unforeseen events that have not been covered by mitigation strategies (e.g. insurance);
- b. Residual risk assumed by the scheme from the CWMS risk management plan;
- c. Under/over achievement of growth targets;
- d. Under/over capitalisation in infrastructure;
- e. The potential impact of competition;
- f. Uncertainty about construction costs;
- g. Future demand for recycled water;
- h. Additional regulation and compliance costs;
- i. Asset valuations and asset lives; and
- j. Technical and commercial obsolescence.

Council is permitted to recover in its return on investment any allowance for risk where the cost of the risk has not been included in operating expenses. The most appropriate manner to recover such an allowance for risk is to apply a percentage to the current WDV of the total asset base.

It is difficult to prescribe what allowance should be made for risk. In the case of residual risk, if the scheme has been operating for some time there may be sufficient experience from the manifestation of residual risk to make a reasonable estimate of expected costs. For unforeseen events the calculation of an allowance for risk is more challenging and will need a level of judgement. Potentially, the assessment could be based on the likelihood of some event (say once every thirty years) and the magnitude of the impact (say affecting 25% of the asset base). Where a Council has a significant CWMS reserve, with the capacity to finance the recovery from an unforeseen event (and rebuild the reserve in future years), then this should be taken into consideration in establishing the allowance for risk, keeping in mind that the reserve is not necessarily backed by cash and that there may be some cost to council to rebuild the reserve.

It is considered that that the most likely range for an allowance for risk would be 0.5% to 2% of the current WDV of the total asset base. Schemes with low risk should have a low allowance for risk and schemes with higher risk should have a higher level of risk applied. Complexity of the scheme is an indicator of the level of risk. This allowance should be reviewed regularly.

### 1.1.5 Service Charge Setting

Provided that the single financial year information is typical of the long run revenue and cost structure then we see from the example that the current uniform service charge made across the three schemes (\$380) more than recovers the operating cost per unit of the scheme (\$293), ignoring the cost of capital. However, when the cost of capital (plus an allowance for unspecified risks) is included then the full cost per unit of the scheme is \$462 and the under recovery is \$82 per unit representing a deficit of \$216,000 on the full cost of the scheme.

It is assumed that ESCOSA would encourage DC Anytown to increase the service charge to cover the full cost of the service. DC Anytown may continue with its current charging regime with little impact on CWMS operations in the short to medium term. However, in the long run, it is likely to have insufficient cash reserves to finance asset renewal and will likely need to resort to borrowings for this purpose.

### 1.1.6 What's in the Reserve?

The balance in the reserve represents the accumulated surpluses and deficits of **cash flows** over the life of the scheme, as discussed in the section below entitled "Is a CWMS Reserve Account Necessary?". It is not a representation of the accumulated surpluses and deficits of the scheme as it:

- includes cash inflows and outflows that are not revenues and expenses in accrual accounting terms – proceeds of borrowings, principal repayments, cost of infrastructure;
- includes cash outflows that are not treated as costs for ESCOSA purposes – interest expense; and
- excludes costs that are recognised by ESCOSA – cost of capital, allowance for risk.

### 1.1.7 Common versus individual scheme pricing issues

The three schemes of DC Anytown have a uniform service charge and it is clear from the net operating surplus/deficit of each of the three schemes that the larger the scheme the greater the opportunities to achieve economies of scale. If each scheme was required to 'stand-alone' then full cost recovery of the relevant costs of each scheme would result in service charges as follows (based on this single year):

Township A - \$416

Township B - \$541

Township C - \$667

Clearly, the service charges for Townships B and C, schemes with 457 and 257 units serviced respectively, are significantly greater than for Township A which services 1,920 units. This

reinforces the discussion in the main body of this paper of the equity issues relating to using a single service charge across multiple schemes in a Council area.

**Note that Councils should have regard to the following LGA publications in costing and pricing CWMS schemes:**

**“Costing Principles for Local Government – Guidelines for Council Staff”; and  
“Guidelines for the Costing and Pricing of Retail Water Services Provided by South Australian Councils”**

## 1.2 The Framework for Costing and Pricing a CWMS Scheme

The following table sets out the issues to be considered in determining the full cost of a CWMS. The process is cyclical in nature although not every element of the process needs to receive detailed consideration in each cycle of the process.

While this document focuses largely on accounting issues it will involve wide-ranging participation from staff to provide information and the Council to provide policy guidance to ensure that the CWMS is properly costed and that the price charged ensures the long-run sustainability of the CWMS .

The left-hand side of the table sets out the steps in the process and the right-hand side provides comments on the processes and reference to material in this document and other sources of information.

<i>Step</i>	<i>Comments and references</i>
<p>1. Maintain a <b>strategic focus</b> using:</p> <ul style="list-style-type: none"> <li>a. Strategic plan;</li> <li>b. Long-term financial plan;</li> <li>c. Infrastructure asset management plan; and</li> <li>d. Key performance indicators.</li> </ul>	<p>A CWMS is an essential service provided to the community on a long-term basis. The majority of the costs associated with a CWMS relate to the acquisition, maintenance and renewal of the scheme infrastructure. It is important to keep a focus on the long run through:</p> <ul style="list-style-type: none"> <li>• The regular (annual) review of asset valuations and assumptions related to useful life, including issues relating to technological change and obsolescence. This is in accordance with accounting standards <b>AASB 13 – Fair Value</b> and <b>AASB 116 – Property, Plant and Equipment</b>. Additional information on the application of those accounting standards is included in the <b>Model Financial Statements</b> published by the LGA.</li> <li>• A careful analysis and assessment of the peaks and troughs associated with major maintenance and asset renewal. This is important to ensure that funding will be available to cater for maintenance and renewal peaks. <b>See also Section 2.8 of this document.</b></li> </ul>

	<ul style="list-style-type: none"> <li>• The likely costs of expanding the scheme to new customers and the potential impact of new customers on economies of scale and future long-run costs to operate the scheme. This needs to be factored into strategic plans, the long term financial plan and the infrastructure asset management plan.</li> <li>• Any potential issues relating to the funding and financing of the CWMS. <b>Financial Sustainability Information Paper No 15 – Treasury Management</b> has a good discussion on these issues.</li> <li>• Expected long-run operating revenues and expenses including depreciation, cost of capital and cost of risk. These need to be factored into the long term financial plan. <b>Sections 2.3 to 2.10 of this document</b> provide guidance on these issues and this is further supplemented by <b>Section 1.5 and Appendix 1 of ‘Costing Principles for Local Government’</b> published by the LGA.</li> <li>• The setting and monitoring of key performance indicators, both financial and non-financial is required by <b>Section 122(1)(d) of the LG Act</b>. While <b>Financial Sustainability Information Paper No 9 – Financial Indicators</b> sets out standard financial indicators that apply across whole of council the discussion in the paper may assist in formulating appropriate financial indicators for a CWMS as will <b>Financial Sustainability Information Paper No 26 – Service Range and Levels</b> in relation to non-financial performance indicators.</li> </ul>
<p>2. Ensure there is an appropriate <b>financial policy framework</b>:</p> <ol style="list-style-type: none"> <li>Treasury management;</li> <li>Financial sustainability;</li> <li>Asset management;</li> <li>Risk management; and</li> <li>Updating strategic plans, long-term financial plan and infrastructure asset management plan</li> </ol>	<p><b>Financial Sustainability Information Paper No 18 – Financial Policies and Procedures</b> provides an overview of the need for financial policies and a listing of policies for consideration by Councils.</p> <p><b>Financial Sustainability Information Paper No 15 – Treasury Management</b> provides guidance on issues to be considered in developing a treasury management policy.</p> <p>Financial Sustainability Information Paper No 1 – Financial Sustainability provides a broad history and outline of financial sustainability issues for local government.</p> <p><b>Financial Sustainability Information Paper No 6 – Infrastructure and Asset Management</b> discusses a range of issues relating to infrastructure asset management, including the need for a policy framework in relation to the overall management of assets with reference to service levels. Note that <b>Financial Sustainability Information Paper No 26 – Service Range and Levels</b> will also be of use and any asset management policy needs to be consistent with any service level policy established by the Council. Further guidance is available from the three <b>international standards on asset management – IOS 55000, ISO 55001 and ISO 55002</b>.</p>



	<p><b>Financial Sustainability Information Paper No 22 – Understanding Risk</b> Management provides guidance on the risk management process. In particular, it provides a clear explanation of the application of the <b>Australian Standard on Risk Management AS/NZS ISO 31000</b>.</p> <p><b>Section 122(4) of the LG Act</b> requires the annual review of a Council’s long-term financial plan. Given the interrelated nature of the long-term financial plan and the infrastructure asset management plan, especially in relation to future operating, maintenance and renewal cost for the Council’s assets a Council should have a policy on the review of strategic management plans.</p>
<p>3. Ensure there are appropriate <b>financial procedures</b> in place:</p> <ol style="list-style-type: none"> <li>a. Chart of accounts;</li> <li>b. Budget preparation, approval and amendment; and</li> <li>c. Management and financial reporting.</li> </ol>	<p>The chart of accounts is critical to ensuring the accurate collection, recording, aggregation and reporting of a Council’s costs and revenues. <b>Section 2.1 of ‘Costing Principles for Local Government’</b> published by the LGA provide further guidance on the importance and principles for establishment of the chart of accounts. These principles provide guidance on the development of procedures relating to the establishment and maintenance of a comprehensive chart of accounts.</p> <p>The preparation, approval and amendment of budgets is a key activity of Council. <b>Section 44 of the LG Act</b> makes it clear that the adoption and amendment of the budget may not be delegated by Council (see also <b>Financial Sustainability Information Paper No 25 – Monitoring Council Budget Performance</b>). Council should have clear procedures and instructions on the development of budgets which ensure as far as possible, that budget proposals are robust, well scrutinised, consistent with the long-term financial plan and supported by appropriate documentation and evidence (see also <b>Financial Sustainability Information Paper No 23 – Financial Governance</b>).</p> <p>Management reporting is the provision of relevant financial information to Council, executive management, managers and team leaders which enables the effective and efficient management of Council resources. Financial reporting is the provision of statutory financial information as required by Australian Accounting standards. Management reports need to be timely and relevant. They should be provided so that decision-making based on the management reports can be undertaken in a timely manner. Relevant reports contain only the information that</p>

	<p>is relevant to the recipient (see also <b>Financial Sustainability Information Paper No 23 – Financial Governance</b> and <b>Section 1.2 of ‘Costing Principles for Local Government’</b> published by the LGA). Statutory financial reports need to be accurate. Effective procedures need to be in place to facilitate the preparation of management and financial reports.</p>
<p>4. Ensure there are <b>formal approval processes for CWMS plans, budgets and service charges</b> in place.</p>	<p>A CWMS (whether a single scheme or multiple schemes in a Council area) is effectively a business unit of Council, however operated. The formal approval of Council’s budget will encompass CWMS. However, the emergence of a regulatory framework under the auspices of ESCOSA which requires the development by Council of a pricing schedule, a pricing policy statement and the reporting of those matters to ESCOSA and the prospect of the monitoring of prices charged for CWMS means that more scrutiny will be brought to bear on CWMS operations and it is important that formal approval of plans, budgets and service charges takes place based on accurate and relevant information provided by Council staff (see also <b>Sections 2.10 and 4.2 of this document</b>).</p> <p>See below for a discussion on setting the service charge.</p>
<p>5. Ensure there are appropriate <b>monitoring and review procedures</b> in place:</p> <ol style="list-style-type: none"> <li>a. Analysis of variances;</li> <li>b. Budget review;</li> <li>c. Management and financial reporting; and</li> <li>d. Key performance indicators.</li> </ol>	<p>Formal procedures and timelines need to be developed that ensure that the regular monitoring and review of the range of information available to decision-makers in relation to CWMS occurs and that corrective action is taken wherever possible. Careful analysis needs to be made to identify whether variations to budgets, plans and key performance indicators are trends, timing or aberrations (see also <b>Financial Sustainability Information Paper No 23 – Financial Governance</b>).</p> <p>These procedures should include:</p> <ul style="list-style-type: none"> <li>• the identification of the surplus or deficit on operations for the financial year, based on accrual accounting principles (and consistent with ESCOSA pricing principles) and the cumulative surplus/deficit of the CWMS; and</li> <li>• the cash balance of the CWMS reserve (if such reserve is maintained) at the end of each financial year. (Note: See <b>Section 2.9 of this document</b>).</li> </ul> <p>Both of these balances may have implications for current and future pricing decisions and the cash available for asset renewal.</p>

**Table 2 – Steps in the costing and pricing of a CWMS**

## 1.3 Setting the Service Charge

The process for setting the service charge is not dissimilar to the rates setting process, with the constraint that the upper limit for the revenue from a service charge is the estimated full long-run average cost, on a whole of life basis, of providing the service. And just like the rates setting process there may be a need to phase in significant increases in the service charge to achieve full cost recovery over time (see **Section 2.1 of this document**).

Most of the information needed to calculate the service charge will be derived from the information about the CWMS that has been provided for the long-term financial plan (or for a CWMS long-term financial plan).

The service charge for a particular year should be set based on the medium to long run expected expenses and revenues with a view to ensuring that, over time, the full cost (whole-of-life) of the CWMS will be recovered and that where increases in the service charge are needed to recover the full cost that sharp increases will be avoided as far as possible.

1. In making the assessments and calculations discussed below it is important to:
  - a. Include the impact of additional customers;
  - b. Include the impact of likely new connection fees; and
  - c. Exclude the cost of expenditure on new infrastructure, but assess the impact of acquiring new assets on depreciation and cost of capital
2. Assess the likely expenses, with specific consideration of peaks and troughs of major maintenance costs, in the medium to long-term (see **Sections 2.3 to 2.5 of this document** and also **Appendix 1 of the LGA's 'Costing Guidelines for Local Government'**).
3. Calculate the cost of capital over the same time frame (see **Section 2.6 of this document** and **Section 1.5.4 of the LGA's 'Costing Guidelines for Local Government'**).
4. Calculate the cost of risk specifically for unspecified risks and residual risk over the same time frame (see **Section 1.1.4 of this document**).
5. Assess the requirements for capital renewal and upgrade over the same time frame – this information should be available from the infrastructure asset management plan.
6. Determine the extent to which capital renewal<sup>4</sup> financing will be met from CWMS accumulated funds or grants and whether borrowings will be necessary. Note

---

<sup>4</sup> The term 'capital renewal' includes that portion of a capital upgrade that reflects the value of replacing the asset with the same or a similar asset without upgrading it. For example, if a 150cm pipe is being replaced with a 200cm pipe to cater for system expansion then the capital renewal portion is the cost to replace a 150cm pipe. See **Note 7 to the LGA's Model Financial Statements** for a more detailed discussion on capital renewal and capital upgrade.

this will require an analysis of likely movements in the cash position of the CWMS reserve (if maintained) (see **Sections 2.7 to 2.9 of this document**).

7. Assess the likely revenue from other CWMS related sources over the same time frame (e.g. sale of water).
8. Based on items 1-7 determine the revenue requirement to recover the estimated full long-run cost of the CWMS.
9. Calculate the required service charges based on the likely number of units in each category where differential service charges are applied or, if no differential service charges are applied, the service charge as a function of the number of units (see the **CWMS property units code**).

**Important Note: Council must include its own property in calculating the service charge, allocating units as per the CWMS Property Units Code. It must actually bill itself and pay for its use of the CWMS. Failure to do so would mean that other CWMS users alone would be paying for Council's use of the CWMS. This is inequitable as every ratepayer should contribute to the Council's costs, not just a group of ratepayers.**

The broad approach to determining the service charge, using accrual accounting NOT cash, is:

- Determine the operating expenses of the CWMS.
- Determine the cost of capital for each operating year.
- Determine the allowance for risk.
- Calculate any income applicable to the CWMS.
- The surplus of expenses over income is the amount needed to be raised by the service charge which can be calculated based on the number of units determined through the application of the CWMS Property Units Code.

The following table provides a somewhat combined flowchart/checklist summary of the steps necessary to set a service charge.

<i>Service charge calculation</i>	<i>Comprising</i>	<i>Based on</i>
<b>Operating expenses</b>	Staff, material, contractors and other costs	Direct costs and associated overheads
	Depreciation	Current useful lives of assets
	Overheads and support costs attributable to CWMS	Up-to-date asset valuations
		Supervision
	Billing and collection costs	
	Other overheads	
<b>plus</b>		
<b>Cost of Capital</b>	Real interest rate applied to Council financed assets	Current value of assets NOT financed either through grants or e.g. by developers
	Allowance for risk applied against <u>all</u> CWMS assets	Residual risk and unspecified CWMS risks
		Current value of all CWMS assets
<b>less</b>		
<b>Income</b>	Sale of water	Sale of recycled water from CWMS
	Other income	Any other income attributable to the CWMS
<b>gives a balance of the total amount to be raised by the service charge</b>		
<b>Service Charge</b>	Annual charge for each unit	Amount to be raised
		No. of units
		Differential rating policy for CWMS

***Table 3 – Determining the Service Charge***

A template to assist councils to determine the service charge is a companion to this document.

## 2. Accounting and Pricing Issues

### 2.1 Service rates and charges

The cost of most of the goods and services provided by governments are met from taxation revenue. This relates to the distinction between 'public goods' and 'private goods'. Generally, 'public goods' are provided by governments communally and it is usually not possible to exclude consumers from using them. 'Private goods' are those goods supplied by the market at a price. However, some goods and services provided by governments have similar characteristics to private goods and it is possible for them to be provided at a fee as the users of the goods or service can be readily identified and charged.<sup>5</sup>

A CWMS is an ideal candidate for the application of a user charge to recover the cost of providing the service. User charges reduce the burden of rates on ratepayers and where the full cost of the service is recovered from a user charge, only the users of the service meet the costs of the service. The LG Act makes it clear that Councils are entitled to recover the full cost of providing a CWMS from the users of the service. The full cost of the service equates to a 'whole-of-life' approach to determining costs and includes:

- Operating and maintenance costs;
- Capital renewal and upgrade;
- Cost of capital; and
- Cost of risk.

Any medium to long term under recovery of the full cost could mean that

- Non-cash expenses such as depreciation and cost of capital are not being recovered
- General ratepayers are subsidising the CWMS, i.e. general rates revenue is being used to support the service
- That funds raised are not sufficient to effectively operate and maintain CWMS service levels.

As such this is potentially likely to mean that the Council may struggle to be able to accommodate renewal and replacement of CWMS infrastructure as required over the long run.

---

<sup>5</sup> For a fuller discussion of these concepts see the LGA's **Financial Sustainability Information Paper No. 20** available at:  
<http://www.lga.sa.gov.au/webdata/resources/files/20%20-%20Rating%20and%20Other%20Funding%20Policy%20Options%202015.pdf>

**Councils should ensure, as far as possible, that only those persons who have, or have access to, the service meet the full costs of the service and that service charges each year are sufficient to recover the full long-run whole-of-life cost of the service over time.**

## 2.2 Accounting for a CWMS

Full cost, in an accounting sense, includes all of the direct costs and those indirect costs that can be reasonably attributed to the service. Those costs must be accumulated on an accrual accounting basis. Accrual accounting matches costs and revenues with the time period in which they were incurred or earned thus ensuring that all of the financial transactions that relate to a particular financial year (or other accounting period) are gathered together in the relevant time frame. This facilitates the correct calculation of the full cost of the service to be compared with the revenues earned from service charges. Some of the other benefits of an accrual accounting approach to identifying the costs and revenues of a CWMS are:

- Complete financial information – recognising non-cash expenses and all assets and liabilities.
- Full cost information for pricing decisions.
- Consistency of information – accrual accounting principles enable meaningful comparison of financial information over accounting periods for both decision-makers and other stakeholders.

It is not possible to accurately calculate total costs and revenues using the cash basis of accounting. Cash accounting paints a misleading picture. Some typical issues with cash accounting include, but are not limited to:

- Revenues calculated on a cash basis will be overstated by revenues received relating to a previous (or future) time period and understated by revenues earned but not yet received for the current time period.
- Similarly, costs relating to goods and services will be overstated by cash payments for goods and services relating to a previous (or future) time period and understated by payments not yet made for goods and services received in the current time period.
- The non-recognition of depreciation means that the consumption of the asset base of the CWMS, which is a cost of operating the CWMS, will not be included.
- The inclusion of cash payments for new and replacement assets seriously overstate costs in any particular accounting period.
- Failure to include the non-cash elements of employee costs (provisions for long service leave, untaken annual and sick leave) understates the costs of the CWMS.



Full cost, in an economic sense, recognises the return on investment from capital invested in the CWMS and should also include an allowance for unquantifiable risks associated with the CWMS. ESCOSA recognises full cost in this economic sense.

Failure to recognise the 'cost of capital' where the Council has provided from its own resources, whether from corporate borrowing or the use of surplus cash, the funds for new or replacement capital expenditure understates the full economic cost of the CWMS.

Most risks associated with a CWMS should be readily quantifiable, particularly insurance costs and the costs of responding to adverse events the potential for which have been accepted as a residual risk. However, there may be other risks associated with the operation of a CWMS that are difficult to quantify and it is entirely appropriate to make an allowance for the potential response to such risks, even if it is difficult to quantify their likely impact in financial terms. The regular monitoring and review of the cost of risk is important to ensure that any under or over recovery of the allowance for risk is adjusted in future years, taking the long-run perspective.

## 2.3 Direct and Indirect Costs

Direct costs are those costs (including direct on-costs) that can be directly attributed, in a cost-effective way, to the CWMS. Typically, they include direct labour (plus direct labour on-costs), cost of materials, contractual expenses, plant hire, electricity and depreciation of CWMS assets.

Indirect costs are those costs, sometimes called support costs, that cannot be directly attributed to the CWMS in a cost-effective manner. Typically they include billing and collection, information technology and communications, personnel and human resources, insurance, occupancy, purchasing and other administrative charges.

To some extent the distinction between direct and indirect costs is one based around the cost to obtain the information. It is often more cost-effective to aggregate costs into cost pools and then allocate those costs using an appropriate driver or methodology. However, the increasing use and sophistication of financial and costing systems is providing the opportunity for more costs to be directly allocated to services as an integral part of the system. These benefits can be derived within a Council's financial and costing system or as a benefit from improved invoicing information from suppliers.

## 2.4 Attribution of Indirect Costs

For an indirect cost to be reasonably attributed to the service there must be some causal basis for the CWMS using the activity for which the CWMS will receive a cost attribution.

For example, it is likely that CWMS charges will be raised and collected through the same system used to create, charge and collect general rates and it would be appropriate that a proportion of the costs of the operation and maintenance of the property and rating

elements of the financial information system would be attributable to a CWMS. Typically those costs could include, among others, updating and maintenance of the property database; invoicing costs and collection costs.

## 2.5 How can indirect costs be allocated to a CWMS?

Traditional methods of indirect cost allocation have focused on creating a single pool of indirect costs and then allocating them on some basis. Allocation bases have included:

- Direct labour hours (or FTEs)
- Direct labour dollars
- Direct material costs
- Total budget dollars
- Machine hours.

Like any method of indirect cost allocation, these allocation bases are arbitrary in nature and, in fact, may bear little resemblance to the actual way in which indirect costs are consumed by a CWMS. It may be more appropriate to aggregate indirect costs into cost pools that are logical to group together and that are capable of having a single ‘driver’ that can be used to allocate the indirect costs on a causal basis, or, alternatively, to allocate each separate indirect cost using a unique driver for each one. The following table lists the indirect costs that were used along with suggested drivers, in the appendix to the Costing Guidelines paper.<sup>6</sup> Some further comments are provided to assist in better understanding of the indirect cost pool and how the driver should be used, as well as some alternative approaches to allocating the costs.

<b><i>Indirect Cost</i></b>	<b><i>Driver</i></b>	<b><i>Comments</i></b>
Billing and Collection	Allocation based on no. of invoices processed	<p>This indirect cost pool includes the licence and maintenance costs for software associated with the property and rating systems; printing and postage costs; cost of collecting outstanding debts.</p> <p>A potential allocation of this indirect cost on the basis of invoices processed for an accounting period – the number of CWMS invoices printed/reprinted as a proportion of total invoices printed, noting that each quarterly invoice for rates counts as one invoice. If the same system is used for the production of other Council invoices, <u>all</u> invoices must be included in the count.</p>

<sup>6</sup> Local Government Association of South Australia, (2015), *Costing Principles for Local Government*, Appendix 1, p. 22

		<p>If postage costs for CWMS can be separately identified then they should be include as a direct cost and postage costs excluded from the cost pool. Any other costs that can be separately identified should be treated similarly.</p>
ITC	Allocation based on no. of PC's	<p>This indirect cost pool includes the operating and maintenance cost of hardware associated with the property and rating systems and the cost of telecommunications, including depreciation costs.</p> <p>Some telecommunications costs for the CWMS, such as telemetry, may be able to be separately identified and treated as a direct cost. Any other costs that can be separately identified should be treated similarly.</p> <p>An allocation basis based on the number of PC's (or terminals) used for CWMS is appropriate, but an alternative basis for allocation could be the dollar cost of CWMS hardware as a proportion of total hardware costs.</p>
Records	Allocation based on no. of file accesses	<p>This allocation method will only be possible where a modern records system is in place which records file accesses. Alternatively, some reasonable assessment will need to be made of that portion of the records activity that relates to CWMS.</p>
Occupancy	Allocation based on floor space occupied	<p>It is likely that a number of structures will be dedicated to CWMS operations and their maintenance and operating costs should be considered direct costs.</p> <p>Where there is shared occupancy of buildings then the ratio of CWMS occupied floor space to total space occupied can be used to allocate the operating and maintenance costs of buildings. (Note that shared facilities such as toilets, reception areas and the like should be excluded from the total floor space in such calculations).</p> <p>Similarly, where a portion of an employee's time is allocated to CWMS then that portion of the employee's occupancy costs will be allocated to CWMS.</p>

Insurance	Allocation based on \$ value of assets insured	If the CWMS assets are not separately insured then the value of the CWMS assets as a proportion of the total asset pool should be used to calculate the allocation to CWMS costs. A similar approach may be taken for other insurances.
Purchasing	Allocation based on no. of requisitions processed	The total cost of the purchasing function should be apportioned on the basis of the number of requisitions processed for CWMS as a proportion of the total number of requisitions processed.
Payroll and HR	Allocation based on no. of FTEs	The total cost of the payroll and HR activity should be apportioned on the basis of the number of FTEs working on CWMS activities as a proportion of total FTEs. Note that this will not necessarily be the same from year to year as there may be times when there is more intense activity associated with CWMS for major extension or renewal projects that may consume more FTEs.

**Table 4 – Allocating Indirect Costs**

It is important to consider the costs and benefits of any method of cost allocation. The simpler the allocation method the lower the cost of allocation. It may be necessary to use a less accurate method of cost allocation because the cost of more accurate methods outweighs the benefits of the greater accuracy.

Where indirect costs are being allocated it is important that a full cost regime has been applied to the indirect cost before it is allocated. For example, where a proportion of an employee is being allocated the total cost being allocated should include all relevant on-costs (workers compensation insurance, superannuation, etc.) and the non-cash elements of the employee's costs (provisions for long service leave, untaken annual and sick leave).

## 2.6 Cost of Capital

The cost of capital needs to be recognised in the calculation of the full cost of providing the service. There are fundamentally three sources of capital for asset acquisition for a CWMS:

1. Council funds (whether from cash surpluses or corporate borrowings<sup>7</sup>)
2. Capital contributions from developers and users
3. Grant funds from other levels of government

---

<sup>7</sup> Corporate borrowings includes borrowings specifically for CWMS infrastructure

As there is no cost to Council for capital acquisitions made from 2 and 3 above calculations of the cost of capital should exclude assets purchased/constructed from those sources. However, in some situations, through agreements with developers, developer contributions may not be received until long after the infrastructure is constructed. In this case Council will have funded the construction of infrastructure assets in the first instance and such assets will be included in calculating the cost of capital until such time as the developer contribution is received.

It is recognised that Council records may not be able to identify older asset transactions where assets were purchased from such sources and the National Water Initiative Pricing Principles<sup>8</sup> provide that where Council records cannot distinguish between funding sources for those assets acquired before January 1 2007 (the 'legacy date') then all such assets may be included in the calculation of cost of capital. **Section 1.5.4 to the Costing Guidelines** provides an example of how the cost of capital may be calculated.<sup>9</sup>

In determining the cost of capital Council should consider the long-term perspective rather than trying to adjust the service charge for annual fluctuations in the cost of capital. This provides a more stable base for determining the service charge and avoids unnecessary movements in the service charge from year to year. In the current interest rate climate (2016) the real interest rate may be quite low, but the long-term average real interest rate is likely to be of the order of 4%. As the intent is to recover costs based on the average long-run cost of the scheme it is more appropriate to use the likely long-run average real interest rate.

## 2.7 Under or Over Recovery of Full Cost

A CWMS is a complex, long-lived activity. The LG Act encourages the recovery of the full cost of operating the system from users of the service but does not state the timeframe over which the recovery is to be made. While it could be assumed that the full cost recovery is to occur over the life of the CWMS defining the life of a CWMS, given the nature of asset renewal and replacement over time, is obviously a difficult task. Pragmatically, provided that sound budgeting and accounting practices are followed, full cost recovery can be based on regularly reviewed estimates of full long-run costs as determined in accordance with ESCOSA guidelines. Any such periodic review should also have regard to future forecast CWMS outlays in a Council's long-term financial plan and infrastructure and asset management plan. Note that the consideration of outlays here will be broader than the accrual accounting definition of 'expenses'. Setting service charges to achieve full cost recovery based on long run costs means that there will always be some under or over recovery on an annual basis and it is important that a 'running tally' of the under or over

---

<sup>8</sup> See Appendix 2

<sup>9</sup> Local Government Association of South Australia, (2015), *Costing Principles for Local Government*, Appendix 1, pp. 8-10

recovery is maintained so that service charges can be adjusted in future years to ensure that the principle of full cost recovery is met over the medium term, say a three to five year period. See the **appendix to the Costing Guidelines** paper for a simple methodology to do this.<sup>10</sup>

## 2.8 Historical Aspects of Full Cost Recovery

The previous Local Government Act also allowed the recovery of the full cost of providing a CWMS.<sup>11</sup> Unfortunately, most Councils would have been using cash accounting to calculate the relevant service charges and are most likely to have under recovered the full cost of the service. It is possible to go back and calculate what should have been charged, but both time-consuming and impractical. Further, it is not possible to adjust the previous service charges to recover under charges, so the intergenerational equity issue cannot be resolved.

A more sensible approach is to be prospective in setting service charges, as allowed by the LG Act, and ensure that service charges set each year as far as possible recover the full cost of that year's operations based on sound long term financial management and asset management plans, keeping in mind that the aim is to recover the full cost of the CWMS operation in the long-run and that cost recovery needs to take account of the potential 'smooth out' revenue-raising regardless of maintenance and renewal peaks and troughs.

Similarly, where a Council has not kept a tally of the surpluses or deficits of the full cost of CWMS operations over the years there is no necessity to go back and recreate such a record. Again, be prospective and ensure that such a record is maintained in the future, based on likely future revenues and expenses. It will be necessary to have such information to show the regulator that the service charges have been properly based.

## 2.9 Is a CWMS Reserve Account Necessary?

Many Councils have traditionally included CWMS reserve accounts in their financial statements, with the balance of the reserve being included in the Statement of Financial Position and movements in the reserve being recorded in the Statement of Changes in Equity. There is no legal requirement to do so. Where Councils have done so the balance of such reserves has typically been determined based on historic cashflows (and only cashflows) associated with their CWMS activity. LGA guidance material neither encourages nor discourages creation of equity reserves where not specifically required. Some Councils find them useful for some purposes. It is important to stress though that where a Council creates/maintains a CWMS reserve account that there is no need to back this reserve with

---

<sup>10</sup> Local Government Association of South Australia, (2015), *Costing Principles for Local Government*, Appendix 1, p. 21

<sup>11</sup> Local Government Act 1934, Section 177(5)

quarantined cash.<sup>12</sup> LGA treasury management guidance material discourages such practices.<sup>13</sup>

There are arguments for and against keeping of discretionary reserves but it is understandable that some Councils may find it useful to maintain a record of ongoing CWMS cash inflows and outflows. This is so because for many years cash outlays may be less than revenue generated (based on accrual accounting costs inclusive of depreciation) but in some years large capital outlays (e.g. for renewal) may be required. Keeping a record of accumulated past net cash inflows may make it easier for a Council to agree to large periodic renewal outlays. If a Council chooses to recognise this net CWMS cashflow balance in its financial statements it would be important to highlight in supporting notes what this balance represents and in particular that it does not reflect the difference between CWMS service accumulated operating revenues and expenses.

The difference between the opening and closing CWMS cashflow balance in any year should be as follows:

<b>OPENING Cash Balance</b>		<b>\$x,xxx,xxx</b>
<b>PLUS:</b>		
<b>Operating revenue generated (not all which may have been received)</b>	\$x,xxx,xxx	
<b>Depreciation (a non-cash expense)</b>	\$x,xxx,xxx	
<b>Opportunity cost of capital (a non-cash expense)</b>	\$x,xxx,xxx	
<b>Any nominal interest income earned (including from internal lendings) and received during the year</b>	\$x,xxx,xxx	
<b>Any financial injections (not operating revenue) made (e.g. such as grants or additional borrowings to finance CWMS capital works)</b>	\$x,xxx,xxx	
<b>Repayment of any internal borrowings made to the CWMS account</b>	\$x,xxx,xxx	<b>\$x,xxx,xxx</b>
<b>LESS:</b>		
<b>Expenses (actual calculated in accordance with LGA Costing Guidelines)</b>	\$x,xxx,xxx	

<sup>12</sup> See Note 9 of the South Australia (Local Government) Model Financial Statements.

<sup>13</sup> See LGA Financial Sustainability Information Paper No. 15, Treasury Management.

<b>Any operating revenue generated that has not yet been received</b>	\$x,xxx,xxx	
<b>Nominal interest expenses paid (including from internal borrowings)</b>	\$x,xxx,xxx	
<b>Any associated loan (principal) repayments made</b>	\$x,xxx,xxx	
<b>Any CWMS capital related outlays (these are not an accrual accounting expense)</b>	\$x,xxx,xxx	
<b>Any internal lendings made from the CWMS account for other purposes (such practice is consistent with LGA recommended treasury management approaches)</b>	\$x,xxx,xxx	\$x,xxx,xxx
<b>CLOSING Cash Balance</b>		\$x,xxx,xxx

*Table 5 – Reconciling the CWMS cash balance*

It should be carefully understood, as mentioned above, that this ‘balance’ IS NOT the balance of the under or over recovery of costs. In fact, it is likely to be significantly different from the long-run surplus or deficit on CWMS operations. The long-run surplus or deficit is based on the full cost of delivering the service, including depreciation of the infrastructure and the cost of capital and the total revenues earned (whether received or not). The closing cash balance simply reflects the balance of cash flows, excluding those cost and revenue elements that are not cash.

Again, the consideration of inflows and outflows here is broader than the accrual accounting definition of ‘expenses’ as it includes inflows from borrowings and outflows for capital transactions and principal repayments.

Note that not every element of the table will necessarily be used in calculating the cash balance of CWMS operations. A simple example is:

#### DC Anytown

<b>OPENING Cash Balance</b>		<b>\$2,579,653</b>
<b>PLUS:</b>		
<b>Operating revenue generated</b>	\$1,209,792	
<b>Depreciation</b>	\$245,664	
<b>Opportunity cost of capital</b>	\$380,800	
<b>National Water Security Plan grant</b>	\$350,000	<b>\$2,186,256</b>



---

**LESS:**

<b>Expenses</b>	\$973,200	
<b>Operating revenue generated that has not yet been received</b>	\$31,716	
<b>Principal repayments made</b>	\$54,328	
<b>Infrastructure renewal expenditure</b>	\$717,000	\$1,776,244
<b>CLOSING Cash Balance</b>		<b>\$2,989,665</b>

*Table 6 – Example cash balance reconciliation*

**Section 1** of this document provides an example of the application of these principles, plus some further discussion on their application.

## 2.10 Pricing policy framework

ESCOSA, in its price determination of 23 July 2015, requires Councils to provide a pricing schedule and a pricing policy statement by November 30 each year. Note that the LG Act at Section 170 requires the publication of a service charge within 21 days of the declaration of the charge.

The pricing schedule will be underpinned by the pricing policy framework and the LGA's CWMS Property Units Code.

The pricing policy framework needs to cover the following issues:

- Overview – purpose of policy, what is a CWMS, current and future operations.
- Service provision – connecting to the system, service standards, key performance indicators, complaints and contacts.
- Pricing issues – full cost basis for pricing (summary of budgeted basis for full cost recovery – current and previous year, with reference to the CWMS long term financial plan), application of CWMS property units code, information on discounts and rebates, relief from financial hardship, basis for price changes from previous financial year.
- Current (and previous) pricing schedule.
- Annual review of policy and prices.

There is no specific requirement for this policy framework to be published but it is strongly recommended that it be published on Council's website.

## 2.11 Augmentation Charges

On occasion it may be necessary to carry out substantial new capital works, which might include increasing the capacity of pipes, pumps, lagoons or other CWMS infrastructure to cater for new users. The fundamental principle on charging for these works is that the beneficiary of the works should pay for the works.

**Note that where the augmentation is of a minor capital nature then it is probably more appropriate to recover such costs through the service charge.**

### 2.11.1 Augmentation charges wholly attributable to new users

Where the whole of the capital works is carried out to benefit only new users then the new users should pay.

It is likely that on many occasions the augmentation will be the result of a specific development. If that is the case the developer may be amenable to carrying out the augmentation works as part of the development rather than have the Council carry out the work and there will be no outlays by Council to be recovered. Where Council carries out the works it will need to recover the cost of the works from the developer. Council should recover the augmentation costs as soon as is practically possible.

### 2.11.2 Augmentation charges attributable to new users and existing users

Where the augmentation work has benefits for new users and existing users then the costs must be apportioned as **equitably** as possible. For example, where an existing pipeline needs to have its capacity increased to cater for a new development then the capital contribution from the new users (developer) can be calculated in at least three different ways.

- i. A tried and true method for calculating the portion of the upgrade that is attributable to new users is to calculate the net present value of the impact of bringing forward the replacement to now. The advantage of this method is that it takes into account not only additional costs but also timing differences in outlays that a council incurs as a result of development. For example, if the cost of the renewal of the existing asset was \$1 million now, but the upgrade would not normally have happened for 20 years then the present value of the renewal, using a 4% discount rate (to cater for the real opportunity cost of an earlier capital outlay) is \$456,400 ( $\$1,000,000 \times \text{discount factor of } 0.4564$ ).<sup>14</sup> If the cost of the upgraded asset is \$1,750,000 then the portion attributable to the developer is \$1,293,600 ( $\$1,750,000 \text{ less } \$456,400$ ).

---

<sup>14</sup> The discount factor is derived from standard discount tables. It is  $1/(1.04)^{20}$

Consideration also needs to be given to whether the augmentation will generate additional revenue for council net of operational outlays. If annual revenue from new service recipients exceeds additional annual outlays then in theory this should be allowed for in determining the developer contribution. For example if the analysis was undertaken on a net present value basis then the Council should calculate the net present value of additional net receipts and deduct this from the otherwise required developer contribution.

- ii. An alternative method of calculation is apportioning the costs between the new users and existing users. This may be more equitable where the upgrade of the pipeline is imminent, thus avoiding issues relating to the timing of the upgrade. First, it is important to carefully establish the exact number of new users, and secure this number by written agreement, which allows for recalculation of the developer contribution if more users eventuate from the development. So, if there will be 100 new users and there are 900 existing users the developer would be charged a fee equivalent to 100/1000 of the upgrade costs. Note that the balance would be recovered through a capital charge. Where the renewal/upgrade of the pipeline is planned into the future then the net present value method outlined in i. above is more equitable.
- iii. A third method, which is relatively simple is to apply the following formula:

Cost of new pipeline less accumulated depreciation of existing pipeline.

Again, where there is a significant time difference between when the renewal/upgrade was planned and the upgrade now, this method is less equitable.

Any amount paid by a developer will be a capital contribution and will not attract a cost of capital charge.

A Council is entitled to recover the full economic cost of the augmentation works, subject to 2.11.2 above. There is no 'standard fee' as each augmentation will have a different cost structure. Where the augmentation costs will be spread over a number of allotments then Council will need to carefully estimate the likely full cost of the augmentation and divide this cost by the number of allotments that will receive an augmentation charge. In calculating the cost per allotment it is important that Council makes a careful appraisal of the likely number of allotments that will become connected to the scheme.

## 3. Other Issues

### 3.1 A Uniform Service Charge

An argument that often arises is whether a Council that has more than one CWMS should charge different rates for each scheme based on the different cost structure of the scheme.

There are four main points to consider:

1. The service provided by each scheme is the same – the removal of wastewater from a property. It would seem equitable that users receiving a similar service in a Council area would pay similar charges for the service.
2. Each customer in a specific scheme pays the same service charge, regardless of the fact that the actual cost to provide the service to a specific customer may be higher than the average as a result of long pipe runs and pumping costs from low points in the network. The same principle arguably should hold true for schemes across a Council area.
3. Many schemes received a subsidy for their initial establishment, which varied to the extent necessary to enable expected net long-run costs to be recovered based on a common standard charge across all schemes (notionally equivalent to average SA Water country sewerage rates). If the 'net costs' are meant to be the same why would charges be any different?
4. Differences in the full cost of each scheme are likely to be related to:
  - a. The size of each scheme and the economies of scale available to larger schemes over smaller schemes.
  - b. The age of the assets and technology employed in each scheme, with increased operating costs for schemes with older assets and old technology.

It does not seem equitable that users of schemes within a Council area that are more expensive to operate should be disadvantaged compared to schemes that are either benefitting from economies of scale, have lower operating costs through newer assets or better technology than that available to other Council CWMS .

On balance, it would seem to be a more equitable treatment of users of multiple CWMS within a single Council area to have one common pricing regime apply across the Council area. Any other course of action would seem to be discriminatory to smaller townships with less efficient schemes. The state-wide sewerage charges provided by SA Water across rural South Australia have a uniform rating system.

One exception to having a uniform service charge is warranted where communities have agreed to develop schemes at their own cost, i.e. without state subsidy. There are a number of such schemes, particularly associated with areas where the freeholding of shacks

occurred and the explicit arrangement was that those areas would meet the full CWMS costs. As such, owners of the shack properties have received significant capital gains and it would be inequitable for those owners to benefit from the capital gain, but have the CWMS community in the Council area subsidise the cost of the CWMS.

A second exception may be contemplated where either the service delivered is different, e.g. full sewerage versus desludging of septic tanks only or where the structure of the service supplied is different, e.g. full CWMS operation provided by Council versus disposal of effluent to SA Water sewerage system.

Note that ESCOSA permits the use of pricing commonality between schemes for the first Price determination period, which ends on June 30 2017. ESCOSA has stated that it “...will confirm its position for future regulatory positions as part of the next Price Determination.”

15

### 3.2 Vacant vs. Occupied

Some Councils have differential rates for vacant land<sup>16</sup> where the differential rate for vacant land is greater than the differential rate for residential and other land use types. The basis for this is a policy one – increasing the rates on vacant land to ostensibly discourage the holding and stockpiling of vacant blocks.

The CWMS Code makes it clear that the basis for charging properties provided with or having access to a CWMS is the estimated volume of effluent generated by the property, with the cost to each residential unit being equalised at one property unit. It also provides that each vacant allotment should be charged on the basis of one property unit. All other property categories (excluding vacant) are compared to the a single residential dwelling and where it is estimated that the volume of effluent for other property categories is greater than for a single residential dwelling then the number of property units to apply to other property categories is greater than 1.

**Section 155(3) of the LG Act** permits the variation of the service rate or annual service charge on the basis of whether the land is vacant or occupied. In the case of an annual service charge this is generally taken to mean that the annual service charge applying to vacant land may be less than that applying to occupied land on the basis that there is no provision of service even though the service is available to the land.

The imposition of a higher annual service charge on vacant land is discouraged on the following basis:

---

<sup>15</sup> As advised by ESCOSA to the LGA on November 12, 2015.

<sup>16</sup> Vacant land means land without a dwelling or other structure. If there is a dwelling or structure and it is unoccupied this does not constitute vacant land.

- It is inequitable to charge a higher annual service charge where no service is provided.
- Charging a higher annual service charge on vacant land effectively means that other service users are being subsidised as it is not possible to charge more than the full cost of providing the service – this is not in line with the basis for charging set out in the CWMS code.

Councils should consider whether there should a differential service charge for vacant land that is less than the residential service charge on the basis that while the infrastructure has been provided for the piece of land there is no service being provided, noting that the infrastructure depreciation and cost of capital components are most likely the major elements of the cost of the service. A sound method of applying a differential service charge for vacant properties is to reduce the residential service charge by the proportion that the average annual operating and maintenance costs bears to the full cost, effectively only charging for the provision of the infrastructure to the property.

It is worth noting that ESCOSA have recommended the following in relation to SA Water:

“Customers should only be charged for a water and sewerage service if they enter into an agreement with SA Water to become a customer.”

The implementation of this principle would remove from SA Water the right to charge a property simply because the water or sewer main abuts the property. A discussion on the pros and cons of removing SA Water’s right to charge non-connected properties is at pages 65 to 74 of ESCOSA’s report.<sup>17</sup> The key reasons for such a recommendation are stated as:

- Properly informed consumption choices based on payment of the full costs of consumption of the service; and
- Allowing a supplier to charge non-connected customers entrenches monopoly supply and disadvantages competitors.

Importantly, ESCOSA stated, at page 67 of their report, “...[t]he Inquiry cautions against applying its recommendations to **councils** or other service providers...” without there having been a full consideration of the impact of such an approach.

### 3.3 Standard Boundary Kit

There are a number of situations where the connection of a property to the CWMS scheme requires that the property owner has to pump the wastewater to Council’s connection point, usually an inspection point. Discussions with a number of councils provide a consensus view that the onus for getting the wastewater to the connection point is the responsibility of the property owner and that operation and maintenance of any pumps or

---

<sup>17</sup> ESCOSA, (2014), *Inquiry Report Into Reform Options for SA Water’s Drinking Water and Sewerage Prices*, pp.65-74

pipes involved in moving the wastewater to the connection point is the responsibility of the property owner. Such an approach simplifies the administration of the CWMS scheme.

### **3.4 Desludging Septic Tanks**

Many councils include in their service charge an allowance for the desludging of septic tanks, at Council expense, on a regular basis, usually three or four years. The adoption of such a practice assists Council to maintain the integrity and effectiveness of the CWMS. This should be clearly outlined in Council's CWMS pricing policy. It should also be clear from the pricing policy that any extra desludging of septic tanks outside of the normal time frame will be at the customers cost.

### **3.5 Sale of Recycled Water**

Some councils provide recycled water derived from a CWMS scheme to community and sporting groups at no charge. Generally, the basis for this is that it is cheaper to dispose of the water in this manner rather than further treat the water for disposal in creeks or other waterways or to upgrade the scheme to deal with a higher volume of water. This is an appropriate basis for disposing of the water to community and sporting groups cost free. The important principle here is that there should be no cost to CWMS users from this practice. So, if the cost of disposing of the water to community and sporting groups is higher (e.g. additional treatment, cost of infrastructure, etc.) than other disposal means then there should be a fee arrangement levied against water recipients that reflects the difference between the two methods of disposal of the water, or the Council should specifically subsidise the provision of recycled water to community and sporting groups to ensure that CWMS users do not make the subsidy. It is important that it is transparent to the community that the provision of free or subsidised recycled water to community and sporting groups meets the strategic direction of Council in regard to social, environmental or other objectives.

## 4. CWMS Framework – Legislative and Other

### 4.1 Legislation

#### 4.1.1 Local Government Act and Regulations

The Local Government Act 1999 (LG Act) provides that a CWMS is a ‘prescribed service’ for the purposes of the Act. Prescribed services are the treatment or provision of water; the collection, treatment or disposal of waste; television transmission or retransmission or any other service prescribed by regulations.<sup>18</sup>

The application of fees and charges for ‘prescribed services’ are covered by Section 155 of the LG Act with further clarification provided by Regulations 12 and 13 of the Local Government (General) Regulations 2013. See Appendix 1 for the relevant text of the Act and Regulations.

An overview of the legislative provisions follows.

Where a Council provides or makes available a prescribed service to a piece of land it may charge a service rate, an annual service charge or a combination of both to rateable land. For land that is non-rateable it may only charge an annual service charge. The fact that the Council uses a third party to provide or make available the service does not abrogate the Council’s power to levy a service rate and/or an annual charge.

Generally, where the service is not provided or made available to a piece of land then no service rate or annual service charge may be applied, except under certain circumstances.<sup>19</sup>

In setting service rates and annual service charges may vary based on whether the land is occupied or vacant or on any other factor prescribed by regulation. Two factors have been prescribed – (1) variation by land use and (2) the number of property units applicable to the land as defined in the CWMS Property Units Code.

The amount recovered by a service rate and/or an annual service charge generally must not exceed the full cost of providing the service. Where a Council has established a reserve to identify any surplus from CWMS operations then the amounts identified in the reserve must only be applied to the CWMS service.

Where ESCOSA makes a price determination in relation to a prescribed service then the determination made by ESCOSA has precedence over other price setting mechanisms.

---

<sup>18</sup> No other services have yet been prescribed by regulation.

<sup>19</sup> As set out in Regulation 13 of the Local Government (General) Regulations – see Appendix 1 for text.



Should a CWMS be discontinued then any excess of funds held by Council may be applied for another purpose which has been specifically identified in a Council's annual business plan .

#### 4.1.2 South Australian Public Health (Wastewater) Regulations 2013

These regulations<sup>20</sup>, made under the South Australian Public Health Act 2011, prescribe:

- a *Community Wastewater Management Systems Code* which provides guidance to "...consultants, local Councils, developers, builders and plumbers, property owners and occupiers on:
  - The technical requirements to be considered in the planning stages of a CWMS
  - The requirements for the design of the CWMS
  - The procedures and required information for the submission of applications to the DHA for assessment of a proposed CWMS
  - Ongoing operation and maintenance requirements for a CWMS."<sup>21</sup>
- The requirements for establishing a CWMS.

The regulations and the code are largely technical in nature.

## 4.2 ESCOSA determinations

Section 35 of the Water Industry Act 2012 provides that ESCOSA has the power to make price determinations in relation to sewerage services.

ESCOSA issued a varied price determination on 23 July 2015 which made the following price determination for sewerage services:<sup>22</sup>

### "2 PRICE DETERMINATION

#### 2.1 Pricing Principles

2.1.1 The **retail prices** charged by a **licensee** for each **regulatory year** must comply with the following pricing principles:

...

---

<sup>20</sup> Refer to Appendix 2 for reference to the legislation.

<sup>21</sup> Department of Health and Ageing (2013), *Community Wastewater Management Systems Code*, p. 3

<sup>22</sup> Essential Services Commission of South Australia, (2015), *2013-2017 Price Determination for Minor and Intermediate Retailer*, accessed at <http://www.escosa.sa.gov.au/ArticleDocuments/549/20150723-Water-VariationTo2013-2017PriceDetermination-MIR.pdf.aspx?Embed=Y>

(b) Where **sewerage services** are supplied, the following **National Water Initiative Pricing Principles** apply:

(i) Principles 1, 2, 3, 4, 5, and 6 of the **Recovery of Capital Expenditure** set of principles; and

(ii) Principles 1, 4, 5, 6, 7, 8, 9 and 10 of the **Setting Urban Water Tariffs** set of principles.

...

2.1.2 In addition to the matters specified under clause 2.1.1, in setting **retail prices** for each **regulatory year**, a **licensee** must also comply with any principles, requirements or matters specified by the **Commission** under an industry code, industry rule or guideline as in force from time to time in respect of the provision of **retail services**.

## 2.2 Price Monitoring

2.2.1 The **Commission** may, during the period of this determination:

(a) monitor the **retail prices** charged by a **licensee**; and

(b) publish reports on **retail prices** or monitor and publish reports on matters relating to **retail prices** charged by a **licensee**.

## 2.3 Reporting Requirements

2.3.1 A **retail licensee** must provide the **Commission**, by 30 November each year:

(a) a Pricing Schedule containing the **retail prices**, fees and charges for **water services** and **retail services** imposed by the licensee, for the current and previous **financial year**; and

(b) a Pricing Policy Statement demonstrating compliance of those **retail prices** with the **National Water Initiative Pricing Principles** relevant to the **retail services** offered by the **licensee**, in accordance with clause 2.1.1 of this **determination**.”

The relevant National Water Initiative Pricing Principles referred to above in relation to sewerage services are referenced at Appendix 2. It is interesting to note that while the background material on both the Recovery of Capital Expenditure and Setting Urban Water Tariffs state that the principles outlined will not apply to wastewater schemes that ESCOSA have determined that a number of the principles, but not all, will apply as set out in the price determination.

### 4.3 CWMS Property Units Code

The Department for Health and Ageing together with the Local Government Association of South Australia (LGA) have jointly developed a CWMS Property Units Code (CWMS Code) which has legislative endorsement.<sup>23</sup> The code sets out the rationale for defining a 'property unit' and the basis for application of the 'property unit' concept to the broad range of properties likely to be connected to a CWMS. This forms the basis for charging differentially between the full range of properties having access to a CWMS. While most councils use the code it does not have mandatory force. Councils may use other methods for charging CWMS users but must ensure that their charging regime is equitable.

Note that the CWMS Code does not specify the amount to charge. Service charges will be based on the recovery of the estimated full long-run cost of the CWMS and the basis that a Council has determined for differential service charges, if any.

### 4.4 Other relevant material

Two other documents provided by the LGA are of use in determining the cost and pricing of CWMS. They are:

1. *Costing Principles for Local Government – Guidelines for Council Staff* (issued December 2013 and revised January 2015).<sup>24</sup> These guidelines include detailed information that will assist Councils to determine the costs and the pricing basis of a CWMS consistent with the LG Act and ESCOSA price determinations. The guidelines include a worked example based on CWMS.
2. *Guidelines for the Pricing and Costing of Retail Water Services by Local Governments*.<sup>25</sup> These guidelines amplify the *Costing Principles for Local Government*. In particular, there is a detailed analysis of the ESCOSA requirements and while the focus is water retail services the discussion relating to the National Water Initiative Pricing Principles is of relevance to CWMS. There is also a comprehensive discussion on the concept of full cost from both an accounting and an economic perspective.

---

<sup>23</sup> Regulation 12 of the Local Government (General) regulations 2013 refers – See Appendix 1 for the text.

<sup>24</sup> Accessed at <http://www.lga.sa.gov.au/webdata/resources/files/Costing%20Principles%20for%20Local%20Government.pdf>

<sup>25</sup> Accessed at [https://www.lga.sa.gov.au/sitedata/unity/resources/files/ECM\\_628850\\_Guidelines%20for%20the%20Costing%20and%20Pricing%20of%20Retail%20Water.pdf](https://www.lga.sa.gov.au/sitedata/unity/resources/files/ECM_628850_Guidelines%20for%20the%20Costing%20and%20Pricing%20of%20Retail%20Water.pdf)

## Appendix 1 – Relevant Local Government legislation

### Local Government Act 1999 as at July 4 2016

#### 155—Service rates and service charges

(1) In this section—

**prescribed service** means any of the following services:

- (a) the treatment or provision of water;
- (b) the collection, treatment or disposal (including by recycling) of waste;
- (ba) a television transmission (or retransmission) service;
- (c) any other service prescribed by the regulations for the purposes of this definition.

(2) A council may impose—

- (a) a service rate, an annual service charge, or a combination of a service rate and an annual service charge, on rateable land within its area to which it provides, or makes available, a prescribed service;
- (b) an annual service charge on non-rateable land to which it provides, or makes available, a prescribed service.

(2a) Subsection (2) does not apply in prescribed circumstances.

(3) A service rate, or annual service charge, may vary—

- (a) according to whether the land to which it applies is vacant or occupied; or
- (b) according to any other factor prescribed by the regulations and applied by the council.

(4) If a council provides more than one prescribed service of a particular kind in its area, a different service rate or annual service charge may be imposed in respect of each service.

(5) A council must not seek to recover in relation to a prescribed service an amount by way of service rate, annual service charge, or a combination of both exceeding the cost to the council of establishing, operating, maintaining, improving and replacing (including by future capital works and including so as to take into account the depreciation of any assets) the service in its area (being a cost determined taking into account or applying any principle or requirement prescribed by the regulations).

(5a) Subsection (5) is subject to the qualification that if the Essential Services Commission (**ESCOSA**) makes a determination under another Act that regulating prices, conditions relating to prices, and price-fixing factors for the provision of a prescribed service that is inconsistent with that subsection, the determination made by ESCOSA will prevail to the extent of the inconsistency (and ESCOSA may, in acting under another Act in a case that is relevant to the operation of this section, apply or take into account a factor or principle that is in addition to a matter referred to in subsection (5)).

(6) Subject to subsection (7), any amounts held in a reserve established in connection with the operation of subsection (5) must be applied for purposes associated with improving or replacing council assets for the purposes of the relevant prescribed service.

(7) If a prescribed service under subsection (6), is, or is to be, discontinued, any excess of funds held by the council for the purposes of the service (after taking into account any expenses incurred or to be incurred in connection with the prescribed service) may be applied for another purpose specifically identified in the council's annual business plan as being the purpose for which the funds will now be applied.

(8) An annual service charge may be based on—

- (a) the nature of the service; or
- (b) the level of usage of the service; or
- (c) any factor that applies under subsection (3); or
- (d) a combination of 2 or more factors under the preceding paragraphs.

(9) A service charge imposed by a council under this section is recoverable as if it were a rate (even as against non-rateable land).

(10) A council may declare a service rate or an annual service charge in respect of a particular prescribed service despite the fact that the service is provided on behalf of the council by a third party.

(11) If a prescribed service, in relation to a particular piece of land, is not provided at the land and cannot be accessed at the land, a council may not impose in respect of the prescribed service a service rate or annual service charge (or a combination of both) in relation to the land unless the imposition of the rate or charge (or combination of both)—

- (a) is authorised by the regulations; and
- (b) complies with any scheme prescribed by the regulations (including regulations that limit the amount that may be imposed or that require the adoption of a sliding or other scale established according to any factor, prescribed by the regulations, for rates or charges (or a combination of both) imposed under this section).

## Local Government (General) Regulations 2013 as at March 31 2016

### 12—Service rates and charges

(1) In this regulation—

***CWMS Property Units Code*** means the *Code for Establishing and Applying Property Units as a Factor for the Imposition of Annual Service Charges for Community Wastewater Management Systems* published by the LGA on 20 April 2006, as in force at the time that this regulation is made.

(2) For the purposes of this regulation—

- (a) the LGA is declared to be a prescribed body under section 303(4) of the Act; and
- (b) the Code is adopted by these regulations pursuant to section 303(4) of the Act; and
- (c) the principal office of the LGA (at 148 Frome Street, Adelaide, 5000 or, if the LGA moves its principal office, at that new address) is specified for the purposes of section 303(7)(c) of the Act.

(3) For the purposes of section 155(2a) of the Act, the prescribed circumstances in which section 155(2) of the Act does not apply are where the land is non-rateable land of 1 of the following classes and the prescribed services are not made use of at the land:

- (a) unalienated Crown land used wholly or primarily for—
  - (i) the conservation or protection of natural resources within the meaning of the *Natural Resources Management Act 2004*; or
  - (ii) recreational or sporting activities;
- (b) unalienated Crown land within the meaning of the *Crown Land Management Act 2009*;
- (c) land constituted as a reserve under the *National Parks and Wildlife Act 1972*;
- (d) land constituted as a wilderness protection area or wilderness protection zone under the *Wilderness Protection Act 1992*;
- (e) land vested, under section 15 of the *Harbours and Navigation Act 1993*, in the Minister to whom that Act is committed.

(4) Pursuant to section 155(3)(b) of the Act, the following factors are prescribed:

- (a) any category of land use declared as a permissible differentiating factor under regulation 14;
- (b) in respect of a service for the collection, treatment or disposal of wastewater or effluent—the number of property units that apply with respect to the relevant land, as determined under the CWMS Property Units Code.

(5) For the purposes of section 155(5) of the Act, the cost of capital (as understood as an economic concept) may be taken into account when determining the cost to the council of establishing, operating, maintaining, improving or replacing the relevant service.

### **13—Rates and charges for services not provided at the land**

(1) For the purposes of section 155(11), a council is authorised to impose a service rate or annual service charge (or a combination of both) for a prescribed service in respect of the collection of domestic waste in accordance with the scheme set out in subregulation (2).

(2) For the purposes of subregulation (1), the following provisions apply to the imposition of rates or charges in relation to a particular piece of land:

- (a) if the prescribed service is provided no more than 500 metres from the access point to the land—the full service rate or annual service charge (or a combination of both) may be charged for the prescribed service;
- (b) if the prescribed service is provided more than 500 metres but no more than 2 kilometres from the access point to the land—75% of the service rate or annual service charge (or a combination of both) may be charged for the prescribed service;
- (c) if the prescribed service is provided more than 2 kilometres but less than 5 kilometres from the access point to the land—50% of the service rate or annual service charge (or a combination of both) may be charged for the prescribed service;
- (d) if the prescribed service is provided 5 kilometres or more from the access point to the land—no rate or annual service charge may be charged for the prescribed service (but nothing in this paragraph prevents a council from entering into an agreement for the provision of a prescribed service in respect of the collection of waste that involves the payment of an amount for the provision of the prescribed service).

(3) In this regulation—

***access point*** means the point on the land where the land is generally accessed;

***domestic waste*** means waste produced in the course of a domestic activity.

## Appendix 2 - Other relevant references and legislation

The following URLs can be used to access other relevant references and legislation.

### **Costing Principles for Local Government**

<http://www.lga.sa.gov.au/webdata/resources/files/Costing%20Principles%20for%20Local%20Government.pdf>

### **Guidelines for the Pricing and Costing of Retail Water Services by Local Governments**

[https://www.lga.sa.gov.au/sitedata/unity/resources/files/ECM\\_628850\\_Guidelines%20for%20the%20Costing%20and%20Pricing%20of%20Retail%20Water.pdf](https://www.lga.sa.gov.au/sitedata/unity/resources/files/ECM_628850_Guidelines%20for%20the%20Costing%20and%20Pricing%20of%20Retail%20Water.pdf)

### **National Water Initiative Pricing Principles**

<https://www.environment.gov.au/system/files/resources/34dbb722-2bfa-48ac-be7e-4e7633c151ed/files/nwi-pricing-principles.pdf>

### **South Australian Public Health (Wastewater) Regulations 2013**

[https://www.legislation.sa.gov.au/LZ/C/R/SOUTH%20AUSTRALIAN%20PUBLIC%20HEALTH%20\(WASTEWATER\)%20REGULATIONS%202013.aspx](https://www.legislation.sa.gov.au/LZ/C/R/SOUTH%20AUSTRALIAN%20PUBLIC%20HEALTH%20(WASTEWATER)%20REGULATIONS%202013.aspx)

### **Water Industry Act 2012**

<https://www.legislation.sa.gov.au/LZ/C/A/WATER%20INDUSTRY%20ACT%202012.aspx>

### **Water Industry Regulations 2012**

<https://www.legislation.sa.gov.au/LZ/C/R/Water%20Industry%20Regulations%202012.aspx>



148 Frome St  
Adelaide SA 5000

GPO Box 2693  
Adelaide SA 5001

T (08) 8224 2000

F (08) 8232 6336

E [lgasa@lga.sa.gov.au](mailto:lgasa@lga.sa.gov.au)

[www.lga.sa.gov.au](http://www.lga.sa.gov.au)

---

# **Appendix 3**

*ESCOSA Water Retail Licence*

---

## WATER INDUSTRY RETAIL LICENCE

*Adelaide Hills Council ABN 23 955 071 393*

*Class – Intermediate (1) Retailer*

Issued by the Essential Services Commission of South Australia on 18 January 2013





## 1. DEFINITIONS AND INTERPRETATION

- 1.1 Words appearing in italics like *this* are defined in Part 1 of the Schedule.
- 1.2 This licence must be interpreted in accordance with the rules set out in Part 2 of the Schedule.

## 2. GRANT OF LICENCE

- 2.1 Subject to the conditions set out in this licence, the *licensee* is licensed under Part 4 of the *Act* to provide the *retail services* specified in Part A of the Annexure to the *customers* specified in Part B of the Annexure.

## 3. TERM

- 3.1 This licence commences on the date it is issued and continues until it is:
- (a) surrendered by the *licensee* under section 32 of the *Act*; or
  - (b) suspended or cancelled by the *Commission* under section 33 of the *Act*.

## 4. FEES

- 4.1 The licensee must pay the applicable licence fees in accordance with section 24 of the *Act*.

## 5. SALE AND SUPPLY OF RETAIL SERVICES TO CUSTOMERS

- 5.1 At the request of a *customer* that owns or occupies land situated within the area that the *licensee* provides the *retail services* set out in Part A of the Annexure to this licence, the *licensee* must make an offer to provide those *retail services* on terms and conditions which are consistent with this licence, the *Act*, applicable *industry codes* and any other applicable laws.
- 5.2 When the *licensee* sells and supplies *retail services* to a *customer* under this clause it must comply with the terms and conditions set out in any applicable *industry code* made by the Commission from time to time relating to contractual terms and conditions.

## 6. COMPLIANCE WITH LAWS AND INDUSTRY CODES

- 6.1 The *licensee* must comply with all applicable laws and any technical or safety requirements or standards in regulations under the *Act*.
- 6.2 The *licensee* must notify the *Commission* if it commits a material breach of the *Act* within 3 days of becoming aware of that breach.



6.3 The *licensee* must:

- (a) comply with any applicable *industry code* or *industry rule* made by the *Commission* under the *ESC Act* as in force from time to time;
- (b) comply with any applicable minimum service standards imposed under any applicable *industry code*, *industry rule* or other regulatory instrument made by the *Commission* and any specified technical or safety requirements or standards;
- (c) monitor and report to the *Commission* on its levels of compliance with any applicable *industry code* or *industry rule* provisions and minimum service standards; and
- (d) notify the *Commission* in accordance with any applicable guideline if it commits a material breach of any applicable *industry code* or *industry rule* made by the *Commission* within 3 days of becoming aware of that breach.

## 7. PROVISION OF INFORMATION TO CUSTOMERS

7.1 When the *licensee* provides *retail services* to a *customer*, the *licensee* must:

- (a) comply with all applicable provisions of any *industry code* made by the *Commission* relating to the provision of pricing information; and
- (b) include the information prescribed by regulation under the *Act* in each account for *retail services* provided to a *customer*.

## 8. RESTRICTION, DISCONTINUANCE & DISCONNECTION

8.1 The *licensee* must not restrict, discontinue or disconnect, or take any action which may lead to the restriction, discontinuance or disconnection of supply of *retail services*, except in accordance with the restriction, discontinuance and disconnection procedures set out in the *Act*, any applicable *industry code* or, otherwise, in accordance with the customer's *customer sale contract*.

## 9. OMBUDSMAN AND DISPUTES

9.1 The licensee must develop and implement procedures to resolve customer complaints and disputes in accordance with any applicable *industry code* and, for all other *customers*, in accordance with the basic procedures set out in AS ISO 10002-2006 (as amended from time to time).

9.2 In addition to clause 9.1 the *licensee* must, if notified in writing by the *Commission*, participate in an *Ombudsman Scheme*.

## 10. ACCOUNTS AND SEPARATE BUSINESSES

- 10.1 The *licensee* must, as required by the *Commission*:
- (a) establish and maintain accounts exclusively in respect of the operations authorised by this licence;
  - (b) establish and maintain separate consolidated accounts in respect of the operations authorised by this licence and any other activity which requires authorisation by licence under the *Act*; and
  - (c) allocate any costs shared between the operations authorised by this licence and any other activity undertaken by the *licensee* according to a methodology that is well accepted, fair and reasonable, and transparent.

## 11. INFORMATION TO THE COMMISSION

- 11.1 The *licensee* must, from time to time if required by the *Commission* and in a manner and form determined by the *Commission*, provide to the *Commission*:
- (a) details of the *licensee's* financial, technical and other capacity to continue its operations authorised by this *licence*; and
  - (b) such other information as the *Commission* may require.
- 11.2 The *licensee* must notify the *Commission* in writing of any changes to its officers or major shareholders (if applicable) within 20 *business days* of that change occurring.
- 11.3 The *licensee* must promptly notify the *Commission* of any significant reduction in its financial capacity which has potential to impact upon the *licensee's* ability to carry on the operations authorised by this licence.

## 12. OPERATIONAL AND COMPLIANCE AUDITS

- 12.1 The *licensee* must undertake periodic audits of the operations authorised by this licence and of its compliance with its obligations under this licence and any applicable *industry codes* in accordance with the requirements of any applicable guideline issued by the *Commission* for this purpose.
- 12.2 The *licensee* must also conduct any further audits at a frequency and in a manner approved by the *Commission*.
- 12.3 The results of audits conducted under this clause 12 must be reported to the *Commission* in a manner approved by the *Commission*.
- 12.4 The *Commission* may require the *licensee* to use an independent expert approved by the *Commission* to conduct audits under this clause 12.



12.5 The **Commission** may require the costs of using an independent expert approved by the **Commission** to conduct audits under this clause 12 to be met by the **licensee**.

## 13. INSURANCE

13.1 The **licensee** must undertake and maintain, during the term of this licence, appropriate and adequate insurance of kinds and levels reflective of the nature of the operations carried on under this licence and the risks associated with those operations.

13.2 The **licensee** must annually provide to the **Commission** evidence that it holds appropriate insurance to an acceptable level in a form approved by the **Commission**.

## 14. CUSTOMER CONCESSIONS AND COMMUNITY SERVICE OBLIGATIONS

14.1 If applicable, the **licensee** must comply with the requirements of any scheme approved and funded by the **Minister**:

- (a) for the provision by the State of customer concessions or the performance of community service obligations by the **licensee**; and
- (b) for the purposes of providing specified exemptions from the requirement to pay for the specified services.

## 15. CONFIDENTIALITY

15.1 The **licensee** must, unless otherwise required or permitted by law, this licence or an **industry code**:

- (a) comply with any rules determined by the **Commission** from time to time relating to the use of information acquired by the **licensee** in the course of operating the business authorised by this licence; and
- (b) ensure that information concerning **customers** is not disclosed without the explicit informed consent of those **customers**.

## 16. VARIATION

16.1 This licence may only be varied in accordance with section 28 of the **Act**.

## 17. TRANSFER

17.1 This licence may only be transferred in accordance with section 29 of the **Act**.



This licence was issued by the **Commission** on 18 January 2013.

THE COMMON SEAL OF )  
THE ESSENTIAL SERVICES )  
COMMISSION OF SOUTH )  
AUSTRALIA was hereunto affixed )  
by authority of the Chairperson )  
and in the presence of: )



*RPAshamber*  
.....

**Witness**

*18/1/13*  
.....

**Date**

## SCHEDULE: DEFINITIONS AND INTERPRETATION

### Part 1 - Definitions

In this licence:

**Act** means the Water Industry Act 2012 (SA);

**best endeavours** means to act in good faith and use all reasonable efforts, skill and resources;

**business day** means a day other than a Saturday, Sunday or public holiday in the State of South Australia;

**Commission** means the Essential Services Commission as established under the **ESC Act**;

**consumer** means a person supplied with **retail services** as a consumer or user of those services;

**customer** has the meaning given to that term in the **Act**, namely a person who owns land in relation to which a **retail service** is provided and includes:

- (a) where the context requires, a person seeking the provision of a **retail service**; and
- (b) in prescribed circumstances, a person supplied with **retail services** as a **consumer** or user of those services (without limiting the application of this definition to owners of land); and
- (c) a person of a class declared by the regulations to be customers;

**customer sale contract** means a contract between the **licensee** and a **customer** for the sale and supply of **retail services** to that **customer**;

**ESC Act** means the Essential Services Commission Act 2002 (SA);

**industry code** includes any **industry code** made by the **Commission** under section 28 of the **ESC Act**;

**industry rule** includes any **industry rule** made by the **Commission** under section 28 of the **ESC Act**;

**licensee** means Adelaide Hills Council ABN 23 955 071 393;

**Minister** means the Minister responsible for the administration of the **Act**;

**non-residential customer** means a **customer** other than a **residential customer**;

**Ombudsman Scheme** means an ombudsman scheme, the terms and conditions of which are approved by the **Commission**;

**residential customer** means a **customer** which acquires **retail services** primarily for domestic purposes;

**retail services** has the meaning given to that term in the **Act**, namely a service constituted by:

- (a) the sale and supply of **water** to a person for use (and not for resale other than in prescribed circumstances (if any)) where the water is to be conveyed by a reticulated system; or
- (b) the sale and supply of **sewerage services** for the removal of **sewage**, (even if the service is not actually used) but does not include any service, or any service of a class, excluded from the ambit of this definition by the regulations;

**sewage** includes any form of waste that may be appropriately removed or dealt with through the use of a **sewerage service**;

**sewerage service** means:

- (a) a service constituted by the collection, storage, treatment or conveyance of **sewage** through the use of a reticulated system; or
- (b) any other service, or any service of a class, brought within the ambit of this definition by the regulations; and

**water** includes rainwater, stormwater, desalinated water, recycled water and water that may include any material or impurities, but does not include **sewage**.

## Part 2 - Interpretation

In this licence, unless the context otherwise requires:

- (a) headings are for convenience only and do not affect the interpretation of this licence;
- (b) words importing the singular include the plural and vice versa;
- (c) words importing a gender include any gender;
- (d) an expression importing a natural person includes any company, partnership, trust, joint venture, association, corporation or other body corporate and any governmental agency;
- (e) a reference to any statute, regulation, proclamation, order in council, ordinance or bylaw includes all statutes, regulations, proclamations, orders in council, ordinances or by-laws varying, consolidating, re-enacting, extending or replacing them and a reference to a statute includes all regulations, proclamations, orders in council, ordinances, by-laws and determinations issued under that statute;
- (f) a reference to a person includes that person's executors, administrators, successors, substitutes (including, without limitation, persons taking by novation) and permitted assigns;
- (g) a reference to a document or a provision of a document includes an amendment or supplement to, or replacement or novation of, that document or that provision of that document;
- (h) an event which is required under this licence to occur on or by a stipulated day which is not a **business day** may occur on or by the next business day; and
- (i) a reference to a person includes that person's executors, administrators, successors, substitutes (including, without limitation, persons taking by novation) and permitted assigns.

## ANNEXURE

### ***Part A – Retail Services***

Provision of ***sewerage services*** within the boundaries of Adelaide Hills Council. Specifically, the operation of Community Wastewater Management Systems and associated infrastructure at Birdwood-Mt Torrens, Kersbrook, Woodside, Charleston, Verdun and Stirling.

### ***Part B – Customers***

***Residential*** and ***non-residential*** customers.

**ADELAIDE HILLS COUNCIL  
AUDIT COMMITTEE MEETING  
Monday 15 November 2021  
AGENDA BUSINESS ITEM**

**Item:** 7.3

**Responsible Officer:** Mike Carey  
Manager Financial Services  
Corporate Services

**Subject:** 2020-21 End of Year Financial Report

**For:** Decision

---

**SUMMARY**

Council is required, pursuant to Regulation 10 of the *Local Government (Financial Management) Regulations 2011* to consider a report showing the audited financial results of the Council for the Statement of Comprehensive Income, Statement of Financial Position and Financial Indicators compared with the estimated financial results set out in the budget presented in a manner consistent with the Model Financial Statements.

This report meets those legislative requirements in relation to Council's financial performance to budget for the 2020-21 financial year.

**RECOMMENDATION**

The Audit Committee resolves:

1. That the report be received and noted
  2. To recommend to Council that the Audited 2020-21 Financial Results compared to Budget contained within this report have been appropriately considered.
- 

**1. GOVERNANCE**

➤ **Strategic Management Plan/Council Policy**

Strategic Plan 2020-24 – A brighter future

Goal 5 A Progressive Organisation

Objective O3 Our organisation is financially sustainable for both current and future generations

Priority O3.1 Ensure the delivery of agreed strategic plan requirements whilst meeting endorsed long term targets for a sustainable operating surplus and level of debt

Objective O5 We are accountable, informed, and make decisions in the best interests of the whole community



- Priority O5.1 Enhance governance structures and systems to prudently adapt to changing circumstances and meet our legislative obligations
- Priority O5.3 Demonstrate accountability through robust corporate planning and reporting that enhances performance, is relevant and easily accessible by the community

The Council is committed to open, participative and transparent decision making and administrative processes. We diligently adhere to legislative requirements to ensure public accountability and exceed those requirements where possible.

Legislation requires Council to review and monitor Council’s Annual Budget with reference to actual results and its overall financial position to ensure Council continues to be financially sustainable.

➤ **Legal Implications**

Sections 124-130 of the *Local Government Act 1999* covering Accounts, financial statements and audit.

Section 140 of the *Local Government Act 1999* - Review of Investments requires Council to at least once in each year, review the performance of its investments.

Regulation 10 of the *Local Government (Financial Management) Regulations 2011* requires that a Council must by no later than 31 December in each year, prepare and consider a report showing the audited financial results of each item shown in the statement of comprehensive income and balance sheet of the budgeted financial statements of the council for the previous financial year compared with the estimated financial results set out in the budget presented in a manner consistent with the Model Financial Statements.

➤ **Risk Management Implications**

Monitoring and reporting on Council’s financial results will assist in mitigating the risk of:

*Inaccurate budgets, unforecasted deficits and inadequate resourcing for current and future activities.*

Inherent Risk	Residual Risk	Target Risk
Medium (4D)	Low (2E)	Low (2E)

Monitoring and reporting on Council’s financial results ensures that financial resources are deployed in areas that align with Council’s Strategic Management Plans, are affordable and support Council’s Long Term Financial Plan.

➤ **Financial and Resource Implications**

In terms of the financial result, even after the one off funding and expenditure elements including the Cudlee Creek bushfire and LCRIP grants are taken into account, the numbers reflect an underlying financially sustainable surplus into the future and strong alignment to the current LTFP. Council will continue to review and monitor future financial results and its financial position in conjunction with LTFP to ensure additional pressures are managed in a sustainable way.

➤ **Customer Service and Community/Cultural Implications**

There is a high expectation that Council has appropriate financial governance processes in place including the review of actual results to budget for a corresponding period.

➤ **Sustainability Implications**

Not applicable.

➤ **Engagement/Consultation conducted in the development of the report**

Consultation on the development of this report was as follows:

*Council Committees:* A 2020-21 End of Year Update Report was presented to the Audit Committee on 16 August 2021 where the preliminary end of year results were presented. Subsequently Council's General Purpose Financial Statements were presented to the Audit Committee on 18 October 2021.

*Council Workshops:* Not Applicable

*Advisory Groups:* Not Applicable

*Administration:* A 2020-21 Preliminary End of Year Financial Results and Carry Forwards report was presented to Council on 24 August 2021. As part of this report all budget holders reviewed the end of year financial position for their respective areas of responsibility to ensure variations were identified, explained, and reviewed by the Executive Leadership Team.

*External Agencies:* Auditors, Galpins Accountants, Advisers and Business Consultants

*Community:* Not Applicable

## 2. **BACKGROUND**

This report provides details of Council's financial performance to budget for the year ended 30 June 2021.

The Statement of Comprehensive Income, Statement of Financial Position and Financial Indicators and associated commentary for 2020-21, are shown as **Appendix 1** to this Report. As the Statement of Comprehensive Income largely focuses on Council's Operating Income and Expenditure, discussion on these items is included in **Appendices 2 & 3** of this report.

In addition, in accordance with Council's *Treasury Policy* and Section 140 of the *Local Government Act 1999*, a council must review the performance of its investments at least annually. Given the timing of this report covering financial performance, it is considered that it is appropriate to also consider annual investment performance at this time.

A 2020-21 End of Financial Year Update Report was presented to the Audit Committee on 16 August 2021 and resulted in a Preliminary End of Year Financial Results and Carry Forwards report being subsequently presented to Council on 24 August 2021.

Council's General Purpose Financial Statements were presented to the Audit Committee on 18 October 2021 and subsequently considered by Council at its meeting on 26 October 2021.



### 3. ANALYSIS

#### Summary of Financial Performance

\$000's	2020-21 Actuals	2020-21 Budget	YTD Variance Fav/(Unfav)
Operating income	52,181	51,314	867
Operating expenditure	49,824	49,816	(8)
<b>Operating Surplus/(Deficit) before Capital</b>	<b>2,357</b>	<b>1,498</b>	<b>859</b>
Capital Income	1,729	5,236	(3,507)
Capital Expenditure	13,195	15,312	2,117
<b>Net expenditure - Capital projects</b>	<b>(11,466)</b>	<b>(10,076)</b>	<b>(1,390)</b>
Depreciation	9,451	9,237	214
Net Lending / (Borrowing) for Financial Year	<b>342</b>	<b>659</b>	<b>(317)</b>

In terms of Council's operating result, Council's Operating Surplus before Capital is \$2.357m which is \$859k favourable to budget. As previously advised, from a budget comparison perspective, the variance largely consists of the following:

- Receipt of 50% of Phase 2 Local Roads & Community Infrastructure Program (LRCIP) Grants totalling \$781k paid early in June 2021.
- Council's result from Equity Accounted Council Businesses was a net gain of \$751k in comparison to a budgeted net gain of \$100k. This movement largely relates to the Adelaide Hills Regional Waste Management Authority which in accordance with Auditor advice, accounted in 2020-21 for the full amount of a successful resolution of a legal claim defended in the Supreme Court in previous years.
- The additional provisioning of remediation and post closure costs of \$320k relating to closed landfills within the Council area which offset the favourable to budget income items identified above.
- An unbudgeted capital work-in-progress (WIP) write-off of \$278k largely relating to salary costs previous held in WIP relating to cleansing of asset data relating to the Confirm asset management system, expenditure on footbridges where the structure was not owned by Council and tidy up of furniture and fittings and minor plant expenditure on the transfer of the asset registers to Confirm.

Further discussion on these items is included in **Appendices 1-3** of the report.

### Overall Capital Result

\$000's	2020-21 Actuals \$'000s	2020-21 Budget \$'000s	Variance Fav/(Unfav) \$'000s	Carry Forwards \$'000s	Variance Adjusted for Carry Forwards \$'000s
Capital Income	1,729	5,236	(3,507)	3,617	110
Capital Expenditure	13,195	15,312	2,117	1,797	320
<b>Net expenditure - Capital projects</b>	<b>(11,466)</b>	<b>(10,076)</b>	<b>(1,390)</b>	<b>1,820</b>	<b>430</b>

Council's final results show a capital spend of \$13.195m against an adjusted budget of \$15.312m. This results in an overall favourable result to budget.

### Statement of Financial Position

\$000s	2020-21 Actuals	2020-21 Budget	Movement
Assets	<b>439,819</b>	437,422	<b>2,397</b>
Liabilities – Borrowings excluding leases	<b>(10,200)</b>	(12,358)	<b>2,158</b>
Other Liabilities	<b>(13,972)</b>	(10,119)	<b>(3,853)</b>
<b>Net Assets (Liabilities)</b>	<b>415,647</b>	<b>414,945</b>	<b>702</b>

The Statement of Financial Position shows the total assets and total liabilities held by Council. As at 30 June 2021, the overall net assets (total assets less total liabilities) held by Council was \$415.6m compared with \$414.9m budgeted, representing a difference of \$702k. The increase in equity for 2020-21 is represented by a Net Surplus of \$3.3m together with an increase in asset valuation of \$7.8m compared to a budgeted Net Surplus of \$5.4m and a revaluation increase of \$5.1m.

Excluding lease liabilities, borrowings at 30 June 2021 were \$10.2m, represented by a fixed term interest only loan of \$5m and a short term drawdown facility drawn down to \$5.2m at year end. This compares with Council's budgeted borrowings at 30 June 2021 of \$12.4m which was based on borrowings at the end of the previous year of \$12.0m and the budgeted net borrowings for the 2020-21 financial year of \$0.4m.

### Cash Flow Position

\$000s	2020-21 Actuals	2020-21 Budget	Movement
Net Flows from Operating	12,612	10,433	2,179
Net Flows from Investing Activities	(10,165)	(10,075)	(89)
New Flows from Financing Activities	(5,528)	(280)	(5,248))
<b>Net Change in Cash Position</b>	<b>(3,081)</b>	<b>78</b>	<b>(3,159)</b>
<b>Cash &amp; Investments</b>	<b>637</b>	<b>454</b>	<b>183</b>
<b>CAD Drawdown</b>	<b>(5,200)</b>	<b>(1,858)</b>	<b>(3,342)</b>
<b>Net Cash Position</b>	<b>(4,563)</b>	<b>(1,404)</b>	<b>(3,159)</b>
<b>Fixed Term Borrowings</b>	<b>(5,000)</b>	<b>(10,500)</b>	<b>5,500</b>
<b>Net Borrowings</b>	<b>(9,563)</b>	<b>(11,904)</b>	<b>2,341</b>

Council generated \$12.6m from its Operating Activities during the financial year compared to a budget of \$10.4m. The variance of \$2.2m relating largely to the additional revenue of \$867k (most significantly Phase 2 of the Local Roads and Community Program grant funding received early) and an increase in Trade and Payables from that budgeted which reflected positively on cash derived from operations.

The Cash Advance Debenture was used to pay off the fixed term loan maturing in June 2021 resulting in a movement from fixed term to variable borrowings at 30 June.

### Annual Investment Performance

In accordance with Council's *Treasury Policy* and Section 140 of the *Local Government Act 1999*, a council must review the performance of its investments at least annually.

Given that Council is utilising its short term drawdown facility throughout the period, Council's investments are kept at a minimum during the year. As such the focus of Treasury Management has been on minimising interest expense and maintaining appropriate working capital rather than investment return.

As a result, interest earnings largely relate to:

- cash balances being transferred to an overnight investment account from Council's general bank account with NAB, and
- where grants and other funds are placed directly with the Local Government Finance Authority (LGFA).

Both the NAB and LGFA investments are in accordance with Council’s *Treasury Policy*.

Year	RBA cash rate for June	LGFA Weighted Average Return	NAB Weighted Average Return	Overall Weighted Average Return	Actuals Investment Earnings	Annual Budget
2016-17	1.50%	1.52%	2.02%	1.77%	\$36k	\$81k
2017-18	1.50%	1.50%	2.00%	1.75%	\$30k	\$34k
2018-19	1.25%	1.48%	1.98%	1.73%	\$41k	\$38k
2019-20	0.25%	0.67%	1.17%	0.92%	\$42k	\$42k
2020-21	0.10%	0.35%	0.65%	0.50%	\$8k	\$9k

As shown in the above table, revenue from investments of \$8 was in line with the budget for the 2020-21 financial year.

The audited financial statements included an additional amount of \$14k under Investment Income in relation to unwinding of premiums and discounts in relation to Council’s remediation and post closure costs.

The fixed and variable interest rate borrowings as at 30 June 2021 totalled \$5m and \$5.2m respectively resulting in the fixed and variable rate portions of total borrowings at 49% and 51% respectively. The fixed rate borrowing consist of a \$5m loan borrowed for ten years (maturing June 2024) which has reduced Council’s capacity to maintain a balance of fixed and variable loans. Council also repaid a \$5m fixed term loan in June 2021 and this has provided increased flexibility to consider the appropriate balance between variable and fixed term borrowings in the future.

#### 4. OPTIONS

The Committee has the following options:

- I. To receive and note this report and recommend to Council that the Audited 2020-21 Financial Results compared to Budget have been appropriately considered (Recommended).
- II. To make additional comments or suggestions to Administration to consider prior to presenting the Audited 2020-21 Financial Results compared to Budget to Council.

#### 5. APPENDICES

- (1) Audited 2020-21 Financial Results Compared to Budget
- (2) Operating Income
- (3) Operating Expenditure

---

# **Appendix 1**

*Audited 2020-21 Financial Results Compared to Budget*

---

## Adelaide Hills Council

### Statement of Comprehensive Income

for the year ended 30 June 2021

\$ '000	2020-21 Actuals	2020-21 Budget	Variance	Note
<b>Income</b>				
Rates Revenues	40,110	40,231	(121)	
Statutory Charges	1,489	1,428	61	
User Charges	705	704	1	
Grants, Subsidies and Contributions	8,219	8,104	115	
Investment Income	22	9	13	
Reimbursements	235	231	4	
Other Income	637	507	130	
Net Gain - Equity Accounted Council Businesses	764	100	664	
<b>Total Income</b>	<b>52,181</b>	<b>51,314</b>	<b>867</b>	<b>A</b>
<b>Expenses</b>				
Employee Costs	18,644	18,416	(228)	
Materials, Contracts & Other Expenses	21,101	21,498	397	
Depreciation, Amortisation & Impairment	9,451	9,237	(214)	
Finance Costs	615	665	50	
Net loss - Equity Accounted Council Businesses	13	-	(13)	
<b>Total Expenses</b>	<b>49,824</b>	<b>49,816</b>	<b>(8)</b>	<b>B</b>
<b>Operating Surplus / (Deficit)</b>	<b>2,357</b>	<b>1,498</b>	<b>859</b>	
Asset Disposal & Fair Value Adjustments	(2,045)	780	(2,825)	<b>C</b>
Amounts Received Specifically for New or Upgraded Assets	1,108	3,104	(1,996)	<b>D</b>
Physical Resources Received Free of Charge	1,884	-	1,884	<b>E</b>
<b>Net Surplus / (Deficit) <sup>1</sup></b>	<b>3,304</b>	<b>5,383</b>	<b>(2,078)</b>	
<b>Other Comprehensive Income</b>				
<i>Amounts which will not be reclassified subsequently to operating result</i>				
Changes in Revaluation Surplus - I,PP&E	7,811	5,130	2,681	<b>F</b>
Share of Other Comprehensive Income - Equity Accounted Council Businesses	31	-	31	<b>G</b>
Other Equity Adjustments - Equity Accounted Council Businesses	69	-	69	<b>G</b>
<b>Total Other Comprehensive Income</b>	<b>7,911</b>	<b>5,130</b>	<b>2,781</b>	
<b>Total Comprehensive Income</b>	<b>11,215</b>	<b>10,513</b>	<b>703</b>	

Note	Comments - Statement of Comprehensive Income
<b>A</b>	Refer to Attachment 2 - Operating Income
<b>B</b>	Refer to Attachment 3 - Operating Expenditure
<b>C</b>	Council does not budget for the impairment of assets or write-down of asset values relating to the capitalisation of assets and subsequent disposal of the renewed asset. The amount budgeted related to the sale of the Bridgewater Retirement Village which did not occur in the 20-21 financial year as disclosed in Note 21 of the Financial Statements
<b>D</b>	Variance largely relates to the carry forward of \$2.197m of 2020-21 budgeted Capital Grants to 2021-22 in line with Accounting Standards
<b>E</b>	Council received contributed assets in relation to infrastructure assets from the Hamilton Hill Development. These contributions are not budgeted for.
<b>F</b>	The increase in valuation was largely driven by Kerb & Gutter and Stormwater in 2020-21 noting that for budget purposes a nominal amount of \$5m for revaluations is budgeted for.
<b>G</b>	These relate to end of year adjustments. Council does not budget for these amounts

Adelaide Hills Council  
Statement of Financial Position  
as at 30 June 2021

\$ '000	2020-21 Actuals	2020-21 Budget	Variance	Note
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and Cash Equivalents	637	454	183	A
Trade & Other Receivables	3,225	2,761	464	A
Inventories	23	18	5	
<b>Total Current Assets</b>	<b>3,885</b>	<b>3,233</b>	<b>652</b>	
<b>Non-Current Assets</b>				
Equity Accounted Investments in Council Businesses	2,342	1,591	751	
Infrastructure, Property, Plant & Equipment	433,592	432,598	994	B
<b>Total Non-Current Assets</b>	<b>435,934</b>	<b>434,189</b>	<b>1,745</b>	
<b>TOTAL ASSETS</b>	<b>439,819</b>	<b>437,422</b>	<b>2,397</b>	
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Trade & Other Payables	7,734	4,472	(3,262)	A
Borrowings	5,523	2,643	(2,880)	A
Provisions	3,963	3,388	(575)	C
<b>Total Current Liabilities</b>	<b>17,220</b>	<b>10,503</b>	<b>(6,717)</b>	
<b>Non-Current Liabilities</b>				
Borrowings	5,425	10,446	5,021	A
Provisions	1,527	1,528	1	C
<b>Total Non-Current Liabilities</b>	<b>6,952</b>	<b>11,974</b>	<b>5,022</b>	
<b>TOTAL LIABILITIES</b>	<b>24,172</b>	<b>22,477</b>	<b>(1,695)</b>	
<b>Net Assets</b>	<b>415,647</b>	<b>414,945</b>	<b>702</b>	
<b>EQUITY</b>				
Accumulated Surplus	142,182	144,028	(1,846)	
Asset Revaluation Reserves	273,017	270,336	2,681	B
Other Reserves	448	581	(133)	
<b>Total Council Equity</b>	<b>415,647</b>	<b>414,945</b>	<b>702</b>	

Note	Comment - Statement of Financial Position
A	Overall, Council's net working capital result was unfavourable to budget for the year by \$500k largely as a result of delays in the recording of capital funding, impacting on trade payables and short term borrowings compared to budget.
B	The overall balance is similar to budget as a result of annual revaluation of Infrastructure Assets increasing by \$3m more than budgeted offset by a number of projects not being completed by year end and requiring a carry forward to the 2021-22 financial year.
C	Provisions have increased by nearly \$600k overall more than budget. Of this Employee Entitlements increased by just \$300k more than budget with a similar increase over budget in the provisioning of remediation and post closure costs relating to closed landfills within the Council area. Movement in provisions are not budgeted for.

# Adelaide Hills Council

## Financial Indicators

as at 30 June 2021

\$ '000	2020-21 Amounts	2020-21 Actuals	2020-21 Budget	Variance	Note
---------	--------------------	--------------------	-------------------	----------	------

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.

### 1. Operating Surplus Ratio

<u>Operating Surplus</u>	2,357	4.5%	2.9%	1.6%	A
Total Operating Revenue	52,181				

*This ratio expresses the operating surplus as a percentage of total operating revenue.*

#### 1a. Adjusted Operating Surplus Ratio

<u>Operating Surplus</u>	2,768	5.3%	2.9%	2.4%	A
Total Operating Revenue	52,592				

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. The Adjusted Operating Surplus Ratio adjusts for the resulting distortion in the disclosed operating result for each year.

### 2. Net Financial Liabilities Ratio

<u>Net Financial Liabilities</u>	20,310	38.9%	37.5%	(1.4%)	B
Total Operating Revenue	52,181				

*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.*

### 3. Asset Renewal Funding Ratio

<u>Asset Renewals</u>	7,823	84.9%	105.8%	(20.9%)	C
Infrastructure & Asset Management Plan required expenditure	9,212				

*Asset renewals expenditure is defined as capital expenditure or the renewal and replacement of existing assets, and excludes new capital expenditure on the acquisition of additional assets.*

Note	Comment - Financial Indicators
A	There are a number of one off items including Cudlee Creek Bushfire grant and Local Roads and Community Infrastructure Program funding and a better than budgeted equity result from Council's subsidiaries which offset additional provisioning of remediation and post closure costs and had a positive financial impact on the ratio for 2020-21.
B	Council's net financial liabilities result was similar to the 2020-21 budget.
C	The carry forward of renewal expenditure to the 2021-22 financial year and savings occurred across the capital works program had an impact on the Asset Renewal Funding Ratio compared to Budget



---

# **Appendix 2**

*Operating Income*

---

<b>Operating Income compared to Budget - Favourable to Budget</b>			
<b>\$ '000</b>	<b>2020-21 Actuals</b>	<b>2020-21 Budget</b>	<b>Variance Fav/(Unfav)</b>
<b>Income</b>			
Rates Revenues	40,110	40,231	(121)
Statutory Charges	1,489	1,428	61
User Charges	705	704	1
Grants, Subsidies and Contributions	8,219	8,104	115
Investment Income	22	9	13
Reimbursements	235	231	4
Other Income	637	507	130
Net Gain - Equity Accounted Council Businesses	764	100	664
<b>Total Income</b>	<b>52,181</b>	<b>51,314</b>	<b>867</b>
<p>Income is favourable by \$867k (1.7%) compared to budget.</p> <p>Rate Income was less than budgeted, partly as a result of providing for amounts outstanding in the order of \$65k in relation to properties where rate notices had been unable to be delivered for many years. In addition, Council did not recover any rate charges relating to rate debt collection costs during 20-21 under an agreed strategy for Council not to carry out any proactive debt collection during Covid. This was budgeted at \$58k for the year.</p> <p>For Statutory Income, favourable variances occurred in Development Act fees (\$22k), Animal Management Fees (\$18k), Septic Tank inspections fees (\$13k) and Property Searches of \$7k.</p> <p>For Grants &amp; Contributions the favourable variance of \$115k largely relates to early receipt of 50% of Phase 2 funding for Local Roads &amp; Community Infrastructure Program (LRCIP) Grants totalling \$781k offset by \$653k of operating grant funding carried forward to 2021-22 and accounted for in that year.</p> <p>Other income was favourable to budget in relation to an unbudgeted insurance recoveries of \$94k relating to the Cudlee Creek Bushfire as well as the other favourable sundry income spread across a number of activities.</p> <p>The Equity Accounted Council Businesses showed a net gain of \$764k compared to a budget of \$100k. This variance largely relates to the Adelaide Hills Regional Waste Management Authority which in accordance with audit advice, accounted in 2020-21 for the full amount of a successful resolution of a legal claim defended in the Supreme Court in previous years.</p>			

---

# **Appendix 3**

*Operating Expenditure*

---

### Operating Expenditure compared to Budget - Unfavourable to Budget

	2020-21 Actuals	2020-21 Budget	Variance Fav/(Unfav)
<b>Expenses</b>			
Employee Costs	18,644	18,416	(228)
Materials, Contracts & Other Expenses	21,101	21,498	397
Depreciation, Amortisation & Impairment	9,451	9,237	(214)
Finance Costs	615	665	51
Net loss - Equity Accounted Council Businesses	13	-	(13)
<b>Total Expenses</b>	<b>49,824</b>	<b>49,816</b>	<b>(8)</b>

A minor unfavourable expenditure variance has occurred for the year.

For employee costs, the unfavourable variance is a result of the increase in leave provisions over budget of \$284k, offset by a number of favourable variances realised as a result of vacancies across the organisation.

The favourable variance from budget within Materials, Contracts & Other Expenses was largely as a result of:

- Not expending grant related expenditure of \$360k subsequently carried forward to the 2021-22 financial year
- delays in progressing operating initiative expenditure budgeted at \$253k which was also subsequently carried forward to 2021-22. The major item related to \$150k of tree management expenditure linked to the bushfire recovery
- lease payments in the order of \$358k relating to right of use assets for property and IT equipment budgeted under this category, but accounted for in accordance with accounting standards under depreciation and finance costs as part of year end adjustments
- rate debt collection costs were not incurred during 20-21 under an agreed strategy for Council not to carry out any proactive debt collection during Covid. This was budgeted at \$58k for the year.
- various other budget savings across a number of cost categories including water \$30k and electricity \$18k

These favourable variances were offset by:

- additional provisioning of remediation and post closure costs of \$320k relating to closed landfills within the Council area
- the capital work-in-progress (WIP) writeoff of \$278k, largely relating to salary costs previous held in WIP relating to cleansing of asset data relating to the Confirm asset management system

In relation to depreciation, actual expenditure included unbudgeted depreciation of right of use assets of \$341k as discussed above offset by slightly less than anticipated depreciation in relation to other asset categories.

Borrowings were less for the year resulting in finance costs being less than anticipated and showing a favourable variance to budget for the financial year.

The loss of \$13k from Council's Equity Accounted Council Businesses resulted from Gawler River Floodplain Management Authority, as depreciation is not cash funded. Adelaide Hill's share of this subsidiary's operating result is 4.5% for the year ended 30 June 2021.

**ADELAIDE HILLS COUNCIL  
AUDIT COMMITTEE MEETING  
Monday 15 November 2021  
AGENDA BUSINESS ITEM**

**Item:** 7.4

**Responsible Officer:** Kira-marie Laverty  
Corporate Planning & Performance Coordinator  
Office of the Chief Executive

**Subject:** Draft 2020-21 Annual Report

**For:** Decision

---

**SUMMARY**

Section 131 of the *Local Government Act 1999* (the Act) requires councils to prepare and adopt an Annual Report by 30 November. The Annual Report is the primary mechanism for summarising the 2020-21 financial year achievements against Council's *Strategic Plan 2020-24 – A brighter future*, and 2020-21 Annual Business Plan and Budget.

The purpose of this report is to provide the draft *2020-21 Annual Report (Appendix 1)* to Audit Committee for review in its capacity as advisors to Council on the report's adequacy of meeting its legislative requirements.

**RECOMMENDATION**

The Audit Committee resolves:

1. That the report be received and noted
  2. To advise Council that the Committee has reviewed the *Draft 2020-21 Annual Report*, as contained in *Appendix 1*, in terms of the reports adequacy in meeting its legislative requirements.
  3. That, on the basis of the Committee's review, to recommend the Annual Report to Council for adoption.
- 

**1. GOVERNANCE**

➤ **Strategic Management Plan/Functional Strategy/Council Policy Alignment**

*Strategic Plan 2020-24 – A brighter future*

Goal A progressive Organisation

Objective O5 We are accountable, informed, and make decisions in the best interests of the whole community

Priority O5.3 Demonstrate accountability through robust corporate planning and reporting that enhances performance, is relevant and easily accessible by the community

The production of the Annual Report is fundamental to demonstrating the transparency and accountability of local government.

➤ **Legal Implications**

Section 131 of the *Local Government Act 1999* (the Act) requires councils to produce Annual Reports. It must be prepared and adopted by the Council by 30 November. This section focuses on the timing and distribution of the report.

Schedule 4 of the Act and associated Regulations set out the material that must be contained in the Annual Report. An extract of schedule 4 has been included in **Appendix 2** to highlight the alignment to the sections of the draft *2020-21 Annual Report*.

Regulation 35 of the *Local Government (General) Regulations 2013* (the Regulations) sets out the required elements needed for the report on confidentiality orders under Section 90(2) and 91(7) of the Act. These requirements have been addressed with a report included within the “Our Governance” section of the draft Annual Report.

➤ **Risk Management Implications**

The review of the draft Annual Report will assist in mitigating the risk of non-compliance with statutory requirements leading to a loss of confidence in the Council.

Inherent Risk	Residual Risk	Target Risk
High (4C)	Medium (3C)	Medium

➤ **Financial and Resource Implications**

There are no financial implications arising from considering the draft Annual Report.

Production of the annual report has involved mainly existing staff resources and the printing of a small number of hard copies. Small external costs are associated with design of the final copy.

➤ **Customer Service and Community/Cultural Implications**

The Annual Report contains information of the provision of services and facilities to the Adelaide Hills community in the financial year. It also provides an overview of performance against targets including for Council’s Customer Service Standards. It highlights potential areas for improvement in addition to those performing well.

➤ **Sustainability Implications**

The Council’s sustainability (financial, social and environmental) is reflected within the statistics and results discussed within the Annual Report.

➤ **Engagement/Consultation conducted in the development of the report**

Consultation on the development of this report was as follows:

*Council Committees:* Audit Committee were presented with the Audited Financial Statements which are included as Appendix 1 of the Annual Report, at their 18 October 2021 Meeting

*Council Workshops:* Not Applicable

*Advisory Groups:* Not Applicable

*External Agencies:* Annual reports were supplied by all Council Subsidiaries: Adelaide Hills Region Waste Management Authority; East Waste Management Authority; Gawler River Floodplain Management Authority; and Southern & Hills Local Government Association

*Community:* Engagement with the community is not applicable for the development of the Annual Report. However, the Annual Report itself, once finalised, is one way of communicating key achievements and Council performance to the community.

**2. BACKGROUND**

The draft *2020-21 Annual Report* has been prepared with an emphasis on reporting achievements against the Council's *Strategic Plan 2020-24 – A brighter future* and *2020-21 Annual Business Plan*. The financial statements are also included as Appendix 1 of the draft 2020-21 Annual Report.

The role of the Audit Committee, pursuant to its Terms of Reference, is to:

*3.1.1 (part) Review and provide advice to Council on the degree to which the annual financial statements present fairly the state of affairs of the Council*

*3.1.2 The committee shall monitor the integrity of the financial statements of the Council, including its annual report, reviewing significant financial reporting issues and judgements which they contain.*

The Audit Committee considered the draft financial statements per their terms of reference at its meeting on 18 October 2021.

### 7.1. General Purpose Financial Statements

The Audit Committee met with the auditor, Tim Muhlhausler, without management present, to discuss the external auditor's report and any issues arising from the audit.

Moved Peter Brass  
S/- Natalie Johnston

AC 47/21

The Audit Committee resolves:

1. That the report be received and noted.
2. That in accordance with Section 126(4)(a) of the *Local Government (Financial Management) Regulations 1999*, the Audit Committee advises Council that it has reviewed:
  - a. the General Purpose Financial Statements of the Council for the financial year ended 30 June 2021 as contained in Appendix 1, and
  - b. the External Auditor Galpins' Audit Clearance Report as contained in Appendix 2,and is satisfied that the 2020-21 financial statements present fairly the state of affairs of the Council.
3. To recommend that the Adelaide Hills Council 2020-21 General Purpose Financial Statements, contained in Appendix 1, be certified by the Chief Executive Officer and the Mayor.
4. To note the confirmation of Galpins' Auditor Independence Statement provided at Appendix 3.
5. To recommend that the Certification of Auditor Independence statement contained in Appendix 4 be certified by the Chief Executive Officer and the Presiding Member of the Audit Committee in accordance with the requirements of Regulation 22(3) of the *Local Government (Financial Management) Regulations 2011*.

Carried Unanimously
---------------------

### 3. ANALYSIS

The draft Annual Report, contained in **Appendix 1**, provides an overview of Council's achievements and activities during the reporting year.

The Report provides a summary of achievements against the goals and objectives set out in Council's *Strategic Plan 2020-24 – A brighter future* and *2020-21 Annual Business Plan*. It also contains highlights and statistics of other activities of note.

Much of the additional content in the Annual Report addresses statutory requirements, particularly those set out in Schedule 4 of the Act and Regulation 35 of the *Local Government (General) Regulations 2013* (the Regulations). The requirements related to Regulation 35 is addressed in the "Our Governance" section of the draft Annual Report. **Appendix 2** provides an extract of Schedule 4 and highlights which sections of the draft Annual Report address the requirements.

The financial statements previously reviewed by Audit Committee will be included as Appendix 1 within the final Annual Report.



Council's regional subsidiaries Annual Reports are available upon request and will be included as Appendix 2 within the final Annual Report.

The draft content presented in **Appendix 1** differs from the final draft that will be presented to Council in the following ways:

- The Mayor's message will be included in the final draft
- Some elements of the report will be changed to include more photos and other visual designs. Also some tables of data will be presented as infographics.

This missing information will not influence any of the elements that Audit Committee need in order to determine the Report's compliance against the legislative requirements.

#### 4. **OPTIONS**

The Committee has the following options:

- I. To advise Council that the Committee has reviewed the draft *2020-21 Annual Report*, as contained in **Appendix 1**, in terms of the reports adequacy in meeting its legislative requirements and recommend it for adoption. (Recommended)
- II. To recommend amendments to any/all of the draft *2020-21 Annual Report* to Council prior to adoption.
- III. To not recommend the Draft *2020-21 Annual Report* to Council for adoption. (Not Recommended)

#### 5. **APPENDICES**

- (1) Draft 2020-21 Annual Report
- (2) Annual report compliance to Schedule 4 of the Act

---

# **Appendix 1**

*Draft 2020-21 Annual Report*

---



# 2020-21 Annual Report



## Welcome

This is our Annual Report for 2020-21 which provides an account of our performance over the financial year 1 July 2020 to 30 June 2021 and highlights our achievements against the goals we set in our *Strategic Plan 2020-24 – A Brighter Future* and *Annual Business Plan 2020-21*. The Annual Report meets the requirements of the *Local Government Act 1999*, and is provided for our ratepayers, residents, business operators, visitors, government agencies and other interested parties

## Contents

3	From the Mayor	24	Our focus in 2021-22
3	From the Chief Executive Officer	25	Our Governance
4	About us	40	Appendix 1: Financial Statements
	Our District	41	Appendix 2: Subsidiary Annual Reports
	Our Elected Council		• <i>East Waste Management Authority</i>
	Our Organisation		• <i>Gawler River Floodplain Management Authority</i>
7	Our 2020-21 Performance Highlights		• <i>Southern and Hills Local Government Association</i>
	Financial Performance Highlights		• <i>Adelaide Hills Region Waste Management Authority</i>
	2020-21 Capital Works Program		
	Customer Service Standards		
	Our Events	42	Appendix 3: Our Strategic Plan – Goals, Objectives and Priorities.
12	Delivering on our Plans		
	Goal 1: A functional Built Environment		
	Goal 2: Community Wellbeing		
	Goal 3: A prosperous Economy		
	Goal 4: A valued Natural Environment		
	Goal 5: A progressive Organisation		

*Council acknowledges that we undertake our business on the traditional lands and waters of the Peramangk and Kurna people.*

*We pay our respects to Elders past, present and emerging as the Custodians of this ancient and beautiful land.*

An online version of this Annual Report can be downloaded at [ahc.sa.gov.au](http://ahc.sa.gov.au) or request a copy by contacting us:

**(08) 8408 0400**  
**[mail@ahc.sa.gov.au](mailto:mail@ahc.sa.gov.au)**  
**PO Box 44, Woodside SA 5244**

We welcome your feedback on this Report or any other Council matter.

ISBN XXX-X-XXX-XXXXX-X

*Cover photo: Guests at Festival of the Hills, Strum & Stroll, at Fabrik Arts + Heritage Lobethal. Credit: Darren Clements.*



## From the Mayor

Draft in Progress

## From the CEO

Over the past year, Council's Administration has worked closely with the elected Council in supporting our community and overcoming the continued challenges we faced related to the bushfires and impacts of the global COVID-19 pandemic. I couldn't be prouder of staff for the way they applied flexibility and innovation in continuing to deliver services to our community during these challenging times.

Council's Incident Management Team and Emergency Operations Centre were activated again this year in response to the Cherry Gardens Bushfire to support the emergency services and community. Thankfully this bushfire was much smaller than the 2019 Cudlee Creek Bushfire, but it acts as a reminder of the significant impacts to our affected community and the important part we all play in planning for and managing bushfire risk.

Bushfire mitigation activities completed by Council include the Road Reserves Annual Maintenance Program; Bushfire Management Area Plans asset inspections; fire track maintenance; completion of over 10,000 property inspections, and issuing over 500 clear up notices to private properties.

Financial sustainability underpins everything we do and enables Council to deliver both essential services and a \$13.2 million capital works program which included renewal of over 30km of roads and 2.3km of footpaths, upgrades to community hall facilities, three play space upgrades and installation of 132 kilowatt of solar systems.

Council successfully secured \$8.2 million in grant funding, much of it supporting community, environment and economic recovery.

Our people have adapted and excelled in this challenging year, changing to more digital based work methods with the added benefit of reducing paper use. Staff continued implementation of the Skytrust system for improved access to staff resource information (including that relating to risks and safety), and expanded use of field management devices to improve efficiency and service.

I acknowledge our Council Members, staff, volunteers and all our many partners who have contributed so much to our region, and who I know will continue to care for and support each other well into the future.

## Our District

Demographic Infographic will be included after finished from design. Mirrors the infographic in the 2021-22 Annual Business Plan.

## Our Elected Council



**Mayor**

Dr Jan-Claire Wisdom



**Deputy Mayor**

Cr Nathan Daniell  
*(Ranges Ward)*



Cr Ian Bailey  
*(Ranges Ward)*



Cr Kirrilee Boyd  
*(Ranges Ward)*



Cr Pauline Gill  
*(Valleys Ward)*



Cr Chris Grant  
*(Valleys Ward)*



Cr Linda Green  
*(Valleys Ward)*



Cr Malcolm Herrmann  
*(Valleys Ward)*



Cr John Kemp  
*(Ranges Ward)*



Cr Leith Mudge  
*(Ranges Ward)*



Cr Mark Osterstock  
*(Ranges Ward)*



Cr Kirsty Parkin  
*(Ranges Ward)*



Cr Andrew Stratford  
*(Valleys Ward)*

## Council and Committees

The Elected Council's role is to provide for the governance and management of the Council area. It does this through:

- representing the interests of the community,
- providing and coordinating public services and facilities,
- encouraging and developing initiatives to improve the community's quality of life, and
- undertaking its responsibilities and functions as prescribed in legislation and strategic management plans.

A number of committees have been established in accordance with legislation to assist the Council to discharge its responsibilities in specific areas. These are the Audit Committee, the Chief Executive Officer Performance Review Panel (CEOPRP), the Council Assessment Panel (CAP), the Building Fire Safety Committee and the Health & Safety Committee.

## Our Organisation

### Administration

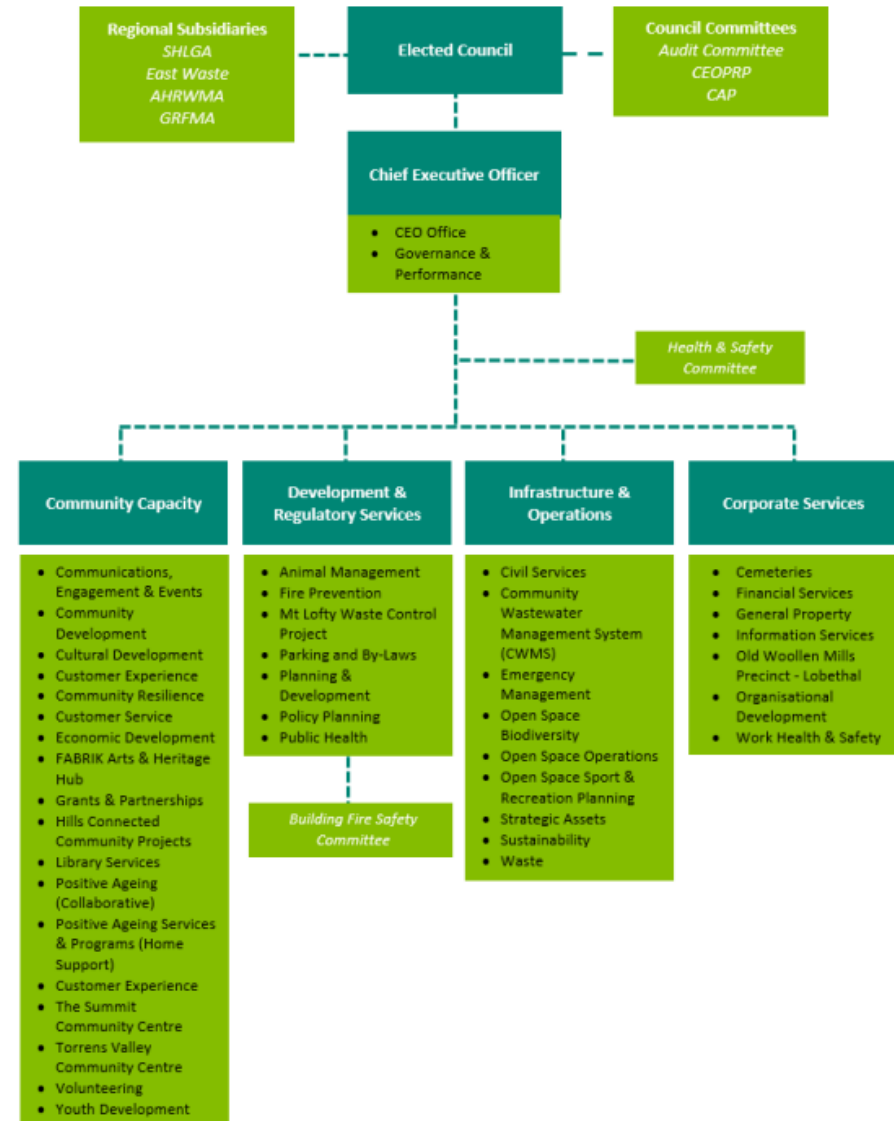
The Council's Administration is led by a Chief Executive Officer appointed by the Council.

The Chief Executive Officer appoints staff to carry out the functions and duties delegated to them and to implement Council decisions. The Administration is organised into directorates (see diagram), each with a specific area of focus and functional responsibilities. The arrangement of the directorates provides for the separation of the regulatory activities (into the Development & Regulatory Services Directorate) from the other activities of the Council.

### Regional Subsidiaries

Council is a member of four regional subsidiaries which assist in strategic planning and service delivery activities. The subsidiaries are the:

- Southern and Hills Local Government Association (SHLGA)
- Eastern Waste Management Authority (East Waste)
- Adelaide Hills Region Waste Management Authority (AHRWMA), and
- Gawler River Floodplain Management Authority (GRFMA).





## Our 2020-21 Performance Highlights

Infographic currently in design with the following statistics:

Topic/section	Statistic
Aged home support	Transport trips = 2500 Hours of social support = 18,500 Hours of home support = 6,900
Community programs and events	Attendees at fabrik events and programs = 6,097 7,654 participants in community centre activities
Community online engagements	No of online engagement campaigns = 35 No of project page views = 13,500 Website visitors = 468,725 (3.98% increase) 43% of website visitors clicked on a social media link. Electronic newsletter subscribers= <ul style="list-style-type: none"> <li>• Libraries = 11,830 (60.5% growth)</li> <li>• Business = 7,737 (12.82% growth)</li> <li>• Hills Voice = 2,634 (17.07% growth)</li> </ul> <p>Overall growth in digital engagement = 35% increase</p>
Economy	Day trips taken = 1.15mill
Average no of volunteers	Volunteer hours = 14,206 No of volunteers = 168
Cultural diversity	13 activities or programs offered across the Community Centres and Libraries that celebrated Cultural diversity.
Library stats	Physical visits = 185,605 Physical loans – 672,582 Digital loans = eBook 88,883; eAudiobook 58,521; eMagazines 366,230
Council decisions	95.7% of all Council decisions were made in meetings open to the public
Animal management	Dogs registered: 8715 Cats registered: 434
Biodiversity	No of bush for life sites 28 Volunteers hours 3,033 \$515,825 in Grants won for Biodiversity projects
Waste	51.73% of waste collected was diverted from landfill as recyclable material 27 waste education sessions held
Bushfire inspections	10,891 inspections completed

Recycled water	Used 59,000 ML of recycled water
Solar power/panels	132 kW installed across Council properties

## Financial Performance Highlights

Infographic in design with the following information:

Topic/section	Statistic
Operating Income (\$'000)	Total = 52.181m Rates income = 40.110m Grants income = 8.219m Other = 3.852m
Operating Expenditure (\$'000)	Total = 49.824m Employee costs = 18.644m Materials, contracts & other expenses = 21.101m Depreciation = 9.451m Other = 628k
Capital expenditure (\$'000)	Total = 13.195m Renewal = 7.823m New or upgrade = 5.372m
Expenditure highlights	Libraries = \$1.9m Civil services = \$5.2m Bushfire recovery = \$2.0m Waste & recycling = \$5.3m Community, cultural & youth development Biodiversity & sustainability = \$779k Aged care support = \$1.2m Open space – operations = \$5.4m Animal management = \$440k Property management = \$1.7m Planning & development = \$2.2m Economic development = \$541k

## Capital Works Program

Infographic in design with the following statistics:

Topic/section	Highlights – What did we deliver?
Road works \$5.5m	<ul style="list-style-type: none"> <li>Renewed 10.6km of sealed roads (over 44 roads)</li> <li>Renewed 23km of unsealed roads (over 28 roads)</li> </ul>
Footpaths \$858k	<ul style="list-style-type: none"> <li>11 new footpaths constructed</li> <li>16 existing footpaths were renewed totaling 2.3km, including Kidney St, Uraidla and William St, Woodside.</li> </ul>
Storm Water \$717k	<ul style="list-style-type: none"> <li>New Stormwater infrastructure completed at intersection of Glebe, Kurla and Junction Rds, Balhannah, Lower Hermitage Rd, Lower Hermitage, and woodland Way, Teringie.</li> </ul>
Buildings \$1.8m	<ul style="list-style-type: none"> <li>installation of solar systems on The Summit Community Centre, Woodside Offices, Positive Ageing Centre, Stirling Library and Heathfield Depot</li> <li>Upgrade of Crafers Hall including new toilets</li> <li>Upgrade and /or new public toilets at Lobethal Centennial Hall, Woodside institute and Stonehenge Reserve</li> <li>completion of salt damp remediation works at Montacute Institute</li> </ul>
CWMS \$ 540k	<ul style="list-style-type: none"> <li>Finalised pipe capacity upgrades in the Woodside township through the recreation grounds.</li> <li>Upgraded pump station and control panel at Woodside to improve operational performance and reduce noise pollution.</li> </ul>

Sport and Recreation \$1m	<ul style="list-style-type: none"> <li>3 playspaces upgraded at Mount Torrens Oval, Charleston &amp; Kersbrook Oval.</li> </ul>
Other capital projects \$2.8m	<ul style="list-style-type: none"> <li>4 Federally funded road blackspot projects completed at Checker Hill Road, Martin Hill Road, Ironbank Road, Ironbank and Ridge Road, Mylor</li> <li>2 new bus shelters built and 2 bus shelters renewed</li> </ul>

## Customer Service Standards

Topic/section	Statistic
Incoming calls	Volume: 40900 Percent answered in 30 sec: 71%
Customer details updated	Volume: 377 Percentage updated within 5 days: 98%
New event applications	Volume: 7 Percent acknowledged within 5 days of receipt: 100%
Illegal burning complaints	No of complaints: 47 % investigated within 24hours: 94%
Public Health complaints	Volume: 2 % investigated and responded within 24 hours: 50%
Illegally dumped rubbish complaints	Volume: 301 % removed within 3 days: 99%
Library purchase requests	Volume: 10 % responses provided within 10 days: 90%
Dog attack reports	Volume: 27

	% responded within 24 hours: 96%
European wasp reports	Volume: 430 % investigated and actioned within 7 days: 100%
Fast track Development applications planning consents granted	Volume Fast track applications received: 56 % approved within 28 days: 95%
Bin repair/replacement requests	Volume: 2176 % actioned within 7 days: 96%
Missed bin complaint	Volume: No missed bin complaints
Footpath, Stormwater and road requests	Volume: 2740 Volume Hazardous repair reported: 2 % Hazardous reports made safe within 24 hours: 100%
Tree and environment requests	Volume: 1930 Volume Hazardous trees reported: 233 % reports made safe within 24 hours: 100%

## Our Events

The Adelaide Hills remains a destination of choice for arts and community events. In 2020-21 we supported 113 community events including markets, local cycling and walking events, music festivals, and the Santos Festival of Cycling, including supporting them through the challenges of responding to the COVID-19 pandemic.

Event	Date/location	Description
Festival of the Hills	Stirling, Lobethal, Oakbank, Woodside, Charleston, Mt Torrens 19-21 February 2021	Festival of the Hills was held for the first time in February 2021, and included an Opening Night Party in Stirling; Strum & Stroll presented by the Guitar Festival and Fabrik Arts and Heritage in Lobethal; and Discover, Play, Bikeway! along the Amy Gillett Bikeway. Discover, Play, Bikeway! included popup music, art, food, and performances along the trail from Oakbank to Mount Torrens.
Santos Festival of Cycling	Birdwood and Lobethal 21-24 January 2021	The Santos Festival of Cycling was a 6-day domestic cycling festival that was held instead of the Santos Tour Down Under in 2021. The event featured one stage in the Adelaide Hills, with the start at the National Motor Museum in Birdwood and finish at Golding Wines in Lobethal. The district put on a show again, winning the Best Dressed Town award.
Gumeracha Medieval Fair	Gumeracha 8-9 May 2021	The Gumeracha Medieval Fair was held again in May 2021, bringing the local community and visitors together for a weekend of medieval fun in Gumeracha.
Local Markets	Various	Markets across the Adelaide Hills are some of the events that have been able to operate in a COVID-19 safe manner. The create excitement for the townships and help to connect the community in what has been a difficult couple of years.

## Delivering on our plans

Our *Strategic Plan 2020-24 – A Brighter Future* was formally adopted in April 2020 with the aspiration of making it easier for our community to prosper while maintaining and enhancing the unique environment, character and liveability of our area.

The Strategic Plan is supported by our Long Term Financial Plan, Infrastructure and Asset Management Plan, and Corporate Plan, all of which are critical to ensuring Council’s long-term sustainability. The following performance information is aligned with our Strategic Plan and the 2020-21 Annual Business Plan (ABP) strategy and goals.

A full list of the Strategic Plan Goals, Objectives and Priorities are listed in *Appendix 3*.

 <b>A functional Built Environment</b>	 <b>Community Wellbeing</b>	 <b>A prosperous Economy</b>	 <b>A valued Natural Environment</b>	 <b>A progressive Organisation</b>
Ensure that all decisions regarding the built environment recognise our unique character and natural environment to maintain and enhance liveability for our community.	An inclusive and prosperous community with the capacity to flourish and fulfil their potential through opportunities to engage, connect, participate and enhance wellbeing.	Our region’s economy is diverse and sustainable with a reputation for quality, niche products, services and experiences underpinned by a culture of creativity and innovation.	The natural environment of the Adelaide Hills contributes significantly to the character of the region and is greatly valued by our local community and visitors.	Council is recognised for its skilled and agile workforce, for its representative and accountable governance, its commitment to cost effectiveness and efficient service delivery.

## Goal 1 - A Functional Built Environment

Our *Strategic Plan 2020-24 – A Brighter Future* sets out our goals, objectives and priorities (listed in full in Appendix 3). As it is a four year plan, not every priority will have an achievement listed against it each year.

### What we have achieved

#### **Objective B1 - Our district is easily accessible for community, our businesses and visitors**

- Drafted and consulted on a new Trails & Cycling Routes Policy that will help prioritise future trail and cycling route projects. *(Priority B1.1)*
- Provided training to Council officers to expand their accessibility considerations for planning in future renewal and upgrades. *(Priority B1.2)*
- Collaborated with numerous Councils and key Agencies to progress the Great Australian Wine Trail Feasibility Report. *(Priority B1.3)*
- Contributed to the Regional Development Australia – Adelaide Hills, Fleurieu and Kangaroo Island workshop for improving people and freight transport across the region. *(Priority B1.4)*
- Constructed 4 new footpaths, and renewed 14 footpaths to modern standards. Spent a further \$40k on footpath maintenance to keep our network accessible and safe. *(Priority B1.5)*

#### **Objective B2 - Preserve and enhance the unique character of the Hills for current and future generations**

- Continued to work with community groups to progress strategic planning for their townships including the Gumeracha Main Street Project, and the potential Uraidla Masterplan for the Main Street and broader township. *(Priority B2.1)*

- Provided Water Sensitive Urban Design training to Council staff to assist in incorporating this into the planning, design and implementation of developments and projects within the region. *(Priority B2.2)*
- Commenced investigations for the Stage 2 Local Heritage Place Code Amendment. *(Priority B2.4)*
- Local Heritage Grant Fund Round 2 reaching completion with a majority of projects receiving Development Approval *(Priority B2.4)*
- Presented the findings from the World Heritage Bid Expert Review to membership councils, State and Commonwealth Government where it was agreed for a collaborative project to be progressed with Adelaide City Council as the lead. *(Priority B2.5)*
- Received 355 development applications for properties affected by the Cudlee Creek and Cherry Gardens Bushfires which included 76 applications for new dwellings. 96.6% received expedited full development approval or planning consent by 30 June. *(Priority B2.6)*

#### **Objective B3 - Consider external influences in our long term asset management and adaptation planning**

- Secured a Local Government Infrastructure Partnership Program grant to design and install a central irrigation system and upgrade irrigation systems at Bradwood Park and Mylor to improve bore water efficiencies. *(Priority B3.3)*
- Installed an additional 132kW of solar panels on key Council facilities including the Coventry Library and Birdwood Community Wastewater Management System facility. *(Priority B3.2)*
- Continued to Participate in the LGA Circular Procurement Pilot which aims to purchase items and materials containing recycled content and reporting on the outcomes. *(Priority B3.3)*
- Progressed the Stirling, Aldgate and Bridgewater Storm water Management Plan in partnership with the Stormwater

Management Authority. Once completed, this will be a key document in adapting our built environment regarding future flood risk. *(Priority B3.4)*

**Objective B4 - Sustainable management of our built assets ensures a safe, functional and well serviced community**

- Audited all play spaces to ensure that they meet appropriate standards. The audit information along with policy positions & usage data assists us to prioritize works to play spaces, courts, ovals & trails. *(Priority B4.1)*

- Drafted the Community & Recreation Facilities Framework based on consultation undertaken with the community and clubs about our sport and recreation facilities, how they are managed and what we could improve. *(Priority B4.3)*
- Completed Road safety blackspot projects at Checker Hill Rd; Martin Hill Rd; Paracombe Rd, Paracombe; Ironbank Rd, Ironbank; and Ridge Rd, Mylor. *(Priority B4.4)*
- Completed drainage infrastructure to reduce flooding at Grevillea way, Woodside; Woodland Way, Teringie; and Aldgate Terrace, Bridgewater.

## Performance Measures

Measure	Target	Strategic objective	Reporting frequency	Actual	Note
<b>CPI-B01</b> - Inspections of footpaths in high priority zones	100%	B1	Quarterly	50%	new field tablet process only operational late in the financial year
<b>CPI-B02</b> - Delivery of capital works program	90%	B1	Annually	94%	
<b>CPI-B03</b> - Compliance inspections completed within 5 business days of development completion notification	80%	B2	Quarterly	71%	
<b>CPI-B04</b> - Compliance inspections completed within 5 business days of notification of alleged unlawful development	80%	B2	Quarterly	87%	
<b>CPI-B05</b> - Comparison of Council's Energy Usage (Kwh) against previous financial year	Less than previous financial year	B3	Annually	2018-19 = 2,393,157 2019-20 = 1,984,080 2020-21 = 1,875,319	
<b>CPI-B06</b> - Tonnes of recycled plastic content in products purchased by Council	25	B3	Annually	24 tonnes	
<b>CPI-B07</b> Operational tasks completed within the Civil Zone Maintenance Program	80%	B4	Quarterly	60%	Result indicates that 60% of operational activities are planned, compared to 40% reactive. Accuracy of result will improve with the broader rollout of confirm asset management software and in field devices.



## Goal 2 – Community wellbeing

Our *Strategic Plan 2020-24 – A Brighter Future* sets out our goals, objectives and priorities (listed in full in Appendix 3). As it is a four year plan, not every priority will have an achievement listed against it each year.

### What we have achieved

#### **Objective C1 - A community for everyone that is inclusive, welcoming and accessible**

- Provided 13 cultural diversity activities and programs across libraries and community centres throughout the year. *(Priority C1.1)*
- Adopted the *Access and Inclusion Plan 2020-24* in January 2021. *(Priority C1.3)*
- Delivered community development programs with a range of priority groups such as older residents, young people, people from culturally diverse backgrounds, and people with disability. *(Priority C1.3)*
- Provided transport assistance in partnership with Mt Barker and Alexandrina Councils for those who are transport disadvantaged for attendance at 1,503 medical appointments. *(Priority C1.4)*
- Provided 2,500 direct transport assistance trips for community members aged over 65 to access social activities and programs. *(Priority C1.4)*
- Utilised the State Government's Guidelines for accessible playspaces to design the Kersbrook, Mount Torrens and Charleston playspace upgrades.

#### **Objective C2 - A connected, engaged and supported community**

- Provided a range of programs and events to encourage community connection with funding support from the State Government. Some examples include Aboriginal campfire storytelling, Book Club, Yoga, Painting, School holiday programs, and Youth programs. *(Priority C2.1)*

- Provided 6,900 hours of home maintenance and domestic assistance, and 18,500 hours of social support to registered clients in the Commonwealth Home Support Program which aims to support people aged over 65 remain independent in their homes and be connected with their community. *(Priority C2.2)*
- Adopted the *Youth Action Plan 2021-24* in December 2020. *(Priority C2.3)*
- Provided programs, activities and events for youth development including the Youth Leadership Program, Youth Week events, school holiday programs, Young Drivers Awareness Course, live music and video gaming events. *(Priority C2.3)*
- Engaged with community to assist in the development of the *Access and Inclusion Plan 2020-24*.

#### **Objective C3 - A community that grows together**

- Continued to provide library and community centre programs and workshops adapting to the limitations of COVID-19 restrictions. These included school holiday programs, Science, Technology, Engineering, Arts and Mathematics (STEAM) programs, digital literacy support, and workshops on other creative, health and educational topics. *(Priority C3.1)*
- Developed a new online induction and training package for volunteers enabling easier entry into volunteering, and supported groups and organisations to recruit and retain volunteers through our Volunteer Connect Program. *(Priority C3.2)*
- Provided grant opportunities and training in applying for grants to support community groups to continue the work that they are passionate about. *(Priority C3.3)*
- Facilitated the Cudlee Creek Recovery Community Reference Group which created community events such as the Build Back Better Workshop and the Your Hall Your Hub series of events, as well as supporting a number of locally led recovery initiatives. *(Priority C3.3)*

- Worked closely with The Hut Community Centre and Mt Barker Community Centre to collaborate in the provision of their centre based and outreach services. *(Priority C3.4)*

## **Objective C4 - An active, healthy, thriving and resilient community**

- Collaborated with Councils in our local Government area to deliver Public Health Plan initiatives. *(Priority C4.1)*
- Provided representation and input to a number of interagency and community meetings related to recovery and support of the community through natural disasters and COVID-19 pandemic. This includes the Cudlee Creek Community Reference Group, the Local Recovery Committee, the Agricultural Landscape Reference Group and the Bushfire Recovery Mental Health Multiagency Coordination Group, as well as working closely with Wellbeing SA and the Australian Red Cross. *(Priority C4.1)*
- Upgraded 3 local playspaces at Mount Torrens Oval, Charleston & Kersbrook Oval. *(Priority C4.2)*
- Facilitated a series of workshops for clubs to help the recover and continue to grow in the changing environment of the COVID-19 pandemic. *(Priority C4.4)*
- Supported a large number of clubs with grant applications, project planning and facility improvements. *(Priority C4.4)*
- Supported 40 recovery related community events, projects and workshops.
- Activated Council's Incident Management Team and Emergency Operations Centre in response to the Cherry Gardens Bushfire in order to support the emergency services and community.
- Commenced the federally funded Community Resilience Program, which is focused on helping people (particularly young people and families) in bushfire risk areas prepare mentally for future disasters.

## **Objective C5 - Respect for Aboriginal culture & values**

- Progressed the development of the *Innovate Reconciliation Action Plan* in consultation with the Adelaide Hills Reconciliation Working Group. *(Priority C5.1)*
- Provided activities celebrating Aboriginal and Torres Strait Islander culture were offered across libraries, community centres and Fabrik including storytelling, exhibitions, weaving, art and craft. *(Priority C5.2)*
- Developed a reconciliation sub-brand to be included on relevant signage and materials

## **Objective C6 - Celebrate our community's unique culture through arts, heritage & events**

- Secured \$3 million in Local Economic Recovery Grant funding for the redevelopment of Fabrik's State heritage listed site. *(Priority C6.1)*
- Collaborated with History SA and former mill workers to develop a plan for the future development of a heritage display celebrating the significant history of the Onkaparinga Woollen Mill. *(Priority C6.1)*
- Supported creative recovery after bushfire by providing workshops, gatherings and an exhibition celebrating the creative activity of the bushfire effected community. *(Priority 6.1)*
- Provided an "Event support program" to educate and support local community groups and event organisers in managing events in the changed COVID-19 environment. 11 groups received funding assistance for their events totaling \$25k. *(Priority 6.2)*
- Presented the Festival of the Hills event in February 2021 which partnered with local businesses, artists and community groups to promote the Arts in our region. *(Priority 6.3)*
- Supported the Arts in our region at Fabrik by exhibiting and selling artwork for 150 artists, and engaging 19 artists to run workshops which were attended by 170 participants. *(Priority 6.3)*
- Adopted the *Arts and Heritage Collection Policy* in July 2020. *(Priority 6.4)*

## Performance Measures

Measure	Target	Strategic objective	Reporting frequency	Actual	Note
<b>CPI-C01</b> - Positive ageing wellbeing score	7 Average	C2	Quarterly	6.7	Communities sense of wellbeing has been impacted by the significant life events of the past 18months including bushfires and COVID-19.
<b>CPI-C02</b> - Community Centre participants who feel better connected to others or community	85%	C2	Bi-annual	91%	
<b>CPI-C03</b> - Community centre participants who would use the knowledge/skills gained in the future	80%	C3	Bi-annual	82%	
<b>CPI-C04</b> - Number of volunteer hours contributed to AHC programs each year	4800	C3	Quarterly	Average 3,551 per quarter.	Impacted by COVID -19 restrictions
<b>CPI-C05</b> - Library visits per capita compared with the state average	25% above state average	C3	Annually	4.64	State average not yet available.
<b>CPI-C06</b> - Library loans per capita compared with the state average	35% above state average	C3	Annually	10.35	State average not yet available.
<b>CPI-C07</b> - Attendance at programs, events and workshops at Fabrik Arts and Heritage Hub	8,000	C6	Annually	6,097	Impacted by COVID-19 restrictions
<b>CPI-C08</b> - Percent of available studio spaces occupied	50	C6	Annually	100%	
<b>CPI-C09</b> - Number of events and programs celebrating cultural diversity	8	C6	Annually	13	

## Goal 3 – A prosperous Economy

Our *Strategic Plan 2020-24 – A Brighter Future* sets out our goals, objectives and priorities (listed in full in Appendix 3). As it is a four year plan, not every priority will have an achievement listed against it each year.

What we have achieved

### **Objective E1 - Support and grow our region's existing and emerging industries**

- Adopted the *Economic Development Plan 2020 – 2024* following significant consultation with the business community, industry groups and other levels of Government.
- Contributed to the development of a “Living in Harmony” campaign to assist interactions between Primary Producers and Non Primary Producer neighbors. *(Priority E1.2)*
- Facilitated connections between Business Support services and Fabrik including the New Enterprise Incentive Scheme and the Circle First Nations Entrepreneur Hub. *(Priority E1.3)*
- Supported 60 Business who attended the “Rethinking Business” workshop event which provided information and advice to support in responding to the impact of bushfires and COVID-19. *(Priority E1.4)*
- Assisted community and business through bushfires and COVID-19 impacts by waiving \$22k of fines and interest and \$13k in outdoor dining permits. *(Priority E1.4)*
- Continued to fund and support key economic development partnerships with Stirling Business Association, Adelaide Hills Tourism and Regional Development Adelaide Hills, Fleurieu and Kangaroo Island. *(Priority E1.5)*

### **Objective E2 - Provide local infrastructure to drive growth and productivity**

- Advocated for our communities with NBN and Regional Development Australia on identifying and addressing internet blackspots and

improvement opportunities across the region. Stirling and Crafers have now been included in an NBN Business Fiber initiative. *(Priority E2.1)*

- Contributed to planning discussions and negotiations with State Government on transport services and infrastructure across the Adelaide Hills. *(Priority E2.1)*
- Communicated the changes and impacts of the revised planning code and creation of the Planning portal. *(Priority E2.3)*
- Updated Council’s Road, Kerb and Footpath Asset Plan to ensure optimum cost delivery of these services to the community over the assets lifetime. *(Priority E2.4)*

### **Objective E3 - Encourage, attract and retain a creative, talented and skilled workforce in our region**

- Provided business advice and information through the quarterly business e-newsletter to our 2,202 subscribers. *(Priority E3.1)*
- Promoted the Department of Innovation and Skills' BizWeek initiatives in April, including specific Adelaide Hills focussed events looking at resilience, insurance, and digital operations. *(Priority E3.1)*
- Assisted Regional Development Australia Adelaide Hills Fleurieu and Kangaroo Island in implementing Workforce Training and Employment Programs. *(Priority E3.2)*
- Coordinated and hosted the final judging in the “Agricultural Town of the Year” awards in which Woodside was one of five finalists. *(Priority E3.3)*
- Promoted business Start Up programs delivered by Adelaide Business Hub. *(Priority E3.4)*

### **E4 - Cultivate a clear, unique and consistent regional identity that can be leveraged to attract national and international attention**

- Collaborated with Adelaide Hills Tourism and Adelaide Hills Wine Region to identify the potential for a regional brand. *(Priority E4.1)*
- Contributed to the implementation of the Festival of the Hills and consulted with local businesses in regards to external events including the Adelaide Rally and Santos Festival of Cycling. *(Priority E4.3)*

## Performance Measures

Measure	Target	Strategic objective	Reporting frequency	Actual	Note
<b>CPI-E01</b> - Net Easy Score of respondents who rated ease of getting assistance from Council as Easy or Very Easy v Difficult or Very Difficult	>0	E1	Every 2 Years	Next survey due in 2020-21	
<b>CPI-E02</b> - Visitor numbers (visitor domestic day trips)	1.2mil	E1	Annually	1.15mill	Results have been impacted by COVID-19 restrictions over this period which have limited events which normally drive tourism
<b>CPI-E03</b> - Average number of days for Building Rules Consents	20 or 60 business days*	E2	Quarterly	19.7 days average	
<b>CPI-E04</b> - Percentage of new development application decisions upheld in Council/CAPs favour under appeal	85%	E2	Quarterly	93.75%	
<b>CPI-E05</b> - Percentage of Planning Consents completed within statutory timeframes	85%	E2	Quarterly	71%	The target was not achieved partly due to transition to the new planning system, and partly due to a focus on completing the oldest applications which continue to skew the results.
<b>CPI-E06</b> - Number of local jobs in AHC area compared to previous financial year	Maintain 2019-20 Financial Year = 11,607	E3	Annually	Data unavailable	

## Goal 4 – A valued Natural Environment

Our *Strategic Plan 2020-24 – A Brighter Future* sets out our goals, objectives and priorities (listed in full in Appendix 3). As it is a four year plan, not every priority will have an achievement listed against it each year.

### What we have achieved

#### ***N1 - Conserve and enhance the regional natural landscape character and amenity values of our region***

- Developed a Long Term Strategic Tree Planting Program to complement our continued enhancement of existing landscapes and maintenance programs. *(Priority N1.1)*
- Combined our open space, cemeteries and playground maintenance programs to improve efficiency in managing these areas. *(Priority N1.2)*
- Supported over 11 volunteer bushcare groups and State Government departments in managing biodiversity on mixed use reserves across the region. *(Priority N1.2)*
- Obtained 9 new heritage agreements for parks and reserves under Council's care and control.

#### ***N2 - Recognise the benefits of ecosystem services and improve environmental resilience by reducing environmental impacts***

- Completed bushcare activities at 62 High value areas of bushland contained within Council reserves and other parcels as part of the Biodiversity Operational Program. *(Priority N2.1)*
- Monitored vegetation at 13 high value reserves, and completed 130 assessments at over 75 Native Vegetation Marker System sites. *(Priority N2.1)*
- Carried out biannual bird monitoring activities at all sites under the Department of Environment and Water "Burning on Private Lands Program" which is highlighting a decline in Woodland bird populations of 45% over 20 years. *(Priority N2.1)*

- Commenced the cat study aimed at better understanding how cats utilize the habitat and which parts of the landscape should be the focus of further management. *(Priority N2.2)*
- Participated in Stringybark dieback research to determine cause and identify emerging threat. *(Priority N2.2)*
- Managed 22 sites under the Woody Weed Control Program. *(Priority N2.2)*
- Completed bushfire mitigation activities including completion of the Road Reserves Annual Maintenance Program, Bushfire Management Area Plans asset inspections, maintained 17 fire tracks, completed the Asset Protection Zone Program, completed over 11,000 property inspections and issued over 500 105F notices to private properties. *(Priority N2.3)*
- Secured over \$390,000 in grants to deliver bushfire recovery activities for fire affected reserves and roadside sites. *(Priority N2.4)*
- Successfully advocated for State Government action in supporting Bassian Thrush populations impacted by bushfire, resulting in \$20,000 on-ground works at four Council reserves. *(Priority N2.4)*
- Secured over \$12,000 in grants for biodiversity work on Heritage Agreement Properties.

#### ***Objective N3 - Nurture valuable partnerships and collaborations and engage the local community in the management of our natural environment***

- Organised environmental based workshops at community centres, provided a presentation on the installation of solar PV panels at Woodside, and presented revegetation sessions at local primary schools. *(Priority N3.1)*
- Continued our commitment to support and partner with volunteer groups and organisations including Bushcare volunteers, Trees for Life (on their Bush for Life Program), and assisted Landscape Hills & Fleurieu in the Annual Roadside Weed Control Work Plan and Reserve bushcare management. *(Priority N3.2)*

# DELIVERING ON OUR PLANS

- Endorsed Council’s recommitment to a regional Sector Agreement to work in partnership via the Resilient Hills and Coasts group (local, State Government and Regional Development Australia) to act on climate change. *(Priority N3.3)*
- Shortlisted as a finalist for the Local Government Professional South Australia award for the Biodiversity, and Sport and Recreations team’s management of the Lobethal Bushland Park Bushfire Recovery Project Initiative.

## **Objective N4 - Reduce the impact of waste to landfill by maintaining a robust waste and resource management framework**

- Presented a Green Organics Scoping Study to Council in April 2021. Results from this report include the resolution to double the amount of free green organic drop off days, and the need for further future analysis into options such as a ‘fee incentive’ to produce less waste. *(Priority N4.1 & N4.2)*

- Set up education stalls with a focus on how to recycle food scraps and continued to provide kitchen caddies starter packs to assist residents with food scrap recycling. *(Priority N4.3)*
- Partnered with KESAB in providing a bus tour of recycling facilities including food scrap composting. *(Priority N4.3)*

## **Objective N5 - Assist our community to reduce the impact of waste to landfill on the environment**

- Developed an education program based on the Kerbside waste audit data to assist in the reduction of recycling contamination levels and reducing waste to landfill. *(Priority N5.1)*
- Installed a polystyrene recycling machine at the Heathfield Resource Recovery Centre to reduce the amount of polystyrene disposed to landfill. *(Priority N5.2)*

## Performance Measures

Measure	Target	Strategic objective	Reporting frequency	Actual	Note
<b>CPI-N01</b> - Number of Native Vegetation Marker System BushRAT Assessment sites complete (actual versus planned)	60 NVMS sites per annum	N2	Annually	130 assessments over 75 sites	
<b>CPI-N02</b> - Woody Weed Control Program - no. of sites complete (actual versus planned)	17 sites per annum	N2	Quarterly	22	
<b>CPI-N03</b> - Percent of nuisance and litter queries resolved	90%	N2	Quarterly	92% average	
<b>CPI-N04</b> - Percent of private properties inspected prior to bushfire season that comply with fuel load management requirements	At least 90%	N2	Annually	99.8%	
<b>CPI-N05</b> - Tonnes of green organics collected on Green organic days	150	N4	Quarterly	200 average	
<b>CPI-N06</b> - Percentage change in tonnes of waste disposed to landfill compared to previous financial year	Reduction in waste percentage	N5	Annual	Change = 2.3% less waste going to landfill	Percentage of waste diverted from landfill: 2019-20 = 51% & 2020-21 = 53.3%
<b>CPI-N07</b> - Number of community education actions delivered (Waste Management Strategy 2016-2021) – Actioned vs Planned	6	N5	Quarterly	13	



## Goal 5 – A progressive Organisation

Our *Strategic Plan 2020-24 – A Brighter Future* sets out our goals, objectives and priorities (listed in full in Appendix 3). As it is a four year plan, not every priority will have an achievement listed against it each year.

### What we have achieved

#### **Objective O1 - We have the right people with the right knowledge and skills in the right jobs and they are supported and developed**

- Conducted “Take 5 for Safety” session for all staff including a presentation a presentation from Associate Professor Jeremy Woolley, the Director of the Centre for Automotive Safety Research. (Priority O1.1)

#### **Objective O2 - Our customers find it easier to interact and do business with Council and have an improved customer experience**

- Conducted customer experience surveys via SMS and email to 5,318 recipients and received a total of 898 responses which have informed our strategies for improvements in service requests and communications. (Priority O2.4)
- Provided a program of training to key staff on managing complaints.

#### **Objective O3 - Our organisation is financially sustainable for both current and future generations**

- Conducted a detailed review of the *Long Term Financial Plan* with changes arising from community consultation which will assist in ensuring sustainability can be achieved while also delivering on strategic plan objectives. (Priority O3.1)
- Reviewed and adopted the External Grant Funding Policy in November 2020. (Priority O3.1)
- Secured grant funding to complement ratepayers funds to enable the Council to support community, economic and environmental recovery following the 2019-20 bushfires. (Priority O3.1)

- Developed a database of Council services for the purpose of collating and analysing the resourcing, statutory requirements, business continuity, strategic alignment and opportunities for each service. (Priority O3.1)

#### **Objective O4 - We actively represent our community**

- Implemented the broadcasting of Council Meetings during the financial year with plans to further develop our capability in this area. (Priority O4.1)
- Continued to provide opportunities for community members to “have their say” during public forums and deputations at Council Meetings, and in writing on the Council’s Engagement HQ website. (Priority O4.1)
- Refreshed the membership of the Advisory Groups whose function is to provide advice and expertise to Council on various subjects including biodiversity; sustainability; cemetery management, property and bushfire management. (Priority O4.2)
- Lodged submissions enquiries to the Federal Government, State Government and the Local Government Association on matters including bushfire prevention and management, strategic land use and infrastructure planning, legislative reform, economic development, boundary reform, and biodiversity. (Priority O4.3)
- Completed a Strategic Boundary Review and communicated the results to all neighbouring councils to ensure that there was openness and transparency in the consideration of options. No options identified in the Review have been progressed to date. (Priority O4.4)

#### **Objective O5 - We are accountable, informed, and make decisions in the best interests of the whole community**

- Contributed significantly throughout the year to consultations regarding the *Statutes Amendment (Local Government Review) Bill 2019*, which was enacted in late June 2021. (Priority O5.1)
- Reviewed policies, procedures and website functionality to continuously improve and refine governance arrangements and ensure a robust and contemporary governance framework. (Priority O5.1)



- Ensured all Council and Committee reports contain risk assessments and multi-factor analysis to facilitate sound risk mitigation and enable evidence-based decisions can be made. *(Priority O5.2)*
- Developed key planning documents, such as the Annual Business Plan, with input from the community and made all documents available on Council’s website and in person at libraries and contact centres. *(Priority O5.3)*
- Produced quarterly Council Performance Reports to provide the community with regular updates on Council’s key plan progression. *(Priority O5.3)*

**Objective O6 - Technology and innovation is utilised to better meet our community’s expectations and deliver value for money**

- Undertook a Cyber Security Audit which has resulted in the development of and adoption of a *Cyber Security Plan* for Council. *(Priority O6.1)*
- Migrated the majority of Council records into a new records management system. *(Priority O6.2)*
- Commenced the transitioning of number of area’s technology systems to a Cloud based software platform that will provide a more resilient and efficient system for Council. *(Priority O6.3)*
- Engaged with community online on 35 engagement campaigns which resulted in 13,500 website visits to ‘Have their say’. *(Priority O6.4)*
- Transitioned to the state-based planning portal (PlanSA) for the online lodgment of development applications across Council. *(Priority O6.5)*

## Performance Measures

Measure	Target	Strategic objective	Reporting frequency	Actual	Note
<b>CPI-O01</b> - Number of Lost time injuries	0	O1	Quarterly	1	
<b>CPI-O02</b> - Customer Net Ease Score (NES)	50	O2	Bi-annual	+40	Range is -100 to +100. Therefore result is good but below +50 target
<b>CPI-O03</b> - Overall customer satisfaction	75%	O2	Bi-annual	72%	
<b>CPI-O04</b> - Operating Surplus Ratio	1-5%	O3	Annually	4.5%	
<b>CPI-O05</b> - Net Financial Liabilities Ratio	25-75%	O3	Annually	39%	
<b>CPI-O06</b> - Asset Sustainability Ratio	95-105%	O3	Annually	85%	Below 95% as a result of COVID-19 impact on procurement - resulting in capital carry forward of renewal expenditure, and also savings made on projects of \$360k which also has had an impact on the ratio.
<b>CPI-O07</b> - Decisions (Council resolutions) considered in open Ordinary & Special Council meetings during the reporting period	90%	O4	Quarterly	96% average	
<b>CPI-O08</b> - Council member attendance at Ordinary & Special meetings	90%	O4	Quarterly	89% average	
<b>CPI-O09</b> - FOI requests completed within the legislated timeframe	100%	O6	Quarterly	82% average	4 cases at the end of the financial year which were a few days over the time limit impacted the previous 100% completion rate.
<b>CPI-O10</b> - Ombudsman investigations upholding Council’s decisions (general investigations and FOI external reviews)	100%	O6	Quarterly	100%	
<b>CPI-O11</b> - Employee Turnover	7-15%	O1	Quarterly	8.7%	

## Our Focus in 2021-22

***In addition to continuing our day to day services and programs, we are implementing strategic initiatives to further develop and support our region to recover and grow. Some highlights are included under each of the following long term goals.***

### *A prosperous Economy*

- Supporting events in the region such as the Santos Tour Down Under.
- Supporting preparation for tourism restart across the region including undertaking an expression of interest for establishing 'free' camping sites in the region.
- Seeking external funding opportunities for key projects and programs in the region.
- Progressing our World Heritage Bid.

### *A functional Built Environment*

- Implementing the State's new Planning and Development System including the conversion of Council's Development Plan into the new Code.
- Implementing a new Cemetery Management System.
- Preparing revised Asset Management Plans.
- Increasing our new footpath program by \$50k per annum.
- Upgrading to Crafrers Village Main Street.
- Continuing to implement our Corporate Carbon Management Plan.

### *A valued Natural Environment*

- Significantly expanding our Tree Management team and strategic programs.
- Undertaking community education on the proposed cat confinement rules in preparation of 1 January 2022 implementation.
- Exploring options for a cat facility.
- Expanding incorporation of recycled materials into our Capital Works Program.
- Expanding on our emergency management response.
- Undertaking property inspections and education as part of bushfire prevention strategies.

### *Community Wellbeing*

- Implementing a Community Resilience and Readiness Program.
- Progressing the \$4.3 million development of Fabrik Arts + Heritage.
- Implementing the Access and Inclusion Plan.
- Developing a Library Strategic Plan.
- Developing an 'Innovate' Reconciliation Action Plan.
- Developing a new Regional Health Plan with a focus on wellbeing.

### *A progressive Organisation*

- Continuing to explore and implement digital solutions to improve the staff and customer experience.
- Enhancing our Cyber Security Framework through implementation of additional systems and strategies to mitigate the threat of cyber attacks.
- Implementing the Service Review Framework to better analyse our services and how we allocate our resources.
- Implementing the systems and processes arising from the Local Government Reform legislative changes.

## Our Governance

Governance refers to the rules, practices and processes by which Council is directed and controlled. Adelaide Hills Council continuously strives for best practice in Governance by being:

- Accountable, transparent and responsive,
- Effective and efficient,
- Participatory, equitable and responsible, and
- By meeting legislative obligations.

The following information reports on our governance activity during 2020-21.

### *Good Governance is accountable, transparent and responsive*

#### Council Meetings

Council is the ultimate decision-making body of the organisation; it consists of the Mayor and 12 Councillors. Council meetings were held on the fourth Tuesday of every month. All Council and Council Committee meetings are open to the public unless specific provisions in the *Local Government Act 1999* are satisfied to require the closing of the meeting under a confidentiality order.

Council meetings held in 2020-21:

- 12 ordinary meetings
- Three special meetings

Council Committee meetings held in 2020-21:

- Six Audit Committee meetings
- Four CEO Performance Review Panel meetings

The attendance of the Mayor and Councillors at 2020-21 Council meetings are detailed in the tables below.

Council Meeting	Ordinary Council		Special Council	
Total Meetings	12		3	
	Present	Apology	Present	Apology
Mayor Jan-Claire Wisdom	9	3	1	2
Cr Nathan Daniell	11	1	3	0
Cr Ian Bailey	12	0	3	0
Cr Kirrilee Boyd	8	4	2	1
Cr Pauline Gill	12	0	3	0
Cr Chris Grant	12	0	3	0
Cr Linda Green	12	0	3	0
Cr Malcolm Herrmann	12	0	3	0
Cr John Kemp	8	4	2	1
Cr Leith Mudge	11	1	3	0
Cr Mark Osterstock	12	0	3	0
Cr Kirsty Parkin	10	2	3	0
Cr Andrew Stratford	9	3	3	0

### *Good Governance is effective and efficient*

#### Council Member training & development

Council is committed to providing training and development activities for Council Members and recognises the responsibility to develop and adopt a policy for this purpose under Section 80A of the *Local Government Act 1999*.

Monthly professional development training sessions have been held for Council Members. Professional development sessions conducted in-house are Closed Informal Gatherings for the purposes of the *Informal Gatherings and Discussions Policy*. The dates and venues for these sessions are publicly

documented in agendas for Ordinary Council meetings and are posted on the Council’s website. Some Council Members also attended sessions held by the Local Government Association (LGA). Training topics available included:

- Council Member mid-term refresher training
- SA Power Network – Vegetation Management
- Council Member Professional Development – end of year refresher training
- Mayor’s Forum (*Held by the LGA*)
- Role of Council Members on the Council Assessment Panel (*Held by the LGA*)
- Planning, Development and Infrastructure Act information sessions (*Held by the LGA*)

### *Good Governance is participatory, equitable and responsible*

#### Allowance Paid to Council Members

Council Members are entitled to receive an annual allowance, as determined by the Remuneration Tribunal pursuant to Section 76 of the *Local Government Act 1999* (the Act) for performing and discharging their official functions and duties.

Pursuant to the Remuneration Tribunal’s determination, the following amounts were prescribed for Council Members for 2020-21:

Period	Remuneration
Mayor/Principal member	\$72,132
Deputy Mayor/Presiding member of a prescribed committee*	\$22,541
Other Council Members	\$18,033

Council’s prescribed committees are the Audit Committee, and the CEO Performance Review Panel.

In addition to the allowance paid under section 76 of the *Local Government Act 1999*, Council Members were entitled to receive the following under the *Council Member Allowances and Benefit Policy*.

- Reimbursement for travelling within/outside the area of Council and child/dependent care expenses associated with attendance at a Prescribed Meeting or undertaking a function or activity on the business of Council.
- Provision of an annual Travel Time Payment for Members residing greater than 30km from the Principal Office.
- Reimbursement of other expenses including:
  - Phone costs (call charges only)
  - Conference, seminar and training course fees and associated travel expenses.
- Provision of the following to assist Members in performing their official functions:
  - An iPad (or similar tablet computer), associated software and 4G connection for document management (including Council Agenda and Minutes), communication and research (both Council workspace and internet)
  - A Council email address
  - A mobile phone (including SIM)
  - Reams of paper for printing
  - Stationery (such as pads, pens, diaries, etc.)
  - Meals and beverages provided in association with attendance at prescribed meetings.

Notwithstanding their entitlement under the Policy, not all of these provisions were accessed by all Council Members.

In addition to these, Council resolved to make available to the Mayor (or Deputy Mayor during the Mayor’s absence) the following additional facilities

and support to assist them in performing and discharging their official functions and duties:

- Laptop computer with appropriate software
- Supply and maintenance of a motor vehicle (not allocated in 2020/21)
- Mayoral Office accessible 24/7 providing desk and meeting facilities
- Provision of media and communications support
- Access to administrative officer services.

The Chief Executive Officer maintains a Register of Allowances and Benefits provided to Council Members which is available to the public online or in our service centres.

#### Audit Committee

The Audit Committee was established by Council in 2005 in accordance with Section 126 of the *Local Government Act 1999* (the Act).

The Audit Committee's role is to assist Council in the discharge of its responsibilities for financial reporting, maintain a reliable system of internal controls, risk management and asset management, liaise with the external auditor, and foster the organisation's ethical development.

Six (6) ordinary meetings were held during 2020-21. Sitting fees were paid to independent members of the Audit Committee. The Presiding Member receives an allowance equivalent to that received by Presiding Members of Prescribed Committees in accordance with the Remuneration Tribunal's determination.

Sitting fees:

- Independent Presiding Member: \$550 per meeting (not utilised in 2020-21).
- Independent Member: \$400 per meeting.

There are five members of the Audit Committee, three independent members and two Council Members. The membership and attendance during the financial year was:

Committee Member name	No of meetings present	No of meetings Absent or apology
Cr Malcolm Herrmann <i>(Presiding Member)</i>	6	0
Cr Leith Mudge	5	1
Peter Brass <i>(Independent member)</i>	5	1
Natalie Johnston <i>(Independent member – Commenced 1 Dec 2020)</i>	3	0
David Moffatt <i>(Independent member)</i>	6	0
Paula Davies <i>(Independent member up to 30 Nov 2020)</i>	3	0

#### Chief Executive Officer Performance Review Panel

The Chief Executive Officer Performance Review Panel (CEOPRP) was established in 2014 to provide advice to Council on matters related to the Chief Executive Officer (CEO) and their performance.

In 2020-21, an internal process was undertaken to review the CEO's performance against the position description requirements and the agreed set of key performance indicators for the year. External advice was also received on the remuneration package payable.

Membership and attendance during the financial year was:

CEOPRP Member name	No of meetings present	No of meetings Absent/apology
Cr Mark Osterstock <i>(Presiding Member)</i>	4	0
Mayor Jan-Claire Wisdom	3	1
Cr Nathan Daniell	3	1
Cr Kirsty Parkin <i>(finished 26 Nov 2020)</i>	2	1
Cr Chris Grant <i>(commenced 27 Nov 2020)</i>	1	0
Ms Janet Miller <i>(Independent member commenced 1 Dec 2020)</i>	1	0
Ms Paula Davies <i>(Independent member up to 30 Nov 2020)</i>	3	0

Four (4) ordinary meetings were held in 2020-21. The Presiding Member receives an allowance equivalent to that received by Presiding Members of Prescribed Committees in accordance with the Remuneration Tribunal's determination.

Sitting fees:

- Independent Presiding Member: \$550 per meeting(not utilised in 2020-21).
- Independent Member: \$400 per meeting.

### Council's Assessment Panel (CAP)

As a result of the State Government's rollout of the Planning Reform for South Australia Adelaide Hills Council established a Council Assessment Panel (CAP) as required by Sections 82 and 83 of the *Planning, Development and Infrastructure Act 2016* (PDI Act). This CAP replaced the former Council Development Assessment Panel and membership comprises one Council

member, four Independent members (which includes an Independent Presiding member) and a Specialist Independent Member.

Membership and attendance during the financial year was:

CAP Member name	No of meetings present	No of meetings Absent/apology
Geoff Parsons <i>(Independent Presiding Member)</i>	12	0
Ross Bateup <i>(Independent Member)</i>	12	0
David Brown <i>(Independent Member)</i>	12	0
Piers Brissenden <i>(Independent Member until 1 Sept 2020)</i>	2	0
Paul Mickan <i>(Independent Member commenced 1 Sept 2020)</i>	9	1

The Panel considers certain development applications (i.e. requests from people wishing to construct buildings or undertake other developments in the area) which cannot be decided upon by staff under delegation. It also hears submissions lodged in relation to publicly notified development applications. CAP meetings are generally held in Stirling on the second Wednesday of each month from 6:30pm. In 2020-21, 12 meetings of the Panel were held.

Sitting fees paid to independent members of the CAP were:

- Independent Presiding Member: \$500 per meeting
- Independent Ordinary Member: \$380 per meeting.
- Council Member: \$190 per meeting

### Council Advisory (Working) Groups

Advisory Groups, operating under their own terms of reference, provide advice and support to Council's administration.

Adelaide Hills Council's Advisory (Working) Groups are:

- Biodiversity Advisory Group
- Bushfire Advisory Group
- Cemetery Advisory Group
- Property Advisory Group
- Rural Land Management Advisory Group
- Sustainability Advisory Group
- Community & Recreation Facility Framework Internal Working Group
- AHC Reconciliation Working Group

These Groups do not report directly to Council however they provide advice to the Administration which informs Council and Committee decisions.

### Building Fire Safety Committee

Council's Building Fire Safety Committee held seven (7) meetings during the year to review the adequacy of fire safety for large buildings in the district. The members and attendance for the committee was:

Member name	No of meetings present	No of meetings Absent/apology
Peter Harmer <i>(Building Surveyor)</i>	7	Nil
Colin Paton <i>(CFS Representative)</i>	7	Nil
Jeff Grinnell <i>(Council staff)</i>	7	Nil
Deryn Atkinson <i>(Council staff)</i>	7	Nil

The Committee conducted 16 inspections and considered 18 buildings during the year, working with building owners to improve their buildings in relation to fire exits, emergency lighting, fire-fighting equipment, water supply, hydrant coverage, access for fire services, and bushfire survival plans. Five (5) Notices of fire safety Required Works were issued.

### Informal Gatherings

Informal Gatherings (workshops, briefings, and professional development sessions) are held with Council Members twice a month and provide a valuable opportunity to enhance the decision-making process. Council and Committee Members use the gatherings to become better informed on issues, seek further clarification, or explore a topic further in an informal environment. Informal Gatherings are not used to make decisions; all decision-making is conducted at the formal Council and Section 41 Committee meetings.

A 'designated' Informal Gathering is one that involves the discussion of a matter that is, or is intended to be, part of a formal agenda of a Council or Council Committee meeting. These gatherings are open to the public except where they are conducted in confidence in accordance with legislative provisions. All 'designated' Informal Gatherings are advertised on Council's website

### Information Gatherings held in 2020-21

**CDIG** = Closed designated informal gathering

**ODIG** = Open designated informal gathering

**CIG** = Closed information gathering

**OIG** = Open information gathering



## Information Gatherings held in 2020-21

Date	Topic	Session Type
14/07/2020	LG Reform - Draft Bill	ODIG
14/07/2020	CEO Update	CDIG
21/07/2020	GRFMA Charter Review 2 briefing	CDIG
21/07/2020	Update on the implementation of Phase 3 of the Planning & Design Code	ODIG
21/07/2020	CEO Update on Performance for 2019-2020	ODIG
21/07/2020	CEO Performance Review process commencement	ODIG
21/07/2020	CEO Update	CDIG
11/08/2020	Suicide Prevention Network - forming one in the Adelaide Hills	ODIG
11/08/2020	Crafrers Village Mainstreet Design Guidelines	ODIG
11/08/2020	CEO Update	CDIG
18/08/2020	Fabrik Facilities Development Plan	ODIG
18/08/2020	Community & Recreation Facility Framework – summary of consultation outcomes	ODIG
18/08/2020	Local Design Review - Draft submission to Office of Design & Architecture SA	ODIG
18/08/2020	Amendments to LG Elections Act	ODIG
18/08/2020	CEO Update	CDIG
8/09/2020	CEO Update	CDIG
8/09/2020	Event Recovery Support Program	ODIG
8/09/2020	Review of Development Application Fee Waiver Policy	ODIG
15/09/2020	Council Member Mid-Term Refresher Training	ODIG
15/09/2020	Emergency Management Plan	ODIG
15/09/2020	Engagement for Draft Road, Footpath and Kerb Asset Management Plan	ODIG
15/09/2020	Genetically Modified Food Crop Consultation Feedback Summary	ODIG
15/09/2020	CEO Update	CDIG
13/10/2020	Stirling Community Theatre presentation	CDIG
13/10/2020	Disability Access and Inclusion Plan	CDIG
13/10/2020	Climate mitigation and adaptation information update	CDIG
13/10/2020	Draft Road Footpath Kerb Asset Management Plan	CDIG
13/10/2020	CEO Update	CDIG
20/10/2020	Strategic Boundary Review - consultation outcomes	CDIG
20/10/2020	LGA AGM Agenda Review	ODIG

Date	Topic	Session Type
20/10/2020	Digital learning through the library	ODIG
20/10/2020	Woodside Pool Management Agreement	ODIG
20/10/2020	Ashton Landfill	CDIG
20/10/2020	CEO Update	CDIG
10/11/2020	SA Power Network - Vegetation Management	OIG
10/11/2020	Library Services Strategy	ODIG
10/11/2020	Economic Development Plan	ODIG
10/11/2020	Stirling Lawn Rotunda Replacement	ODIG
10/11/2020	CEO Update	CDIG
17/11/2020	GRFMA Charter Review 2 - update on the proposed funding and governance arrangements	CDIG
17/11/2020	Youth Action Plan	ODIG
17/11/2020	Update on the revised P&D Code and the responses to Council's first submission.	ODIG
17/11/2020	CEO Update	CDIG
8/12/2020	Long Term Financial Plan (LTFP)	ODIG
8/12/2020	Trail Audit & Review of Trail Documents	CDIG
8/12/2020	Review of Hard Waste Collection service and costs	CDIG
8/12/2020	CEO Update	CDIG
10/12/2020	Council Member Christmas Function	CIG
14/12/2020	Bushfire Safety and WH&S Obligations	CIG
30/01/2021	LTFP Workshop	CDIG
9/02/2021	Road Rallies	CDIG
9/02/2021	Electronic attendance at Council Meetings & Gatherings	ODIG
9/02/2021	CEO Update	CDIG
16/02/2021	S&HLGA Charter Review	ODIG
16/02/2021	Local Road & Community Infrastructure Program (LRICIP)	CDIG
16/02/2021	Strategic Boundary Review Workshop	CDIG
16/02/2021	CEO Update	CDIG
9/03/2021	Community & Recreation Facility Framework - Draft	CDIG
9/03/2021	CEO Update	CDIG
16/03/2021	Public Art Strategy Consultation	ODIG
16/03/2021	Information Management Training	ODIG
16/03/2021	Community Perception Survey results	CDIG



Date	Topic	Session Type
16/03/2021	CEO Update	CDIG
26/03/2021	ABP Workshop	CDIG
13/04/2021	Draft ABP discussion	CDIG
13/04/2021	Trails Draft Policy & Framework	CDIG
13/04/2021	Cemeteries	ODIG
13/04/2021	CEO Update	CDIG
20/04/2021	Gawler River Floodplain Management Authority – ABP and Budget 2021-22	ODIG
20/04/2021	Carbon Inventory	ODIG
20/04/2021	CEO Update	CDIG
11/05/2021	Orchard Netting	OIG
11/05/2021	Kerbside Waste Audit and Education Program - CEO Target	ODIG
11/05/2021	Cemeteries	ODIG
11/05/2021	CEO Update	CDIG
18/05/2021	East Waste - 2021-22 ABP and Budget	ODIG
18/05/2021	Mobile Library	ODIG
18/05/2021	Adelaide Hills (War Memorial) Swimming Centre	CDIG
18/05/2021	CEO Update	CDIG
8/06/2021	CEO Performance Targets	CDIG
8/06/2021	Community Recreation & Facilities Framework & Play Space Framework	CDIG
8/06/2021	CEO Update	CDIG
15/06/2021	Adelaide Hills Regional Waste Management Authority (AHRWMA) ABP&B Presentation	ODIG
15/06/2021	Single-use plastics from MON	ODIG
15/06/2021	Fabrik - grant funding and financial projections	ODIG
15/06/2021	Council Member Professional Development	CDIG
15/06/2021	CEO Update	CDIG

Ordinary Council Meeting agendas publicly document the dates and venues of regular workshops and professional development sessions. The professional development sessions are reported under Council Member Training and Development and are run as Closed Informal Gatherings.

### Agendas and Minutes

All Council, Committee and CAP meeting agendas are placed on public display at least three days prior to the holding of these meetings.

Minutes are placed on display within five days of meetings. Copies of agendas and minutes are available at Council's service centres and libraries, and can be downloaded from the Council's website.

### Council's Representation Quota

The Adelaide Hills Council's total representation quota (the number of electors for each Council Member including Mayor) in 2020-21 is 1 for every 2,265 electors. The total number of electors is 29,442.

The Adelaide Hills Council's representation quota is comparable with councils of similar populations (albeit different numbers of Council Members):

- City of Holdfast Bay (electors 28,562) = 1:2,197
- City of Norwood Payneham and St Peters (electors 25,862) = 1:1,847
- Burnside (electors 32,083) = 1:2,468
- City of Unley (electors 27,602) = 1:2,123.

(Information provided by the Electoral Commission of SA, current as at 30 June 2021)

The next representation review is scheduled to commence April 2024, at which time electors will be advised of the process to make submissions on representation under the *Local Government Act 1999*.

## Section 90(2) and 91(7) Requirements - confidentiality orders

During 2020-21, 26 items were considered in closed session in accordance with Section 90(2) of the Local Government Act 1999. Of these, 14 items were released in full and 12 remained in confidence, in accordance with Section 91(7) of the Act as at 30 June 2021.

Date	Council / Committee	Item No.	Title	LGA 1999 Section	New confidentiality Recommendation or Date Released	Status as at 30 June 2021
22/06/2021	Ordinary Council	18.2.1	Event Opportunity - SANTOS TDU 2022	90(3)(j)		Retained in confidence
22/06/2021	Ordinary Council	18.1.1	Cyber Security Plan	90(3)(e)		Retained in confidence
8/06/2021	Special Council	8.1.2	Heathfield Oval Change Rooms Tender	90(2) 90(3)(h)	Released 31 August 2021	Released
25/05/2021	Ordinary Council	18.1.1	Multi-Year Road Rally Proposal	90(3)(d)		Retained in confidence
24/05/2021	Audit Committee	8.1.1	Cyber Security Report	90(3)(e)		Retained in confidence
27/04/2021	Council	18.1	Advisory Group Independent Members	90(3)(a)	Item released 31 May 2021.	Released
23/03/2021	Council	18.1	Sale of Land for Recovery of Debt, Lenswood	90(2) 90(3)(i)		Retained in confidence
27/01/2021	Council	18.2	CWMS Review	90(3)(d)		Retained in confidence
27/01/2021	Council	18.1	AHC Tender 202021-12 Supply of Limestone Rubble	90(3)(k)		Retained in confidence
15/12/2020	Council	18.2	External Audit Contract	90(3)(d)	Released 25 January 2021	Released
15/12/2020	Council	18.1	Citizen of the Year 2021	90(3)(a)	Released 26 January 2021	Released
16/11/2020	Audit Committee	7.1.1	External Audit Contract	90(3)(d)	Released 25 January 2021	Released
27/10/2020	Ordinary Council	18.3.1	Event Opportunity	90(3)(j)	Released 31 December 2020	Released
27/10/2020	Ordinary Council	18.2.1	CEO PRP Independent Member Appointment	90(3)(a)	Released 18 November 2020	Released
27/10/2020	Ordinary Council	18.1	Audit Committee Independent Member Appointment	90(3)(a)	Released 18 November 2020	Released
19/10/2020	Audit	7.2	Cyber Security Audit	90(3)(e)		Retained in confidence
22/09/2020	Council	18.1.1	2020 CEO Performance & Remuneration Reviews	90(3)(a)	Released 16 October 2020	Released
3/09/2020	CEO PRP	10.1.2	CEO Performance Review and Remuneration Review - Confidential	90(3)(a)	Released 16 October 2020	Released
28/07/2020	Council	18.2	Appointment of Independent Member to Council Assessment Panel	90(3)(a)	Released 07 September 2020	Released
30/06/2020	Special Council	8.1.1	Sealed Roads Renewal Contract	90(3)(k)	Released 07 September 2020	Released
23/06/2020	Council	18.1.1	Event Opportunity	90(3)(j)		Retained in confidence
28/01/2020	Council	19.1.1	Open Office Pty Ltd Contract Novation Deed	90(3)(d)	Released 17 November 2020	Released
7/05/2019	Special Council	19.1	Unsolicited Approach to Purchase Community Land	90(3)(d)		Retained in confidence
1/08/2018	Special Council	7.2.1	Retirement Village Review	90(3)(b)		Retained in confidence
27/02/2018	Council	19.2	Adelaide Hills Swimming Centre Shade Sail	90(3)(i)	Released 18 November 2020	Released
22/04/2014	Council	18.2.1	AHRWMA	90(3)(b,d,i)		Retained in confidence

### Public involvement in Council business

Members of the public may put forward their views to Council in a number of ways.

#### *Public Forum*

Any member of the public is allocated up to five minutes at each Council meeting to address the Members with comments or questions.

#### *Deputations*

With the permission of the Mayor or Committee Presiding Member, a member of the public can address a Committee or the Council personally or on behalf of a group of residents as a deputation. Each deputation is usually limited to a maximum of ten minutes. People wishing to access this opportunity should make prior arrangements through the Mayor's Office on (08) 8408 0438.

#### *Petitions*

Written petitions can be addressed to Council or a Committee on any issue within the Council's jurisdiction and these are presented at the next meeting of Council or Committee following receipt. Petitions must be in the format set out in legislation; Council's *Petitions Policy* provides guidelines on these requirements as well as on submission.

#### *Written requests*

A member of the public can write to the Council about any Council service, activity or policy via post or email.

Chief Executive Officer  
Adelaide Hills Council  
PO Box 44, Woodside, SA 5244  
[mail@ahc.sa.gov.au](mailto:mail@ahc.sa.gov.au)

### *Community Engagement*

The Adelaide Hills Council engages with local residents about many issues that may affect their neighbourhoods. Formal consultations are guided by Council's Public Consultation Policy. Anyone can have their say using the Your Say website at [engage.ahc.sa.gov.au](http://engage.ahc.sa.gov.au), by emailing [engage@ahc.sa.gov.au](mailto:engage@ahc.sa.gov.au), post, calling 8400 0400 or attending online or face to face drop in sessions. Over the last financial year there were 13,500 visits to the Your Say website and 35 community engagement projects for contributions or information. This is an increase in visitors to the site and an increase in visitors per consultation compared to previous years.

#### *Community Forums*

Local community members and groups are invited to attend Community Forums across the district and to address Council on new initiatives or topics of concern. Holding the forums in different townships in the Council area is an important method of providing residents with opportunities to speak in person with Council Members and senior staff.

Due to COVID-19 restrictions only one Community Forum was held in 2020-21 (separate from Ordinary Council Meetings) on 30 March 2021 at Mylor, with 55 people in attendance.

### Internal review of Council decisions

The Council's Internal Review of Council Decisions Policy provides a process pursuant to Section 270 of the *Local Government Act 1999* for people to request a formal internal review of a decision made by Council (including by staff acting under delegation).

Formal reviews are normally the final avenue for a complainant before raising the matter with external agencies such as the South Australian Ombudsman. Formal internal reviews are distinct from routine complaint handling processes in that they involve a higher degree of scrutiny of the decision making process and merit and are conducted by a person who was not involved in the original decision.

Internal reviews in progress at 1 July 2020:	2
Internal review requests received in 2020-21:	6
Internal reviews closed in 2020-21:	7
Internal reviews in progress at 30 June 2021:	1

### Summary of internal review requests dealt with during 2020-21

Internal review subject	Lodged	Closed	Outcome
Decision to provide consent to road closures for 2018 motorsport event	February 2019	November 2020	Original decision upheld
Decision not to relocate stormwater pipes	June 2019	January 2021	Resolved to satisfaction of requester through alternative process
Decision not to remove Council trees in verge	July 2020	September 2020	Original decision upheld
Decision to adopt by-law requiring cats to be contained to owner's property	October 2020	October 2020	Review refused as request made more than 6 months after decision
Decision to place limits on correspondence	January 2021	March 2021	Original decision upheld
Decision not to seal an unsealed road intersection	March 2021	June 2021	Original decision upheld
Decision not to remove Council trees in road verge	June 2021		In progress at 30 June 2021
Decision not to delete employment application from Council records	June 2021	June 2021	Withdrawn by applicant

### Freedom of Information requests

Thirty requests for information were made under the *Freedom of Information Act 1991* in 2020-21; an increase from seventeen received in the previous year. An additional three applications rolled over from the 2019-20 year taking the total to thirty-three managed during the 2020-21 period.

Freedom of Information (FOI) applications can be submitted using an FOI Application form, available from the State Records website, Council's website, or any of Council's Service Centres. An application fee (in accordance with Council's *Fees and Charges Policy*) must accompany the application.

The State Records website provides detailed information on the FOI process or you can contact Council's FOI Officer. Requests should be forwarded to:

Freedom of Information Officer  
Adelaide Hills Council  
PO Box 44 WOODSIDE SA 5244

The Freedom of Information Statement is reviewed and published annually on our website in accordance with the requirements of the Freedom of Information Act 1991.

FOI Requests	Total
Outstanding from previous period	3
New applications	30
Total to be processed	33
Transferred in full	0
Determined - Full release	10
Determined – Partial release	13
Determined - Refused	4
Outstanding at the end of the period	3
External review pending (9 received + 3 court subpoena's)	3

### Amendment to Council records

Any member of the public may inspect Council documents relating to their personal affairs with a request under Part 4 Division 2 of the Freedom of Information Act 1991. Access to the records is possible through the completion of a Freedom of Information Request Form.

A member of the public may then request a correction to any information about themselves that is incomplete, incorrect, misleading or out-of-date. Amendments to Council records must be requested using a Freedom of Information Amendment of Records Form.

### Fraud and corruption prevention

Council recognises that fraud and corruption have the potential to cause significant financial and non-financial harm, and that the prevention and control of fraud and corruption should feature predominantly within the systems and procedures of a responsible council.

Council is committed to acting in the best interest of the community and to upholding the principles of honesty, integrity and transparency; the key components of good governance. A *Fraud and Corruption Prevention Policy* has been adopted by Council to provide guidance in managing these risks.

Council adopted a *Public Interest Disclosure Policy* to facilitate the disclosure of public interest information and provide guidance on the management and investigation of disclosures. This Policy and associated procedures have been developed in accordance with the *Public Interest Disclosures Act 2018* which replaced the *Whistleblowers Protection Act 1993* from 1 July 2019.

### Delegations and sub-delegations

The Chief Executive Officer and other officers have the delegated authority from Council (in accordance with Section 44 and 101 of the *Local Government Act 1999*) to make decisions on a number of specified administrative and operational matters.

The Register of Delegations reflects the delegated authority from Council to the Chief Executive Officer (and subsequently any sub-delegations) and this is visible on Council's website. As a minimum, delegations are reviewed annually.

### *Good Governance involves meeting our legislative obligations*

#### *Registers, codes and policies*

Documents available for public inspection are as follows.

#### *Registers*

- LG Act Section 63 | Gifts and Benefits Register – Council Members and Staff
- LG Act Section 68 | Council Members' Register of Interests
- LG Act Section 79 | Council Members' Register of Allowances and Benefits
- LG Act Section 90 | Confidential Items
- LG Act Section 105 | Council Employees Register of Salaries
- LG Act Section 188 | Fees and Charges
- LG Act Section 196 | Community Land Management Plans
- LG Act Section 207 | Community Land
- LG Act Section 231 | Public Roads
- LG Act Section 252 | By-laws
- Development Regulations 2008 Regulation 98 | Development Applications Register

#### *Codes and Policies*

##### **Administration**

- Mandatory Code of Conduct for Council Employees (LG Act section 110)

##### **Community**

- Acknowledgement and Welcome to Country
- Arts and Heritage Collection
- Cemetery Operating
- Burials Outside Cemeteries
- Community Group Use of Photocopiers
- Community Information Display
- Community Loans
- Festivals & Events
- Flags
- Grant Giving
- Liquor Licensing
- Outdoor Dining
- Play Space
- Public Consultation
- Public Transport
- Roadside Trading
- Safe Environments
- School Parking and Associated Facilities
- Sport and Recreation
- Tributes for Commemorative Services
- Volunteer Engagement
- Wastewater System Application Fee Refunds

##### **Corporate Governance**

- Advisory Group Operation and Conduct
- Caretaker
- Code of Practice for Access to Council & Council Committee Meetings and Documents
- Code of Practice for Meeting Procedures
- Complaint Handling

- Enforcement
- Fraud Corruption Misconduct & Maladministration
- Informal Council and Committee Gatherings and Discussions
- Internal Audit
- Internal Review of Council Decisions
- Order Making
- Petitions
- Public Interest Disclosure
- Public Interest Disclosure Procedure
- Procurement
- Prudential Management
- Records and Information Management
- Request for Services
- Risk Management
- Unreasonable Complainant Conduct

#### **Council Member**

- Council Member Conduct
- Council Member Training & Development
- Council Member Allowances and Support
- Mayor Seeking Legal Advice
- One Team Communication Protocols

#### **Development & Engineering**

- Accredited Professionals
- Buffers
- Building & Swimming Pool Inspection
- Council Assessment Panel Review of Decisions of the Assessment Manager
- Delegations Policy for the Determination of Development Applications by CAP
- Development Application Fee Refunds

- Development Application Fee Waiver
- Development Applications Involving Regulated Tree(s)
- Development Application Document Reproduction
- Management of Built Heritage
- Privately Funded (Council-led) Code Amendments
- Public Place & Road Naming
- Provision of Physical Models for Major Development Proposals
- Unsealed Roads

#### **Environment & Open Space**

- Directional Signage
- Burning Permit
- Genetically Modified Crops
- Telecommunications Installation Small Cell Stobie Pole Mounted Antennae
- Tree Management
- Waste & Resource Recovery Service

#### **Finance**

- Debt Recovery (inc. CWMS Customer Hardship Policy)
- Disposal of Assets
- Grant & External Funding (Acceptance) Policy
- Rating
- Treasury

#### **Infrastructure & Assets**

- Asset Management
- Occasional Hiring of Council Meeting Rooms
- Road Rents
- Street Lighting
- Trails and Cycling Routes Management

The policies, codes and registers detailed are available at Council's Service Centres for inspection and/or purchase by members of the public for a fee as set out in Council's *Fees and Charges Policy*.

Many of these documents can be accessed on Council's website for no charge.

### Community Land Management Plans

A new *Community Land Management Plan* was adopted by Council on 24 September 2019. The plan has been prepared for each category of community land, defining ownership details, location, area, principal usage and user groups.

Data verification of community land has been completed with all community land assigned to the appropriate category in the Community Lands Register. The register will be reviewed on an annual basis. It lists community lands and does not include any lands revoked or excluded under the *Local Government Act 1999*.

### Competitive tendering

In 2020-21 Council determined that a number of services it provides could be more efficiently provided by external contractors. Where services are outsourced a tender process is used to achieve best value for Council.

Details of the tendering process can be found in Council's *Procurement Policy*. In 2020-21, 58 services were subjected to a competitive bidding process.

### Purchase of local goods and services

When goods and services are required by Council, local suppliers are invited to tender.

All tenders are considered on an equal basis in accordance with the principles of fair trading and the requirements of National Competition Policy and the *Competition and Consumer Act 2010*.

### National Competition Policy

Principles of competitive neutrality are designed to neutralise any net competitive advantage that a government or local government agency engaged in significant business activities would otherwise have, by virtue of its control by the government or local government, over private businesses operating in the same market.

Council has a complaints mechanism in place and in 2020-21 no complaints were received through this process with regard to competitive neutrality.

### Our people

Council's success relies on the experience and skills of staff to provide services to the community. As at 30 June 2021, Council's workforce consisted of 197.47 FTE (full-time equivalent) people managing a diverse range of services and programs.

Employee turnover levels remain within a healthy range between 7-15 percent, with a turnover during 2020-21 of 8.7 percent.

Employees continue to focus on customer experience and service improvement across the organisation and continually review and refine processes to enable a better experience for our community.

### Employee Performance

With COVID restrictions and changes affecting the way we undertake our work, the focus has been on progressing strategic and planned work as a priority, and making changes to programs and services to be responsive to our community while meeting health requirements.

### Leadership Development

Leadership development sessions are provided to our People Leaders which are anyone who manages employees as part of their role.



Over the past year with many COVID restrictions reducing the ability to run live training sessions, the focus has been on working with People Leaders on different ways to engage with their people, how they provide support to their people when in limited physical contact with them, and how to care for their people working outside of their normal environment. Supporting People Leaders in managing a more flexible workforce as an ongoing practice has been undertaken as more people returned to an AHC site.

### Diversity and inclusion

Council has continued its journey towards being a diverse and inclusive organisation. Processes continue to be reviewed with the aim of improving our ability to be responsive to individual needs whilst managing expectations and successful outcomes for each role.

### Our Recruitment Processes

Council facilitates merit-based selection processes to ensure that it provides equal opportunity for people to be employed. This includes ensuring that our positions are advertised through Disability Employment Service providers to enable better access to those people living with a disability.

Council recognises that selecting the right person for each role has a significant impact on their team, the effectiveness of work undertaken, and services provided to our community. Effective and fair recruitment is critically important.

### Work Health and Safety and Injury Management

Work Health and Safety (WHS) and Injury Management (IM) will always be of high importance and therefore many activities and improvements are undertaken regularly to ensure Council is managing its due diligence requirements and maintaining safe systems of work.

The Executive Leadership Team, with the Health and Safety Committee, promotes safe work practices that focus on delivering and maintaining a

work environment that is safe, where hazards are identified and risks are managed, resulting in low injury rates.

Over the year a key focus was the continued implementation of our safety system Skytrust. Through work across different areas of the organisation, a number of modules have been implemented resulting in information in the system being more readily accessible, removal of paper based systems, corrective actions being more immediate, training being rolled out online and reminders to relevant people to manage ongoing work.

The WHS Action Plan (developed as a result of Audit processes), monitored by the Local Government Association Workers Compensation Scheme has continued to be worked on and actions closed out. An annual rebate is available where activities from the Action Plan are assessed as complete.

### Executive Leadership Team Arrangements

Council has an Executive Leadership Team that operates under the direction of the Chief Executive Officer.

The Chief Executive Officer, four Directors, and two Executive Managers have salary packages that incorporate compulsory superannuation and may include the provision of a motor vehicle for business and private use. Other benefits may include the provision of ICT equipment (a mobile telephone and tablet) and paid memberships for up to two professional bodies. No other bonuses or allowances are paid to the Chief Executive Officer, Directors, or Executive Managers.

The Salary Register is available at Council's Service Centres and on our website.

### Remuneration payable to Council's auditor

Remuneration payable for the audit of the Adelaide Hills Council Internal Financial Controls and Annual Financial Statements for 2020-21 was \$24,400.

No other remuneration was paid to the auditors for non-audit services.

## Appendix 1: Financial Statements

*Attached in final draft*







## Appendix 2: Subsidiary Annual Reports

*Attached in final draft*





## Appendix 3: Our Strategic Plan – Goals, Objectives and Priorities



## Goal 1 – A functional BUILT ENVIRONMENT

Objective	B1 - Our district is easily accessible for community, our businesses and visitors	B2 - Preserve and enhance the unique character of the Hills for current and future generations	B3 - Consider external influences in our long term asset management and adaptation planning	B4 - Sustainable management of our built assets ensures a safe, functional and well serviced community
Priority	<ul style="list-style-type: none"> <li>• B1.1 - Increase accessibility to our district through the development and delivery of high priority trails and routes for all cyclists (on-road, off road, commuters, recreational) and pedestrians</li> <li>• B1.2 - Improve outcomes for the elderly by incorporating Council's Age Friendly Strategic Plan into built environment design and delivery</li> <li>• B1.3 - Progress state-wide and inter-regional connectivity of cyclist routes by partnering with neighbouring councils.</li> <li>• B1.4 - Ensure that the key road network is accessible for heavy vehicles used by the primary production, tourism and construction sectors through engagement with industry and Government.</li> <li>• B1.5 - Provide accessibility for the full range of users by ensuring Council's road, footpath and trails network is adequately maintained and service levels for all users are developed and considered.</li> </ul>	<ul style="list-style-type: none"> <li>• B2.1 - Continue to embrace and support community led public place revitalisation across our district.</li> <li>• B2.2 - Incorporate Water Sensitive Urban Design principles within Council developments and projects and advocate for other developments within the region to do the same</li> <li>• B2.3 - Proactively work with developers to ensure that built form complements or enhances existing local character whilst preserving the character and amenity of our towns, historic buildings and scenic environment</li> <li>• B2.4 - Ensure our planning framework, council policies and guidelines support privately owned local heritage places.</li> <li>• B2.5 - Continue to collaborate with other councils and stakeholders in pursuing our World Heritage Bid to protect the landscapes, sites and facilities that represent the State's aboriginal and early colonial history</li> <li>• B2.6 - Support communities recovering from natural disasters with expedited development assessment services</li> </ul>	<ul style="list-style-type: none"> <li>• B3.1 - Improve water security by maximising water reuse opportunities, reducing reliance on ground water and improving water efficiencies for open space irrigation and building facilities</li> <li>• B3.2 - Aim to achieve 100% renewable energy use for our corporate operations and strive towards carbon neutrality</li> <li>• B3.3 - Investigate and source recyclable materials for asset renewal projects wherever practical and in doing so promote the circular economy</li> <li>• B3.4 - Proactively adapt our built environment to changes in social and environmental factors to minimise the impact from natural hazards such as fire and flood.</li> </ul>	<ul style="list-style-type: none"> <li>• B4.1 - Ensure the long term management of the built form and public spaces occurs in consideration of the relevant financial, social and environmental management matters.</li> <li>• B4.2 - Embrace innovative and new technology solutions to proactively maintain our built assets that further enhance the provision of efficient services to the community</li> <li>• B4.3 - Ensure Council owned or managed assets, including staff accommodation, are functional and adaptive to meet service requirements. Also, where appropriate and endorsed by Council, equitably assist community owned site (halls and recreation sites) to ensure their facilities are functional and meet service standards.</li> <li>• B4.4 - Improve road safety through a safe system approach to road design, construction and maintenance including on-going applications to the State and Federal Road Blackspot program</li> <li>• B4.5 - Explore and provide the infrastructure to support Electric Vehicles (EV) and investigate infrastructure requirements for emerging technological transport such as Connected and Automated Vehicles (CAV)</li> </ul>



## Goal 2 – COMMUNITY Wellbeing

Objective	C1 - A community for everyone - that is inclusive, welcoming and accessible	C2 - A connected, engaged and supported community	C3 - A community that grows together	C4 - An active, healthy, thriving and resilient community	C5 - Respect for Aboriginal Culture and values	C6 - Celebrate our community's unique culture through arts, heritage and events
Priority	<ul style="list-style-type: none"> <li>• C1.1 - Provide welcoming spaces and places for the community through our libraries, community centres, and Council and community facilities</li> <li>• C1.2 - Support and promote opportunities for social inclusion and celebration of our cultural diversity</li> <li>• C1.3 - Make the district more accessible and welcoming for all with a focus on youth participation, positive ageing, disability inclusion and multiculturalism</li> <li>• C1.4 – Advocate and Seek opportunities to improve transport options for those who need it most</li> <li>• C1.5 - Encourage more housing opportunities where provided for in the Development Plan</li> </ul>	<ul style="list-style-type: none"> <li>• C2.1 - Work with community to provide a range of programs and opportunities to connect and engage around shared interests</li> <li>• C2.2 - Support our ageing community to access services and continue to participate and contribute to community life</li> <li>• C2.3 - Facilitate opportunities for our youth to develop skills, build resilience and be actively involved in and connected to their community.</li> <li>• C2.4 - Increase participation from the broadest range of our community and engage with them to shape policies, places and decisions that affect them</li> <li>• C2.5 - Continue to work with government agencies and non-governmental organisations to support the community recovery from natural disasters and the COVID-19 pandemic.</li> </ul>	<ul style="list-style-type: none"> <li>• C3.1 - Provide and support programs and services that encourage and enhance personal growth, lifelong learning and professional development</li> <li>• C3.2 - Support volunteering both organisationally and in the community as an essential element in delivering community outcomes and building wellbeing</li> <li>• C3.3 - Empower our community groups and leaders to shape and determine change in their community through the provision of training opportunities, grants that meet strategic priorities, building relationships and supporting communities to be cohesive in progressing local projects.</li> <li>• C3.4 - Build partnerships with community and other stakeholders to enhance our capacity to provide and support opportunities for them to thrive</li> </ul>	<ul style="list-style-type: none"> <li>• C4.1 - Support community wellbeing through our contribution to public health planning, disaster recovery activities and the implementation of strategies that aim to measure and enhance wellbeing.</li> <li>• C4.2 - Support the provision of formal and informal sport, recreation and play spaces for the community to enjoy</li> <li>• C4.3 - Recognise that trails are a destination in their own right and support both commuter and recreational trail opportunities</li> <li>• C4.4 - Support clubs and groups to continue to provide sport and recreation activities to the community</li> <li>• C4.5 - Take an all hazards approach to emergency management so we can support the emergency services and the community before, during and after disaster events.</li> </ul>	<ul style="list-style-type: none"> <li>• C5.1 - Partner with the Aboriginal and Torres Strait Islander community to develop our second Reconciliation Action Plan (Innovate) and actively participate in Reconciliation Week</li> <li>• C5.2 - Celebrate and recognise Aboriginal culture and heritage through participation in and the delivery of programs and activities that engage our community in cultural experience and learning</li> </ul>	<ul style="list-style-type: none"> <li>• C6.1 - Develop Fabrik as a vibrant cultural hub for the Adelaide Hills, fostering community connections and creativity and presenting the significant history of the Woollen Mill site</li> <li>• C6.2 - Develop, support or bring events to our district that have social, cultural, environmental or economic benefits</li> <li>• C6.3 - Recognise, encourage and support artists, emerging artists, writers and performers through promotion of the Arts and supporting opportunities to exhibit and perform</li> <li>• C6.4 - Foster the development of Public Art that adds value to public spaces and supports place making in our community</li> </ul>

## Goal 3 – A prosperous ECONOMY

Objective	E1 - Support and grow our region's existing and emerging industries	E2 - Provide local infrastructure to drive growth and productivity	E3 - Encourage, attract and retain a creative, talented and skilled workforce in our region	E4 - Cultivate a clear, unique and consistent regional identity that can be leveraged to attract national and international attention
Priority	<ul style="list-style-type: none"> <li>• E1.1 - Support and encourage local and international tourists to visit the Adelaide Hills</li> <li>• E1.2 - Take advantage of the full potential of our region's primary production and associated value adding activities</li> <li>• E1.3 - Support and encourage the growth and development of our region's creative industry micro businesses</li> <li>• E1.4 – Promote, support and encourage our existing and emerging businesses to respond to economic changes by being creative, innovative, productive and resilient to unexpected impacts.</li> <li>• E1.5 - Engage and assist our region's key business and industry groups to be resilient, proactive and successful</li> <li>• E1.6 - Encourage and facilitate local supplier participation in all level of Government tendering processes</li> </ul>	<ul style="list-style-type: none"> <li>• E2.1 - Work with all levels of Government to ensure the region's infrastructure needs are understood and prioritised</li> <li>• E2.2 - Explore and advocate for the opportunities that new technologies could bring to our region</li> <li>• E2.3 - Support changes to planning and development that leverages and encourages sustainable economic development</li> <li>• E2.4 - Manage and maintain Council assets to maximise their utilisation and benefit to the community</li> </ul>	<ul style="list-style-type: none"> <li>• E3.1 - Attract and encourage professional and business development and networking activities</li> <li>• E3.2 - Understand the nature of skills our region's businesses will require to prosper into the future</li> <li>• E3.3 - Work with our local communities and businesses to create active, attractive and vibrant places</li> <li>• E3.4 - Enable start-ups and home based business through services, information and networking opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• E4.1 - Work with key stakeholders to develop a realistic, yet inspiring, collective vision to connect the region and its industries</li> <li>• E4.2 - Work with our communities and businesses to encourage co-ordinated and strategic regional projects that enhance and support the regional identity</li> <li>• E4.3 - Support and encourage events that supports the region's identity and generates social, cultural and economic benefits</li> <li>• E4.4 - Support the continued development and community engagement for the World Heritage nomination of the region</li> </ul>

## Goal 4 – A valued NATURAL ENVIRONMENT

Objective	N1 - Conserve and enhance the regional natural landscape character and amenity values of our region	N2 - Recognise the benefits of ecosystem services and improve environmental resilience by reducing environmental impacts	N3 - Nurture valuable partnerships and collaborations and engage the local community in the management of our natural environment	N4 - Reduce the impact of waste to landfill by maintaining a robust waste and resource management framework	N5 - Assist our community to reduce the impact of waste to landfill on the environment
Priority	<ul style="list-style-type: none"> <li>N1.1 - Enhance and manage horticultural amenity, including succession planning for street trees that contribute to and reinforce our distinctive streetscapes and villages</li> <li>N1.2 - Manage reserves and open space to support the community, whilst balancing biodiversity conservation, resource use and environmental impacts</li> </ul>	<ul style="list-style-type: none"> <li>N2.1 - Monitor and manage areas of high biodiversity or habitat value on Council reserves and Native Vegetation Marker Scheme (NVMS) sites using best practice methodologies</li> <li>N2.2 - Explore opportunities and take appropriate actions to monitor current and emerging threats to biodiversity including feral cats and Phytophthora</li> <li>N2.3 - Mitigate bushfire risks across the landscape by undertaking fuel reduction activities including woody weed control, maintenance of asset protection zones and educate &amp; enforcement to reduce fuels on private property</li> <li>N2.4 - Work with supporting organisations and agencies to foster the restoration of native flora and fauna habitat following the 2019-20 bushfire.</li> </ul>	<ul style="list-style-type: none"> <li>N3.1 - Increase knowledge and environmental awareness within the community through engagement and education</li> <li>N3.2 - Collaborate and engage with public and private organisations, schools and community members (including the Aboriginal community as the first nation peoples), to improve biodiversity outcomes and land management practices.</li> <li>N3.3 - Continue to work in partnership with the Resilient Hills and Coasts region to build Council and community resilience to the impacts of climate change</li> </ul>	<ul style="list-style-type: none"> <li>N4.1 - We will work with partners to analyse the benefits and feasibility of introducing a fee incentive to property owners to produce less waste in relation to the kerbside bin service</li> <li>N4.2 - We will explore more Green Organics options to achieve improved environmental and financial outcomes.</li> <li>N4.3 - We will provide specific education to the community to increase their level of food scrap recycling</li> <li>N4.4 - Implement new or improved waste service opportunities whilst continuing to provide ongoing resource recovery and waste service to our community</li> </ul>	<ul style="list-style-type: none"> <li>N5.1 - Encourage and educate the community to help minimise the generation of household waste by advocating the principles of the Waste Management Hierarchy to avoid, reduce and reuse</li> <li>N5.2 - Support and assist the community to prevent valuable resources going to landfill and reduce contamination in kerbside recycling bins</li> </ul>



## Goal 5 – A Progressive ORGANISATION

Objective	O1 - We have the right people with the right knowledge and skills in the right jobs and they are supported and developed	O2 - Our customers find it easier to interact and do business with Council and have an improved customer experience	O3 - Our organisation is financially sustainable for both current and future generations	O4 - We actively represent our community	O5 - We are accountable, informed, and make decisions in the best interests of the whole community	O6 - Technology and innovation is utilised to better meet our community's expectations and deliver value for money
Priority	<ul style="list-style-type: none"> <li>• O1.1 - Progressively enhance our safe systems of work to maintain emotional and physical safety of our people</li> <li>• O1.2 - Continue to develop a positive culture through supporting an equitable, diverse and continuously improving work environment</li> <li>• O1.3 - Support our people leaders in further developing the skills necessary to lead engaged and productive teams</li> <li>• O1.4 - Continue to support all staff through training, mentoring, coaching and development to enable the achievement of organisational and community goals</li> </ul>	<ul style="list-style-type: none"> <li>• O2.1 - Develop our digital channels to better meet customers' current and future needs</li> <li>• O2.2 - Modernise our services and enhance the customer experience by making service delivery faster, more convenient and more proactive</li> <li>• O2.3 - Build the capabilities of our people through a focus on two-way communication, cooperation and placing customers at the centre of everything we do</li> <li>• O2.4 - Continuously strive to measure and improve performance and service delivery across all functions</li> </ul>	<ul style="list-style-type: none"> <li>• O3.1 - Ensure the delivery of agreed strategic plan requirements whilst meeting endorsed long term targets for a sustainable operating surplus and level of debt</li> <li>• O3.2 - Ensure that renewal of assets and the associated maintenance is based on current asset management plans which consider reviewed service levels and whole of life costing</li> <li>• O3.3 - Actively pursue alternative funding opportunities to reduce reliance on rates income</li> <li>• O3.4 - Assess the range and level of services undertaken to ensure they fulfil Council's legislative and strategic intent</li> </ul>	<ul style="list-style-type: none"> <li>• O4.1 - Optimise opportunities for the community to access and provide input into the decision-making processes</li> <li>• O4.2 - Attract and develop a diverse and capable elected body that represents, promotes and reflects the composition of the community</li> <li>• O4.3 - Advocate to, and exert influence with, our stakeholders on behalf of our community to promote the needs and ambitions of the region</li> <li>• O4.4 - Explore council boundary reform options that best serve the community.</li> </ul>	<ul style="list-style-type: none"> <li>• O5.1 - Enhance governance structures and systems to prudently adapt to changing circumstances and meet our legislative obligations</li> <li>• O5.2 - Make evidence-based decisions and prudently assess the risks and opportunities to our community before taking action.</li> <li>• O5.3 - Demonstrate accountability through robust corporate planning and reporting that enhances performance, is relevant and easily accessible by the community</li> </ul>	<ul style="list-style-type: none"> <li>• O6.1 - Progressively strengthen Council's systems security to minimise the impact of cyber attack</li> <li>• O6.2 - Utilise technology to enable more evidence based and efficient delivery of services to the community</li> <li>• O6.3 - Provide more resilient business systems by utilising cloud technologies where appropriate</li> <li>• O6.4 - Utilise our online engagement tools to reach a wider range of community members to obtain their views and input.</li> <li>• O6.5 - Support the delivery of services to the community through improved utilisation and connectivity of existing business systems</li> <li>• O6.6 - Ensure the way in which we provide our digital services delivers an enhanced experience for our community</li> </ul>

---

## **Appendix 2**

*Annual report compliance to Schedule 4 of the Act*

---

Schedule 4—Material to be included in the annual report of a council	Related section of 2020-21 Annual Report
1. The following material must be included in the annual report of a council:	
(a) a copy of the audited financial statements of the council for the relevant financial year;	Appendix 1: Financial Statements
(b) a list of the registers that are required to be kept under this Act or the <i>Local Government (Elections) Act 1999</i> ; (c) a list of the codes of conduct or practice required under this Act or the <i>Local Government (Elections) Act 1999</i> ; (f) information on allowances paid to members of the council or a council committee; (g) information on the number of senior executive officers and information on the kinds of allowances, bonuses and benefits that are made available to those officers as part of a salary package; (ga) a report on the use of sections 90(2) and 91(7) by the council and its council committees containing the information required by the regulations; (gb) a report on the applications made to the council under the <i>Freedom of Information Act 1991</i> during the relevant financial year containing the information required by the regulations; (h) a statement of— <ul style="list-style-type: none"> <li>(i) the council's representation quota; and</li> <li>(ii) the average representation quota for councils of a similar size and type (taking into account various factors prescribed by the regulations); and</li> <li>(iii) when the council next intends to conduct a review under Chapter 3 Part 1 Division 2; and</li> <li>(iv) the procedures that are available under Chapter 3 for electors to make submissions on representation under this Act;</li> </ul>	Our Governance
(ha) the annual report of any subsidiary received by the council under Schedule 2 for the relevant financial year;	Appendix 2: Subsidiary Annual Reports
(i) other material prescribed by the regulations; (j) other information to be included in the annual report under this or another Act.	Our Governance
2. The following matters must be reported on in the annual report of a council:	
(a) the council's performance in implementing its strategic management plans during the relevant financial year, and the council's projections and targets under its plans for the next financial year; (ab) the council's performance against its annual business plan for the relevant financial year;	2020-21 Performance Highlights Delivering on our plans Our focus in 2021-22

Schedule 4—Material to be included in the annual report of a council	Related section of 2020-21 Annual Report
(b) the extent to which activities of the council have been subjected to competitive tender or other measures to ensure services are delivered cost-effectively, and the extent (if any) to which the council has pursued policies for purchasing local goods and services;	Our Governance
(c) the decision-making structure of the council;	Our Elected Council Our Organisation Our Governance
(ca) the training and development activities for members of the council during the relevant financial year; (d) the implementation of equal employment opportunity programs, and other human resource management or development programs, during the relevant financial year; (e) the progress of the council in preparing or finalising any management plans for community land required under the Chapter 11; (f) other matters prescribed by the regulations.	Our Governance
3 In this Schedule— <b>representation quota</b> for a council is an amount ascertained by dividing the number of electors for the area of the council (as at the last closing date under the <i>Local Government (Elections) Act 1999</i> ) by the number of members who constitute the council (ignoring any fractions resulting from the division and expressed as a quota).	Our Governance

**ADELAIDE HILLS COUNCIL  
AUDIT COMMITTEE MEETING  
Monday 15 November 2021  
AGENDA BUSINESS ITEM**

**Item:** 7.5

**Responsible Officer:** Steven Watson  
Governance & Risk Coordinator  
Office of the Chief Executive

**Subject:** Audit Committee Self-Assessment 2021

**For:** Information

---

**SUMMARY**

To provide the Audit Committee with the results of the 2021 Self- Assessment review.

**RECOMMENDATION**

**The Audit Committee resolves that the report be received and noted.**

---

**1. GOVERNANCE**

➤ **Strategic Management Plan/Council Policy**

Strategic Plan 2020-24 – A brighter future

Goal 5 A Progressive Organisation

Objective 05 We are accountable, informed, and make decisions in the best interests of the whole community

Priority 05.1 Enhance governance structures and systems to prudently adapt to changing circumstances and meet our legislative obligations

➤ **Legal Implications**

Section 126 of the *Local Government Act 1999* sets out the functions of an audit committee. Management of Committee's action items and work plan facilitates the achievement of these functions.

➤ **Risk Management Implications**

Facilitating and well-functioning committee with a clear terms of reference will assist in mitigating the risk of

*Poor governance practices occur which lead to a loss of stakeholder (i.e. customer and regulator) confidence and/or legislative breaches.*

Inherent Risk	Residual Risk	Target Risk
Extreme (5C)	Low (3E)	Low (3E)

Note that there are many other controls that assist in mitigating this risk.

➤ **Financial and Resource Implications**

Council's current budget contains provision for the costs associated with the notification and conduct of Audit Committee meetings

➤ **Customer Service and Community/Cultural Implications**

The community could reasonably expect that the Committee evaluates its effectiveness in discharging its functions as set out in the Terms of Reference on the regular basis.

➤ **Sustainability Implications**

Not Applicable

➤ **Engagement/Consultation conducted in the development of the report**

Consultation on the development of this report was as follows:

*Council Committees:* Audit Committee Members

*Council Workshops:* Not Applicable

*Advisory Groups:* Not Applicable

*External Agencies:* Not Applicable

*Community:* Not Applicable

## 2. BACKGROUND

In adopting its Work Plan for 2021 the Audit Committee identified the prudence of periodically conducting an assessment of the Committee's performance with a view to identifying improvements in governance practices and performance. A summary report in relation to the responses received has been provided at **Appendix 1**.

During the Audit Committee Self-Assessment Report 2020 the following items were identified:

\* Q2 – Functions of Audit Committee – The Administration is closely monitoring the LG Reform Bill and will bring an amended Terms of Reference to the Audit Committee and then Council, when appropriate.

\* Q16 – Cyber Security – The matter is being progressed as per the confidential minute from the 19 October 2020 Audit Committee meeting.

\* Q19 – Engagement of the External Auditors – Consideration is being given to the External Auditor contract.

\* Q20 – Presiding Member – Currently that is a matter for Council to appoint, although the LG Reform Bill may require Councils to appoint Independent Members as Presiding Members of their Audit Committee.

### 3. ANALYSIS

Four (4) of the five (5) members of the Audit Committee provided responses to the self-assessment. A consolidation of responses received has been provided as **Appendix 1** for review by the Committee.

As can be seen within the self-assessment **Appendix 1**, the scoring was generally very positive across all areas, and a number of comments were made by members of the Committee that are shown on the report.

The Administration will consider the feedback and determine a range of actions to address concerns raised as relevant. Where significant changes are required these will be further explored with the Committee (and Council if necessary) prior to implementation.

A number of the suggestions have been noted and are being actioned, including:

\* Q2 – Functions of Audit Committee – This is a continuing task and the Administration is closely monitoring the LG Reform Bill and will bring an amended Terms of Reference to the Audit Committee and then Council, when appropriate.

\* Q6 – Meeting Arrangements – The Administration will continue to provide a report to the Committee to consider frequency, timing, duration, venue and format of meetings.

\* Q14 – Executive take responsibility and manage Risk – The Committees Work Plan provides for Directorates Risk Presentations and the Administration will continue to develop informative presentations and information for the Committee.

\* Q15 – Effective Risk Management Systems – The Administration has systems and process in place to manage risk and there are plans to further enhance the organisations proficiency with a continuous improvement progression.

\* Q16 – Internal Audit – Development of an assurance map to optimise the program’s effectiveness and reduce audit duplication.

\* Q19 – Engagement of the External Auditors – The Administration closely monitors the performance of the External Auditors and the contract.

\* Q20 – Presiding Member – Currently that is a matter for Council to appoint, the incoming provisions (late 2022) of the *Statutes Amendment (Local Government Review) Act 2021* provide for a majority of Audit & Risk Committee Members to be independent but does not prescribe a requirement for an independent presiding member.

**4. OPTIONS**

The Committee has the following options:

- I. To note the outcomes of the Self-Assessment.
- II. To determine areas of improvement by way of resolution.

**5. APPENDIX**

- (1) Audit Committee Self-Assessment Report 2021



---

# **Appendix 1**

*Audit Committee Self-Assessment Report 2021*

---

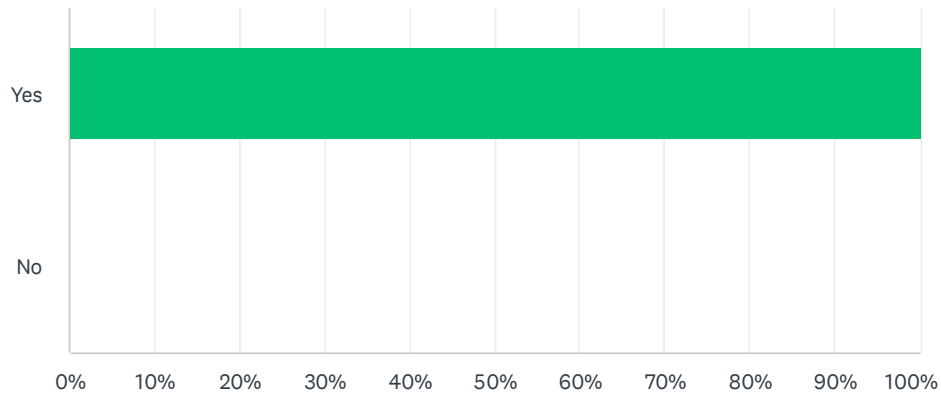
## Q1 Please provide your name:

Answered: 4 Skipped: 0

#	RESPONSES	DATE
[REDACTED]	[REDACTED]	[REDACTED]

## Q2 Do you understand and agree with the functions of the Committee as detailed in its Terms of Reference?

Answered: 4 Skipped: 0

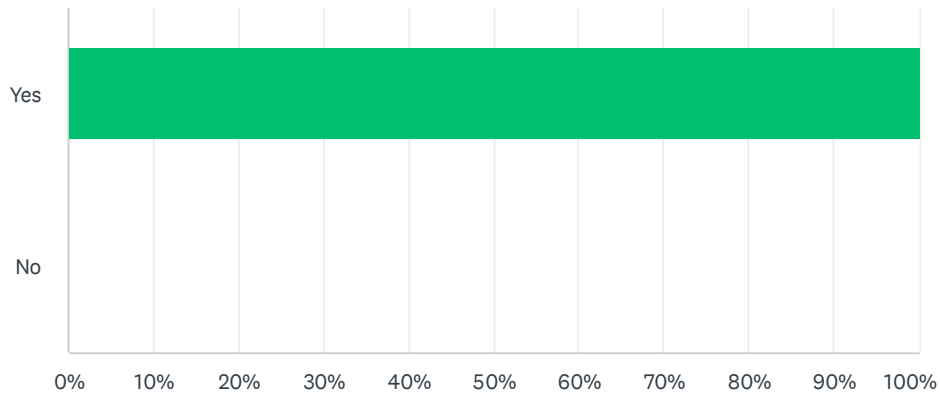


ANSWER CHOICES	RESPONSES	
Yes	100.00%	4
No	0.00%	0
TOTAL		4

#	IF NO, WHY?	DATE
1	But may need to be reviewed when the name and responsibilities change under the new legislation.	

### Q3 Does the Committee collectively have sufficient skills, experience, time and resources to undertake its duties?

Answered: 4 Skipped: 0

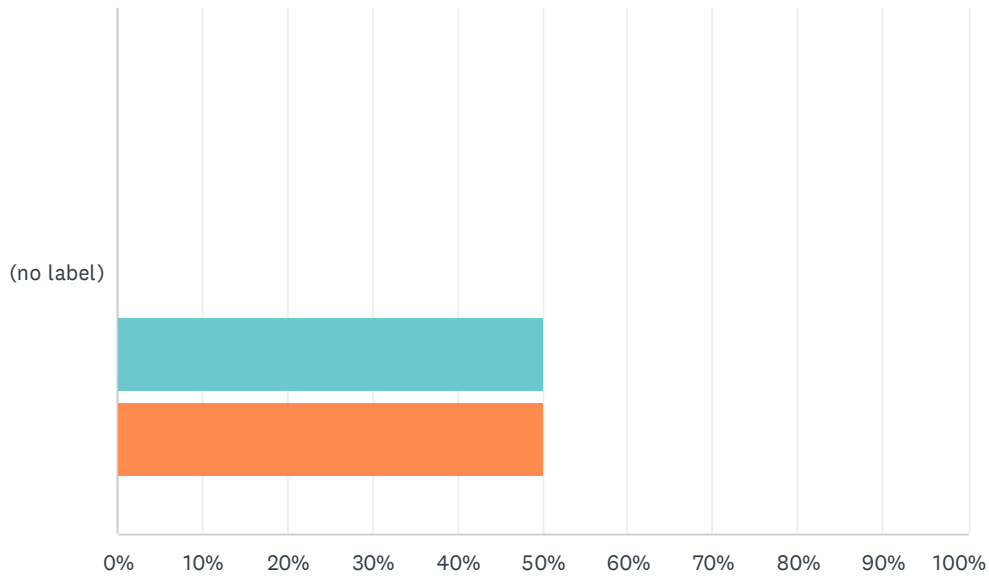


ANSWER CHOICES	RESPONSES	
Yes	100.00%	4
No	0.00%	0
TOTAL		4

#	IF NO, WHY?	DATE
1	I think there is a good balance as often demonstrated by the questions raised at meetings.	

# Q4 Does the Committee work constructively as a team and work well with others attending the meetings?

Answered: 4 Skipped: 0

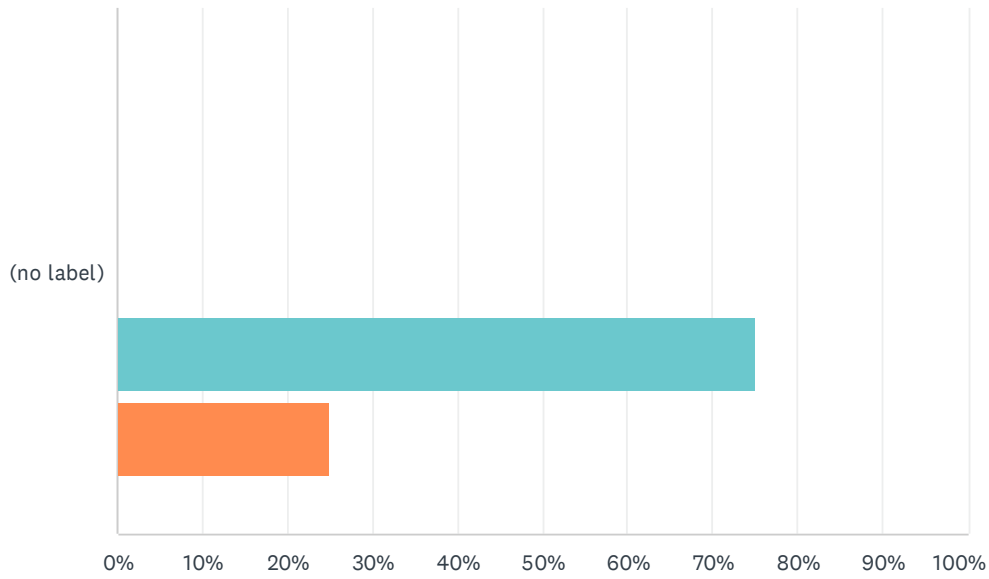


- Very Ineffective
- Neither Effective or Ineffective
- Very Effective
- Ineffective
- Effective

	VERY INEFFECTIVE	INEFFECTIVE	NEITHER EFFECTIVE OR INEFFECTIVE	EFFECTIVE	VERY EFFECTIVE	TOTAL	WEIGHTED AVERAGE
(no label)	0.00% 0	0.00% 0	0.00% 0	50.00% 2	50.00% 2	4	4.50

# Q5 Does the relationship between Committee members strike the right balance between challenge and mutuality?

Answered: 4 Skipped: 0

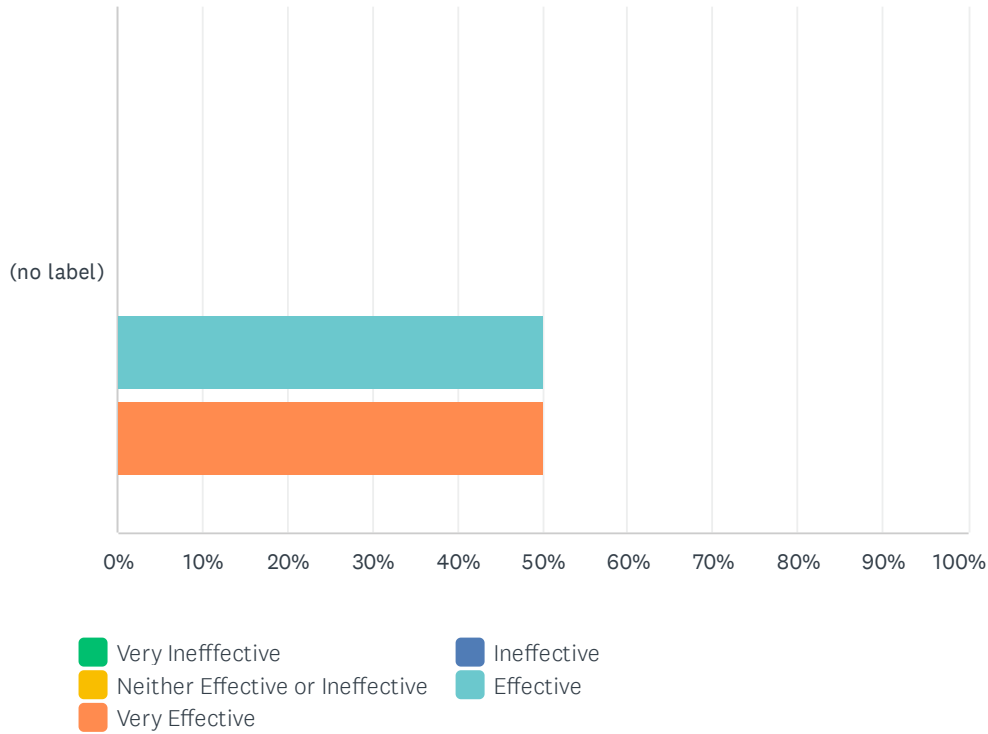


- Very Ineffective
- Ineffective
- Neither Effective or Ineffective
- Effective
- Very Effective

	VERY INEFFECTIVE	INEFFECTIVE	NEITHER EFFECTIVE OR INEFFECTIVE	EFFECTIVE	VERY EFFECTIVE	TOTAL	WEIGHTED AVERAGE
(no label)	0.00% 0	0.00% 0	0.00% 0	75.00% 3	25.00% 1	4	4.25

## Q6 Do the meeting arrangements enhance the Committee's effectiveness (e.g. frequency, timing, duration, venue and format) to allow sufficient time for the discussion of agenda items?

Answered: 4 Skipped: 0

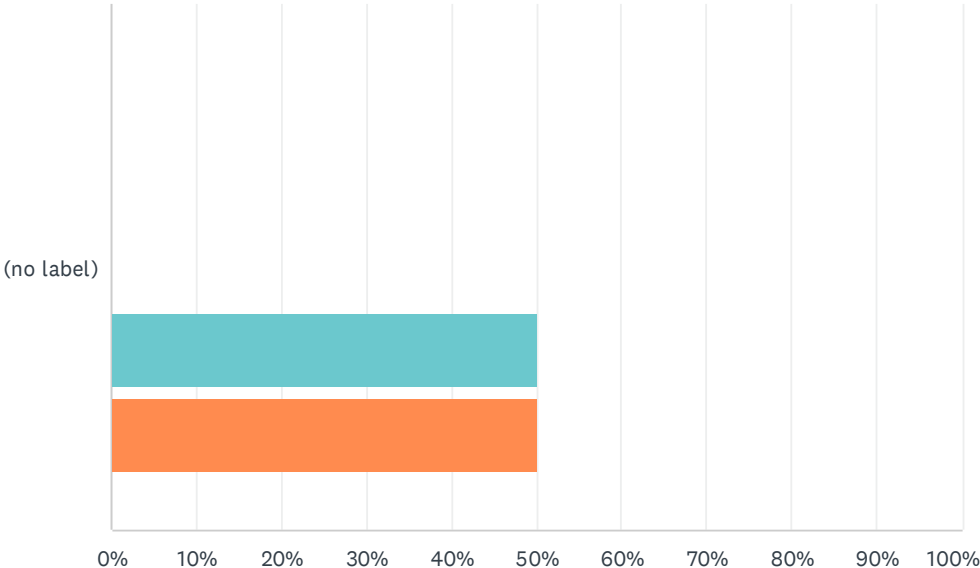


	VERY INEFFECTIVE	INEFFECTIVE	NEITHER EFFECTIVE OR INEFFECTIVE	EFFECTIVE	VERY EFFECTIVE	TOTAL	WEIGHTED AVERAGE
(no label)	0.00% 0	0.00% 0	0.00% 0	50.00% 2	50.00% 2	4	4.50

#	IF NOT, HOW COULD THIS BE IMPROVED?	DATE
1	Maybe I could forgo the one meeting at Woodside as most members/staff have further to travel .	

# Q7 Are the reports for each meeting sufficiently comprehensive and yet understandable enough for you to make informed decisions?

Answered: 4 Skipped: 0



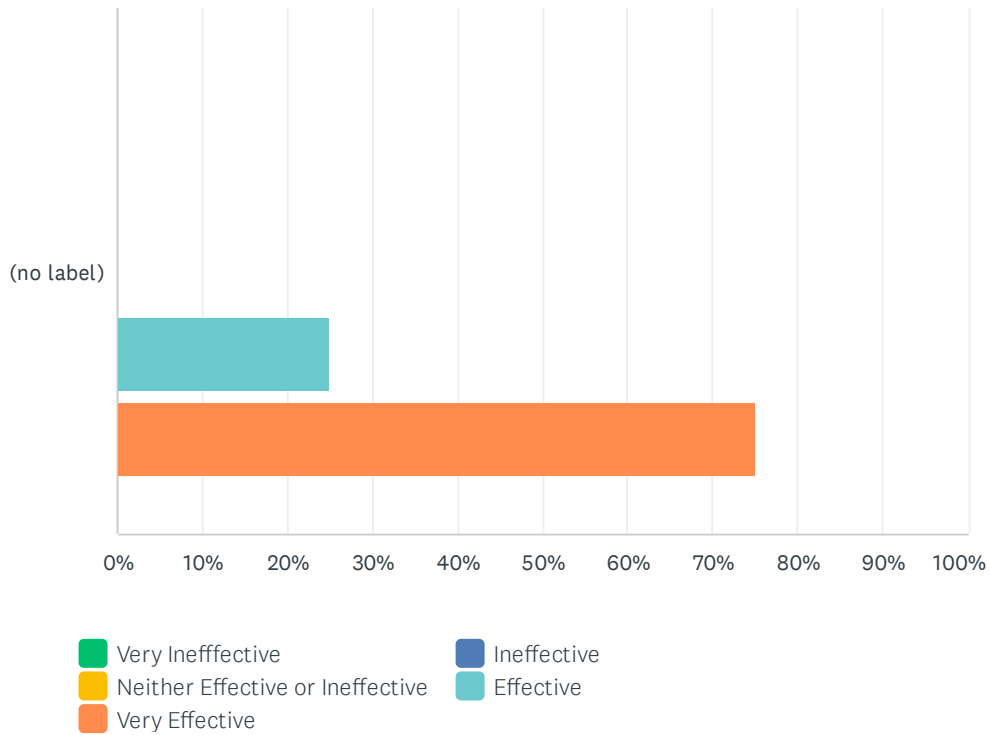
- Very Ineffective
- Neither Effective or Ineffective
- Very Effective
- Ineffective
- Effective

	VERY INEFFECTIVE	INEFFECTIVE	NEITHER EFFECTIVE OR INEFFECTIVE	EFFECTIVE	VERY EFFECTIVE	TOTAL	WEIGHTED AVERAGE
(no label)	0.00% 0	0.00% 0	0.00% 0	50.00% 2	50.00% 2	4	4.50



## Q8 Are the presentations an interesting and helpful way of informing members about various issues?

Answered: 4 Skipped: 0

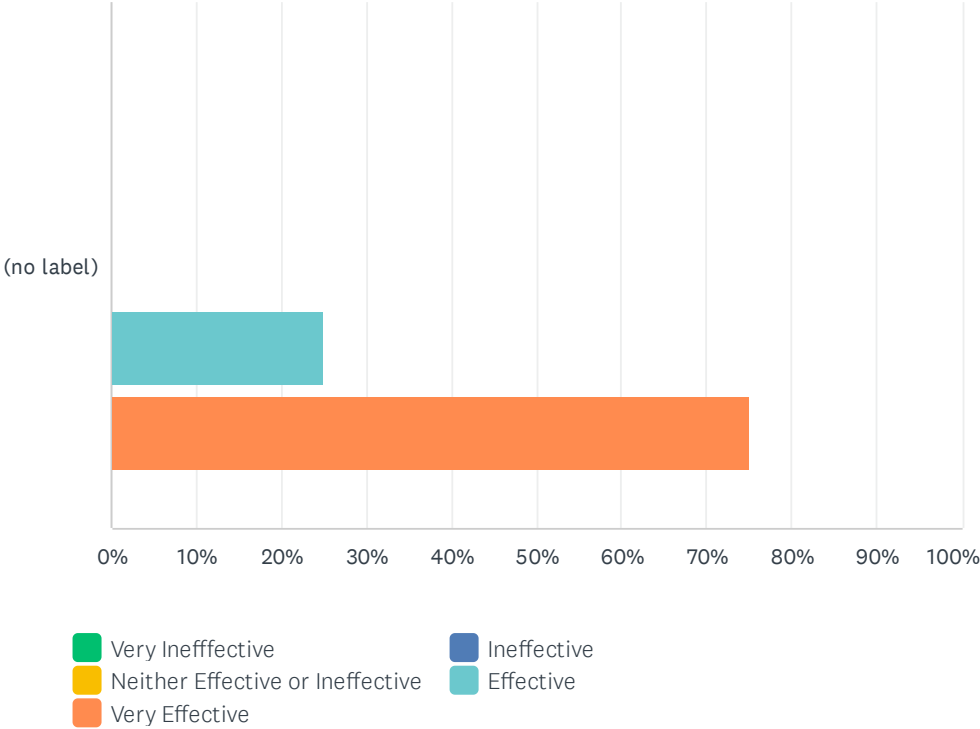


	VERY INEFFECTIVE	INEFFECTIVE	NEITHER EFFECTIVE OR INEFFECTIVE	EFFECTIVE	VERY EFFECTIVE	TOTAL	WEIGHTED AVERAGE
(no label)	0.00%	0.00%	0.00%	25.00%	75.00%	4	4.75
	0	0	0	1	3		

#	IF NOT, HOW COULD THIS BE IMPROVED?	DATE
1	The presentations are very informative and enhances the members understanding of the Council.	

# Q9 Are effective minutes prepared, distributed and followed up?

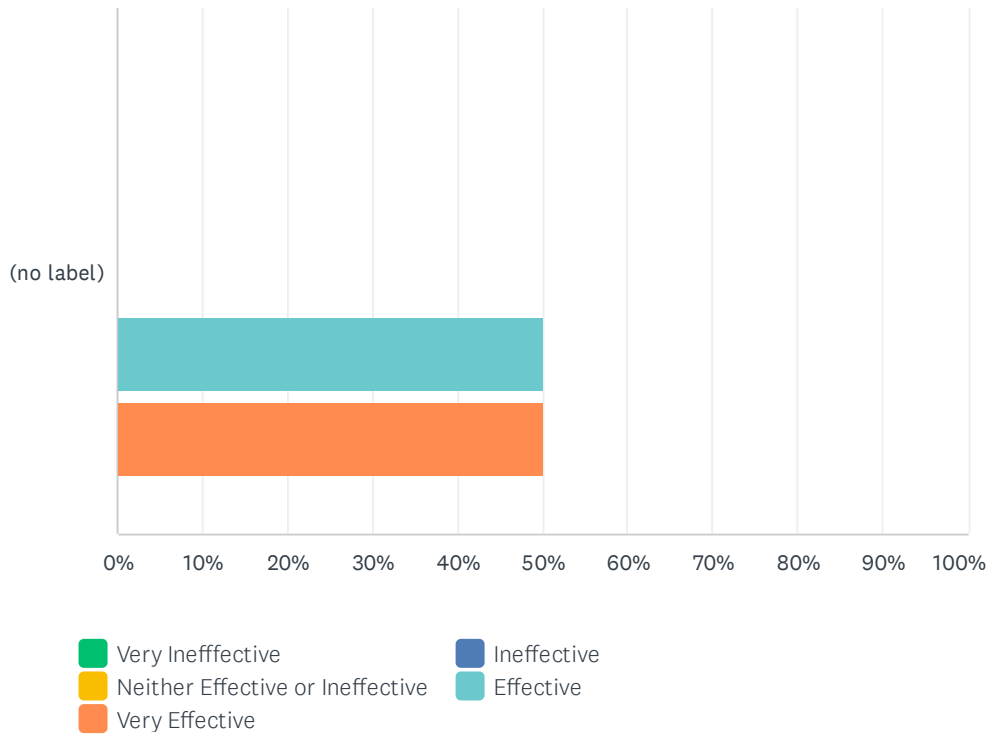
Answered: 4 Skipped: 0



	VERY INEFFECTIVE	INEFFECTIVE	NEITHER EFFECTIVE OR INEFFECTIVE	EFFECTIVE	VERY EFFECTIVE	TOTAL	WEIGHTED AVERAGE
(no label)	0.00% 0	0.00% 0	0.00% 0	25.00% 1	75.00% 3	4	4.75

# Q10 How do you rate the overall efficiency and effectiveness of the Committee?

Answered: 4 Skipped: 0

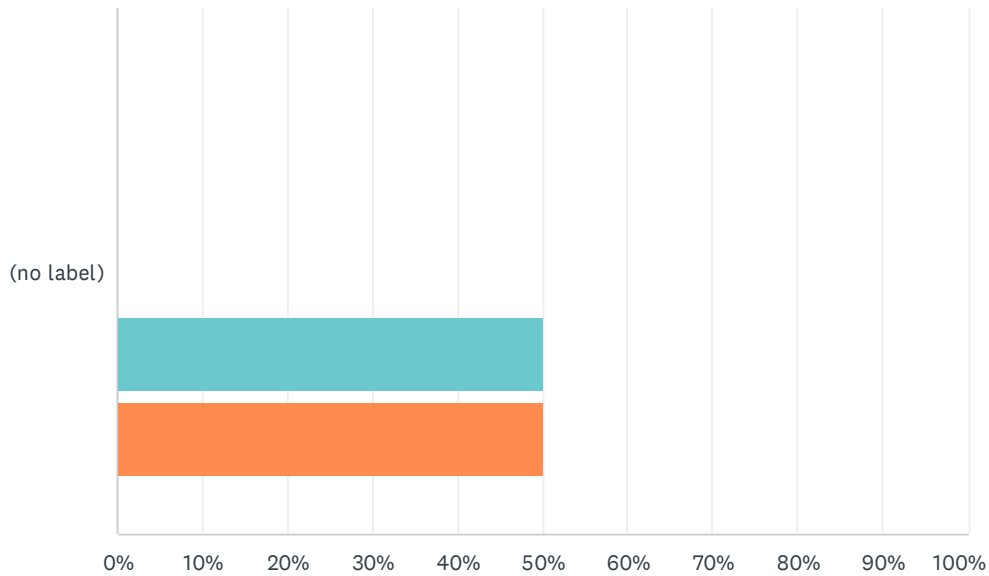


	VERY INEFFECTIVE	INEFFECTIVE	NEITHER EFFECTIVE OR INEFFECTIVE	EFFECTIVE	VERY EFFECTIVE	TOTAL	WEIGHTED AVERAGE
(no label)	0.00%	0.00%	0.00%	50.00%	50.00%	4	4.50
	0	0	0	2	2		

#	PLEASE PROVIDE REASONS FOR YOUR RATING.	DATE
1	The Committee members work well as a team and with the other attendees at the meeting. Robust discussion leads to good outcomes.	
2	The Committee comprises of three independent members that work in different fields. This facilitates different perspectives being brought to the table. The Committee is well attended by Council's executive members and senior managers.	
3	The minutes and recommendations are presented to the Council for information or adoption. My recollection is that there have not been any questions/queries on the Committee's business. As Presiding Member I am able to move recommendations at Council (I only do this after consultation with co-member Leith Mudge and prior notification to the Mayor). I believe that this process helps the business move quickly. In addition, it is my view that if a report has been examined by the Audit Committee, the Council is very likely to accept it and the recommendations	

# Q11 Do staff and members conduct themselves in accordance with high standards of behaviour?

Answered: 4 Skipped: 0

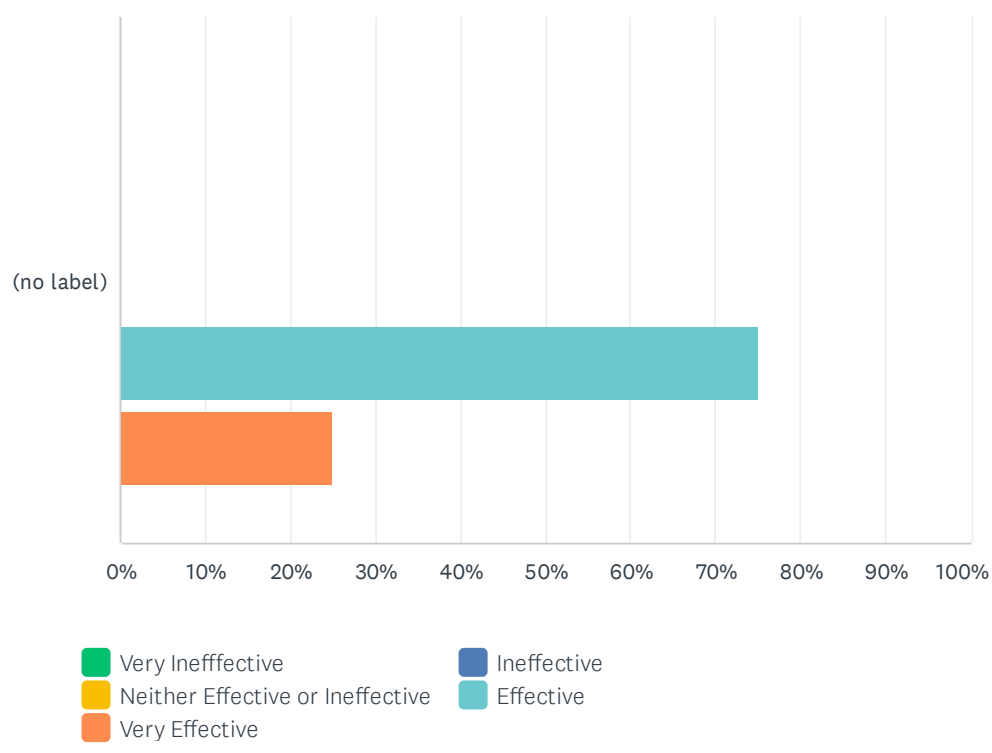


- Very Ineffective
- Neither Effective or Ineffective
- Very Effective
- Ineffective
- Effective

	VERY INEFFECTIVE	INEFFECTIVE	NEITHER EFFECTIVE OR INEFFECTIVE	EFFECTIVE	VERY EFFECTIVE	TOTAL	WEIGHTED AVERAGE
(no label)	0.00% 0	0.00% 0	0.00% 0	50.00% 2	50.00% 2	4	4.50

# Q12 How do you rate the performance of the Presiding Member in preparing for and conducting the meetings?

Answered: 4 Skipped: 0

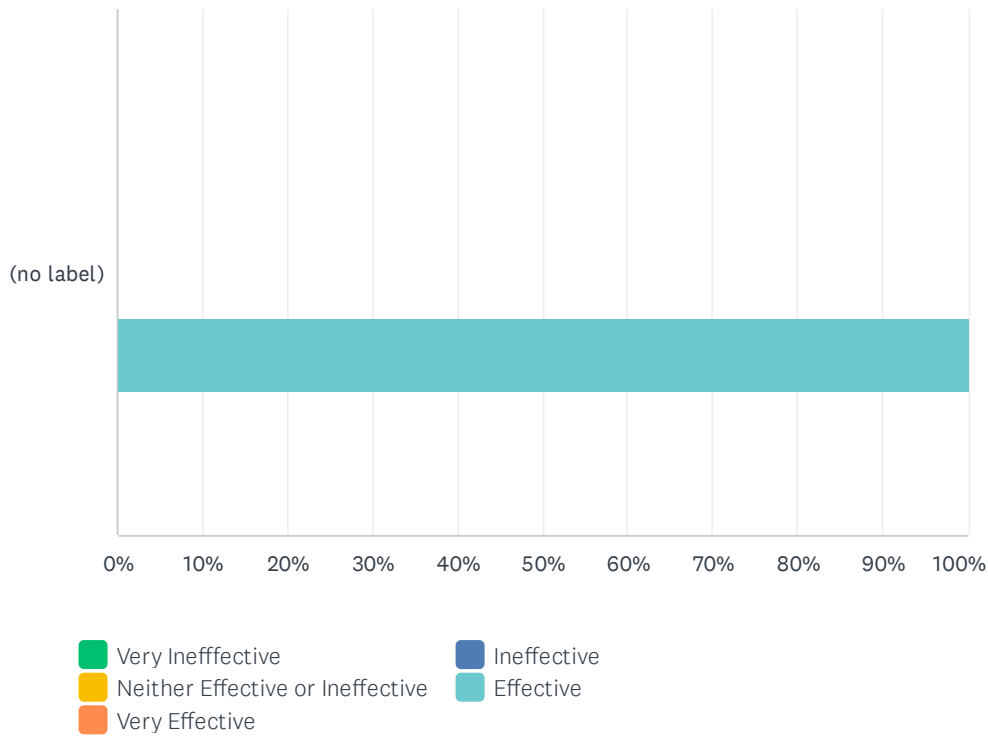


	VERY INEFFECTIVE	INEFFECTIVE	NEITHER EFFECTIVE OR INEFFECTIVE	EFFECTIVE	VERY EFFECTIVE	TOTAL	WEIGHTED AVERAGE
(no label)	0.00% 0	0.00% 0	0.00% 0	75.00% 3	25.00% 1	4	4.25

#	PLEASE PROVIDE REASONS FOR YOUR RATING.	DATE
1	The Presiding Member ensures the meeting runs to schedule and that everyone has the opportunity to contribute to the discussion.	
2	The Presiding Member does provide opportunity for each member of the Committee to comment on each agenda item. It is unusual for the Presiding Member to be a an elected member of Council instead of an Independent member.	
3	AS the PM, I have a bit of a conflict here, but if it can be accepted, then I think I manage the meetings effectively, allowing members to speak freely and encouraging all members to participate. I read my agenda thoroughly. I always send in any questions prior to the meeting so that considered replies can be provided. Attempt to get through the business in under two hours.	

# Q13 How do you rate your performance as a member of the Committee?

Answered: 3 Skipped: 1

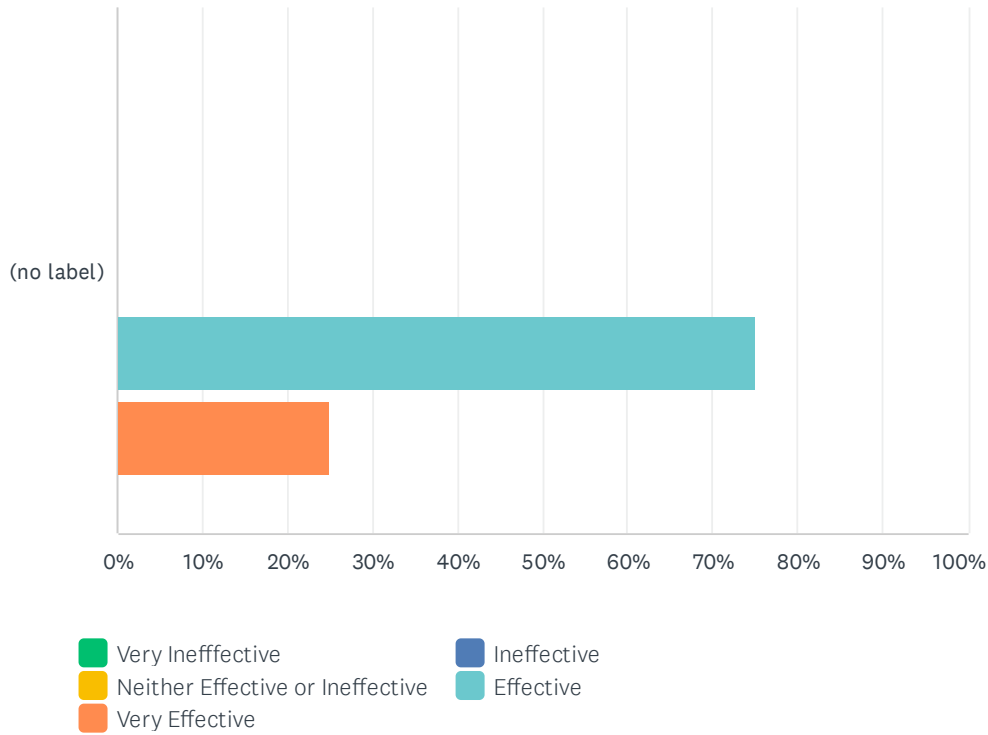


	VERY INEFFECTIVE	INEFFECTIVE	NEITHER EFFECTIVE OR INEFFECTIVE	EFFECTIVE	VERY EFFECTIVE	TOTAL	WEIGHTED AVERAGE
(no label)	0.00% 0	0.00% 0	0.00% 0	100.00% 3	0.00% 0	3	4.00

#	PLEASE PROVIDE REASONS FOR YOUR RATING.	DATE
1	I am always prepared and contribute to the discussion of each agenda item.	[REDACTED]
2	Having worked as ab external auditor, internal auditor, a Finance Manager and a Strategy Manager I can see issues from both an audit perspective but also understand the practical issues in implementing internal controls and implementing treatments to manage risk.	
3	see above	

# Q14 Does the Committee assure itself that the Executive take responsibility for risk identification and control, and give formal assurance through reporting that key risks are being adequately managed?

Answered: 4 Skipped: 0

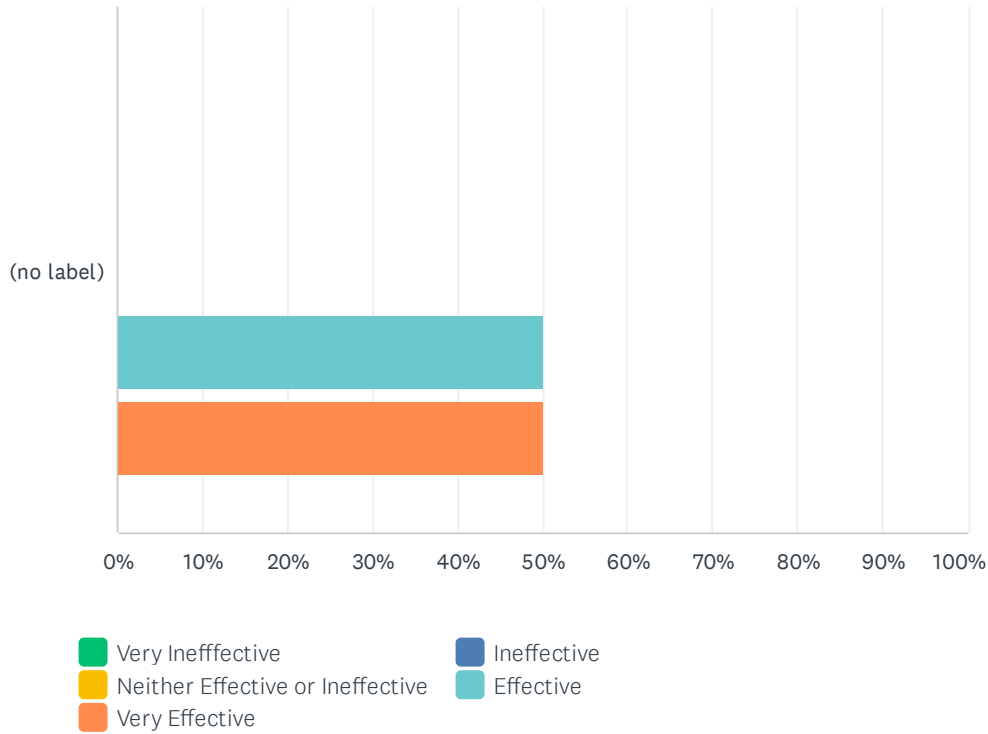


	VERY INEFFECTIVE	INEFFECTIVE	NEITHER EFFECTIVE OR INEFFECTIVE	EFFECTIVE	VERY EFFECTIVE	TOTAL	WEIGHTED AVERAGE
(no label)	0.00%	0.00%	0.00%	75.00%	25.00%	4	4.25
	0	0	0	3	1		

#	PLEASE PROVIDE REASONS FOR YOUR RATING.	DATE
1	Risks are considered for all agenda items.	[REDACTED]
2	Each Executive portfolio at AHC have presented to the Audit Committee about their area's responsibilities and associated risks.	
3	Via Audit Committee reports	

# Q15 Is the Committee satisfied that there is an effective program in place to ensure that risk management becomes an integral part of the way in which Council conducts business?

Answered: 4 Skipped: 0



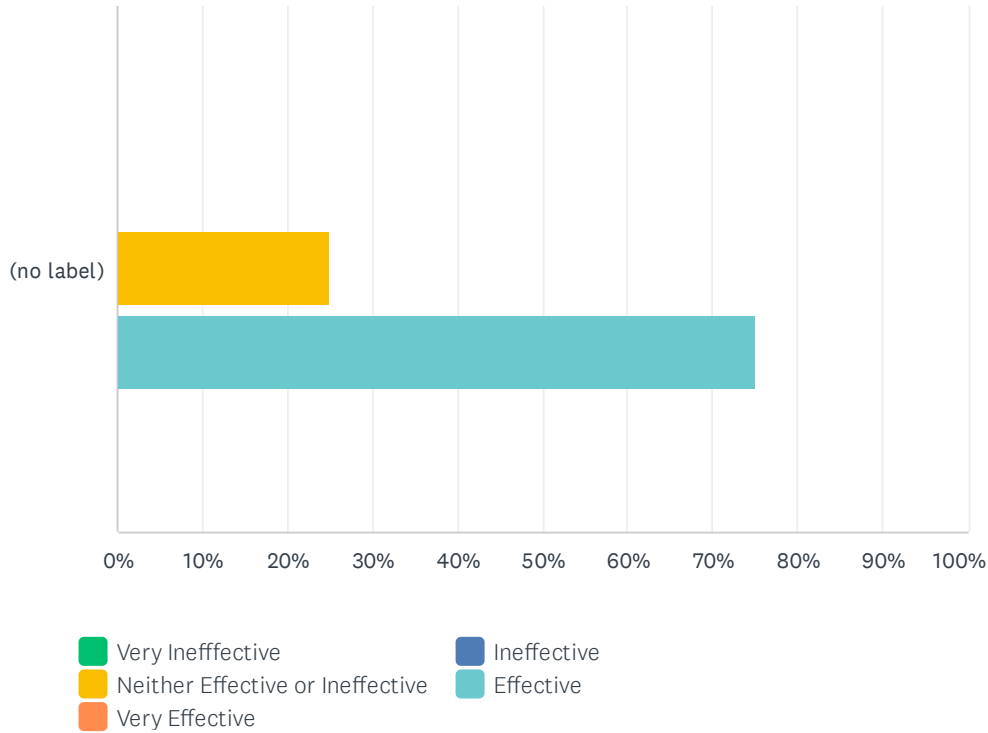
	VERY INEFFECTIVE	INEFFECTIVE	NEITHER EFFECTIVE OR INEFFECTIVE	EFFECTIVE	VERY EFFECTIVE	TOTAL	WEIGHTED AVERAGE
(no label)	0.00% 0	0.00% 0	0.00% 0	50.00% 2	50.00% 2	4	4.50

#	PLEASE PROVIDE REASONS FOR YOUR RATING.	DATE
1	Risks are considered for all agenda items.	[REDACTED]
2	Risk Management has improved since my time on the AHC Audit Committee. Risk Management software has been upgraded. Recommendations contained in external reports on reviews undertaken by consultants have recently been included in treatment plans.	
3	All council reports contain a section about Risk Management	



# Q16 Are internal audit findings and recommendations responded to in a timely and appropriate manner?

Answered: 4 Skipped: 0

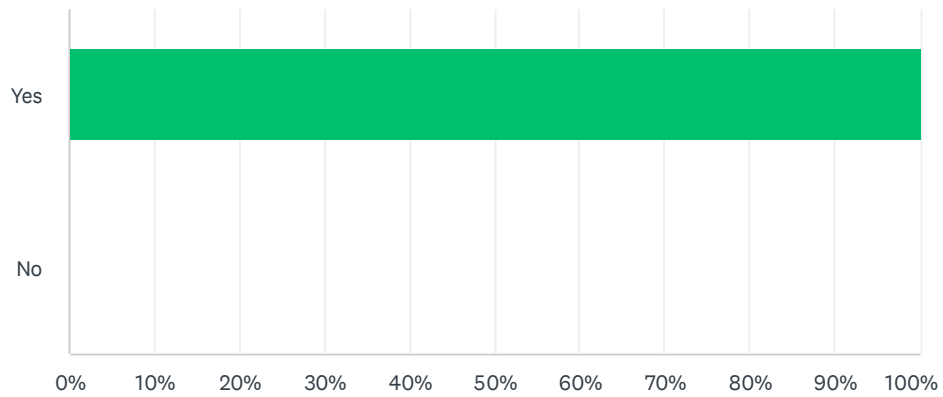


	VERY INEFFECTIVE	INEFFECTIVE	NEITHER EFFECTIVE OR INEFFECTIVE	EFFECTIVE	VERY EFFECTIVE	TOTAL	WEIGHTED AVERAGE
(no label)	0.00%	0.00%	25.00%	75.00%	0.00%	4	3.75
	0	0	1	3	0		

#	IF INEFFECTIVE HOW COULD THIS BE IMPROVED?	DATE
1	Although the process has improved this year, extension of timelines for IA findings and recommendations must be approved by the CEO.	
2	All of the internal audit issues are logged and recorded. When I first joined AHC Audit Committee I noticed that some matters had been outstanding for for a long period. .	

# Q17 Does the Committee review the work of the external auditor?

Answered: 4 Skipped: 0

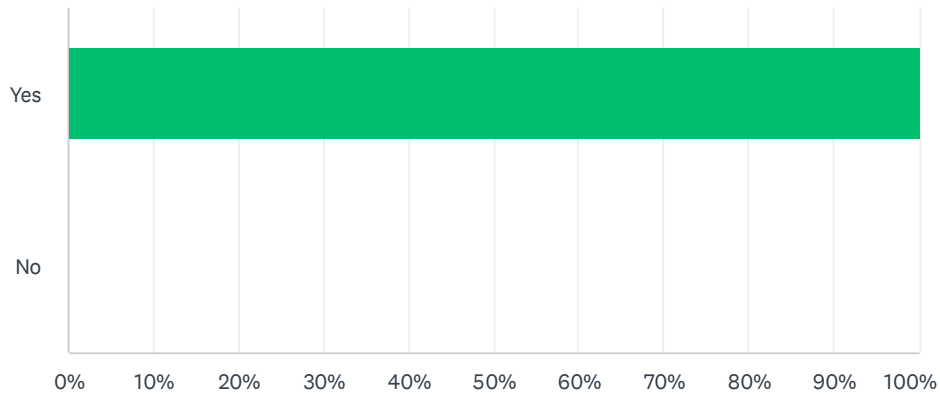


ANSWER CHOICES	RESPONSES
Yes	100.00% 4
No	0.00% 0
<b>TOTAL</b>	<b>4</b>

#	COMMENTS (IF ANY)?	DATE
1	The External Auditor attends AHC Audit Committee meetings at least once a year. Audit Committee reviews all management letters and opinions on the year end financial statements.	[REDACTED]

# Q18 Does the Committee review and discuss the external auditor's management letter?

Answered: 4 Skipped: 0

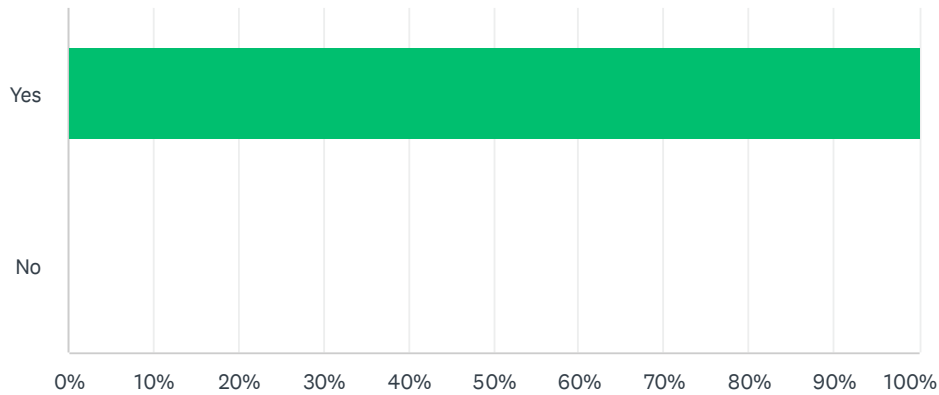


ANSWER CHOICES	RESPONSES
Yes	100.00% 4
No	0.00% 0
<b>TOTAL</b>	<b>4</b>

#	COMMENTS (IF ANY)?	DATE
1	The Auditor's management letter is reviewed by the Audit Committee. Audit findings are factored into the Council's internal assessment of controls.	[REDACTED]
2	In camera discussion with the Auditor are effective.	[REDACTED]

## Q19 Is the Committee effective in managing and monitoring the relationship with the external auditor?

Answered: 4 Skipped: 0

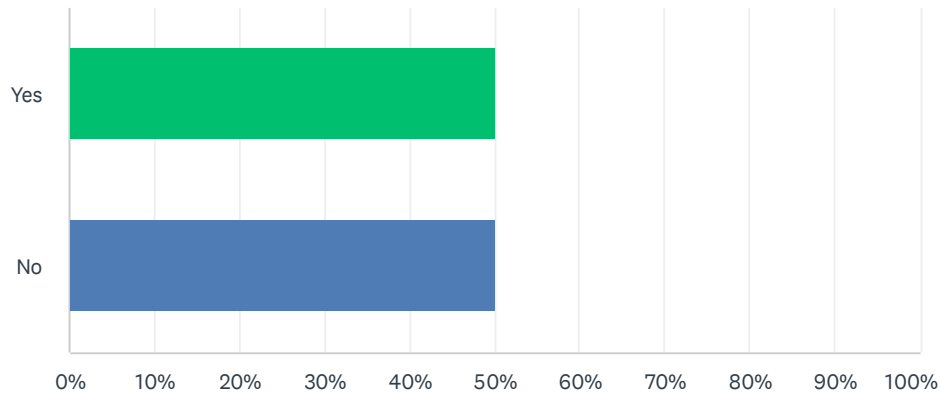


ANSWER CHOICES	RESPONSES
Yes	100.00% 4
No	0.00% 0
<b>TOTAL</b>	<b>4</b>

#	COMMENTS (IF ANY)?	DATE
1	At my previous Council Audit Committee, the external auditor met in camera with Audit Committee members without Council staff in attendance.	
2	Not sure that the Committee "manages" the external auditor. The relationship between the Committee and the Auditor is sound.	

## Q20 Do you have any other suggestions for improving any aspect of the Committee's performance, role or functions?

Answered: 4 Skipped: 0



ANSWER CHOICES	RESPONSES
Yes	50.00% 2
No	50.00% 2
<b>TOTAL</b>	<b>4</b>

#	COMMENTS (IF ANY)?	DATE
1	Resourcing of internal audit.	
2	Note my previous comments re:- meeting the external auditor in camera and having Independent Members being considered for the Presiding Member role.	

**ADELAIDE HILLS COUNCIL  
AUDIT COMMITTEE MEETING  
Monday 15 November 2021  
AGENDA BUSINESS ITEM**

**Item:** 7.6

**Responsible Officer:** Steven Watson  
Governance & Risk Coordinator  
Office of the Chief Executive

**Subject:** LGRS Risk Evaluation 2019 - Action Plan Review

**For:** Information

---

**SUMMARY**

Biennially Local Government Risk Services (LGRS) undertakes an evaluation of each council's risk management status by way of reviewing operational areas measured against a local government sector baseline. An evaluation was undertaken in late October 2019 with receipt of the final *LGRS Risk Evaluation Summary Report Appendix 1* occurring 17 December 2019.

The *LGRS Evaluation Summary Report* was presented to the Audit Committee at its 17 February 2020 Meeting. The *LGRS Risk Evaluation Action Plan* as per *Appendix 2* has been developed to address the findings from the LGRS Evaluation and was presented to the Audit Committee at its 25 May 2020, 16 November 2020 and 24 May 2021 meetings. Whilst there are some matters still requiring execution this is to be the final report to the Committee for the LGRS Risk Evaluation 2019. The administration will now focus on preparing for the next LGRS Risk Evaluation.

The purpose of this report is to provide the Audit Committee with an update on the implementation status of the Action Plan.

**RECOMMENDATION**

**The Audit Committee resolves that the report be received and noted.**

---

**1. GOVERNANCE**

➤ **Strategic Management Plan/Council Policy**

*Strategic Plan 2020-24 – A brighter future*

Goal 5 A Progressive Organisation

Objective O4 We actively represent our community

Priority O4.2 Attract and develop a diverse and capable elected body that represents, promotes and reflects the composition of the community

Priority O4.3 Advocate to, and exert influence with, our stakeholders on behalf of our community to promote the needs and ambitions of the region

Objective O5 We are accountable, informed, and make decisions in the best interests of the whole community

Priority O5.1 Enhance governance structures and systems to prudently adapt to changing circumstances and meet our legislative obligations

➤ **Legal Implications**

Section 126 of the *Local Government Act 1999* sets out the functions of an audit committee. Management of Committee’s action items and work plan facilitates the achievement of these functions.

➤ **Risk Management Implications**

The LGRS Evaluation provides an external assessment of aspects of Council’s current risk management framework and status. Actively responding to this external assessment with actions addressing identified areas for improvement will assist in mitigating the risk of:

*A lack of effective risk management occurs which leads to greater uncertainty in the achievement of objectives and/or negative outcomes.*

Inherent Risk	Residual Risk	Target Risk
Extreme (5C)	Medium (4D)	Medium (4D)

Note that there are many other controls that assist in mitigating this risk.

➤ **Financial and Resource Implications**

There are no direct financial implications in undertaking the review itself.

The Local Government Association Mutual Liability Scheme (LGAMLS), which comes under the LGRS banner, provides Local Government Members with a fully integrated Risk, Claims and Legal services for the management of civil liabilities. All South Australian Councils are Members of LGAMLS.

LGAMLS Members participate in the self-managed concept enabling greater control over their financial viability relating to civil liability risks. The application of a risk management framework allows a Member to measure and monitor business improvement while reducing civil liability risk associated with its business profile risks.

The results of the LGRS Evaluation are considered by the LGAMLS, together with Council’s claim record, in setting our contribution and in calculating the potential amount that may be available as a special distribution. A special distribution is not available every year. The amount is based on funds remaining after all claims across the State have been paid.

Some actions included in the *LGRS Risk Evaluation Action Plan* as per **Appendix 2** may have costs related to them; however, these are considered in the Annual Business Plan and Budget process or included as part of a budget review process.

➤ **Customer Service and Community/Cultural Implications**

There is a high expectation that Council has appropriate corporate governance processes in place including an effective corporate risk management system that is applied to minimise the impact of potential risk events and manage financials efficiently.

➤ **Sustainability Implications**

There are no direct sustainability implications arising from this report.

➤ **Engagement/Consultation conducted in the development of the report**

Engagement with relevant participants commenced well prior to the LGRS Evaluation occurring. Engagement included the gathering of evidence based materials and statements in preparedness for the Evaluation.

Post LGRS Evaluation further engagement has occurred in order to prepare and action the relevant Action Plans.

Consultation on the development of this report was as follows:

*Council Committees:* Not Applicable

*Council Workshops:* Not Applicable

*Advisory Groups:* Not Applicable

*External Agencies:* Local Government Risk Services (LGRS)

*Community:* Not Applicable

## 2. **BACKGROUND**

Biennially Local Government Risk Services (LGRS) undertakes an evaluation of each council's risk management status by way of reviewing operational areas measured against a local government sector baseline, including the application of a Risk Management Framework and related processes, organisational systems that influence council's risk profile and specific high risk activities and assets.

The Risk Evaluation occurred late 2019, with a *LGRS Risk Evaluation Summary Report* being presented to the Audit Committee at its 17 February 2020 meeting. An *Action Plan* was prepared to respond to the findings of the Evaluation and update reports were presented to the Audit Committee at its 25 May 2020, 16 November 2020 and 24 May 2021 meetings, indicating progress on implementation of the agreed actions.

The LGRS Evaluation process also included evaluating the Work Health and Safety and Incident Management functions of council but as these are not within the Terms of Reference of the Audit Committee, so these sections of the Summary Report have not been included.



### 3. ANALYSIS

The 2019 LGRS Risk Evaluation covered a range of areas, with three compulsory areas and two elective areas.

The compulsory areas were:

- Risk Management Systems
- Procurement and Contracts
- Roads and Footpaths.

The elective areas were:

- Event Management
- Tree Management
- Playgrounds
- Volunteers
- Customer Request and Complaints
- Emergency Management

The Executive Leadership Team was consulted on the elective areas and determined that Tree Management and Event Management warranted a review.

The Governance and Risk Coordinator has been working with the relevant staff following the Evaluation results in order to produce and undertake the Action Plan. The Action Plan utilises a key such as that detailed below:

<b>P</b>	Shows when action is planned
<b>C</b>	Shows when a planned action was completed
<b>O</b>	Shows when a planned action was due to be completed (i.e. item overdue and then rescheduled to a new planned date)

In relation to *Risk Management Systems*, the author confirms Skytrust is being utilised to manage Strategic Risks. The rollout of the Draft Risk Management Framework is pending a Skytrust software reporting update with this work scheduled to occur in 2022.

In relation to *Procurement and Contracts*, the author confirms the Contract Register is in SkyTrust and aims to capture dates of contracts, insurances and licences. Skytrust also enables automated follow up reminders and stores information for Contractor WHS induction process. The Manager Civil Services is developing a Project Management Framework. Once this is finalised WHS and Procurement will review and determine if any WHS or Procurement procedures need to be updated.

In relation to *Roads and Footpaths*, the author confirms the Asset Management Policy was considered by the Audit Committee at its 24 May 2021 meeting, followed by Council's adoption at the 22 June 2021 Ordinary Council Meeting. Asset Management Plans are being reviewed and updated in a continuous improvement cycle, which is recurrent.

In relation to Section 221 Permits, the author confirms the collaborative group effort led by the Manger Civil Services has been exceptional. The works have involved many workgroups from across the organisation and have now been presented and approved by the Executive Leadership Team for implementation.

In relation to *Event Management*, the author confirms the Events Officer has progressed the works and has a Draft Events Toolkit developed. This Toolkit provides for both internal and external events. The Events Officer aims to complete consultation with varying workgroups prior to seeking Executive Leadership Team approval for implementation. This is scheduled to occur in the first half of 2022.

In relation to *Tree Management*, the author confirms due to resourcing pressures in the arboriculture area this work still has not progressed. A business case for additional resources has been included as part of the 2021-22 Annual Business Plan and these resources are in the process of being sought. Works on the Action Plan is still scheduled throughout 2022.

#### 4. OPTIONS

The Committee has the following options:

- I. To resolve to receive and note the report including the *LGRS Risk Evaluation Action Plan* as per **Appendix 2** (Recommended.)
- II. To determine an alternate course of action (Not Recommended).

Should the Audit Committee wish to make amendments or resolve an alternative course of action, it is recommended that the matter be referred back to the Administration for further review.

#### 5. APPENDICES

- (1) LGRS Risk Evaluation Summary Report
- (2) LGRS Risk Evaluation Action Plan

---

# **Appendix 1**

## *LGRS Risk Evaluation Summary Report*

---



# 2019 Risk Evaluation Summary Report

**Adelaide Hills Council**

**Date of Evaluation: 29-31 /10/2019**

**Date Report Issued: 17/12/2019**

**EDITED VERSION – RISK ONLY**

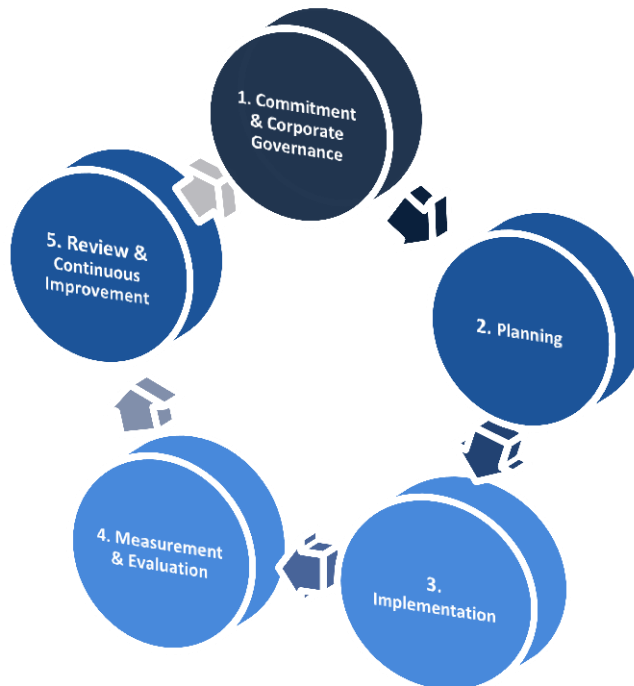
**Name of Evaluators:**

Lead Evaluator: Melissa Cox

Co- Evaluator: Sandy Voumard



# 1. Risk Evaluation Overview



The LGAWCS and LGAMLS provide a Risk Evaluation service to their Members, every two years. The aim of the Risk Evaluation process is to review each Member's risk management systems (including WHS and IM) against both LG Industry agreed Sector Baselines and other external requirements (e.g. RTWSA Performance Standards for Self Insurer requirements and relevant legislation). The objective of the evaluation is to assist Members to recognise and share LG risk management excellence, identify where opportunities for system improvements exist and to work in partnership with them to implement identified improvements.

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

## This summary report is structured as follows:

- An Executive Summary, which is completed by the Lead Evaluator, for both Risk and WHS/IM system aspects and briefly outlines the overall results of the evaluation and potential focus areas and recommended actions. This includes a Results Table, which summarises the results for both Risk Management (RM) and Work, Health and Safety (WHS) and Injury Management (IM) components.
- The RM Evaluation Report, which includes the chosen evaluation scope, names of evaluators, summary of findings and specific recommendations for each evaluated question within the identified evaluation scope.
- The WHS and IM Evaluation Report, which includes the evaluation scope, names of evaluators, summary of findings and specific recommendations for each sub-element within the evaluation scope.
- A conclusion, which is completed by the Lead Evaluator. This aims to identify where overall system trends and issues are occurring and what may be of assistance to the Member to progress them forward.

***NOTE: This report has been edited to remove the WHS& IM findings for the purposes of reporting the outcomes of the risk components to the Adelaide Hills Audit Committee. For the full FINAL version of this report please see the Governance & Performance team.***



## 2. Executive Summary

### Overview and Objective:

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

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

Members should use this information in their management planning and review systems to drive further improvement to their Risk, Safety and Injury Management systems.

In addition to this, the evaluations allow for sector-wide results to be collated and analysed to enable the Schemes to further assist the Local Government industry, either via sector wide programs or individual programs of targeted support.

This executive summary provides a brief overview of the results of the risk evaluation of Adelaide Hills Council on 29,30 and 31 October 2019]. The participation of Member representatives in the evaluation is a critical part of the evaluation process, is integral to the quality of the evaluation and is always greatly appreciated.

Executive management are encouraged to review the evaluation summary report in its entirety for further detail and recommendations.

The completed risk evaluation, WHS and IM tools that support these findings are available from your allocated Risk Consultant, RRC or WHSC. The tools and reports are also available in your Member documents on the Members Centre.

## 2.1 SUMMARY OF FINDINGS:

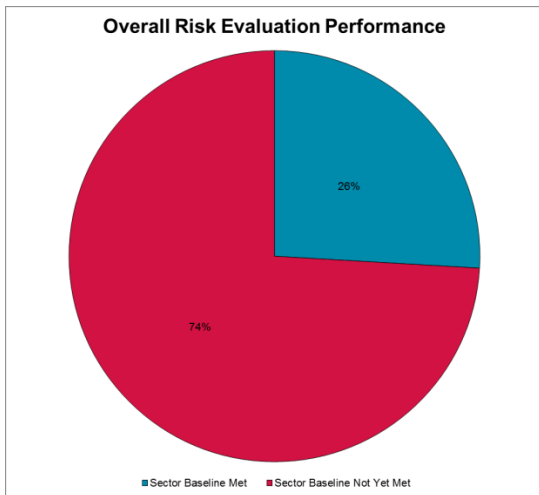
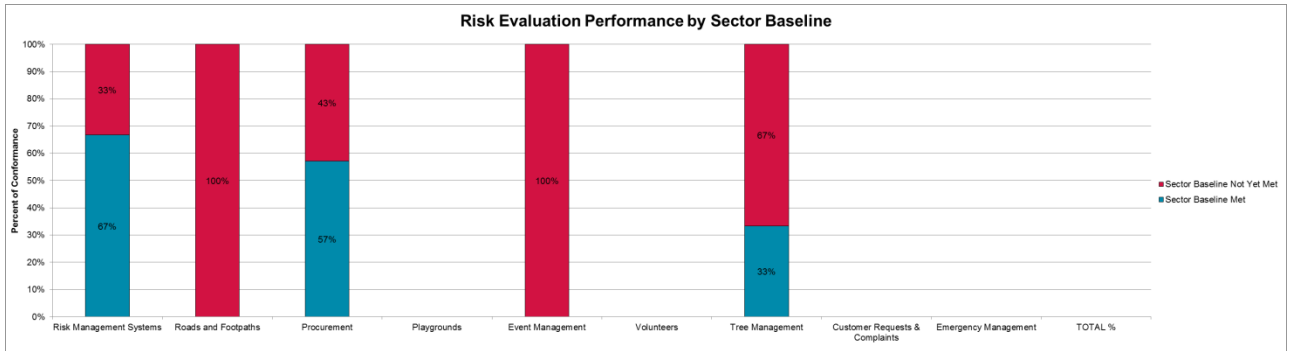
### 2.1.1 Risk Management

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

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

Adelaide Hills Council results against the mandatory and elective question sets are as follows:

Topics	Total Number of Sector Baselines Evaluated	Sector Baseline Met	Sector Baseline Not Yet Met
<b>MANDATORY AREAS</b>			
Risk Management Systems	3	2	1
Roads and Footpaths	8	0	8
Procurement	7	4	3
<b>ELECTIVES</b>			
Playgrounds	0	0	0
Event Management	6	0	6
Volunteers	0	0	0
Tree Management	3	1	2
Customer Requests & Complaints	0	0	0
Emergency Management	0	0	0
<b>TOTALS</b>	<b>27</b>	<b>7</b>	<b>20</b>
<b>TOTAL %</b>		<b>26%</b>	<b>74%</b>





## 2.1.1.1 Risk Management Systems

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

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

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

Q #	Risk Management Systems	Summary of Sector Baselines not met and any improvement required	Recommendation
1a	What does Council's Risk Management (RM) approach consist of?	<b>Sector Baseline Met</b> Adelaide Hills Council has an adopted Risk Management Policy, Corporate Risk Management Guide, a Corporate risk register (which captures operational risk) and a Strategic Risk Register. The Council is currently consulting on the development of a Risk Management Framework to complement the risk management activities.	N/A
1b	Does Council have a risk register or a tool/repository where risks are actively monitored and maintained on a periodic basis as per their documented approach?	<b>Sector Baseline Met</b> The AHC Council has a Strategic Risk Register, as viewed last updated 29 August 2019, by ELT and a Corporate Risk Register as viewed, which identifies a large number of operational risks.  Both risk registers are evidenced as being internally adopted and maintained by the organisation and easily accessible to all staff via.	N/A
1c	Is Council's above risk management approach implemented and operational?	<b>Sector Baseline Not Yet Met</b> The Council has some great processes around the reporting of its Strategic Risk as identified within the register. The opportunity for improvement is with the monitoring and reporting of the Councils operational risks. The newly drafted framework when implemented should give the foundations to support this reporting. It is also acknowledged that the Council has great WHS training needs identification processes that could be expanded across the organisation to include risk management training needs and alike.	It is recommended that the Council consider the Risk Management Policy, Framework and Guidelines training needs across the organisation and incorporate them into a Corporate Training needs process that expands upon the current WHS needs.  It is also recommended that the Council review its current reporting processes for operational risk. As viewed the draft Risk Management Framework documents the processes for monitoring and reporting of operational risk. The opportunity now is to adopt the Framework and implement it across the organisation.

## 2.1.1.2 Roads and Footpaths

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

Topics	Total Number of Sector Baselines Evaluated	Sector Baseline Met	Sector Baseline Not Yet Met
<b>MANDATORY AREAS</b>			
Roads and Footpaths	8	0	8

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

Q #	Roads and Footpaths	Summary of Sector Baselines not met and any improvement required	Recommendation
2a	Does Council have systems in place to authorise or permit 3rd party alterations to a public road (non-business purposes) in relation to S221 of the LG Act?	<p><b>Sector Baseline Not Yet Met</b></p> <p>The Adelaide Hills Council does not have defined and documented systems in place for the authorisation of 3<sup>rd</sup> party alterations to a public road.( S221 permits).</p> <p>There is a permit that outlines the criteria in which a person may apply and this is available on the Councils webpage.</p> <p>There are however no documented protocols about how the Council receives these applications, how they are assessed or any dispute resolution processes around the process.</p> <p>The assessment process does not appear to be consistently applied, covering the same agreed criteria each time.</p>	It is recommended that the Council undertake a review of its S221 permitting processes and ensure that all personnel who may have a role in the receipt of and approval of these permits work together to develop a defined documented system for the processing and subsequent approval. It is also recommended that the personnel who have delegated authority to sign permits have the training need for the processes mapped on a Corporate Training Needs Analysis.
2b	Does the authorisation process or permit consider structures and installations for their safety and suitability?	<p><b>Sector Baseline Not Yet Met</b></p> <p>The Council were unable to demonstrate that the authorisation process or permit consider structures and installations for their safety and suitability</p>	It is recommended that the Council introduce a documented assessment for all Section 221 permit applications to ensure that there is a documented and consistent approach to the assessment to ensure that the permit consider structures and installations for their safety and suitability.



Q #	Roads and Footpaths	Summary of Sector Baselines not met and any improvement required	Recommendation
2c	Does the authorisation or permit include an indemnity from the applicant to the Council?	<p><b>Sector Baseline Not Yet Met</b></p> <p>The permit identifies the appropriate Indemnity clause: "that the applicant will indemnify the Council, its employees and/or agents against all actions, costs, claims and demands for injury, loss or damage arising out of any negligent act or omission of the Applicant in relation to any activities under the Authorisation or arising out of breach of any condition attaching to the Authorisation"</p> <p>However, the permit as viewed does not ask the applicant to take out and keep current Public Liability Insurance to the value of at least \$10 million for the duration of the works.</p>	<p>It is recommend that the Council undertake a review of its Section 221 permitting process and ensure that the permit application and permits issued align. It is also recommended as identified above that the Council develop a documented assessment process to ensure that there is a consistent approach to the receipt, assessment and issuing of these permits.</p>
2d	Does Council have an Infrastructure and Asset Management Plan that covers the management and maintenance of roads and footpaths?	<p><b>Sector Baseline Not Yet Met</b></p> <p>It appears that the Council is in a transitional phase with its asset management, in particular for roads and footpath assets.</p> <p>During the evidence collected no data was supplied for the questions that relate to Asset Management, Roads and Footpaths. During the course of the evaluation it came to light that the Council did have an Asset Management Plan dated 2012 and was currently working on a new draft plan.</p> <p>It became quite clear that the 2012 plan was not in use and the draft while close had not been adopted by Council or its processes implemented across operations.</p> <p>It is further recognised that the operational assessment tools for inspection and maintenance activities for both roads and footpaths are still in the development stages.</p>	<p>It is recommended that the Council adopt and implement an Asset management Plan for the management and maintenance of its road and footpath assets.</p> <p>Additionally Council needs to continue with the development of assessment tools for both its road and footpaths assets and ensure that key personnel responsible for conducting these assessments are competent in the assessment criteria.</p> <p>It is further recommended that the Council give consideration to how the asset management plan and assessment tools are communicated and operationally used by key maintenance staff responsible for the on the ground operational maintenance of footpaths and roads.</p>
2e	Does Council have an inspection and maintenance regime (or schedule) to inspect roads and footpaths?	<p><b>Sector Baseline Not Yet Met</b></p> <p>Council was unable to demonstrate that they have a current and implemented inspection or maintenance regime in place for its road and footpath assets.</p>	As per 2d

Q #	Roads and Footpaths	Summary of Sector Baselines not met and any improvement required	Recommendation
2f	How does Council prioritise roads during scheduling of maintenance/repair?	<b>Sector Baseline Not Yet Met</b> It appears that the Council currently prioritises roads reactively, based on receipt of customer complaints and requests.	As per 2d
2g	How does Council prioritise footpaths during scheduling of maintenance/repair?	<b>Sector Baseline Not Yet Met</b> It appears that the Council currently prioritises footpaths reactively, based on receipt of customer complaints and requests.	As per 2d
2h	If Council has Railway Interface/s, does Council fulfil its duties as a Road Manager?	<b>Sector Baseline Not Yet Met</b> Council have a Railway Interface agreement in place with the relevant rail infrastructure manager (ARTC). However it was evidenced that the documented risk assessments for each interface has still not occurred in line with National Rail Safety Act 2012 S 109)	It is recommended that the Council contact the Rail Authority and commence discussions around the completion of the rail interface risk assessments in the following manner:  a) by itself identifying and assessing those risks;(independently) or  (b) by identifying and assessing those risks jointly with the other person; or  (c) by adopting the identification and assessment of those risks carried out by the other person.

### 2.1.1.3 Procurement and Contracts

#### Overview of Results – Procurement and Contracts

Topics	Total Number of Sector Baselines Evaluated	Sector Baseline Met	Sector Baseline Not Yet Met
<b>MANDATORY AREAS</b>			
Procurement and Contracts	7	4	3

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

Q #	Procurement and Contracts	Sector Baseline and Summary of any improvement required	Recommendation
3a	Are there policies, and procedures prepared and adopted for the procurement process, including approach to the market, evaluation of responses and selection of providers?	<b>Sector Baseline Not Yet Met</b> The Council has a Procurement Policy revised and effective from 1 October 2019. There is also a Procurement Framework adopted by ELT and has an issue date of October 2019. The documented system provides clear processes for approach to the market,	It is recommended that the Council ensure the implementation of the revised documents, forms and templates to ensure that there are defined processes for the recording of reasons for entering into contracts other than those resulting from a tender.



Q #	Procurement and Contracts	Sector Baseline and Summary of any improvement required	Recommendation
		<p>evaluation of responses and selection of providers.</p> <p>The current Framework as viewed does not identify a process for the recording of reasons for entering into contracts other than those resulting from a tender.</p> <p>It is acknowledged however that the newly revised framework and subsequent guidance materials require that an <i>Recommendation Report</i> must be completed for all acquisitions over \$10,000 or when a contract is being used, this will be the transparent way of recording moving forward the reason why a supplier was utilised.</p>	
3b	Are there systems in place to identify risks as part of the procurement/ purchasing process?	<p><b>Sector Baseline Met</b></p> <p>There are some robust systems in place to identify risk as part of the procurement and purchasing process.</p> <p>The Procurement Framework identifies 3.2.3 - that outlines a Risk Assessment must be prepared to assess the supply risk, business risk, management risks, prohibit risk.</p> <p>The Council should be commended on the introduction of new tools and processes outlined within its Procurement Framework.</p>	N/A
3c	Is there evidence that the procurement process is transparent and in accordance with applicable organisation's procurement policy/operational guidance/procedures	<p><b>Sector Baseline Met</b></p> <p>There was evidence to demonstrate that the Council procurement processes are clear and transparent process and align with the documented systems.</p>	N/A
3d	Have staff who have delegated roles and/or are responsible for procurement and/or contracts been provided with appropriate training?	<p><b>Sector Baseline Met</b></p> <p>Those with delegated procurement roles are appropriately trained. It was also evidenced that as a result of the newly developed Procurement Framework, training needs and a training program is in its development stages.</p>	Whilst the sector baseline has been deemed met in this instance there is an opportunity to further improve these systems by ensuring that training needs for personnel in relation to procurement are mapped on a Corporate training needs analysis.
3e	Does Council have a process in place to justify the rationale behind, and approval of, variations from standard indemnity, insurance, legal liability and contractor incident notification clauses?	<p><b>Sector Baseline Met</b></p> <p>The Council has documented processes in place should they need to apply variations from standard indemnity, insurance, legal liability and contractor incident notification clauses in contractual</p>	N/A

Q #	Procurement and Contracts	Sector Baseline and Summary of any improvement required	Recommendation
		documentation.	
3f	Is there evidence of the rationale in 3e being applied during the procurement process including when calling for tenders and developing/writing contracts?	<p><b>Sector Baseline Not Yet Met</b></p> <p>The Council is using standard contract clauses and can demonstrate application of these as described above for purchases where a purchase order is not being applied.</p> <p>However, the Councils Purchase Orders issued (as viewed ) does not document the appropriate terms and conditions.</p>	<p>It is recommended that the Council update its Purchase Order terms and conditions to reflect the following:</p> <ul style="list-style-type: none"> <li>• The requirement for the supplier to comply with all legislative requirements</li> <li>• Indemnity/liability provisions</li> <li>• Insurance (minimum public liability indemnity)</li> <li>• Warranty (goods and services)</li> <li>• Any sub-contractor prohibition (no engagement without prior approval of Council)</li> </ul>
3g	<p>Are there processes in place to administer the contract and manage supplier performance during and after the contract?</p> <p>Note: The criteria in this section are checking to see that there is evidence that these things are actually occurring</p>	<p><b>Sector Baseline Not Yet Met</b></p> <p>There are documented processes in place to administer the contract and manage supplier performance during and after the contract, however this could not be evidenced as being applied</p>	<p>It is recommended that the Council review the application of its Contractor Management processes to ensure that monitoring of contractor work is documented and that there are documented processes in place and applied to review contractor performance post works.</p>

### 2.1.1.4 Elective Topics

#### 3 Overview of Results – Elective Areas – E2 Event Management

Topics	Total Number of Sector Baselines Evaluated	Sector Baseline Met	Sector Baseline Not Yet Met
<b>ELECTIVE AREAS</b>			
Event Management	6	0	6

#### 4 Specific Results and Improvement areas – E2 Event Management

Q #	Event Management	Summary of Sector Baselines not met and any improvement required	Recommendation
E2a	Does Council have systems in place for the management of <i>Council organised</i> events?	<p><b>Sector Baseline Not Yet Met</b></p> <p>The Council does not have systems in place for management of Council organised events. There is a Policy and a Toolkit in place that is more focussed on Council permitted</p>	<p>It is recommended that the Council undertake a review of its current processes in place for Council organised events and consider the application of the Events Toolkit and its elements being applied for Council</p>





		events. Whilst it is appreciated that some components may be applied to Council organised events this was evidenced as not being applied in a consistent manner.	organised events.  It is further suggested that the Council review its current “events” and determine what constitutes an event, if they are Council permitted or Council organised. By doing this it will assist in the direction of what risk management activities should be in place and by whom.
E2b	Do these systems ensure consistent risk management, and compliance with legislative requirements, of <i>Council organised</i> events across all areas of Council?	<b>Sector Baseline Not Yet Met</b>  As identified in E2a the Councils documented systems are focussed on Council permitted events. Appreciating this, it was evidenced that there are not processes being applied that ensure a consistent approach to risk management for Council organised events to ensure and compliance with legislative requirements.	It is recommended that the Council consider the application of the Events Toolkit and elements being applied for Council organised events.  It is also further suggested that the Council look to develop a simple checklist to support the key risk management activities for Council organised events to ensure that each event manager has the tools to ensure the consistent application.
E2c	As part of the risk management process, are all arrangements with other parties documented, including suitability of contractors, and responsibilities (indemnities and insurances) for the risks they manage?	<b>Sector Baseline Not Yet Met</b>  The Council was unable to demonstrate that a risk management approach is applied consistently across Council organised events to ensure there is a process to ensure suitability of contractors, and responsibilities (indemnities and insurances) for the risks they manage.	As above
E2d	Has Council assessed the number of, and skills required for, Council staff and Volunteers working at the event?	<b>Sector Baseline Not Yet Met</b>  The Council was not able to demonstrate that they have assessed the number of, and skills required for, Council staff and Volunteers working at events.	As above
E2e	Has Council considered Emergency Management provisions for events?	<b>Sector Baseline Not Yet Met</b>  The Council was unable to demonstrate the consideration and provision of emergency management provision for events consistently.	As above
E2f	Do Council's systems ensure consistent permitting of events by Council?	<b>Sector Baseline Not Yet Met</b>  The Council has some great processes in place for the permitting of events and have developed an Events Toolkit. The toolkit in principle provides good guidance, however it was unclear if there is a consistency to how Council is assessing and permitting these events.	It is recommended that the Council develop a checklist or like that can be used to track the key risk management activities (review of risk management plans, emergency management plans, insurances and licences) that should be supplied and reviewed during the permitted process.

### Overview of Results – Elective Areas – E4 Tree Management

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

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

Q #	Tree Management	Summary of Sector Baselines not met and any improvement required	Recommendation
E4a	Does Council have systems in place to manage existing and new trees?	<p><b>Sector Baseline Not Yet Met</b></p> <p>The Council has a high level policy in place in regards to trees, the Policy does refer to a number of operation processes that do not appear to be yet in place (inspection, maintenance schedules and registers) It is for this reason that the Sector Baseline has not yet been met.</p>	It is recommend that the Council consider the development of the operational process documents (guidelines or framework) as described within its Policy, maintenance and inspection programs. These guidance documents will provide transparent processes in relation to the management of trees and will assist in ensuring consistent and risk based determinations
E4b	Does the system provide a process for identifying, analysing, assessing, evaluating and treating risks related to trees during development & planning, planting, and maintenance?	<p><b>Sector Baseline Not Yet Met</b></p> <p>The Council was unable to demonstrate that its tree management system provides a process for identifying, analysing, assessing, evaluating and treating risks related to trees during development &amp; planning, planting, and maintenance</p>	As identified above the Council could benefit from documenting its process in relation to the preventative management of trees.
E4c	Has Council taken “reasonable action” in response to all tree requests regarding street trees in the last 24 months?	<p><b>Sector Baseline Met</b></p> <p>The Council was able to demonstrate that they are taking ‘reasonable action’ in relation to request in relation to street trees through the development of the CRM process, mapping of trees (new), service levels and the documented case management approach.</p>	Whilst it is noted that the Sector Baseline has been met for this question there is opportunity to bring together the process of responding to tree request into a documented process ( flowchart or operational procedure) This will ensure that there is a consistent systematic approach to this process.



## 2.2 EXECUTIVE SUMMARY: CONCLUSION

In relation to the risk elements tested, the Council should be commended on the work conducted to date in with the development and implementation of its Risk Management Framework and Procurement processes. It was evident that there has been significant focus in this space and the outcomes of this evaluation is a representation of that. In regards to procurement the development of a guideline, associated tools and process flow together with a planned training program will see the Council in a good space moving forward.

In regards to roads and footpaths, the Council needs to ensure there is a consistent approach to the receipt, assessment and approval of its Section 221 permits. There is also some work to be done in relation to adoption and subsequent implementation of an asset management plan for Road and Footpath assets; and then the application of assessment, inspection and maintenance programs to ensure ongoing management of these assets.

In relation to trees, the documented approach to tree protocols could be developed to provide some clear and consistent guidance in relation to the management of trees from planting, removal, inspection and managing tree requests, it is recognised that there has been some great work conducted to date in the development of CRM process and a tree register and mapping of assets, its now about further developing these processes to ensure a consistent approach.

In regards to event management there has been some great work in the development of an Events and Festivals Toolkit for Council permitted events, this toolkit and the application of it could be also utilised for Council organised events and if applied in a consistent manner would address the risk management approach for Council organised events.

Whilst it may appear that there are a number of areas to follow up on particularly with Roads and Footpaths, Events and Trees. It is recognised that significant system build and improvement is occurring, and providing that Adelaide Hills Council continue to work on the building of these system and making improvements, the system should mature and progress to a compliant level. A system to be effective, needs to be documented, communicated and applied across all of the organisation in a consistent manner, the opportunity for the Council is to start the documenting some of these systems.

The Adelaide Hills Council has undertaken a considerable body of work in the development of their safety systems. It should be recognised that the measures of conformance/observation are based upon all of the necessary components being in place and applied. So, whilst Council has not yet reached this level in many of the areas evaluated, it is recognised that they have made significant progress in many aspects and topic areas and the staff involved are diligently working towards improving their systems and processes.

We would like to thank all those that were involved in the evaluation for their time and honest responses. It is clear that management and workers within the Adelaide Hills Council are keen to move forward on the development of their Risk and WHSMS and are applying resources to make this happen.

With the current WHS and IM Plan (Improvement Plan) due for review in early 2020, it is recommended that management conduct a system review, to identify priorities and programs with safety objectives, targets, measures and supporting actions that will drive the system forward in a way that enables outcomes to be measured and recognised not just in terms of progress but whether the objectives are being met.

The organisation should also focus on a structured and prioritised implementation program for their risk management system that enables integration with the organisation's other planning processes e.g. procurement, project management, strategic and operational planning.

Your allocated LGAWCS/MLS RRC (Mel Cox) can assist you with the system review and action/- implementation plan development.

Management will need to monitor, review and apply accountability for the completion of the planned actions and outcomes from the measures, to make sure that the WHS and risk systems continue to develop and improve in a way that is of the greatest benefit to the organisation.

Please note that action plans for monitoring by the LGAWCS/MLS need to be submitted for review by the end of January 2020 and it is expected that these will extend for a period of two years (until your next risk evaluation).

WHS and risk action plan close out is determined at the end of September each year. These percentages are included in 50% of the WCS rebate calculations. The other 50% is based on IM claims performance

## 3. Risk Management Report

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

### 3.1 Summary of the evaluation scope

The Risk Management Evaluation considered the presence and degree of implementation of systems relating to:

- Risk Management Systems
- Roads and Footpaths
- Procurement, Tenders and Contracts
- Tree Management
- Event Management

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

- Steven Watson, Governance and Risk Coordinator
- James Greenfield, Procurement Project Officer
- Anisa Cadd, Events Officer
- Damian Brennan, Horticultural Officer
- Joel Eckerman, Coordinator Civil Operations
- Kylie Caruso, Roads Officer
- John Davey, Projects Officer
- Craig Marshall, Senior Infrastructure Planning Engineer
- David Collins, Manager Sustainable Assets

### 3.3 Documentation Review

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

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

### 3.4 Physical Verification

The Risk Management section of this evaluation was conducted in its entirety at the Adelaide Hills Council Administration Building in Stirling. It involved demonstration and interrogation of the live systems to support the desktop evidence supplied.

### 3.5 Report Findings and Recommendations

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

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

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

- Planning and continuous improvement by Council of their RM Systems

### 3.6 Risk Evaluation Tool and Findings

Risk Evaluation Tool can be found at:

<https://www.lgrs.com.au/documentlibrary/documentnew/index?documentId=6257&fileName=2019-20 Risk Evaluation Tool V1.0 Issued 17-12-2019 Evaluator Comments.pdf&library=59>



## Contact

### **Stevie Sanders**

WHS & Risk Manager

T: +61 (0)8 8235 6485

M: +61 (0) 429 904 262

[Stevie.Sanders@jlta.com.au](mailto:Stevie.Sanders@jlta.com.au)

LGRS a division of Jardine Lloyd Thompson Pty Ltd ABN 69 009 098 864 AFS Licence 226827.  
The JLT Group is a part of the Marsh & McLennan Companies (MMC) group of companies.

This information is not intended to be detailed advice on the operations of the Schemes. Each Scheme is covered by a set of Rules and Guidelines, which are available on the LGRS Member Centre.

If you have any questions on the operation of the Schemes please contact your LGRS client services manager.

[www.lgrs.com.au](http://www.lgrs.com.au)

---

## **Appendix 2**

### *LGRS Risk Evaluation Action Plan*

---

# Adelaide Hills Council 2019-20 Risk Management Action Plan Progress Report



Version No:  
Issued:  
Next Review:

Evaluation Score	Risk Evaluation Q or Source	Due	Evaluation Finding	Action Agreed	Progress	Responsible Person	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21						
Report			LGRS Evaluation and Report	N/A	Complete	Regional Risk Coordinator	Evaluation Undertaken	Draft Report	Final Report Received																													
<b>Risk Management</b>																																						
Sector Baseline Not Yet Met	1c		<p>It is recommended that the Council consider the Risk Management Policy, Framework and Guidelines training needs across the organisation and incorporate them into a Corporate Training needs process that expands upon the current WHS needs.</p> <p>It is also recommended that the Council review its current reporting processes for operational risk. As viewed the draft Risk Management Framework documents the processes for monitoring and reporting of operational risk. The opportunity now is to adopt the Framework and implement it across the organisation.</p>	Provide details and advice arising from the Risk Evaluation to the Organisational Development team for consideration and incorporation into the Training Needs Analysis register.	In Progress	Governance & Risk Coordinator	Evaluation Undertaken	Draft Report	Final Report Received						C																							
				Undertake review and implementation of robust risk management reporting utilising SkyTrust software.	In Progress	Governance & Risk Coordinator	Evaluation Undertaken	Draft Report	Final Report Received												O													C				
				Progress the Draft Risk Management Framework to implementation and monitoring across the organisation.	In Progress	Governance & Risk Coordinator	Evaluation Undertaken	Draft Report	Final Report Received														O												O	P		
<b>Roads &amp; Footpaths</b>																																						
Sector Baseline Not Yet Met	2a		<p>It is recommended that the Council undertake a review of its S221 permitting processes and ensure that all personnel who may have a role in the receipt of and approval of these permits work together to develop a defined documented system for the processing and subsequent approval. It is also recommended that the personnel who have delegated authority to sign permits have the training need for the processes mapped on a Corporate Training Needs Analysis.</p>	1. Review Information available	Completed 13/2/2020	Ashley Curtis	Evaluation Undertaken	Draft Report	Final Report Received		C																											
				2. Bring Stakeholders together to map process and document current process	Completed 16/3/2020	Ashley Curtis	Evaluation Undertaken	Draft Report	Final Report Received					C																								
				3. Document Desired Process	Completed 9/4/2020	Ashley Curtis	Evaluation Undertaken	Draft Report	Final Report Received							C																						
				4. Prepare assessment checklist	Completed 22/6/2020	Ashley Curtis	Evaluation Undertaken	Draft Report	Final Report Received																													
				5. Update application forms	Completed 6/8/2020	Ashley Curtis	Evaluation Undertaken	Draft Report	Final Report Received																													
				6. Update Permit document	Completed 21/8/2020	Ashley Curtis	Evaluation Undertaken	Draft Report	Final Report Received																													

Adelaide Hills Council 2019-20 Risk Management Action Plan Progress Report

Evaluation Score	Risk Evaluation Q or Source	Due	Evaluation Finding	Action Agreed	Progress	Responsible Person	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	
							Evaluation Undertaken	Draft Report	Final Report Received																								
				7. Run a test scenarios (i.e.. one of each type)	This item has been deleted	Ashley Curtis	Evaluation Undertaken	Draft Report	Final Report Received									O							C								
				8. Rectify any deficiencies	This item has been deleted	Ashley Curtis	Evaluation Undertaken	Draft Report	Final Report Received									O	O							O			C				
				8a Consultation (NEW Item)	This is a NEW Item	Ashley Curtis	Evaluation Undertaken	Draft Report	Final Report Received											O						O			C				
				9. Document workflow for process	Completed 29/10/2020	Ashley Curtis	Evaluation Undertaken	Draft Report	Final Report Received										O							O			C				
				10. Train all relevant staff	<a href="http://teams.ahc.sa.gov.au/engineering/Shared%20Documents/Forms/AllItems.aspx">http://teams.ahc.sa.gov.au/engineering/Shared%20Documents/Forms/AllItems.aspx</a>	Ashley Curtis	Evaluation Undertaken	Draft Report	Final Report Received											O						O			C				
				11. Implement - web? SharePoint? Continuous Improvement strategy		Ashley Curtis	Evaluation Undertaken	Draft Report	Final Report Received											O						O			C				
Sector Baseline Not Yet Met	2b		It is recommended that the Council introduce a documented assessment for all Section 221 permit applications to ensure that there is a documented and consistent approach to the assessment to ensure that the permit consider structures and installations for their safety and suitability.	As per 2a		Ashley Curtis	Evaluation Undertaken	Draft Report	Final Report Received																								
Sector Baseline Not Yet Met	2c		It is recommend that the Council undertake a review of its Section 221 permitting process and ensure that the permit application and permits issued align. It is also recommended as identified above that the Council develop a documented assessment process to ensure that there is a consistent approach to the receipt, assessment and issuing of these permits.	As per 2a	Draft Plan completed and external review of plan undertaken. External review to be incorporated into updated draft plan.	Ashley Curtis	Evaluation Undertaken	Draft Report	Final Report Received																								
Sector Baseline Not Yet Met	2d		It is recommended that the Council adopt and implement an Asset management Plan for the management and maintenance of its road and footpath assets. Additionally Council needs to continue with the development of assessment tools for both its road and footpaths assets and ensure that key personnel responsible for conducting these assessments are competent in the assessment criteria. It is further recommended that the Council give consideration to how the asset management plan and assessment tools are communicated and operationally used by key maintenance staff responsible for the on the ground operational maintenance of footpaths and roads.	1. Finalise draft Transport Asset Management Plan	Community Consultation underway	David Collins	Evaluation Undertaken	Draft Report	Final Report Received										O	O													
				2. Council adoption of Transport Asset Management Plan	Proposed for December 2020 Council	David Collins	Evaluation Undertaken	Draft Report	Final Report Received												O												
				3 Implement Transport Asset Management Plan	Condition survey being developed for Connect	David Collins	Evaluation Undertaken	Draft Report	Final Report Received												O												
				4. Utilise Confirm Connect to audit a sample size of footpath network to determine process and resource requirements for inspection of full network.	Condition survey that is developed will be customised to include route with high priority footpaths.	David Collins	Evaluation Undertaken	Draft Report	Final Report Received																								
				5. Utilise High priority Zone mapping to undertake yearly inspection of footpath condition.	Condition survey that is developed will be customised to include route with high priority footpaths.	David Collins	Evaluation Undertaken	Draft Report	Final Report Received																								

Adelaide Hills Council 2019-20 Risk Management Action Plan Progress Report

Evaluation Score	Risk Evaluation Q or Source	Due	Evaluation Finding	Action Agreed	Progress	Responsible Person	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21				
							Evaluation Undertaken	Draft Report	Final Report Received																											
Sector Baseline Not Yet Met	2e		As per 2d		Condition survey that is developed will be customised to include route with high priority footpaths.	David Collins	Evaluation Undertaken	Draft Report	Final Report Received							O								O	O	C										
Sector Baseline Not Yet Met	2f		As per 2d		Condition survey that is developed will be customised to include route with high priority footpaths.	David Collins	Evaluation Undertaken	Draft Report	Final Report Received							O								O	O	C										
Sector Baseline Not Yet Met	2g		As per 2d		Condition survey that is developed will be customised to include route with high priority footpaths.	David Collins	Evaluation Undertaken	Draft Report	Final Report Received							O								O	O	C										
Sector Baseline Not Yet Met	2h		It is recommended that the Council contact the Rail Authority and commence discussions around the completion of the rail interface risk assessments in the following manner: a) by itself identifying and assessing those risks;(independently) or (b) by identifying and assessing those risks jointly with the other person; or (c) by adopting the identification and assessment of those risks carried out by the other person.	1. Undertake an in-house risk assessment of each rail interface,  2. Contact rail authority and ask to review their risk assessment of each rail interface within the Council area.  3. Amend the Council risk assessment with reference to the rail authority's, adopt, record, and provide a copy to the rail authority.		Ashley Curtis	Evaluation Undertaken	Draft Report	Final Report Received									O									C									
						Ashley Curtis	Evaluation Undertaken	Draft Report	Final Report Received														O								C					
						Ashley Curtis	Evaluation Undertaken	Draft Report	Final Report Received															O								C				
<b>Procurement</b>																																				
Sector Baseline not achieved	3a		The Council has a Procurement Policy revised and effective from 1 October 2019. There is also a Procurement Framework adopted by ELT and has an issue date of October 2019. The documented system provides clear processes for approach to the market, evaluation of responses and selection of providers. The current Framework as viewed does not identify a process for the recording of reasons for entering into contracts other than those resulting from a tender. It is acknowledged however that the newly revised framework and subsequent guidance materials require that an Recommendation Report must be completed for all acquisitions over \$10,000 or when a contract is being used, this will be the transparent way of recording moving forward the reason why a supplier was utilised.	Framework to be reviewed and updated.	Framework reviewed Clause 3.2.5. Acquisition Plan. Current requirement for AQ plan required for all contracts. Recommendation report required for all contracts.	James Greenfield	Evaluation Undertaken	Draft Report	Final Report Received																											
Sector Baseline not achieved	3e		It is recommended that the Council update its Purchase Order terms and conditions to reflect the following: • The requirement for the supplier to comply with all legislative requirements • Indemnity/liability provisions • Insurance (minimum public liability indemnity) • Warranty (goods and services) • Any sub-contractor prohibition (no engagement without prior approval of Council)		Purchase Order conditions changed	James Greenfield	Evaluation Undertaken	Draft Report	Final Report Received																											
Sector Baseline not achieved	3g		It is recommended that the Council review the application of its Contractor Management processes to ensure that monitoring of contractor work is documented and that there are documented processes in place and applied to review contractor performance post works.	Procurement and WHS will review the current processes and update them in consultation with the relevant stakeholders. It is envisioned that compliance and training will be in conjunction and built into the Procurement processes.		James Greenfield & Lee Merrow	Evaluation Undertaken	Draft Report	Final Report Received										O (Interim)		O													P		
						James Greenfield & Lee Merrow	Evaluation Undertaken	Draft Report	Final Report Received														O (Interim)		O											
<b>Event Management</b>																																				

Adelaide Hills Council 2019-20 Risk Management Action Plan Progress Report

Evaluation Score	Risk Evaluation Q or Source	Due	Evaluation Finding	Action Agreed	Progress	Responsible Person	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	
Sector Baseline not achieved	ALL			Council to engage LGRS to review current processes via a 'gap analysis' and work with Council to develop a 'Tailored Implementation Plan' (TIP) to meet sector baselines.	COMPLETED	LGRS Consultant	Evaluation Undertaken	Draft Report	Final Report Received				C							Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events									
Sector Baseline not achieved	E2a & E2b INTERNAL EVENT MANAGEMENT & RISK		E2a - The Council does not have systems in place for management of Council organised events ... being applied in a consistent manner. E2b - As identified in E2a the Councils documented systems are focussed on Council permitted events. ... (need) consistent approach to risk management for Council organised events.	Review current "events" and determine what constitutes an event, if they are Council permitted or Council organised. To assist in the direction of what risk management activities should be in place and by whom. (Use Definitions as per Section 3 Festival and Events Policy) Develop a spreadsheet which collates all of above and incorporates an Event Hazard Assessment (Matrix of hazards to determine treatment)	<a href="#">Spreadsheet and hazard assessment created.</a>	Events Officer	Evaluation Undertaken	Draft Report	Final Report Received				O		C					Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events									
				Develop an internal Event Management Procedure	<a href="#">Internal Event Management Procedure</a>	Events Officer	Evaluation Undertaken	Draft Report	Final Report Received						O					Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events		O							P
				Develop an Event Risk Management Plan template	<a href="#">AHC Risk Management Plan template</a>	Events Officer	Evaluation Undertaken	Draft Report	Final Report Received								C			Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events									
				Develop an Event Risk Register template	Created - within Risk Management Plan (above)	Events Officer	Evaluation Undertaken	Draft Report	Final Report Received							C				Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events									
	E2a & E2b & E2c		E2a E2b E2c - (Need) process to ensure suitability of contractors, and responsibilities (indemnities and insurances) for the risks they manage.	Develop an Internal Events Toolkit incorporating: a) an Internal Event Application Processing checklist to track the key risk management activities (review of risk management plans, emergency management plans, insurances and licenses) b) A process to ensure suitability of contractors, and responsibilities (indemnities and insurances) for the risks they manage	<a href="#">Internal Events Toolkit</a>	Events Officer	Evaluation Undertaken	Draft Report	Final Report Received							O				Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events									P



Adelaide Hills Council 2019-20 Risk Management Action Plan Progress Report

Evaluation Score	Risk Evaluation Q or Source	Due	Evaluation Finding	Action Agreed	Progress	Responsible Person	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21			
	E2d EVENT RESOURCES AND SKILLS		E2d - The Council was not able to demonstrate that they have assessed the number of, and skills required for, Council staff and Volunteers working at events.	Develop an Event Staff Resources and Skills Matrix to ensure there are sufficient Council staff and volunteers working at an event and that they possess the skills needed to complete their roles.	The decision was made to integrate this into existing processes rather than create an additional standalone process. This will help to ensure staff numbers and skills are considered at multiple points of the event management process.  As such this was moved up from June 2021	Events Officer	Evaluation Undertaken	Draft Report	Final Report Received									O	Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events	C											
	E2e EMERGENCY MANAGEMENT PLAN		E2e - (Need consistent) emergency management provision for events.	Develop an Event Emergency Management/Response Plan template	<a href="#">Event Emergency Management / Response Plan Template created</a>	Events Officer	Evaluation Undertaken	Draft Report	Final Report Received										Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events			O	C								
	E2f EXTERNAL EVENT MANAGEMENT		E2f - (Need) a consistency to how Council is assessing and permitting ... events.	Develop an External Event Application Processing checklist for Council internal use	<a href="#">External Event Processing Checklist created</a>	Events Officer	Evaluation Undertaken	Draft Report	Final Report Received										Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events	O			C								
				Develop an Event Evaluation and De-Brief Form	<a href="#">Internal Post Event Evaluation Form created</a> <a href="#">This was not required as part of the risk audit but was deemed appropriate</a>	Events Officer	Evaluation Undertaken	Draft Report	Final Report Received										Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events												
				Develop a Pre – Event / Site Inspections Checklist template	<a href="#">Internal Events Pre-event Checklist created</a>	Events Officer	Evaluation Undertaken	Draft Report	Final Report Received										Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events					C							
Tree Management																																			
Sector Baseline Not Yet Met	E4a		It is recommend that the Council consider the development of the operational process documents (guidelines or framework) as described within its Policy, maintenance and inspection programs. These guidance documents will provide transparent processes in relation to the management of trees and will assist in ensuring consistent and risk based determinations	1. Create overarching operational process document	To be started	Damian Brennan	Evaluation Undertaken	Draft Report	Final Report Received									O	O														P		
				2. Create detailed operational Arboriculture Standards (what we will and will not do)	Have basic list of standards relating to enquiries, needs more detail and cover off upon all requested actions	Damian Brennan	Evaluation Undertaken	Draft Report	Final Report Received										O	O														P	
				3. Create assessment process based upon enquiry type definition (which staff inspect what type of enquiries)	Existing job allocation currently in place. Process and standard of assessment to be written	Damian Brennan	Evaluation Undertaken	Draft Report	Final Report Received												O	O	O	O										P	
				4. Document job priority definitions (service standards)	Existing framework present including enquiry categories and enquiry response timeframes currently in operation and tabled. Needs to be workshopped as relates to KPI's and resourcing. Need to create definitions around service standards around assessed workflow.	Damian Brennan	Evaluation Undertaken	Draft Report	Final Report Received														O	O	O	O									P





**ADELAIDE HILLS COUNCIL  
AUDIT COMMITTEE MEETING  
Monday 15 November 2021  
AGENDA BUSINESS ITEM**

**Item:** 7.7

**Responsible Officer:** Lachlan Miller  
Executive Manager Governance & Performance  
Office of the Chief Executive

**Subject:** Audit Actions Implementation Update

**For:** Information

---

**SUMMARY**

The implementation status of actions arising from previous Internal and External Audits is provided in ***Appendix 1***.

Ten (10) actions have been completed since the last implementation report (August 2021) to the Committee.

**RECOMMENDATION**

**The Audit Committee resolves:**

- 1. That the report be received and noted**
  - 2. To note the implementation status of Internal and External Audit actions.**
- 

**1. GOVERNANCE**

*Strategic Plan 2020-24 – A brighter future*

Goal 5 A Progressive Organisation

Objective O5 We are accountable, informed, and make decisions in the best interests of the whole community

Priority O5.2 Make evidence-based decisions and prudently assess the risks and opportunities to our community before taking action.

Priority O5.3 Demonstrate accountability through robust corporate planning and reporting that enhances performance, is relevant and easily accessible by the community.

Monitoring the implementation of internal and external audit actions facilitates the effective management of risk exposures and improves the overall governance environment.

➤ **Legal Implications**

Accounts, Financial Statement and Audit, *Local Government Act 1999*

Section 125 of the *Local Government Act 1999* (the Act) requires councils to ensure that appropriate policies, practices and procedures of internal controls are implemented and maintained in order to assist the council to carry out its activities in an efficient and orderly manner to achieve its objectives, to ensure adherence to management policies, to safeguard Council’s assets, and to secure (as far as possible) the accuracy and reliability of Council records.

The Internal Audit program is an important tool to provide an objective appraisal of the adequacy on internal controls in managing our risk and supporting the achievement of council objectives.

Testing of Council’s transactions and internal controls by the external auditor coincides with Council’s own Risk Management Framework. The External Auditor’s annual inspection and certification of Council’s financial position and performance provides the community with an assurance of Council’s internal financial control environment in managing our risk and supporting the achievement of council objectives.

➤ **Risk Management Implications**

The implementation of actions arising from internal and external audits will assist in mitigating the risk of:

*Internal control failures occur which lead to greater uncertainty in the achievement of objectives and/or negative outcomes.*

Inherent Risk	Residual Risk	Target Risk
High (4C)	Medium (3C)	Medium (3C)

Note there are many other controls that contribute to managing this risk.

➤ **Financial and Resource Implications**

Actions arising from internal and external audits are generally accommodated in existing functional budgets. Where an agreed action requires unbudgeted funds, this will be managed through Council’s budget review processes

➤ **Customer Service and Community/Cultural Implications**

There is a high expectation that Council has appropriate corporate governance processes in place including an effective internal control environment.

➤ **Sustainability Implications**

Not applicable

➤ **Engagement/Consultation with Committee, Regional Subsidiary, Advisory Group and Community**

Consultation on the implementation of actions to address the audit findings was as follows:

*Council Committees:* Not Applicable

*Council Workshops:* Not Applicable

*Advisory Groups:* Not Applicable

*External Agencies:* Not Applicable

*Community:* Not Applicable

**2. BACKGROUND**

The Audit Committee Work Plan and Reporting Schedule provides for reports to the Audit Committee on a biannual basis regarding the implementation status of actions arising from Internal and External Audits

The Audit Committee was last provided an update of outstanding actions at its 16 August 2021 meeting. At this meeting the Committee expressed its preference for the review of all outstanding items and that a realistic time estimate for action resolution and status be provided and that any further changes to these be approved by the CEO. As such, while this status report is 'out-of-schedule', it does reset the resolution timeframes going forward.

**3. ANALYSIS**

The status of the outstanding actions from Internal and External Audits is at **Appendix 1**.

Ten (10) actions have been completed since the last implementation report to the Committee.

**4. OPTIONS**

The Committee has the following options:

- I. To note the implementation status of the Internal and External Audit actions as presented; or
- II. To identify additional actions to be undertaken.

**5. APPENDIX**

- (1) Audit Actions Implementation Status – November 2021

---

# **Appendix 1**

*Audit Actions Implementation Status – November 2021*

---

Audit Name	Reference	Issue	Risk Rating	Recommendation	Proposed Action	Responsible Officer	Due Date	Progress	Est. Completion Date	Comment
2019-20 Galpins Audit Completion Report	1 - Manual spreadsheets being used as asset registers	Finding - Financial Management uses manual spreadsheets as asset registers for plant and equipment. Risk - Risk of errors in the asset registers and, consequently, risk of the financial statements being misstated.	Low	Management to consider inclusion of all classes of assets in Confirm or another electronic asset register.	Proposal for Confirm Asset Management and the inclusion of Plant and Fleet developed.	David Collins	30/04/2021	Completed	24/12/2021	Spreadsheet financial assets added to Confirm Enterprise Asset Management System and EOY reporting from Confirm.
2020 Auditor-General's Recommendations on Credit Card Management and Use	1. Credit card payments for business expenses	Policy guidance for travel expenses could be improved · Timing of travel policy review could be improved · Travel expenses were not supported by adequate accounting records.	Not Rated	Council does not have a specific travel policy, rather references are contained in the <i>Council Member Allowances and Support Policy</i> (Elected Members) and <i>Training and Development Policy</i> (Staffing Policy) which requires interstate travel to be approved by the relevant Director.	It is proposed that a travel related expenditure guideline for staff will be prepared to address the Auditor-General recommendations.	Megan Sutherland	30/06/2021	Not Commenced	25/02/2022	Whilst it has been agreed that a Policy/Procedure will be developed to provide guidance to staff, limited resourcing within the OD team has delayed completion. An additional FTE within the 2021/22 budget has been approved, and once recruitment is finalised, a key priority will be the review and / or development of a number of Policies and Procedures.
2020 Auditor-General's Recommendations on Credit Card Management and Use	3. Credit card payments for reward and recognition expenses	Timing of policy review could be improved · Review of recognition of service policy needed to ensure proper use of public money · Policy guidance for staff recognition could be improved · Policy intent is not clearly aligned with business purpose · Gifts to staff were not always necessary or appropriate · The extent and value of loyalty of service rewards was considered unnecessary ·	Medium	Policy on funding functions needs to be reviewed including staff Christmas function · The Council did not clearly demonstrate the proper use of public money in recognising staff achievement.	The Bentley Internal Audit identified the need for Council's <i>Employee Recognition, Functions and Gifts Policy</i> to be reviewed to provide greater guidance on the required expenditure under this policy.	Terry Crackett	31/03/2021	Completed	31/08/2021	Consultation on the draft procedure for Expenditure of Public Monies and Gifts and Benefits was completed and feedback received early in 2021. The amended Policy was considered by ELT in October 2021 a final Policy was endorsed and published in November 2021.
2020 Galpins Financial Controls Review Interim Management Letter May 2020	2.2.1 - FIXED ASSETS	Asset management plans overdue for review	Medium	Management aims for asset management plans to be adopted by Council by October 2020.	Agree with the need adopt updated asset management plans and propose to ensure transportation asset management plans are completed by October 2020. These are our most significant group of assets by value and at the same time progress all other asset classes.	David Collins	30/10/2020	Completed	30/06/2022	Road Footpath and Kerb AMP adopted. Bridges 21_22, Building 21_22, and CWMS 21_22 Safety Barrier, Retaining Wall, Bus Shelter AMPs under peer review will be provided to Council - not part of Strategic Management Plans.
2020 Galpins Financial Controls Review Interim Management Letter May 2020	2.2.2 - FIXED ASSETS	Asset maintenance plans not aligned with asset management plans	Medium	Ensure that maintenance schedules are in accordance with Asset Management Plans, and steps are taken to progress towards more proactive maintenance plans.	It is agreed that the asset management plans will set targets to inform and drive maintenance schedules. It is agreed that ongoing development of processes towards proactive maintenance works through greater use of Confirm field devices; defect identification and job allocation will be continued and expanded.	David Collins	31/12/2020	Completed	24/06/2022	Road Footpath and Kerb AMP adopted. Bridges 21_22, Building 21_22, and CWMS 21_22 Safety Barrier, Retaining Wall, Bus Shelter AMPs under peer review will be provided to Council - not part of Strategic Management Plans.  Maintenance is subsequently aligned to adopted AMP's
2020 Galpins Financial Controls Review Interim Management Letter May 2020	2.2.3 - FIXED ASSETS	The Capitalised Asset Procedure document is overdue for review	Low	The Capitalised Asset procedure document is reviewed and updated to reflect current and desired practice.	The procedure of the current process needs to be updated to reflect the use of Confirm Enterprise Asset Management and the new handover process of capital works between project/ contract managers and strategic assets team.	David Collins	30/10/2020	Completed	27/08/2021	Procedure updated.
2020 Galpins Financial Controls Review Interim Management Letter May 2020	2.3.2 - GENERAL LEDGER	The Business Continuity Plan is overdue for review	Low	The Business Continuity Plan is updated.	Council will be accessing the Local Government Risk Services to business continuity planning service.	Lachlan Miller	30/06/2021	In Progress	31/03/2022	Local Government Risk Services (LGRS) has been contracted to deliver their BCP development and implementation service. The first workshop with function owners was held in June 2021. Function owners have completed their assessments of the maximum acceptable outage (MAO) for their service offerings utilising a SharePoint database. For those services with critical MAOs, a Critical Function Plan (CFP) will be developed in conjunction with LGRS and these will be incorporated into the revised BCP.
2020/21 Galpins Audit Completion Report	1 - Employees with excessive annual leave balances	Finding: Audit identified eleven employees with annual leave balances in excess of 300 hours. Risk: Leave balances exceeding the allowable balances under the relevant EB. Staff not taking leave has financial implications as leave is paid at higher rates than it was accrued, and may lead to health safety and welfare issues.	Low	Implement strategies to systematically reduce excessive leave balances, and review monitoring procedures to ensure that employees do not accumulate excessive annual leave balances.	Leave Planners to be used annually to manage excessive leave balances. A draft procedure is to be completed to support the expectations and management of excessive leave.	Megan Sutherland	30/06/2022	In Progress	31/12/2022	Processes have already commenced with Managers having discussions with relevant employees to have Leave Planners in place to reduce leave.
2021 - Bentleys - Payroll Function Internal Audit - May 2021	1.1	Efficiency of manual payroll process	Low	We recommend management: • Assess the benefit of payroll process automation and quantify the cost associated • Quantify the saving if the three days of the Payroll Officer's time could be freed up; and • Make a decision to implement system solution of payroll process.	We will assess the benefit of automating the payroll process after implementing the new payroll system to meet ATO requirements and implement improved efficiencies. (This has been approved by ELT.)	Megan Sutherland	1/01/2022	In Progress	1/01/2022	Implementation of the new payroll system is progressing with two parallel pay runs now complete. Ongoing updates of the system are taking place as a result of the parallel pay runs.



2021 - Bentleys - Payroll Function Internal Audit - May 2021	1.2	Efficiency of manual payroll process	Low	We recommend management: <ul style="list-style-type: none"> <li>Assess the benefit of payroll process automation and quantify the cost associated</li> <li>Quantify the saving if the three days of the Payroll Officer's time could be freed up; and</li> <li>Make a decision to implement system solution of payroll process.</li> </ul>	We will review the Payroll Officer's time and quantify savings after the system has been used and new patterns of work established.	Megan Sutherland	16/12/2022	In Progress	16/12/2022	The implementation plan for the payroll system changed, requiring ongoing implementation in the new year. This will impact on being able to assess time and quantify savings as the Pay Officer will not have all new work patterns established. The due date has therefore been extended to 16/12/2022.
2021 - Bentleys - Payroll Function Internal Audit - May 2021	2	Policies and procedures	Low	We recommend management: <ul style="list-style-type: none"> <li>Review and update the Leave Policy to ensure currency and consistent requirements.</li> <li>Document completion or approval of timesheets requirements into policies and procedures where appropriate to ensure transparency and consistency of the process.</li> </ul>	Whilst the need for an update of the Leave Policy / Procedures is required (and will be undertaken as per the target date below) it is important to recognise that there is currently a full payroll manual in place and a payroll checklist is used every pay to ensure transparency and consistency.	Megan Sutherland	30/12/2021	In Progress	30/06/2022	Changes within the OD structure are currently taking place, along with two system implementations. Some considerations to leave procedure updates have been discussed and also included in the Enterprise Development Agreements. The updated Leave Procedure will be completed in 2022.
2021 - Bentleys - Payroll Function Internal Audit - May 2021	3	Records management	Low	We recommend management: <ul style="list-style-type: none"> <li>Document the record management requirements into policies and procedures and enforce the implementation.</li> </ul>	Following the implementation of the new payroll system we will review and update processes to ensure an automated leave management function is implemented.	Megan Sutherland	30/06/2022	Not Commenced	30/06/2023	With changes to the implementation of the payroll system, implementation will be continuing into 2022, therefore the processes will not be finalised until all of the system changes are complete and a review can take place.
2021 - Bentleys - Payroll Function Internal Audit - May 2021	Improvement Opportunity 1	Leave management	Not Rated	We recommend management: <ul style="list-style-type: none"> <li>Assess the adequacy and currency of the leave management policy process against the Council's operational needs.</li> </ul>	Council's Leave Management Policy is to be reviewed as will reporting against that policy.	Megan Sutherland	30/03/2022	In Progress	30/03/2022	Changes within the OD structure are currently taking place, along with two system implementations. Some considerations to leave procedure updates have been discussed and also included in the Enterprise Development Agreements. The updated Leave Procedure will be completed in 2022.
2021 Galpins Financial Controls Review Interim Management Letter May 2021	2.1.1	One instance of non-compliance with the procurement policy	Medium	All documentation related to procurement procedures undertaken (e.g. decision made in relation to best approach to market, request for tenders, tender responses, written quotes, evaluation forms detailing the decision made, etc) are retained on file in Council's records management system. Ensure that suppliers providing services to Council are under formal contracts and/or purchase orders are issued as required by the Procurement Framework.	Council will seek tender submissions for the cleaning service of Council buildings and structures	Natalie Westover	30/09/2021	In Progress	30/11/2021	Cleaning services tender has closed and assessment of tender submissions is being undertaken.
2021 Galpins Financial Controls Review Interim Management Letter May 2021	2.2.1.1	Asset management plans overdue for adoption	Medium	Management works towards preparation and adoption of Buildings, CWMS, Stormwater, Bridges and Playground asset management plans.	Continue to document asset management planning and adopt asset management plans for major asset classes (i.e. CWMS, bridges, playgrounds)	David Collins	30/06/2022	In Progress	30/06/2023	Road Footpath and Kerb AMP adopted. Bridges 21_22, Building 21_22, and CWMS 21_22 Safety Barrier, Retaining Wall, Bus Shelter AMPs under peer review will be provided to Council - not part of Strategic Management Plans. Maintenance is subsequently aligned to adopted AMP's
2021 Galpins Financial Controls Review Interim Management Letter May 2021	2.2.1.2	Asset management plans overdue for adoption	Medium	Management works towards preparation and adoption of Buildings, CWMS, Stormwater, Bridges and Playground asset management plans.	Continue to document asset management planning and adopt asset management plans for major asset classes (i.e. stormwater)	David Collins	30/06/2023		30/06/2023	Road Footpath and Kerb AMP adopted. Bridges 21_22, Building 21_22, and CWMS 21_22 Safety Barrier, Retaining Wall, Bus Shelter AMPs under peer review will be provided to Council - not part of Strategic Management Plans. Maintenance is subsequently aligned to adopted AMP's
2021 Galpins Financial Controls Review Interim Management Letter May 2021	2.2.1.3	Asset management plans overdue for adoption	Medium	Management works towards preparation and adoption of Buildings, CWMS, Stormwater, Bridges and Playground asset management plans.	Continue to document asset management planning and adopt asset management plans for major asset classes (i.e. buildings)	Natalie Westover	30/06/2022	In Progress	30/06/2022	Budget has been allocated in the 21/22FY to undertake building audits and valuations. Tender specifications have been finalised with additional work being undertaken to classify all buildings prior to going out for tender
2021 Galpins Financial Controls Review Interim Management Letter May 2021	2.2.2	Asset maintenance plans not aligned with asset management plans	Medium	Ensure that maintenance schedules are developed in accordance with Asset Management Plans for other high risk assets in addition to road, footpath and kerb (e.g. buildings, stormwater, CWMS, etc) as the plans are developed, and steps are taken to progress towards more proactive maintenance plans.	Ensure the maintenance plans align to adopted asset management plans as they are developed.	David Collins	30/06/2023	In Progress	30/06/2023	Road Footpath and Kerb AMP adopted. Bridges 21_22, Building 21_22, and CWMS 21_22 Safety Barrier, Retaining Wall, Bus Shelter AMPs under peer review will be provided to Council - not part of Strategic Management Plans. Maintenance is subsequently aligned to adopted AMP's

2021 Galpins Financial Controls Review Interim Management Letter May 2021	2.3.1	The Business Continuity Plan is overdue for review	Low	The Business Continuity Plan is updated.	Develop and implement Business Continuity Plan	Lachlan Miller	31/12/2021	In Progress	31/03/2022	Local Government Risk Services (LGRS) has been contracted to deliver their BCP development and implementation service. The first workshop with function owners was held in June 2021. Function owners have completed their assessments of the maximum acceptable outage (MAO) for their service offerings utilising a SharePoint database. For those services with critical MAOs, a Critical Function Plan (CFP) will be developed in conjunction with LGRS and these will be incorporated into the revised BCP.
2021 Galpins Financial Controls Review Interim Management Letter May 2021	3.1	IT Policies and Procedures	Medium	We understand that new ICT policies are part of the Cyber Security Plan. It is recommended that the following IT policies (or equivalent) be developed, issued on the Intranet site and implemented to Council Staff: - <ul style="list-style-type: none"> <li>• Information Security Policy</li> <li>• Access Management Policy</li> <li>• Change Management Procedure</li> <li>• Network Security Policy including passwords</li> <li>• Information management – classification and handling</li> <li>• Online services</li> <li>• Physical Access</li> <li>• Remote Access and telecommuting</li> </ul>	Implement Information Security Management System (ISMS)	James Sinden	28/02/2022	In Progress	30/06/2022	The implementation of an ISMS is a part of the recently adopted Cyber Security Plan that was adopted at the June 2021 Council Meeting. Commencement was delayed due to the resignation of a key AHC Staff member responsible for the delivery of the project. After advertising for an Senior Cyber Security ICT Officer, Council was unable to find an appropriate candidate given there is considerable demand in the industry for these skillsets. An assessment of market conditions has occurred and the position will re-advertise early in the new year as contracts typically end at this time. In the short term a specialist contract resource will be used to progress some of these recommendations. The newly appointed Team Leader ICT has already introduced a formal ITIL Change Management process using the forms engine via the corporate website for both external vendors and internal ICT change control. Development of ICT Policy and implementation of an ICT Operations Manual planning has started.
2021 Galpins Financial Controls Review Interim Management Letter May 2021	3.2	ICT Disaster Recovery Plan	Medium	AHC should update the IT Disaster Recovery Plan with the date, review date, Recovery Team details and MAO for each application. We also recommend that any updates to the DRP make use of flowcharts and checklists which are considered more effective in an emergency situation.	Update ICT Disaster Recovery Plan	James Sinden	31/12/2021	In Progress	30/06/2022	The implementation of an ISMS is a part of the recently adopted Cyber Security Plan that was adopted at the June 2021 Council Meeting. Commencement was delayed due to the resignation of a key AHC Staff member responsible for the delivery of the project. A network redesign project is underway to improve network survivability in the event of Internet communication link failure, a key component to support Council's increasing reliance on Cloud services. A number of system projects are also underway and so the DR Plan will be reviewed and updated once those significant changes are implemented. Review of the ITIL Service Catalogue is also underway and will inform components of the DR Plan.
2021 Galpins Financial Controls Review Interim Management Letter May 2021	3.3	ICT Governance – IT Steering Committee	Medium	We recommend that AHC reconvene IISIP to manage the current ICT program. Membership of the IISIP should include key business owners and IS and ICT representatives. The IISIP should meet at least monthly and include minutes and action plans. A key purpose is to prioritise and manage progress of projects	Reconvene IISIP	James Sinden	30/06/2021	In Progress	31/12/2021	The implementation of an ISMS is a part of the recently adopted Cyber Security Plan that was adopted at the June 2021 Council Meeting. Commencement was delayed due to the resignation of a key AHC Staff member responsible for the delivery of the project. Work activity consisted of engaging with ELT (Executive Leadership Team) to review and modify the terms of reference and group membership.
2021 Galpins Financial Controls Review Interim Management Letter May 2021	3.4	ICT Governance – Revise ICT and IS Strategic Plan	Medium	We recommend that AHC develop a new ICT and IS Strategic Plan to cover 2021-2024. We also recommend the development of annual tactical plan which includes tasks, accountability, key dates and KPIs for the implementation of the Strategic Plan.	Commence a review ICT & IS Strategic Plan	James Sinden	31/07/2021	Not Commenced	30/06/2022	The implementation of an ISMS is a part of the recently adopted Cyber Security Plan that was adopted at the June 2021 Council Meeting. Commencement is delayed due to the resignation of a key AHC Staff member responsible for the delivery of the project. It's anticipated that the project will commence after the reformation of IISIP who will progress this activity.
2021 Galpins Financial Controls Review Interim Management Letter May 2021	3.5	ICT Risk Assessment	Medium	We recommend that AHC conduct an ICT Risk brainstorming, in accordance with the council's risk management framework, to identify additional ICT related risks to be added to the Corporate Risk Register.	Implement Information Security Management System (ISMS)	James Sinden	28/02/2022	Completed		ICT Risks added to Skytrust and will be managed ongoing from this system.

2021 Galpins Financial Controls Review Interim Management Letter May 2021	3.6	Change Management	Medium	We recommend a common approach to change management where possible. We also recommend a change management policy and procedure be developed.	Implement Information Security Management System (ISMS)	James Sinden	28/02/2022	Completed	30/06/2022	The implementation of an ISMS is a part of the recently adopted Cyber Security Plan that was adopted at the June 2021 Council Meeting. Commencement was delayed due to the resignation of a key AHC Staff member responsible for the delivery of the project. The newly appointed Team Leader ICT has introduced a formal ITIL Change Management process and is now in use via the forms engine via the corporate website for both external vendors and internal ICT change control. ICT Change Management is a function of Project or Operational Management and not something that needs its own policy. The implementation of the LGITSA Framework will further mature the Change Management formalisation defining the roles and make up of various Change Approval Board's (CAB) depending on the process or size of change. Formal ITIL Change Management practice is operational.
2021 Galpins Financial Controls Review Interim Management Letter May 2021	3.7	User Access – Password settings and Add/Change/Delete	Medium	Recommend that the password settings be improved by considering:- <ul style="list-style-type: none"> <li>• Password history (24 passwords)</li> <li>• Password aging 90 days</li> <li>• Minimum password length 12 characters</li> <li>• Password complexity enabled- not include users name and contain three of four (Uppercase, lower case, number, special character)</li> <li>• Automatic lockout has been configured for systems after 15 minutes of inactivity.</li> <li>• Lockout duration 30 minutes after 8 unsuccessful attempts</li> </ul> We also recommend documenting the Add/Change/Delete process for users.	Security Authentication enhancements	James Sinden	30/09/2021	In Progress	30/06/2022	The implementation of an ISMS is a part of the recently adopted Cyber Security Plan that was adopted at the June 2021 Council Meeting. Commencement was delayed due to the resignation of a key AHC Staff member responsible for the delivery of the project. Review and Implementation of Microsoft best practice configuration is included in a scope of works with a short term IT specialist resource commencing in November 2021 through to February 2023 A Microsoft Licensing uplift review is also being planned to review the benefit of utilising Microsoft Cloud enabled security management technologies.
2021 Galpins Financial Controls Review Interim Management Letter May 2021	3.8	Remote access of third parties	Medium	We support the move to individual userIDs for third parties, together with MFA. Third Parties should be required to request access to the AHC environment so that changes can be monitored.	Finalise implementation of Multifactor Authentication for third party entities.	James Sinden	31/07/2021	Completed		Multifactor Authentication has been completed for Council issued devices and as new staff join will become an ongoing program to enrol new users as required.
Galpins Financial Controls Review Interim Management Letter August 2019	2.2.2	The Capitalised Asset (Accounting Policy) document is overdue for review	Not Rated	The Capitalised Asset (Accounting Policy) document is reviewed and updated to reflect current and desired practice.	The document is no longer a Council Policy and is now an operational procedure. The procedure is currently being reviewed to fit in line with the process to be undertaken that incorporates Confirm Enterprise Asset Management system.	David Collins	31/08/2019	Completed	25/06/2021	Procedure updated.
Montacute Road Project - September 2017 - Ray Pincombe	REC 3	Emergency Management Plan	Not Rated	The current review of the Strategic Management Risk Register has identified the need for an Emergency Management Plan and zone based preventative maintenance programs. This appears to cover the types of events that can impact upon Council assets and infrastructure, though perhaps more emphasis might be placed on flood events given the recent experience	Develop Emergency Management Plan based on LGA Template.	John McArthur	31/07/2019	Completed	31/10/2021	ELT (3 October 2019) considered and committed to producing Emergency Management Plan through the Council Ready Program for completion by mid 2020 and endorsed the Incident Operations Manual for implementation. 10-02-20 Emergency Management Plan development timeframes may need to be reviewed given Cudlee Creek fire and priority to update the Incident Operations Manual with lessons learnt. 18-05-20 Emergency Management Plan development timeframes have been delayed as a result of the Cudlee Creek Fire response, a priority to complete an After Action Review (debrief) and prepare a report on the Cudlee Creek Fire and the Council Incident Management Team response to COVID-19. 02-07-20 Following discussion with the Council Ready Program the completion date for the Emergency Management Plan has been set at December 2020. 02-10-20 Development of Emergency Management Plan continues towards December 2020 completion date. 02-02-21 Draft EMP was completed December 2020. Draft has been reviewed and alterations are being made. 11-03-21 Draft EMP continues to progress. 06-04-21 Review of Risk Assessment Report and Assessments completed which inform the Emergency Management Plan.

									<p>04-05-21 Further work is occurring on strategies and actions within the plan. Whilst the Emergency Management Plan (EMP) is not yet in place the risk from this outcome is low as the development, introduction and implementation of Council's Incident Operations Manual in late 2019 has substantially mitigated risks from not having contemporary response arrangements in place for emergency events that occur within the Council area. Previously, response arrangements formed a significant chapter within EMP's. Council is also progressing the development of a Recovery Plan. Together, these pillars in combination with existing and potentially new disaster risk reduction strategies to be identified in the EMP make up Council's emergency management arrangements. Accordingly, it is prudent to continue the development of the EMP as it will bring together any new and existing activities, such as public health and stormwater programs, Council undertakes which minimise disaster risk.</p> <p>30-07-21 The development of the Emergency Management Plan is nearing finalisation.</p> <p>04-11-21 The Emergency Management Plan has been completed and was endorsed by the Executive Leadership Team on the 14th of October 2021. The Plan is based on a disaster risk reduction, incident operations and recovery framework including actions Council currently undertakes and new actions to be completed.</p>	
Use of Purchase Cards August 2019 Internal Audit	Improvement Opportunities - 5. Policy requirements of flower purchase limit	<p><b>Flower purchase limit</b> Sample testing found the following flower purchases. However, Council has not defined a limit for flower purchases in any policy. This may not provide cardholders sufficient guidance. <b>Employee ID</b>Transaction <b>Date</b>Supplier<b>Amount</b> <b>Description</b><b>Approval Date</b>2018-198692019-02-11Flowers To Please\$ 80library lovers day: flowers2019-03-208272019-05-01Flowers To Please\$ 88Maternity FlowersNot reconciled (Finding 1)6882019-06-11Flowers To Please\$ 88Staff flowersNot reconciled (Finding 1)2017-1811312018-01-29Flowers by Definition\$103.5Flowers for Lee Mullins 2018-02-018942018-02-28Flowers To Please\$144Flowers 2018-02-28<b>Total \$503.5</b></p>	Low	We recommend management assess the necessity, possibility and feasibility to formalise the coffee/tea consumption outside of Council premises and flower purchase limit into the policy.	In addition, the procedures will be updated to make reference to Council's Employee Recognition, Functions and Gifts Policy. Council's Employee Recognition, Functions and Gifts Policy will be reviewed to provide greater guidance on the required limits on expenditure for items covered under this Policy, including flowers.	Megan Sutherland	20/12/2019	Completed	31/08/2021	Consultation on the draft procedure for Expenditure of Public Monies and Gifts and Benefits was completed and feedback received early in 2021. The amended Policy was considered by ELT in October 2021 a final Policy was endorsed and published in November 2021.

**ADELAIDE HILLS COUNCIL  
AUDIT COMMITTEE MEETING  
Monday 15 November 2021  
AGENDA BUSINESS ITEM**

**Item:** 7.8

**Responsible Officer:** Lachlan Miller  
Executive Manager Governance & Performance  
Office of the Chief Executive

**Subject:** Internal Audit Quarterly Update

**For:** Information

---

**SUMMARY**

This report provides the Audit Committee with an update on progress of internal audits nominated in the 2018/19-22/23 Strategic Internal Audit Plan (the SIAP).

Progress over the last quarter has been minimal due to competing priorities within the Governance & Performance Department.

**RECOMMENDATION**

**The Audit Committee resolves that the report be received and noted.**

---

**1. GOVERNANCE**

➤ **Strategic Management Plan/Functional Strategy/Council Policy Alignment**

*Strategic Plan 2020-24 – A brighter future*

Goal 5 A Progressive Organisation

Objective O5 We are accountable, informed, and make decisions in the best interests of the whole community

Priority O5.1 Enhance governance structures and systems to prudently adapt to changing circumstances and meet our legislative obligations

➤ **Legal Implications**

Section 125 of the *Local Government Act 1999* (the Act) requires councils to ensure that appropriate policies, practices and procedures of internal controls are implemented and maintained in order to assist the council to carry out its activities in an efficient and orderly manner to achieve its objectives, to ensure adherence to management policies, to safeguard Council's assets, and to secure (as far as possible) the accuracy and reliability of Council records.

The Internal Audit program is an important tool to provide an objective appraisal of the adequacy on internal controls in managing our risk and supporting the achievement of council objectives.

The *Statutes Amendment (Local Government Review) Act 2021* (the “Amendment Act”) was assented to by the Governor on 17 June 2021. Implementation is being undertaken in tranches and the commencement dates (beyond the first two tranches) and underlying regulations are yet to be finalised.

The Amendment Act creates s125A – *Internal audit functions* which requires CEOs of councils with internal audit functions to consult with the audit and risk committee prior to appointing the person with primary responsibility for the internal audit function.

Further s126A requires that person to ensure that any reports they prepare relating to the internal audit function to be provided directly to the committee and may report any matters relating to the function directly to the audit and risk committee.

The provisions of s125A are proposed to commence on 30 November 2023 to synchronise with the changes to committee function set out in s126(4). While some minor modifications may be required, the Committee’s current TOR and the *Internal Audit Policy* effectively cover off on the known incoming mandatory requirements. Nevertheless the Policy is due for review and it can proceed now there is some certainty in terms of legislative requirements.

➤ **Risk Management Implications**

The implementation of the internal audit program will assist in mitigating the risk of:

*Internal control failures occur which leads to greater uncertainty in the achievement of objectives and/or negative outcomes.*

Inherent Risk	Residual Risk	Target Risk
High (4C)	Low (2E)	Low (2E)

The controls tested are part of the internal control framework contributing to the current Residual Risk rating. The recommendations arising from audits and the management actions to be undertaken are mitigations which will contribute to reducing the risk rating to the Target Risk level.

➤ **Financial and Resource Implications**

The Internal Audit budget for the 2021-22 financial year should be sufficient for the audits that are likely to be conducted in the financial year.

The proposed audits are planned to be outsourced under the oversight of the Executive Manager Governance and Performance. Given the range of demands on this role, and the specialised nature of a number of the audits, it is not possible to undertake audits internally and while not necessary, it does promote the objectivity of the audit process.

➤ **Customer Service and Community/Cultural Implications**

There is a high expectation that Council has appropriate corporate governance processes in place including an effective internal control environment.

➤ **Sustainability Implications**

Not applicable

➤ **Engagement/Consultation conducted in the development of the report**

Consultation on the development of this report was as follows:

*Council Committees:* Nil

*Council Workshops:* Not Applicable

*Advisory Groups:* Not Applicable

*External Agencies:* Not Applicable

*Community:* Not Applicable

**2. BACKGROUND**

The Committee last received a quarterly report at its 16 August 2021 meeting. At this meeting the Committee discussed the issue of auditee fatigue particularly in light of the perceived significant level of crossover between those areas audited in relation to the Internal Financial Controls Audit under the External Audit Program and those scheduled for internal audit under the Strategic Internal Audit Program SIAP).

The Committee noted that audit briefs have been prepared for the upcoming Recruitment & Retention Audit and the Budgetary Management Audit (see SIAP at **Appendix 1**).

While not specifically resolved, the Committee advocated the undertaking of an assurance mapping exercise between the internal and external audit programs to identify the areas of duplication with a view to resetting the balance of the SIAP.

**3. ANALYSIS**

The assurance mapping exercise has been commenced guided by the Better Practice (Internal Financial Control) Model.

Progress however is modest in the quarter due to required annual leave for both the Executive Manager Governance & Performance and the Governance & Risk Coordinator and competing priorities in terms of local government legislative reform consultation, delegations management, business continuity plan development, insurance placement and claims management and the management of internal reviews of council decisions.

It is anticipated that the assurance mapping exercise will be completed by the new Audit Committee meeting in February 2021.

**4. OPTIONS**

The Committee has the following options:

- I. To receive and note this report (Recommended).
- II. To identify an alternative course of action.

**5. APPENDIX**

Nil





**ADELAIDE HILLS COUNCIL  
AUDIT COMMITTEE MEETING  
Monday 15 November 2021  
AGENDA BUSINESS ITEM**

**Item:** 7.9

**Originating Officer:** Mike Carey  
Manager Financial Services  
Corporate Services

**Subject:** Budget Review 1

**For:** Decision

---

**SUMMARY**

The *Local Government (Financial Management) Regulations 2011* (the Regulations) requires Council to formally consider its budget three times per year. This statutory requirement recognises the likelihood that events will occur that require, or offer opportunities for changes to the budget during the year.

This report presents the first Budget Review (BR1) of the 2021-22 financial year to the Audit Committee for review. BR1 will be submitted to Council for consideration on 23 November 2021.

The proposed budget variations increase Council's Operating Surplus by \$158k from \$957k to \$1.115m. BR1 also proposes reductions of \$259k to Capital Income and increases of \$757k to Capital Expenditure.

As a result of the proposed operating and capital adjustments, Council's Net Borrowing Result for the year is increased from \$6.460m to \$7.348m.

It is also noted that Council's underlying Operating Surplus has been calculated at \$317k.

**RECOMMENTION**

**The Audit Committee resolves:**

- 1. That the report be received and noted.**
- 2. To recommend to Council the proposed budget adjustments presented in Budget Review 1 which result in:**
  - a. An increase in the Operating Surplus from \$957k to \$1.115m for the 2021-22 financial year.**

- b. Changes to Capital Works, reducing capital income by \$259k and increasing capital expenditure by \$757k for the 2021-22 financial year resulting in a revised capital expenditure budget for 2021-22 of \$27.236m.
  - c. An increase in Council’s current Net Borrowing Result from \$6.460m to \$7.348m for the 2021-22 financial year as a result of the proposed operating and capital adjustments.
- 

## 1. GOVERNANCE

### ➤ Strategic Management Plan/Council Policy

Strategic Plan 2020-24 – A brighter future

Goal 5 A Progressive Organisation

Objective O3 Our organisation is financially sustainable for both current and future generations

Priority O3.1 Ensure the delivery of agreed strategic plan requirements whilst meeting endorsed long term targets for a sustainable operating surplus and level of debt

Objective O5 We are accountable, informed, and make decisions in the best interests of the whole community

Priority O5.1 Enhance governance structures and systems to prudently adapt to changing circumstances and meet our legislative obligations

Priority O5.3 Demonstrate accountability through robust corporate planning and reporting that enhances performance, is relevant and easily accessible by the community

A key aspect of Council’s formal budget reviews is to review and monitor Council’s Annual Budget with reference to its overall financial position and its *Long Term Financial Plan* (LTFP) to ensure Council continues to be financially sustainable.

### ➤ Legal Implications

The undertaking of formal budget reviews is a requirement of the *Local Government Act 1999*, and the *Local Government (Financial Management) Regulations 2011*.

### ➤ Risk Management Implications

Conducting the budget review process as required by Regulations will assist in mitigating the risk of:

*Failure to conduct the budget review process as required by Regulations results in inaccurate budgets and unforecasted deficits leading to inadequate resourcing for current and future activities.*

Inherent Risk	Residual Risk	Target Risk
Medium (4D)	Low (2E)	Low (2E)

It ensures that financial resources are deployed in areas that align with Council’s Strategic Management Plans, are affordable and support Council’s *Long Term Financial Plan*.

➤ **Financial and Resource Implications**

The proposed BR1 budget changes increase Council's Operating Surplus by \$158k from \$957k to \$1.115m.

In terms of capital, it is proposed to reduce Capital Income by \$259k and increase Capital Expenditure by \$757k.

As a result of the proposed operating and capital adjustments, Council's Net Borrowing Result for the year is increased from \$6.460m to \$7.348m.

It should be noted that the figures in this report and supporting appendices have been rounded and consequently individual sub-totals, whilst being correct, may differ slightly from the sum of the rounded amounts.

➤ **Customer Service and Community/Cultural Implications**

There is a high expectation that Council has appropriate financial governance processes in place including the review of the budget periodically.

➤ **Sustainability Implications**

Not applicable.

➤ **Engagement/Consultation conducted in the development of the report**

*Council Committees:* Not Applicable

*Council Workshops:* Not Applicable

*Advisory Groups:* Not Applicable

*Administration:* The budget review was prepared in consultation with Directors and Managers to obtain detailed information for each budget area

*External Agencies:* Not Applicable

*Community:* Not Applicable

## 2. **BACKGROUND**

At the Council meeting held on the 22 June 2021, Council adopted the original 2021-22 *Annual Business Plan and Budget*, reflecting a Budgeted Operating Surplus before Capital Revenue of \$1.344m and an estimated Net Borrowing for the financial year of \$8.199m.

Subsequent to that meeting, Council, in consideration of agenda reports during meetings, has approved a number of the 2021-22 Budget changes as detailed in the budget reconciliation included as part of this report as **Appendix 3**.

As a result of these changes endorsed by Council prior to the first formal budget review, Council's budgeted Operating Result was adjusted to an Operating Surplus of \$957k and the Net Borrowing Result has decreased to \$6.460m.

The Regulations require Council to formally consider its budget three times per year. This statutory requirement recognises the likelihood that events will occur that require, or offer opportunities for changes to, the budget during the year. This report presents the first Budget Review (BR1) of the 2021-22 financial year.

Where possible Council’s customary practice is to include Budget Reviews as an agenda item at Audit Committee meetings prior to consideration of Council.

### **Budget Review Presentation**

As a result of changes to the Regulations, the Budget Review information has been simplified for the First and Third Budget Review for the year whereby it is now required to produce under Section 9(1)(a):

*“a report showing a revised forecast of its operating and capital investment activities for the relevant financial year compared with the estimates for those activities set out in the budget presented in a manner consistent with the note in the Model Financial Statements entitled Uniform Presentation of Finances”*

In accordance with the Regulations the Uniform Presentation of Finances showing the movements in the current and proposed budgets is provided as **Appendix 1** to this report.

### **3. ANALYSIS**

Given the timing of BR1, the focus of this first budget review for the year was largely on obtaining expenditure approval for any significant items or when a budget adjustment was required to enable timeliness of delivery as well as projects related to grant funded opportunities.

### **Budget Review 1 Proposed Adjustments**

<b>\$000s</b>	<b>2021-22 Current Budget</b>	<b>Proposed BR1 Adjustments</b>	<b>Transfer between Capital &amp; Operating</b>	<b>Revised Budget after BR1</b>
Operating Income	50,749	289	296	51,334
Operating Expenditure	49,792	422	5	50,219
<b>Operating Surplus</b>	<b>957</b>	<b>(133)</b>	<b>291</b>	<b>1,115</b>
Depreciation	9,762	(30)	-	9,732
Capital income	9,300	37	(296)	9,041
Capital Expenditure	(26,479)	(762)	5	(27,236)
<b>Net Borrowing Position</b>	<b>(6,460)</b>	<b>(888)</b>	<b>-</b>	<b>(7,348)</b>

#### **Operating:**

#### Operating Income - \$585k increase

- rates revenue has exceeded forecasts by \$67k as a result of the finalisation of growth from new developments across the council area and a reduction in the amount required for the Revaluation Relief Rebate

- a reduction of \$143k in Other Rates, being an adjustment to the 21-22 Community Wastewater Management Scheme (CWMS) Service Charge Fee and return of identified savings to customers. This is covered in more detail in a separate report to the Audit Committee at the meeting on 15 November 2021 and is partially offset by a reduction in expenditure identified below.
- an amount of \$296k grant funding carried forward from previous years to be acquitted against the Heathfield High School court redevelopment. This had been previously been treated as capital income in Council's budgets but as the asset will not be owned by Council, both the income and expenditure now form part of Council's operating result
- an amount of \$250k for a contribution due to be received from the Heathfield High School in relation the court redevelopment with an associated increase in expenditure
- an increase in Community Home Support Program funding of \$41k requiring associated expenditure commitments
- an increase in Local Economic Recovery Program (LERP) grant funding of \$60k for Biodiversity outcomes also requiring associated expenditure commitments
- an overall reduction of \$9k in library grant funding reflecting a reduction of \$25k in Council's library materials grant partly offset of a reallocation of \$16k of this reduction to cover adult digital literacy
- unbudgeted insurance recoveries of \$27k relating to damage to council property as a result of vehicle accidents

#### Operating Expenditure - \$427k increase

- a reduction of \$46k in identified savings in CWMS expenditure as separately reported
- an increase in expenditure of \$250k relating to the Heathfield High School court development funding discussed above
- an increase in expenditure of \$60k relating to biodiversity LERP grant funding increases as discussed above
- an increase in Community Home Support Program expenditure commitments due to funding of \$41k as discussed above
- a reduction of \$9k in library material expenditure to accommodate the reallocation of grant funding discussed above
- an increase of \$49k in property leasing costs as identified in an Operational Workplace Review Council Report presented to Council in August 2021
- an increase of \$61k in insurance costs due to a hardening of the market and updated asset values as highlighted in the Councils Insurance Portfolio Placement Report presented to the Audit Committee at its August 2021 meeting
- an amount of \$33k to cover unbudgeted fencing costs relating to commitments made by Council in relation to the Cudlee Creek Bushfire and adjoining properties
- a reduction in budget of \$20k in water costs and related property charges
- a transfer of \$5k of minor plant expenditure from capital to operating together with a reallocation from depreciation to materials expenditure to more appropriately account for low value items which are below capitalisation thresholds

### Capital Items:

\$000s	2021-22 Current Budget	Proposed BR1 Adjustments	Proposed BR1 Budget
<b>Capital income</b>	<b>9,300</b>	<b>(259)</b>	<b>9,041</b>
Capital - Renewal Expenditure	(12,267)	(202)	(12,469)
Capital - New Capital Expenditure	(14,212)	(555)	(14,767)
<b>Total Capital Expenditure</b>	<b>(26,479)</b>	<b>(757)</b>	<b>(27,236)</b>
<b>Net Capital Position</b>	<b>(17,179)</b>	<b>(1,016)</b>	<b>(18,195)</b>

For BR1 there are a small number of variations in the capital budget spread across asset categories. Proposed changes in the capital works program reduced capital income by \$259k and increase capital expenditure by \$757k with specific details including the budgetary impact by project provided as per **Appendix 2**.

It is noted that the reduction in capital income reflects an increase in capital contributions of \$37k offset by the reallocation of \$296k relating to grant funding carried forward from previous years that will be acquitted against the Heathfield High School court redevelopment as discussed above.

The major capital item included in BR1 relates to the upgrade and fit-out costs for Stirling Transportable & Garrod Crescent offices plus design and planning for the upgrades at Heathfield, Stirling West Wing and Woodside Offices for \$499k. An Operational Workplace Review Council Report was presented to the Council Meeting on 24 August 2021 and highlighted the budget impact of the proposed operational and capital requirements of the workplace review and indicated that these budgets adjustments would be addressed as part of BR1.

Whilst the proposed changes to the capital expenditure budget show an increase of \$757k on a very large capital spend for this financial year, it is anticipated that the total 2021-22 capital expenditure budget will be reduced by a reasonable amount by year-end due to project delivery issues. Currently Council is experiencing a lot of difficulty in accessing contractors, obtaining competitive bids, and finding that quoted prices are well above budgets for many capital infrastructure projects. However, at the time of this report relatively few projects had advanced significantly enough to readily identify the specific projects that will be in jeopardy of being delivered on a timely basis within budget. As a result, further work is currently being undertaken to consider a reset of the 2021-22 capital works program to ensure that council requirements are achieved while still obtaining value for money outcomes. As such, this will be revisited in Budget Review 2 and 3 once further progression of the overall capital expenditure has occurred.

#### Movements in Budgeted Borrowings

As a result of proposed BR1 changes there will be an increase of \$888k to borrowings resulting in a forecast of \$19.2m at 30 June 2022 excluding leases with the borrowing movements for the year shown below.

Borrowings excluding Leases \$000s	Opening July 2021	New Borrowings	Repayments	Forecast June 2022
<b>CAD (Short Term Drawdown)</b>	5,200	16	-	5,216
<b>Current Other Borrowings</b>	-	10,000	(1,000)	9,000
<b>Fixed Term Borrowings</b>	5,000		-	5,000
<b>Total Borrowings</b>	<b>\$10,200</b>	<b>\$10,016</b>	<b>(1,000)</b>	<b>\$19,216</b>

This is reflected in the Financing transaction detail as shown at the bottom of Council's *Uniform Presentation of Finance Appendix 1*.

The financing result for the financial year also includes budgeted payments relating to the landfill remediation provision.

### Summary

The proposed budget changes increase Council's Operating Surplus by \$158k from \$957k to \$1.115m. BR1 also proposes reductions of \$259k to Capital Income and increases of \$757k to Capital Expenditure.

As a result of the proposed operating and capital adjustments, Council's Net Borrowing Result for the year is increased from \$6.460m to \$7.348m.

\$000s	\$
BR0 Adopted Budget Net Lending (Borrowings) Result	(6,460)
Impact of Operating Budget Adjustments for BR1	(133)
Change in Depreciation	(30)
Impact of Capital income and Expenditure Adjustments for BR1	(725)
<b>BR1 Revised Net Lending (Borrowing) Result</b>	<b>(\$7,348)</b>
<b>2021-22 Underlying Operating Surplus</b>	<b>\$317</b>

In the last couple of years, Councils operating surplus has been impacted by a significant number of one off budget items together with a large amount of grant funding received with associated expenditure commitments often accounted for in different years.

It has therefore been agreed that Administration would provide details of Council's underlying Operating Surplus as part of financial reporting performance and Budget Reviews to assist in the assessment of Council's ongoing financial sustainability and long term financial planning.

As noted in Appendix 3, which shows the budget reconciliation of 2021-22 Budget changes Council's underlying Operating Surplus has reduced from \$448k to \$317k from Budget Review 1, largely to account for:

- the adjustment to the 21-22 Community Wastewater Management Scheme (CWMS) Service Charge Fee and return of identified savings to customers of \$97k
- an increase of \$67k to the base cost of insurance premiums, and
- an increase of \$49k in Council's property lease and related costs.



The above have been in part offset by:

- additional rate revenue of \$67k
- water savings in the order of \$20k per annum

#### **Quarterly Finance Performance Results**

At its 19 June 2018 meeting, Council adopted (Res 128/18) the *Corporate Planning & Performance Framework*, of which a key element was the establishment of a suite of Corporate Business Performance Indicators which are aligned with Adelaide Hills Council's Strategic Plan goals and will enable the tracking of performance over time.

As a result Quarterly Council Performance Reports were prepared showing the performance against the Corporate Performance indicators, strategic initiatives and key activities of the Council's *Annual Business Plan*.

To reflect the alignment to the Strategic Plan 2020-24 – A brighter future the format of the Quarterly Council Performance Report is formatted to show Council's performance against the 5 strategic goals with the report also includes the Customer Service Standards, Capital Works performance, and Quarterly Financial Performance.

As a result of a change has been made to the timing of reports for the 2021-22 financial year. Reports are now provided to Council and the Audit Committee at the meeting directly following the end of the quarter.

As the financial performance information contained in that report is only preliminary at that meeting it was agreed for completeness to include the final quarterly financial performance as part of each Budget Review. As a result this information is shown as **Appendix 4**.

#### **4. OPTIONS**

The Committee has the following options:

- I. To receive and note this report and recommend to Council the proposed budget adjustments presented in Budget Review 1 as prepared (Recommended).
- II. To make additional comments or suggestions to Administration to consider prior to finalising Budget Review 1.

#### **5. APPENDICES**

- (1) 2021-22 Budgeted Uniform Presentation of Finances
- (2) Capital Works Budget Review 1 Proposed Changes
- (3) 2021-22 Budget Adjustments subsequent to Original Budget Adoption
- (4) Financial Performance Report for Quarter Ended 30 September 2021

---

# **Appendix 1**

*2021-22 Budgeted Uniform Presentation of Finances*

---

**Adelaide Hills Council**  
**BUDGETED UNIFORM PRESENTATION OF FINANCES**  
**2021-22 Proposed Budget**

	2021-22 Adopted Budget	Total Budget Movement since Adoption \$'000	BR1	2021-22 Revised Budget
	\$'000	\$'000		\$'000
<b>INCOME</b>				
Rates	41,573	-	(76)	41,497
Statutory charges	1,197	-		1,197
User charges	869	-	(6)	863
Grants, subsidies and contributions	5,869	657	640	7,166
Investment income	17	-		17
Reimbursements	210	-		210
Other income	467	(210)	27	284
Net gain - equity accounted Council businesses	100	-		100
<b>Total Income</b>	<b>50,302</b>	<b>447</b>	<b>585</b>	<b>51,334</b>
<b>EXPENSES</b>				
Employee costs	19,424	18	58	19,500
Materials, contracts & other expenses	19,295	816	399	20,510
Depreciation, amortisation & impairment	9,762	-	(30)	9,732
Finance costs	477	-		477
Net loss - equity accounted Council businesses	-	-		0
<b>Total Expenses</b>	<b>48,958</b>	<b>834</b>	<b>427</b>	<b>50,219</b>
<b>NET BUDGETED SURPLUS / (DEFICIT) BEFORE CAPITAL AMOUNTS</b>	<b>1,344</b>	<b>(387)</b>	<b>158</b>	<b>1,115</b>
<b>Net Outlays on Existing Assets</b>				
Capital Expenditure on Renewal and Replacement of Existing Assets	(11,451)	(816)	(202)	(12,469)
Proceeds from Sale of Replaced Assets	665	177		842
Depreciation	9,762	-	(30)	9,732
<b>NET OUTLAYS ON EXISTING ASSETS</b>	<b>(1,024)</b>	<b>(639)</b>	<b>(232)</b>	<b>(1,895)</b>
<b>Net Outlays on New and Upgraded Assets</b>				
Capital Expenditure on New and Upgraded Assets & Remediation costs	(11,823)	(2,389)	(555)	(14,767)
Capital Grants & Monetary Contributions - New & Upgraded Assets	2,000	3,734	(259)	5,475
Proceeds from Sale of Surplus Assets	1,304	1,420		2,724
<b>NET OUTLAYS ON NEW AND UPGRADED ASSETS</b>	<b>(8,519)</b>	<b>2,765</b>	<b>(814)</b>	<b>(6,568)</b>
<b>Net Lending/ (Borrowing) Result for Financial Year</b>	<b>(8,199)</b>	<b>1,739</b>	<b>(888)</b>	<b>(7,348)</b>
<b>Net Financial Liabilities at Beginning of Year</b>				
Decrease / (increase) in Other	(19,263)	-		(19,263)
Non Cash Equity Movement	-	-		0
<b>Net Financial Liabilities at End of Year</b>	<b>(100)</b>	<b>-</b>	<b>(100)</b>	<b>(100)</b>
<b>Net Financial Liabilities at End of Year</b>	<b>(27,562)</b>	<b>1,739</b>	<b>(888)</b>	<b>(26,711)</b>
<b>Financing Transactions</b>				
New Borrowings	10,350	(1,350)	1,000	10,000
Increase/(Decrease) in Short Term Draw Down	(73)	201	(112)	16
(Increase)/Decrease in Cash & Investments	-	-		0
(Increase)/Decrease in Working Capital	-	-		0
Principal Repayments on Borrowings	(1,000)	-		(1,000)
Reinstatement/Restoration Provision Payment	(978)	-		(978)
Debenture Payment	-	(590)		(590)
Non Cash Equity Movement	(100)	-		(100)
Other Working Capital	-	-		-
	<b>8,199</b>	<b>(1,739)</b>	<b>888</b>	<b>7,348</b>

It should be noted that the figures in this appendix have been rounded and consequently individual sub-totals, whilst being correct, may differ slightly from the sum of the rounded amounts.

---

## **Appendix 2**

### *Capital Works Budget Review 1 Proposed Changes*

---

## 2021-22 CAPITAL BUDGET REVIEW 1

Proj #	Project Name	Project Description	Suburb	Type	Current Budget	Change FAV/ (UNFAV)	Revised Budget	Comment
<b>CAPITAL EXPENDITURE</b>								
<b>Buildings</b>								
new #	Staff Accommodation	Upgrade and Fitout new and existing offices		New	\$0	(499,000)	\$499,000	Upgrade and fitout costs for Stirling Transportable & Garrod Cres plus design and planning for the upgrades at Heathfield, Stirling West Wing and Woodside Offices. These costs are in accordance with the Operational Workplace Review Report presented to Council on 24 August 2021.
<b>Total</b>					<b>\$0</b>	<b>(499,000)</b>	<b>\$499,000</b>	
<b>Cemeteries</b>								
3967	Scott Creek Cemetery	Agreed works at Scott Creek Cemetery		New	\$0	(5,600)	\$5,600	Budget required to complete agreed works at Scott Creek Cemetery. Relates to amount held in reserve from the Scott Creek Progress Association since 2012-13
<b>Sport &amp; Recreation</b>								
4040	Upgrade Stirling Tennis Courts (Stonehenge)	Upgrade fencing and lighting, re-surface courts and improve stormwater issues	Stirling	New	\$135,170	(37,000)	\$172,170	Powerbox moved due to safety concerns, additional fencing installed, additional bitumen work to courts due to surface water problems and additional stormwater drains installed to remove stormwater run off to courts. Additional income of \$37,000 from Stirling Tennis Club and Tennis SA.
<b>Total</b>					<b>\$135,170</b>	<b>(37,000)</b>	<b>\$172,170</b>	
<b>Stormwater</b>								
3949	Stormwater investigations	Investigation, survey and design for priority stormwater upgrades in Balhannah.	Balhannah	New	\$0	(50,000)	\$50,000	During recent intense storm events, a number of locations in Balhannah, including Kareda Cl, Corona Ct, Kurla Rd, and West Tce, suffered flooding including both nuisance flooding and property inundation. This project aims to facilitate commencement of investigations, survey and design ahead of potential projects to construct physical infrastructure upgrades in future annual business plans. This is in addition to Junction Rd, which is subject to investigation and stormwater upgrade by the Department for Infrastructure and Transport.
<b>Total</b>					<b>\$0</b>	<b>(50,000)</b>	<b>\$50,000</b>	
<b>Fleet</b>								
3160	Plant Replacement Programme	Renewal of heavy plant.	Region wide	Renewal	\$1,415,340	(170,000)	\$1,585,340	One Council tipper truck was written off after a crash on Moores Rd. This truck must be replaced to resume the required service delivery. An insurance claim has been lodged to cover the costs of replacement, and should that claim be successful, the corresponding revenue will be included in a future budget review.
<b>Total</b>					<b>\$1,415,340</b>	<b>(170,000)</b>	<b>\$1,585,340</b>	
<b>Plant &amp; Equipment</b>								
3998	Minor P&E			Renewal	\$5,000	5,000	\$0	Budget moved to Opex
<b>Total</b>					<b>\$5,000</b>	<b>5,000</b>	<b>\$0</b>	
<b>Total Expenditure Change</b>						<b>(756,600)</b>		
<b>CAPITAL INCOME</b>								
149182164	Upgrade Stirling Tennis Courts (Stonehenge)	Upgrade fencing and lighting, re-surface courts and improve stormwater issues	Stirling	New	0	37,000	(37,000)	Income from Stirling Tennis Club and Tennis SA
<b>Total Income Change</b>					<b>0</b>	<b>37,000</b>	<b>(37,000)</b>	

**Capital Expenditure**

Split as follows:

Renewal	(202,000)
New/Upgrade	(554,600)
	<b>(756,600)</b>

---

## **Appendix 3**

*2021-22 Budget Adjustments subsequent to Original  
Budget Adoption*

---

**ADELAIDE HILLS COUNCIL**  
**2021-22 BUDGET ADJUSTMENTS SUBSEQUENT TO BUDGET ADOPTION**

Description	Operating Income	Operating Expenses	Net Operating Result	Capital Expenditure	Capital Income	Net Borrowing Result Impact	Underlying Surplus
<b>Original 2021-22 Budget</b>	<b>50,302</b>	<b>48,281</b>	<b>2,021</b>	<b>17,745</b>	<b>3,969</b>	<b>(1,993)</b>	<b>448</b>
Council Resolutions transferred to 2021-22 financial year Council Meeting 22 June 2021 CR 123/21 Item 1.12		677	(677)	5,529		(6,206)	
<b>Published 2021-22 Annual Budget Plan</b>	<b>50,302</b>	<b>48,958</b>	<b>1,344</b>	<b>23,274</b>	<b>3,969</b>	<b>(8,199)</b>	<b>448</b>
Event Opportunity Council Meeting 22 June 2021 CR 146/21		45	(45)			(45)	
Operating Initiatives Carry Forwards from 2020-21 Council Meeting 24 August 2021 CR179/21 Recommendation 2		333	(333)			(333)	
Operating Grants Carry Forwards from 2020-21 Council Meeting 24 August 2021 CR179/21 Recommendation 3	657	360	297			297	
Capital Carry Forwards from 2020-21 Council Meeting 24 August 2021 CR179/21 Recommendation 4			0	1,717	3,617	1,900	
Capital Bring Back to 2020-21 Council Meeting 24 August 2021 CR179/21 Recommendation 5			0	(55)		55	
2021-22 Budget Changes Council Meeting 24 August 2021 CR179/21 Recommendation 6	(210)	86	(296)	(296)		0	
2021-22 Additional Budget Requests Council Meeting 24 August 2021 CR179/21 Recommendation 7		10	(10)	315	190	(135)	
2021-22 Additional Capital Budget Black Spot Funding Council Meeting 28 September 2021 CR 206/21				1,524	1,524	0	
<b>Sub total Budget Adjustments since Annual Business Plan Adoption</b>	<b>447</b>	<b>834</b>	<b>(387)</b>	<b>3,205</b>	<b>5,331</b>	<b>1,739</b>	
<b>AHC Current Budget prior to Council Meeting 23 Nov 2021</b>	<b>50,749</b>	<b>49,792</b>	<b>957</b>	<b>26,479</b>	<b>9,300</b>	<b>(6,460)</b>	<b>448</b>
2021-22 Budget Review 1	585	427	158	757	(259)	(858)	(131)
<b>AHC Proposed Budget for 23 November 2021 Council Meeting</b>	<b>51,334</b>	<b>50,219</b>	<b>1,115</b>	<b>27,236</b>	<b>9,041</b>	<b>(7,318)</b>	<b>317</b>

---

## **Appendix 4**

*Financial Performance Report for Quarter Ended 30  
September 2021*

---



# Financial Performance

## Overall Funding Statement

as at September 2021

	YTD Actual	YTD Budget	YTD Variance	Revised Budget
	\$'000	\$'000	\$'000	\$'000
<b>Total Operating Income</b>	<b>43,843</b>	<b>43,408</b>	<b>435</b>	<b>50,751</b>
<b>Total Operating Expenditure</b>	<b>9,793</b>	<b>10,449</b>	<b>654</b>	<b>49,794</b>
<b>Funding surplus before Capital</b>	<b>34,050</b>	<b>32,959</b>	<b>1,090</b>	<b>957</b>
<b>Capital Expenditure</b>	974	2,658	1,683	24,955
<b>Capital Income</b>	1,443	1,350	93	7,776
<b>Net expenditure - Capital projects</b>	<b>(468)</b>	<b>1,308</b>	<b>1,776</b>	<b>17,179</b>
<b>Net Lending / (Borrowing) Result for Year</b>	<b>34,518</b>	<b>31,652</b>	<b>2,866</b>	<b>(6,459)</b>

### Adelaide Hills Council Operating Summary

#### By Directorate

as at September 2021

	YTD Actuals \$'000s	YTD Budget \$'000s	YTD Var fav / (unfav) \$'000s	Revised Budget \$'000s
<b>Income</b>				
Community Capacity	684	678	5	2,133
Corporate Services	40,020	39,926	94	41,600
Development & Regulatory Services	608	349	259	1,228
Infrastructure & Operations	2,531	2,454	76	5,790
<b>Income Total</b>	<b>43,843</b>	<b>43,408</b>	<b>435</b>	<b>50,751</b>
<b>Expenditure</b>				
Community Capacity	1,877	2,161	285	7,770
Corporate Services	2,897	2,933	35	8,379
Development & Regulatory Services	1,033	1,048	15	3,913
Infrastructure & Operations	3,986	4,306	320	29,732
<b>Expenditure Total</b>	<b>9,793</b>	<b>10,449</b>	<b>654</b>	<b>49,794</b>
<b>Operating Surplus (Deficit)</b>	<b>34,050</b>	<b>32,959</b>	<b>1,090</b>	<b>957</b>

## Adelaide Hills Council Quarterly Financial Performance

as at September 2021	Income by Function			Expenditure by Function			Net Position
	YTD Actuals	YTD Budget	YTD Var fav / (unfav)	YTD Actuals	YTD Budget	YTD Var fav / (unfav)	Variance
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Bushfire Recovery	42	42	● -	24	42	● 18	● 18
CC Director's Office	-	-	● -	75	79	● 3	● 3
Communications, Engagement & Events	1	-	● 1	133	192	● 59	● 60
Economic Development	120	123	● (3)	227	249	● 23	● 19
FABRIK Arts and Heritage Hub	14	21	● (7)	70	90	● 19	● 12
Community Development (Management)	-	-	● -	98	93	● (5)	● (5)
Community Resilience	130	122	● 8	46	109	● 64	● 72
Cultural Development	-	-	● -	31	32	● -	● -
Grants & Partnerships	-	-	● -	39	40	● 1	● 1
Hills Connected Communities Projects	30	28	● 2	21	25	● 4	● 6
Positive Ageing (Home and Social Support)	284	271	● 13	257	265	● 8	● 20
Positive Ageing Project (Collaborative)	40	40	● -	32	40	● 8	● 8
Service Strategy & Innovation	-	-	● -	16	54	● 39	● 39
The Summit Community Centre	1	3	● (2)	25	45	● 21	● 19
Torrens Valley Community Centre	6	9	● (3)	50	46	● (4)	● (6)
Volunteering	-	-	● -	6	19	● 13	● 13
Youth Development	9	9	● -	37	43	● 5	● 5
Library Services	6	10	● (3)	482	487	● 5	● 2
Customer Service	-	-	● -	206	211	● 5	● 5
<b>Community Capacity</b>	<b>684</b>	<b>678</b>	● <b>5</b>	<b>1,877</b>	<b>2,161</b>	● <b>285</b>	● <b>290</b>
AHBTC	61	84	● (23)	38	63	● 25	● 2
Cemeteries	80	75	● 6	51	41	● (10)	● (4)
CS Director's Office	1	-	● 1	73	83	● 10	● 11
COVID 19	-	-	● -	(1)	-	● 1	● 1
Financial Services	39,820	39,734	● 86	503	528	● 25	● 111
Governance & CEO Office	-	-	● -	693	655	● (38)	● (38)
Information Services	-	-	● -	883	824	● (59)	● (59)
OD & WHS	-	-	● -	180	183	● 3	● 3
Property Management	48	24	● 24	468	550	● 81	● 105
Retirement Villages	10	10	● -	9	6	● (2)	● (2)
<b>Corporate Services</b>	<b>40,020</b>	<b>39,926</b>	● <b>94</b>	<b>2,897</b>	<b>2,933</b>	● <b>35</b>	● <b>129</b>
Animal Management	376	171	● 205	150	135	● (15)	● 191
DRS Director's Office	-	-	● -	70	84	● 14	● 14
Fire Prevention	1	-	● 1	18	18	● -	● 1
Mt Lofty Waste Control Project	-	-	● -	-	-	● -	● -
Parking and By-Laws	15	12	● 3	55	52	● (4)	● (1)
Planning & Development	182	136	● 46	585	580	● (5)	● 42
Policy Planning	-	-	● -	38	45	● 8	● 8
Public Health	34	31	● 3	117	134	● 17	● 20
<b>Development &amp; Regulatory Services</b>	<b>608</b>	<b>349</b>	● <b>259</b>	<b>1,033</b>	<b>1,048</b>	● <b>15</b>	● <b>275</b>
Civil Services	448	448	● -	1,188	1,251	● 63	● 63
Community Wastewater Management System	1,820	1,796	● 24	162	167	● 5	● 28
Depreciation	-	-	● -	-	-	● -	● -
Emergency Management	-	-	● -	14	19	● 5	● 5
IO Director's Office	-	-	● -	92	86	● (6)	● (6)
Open Space - Biodiversity	189	139	● 50	244	233	● (11)	● 39
Open Space Operations	-	-	● -	973	1,070	● 97	● 97
Open Space - Sport & Rec Planning	-	-	● -	122	206	● 85	● 85
Sustainability	-	-	● -	64	56	● (8)	● (8)
Strategic Assets	-	-	● -	126	137	● 11	● 11
Waste	74	72	● 3	1,001	1,081	● 79	● 82
<b>Infrastructure &amp; Operations</b>	<b>2,531</b>	<b>2,454</b>	● <b>76</b>	<b>3,986</b>	<b>4,306</b>	● <b>320</b>	● <b>396</b>
<b>Total</b>	<b>43,843</b>	<b>43,408</b>	● <b>435</b>	<b>9,793</b>	<b>10,449</b>	● <b>654</b>	● <b>1,090</b>

**ADELAIDE HILLS COUNCIL  
AUDIT COMMITTEE MEETING  
Monday 15 November 2021  
AGENDA BUSINESS ITEM**

**Item:** 7.10

**Responsible Officer:** Steven Watson  
Governance & Risk Coordinator  
Office of the Chief Executive

**Subject:** Risk Management Plan Update

**For:** Information

---

**SUMMARY**

This report provides the Audit Committee with an update on Risk Management activities including the current status of the Strategic Risk Profile and Management Plan.

In relation to the Strategic Risk assessments, there has been the following change since the May 2021 assessment.

- Inherent Risk: Nil (0) Change
- Residual Risk: Medium residual risk increased from 69% to 83%  
Low residual risk decreased from 23% to 8%
- Target Risk: Medium target risk increased from 69% to 75%  
Low target risk decreased from 31% to 25%
- New Mitigation(s): 1 new mitigation
- Completed: 57% (60) increased with two (2) completed actions
- In Progress: Increase from 24% to 28% (29)
- Not Commenced: Decrease from 23% to 15%

In relation to the Corporate Risk Framework, the SkyTrust Software Council uses for managing its WHS and other obligations has had its Corporate Risk Module populated with information from the previously used Strategic Risk Register spreadsheets. A copy of the *SkyTrust Strategic Risk Register* is at **Appendix 1**.

**RECOMMENDATION**

**The Audit Committee resolves that the report be received and noted.**

---

➤ **Strategic Management Plan/Council Policy**

*Strategic Plan 2020-24 – A brighter future*

Goal 5 A Progressive Organisation

Objective 05 We are accountable, informed, and make decisions in the best interests of the whole community

Priority 05.1 Enhance governance structures and systems to prudently adapt to changing circumstances and meet our legislative obligations

Priority 05.2 Make evidence-based decisions and prudently assess the risks and opportunities to our community before taking action.

A number of actions contained in the *2021-22 Annual Business Plan* have been added as mitigations against the applicable strategic risk

➤ **Legal Implications**

A number of sections of the *Local Government Act 1999* require councils to identify and manage the risks associated with its functions and activities. Further, s125 requires council to have appropriate internal controls.

Similarly the *Work Health & Safety Act 2012* is structured around the protection of workers and others against harm to their health, safety and welfare through the elimination or minimisation of risk arising from work or specified substances or plant.

➤ **Risk Management Implications**

Improvements in the implementation of the risk management framework will assist in mitigating the risk of:

*A lack of effective risk management occurs which leads to greater uncertainty in the achievement of objectives and/or negative outcomes.*

Inherent Risk	Residual Risk	Target Risk
Extreme (5C)	Medium (4D)	Medium (4D)

Note that there are many other controls that assist in mitigating this risk.

➤ **Financial and Resource Implications**

While there are no direct financial or resource implications from this report, a number of Strategic Risk Profile and Management Plan treatments are impacted by funding limitations or have been accommodated in the *2021-22 Annual Business Plan and Budget*.

➤ **Customer Service and Community/Cultural Implications**

There is a high expectation that Council has appropriate corporate governance processes in place including an effective corporate risk management system.

There is a high expectation that Council has appropriate corporate governance processes in place including an effective corporate risk management system.

➤ **Sustainability Implications**

There are no direct sustainability implications arising from this report.

➤ **Engagement/Consultation with Committee, Regional Subsidiary, Advisory Group and Community**

*Council Committees:* Not Applicable

*Council Workshops:* Not Applicable

*Advisory Groups:* Not Applicable

*External Agencies:* Not Applicable

*Community:* Not Applicable

**1. BACKGROUND**

Council's Strategic Risk Profile monitoring and reporting process has been in place since 2014 based on the, then, current Risk Management Policy and the Risk Management Framework.

The allocation of risk owners has been reviewed over time due to changes in the portfolio allocation within the Administration. The current allocations have been in place since January 2020 with the transition of SR9a (human resources) back to the Executive Manager Organisational Development.

Reports on the Strategic Risk Profile have been provided to the Audit Committee and subsequently Council on a quarterly basis since February 2016.

At its 13 May 2019 meeting, the Committee reviewed the Risk Management Policy and noted that only minor nomenclature changes were required, prior to recommending it for Council's consideration.

Council adopted the revised Policy at its 28 May 2019 meeting.

Risk Management Framework

Additionally an extract of the Strategic Risk Register is usually provided to the Committee and Council. At its 13 May 2019 meeting the Committee requested that the full Register be provided for the Committee's review. The SkyTrust Software Council uses for managing its WHS and other obligations has had its Corporate Risk Module populated with information from the previously used Strategic Risk Register spreadsheets. A copy of the SkyTrust Strategic Risk Register is at **Appendix 1**.

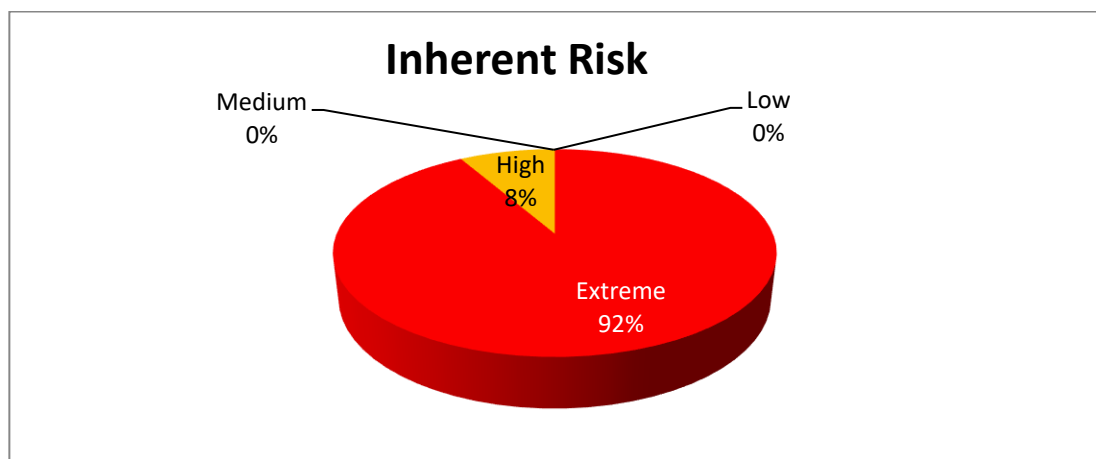
## 2. ANALYSIS

### Strategic Risk Profile

The Strategic Risks are regularly reviewed by the risk owners responding to triggers in the risk environment, changes in causation or impact, changes in the control environment and on the completion of mitigation actions (which then form part of the control environment) which collectively can impact the likelihood and/or consequence of the risk.

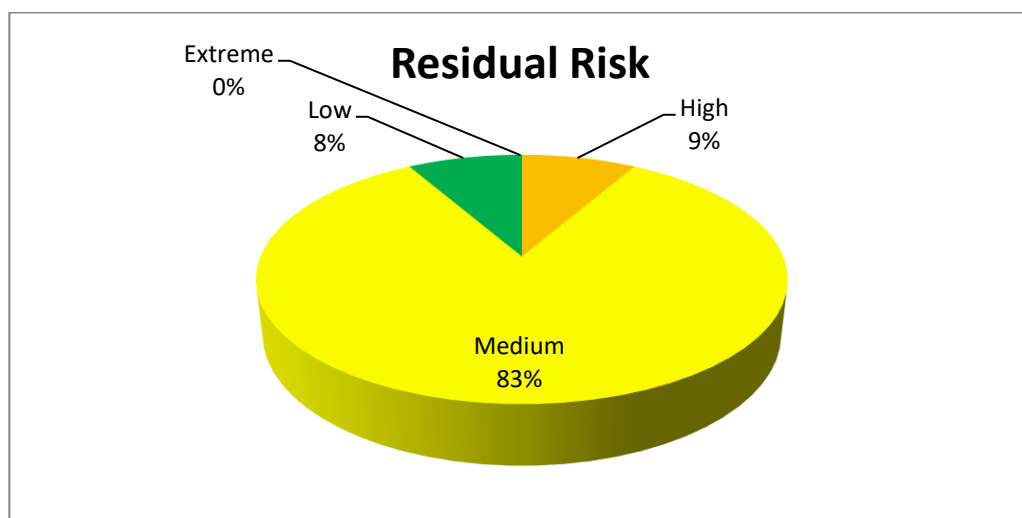
The Strategic Risks were recently reassessed and the following diagrams depict the Inherent, Residual and Target ratings.

There has been no change to the Inherent risk ratings from the August 2021 assessment.



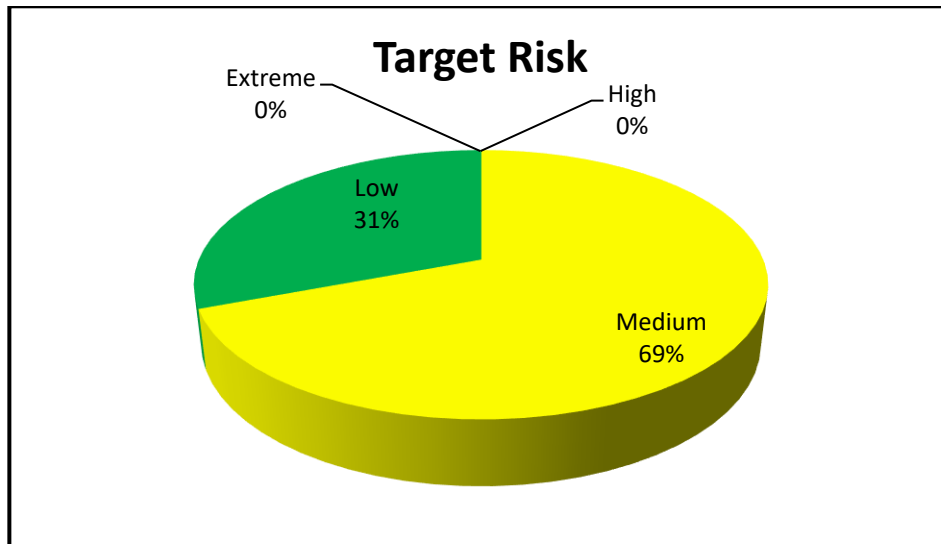
Officers regularly review their risks and mitigations, and the Residual Risk rating identifies the following changes since the August 2021 assessment:

- Medium residual risk increased from 69% to 83%
- Low residual risk decreased from 23% to 8%



Officers regularly review their risks and mitigations, and the Target Risk rating identifies the following changes since the August 2021 assessment:

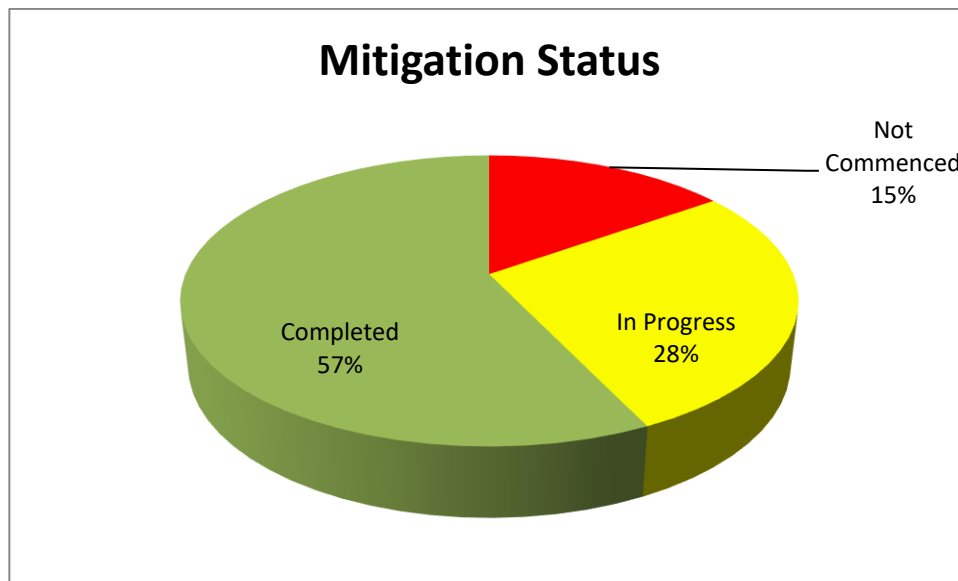
- Medium target risk increased from 69% to 75%
- Low target risk decreased from 31% to 25%



The implementation of Mitigation Actions has been progressing steadily with increased new mitigations from risk owners undertaking their latest assessments in line with the 2021-22 Annual Business Plan adoption. The current status is as follows:

Status	February 2021	May 2021	August 2021	November 2021
<b>Completed</b>	69% (57 actions)	72% (63 actions)	53% (58 actions)	57% (60 actions)
<b>In Progress</b>	30% (25 actions)	26% (23 actions)	24% (26 actions)	28% (29 actions)
<b>Not Commenced</b>	1% (1 action)	2% (2 actions)	23% (26 actions)	15% (16 actions)
<b>New Initiatives (in above totals)</b>	2 New Mitigations	3 New Mitigations	27 New Mitigations	1 New Mitigation

This is shown diagrammatically below:



#### Risk Management Framework

As identified through an action in the Strategic Risk Register, the Administration has continued to work on the Risk Management Framework. This process was held up somewhat until a suitable software solution could be sourced and trialled. This trial is occurring and whilst the Administration is in early learning, it is envisaged further development including the reporting elements will provide positive benefits, operating efficiencies and deliver a sound and robust risk management framework.

### **3. OPTIONS**

The Audit Committee has the following options:

- I. To note the update on the Strategic Risk Profile as presented (recommended).
- II. To determine not to note either or both updates and/or identify additional actions to be undertaken (not recommended).

### **4. APPENDIX**

- (1) Strategic Risk Register – November 2021



---

# **Appendix 1**

*Strategic Risk Register – November 2021*

---

# Risk Management Plan Update

Department	Team	Location/ Project	Risk ID	Risk Title	Description	Responsible Person	Risk Type	Risk Category	Possible Risk Events	Possible Consequences	Initial Risk Score	Residual Risk Score	Other Requirements/ Comments
Adelaide Hills Council	Executive Leadership Team	Other	169129	Strategic Risk	Failure to provide appropriate infrastructure for the community (F)	Peter Bice	Strategic	Assets & Infrastructure	Cause: - Ageing infrastructure in need of renewal to remain fit for purpose and/or comply with legislation - Poor asset management regimes (data, levels) - Ineffective maintenance regimes - Leaseholders conducting works outside of contractual/legislative obligations. - Duplication or gaps in infrastructure provision to communities. - Lack of understanding community needs and trends	Impact: - Increased cost to maintain infrastructure - Reduced confidence in Council by the community - Increased risks to staff and community when utilising facilities - Disadvantage to AHC community over that of other areas - Negative impact on community wellbeing	21	13	

Risk Control Type	Control Details	Reviewer	Effectiveness	Risk Score
	<ul style="list-style-type: none"> <li>- Current Asset Management Plans for key asset categories</li> <li>- Long Term Financial Plan that captures the Strategic Plan and Asset Management Plans</li> <li>- Endorsed annual budget for maintenance program (all asset categories)</li> <li>- Annual Business Plan &amp; Budget consultation undertaken</li> <li>- Customer Survey undertaken</li> <li>- Asset condition audits undertaken cyclically</li> <li>- Asset management system updated to Confirm Enterprise Asset Management</li> <li>- Building inspections (last done 2017)</li> <li>- Compliance audits for buildings as per legislation</li> <li>- Customer request system captures community concerns/issues</li> <li>- Sport and Recreation Strategy</li> <li>- Bike Strategy</li> <li>- Preventative Maintenance regime</li> <li>- Strategic Plan Reviewed with Goal area for Built Environment established (including priorities)</li> </ul>	Peter Bice	EFFECTIVE (Designed Adequately; Operating Effectively)	12
Action Source	Action Required	Action Priority	Person Responsible	Extra Comments
Corporate Risk Register	Update asset management plans as per cycle (and LTFP)	Immediately	David Collins	Footpaths, Kerbs and Roads AMP adopted by Council Feb 2021. AMPS for other classes in development.
Corporate Risk Register	Preventative Maintenance regime developed	Immediately	David Collins	NIL
Corporate Risk Register	Establish service levels in consultation with community	Immediately	David Collins	Updated to CRM response times completed. Levels of service refinements required as part of AMP reviews. Stormwater Level of Service Report adopted by Council. Levels of service established in adoption of Roads, Footpath and Kerb Asset Management Plan.
Corporate Risk Register	Establish cycle for condition audits and monitor (incl buildings)	Immediately	David Collins	Building audits funded in 2020/21  Span Bridge Audits completed in 202/21  Condition audits identified in AMP and new system implementation and set up has delayed some condition auditing.  Audit of Kerb being undertaken by internal resource on ConfirmConnect February 2021. Footpath audit to be conducted in first half of 2021.  Condition audit identified in Road, Footpath and Kerb AMP for all sealed roads. To be undertaken in 2022/23
Corporate Risk Register	Develop Bike Strategy to identify infrastructure requirements	Immediately	David Collins	To Council Oct 16 - completed
Corporate Risk Register	Revise Sport and Recreation Strategy to identify infrastructure requirements	Immediately	David Collins	Strategy completed and infrastructure requirements linked to Strategic Property Review. LTFP now capturing ongoing investment.

Department	Team	Location/Project	Risk ID	Risk Title	Description	Responsible Person	Risk Type	Risk Category	Possible Risk Events	Possible Consequences	Initial Risk Score	Residual Risk Score	Other Requirements/Comments
Adelaide Hills Council	Executive Leadership Team	Other	169143	Strategic Risk	Failure to deliver projects, programs and services in accordance with plans (time, budget, quality)	Peter Bice	Strategic	Assets & Infrastructure	<p>Causes:</p> <ul style="list-style-type: none"> <li>- Ineffective Budget Bid process (ineffective cost estimates preparation; possible lack of understanding of budget and budget process;</li> <li>- Unrealistic timeframes e.g. 12 months for design, consultation and delivery; Change or poorly defined scope; Inadequate specifications and documentation and design; Lack of stakeholder engagement.</li> <li>- Lack of effective consistent project management methodologies</li> <li>- Unforeseen weather and climate conditions,</li> <li>- Lack of appropriate plant and equipment,</li> <li>- Poor contractor management,</li> <li>- Lack of resources (Lack of adequate skilled resources; Loss of key staff,)</li> <li>- Change in government legislation or policy,</li> <li>- Reduction in grant funding,</li> <li>- Lack of scheduled maintenance</li> <li>- Unclear Service ranges and levels</li> </ul>	<p>Impact:</p> <ul style="list-style-type: none"> <li>- Cost of projects escalates, unbudgeted spending, impacts on delivery of the projects</li> <li>- Damage to Council reputation</li> <li>- Outcomes of the project delivered fails to meet community's expectations</li> <li>- Weaknesses in infrastructure necessitating increased maintenanc</li> </ul>	21	9	

Risk Control Type	Control Details	Reviewer	Effectiveness	Risk Score
	<ul style="list-style-type: none"> <li>- Monthly capital reports from finance</li> <li>- Reporting of The Quarter to Council</li> <li>- Regular team meetings with project updates</li> <li>- Quarterly budget review process</li> <li>- 3 Year Capital Program</li> <li>- Procurement policy</li> <li>- Process and qualified staff/teams</li> <li>- Project reporting process</li> <li>- Panel contractors</li> <li>- Legislation and policy</li> <li>- KPI monitoring and reporting</li> <li>- Financial Reporting</li> <li>- LTFP processes have been amended to ensure that all key Strategies and Plan (including the Strategic Plan and Asset Management Plans) are captured as part of the LTFP review each year ahead of budget</li> </ul>	Peter Bice		12
Action Source	Action Required	Action Priority	Person Responsible	Extra Comments
Corporate Risk Register	<p>Project Management</p> <p>a) Implementation of Project management framework. A trial with Built and Natural Assets is underway since 1/7/15. A review was undertaken in 2016 to assess and refine framework. Further review required now that Manager Civil Services appointed</p> <p>b) Process to audit and check project management.</p> <p>c) Implementation of scheduled program maintenance,</p>	Immediately	Peter Bice	IN PROGRESS. Project Management Documentation now being developed in partnership with external expertise.
Corporate Risk Register	Refine the budget bid process to ensure that sufficient time is allocated to cost budget submissions and also timing recognising that some projects will need to span across multiple years due to lead times associated with planning, consultation and approvals. Action: develop a budget bid database with a two stage process by 30/3/2016	Immediately	Peter Bice	COMPLETED. Initial 3 year program developed for 2017/18 ABP.
Corporate Risk Register	Start to promote multiple year project planning in line with Asset Management Planning	Immediately	Peter Bice	COMPLETED. 3 Year Capital Program has been established, which help to achieve this goal.
Corporate Risk Register	Develop process in conjunction with Organisational Development to transfer knowledge once an employee has notified intent to leave the organisation (i.e. to capture staff knowledge with consideration of succession planning and transition to retirement)	Six Months	Megan Sutherland	<p>IN PROGRESS. Process development underway, however progress has stalled due to other delivery priorities. Looking to reinvest in this process development over the coming months. Suggest this be transferred to Executive Manager Organisational Development.</p> <p>OD has some important priorities with strict deadlines currently. This process can be addressed through People Leaders focusing on their teams having documented procedure manuals in their areas being developed and continually updated. Where a person transitions to retirement, conversations are undertaken around the management of knowledge transfer and if a current employee needs to be trained in specific aspects of the work as an interim step.</p>
Corporate Risk Register	Amend LTFP and budget processes to capture all Strategic and Functional Strategy funding requirements.	Immediately	Michael Carey	COMPLETED: 2018/19 & 2019/20 Budgets adopted based on a revised LTFP that captured all Strategic and Functional Strategies.
Corporate Risk Register	Amend LTFP ratio ranges, as well as rates indice, to ensure growth in Operating Surplus to fund growth in operating expenditure	Immediately	Michael Carey	Budget workshop held on 30/1/2021 where proposed changes we considered appropriate to take to Audit Committee. LTFP adopted April 2021 with updated LTFP financial indicator ranges
Corporate Risk Register	Develop Quarterly Report of all key projects to Council that provides a status and financial information	Immediately	Lachlan Miller	COMPLETED: The Quarter now implemented and being reported to Council and Audit Committee

Department	Team	Location/Project	Risk ID	Risk Title	Description	Responsible Person	Risk Type	Risk Category	Possible Risk Events	Possible Consequences	Initial Risk Score	Residual Risk Score	Other Requirements/Comments
Adelaide Hills Council	Executive Leadership Team	Other	170815	Strategic Risk	Failure to provide for the welfare, well-being and interests of the community (F)	David Waters	Strategic	Community Health & Wellbeing	Cause: - Ineffective public health programs (food, immunisation, waste water) - Ineffective community development programs - Failure to identify and respond to key community issues - Poor understanding of cultural and diversity issues in community. - Lack of effective active and passive recreation participation strategies. - Ineffective strategies to work with vulnerable members of the community. - Inappropriate behaviour of community facility users. - Unaffordable rates, fees and charges - Ineffective regulatory services activities (including management of dogs, noise, parking) - Poor facilities	Impact: - Food poisoning, insanitary conditions, etc. - Decreased wellbeing and an over-reliance on social support - Loss of faith in Council's ability to meet community needs - Inability for people from diverse backgrounds to live/participate in the community - Decreased health and wellbeing across the community - Inability/difficulty for people of all socioeconomic backgrounds to live in the district - cultural disrespect	24	9	

Risk Control Type	Control Details	Reviewer	Effectiveness	Risk Score
	<ul style="list-style-type: none"> <li>- Well resourced department, with qualified staff making informed and evidence based decisions.</li> <li>- Regulatory responsibilities that incorporate inspection regimes, education and prosecution where necessary within a highly regulated environment.</li> <li>- Existence of Community Strategy - with identified community needs, gaps in service provision and reprioritised our CD efforts. Adopted June 2015.</li> <li>- Mandated 4-yearly development of strategic plan, incorporating community engagement, ensures effort is made periodically to understand issues important to the community.</li> <li>- Community engagement policy and other relevant policies</li> <li>- Regular satisfaction surveys and program evaluations.</li> <li>- Communicate with empathy, regular informal contact with the community.</li> <li>- Local engagement via Community Centres is occurring with cultural groups.</li> <li>- Ad-hoc engagement on an as-needs basis.</li> <li>- Development of the Reconciliation Action Plan (2015).</li> <li>- Disability Action Plan (2011)., Age Friendly Community Plan (2017)</li> <li>- Staff cultural awareness training.</li> <li>- Recreation and Open Space Planner position created in early 2016.</li> <li>- New Sport &amp; Recreation Strategy was developed and adopted in Oct 2016.</li> <li>- Services currently being provided for vulnerable individuals including in-home support, centre based programs, events, support activities and advocacy.</li> <li>- Codes of conduct in place in some programs/services.</li> <li>- LTFP with sustainable and reasonable rates growth profile. Annual review process for fees and charges incorporates review by Exec and Council Members to ensure control. Internal efficiency improvement program aims to keep costs down.</li> <li>Volunteer Management Policy and Strategy. Well established and funded volunteer based programs. Little reliance on external funding.</li> <li>Safe Environments Policy has been adopted. AHC is now registered on the DCSI system for suitability for work screening and all existing staff in prescribed positions have now been checked.</li> </ul>	David Waters	Moderate reduction in risk	9
Action Source	Action Required	Action Priority	Person Responsible	Extra Comments
Corporate Risk Register	Community Cultural Development Officer to develop Cultural Development principles and framework	Immediately	Rebecca Shepherd	The previous risk review has concluded that this action is not necessary to achieve the target risk.
Corporate Risk Register	Implement the new Access and Inclusion Plan	Immediately	Rebecca Shepherd	IN PROGRESS. Provisional DIAP was adopted by Council in November 2020, following by further engagement and final adoption of a revised Plan in January 2021. The plan has a 4 year implementation timetable.
Corporate Risk Register	Review facility management arrangements. Develop a more consistent approach to community facility users conduct across the various program areas.	Immediately	Natalie Westover	Following a number of workshops with council members and the working group, a draft Facility Framework was endorsed for further community engagement purposes, on 22 June 2021. It is expected that the final framework will be adopted by Council prior to 30 June 2022 and then progressively implemented, including new leases.

Department	Team	Location/Project	Risk ID	Risk Title	Description	Responsible Person	Risk Type	Risk Category	Possible Risk Events	Possible Consequences	Initial Risk Score	Residual Risk Score	Other Requirements/Comments
Adelaide Hills Council	Executive Leadership Team	Other	170816	Strategic Risk	Failure to take measures to protect the community from natural and other hazards (F)	Peter Bice	Strategic	Community Health & Wellbeing	Cause: - Poor fire prevention initiatives - Poor flood protection initiatives - Poor wind protection initiatives - Ineffective emergency management regimes - Ineffective asset maintenance and replacement plans and programs - Lack of participation in regional emergency management arrangements - Noncompliance with legislation - Insufficient budget - Ineffective planning and preparations	Impact: - Significant property loss and damage - Loss of life, injury - Reputational damage - Exposure to liability and penalty - Loss of community normality - Council services stretched and some services may not be fully operational - Loss or damage of public and private infrastructure - Environmental and biodiversity impacts	24	13	

Risk Control Type	Control Details	Reviewer	Effectiveness	Risk Score
-------------------	-----------------	----------	---------------	------------

	<ul style="list-style-type: none"> <li>- Participation in regional EM arrangements through the ZEMC, and the AMLRBMC and cooperation with other councils and agencies re EM</li> <li>- Provision of assistance to control agencies and the community to respond to emergency incidents as they arise and work with local units to resolve localised issues relating to EM.</li> <li>- Provision of assistance to the community and to relevant government and non-government agencies assist recovery from emergencies.</li> <li>- Contribute to, support and participate in community education programs including the SES Flood Safe Program, Red Cross REDiPlan program and CFS Community Fire Safety Meetings.</li> <li>- Ongoing replacement and maintenance of Council's infrastructure through implementation of Council's AMP and proactive and reactive maintenance programs including stormwater infrastructure (including Flood Plain Modelling), fire track maintenance and street sweeping program.</li> <li>- Ongoing fuel reduction programs on high risk Council owned land including woody weed control, slashing and maintenance of asset protection zones.</li> <li>- Ensure ongoing compliance with the F&amp;ES Act 2005 including annual property inspections to ensure community compliance with requirements of the Act, respond to breaches of the Act as they arise, ongoing appointment of Fire Prevention Officers pursuant with requirements of the Act and provide advice to residents on bushfire prevention and mitigation.</li> <li>- Ongoing implementation of tree maintenance programs including the monitoring and maintenance of high risk trees and undertaking reactive tree pruning and removal of high risk trees minimising failure in windy conditions. Commencement of Zone-based Preventative Main</li> </ul>	Peter Bice		13
--	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------	--	----

Action Source	Action Required	Action Priority	Person Responsible	Extra Comments
---------------	-----------------	-----------------	--------------------	----------------

Corporate Risk Register	Development of new Emergency Management Plan.	Immediately	John McArthur	EM Framework endorsed by ELT 14/2/17, EM responsibility now transferred to Infrastructure & Operations, Project timeframes to be reviewed. Update 02/10/19 - Draft Emergency Management Plan completed. Draft Incident Operations Manual (formerly within the Emergency Management Plan) to be considered for endorsement by ELT 3 October 2019. Council to participate in LGA Council Ready Program to complete Emergency Management Plan by September 2020 based on a risk assessment process. Update 07/11/19 - ELT formally resolved to commit to LGA Council Ready Program, scheduling of initial risk assessment workshop set for 9/12/19. Incident Operations Manual adopted by ELT 3 October and is currently being implemented. Update 29/01/20 Lessons learnt from Cudlee Creek fire were identified in an After Action Review in February 2020 and now being incorporated into the Incident Operations Manual. Emergency Management Plan development timeframes may need to be reviewed as priority is on updating the Incident Operations Manual. Draft Emergency Management Plan completed as of 26 February 2021.
Corporate Risk Register	Commit to I Responda emergency response framework.	Immediately	Lachlan Miller	Council is now part of this program . Its plan to be transferred to contemporary standard. Anticipated to be complete by 31/12/19.
Corporate Risk Register	Develop Emergency Management Team for ongoing development and review of Council's EM processes relating to emergencies that occur external to the organisation (not WHS emergency management)	Immediately	John McArthur	To be developed under EM Framework. Update 05/08/19 - Draft Incident Operations Manual 95% complete. This document will be used with the draft Emergency Management Plan to plan, prepare, respond and recover from emergency events. Anticipated to be completed by 30 November 2019. Update 02/10/19 - Draft Incident Operations Manual to be considered by ELT for endorsement on 3 October 2019. Update 07/11/19 - Incident Operations Manual adopted by ELT 3 October 2019 including establishment of an Incident Management Team completing this action.
Corporate Risk Register	Research the establishment of a dedicated EM role (temporary/permanent)	Immediately	Lachlan Miller	EM responsibilities included in Manager Sustainability, Waste & Emergency Management position.
Corporate Risk Register	Establish Zone-based Preventative Maintenance Program	Immediately	Christopher Janssan	Zone program established
Corporate Risk Register	Review bushfire prevention and mitigation arrangements	Immediately	Christopher Janssan	Structure in place
Corporate Risk Register	Review insurance option related to loss of rate revenue following significant loss of property associated with bushfire	Six Months	Lachlan Miller	Proposal received by Administration in March 2021, still to be assessed.

Department	Team	Location/Project	Risk ID	Risk Title	Description	Responsible Person	Risk Type	Risk Category	Possible Risk Events	Possible Consequences	Initial Risk Score	Residual Risk Score	Other Requirements/Comments
Adelaide Hills Council	Executive Leadership Team	Other	170817	Strategic Risk	Failure to manage, develop, protect, restore, enhance and conserve the environment in an ecologically sustainable manner and to improve amenity. (F)	Peter Bice	Strategic	Environment	Cause: -Lack of understanding of biodiversity. - Inadequate planning controls, - Lack of specific skill and knowledge of natural environment, - Insufficient budget, - Lack of internal coordination in project delivery, - Inadequate emergency response to environmental hazard, - Lack of longitudinal planning and service delivery, difficulty of meeting varying community expectation, - Ineffective natural resource management strategies and processes. - Poor environmental management practices. - Illegal dumping	Impact: - Damage to local environment - Financial - restoration of failure to act (fines plus the works to restore) - Reputational damage - Impact on human health and wellbeing due to the loss of visual amenity and ability to interact with nature - Local amenity not maximised - Health and economic impacts due to climate change - Failure to meet stakeholder expectation	22	13	

Risk Control Type	Control Details	Reviewer	Effectiveness	Risk Score
	<ul style="list-style-type: none"> <li>- Biodiversity Strategy,</li> <li>- Water Management Plan</li> <li>- Biodiversity Advisory Group and Sustainability Advisory Group</li> <li>- Trained &amp; qualified staff</li> <li>- Safe working procedures</li> <li>- Blue Marker sites</li> <li>- Spill kits</li> <li>- SDS</li> <li>- Customer request system for reporting to us</li> <li>- Machinery hygiene</li> <li>- Development Plan</li> <li>- Strategic Plan Reviewed with Goal area for Natural Environment established (including priorities)</li> </ul>	Peter Bice		10
Action Source	Action Required	Action Priority	Person Responsible	Extra Comments
Corporate Risk Register	Water Resources strategy to be developed	Immediately	Sharon Leith	Water Management Plan endorsed by Council 13 December 2016.
Corporate Risk Register	Project Management framework (see action above)	Immediately	Ashley Curtis	Trail of first draft complete 31 Dec 2020 Trial of revised raft commenced 30 Jun 2021 Target adoption of final draft = 31 Dec 2021
Corporate Risk Register	Implementation plan for the Biodiversity Strategy to be developed; Interim review of Strategy	Immediately	Tonia Brown	Biodiversity Strategy endorsed by Council on 24/9/2019. Implementation plan for the Biodiversity Strategy complete.
Corporate Risk Register	Ensure adequate budget and human resources are allocated to the priority strategies articulated in the Biodiversity Strategy's Implementation Plan	Immediately	Peter Bice	Implementation plan for the Biodiversity Strategy complete. The plan informs Annual Programming and LTFP.
Corporate Risk Register	Establish a program to review the safe operating procedures to ensure that they incorporate contemporary management techniques to minimise environmental impacts.	Immediately	Christopher Janssan	Budget Bids to support this years program were included in the 2018-19 Annual Business Plan and Budget Process.
Corporate Risk Register	Expansion of Blue Marker Sites	Immediately	Christopher Janssan	

Department	Team	Location/Project	Risk ID	Risk Title	Description	Responsible Person	Risk Type	Risk Category	Possible Risk Events	Possible Consequences	Initial Risk Score	Residual Risk Score	Other Requirements/Comments
Adelaide Hills Council	Executive Leadership Team	Other	170851	Strategic Risk	Failure to promote the Council area and provide an attractive climate and locations for the development of business, commerce, industry and tourism (F)	David Waters	Strategic	Growth & Prosperity	Cause: -- Inadequate provision for commercial development in Development Code -- Minimal or no understanding of, and support for, business and tourism representative groups/associations -- Lack of business operating skills in people who wish to run a business -- Lack of understanding of economic drivers -- Inappropriate infrastructure in industrial precincts or nodes, placing barriers on development of industrial precincts. -- Lack of understanding of tourism demand	Impact: -- Loss of local jobs -- Loss of basic local retail and service businesses -- Devaluation of local residential and commercial property -- Rise in social problems and reduced quality of life -- Reduced property values	17	5	

Risk Control Type	Control Details	Reviewer	Effectiveness	Risk Score
	Current Economic Development Strategy (EDS) (revised 2020-21); Team of 2 FTE experienced and highly competent officers employed to deliver EDS and provide support to this risk area; Regular pattern of engagement with local business communities and stakeholder groups; Database containing contact details of all people operating businesses in the district, to enable e-communication (qtlly business newsletter and ad-hoc as required); Advisory Group exists for Primary Production Lands to ensure the views and needs of primary producers are understood and taken into account; Partnership with Mount Barker DC and SATC to fund Adelaide Hills Tourism, which is designed to help providers understand and leverage tourism opportunities; Annual subscription to economy id, which enables ready access to economic demographic data for the Council.	David Waters	Major reduction in risk	5
Action Source	Action Required	Action Priority	Person Responsible	Extra Comments
Corporate Risk Register	Development of revised Economic Development Strategy Action Plan, involving engagement with key stakeholders to ensure Council's role is appropriately identified.	Immediately	Melissa Bright	Workshop held with Council Members late 2020. Anticipated to come to Council in March 2021 for adoption. Implementation to follow in the ensuing years.
Corporate Risk Register	Identify significant economic infrastructure issues and opportunities	Immediately	Marc Salver	COMPLETED: Manager ED worked with key stakeholders to progress two major transport routes - b-double access to Lobethal and Northern Freight Train Bypass. The B-double access project was completed in 2019. However, the State Government announced they would not be progressing the Northern Freight Train Bypass.
Corporate Risk Register	Assess effectiveness of key points of AHC engagement with community	Immediately	Marc Salver	Ongoing through role of Community Engagement Coordinator, through the introduction of online engagement tool and use of other social media platforms and engagement methodologies
Corporate Risk Register	Active and positive engagement with local business communities	Immediately	Melissa Bright	Ongoing role of MED
Corporate Risk Register	Encourage an integrated and coordinated approach across all levels of govt to create a diverse and sustainable economy across the District	Immediately	Melissa Bright	Actively developing and maintaining relationships with relevant State and Commonwealth Govt agencies
Corporate Risk Register	Work actively with business groups and associations, providing resources to interact and network on a consistent basis. Key role for EDO	Immediately	Melissa Bright	The Manager ED is actively building relationships with existing business associations and working with communities that currently do not have business groups (e.g. Gumeracha, Northern Hills, Lobethal) to explore the benefits
Corporate Risk Register	Assess effectiveness of key points of engagement with community e.g. website, contact centre, development approval process, waste, health and regulatory services	Immediately	Melissa Bright	Quarterly e-newsletters distributed to more than 6,000 registered ABNs in the region. Mostly achieving above industry standards with at least 30% open rate and over 10% click rate.
Corporate Risk Register	Develop business contact database	Immediately	Melissa Bright	NIL
Corporate Risk Register	Identify significant organisations, roles and skillsets within region	Immediately	Melissa Bright	Relationships with key contacts with business and industry organisations being regularly maintained and developed by the MED
Corporate Risk Register	Improve partnership with DC Mt Barker and SATC to assist Adelaide Hills Tourism leverage tourism opportunities	Immediately	Melissa Bright	MED active committee member of Adelaide Hills Tourism (AHT) and Visitor Information Servicing Group
Corporate Risk Register	Improve engagement with local business associations	Immediately	Melissa Bright	Regular communication established with SBA and WCA
Corporate Risk Register	Undertake precinct planning/placemaking, with consideration of triple bottom line (As appropriate)	Immediately	Melissa Bright	The MED is a member of Council's Placemaking group to ensure a coordinated approach



Department	Team	Location/Project	Risk ID	Risk Title	Description	Responsible Person	Risk Type	Risk Category	Possible Risk Events	Possible Consequences	Initial Risk Score	Residual Risk Score	Other Requirements/Comments
Adelaide Hills Council	Executive Leadership Team	Other	170933	Strategic Risk	Failure to manage and develop public areas vested in, or occupied by the Council (F)	Terry Crackett	Strategic	Community Health & Wellbeing	Lack of strategic and operational processes to manage Council's property portfolio. Poor sports, recreation and open space management practices. Physical hazards to users Poor climate adaptation regimes Lack of maintenance Renewal works not undertaken as planned	Increased cost to maintain infrastructure Reduced confidence in Council by the community Increased risks to staff and community when utilising facilities Disadvantage to AHC community over that of other areas Negative impact on community wellbeing	25	15	

Risk Control Type	Control Details	Reviewer	Effectiveness	Risk Score
	CLMP Established: Nat : Dec 2024 Building Asset Management Plans Established: Nat: June 22 Sustainable funding for Asset Renewal and Mtce captured within LTFP: Chris / Nat : Annual Strategic Plan includes Goals / Objectives / Priorities associated with Public Areas : Nat : 2024 Sport & Recreation Strategy : Renee : June 22 Property Structure & Resourcing appropriate : Nat : Dec 22 Open Space & Recreation Structure & Resourcing appropriate : Chris : Dec 22 Audit of trees undertaken of high risk trees areas : Damian : Oct 2023 Inspection regime in place for high risk assets (building, playground equipment) : Customer Request System established and integrated with Asset Mgt System : David W : Dec 22 Cemeteries Operating Policy & supporting mtce program: Kylie : Dec 21 Leases and Licenses for public areas established: Gen : June 2023 Trails Strategy adopted : Renee : June 22 Strategic Bicycle Plan : Renee : June 22	Terry Crackett	Moderate reduction in risk	15
Action Source	Action Required	Action Priority	Person Responsible	Extra Comments
Corporate Risk Register	Update Community Land Management Plans	Six Months	Natalie Westover	Updated Community Land Management Plans and Register were adopted by Council in September 2019. A review of the Community Land Register and Community Land Management Plans should occur at least every 2 years.
Corporate Risk Register	Programmed maintenance regime to be developed (land and buildings)	Immediately	Christopher Janssan	Strategic Property Review endorsed by Council. Programmed maintenance schedules developed in Open Space and Civil Services areas. Building maintenance schedule being developed as part of Facility Framework, service standards to be developed
Corporate Risk Register	Review of Crown Land under care and control of Council	Immediately	Natalie Westover	Detailed assessment of all land parcels undertaken and workshop and report provided to Council. Preliminary consultation completed in relation to potential land parcels to hand back to the Crown. Revocation of community land classification commenced with formal community consultation completed. A report was presented to Council in March 2021 to continue the revocation process that was endorsed.
Corporate Risk Register	Review of the Trails Strategy (including Bicycle Plan)	Six Months	Renee O'Connor	
Corporate Risk Register	Building Asset Management Plans Updated	Six Months	Peter Bice	
Corporate Risk Register	LTFP reviewed to accommodate the ongoing cost of recovery from disaster events	Six Months	Christopher Janssan	
Corporate Risk Register	Finalise the Community Recreation Facilities Framework (by 31/12/2021) and develop a strategy for inclusion in the LTFP for future funding.	Six Months	Renee O'Connor	
Corporate Risk Register	Undertake a review of the Sport and Recreation Strategy	Six Months	Renee O'Connor	
Corporate Risk Register	Develop Public Toilet Strategy	Six Months	Paul Day	
Corporate Risk Register	Review the Open Space Mtce Programs to inform an update to the LTFP	Six Months	Nicole Budd	
Corporate Risk Register	In conjunction with Rec & Sport update the audit regime of high risk assets following finalisation of the Community Recreation Facilities Framework	Six Months	Natalie Westover	
Corporate Risk Register	Develop Cemetery Mgt Plans for each cemetery under AHC care and control	Six Months	Natalie Westover	



Department	Team	Location/Project	Risk ID	Risk Title	Description	Responsible Person	Risk Type	Risk Category	Possible Risk Events	Possible Consequences	Initial Risk Score	Residual Risk Score	Other Requirements/Comments
Adelaide Hills Council	Executive Leadership Team	Other	170934	Strategic Risk	Failure to manage, improve and develop the human resources available to the Council. (F)	Megan Sutherland	Strategic	People & Culture (includes WHS)	Poor IR practices Ineffective attraction and retention initiatives Lack of workforce planning and development. Deficient equity and diversity programs Poor leadership Failure to ensure appropriate WH&S for employees and volunteers. Volunteers not trained or inducted effectively	Increased financial cost; potential litigation; decrease in morale; poor work performance; inability to deliver services; negative impact on council brand and reputation; lacking or ineffective policy/procedures; inability to meet the demand for volunteering opportunities, inability to offer attractive positions; council could fail to meet the legislative requirements if training avoided; not having available staff/volunteers to undertake work at required times; heightened number of complaints around EEO; ineffective management of human resources, lose ability to innovate through poor leadership; increased injured and notifiable incidents; potential death; litigation threatening the viability of the organisation; unable to attract employees and volunteers; lack of handover and transfer of valuable knowledge; challenges about fair and equitable process; higher turnover costs and negative affect on work culture; increase absenteeism.	24	12	

Risk Control Type	Control Details	Reviewer	Effectiveness	Risk Score
	WHS Management System in place (Committee, Reporting, SkyTrust, Policy & Procedures) WHS whole of system audit by LGAWCS: WHS Training and Development Plan established	Lee Merrow	EFFECTIVE (Designed Adequately; Operating Effectively)	13
	Enterprise Agreement Framework in place	Megan Sutherland	EFFECTIVE (Designed Adequately; Operating Effectively)	5
	Volunteer Framework established and implemented	Rebecca Shepherd	EFFECTIVE (Designed Adequately; Operating Effectively)	9
	Established Policies and Procedures Framework	Niamh Milligan	INEFFECTIVE (Designed Adequately; Operating Ineffectively)	12
	Recruitment Policies and Procedures in place	Niamh Milligan	EFFECTIVE (Designed Adequately; Operating Effectively)	6
	2022 Fair treatment, Bullying & Grievance Policies and Procedures are established	Niamh Milligan	EFFECTIVE (Designed Adequately; Operating Effectively)	6
	Established Position Descriptions for all roles:	Niamh Milligan	EFFECTIVE (Designed Adequately; Operating Effectively)	4
	Leadership Framework Established and development opportunities undertaken	Megan Sutherland	PARTIALLY EFFECTIVE (Designed Adequately; Operating Partially Effectively)	8
	OD Structure supported through trained and experienced staff	Megan Sutherland	INEFFECTIVE (Designed Inadequately; Operating Effectively)	12

Action Source	Action Required	Action Priority	Person Responsible	Extra Comments
Corporate Risk Register	Equity and diversity plan is being developed	Six Months	Megan Sutherland	Further development of the plan is being undertaken through the Diversity and Inclusion Team. Some initial ideas for the plan have been researched. Since this action commenced, the Access and Inclusion Plan 2020-2024 has been adopted by Council in January 2021. A review of the direction of this action is needed so as not to double up on activities.
Corporate Risk Register	Review Fair Treatment and Bullying Procedures, and Grievance Resolution Procedure;	Six Months	Niamh Milligan	Fair Treatment, Workplace Bullying Policies and Grievance Procedure require an annual review to ensure currency
Corporate Risk Register	Review Work From Home Policy & procedures to ensure that meet the changing needs of the workforce stemming from COVID and increased fire events.	Two Months	Megan Sutherland	Procedures updated to respond to events in 2020 and were implemented successfully. Review now required to ensure application to a more business as usual mode of operation is effective.
Corporate Risk Register	Implement replacement Payroll system to comply with legislative requirements that will not be possible with existing system on 1 January 2022.	Immediately	Megan Sutherland	Project team established and options for upgrade being considered. Advise received that critical deadline may move to 30 June 2022. System set up is well progressed and testing currently underway.
Corporate Risk Register	Undertake training in recruitment practices for staff involved in recruitment panels	Six Months	Niamh Milligan	Implementation of the new HR system has commenced. Early information on the recruitment module in this system provides a possible option for updating our recruitment processes and it is expected this will be undertaken in 2022. Training of staff will be undertaken at that time on the new process.
Corporate Risk Register	Review how the Work from Home Procedure is going and if positively contributing to effective and efficient work and working relationships across the organisation.	Three Months	Megan Sutherland	Given the current pandemic arrangement there has been considerable review of WFH processes and procedures. There is still a level of follow up required to ensure compliance. A new register has been established to monitor which employees are working from home each day.
Corporate Risk Register	Leadership Coaching & Mentoring Program Progressed	Six Months	Megan Sutherland	Plans in this area will be renewed in 2022, when OD structure changes are in place.
Corporate Risk Register	Review OD Structure to ensure resources aligned to corporate goals and undertake recruitment to ensure revised structure resourced.	Three Months	Megan Sutherland	Revised structure established and currently out to consultation with staff. Additional resource to support OD approved within the 2021/22 budget. Systems project resource endorsed by ELT on 5/8/21. Changes to OD structure are currently being implemented.
Corporate Risk Register	Update OD Policies & Procedures to align to Framework.	Six Months	Niamh Milligan	A range of OD policy/procedure covering organisational processes need updating. A plan for review and update will commence in 2022
Corporate Risk Register	Undertake Audit of Position Descriptions to Ensure currency and ensure update where not current	Six Months	Niamh Milligan	An action plan to update the outstanding PD's will be developed in discussion with People Leaders
Corporate Risk Register	Training and Development Framework Reviewed & Implemented (captures current 4x8, WHS and Corporate Training needs)	Six Months	Niamh Milligan	Update of T&D processes and framework is a focus for OD and WHS over the next 2 years, particularly due to the systems now available that support the ongoing management of these processes. A plan has been developed for WHS. Further work will commence in 2022 on the OD requirements and opportunities in the new system
Corporate Risk Register	WHS Policy & Procedure Review at LGAWCS followed by AHC application	Six Months	Megan Sutherland	Currently there is a suite of WHS Procedures in place and being used. A plan has been prepared and approved through Executive on the systematic update of the documents.
Corporate Risk Register	WHS Reporting across organisation to be reviewed to ensure awareness and education is appropriate. Revised reporting requirements to be implemented if identified.	Six Months	Lee Mellow	Reporting has been updated as a result of audit feedback. Ongoing monitoring and further improvement will take place as the reporting is used and reviewed in the organisation.

Department	Team	Location/Project	Risk ID	Risk Title	Description	Responsible Person	Risk Type	Risk Category	Possible Risk Events	Possible Consequences	Initial Risk Score	Residual Risk Score	Other Requirements/Comments
Adelaide Hills Council	Executive Leadership Team	Other	170939	Strategic Risk	Failure to manage, improve and develop the information resources available to the Council. (F)	Terry Crackett	Strategic	Community Health & Wellbeing	Cause: - Business systems do not effectively support organisational needs - Poor information management practices (capture, use, storage, retrieval).	Inefficiency; increased risk of errors (from manual systems); negative impact on council brand & reputation; decreased staff morale; potential for increased turnover of staff; lack of consistency; increased cost in undertaking work; systems cannot be upgraded due to inadequate hardware layer; inability to test updates before being implemented; lack of information sharing; working in information silos; failure to capture corporate knowledge effectively; misinformation that leads to negative or undesired outcomes; residents being misinformed or misled; potential legal or financial implications.	23	13	

Risk Control Type	Control Details	Reviewer	Effectiveness	Risk Score
	ICT & IS Strategic Plan Developed (2017-2020)	James Sinden	Major reduction in risk	9
	Cyber Security Audit Completed and endorsed by Audit Committee Implementation plan developed for establishing a Cyber Security Plan Cyber Security Controls Enacted	Terry Crackett	Major reduction in risk	13
	ICT Business Continuity Systems established	James Sinden	EFFECTIVE (Designed Adequately; Operating Effectively)	9
	Information Services Team resourced in accordance with required structure (including \$ & FTE)	James Sinden	EFFECTIVE (Designed Adequately; Operating Effectively)	5

Action Source	Action Required	Action Priority	Person Responsible	Extra Comments
Corporate Risk Register	Review the ICT Business Plan	Immediately	James Sinden	Review the ICT Business Plan and capture within the organisational BCP. Note: This action replaces a previous action not considered relevant on review.
Corporate Risk Register	Finalise development of Cyber Security Framework (including implementation Plan)	Six Months	James Sinden	The implementation of an ISMS is a part of the recently adopted Cyber Security Plan that was adopted at the June 2021 Council Meeting. Commencement is now delayed due to the resignation of a key AHC Staff member responsible for the delivery of the project. It's anticipated that the project will commence in late September 2021.
Corporate Risk Register	Implement new records management system in conjunction with SharePoint upgrade	Six Months	Nigel Scholz	New SharePoint environment implemented, Record Point software acquired to replace TRIM and installed, project plan established for EDRMS and architecture completed. Build of Test Environment completed and software integration with line of business systems being undertaken. Live environment built and configured and staged rollout commenced in 2020. TRIM Migration Project commenced with contractors (AvePoint)
Corporate Risk Register	Develop business case for the electronic capture of all records currently stored in hardcopy format both onsite and offsite.	Six Months	Jody Atkins	The development of a business case for electronic capture of hard copy records has commenced.
Corporate Risk Register	Progress transition to cloud for remaining applications / systems	Six Months	James Sinden	Payroll and HR Systems currently in progress with an expected completion by December 2021
Corporate Risk Register	Review Information Services Strategic Plan	Six Months	James Sinden	Scheduled for the next IISIP Meeting.

Department	Team	Location/Project	Risk ID	Risk Title	Description	Responsible Person	Risk Type	Risk Category	Possible Risk Events	Possible Consequences	Initial Risk Score	Residual Risk Score	Other Requirements/Comments
Adelaide Hills Council	Executive Leadership Team	Other	170941	Strategic Risk	Failure to manage, improve and develop the financial resources available to Council. (F)	Terry Crackett	Strategic	Financial	Poor internal control environment Poor procurement planning and processes. Ineffective insurance arrangements. Poor financial management processes (treasury, AP, AR) Poor contract management Poor People Management Ineffective Asset Planning Lack of Business Planning Poor Strategic Planning Lack of Business Case development (including Prudential Reviews)	Potential for qualified accounts as an audit outcome; inappropriate segregation of duties; increased potential for fraud; negative impact on Council brand & reputation; lack of consistency in process use; inability to measure process effectiveness and outcomes; increased risk of litigation; inappropriate assets with short medium and long term financial impacts; potential inability to pay; negative impact on ability to service the community; poor customer relations; poor supplier relationships; potential impact on income from rates, fees and charges; increased risk of litigation leading to financial instability.	24	9	A cross functional review of this risk was undertaken in July 2021. This review resulted in a reassessment of all controls and actions required. Whilst the actions have now been individually created, separate controls will not occur until September 2021.

Risk Control Type	Control Details	Reviewer	Effectiveness	Risk Score
	<p>Long Term Financial Plan in place and regularly Reviewed; Annual Business Plan developed and aligned each year to the Long Term Financial Plan; Internal audit and annual review of internal controls; System security and configuration; Induction procedures; Recruitment and selection processes; Financial delegations; Informed level of insurance cover through LGAMLS, rating policy, process and timeframes; Asset management register and program; Executive Manager Governance and Risk employed; Procurement Co-Ordinator role employed; Qualified employees that are trained in policies; Conflict of interest declaration regularly reviewed (Directors/CEO); WHS procedures on plant purchasing, consultation and risk assessment; Fraud and Corruption Policy; Whistleblowers Policy; Insurance reviewed annually and all areas of insurance are reviewed and recalculated for following year; Wage declaration which affects the insurance calculation annually; insurance claims process; Quality accredited insurance company-LG Risk Services; insurer processes claims; professional internal advice; Financial management system; Updated Procurement Policy and Procedures Adopted by Council in 2019 (delegation and authority included); Code of Conduct for Employees and Council Members; Discipline processes; Ongoing training and development; Internal controls framework; Debt Recovery Policy and Accounts Reconciliation Policies updated and adopted; External Fund Funding Policy adopted by Council (2017); Implementation of ContoTrack to monitor financial controls environment; Treasury Policy established</p>	Terry Crackett	EFFECTIVE (Designed Adequately; Operating Effectively)	9

Action Source	Action Required	Action Priority	Person Responsible	Extra Comments
Corporate Risk Register	Review positions across council that require criminal history checks, including financial roles	Immediately	Megan Sutherland	Updated Policy and Procedure covering the relevant criminal history check requirements have been adopted and training completed. Identified positions requiring checks are being updated or undertaken currently.
Corporate Risk Register	Recruit Procurement Coordinator Role	Immediately	Michael Carey	Recruitment completed in June 2018
Corporate Risk Register	Review of Procurement Policy and procedures (Stage 1)	Immediately	James Greenfield	Updated Policy and Procedure endorsed by Council in August 2019
Corporate Risk Register	Review the process map of the insurance claims procedure to enable consistency of application.	Six Months	Megan Sutherland	
Corporate Risk Register	Explore Grant funding opportunities	Immediately	Michael Carey	A Grant Funding Policy endorsed by Council.
Corporate Risk Register	Develop a Treasury Management Policy	Immediately	Michael Carey	Policy endorsed by Council October 2017
Corporate Risk Register	Implement the Cyber Security Plan	Six Months	James Sinden	A Cyber Security Plan has been developed and will be presented to Audit Committee for endorsement in May 2021 3rd August 20201 - The implementation of an ISMS is a part of the recently adopted Cyber Security Plan that was adopted at the June 2021 Council Meeting. Commencement is now delayed due to the resignation of a key AHC Staff member responsible for the delivery of the project. It's anticipated that the project will commence in late September 2021.
Corporate Risk Register	Develop a Project Management Framework supported by Policies & Procedures	Six Months	Ashley Curtis	
Corporate Risk Register	Undertake a review of the Fleet Management Framework (including Policies & Procedures)	Six Months	Christopher Janssan	
Corporate Risk Register	Implement biannual reporting of procurement to ELT	One Month	James Greenfield	
Corporate Risk Register	Establish a process to ensure that a review of Purchase Order variations is undertaken	Three Months	James Greenfield	
Corporate Risk Register	Investigate the option for Business Interruption Insurance	Three Months	Steven Watson	LGRS have provided a proposal for undertaking Business Interruption Review (BIR) , however a proposal to undertake a Transferable Risk Profile (TRP) is occurring mid September 2021 which includes identifying Maximum Foreseeable Loss (MFL) on risks identified. Following the TRP an assessment will be made as to any gaps and consideration of furthering the BIR proposal.  210826 Met with stakeholders to discuss. We focused on a loss of rate revenue through a bushfire event and Council's willingness to fund a rate shortfall or willingness to cut services to accommodate such. The agreed approach was to seek quotes for Loss of Rate Revenue of \$5m, \$7m and \$10m for a period of 1, 3 and 5 years. We will reconvene once the quote has been received.
Corporate Risk Register	Provide a report to ELT on the Annual Placement of Insurance (including claims experience)	Two Months	Steven Watson	An item was presented to ELT on Thursday 26 August 2021 detailing the insurance report to the Audit Committee, claims history and where to find the insurance claims register. An action arising included presenting to ELT twice yearly on this matter during the months of March and September.

Department	Team	Location/Project	Risk ID	Risk Title	Description	Responsible Person	Risk Type	Risk Category	Possible Risk Events	Possible Consequences	Initial Risk Score	Residual Risk Score	Other Requirements/Comments
Adelaide Hills Council	Executive Leadership Team	Other	170963	Strategic Risk	Failure to act as a representative, informed and responsible decision-maker in the interests of the community. (PR)	Lachlan Miller	Strategic	Governance, Legal & Compliance	Cause: - Poor governance practices (CR22) - Poor risk management practices (CR21) - Poor representation arrangements (CR92) - Poor representation of the community by Council Members (CR62) - Lack of effective strategic planning and resource allocation processes. (CR63) - Lack of effective financial sustainability processes. (SR9c) - Ineffective performance management and reporting processes. (CR64) - Poor working relationship between Council and Administration. (CR65)	Impact: - Decisions are not representative of community sentiment or made in the community's interest - Decisions are poorly or incorrectly informed leading to a high risk profile, errors, loss, waste, omissions, breaches of legislation. - Breaches of legislation, unenforceable decisions/resolutions, creation of liabilities/additional risk to Council, stakeholder and/or regulator dissatisfaction and/or sanction.	22	9	

Risk Control Type	Control Details	Reviewer	Effectiveness	Risk Score
	CR62 (Poor representation of the community by Council Members leading to formal decisions that do not appropriately take account the community needs) - Provisions of LG Act, EM training on role, contact details on website, issue of email addresses and iPads; COI provisions, informed and researched Council reports, public consultation policy and practices.	Lachlan Miller	PARTIALLY EFFECTIVE (Designed Partially Adequately; Operating Partially Effectively)	8
	C92 (Poor representation arrangements which leads to decisions that are not made in the best interests of the community) - Provisions of Chpt 3 of the LG Act regarding composition of councils and wards, mandated representation reviews, voluntary representation review, 2017 ERR completed, Strategic Boundary Review report	Lachlan Miller	PARTIALLY EFFECTIVE (Designed Partially Adequately; Operating Partially Effectively)	9
	CR21 (A lack of effective risk management occurs which leads to greater uncertainty in the achievement of objectives and/or negative outcomes.) - Revised CRM Policy adopted, CRMF adopted, training provided to senior staff, RM considerations included in agenda report templates. General awareness of risk management principles and considerations. Strategic Risk Profiling and management of assessments in SkyTrust, MLS Risk Reviews and advisory.	Lachlan Miller	PARTIALLY EFFECTIVE (Designed Adequately; Operating Partially Effectively)	13
	CR22 (Poor governance practices occur which lead to a loss of stakeholder (i.e. customer and regulator) confidence and/or legislative breaches.) - Legal considerations considered in agenda report templates, Governance Manager advises council, well-functioning Audit Committee, flyers and updates from LGA, legal providers and professional associations. Professional and experienced management team. Policies (Conduct, COPMP, allowances, caretaker, IG, COPAMD, PID), delegations, agendas, minutes, T&D. Review of s41, AGs, s43 subsidiary and external group fiduciary arrangements. By laws reviewed 2018. Council Resolution Update report shows COIs declared.	Lachlan Miller	PARTIALLY EFFECTIVE (Designed Adequately; Operating Partially Effectively)	6
	CR63 (Lack of effective strategic planning and resource allocation processes) - Strategic Management Plan suite adopted, strategic, business and project planning and budgeting processes, trained and experienced staff. Corporate Planning & Performance Reporting Framework, CP&R Coord role, Service Review Framework adopted.	Lachlan Miller	EFFECTIVE (Designed Adequately; Operating Effectively)	6
	CR64 (Ineffective performance management and reporting processes leading to poor performance and/or loss of stakeholder confidence) - Budget review processes, provisions of LG Act regarding budget reviews and annual reporting, trained and experienced staff, CEOPRP, Corporate Planning & Performance Reporting Framework, Quarterly Council Performance Report, 4x8 processes, Management contract review process	Lachlan Miller	EFFECTIVE (Designed Adequately; Operating Effectively)	6
	CR65 (Poor working relationship between Council and the Administration leading to ineffective and inefficient performance by Council) - CM and Administration training in the respective roles, team building and relationship development, performance reporting, One Team -Communication Protocols, designated administration contact listing, CEO 1:1	Lachlan Miller	PARTIALLY EFFECTIVE (Designed Adequately; Operating Partially Effectively)	5

Action Source	Action Required	Action Priority	Person Responsible	Extra Comments
Corporate Risk Register	Governance Framework Review	Immediately	Lachlan Miller	NIL
Corporate Risk Register	Review of s41 Committee and Advisory Group Terms of Reference	Immediately	Lachlan Miller	Last review of Advisory Groups by Council was 18 December 2018. Last review of Audit Committee and CEOPRP was 27 November 2018, SPDPC (ceased) was 24 November 2020.
Corporate Risk Register	Rollout of ContolTrack (Internal control module)	Immediately	Michael Carey	Endorsed and implemented for Financial Controls
Corporate Risk Register	Review of Risk Management Framework	Immediately	Steven Watson	SkyTrust configuration adequate for corporate rollout however additional work required on reporting functionality. Documentation being amended for SkyTrust functionality. Intende to conduct function workshops as the training exercise.
Corporate Risk Register	Representation Review - 2016/17	Immediately	Lachlan Miller	Representation Review completed and certified by Electoral Commissioner in November 2017
Corporate Risk Register	Participation in boundary reform initiatives	Immediately	Lachlan Miller	Participation is ongoing as boundary proposals are lodged.
Corporate Risk Register	Review of s43 and external group fiduciary duties where Council members or staff are on Boards	Immediately	Lachlan Miller	NIL
Corporate Risk Register	2018 LG Election induction training	Immediately	Lachlan Miller	All mandatory and discretionary training completed.
Corporate Risk Register	Implementation of Corporate Planning & Performance Reporting Framework	Immediately	Lachlan Miller	Framework adopted by Council on 19 June 2018 and implemented in 2018-19.
Corporate Risk Register	Strategic Boundary Review project	Immediately	Lachlan Miller	Final report adopted by Council in September 2020
Corporate Risk Register	Implementation of LG Reform legislative changes.	Immediately	Lachlan Miller	Statute Amendment (Local Government Review) Act 2021 passed in Parliament in May 2021 sittings.
Corporate Risk Register	Service Review Framework development	Immediately	Lachlan Miller	Framework adopted by Council on 26 October 2021
Corporate Risk Register	Representation Review - April 2024-April 2025	Six Months	Lachlan Miller	



Department	Team	Location/Project	Risk ID	Risk Title	Description	Responsible Person	Risk Type	Risk Category	Possible Risk Events	Possible Consequences	Initial Risk Score	Residual Risk Score	Other Requirements/Comments
Adelaide Hills Council	Executive Leadership Team	Other	170965	Strategic Risk	Failure to exercise, perform and discharge the powers, functions and duties under legislation, contracts, leases and policies (PR)	Lachlan Miller	Strategic	Governance, Legal & Compliance	Cause: - Lack of awareness of legislative/contractual/lease/policy requirements - Lack of standardised lease terms and conditions. - Ineffective delegation and authorisation mechanisms. - Poor procurement and contract management practices - Ineffective compliance management systems - Staff do not possess the appropriate KSE - Legislative changes, not being fully understood - Poor confidential item management processes (CR 20 & 21) - Ineffective implementation of Council resolutions (CR37)	Impact: - Legislative/lease/policy of contractual obligations are not discharged leading to breaches of legislation and/ or contractual arrangements - Failure to effectively undertake the functions of a council - Contractual penalties and liabilities. - Inefficient systems that lead to loss of resources - Scrutiny and sanctions by integrity agencies - Resolutions not implemented in a timely manner, opportunities missed, legislative obligations unmet	21	9	The ELT has made the decision not to resource a compliance function and therefore doesn't have either a compliance register of all legislative/contractual/policy obligations or a compliance officer role. All functional areas are responsible for their legislative /policy/contractual obligation compliance.

Risk Control Type	Control Details	Reviewer	Effectiveness	Risk Score
	Legal considerations considered in agenda report templates, updates from LGA, legal providers and professional associations. Professional and experienced management team. Register of leases and licenses. Legislative delegations register regularly reviewed, role specific training & development. Policy registers, policies on web, MLS and WCS audits, contract registers, lease registers, internal audit program, external audit program Governance Legal Compliance Audit Employment of Procurement Coordinator Procurement Framework implemented. Experienced property team. Action List, Minutes, Council Resolution Update report.	Lachlan Miller	PARTIALLY EFFECTIVE (Designed Partially Adequately; Operating Partially Effectively)	9

Action Source	Action Required	Action Priority	Person Responsible	Extra Comments
Corporate Risk Register	Legislative compliance audit	Immediately	Lachlan Miller	NIL
Corporate Risk Register	Development of contract management system, subject to funding	Immediately	Michael Carey	NIL
Corporate Risk Register	Development of a legal opinions database	Immediately	Lachlan Miller	As all legal opinions are recorded and accessible in TRIM/RecordsHub, a legal opinions database would be an inefficient use of resources.
Corporate Risk Register	Implementation of new delegations and authorisations management system and associated training.	Immediately	Steven Watson	Software has been implemented and is now being updated as delegation changes occur.
Corporate Risk Register	Community & Recreation Facilities Framework will provide for greater standardisation in leasing terms and conditions	Immediately	Natalie Westover	The draft Framework is currently open for community consultation. It is expected that the final framework will be endorsed by Council prior to 30 June 2022 and then progressively implemented including new leases.
Corporate Risk Register	Implement Statutes Amendment (Local Government Review) Act 2021 provisions (see Action ID 278100)	Immediately	Lachlan Miller	