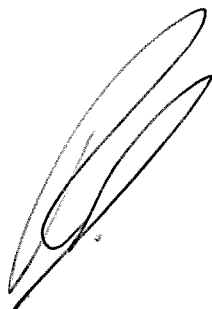


## NOTICE OF MEETING

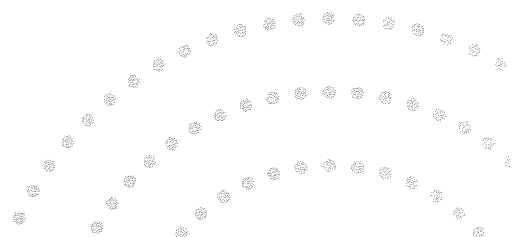
Notice is hereby given that a meeting of the Audit Committee will be held in the

**Kingston Room, Civic Centre  
24 Jetty Road, Brighton**

**Wednesday 1 June 2022 at 6.00pm**



**Roberto Bria  
CHIEF EXECUTIVE OFFICER**



## Audit Committee Agenda

### 1. APPOINTMENT OF ACTING PRESIDING MEMBER AND OPENING

The General Manager, Strategy and Corporate will declare the meeting open at 6.00 pm.

In the absence of the Presiding Member, the Audit Committee will need to determine an acting presiding member for the meeting.

#### Motion

That the Audit Committee appoints \_\_\_\_\_ as presiding member for this meeting.

Moved \_\_\_\_\_, Seconded \_\_\_\_\_ Carried

### 2. APOLOGIES

2.1 Apologies received

2.2 Absent

### 3. DECLARATION OF INTEREST

*If a Member has an interest (within the terms of the Local Government Act 1999) in a matter before the Committee they are asked to disclose the interest to the Committee and provide full and accurate details of the relevant interest. Members are reminded to declare their interest before each item.*

### 4. CONFIRMATION OF MINUTES

#### Motion

That the minutes of the Audit Committee held on 16 March 2022 be taken as read and confirmed.

Moved \_\_\_\_\_, Seconded \_\_\_\_\_ Carried

### 5. ACTION ITEMS

5.1 Action Item List – 1 June 2022

### 6. PRESENTATIONS

6.1 Nil

**7. REPORTS BY OFFICERS**

- 7.1 Standing Items (Report No: 179/22)
- 7.2 Draft 2022/23 Annual Business Plan and Budget (Report No: 172/22)
- 7.3 Internal Audit Program Report (Report No: 175/22)
- 7.4 Risk Report (Report No: 174/22)
- 7.5 Risk Policy and Procedure (Report No: 181/22)
- 7.6 Procurement Policy (Report No: 180/22)

**8. URGENT BUSINESS – Subject to the Leave of the Meeting****9. CONFIDENTIAL ITEMS**

- 9.1 Alwyndor Draft Budget and Long Term Financial Plan (Report No: 177/22)

Pursuant to Section 87(10) of the Local Government Act 1999 the Report attached to this agenda and the accompanying documentation is delivered to the Audit Committee Members upon the basis that the Audit Committee consider the Report and the documents in confidence under Part 3 of the Act, specifically on the basis that the Audit Committee will receive, discuss or consider:

- d. **commercial information of a confidential nature (not being a trade secret) the disclosure of which could reasonably be expected to prejudice the commercial position of the person who supplied the information, or to confer a commercial advantage on a third party; and would, on balance, be contrary to the public interest.**

- 9.2 Alwyndor Requirement for a Loan Facility (Report No: 178/22)

Pursuant to Section 87(10) of the Local Government Act 1999 the Report attached to this agenda and the accompanying documentation is delivered to the Audit Committee Members upon the basis that the Audit Committee consider the Report and the documents in confidence under Part 3 of the Act, specifically on the basis that the Audit Committee will receive, discuss or consider:

- d. **commercial information of a confidential nature (not being a trade secret) the disclosure of which could reasonably be expected to prejudice the commercial position of the person who supplied the information, or to confer a commercial advantage on a third party; and would, on balance, be contrary to the public interest.**

9.3 Alwyndor Service Delivery Business Case (Report No: 164/22)

Pursuant to Section 87(10) of the Local Government Act 1999 the Report attached to this agenda and the accompanying documentation is delivered to the Audit Committee Members upon the basis that the Audit Committee members consider the Report and the documents in confidence under Part 3 of the Act, specifically on the basis that the Audit Committee will receive, discuss or consider:

- d. commercial information of a confidential nature (not being a trade secret) the disclosure of which could reasonably be expected to prejudice the commercial position of the person who supplied the information, or to confer a commercial advantage on a third party; and would, on balance, be contrary to the public interest.**

9.4 Feedback on ESCOSA Proposed Framework and Approach – S122 Strategic Management Plan Advice Scheme - (Report No: 176/22)

Pursuant to Section 87(10) of the Local Government Act 1999 the Report attached to this agenda and the accompanying documentation is delivered to Audit Committee upon the basis that the Audit Committee consider the Report and the documents in confidence under Part 3 of the Act, specifically on the basis that Audit Committee will receive, discuss or consider:

- j. information the disclosure of which would divulge information provided on a confidential basis by or to a Minister of the Crown, or another public authority or official (not being an employee of the Council, or a person engaged by the Council); and would, on balance, be contrary to the public interest.**

**10. DATE AND TIME OF NEXT MEETING**

The next meeting of the Audit Committee will be held on Wednesday 24 August 2022 at the Glenelg Town Hall, Moseley Square, Glenelg in the Mayor's Parlour at 6.00pm.

**11. CLOSURE**



**ROBERTO BRIA**  
**CHIEF EXECUTIVE OFFICER**



**AUDIT COMMITTEE  
ACTION ITEMS  
As at 1 June 2022**

Meeting	Agenda Item	Action Required	Responsibility	Estimated Completion Date	Current Status
7 October 2020	7.2 Asset Management Plan (AMP) Review	Record risk within organisational risk process and report.	GM Strategy & Corporate	February 2022	Refer to Risk Report (Report No: 349/21).
16 December 2020	9.1 CONFIDENTIAL – Internal Audit – Cyber Security Report	Progress from recommendations to be monitored at each meeting via the Standing Items Report.	GM Strategy & Corporate	June 2022	To be tabled at each meeting until finalised.
16 December 2020	7.1 Standing Items	Develop framework for Governance relationship between Alywndor, Audit Committee and Council.	GMs Alywndor and Strategy & Corporate	June 2022	Delayed due to other priorities.
16 March 2022	7.3 Risk Report	How does Southern Materials Recovery Facility fit into the governance structure of SRWRA and Council?	Chief Executive Officer	June 2022	To be discussed at the June 2022 meeting.

Item No: 7.1

Subject: **STANDING ITEMS – JUNE 2022**

Date: 1 June 2022

Written By: Manager Financial Services

General Manager: Strategy and Corporate, Ms P Jackson

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## **SUMMARY**

The Audit Committee is provided with a report on standing items at each ordinary meeting.

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## **RECOMMENDATION**

1. **That the Audit Committee advises Council it has received and considered a Standing Items Report addressing:**
    - **Monthly Financial Statements**
    - **Risk Management and Internal control**
    - **External Audit**
    - **Public Interest Disclosures – previously Whistle-Blowing**
    - **Economy and Efficiency Audits**
    - **Audit Committee Meeting Schedule 2022**
- 

## **STRATEGIC PLAN**

Statutory Requirement

## **COUNCIL POLICY**

Not applicable

## **STATUTORY PROVISIONS**

*Local Government Act 1999, Sections 41 and 126*  
*Public Interest Disclosure Act 2018*

## **BACKGROUND**

The Audit Committee has previously resolved that a report be included in the agenda of each meeting of the Committee addressing the following standing items:

- Monthly Financial Statements
- Risk Management/Internal Controls
- Audit – External/Internal
- Public Interest Disclosures – previously Whistle-Blowing
- Section 130A Economy and efficiency audits

Also included in this Standing Items report is an item to formally advise the Committee of the outcomes of its recommendations and advice to Council. This is aimed at ‘closing the communication loop’ between the Committee and Council.

## **REPORT**

### ***Monthly Financial Statements***

Members of the Committee receive copies of the monthly financial reports as soon as practical after they are provided to Council.

The budget update result for the period ended 31 March 2022 was considered by Council at its meeting on 26 April 2022. Members of the Committee received this report (126/22) prior to the Council meeting. The report showed an improved financial position for Council’s municipal operations with no change for Alwyndor operations.

Financial reports for Municipal and Alwyndor operations for the month ended 28 February 2022 and 30 April 2022 were considered by Council at its meetings on 22 March 2022 and 24 May 2022. The financial reports for the month ended 30 April 2022 includes budget updates for SRWRA and Alwyndor with an increase in the Municipal surplus offset by an increase in the Alwyndor deficit. Members of the Committee have received copies of the reports.

### ***Risk Management/Internal Controls***

Administration is not aware of any material changes to Council’s internal controls not otherwise disclosed since the previous Standing Items report on 16 March 2022.

### ***External Audit***

Council’s external auditor, Dean Newbery attended Council and Alwyndor offices during the week commencing 9 May 2022 to commence the 2021/22 interim audit as per the audit plan. An Interim Management Report will be issued to the next Audit Committee scheduled for 24 August 2022.

### ***Public Interest Disclosures – previously Whistle-Blowing***

There have been no public interest disclosures made to Council since the previous standing items report on 16 March 2022.

**Section 130A Economy and Efficiency Audits**

Council has not initiated any review pursuant to Section 130A of the *Local Government Act* since the previous Standing Items Report on 16 March 2022.

**Council Recommendations**

At its meeting on 12 April 2022 Council received the minutes and endorsed the recommendations of the meeting of the Audit Committee held on 16 March 2022.

**Audit Committee Meeting Schedule 2022**

The Audit Committee's Terms of Reference require it to meet at least four times each year and at least once each quarter. During 2022 four meetings will have been held to align with the two important financial programs in which the Audit Committee plays important roles:

- Development of the annual business plan and budget; and
- Completion of the annual financial statements, external audit and annual report.

In order to accommodate the above reporting requirements the following ordinary meeting schedule is proposed for the remainder of 2022:

- Wednesday 24 August 2022
- Wednesday 12 October 2022

As the above reporting requirements have been addressed no further meetings are proposed for the remainder of 2022.

**BUDGET**

This report does not have any budget implications.

**LIFE CYCLE COSTS**

This report does not have any full life cycle costs implications.



Item No: 7.2

Subject: **DRAFT 2022-23 ANNUAL BUSINESS PLAN AND BUDGET**

Date: 1 June 2022

Written By: Manager Financial Services

General Manager: Strategy and Corporate, Ms P Jackson

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## **SUMMARY**

The draft 2022-23 Annual Business Plan and Budget (ABP&B) was developed on the assumptions and parameters discussed at Council workshops held in March and April 2022. The draft budget satisfies Council's financial sustainability and performance measures.

The Audit Committee at its meeting on 16 March 2022, received an update on the draft 2022-23 ABP&B and Municipal Long Term Financial Plan (LTFP). Subsequent to this meeting a draft ABP&B document was prepared for Council consideration, and this was distributed electronically to members of the Audit Committee on 22 April 2022.

Council approved the ABP&B for community consultation on 26 April 2022 and will receive a formal report covering the outcomes on 14 June 2022.

The draft 2022-23 ABP&B including summary consultation outcomes and an updated Municipal LTFP is presented to Audit Committee for further comment and support noting that it satisfies Council's financial sustainability and performance measures.

---

## **RECOMMENDATION**

**That the Audit Committee notes that the draft 2022-23 Annual Business Plan and Budget satisfies Council's financial sustainability and performance measures and support its presentation to Council for adoption.**

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## **STRATEGIC PLAN**

Statutory Requirement

## **COUNCIL POLICY**

Not applicable

## STATUTORY PROVISIONS

Section 123 of the *Local Government Act, 1999* (the Act).

## BACKGROUND

The Audit Committee at its meeting on 16 March 2022, received an update on the draft 2022-23 ABP&B and Municipal LTFP. Subsequent to this a draft ABP&B document was prepared for Council consideration, and this was distributed electronically to members of the Audit Committee on 22 April 2022. Members were advised that the assumptions and details on the municipal activities were unchanged apart from the proposed rate increase of 3.2% which was increased after taking into account the annual change in the December 2021 Local Government Price Index (LGPI) which was 3.5%. Since that time the latest annual change in LGPI to March 2022 has been published at 4.5%.

Council approved the ABP&B for community consultation on 26 April 2022. The consultation period commenced on 29 April 2022 and concluded on 23 May 2022. Council has considered the consultation outcomes at a workshop on 31 May 2022 and will receive a formal report covering the outcomes on 14 June 2022. The consultation outcomes are summarised within this report for the benefit of members.

*Refer Attachment 1*

## REPORT

### **Development and consultation of the Draft 2022–23 Annual Business Plan and Budget**

Council received and endorsed the Draft Annual Business plan on 26 April 2022 and made no financial amendments. Minor wording and design alterations were made and the document was released and published for community consultation up to 23 May 2022.

The draft plan included the following key parameters, considerations and projects.

#### **Key Parameters**

- Target of an operating surplus.
- 3.2% rate revenue increase (excluding Regional Landscape Levy).
- 0.5% rate revenue increase for new development growth.
- (LGPI) applied where applicable to revenue and expenditure.
- 1.8% employment cost increase, plus provision for 0.5% superannuation increase.
- Alwyndor and Jetty Road Mainstreet budgets to be self-funding.

#### **Other considerations/inclusions**

- The Regional Landscape Levy has been forecast to increase by 1.6%. The Levy is collected by Council on behalf of Regional Landscape Board.
- Jetty Road Mainstreet budget increased by 3.2% (\$19,150) and is cost neutral.
- Marina separate rate increased by 3.2%.
- Roads to Recovery Grant (\$298,000) included being the third estimated allocation for the 1/7/19 - 30/6/24 program.

- Supplementary Roads Program Grant (\$184,200) included being second year of the program.
- Depreciation is based on existing asset valuations and has increased by 7.44% (\$725,000) to allow for new and revalued assets including buildings.
- Provision made for Council election expenses (\$233,000).
- Fees and charges have been reviewed and assessed in accordance with a user pays principle, taking LGPI into account.
- Seven proposed operational new initiatives based on business cases totaling \$354,000. These include an audit of beach showers and taps, maintenance of our Urban Forest, stormwater data collection, Resilient Asset Management Project (RAMP), Electric Vehicle Transition Plan, Gordon St/Augusta St roundabout landscaping and Greening the Brighton/Hove Rail corridor.
- Capital renewal program based on current Asset Management Plans totaling \$7.93 million.
- Project management costs applicable to capital project management and delivery (\$944,000).
- Proposed capital new initiatives based on business cases included totaling \$5.94 million including works on:
  - Glenelg Oval Masterplan Stages 3 and 4 - \$967,000 including confirmed grant funding
  - Jetty Road Glenelg Masterplan - \$450,000
  - Seacliff Amenities Building and Beach Access Redevelopment – (\$1 million grant funding received)
  - Stormwater upgrades - \$1 million
  - Brighton Beachfront Holiday Park upgrades, Stage 2 - \$845,000
  - Sturt River Linear Park - \$50,000
  - Gully Masterplans implementation - \$300,000
  - Business Transformation Program - \$750,000
  - Depot cleaning compound - \$120,000
  - Accelerated Footpath Program - \$300,000
  - CCTV network \$60,000
  - Wigley Reserve Lighting - \$30,000
  - Paringa Play Space - \$50,000
  - Helmsdale Tennis Court - \$15,000

The below projects have been funded in 2021-22 but will be delivered in 2022-23

- Glenelg DDA Beach Access
- Kingston Park Kiosk
- Capital grants total \$1,433,000 including \$433,000 Glenelg Oval Stage 3 (each year for 3 years); \$1 million Seacliff Plaza Upgrade.

### Draft Budget Financial Performance and Position

The municipal draft budget features:

- an operating surplus of \$507,694 for Council's municipal activities;
- gross capital expenditure of \$14.8m comprising \$7.9m on renewal and replacement of existing assets and \$5.9m for new and upgraded assets and \$944,000 for employee costs capitalised;
- Council's Net Financial Liabilities Ratio ceiling is 75%. The ratio is expected to be 72%. The projected Interest Cover Ratio of 1.6%, which measures the affordability of its indebtedness, shows that Council can manage debt without adversely affecting the sustainability of its long term financial position.

Measure – Municipal Activities	Target	3.2% Rate Increase	Comments
<b>Operating Result</b> – after proposed new initiatives Forecast for 2022-23 <i>Operating revenue less operating expenditure</i>	≥ 0	\$507,694 surplus	<input checked="" type="checkbox"/> Draft result
<b>Net Financial Liabilities Ratio</b> – after allowing for proposed new initiatives Forecast to 30 June 2023 <i>Total liabilities less financial assets as a percentage of operating revenue</i>	≤ 75%	72%	<input checked="" type="checkbox"/> Current (21/22 forecast) ratio is 70%. Increase in ratio due to new borrowings (\$2.9m) required to fund proposed new (22/23) capital new initiatives.
<b>Interest Cover Ratio</b> Forecast for 2022-23 <i>Net interest expense as a percentage of operating revenue</i>	≤ 5%	1.6%	<input checked="" type="checkbox"/> Low interest-bearing debt and historically low interest rates.

For Alwyndor activities the financial measures as published were as follows:

Measure – Alwyndor Activities	Target	Forecast	Comments
<b>Operating Result</b> – Forecast for 2022-23 <i>Operating revenue less operating expenditure</i>	≥ 0	(\$82,477) deficit	<input checked="" type="checkbox"/> Draft result
<b>Net Financial Liabilities Ratio</b> – Forecast to 30 June 2023 <i>Total liabilities less financial assets as a percentage of operating revenue</i>	≤ 75%	51%	<input checked="" type="checkbox"/> Current (21/22 forecast) ratio is 68%. This ratio includes Aged Care Facility deposits which are recorded as current liabilities.
<b>Interest Cover Ratio</b> Forecast for 2022-23 <i>Net interest expense as a percentage of operating revenue</i>	≤ 5%	0.2%	<input checked="" type="checkbox"/> Alwyndor have no borrowings.

The 2022-23 draft Alwyndor budget and long term financial plan will be presented in confidence to the Audit Committee at this meeting.

### Consultation submissions

Council will consider the consultation submissions at a workshop on 31 May 2022. Council will receive a report covering the outcomes on 14 June 2022.

A total of eight written submissions were received. Written submissions were received via three emails direct to the City of Holdfast, and five through the interactive web page.

These submissions will be presented and discussed at a workshop on 31 May 2022. The full presentation will be shown to the Audit Committee at this meeting.

One resident expressed full support for the *Draft 2022-23 Annual Business Plan*, seven expressed support for the annual business plan with changes.

The items raised within the submissions included:

- Measures supporting healthy lifestyles e.g. increasing access to green and blue space, walking and cycling trails, food (2)
- Kingston Park Café within the Caravan Park
  - Loss of caravan site spaces (1)
  - Pleased that the project is proceeding (1)
- Kingston Park delays associated with Kaurana collaboration (1)
- Seacliff Amenities Building
  - Pleased the project is progressing (2)
- Stormwater issues at the Kauri Parade (Seacliff) Railway Reserve (1)
- Free parking for Glenelg Library, especially for elderly and children (1)
- Don't give up any more Jetty Road parking to outdoor dining (1)
- Conserve water by less frequent watering of Colley Reserve in summer (1)
- Are there precinct plans for Seacliff Plaza and the Kingston Park Kiosk (1)
- Expenditure vs Income for commercial operations (1)
- Alwyndor
  - Alwyndor employment cost increase (1)
  - Financial responsibility associated with Alwyndor (1)
- Environmental initiatives
  - Clean green parks – positive (1)
  - Street tree planting – positive (1)
  - Support for the environment strategy especially open space, street trees (1)
  - Increase the tree canopy target
  - FOGO project
    - to be council wide, with weekly yellow bins at Christmas (1)
    - querying the cost benefit of the project (2)
- Statutes Amendment (Local Government Review) Act 2021 impact on consultation (1)
- Last year's representation review outcomes – negative (2)
- Seacliff and Kingston Park tourism – more marketing (1)
- Transport
  - Prioritizing active transport across the City (1)
  - What pilot activities were undertaken for the Integrated transport strategy (1)

- Financial
  - Rate increase is commensurate with new capital works- positive (1)
  - Commentary on minimum rate vs fixed charge rates mechanism (1)
  - Request for a reduction in rate increase (1)
  - Acknowledgment of “very good” capital projects completed (1)
  - Will the LTFP be revisited to account for change in interest rates (1)
  - Is there a plan to reduce long term debt (1)
  - Queries regarding changes in expenses in specific budget lines (1)
- Quality of Life survey
  - When will the next survey be undertaken (1)
  - What plans does council have to improve Culture items, roads and cycle paths (1)
- Glenelg Football Club leasing review and debt to Council (1)

#### **Amendments to 2022-23 draft budget**

Since the publication of the draft budget Council has received one notification as follows:

- SRWRA 2022-23 draft budget equity equating to \$101,250 being Council’s 15% share of the SRWRA \$675,000 operating surplus. The draft budget had \$219,300. The SRWRA budget is yet to be finalised and will be considered and adopted by the SRWRA Board on 6 June 2022.

The above variation totals \$118,050 in an equity movement and will impact Council’s operating surplus reducing it from \$507,694 to \$389,644. The reduction will have no impact on Council’s cash position and remaining financial indicators or measures.

At its workshop on 31 May 2022 Council will receive information on potential grant funded projects. The budget impact of this information is yet to be formally considered by Council, however it is expected that they will not have a material impact on the annual budget.

There are a number of changes to the draft 2022-23 Alwyndor budget as published in the ABP&B. The overall change was an increase in the operating deficit from \$82,477 to \$281,415, combined with an increase in capital expenditure from \$411,458 to \$523,971. This has resulted in a reduction in the Alwyndor funding surplus from \$1,027,604 to \$745,274. The main reasons for the changes are itemised below.

- Additional \$54,406 in residential facility income to reflect an increase in the daily fee.
- Re-allocation of employee costs and increase in contractual agency and reporting costs (\$109,952 net) for external assistance with the transition to the Australian National Aged Care Classification (AN-ACC) from the Aged Care Funding Instrument (ACFI) from 1 October 2022.
- Revised residential wages (\$47,000).
- Additional transitioning costs (\$66,074) for the AlayaCare project.
- Additional depreciation (\$30,319) for new capital.
- Increase in capital expenditure for cellular wireless upgrade (\$67,000), computer and maintenance equipment and furnishing items (\$45,513).

This has resulted in a consolidated operating surplus result of \$108,229.

### Long Term Financial Plan (LTFP)

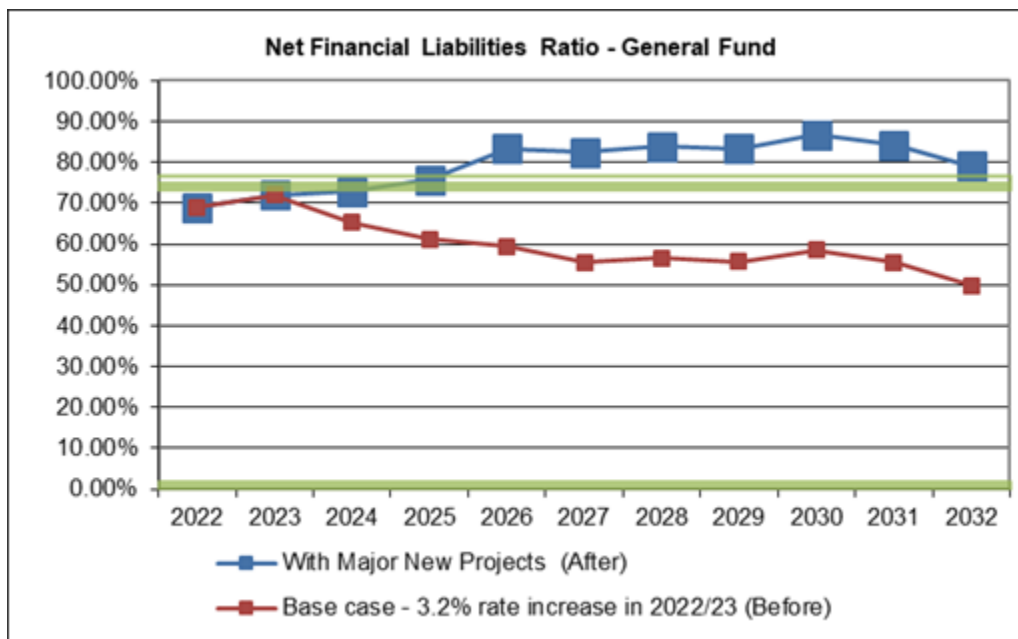
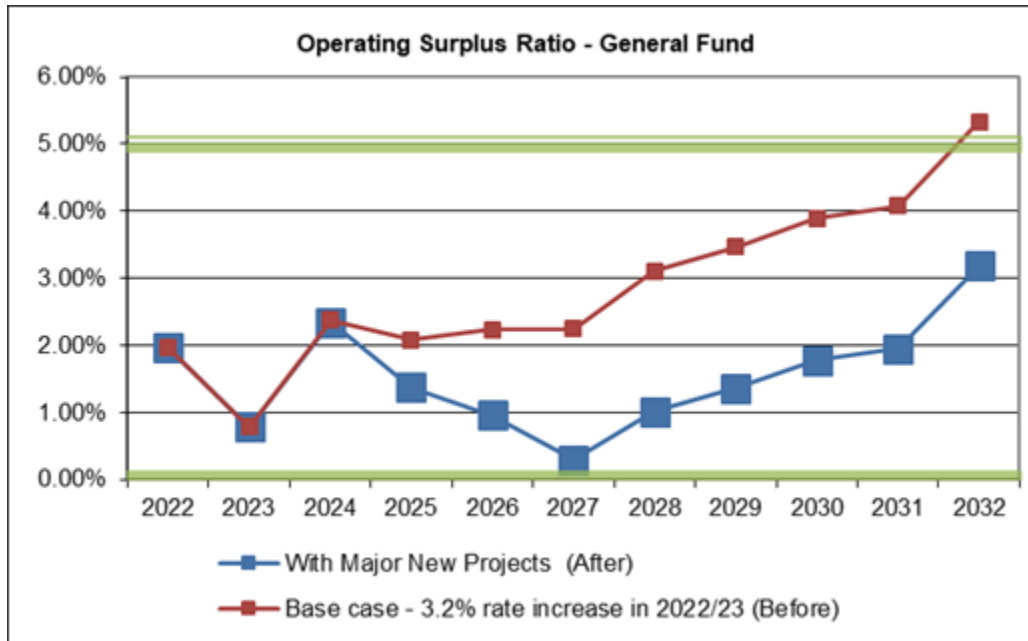
The Municipal LTFP was presented to the Audit Committee in March 2022 and updated financial indicator charts were presented at subsequent Council budget workshops. The key financial indicators of the LTFP were then updated for the final draft 2022-23 budget and 31 March 2022 budget update.

The LTFP parameters have also been updated for the latest (May 2022) CPI forecasts as published by the Reserve Bank of Australia (RBA). To estimate the LGPI these forecasts have been increased by 0.3% which is the average additional increase applicable to Local Government pricing. The comparative effect of the changes are shown in the table below. Employment costs are subject to future negotiation, and have been reforecast and increased after considering RBA indicative commentary on increased labour costs.

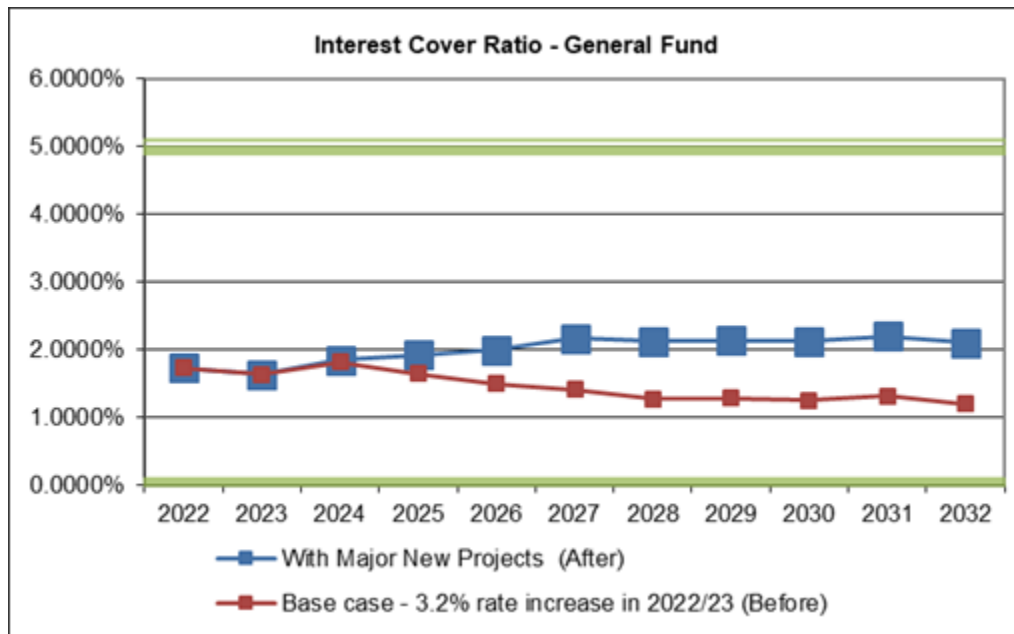
Year	Previous LGPI LTFP Forecast	Updated LGPI LTFP Forecast
2023/24	2.6%	6.2%
2024/25	2.6%	3.4%
2025/26	2.7%	3%
	Previous Employment Cost Forecast	Updated Employment Cost Forecast
2023/24	2%	3.5%
2024/25	2%	3.5%
2025/26	2%	3.5%
2026/27	2%	2.5%
2027/28	2%	2.5%
2028/29	2%	2.5%
Thereafter – unchanged from previous LTFP forecasts		

These updates have been modelled in the Municipal LTFP resulting in updated forecasts and charts. The charts include the current “base case” comparing it to a scenario which includes future major projects. The base case includes Councils current approved capital commitments to stormwater, the Brighton Caravan Park and Glenelg Oval. The future major projects scenario includes a provision for upgrade of Jetty Road Glenelg \$10m net over three years, Sturt Creek Linear Park \$1.5m over two years and the Buffalo site redevelopment \$2.9m over two years.

The charts were included in the presentation at the Council workshop on 31 May 2022 and are as follows.







They indicate that over a ten year forecast period Council will:

- Achieve an operating surplus under both scenarios
- Achieve a net financial liabilities ratio of less than 75% for the base case.
- Achieve a net financial liabilities ratio of above 75% for the major projects case – averaging 84% up to a maximum of 87% in 2029/30.
- Achieve an interest cover ratio of less than 5%.

While the current base case satisfies Council's performance targets and measures the major project scenario will require careful consideration as to the priority, timing and future funding of major projects.

#### **Budget and Annual Business Plan Timeline**

A number of further meetings are scheduled in 2022 to meet the requirements of the budget timetable as follows:

- 14 June: Council receives Audit Committee recommendations and ABP consultation outcomes.
- 28 June: Council endorses final 2022-23 Budget and Annual Business Plan and declares rates.

#### **Audit Committee response**

After receiving the above information and outcomes the Audit Committee has an opportunity to:

- propose and provide information relevant to a review of Council's Annual Business Plan; and
- review and provide recommendations to Council on the sustainability of Council financial performance and proposals.

## **BUDGET**

The cost of production of the 2022–23 Annual Business Plan and associated community engagement will be met within the current budget.

## **LIFE CYCLE COSTS**

This report does not have any direct full lifecycle cost implications.

# Attachment 1



# OUR PLAN FOR OUR PLACE

**DRAFT ANNUAL BUSINESS PLAN  
2022–23**



# OUR PLAN FOR OUR PLACE

## SHARE YOUR VIEW ON OUR DRAFT ANNUAL BUSINESS PLAN 2022–23

The City of Holdfast Bay's *Annual Business Plan* outlines council's priorities and program of works for the next 12 months. It allocates funding for key projects and services and shows how your rates are invested.

We welcome your feedback on this draft version, which council will consider before the *2022–23 Annual Business Plan* is finalised in June 2022.

You can access additional copies of the *Draft 2022–23 Annual Business Plan* from Friday 29 April 2022 at:

- › **[yourholdfast.com/DABP22-23](https://yourholdfast.com/DABP22-23)**
- › **Brighton Civic Centre, 24 Jetty Road, Brighton.**

Feedback must be received by 5pm Friday 20 May 2022 to be considered by council.  
You can provide comments by:

- › **visiting [yourholdfast.com/DABP22-23](https://yourholdfast.com/DABP22-23)**
- › **writing to the Corporate Planning Officer, PO Box 19, Brighton SA 5048**
- › **emailing the Corporate Planning Officer at [mail@holdfast.sa.gov.au](mailto:mail@holdfast.sa.gov.au)**
- › **telephoning council on 8229 9999 during office hours**
- › **Making a deputation to council at its meeting on Tuesday 14 June 2022 (commences 7pm, Glenelg Town Hall, Moseley Square, Glenelg). Please provide notice via [mail@holdfast.sa.gov.au](mailto:mail@holdfast.sa.gov.au), or drop written notice into the Brighton Civic Centre by 5pm Friday 27 May 2022 if you wish to make a deputation.**

For more information, please visit [yourholdfast.com/DABP22-23](https://yourholdfast.com/DABP22-23) or call council on 8229 9999.

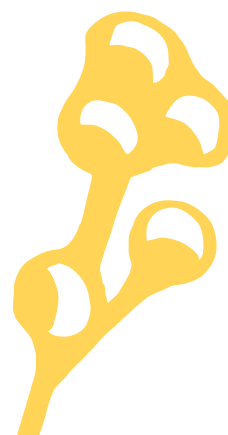


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## TRADITIONAL CUSTODIANS

We acknowledge the Kaurna people as the traditional custodians of this land. We respect their spiritual relationship with the country that has developed over thousands of years, and the cultural heritage and beliefs that remain important to the Kaurna people today.



# WELCOME

On behalf of the City of Holdfast Bay, I'm pleased to present the *Draft 2022–23 Annual Business Plan*, outlining our program and budget for the upcoming financial year.

I'm very proud of the way in which we have navigated the difficulties faced during the past two years of the global pandemic.

Our focus has been on the continued investment in our community and in projects that add to the vibrancy and appeal of this city we are so fortunate to call our home.

We have invested in improving our amenities, assets and facilities. Importantly we have invested in our services provided to and for the community, which has proven to be vital throughout the pandemic.

Knowing the importance of looking after our people, we will commit \$1 million in 2022–23 towards our community development programs, services and events which aim to promote interaction and minimise social isolation and disadvantage.

This includes home support and our community transport service as well as our community centres, which provide opportunities for people of all ages and abilities to meet, mix and build meaningful connections through sporting, recreational and cultural activities.

We will also fund a number of major projects in 2022–23 which support the vision and objectives outlined in our recently-adopted strategic plan, *Our Holdfast 2050+*. The three focus areas in the plan are wellbeing, sustainability and innovation.

Major projects for 2022–23 include:

- › Jetty Road Glenelg Masterplan
- › Seacliff Amenities Building and Beach Access Redevelopment – \$1 million grant funding received
- › Glenelg DDA-compliant Beach Access – funded in 2021–22
- › Brighton Beachfront Holiday Park Stage 2 – \$845,000
- › Kingston Park Kiosk – funded in 2021–22

- › Glenelg Oval Masterplan Stages 3 and 4 – \$967,000 including grant funding (confirmed).

We are continuing our water sensitive urban design projects, remediating our three gullies and maintaining the city's prized beaches. In this coming financial year, we will continue to fund projects which improve our resilience to climate change, and form part of our wider five-year *Environment Strategy*.

We have already taken ownership of our first electric vehicle which fittingly is being used by our Environment team and have installed more than 100 solar panels on our council buildings.

In 2022–23, there will be \$1,200,000 allocated towards stormwater infrastructure in line with our *Stormwater Management Plan*.

There is \$3.63 million in the budget to allow work to continue on the renewal and upgrades of roads and kerbs, including DDA-compliant footpath ramps across the city.

With our state and national borders now open for travel, our focus on attracting tourists and holiday-makers to our city and major retail and entertainment precincts will be a priority.

This should provide a better level of certainty for our local small businesses. We will continue to support our business community in this evolving environment through our economic activation plan and tourism recovery plan.

For the purposes of this *Draft Annual Business Plan*, the provisional rate increase will be 3.2% for residential property owners. This equates to a \$52 increase for the year based on the average property value in Holdfast Bay.

I look forward to your feedback on our draft plan.



**Amanda Wilson**

Mayor  
City of Holdfast Bay

# OUR VISION

Protecting our heritage and beautiful coast, while creating a welcoming and healthy place for all in South Australia's most sustainable city.

**Our Holdfast 2050+**

**To achieve this vision we have identified three focus areas:**



## **WELLBEING**

Good health and economic success in an environment and a community that supports wellbeing.

---



## **SUSTAINABILITY**

A city, economy and community that is resilient and sustainable.

---



## **INNOVATION**

A thriving economy and community that values life-long education, research, creativity and entrepreneurialism.

---





# OUR CITY

Kaurna people lived sustainably and nurtured the land and waters for some 60,000 years as one of the world's longest living cultures.

The coastal environment with its fresh water lagoons and abundant food sources was used for millennia as a meeting place for cultural celebrations, ceremony and trade by Kaurna people, and continues to be a place of significant Kaurna cultural heritage.

In 1836, Colonel William Light arrived on the *Rapid* on a mission to survey the South Australian coast in search of a place for settlement. While the *Rapid* stood off-shore near the mouth of the Patawalonga, a storm blew in and the anchor held. Colonel Light consequently named the bay 'Holdfast Bay'.

The Province of South Australia was proclaimed at Pathawilyangga in 1836, which became the municipality of Glenelg in 1855. Wituwaringga became the municipality of Brighton in 1858.

The City of Holdfast Bay was formed in 1997 through the amalgamation of the City Councils of Glenelg and Brighton. Located just 11 kilometres from the Adelaide city centre and five minutes from Adelaide Airport, our City is now home to close to 38,000 people and one of the most celebrated places to live, work and visit in the Adelaide metropolitan area. It boasts a beautiful natural environment, high quality recreation and community facilities, superior health and education, health options, a vibrant tourism sector, thriving retail precincts and a small light industrial area.



# OUR COMMUNITY

## TOTAL POPULATION



## MEDIAN AGE



## VEHICLE USAGE

Private car is the most common travel method for journeys to work (80%). Public transport accounts for 8.5% and active travel (walking and cycling) 5%



## SNAPSHOT



### HIGH

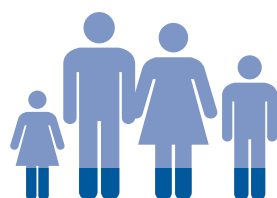
- Average Income
- Education
- Housing Mortgages



### LOW

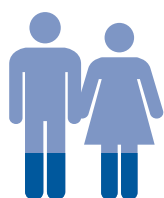
- Unemployment

## HOUSEHOLD TYPES



Couples with children

**22%**



Couples without children

**27%**



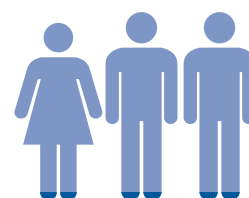
One parent families

**8%**



Lone person households

**33%**



Group households

**4%**

Source: ABS 2016

# QUALITY OF LIFE SURVEY RESULTS (2020–21)

HOW YOU RATED YOUR COUNCIL OUT OF 10



## COMMUNITY



**8.7**

Providing library services



**8.2**

Providing sporting facilities



**7.7**

Delivering services for the elderly and people with a disability



**8.0**

Providing programs and services that encourage an active lifestyle



**7.4**

Providing arts & cultural experiences



## PLACEMAKING



**7.2**

Maintaining roads and kerbing



**7.3**

Maintaining cycle networks



**8.9**

Access to shops, services and open space



## ENVIRONMENT



**8.1**

Maintaining beaches and coastal areas



**8.3**

Providing adequate waste management services



**Overall rating of Holdfast Bay as a place to live**



## ECONOMY



**8.1**

Encouraging a diverse range of businesses and services in the area



**7.6**

Supporting and promoting tourism and events



## CULTURE



**6.75**

Council provides good financial management and value for rates



**7.1**

Overall satisfaction with the quality of service and performance of the council



**8.3**

Maintaining well laid out parks and reserves



**7.8**

Providing programs that foster social interaction and community wellbeing



**8.45**

Providing a sense of safety in neighbourhoods



# HIGHLIGHTS

## Major projects

In 2022–23, council will fund and undertake a number of major projects to support the vision and objectives outlined in its strategic plan, *Our Holdfast 2050+*.

These include:

### **Jetty Road Glenelg Masterplan – \$450,000**

Construction of the first stage of the Jetty Road Masterplan was completed in 2021 with a \$3.6 million upgrade of Chapel St and Hindmarsh Lane.

Planning has now commenced towards the final design of the masterplan to continue the transformation of Jetty Road, Glenelg.

### **Seacliff Amenities Building and Beach Access Redevelopment (\$1 million grant funding received)**

A new amenities building at Seacliff Beach, with continuous widened footpaths around the area, providing more circulation space to improve access to the amenities area and beach.

### **Kingston Park Kiosk**

**Funded in 2021–22 for delivery in 2022–23**

The Kingston Park kiosk is used by residents, caravan park customers and coastal pathway users. This project includes the design and construction of a new kiosk at Kingston Park near the Brighton Caravan Park to replace the existing kiosk which is past its end of life. This facility will be sensitive to its location and use construction materials suitable for coastal locations.

### **Glenelg Oval Masterplan – Stages 3 and 4 – \$967,000 including grant funding (confirmed)**

In 2022 we will install a new scoreboard, re-locate cricket nets and associated infrastructure, improve spectator amenities and undertake consultation and design for the upgrade of Margaret Messenger Reserve.

### **Brighton Beachfront Holiday Park – Stage Two – \$845,000**

As a key, income-generating council business, the Brighton Caravan Park helps to alleviate the rate burden on residents and private businesses. However, its infrastructure is rapidly aging, compromising the future commercial success of the park. Council will replace timeworn facilities with new sites, cabins and administration buildings. This will create stronger visitor appeal, grow the commercial revenue of the caravan park and enhance the city's tourism activities.

### **Glenelg DDA Beach Access**

**Funded in 2021–22 for delivery in 2022–23**

Council will construct a DDA compliant ramp, beach matting and invest in beach wheelchairs for Glenelg beach and ocean to work towards accessibility for all.



To receive updates  
or to share your views on  
major projects register at  
[yourholdfast.com](https://yourholdfast.com)





## FINANCIAL OVERVIEW

Projections for the 2022–23 financial year indicate that council will be working with:

- › A consolidated operating surplus of \$425,217 (Alwyndor deficit of \$82,477) and municipal operation surplus of \$507,694.
- › A consolidated operating income of \$79.1 million to cover consolidated operating expenditure of \$78.7 million.

In the 2022–23 financial year we will invest \$53.98 million in municipal operations to provide services, implement programs and build and maintain essential assets.

Our main areas of investment include:

- › \$38.57 million to provide services to our community
- › \$8.88 million to maintain community assets
- › \$6.29 million for new capital infrastructure and service improvements.

1. Alwyndor is a self funding operation of the City of Holdfast Bay.  
For more information about Alwyndor see page 24.

# **MUNICIPAL FINANCIAL SUMMARY**



## 2022–23 MUNICIPAL OPERATING REVENUE \$50.18 MILLION

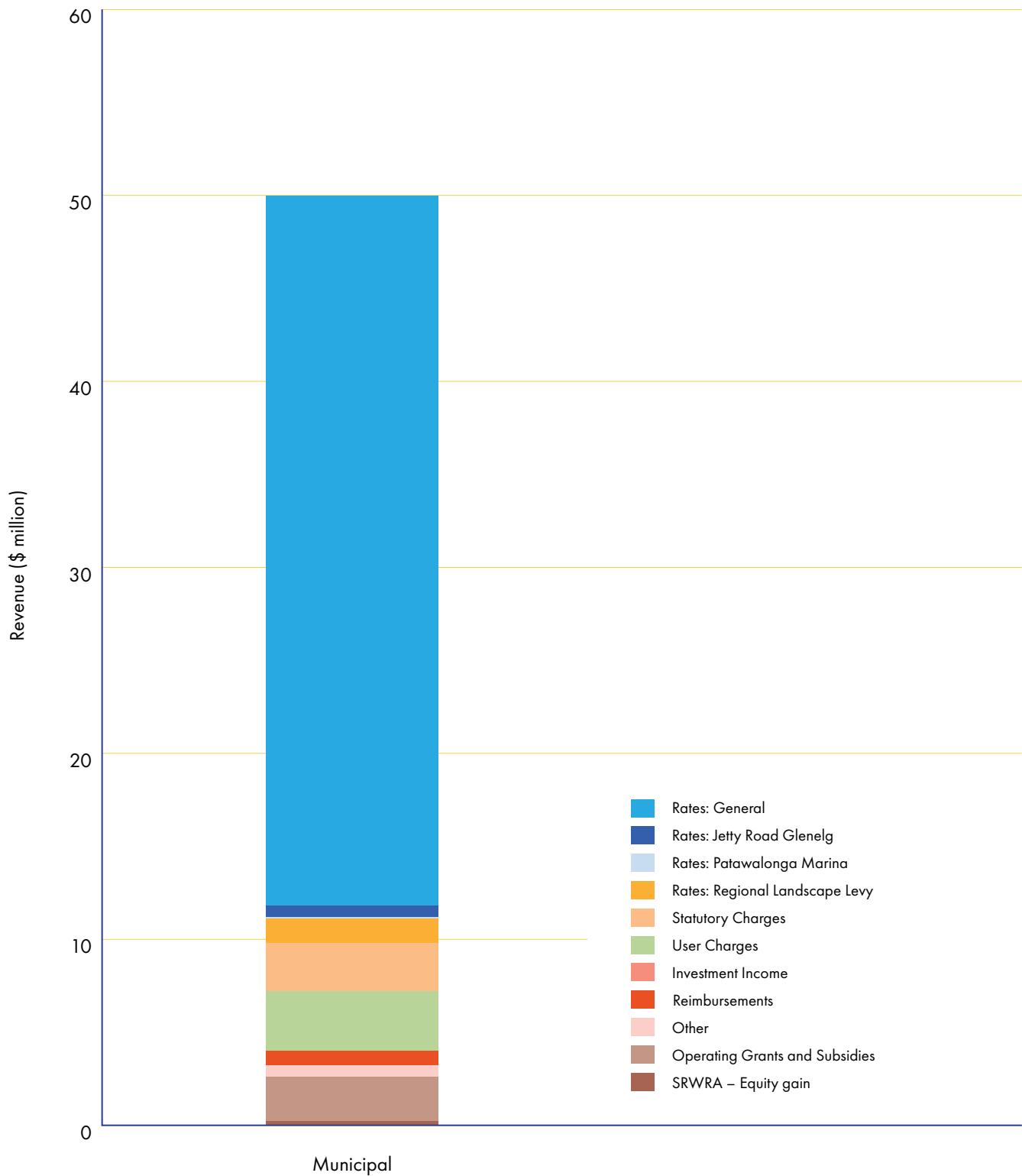
Council receive \$50.18 million (excluding Alwyndor) to provide services and infrastructure to the community.

### MUNICIPAL OPERATING REVENUE

Rate Revenue	Million
Rates: General	\$38.35
Rates: Jetty Road Glenelg	\$0.62
Rates: Patawalonga Marina	\$0.08
Rates: Regional Landscape Levy <sup>2</sup>	\$1.35
<b>Total Rate Revenue</b>	<b>\$40.39</b>
<b>Operational Revenue</b>	
Statutory Charges	\$2.58
User Charges (including but not limited to revenue from commercial operations)	\$3.19
Investment Income	\$0.02
Reimbursements	\$0.75
Other	\$0.65
<b>Total Operational Revenue</b>	<b>\$7.19</b>
<b>External Revenue</b>	
Operating Grants and Subsidies	\$2.38
SRWRA – Equity gain	\$0.22
<b>Total External Revenue</b>	<b>\$2.60</b>
<b>TOTAL MUNICIPAL REVENUE</b>	<b>\$50.18</b>

2. The *Landscape Levy* is a State Government tax imposed under the *Landscape South Australia Act 2019*. Local Governments are required under this legislation to collect the *Landscape Levy* and provide it directly to State Government who fund the activities of *Green Adelaide* and other regional Landscape Boards.

## 2022–23 MUNICIPAL OPERATING REVENUE





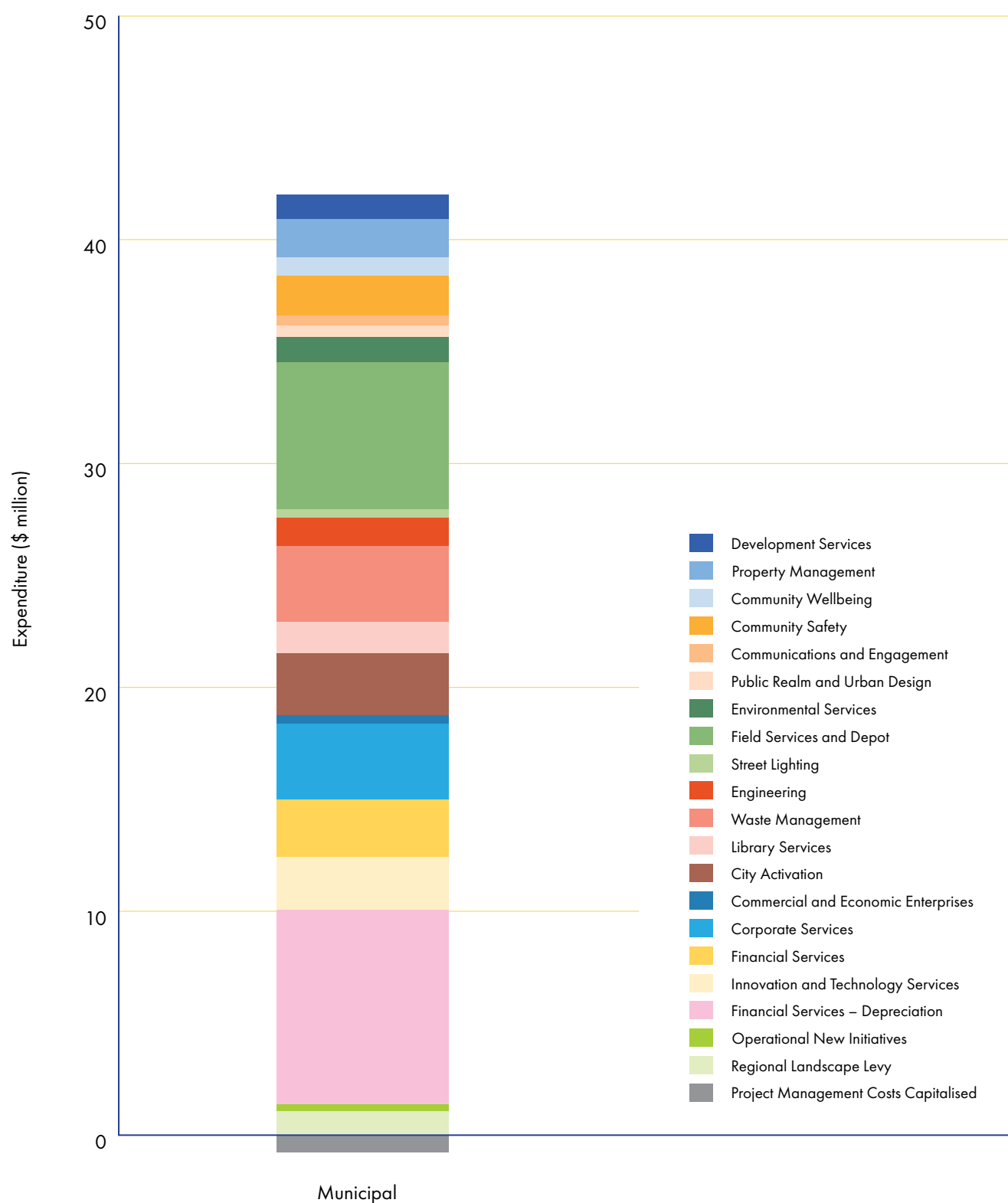
## 2022–23 MUNICIPAL OPERATIONAL EXPENDITURE \$49.68 MILLION

Council will spend \$49.68 million (excluding Alwyndor) to deliver services to the community.

### MUNICIPAL OPERATIONAL EXPENDITURE

Services	Million
Development Services	\$1.30
Property Management	\$2.04
Community Wellbeing	\$1.01
Community Safety	\$2.12
Communications and Engagement	\$0.56
Public Realm and Urban Design	\$0.59
Environmental Services	\$1.36
Field Services and Depot	\$7.93
Street Lighting	\$0.44
Engineering	\$1.56
Waste Management	\$4.07
Library Services	\$1.69
City Activation	\$3.33
Commercial and Economic Enterprises	\$0.45
Corporate Services	\$4.10
Financial Services	\$3.06
Innovation and Technology Services	\$2.87
<b>Total expenditure on services</b>	<b>\$38.48</b>
<b>Other Operational Expenditure</b>	
Financial Services-Depreciation	\$10.47
Operational New Initiatives	\$0.35
Regional Landscape Levy	\$1.32
Project Management Costs Capitalised	(\$0.94)
<b>Total expenditure on other operational</b>	<b>\$11.20</b>
<b>Total municipal operational expenditure</b>	<b>\$49.68</b>

## 2022–23 MUNICIPAL OPERATIONAL EXPENDITURE



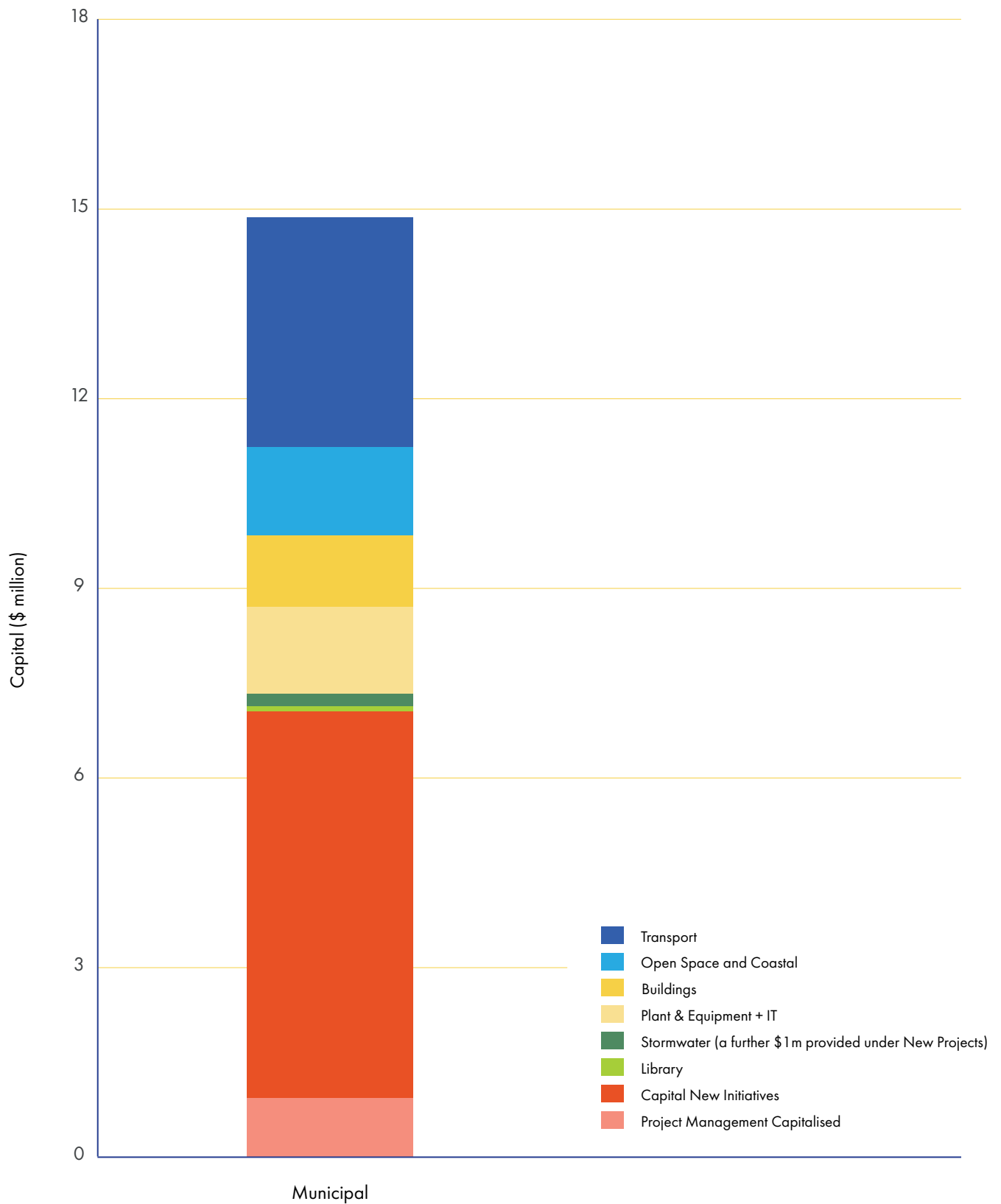
## 2022–23 MUNICIPAL CAPITAL PROGRAM \$14.93 MILLION

Council will spend \$14.93 million (excluding Alwyndor) on a capital program to update and maintain community assets in 2022–23.

### MUNICIPAL CAPITAL PROGRAM

	Million
Transport	\$3.63
Open Space and Coastal	\$1.34
Buildings	\$1.30
Plant & Equipment + IT	\$1.37
Stormwater (a further \$1m provided under New Initiatives)	\$0.20
Library	\$0.09
Capital New Initiatives	\$5.94
Project Management Capitalised	\$0.94
<b>TOTAL MUNICIPAL CAPITAL EXPENDITURE</b>	<b>\$14.81</b>

## 2022–23 MUNICIPAL CAPITAL PROGRAM





# OUR FINANCIAL GOVERNANCE

Council's long-term financial performance and position are sustainable where planned long-term service and infrastructure levels and standards are met without unplanned increases in rates or disruptive cuts to services.

**CITY OF HOLDFAST BAY  
LONG-TERM FINANCIAL PLAN**



## ENSURING FINANCIAL SUSTAINABILITY

### Policies and practices

Council adopts prudent financial governance policies and practices to enable the consistent delivery of cost-effective services to our community. Our policies and practices are based on three goals:

#### 1. Program sustainability

To ensure we can continue to deliver our high-priority programs including service delivery and the renewal and replacement of our assets.

#### 2. Rate stability

To ensure a reasonable degree of stability and predictability in the overall rates.

#### 3. Intergenerational equity

To ensure a fair sharing of the distribution of resources and their attendant financial burden between current and future users of services and infrastructure.

## FINANCIAL PRINCIPLES

The following key financial principles were adopted in the preparation of this plan:

#### › Presenting a balanced budget

We aim to fully fund the cost of services, including the depreciation of infrastructure and assets (ie wear and tear), in order to share the costs of services fairly between current and future users.

This is based on the understanding that insufficient funding would shift the costs burden of today's services on to future users in the form of higher rates or reduced services.

#### › Maintaining infrastructure and managing assets

We aim to maintain infrastructure (eg, buildings and bridges) and assets (eg, roads, kerbs, paving, machinery, trees, irrigation systems and playground equipment) to ensure the continued delivery of services to agreed standards. This involves developing and using long-term infrastructure and asset management plans to manage our asset portfolio efficiently, and continuing to invest in renewing and replacing our assets as they wear out.

#### › Providing predictable rates

We aim to provide our community with a reasonable degree of predictability for rates over the medium term. We will keep rate payers fully informed about future rates and the corresponding services provided.

#### › Prudent debt management

We aim to keep our debt as low as practicable. We borrow funds to invest in new long-term assets or to replace and renew existing assets and thereby spread that cost over the longer term, consistent with the typical long lives of assets.

# SIGNIFICANT INFLUENCES

## BROAD TRENDS AND EMERGING ISSUES

A range of global, national and state trends was considered when developing the 2022–23 *Annual Business Plan*.

### Economic Impacts

For the 2022–23 financial year there are a number of interconnected elements that will impact the local economy, as well as the economic environment that the council operates within. These include the ongoing economic impact of COVID-19, inflation, and the Federal, State and local elections.

### COVID-19

Despite ongoing mutations, vaccine booster rates are likely to build to such a rate that lockdowns will not be lengthy or large scale; COVID-19 treatments are likely to enter the market at a greater rate of supply and efficacy; and tourism, migration and student levels will begin to return to pre pandemic levels towards 2023 or 2024.<sup>3</sup>

Hence the domestic trade environment should, slowly, begin to look, in some way, similar to a pre-pandemic environment. This should provide a better level of certainty for our local small businesses. We will continue to support our business community in this evolving environment through our *Economic Activation Plan* and *Tourism Recovery Plan*.

### Economic Instability

During 2021 Australia recorded its strongest economic growth since 2007.

The 2021 growth has also provided a low unemployment rate, similarly, the lowest since 2008.

Australia's 2021 growth, however, was fuelled considerably by growth in Government spending.<sup>4</sup> Though there was a spike in growth for both India and China, and indeed, the world economy through 2021; by the end of 2021, China and India's growth had fallen back to pandemic levels. Australian economic growth through 2022–23 is unlikely to be natural resources led.

### Federal, State and local elections

Whilst an election during a pandemic in Australia has not occurred for 100 years it is rare for three levels of government to hold elections in one State in the same year. A significant contributor to current economic growth (and its resultant employment rates) has been driven by Government spending. The economic policies of the new governments will have a major impact on the economic environment of our community.

### Environmental Sustainability

Council is taking steps to protect the natural environment, focusing on biodiversity and protecting our unique coastal environs. In response to climate change, we are reducing our reliance on fossil fuels by replacing council vehicles with electric and hybrid vehicles where possible and introducing renewable energy solutions in council buildings. We are continuing our water sensitive urban design projects, remediating our three gullies and maintaining the City's prized beaches. In this financial year, council continues implementation of its *Environment Strategy* to improve our resilience to climate change.

3. Deloitte Access Economics 17 January 2022

4. RBA Chart Pack Jan 2022



## Waste Management

In November 2021 the Southern Materials Recovery Facility (SMRF) opened. The facility is able to process 60,000 tonnes of yellow bin recyclables every year. It is Australia's first major materials recycling facility designed to meet the Council of Australian Government's Export Ban requirements, to facilitate the processing and reuse of waste in Australia rather than being shipped overseas.

Located in Seaford Heights, the SMRF is a joint initiative of Australian recycling and resource recovery specialist Re.Group and the Southern Region Waste Recycling Authority (SRWRA), which is a joint subsidiary of three South Australian Councils – City of Holdfast Bay, City of Marion and City of Onkaparinga.

Meanwhile, in our ongoing efforts to divert waste from landfill, our food organics garden organics (FOGO) trial continues. Over 800 households in the pilot zones have registered to participate in the program which introduces weekly FOGO bin collection and fortnightly general waste (landfill) collections. Audits within the pilot areas indicate that the diversion rate has increased from 58% to 76%.

In addition to reducing waste sent to landfill, placing all your food and garden waste in the green FOGO bin provides our South Australian food growers with nutrient-rich soil, supports jobs in the circular economy and reduces greenhouse gas emissions.

In 2021 South Australia became the first state to ban single use straws and cutlery. In March of this year, expanded polystyrene cups, bowls, plates and containers were banned, as were oxo-degradable plastic products.



The State Government is currently reviewing the Container Deposit Scheme, considering 10 cent refunds for wine bottles. Presently, glass comprises around 9 percent per weight of an average South Australian recycling bin. In the pursuit of a circular economy, our strong local wine industry can support high recycling rates.

Emerging issues in waste management include the growth in textile waste associated with "fast fashion" and a lack of recycling options. Per capita average, each person disposes of 27kg of textiles per year, with only 15% of textiles diverted from landfill.

Likewise, electronic waste (e-waste) levels have surged to around 27 million tonnes in 2021, an additional 2 million tonnes on 2020. Only about 17% of e-waste is effectively recycled. It cannot be effectively processed via household bins and must be dropped into a specialist e-waste station.



# THE 2022–23 OPERATING ENVIRONMENT

## Operating Costs

The cost of living for Australian households, measured by the Consumer Price Index (CPI), has increased at the strongest rate since 2014, primarily driven by fuel prices, dwelling construction costs, supply constraints and flow on impacts across sectors. Over the 12 months to December 2021 Adelaide CPI rose 3.3% and 3.5% nationally. At a local government level, where the basket of goods is measured in Local Government Price Index (LGPI), the impact has been amplified due to a strong reliance on fuel, supply constraints on materials and construction trades to deliver renewal and maintenance works. Mindful of LGPI driven increases to the cost of delivering our ongoing services, Council has put together a prudent budget. This plan minimises the rate increase whilst meeting new legislative requirements and continuing to provide the high level of service our community expects.

The forecast LGPI for 2022–23 is 4 per cent. For the purposes of this *Draft Annual Business Plan*, however, the rates have been raised provisionally by 3.2 per cent. in line with the September LGPI. Council will endeavour to manage the increasing costs of service delivery through 2022–23 within the provisional rates increase whilst continuing to deliver the high quality services and amenities our community is accustomed to.

With the completion of several major new projects, depreciation on new assets has increased by \$725,000. This increase in depreciation is counterbalanced by the benefits that new and improved facilities provide to the community.

## Construction delivery

The surge in government spending for major projects and housing redevelopment, combined with material supply issues, has increased the costs and reduced availability for the completion of building and road works.

## Housing Industry

Growth in the housing industry outperformed expectations in 2021–22, with a seven percent increase compared with the previous twelve months. Whilst further growth is expected in the first half of 2022–23, anticipated interest rate rises combined with building material supply shortages are expected to keep the overall rate of growth to around three percent due to residual factors including ongoing federal government stimulus measures.

## Digital Transformation

As technology evolves and plays an increasing role in people's lives, service expectations change. Council must respond while protecting residents' privacy and security and meeting their expectations for personalisation, ease, convenience and multi-channel service delivery. To this end, council is implementing a multi-year, user-centred digital transformation program that will transform both the customer experience and our business processes.

## Local Government Reforms

The *Statutes Amendment (Local Government Review) Act 2021* (Review Act) was proclaimed for commencement in September 2021. The Review Act introduced sweeping changes to local government elections and operations. The reforms are being introduced progressively, with further clarity about the specifics been provided through amendments to regulations as foreshadowed in the Review Act.







The reforms include a new conduct management framework for council members, provisions for independent advice to councils on a range of financial and governance matters, a more contemporary approach to public consultation, and a range of improvements aimed at improving transparency and efficiency.

Some of these amendments directly affect this document. These are as follows:

› **Community Engagement**

Across the Review Act specific requirements for consultation for this plan have been removed. However the Act retains the requirement to send a summary of the business plan with the first rates notice of the financial year.

The Review Act refers instead to a requirement for any consultation, including that for the *Annual Business Plan* to be conducted in accordance with the Council's consultation policy. This policy is available to view on our website.

The Act removes the requirement for the provision of the opportunity for community members to provide representations on the plan to Council. Deputations to Council are available for any Council meeting by application.

› **Annual Business Plan amendments**

After the consultation Council reviews the business plan prior to adoption. An explanation of significant changes made between the draft and adopted business plan must be provided in the published adopted plan.

There is also a new requirement for the document to include a comparison between proposed rates and revenue and previous years.

› **Funding**

The amendment provides clarity around the endorsement of borrowings, albeit this amount is already included in the financial statements that are endorsed by Council.

› **Timing**

The plan must now be adopted by 15 August, where before it was 31 August. The Council has, traditionally, made every endeavour to adopt its annual business plan prior to 30 June.

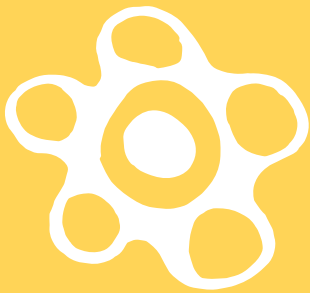
› **Style and Structure**

The amendment provides scope for the regulations to prescribe how the plan is presented (style, location and emphasis on matters) as well as the description/ explanation of matters in the plan. The Regulations have not been released as yet.

## External Funding sources

Council's 2022–23 budget relies heavily on property rate revenue, forecasting rates to comprise 80.4 per cent of revenue, excluding Alwyndor and the Landscape Levy. While the City of Holdfast Bay is a leader in South Australia for non-rate revenue, council continues to pursue options to reduce the community's rate burden by increasing revenue from other sources. This includes rent from leases, off-street car parking fees, income from the Brighton Beachfront Holiday Park and Partridge House and grant funding from the Federal Government and State Government.

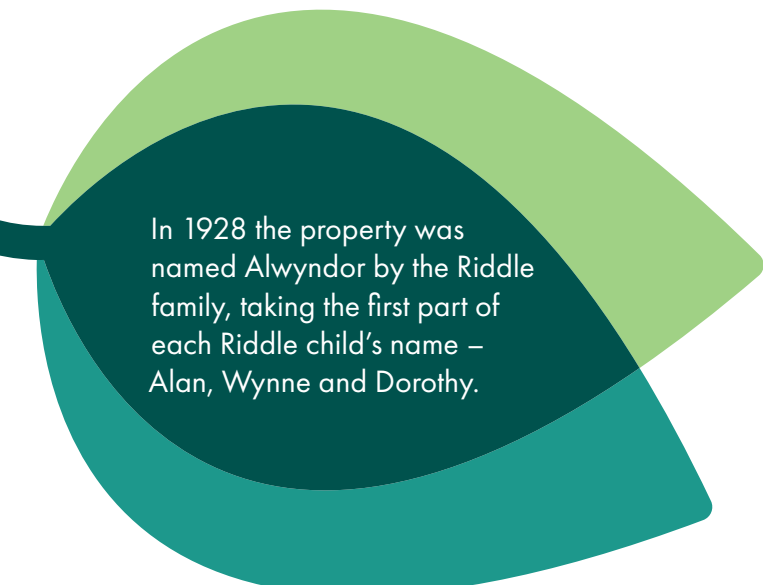
# **ACHIEVEMENTS, PRIORITIES AND SERVICE DELIVERY**



# ALWYNDOR AGED CARE

## ALWYNDOR AND THE CITY OF HOLDFAST BAY

Alwyndor began as the family home of the Riddles, built on Dunrobin Rd, Hove, in 1901. Dorothy Cheater (nee Riddle), the youngest child, cared for her parents at Alwyndor until they died in 1942 and then converted Alwyndor into a convalescent and rest home for returning World War II servicemen and the aged. Dorothy married widower Stephen Cheater who created a beautiful garden for her at Alwyndor. In 1976 the then Brighton Council bought part of the landholding to build a hostel, nursing home and rehabilitation centre. Dorothy later donated the remaining land in the creation of the Dorothy Cheater Trust. The Trust binds the council (or others) to the ongoing provision of aged care accommodation and services in perpetuity on the parcel of land. As one of South Australia's few remaining local government-owned aged care facilities, it is proudly regarded by council as an important part of what local government can do for its community.



In 1928 the property was named Alwyndor by the Riddle family, taking the first part of each Riddle child's name – Alan, Wynne and Dorothy.

## AGED CARE INDUSTRY TRANSFORMATION

Aged Care industry transformation is ongoing in 2022–23. The implementation of Royal Commission into Aged Care, Quality and Safety following the Australian Government response and acceptance of 124 of the recommendations has influenced the development of our 2022–23 draft budget. This includes preparedness for reform of residential care funding, support at home service model reform and increased compliance and reporting will all impact during the year.

## SERVICE DELIVERY

### Alwyndor Aged Care – \$29.05 million

Alwyndor provides integrated service offerings for all ages — providing a continuum of care in an inclusive and vibrant community.

Alwyndor provides 144 residential care beds for permanent, respite and transitional care. Residential services include a café, hairdresser and gym, as well as access to podiatry, speech therapy, physiotherapy and dental services. A day respite service commenced in April 2020.

The Alwyndor community connections team works with people in their own homes, offering a suite of services including gardening, maintenance, cleaning, shopping and laundry through to complex personal and clinical care:

- › Commonwealth Home Support Program
- › Home Care Packages
- › Department of Veterans Affairs
- › Private health refunds



- › Medicare bulk billing (via GP referral for service packages)
- › National Disability Insurance Scheme.

In 2022–23 we will also:

- › Implement the Tovertafel interactive activity table designed to promote social, cognitive, and physical stimulation especially for residents with dementia
- › Continue environmental initiatives to minimise our carbon emissions over the next 5 years
- › Implement a *Client Portal* for community services offerings—this will give our clients and families real time visibility of their services
- › Commence outdoor gym groups and one:one training sessions on our new outdoor gym in the residential gardens
- › Implement self-check in and scanning at reception
- › Introduce a new and improved service model for catering in residential, this will include upgraded kitchenettes and new contemporary menus, all managed by our own staff in our own kitchen.

### Alwyndor Asset Renewal and Replacement – \$0.44 million

Alwyndor will allocate \$0.44 million to fund asset renewal and replacement works, including plant and equipment replacement.



# WELLBEING

Good health and economic success in an environment and a community that supports wellbeing.

## OBJECTIVES: 2020 – 2030

- › Apply the principles of universal design and social inclusion to all Council activities
- › Assist the city's mainstreet precincts in becoming dementia-friendly
- › Increase participation rates in community engagements across all age groups, particularly under-represented demographics such as children and young people by using methods that are appealing and appropriate
- › Support businesses to operate in mixed use neighbourhoods to improve local access to goods and services and reduce supply transport distances
- › Establish community hubs that integrate community support, recreational, and commercial services in multi-purposes spaces that include frequently excluded demographics such as children and young people, people with disabilities, Aboriginal and Torres Strait Island people and people from culturally and linguistically diverse backgrounds

## MEASURES

- All project plans and policies address universal design and social inclusion
- The number of businesses recognised as dementia-friendly increases year on year
- The number of participants in formal engagements increases year on year
- The proportion of mixed-use developments increases
- Utilisation of council owned buildings increases



## ACHIEVEMENTS

In 2021–22, we delivered many projects that build good health and economic success in an environment and a community that supports wellbeing. Some of these include:

- › Commencing the Glenelg Oval redevelopment stage 3 and 4 (Year 1 of 3)
- › Undertaking reserve improvements program for north east Brighton
- › Maintaining our open spaces, playgrounds and community buildings
- › Completing the construction of the Chapel Street Plaza and Hindmarsh Lane redevelopment as part of the Jetty Road Glenelg and Environs Masterplan.

Please visit [www.holdfast.sa.gov.au](http://www.holdfast.sa.gov.au) for a full list of achievements.

## PRIORITIES

In 2022–23, council will continue to deliver projects that build good health and economic success in an environment and a community that supports wellbeing. Some of these include:

- › Continuing the construction of Stages 3 and 4 of the Glenelg Oval Masterplan
- › Providing access to Glenelg Beach and ocean with an accessible ramp, mat and beach wheelchairs
- › Constructing a new amenities building at Seacliff and improving access to the beach and surrounds.

## SERVICE DELIVERY (excluding Alwyndor)

### Development Services – \$1.3 million

Council's development assessment, development advice and building compliance services work to recognise opportunities while protecting the character and amenity of our suburbs. In 2020–21, we processed 1,063 development applications and approved 205 new dwellings with a construction value of \$131 million.

Council will continue with a grant scheme to support the conservation of our City's heritage premises and the character of our retail precincts. Aimed at encouraging people who own heritage listed and retail precinct properties to invest in maintaining, restoring, and preserving them, the grants replaced a previous rates rebate for heritage listed properties.

### Property Management – \$2.04 million

We will manage and maintain community assets and infrastructure in an environmentally and financially sustainable way. This includes maintaining our community and civic buildings and CCTV, signage.



### Community Wellbeing – \$1.01 million

Council provides activities that promote wellbeing and resilience and enable people to remain at home with an enhanced quality of life, including social support and a kerb to kerb community transport service.

Our community development programs, services and events aim to promote interaction and minimise social isolation and disadvantage. This includes providing places, infrastructure and funding for people of all ages and abilities to meet, mix and build constructive connections by participating in a wide range of sporting, recreational and cultural activities. This year, council will continue to support:

- › Community development programs, including youth programs, community gardens and community and youth sponsorship grants
- › Volunteer services
- › Community centres, including the Holdfast Bay Community Centre, Glenelg Community Centre, Glenelg North Community Centre, Brighton Community Centre and Partridge House.

### Community Safety – \$2.12 million

Council recognises that the community's health and safety are affected by many fields of regulatory activity. We will use contemporary approaches to respond to public health and safety threats to deal with a range of existing and emerging issues, including:

- › Supporting our community to minimise their environmental and local nuisance impacts
- › Encouraging responsible dog and cat ownership
- › Supporting food businesses to achieve high standards of food safety and hygiene

- › Working collaboratively with supported residential care facilities to ensure that they meet the required standards of care and accommodation and that residents' rights are protected
- › Effective delivery of an immunisation program
- › Responding to and mitigating public health risks
- › Delivering education and compliance activities and responding to customer requests
- › Encouraging and supporting businesses to provide outdoor dining and display goods to support the economy and improve the ambience of our streetscapes
- › Monitoring public safety and security to ensure that our community can safely move around the city's public places and spaces
- › Improving road safety and access to adequate parking for residents and visitors.

### Communications and Engagement – \$0.56 million

We are committed to clear and open communication with our community. We provide many ways for people to get in contact, including telephone, mail, email, social media and via our websites and the my holdfast app. People can directly engage with Council staff at the Brighton Civic Centre and in our libraries. Information is provided on our website ([holdfast.sa.gov.au](http://holdfast.sa.gov.au)) and through a range of Council publications. Council's quarterly magazine, *Our Place*, features the latest Council news, project updates and upcoming events. It is distributed to all ratepayers with a digital copy shared via social media and emailed to subscribers.







## CAPITAL PROJECTS

Council replaces assets that are at the end of life, undertakes maintenance to extend assets and also builds new assets for the community.

### Open Space and Coastal Renewal – \$1.4 million

A broad program of renewal works is planned for the city's reserves and playgrounds including Paringa Park Reserve, Fordham Reserve, and Dover Square. We will also replace seating, pathways, irrigation, signage in various locations across the City and undertake important works at the Patawalonga Lock.

### Community Buildings – \$364,047

In 2022–23 Council will undertake repairs and maintenance at the Holdfast Bay Bowling Club, Broadway Kiosk, Glenelg Town Hall, Helmsdale Tennis Clubrooms, Glenelg Foreshore Toilets, Seacliff Youth Centre, Brighton Table Tennis, Bowker St Clubrooms, Glenelg Rotunda, Somerton Bowls Club.

## NEW PROJECTS

### Glenelg Oval Masterplan Stages 3 and 4 – \$967,000 including grant funding

In 2022 we will install a new scoreboard, re-locate cricket nets and associated infrastructure, improve spectator amenity and undertake consultation and design for the upgrade of Margaret Messenger Reserve.

### Jetty Road Glenelg Masterplan – \$450,000

Construction of the first stage of the Jetty Road Masterplan was completed in 2021 with a \$3.6 million upgrade of Chapel St and Hindmarsh Lane.

Planning has now commenced towards the final design of the masterplan to continue the transformation of Jetty Road, Glenelg.

### Glenelg DDA Beach Access

Funded in 2021–22 for delivery in 2022–23

Council will construct a DDA compliant ramp, beach matting and invest in beach wheelchairs for Glenelg beach and ocean to work towards accessibility for all.

### Seacliff Amenities Building and Beach Access Redevelopment (\$1 million grant funding received)

A new amenities building at Seacliff Beach, with continuous widened footpaths around the area, providing more circulation space to improve access to the amenities area and beach.

### Audit of beach showers and taps – \$15,000

Undertake an audit of the showers and taps at the beach access points along the Esplanade. The audit will determine if showers are practicable at more access points along the Esplanade.

### Helmsdale Tennis Courts – \$15,000

Resurfacing of the two Northern Courts, with a financial contribution from the Club.

### Paringa Play space – \$50,000

An upgrade of the play space.



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# SUSTAINABILITY

A city, economy and community that is resilient and sustainable.

## OBJECTIVES: 2020 – 2030

- › Become a carbon-neutral council by 2030
- › Prioritise sustainable and active transport (such as walking and cycling) across the city, including by reclaiming streets for play and nature and improving walkability to support healthy ageing
- › Support the creation of safer places by improving the public realm and collaborating with transport providers to increase transport options
- › Support mixed use neighbourhood development while honouring heritage values to encourage walking and cycling and support healthy ageing
- › Encourage more community gardening, including biodiversity sensitive urban design, in public spaces, applying the long-held knowledge of Kaurua people as well as innovation

## MEASURES

- Emissions from Council operations decrease each year or are offset
- Number of kilometres of street prioritised for active transport increases, measured every five years
- Programs supporting community safety are developed and implemented
- Walkability score increases in all Holdfast Bay suburbs, measured using a 'citizen science' approach every three years
- Number of community gardening spaces increases each year



## ACHIEVEMENTS

In 2021–22, council delivered projects and services that supported the goal of developing a city, economy and community that is resilient and sustainable.

Activities included:

- › *Environment Strategy* implementation:
  - » Undertaking a street tree audit (Year 1 of 2)
  - » Development of a *Carbon Neutral Plan* and climate governance risk assessment
  - » Implementing the Gullies Masterplans
  - » Weekly Food Organics Green Organics (FOGO) pilot – Phase 2
  - » Continuing to implement stormwater management activities
- › Continuing to repair and replace the City's roads, footpaths and kerbs in accordance with our *Asset Management Plan*
- › Accelerating our bus stop and kerb ramp improvement program in accordance with *Disability Discrimination Act* (DDA) standards
- › Developing a concept design for the Seacliff Amenities Building and Beach Access Redevelopment
- › Continuing the Brighton Beachfront Holiday Park upgrade.

## SERVICE DELIVERY

### Public Realm and Urban Design – \$0.59 million

Council is committed to developing and maintaining high quality urban and open spaces through public realm and open space master planning, project management and delivery including:

- › Sports and recreation facility planning and activation
- › Playspace renewals and redevelopments including planning and consultation
- › Urban design projects such as main street master planning and project delivery
- › Securing grant funding for major projects through State and Federal Government grant programs
- › Sport and Recreation club development.

### Environmental Services – \$1.36 million

Council's *Environment Strategy 2020–25* is a detailed roadmap of initiatives, which will guide our decision making until 2025 and beyond. The strategy incorporates five themes:

- 1. Climate change**
- 2. Managing our coast**
- 3. Managing our biodiversity & protecting our trees**
- 4. Sustainable resources**
- 5. Working together**

A number of projects and initiatives from the *Environment Strategy* are included in this *Annual Business Plan* as detailed in New Projects.

### Field Services – \$7.93 million

Council will manage and maintain the community's open spaces in an environmentally and financially sustainable manner for the benefit of residents and the wider community.

We will achieve this by:

- › Managing our open spaces and reserves
- › Planning and implementing environmental management programs
- › Planting and caring for trees in our streets and reserves
- › Cleaning and maintaining our streets and foreshore
- › Maintaining the North Brighton and St Jude's cemeteries
- › Providing well-planned and well-maintained street lighting
- › Managing and maintaining our coastal zones and foreshore
- › Maintaining gross pollutant traps to ensure that pollutants do not enter our waterways.

### Street Lighting – \$0.44 million

Council partners with SA Power Networks to deliver street lighting for our community. Over the past 3 years Council has been replacing the 2,550 street lights with energy efficient LED lights across the City of Holdfast Bay.

The new lights being installed are up to 82% more energy efficient than existing mercury vapour lamps, require less maintenance and generate a warm to white light similar to existing lighting (around 4,000 Kelvin).

LED lighting is a much improved light than the old technology and the changeover will lower councils' greenhouse gas emissions by approximately 517 tonnes a year.

The removed old street lights will be recycled responsibly to prevent heavy metals (i.e. mercury) and other hazardous substances entering landfill.

### Engineering – \$1.56 million

Council is committed to a high level of amenity and safety with our street, footpath and kerb renewal and maintenance program. We continue to work with the Stormwater Management Authority in the development and implementation of a stormwater management plan. Our team monitors and assesses and treats the evolving traffic management issues in our City.

### Waste management – \$4.07 million

Council partners with the cities of Marion and Onkaparinga to provide waste management services through the Southern Regional Waste Authority. In addition to these services, council supplies food organics and garden organics kitchen caddies, including compostable bags to residents. Council also provides free presentations and workshops to promote recycling and ethical waste management practices for residents, community groups and schools.

## CAPITAL PROJECTS \$533,000

### Flood Management – \$200,000

Renewal of the city's stormwater drainage to protect against flooding. In 2022–23, we have allocated \$200,000 to renew stormwater infrastructure in line with our *Asset Management Plan*. Major stormwater management projects are listed under new projects.

### Roads – Including Kerb and Water Table Reconstruction – \$3.63 million

Council's *Asset Management Plan* allows for the systematic repair and replacement of the city's streets, kerbs and water table. In 2022–23, we have allocated \$3.63 million to renew and upgrade roads and kerbs.







## NEW PROJECTS

### **Stormwater Upgrades – \$1,000,000**

In 2014, the City of Holdfast Bay partnered with the City of Marion to develop a stormwater management plan. The plan identified high-risk flooding areas together with strategies to improve water quality and reduce runoff to the marine environment. In 2022–23, council will investigate, design and build infrastructure identified as high priority to reduce major property flooding and minor nuisance flooding, thereby reducing risk to the community.

### **Brighton Beachfront Holiday Park Stage 2 – \$845,000**

As a key, income-generating council business, the Brighton Beachfront Holiday Park helps to alleviate the rate burden on residents and private businesses. Its infrastructure is rapidly aging, compromising the future commercial success of the park. Council will replace timeworn facilities with new sites, cabins and administration buildings. This will create stronger visitor appeal, grow the commercial revenue of the caravan park and enhance the city's tourism activities.

### **Sturt River Linear Park – \$50,000**

Concept development and engagement is being undertaken in 2021–22. In 2022–23 we will develop a detailed design to improve amenity and access.

### **Gully Masterplans – \$300,000**

As important biodiversity sites for our City, we will continue to rejuvenate and improve access to our three gullies.

### **Depot cleaning compound – \$120,000**

In order to continue to maintain a high standard of cleanliness in the popular Jetty Road Glenelg precinct, a compound to keep cleaning machines and implements close to Moseley Square will be constructed.

### **Accelerated Footpath Program – \$300,000**

For the fourth consecutive year the Council is funding an accelerated program to ensure safety and amenity in our footpaths across the City.

### **CCTV network – \$60,000**

This stage of the program will maintain exterior CCTV systems at council properties which include Brighton Civic, Brighton Libraries, Glenelg Town Hall and surrounds, Kauri Community, Glenelg Community Centres, Glenelg North Community Centre (Stage 1).

### **Wigley Reserve lighting – \$30,000**

We will install lighting in Wigley Reserve to improve amenity.

### **Kingston Park Kiosk**

**Funded in 2021–22 for delivery in 2022–23**

The Kingston Park Kiosk is used by residents, caravan park customers and coastal pathway users. This project includes the design and construction of a new kiosk at Kingston Park near the Brighton Beachfront Holiday Park to replace the existing kiosk which is past its end of life. This facility will be sensitive to its location and use construction materials suitable for coastal locations.

### **Urban Forest maintenance – \$40,000**

Additional watering is required to ensure the ambitious program of tree planting across the City is successful.

### **Stormwater Data Collection (pit and pipe survey) – \$120,000**

A significant amount of council's stormwater assets are buried, making it difficult to assess their condition. This three year project is for data collection to provide current and accurate stormwater asset inventory to inform asset decision making. Year 1 of 3 involves engaging a specialist to survey and collect data on council's pit and pipe network.

### **Resilient Asset Management Project (RAMP) – \$59,000**

The City of Holdfast Bay is contributing to a multi-year collaborative project being undertaken by the four Resilient South councils (Holdfast Bay, Marion, Mitcham and Onkaparinga). The RAMP project is piloting the integration of climate risk data into our asset management processes to improve our ability to maintain service standards in the face of increased climate risk and identify opportunities to fund climate-resilient approaches.

### **Electric Vehicle Transition Plan – \$20,000**

A priority action from council's *Environmental Strategy 2020–2025* and *Climate Neutral Plan* is to transition the Council fleet to low/zero net carbon. A detailed plan will be developed that provides a timeline and estimated costs to transition council's fleet to non-fossil fuel vehicles such as electric vehicles. The plan will also incorporate details and estimated costs of associated infrastructure required including charging stations and systems.

### **Gordon Street/Augusta Street Roundabout – \$45,000**


Provision of landscaping for the Gordon Street/Augusta Street Roundabout.

### **Open Space/Greening Investigation for the Diagonal Road, Brighton Road, Oaklands Road triangle – \$20,000**

With limited green space in this area of the City, and investigation will be undertaken to discover options for increasing green space with traditional and/or non-traditional solutions.

### **Greening the Brighton/Hove Rail Corridor – \$35,000**

The Brighton/Hove Rail Corridor greening is a volunteer led project with Council in-kind support. Council will investigate the level of interest in forming a volunteer resident's group for the Brighton and Hove rail corridor area. Options for forming and supporting a potential group will be explored with interested residents. Support actions from council include assistance with initial vegetation removal and weed control and the provision of native plants.



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# INNOVATION

A thriving economy and community that values life-long education, research, creativity and entrepreneurialism.

## OBJECTIVES: 2020 – 2030

- › Facilitate growth in the number of home-based businesses where practical to reduce transit distances
- › Maximise the value of public buildings, including libraries, to support innovation by creating co-working spaces and technology/prototyping/maker spaces and hubs
- › Partner to establish an innovator/entrepreneur in residence program that includes local schools and encourages life-long learning across the population
- › Partner to develop a centre of excellence in hospice care and dying well
- › Partner to facilitate the provision of technology infrastructure to support creative and emerging industries, including mobility as a service, start-ups and other entrepreneurial activities

## MEASURES

- The number of home-based businesses increases as reported via Census data
- Utilisation of Council buildings increases
- Program participation rates trend upwards
- Amount of support attracted is sufficient to establish a centre
- Number of start-ups, creative and technology-related businesses in the city increases

## ACHIEVEMENTS

In 2021–22, council delivered projects and services that supported the goal of developing a thriving economy and community that values life-long education, research, creativity and entrepreneurialism. Activities included:

- › Businesses initiatives such as a business concierge, small business advisory service and the development of an online business directory
- › Progression of the *Economic Activation Plan* to support economic development and encourage investment in future growth industries
- › Implementing the *Tourism Recovery Plan* to help regenerate the local tourism economy
- › Hosting events such as COVID-Safe requirements allow in order to attract attendees to the City
- › City of Holdfast Bay Enterprise Technology Roadmap Implementation
- › Continuing to implement our Enterprise Technology 2020–2023 Roadmap, which identifies projects to deliver people, process and technology improvements that enable the realisation of key business objectives for council
- › Undertaking a representation review, to consider council’s composition and the division of the council area into wards
- › A review of council’s strategic plan
- › Introduced click and collect library access for contactless pick up of library materials.

## PRIORITIES

In 2022–23, we will continue to support the Holdfast Bay economy, welcome tourism and attract a variety of events to our city. Our focus for the coming financial year includes:

- › Review and update our *Economic Development Plan* to ensure relevance to changing business conditions
- › Continuing the digital transformation program that will transform both the customer experience and our business processes
- › Hosting more than 250 events to attract attendees including: New Year’s Eve; street parties; off-peak and shoulder season activations; Christmas celebration; Moseley Beach Club; and the Mix 102.3 Giant Ferris wheel
- › Ensuring continued access to mentoring through the Southern Adelaide Business Advisory Service
- › Continuing to support and facilitate the Jetty Road Glenelg Mainstreet Committee
- › Implementing the *Tourism Recovery Plan* to help regenerate the local tourism economy
- › Supporting our community to reconnect and participate in community programs and events at our libraries to reach over 180,000 visits and engaging 9,000 participants in programs.

## SERVICE DELIVERY

### Library Services – \$1.69 million

The City of Holdfast Bay provides accessible and progressive library services that meet our community's informational and recreational reading needs while fostering a love of lifelong learning. In 2022–23, we will:

- › Continue to deliver events, programs, services and activities through our two branches at Brighton and Glenelg
- › Engage with the community to develop the *Future Libraries Strategy*.

### City Activation – \$3.33 million

Ensuring a diverse and resilient local economy is a core pillar of council's strategic plan, *Our Place 2050+*.

In July 2018, council endorsed the *Economic Activation Plan 2018–2023*, focusing on five strategic directions. These strategic directions form the basis of a five-year action plan for the delivery of collaborative economic development programs and initiatives, resulting in ongoing economic prosperity for the city:

- › Business capacity building
- › Investment attraction and growth
- › Innovation and digital evolution
- › Regional collaboration
- › Adelaide's premier seaside destination

As well as a business concierge service, the economic development program delivers services that facilitate business capacity building, investment attraction and growth, innovation and digital evolution, and regional collaboration.

Council will continue to develop an environment that assists the future viability of local businesses and creates opportunities to attract innovative industries.

Our visitor and business services include:

- › Planning, implementing and supporting a wide range of community events to increase visitation and length of stay

- › Supporting artists, creative industries and cultural production through implementation of the *Creative Holdfast Arts and Culture Strategy 2019–2024*
- › Engaging the public with local history and Kaurana heritage through a range of exhibitions and programs
- › Preserving and stabilising the Holdfast history collection while developing opportunities to make it more accessible to the community
- › Providing targeted tourism and marketing services aligned with the community's desires and needs
- › Providing a voice for business and property owners in the Glenelg precinct through the Jetty Road Mainstreet Committee.

### Commercial and Economic Enterprises – \$0.45 million

Council operates a number of commercial enterprises and commercial leases to reduce reliance on non rates revenue. These include but are not limited to Brighton Beachfront Holiday Park and Partridge House.

### Corporate Services – \$4.1 million

Council delivers services to the community in a responsible, transparent way that meets legislative requirements and provides the best value for money. The broad business areas providing corporate services include:

- › Customer service
- › Strategy and Governance
- › Human resources
- › Risk management
- › Work health and safety
- › Elected member and CEO support.

### Financial Services – \$3.06 million

We ensure council remains financially sustainable and accountable by providing sound financial management, including rating, investment and treasury management, grants administration and auditing services.



### **Innovation and Technology Services – \$2.87 million**

Up-to-date information and technology services enable the delivery of effective and efficient services to the community and provide a range of easy options for customers to contact and do business with council.

## **NEW PROJECTS**

### **Business Transformation – \$750,000**

As technology evolves and plays an increasing role in people's lives, service expectations change. Council must respond while protecting residents' privacy and security and meeting their expectations for personalisation, ease, convenience and multi-channel service delivery. To this end, council is implementing a multi-year, user-centred digital transformation program that will transform both the customer experience and our business processes.

## **CAPITAL PROJECTS**

### **Plant and Equipment Replacement – \$1.32 million**

To meet our operational needs and enable the safe, effective delivery of services, we have allocated \$1.32 million to maintain and replace major plant and equipment.

### **Information Technology Equipment Replacement – \$56,454**

An allocation of \$56,454 will be used to replace back-up infrastructure and continue our transition to a mobile workforce.

### **Library Collection and Improvements – \$85,340**

In 2022–23, \$85,340 has been allocated to maintain our library collection to ensure that materials are current, accessible, and meet the community's cultural and informational needs.



# DEVELOPING OUR ORGANISATION

We will serve the community through services and programs that meet and exceed its needs by doing things right the first time and doing them well; by having the right people with the right skills; and by managing our resources to meet the expectations of our community.

**CITY OF HOLDFAST BAY  
LONG-TERM FINANCIAL PLAN**







## ARISE

We will serve the community through services and programs that meet and exceed its needs by doing things right the first time and doing them well; by having the right people with the right skills; and managing our resources to meet our community's expectations.

Council is committed to a set of core values (ARISE):

- › **A**chievement
- › **R**espect
- › **I**nnovation
- › **S**implicity
- › **E**ngagement

The objectives for each area of our business aim to provide the best value to the community.

### Finance

We will develop and maintain a long-term financial position that ensures our financial health and sustainability.

### Assets

We will drive a systematic approach to the development, maintenance and replacement of our assets and ensure that these assets meet the needs of our community.

### People

We will attract and maintain the right mix of people with the skills and experience to deliver our services and achieve our goals.

### Systems and Processes

We will ensure that our organisation is appropriately governed, operates in a planned environment and continually works to improve services and programs.

### Service Delivery

We will maintain and improve our service delivery, quality, efficiency and cost-effectiveness.



# FUNDING OUR CITY

## OPERATING RESULT

In 2022–23, council is proposing an extensive program of municipal services and projects. To achieve this, we expect to raise \$50.18 million in operating income and spend \$49.68 million in operating expenditure. The funds come from a variety of sources. While our income is predominantly from rates, it also includes grants from the state and Commonwealth governments and income from statutory and user charges. In 2022–23, 80 per cent of the revenue to fund municipal operations will come from rates.

Council has budgeted for a consolidated operating surplus of \$425,217 (Alwyndor deficit of \$82,477) and municipal operations surplus of \$507,694 in 2022–23, composed of a consolidated operating income of \$79.1 million to cover consolidated operating expenditure of \$78.7 million.

## OUR FINANCIAL STATEMENTS

We have included a summary of our projected financial statements for the 2022–23 financial year in this document. The consolidated financial statements incorporate our municipal operations and Alwyndor Aged Care – a self-funded component of our service delivery.

A net sum of \$39.04 million (excluding the Landscape Levy) will be raised from rates in 2022–23.

Council owns infrastructure and assets (such as roads, drains, footpaths and buildings) with a current value of approximately \$372 million (excluding land). These assets deteriorate over time through wear and tear and must be replaced or renewed at appropriate intervals to prolong their useful lives and continue delivering services to the community. We are mindful of the impact on ratepayers and committed to developing options that ease the rate burden by increasing other revenue sources.

## FINANCIAL MANAGEMENT

Council's financial principles include a commitment to prudent debt management. Our treasury policy recognises the use of borrowings to spread the investment in community assets over time, supporting the principle of intergenerational equity. Any funds that are not immediately required to meet approved expenditure or minimum liquidity are applied to reduce existing borrowings or defer the timing of new borrowings, or are invested in interest-bearing deposits. We regularly consider the financial environment, prevailing interest rates and the life of community assets, to ascertain a treasury position that provides an optimum balance of long- and short-term loans, and fixed and floating interest rates.

The Holdfast Bay community has high service expectations because of its coastal proximity and tourism focus, amongst other factors. The 2022–23 *Annual Business Plan* forecasts a projected borrowing requirement of \$2.96 million to fund the proposed program of capital works and projects. The current financial environment allows borrowing at low, fixed, long-term interest rates. We believe it is prudent to borrow to renew and replace infrastructure and assets for the community's benefit as outlined in our *Long-Term Financial Plan* and *Asset Management Plan*, which aim to deliver high service levels at low overall life-cycle cost. Running down the value of assets or not replacing them is short-sighted and can lead to a lack of community and business confidence and increased expenditure in future years.

Council's risk management framework and audit committee provide strategic and operational risk management guidance. This is done holistically, having regard for all aspects of financial and risk management. Guided by our *Long-Term Financial Plan*, our financial management takes a long-term view that ensures we maintain a sustainable financial and asset management position.



### Rate Comparisons

Comparing our rates with those of other councils is a complex issue. Each council has different characteristics (such as size, demographics, residential base and growth) and provides either different services or similar services at different standards. Councils provide a broad range and level of services to the community. Although some of these are statutory requirements, the majority are determined by the expectations of local ratepayers. The cost of providing and maintaining services is spread across the community in the form of rates. Council determines a rate in the dollar based on the amount of revenue required to meet the ongoing cost of providing services to the community for the coming year.

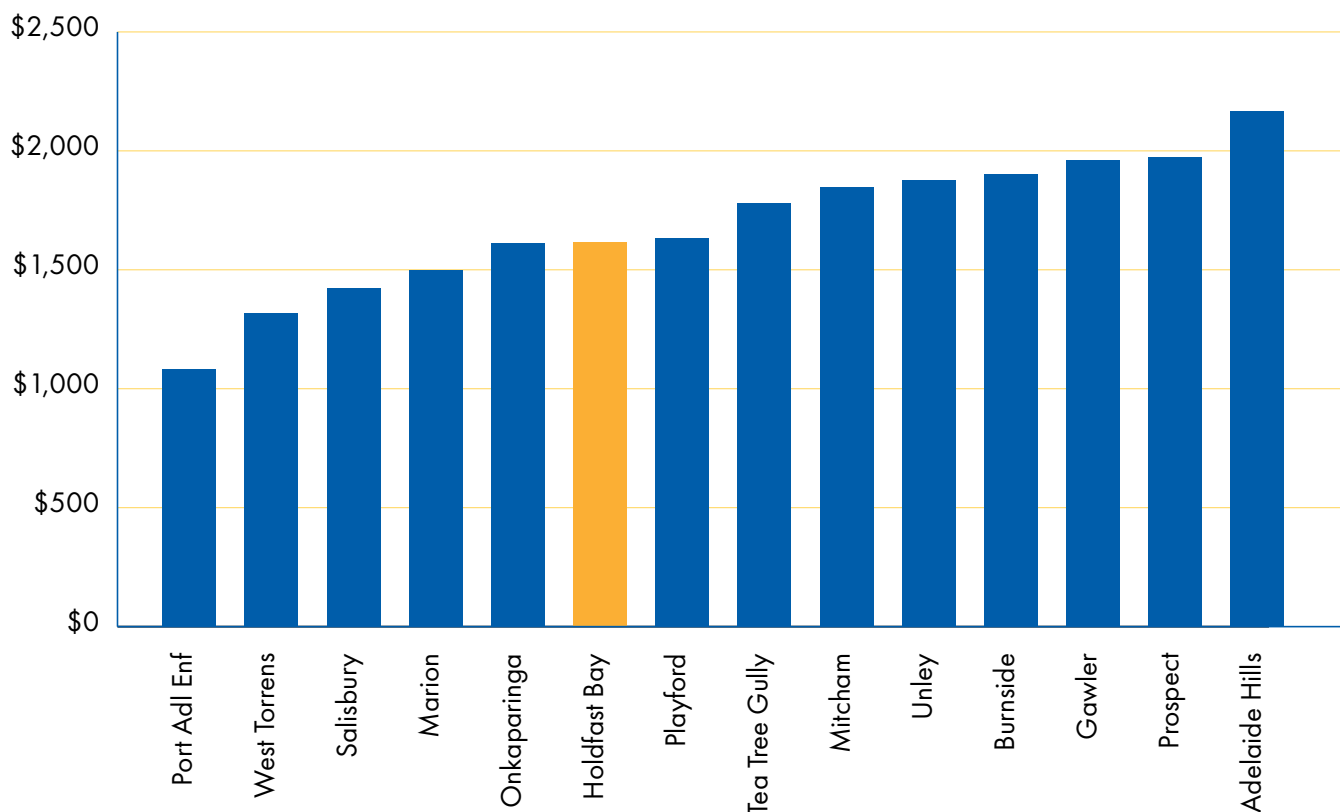
The amount of rates that property owners pay is determined by multiplying a property's value by the rate in the dollar.

For example, if the property value is \$500,000, and the rate in the dollar is 0.004474 cents, the rates payable will be \$1,224.

For 2022–23 the proposed revenue from rates is \$39,042,770 compared to \$37,722,630 for 2021–22. This is a 3.5% change in total proposed revenue from rates compared to previous year. This comprises the increase in rates plus new development.

The charts on the following page show a comparison of the average residential rate for Adelaide metropolitan councils for 2020–21. The average (mean) residential rate for the City of Holdfast Bay in 2021–22 was \$1,617. This represented a rate of 0.002431 cents in the dollar. We delivered the program of services and projects outlined in the *2020–21 Annual Business Plan*, with a residential rate that compared favourably to other South Australian council areas.

## 2021–22 Average (mean) residential rate comparison (\$)



### What Will You Pay in Rates?

The amount you pay is determined by your property's valuation and how we apportion rates across the community. We endeavour to apportion rates across the community in an equitable fashion. Property valuation modelling has yet to be provided. However, based on the average (mean) for residential property value for 2021–22, the rate increase for the average (mean) residential premises will be approximately \$52 or \$13 per quarter. This is \$1 per week.

The average (mean) increase for other land use categories is outlined below:

#### Land Use Category      2022–23 Increase

Commercial – Shop	\$105
Commercial – Office	\$73
Commercial – Other	\$111
Industry – Light	\$67
Industry – Other	\$88
Vacant Land	\$75
Other	\$116

### Rating Policy

Section 147 of the *Local Government Act 1999* provides council with the power to rate all land within the City of Holdfast Bay—except for land specifically exempted, such as Crown land and land occupied by council. We continually review our rating policy to ensure that it is fair and equitable. Our current rating policy, adopted in June 2021, is available at the Brighton Civic Centre and can be downloaded at [holdfast.sa.gov.au](http://holdfast.sa.gov.au)

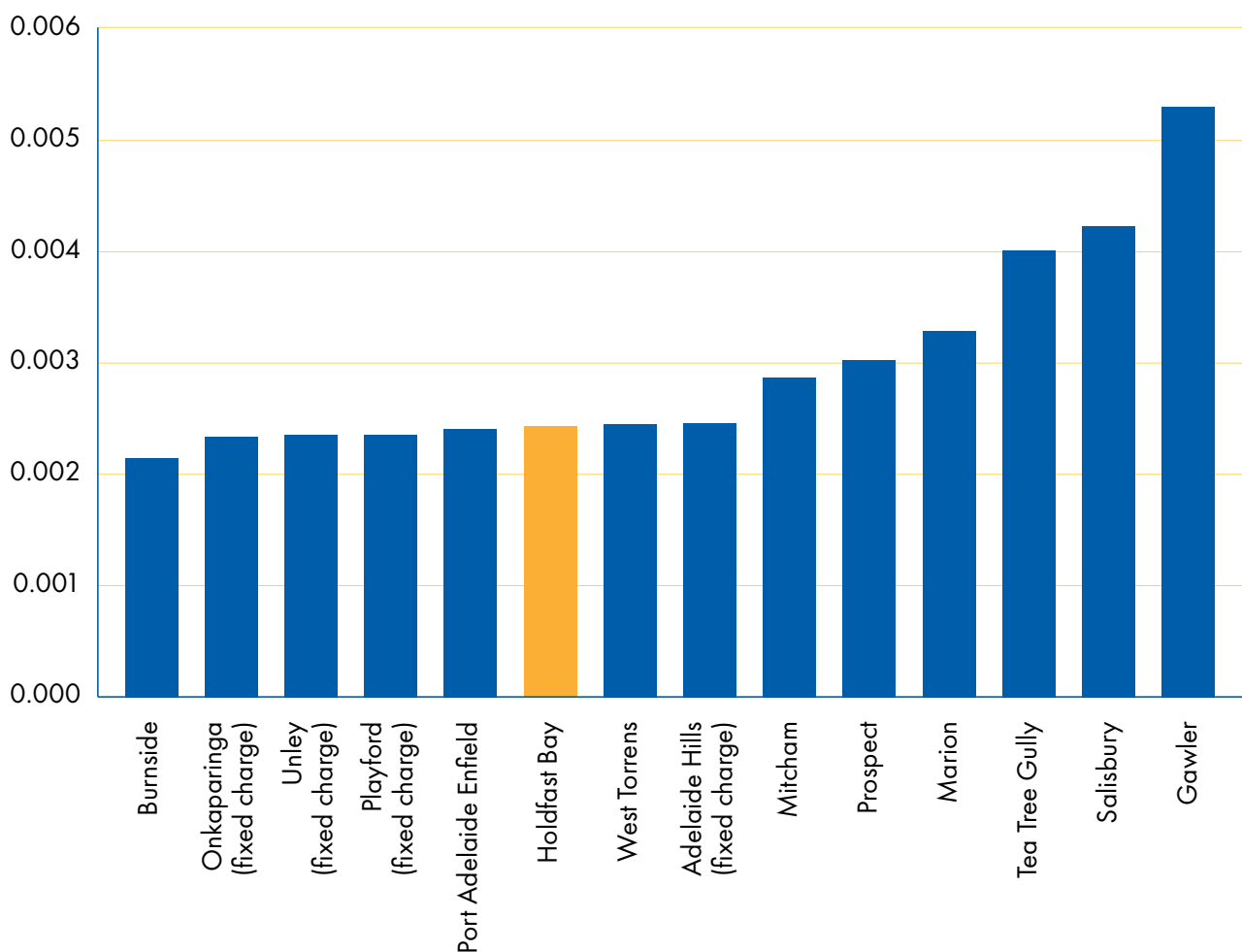
### Land Valuation Method

Council uses the capital value determined by the State Valuation Office as the basis for valuing land and calculating rates, as we feel this method provides the fairest and most efficient method of distributing the rate burden across all ratepayers. If you are dissatisfied with your valuation, you can object to the State Valuation Office in writing within 60 days of receiving the notice of valuation, explaining why you object. The Valuer General may extend the 60-day objection period where it is shown there is reasonable cause to do so.

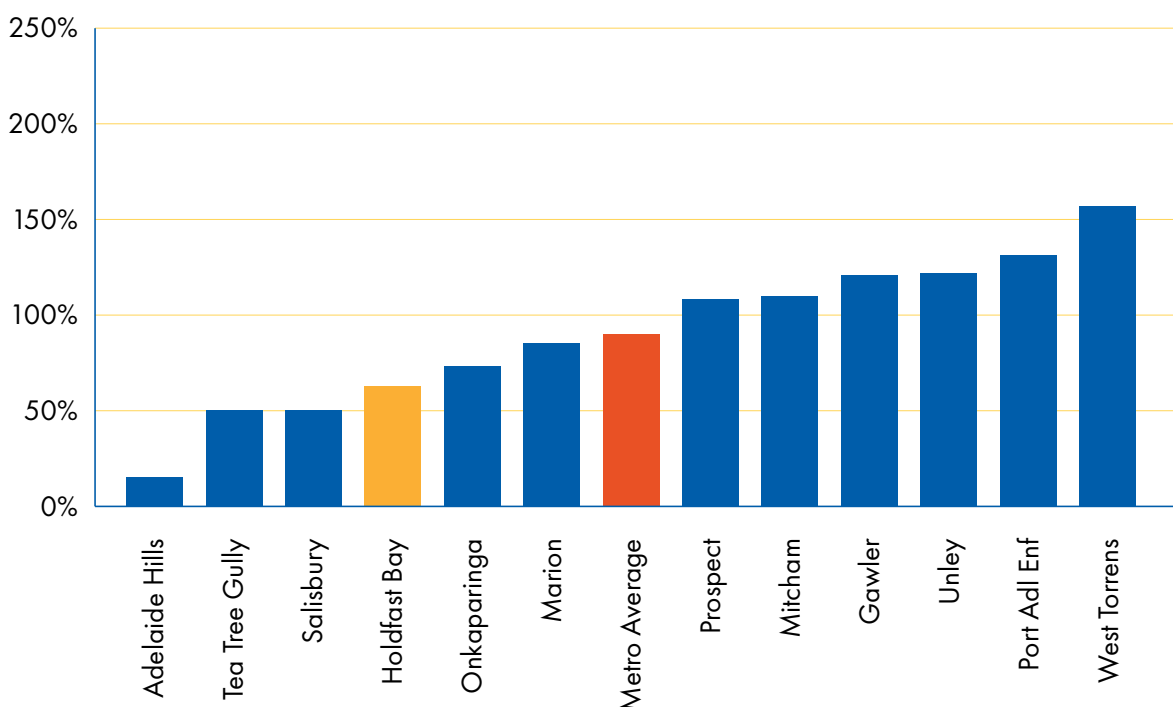
### 2021–22 Residential rate-in-the-dollar comparison (cents)

Some councils charge a “fixed charge”, an amount levied against all rateable properties. A rate in the dollar based on property value is then charged on top of the fixed charge.

Hence, the rate in the dollar for those councils with a fixed charge does not provide a comparison to the rates payable for Holdfast Bay residents.



## 2020–21 Metropolitan differential rate premium comparison



### Residential Rates

The residential rate for 2022–23 has yet to be determined. Our *Draft 2022–23 Annual Business Plan* and financial statements are based on a rate revenue increase of 3.2 per cent, excluding new building construction and separate rates. The average (mean) value of properties in the City of Holdfast Bay in 2020–21 was \$665,212, with an average (mean) rate of \$1,617.

### Industrial, Commercial Property and Vacant Land Rates

Council applies a differential rate to industrial, commercial properties and vacant land. This applies a premium based on the principle that industrial and commercial properties place a greater burden on infrastructure and achieve direct benefits from council parking and health regulations, events, tourism, etc. For vacant land, the differential rate provides an incentive to encourage property development.

In 2021–22 a differential premium of 63 per cent above the residential rate was applied, equating to 13 percent of total rate revenue (\$5.09 million) being paid by this sector. This premium compares favourably with the 2020–21 metropolitan average of 90 per cent, as shown on the following page.

In 2022–23 it is proposed to maintain the rate revenue from commercial, industrial and vacant properties at 13 per cent of our overall general rate. The premium to apply has yet to be determined.

### Separate Rate

Council levies two separate rates on specific ratepayers to provide funding for activities and services related to those ratepayers. They are as follows:

1. The Jetty Road Mainstreet Separate Rate is applied to properties within the Jetty Road Mainstreet precinct to promote and enhance business viability and trade. Revenue from this separate rate is expected to raise \$617,630 in 2022–23, representing an increase of 3.2 per cent on the rate levied in 2021–22.



2. The Patawalonga Marina Separate Rate is applied to properties within the basin of the Patawalonga, bounded by the high-water mark and comprised of marina berths. This separate rate provides funding for the ongoing maintenance of the Patawalonga lock. Because the lock is also widely used by the general public, this rate is adjusted by 50 per cent. The Patawalonga Marina Separate Rate for 2022–23 is expected to raise \$77,140. We will continue to calculate this rate using this method, adjusting slightly to account for the actual maintenance costs incurred each year because it offers the greatest level of certainty for ratepayers.

### Landscape Levy

Formerly called the Natural Resource Management (NRM) Levy, councils are required under the *Landscape South Australia Act 2019* to collect the Landscape Levy on behalf of the state government. In 2021–22 the Landscape Levy for properties in the COHB increased by \$13,000 to \$1.35 million. The state government has yet to advise us of the increase to the Levy this year. However, the *Draft 2022–23 Annual Business Plan* has been developed based on an anticipated increase of 2.2 per cent in the coming year.

### Rebates

Council is required to provide mandatory rebates under Sections 160 to 165 of the *Local Government Act 1999* for properties:

- › Predominantly used for service delivery or administration by a hospital or health centre (section 160).
- › Predominantly used for service delivery or administration by a community service organisation (section 161).
- › Containing a church or other building used for public worship or used solely for religious purposes (section 162).
- › Being used for the purpose of a public cemetery (section 163).
- › Occupied by a government school under a lease or licence or a non-government school being used for educational purposes (section 165).

In addition, council may provide discretionary rebates under Section 166 where:

- › The rebate is desirable for the purpose of securing the proper development of the area or assisting or supporting a business.
- › The land is being used for educational purposes, agricultural, horticultural or floricultural exhibitions, a hospital or health centre, to provide facilities or services for children or young people, to provide accommodation for the aged or disabled, for a residential aged care facility or a day therapy centre, or by an organisation which, in the opinion of council, provides a benefit or service to the local community.
- › The rebate relates to common property or land vested in a community corporation over which the public has a free and unrestricted right of access and enjoyment.
- › The rebate is considered by council to be appropriate to provide relief against what would otherwise amount to a substantial charge in rates payable due to a change in the basis of valuation.

### Minimum rate

We impose a minimum amount payable by way of rates. In 2021–22 this rate was set at \$1,045. The minimum rate for 2022–23 has not been set at this time.

### Rate relief

Support is available for people experiencing difficulty in paying their rates. For further information, please contact our Customer Service team on 8229 9999. A residential rate cap is applied to provide relief to ratepayers who own properties that have been subject to increases in valuations that are deemed excessive. In 2021–22, council determined that residential ratepayers could apply for a reduction in their rates where they could demonstrate an increase in their annual rate bill in excess of 6 per cent. No decision about the residential rate cap for 2022–23 has been made at this time. Council offers a range of hardship provisions. Visit [holdfast.sa.gov.au](http://holdfast.sa.gov.au) or contact us on 8229 9999 to find out more.

# FINANCIAL TARGETS

- 1. To achieve an operating ratio of 0–10 per cent over a five-year period.**
- 2. To achieve a net financial liabilities ratio of less than 75 per cent.**
- 3. To improve council's asset sustainability ratio to be within the range of 90–110 per cent over a five-year period.**

## **1. To achieve an operating ratio of 0–10 per cent over a five-year period**

In 2022–23, council will raise \$39.04 million in rate revenue (including separate rates and but excluding the Landscape Levy), and this will yield an operating surplus ratio of 1.01 per cent. Currently, our operating ratio measure over the five years from 2014–2015 to mid-2020 is 3 per cent. The operating ratio is the operating result expressed as a percentage of total operating revenue. The operating result is the difference between recurrent income and recurrent operating expenditure.

Recurrent income is made up of revenue received each year in the ordinary course of activities, such as rate revenue, user and statutory charges and operating grants, but excluding capital grants. Recurrent operating expenditure is incurred in the ordinary course of providing services, including a charge for depreciation of infrastructure and assets. Depreciation can be regarded as the cost of wear and tear. The operating result is expressed as a surplus (where income exceeds expenditure) or a deficit (where expenditure exceeds income).

While we strive to maintain a balanced budget or small surplus each year, we recognise that current cost movements, particularly in areas where we have little control, will increase the possibility of an operational deficit being

forecast in future years. An operating deficit indicates that the cost of services provided is not being adequately funded, and current users are not paying enough for the use of services and infrastructure. Continued operational deficits would indicate that we were not able to maintain a financially sustainable outcome into the future. As a result, we continue to review our revenue and expenditure to supply services that are efficient and effective in meeting the needs of the community.

Council is committed to a balanced budget or modest operating surplus. To achieve this, we continuously review the services provided to the community and our business processes to provide the most cost-effective and efficient service delivery. In 2021–22, we will continue to monitor and review council's operations to ensure that we can continue to meet the community's expectations in a financially sustainable way.

## **2. To achieve a net financial liabilities ratio of less than 75 per cent**

Council must manage expectations and requirements of capital investment and renewal on an ongoing basis. While annual and ten year budget management are mandated by the *Local Government Act 1999*, there is also a need for mid-range forecasting and prioritisation of the project pipeline. To this end, Council is currently in the process of establishing a prioritisation framework. The framework will enable more nuanced budgeting and the management of budget capacity over the medium term.

Council's current ceiling for the net financial liabilities ratio is 75 per cent. The net liabilities ratio is a measure of the size of our net financial liabilities (which is what we owe others, minus what others owe us) as a percentage of total operating revenue.



However, it is acceptable to exceed this ceiling from time to time, particularly when low interest rates offer the opportunity to develop infrastructure and facilities that will provide long-term benefit to the community. In 2022–23, the net financial liabilities ratio is forecast to decrease from 75 per cent to 72 per cent (excluding Alwyndor Aged Care).

An additional, and arguably more relevant, indicator of council's ability to manage and service debt is its interest cover ratio which is measured by calculating our net financial interest as a percentage of the overall operating revenue. Council has set a ceiling of five per cent for this ratio. A ratio of five per cent indicates that, for every \$100 of revenue, \$5 is spent on net interest

payments. In 2022–23, our interest cover ratio is forecast to be 1.6 per cent (excluding Alwyndor Aged Care). Our net financial liabilities and interest cover ratio indicate that council remains in a strong and sustainable financial position to manage its debt levels.

### **3. To improve Council's asset sustainability ratio to be within the range of 90–110 per cent over a five-year period**

The asset sustainability ratio measures the level of capital expenditure on the renewal and replacement of existing infrastructure and assets. It is measured against the level proposed in the *Asset Management Plan*. For 2022–23 this is forecast to be 100 per cent.





# MEASURING OUR PERFORMANCE

Council appoints an audit committee, which includes three independent members with relevant qualifications and experience, to provide advice and recommendations on financial and governance matters.

Performance is measured using:

- › A range of financial reports, including monthly financial statements, budget updates, four annual comprehensive budget reviews and the presentation of audited financial statements as required under the *Local Government Act 1999*.
- › Strategic plan measures, which gauge how we are working towards achieving the strategic objectives outlined in *Our Place 2050+*. The measures are listed beside their objectives at the introduction to each of the focus areas within this document.
- › Corporate measures, which track internal operations that aim to improve the way we deliver services.

## STRATEGIC PLAN MEASURES

In addition to outlining council's vision and direction, *Our Place 2050+* identifies the measures used to monitor and assess performance. These measures are expressed as key performance indicators. This underlines our obligation to be accountable, assuring our community that we are properly managing steady progress towards achieving the objectives defined in *Our Place 2050+*, and building a high level of trust that we will deliver these objectives.

## CORPORATE MEASURES

Corporate measures are reported on a quarterly basis to track the health of the organisation and its fitness and ability to deliver the objectives expressed in *Our Place 2050+*. These include:

- › Capital works – progress on the capital works program.
- › Annual business plan – progress on achieving projects in the *Annual Business Plan*.
- › Financial management – reviewing the budget position.
- › Workplace health and safety – reviewing health and safety compliance and key performance indicators.
- › Human resources – reviewing internal resources and training.
- › External grants – reviewing the position of current grants and grant applications.





# **FINANCIAL STATEMENTS – MUNICIPAL**

**CITY OF HOLDFAST BAY**  
**BUDGET FUNDING STATEMENT - MUNICIPAL FUNDS**

<b>Municipal 21/22 Original BUDGET</b>		<b>Municipal 22/23 BUDGET</b>
\$		\$
37,049,400	Rates - General	38,348,000
598,480	Rates - Jetty Road Glenelg	617,630
74,750	Rates - Patawalonga Marina	77,140
1,321,600	Rates - Regional Landscape Levy	1,351,000
2,210,235	Statutory Charges	2,582,060
3,150,444	User Charges	3,191,115
2,029,238	Operating Grants & Subsidies	2,381,546
35,800	Investment Income	20,000
598,970	Reimbursements	749,070
542,407	Other	650,410
160,000	Net Equity Gain - Joint Ventures	219,300
<u>47,771,324</u>	<b>Operating Revenue</b>	<u>50,187,271</u>
18,437,099	Employee Costs	19,105,389
19,111,960	Materials, contracts and other expenses	19,861,358
839,520	Finance Charges	834,830
9,743,000	Depreciation	10,468,000
( 928,097)	Less full cost attribution - % admin costs capitalised	( 944,000)
460,380	New Initiatives - Operating	354,000
<u>47,663,862</u>	<b>Less Operating Expenditure</b>	<u>49,679,577</u>
<u>107,462</u>	<b>= Operating Surplus/(Deficit)</b>	<u>507,694</u>
9,743,000	Depreciation	10,468,000
102,374	Other non-cash provisions	47,797
<u>9,845,374</u>	<b>Plus Non-Cash items in Operating Surplus/Deficit</b>	<u>10,515,797</u>
<u>9,952,836</u>	<b>= Funds Generated from Operating Activities</b>	<u>11,023,491</u>
878,828	Capital (External Contributions)	1,483,500
528,000	Proceeds from disposal of assets	474,250
<u>1,406,828</u>	<b>Plus funds sourced from Capital Activities</b>	<u>1,957,750</u>
( 8,493,810)	Capital Expenditure-Asset Renewal and Replacement	( 7,933,700)
( 928,097)	Capital Expenditure-Full Cost Attribution	( 944,000)
( 6,431,166)	New Initiatives - Capital (Gross Expenditure)	( 5,937,000)
<u>( 15,853,073)</u>	<b>Less total capital expenditure</b>	<u>( 14,814,700)</u>
247,000	Plus: Repayments of loan principal by sporting groups	253,000
<u>247,000</u>	<b>Plus/(less) funds provided (used) by Investing Activities</b>	<u>253,000</u>
<u>( 4,246,409)</u>	<b>= FUNDING SURPLUS/(REQUIREMENT)</b>	<u>( 1,580,459)</u>
<b>Funded by:</b>		
( 5,584,449)	Less: Proceeds from new borrowings	( 2,959,459)
1,338,040	Plus: Principal repayments of borrowings	1,379,000
<u>( 4,246,409)</u>		<u>( 1,580,459)</u>

**CITY OF HOLDFAST BAY**  
**PROJECTED INCOME STATEMENT- MUNICIPAL FUNDS**  
**FOR THE YEAR ENDED 30TH JUNE 2023**

<b><u>Municipal</u></b> <b><u>21/22 Original</u></b> <b><u>BUDGET</u></b>		<b><u>Municipal</u></b> <b><u>22/23</u></b> <b><u>BUDGET</u></b>
\$	<b>REVENUES</b>	\$
37,049,400	Rates - General	38,348,000
598,480	Rates - Jetty Road Glenelg	617,630
74,750	Rates - Patawalonga Marina	77,140
1,321,600	Rates - Regional Landscape Levy	1,351,000
2,210,235	Statutory Charges	2,582,060
3,150,444	User Charges	3,191,115
2,029,238	Operating Grants & Subsidies	2,381,546
35,800	Investment Income	20,000
598,970	Reimbursements	749,070
542,407	Other	650,410
160,000	Net Equity Gain - Joint Ventures	219,300
<u>47,771,324</u>	<b>TOTAL REVENUES</b>	<u>50,187,271</u>
	<b>EXPENSES</b>	
18,437,099	Employee Costs	19,105,389
19,111,960	Materials, contracts and other expenses	19,861,358
839,520	Finance Charges	834,830
9,743,000	Depreciation	10,468,000
( 928,097)	Less full cost attribution	( 944,000)
460,380	New Initiatives - Operating	354,000
<u>47,663,862</u>	<b>TOTAL EXPENSES</b>	<u>49,679,577</u>
<u>107,462</u>	Operating Surplus/(Deficit) - Before Capital Revenue	<u>507,694</u>
878,828	Amounts specifically for new or upgraded assets	1,483,500
<u>986,290</u>	<b>NET SURPLUS/(DEFICIT)</b>	<u>1,991,194</u>

**CITY OF HOLDFAST BAY**  
**PROJECTED BALANCE SHEET - MUNICIPAL FUNDS**  
**AS AT 30TH JUNE 2023**

<b><u>Municipal</u></b> <b><u>21/22 Original</u></b> <b><u>BUDGET</u></b>		<b><u>Municipal</u></b> <b><u>22/23</u></b> <b><u>BUDGET</u></b>
\$		\$
	<b>CURRENT ASSETS</b>	
865,000	Cash and cash equivalents	443,183
3,039,000	Trade and Other Receivables	2,422,226
10,000	Inventory	-
<u>3,914,000</u>	<b>TOTAL CURRENT ASSETS</b>	<u>2,865,409</u>
	<b>NON-CURRENT ASSETS</b>	
706,700	Financial Assets	632,816
3,387,000	Equity accounted investments-Council businesses	3,532,926
<u>708,858,814</u>	Land, Infrastructure, Property, Plant & Equipment	<u>718,138,802</u>
<u>712,952,514</u>	<b>TOTAL NON-CURRENT ASSETS</b>	<u>722,304,544</u>
<u>716,866,514</u>	<b>TOTAL ASSETS</b>	<u>725,169,953</u>
	<b>CURRENT LIABILITIES</b>	
5,431,374	Trade and Other Payables	5,866,943
1,338,040	Borrowings	1,379,000
3,134,000	Short-term Provisions	3,277,750
<u>9,903,414</u>	<b>TOTAL CURRENT LIABILITIES</b>	<u>10,523,693</u>
	<b>NON-CURRENT LIABILITIES</b>	
30,316,534	Long-term Borrowings	28,879,136
313,000	Long-term Provisions	291,538
<u>30,629,534</u>	<b>TOTAL NON-CURRENT LIABILITIES</b>	<u>29,170,674</u>
<u>40,532,948</u>	<b>TOTAL LIABILITIES</b>	<u>39,694,367</u>
<u>676,333,566</u>	<b>NET ASSETS</b>	<u>685,475,586</u>
	<b>EQUITY</b>	
181,330,566	Accumulated Surplus	184,905,586
495,003,000	Asset Revaluation Reserve	500,570,000
<u>676,333,566</u>	<b>TOTAL EQUITY</b>	<u>685,475,586</u>

**CITY OF HOLDFAST BAY**  
**PROJECTED STATEMENT OF CHANGES IN EQUITY - MUNICIPAL FUNDS**  
**FOR THE YEAR ENDED 30TH JUNE 2023**

<b><u>Municipal</u></b> <b><u>21/22 Original</u></b> <b><u>BUDGET</u></b>		<b><u>Municipal</u></b> <b><u>22/23</u></b> <b><u>BUDGET</u></b>
\$		\$
	<b>ACCUMULATED SURPLUS</b>	
180,344,276	Balance at beginning of period	182,914,392
986,290	Net Surplus/(Deficit)	1,991,194
<u>181,330,566</u>	Balance at end of period	<u>184,905,586</u>
495,003,000	<b>ASSET REVALUATION RESERVE</b>	500,570,000
<u>495,003,000</u>	<b>TOTAL RESERVES CLOSING BALANCE</b>	<u>500,570,000</u>
<u>676,333,566</u>	<b>TOTAL EQUITY</b>	<u>685,475,586</u>



**CITY OF HOLDFAST BAY**  
**PROJECTED BUDGETED STATEMENT OF CASH FLOWS - MUNICIPAL FUNDS**  
**FOR THE YEAR ENDED 30TH JUNE 2023**

<u>Municipal</u> <u>21/22 Original</u> <u>BUDGET</u>		<u>Municipal</u> <u>22/23</u> <u>BUDGET</u>
\$		\$
(OUTFLOWS)		(OUTFLOWS)
	<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
	<u>Receipts</u>	
47,611,324	Operating Receipts	50,187,271
	<u>Payments</u>	
( 36,818,968)	Operating payments to suppliers and employees	( 38,328,950)
( 839,520)	Finance Payments	( 834,830)
9,952,836	<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	11,023,491
	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
	<u>Receipts</u>	
878,828	Grants specifically for new or upgraded assets	1,483,500
528,000	Sale of replaced assets	474,250
247,000	Repayments of loans (principal) by community groups	253,000
	<u>Payments</u>	
( 9,421,907)	Expenditure on renewal/replacement of assets	( 8,877,700)
( 6,431,166)	Expenditure on new/upgraded assets	( 5,937,000)
( 14,199,245)	<b>NET CASH (USED IN) INVESTING ACTIVITIES</b>	( 12,603,950)
	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
	<u>Receipts</u>	
5,584,449	Proceeds from Borrowings - External	2,959,459
	<u>Payments</u>	
( 1,338,040)	Repayments of Borrowings - External	( 1,379,000)
4,246,409	<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	1,580,459
-	<b>NET INCREASE (DECREASE) IN CASH HELD</b>	-
865,000	<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF</b>	443,183
	<b>REPORTING PERIOD</b>	
865,000	<b>CASH AND CASH EQUIVALENTS AT END OF</b>	443,183
	<b>REPORTING PERIOD</b>	

**RECONCILIATION OF INCOME STATEMENT TO BUDGETED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30TH JUNE 2023**

986,290	<b>SURPLUS FROM INCOME STATEMENT</b>	1,991,194
	<b>NON-CASH ITEMS IN INCOME STATEMENT</b>	
9,743,000	Depreciation	10,468,000
102,374	Movements in provisions	47,797
9,845,374	<b>TOTAL NON-CASH ITEMS</b>	10,515,797
	<b>CASH ITEMS NOT IN INCOME STATEMENT</b>	
( 15,853,073)	Capital Expenditure	( 14,814,700)
( 1,338,040)	Loan Repayments - External	( 1,379,000)
5,584,449	Proceeds from Borrowings - External	2,959,459
247,000	Repayments of loans (principal) by community groups	253,000
528,000	Proceeds from Disposal of Assets	474,250
( 10,831,664)	<b>TOTAL CASH ITEMS</b>	( 12,506,991)
	<b>NET INCREASE/(DECREASE)</b>	
-	<b>IN CASH AND CASH EQUIVALENTS</b>	-

**CITY OF HOLDFAST BAY**  
**PROJECTED SUMMARY OF OPERATING AND CAPITAL INVESTMENT ACTIVITIES**  
**FOR THE YEAR ENDED 30TH JUNE 2023**

<b><u>Municipal</u> <u>21/22 Original</u> <u>BUDGET</u></b>		<b><u>Municipal</u> <u>22/23</u> <u>BUDGET</u></b>
\$		\$
47,771,324	Operating Revenues	50,187,271
( 47,663,862)	less Operating Expenses	( 49,679,577)
<u>107,462</u>	Operating Surplus/(Deficit) before Capital Amounts	<u>507,694</u>
	<b>Less net outlays on Existing Assets</b>	
9,421,907	Capital Expenditure on renewal & replacement of existing assets	8,877,700
( 9,743,000)	Less Depreciation	( 10,468,000)
<u>( 321,093)</u>		<u>( 1,590,300)</u>
	<b>Less outlays on New and Upgraded Assets</b>	
6,431,166	Capital Expenditure on new & upgraded assets	5,937,000
( 878,828)	Less amounts received for for new & upgraded assets	( 1,483,500)
<u>5,552,338</u>		<u>4,453,500</u>
<u>( 5,123,783)</u>	<b>Net lending/(borrowing) for financial year</b>	<u>( 2,355,506)</u>

**PROJECTED FINANCIAL INDICATORS - MUNICIPAL FUNDS**  
**FOR THE YEAR ENDED 30TH JUNE 2023**

<b><u>Municipal</u> <u>21/22 Original</u> <u>BUDGET</u></b>		<b><u>Municipal</u> <u>22/23</u> <u>BUDGET</u></b>
\$		\$
	<b>OPERATING SURPLUS/(DEFICIT) - BEFORE CAPITAL AMOUNTS</b>	
\$107,462		\$507,694
	<b>OPERATING SURPLUS RATIO</b>	
	(Operating surplus/(deficit) before capital amounts as % of total operating revenue)	
0.22%		1.01%
	<b>NET FINANCIAL LIABILITIES - (Total liabilities less financial assets)</b>	
\$35,922,248		\$36,196,142
	<b>NET FINANCIAL LIABILITIES RATIO</b>	
	(Total liabilities less financial assets as % of total operating revenue)	
75%		72%
	<b>INTEREST COVER RATIO</b>	
	(Net interest expense as % of total operating revenue less investment income)	
1.7%		1.6%
	<b>ASSET SUSTAINABILITY RATIO</b>	
	(Capital expenditure on renewal/replacement of existing assets, excluding new capital expenditure as % of asset management plan)	
100%		100%



# **FINANCIAL STATEMENTS – ALWYNDOR**

**CITY OF HOLDFAST BAY**  
**PROJECTED FINANCIAL STATEMENTS**  
**BUDGET FUNDING STATEMENT - ALWYNDOR FUNDS**

<b>Alwyndor</b> <b>21/22 Original</b> <b>BUDGET</b>		<b>Alwyndor</b> <b>22/23</b> <b>BUDGET</b>
\$		\$
5,434,677	User Charges	5,521,159
12,471,644	Operating Grants & Subsidies	13,653,029
165,389	Investment Income	445,000
3,268,337	Reimbursements	5,360,638
2,722,190	Other	3,992,579
<u>24,062,237</u>	<b>Operating Revenue</b>	<u>28,972,405</u>
16,551,105	Employee Costs - Salaries & Wages	20,988,332
6,512,201	Materials, contracts and other expenses	6,670,980
60,000	Finance Charges	68,000
1,232,123	Depreciation	1,327,570
<u>24,355,429</u>	<b>Less Operating Expenditure</b>	<u>29,054,882</u>
<u>( 293,192)</u>	<b>= Operating Surplus/(Deficit)</b>	<u>( 82,477)</u>
1,232,123	Depreciation	1,327,570
170,739	Other non-cash provisions	193,969
<u>1,402,862</u>	<b>Plus Non-Cash items in Operating Surplus/Deficit</b>	<u>1,521,539</u>
<u>1,109,670</u>	<b>= Funds Generated from Operating Activities</b>	<u>1,439,062</u>
( 632,500)	Capital Expenditure-Asset Renewal and Replacement	( 411,458)
<u>( 632,500)</u>	<b>Less total capital expenditure</b>	<u>( 411,458)</u>
<u>477,170</u>	<b>= FUNDING SURPLUS</b>	<u>1,027,604</u>
<b>Funded by:</b>		
477,170	Increase/(Decrease) in cash and cash equivalents	1,027,604
<u>477,170</u>		<u>1,027,604</u>

**CITY OF HOLDFAST BAY**  
**PROJECTED INCOME STATEMENT - ALWYNDOR FUNDS**  
**FOR THE YEAR ENDED 30TH JUNE 2023**

<b>Alwyndor</b> <b>21/22 Original</b> <b>BUDGET</b>		<b>Alwyndor</b> <b>22/23</b> <b>BUDGET</b>
\$		\$
5,434,677	<b>REVENUES</b>	5,521,159
12,471,644	User Charges	13,653,029
165,389	Operating Grants & Subsidies	445,000
3,268,337	Investment Income	5,360,638
2,722,190	Reimbursements	3,992,579
<u>24,062,237</u>	Other	<u>28,972,405</u>
	<b>TOTAL REVENUES</b>	
16,551,105	<b>EXPENSES</b>	20,988,332
6,512,201	Employee Costs	6,670,980
60,000	Materials, contracts and other expenses	68,000
1,232,123	Finance Charges	1,327,570
<u>24,355,429</u>	Depreciation	<u>29,054,882</u>
	<b>TOTAL EXPENSES</b>	
<u>( 293,192)</u>	Operating Surplus/(Deficit) - Before Capital Revenue	<u>( 82,477)</u>
<u>( 293,192)</u>	<b>NET SURPLUS/(DEFICIT)</b>	<u>( 82,477)</u>

**CITY OF HOLDFAST BAY**  
**PROJECTED BALANCE SHEET - ALWYNDOR FUNDS**  
**FOR THE YEAR ENDED 30TH JUNE 2023**

<u>Alwyndor</u> <u>21/22 Original</u> <u>BUDGET</u>		<u>Alwyndor</u> <u>22/23</u> <u>BUDGET</u>
\$		\$
	<b>CURRENT ASSETS</b>	
3,000,000	Cash and cash equivalents	3,200,000
1,450,211	Trade and Other Receivables	1,818,204
4,450,211	<b>TOTAL CURRENT ASSETS</b>	5,018,204
	<b>NON-CURRENT ASSETS</b>	
19,650,508	Financial Assets	17,078,019
37,645,528	Land, Infrastructure, Property, Plant & Equipment	36,306,165
57,296,036	<b>TOTAL NON-CURRENT ASSETS</b>	53,384,184
61,746,248	<b>TOTAL ASSETS</b>	58,402,388
	<b>CURRENT LIABILITIES</b>	
37,680,492	Trade and Other Payables	34,935,167
1,641,089	Short-term Provisions	1,803,574
39,321,581	<b>TOTAL CURRENT LIABILITIES</b>	36,738,741
	<b>NON-CURRENT LIABILITIES</b>	
131,911	Long-term Provisions	240,202
131,911	<b>TOTAL NON-CURRENT LIABILITIES</b>	240,202
39,453,492	<b>TOTAL LIABILITIES</b>	36,978,943
22,292,756	<b>NET ASSETS</b>	21,423,445
	<b>EQUITY</b>	
6,807,745	Accumulated Surplus	5,938,434
9,070,657	Asset Revaluation Reserve	9,070,657
6,414,354	Other Reserves	6,414,354
22,292,756	<b>TOTAL EQUITY</b>	21,423,445

**CITY OF HOLDFAST BAY**  
**PROJECTED STATEMENT OF CHANGES IN EQUITY - ALWYNDOR FUNDS**  
**FOR THE YEAR ENDED 30TH JUNE 2023**

<u>Alwyndor</u> <u>21/22 Original</u> <u>BUDGET</u>		<u>Alwyndor</u> <u>22/23</u> <u>BUDGET</u>
\$		\$
	<b>ACCUMULATED SURPLUS</b>	
7,100,937	Balance at beginning of period	6,020,911
( 293,192)	Net Surplus/(Deficit)	( 82,477)
6,807,745	Balance at end of period	5,938,434
9,070,657	<b>ASSET REVALUATION RESERVE</b>	9,070,657
6,414,354	<b>ALWYNDOR RESERVES</b>	6,414,354
15,485,011	<b>TOTAL RESERVES CLOSING BALANCE</b>	15,485,011
22,292,756	<b>TOTAL EQUITY</b>	21,423,445

**CITY OF HOLDFAST BAY**  
**PROJECTED BUDGETED STATEMENT OF CASH FLOWS - ALWYNDOR FUNDS**  
**FOR THE YEAR ENDED 30TH JUNE 2023**

<u>Alwyndor</u> <u>21/22 Original</u> <u>BUDGET</u>		<u>Alwyndor</u> <u>22/23</u> <u>BUDGET</u>
\$		\$
(OUTFLOWS)		(OUTFLOWS)
	<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
	<u>Receipts</u>	
24,043,397	Operating Receipts	28,972,405
	<u>Payments</u>	
( 22,971,059)	Operating payments to suppliers and employees	( 27,465,343)
( 60,000)	Finance Payments	( 68,000)
<u>1,012,338</u>	<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>1,439,062</u>
	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
	<u>Receipts</u>	
( 17,304,284)	Net Purchase of Investment Securities	( 852,947)
	<u>Payments</u>	
( 480,000)	Expenditure on renewal/replacement of assets	( 291,458)
( 152,500)	Expenditure on new/upgraded assets	( 120,000)
<u>( 17,936,784)</u>	<b>NET CASH (USED IN) INVESTING ACTIVITIES</b>	<u>( 1,264,405)</u>
	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
	<u>Receipts</u>	
1,223,774	Proceeds from Aged Care Facility Deposits	118,004
<u>1,223,774</u>	<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<u>118,004</u>
( 15,700,672)	<b>NET INCREASE (DECREASE) IN CASH HELD</b>	292,661
18,700,672	<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF</b>	
	<b>REPORTING PERIOD</b>	2,907,339
3,000,000	<b>CASH AND CASH EQUIVALENTS AT END OF</b>	
	<b>REPORTING PERIOD</b>	<u>3,200,000</u>

**RECONCILIATION OF INCOME STATEMENT TO BUDGETED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30TH JUNE 2023**

( 293,192)	<b>SURPLUS/(DEFICIT) FROM INCOME STATEMENT</b>	( 82,477)
	<b>NON-CASH ITEMS IN INCOME STATEMENT</b>	
1,232,123	Depreciation	1,327,570
170,739	Increase (decrease) in provisions - nett	193,969
<u>1,402,862</u>	<b>TOTAL NON-CASH ITEMS</b>	<u>1,521,539</u>
	<b>CASH ITEMS NOT IN INCOME STATEMENT</b>	
( 632,500)	Capital Expenditure	( 411,458)
-	Loan Repayments - External	-
1,223,774	Proceeds from Aged Care Facility Deposits	118,004
( 17,304,284)	Net Purchase of Investment Securities	( 852,947)
<u>( 16,713,010)</u>	<b>TOTAL CASH ITEMS</b>	<u>( 1,146,401)</u>
	<b>NET INCREASE/(DECREASE)</b>	
<u>( 15,603,340)</u>	<b>IN CASH AND CASH EQUIVALENTS</b>	<u>292,661</u>



**CITY OF HOLDFAST BAY**  
**PROJECTED SUMMARY OF OPERATING AND CAPITAL INVESTMENT ACTIVITIES**  
**FOR THE YEAR ENDED 30TH JUNE 2023**

<u>Alwyndor</u> <u>21/22 Original</u> <u>BUDGET</u>		<u>Alwyndor</u> <u>22/23</u> <u>BUDGET</u>
\$		\$
24,062,237	Operating Revenues	28,972,405
( 24,355,429)	less Operating Expenses	( 29,054,882)
<u>( 293,192)</u>	<u>Operating Surplus/(Deficit) before Capital Amounts</u>	<u>( 82,477)</u>
	<b>Less net outlays on Existing Assets</b>	
480,000	Capital Expenditure on renewal & replacement of existing assets	291,458
( 1,232,123)	Less Depreciation	( 1,327,570)
<u>( 752,123)</u>		<u>( 1,036,112)</u>
	<b>Less outlays on New and Upgraded Assets</b>	
152,500	Capital Expenditure on new & upgraded assets	120,000
<u>306,431</u>	<u>Net lending/(borrowing) for financial year</u>	<u>833,635</u>

**PROJECTED FINANCIAL INDICATORS - ALWYNDOR FUNDS**  
**FOR THE YEAR ENDED 30TH JUNE 2023**

<u>Alwyndor</u> <u>21/22 Original</u> <u>BUDGET</u>		<u>Alwyndor</u> <u>22/23</u> <u>BUDGET</u>
\$		\$
	<b>OPERATING SURPLUS/(DEFICIT) - BEFORE CAPITAL AMOUNTS</b>	
-\$293,192		-\$82,477
	<b>OPERATING SURPLUS RATIO</b>	
	(Operating surplus/(deficit) before capital amounts as % of general revenue)	
-1.2%		-0.3%
	<b>NET FINANCIAL LIABILITIES - (Total liabilities less financial assets)</b>	
\$15,352,773		\$14,882,720
	<b>NET FINANCIAL LIABILITIES RATIO</b>	
	(Total liabilities less financial assets as % of total operating revenue)	
64%		51%
	<b>INTEREST COVER RATIO</b>	
	(Net interest expense as % of total operating revenue less investment income)	
0.3%		0.2%
	<b>ASSET SUSTAINABILITY RATIO</b>	
	(Capital expenditure on renewal/replacement of existing assets, excluding new capital expenditure as % of depreciation expense)	
39%		22%





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Item No: 7.3

Subject: **INTERNAL AUDIT PROGRAM REPORT**

Date: 1 June 2022

Written By: Risk and Improvement Officer

General Manager: Strategy and Corporate, Ms P Jackson

---

## **SUMMARY**

Following endorsement of the Council's Internal Audit Plan last year (AC277/21), Internal Auditors, Galpins, have progressed with the 2021-22 scheduled program of reviews.

Of the six risk-based audits outlined for 2021-22, four have been completed, with the Cyber Security Follow Up audit and Planning Reform recently being finalised. With four audits now complete, the remaining two are currently underway – Asset Management and Financial Controls.

In addition to the internal audit program progress report, this report includes an update on the Internal Audit services contract renewal process.

---

## **RECOMMENDATION**

1. **That the Audit Committee notes this report.**

### **RETAIN IN CONFIDENCE - Section 91(7) Order**

2. **That having considered Attachment 2 of Agenda Item 7.3 Internal Audit Program Report in confidence under Section 90(2) and (3)(e) of the *Local Government Act 1999*, the Audit Committee, pursuant to section 91(7) of that Act orders that Attachment 2 be retained in confidence for a period of 24 months and that this order be reviewed every 12 months.**
- 

## **STRATEGIC PLAN**

Statutory compliance

## **COUNCIL POLICY**

Risk Management Policy

## STATUTORY PROVISIONS

*Local Government Act 1999*

## BACKGROUND

Section 125 of the *Local Government Act 1999* requires Council to implement and maintain appropriate internal control policies and procedures. A risk-based Internal Audit Plan is produced annually to guide internal audit activities throughout the year.

An Internal Audit Plan for the financial year was drafted with Galpins and endorsed by Audit Committee (AC277/21).

## REPORT

The following provides a summary update against the Internal Audit Plan, which is provided as Attachment 1:

<b>Cyber Security – Follow-up</b>	Audit completed, actions to be implemented
<b>Planning Reform</b>	Audit completed, actions to be implemented
<b>Asset Management</b>	Audit scoped and commenced, staff interviews completed
<b>Financial Controls</b>	Scheduled as last audit for the FY, prior to EOFY external audit

*Refer Attachment 1*

### ***Cyber Security Follow Up Internal Audit***

The Cyber Security Follow-up Internal Audit was undertaken in April 2022, with the intent of ensuring completion of recommendations resulting from the initial cyber security completed during 2020. The final report has been received and implementation of recommended actions will be progressed. The report is provided as Attachment 2.

*Refer Attachment 2*

### ***Planning Reform Internal Audit***

The Planning Reform Internal Audit was also undertaken in April 2022. The final report has been received and implementation of actions will commence shortly. The report is provided as Attachment 3.

*Refer Attachment 3*

**Internal Audit Services Contract Renewal**

The current three year contract for Internal Audit Services is due for renewal July 2022. The renewal process has been initiated, with contract tenders being received by the tender process deadline date of 12 May 2022.

The tender evaluation and review meeting is scheduled for 26 May and the successful contractor will be notified in early June, enabling services to be in place for July 2022. The contract has been amended to allow an extension option.

An annual audit work plan will be agreed between the successful contractor and management, with a view to undertaking up to six audits each year as per the current arrangements. The detail in each annual work plan will address key areas of business concern, identified in part by issues raised as high risk via the corporate risk registers.

The successful contractor will be notified via the appropriate channels with a further update will be reported to the next Audit Committee meeting.

**BUDGET**

Internal audit service costs will be met from existing operational budgets.

**LIFE CYCLE COSTS**

Life cycle costs of the services will be reduced slightly by the contract extension facility.



# Attachment 1



#	Audit Type	Timing	Project Short Name	Indicative Internal Audit Project Scope	Risk Coverage	Project Sponsor
5	Initial	Oct/Nov	Environmental Management Strategy	Assessment of: Environmental analysis and information - as an input to Council Strategy development	1	Michael deHuis
1	Initial	Jan/Feb	Budget Management	Financial Sustainability review Business Planning and Budget Processes	16	John Newton
2	Follow Up	Jan/Feb	Cyber Security	A follow up review of progress in implementing recommendations from the 2020 internal audit on cyber security.	6,10	Pam Jackson
3	Initial	Jan/Feb	Implementation of Planning Reform	Post implementation review of PDI Act Regulations (planning reform), including: <ul style="list-style-type: none"> <li>- adequacy of Council's processes to align to new regime</li> <li>- legislative compliance - including in relation to required supporting frameworks such as delegations, authorisation</li> <li>- review of clarity of internal policies, procedures and plans and identify opportunities for improvement</li> <li>- training/development for staff</li> <li>- customer feedback/complaints regarding the new process.</li> <li>- peer review for input/feedback about opportunities for improvement.</li> </ul>	7	Michael deHuis
4	Initial	Mar/April	Asset Management <i>(This audit was originally scheduled for 2020-21, now planned for 2021-22).</i>	Audit to be targeted based on results from a maturity assessment exercise. <ul style="list-style-type: none"> <li>- Potential areas of focus to be determined but may include:</li> <li>- Short-term Asset Management:</li> <li>- Focus on largest classes of assets - for example transport</li> <li>- Assurance on compliance with asset management legislative requirements, <ul style="list-style-type: none"> <li>• clarity and accuracy of interrelationships and linkages between the strategic plan,</li> <li>• asset management plans, maintenance plans/procedures, asset management policy</li> <li>• and the long term financial plan</li> </ul> </li> <li>- Reasonableness of useful life estimates, depreciation rates and management of significant assets</li> <li>- Review of asset management systems used to ensure working effectively.</li> </ul>	3	Michael deHuis
6	EOFY	May/Jun	Financial Controls	The audit will include a sample-based assessment of the rigour and accuracy of control self-assessment activities conducted by CHB staff.	All	John Newton

# Attachment 3





Accountants, Auditors & Business Consultants

## City of Holdfast Bay

Internal Audit Report – Planning Reform

April 2022



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## Document Control

Entry meeting	18/1/2022
Fieldwork commenced and completed	1/2/2022 -11/3/2022
Draft report issued	05/04/2022
Exit meeting	14/04/2022
Revised draft report issued (v2.0)	21/4/2022 (after Easter break)
Responses received	29/4/2022
Final report issued	29/4/2022
Management responses received	05/05/2022

# 1. Executive Summary

## 1.1 Background

A state-wide planning system underpinned by the *Planning Development and Infrastructure Act 2016* (PDI Act) is now fully operational. It is designed to deliver better outcomes for South Australia's economy, environment and communities, and has introduced a raft of new tools, including a 24/7 digital ePlanning system.

All City of Holdfast Bay (CHB) development plans have been replaced by the Planning and Design Code. The Code is the single source of planning policy for assessing developments and applications in South Australia.

CHB's influence over planning direction is limited. Although CHB may initiate a process to amend the Planning and Design Code, it is only the State which can approve an amendment and as such has ultimate control.

Introduction of the new requirements represent a significant change to the development assessment process from what it was previously.

## 1.2 Objectives

This audit reviewed, and aims to provide assurance on, CHB's internal controls that relate to the governance of its development assessment processes and supporting frameworks. These include delegations, authorisations, procedures and plans to ensure legislative compliance.

## 1.3 Relevant Strategic Risks

This audit aligns with CHB's strategic risk:

- poor or ineffective planning systems and processes.

## 1.4 Glossary

The table below lists key abbreviations/terms used within this report and summarises details of these.

Term	Detail
<b>Accredited professional</b>	Persons holding accreditation to undertake assessment functions prescribed by regulation.
<b>Assessment Manager</b>	A role created in the Act, regularising the current practice of delegations made to council and planning staff.  The person holding this role is an accredited professional appointed by the Chief Executive Officer.
<b>Assessment pathways</b>	Framework for assessments set out in the Act and include deemed-to-satisfy and performance assessed.
<b>Building consent</b>	Assessment of a development application against the building rules. A building consent is applicable to development where building work is involved, unless exempted by the Regulations.



Term	Detail
<b>Building Officer</b>	CHB staff who are responsible for assessing building applications.
<b>‘the Code’</b>	<p>The Planning and Design Code lists the defined land uses and is the first point of reference in determining the nature of development and the applicable assessment pathway.</p> <p>The State Planning Commission is responsible for preparing and maintaining the Code. The Commission consults with council and other bodies when amending the Code. Councils can initiate amendments to the Code with the agreement of the Minister acting on the advice of the Commission.</p> <p>Also referred to as ‘P&amp;D Code’.</p>
<b>Deemed-to-satisfy</b>	Simple development applications that are assessed by an accredited professional or assessment manager and must be granted if compliant with the relevant criteria. Typically, these development applications do not require any notification or agency referral.
<b>Development application</b>	<p>An application for development approval and maybe either:</p> <ul style="list-style-type: none"> <li>▪ a planning consent development application (which may include a land division certificate), or</li> <li>▪ a building consent application.</li> </ul>
<b>File notes</b>	A Portal feature for officers to upload include assessment notes, conversations, workings, files to applications. All team members involved in assessing applications via the Portal can use this feature. File notes are not visible to applicants.
<b>P&amp;D Code</b>	Refer to ‘the Code’.
<b>Council Assessment Panel</b>	A decision-making body appointed by the Elected Members under the Act.
<b>Performance Assessed</b>	Development application that is assessed on its merits by an assessment manager or assessment panel.
<b>Planning Consent</b>	Assessment of a development application (including land division) for compliance with the planning rules. These development applications may require notification and agency referral to complete an approval.
<b>Planning Officer</b>	CHB staff who are responsible for assessing planning applications.
<b>Portal</b>	Refers to PlanSA’s ePlanning system.
<b>TechOne</b>	The TechnologyOne Enterprise Management System, used by CHB.

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## 1.5 Good Practices Observed

- ✓ Whilst there was uncertainty when the new portal system was implemented, no negative feedback from staff members was received about the system and/or other team members. Staff have identified benefits from the systems automated workflows.
- ✓ All team members interviewed demonstrated a positive mindset and that they had adapted well to the significant changes to the development assessment process.
- ✓ Reports to the Assessment Panel are timely and Panel Members have time to ask questions/clarify matters with staff if required prior to or at meeting.
- ✓ Testing found that CHB retains mandatory records in the portal.

## 1.6 Key Findings and Recommendations

This internal audit project aimed to assess the controls established to address the strategic risk '*poor or ineffective planning systems and processes*'. Based on the work undertaken, and when considering the design and/or effectiveness of controls collectively, we conclude that the control environment is: **Partially Effective.**<sup>1</sup>

When the new planning system went live for metropolitan councils on 19 March 2021, there were uncertainties about how it would operate. Transitional provisions still apply as applications lodged prior to the go-live date are assessed under the old Development Plans. During the review, Audit noted that:

- all Development Services staff interviewed consistently demonstrated a positive attitude towards the planning reforms and identified associated benefits to their ability to undertake their roles, and
- service delivery, that is assessment of applications, was not disrupted.<sup>2</sup>

The partially effective assessment of the control environment reflects opportunities to strengthen the governance over CHB's development application assessments under the new planning system.

Key findings from the review cover:

- opportunities to strengthen the consistency and transparency in decision-making
- key internal and external stakeholder management and communication
- accreditation and staff training and development
- processes to capture, monitor and report on feedback and complaints including legislative compliance.

In addition, the review identified better practice opportunities to further strengthen the Council Assessment Panel governance.

Findings are summarised over page.

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<sup>1</sup> Detail of ratings definitions is included in **Appendix 2**.

<sup>2</sup> Statistics maintained by the Manager Development Services indicate that in 2021 CHB received 1,091 development applications, an increase of 12 (1.1%) from 2020. Whilst 14 complaints were received in 2021, this is an improvement on the 16 received in 2020.

Finding	Recommendation	Audit Risk Rating	Council Risk Rating	Expected Completion Date
<b>2.1 Opportunity to strengthen decision making</b>	<p><b>Recommendation 1:</b> Develop principles to guide CHB staff when assessing development applications. For example, this may include:</p> <ul style="list-style-type: none"> <li>providing principles around interpretation of the Code when verifying an application</li> <li>Assessment Manager giving guidance to staff of suggested actions/considerations prior to assigning application, such as stormwater and tree considerations.</li> </ul> <p><b>Recommendation 2:</b> Consider internal processes to optimise the transparency in decision-making records kept in the e-Planning system, utilising the file notes functionality. This can include Council's reasons for determining assessment categories in development applications. Examples include:</p> <ul style="list-style-type: none"> <li>records of assessment decisions made at weekly team meetings</li> <li>reference documents containing precedent cases to encourage a consistent approach.</li> </ul> <p><i>Note: Audit consider that the use of the e-Planning systems File Notes to capture decision making records is better practice. In review of workflows at other councils, Audit have however noted that uploading documents into the File Notes can be time consuming. When implementing this recommendation there is an opportunity for CHB to liaise with peer councils and consider their lessons learnt.</i></p>	Medium	Medium (B3)	30 Aug 2022
			Medium (B3)	1 Aug 2022
<b>2.2 Accreditation of Team Members</b>	<p><b>Recommendation 3:</b> Review whether training provided to the Development Services Team is sufficient, particularly whether there are enough accredited professionals within the team. This should consider:</p> <ul style="list-style-type: none"> <li>available budget</li> <li>the risks/business continuity impact of not having an accredited professional available</li> <li>whether alternative / contracting staff are available to fill short-term skills need</li> </ul>	Medium	Low (B2)	1 Aug 2022

Finding	Recommendation	Audit Risk Rating	Council Risk Rating	Expected Completion Date
	<ul style="list-style-type: none"> <li>whether in-house quality review can be conducted on a regular basis to support training/consistency in decision making.</li> </ul> <p><i>Note: Audit understand that budget considerations apply to this recommendation and consider that this recommendation can promote review of a pragmatic/achievable training approach for CHB.</i></p>			
<b>2.3 A need to clarify delegations around Planning and strengthen segregation of duties</b>	<b>Recommendation 4:</b> Communicate the outcomes of the current external delegations review with all staff and provide them with access to the current delegations. Ensure processes are in place to inform staff of any future updates in a timely manner.	Medium	Medium (B3)	1 Aug 2022
	<p><b>Recommendation 5:</b> Consider establishing an internal process whereby the officer listed as Decision Authority is not the same officer determining the planning consent, to ensure segregation of duties and the appearance of transparency that can help to support the rigour of CHB's decision making.</p> <p>For example, if the Assessment Report was prepared by Development Officer A with a recommendation for planning consent, the application is work flowed to another delegated staff member to action. This will help to facilitate consistency in how decisions are made by CHB.</p>		Medium (B3)	15 Aug 2022
<b>2.4 Key stakeholder relationship management and communications</b>	<p><b>Recommendation 6:</b> Consider how CHB could influence planning and development activity by more proactively engaging with developers at the pre-planning stage, where applicable. Solutions may include developing guidance on:</p> <ul style="list-style-type: none"> <li>CHB's preferred position on key elements of development plans, including explanation of requirements under the PDI Act</li> <li>CHB subject matter experts who could assist developers with any enquiries at the pre-planning stage.</li> </ul> <p>This could be achieved through collaboration between Development Services and Assets and Delivery teams and other stakeholders.</p>	Medium	Low (B1)	15 Aug 2022

Finding	Recommendation	Audit Risk Rating	Council Risk Rating	Expected Completion Date
	<p><b>Recommendation 7:</b> Review the planning and development information available to the public under the transitional provisions from the <i>Development Act 1993</i> to the PDI Act. Ensure the limited purpose and applicable timeframe of this Act's information is clearly communicated online and at front-counter.</p> <p><b>Recommendation 8:</b> Document/confirm policies and procedures around planning, to provide further clarity and consistency to all staff on:</p> <ul style="list-style-type: none"> <li>key internal stakeholders/subject matter experts</li> <li>decision points where it would be prudent for the officer assessing an application to consult with subject matter experts (including cross-team collaboration regarding site visits etc), and</li> <li>the agreed internal consultation process including roles and responsibilities of all stakeholders and internal service standards.</li> </ul> <p><i>Note: When implementing this recommendation there is an opportunity for CHB to liaise with peer councils and consider their service standards.</i></p>		<p>Low (B1)</p> <p>Medium (B3)</p>	<p>8 Aug 2022</p> <p>30 Aug 2022</p>
2.5 Customer feedback and complaints monitoring	<p><b>Recommendation 9:</b> Review and document CHB's complaint handling processes so that all staff are aware of and comply with the new planning system's complaint handling procedures. For example, document how complaints against the Assessment Manager which are lodged with the Chief Executive Officer will be investigated.</p> <p><b>Recommendation 10:</b> CHB to determine whether monitoring of trends of community feedback/complaints around planning would assist management and, if so, develop robust feedback and complaint capture and reporting frameworks. This may include:</p> <ul style="list-style-type: none"> <li>capture of the details of phone call complaints</li> <li>clarity around the expected location of customer complaints and feedback data and naming conventions around this information.</li> </ul>	Medium	<p>Medium (B4)</p> <p>Low (B1)</p>	<p>30 Aug 2022</p> <p>30 Aug 2022</p>



Finding	Recommendation	Audit Risk Rating	Council Risk Rating	Expected Completion Date
	<i>Note – In reviews of peer council customer requests and complaints handling procedures Audit have noted that peer councils capture phone call complaints to ensure that all received concerns are actioned.</i>			
<b>2.6 Potential to strengthen governance of Council Assessment Panel</b>	<b>Recommendation 11:</b> Consider developing a skills matrix for appointment of Council Assessment Panel Members to supplement the Terms of Reference and strengthen the Panel's governance framework. A skills matrix would for example, identify the key desired skillsets relevant to CHB (architecture/heritage/ environmental skillset, accreditation/experience) and can be used to guide recruitment of new members.	Better practice	Low (B2)	1 Oct 2022
	<b>Recommendation 12:</b> Liaise with the Council Assessment Panel and review whether Assessment Panel Report template could be improved by tailoring to better meet their needs. For example, by including more local context, consultation and analysis discussion, as well as training for report writers regarding the Panel's expectations.		Low (B2)	30 Aug 2022
<b>2.7 Follow-up on the status of audit recommendations</b>	<b>Recommendation 13:</b> Establish a process for a follow-up review in 12 to 18 months, to monitor and ensure that management actions have been effectively implemented to address audit recommendations or that CHB have accepted the risks of not taking action.	Better Practice	Low (B2)	29 Sep 2022

## 2. Detailed Findings and Recommendations

### 2.1 Opportunity to strengthen decision making

Audit Risk Rating	Council Risk Rating
Medium	Medium (B4)

#### Key Findings

- Interpretation of the legislation has potential to influence applications' development assessment pathways.
- Minimum documentation is kept on the system, and transparency of decision-making could be optimised via use of further notes in the e-Planning system (the portal).

#### Discussion

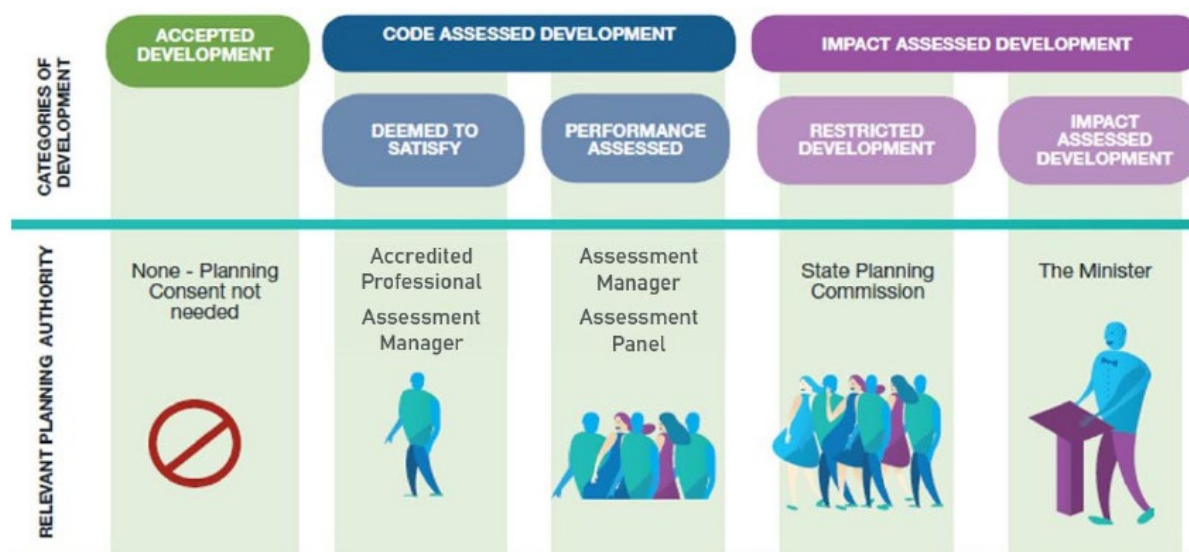
The audit scope called for a review of the adequacy of CHB's development assessment processes' alignment to new planning reforms, in particular in relation to governance and the internal controls.

To achieve this, Audit assessed CHB's processes and tested a sample of applications received for alignment and compliance against legislation, regulations and standards.

The PDI Act made provision for the online delivery of planning and assessment services, which is managed through the PlanSA ePlanning system (the portal). Development Assessment processes are largely driven by and within the portal, with workflows built-in for assessment pathways. A high-level overview of the workflows is as follows:



The below diagram summarises who makes decisions based on the assessment pathway.<sup>3</sup>



During the development assessment process, CHB first considers the planning application. Once planning consent is granted, the building application is considered where applicable.

There are aspects of the assessment process that CHB can influence. Audit identified opportunities to strengthen the governance over elements of the development assessment process that are within CHB's control.

## Verification

Verification is the first step in the development assessment process for both planning and building applications. When a development application is submitted, the verification must be completed within five business days.

Verification involves reviewing the information and documentation provided by the applicant, understanding the applicable Code provisions for the property<sup>4</sup>, and confirming the category of development. This is a key stage, as the category of development determines the assessment path of the application. However, how the legislation is interpreted by the Planning Officer / Building Officer may influence the category of development chosen at the verification stages. Providing guidelines on CHB's interpretation of the legislation can help to ensure there is consistency in how applications are verified by individual officers. See **Recommendation 1**.

## Assessment

Once the verification is complete and the applicant pays the associated fees, the assessment commences. Assessment is based on the pathway assigned and must be completed within the timeframes specified in the *PDI (General) Regulations 2017, Regulation 53*.

Whilst the team displayed a shared understanding of expectations, given the subjective nature of how legislation is interpreted and the potential for it to become politically charged in the community, documented guidelines/expectations of CHB's approach could be established to facilitate greater

<sup>3</sup> *Guide to Development Assessment*, Government of South Australia Attorney General's Department Version 1.3, 19 March 2021, p.21.

Under the Act, CHB can assess code assessed developments.

<sup>4</sup> Overlay, zones and subzones, and technical and numerical variations (TNVs)

consistency. For example, internal reference tables to precedent cases, definition of what constitutes a 'straightforward' v 'complex' application, and similar guides could promote consistent decision-making that can stand up to scrutiny. See **Recommendation 1**.

## Document decision-making for transparency

Audit assessed the transparency of decision making for a sample of seven development applications submitted to Council through the portal and noted minimum record-keeping requirements are met. See below.

Stage	Minimum requirements in the portal	Audit observation
<b>Verification</b>	The officer is required to provide a reason for their determination and can choose from two options: 'P&D code' or 'Other', with an optional text box to provide reason details	5 of 5 relevant - 'P&D Code' reason on file, text box not used  2 of 7 – N/A applications were referred to State Planning Commission
<b>Assessment – deemed to satisfy</b>	Documenting a reason for the determination is not compulsory, but an option to upload notes is available <sup>5</sup> .	1 of 1 relevant – Assessment report on file
<b>Assessment – performance assessed</b>	Upload an Assessment Report which captures the decision-making	4 of 4 relevant – report attached <ul style="list-style-type: none"> <li>1 approved by the Panel</li> <li>3 approved by Assessment Manager</li> </ul>

It was reported to Audit by three relevant team members that a weekly meeting is held to discuss applications and determine the assessment outcome, and these discussions are currently not formally documented. As the legislation may be interpreted in different ways, and planning can become a political issue in the community, internal procedures for the use of 'File Notes' could be considered in order to further strengthen the transparency of Council's decision-making. This would be especially relevant in the case of disagreement between team members on the assessment determination. See **Recommendation 2**.

<sup>5</sup> Plan SA 2020, Module 7.2 *Guide Verify a Planning & Land Division Consent: Verification of a Development Application*, URL [https://plan.sa.gov.au/data/assets/pdf\\_file/0007/699028/Module\\_7.2\\_Guide\\_-\\_Verify\\_a\\_Planning\\_and\\_Land\\_Division\\_Consent.pdf](https://plan.sa.gov.au/data/assets/pdf_file/0007/699028/Module_7.2_Guide_-_Verify_a_Planning_and_Land_Division_Consent.pdf).

## Risk Exposure

- Decision-making of Council is not transparent, resulting in tension between Council and community.

<b>Recommendation 1</b>	<p>Develop principles to guide CHB staff when assessing development applications. For example, this may include:</p> <ul style="list-style-type: none"> <li>providing principles around interpretation of the Code when verifying an application</li> <li>Assessment Manager giving guidance to staff of suggested actions/considerations prior to assigning application, such as stormwater and tree considerations.</li> </ul>
<b>Agreed Actions</b>	<ol style="list-style-type: none"> <li>1. Providing principles around interpretation of the Code when verifying an application</li> <li>2. Assessment Manager giving guidance to staff of suggested actions/considerations prior to assigning application, such as stormwater and tree considerations.</li> </ol>
<b>Action Officer</b>	Development Services Lead
<b>Completion Date</b>	<p>Action 1: 30 August 2022</p> <p>Action 2: 30 August 2022</p>

<b>Recommendation 2</b>	<p>Consider internal process to optimise transparency in decision-making records kept in the e-Planning system utilising the file notes functionality. This can include Council's approach to best capture reason for determinations of assessment categories in development applications. Examples include:</p> <ul style="list-style-type: none"> <li>records of assessment decisions made at weekly team meetings</li> <li>reference documents containing precedent cases to encourage a consistent approach.</li> </ul> <p><i>Note: Audit consider that the use of the e-Planning systems File Notes to capture decision making records is better practice. In review of workflows at other councils, Audit have however noted that uploading documents into the File Notes can be time consuming. When implementing this recommendation there is an opportunity for CHB to liaise with peer councils and consider their lessons learnt.</i></p>
<b>Agreed Actions</b>	<ol style="list-style-type: none"> <li>1. The Team Leader Development Administration to attend all weekly team meetings to record assessment decisions, and create an action list accordingly for review at subsequent meetings.</li> <li>2. The Team Leader Development Administration to reference documents containing precedent cases to encourage a consistent approach.</li> </ol>

	3. Liaise with the City of Unley and City of Marion to consider any lessons in achieving efficiencies in the capture of decision making records and uploading file notes to the e-Planning system.
Action Officer	Team Leader Development Administration in consultation with Development Services Lead.
Completion Date	Actions 1 and 2: 11 July 2022 Action 3: 1 August 2022



## 2.2 Accreditation of Team Members

Audit Risk Rating	Council Risk Rating
Medium	Low (B1)

### Key Findings







- Council is meeting the minimum PDI Act accreditation requirements, however Audit identified that training concentrated on one team member due to cost and time requirements. There is a need to consider whether further staff training is required to achieve business continuity and consistency among staff decisions.

### Discussion

The audit scope called for a review of training and development of staff as part of the planning reform implementation. To achieve this Audit reviewed CHBs resourcing against the PDI Act requirements and interviewed six personnel involved in the development assessments to assess if their training needs were met.

### Assessment of CHB's accreditation under the PDI Act

Under the Accredited Professionals Scheme established by the *PDI (Accredited Professionals) Regulations 2019*, those assessing the development application must be accredited. The following is a summary of the accreditation levels at CHB.







Assessment pathway	Delegate	Accreditations for planning applications	Accreditations for building applications
<b>Deemed-to-satisfy</b>	Accredited professional	 Both Development Officers-Planning are not accredited	 Two Development Officers - Building (Building Level 2 accreditation)   Utilise the services of a Building Consulting Engineer who has Building Level 1 accreditation
	Assessment Manager	 Assessment Manager (Planning Level 1 – conditional accreditation)	
<b>Performance assessed</b>	Assessment Manager	 Assessment Manager (Planning Level 1 – conditional accreditation)	Must seek advice of an accredited professional before issuing consent– this could be a member of staff or private accredited professional
	Assessment panel	 Panel members are accredited to Planning Level 2. The Presiding member has Planning Level 1 accreditation.	Must seek advice of an accredited professional before issuing consent– this could be a member of staff or private accredited professional

Council is meeting the minimum PDI Act accreditation requirements, however there is a need to consider whether further staff training is required to achieve business continuity as the Assessment Manager is required to be accredited to Planning Level 1. For example, Audit reviewed the PlanSA Accredited Professionals Register and noted that two of the four similarly sized councils<sup>6</sup> have more than one staff member with Planning Level 1 accreditation. See **Recommendation 3**.

Audit also identified a need to ensure segregation of duties (see section 2.3).



### Assessment of training needs

Audit interviewed a sample of six personnel involved in assessing development applications at CHB to assess their training needs and identify any unmet needs<sup>7</sup>. A summary of the key findings is below.

Element		Number of Staff	Comments
Training needs met		4	Two of the four staff who reported that they were satisfied with the training received are not accredited professionals.  Audit noted that CHB has limited the number of accredited staff due to budget constraints and the limited capacity to fund the ongoing training linked to accreditation. This is a response to budget capacity. This is discussed in Section 2.2.  There is a need to confirm professional development intentions for staff - whether training budget is sufficient to ensure accredited staff are on hand at all times and that sound technical decisions are made. This may also affect staff retention / career pathways. See <b>Recommendation 3</b> .
		1	Learning new system when things arise - do not feel up to speed, minimal involvement in new system
		1	N/A
PlanSA training	portal 	5	Long lead-in time for new system allowed for a lot of training, including by PlanSA
		1	Minimal training available, could not attend PlanSA training due to work commitments. See <b>Recommendation 3</b> .
Attends groups	LGA 	3	Useful to network and find solutions with peers across LGA groups

<sup>6</sup> City of Norwood Payneham & St Peters, City of Prospect, City of Unley, Town of Walkerville

<sup>7</sup> Team members interviewed performed a range of roles and responsibilities at varying levels across the Development Services team and Council Assessment Panel.

Element	Number of Staff	Comments
	1	Does not have interest in attending networking/LGA groups, receives relayed information from Development Services Lead
	2	N/A

Audit identified a key person risk associated with the Assessment Manager and a need to plan for business continuity by considering the potential for further training of Planning Officers in line with accreditation needs in the event CHB's Assessment Manager is on prolonged leave. Additionally, the option of professional development of staff may increase staff motivation and career satisfaction and lead to improved staff retention.<sup>8</sup> See **Recommendation 3**.

#### Risk Exposure

- Concentration of training resources on one team member may impact on staff motivation, satisfaction and retention, as well as business continuity.
- Staff that are not trained to the most current processes/requirements under the new planning system may not be fully aware of how to best meet legislative / technical requirements.

#### Recommendation 3

Review whether training provided to the Development Services Team is sufficient, particularly whether there are enough accredited professionals within the team. This should consider:

- available budget
- the risks/business continuity impact of not having an accredited professional available
- whether alternative / contracting staff are available to fill short-term skills need
- whether in-house quality review can be conducted on a regular basis to support training/consistency in decision making.

*Note: Audit understand that budget considerations apply to this recommendation and consider that this recommendation can promote review of a pragmatic/achievable training approach for CHB.*

#### Agreed Actions

- Retain mandatory Accredited Professional status for four (4) professionals (Assessment Manager, two Building Officers and Consulting Engineer).
- Seek additional funding in the 2022/23 Annual Business Plan to enable one other Planning Officer to undertake professional development opportunities to qualify for Accredited Professional status.
- Train other team members that do not directly benefit from the Accredited Professional training through the implementation of a recognised level of training for the team members as a whole.

<sup>8</sup> Research has identified failure to develop as a top ten reason for staff turnover. See for example: Myatt 2012, *10 Reasons Your Top Talent Will Leave You* URL: <https://www.forbes.com/sites/mikemyatt/2012/12/13/10-reasons-your-top-talent-will-leave-you/?sh=6382224538a6>

	<p>4. Undertake quarterly quality review exercises of internal decision making, and sharing findings/team improvement to ensure all key aspects are covered/embedded into work practices.</p> <p>5. The Manager Development Services to continue to accrue professional development points at own expense as a safeguard for immediate appointment as an Accredited Professional.</p>
<b>Action Officer</b>	<p>Actions 1, 2, 3 and 4: Development Services Lead</p> <p>Action 4: Manager Development Services</p>
<b>Completion Date</b>	<p>Actions 1 and 2: 1 August 2022</p> <p>Action 3 and 4: At least quarterly or as required/practical (starting 1 September 2022)</p> <p>Action 5: 1 August 2022</p>

## 2.3 A need to clarify delegations around Planning and strengthen segregation of duties

Audit Risk Rating	Council Risk Rating
Medium	Low (B1)

### Key Findings

- Council meets minimum legislative requirements in relation to delegations under the PDI Act. In particular, external legal counsel advised that the Assessment Manager can sub-delegate to (unaccredited) planning staff when absent from work.
- There is opportunity to ensure segregation of duties between assessment and decision-making steps for planning consents.
- Clarity needed for regularity of updating Instruments of Delegation.

### Discussion

The audit scope called for a legislative compliance review of the delegations and authorisations. To achieve this Audit reviewed the following delegation instruments and, also, assessed the assessment workflows for a sample of applications.

The Accredited Professionals Scheme, created under the Act, is designed to provide greater confidence to applicants on how the development applications are assessed by requiring decision-makers to be accredited. Details of CHB staff who are accredited are documented in Section 2.2 previously.

Audit had difficulty understanding the delegations in place under the PDI Act. Observations from the review of delegation instruments are summarised below.

CHB delegation instrument	Audit observation(s)
<ul style="list-style-type: none"> <li>■ <b>Instrument of Delegation under the PDI Act, Regulations, Planning &amp; Design Code and Practice Directions of Powers of a Council as:</b> <ul style="list-style-type: none"> <li>○ a Council;</li> <li>○ a Designated Authority;</li> <li>○ a Designated Entity</li> </ul> </li> <li>■ <b>Instrument of Delegation under the PDI Act, Planning &amp; Design Code and Practice Directions of Powers of a Council as a Relevant Authority</b></li> <li>■ <b>Instrument of Delegation under the PDI Act, Regulations, Planning &amp; Design Code and Practice Directions of Powers of an Assessment Panel</b></li> <li>■ <b>Instrument of Delegation under the PDI Act, Regulations, Planning &amp; Design Code and</b></li> </ul>	<p>After the Entry Meeting in January 2022, Audit were provided Instruments prepared by CHB's legal counsel and dated 21 January 2021. These were out of date.<sup>9</sup></p> <p>Audit then requested evidence of delegations to the Planning Officers to approve planning applications (see discussion below).</p> <p>In response on 23 March 2022 Audit were provided with additional instruments of delegation with various dates including:</p> <ul style="list-style-type: none"> <li>■ an updated Instrument D (dated 14 January 2022)</li> <li>■ the 'Combined Instrument of Delegation 23 March 2022'.<sup>10</sup></li> </ul> <p>Audit note that the combined instrument included delegations under the <i>Development</i></p>

<sup>9</sup> At the Exit Meeting, Audit were advised that these documents were 'templates' and predated the PDI Act implementation hence the need for the 9 July 2021 Instrument of Appointment of Assessment Manager.

<sup>10</sup> There was a need for context regarding whether these delegations were effective as of 23 March 2022 or if the document was a consolidation of delegations as of this date.

CHB delegation instrument	Audit observation(s)
<b>Practice Directions of Powers of an Assessment Manager</b>	<i>Act 1993 and Development Regulations 2008</i> , legislation was repealed by the PDI Act. <sup>11</sup>
<b>Instrument of appointment of Assessment Manager under section 87(d)(ii) of the <i>Planning, development and Infrastructure Act 2016</i></b>	Executed by the CEO on 9 July 2021.
<b>Delegation under the Planning, Development and Infrastructure Act 2016 to Delegate Powers of an Assessment Manager as a Relevant Authority under the Planning, Development and Infrastructure Act 2016</b>	An example of the Assessment Manager exercising his powers under section 100(2)(c) of the Act to delegate the powers under section 102(10) of the Act to one of the Development Officer - Planning (who is unaccredited). Powers were to grant or refuse consent. External legal counsel have advised that this is allowable under the Act.

Two of three staff members interviewed from the Development Services team involved in assessing planning consent reported that the Planning Officers had delegation to approve 'straightforward'<sup>12</sup> applications under the authority of the Assessment Manager.

It is good practice to ensure the current delegations are documented and readily available to staff. Audit note that CHB have identified a need to 'flatten' the delegation structure across the organisation and have engaged external consultants to assist. The project will include consideration of how the delegations are maintained and future updates managed. See **Recommendation 4**.

### Segregation of duties

Audit found that for three of four Performance Assessed applications submitted to Council through the new portal, the officer making the recommendation for planning consent in the Assessment Report was the same officer listed in the decision authority section, acting under delegation of the Assessment Manager (but was not the Assessment Manager). Segregation of duties is recommended to reduce potential conflicts and strengthen Council decision-making and to ensure compliance with delegations. See **Recommendation 5**.

<sup>11</sup> Audit note transitional provisions may require the application of these delegations. This was not transparent in the documentation provided.

<sup>12</sup> Term used by CHB staff; Audit have not sighted a definition of what comprises a 'straightforward' application.



## Risk Exposure

- If current delegations are not accessible by all staff, they may not be aware of who the relevant delegate is.
- Appearance of a single person recommending and authorising a development application may create reputational issues/challenges for CHB to demonstrate transparency in decision-making.

<b>Recommendation 4</b>	Communicate the outcomes of the current external delegations review with all staff and provide them with access to the current delegations. Ensure processes are in place to inform staff of any future delegations updates in a timely manner.
<b>Agreed Actions</b>	<ol style="list-style-type: none"> <li>1. Communicate the outcomes of the current external delegations review with all staff and provide them with access to the current delegations.</li> <li>2. Ensure processes are in place to inform staff of any future delegations updates in a timely manner.</li> </ol>
<b>Action Officer</b>	Manager Development Services
<b>Completion Date</b>	1 August 2022

<b>Recommendation 5</b>	<p>Consider establishing an internal process whereby the officer listed as Decision Authority is not the same officer determining the planning consent, to ensure segregation of duties and the appearance of transparency that can help to support the rigour of CHB's decision making.</p> <p>For example, if the Assessment Report was prepared by Development Officer A with a recommendation for planning consent, the application is work flowed to another delegated staff member to action. This will help to facilitate consistency in how decisions are made by CHB.</p>
<b>Agreed Actions</b>	<ol style="list-style-type: none"> <li>1. Establishing an internal process whereby the officer listed as Decision Authority is not the same officer determining the planning consent, to ensure segregation of duties and the appearance of transparency that can help to support the rigour of CHB's decision making.</li> </ol>
<b>Action Officer</b>	Development Services Lead
<b>Completion Date</b>	15 August 2022

## 2.4 Key stakeholder relationship management and communications

Audit Risk Rating	Council Risk Rating
Medium	Medium (B4)

### Key Findings

- There is an opportunity to strengthen communications with internal stakeholders and agree principles to ensure they are consulted during pre-application discussions with potential developers as best as possible.
- There is scope to document key internal stakeholders and agreed workflows for internal consultation when assessing an application.
- There is potential to develop new information guidelines for the public to use/ consider when planning a new development. This would replace current outdated information available and assist future developers to design developments in line with CHB's character and community preferences.

### Discussion

There is a general perception within the Development Services team that under the new system:

- CHB's influence over planning direction is limited, as deemed-to-satisfy and certain performance assessed developments include mandatory steps and do not require public notification, and
- opportunities to consult with internal stakeholders when assessing an application is limited due to short assessment timeframes and limited ability to influence the assessment outcome.

### Opportunity to influence planning activities

To assess the clarity of internal policies, procedures and plans, Audit interviewed five key internal stakeholders and observed the following:

- Three stakeholders expressed concern that sub-optimal solutions/developments may be approved under the new system and/or that planning consent may be granted without considering all available options.
- Two stakeholders noted that Planning Officers 'only look at what is within the boundary, not outside'. Due to the prescribed assessment timeframes and/or the mandated assessment pathway, the officer assessing an application may not be able or be required to consult with internal stakeholders. Therefore, the impact of the development on infrastructure and the surrounding neighbourhood, for example stormwater, bin collection, street parking and trees onsite, may not be considered.
- Three stakeholders identified opportunities for CHB to influence development applications and work towards ensuring the developers and the community better benefit from the development by:
  - documenting and promoting CHB's preferred position on key elements of development plans
  - providing greater opportunity for developers to consult with CHB subject matter experts in the pre-application stage and to identify development options that align with Council's three strategic focus areas.

See **Recommendation 6**.

## Out of date information sheets available

Audit noted that CHB has planning-related information sheets online and at front-counter, however:

- These reference the old legislation and have no disclaimers around the change in legislation, or that the information contained has limited application.
- The Manager Development Services advised Audit that until all development applications relating to the repealed legislation and Development Plan have been resolved, information relating to planning under this legislation should remain available.
- In interviews with two staff, Audit identified that the staff who provide front-desk support are not aware of the transitional requirements.

There is an opportunity to strengthen communication with key stakeholders and community by providing clarity on the transitional provisions. See **Recommendation 7**.

## Internal workflows

Documents provided to Audit after the entry meeting included the 'City of Holdfast Bay Development Services Procedures 2021' (CHB procedures document). In interviews with five Development Services team members, Audit noted that none of the staff were familiar with this document. It was unclear what training the team had received for internal processes, and staff pointed to the PlanSA resources website<sup>13</sup> as the source of training for new team members.

Further, a review of the CHB procedures document identified a need to more clearly define:

- internal stakeholders to engage with when a subject matter expert's input is required in assessing an application, for example heritage architecture, environmental considerations,
- decision points where it would be prudent for the officer assessing an application to consult with subject matter experts (including collaboration regarding site visits etc), and
- an agreed internal consultation process including roles and responsibilities of all stakeholders.

There may also be an opportunity to explore cross-team efficiencies when conducting site visits to minimise the need for multiple CHB team site visits. See **Recommendation 8**.

## Risk Exposure

- CHB's influence over planning and development activity may be limited by the limited engagement with developers in the pre-application stage.
- Planning and development information provided to stakeholders is not current, leading to potential misinformation regarding the PDI requirements/processes
- Lack of consultation with key internal stakeholders when assessing an application may result in sub-optimal planning outcomes.

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<sup>13</sup> PlanSA 2022, *Resources*, URL: <https://plan.sa.gov.au/resources>.

<b>Recommendation 6</b>	<p>Consider how CHB could influence planning and development activity by more proactively engaging with developers at the pre-planning stage, where applicable. Solutions may include developing guidance on:</p> <ul style="list-style-type: none"> <li>▪ CHB's preferred position on key elements of development plans, including explanation of requirements under the PDI Act</li> <li>▪ CHB subject matter experts who could assist developers with any enquiries at the pre-planning stage.</li> </ul> <p>This could be achieved through collaboration between Development Services and Assets and Delivery teams and other stakeholders.</p>
<b>Agreed Actions</b>	<ol style="list-style-type: none"> <li>1. Schedule fortnightly meetings between Development Services and Assets and Delivery teams and other stakeholders for joint review of Performance Assessed Development applications.</li> <li>2. Where required, schedule follow-up meetings with proponents and developers to articulate best practice outcomes with respect to stormwater management, established tree retention, streetscape enhancement, and heritage character attention.</li> </ol>
<b>Action Officer</b>	Development Services Lead
<b>Completion Date</b>	15 August 2022

<b>Recommendation 7</b>	<p>Review the planning and development information available to the public under the transitional provisions from the <i>Development Act 1993</i> to the PDI Act. Ensure the limited purpose and applicable timeframe of this Act's information is clearly communicated online and at front-counter.</p>
<b>Agreed Actions</b>	<ol style="list-style-type: none"> <li>1. Review and rationalise documentation available to the public both at the front counter and online under the repealed the <i>Development Act 1993</i> to ensure relevancy.</li> <li>2. Update information available to the public both at the front counter and online relating to the Planning, Development and Infrastructure Act 2016 to ensure comprehensive suite of documents are available either in whole or as a link to PlanSA updated list.</li> </ol>
<b>Action Officer</b>	Team Leader Development Administration in consultation with the Development Services Lead.
<b>Completion Date</b>	8 August 2022

<b>Recommendation 8</b>	<p>Document/confirm policies and procedures around planning, to provide further clarity and consistency to all staff on:</p> <ul style="list-style-type: none"> <li>▪ key internal stakeholders/subject matter experts</li> </ul>
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	<ul style="list-style-type: none"> <li>▪ decision points where it would be prudent for the officer assessing an application to consult with subject matter experts (including cross-team collaboration regarding site visits etc), and</li> <li>▪ the agreed internal consultation process including roles and responsibilities of all stakeholders and internal service standards.</li> </ul> <p><i>Note: When implementing this recommendation there is an opportunity for CHB to liaise with peer councils and consider their service standards.</i></p>
Agreed Actions	<p>Review of the current procedures document to more clearly define:</p> <ol style="list-style-type: none"> <li>1. Internal stakeholders to engage with when a subject matter expert's input is required in assessing an application, for example heritage architecture, environmental considerations.</li> <li>2. Decision points where it would be prudent for the officer assessing an application to consult with subject matter experts (including collaboration regarding site visits etc), and</li> <li>3. An agreed internal consultation process including roles and responsibilities of all stakeholders.</li> </ol>
Action Officer	Development Services Lead
Completion Date	30 August 2022

## 2.5 Customer feedback and complaints monitoring

Audit Risk Rating	Council Risk Rating
Medium	Medium (B4)

### Key Findings

- Lack of clarity around monitoring and tracking of customer feedback and complaints
- Development in progress and building sites were the key subjects of customer complaints in sample
- Customer feedback – complaints demonstrated lack of awareness of planning reforms, in particular notification requirements

### Discussion

The structures under the PDI Act provide for a person involved in a development application to make a complaint about a decision that was made, or the conduct of a decision maker, including the following:

- Council Assessment Panel – complaints must be lodged with the State Planning Commission within six months of when the incident is believed to have occurred, and
- Assessment Manager – complaints must be lodged with the Chief Executive Officer of the council that appointed them.<sup>14</sup>

Audit reviewed CHB's customer feedback and complaints regarding the new planning reforms by:

- assessing the ease of use of CHB's customer feedback and complaints mechanism
- interviewing key staff, and
- analysing a sample of feedback and complaints received to identify themes.

## CHB's complaints handling processes

The review identified the following:

- mechanisms for customer feedback are documented on CHB's Planning and Development website, information sheets and forms.
- key staff reported that written customer feedback and complaints<sup>15</sup> are recorded in CHB's TechOne records management system which sits outside of the portal, feedback and complaints received by customers via phone calls are not captured, rather customers are directed to put their complaint in writing for recording in TechOne, and

<sup>14</sup> Plan SA 2022, 'How to make a complaint about a decision maker', URL:

[https://plan.sa.gov.au/have\\_your\\_say/make\\_a\\_complaint/how\\_to\\_make\\_a\\_complaint\\_about\\_a\\_decision\\_maker](https://plan.sa.gov.au/have_your_say/make_a_complaint/how_to_make_a_complaint_about_a_decision_maker)

<sup>15</sup> 'Written' includes feedback and complaints received via email, as well as submissions made to the Report an Issue webform (<https://www.holdfast.sa.gov.au/report-an-issue>). 'Customer' refers in this case to any relevant persons submitting feedback and complaints to CHB about issues in the community.



- staff interviewed did not demonstrate an awareness of the complaint handling processes introduced as part of the new planning system.

Reviewing and documenting CHB's complaint handling processes will assist in ensuring CHB and all staff comply with the new planning system's complaint handling procedures and can benefit / continuously improve based on feedback. See **Recommendation 9**.




## Analysis of a sample of CHB feedback and complaints





CHB does not currently track and monitor feedback and complaints received about planning. A key stakeholder reported that:

- complaints are managed individually through CHB's normal complaints process, with relevant parties kept copied-in to correspondence,
- resolutions primarily involve meeting with complainants and discussing the new planning Act, and
- reporting of overall complaints received is not currently in process, as this would be time consuming and may not provide insight to matters within CHB's control.

Two key staff reported an observed increase in complaints received via phone calls from customers about development - believed to be derived from lack of understanding of planning reforms, particularly the changes to notification for development applications.

Audit reviewed a sample of forty-nine customer feedback and complaints records<sup>16</sup> to identify key themes and found the following:

Nature of record		
73%		Complaint <sup>17</sup>
16%		Concern
10%		Question/enquiry

Subject of record		
39%		Building
39%		Development in progress/completed
14%		Development applications
8%		Civil disputes

## Outside of CHB's control:

- Complaints from neighbours about development in progress/completed were high in the sample, this included building height, retail signage affecting residents, tree removal, fencing.
- High volume of feedback received from community around building in the sample included safety of sites, dust and sand impact from site, work and noise out of hours.

<sup>16</sup> The sample of forty-nine records relating to planning and development between 7 June 2021 and 28 February 2022 was extracted from CHB's records management system TechOne.

<sup>17</sup> 'Complaints' in this section refers to negative customer feedback, and may not be exclusively formal written complaints that are investigated and reported on through the complaints process.

- Application complaints included community opposition to a phone tower, subdivision of land, customer service.
- Civil disputes included anti-social behaviour and unfinished building works.

### CHB could control:

- Review trends in customer complaints and feedback to determine whether relationship with the community could be improved – affects stakeholders across CHB not just the Development Services team.
- Complaints from neighbours around developments in progress and applications indicates a lack of awareness of the Code and changes to notification requirements within the community– engagement with community could increase awareness.
- Document guidelines and provide training to staff on identifying potentially sensitive development applications in order to provide greater transparency in decision-making and these applications (see section 2.1).

One key stakeholder identified that planning always has the potential to attract public interest and that tracking, and monitoring feedback could be used to improve CHB's insight/relationship with the community.

Audit note that CHB staff had difficulty in identifying and retrieving customer feedback and complaints records for audit from the system, with IT unable to provide assistance.

To provide management with insights on customer feedback and complaints and/or further ability to manage the relationship with the community, there is a need to clarify CHB's expectations and ensure that feedback and complaints data capture supports this. See **Recommendation 10** over page.

### Risk Exposure

- If complaints handling process are not in place, CHB may not comply with the PDI Act's complaint handling requirements.
- If CHB does not monitor customer feedback and complaints, CHB maybe perceived as out-of-touch with community expectations/preferences.

<b>Recommendation 9</b>	Review and document CHB's complaint handling processes so that all staff are aware of and comply with the new planning system's complaint handling procedures. For example, document how complaints against the Assessment Manager which are lodged with the Chief Executive Officer will be investigated.
<b>Agreed Actions</b>	1. Adopt the processes and procedures developed through the imminent Request Management System as a reliable and comprehensive means to capture and handle complaints.
<b>Action Officer</b>	Development Services Lead
<b>Completion Date</b>	30 August 2022

<b>Recommendation 10</b>	<p>CHB to determine whether monitoring of trends of community feedback/complaints around planning would assist management and, if so, develop robust feedback and complaint capture and reporting frameworks. This may include:</p> <ul style="list-style-type: none"> <li>capture of the details of phone call complaints</li> <li>clarity around the expected location of customer complaints and feedback data and naming conventions around this information.</li> </ul> <p><i>Note – In reviews of peer council customer requests and complaints handling procedures Audit have noted that peer councils capture phone call complaints to ensure that all received concerns are actioned.</i></p>
<b>Agreed Actions</b>	<ol style="list-style-type: none"> <li>Capture phone call complaints to ensure that all received concerns are actioned.</li> <li>Develop a reporting framework for complaints registered.</li> <li>Monitor trends of community feedback/complaints around planning to assist to inform future land use policy.</li> </ol>
<b>Action Officer</b>	<p>Actions 1 and 2: Team Leader Development Administration</p> <p>Action 3: Development Services Lead</p>
<b>Completion Date</b>	30 August 2022

## 2.6 Potential to strengthen governance of Council Assessment Panel

Audit Risk Rating	Council Risk Rating
Better practice	Low (B1)

### Key Findings

- A skills matrix maybe used to assist and strengthen the process of appointing panel members
- There is potential to tailor reports submitted to the Council Assessment Panel to suit CHB, including more local context included and more reader-friendly connection between sections.

### Discussion

The audit scope called for a review of CHB's internal controls that relate to governance of development assessment processes and supporting frameworks.

To achieve this, Audit reviewed internal controls relating to the Council Assessment Panel (the Panel) which the relevant authority to assess planning and building consent for CHB development applications that is fall under the performance assessed category and are notified<sup>18</sup>.

### Appointment of Council Assessment Panel

The Terms of Reference for the Panel include sections relating to the appointment of Panel Members via expressions of interest, and desired skills and experience for appointees<sup>19</sup>.

When appointing panel members, CHB follows a merit based selection process, ranking applicants based on merit. In interviews with key stakeholders, Audit observed an opportunity for further clarity and transparency of specific skillsets, knowledge and experience that Council want on the panel (i.e. not explicit in the Terms of Reference). A skills matrix for the Panel would help identify any skill gaps, as well as skills to target when recruiting. See **Recommendation 11**.

The Terms of Reference also include provisions for Deputy Members and an Acting Presiding Member to ensure quorum in the event of unavailability. The Presiding Member advised Audit that electing a Deputy Presiding Member may assist in business continuity for the Panel, especially in the current 'living with COVID-19' environment. During the audit, the Panel appointed a Deputy Presiding Member at the February meeting.

Currently, the Panel does not have Deputy Members. CHB has decided not to appoint Deputy Members as this the potential costs and effort outweigh the benefits.

### Assessment Panel Reports

The new Portal includes a basic Assessment Panel Report template to generate reports for applications that are assessed by the Panel. Audit received feedback from a key stakeholder that there is potential for these reports to include some further detail around local context and be more reader-friendly by improving the connection between sections.

<sup>18</sup> PlanSA n.d, *Role of Relevant Authorities in Development Assessment*, URL: [https://plan.sa.gov.au/\\_data/assets/pdf\\_file/0005/571217/Role\\_of\\_Relevant\\_Authorities\\_in\\_Development\\_Assessment.pdf](https://plan.sa.gov.au/_data/assets/pdf_file/0005/571217/Role_of_Relevant_Authorities_in_Development_Assessment.pdf)

<sup>19</sup> *City of Holdfast Bay Council Assessment Panel Terms of Reference*, section 2.3 and section 2.9.

Audit reviewed four peer council panel reports and noted:

- no significant differences in content as the PlanSA template is used as the base model by all councils
- two peer councils incorporate the assessment report into their standard agenda template and include additional information in the report, particularly in the assessment section with consultation and analysis discussion.

Liaising with the Panel to better understand their information needs may provide an opportunity for CHB to insert some local context and raise development preferences. See **Recommendation 12**.

#### Risk Exposure

- There may be a lack of clarity and transparency of specific skillsets, knowledge and experience that Council want on the Panel (not explicit in Terms of Reference).
- Local community context/insight may be missed in assessment of application due to generic PlanSA report template.

<b>Recommendation 11</b>	Consider developing a skills matrix for appointment of Council Assessment Panel Members to supplement the Terms of Reference and strengthen the Panel's governance framework. A skills matrix would for example, identify the key desired skillsets relevant to CHB (architecture/heritage/environmental skillset, accreditation/experience) and can be used to guide recruitment of new members.
<b>Agreed Actions</b>	1. Developing a skills matrix applying the criteria for selection pursuant to section 83 of the <i>Planning, Development and Infrastructure Act 2016</i> and sections 9 and 10 of the <i>Council Assessment Panel Operating Procedures</i> for appointment of Council Assessment Panel Members to guide recruitment of new members.
<b>Action Officer</b>	Manager Development Services
<b>Completion Date</b>	1 October 2022

<b>Recommendation 12</b>	Liaise with the Council Assessment Panel and review whether Assessment Panel Report template could be improved by tailoring to better meet their needs. For example, by including more local context, consultation and analysis discussion, as well as training for report writers regarding the Panel's expectations.
<b>Agreed Actions</b>	1. Liaise with the Council Assessment Panel and review whether Assessment Panel Report template could be improved by tailoring to better meet their needs. 2. Implement revised report template.
<b>Action Officer</b>	Development Services Lead
<b>Completion Date</b>	Action 1: 30 August 2022



Action 2: 29 September 2022



## 2.7 Follow-up on the status of audit recommendations

Audit Risk Rating	Council Risk Rating
Better practice	Low (B1)

### Key Findings

- CHB have identified the importance of a follow-up review to ensure that management actions have been effectively implemented.

### Discussion

The General Manager Strategy and Corporate has recognised the importance for a follow-up process to monitor and ensure that management actions have been effectively implemented to address recommendations from this audit. See **Recommendation 13**.

### Risk Exposure

- Management actions may not effectively address risks identified in this review.

<b>Recommendation 13</b>	Establish a process for a follow-up review in 12 to 18 months, to monitor and ensure that management actions have been effectively implemented to address audit recommendations or that CHB have accepted the risks of not taking action.
<b>Agreed Actions</b>	<ol style="list-style-type: none"> <li>1. Establish a process for a follow-up review</li> <li>2. Undertake review</li> </ol>
<b>Action Officer</b>	Development Services Lead
<b>Completion Date</b>	Action 1: 29 September 2022 Action 2: 1 September 2023



Accountants, Auditors & Business Consultants

## Appendices

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# Appendix 1. Audit scope and methodology

## Scope

A post implementation review of planning reform including:

- the adequacy of CHB's processes to align to new regime
- legislative compliance - including in relation to required supporting frameworks such as delegations and authorisations
- reviewed of the clarity of internal policies, procedures and plans and identify opportunities for improvement
- training/development for staff
- customer feedback/complaints regarding the new process, and
- peer review for input/feedback about opportunities for improvement.

## Methodology

In conducting the engagement, the team:

- conducted interviews with key stakeholders and team members,
- reviewed key documentation and relevant policies and procedures,
- conducted select testing of the use of delegations, authorisations, and the following of relevant policy/procedural requirements,
- identified potential opportunities for improvement,
- drafted a report summarising findings and recommendations,
- allowed management responses to be considered as part of the draft report and the subsequent review process, and
- provided a final report for presentation to the Audit Committee.

## Appendix 2. Overall Control Environment Conclusion Rating Definitions

This internal audit project aimed to assess the controls established to address a key strategic risk or risks as documented in the Executive Summary. Based on the work undertaken, and when considering the design and/or effectiveness of controls collectively, we conclude that the control environment is one of the following ratings:

Rating	Effective	Majority Effective	Partially Effective	Requires Significant Improvement	Ineffective
Definition	Controls assessed were effective in mitigating the key strategic risk or risks	Controls assessed were largely effective in mitigating the key strategic risk or risks	Controls assessed were partially effective in mitigating the key strategic risk or risks	Controls assessed require significant improvement to mitigate the key strategic risk or risks	Controls assessed were ineffective in mitigating the key strategic risk or risks

## Appendix 3. Risk framework

The method of risk assessment used in this audit is based on Council's Risk Management Framework.

It measures the likelihood of each risk occurring and the consequence of the risk event. From this analysis it is then possible to determine the level of inherent risk (risk without any controls in place) and residual risk (risks when controls are in place). This method of analysis is not an exact science and quite subjective, but it is of value as an indicator and therefore assists in assessing audit risks.

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

Risk Consequence:

Level	Impact Scale
1	Insignificant
2	Minor
3	Moderate
4	Major
5	Catastrophic

Additional detail on consequences in terms of Reputation, Business Impact, People Safety, Environment and Service Delivery is contained in the table over page.

Impact Scale	Reputation	Business impact	People Safety	Environment	Service Delivery
<b>1. Insignificant</b>	<p>No adverse effect on public image No media interest</p> <p>Insignificant level of community concern. A slight but manageable increase in the number of adverse resident complaints</p> <p>Negligible adverse impact upon social health and wellbeing of the community which has little or no impact upon established community relationships and links</p>	<p>Low financial loss – impact of less than \$10k</p> <p>Operational issues manageable within normal activities</p> <p>Project – up to 5% of original project budget.</p>	<p>No injuries</p> <p>Minor repairs required of an insignificant nature to property / infrastructure.</p>	<p>"Nuisance" category under the SA Environment Protection Act (1993)</p> <p>Short term, immediately reversible effects on ecosystem</p>	<p>Insignificant impact on Council's ability to achieve strategic outcomes</p> <p>Project – Nil impact on achievement of key project objectives or project duration up to 10% of original timeframe without consequential impacts</p>
<b>2. Minor</b>	<p>Minor adverse effect on public image</p> <p>Minor media coverage in paper distributed within the local area (small scale single article).</p> <p>Minor level of community concern, an increase in the number of resident complaints requiring direct effort to resolve/attend to</p> <p>Minor adverse impact upon social health and wellbeing of the community that may have a minor impact upon established community relationships and links</p>	<p>Medium financial loss – impact of between \$10k and \$100k</p> <p>Minor impact in undertaking routine activities</p> <p>Project – between 5-10% of original project</p>	<p>Only First Aid treatment required</p> <p>Minor loss or infrastructure damage.</p> <p>Normal seasonal illness leading to minor disruption to activities</p>	<p>"Nuisance" category under SA Environment Protection Act (1993)</p> <p>Some minor adverse effects to few species/ ecosystem parts that are short term and immediately reversible.</p> <p>Contamination – on-site release immediately contained</p>	<p>Some delays in delivery of strategic initiatives, but only minor aspects impacted</p> <p>Overall strategic intent still achievable</p> <p>Project duration extended up to 35% of original project timeframe without consequential impacts</p>
<b>3. Moderate</b>	<p>Moderate adverse effect on public image</p> <p>Adverse media campaign in relevant press over two or more issues, supported by uptake of issue in electronic media</p> <p>Moderate level of community concern, large number of complaints and letters to editor in relevant press</p> <p>Minor common law action or Ombudsman investigation threatened/ initiated</p>	<p>Moderate financial loss – impact of between \$100k and \$1 million</p> <p>Impacts up to 2.5% on rate revenue generation</p> <p>Impaired ability to maintain normal operations, reprogramming required</p> <p>Minor legal issues, non-compliances and breaches of regulation</p> <p>Project – between 10-20% of original project budget.</p>	<p>Medical treatment required which may include short term admission to hospital</p> <p>Moderate loss/or infrastructure damage</p> <p>Local epidemic leading to noticeable disruption of activities</p>	<p>"Material" category under the SA Environment Protection Act (1993)</p> <p>Contamination – on-site release contained with outside assistance</p> <p>ecosystems- temporary, reversible damage, loss of habitat and migration of animal populations, some reduction in numbers and die back of plants.</p> <p>Pollution requires physical removal, air quality constitutes potential long term health problems. Manageable restrictions in resource usage</p> <p>Disturbance to sites or artefacts of cultural significance</p>	<p>Some key components of the Strategic Plan cannot be achieved within expected timeframes.</p> <p>Additional funding/resources or some strategies re-prioritisation is required</p> <p>Project duration extended up to 35% of original project timeframe with consequential impacts on other dependencies</p>
<b>4. Major</b>	<p>Significant adverse effect on public image</p> <p>Widespread adverse media campaign including electronic local and national media. social media going viral requiring management intervention. Pressure on State Government and agencies to intervene</p> <p>Significant level of community concern</p> <p>Social health and wellbeing of the community seriously affected by major community unrest and/or significant breakdown of established community relationships and links.</p> <p>Significant common law action threatened, major Ombudsman investigation initiated</p>	<p>Major financial loss - impact of between \$1 million and \$3 million</p> <p>Impacts between 2.5% and 10% on rate revenue generation</p> <p>significant effects loss of ability to complete programs, major restrictions to services and project delivery</p> <p>Serious breach of regulation with investigation or report to authority with prosecution and/or moderate fine possible</p> <p>Project – between 20-35% of original project budget.</p>	<p>Serious &amp; extensive injuries</p> <p>Serious structural damage to infrastructure or serious loss of assets.</p> <p>Widespread epidemic that causes significant disruption to activities</p>	<p>"Serious" category under the SA Environment Protection Act (1993)</p> <p>Contamination – off-site release with no detrimental effects</p> <p>Ecosystems – recoverable damage, death of animals in large numbers, widespread habitation destruction, significant air quality issues. Pollution issues requiring long term management, serious introduction of invasive species</p> <p>Restrictions on resource usage threatening viability of accepted lifestyle</p> <p>Damage to sites or artefacts of cultural significance</p>	<p>Key Strategic Objectives unable to be achieved; review of Strategic Plan is required</p> <p>Project duration extended by 30- 80% of original project timeframe with or without consequential impacts on other dependencies</p>
<b>5. Catastrophic</b>	<p>Major effect on public image</p> <p>Widespread adverse media campaign including electronic local, national and international media. Widespread community outrage</p> <p>Social media going viral, unable to be contained. State Government and agencies to intervene</p> <p>Social health and wellbeing of the community severely affected resulting in fracturing of established community relationships and links.</p> <p>Class Actions, judicial inquiries initiated</p>	<p>Critical financial loss/exposure – impact greater than \$3 million</p> <p>Impacts of more than 10% on rate revenue generation</p> <p>Projects &amp; programs failure, inability to meet minimum acceptable standards</p> <p>Major breaches of regulation, sanctions imposed</p> <p>Project - &gt;35% of original project budget.</p>	<p>Fatalities</p> <p>Critical loss, irreversible damage property / infrastructure with a replacement cost that overwhelms the capital budget (&gt;25%)</p> <p>Community movements restricted under State Emergency Plan</p>	<p>"Serious Material harm" category under the SA Environment Protection Act (1993) and EPA actions initiated</p> <p>Off-site contamination requiring immediate and significant remediation actions</p> <p>Ecosystems – irreversible damage, widespread loss of animals, and key stone species extinctions, destruction of flora species, widespread domination of invasive species. Pollution unable to be effectively remediated.</p> <p>Restriction on resource usage resulting in permanent disruption of accepted life-style</p>	<p>Goals of Strategic Plan not achievable; total and immediate re-work of Plan is required</p> <p>Project duration extended by &gt;80% of original project timeframe with consequential impacts on other dependencies</p>

## Appendix 4. Documents reviewed

The documents reviewed include the following:

### Legislation and PlanSA documents

- Planning, Development and Infrastructure Act 2016
- Planning, Development and Infrastructure (General) Regulations 2017
- Planning, Development and Infrastructure (Accredited Professionals) Regulations 2019
- Guide to Development Assessment
- Role of relevant authorities in Development Assessment
- Guide to the Accredited Professionals Scheme
- Verifying a Planning & Land Division Consent
- Assess a Planning & Land Division Consent
- Make a decision on Assessed Consent
- How to endorse a consent decision
- Assessment timeframes in the new planning system
- LGASA Legislative Review Committee Petition no2 2020 – Planning Reform Submission

### City of Holdfast Bay

- Development Procedures
- Information sheet – Fencing
- Information sheet – Solar panels
- Information sheet – Regulated and significant trees
- Information sheet – Civil issues
- Sub-delegations – Instrument A sub-delegation from CEO to staff 27 January 2021
- Sub-delegations – Instrument B sub-delegation from CEO to staff 27 January 2021
- Sub-delegations – Instrument C sub-delegation from CAP to Assessment Manager 27 January 2021
- Sub-delegations – Instrument D sub-delegation from Assessment Manager to Planning Staff 27 January 2021
- Assessment Manager Delegations 9 July 2021
- Delegation under the *Planning, Development and Infrastructure Act 2016* to Delegate Powers of an Assessment Manager as a Relevant Authority under the *Planning, Development and Infrastructure Act 2016* 10 January 2022
- Matrix Assessment Guide for Selection of Independent CAP Members
- Combined complaints – consolidation of written complaints received between 7 June 2021 and 28 February 2022
- Nature of complaint by year



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## Appendix 5. Staff members interviewed

We extend our appreciation to the following individuals who provided information and participated in this review:

Position
Chief Executive Officer
General Manager Strategy & Corporate
General Manager Community & Business
General Manager Assets & Delivery
Manager Development Services
Development Services Lead
Development Officer – Building
Development Officer – Planning
Team Leader Development Administration
Presiding Officer Council Assessment Panel

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# Disclaimers

## Inherent limitations

This report has been prepared for the information and internal use of the City of Holdfast Bay in accordance with the scope and objectives outlined in the Executive Summary of this report. The services provided in connection with this engagement comprise an advisory engagement which is not subject to the Australian Auditing Standards or the Australian Standards on Review and Assurance Engagements. Consequently, no express opinions or conclusions have been drawn or intended to convey assurance. Due to the inherent limitations of any internal control structure, it is possible that fraud, error or non-compliance with laws and regulations may occur and not be detected.

Further, the internal control structure, within which the control procedures that have been subject to the procedures we performed operate, has not been reviewed in its entirety and, therefore, no opinion or view is expressed as to its effectiveness of the greater internal control structure. The procedures performed were not designed to detect all weaknesses in control procedures as they are not performed continuously throughout the period and the tests performed on the control procedures were on a sample basis. Any projection of the evaluation of control procedures to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

We believe that the statements made in this report are accurate, but no warranty of completeness, accuracy or reliability is given in relation to the statements and representations made by, and the information and documentation provided by, the City of Holdfast Bay's management and personnel. We have not sought to independently verify those sources. We are under no obligation in any circumstance to update this report, in either oral or written form, for events occurring after the report has been issued in final form unless specifically agreed with the City of Holdfast Bay. The internal audit findings expressed in this report have been formed on the above basis.

## Third party reliance

This report is solely for the purpose set out in the Executive Summary of this report and for the City of Holdfast Bay's information, and is not to be used for any other purpose or distributed to any other party without Galpins' prior written consent. This internal audit report has been prepared at the request of the City of Holdfast Bay or its delegate in connection with our engagement to perform internal audit services. Other than our responsibility to City of Holdfast Bay, neither Galpins nor any member or employee of Galpins undertakes responsibility arising in any way from reliance placed by a third party, including but not limited to the City of Holdfast Bay's external auditor, on this internal audit report. Any reliance placed is that party's sole responsibility.

Item No: 7.4

Subject: **RISK REPORT**

Date: 1 June 2022

Written By: Risk and Improvement Officer

General Manager: Strategy and Corporate, Ms P Jackson

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## **SUMMARY**

A comprehensive review of both the Risk Management Policy and Procedure has been completed, with presentation to the Senior Leadership Team on 17 May. Updated details are provided to the Committee via a separate agenda item.

In addition, revisions to the Strategic Risk Register have commenced and will incorporate internal audit recommendations and best practice. Revisions will then cover the Operational Risk Register and be presented to the Audit Committee for consideration at the next meeting.

Environmental scanning has been introduced to provide a forward looking aspect to risk management, assisting Senior Leadership to identify new and emerging risks, as well new and emerging opportunities, for assessment and consideration going forward.

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## **RECOMMENDATION**

**That the Audit Committee notes this report.**

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## **STRATEGIC PLAN**

Statutory compliance

## **COUNCIL POLICY**

Risk Management Policy

## **STATUTORY PROVISIONS**

*Local Government Act 1999*

## BACKGROUND

The Council's risk management process continues to mature, with newly revised policy and procedure documentation, and updates to risk registers currently underway.

## REPORT

### Risk Review Update

Risk registers are currently being updated, with areas identified for review including:

- re-formatting the flow of information from initial risk description to treatments and actions
- introducing a third set of risk rating columns to reflect the value added by completion of the additional treatment and action details
- renaming the three risk rating columns; inherent, current and residual
- re-focussing the captured text to more clearly reflect the risk, its causes and consequences, and
- providing more accurate likelihood and consequence risk assessment criteria (via policy and procedure update).

The risk registers will align across risk types with strategic and operational risks being supported by sub registers capturing key corporate risk areas such as cyber and IT, asset management, project management and environmental.

This consolidation of risk data within one spreadsheet document (until an appropriate system is developed) will better enable risk reporting and consistency of approach.

Risk Management is framed by *International Standard 31000:2018 Risk Management – Guidelines* which includes a focus on several areas, such as:

- the identification and management of both risks and opportunities
- the heightened importance of risk-related support for corporate decision making
- the continued importance of strong leadership, and
- the greater role of human and behavioural factors.

In order to mature risk management further across these areas and the business as a whole, Senior Leadership Team will routinely incorporate consideration for any new or emerging risks and opportunities in corporate decision making processes.

### New/Emerging Risk Reporting

During the Senior Leadership Team meeting of 17 May, the subject of tracking new and/or emerging risk issues was discussed.

It was presented using the PESTLE analytical tool, in order to capture areas of uncertainty across political, economic, social, technical, legal and environmental domains. It is proposed that these discussions become routine, occurring on a quarterly basis. Discussion points to be collated and regularly updated to an Environmental Scan, to be used as a forward looking tool for a risk based management approach to both strategic issues and operational business aspects.

The main discussion points thus far are:

<b>Political</b>	<u>Federal election result</u> - <i>impact on funding, grants and service delivery</i> <b>Risk:</b> capital projects may need to be re-scheduled, broken into phases or reconsidered <b>Opportunity:</b> further grant funding becomes available to promote recovery
<b>Economical</b>	<u>Project Management</u> - <i>increasing project material costs, scarcity of supply</i> <b>Risk:</b> projects may be compromised due to cost elements and delivery delays <b>Opportunity:</b> adaptation, diversification or partnering solutions to ensure delivery
<b>Social</b>	<u>Financial stress</u> - <i>impact on cost of living, housing, access and inclusion, impact on Alwyndor and aged care services of funding changes, effect on community wellbeing and support services</i> <b>Risk:</b> financial hardship, community constrained, services constrained, economy stunted, reduced local trade <b>Opportunity:</b> diversification in delivery, recycling/reusing/rethinking processes
<b>Technological</b>	<u>Workforce post-COVID</u> - <i>WFH demands, maintenance of IT &amp; cybersecurity protection</i> <b>Risk:</b> staff morale suffering due to change/uncertainty fatigue, IT system strains due to data breaches or system failures <b>Opportunity:</b> increased flexibility, work/life balance options, IT/cyber safe training
<b>Legal</b>	<u>Access and Inclusion</u> - <i>legislative impacts on council costs, increased homelessness and isolation within the community</i> <b>Risk:</b> reductions in community wellbeing, increase in public health issues and impacts <b>Opportunity:</b> partnering with neighbouring councils or other providers to increase support
<b>Environmental</b>	<u>Outdoor space</u> - <i>increased demand and usage of outdoor space, impacts on support services</i> <b>Risk:</b> damage to the local environment or infrastructure through increased footfall/usage <b>Opportunity:</b> increase community engagement, heighten awareness for outdoor spaces launch partnership /outdoor related initiatives

Risks and/or opportunities identified across these headings will be listed and where appropriate, added to the relevant risk register for monitoring and review. Factors to consider, amongst others, will be whether the event or issue is deemed short, mid or long term, local or remote, internally controlled or due to external impacts, high value and/or community related.

### Risk Profile Overview and Movement

The regular review of the Risk Profile over the last quarter has been summarised into Table 1 below. Within the last reporting quarter, there has been one additional Strategic Level risk added due to the People and Culture review of Child Safety legislation:

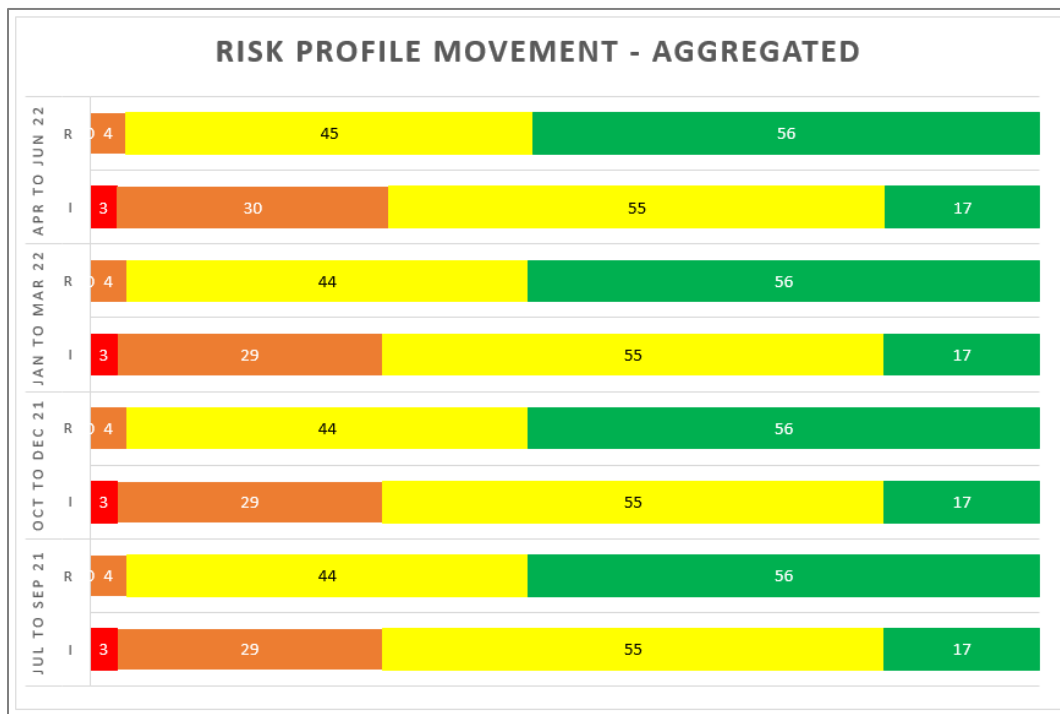
#20	Risk:	Controls:	Current Risk Rating:
	Prevention of risk or harm to children, young and vulnerable people	Background Screening & Reporting Procedures Training Needs Analysis (TNA) details training per position. Required training undertaken for existing related positions. Appropriate screening checks as part of recruitment process.	<b>MEDIUM</b> (Rare x Major)

The addition of this new strategic risk is denoted by the red figures in the table below.

**Table 1: Risk Profile – Overview of 12 Months to March 2022.**

Period	Jul to Sep 21		Oct to Dec 21		Jan to Mar 22		Apr to Jun 22	
Risk	I	R	I	R	I	R	I	R
Extreme	3	0	3	0	3	0	3	0
High	29	4	29	4	29	4	30	4
Medium	55	44	55	44	55	44	55	45
Low	17	56	17	56	17	56	17	56
Total	104	104	104	104	104	104	105	105

**Table 2: Risk Profile Movement**



Under the current Risk Management Framework all strategic risks, and all extreme and high operational risks are required to be reported to the Audit Committee.

The strategic risk register is provided as Attachment 1. Updates are marked in red.

*Refer Attachment 1*

There are no extreme risks on the operational risk register and an extract of the high risks is provided as Attachment 2. These remain unchanged from the previous report.

*Refer Attachment 2*

## **BUDGET**

There are no budget implications associated with this report.

## **LIFE CYCLE COSTS**

There are no life cycle costs associated with this report.



# Attachment 1



ATTACHMENT 1 - City of Holdfast Bay Strategic Risk Register Risk Assessment

SRR = Strategic Risk Review June/July 2022

Risk #	Strategic or Operational	Objectives (Env, Comm, Place, Culture, Economy)  What are we trying to achieve?	Risk Description (Long)  There is a risk of/that:	Responsible GM	Causes Potential and Actual  What are the contributing factors as to How and Why this risk occurs right now? What would cause the event to occur in the future (based on what we know now)?	Consequences  What would the consequences be to the City of Holdfast Bay if the risk did occur?	Likelihood Consequence	Inherent Risk Rating (If controls fail)	Critical Controls  What are the things we do to manage the risk? (controls either reduce the likelihood or consequences) Align to causes where possible	Which number cause does this critical control address?	Control Effectiveness: Detailed Effective; Majority Effective; Partially Effective; Ineffective	Overall Control Effectiveness	Likelihood Consequence	Residual Risk Rating	Accept the level of Risk?  (Risk as low as reasonably practicable? YES, if not, then NO	Treatment Actions	Who	Progress Comments	When by? (revised due date)
1	Strategic	Environment	Poor or ineffective management of the impacts of climate change	GM Assets & Delivery	1. Growing community expectations regarding management of the environment 2. Waste Management. Insufficient effort to divert waste from landfill. 3. Notwithstanding that a 'climate emergency' has been noted by Council, climate change ambiguity in messaging from various levels of government remains, along with responsibility for managing the impacts. 4. Insufficient Finding or other priorities 5. Insufficient support or leadership from Administration	- Environmental impacts - Current and future financial impacts	IMMEDIATE CATASTROPHIC	EXTREME	Environment Strategy and implementation plan	1,2,3	ME	PE	IMMEDIATE MAJOR	HIGH	NO	Finalise Environment strategy & implement (based on funding commitments by Council)	GM Assets & Delivery	Endorsed by Council December 2020. Completed.	Completed - update controls in SRR
									Reducing carbon footprint	1,2	PE					Develop and implement a carbon neutral plan in order to achieve carbon neutral target of 2030	Environmental & Coast Lead	Not funded as is a new initiative for 2021/2022 - due date/details to be updated in SRR	30/06/2022
									Greenhouse gas reduction strategy	1,2	ME					Continue rollout of WSUD projects in subject funding by Council	GM Assets & Delivery	Significant amount of tree inlets have been installed.	Ongoing - update controls in SRR
									Improving resource efficiency	1,2	ME					Continue rollout of recycling initiatives in 2020/21 at council facilities subject to Council funding Continue rollout of sustainable waste management initiation in 2021/22 at council facilities subject to Council funding	Environmental Officer	Not currently funded, consideration made during kerbside tender process to include specs for this.	30/06/2022
									Climate change impact assessments	1,3	PE					Accelerate urban tree planting subject to Council funding	Senior Urban Forest Officer	Tree stock from 2020 is now being taken care of, allocated funding in new initiative from 2020 was for tree planting only - not the ongoing 4 year cycle of tree care therefore risk of trees dying is increased accounting for no acceleration of planting due to staff resourcing concerns for after care.	30/06/2022
									Improve seawalls, beach/dune management & stormwater controls	1,3	PE					Support construction of SRWRA MRF	CEO	SRWRA MRF approved and operational by 1/08/21. SRWRA successful in receiving \$8.5m in Federal and State Government grants.	Completed - update controls in SRR
									Urban forest strategy (This control needs to reflect an increase in Tree Canopy Cover with the Urban Forest Strategy being the treatment action following the Street tree audit)	1,3	PE					Development of an urban Forest Strategy following a street tree audit.	Environmental & Coast Lead	Underway	30/06/2024
									Increase diversion from landfill/improve recycling and green organics capture	1,2	ME					Trial weekly FOGO collections	Environmental Officer	Further grant funding has been received and weekly FOGO spec considerations included in Kerbside tender for community wide roll out.	30/06/2022
									Community preparedness and education	1,3	ME					Continue support for RediPlan initiative – subject to Council funding	GM Assets & Delivery	This has been coordinated as part of the Resilient South Group in relation to heat safety in hot weather. Further clarification to be provided at next meeting.	CLOSED OFF
									Effective partnerships/support with State Government to manage climate change impacts	3	PE					Build effective relationships with Coastal Protection Board, DEW, EPA & Green Industries SA	GM Assets & Delivery	This is an ongoing treatment.	Ongoing - update controls in SRR
2	Strategic	Community	Poor or ineffective Community Service delivery	GM Community & Business	1. Significant number of different services offered and increasing demand (Sport, Volunteer programs, Community Home Assist/Care (which is in competition with Alwyndor home support services), Community Wellbeing activities, Ageing Well in CHB (helping elderly maintain independence), Arts, Museums, Clubs, community development, city activation and events etc.) 2. Increasing demand as "a service as a last resort" as State and Federal services are decreasing 3. No policy and strategy re Access and Social Inclusion 4. Funding not guaranteed for some programs (e.g. Home Assist) 5. Some pressures and concern regarding longevity of grant funding (which has impacts on employee contracts) 6. COVID pandemic	- Community service delivery impacts - Impact on the types of program, increased hygiene and service levels in delivery to the community	POSSIBLE MAJOR	HIGH	Play Space action plan	1	E	PE	IMMEDIATE MODERATE	MEDIUM	NO	Undertake a Coastal Adaptation Scoping Study	Environmental & Coast Lead	In progress and on track - completion date is realistic. Complete	Completed - update controls in SRR
									Arts and Culture strategy	1	PE					Develop a Sport and Recreation Plan	Manager Public Realm & Urban Design	Subject to funding and completion of Glenelg Oval Master Plan.	30/06/2023
									Youth action Plan	1	PE					Review adequacy of resourcing to implement Arts and Culture strategy/actions	Community Arts & Culture Coordinator	Completion of the Arts and Culture Strategy and associated 5 year action plan took into account eh resourcing to deliver the strategy.	Completed - update controls in SRR
									Social needs analysis	1	IE					Review Youth Action Plan for effectiveness	Manager Community Wellbeing	Short and Medium term actions being implemented, review of long term actions to be undertaken. - due date/details to be updated in SRR	31/12/2021
									Access and Social Inclusion Plan (in development)	3	IE					Explore the Social Needs Analysis - to develop a more granular view, including opportunities from the Brighton Community Hub project consultations	Mgr Customer Experience & Library Services	Reviewed the University study with the intention of identifying the most appropriate programs to meet Community needs and implement in 2021/22 - Some budget is allocated. Digital hub program trials commenced in May 2020.	30/06/2022
									Community Wellbeing Future State Report	2	PE					Finalise Disability Access and Inclusion Plan (DAIP)	Manager Community Wellbeing	Plan has been developed and implemented. The 4 year action plan is active and will continue to be reviewed and reported on annually. An 'Easy English' version of the DAIP has been developed for the purpose of accessibility for people with low literacy levels.	Completed - update controls in SRR
									Business process mapping Completed for all Community Services business units (except Community Activation)	4,5	IE					Link a range of documentation - including Demographic Population Mobility Study, Community Services Audit, Social Needs Analysis to Community Wellbeing Future State Report and develop an action plan to implement	Manager Customer Experience & Library Services	Revised the documentation, action plan to be developed, delays experienced due to COVID-19 with limited opportunities to consult with community. - due date/details to be updated in SRR	30/09/2021 (Delayed)
									Stakeholder engagement in relation to future grant funding for community wellbeing	5	PE					Community Wellbeing Taskforce (in conjunction with (external) Economic Recovery Taskforce)	GM Community & Business	The needs of businesses and the community will continue to be monitored and services will be scaled up and down as required in response to conditions as they emerge.	Ongoing - update controls in SRR
									Alterations to community service delivery	6	ME					Complete business process mapping for Community Activation team	Manager City Activation	Will be scheduled once a Manager City Activation has been appointed - due date/details to be updated in SRR	1/11/2021 (Delayed)
									Aged Care Quality Standards	5	PE					Explore / implement a pilot for user-pays service provision to offset potential funding cancellation	Manager Community Wellbeing	Community Wellbeing Program Fees & Charges Schedule for 2021/22 adopted by council and implemented from 1 July 2021. Effectively schedule has a subsidised rate for CHSP funded clients and a Private rate for unsubsidised clients.	Completed - update controls in SRR
																Consider impacts of COVID on future state of community services delivered (ongoing agility regarding changes as they occur)	GM Community & Business	The needs of businesses and the community will continue to be monitored and services will be scaled up and down as required in response to conditions as they emerge.	Ongoing - update controls in SRR
																Consider impacts on service levels, particularly in relation to cleaning/hygiene standards and building capacity	GM Assets & Delivery	Completed	Completed - update controls in SRR
																Implement recommendations from Future State Report to create efficiencies	Manager Community Wellbeing	Completed	Completed - update controls in SRR
																Implement remaining actions from business process mapping exercise and align with business transformation projects	Manager Community Wellbeing	Completed	Completed - update controls in SRR
																Implement the outcomes of the Aged Care Quality Standards Gap analysis	GM Alwyndor	Complete and ongoing	Ongoing - update controls in SRR
																Decide on an approach to lobbying/engaging with State and Federal government in relation to grant funding	Manager Community Wellbeing	No longer relevant - HACC funding has ceased CHSP has been novated to Alwyndor.	CLOSED OFF
3	Strategic	Place making	Insufficient or ineffective Asset Management Planning	GM Assets & Delivery	1. Significant investment annually by Council - reliant on effective Asset Management Plans (and resultant preventative maintenance) 1.1 Potential acceleration of capital expenditure as a result of economic stimulus arising from state and federal government COVID recovery grants 2. Lack of understanding of what asset portfolio is required to meet Council's strategic objectives (partly informed by Social Needs Analysis) 3. Lack of strategic investment outlook (aligned to the strategic plan) in the medium to longer-term 4. Holdfast Bay Council has unique circumstances to manage, which impact on infrastructure, including: . significant visitor numbers (1+N30.4m visitors per year) - impacting upon asset and infrastructure . increasing itinerant/transient population and anti-social behaviour which the community expects that the Council assists with(nice area, good weather in summer, particularly around Jetty Road) . Wellbeing and Social Inclusion . 5+N307% women; safety a key concern (lighting and access) 5. Some asset categories not being maintained or lacking effective planning and investment for renewal to sufficient levels, for example future requirements regarding stormwater management (drainage/coastal) and impacts of climate change in the absence of State Government funding 6. Lack of definition of service levels for assets (for example, for parks) 7. Where new infrastructure is being developed, there is a lack of embedding future expected maintenance expenditure (for example new beachfront path at Minda - new attraction which means high use and therefore increased wear and tear) 8. Traffic management strategies insufficient and transport capacity being stretched (infill, congestion, parking issues) 9. Opportunities evolving to use different funding models (Government and Private)	- Infrastructure quality and useful lives decline - Increase in future capital expenditure requirements - Potential inundation of homes/local areas (drainage AMP)	IMMEDIATE MAJOR	HIGH	Place making Strategies guiding future asset investment/design	2,3	ME	PE	IMMEDIATE MAJOR	MEDIUM	NO	Review Volunteer Services Strategy	Manager Community Wellbeing/ Manager Public Realm & Urban Design	Review Completed by Active Communities prior to organisational re alignment.	Completed - update controls in SRR
									Asset Management Plans Modelling, reporting	All	PE					Change Management plan / training on organisational change	GM Assets & Delivery	To be reviewed following recruitment of new Asset Management Lead	30/06/2022
									Matching project resources to program investment	1.1	PE					Capital Project list: Reprioritise/reconsider capital project list and method of construction post-COVID	GM Assets & Delivery	Completed	Completed - update controls in SRR
									Preventative Maintenance Planning	1,4,5,6,7,8	PE					Develop 'shovel-ready' project list, according to longer term strategies, financial and asset plans	Senior Leadership Team	Ongoing in the context of the Strategic Plan review and development of the Corporate Plan	Ongoing - update controls in SRR
																Review AMP's (including post-COVID review of service levels), taking into consideration/informed by 12-15 other new plans fully inform the AMP's (e.g., social needs analysis, strategic property review, traffic management strategy, future demand expectations on new/renewed assets, community-driven service levels)	GM Assets & Delivery	AMP's reviewed and adopted late 2020, however their review is an ongoing treatment	Ongoing - update controls in SRR
									Grant management processes/access to state government funding process	1.1	ME					Currently planning/documenting new preventative maintenance approach - moving towards further proactive maintenance	Manager Field Services	Automated maintenance schedules in Tech 1, reports are downloaded, reviewed monthly for non conforming items on the schedule and actioned accordingly - ongoing and on track	Ongoing - update controls in SRR

Risk #	Strategic or Operational	Objectives (Env, Comm,Place, Culture, Economy)  What are we trying to achieve?	Risk Description (Long)  There is a risk of/that:	Responsible GM	Causes Potential and Actual  What are the contributing factors as to How and Why this risk occurs right now? What would cause the event to occur in the future (based on what we know now)?	Consequences  What would the consequences be to the City of Holdfast Bay if the risk did occur?	Likelihood  Consequence	Inherent Risk Rating (If controls fail)	Critical Controls  What are the things we do to manage the risk? (controls either reduce the likelihood or consequences) Align to causes where possible	Which number cause does this critical control address?	Control Effectiveness: Detailed  Effective; Majority Effective; Partially Effective; Ineffective	Overall Control Effectiveness	Likelihood  Consequence	Residual Risk Rating	Accept the level of Risk?  (Risk as low as reasonably practicable? YES, if not, then NO	Treatment Actions	Who	Progress Comments	When by? (revised due date)	
					10. Asset investment process not identifying full asset life-cycle costs (renewal, maintenance etc.) 11. selection of new infrastructure should be based on whole of life cost. 12. Service standards need to be determined with the community and the agreed standard assessed to determine financial impact. Monitor community standards and expectations.				Asset Investment process (planning through to construction) Maintain knowledge base Reliable asset Management Software	5,6,7 18 All	PE					Develop engagement plan with state government - including identification and access to new funding sources as part of post-COVID response	GM Strategy & Corporate	Operational engagement was undertaken via LGFSG and Council's CMT, funding stimulus was released by Federal and State Governments early in 2021.	Ongoing - update controls in SRR	
4	Strategic	Culture	Failure to appropriately engage the broader community and stakeholders	GM Community & Business	1. A need to select appropriate method of engagement /informing etc. in line with the IAP2 framework (community can get "engagement fatigue") 2. A need to respond to vocal minority/to awaken silent majority 3. Ad-hoc approach to stakeholder management (responsive approach) 4. As COVID is continuing, the effectiveness of community engagement is diminished (due to reduced face-to-face) 5. Reduction in engagement with Community using traditional mediums due to Messenger newspaper ceasing and other print media impacts	- Lack of community engagement which leads to potential negative impacts on strategy - Reputational damage	POSSIBLE MODERATE	MEDIUM	Communications Strategy 2030	1	PE	ME	POSSIBLE MODERATE	LOW		Support staff ability to understand/measure full asset life-cycle costs Succession planning Invest in reliable data to inform AMP's.	GM Assets & Delivery	Significant improvement in datad achieved in 2021 to be reviewed upon replacement of Asset Management Lead	30/06/2022	
									Community Engagement Framework + Policy	1,2,3	ME	ME				Develop a Stakeholder Management Plan	Manager Communications & Engagement	Further conversations need to occur with SLT and Manager to establish the focus and parameters of the Plan prior to development. Work ongoing - further updates to be provided in October - due date/details to be updated in SRR	30/06/2021 (being updated)	
									Customer Experience Strategy (in development)	1,2,3	IE	ME				Develop Community Reference Groups	Digital Engagement Partner	SLT have granted approval for the establishment of consumer reference groups utilising our YOUR HOLDFAST database. The process for establishing the community reference groups is currently being updated. - due date/details to be updated in SRR	30/06/2021 (being updated)	
									Access and Social Inclusion Plan (in development)	1,2,3	IE	ME				Inform and educate leadership group about key elements of Communications Strategy	Manager Communications & Engagement	Communications and Engagement Manager is a member of the leadership group and provides communications updates at leadership meetings - complete & ongoing	Completed - update controls in SRR	
									Customer Service facility modifications to comply with COVID Safe	4	E	ME				Training and development across CHB aligned with Customer Experience strategy and Customer Charter	Manager Customer Experience & Library Services	Recommended the Customer Experience Strategy Working groups with focus on Customer Charter completion by July 2020 resulting in training roll out by November 2021.- due date/details to be updated SRR	30/11/2021	
									Digital Transformation Program (including bringing forward some IT improvements, such as bandwidth upgrades, Web chat)	1,2,3	PE	ME				Assess external communication to the Community - given ceasing of Messenger and other print publications not online	GM Community & Business	Established a quarterly printed publication distributed to all rate payers called OUR PLACE. Fortnightly E newsletter call HOLDFAST NEWS emailed to subscribers and a printed version provided to CHB community hubs for distribution.	Completed - update controls in SRR	
5	Strategic	Community	Inability to sustainably provide aged care services to the community consistent with the requirements of the ACQS.	GM Alwyndor	1. Significant operation (\$20m turnover and 250 staff) with other Allied Health operations 2. Lack of defined/inadequate policies and procedures 3. Failure to identify, report and manage risk of services delivered off site (in the home) 4. Failure to assess, document and respond to risks to customer safety 5. Lack of rigorous governance structures 6. Inability to attract and maintain a well trained workforce 7. Inability to understand consumer needs and expectations and provide services to meet those needs and expectations 8. Inability to react to change in the Government funding model 9. Poor staff training/understanding of requirements 10. Reactionary changes to manage impacts of COVID - particularly for visitors and hygiene standards; therapy services reduction impacted on revenue (but not >15% reduction) and costs (to meet additional standards and PPE expenses)	- Failure to adequately and safely care for residents - Failure to meet health-specific standards - Failure to meet legislative standards (e.g. Local Government Act as well as Aged/Health requirements)	POSSIBLE MAJOR	HIGH	Comprehensive clinical policies and procedures	2	ME	ME	POSSIBLE MAJOR	MEDIUM	NO		Finalise Disability and Access and Inclusion Plan and Customer Experience Strategy (including customer journey mapping)	GM Community & Business	CX Strategy delayed due to staff changes: DAIP Completed - CX Strategy due 30/11/2021 due date/details to be updated in SRR	30/11/2021
									Comprehensive training plan (based on Training Needs Analysis), covering Mandatory Employee training on the ACQS Standards, AHPRA nursing standards and Alwyndor systems and processes	4,6,9	ME	ME				Development of operational manual aligned to Accreditation self-assessment	GM Alwyndor	Organisational changes implemented to ensure ongoing viability and success of aged care services. Treatments to be reviewed in light of ongoing changes to quality and reporting requirements. NB This is a continuous process in response to ongoing changes to quality initiatives and mandatory reporting requirements from the federal Government and SA Health.	Ongoing - update controls in SRR	
									Mandatory reporting systems and processes	5	E	ME				Respond to issues identified in Accreditation Report	GM Alwyndor	Completed	Completed - update controls in SRR	
									Dedicated resources to maximise funding	8	ME	ME				Review Governance Structure, Audit Schedules and KPI's	GM Alwyndor	Completed	Completed - update controls in SRR	
									Governance frameworks which include: monitoring of incidents data, ongoing review of policies and procedures, legislative compliance, continuous improvement.	1,2,5	ME	ME				Strategic Management Review	GM Alwyndor	Strategic Plan developed and first year implementation has commenced. Completed	Completed - update controls in SRR	
									Hygiene and access standards; Aged Care and Quality Commission audits	10	E	ME								
									Customer feedback mechanisms - including surveys, resident meetings, focus groups, family/stakeholder engagement	3,4,7	E	ME								
									Self-assessment system consistent with the ACQS standards.	3,4,7	E	ME								
									Effective care planning and assessment processes	2,3,4,8	ME	ME								
6	Strategic	Culture	Inability to respond and recover effectively from disruptive events	GM Strategy & Corporate	1. Cyber Security/hacking 2. Disruptive events	Not able to perform time critical functions during a significant disruptive event	POSSIBLE MAJOR	EXTREME	Business Continuity Plan and Crisis and Incident Management Plan	1,2	PE	ME	POSSIBLE MAJOR	MEDIUM	NO	Consider feedback/input as part of consultation of new DPTI system	Manager Development Services	Weekly meetings with DPTI are underway and will continue until the end of 2021. Each week feedback sought/provided to DPTI re. roadblocks &/or technical difficulties.-due date/details update as part of SRR	31/12/2021	
									IT DR Plans	1,2	PE	ME				Finalise recently reviewed BCP's. Review to include Emergency Management Operations Manual and WEEPs	Manager Strategy & Governance	A review of Emergency Management operations including BCP's was undertaken in late 2020. SLT to consider a report in April 2021.-due date/details update as part of SRR	30/12/2021	
									Emergency Management Plan	1,2	E	ME				Review IT Disaster Recovery (DR)	Manager Innovation & Technology	Draft DR Plan written and will be presented at the next Audit Committee meeting -due date/details update as part of SRR	30/06/2021	
7	Strategic	Place making	Poor or ineffective planning systems and processes	GM Strategy & Corporate	1. Impacts of upcoming planning reform potentially reduces Council's influence over planning direction 2. State government priorities/targets to increase tree coverage impacting on Council planning (tree coverage) 3. Lack of finalised Code and DPTI system to manage new planning 4. Loss of knowledge	Incorrect or poor planning decisions	POSSIBLE MAJOR	EXTREME	Effective Planning and Development application process	2,3	ME	ME	POSSIBLE MODERATE	MEDIUM	NO	Review processes & improve as a result of the new planning system implementation	Manager Development Services	Initial and large changes have been implemented and will continue to be monitored and altered as necessary.	Ongoing - update controls in SRR	
									Effective & integrated IT systems (State portal/Council Tech1)	3	PE	ME				Review IT systems, develop integration from PlanSA . Attorney Generals Department system & train staff to ensure smooth transition.	Manager Development Services	Initial intensive training has been rolled out and Completed - this will continue to be monitored on a needs basis for existing and new staff. Systems have been integrated.	Completed - update controls in SRR	
									Effective Planning Team with appropriate resources	1	ME	ME				Review Planning team	Manager Development Services	Independent review has taken place - further decision making regarding a refined structure to suit the business unit is underway - on track	Ongoing - update controls in SRR	
8	Strategic	Culture	WHS & Staff safety: Staff, contractor or volunteer death or serious injury OR subject to physical, sexual, emotional or psychological abuse	GM Strategy & Corporate	1. Systems to manage fatigue which impact on health and wellbeing require improvement 2. Lean staffing model impacting on stress of workforce 3. Increasing awareness and emerging risk of Mental Health impacts associated with physical and verbal abuse from customer/general public, burnout/fatigue, cumulative trauma (along with upcoming change in presumptive legislation); Mental Health and Wellbeing Strategy continuously evolving	Physical, sexual, emotional or psychological abuse	POSSIBLE CATASTROPHIC	HIGH	WHS Strategic Plan and Programs	1,2,3	E	ME	POSSIBLE CATASTROPHIC	MEDIUM	NO	LGAWCS Audits undertaken bi-annually	Manager People & Culture	Scheduled for October/November 2022	31/12/2022	
									Workforce Capability Audit & Gap Analysis	1,2	PE	ME				Monitor resourcing levels within the organisation to ensure they are appropriate to achieve workload	GM Strategy & Corporate	Development of a Corporate Plan and Service Review Framework have commenced, which will assist in resource planning decisions in future.	Ongoing - update controls in SRR	
									Reviewing of rostering requirements for Field Services & Events staff for Council events	1,2,3	PE	ME				Review shift work arrangements and fatigue of Field Services staff as incorporated in the current Enterprise Agreement	GM Assets & Delivery, Manager Field Services, Manager People & Culture	A review into fatigue at the depot in regards to overtime shifts was completed and fatigue was not identified as an issue. This is continually monitored and staff resourcing managed to avoid fatigue. There is a commitment to investigate the feasibility of a 7 day roster shift pattern during the current field staff EB agreement. This is to be completed prior to negotiations commencing for the new EB commencing 30 June 2024.	31/03/2024	
									Reasonable Adjustment Procedures for non-work related medical conditions	1	E	ME								
9	Strategic	Culture	Inability to implement appropriate controls to manage changes to Local Government reform	Chief Executive Officer	1 Significant ongoing changes being proposed and implemented in local government, including: - Rate Capping - Audit Committee Changes - Audit proposals for changes to the Auditor-General - Planning reform - Rate Waivers (Opposition Bill in front of Parliament) 2. General rate and revenue pressures from state government 3. Boundary Reform process - some residents from Marion Council wanting to join HB Council	Revenue or financial impacts	POSSIBLE MAJOR	HIGH	Ongoing monitoring of changes	1	E	E	POSSIBLE MAJOR	MEDIUM	YES	Review Working-from-Home policy and procedure	Manager People & Culture	Completed	Completed - update controls in SRR	
									Providing input into proposed changes and advocating to government on impacts of changes	1,2,3	E	E				Engaging with LGA to lobby State Government against legislation which has detrimental impact on the financial sustainability of the council	CEO	The Statutes Amendment (Local Government Review) Act 2021 was assented to by the Governor on 17 June 2021 but is yet to commence. Consultation has commenced with the sector regarding commencement and Regulations and the LGA has undertaken to provide supporting documents and training to the sector. CoHB elected to subscribe to the training program offered by the LGA, which is expected to commence shortly.	Ongoing - update controls in SRR	

Risk #	Strategic or Operational	Objectives  (Env, Comm,Place, Culture, Economy)  What are we trying to achieve?	Risk Description (Long)  There is a risk of/that:	Responsible GM	Causes Potential and Actual  What are the contributing factors as to How and Why this risk occurs right now? What would cause the event to occur in the future (based on what we know now)?	Consequences  What would the consequences be to the City of Holdfast Bay if the risk did occur?	Likelihood Consequence	Inherent Risk Rating (If controls fail)	Critical Controls  What are the things we do to manage the risk? (controls either reduce the likelihood or consequences) Align to causes where possible	Which number cause does this critical control address?	Control Effectiveness: Detailed Effective; Majority Effective; Partially Effective; Ineffective	Overall Control Effectiveness Likelihood Consequence	Residual Risk Rating	Accept the level of Risk?  (Risk as low as reasonably practicable? YES, if not, then NO	Treatment Actions	Who	Progress Comments	When by? (revised due date)
10	Strategic	Culture	Inadequate consideration of how information technology can support service delivery	GM Strategy & Corporate	1. Lack of a defined/finalised IT strategy to enable overarching organisational strategy 2. Inadequate approach to data governance, including data security / collection practices/systems, poor use of extensive data collected 3. Significant transformation projects ongoing, particularly with Technology One (For example works orders from entry into the organisation to completion) 4. Inadequate identification of specific opportunities to enable better engagement with customers via ICT innovations 5. Lack of appropriate access to analyse and use data to guide evidence-based decision-making 6. Current move towards 'SMART' city concepts with prioritisation and strategic choices required 7. Extensive number of projects being implemented - some lack of overarching program governance to 'join the dots' 8. Vendor functionality improvements timeframe not aligned with Council's needs (Tech1)	Inefficiencies of Internal processes  Lack of clear and planned investment in appropriate IT systems  Delivery of works poorly tracked/managed within internal systems  Information systems are ineffective, not fit-for-purpose and cannot be used to an optimum level	UNLIKELY MODERATE	HIGH	Information Management Governance Committee  Information Management Strategy  IT Roadmap (in draft); Smart City Tech (draft blueprint); Future State Architecture	2,7  1,5  1,3,4,6,8	PE  PE  PE	PE POSSIBLE MODERATE	MEDIUM	NO	Develop a set of criteria for measuring success of ICT projects  Consider efficiency and effectiveness for staff WFH (telephony systems; cloud-based IT)	Manager Innovation & Technology  GM Strategy & Corporate	Technology road map and IT blueprint have been developed and provided to SLT for further discussion and feedback. - due date/details to be updated in SRR  Completed	31/12/2021   Completed - update controls in SRR
11	Strategic	All	Lack of strategic alignment	GM Strat & Corp	1. Lack of Complete and up-to-date strategy which is understood and agreed by key stakeholders (Current strategy outdated and being renewed) 1.A. Impacts of COVID are having ongoing impacts on the Strategy 1.B. Requirement to consider the role of CoHB in assisting with the local business economic recovery and resilience 2. Difficulty in measuring performance on what is being achieved (outcomes vs outputs) 3. Lack of ability to measure community wellbeing to inform Social Needs Analysis as a key input to the strategy 4. Future outlook for service/asset model is changing in addition to the ability of the organisation to respond to those changing needs (e.g. online services required, increasing demand/expectations in relation to asset base (tourism), homeless management, aged care management, potential changing government agenda/reform) 5. Lack of understanding/agreement on future priorities (asset investment and services) - lack of agreement at Exec and Elected Member level to finalise renewed strategy 6. Current transformation projects ongoing - transformation projects may not be aligned to renewed strategy; strategically critical projects may not be included in transformational program 7. Increasing demand for enhanced customer experience 8. A need to be more agile to respond to the community's needs 9. A need to "fund what we are trying to achieve" (service delivery and service level choices) 10. Increasing pressures to justify how Councils spend money vs community expectations 11. Difficult to understand full cost of individual services 12. Lack of risk appetite to explore alternative service delivery options	- Non-achievement of objectives - Potential to impact on sustainability of the organisation	POSSIBLE MODERATE	MEDIUM	Strategic Plan  Project to review the Strategic Plan (also needs to consider the CEX Strategy, Social Needs, Environment, Asset Management Plans)  Economic Recovery Taskforce (commenced June 2020) - actions being undertaken to embed	1,  1,2,3,4,5,6,7,8,9,10,11,12  1,1B, 1C	IE  IE  PE	PE UNLIKELY MINOR	LOW	NO	Providing input into the impacts of the proposed planning changes to CHB  Update Strategic Plan to include outcomes-based measures and develop integrated planning to ensure all strategic commitments are reported against  Develop a corporate plan to ensure programmatic integration of all strategic commitments  Review of Alwyndor Strategic Plan to be embedded into Council Strategic Plan	Manager Development Services  Manager Strategy & Governance  Manager Strategy & Governance  GM Alwyndor	Transition occurred on 19/3/21 and regular reporting to SLT, Council and staff will continue.  New Strategic Plan in progress - complete  New Strategic Plan adopted November 2021 and commenced in January 2022. Corporate Plan development has commenced. Requires ICT investment for a data capturing/reporting system.	Ongoing - update controls in SRR  Completed - update controls in SRR  31/10/2022  Completed - update controls in SRR
12	Strategic	Culture	Poor or ineffective workforce planning, including recruitment and retention	GM Strategy & Corporate	1. Lack of effective position management (including planning, role type, need for the role) 2. Poor and ineffective decisions on recruitment of some individual positions 3. Lack of effective Workforce Planning 4. Significant change underway (and to come) and workforce capability currently not sufficient (refer to Transformation Capability risk) 5. Pressure as a result of COVID to ensure workforce is more efficient	- Without the correct staff, there is an impact on the quality of business and service delivery -Negative impact on staff engagement and morale	POSSIBLE MODERATE	MEDIUM	Vacancy Management Process  Recruitment & Selection Procedures (merit based)  Workforce Capability Audit & Gap Analysis  Leadership Scorecard Process  Professional Development Review Process	1,  2,4  3,4  4  1	E  ME  PE  ME  ME	ME MAJOR MODERATE	LOW	NO	Finalise Crisis and Incident Management Plan  All vacancies reviewed in consultation with P&C; approved by GM's & final decision to conduct recruitment process and engage preferred candidate by CEO  P&C Participation on panels where relevant to ensure culture/skill fit  Service Review Framework to be developed and implemented to enable service planning, including workforce planning.  Bi-annual leadership scorecard measurement which includes 360 degree review for all Leaders & overall leadership benchmark.	GM Assets & Delivery  SLT/CEO  People & Culture/ Leadership Team  Manager Strategy & Governance  People & Culture	Position currently Vacant - A review of Emergency Management - operations including BCPs was undertaken in late 2020. SLT to consider a report in April 2021 - due date/details to be updated in SRR  Completed  Completed  A draft framework is currently under development and will shortly be tested. - due date/details will be updated in SRR  Completed	30/04/2021 (Delayed)  Completed - update controls in SRR  Completed - update controls in SRR  In progress  Completed - update controls in SRR
13	Strategic	All	Inability to effectively implement strategic projects	Chief Executive Officer	1. Volume and complexity of projects 2. Stakeholder interest in outcomes of major projects 3. Decentralised approach to project management 4. A need to clarify roles and responsibilities (governance) in relation to projects 5. Some historical issues with capital project estimating (quantity surveying) processes (estimates in design not correlating with tender responses)		POSSIBLE MAJOR	HIGH	Annual budget process  Project Management Methodology  Budget bids include business cases and risk assessments  Consultation Plans for all projects  Regular Corporate Reporting	1,4  3,4  1,3,4  2  4	E  PE  E  E  E	ME UNLIKELY MODERATE	MEDIUM	NO	Annual PDR process for all staff that includes a development plan  Project Governance needs to defined to improve the Project Management Methodology  Undertake an audit of how the Project Management Methodology is implemented in Council  Review Major Capital Project Estimating processes Develop 3 year forward works program - plan design - construct  Allocate Project Management resources to suit the project including specialists as required.	Managers/ Supervisor; P&C  Manager Strategy & Governance  Manager Strategy & Governance  GM Assets & Delivery  CEO	Current cycle commencing June 2021 and will Complete by July 2021  In progress - A Project Board has been established and will be considering a draft Project Management Framework at its next meeting.  To be considered as part of the internal audit program - for FY 2022/23  Have completed for roadworks and bus stops and stormwater for 2021 and will be ongoing  New Organisational realignment clarified roles/responsibilities of project governance. Additional Resources allocated to support appropriate project delivery of Strategic projects.	Ongoing - update controls in SRR  Ongoing - update controls in SRR  30/09/2022  Ongoing - update controls in SRR  Ongoing - update controls in SRR
14	Strategic	Culture	Poor or ineffective customer service delivery	GM Community & Business	1. Lack of customer-centric service design to promote optimal customer contact/service: Customer Experience Strategy currently being developed (change culture to "customer outcomes-focussed" organisation) 2. There is a need to strengthen customer focus of Council staff (recruitment, culture and skills development) to enable transformational activities 3. Lack of strong IT systems and efficient and effective processes (eg works orders, complaints management) to support efficient and Complete customer service 4. Changing profile of customer expectations and service requirements, for example . increasing requirements for additional services to support increasingly aging population in the Council . online/out of hours capacity 5. Lack of performance measurement in line with community needs 6. Government changes impact upon service delivery (Planning Code, Dog and Cat management, Aged Care Royal Commission findings) 7. As COVID is continuing, the effectiveness of customer service delivery is diminished (due to reduced face-to-face)	- Reputational impacts	POSSIBLE MAJOR	HIGH	Customer experience strategy, key measures + quality standards  Technology One system for customer interactions  Mitel phone system solutions  Training and development of staff in relation to customer experience  Communications Strategy 2030  CoHB style guide  Reviewing customer profiles regularly (approx. 3- yearly); currently Completed for tourism/retail cohort and residents  Identifying externally-imposed changes that impact upon service delivery and training staff to comply  Engagement channels (increased with COVID response, such as online responsiveness, social media, Web chat, meeting platforms)  Community Engagement Framework	1,2,5  3  3  2  1,2  1  1,4  6  7  1,4	IE  PE  PE  PE  PE  E  PE  ME  E  ME	PE UNLIKELY MINOR	LOW	NO	Ensure budget is sufficient to deliver project including risks , contingencies and budget considerations for whole of life costs.  Change management plan (customer experience strategy)  Development of relevant/achievable measures and quality standards in relation to the customer experience  Implement Request Management, including the customer interface, to support customer experience  Exploring further functionality (Mitel) to enhance customer experience  Ensure that customer-experience training embedded in annual training calendar  Review communications strategy annually  Review style guide annually  Review customer profile in more granular detail for the broader customer base to encompass all Council services (not just tourism)  Strengthen key stakeholder engagement actions (develop a plan in line with these requirements to facilitate better alignment)  Provide support and training/development for business units across Council. Develop consumer reference groups. Monitor digital media platforms to formally capture community engagement.	GM Community & Business  GM Community & Business  GM Community & Business  Manager Innovation & Technology  Manager Customer Experience & Library Services  Manager Customer Experience & Library Services  Manager Communications & Engagement  Manager Communications & Engagement  GM Community & Business  GM Community & Business	Ongoing  In progress, delayed due to staff changes - due date/details to be updated in SRR  Complaints policy was reviewed and amended in June 2021. Request Management Service is in development. Service Review Framework is in development - due date/details to be updated in SRR  RMS is a continuing project and projects direction is being reviewed by the steering committee. - due date/details to be updated in SRR  IT testing updated Mitel solution software. On track for completion.  Commencing planning on imbedding Customer Charter and Customer Experience Strategy in regular training programs and induction in conjunction with P and C  On track. due date/details to be updated in SRR  New style guide for Jetty Road Glenelg developed April 2021. Review of CHB style guide on Track  In progress, delayed due to staff changes - due date/details to be updated in SRR  Communication and engagement plan template has been reviewed and updated. Each project manager is now required to complete a plan prior to the development of each engagement.  Ongoing training and support is provided for project managers to manage each relevant project.	Ongoing - update controls in SRR  31/12/2021 (Delayed)  1/06/2021 (Draft)  30/06/2021 (Delayed)  30/06/2022  30/06/2022  30/06/2021  Ongoing - update controls in SRR  31/12/2021 (Delayed)  Ongoing - update controls in SRR

Risk #	Strategic or Operational	Objectives (Env, Comm,Place, Culture, Economy)  What are we trying to achieve?	Risk Description (Long)  There is a risk of/that:	Responsible GM	Causes Potential and Actual  What are the contributing factors as to How and Why this risk occurs right now? What would cause the event to occur in the future (based on what we know now)?	Consequences  What would the consequences be to the City of Holfast Bay if the risk did occur?	Likelihood  Consequence	Inherent Risk Rating (If controls fail)	Critical Controls  What are the things we do to manage the risk? (controls either reduce the likelihood or consequences) Align to causes where possible	Which number cause does this critical control address?	Control Effectiveness: Detailed  Effective; Majority Effective; Partially Effective; Ineffective	Overall Control Effectiveness	Likelihood  Consequence	Residual Risk Rating	Accept the level of Risk?  (Risk as low as reasonably practicable? YES, if not, then NO	Treatment Actions	Who	Progress Comments	When by? (revised due date)
15	Strategic	Community	Inability to deliver a sustainable events calendar	GM Community & Business	1. The city delivers many significant events throughout the year (NYE, concerts, Christmas Pageant, ad hoc events at beaches) 2. Recent Events strategy being implemented 3. Not matching community needs/expectations in relation to event delivery/volume of events (tension between residents, businesses and visitors) 4. Management of open space an ongoing and increasing issue 5. Scale of events increase risks in relation to community safety 6. Reduced community attendance due to restrictions on mass gatherings which will reduce income (and expenditure)	- Poorly delivered events - impact on Reputation	POSSIBLE MAJOR	HIGH	Events Strategy (draft)	1,2,3	IE	ME	POSSIBLE MODERATE	MEDIUM	NO	Project to review the Strategic Plan to also include broader research and data to determine recovery from COVID impacts - particularly as a result of reduced interstate and international tourism on local businesses	Tourism Development Coordinator	New Strategic Plan in progress, Review report received by Council February 2021, outlining the broad direction of the new Strategic Plan. A Tourism Plan has been developed	Completed - update controls in SRR
									Tourism Plan 2020 - currently being reviewed based on credible data.	3	PE					Finalise Events Strategy - including modifications considering mass gathering restrictions and impacts on interstate and international travel (and impacts on discretionary spend) - full impacts are not yet materialised (and agility to change events on an ongoing basis)	Manager City Activation	Changes requested by Council have been incorporated into Events Strategy - due date/details to be updated in SRR	Ongoing - update controls in SRR
									Commercial Activation of Community Land Policy	4	PE					Annual review of event risk management and emergency responses/staff training and development in relation to events	Manager City Activation	Events are reviewed on an ongoing basis with outcomes informing the planning of future events.	Ongoing - update controls in SRR
									Asset Management Plans / maintenance schedule	4	PE					Annual review of event schedule	Manager City Activation	Advance planning of the event schedule begins towards end of year as part of the budgeting process for the coming Financial Year. Workshop held with Elected Members March 2022.	Ongoing - update controls in SRR
									Tourism Destination Action Plan	1,2,3	IE					Event survey data	Manager City Activation	This is an ongoing treatment	Ongoing - update controls in SRR
									Regional Destination Action Plan (Western Alliance)	1,2,3	E								
									Economic Activation Plan 2030	3	E								
									Strategic Plan 2030	3,4	E								
									Risk Mgt, Emergency Response + Crisis Communications Plans	5	E								
16	Strategic	Culture	Poor or ineffective budget development and management	GM Strategy & Corporate	1. Lack of zero baseline budgeting (of discretionary spend) aligned with strategy and service level requirements (generally just CPI% increases) 2. Insufficient budget allocated to significant new assets being developed 3. Difficult to understand full cost of individual services 4. Lack of oversight of Alwyndor finances on an everyday basis - as well as being separated from core Council financial system 5. A need to review budget management/delegations 6. Difficult to embed future potential strategic options and requirements in Long Term Financial Planning 7. Impacts of COVID will have ongoing variability impacts (financial sustainability) on the budget (revenue (rates) and expenditure (strategic investments and ongoing expenditure))	- Poor or ineffective financial management and financial sustainability impacts	POSSIBLE CATASTROPHIC	EXTREME	Budget Development process	1,2,3,4	ME	ME	POSSIBLE MAJOR	MEDIUM	NO	Annual training and education re the Budget Development process (include additional training re 'commercial acumen')	Manager City Activation	Completed and ongoing	Completed - update controls in SRR
									Budget Management policy, process, training	1,	ME					Refinement of budget review processes (short-term reviews - to include more discussions at quarterly review - to respond to the changes in the economic environment due to unknown impacts of COVID)	Manager Finance	Completed and ongoing	Completed - update controls in SRR
									"Control Track" - annual testing of best practice Budget internal controls and effectiveness measures	4,5	ME					Regular training/education and support re the Budget Management process	Manager Finance	Completed and ongoing	Completed - update controls in SRR
									Long-term Financial Plan being updated	2	PE					Annual review of internal controls, including reporting and budget management policy, process and procedure - using "Control track" tool - reporting also to Audit Committee on results.	Manager Finance	Completed and ongoing	Completed - update controls in SRR
17	Strategic	Culture	Poor or ineffective management of legislative and regulatory obligations and ongoing changes	Chief Executive Officer	1. Continuous legislative and regulatory changes 2. Aged care changes 3. A need for strengthened compliance framework / understanding of the risks of non-compliance	- Non-compliance with legislative or regulatory requirements	LIKELY MODERATE	HIGH	Compliance Register - Council	1,2,3	PE	ME	POSSIBLE MODERATE	MEDIUM	NO	Compliance Register - Completed for all Acts	Strategy & Governance Lead	Pending LGA Compliance register model being released (under development with LGA and Norman Waterhouse) - Governance to consult with LT regarding resourcing or use of a consultant. LGA update - register model delayed - new release date pending	31/03/2022 30/09/2022
									Aged Care Standards - Quality System	2	E					Compliance Register to be risk assessed	Strategy & Governance Lead	Pending LGA Compliance register model being released (under development with LGA and Norman Waterhouse) - Governance to consult with LT regarding resourcing or use of a consultant.	31/03/2022 30/09/2022
									LGA circulars - Changes to legislation	1,2,3	E					Undertake internal audit on compliance register (both on the completion/effectiveness of the register as well as individual identified compliance audits)	Strategy & Governance Lead	Pending LGA Compliance register model being released (under development with LGA and Norman Waterhouse) - Governance to consult with LT regarding resourcing or use of a consultant.	30/06/2023
									Aged Care Changes - Notifications from industry bodies	2	E								
18	Strategic	Culture	Current staff profile capability not able to transform the organisation	GM Strategy & Corporate	1. Significant need going forward to transform the organisation from 'process-driven' to innovative and dynamic 2. Lack of internal capability/capacity for the organisation needs to transform the organisation to deliver strategic direction [problem solving/influencing/innovative thinking] 3. Lack of skills/training to support staff to build skills to implement change 4. Culture of 'government'/public service ("We've always done it this way", internal compliance) 5. Some 'Decision Paralysis and/or lack of engagement' amongst mid-level management (from a combination of capability, resilience, fear of making decisions, permission [and trust from SLT to make decisions] and a lack of understanding/alignment of the existing strategy)	- Inability for organisational staff to implement new strategies to transform Council going forward	POSSIBLE MAJOR	HIGH	Business Capability Model developed	1	PE	PE	POSSIBLE MODERATE	MEDIUM	NO	Undertake an internal audit of the Aged Care Quality standards at Alwyndor	GM Alwyndor	Rolling program in conjunction with Gap Analysis report. Note: This is a continuous process of rolling audits which support the standards, the audit schedule is managed through Compliance Master, audit reporting and monitoring software.	Ongoing - update controls in SRR
									Performance Development process and system	2,3,4	PE					Compliance with EBA requirements for any organisational change and appropriate support provided by P&C	Manager People & Culture	Compliance with EBA essential for any organisational change - all departmental and organisational restructures and or realignments have complied - ongoing	Ongoing - update controls in SRR
									Leadership Development Program Workforce Planning Audit	5	PE					Performance Development Plans should consider future capability requirements (as part of the Workforce Development Plan)	Manager People & Culture	This action should sit with SLT and Strategy to determine future service requirements. Vacancy Management is a standing item on fortnightly P&C meeting with SLT. Future services and capability sits with SLT and Strategy. A new action to be created for P&C with focus on Vacancy Management with a view on future capability and service requirements. (ongoing). - due date/details to be updated in SRR	30/07/2022 (Update/new action)
																Development of Workforce Development Plan that considers business capability, future workforce requirements, current workforce profile. Develop KPIs for implementation of Leadership Program	Manager People & Culture	Galpins Completed Workforce Planning Audit in early 2021 - report, recommendations and actions under review by GM Strategy and Corporate. Suggest report be tabled at Audit Committee. - new action?	Ongoing - update controls in SRR
19	Strategic	Economy	Poor or inadequate Economic Development and Tourism Management	GM Business & Community and GM Strategy & Corporate	1. Council's Tourism Plan currently out of date 2. A need to finalise development of the Social Inclusion/Access and Inclusion Plan 3. A need for more effective traffic management strategies and transport capacity being stretched (infill, congestion) 4. A lack of investment in market research to inform economic development/tourism management 5. A lack of infrastructure to attract private investment 6. Substantial impacts on local businesses due to COVID restrictions on interstate and international visitation.	- Unattractive place to do business - Poor outlook for tourism opportunities to attract sustainable tourism businesses	POSSIBLE MAJOR	HIGH	Tourism Destination Action Plan, Regional Destination Action Plan (Western Alliance), Tourism Plan 2020	1	IE	ME	POSSIBLE MAJOR	MEDIUM	NO	LTFP being reviewed (including impacts of COVID) and updated to include strategic projects and scenario analysis - using new LG solutions product. Also LTFP being prepared for Alwyndor operations using same product.	Manager Finance	Completed and ongoing Alwyndor LTFP presented at last Audit Committee meeting as a confidential item.	Completed - update controls in SRR
									Economic Activation Plan 2030	2,	E					Review Retail Strategy for Jetty Road - consider impacts of COVID to further develop the broader economy (more than retail such as accommodation, hospitality, etc.)	GM Community & Business	Review will be undertaken in new FY and completed by November 2021 - progress will be checked in SRR	1/11/2021
									Jetty Road Retail Strategy + Action Plan	4	PE					Glenelg Rejuvenation Project	Manager Public Realm & Urban Design	Further Clarification sought from SLT	1/03/2023
									CoHB Investment Prospectus	4,5	E					Finalise Events Strategy	Manager City Activation	Changes requested by Council have been incorporated into Events Strategy.	Ongoing - update controls in SRR
									Quality of Life survey	5	E					Tourism & Retail Market Research - impacts on retail spend due to interstate and international travel restrictions (and impacts on discretionary spend); short, medium and long-term action plan being implemented for destination marketing in response to COVID	GM Community & Business	Market insights are sourced on an ongoing basis via a range of sources including SpendMap. The Tourism Recovery Plan 2023 was recently adopted.	Ongoing - update controls in SRR
									Tourism and Retail Market research	1,2	IE					Review Economic Activation Plan 2030 considering the impacts of COVID (consider also the Economic Recovery Taskforce)	Manager City Activation	Activation Plan and actions are still current and can be adapted accordinally to suit most instances. City recovery is on trackERT dealt with immediate actions and responded with initiatives resulting in positive outcomes for most sectors.	Ongoing - update controls in SRR
									Business Confidence Survey	4	E								
									Jetty Road Investment Prospectus	4,5	PE								
20	Strategic	Culture	Prevention of risk or harm to children, young and vulnerable people	GM Strategy & Corporate	1.Poor recruitment 2.Failure to adequately undertake staff checks/screening. 3.Inappropriate or lack of relevant training	- Risk of harm to children, young and vulnerable people - Reputational damage	LIKELY CATASTROPHIC	EXTREME	- Background Screening & Reporting Procedures - Training Needs Analysis (TNA) details training per position. - Required training undertaken for existing related positions. - Appropriate screening checks undertaken as part of recruitment process. - Screening reviews undertaken 3 yearly.			POSSIBLE MAJOR	MEDIUM	NO	Detailed actions in Operational Risk register realting to: - screening, confidentiality and the introduction of risk assessments	Manager People & Culture		NEW - 30/06/2022	

# Attachment 2



## Operational Risk Register Extract

Risk ID #	Risk Description (Long) There is a risk of ...	Responsible GM	Residual Risk Rating	Treatment Actions What are the things we should be doing that we aren't currently? Once implemented become a new control	Who	Progress comments	When by? (with revised predicted date)
81	Asset Management Plans with high and very high risk actions with actions to be completed in within 1 year	GM Assets & Delivery	HIGH	Refer to 2020-21 Asset Management Risk Action Plan- Prioritised actions only not all actions	Asset Management Lead	Managed by Asset Management team – IN PROGRESS	<del>8 February 2022</del>  <b>Internal Audit of: Asset Management</b>  <b>Completion Date: 17/06/2022</b>
82	Asset Management Plans with high and very high risk actions with actions to be completed in within 2 years	GM Assets & Delivery	HIGH	Refer to 2020-21 Asset Management Risk Action Plan - Prioritised actions only not all actions	Asset Management Lead	Managed by Asset Management team	8 February 2023
83	Asset Management Plans with high and very high risk actions with actions to be completed in within 4 years	GM Assets & Delivery	HIGH	Refer to 2020-21 Asset Management Risk Action Plan - Prioritised actions only not all actions	Asset Management Lead	Managed by Asset Management team	8 February 2025



Item No: 7.5

Subject: **RISK MANAGEMENT POLICY AND PROCEDURE**

Date: 1 June 2022

Written By: Manager, Strategy and Governance

General Manager: Strategy and Corporate, Ms P Jackson

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## **SUMMARY**

The Risk Management Framework, Policy and Procedure were endorsed by the Audit Committee on 31 January 2018 and by Council on 13 March 2018. In 2021, the Risk Consequence Scale and Descriptions table (consequence table) and the Risk Matrix in the Risk Management Framework were adjusted by Council on the advice of the Audit Committee.

A comprehensive review of the Risk Management Framework, policy and procedure have now been undertaken by the Risk and Improvement Officer to simplify the suite of documents and apply best practice.

A proposed new Risk Management Policy is provided for Audit Committee's review, comment and endorsement, prior to presentation to Council for consideration. The Risk Management Procedure is provide for Audit Committee's review and comment. Procedures do not require Council approval and will be confirmed by the Chief Executive once the head policy is approved.

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## **RECOMMENDATION**

### **That the Audit Committee**

- 1. endorses the proposed new Risk Management Policy for Council's consideration, and**
  - 2. notes the proposed new Risk Management Procedure.**
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## **STRATEGIC PLAN**

Statutory Requirement

## **COUNCIL POLICY**

Risk Management Policy

## STATUTORY PROVISIONS

*Local Government Act 1999*

## BACKGROUND

A Risk Management Framework was developed in 2018 by Council's Internal Auditors, Bentleys, in consultation with administration. The Risk Management Framework (Attachment 1), as well as the Risk Policy (Attachment 2) and Procedure (Attachment 3), were endorsed by the Audit Committee on 31 January 2018 and by Council on 13 March 2018. In 2021, the Risk Consequence Scale and Descriptions table (consequence table) and the Risk Matrix in the Risk Management Framework were adjusted by Council on the advice of the Audit Committee.

*Refer Attachments 1, 2 and 3*

## REPORT

Elements of the Risk Management Framework were reviewed in mid-2021 but the policy suite overall was not reviewed. Furthermore, in September 2021, a review of the policy suite was undertaken by IS Defence in response to recommendations made in the Cyber Security Internal Audit.

In line with the organisational value of simplicity, the previous Risk Framework, Policy and Procedure have been reviewed and have been restructured into two documents, being a more comprehensive policy and more detailed procedure.

Recommendations from the IS Defence work have been addressed, and references have been taken from the LGRS Risk Framework, as well as ISO standards, to lift the maturity of the documents.

While most of the content is standardised best practice content, there are some organisation-specific policy positions that Audit Committee may wish to pay particular attention to in the policy and procedure, namely the:

- commitment for Council to set the risk appetite at least once per term
- updated risk tolerances
- updated risk reporting schedules
- updated likelihood descriptions
- re-articulated roles.

The consequence scales and risk matrix that were updated in mid-2021 on the Audit Committee's advice have not been altered.

As the documents are substantially altered from the previous version, a track changes version is not practical.

The proposed new Risk Management Policy is provided as Attachment 4.

*Refer Attachment 4*

The proposed new Risk Management Procedure is provided as Attachment 5.

*Refer Attachment 5*

## **BUDGET**

There are no budget implications arising from the review of these documents.

## **LIFE CYCLE COSTS**

There are no life cycle costs associated with this report.

# Attachment 1



ECM DSID Number:	4168346
First Issued / Approved:	13/03/2018
	22/06/2018
Last Reviewed:	22/06/2021 C220621/2327
Next Review:	21/06/2024
Parent Policy	Risk Management Policy
Responsible Officer:	Team Leader Governance
Date placed on Intranet	23/06/2021

## 1. PREAMBLE

The structure of managing risk, includes the roles and responsibilities for risk management within the City of Holdfast Bay and the risk management recording and reporting requirements.

### 1.1 Background

The international risk management standard (ISO 31000:2009) provides a generic risk management process that can be applied to any organisation of any size and in any jurisdiction or sector.

The City of Holdfast Bay (Council) needs to ensure that it has an appropriate risk management framework that meets Council's strategic and operational objectives and promotes a positive risk culture across Council.

### 1.2 Purpose and Scope

This framework provides guidelines and step by step processes for all Council employees in the identification, management and reporting of risks across all areas of Council operations which will minimise potential negative exposures and maximise opportunities. This framework is supported by Council's Risk Management Policy and Risk Management Procedure.

## 2. RISK MANAGEMENT

### 2.1 What is risk management?

Risk is defined in Australian Standard ISO 31000: Risk Management – Principles and Guidelines (the Standard) as *"the effect of uncertainty on objectives"*. The Standard defines risk management as *"the process designed to identify potential events that may affect an entity and manage risk to be within its risk appetite and provide reasonable assurance regarding the achievement of entity objectives"*.

Risk includes a failure to identify, assess, evaluate and manage threats and recognise and seize opportunities. Risk is measured in terms of likelihood of

## RISK MANAGEMENT FRAMEWORK

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occurrence and consequences in light of the existing management strategies and controls in place to manage the risk.

Risk management includes:

- the identification, sourcing and measurement of risk;
- design and implementation of capabilities for avoiding, retaining, transferring and exploiting risk; and
- monitoring risk within acceptable tolerance levels.

The goal is not to eliminate all risks, but instead manage risks involved in Council's operations and services.

### 2.2 Benefits of risk management

Risk influences every aspect of the operations of Council and are both internal and external. Understanding risks and managing them appropriately will enhance our ability to make better decisions, safeguard our assets, enhance the ability to provide services to the community and to meet Council's strategic objectives.

The benefits of a coordinated and systematic approach to risk management include:

- having a clear understanding of the key risks facing the City of Holdfast Bay;
- providing assurance to Council, the CEO, senior management and stakeholders that critical risks are being appropriately managed;
- encouraging proactive management of strategies to identify and manage risks;
- promoting a positive risk management culture; and
- establishing an effective method for decision making, planning and reporting.

## 3. RISK MANAGEMENT PROCESS

A graphic summary of the risk management process is included in **Appendix 1**.

Each component of the risk management process is detailed below.

### 3.1 Communicate and Consult

Ongoing communication and consultation with all involved parties to ensure understanding of the risk management process and its intended outcomes is performed by the Risk Manager. This includes the following:

- collating reports for presentation to the Senior Leadership Team, the Audit Committee and Council;
- facilitating ongoing operational reviews of risk registers;
- coordinating risk assessments for specific projects and events and ongoing advice and support to ensure compliance with the Risk Management Framework.

A consultative approach will:

- help define the context;

## RISK MANAGEMENT FRAMEWORK

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- ensure risks are identified effectively;
- bring different areas of expertise together (internal as well as external parties) in analysing risks;
- ensure that different views are appropriately considered in evaluation risks and appropriate change management occurs during risk treatment;
- promote the ownership of risk by managers; and
- facilitate the engagement of stakeholders allowing them to understand and appreciate the benefits of controls and the need to endorse and support a treatment plan.

### 3.2 Establish Context

The internal and external contexts in which the risk management process is addressing need to be considered. Establishment of the context is required to define the basic parameters for risks to be identified, examined and managed and sets the scope for the risk management process.

#### 3.2.1 External Context

Consideration of the external context includes the following:

- opportunities and threats associated with the local, regional, state and global economic, social, political, cultural, regulatory and competitive environments;
- Government policies, legislation and objectives/strategies;
- other external stakeholders and their objectives and strategies.

#### 3.2.2 Internal Context

Consideration of the internal context includes the following:

- Council's plans, objectives and strategies;
- Council's organisational capabilities;
- risk appetite, including when risk is tolerable or not;
- operational constraints, including budget, resources and capabilities;
- Council policies, procedures and guidelines.

### 3.3 Risk Identification

Risk identification is a critical activity at both a strategic and operational level. It needs to include all significant sources of risk, including those beyond Council's control. If a risk or threat has not been identified, then strategies cannot be created to defend against it. Identification should include all risks whether or not they are under the influence of Council. An example of a documented risk from Council's Strategic Risk Register is contained at **Appendix 2**.

The process for identifying risks will usually involve the use of:

- workshops (using brainstorming approaches, SWOT analysis techniques, project or business categories) with key stakeholders that are best equipped to identify and assess the risks and those who will be involved in risk mitigating processes and actions;
- interviews with respective Risk Owners by the Risk Manager;
- documentation of risks in a Risk Register; and



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- verification of the output by the key stakeholders.

Risk management activities should be directed towards the identification and capture of key risks ensuring the benefit outweighs the potential increased cost and effort in capturing all possible risks.

Council has identified eight risk categories, including the Business Unit responsible. Details of the risk categories are contained in the Risk Management Procedure.

### 3.4 Risk Analysis

Risk analysis is the process of developing an understanding of each risk. The analysis is based on an assessment of the:

- **risk likelihood** (the chance of something happening); and
- **risk consequence** (the outcome or impact of an event)

and considers the controls or mitigating activities already in place that reduce the level of risk.

The following tables are used in estimating risk likelihood and risk consequence in order to determine an overall risk rating.

#### 3.4.1 Risk Likelihood:

Likelihood Ratings for Risk Occurrence		
Level	Descriptor	Description
E	Almost certain	Is expected to occur in most circumstances – 95% to 100% probability or had occurred in the last 12 months
D	Likely	Will probably occur in most circumstances – 76% to 94% probability over next 5 years or had occurred in the last 12 – 24 months
C	Possible	Might occur at some time – 26% to 75% probability over next 5 years or had occurred in the last 10 – 100 years
B	Unlikely	Could occur at some time – 6% to 25% probability over next 5 years or had occurred in the last 10 to 100 years
A	Rare	May only occur in exceptional circumstances – 0% to 6% probability over next 5 years or had occurred in over 100 years

## RISK MANAGEMENT FRAMEWORK

### 3.4.2 Risk Consequence:

Level	Impact Scale
1	Insignificant
2	Minor
3	Moderate
4	Major
5	Catastrophic

Additional detail on consequences in terms of Reputation, Business Impact, People Safety, Environment and Service Delivery is contained at **Appendix 3**.

### 3.4.3 Risk Matrix

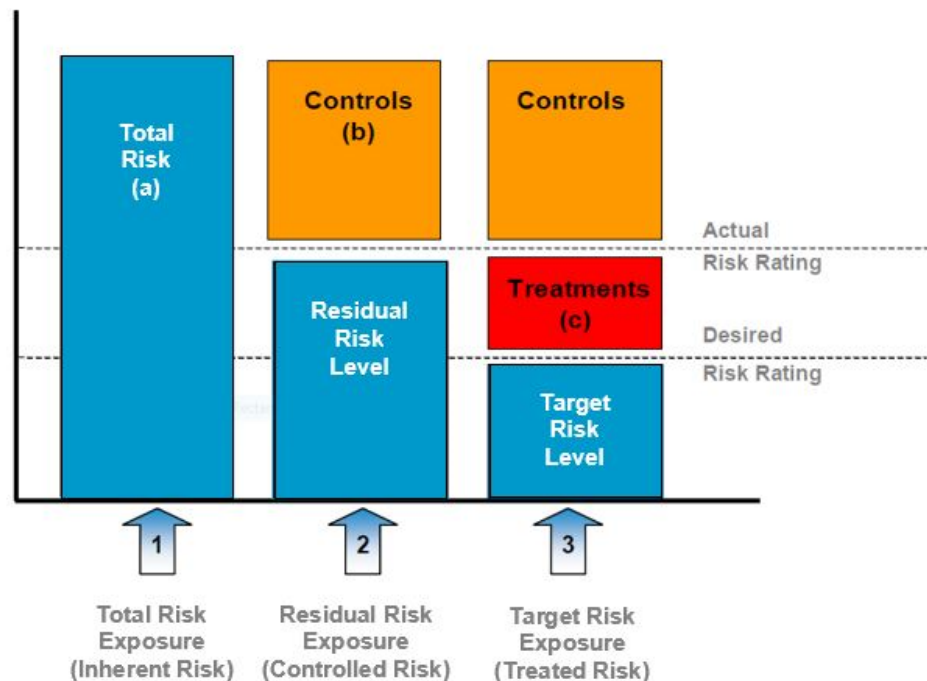
Once the likelihood and consequence have been assessed for a particular risk, the overall risk can be calculated using the following risk matrix:

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

### 3.5 Risk Evaluation

Risk evaluation is the process used to develop and document a greater understanding of the risk as a basis for future management and treatment. The following diagram illustrates the risk decision process for the City of Holdfast Bay.

## RISK MANAGEMENT FRAMEWORK



**Inherent risk** is the risk level prior to the implementation of risk treatment and controls.

**Residual risk** is the risk level that takes into account the effectiveness of existing controls to reduce or mitigate risk exposures.

**Target risk** is the aspirational risk level deemed acceptable with additional treatment and controls over and above those of the residual level.

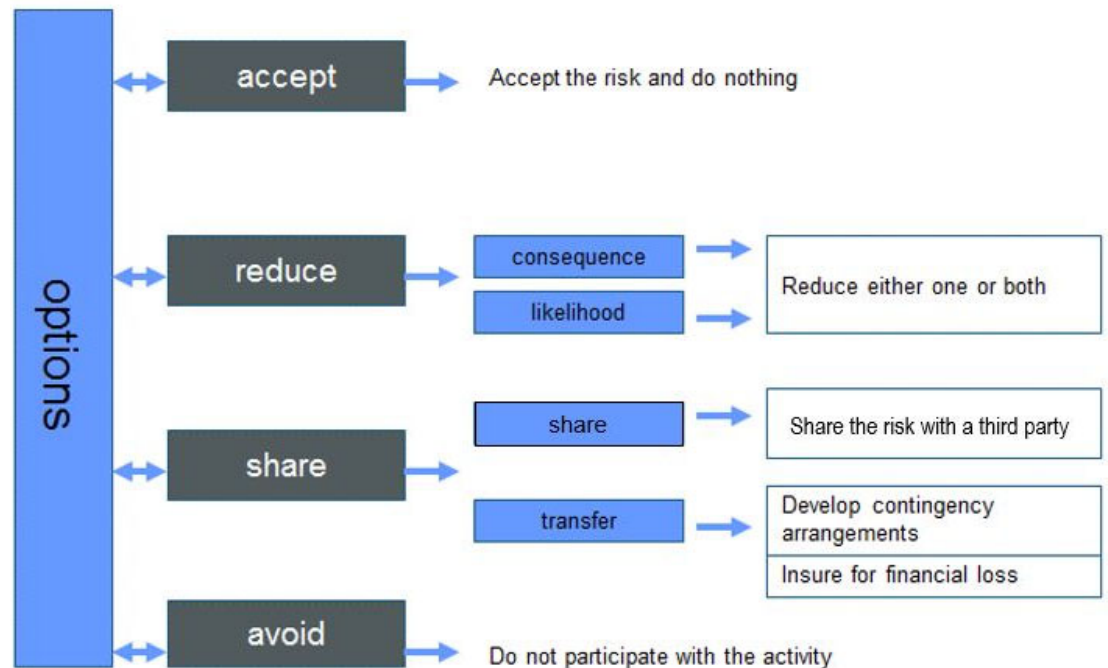
### 3.6 Risk Treatment

Each risk is evaluated against a range of different risk management strategies including:

- **Risk Acceptance**
- **Risk Reduction**
- **Risk Avoidance**
- **Risk Sharing**

The following table details these risk treatment options with the aim of reducing residual risk exposure to a tolerable level in a cost effective and timely manner. The treatment plan may incorporate one or more of the options below.

## RISK MANAGEMENT FRAMEWORK



Risk treatment plans should be integrated into the relevant work area of Council, have a designated owner and timeframes for completion. A final risk analysis should then be conducted to determine the proposed residual risk rating assuming the treatments will be correctly implemented.

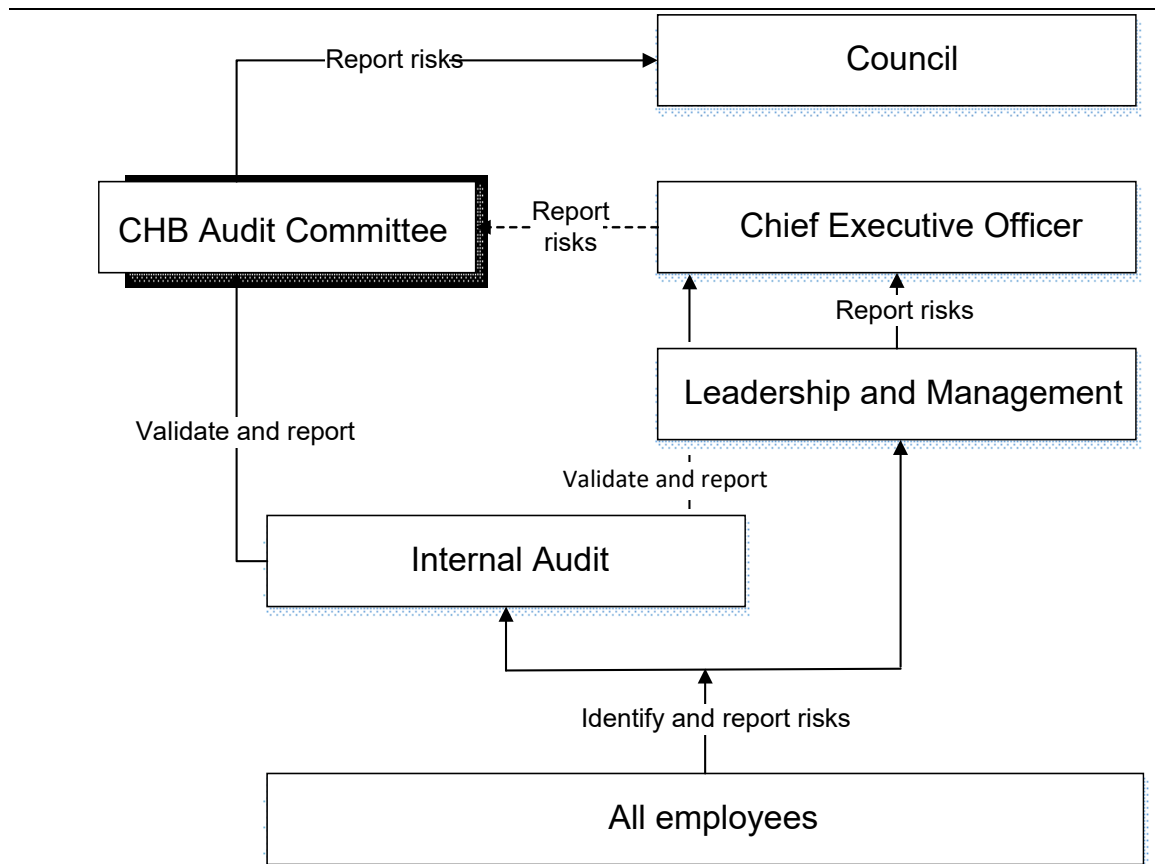
### 3.7 Monitoring and Review

An effective risk management process requires ongoing monitoring and review of all risks, controls and treatments and is part of normal management activities. The City of Holdfast Bay has a process that ensures risk registers are monitored and reviewed regularly and risk owners are engaged in the process. This ensures that treatment plans are achieving their aim and remain relevant. It also highlights changes in risk analysis ratings and identifies any new risks arising from any changed internal or external context.

#### 3.7.1 Reporting

Reporting is undertaken on a regular basis to ensure that key stakeholders have visibility of relevant risks and the implications of risks can be considered by management and in decision making. The following diagram provides a high-level overview of reporting of risk information for the City of Holdfast Bay.

## RISK MANAGEMENT FRAMEWORK



### 3.7.2 Review of Risk Registers

Review of risk registers aims to validate the accuracy and trends of risk related information and is coordinated by the Team Leader Governance. A summary of risk reporting requirements is provided in the tables below:

#### Strategic Risk Reporting:

Residual Risk Rating	Strategic Risk Reporting
Extreme	All Strategic risks, regardless of rating, are reported to the CHB Audit Committee, Senior Leadership Team and CEO.
High	
Moderate	Strategic Risks are managed by CHB Leadership and Management.
Low	

All strategic risks will be reported to the CHB Audit Committee at each Audit Committee meeting, including the status of each risk and any mitigating action occurred in managing the risk.

## RISK MANAGEMENT FRAMEWORK

### Operational Risk Reporting:

Residual Risk Rating	Operational Risk Reporting
Extreme	All Extreme Operational risks are reported to the CHB Audit Committee, Senior Leadership Team and the CEO.
High	All High Operational risks are reported to the CHB Audit Committee, Senior Leadership Team and the CEO.
Moderate	Reported and managed by CHB Leadership and Management
Low	Reported and managed by CHB Leadership and Management

All extreme and high rated risks will be reported to the CHB Audit Committee at each Audit Committee meeting, including the status of each risk and any mitigating action occurred in managing the risk.

## 5. INTEGRATION OF RISK MANAGEMENT INTO COUNCIL PROCESSES

An integrated risk management process requires embedding risk management into every aspect of Council's operations to manage risks and achieve its objectives. This includes both strategic and operational activities, processes, functions, projects, services and assets. Risk management is integrated into the following activities and processes:

### 5.1 Strategic and Operational Risks

Strategic and Operational Risk Registers will be reviewed, reassessed and monitored on an annual basis. The review will be undertaken by a group coordinated by the Risk Manager including both Elected Members and Senior Management as deemed appropriate by the Risk Manager. Risks are recorded in terms of the inherent risk, residual risk and target risk and mitigation strategies identified for those risks with gaps between the residual and target risk.

The Internal Audit Program will address the key risks identified in the Risk Registers, which can be ranked according to their likelihood and consequence.

**Who responsible:** Risk Manager

**Frequency:** Annual

### 5.2 Financial Risks

Financial Risks including fraud and theft in the areas of payroll, purchasing, contracting, cash handling and investment are captured as a part of the Strategic Risk Register. Controls to mitigate these risks include policies and procedures, controls within the finance system, and compliance monitoring using Control Track.

## RISK MANAGEMENT FRAMEWORK

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**Who responsible:** Manager Finance

**Frequency:** Annual

### 5.3 **Budget and Annual Business Planning**

Throughout the development of the Annual Business Plan and the budget planning process, key risks and opportunities facing Council are considered. The planning process identifies and reviews key risks that may impact its ability to meet its strategic and legislative requirements and objectives. Council's New Initiative process includes a risk assessment for all new requests for funding, and risk is incorporated into the prioritisation of projects.

**Who responsible:** Senior Leadership Team

**Frequency:** Annual

### 5.4 **Procurement and Contractor Management**

Council balances risk and opportunity in ensuring that the right mix of risk between suppliers and Council is maintained. It also ensures that suppliers have sufficient professional indemnity and public liability insurance, including the obtaining of Certificates of Currency over the contract duration. It also ensures that its suppliers are committed to workplace health and safety as well as being competent in the provision of goods or services.

**Who responsible:** Staff with financial delegation, project managers, Team Leader Governance

**Frequency:** Ongoing

### 5.5 **Event Management**

For any events to be undertaken, a risk management plan is developed, consistent with this framework that includes the recording of risks, consequences, likelihood, risk rating, preventative action required, responsive action required. It also includes a guide of possible risks to assist event organisers complete the plan eg. food handling, traffic disruption, trip hazards, etc.

**Who responsible:** Manager City Activation

**Frequency:** Every event application

### 5.6 **Alwyndor Aged Care Accreditation**

All aged care homes receiving government subsidies need to meet quality standards called accreditation standards. They cover areas such as management, staffing, health and personal care, resident lifestyle, living environment, catering, cleaning, continuous improvement, and safety and security. Accreditation assessment teams provide ongoing monitoring and



## RISK MANAGEMENT FRAMEWORK

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make planned visits and yearly unannounced visits to aged care homes as part of the monitoring activities. Alwyndor has its own compliance program ensuring it meets the 44 accreditation requirements. Alwyndor also has its own Risk Management Plan and also maintains a corporate risk register.

**Who responsible:** General Manager Alwyndor

**Frequency:** Ongoing

### 5.7 Workplace Health and Safety

Workplace health and safety (WHS) is managed throughout the City of Holdfast Bay in dealing with its employees, contractors and volunteers. These groups are thoroughly inducted in WHS principles before commencing work at the City of Holdfast Bay and include topics such as worksite hazard management, personal safety, plant and equipment storage, electrical safety and reporting of incidents. Different induction checklists are used for approved contractors depending on the nature (risk) of the work to be performed. Job Safety Assessments are also performed consistent with this framework that includes the recording of hazards and risks, risk ratings, risk control measures and the name of the person responsible for implementing the control measures.

WHS also includes healthy catering to ensure that Council's staff, elected members, volunteers and visitors always have access to healthy catering options when attending City of Holdfast Bay meetings, workshops, events and facilities.

**Who responsible:** All staff, WHS Coordinator

**Frequency:** Ongoing

### 5.8 Project Management

Key risks are considered as part of projects to ensure they are effectively managed from concept to implementation. All major projects require a formal documented risk assessment be performed, consistent with this framework, at the concept stage, ongoing and post project completion, as part of the post project review process.

**Who responsible:** Project Managers

**Frequency:** Throughout the project lifecycle

### 5.9 Asset Management

Council performs regular assessments of risks associated with service delivery from its assets. Council's Asset Management Plans are reviewed every 4 years and include an assessment of risk. Individual asset classes are also reviewed more frequently with risk management forming a part of the condition assessment. Council's Capital Works Program is also determined as a result of risk management processes with project prioritised accordingly.

## RISK MANAGEMENT FRAMEWORK

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**Who responsible:** Project Managers, General Manager Assets and Delivery

**Frequency:** Ongoing

### 5.10 Business Continuity

Key risks that impact on the ongoing continuity of service delivery of Council following a disruptive incident have been considered and assessed and included in the Business Continuity Plan.

**Who responsible:** Senior Leadership Team

**Frequency:** Yearly

### 5.11 Emergency Risk Management Plan

The Cities of Holdfast Bay, Marion, Mitcham and Unley have developed a regional framework that is designed to provide support to current Council systems in place to manage emergencies as well as provide scope for future, ongoing planning and development of improved strategies to prevent, prepare to respond to or recover from emergencies within the community.

**Who responsible:** Senior Leadership Team

**Frequency:** Yearly

## 6. REFERENCES

### 6.1 Policies and Procedures

- Risk Management Policy
- Risk Management Procedure
- Procurement Policy
- Internal Purchasing Procedure
- Internal Tendering Procedure
- Work Health Safety and Return to Work Policy
- WHS Contractor Management Policy and Procedure
- Healthy Catering Policy

### 6.2 Forms and Templates

- Risk Register
- Events @ The Bay – Risk Management Plan Template
- Job Safety Assessment
- Induction Checklists - various
- Hot Work Permit Form
- Construction Activities Guidance - Checklist
- Contractor Feedback Form
- Induction checklist for Consultants and Temporary Staff
- WHS Contractor Induction Handbook

## RISK MANAGEMENT FRAMEWORK

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- Procurement Plan

### 6.3 Legislation

- *Aged Care Act 1997*
- *Civil Liability Act 1936*
- *Emergency Management Act 2004*
- *Local Government Act 1999*
- *Quality of Care Principles 2014*
- *South Australian Public Health Act 2011*
- *Work Health and Safety Act 2012*

### 6.4 Other References

- AS/NZS ISO 31000:2009 Risk Management – Principles and Guidelines
- Audit Committee Terms of Reference
- Better Practice Model – Internal Financial Controls 2017 SALGFMG
- City of Holdfast Bay Strategic Plan
- Public Health Plan 2014 - 2019
- Events @ The Bay – Risk Management Plan Guidelines and Template
- Asset Management Plans
- Emergency Management Operations Manual
- Business Continuity Plan
- Workplace Emergency Evacuation Plans

### 6.5 Definitions

Key Term	Definition
<b>Consequence</b>	The outcome of an event expressed qualitatively or quantitatively, being a loss, injury, disadvantage or gain. There may be a range of possible outcomes associated with an event.
<b>Control</b>	Any action taken by staff, management, Council, event organisers and other parties to manage risk and increase the likelihood that established objectives and goals will be achieved.
<b>Cost</b>	Of activities, both direct and indirect, involving any negative impact, including money, time, labour, disruption, goodwill, political and intangible losses.
<b>Contingency</b>	Budget (cost benefit) or time (duration) that may be used in the event of a risk occurrence.
<b>Event</b>	An incident or situation, which occurs in a particular place during a particular interval of time.
<b>Frequency</b>	A measure of the rate of occurrence of an event expressed as the number of occurrences of their event

## RISK MANAGEMENT FRAMEWORK

Key Term	Definition
	in a given time. See also Likelihood and Probability.
<b>Hazard</b>	A source of potential harm or a situation with a potential to cause loss.
<b>Inherent limitations</b>	Those limitations of all enterprise Risk Management Frameworks. The limitations relate to the limits of human judgment; resource constraints and the need to consider the cost of controls in relation to expected benefits; the reality that breakdowns can occur; and the possibility of management override and collusion.
<b>Inherent risk</b>	High inherent risks that are well controlled may fall out of our field of view if only the residual risk is assessed. The purpose of assessing inherent risk is to ensure that we maintain focus on compliance with controls. The inherent risk should be considered in the absence of added controls.
<b>Likelihood</b>	Used as a qualitative description of probability or frequency of a risk occurring.
<b>Loss</b>	Any negative consequence, financial or otherwise. Can be differentiated as follows: <ul style="list-style-type: none"> <li>• <b>Maximum foreseeable loss</b>- highest possible loss after considering controls</li> <li>• <b>Maximum possible loss</b> – highest possible loss without considering controls</li> </ul>
<b>Monitor</b>	To check, supervise, observe critically or record the progress of an activity, action or system on a regular basis in order to identify change.
<b>Probability</b>	The likelihood of a specific event or outcome, measured by the ratio of specific events or outcomes to the total number of possible events or outcomes.
<b>Reasonable assurance</b>	The concept that enterprise risk management, no matter how well designed and operated, cannot guarantee that an entity's objectives will be met. This is because of inherent limitations in all Risk Management Frameworks.
<b>Residual risk</b>	The remaining risk after action has occurred to alter the risk's likelihood or consequence.
<b>Risk</b>	The possibility of an event occurring that will have an impact on the achievement of objectives. Risk is measured in terms of consequence and likelihood.

## RISK MANAGEMENT FRAMEWORK

Key Term	Definition
<b>Risk Acceptance</b>	An informed decision to accept the consequences and the likelihood of a particular risk.
<b>Risk acceptance criteria</b>	The formal establishment of criteria or boundaries designed so that the residual risk does not exceed the selected range of financial and operating outcomes.
<b>Risk analysis</b>	A systematic use of available information to determine how often specified events may occur and the magnitude of their consequences.
<b>Risk appetite</b>	The level of risk that is acceptable to Council. This may be set for Council as a whole, for different groups of risks or at an individual risk level.
<b>Risk assessment</b>	The overall process of risk analysis and risk evaluation.
<b>Risk avoidance</b>	An informed decision not to become involved in a risk situation.
<b>Risk evaluation</b>	The process used to determine risk management priorities by comparing the level of risk against predetermined standards, target risk levels or other criteria.
<b>Risk identification</b>	The process of determining what can happen, why and how.
<b>Risk Management Framework</b>	The totality of the structures, methodology, procedures and definitions that Council has chosen to use to implement its Risk Management Processes.
<b>Risk Management Processes</b>	Processes to identify, assess, manage, and control potential events or situations, to provide reasonable assurance regarding the achievement of Council's objectives.
<b>Risk Register</b>	The summary report of all individual risks within each assessment, which include risk ratings (inherent, residual and targeted), level of control, risk decision, risk owner and summary of key controls and/or mitigating actions.
<b>Risk Treatment</b>	The means by which an entity elects to manage or treat the individual risks. The main categories are to accept the risk; to mitigate it by reducing its consequence or likelihood; to transfer it to another party or to avoid the activity creating it.
<b>Stakeholders</b>	Parties and stakeholders who may affect, be affected by, or perceive themselves to be affected by, a decision or activity.

## RISK MANAGEMENT FRAMEWORK

Key Term	Definition
Target risk	The aspirational risk level deemed acceptable with additional controls over and above those of the residual level.

## RISK MANAGEMENT FRAMEWORK

### APPENDIX 1 – Documented Risk Example

Identify Risk			
Risk Number	1	Risk Owner	GM City Assets
Risk Description	Damage and destruction of major council assets (infrastructure and operational assets)		
Sources of Risk	Asset/Infrastructure		
Causes of Risk	<ul style="list-style-type: none"> <li>• Adverse Weather</li> <li>• Lack of maintenance program</li> <li>• Vandalism</li> <li>• Worker Error</li> <li>• Impact of other new development</li> <li>• Terrorism</li> <li>• Public disruption</li> <li>• Incorrect design and poor planning and engineering</li> </ul>		
Consequences	<ul style="list-style-type: none"> <li>• Business continuity of council</li> <li>• Reputation damage</li> <li>• Disruption of trade</li> <li>• Loss of revenue</li> <li>• Financial liability to repair asset replacement</li> <li>• Loss of life</li> </ul>		

Assess Risk – Inherent Risk (Before Controls)		
Consequence Rating	Likelihood Rating	Inherent Risk Rating
Catastrophic	Possible	<b>Extreme</b>

Evaluate Risk			
Mitigation Strategy	Reduce		
Existing Controls		Last Review	Effectiveness
<ul style="list-style-type: none"><li>• Insurance policies</li><li>• Maintenance programs IAMP</li><li>• Safe operating procedures</li><li>• Security measures and deterrents</li><li>• Trained staff</li><li>• Good project management framework</li><li>• Spare ticket machines on hand plus, spare parts to repair</li></ul>			Effective / Partial / Not effective
Overall	Effectiveness of Controls	Effective / Partial / Not Effective	

Assess Risk – Residual Risk (After Controls)		
Consequence Rating	Likelihood Rating	Residual Risk Rating
Moderate	Possible	<b>Moderate</b>

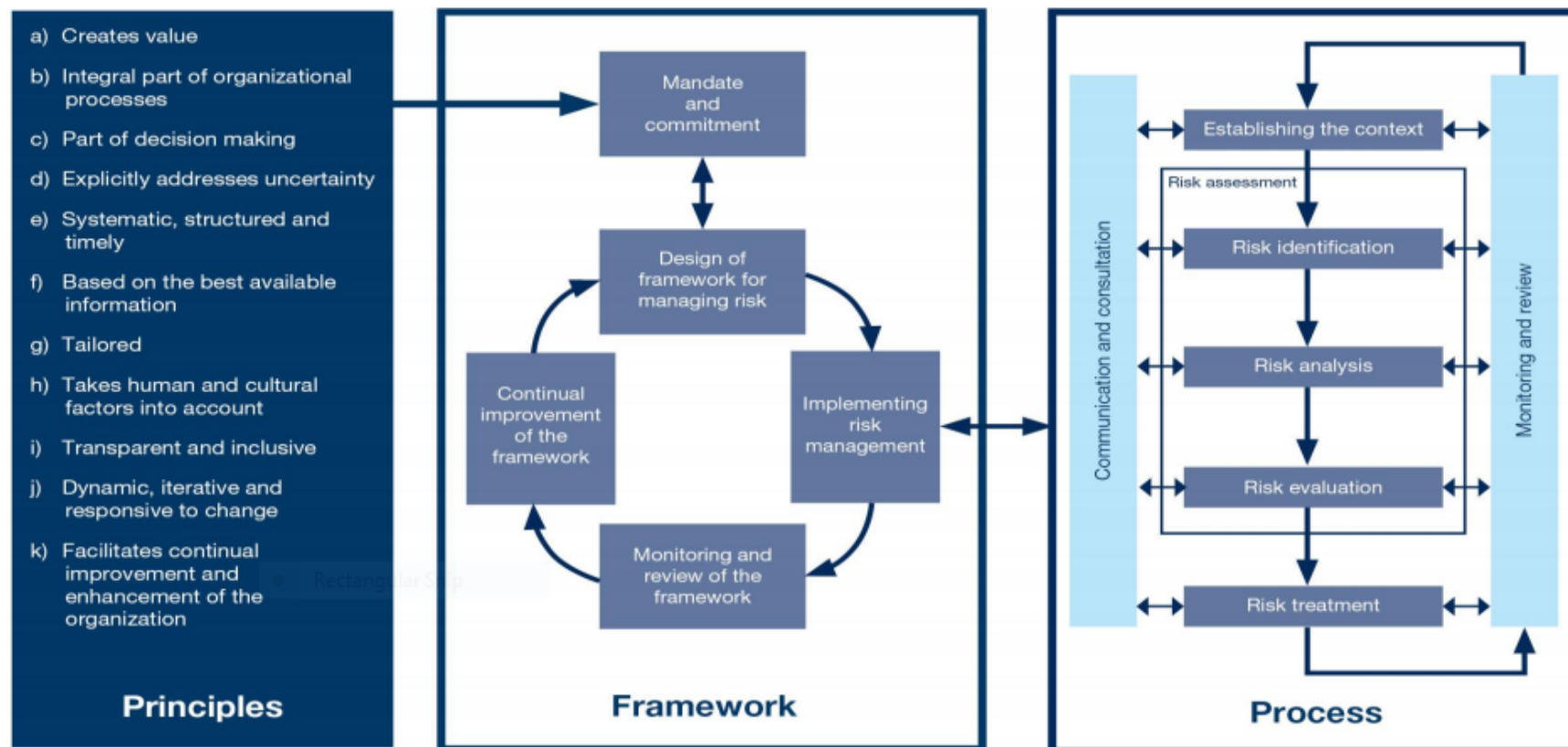
Target Risk		
Consequence Rating	Likelihood Rating	Target Risk Rating
Moderate	Unlikely	<b>Low</b>

Treat Risk			
Treatment Number	Treatment Plan	Responsibility	Due Date
1.1	Review IAMPs and related maintenance programs		



## APPENDIX 2 – Risk Management Process

The risk management process is based upon the Standard as shown below:



## RISK MANAGEMENT FRAMEWORK

### APPENDIX 3 – Consequence Scale and Descriptions

Impact Scale	Reputation	Business impact	People Safety	Environment	Service Delivery
<b>1. Insignificant</b>	No adverse effect on public image No media interest  Insignificant level of community concern. A slight but manageable increase in the number of adverse resident complaints  Negligible adverse impact upon social health and wellbeing of the community which has little or no impact upon established community relationships and links	Low financial loss – impact of less than \$10k  Operational issues manageable within normal activities  Project – up to 5% of original project budget.	No injuries  Minor repairs required of an insignificant nature to property / infrastructure.	“Nuisance” category under the SA Environment Protection Act (1993)  Short term, immediately reversible effects on ecosystem	Insignificant impact on Council’s ability to achieve strategic outcomes  Project – Nil impact on achievement of key project objectives or project duration up to 10% of original timeframe without consequential impacts
<b>2. Minor</b>	Minor adverse effect on public image  Minor media coverage in paper distributed within the local area (small scale single article).  Minor level of community concern, an increase in the number of resident complaints requiring direct effort to resolve/attend to  Minor adverse impact upon social health and wellbeing of the community that may have a minor impact upon established community relationships and links	Medium financial loss – impact of between \$10k and \$100k  Minor impact in undertaking routine activities  Project – between 5-10% of original project	Only First Aid treatment required  Minor loss or infrastructure damage.  Normal seasonal illness leading to minor disruption to activities	“Nuisance” category under SA Environment Protection Act (1993)  Some minor adverse effects to few species/ ecosystem parts that are short term and immediately reversible.  Contamination – on-site release immediately contained	Some delays in delivery of strategic initiatives, but only minor aspects impacted  Overall strategic intent still achievable  Project duration extended up to 35% of original project timeframe without consequential impacts
<b>3. Moderate</b>	Moderate adverse effect on public image  Adverse media campaign in relevant press over two or more issues, supported by uptake of issue in electronic media  Moderate level of community concern, large number of complaints and letters to editor in relevant press  Minor common law action or Ombudsman investigation threatened/ initiated	Moderate financial loss – impact of between \$100k and \$1 million  Impacts up to 2.5% on rate revenue generation  Impaired ability to maintain normal operations, reprogramming required  Minor legal issues, non-compliances and breaches of regulation  Project – between 10-20% of original project budget.	Medical treatment required which may include short term admission to hospital  Moderate loss/or infrastructure damage  Local epidemic leading to noticeable disruption of activities	“Material” category under the SA Environment Protection Act (1993) Contamination – on-site release contained with outside assistance  Ecosystems- temporary, reversible damage, loss of habitat and migration of animal populations, some reduction in numbers and die back of plants.  Pollution requires physical removal, air quality constitutes potential long term health problems. Manageable restrictions in resource usage  Disturbance to sites or artefacts of cultural significance	Some key components of the Strategic Plan cannot be achieved within expected timeframes.  Additional funding/resources or some strategies re-prioritisation is required  Project duration extended up to 35% of original project timeframe with consequential impacts on other dependencies
<b>4. Major</b>	Significant adverse effect on public image  Widespread adverse media campaign including electronic local and national media. Social media going viral requiring management intervention. Pressure on State Government and agencies to intervene  Significant level of community concern  Social health and wellbeing of the community seriously affected by major community unrest and/or significant breakdown of established community relationships and links.  Significant common law action threatened, major Ombudsman investigation initiated	Major financial loss - impact of between \$1 million and \$3 million  Impacts between 2.5% and 10% on rate revenue generation  Significant effects loss of ability to complete programs, major restrictions to services and project delivery  Serious breach of regulation with investigation or report to authority with prosecution and/or moderate fine possible  Project – between 20-35% of original project budget.	Serious & extensive injuries  Serious structural damage to infrastructure or serious loss of assets.  Widespread epidemic that causes significant disruption to activities	“Serious” category under the SA Environment Protection Act (1993) Contamination – off-site release with no detrimental effects  Ecosystems – recoverable damage, death of animals in large numbers, widespread habitation destruction, significant air quality issues. Pollution issues requiring long term management, serious introduction of invasive species  Restrictions on resource usage threatening viability of accepted lifestyle  Damage to sites or artefacts of cultural significance	Key Strategic Objectives unable to be achieved; review of Strategic Plan is required  Project duration extended by 36- 80% of original project timeframe with or without consequential impacts on other dependencies
<b>5. Catastrophic</b>	Major effect on public image Widespread adverse media campaign including electronic local, national and international media. Widespread community outrage  Social media going viral, unable to be contained. State Government and agencies to intervene  Social health and wellbeing of the community severely affected resulting in fracturing of established community relationships and links.  Class Actions, Judicial Inquiries initiated	Critical financial loss/exposure – impact greater than \$3 million  Impacts of more than 10% on rate revenue generation  Projects & programs failure, inability to meet minimum acceptable standards  Major breaches of regulation, sanctions imposed  Project ->35% of original project budget.	Fatalities  Critical loss, irreversible damage property / infrastructure with a replacement cost that overwhelms the capital budget (>25%)  Community movements restricted under State Emergency Plan	“Serious Material harm” category under the SA Environment Protection Act (1993) and EPA actions initiated Off-site contamination requiring immediate and significant remediation actions  Ecosystems – irreversible damage, widespread loss of animals, and key stone species extinctions, destruction of flora species, widespread domination of invasive species. Pollution unable to be effectively remediated.  Restriction on resource usage resulting in permanent disruption of accepted life-style	Goals of Strategic Plan not achievable; total and immediate re-work of Plan is required  Project duration extended by >80% of original project timeframe with consequential impacts on other dependencies

# Attachment 2



Trim Container	<b>FOL/18/737</b>
Trim Document Number:	<b>DOC/19/6085</b>
First Issued / Approved:	<b>13 March 2018</b>
Last Reviewed:	<b>N/A</b>
Next Review:	<b>13 March 2021</b>
Responsible Officer:	<b>Team Leader Governance</b>
Date Placed on Intranet::	<b>14 March 2018</b>

## **1. PREAMBLE**

This Policy outlines the Council's responsibilities and commitment to risk management within Council operations. This approach is intended to protect Council's employees, assets, liabilities and community against potential exposures. By undertaking risk management practices Council will minimise uncertainty in achieving its goals and objectives, and maximise opportunities to achieve its Strategic Plan.

### **1.1 Background**

This Policy is part of Council's Risk Management Framework and various management systems processes and procedures, and forms an integral part of the City of Holdfast Bay's continuous improvement process and ultimately the Council's Strategic Planning process.

### **1.2 Purpose**

The purpose of this Policy is to give outline the key principles in Council's Risk Management Framework, providing an effective process for the identification, analysis and management of both negative and positive impacts on physical, social and economic capital. This will support sustainability and safeguard Council's assets, infrastructure, people, finances and reputation.

### **1.3 Scope**

This policy applies to all internal and external stakeholders, authorised to act on behalf of Council, including Elected Members, employees, contractors and volunteers at the City of Holdfast Bay.

### **1.4 Strategic Reference**

Culture: Supporting excellent, efficient operations

### 2. PRINCIPLES

- 2.1 In managing risk at the City of Holdfast Bay, Council will ensure that the organisation has an ethos and operating culture, which integrates risk management processes into management activities at both strategic and operational levels.
- 2.2 Council's Risk Management Framework is based on the principles contained within AS/Nz ISO 31000:2009 Risk Management – Principles and Guidelines.
- 2.3 Council will ensure that appropriate policies and procedures of internal control are implemented and maintained.
- 2.4 Council will apply risk management strategies to all business activities using contemporary and industry best practice models to ensure all staff are provided with the tools to achieve the objectives of the Risk Management Framework, Policy and Procedure.
- 2.5 Council will implement a monitoring and reporting process to ensure that risks are regularly reviewed, amended and mitigated as required.
- 2.6 Risk Registers
  - 2.6.1 Council will establish a Strategic Risk Register and an Operational Risk Register.
  - 2.6.2 Within the registers, the individual risks will be rated for inherent, residual and target risks.
  - 2.6.3 Treatments plans will be developed where action is required to achieve the desired target risk rating.
- 2.7 Risk Appetite
  - 2.7.1 Council will determine a target risk rating for all strategic and operational risks.
  - 2.7.2 Council will tolerate an inherent or residual risk rating of moderate or low, unless:
    - a. action is required to achieve the target risk rating
    - b. there is a legal or statutory requirement to take further action
    - c. there is a specific Council direction requiring further action
    - d. it is in the public interest to take further action
    - e. the benefit to be gained from implementing the treatment plan is greater than the costs required to implement the treatment plan.
  - 2.7.3 Any treatment plans that are within the above tolerance will not be given priority for action.

### 2.8 Roles and Responsibilities

- 2.8.1 Council is responsible for facilitating resources and guidance in relation to the Risk Management Policy and setting the organisation's risk appetite. Council must also review and consider any report or recommendations regarding the Risk Management Framework. .
- 2.8.2 The Chief Executive Officer is responsible for ensuring overall effectiveness of risk management process in accordance with Council's Risk Management Framework by ensuring that adequate resources are available and employees have the necessary knowledge and skills. The Chief Executive Officer must also ensure that annual risk management planning is undertaken.
- 2.8.3 The Audit Committee is responsible for assisting Council in discharging its responsibility in relation to risk management. The responsibilities of the Committee are contained in the Committee's Terms of Reference.

## 3. REFERENCES

### 3.1 Legislation

- *Civil Liability Act 1936*
- *Work Health and Safety Act 2012*
- *Local Government Act 1999*
- *Emergency Management Act 2004*

### 3.2 Other References

- AS/NZS ISO 31000:2009 Risk Management – Principles and Guidelines
- Audit Committee Terms of Reference
- Better Practice Model – Internal Financial Controls 2012 SALGFMG
- *Business Continuity Plan*
- *Community Emergency Management Framework*
- *Risk Management Framework*
- *Risk Management Procedure*
- *Workplace Emergency Evacuation Plan*

# Attachment 3





ECM DSID Number:	4168403
First Issued / Approved:	13/03/2018
Last Reviewed:	22/06/2021
Next Review:	21/06/2024
Parent Policy	Risk Management Policy
Responsible Officer:	Team Leader Governance
Date placed on Intranet:	23/06/2021

## **1. PREAMBLE**

This procedure details the Council's Risk Management processes and responsibilities in relation to Council operations, to protect Council's employees, assets, liabilities and community against potential exposures.

### **1.1 Background**

This procedure is part of Council's Risk Management Framework and is required to contribute to Council's continuous improvement and strategic planning processes and minimise uncertainty in achieving its goals and objectives.

### **1.2 Purpose**

This procedure provides a process by which key principles from the *Australian/New Zealand Risk Management Standard ISO31000:2009* are used to effectively manage risk and uncertainties for Council, employees, community and assets, while maximising opportunities to achieve strategic plans

### **1.3 Scope**

This procedure applies to all internal and external stakeholders, authorised to act on behalf of Council, including Elected Members, employees, contractors and volunteers at the City of Holdfast Bay.

The Risk Management Process should be fully informed at all stages to ensure ownership and acceptance at all levels. Communication with all relevant stakeholders should be an ongoing and holistic process.

### 1.4 Definitions

**Risk** the effect of uncertainty on objectives

**Risk assessment** overall process of risk identification, risk analysis, risk evaluation

**Risk identification** process of finding, recognizing and describing risks

**Risk analysis** process to comprehend the nature of risk and determine the level of risk

**Risk evaluation** process of comparing the results of risk analysis with risk criteria to determine whether the risk magnitude is acceptable or tolerable

**Risk treatment** process to modify risk

## 2. RISK MANAGEMENT PRACTICE

### 2.1 Principles of Risk Management

- 2.1.1 Risk Management creates and protects value
- 2.1.2 Risk Management is an integral part of all organizational processes
- 2.1.3 Risk Management is part of decision making
- 2.1.4 Risk Management addresses uncertainty
- 2.1.5 Risk Management is systematic, structured and timely
- 2.1.6 Risk Management is based on best available information
- 2.1.7 Risk Management is tailored
- 2.1.8 Risk Management takes human and cultural factors into account
- 2.1.9 Risk Management is transparent and inclusive
- 2.1.10 Risk Management is dynamic and responsive to change
- 2.1.11 Risk Management facilitates continual improvement of the organisation

## RISK MANAGEMENT PROCEDURE

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### 2.2 Roles and responsibilities

- 2.2.1 Council is responsible for:
- Facilitating resources and guidance in relation to the Risk Management Policy;
  - Reviewing and considering any report or recommendations regarding the Risk Management Framework; and
  - Setting the organisation's risk appetite.
- 2.2.2 The Chief Executive Officer is responsible for ensuring:
- Overall effectiveness of risk management process in the organisation and that Council is not exposed to unnecessary or uncontrolled risks;
  - The direction, methodology and on-going management of risk across the organisation is in accordance with Council's Risk Management Framework;
  - Adequate resources are made available for the planning and implementation of the Risk Management Framework;
  - General Managers, Managers and employees have the necessary knowledge and skills to effectively fulfil their risk management responsibilities and are accountable for risks arising from the activities of their business units;
  - Annual risk management planning is undertaken.
- 2.2.3 General Managers are responsible for:
- Ensuring that the Council's assets and operations are adequately protected through appropriate risk management plans and programs;
  - The implementation of risk management procedures and programs within their department;
  - Ensuring risk management action plans are developed for activities or responsibilities of the department;
  - Ensuring annual risk management planning is undertaken
  - Reporting on compliance with the Risk Management Framework.
- 2.2.4 Managers will are responsible for:
- Ensuring that they identify risk for operations within their business units;
  - Developing action plans to mitigate and control risk;
  - The inclusion of risks to the Council's risk register;
  - Identifying and re-evaluating risks annually;
  - Applying Council's Risk Management Framework to risks associated with any planned new activity or proposal being presented to Council.

## RISK MANAGEMENT PROCEDURE

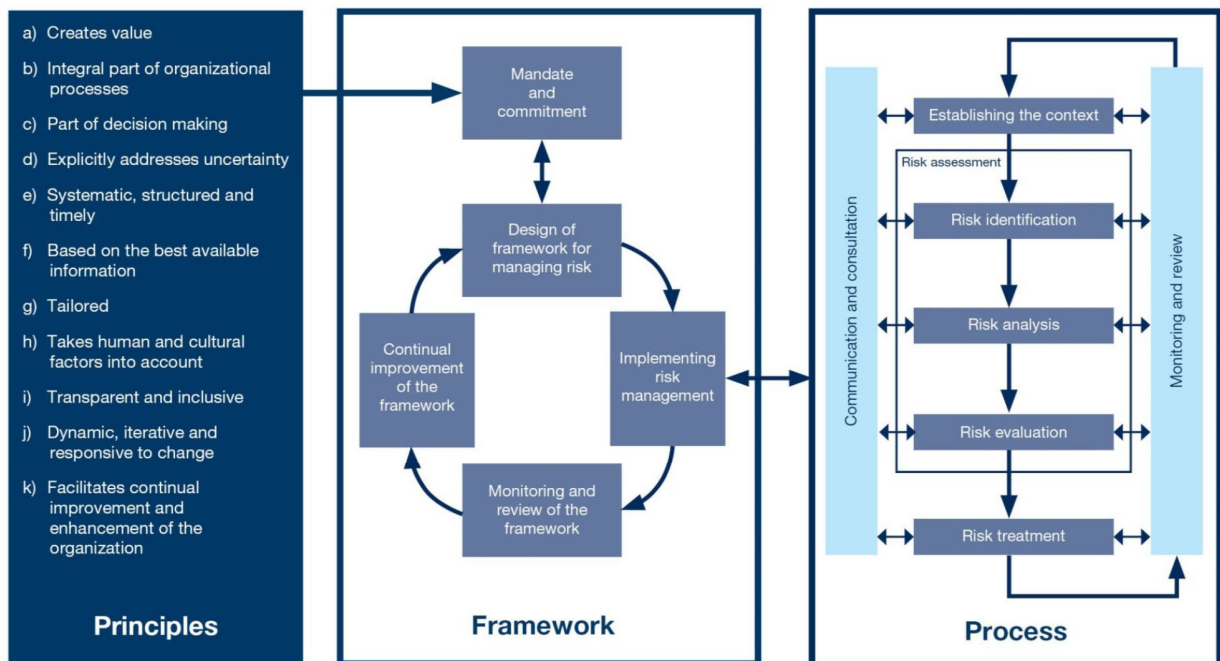
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- 2.2.5 Employees (and Contractors) are responsible for:
- Performing their duties and functions in a safe manner;
  - Adhering to safe work practices and ensuring that they are familiar with the Council's Risk Management Framework.
  - Identifying and reporting risk in their area of responsibility;
  - Assisting to identify ways of controlling those risks;
  - Taking action attributed to them by any action plan;
  - Ensuring they remain alert to and report any risks which they might identify while carrying out their normal duties.
- 2.2.6 The Audit Committee is responsible for assisting Council in discharging its responsibility in relation to risk management. The responsibilities of the Committee are contained in the Committee's Terms of Reference, specifically:
- Reviewing annual financial statements;
  - Reviewing the adequacy of Council – wide risk management systems;
  - Proposing, and providing information relevant to, a review of Councils Strategic/Annual Business Plans;
  - Proposing and reviewing, the exercise of powers under Section 130A of the LG Act;
  - Liaising with Council's Auditor;
  - Reviewing the adequacy of the accounting, internal control, reporting and other financial management systems and practices.
- 2.2.7 Risk Manager will support the Chief Executive Officer in discharging their responsibilities and is responsible for:
- Providing appropriate risk management resources to guide and support the Risk Management Framework;
  - Assisting Management and their direct reports in managing risks;
  - Updating and maintaining CHB's Risk Register;
  - Co-ordinating an annual formal risk review process with reporting to the Audit Committee (and the Council) on the outcomes of the review; and
  - Conducting periodic reviews and recommending improvements to the Risk Management Framework as appropriate.
- 2.2.8 The Risk Owner is responsible for:
- Recommending to CEO whether the level of risk is acceptable
  - Providing progress reports to CEO and Audit Committee on risk status

## RISK MANAGEMENT PROCEDURE

- Securing agreement to:
  - a. The organisation's assessment of the risk, title; description; tolerance and "acceptable level of risk"
  - b. The risk mitigation strategy (e.g. accept, treat, terminate)
  - c. Actions and their owners to take forward the agreed controls or treatment plans. Can task people to undertake the treatment strategies that are to be directed towards that particular risk.
  - d. Assisting control / treatment owner in seeking resources / budget for mitigation actions
  - e. Setting and monitoring key milestones, risk indicators and review dates

### 2.3 Risk Management Process



## RISK MANAGEMENT PROCEDURE

### 2.4 Risk Categories

Category	Description	Business Unit Responsibility
Asset/Infrastructure	Managing assets – including condition assessment, replacement and planning new assets	Assets & Depot
Financial	Risks associated with budgetary requirements and allocation. Tax obligations. Grants	Finance
Customer/service delivery	Meeting the current and changing expectations of customers	Customer Service
Environment	The risks arising from the management of the environment when applying Council services and functions	Environment
Human Resources	Risks associated with recruitment and retention of employees and workforce planning	People & Culture
Compliance/legal	Compliance with legislative and policy framework	Governance
Political/Reputation	Risks associated with the delivery of State/Local Government legislation and meeting Council's overall strategic goals	CEO/COUNCIL
Safety & Welfare	Risk associated with the safety and welfare of employees and contractors of Council.	People & Culture

### 2.5 Risk Matrix

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

### 2.6 Risk Acceptance Criteria / Tolerance

Exceptions to this must be authorized by the Chief Executive Officer and/or the Senior Leadership Team.

Residual Risk Descriptions		
Extreme	<ul style="list-style-type: none"> <li>Immediate implementation if risk mitigation plans/actions to reduce current residual risk or halt/remove activity</li> <li>Successful reduction of residual risk to be regularly reported (daily or weekly) to the management group responsible, until risk becomes acceptable</li> </ul>	Not acceptable
High	<ul style="list-style-type: none"> <li>Senior management attention required to regularly monitor the risk (monthly or quarterly)</li> <li>Review of current controls and further risk assessment required</li> <li>Consideration of development and implementation of further mitigating actions/strategies</li> </ul>	Not acceptable (without approval)
Moderate	<ul style="list-style-type: none"> <li>Managers to monitor and reassess periodically (6 months – 1 year)</li> <li>Report to senior management as to effectiveness of existing controls</li> <li>Ensure rating does not increase over time</li> </ul>	Acceptable (Post review with General Manager)
Low	<ul style="list-style-type: none"> <li>Managed through routine</li> <li>Consideration should be given to streamlining of excessive or redundant controls</li> </ul>	Acceptable

## RISK MANAGEMENT PROCEDURE

### 2.7 Consequence scale and descriptions

E. Almost Certain	Is expected to occur in most circumstances – 95% to 100% probability over next 5 years or had occurred in the last 12 months.
D. Likely	Will probably occur in most circumstances – 76% to 94% probability over next 5 years or had occurred in the last 12 -24months.
C. Possible	Might occur at some time – 26% to 75% probability over next 5 years or had occurred in the last 2-10years.
B. Unlikely	Could occur at some time– 6% to 25% probability over next 5 years or had occurred in the last 10-100 years.
A. Rare	May occur only in exceptional circumstances– 0% to 6% probability over next 5 years or had occurred in over 100 years.

## 3. REFERENCES

### 3.1 Legislation

- *Civil Liability Act 1936*
- *Emergency Management Act 2004*
- *Local Government Act 1999*
- *Work Health and Safety Act 2012*

### 3.2 Other References

- AS/NZS ISO 31000:2009 Risk Management – Principles and Guidelines
- Audit Committee Terms of Reference
- Better Practice Model – Internal Financial Controls
- Business Continuity Plan
- Emergency Management Operations Manual
- Risk Management Framework
- Risk Management Policy
- Workplace Emergency Evacuation Plans

Date Endorsed by Senior Leadership Team	
General Manager Signature	
Date of General Manager Signature	

# Attachment 4





Trim Container	FOL/18/737
Trim Document Number:	DOC/19/6085
First Issued / Approved:	13 March 2018
Last Reviewed:	XX May 2022
Next Review:	XX May 2025
Responsible Officer:	Risk & Improvement Officer
Date Placed on Intranet::	TBA

## 1. PREAMBLE

This Policy outlines the Council's responsibilities and commitment to risk management within its operations. It promotes a structured and consistent approach to minimising risk exposure and to protect Council's employees, assets, liabilities and the community. Effective risk management contributes to good governance, minimises uncertainty in achieving goals and objectives, and maximises opportunities to achieve Council's Strategic Plan.

### 1.1 Background

This Policy supports the implementation and maintenance of Risk Management across Council, integrating Risk Management throughout corporate management systems, processes and procedures, and enabling continuous improvement for the City of Holdfast Bay, whilst enhancing the decision-making process for Council and its Strategic Planning processes.

### 1.2 Purpose

The purpose of this Policy is to:

- articulate the key principles of Council's Risk Management approach
- integrate them into governance and leadership structures
- provide context for an effective and dynamic Risk Management Procedure for the identification, analysis, monitoring and management of risk.

### 1.3 Scope

This policy applies to all internal and external stakeholders, authorised to act on behalf of Council, including Elected Members, employees, contractors and volunteers at the City of Holdfast Bay.

This policy and its related documentation is intended to provide guidance for maximising opportunities whilst minimising risks that may impact on the achievement of Council's objectives.

### 1.4 Definitions

**Risk Appetite** refers to the amount and type of risk an organisation is prepared to pursue, retain or take.

**Risk Tolerance** refers to the level of risk an organisation will accept/has a readiness to bear to achieve its objectives/outcomes.

## RISK MANAGEMENT POLICY

### 1.5 Strategic Reference

Statutory compliance

## 2. PRINCIPLES

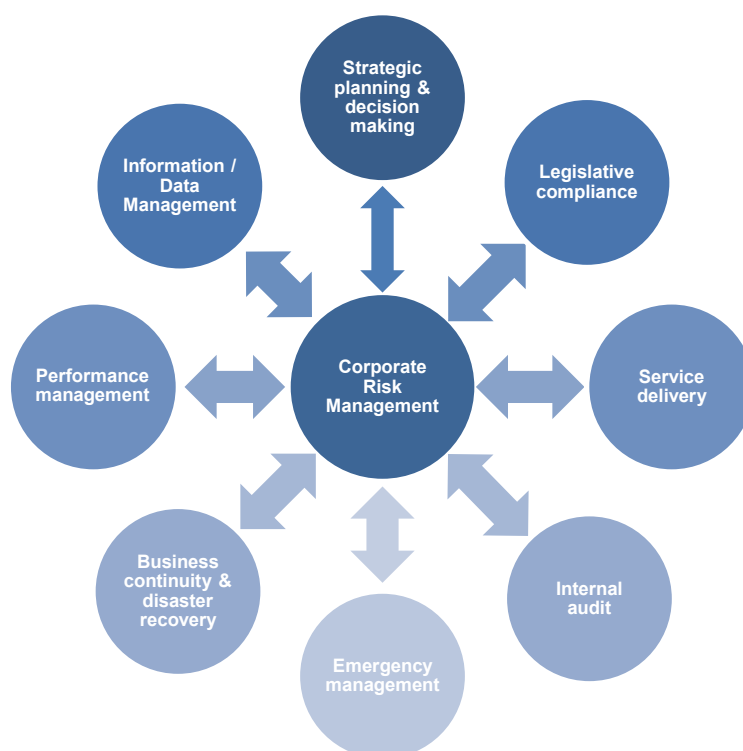
- 2.1 Council will set its risk appetite at least once each term, but may review it as conditions require. Council's risk tolerance is as follows:

Extreme	<ul style="list-style-type: none"><li>- Immediate/within 24 hours: Implementation of risk mitigation plans/actions to contain/reduce current residual risk or halt/remove activity</li><li>- Successful reduction of residual risk to be regularly reported (daily or weekly) to the General Manager, until risk becomes acceptable</li></ul>	Outside Tolerance: Not acceptable
High	<ul style="list-style-type: none"><li>- Within 1-2 working days: Review of current controls and further risk assessment required</li><li>- Consideration of further mitigating actions/strategies</li></ul>	Outside Tolerance: Not acceptable (without CEO approval)
Moderate	<ul style="list-style-type: none"><li>- Within routine management: Managers to monitor the effectiveness of existing controls and reassess periodically</li><li>- Ensure rating does not increase over time</li></ul>	Within Tolerance: Acceptable (With approval of General Manager)
Low	<ul style="list-style-type: none"><li>- Within routine management</li><li>- Consideration should be given to streamlining of excessive or redundant controls</li></ul>	Within Tolerance: Acceptable

- 2.1.1 Exceptions to the risk tolerance in this policy must be authorised by the Chief Executive Officer and referred to Audit Committee for consideration and advice to Council at the next available meetings.

- 2.2 Council is committed to an integrated risk management approach to assist in setting appropriate strategies, achieving objectives and making informed decisions, in the best interests of our community. This approach includes the following elements:

## RISK MANAGEMENT POLICY



*Source: ISO 31000:2018 Risk Management - Guidelines*

- 2.1.1 Corporate Risk Management encompasses strategic, operational and project based risks. Risk management is integrated into governance structures, including decision making, and supported by incorporating risk analysis into corporate reporting where appropriate.
- 2.1.2 Strategic and business planning, including long-term financial planning and annual budgeting, must adequately consider the risks inherent in setting and pursuing objectives and the effectiveness of systems in place to manage and communicate those risks.
- 2.1.3 All relevant legislative obligations must be considered in assessing and managing risk.
- 2.1.4 Risk exposures vary according to the functions, facilities and services provided. As these are subject to change over time, risk management processes must be dynamic and forward looking, as well as agile in resourcing and management.
- 2.1.5 Internal audit is an independent, objective assurance activity designed to add value by providing a systematic and disciplined approach to assessing the effectiveness of risk management, control and governance processes. This process may identify new risks or more effective treatments.
- 2.1.6 Council plans for, and undertakes, prevention, preparedness, response and recovery activities to support its community in the event of emergencies and natural disasters. This process includes both alignment with State procedures and provision of appropriate emergency management training.
- 2.1.7 Council is committed to ensuring that critical business functions continue after a business interruption, taking into consideration reasonably foreseeable risks and

## RISK MANAGEMENT POLICY

their potential impact on achievement of objectives. Relevant plans will be developed in accordance with the Business Continuity Policy.

- 2.1.8 Appropriate measures and reporting structures are required to manage performance of Council's goals and objectives, and identify gaps and emerging risks related to them.
- 2.1.9 Appropriate risk mitigation strategies need to be in place to ensure records are not vulnerable to cyberattack, malicious intent or unauthorised release, and all legislative obligations are met.
- 2.2 The goal is not to eliminate all risks, but rather to manage risks involved in delivering Council's services while creating and protecting value for stakeholders and the community. To this end, Council will apply risk management strategies to all business activities
- 2.2 In managing risk at the City of Holdfast Bay, Council will ensure that the organisation has an ethos and operating culture, embedding risk management processes into management activities at a strategic operational and project based level.
- 2.3 Council's Risk Management approach is based on the principles contained within AS/NZ ISO 31000:2018 Risk Management – Guidelines. These principles are:

<b><i>Integrated</i></b>	An integral part of all organisational processes
<b><i>Part of decision-making</i></b>	Aids decision-makers in making informed choices and identifying the most effective course of action
<b><i>Structured and comprehensive</i></b>	Contributes to efficiency and to consistent and comparable results
<b><i>Best available information</i></b>	Based on historical and current information, as well as on future expectations, taking into account any limitations associated with such information and expectations.
<b><i>Customised</i></b>	Aligns with the internal and external context related to our objectives
<b><i>Human and cultural factors</i></b>	Recognises that the behaviour and culture can significantly influence the achievement of objectives
<b><i>Inclusive</i></b>	Requires appropriate and timely involvement of stakeholders to enable their knowledge, views and perceptions to be considered
<b><i>Dynamic</i></b>	Anticipates, detects, acknowledges and responds to changing internal and external contexts, resulting in new risks emerging and others changing or disappearing
<b><i>Continual improvement</i></b>	Learning and experience drives continuous improvement

- 2.4 Council will ensure that appropriate internal controls are implemented and maintained to manage risk. In accordance with Council's integrated risk management approach, business disruptions will be managed to minimise impact, fraud management will prevent, identify, minimise and control fraudulent and/or corrupt activity, and emergency management responses will be implemented in line with relevant plans.
- 2.5 **Monitoring and Reporting**  
Council will implement a monitoring and reporting process to ensure that risks are regularly reviewed, amended and mitigated as required.

## RISK MANAGEMENT POLICY

2.5.1 Reports will draw data from the Corporate Risk Register and provide monitoring and profile information to Senior Leadership Team, the Audit Committee and Council as needed to assist with:

- understanding Council's risk exposure
- identifying risks that require increased attention and action
- providing relevant information to Council about risks likely to impact upon achievement of strategic objectives
- dissemination of information to support staff in making risk informed decisions, and
- promoting risk culture and awareness throughout the organisation.

2.5.2 Reports will include, at a minimum, the following:

Report to	Frequency	Content
Council and Committees	As required	Reports to Council and Committees need to include a discussion of existing and newly emerging risks and treatments. (This requirement does not apply to routine administrative matters.)
	Once per term	Set the risk appetite and tolerance.
Audit Committee	Quarterly	Risks rated high and above.  Any other relevant matters referred by Senior Leadership Team.  Report on compliance with policy.
	Annual	Risk Profile - Verify that risks are controlled within risk appetite and tolerances.  Propose any emerging risks for consideration.
Senior Leadership Team	Quarterly	Risks rated high and above.  Any changes made to the corporate risk register over the previous quarter.  Any other risks that require attention or are of concern.
	Annual	Review of risk appetite and tolerances.  Review of all Strategic Risks and any other risks rated high and above.
Leadership Team	Quarterly	Risks rated high and above.  Any changes made to the corporate risk register over the previous quarter.

## RISK MANAGEMENT POLICY

Report to	Frequency	Content
	Annual	Any other risks that require attention or are of concern.  Review of full Corporate Risk Register.
Project Board	Monthly	Project Risks and any changes to risks

- 2.5.3 An independent audit of Council's internal controls will be undertaken annually as required by section 125 of the *Local Government Act 1999* and part 6, Regulation 19 of the *Local Government Financial Management Regulations 2011*.

### 2.6 Risk Registers

Council will ensure a risk register is established and maintained, which includes strategic, operational and other categories of risk.

- 2.6.1 All risks are assessed and captured in the Corporate Risk Register in order to provide an instant overview of our corporate risk exposure. Categories of risks include:
- Strategic risks – relate to significant organisational risks and risks to strategic objectives
  - Operational risks – relate to risks associated with the delivery of Council services and day to day organisational risks
  - Asset risks – relate to infrastructure and physical assets
  - Project risks – relate to risks associated with projects
- 2.6.2 Risks will be assessed in accordance with the Consequence and Likelihood Scales, and Risk Matrix in Risk Management Procedure Appendix 3.
- 2.6.3 Within the registers, the individual risks will be rated for inherent, current and residual risks.
- 2.6.4 Treatment plans will be developed where actions are required to achieve the desired residual risk rating.

### 2.7 Roles and Responsibilities

- 2.7.1 Council has overall responsibility for risk, for fostering a strong risk management culture and facilitating an appropriate governance structure, resources and related guidance. In addition, Council has responsibility for setting the organisation's Risk Appetite and Risk Tolerance, for oversight of the management of risk and its inclusion in the decision making process and for the approval and review of the Council's Risk Management Procedure.
- 2.7.2 In discharging its responsibility in relation to risk management, Council will seek the views of the Audit Committee. The responsibilities of the Audit Committee in this respect are contained in the Committee's Terms of Reference and the *Local Government Act 1999*, and include, amongst other things, assessing the adequacy of controls and monitoring risks.

## **RISK MANAGEMENT POLICY**

- 2.7.3 Council has also delegated various powers and functions to the Chief Executive Officer to enable the setting of risk policy and procedures. The Chief Executive Officer has overall accountability for an effective risk management program and for the management of Council's risk profile, to ensure that Council is not exposed to unnecessary or uncontrolled risks.
- 2.7.4 The Senior Leadership Team and Leadership Team are responsible for leading and promoting a proactive risk culture, the implementation of this Policy and related Procedure and for ensuring risk management is embedded into all their business activities, as well as:
- ensuring that they identify and evaluate risks for operations within their business units and develop appropriate controls, treatments and mitigations,
  - allocating appropriate resources to implement, monitor and improve the effectiveness of risk management
  - ensuring that the Council's assets and operations are adequately protected through appropriate Risk Management plans and programs,
  - ensuring that staff, contractors, volunteers and other relevant stakeholders have the appropriate skills and knowledge to identify and manage risk
  - ensuring accountability for risk management and ensuring it is understood, and
  - ensuring compliance with legislative and contractual obligations and policy requirements.
- 2.7.5 Staff (including contractors and others operating on behalf of Council) are responsible for:
- performing their duties and functions in a safe manner
  - adhering to safe work practices
  - ensuring they are familiar with the Council's risk management processes
  - identifying and reporting risk in their area of responsibility
  - assisting to identify ways of controlling those risks
  - taking action attributed to them by any action plan, and
  - ensuring they remain alert and report any risks identified via their normal activities / duties.

### **2.8 Training**

- 2.8.1 Elected members are key strategic decision makers and it is therefore imperative that they understand risk management principles and their role. Risk management training will be provided to Elected Members within twelve months of a Local Government Election.
- 2.8.2 Risk management training for staff will be provided in accordance with the Training Needs Analysis to ensure effective implementation of this Policy and any relevant procedures.
- 2.8.3 Training for Committee Members will be provided as deemed necessary by the Chief Executive Officer.

### 3. REFERENCES

#### 3.1 Legislation

- *Local Government Act 1999*
- *Local Government Financial Management Regulations 2011*
- *Work Health and Safety Act 2012*
- *Emergency Management Act 2004*
- *Civil Liabilities Act 1936*
- *State Records Act 1997*
- *Freedom of Information Act 1991*

#### 3.2 Other References

- AS/NZS ISO 31000:2018 Risk Management - Guidelines
- Audit Committee Terms of Reference
- Better Practice Model – Internal Financial Controls 2012 SALGFMG
- Work Health and Safety Policies and Procedures
- Business Continuity Policy and Business Continuity Plans
- Emergency Management Plans, including Workplace Emergency Evacuation Plans
- Risk Management Procedure



# Attachment 5



ECM DSID Number:	4168403
First Issued / Approved:	13/03/2018
Last Reviewed:	May 2022
Next Review:	May 2025
Parent Policy	Risk Management Policy
Responsible Officer:	Risk And Innovation Officer
Date placed on Intranet:	xx/2022

## **1. PREAMBLE**

This Procedure supports Council's Risk Management Policy, with the purpose of managing risk whilst creating value, encouraging innovation and contributing to Council's continuous improvement and strategic planning processes. It establishes a formal and structured process for minimising the uncertainty involved in achieving Council's goals and objectives. Risk Management is not an isolated process and should be applied across Council, supporting our activities and various levels of decision making.

### **1.1 Background**

This Procedure supports the implementation and maintenance of Risk Management across Council.

Risk effects may be positive, negative, or both, and can address, create or result in opportunities and threats<sup>1</sup>, causing impacts on physical, social and economic capital.

Following this procedure will result in increased engagement in risk management with reference to the best available information and support for the sustainability and safeguarding of Council's assets, infrastructure, people, finances and reputation – whether strategic, operational or project based.

### **1.2 Purpose**

This procedure provides a process by which key principles from AS/NZ ISO31000:2018 Risk Management Guidelines are used to:

- create and protect value by improving performance
- encourage innovation and support the achievement of strategic objectives, and
- integrate risk management processes throughout the organisation.

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<sup>1</sup> ISO31000:2018 Risk Management - Guidelines

### 1.3 Scope

This policy applies to all internal and external stakeholders, authorised to act on behalf of Council, including Elected Members, employees, contractors and volunteers at the City of Holdfast Bay.

## 2. PROCESS

2.1 Council's Risk Management Process includes the following elements:



Source: AS/NZSISO 31000:2018

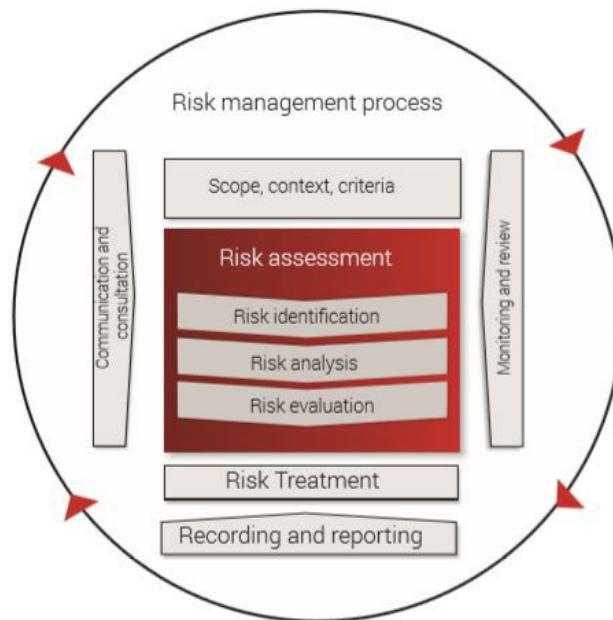
2.2 In addition to the roles and responsibilities outlined in the Risk Management Policy, the following procedural roles apply:

<b>Risk and Improvement</b>	<p>Supports the organisation relevant responsibilities and is responsible for:</p> <ul style="list-style-type: none"><li>- Providing appropriate risk management resources to guide and support the Risk Management process.</li><li>- Assisting in managing risks.</li><li>- Updating and maintaining Council's Corporate Risk Register.</li><li>- Co-ordinating all required reporting.</li><li>- Conducting periodic reviews and recommending improvements to Risk Management as appropriate.</li></ul>
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## RISK MANAGEMENT PROCEDURE

Risk Owners	<p>Accountable for risks by:</p> <ul style="list-style-type: none"> <li>- Identifying and managing risks</li> <li>- Providing progress reports on risks</li> <li>- Securing agreement to: <ul style="list-style-type: none"> <li>a. the organisation's assessment of the risk, title; description; tolerance and 'acceptable level of risk'</li> <li>b. the risk mitigation strategy (for example, to accept, treat, terminate)</li> <li>c. task people to undertake the treatment strategies that are to be directed towards that particular risk.</li> <li>d. assisting control / treatment owner in seeking resources / budget for mitigation actions</li> <li>e. setting and monitoring key milestones, risk indicators and review dates.</li> </ul> </li> </ul>
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2.3 Council's risk management process is as illustrated and outlined below. Although it is presented as sequential, it should be applied dynamically and iteratively, to account for changing conditions, human behavior, culture and other variables across the business



Source: AS/NZS ISO 31000:2018

### 2.3.1 Communication and Consultation

Establishing a communication and consultation plan with internal and external stakeholders (where relevant) is critical to the success of the risk management process.

Effective communication and consultation throughout the process is essential to ensure that those responsible for implementing risk management, and those with a vested interest, understand the basis on which risk management decisions are made and why particular actions are required.

## RISK MANAGEMENT PROCEDURE

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The Risk and Improvement Officer and Risk Owner will engage with stakeholders throughout the risk management process to:

- Correctly identify risks and understand context;
- Gain a better understanding of the views and interests of stakeholders and how their expectations may be managed;
- Capitalise on the diversity of knowledge, opinions and experience to enhance identification and management of risks and opportunities; and
- Build a sense of inclusiveness and ownership amongst stakeholders.

### 2.3.2 Scope, Context & Criteria

#### Defining the scope

Because the risk management process is applied at different levels throughout the organisation, it is important to define the scope and its alignment with the organisation's objectives. This should include consideration of:

- goals and objectives of risk management activities
- proposed outcomes and timing
- responsibilities and accountabilities for the risk management process
- risk management methodologies
- processes, activities and projects and how they may interact with other processes, activities and projects
- how effectiveness and/or value will be measured and monitored, and
- availability of resources to manage risk.

#### Defining the context

Defining the context is important because risk management takes place in the context of achieving objectives and undertaking activities, and organisational factors can be a source of risk.

The context should reflect the specific environment of the activity to which the risk management process is to be applied. Establishing the context to the organisation requires understanding internal and external factors that may influence the City of Holdfast Bay's ability to achieve its objectives, including:

- Internal Context: - risk culture, organisational structure, strategy and objectives
- External Environment :- factors such as; increased legislative and compliance requirements; reduced funding from State Government; community expectations; social, cultural, political, technological, economic, natural and built environment.

#### Risk criteria

Risk criteria are used to evaluate the significance and source of the risk and are reflective of City of Holdfast's values, objectives and resources and the views of its stakeholders.

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Criteria	Description	Primary Responsibility
Asset/Infrastructure	Asset management, including condition assessment, replacement and planning new assets	City Assets and Depot
Financial	Budgetary requirements and allocations, tax obligations, grants	Finance
Customer / Service Delivery	Meeting current and changing expectations of customers	Customer Experience
Environment	Environmental management and impacts on environment	Environment
Human Resources	Recruitment and retention of employees, workforce planning, training and development, employee performance	People and Culture
Compliance / legal	Legislative compliance, policy development and compliance	Governance
Political / Reputation	Community expectations, meeting strategic goals, intergovernmental relations	CEO / Council
Safety and Welfare	Safety and welfare of employees and contractors	People and Culture
Community Wellbeing	Safety and welfare of the community	Various (depending on issue)

### 2.3.2 Risk Assessment

#### Risk Identification

The aim of risk identification is to develop an inclusive list of reasonably foreseeable events that are likely to have an impact on achievement of objectives.

Risk identification follows on from the context discussion and formally documents the effects of uncertainty on objectives. An effective approach is to engage as many stakeholders as possible in a structured identification process.

For example – when identifying risks, there are a number of questions that help capture the information required:

- What might happen/ what could go wrong?
- What is the cause?
- How does this affect the objective?

After a risk is identified, it may be categorised and captured in the Corporate Risk Register.

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The process of risk identification must be comprehensive as risks not identified are by nature excluded from further analysis.

Care must be taken to identify and define risks, rather than causes or consequences.

Capturing an additional level of detail with regards to risk areas assists in reporting and analysing trends.

### **Risk Analysis**

Risk analysis involves developing an understanding of a risk. It provides an input to risk evaluation and to decisions on whether risks need to be treated, and the most appropriate risk treatment strategies and methods.

### **Risk Ratings**

A 'risk rating' can be determined by combining the estimates of effect (consequence rating) and cause (likelihood rating).

The risks are to be assessed against all consequence criteria; and the highest consequence rating will be used. The following risk ratings are used:

- Inherent risk rating, being the level of risk at time of risk assessment with no controls
- Current risk rating, being the level of risk with the controls that are currently in place, operating as they are, and
- Residual risk rating, being the level of risk once further and additional controls are added to reduce the consequence and/or likelihood, (i.e. the residual level of risk remaining after risk treatment).

Not all risk types are the same in terms of their acceptability. If a risk is assessed as above the risk appetite; however within the risk tolerance for that category of risk - then treatment will be required. However, if the risk is assessed as equal to, or below the risk tolerance for that category of risk - then the risk is accepted, providing appropriate controls are implemented.

### **Risk Evaluation**

Risk Evaluation is used to assist in making decisions.

It's based on the outcomes of risk analysis, about will highlight the risks needing further treatment or actions - and the priority for implementation of these additional controls.

Decisions should include the wider context of the risk and consider any risks borne by other parties.

There are also some risks with circumstances that cannot be prevented or reduced and the focus will instead be on contingencies to reduce the impact or aid recovery and resilience.

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Risk ratings range from Extreme → High → Medium → Low with varying responses and reporting requirements:

Risk level	Managing Risk
<b>EXTREME</b>	<p><b>ACTION:</b> i) Add risk to Risk Register ii) Escalate risk issue immediately to CEO</p> <p><b>CEO to:</b></p> <ul style="list-style-type: none"> <li>– Refer risk to risk owner</li> <li>– Identify and develop treatment strategies for immediate action</li> <li>– Monitor and review actions/strategies</li> <li>– Provide direction and information to relevant stakeholders</li> <li>– Inform the next meeting of the SLT and Audit Committee of the risk issue, outlining the actions taken to mitigate the risk and the outcome (or current status)</li> <li>– Consider cessation/suspension of the activity giving rise to the risk until such time as CEO/Management Team authorises its continuation and/or whilst other risk treatment strategies are being developed/implemented</li> </ul> <p>For WHS related risks, the following applies:</p> <ul style="list-style-type: none"> <li>– Operation of item or activity shall not be allowed to continue until the risk level has been reduced</li> <li>– Will commonly be an unacceptable level of risk</li> <li>– May include both short and long term control measures</li> </ul>
<b>HIGH</b>	<p><b>ACTION:</b> i) Add risk to Risk Register ii) Escalate risk issue to GM/SLT member /Risk Officer</p> <p><b>GM/SLT member to:</b></p> <ul style="list-style-type: none"> <li>– Refer to relevant risk owner</li> <li>– Identify and develop treatment strategies with appropriate timeframes</li> <li>– Monitor and review actions/strategies to manage risk to an acceptable level</li> <li>– Provide direction and information to relevant stakeholders</li> <li>– Inform the next meeting of the SLT and Audit Committee, (as relevant) of the risk issue, the actions taken to mitigate the risk and the outcome (or current status)</li> </ul> <p>For WHS related risks, the following applies:</p> <ul style="list-style-type: none"> <li>– Reduce the risk rating so far as is reasonably practicable</li> <li>– Should only be an acceptable level of risk for 'Major' or 'Catastrophic' consequences</li> </ul>



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Risk level	Managing Risk
<b>MODERATE</b>	<p><b>ACTION:</b> i) Add risk to Risk Register ii) Escalate risk to relevant Manager to coordinate with relevant work group to:</p> <ul style="list-style-type: none"> <li>– Identify and develop treatment strategies with appropriate timeframes</li> <li>– Monitor and review actions/strategies to manage risk to an acceptable level</li> </ul> <p>For WHS related risks, the following applies:</p> <ul style="list-style-type: none"> <li>– Reduce the risk rating so far as is reasonably practicable.</li> <li>– May be an acceptable level of risk</li> </ul>
<b>LOW</b>	<p><b>ACTION:</b> i) Add to Risk Register</p> <ul style="list-style-type: none"> <li>– Undertake localised risk management &amp; actions (if required)</li> <li>– Review within the department parameters and routine procedures</li> </ul> <p>For WHS related risks, the following applies:</p> <ul style="list-style-type: none"> <li>– Reduce the risk rating so far as is reasonably practicable.</li> <li>– Commonly is an acceptable level of risk</li> </ul>

### 2.3.3 Risk Treatment

Risk treatment can be conducted using a variety of methods:

- When assessing risks, treatments are aimed at reducing or removing the potential for consequences occurring.
- When assessing opportunities (positive risks), treatments are aimed at ensuring that consequences are realised.
- Risk treatment - selecting one or more options for modifying the likelihood and/or consequence of risks, and implementing those options.

Once treatments are completed, they are added to the controls and re-assessed. Appropriate risk treatment options should have regard to the organisation's objectives, risk appetite, risk criteria and available resources.

#### Risk treatment priorities

Recognising that not all risks can, or should, be managed, the City of Holdfast Bay has determined that it will prioritise treatment of risks in the following order:

- Strategic risks that exceed risk appetite – or risk tolerance
- Operational risks that are rated Extreme or High
- Operational risks that are rated either Moderate or High that exceed risk appetite.

The CEO may make exceptions to this prioritisation where there is an immediate or foreseeable risk to the health or safety of any person.

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### Risk treatment options

Risk treatment options are not necessarily mutually exclusive or appropriate in all circumstances. Options for negative risks may include:

<b>Eliminate</b>	Remove an asset or discontinue an activity or service completely so as to eliminate the risk altogether
<b>Share</b>	Allocate risk to a third party, such as through appropriate contactor management, (noting however that S272 of the WHS Act voids any agreement or contract that purports to transfer any duty owed under the Act.)
<b>Mitigate</b>	Implement a type of treatment control to reduce or remove the risk. This may include but is not limited to options such as substitution (swapping), isolation (barricade), engineering (modify by design) or administration (policy/process)
<b>Accept</b>	Risk can be accepted for a number of reasons including: <ul style="list-style-type: none"><li>– no extra treatments being available;</li><li>– meets the stated target risk appetite for the type of risk;</li><li>– informed decision has been made about that risk; and</li><li>– the cost of risk treatment significantly outweighs the potential risk exposure.</li></ul>

For opportunities – or positive risks - options may include:

<b>Exploit</b>	Implement strategies to capitalise on the likelihood of the risk eventuating and ensure that the organisation is able to respond quickly to the opportunities as they arise
<b>Share</b>	Partnering with another organisation that is able to add skills or value not currently available within City of Holdfast Bay.
<b>Enhance</b>	Influence the factors that will improve the likelihood of the opportunity arising
<b>Accept</b>	Maintain status quo by informed decision

In selecting any risk treatment, consideration must be given to new emerging risks that may arise from implementing it and the processes outlined in this procedure.

### Control characteristics

Risk treatments need to be designed in a manner to ensure they are sufficient to mitigate that risk, and have some of the following characteristics if they are to become an adequate control:

- Documented (e.g. Policies, procedures, task lists, checklists)
- Systems-oriented (e.g. integrated and/or automated)
- Preventative (e.g. system controls) or detective
- Consistent and regular (including during staff absence)

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- Performed by competent and trained individuals
- Clear responsibility and accountability
- Create value (i.e. benefits outweigh costs)
- Achievable for the organisation (based on available resources)
- Evidenced (i.e. documented or electronic audit trail)
- Confirmed independently

### **Preparing and implementing risk treatment plans**

Risk treatment plans specify how the risk treatment options will be implemented, so that those involved understand what arrangements are in place and to allow progress against the plan to be monitored.

Risk treatment plans are documented within the Corporate Risk Register and Project Management Plans – providing the following information where appropriate:

- rationale for selection of treatment options
- responsibilities and accountability for approving and implementing the plan
- proposed actions and timeframes
- resourcing requirements
- constraints and contingencies, and
- required reporting and monitoring.

### **2.3.4 Risk Management Processes across Council**

Risk management processes will continue to integrate into Council's operations in order to achieve stated aims and objectives. The following are key areas:

#### **Financial Risks**

Financial Risks including fraud and theft in the areas of payroll, purchasing, contracting, cash handling and investment are captured as a part of the Strategic Risk Register. Controls to mitigate these risks include policies and procedures, controls within the finance system, and compliance monitoring using Control Track.

**Who responsible:** Manager Finance

**Frequency:** Annual

#### **Budget and Annual Business Planning**

Throughout the development of the Annual Business Plan and the budget planning process, key risks and opportunities facing Council are considered. The planning process identifies and reviews key risks that may impact its ability to meet its strategic and legislative requirements and objectives. Council's New Initiative process includes a risk assessment for all new requests for funding, and risk is incorporated into the prioritisation of projects.

**Who responsible:** Senior Leadership Team

**Frequency:** Annual

### **Procurement and Contractor Management**

Council balances risk and opportunity in ensuring that the right mix of risk between suppliers and Council is maintained. It also ensures that suppliers have sufficient professional indemnity and public liability insurance, including the obtaining of Certificates of Currency over the contract duration. It also ensures that its suppliers are committed to workplace health and safety as well as being competent in the provision of goods or services.

**Who responsible:** Staff with financial delegation, project managers, Team Leader Governance

**Frequency:** Ongoing

### **Event Management**

For any events to be undertaken, a risk management plan is developed, consistent with this framework that includes the recording of risks, consequences, likelihood, risk rating, preventative action required, responsive action required. It also includes a guide of possible risks to assist event organisers complete the plan eg. food handling, traffic disruption, trip hazards, etc.

**Who responsible:** Manager City Activation

**Frequency:** Every Event application

### **Alwyndor Aged Care Accreditation**

All aged care homes receiving government subsidies need to meet quality standards called accreditation standards. They cover areas such as management, staffing, health and personal care, resident lifestyle, living environment, catering, cleaning, continuous improvement, and safety and security. Accreditation assessment teams provide ongoing monitoring and make planned visits and yearly unannounced visits to aged care homes as part of the monitoring activities. Alwyndor has its own compliance program ensuring it meets the 44 accreditation requirements. Alwyndor also has its own Risk Management Plan and also maintains a corporate risk register.

**Who responsible:** General Manager Alwyndor

**Frequency:** Ongoing

### **Workplace Health and Safety**

Workplace health and safety (WHS) is managed throughout the City of Holdfast Bay in dealing with its employees, contractors and volunteers. These groups are thoroughly inducted in WHS principles before commencing work at the City of Holdfast Bay and include topics such as worksite hazard management, personal safety, plant and equipment storage, electrical safety and reporting of incidents. Different induction checklists are used for approved contractors depending on the nature (risk) of the work to be performed. Job Safety Assessments are also performed consistent with this framework that includes

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the recording of hazards and risks, risk ratings, risk control measures and the name of the person responsible for implementing the control measures.

WHS also includes healthy catering to ensure that Council's staff, elected members, volunteers and visitors always have access to healthy catering options when attending City of Holdfast Bay meetings, workshops, events and facilities.

**Who responsible:** All staff, WHS Coordinator

**Frequency:** Ongoing

### Project Management

Key risks are considered as part of projects to ensure they are effectively managed from concept to implementation. All major projects require a formal documented risk assessment be performed, consistent with this framework, at the concept stage, ongoing and post project completion, as part of the post project review process.

**Who responsible:** Project Managers

**Frequency:** Throughout the project lifecycle

### Asset Management

Council performs regular assessments of risks associated with service delivery from its assets. Council's Asset Management Plans are reviewed every 4 years and include an assessment of risk. Individual asset classes are also reviewed more frequently with risk management forming a part of the condition assessment. Council's Capital Works Program is also determined as a result of risk management processes with project prioritised accordingly.

**Who responsible:** Project Managers, General Manager City Assets and Services

**Frequency:** Ongoing

### Business Continuity

Key risks that impact on the ongoing continuity of service delivery of Council following a disruptive incident have been considered and assessed and included in the Business Continuity Plan.

**Who responsible:** Senior Leadership Team

**Frequency:** Yearly

### Emergency Risk Management Plan

The Cities of Holdfast Bay, Marion, Mitcham and Unley have developed a regional framework that is designed to provide support to current Council systems in place to manage emergencies as well as provide scope for future, ongoing planning and development of improved strategies to prevent, prepare to respond to or recover from emergencies within the community.

**Who responsible:** Senior Leadership Team

**Frequency:** Yearly

### 2.3.5 Monitoring and Review

#### Review of Risks and Controls

Monitoring and review involves regular checking or surveillance of the effectiveness and efficiency of the risk management processes implemented.

A monitoring and review process will:

- ensure that implemented controls are effective and adequate
- provide further information to improve risk assessment and treatment plans
- allow for the identification of emerging risks
- identify any new factors that may influence established strategies/mitigate risks.

#### New & Emerging Risks

It is essential to monitor all activities and processes in order to capture new or emerging risks arising from the changing environment, (both internal and external) and the activities undertaken by Council's employees, contractors and volunteers.

#### Project risks

Due to the dynamic nature of most projects, a risk may change over the project lifecycle, triggering the need for reassessment. The monitoring and review process allows for both validation of risks and adaptation of project plans to ensure that they remain relevant.

Any changes in risks throughout the project and following completion should be recorded and used as future project planning tools.

#### Internal audit

The audit process plays an important role in evaluating the internal controls, and risk management processes, currently employed by the City of Holdfast Bay.

Our internal audit program is 'risk based' and provides assurance that we are managing our risks appropriately. In developing the annual Internal Audit Plan, consideration is given to the extreme and high rated risks identified by the risk assessment process.

Internal audits assess the adequacy of the selected controls identified, and the process will measure risk by:

- Measuring compliance – has the organisation met its Policy objectives
- Measuring maturity – measuring against best practice and sector benchmarking
- Measuring value add – has the risk management and culture added to the achievement of strategic objectives

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Information is shared between the risk management and internal audit functions. Changes in our risk profile are reflected in the annual Internal Audit Plan.

Similarly, control issues identified through internal audit will inform our Risk Management Policy and documentation. Internal audits are conducted to provide assurance that key risks have been identified and the controls in place are adequate and effective, as per the following:

RATING	DEFINITION
<b>Design adequacy</b>	
Adequate	The control is designed to give reasonable assurance of risk mitigation. Existing systems and procedures cover known circumstances and provide reasonable assurance for majority of risks.
Partially adequate	The control is designed to partially mitigate the risk, in a way to partially meet the objectives.
Legal and compliance	We will tolerate a 20% variance to our service level standards (e.g. medium)
Inadequate	The control design is insufficient to give reasonable assurance of risk mitigation. There may be no systems and procedures in place, or existing systems and procedures are obsolete and require review.
<b>Operating effectiveness</b>	
Effective	The control operates in a manner that is effective in terms of being consistent, complete, reliable and timely.
Partially effective	The control <i>partially</i> operates in a manner that is effective in terms of being consistent, complete, reliable and timely.
Ineffective	The control fails to operate in a manner that is effective in terms of being consistent, complete, reliable and timely.

It is to be noted that the overall combination of:  
design adequacy x operating effectiveness = overall rating of the control

This assists in identifying improvements to existing controls.

	Effective	Partially effective	Ineffective
Adequate	Effective	Partially Effective	Ineffective
Partially adequate	Partially Effective	Partially Effective	Ineffective
Inadequate	Ineffective	Ineffective	Ineffective

- 2.4 This Risk Management Procedure is supported by an annual workplan that includes scheduled risk reviews, engagement with individual risk and treatment owners, regular monitoring and reporting, training and the provision of information as required to all relevant stakeholders.

### 3. REFERENCES

#### 3.1 Legislation

- *Local Government Act 1999*
- *Local Government Financial Management Regulations 2011*
- *Work Health and Safety Act 2012*
- *Emergency Management Act 2004*
- *Civil Liabilities Act 1936*
- *State Records Act 1997*
- *Freedom of Information Act 1991*

#### 3.2 Other References

- AS/NZS ISO 31000:2018 Risk Management
- Audit Committee Terms of Reference
- Better Practice Model – Internal Financial Controls 2012 SALGFMG
- Work Health and Safety Policies and Procedures
- Business Continuity Policy and Business Continuity Plans
- Emergency Management Plans, including Workplace Emergency Evacuation Plans



## RISK MANAGEMENT PROCEDURE

### APPENDIX A: DEFINITIONS

<b>Assurance</b>	A process that provides a level of confidence that objectives will be achieved within an acceptable level of risk
<b>Consequence</b>	The outcome of an event expressed qualitatively or quantitatively, being a loss, injury, disadvantage or gain. There may be a range of possible outcomes associated with an event.
<b>Control</b>	An action that modifies risks and increases the likelihood that objectives and goals of an organisation will be achieved.
<b>Corporate Risk Management</b>	The process applied in strategy setting and decision making throughout the organisation to identify, evaluate and manage potential risks that are likely to impact on achievement of objectives, set risk appetite and tolerance and manage risk within those parameters, to provide reasonable assurance regarding achievement of organisation's objectives.
<b>Event</b>	Occurrence of a particular set of circumstances
<b>Exposure/Rating</b>	The risk exposure (also referred to as risk rating) is a qualitative value of the sum of the consequence of an event multiplied by the likelihood of that event occurring
<b>External Context</b>	External environment in which the organisation seeks to achieve its objectives
<b>Frequency</b>	A measure of the rate of occurrence of an event expressed as the number of occurrences of their event in a given time.
<b>Internal Audit</b>	Independent, objective assurance that uses a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
<b>Internal Context</b>	Internal environment in which the organisation seeks to achieve its objectives
<b>Likelihood</b>	Chance of something happening
<b>Monitor</b>	To check, supervise, observe critically or record the progress of an activity, action or system on a regular basis in order to identify change.
<b>Reasonable assurance</b>	Concept that risk management, however well designed and operated, cannot guarantee objectives will be met, due to inherent limitations in all Risk Management procedures.
<b>Risk Analysis</b>	A systematic use of available information to determine how often specified events may occur and the magnitude of their consequences.
<b>Risk Appetite</b>	Is the amount of risk an organisation is prepared to accept in pursuit of its objectives
<b>Risk Assessment</b>	An overall process of risk identification, risk analysis and risk evaluation
<b>Risk Culture</b>	Risk culture refers to the behaviours that lead to how a person considers and manages risks,
<b>Risk Evaluation</b>	The process used to determine risk management priorities by comparing the level of risk against predetermined standards, target risk levels or other criteria.
<b>Risk Management</b>	Coordinated activities to direct and control an organisation with regard to risk.
<b>Risk Owner</b>	Staff member with the accountability and authority to manage a risk
<b>Risk Source</b>	Element which alone or in combination has the potential to give rise to risk
<b>Risk Tolerance</b>	The acceptable variation in outcomes related to specific performance measures linked to objectives the organisation seeks to achieve.
<b>Risk</b>	The effect of uncertainty on objectives.
<b>Stakeholder</b>	Person or organisation that can affect, be affected by, or perceive themselves to be affected by, a decision or activity.

APPENDIX B: RISK MATRIX AND CRITERIA

Table 4: Consequence Criteria

	Reputation	Business impact	People Safety	Environment	Service Delivery
Insignificant	No adverse effect on public image No media interest Insignificant level of community concern. A slight but manageable increase in the number of adverse resident complaints Negligible adverse impact upon social health and wellbeing of the community which has little or no impact upon established community relationships and links	Low financial loss – impact of less than \$10k Operational issues manageable within normal activities <b>Project – up to 5% of original project budget.</b>	No injuries Minor repairs required of an insignificant nature to property / infrastructure.	“Nuisance” category under the <i>SA Environment Protection Act (1993)</i> Short term, immediately reversible effects on ecosystem	Insignificant impact on Council’s ability to achieve strategic outcomes Project – Nil impact on achievement of key project objectives or project duration up to 10% of original timeframe without consequential impacts
Minor	Minor adverse effect on public image Minor media coverage in paper distributed within the local area (small scale single article). Minor level of community concern, an increase in the number of resident complaints requiring direct effort to resolve/attend to Minor adverse impact upon social health and wellbeing of the community that may have a minor impact upon established community relationships and links	Medium financial loss – impact of between \$10k and \$100k Minor impact in undertaking routine activities <b>Project – between 5-10% of original project</b>	Only First Aid treatment required Minor loss or infrastructure damage.  Normal seasonal illness leading to minor disruption to activities	“Nuisance” category under <i>SA Environment Protection Act (1993)</i> Some minor adverse effects to few species/ ecosystem parts that are short term and immediately reversible. Contamination – on-site release immediately contained	Some delays in delivery of strategic initiatives, but only minor aspects impacted  Overall strategic intent still achievable Project duration extended up to 35% of original project timeframe without consequential impacts
Moderate	Moderate adverse effect on public image Adverse media campaign in relevant press over two or more issues, supported by uptake of issue in electronic media Moderate level of community concern, large number of complaints and letters to editor in relevant press Minor common law action or Ombudsman investigation threatened/ initiated	Moderate financial loss – impact of between \$100k and \$1 million Impacts up to 2.5% on rate revenue generation Impaired ability to maintain normal operations, reprogramming required Minor legal issues, non-compliances and breaches of regulation <b>Project – between 10-20% of original project budget.</b>	Medical treatment required which may include short term admission to hospital  Moderate loss/or infrastructure damage  Local epidemic leading to noticeable disruption of activities	“Material” category under the <i>SA Environment Protection Act (1993)</i> Contamination – on-site release contained with outside assistance Ecosystems- temporary, reversible damage, loss of habitat and migration of animal populations, some reduction in numbers and die back of plants. Pollution requires physical removal, air quality constitutes potential long term health problems. Manageable restrictions in resource usage Disturbance to sites or artefacts of cultural significance	Some key components of the Strategic Plan cannot be achieved within expected timeframes. Additional funding/resources or some strategies re-prioritisation is required Project duration extended up to 35% of original project timeframe with consequential impacts on other dependencies
Major	Significant adverse effect on public image Widespread adverse media campaign including electronic local and national media. Social media going viral requiring management intervention. Pressure on State Government and agencies to intervene Significant level of community concern Social health and wellbeing of the community seriously affected by major community unrest and/or significant breakdown of established community relationships and links. Significant common law action threatened, major Ombudsman investigation initiated	Major financial loss - impact of between \$1 million and \$3 million Impacts between 2.5% and 10% on rate revenue generation Significant effects loss of ability to complete programs, major restrictions to services and project delivery Serious breach of regulation with investigation or report to authority with prosecution and/or moderate fine possible <b>Project – between 20-35% of original project budget.</b>	Serious & extensive injuries Serious structural damage to infrastructure or serious loss of assets. Widespread epidemic that causes significant disruption to activities	“Serious” category under the <i>SA Environment Protection Act (1993)</i> Contamination – off-site release with no detrimental effects Ecosystems – recoverable damage, death of animals in large numbers, widespread habitation destruction, significant air quality issues. Pollution issues requiring long term management, serious introduction of invasive species Restrictions on resource usage threatening viability of accepted lifestyle Damage to sites or artefacts of cultural significance	Key Strategic Objectives unable to be achieved; review of Strategic Plan is required  Project duration extended by 36- 80% of original project timeframe with or without consequential impacts on other dependencies
Catastrophic	Major effect on public image Widespread adverse media campaign including electronic local, national and international media. Widespread community outrage Social media going viral, unable to be contained. State Government and agencies to intervene Social health and wellbeing of the community severely affected resulting in fracturing of established community relationships and links. Class Actions, Judicial Inquiries initiated	Critical financial loss/exposure – impact greater than \$3 million Impacts of more than 10% on rate revenue generation  Projects & programs failure, inability to meet minimum acceptable standards Major breaches of regulation, sanctions imposed <b>Project - &gt;35% of original project budget.</b>	Fatalities Critical loss, irreversible damage property / infrastructure with a replacement cost that overwhelms the capital budget (>25%) Community movements restricted under State Emergency Plan	“Serious Material harm” category under the <i>SA Environment Protection Act (1993)</i> and EPA actions initiated Off-site contamination requiring immediate and significant remediation actions Ecosystems – irreversible damage, widespread loss of animals, and key stone species extinctions, destruction of flora species, widespread domination of invasive species. Pollution unable to be effectively remediated. Restriction on resource usage resulting in permanent disruption of accepted life-style	Goals of Strategic Plan not achievable; total and immediate re-work of Plan is required Project duration extended by >80% of original project timeframe with consequential impacts on other dependencies

Table 1: Risk Assessment Matrix

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

Table 2: Risk Review and Reporting

REPORT TO	FREQUENCY	CONTENT
Council and Committees	<i>As required</i>  <i>Once per term</i>	Reports to Council and Committees need to include a discussion of existing and newly emerging risks and treatments. (This requirement does not apply to routine administrative matters.)  Set the risk appetite and tolerance.
Audit Committee	<i>Quarterly</i>  <i>Annual</i>	Risks rated high and above. Report on compliance with policy. Any other relevant matters referred by Senior Leadership Team. Propose any emerging risks for consideration. Risk Profile - Verify that risks are controlled within risk appetite and tolerances.
Senior Leadership Team	<i>Quarterly</i>  <i>Annual</i>	Risks rated high and above. Any changes made to the corporate risk register over the previous quarter. Any other risks that require attention or are of concern. Review of all Strategic Risks and any other risks rated high and above. Review of risk appetite and tolerances.
Leadership Team	<i>Quarterly</i>  <i>Annual</i>	Risks rated high and above. Any changes made to the corporate risk register over the previous quarter. Any other risks that require attention or are of concern. Review of full Corporate Risk Register.
Project Board	<i>Monthly</i>	Project Risks and any changes to risks

Table 3: Qualitative Measures of Likelihood

LIKELIHOOD	EXPLANATIONS:		FREQUENCY
	Operations	Projects/ Business Case	
Almost Certain	It is <b>expected</b> to occur again, immediately or within a short period – likely to occur most weeks or months.	Could be expected to occur more than once during the study or project delivery	Event is expected to occur in most circumstances
Likely	<b>Will probably occur</b> in most circumstances – several times a year.	Could easily be incurred and has generally occurred in similar studies or projects.	Event could occur in most circumstances
Possible	<b>Could be incurred</b> within a one – two year period.	Incurred in a minority of similar studies or projects	Event could occur at some time
Unlikely	<b>Could be incurred</b> in a two - five year time frame.	Known to happen, but only rarely.	Event could occur in circumstances
Rare	<b>May occur in exceptional circumstances.</b> Could be incurred in a 5-30 year timeframe.	Has not occurred in similar studies or projects. Conceivable but in extreme circumstances.	Event may only occur in exceptional circumstances

Table 5: Controls

RATING	Definition	Note
Adequate	The control is designed in a manner that it can give reasonable assurance that the risk will be mitigated. In other words existing systems and procedures cover known circumstances and provide reasonable assurance for majority of risks.	This definition applies to the design of the control
Inadequate	The design of the control is not sufficient enough to give reasonable assurance that the risk will be mitigated. There may be no systems and procedures in place, or existing systems and procedures are obsolete and require review	This definition applies to the design of the control
Effective	The control operates in a manner that is effective in terms of being consistent, complete, reliable and timely.	This definition applies for the operating effectiveness of the control
Ineffective	The control does not or partially operates in a manner that is not effective in terms of being consistent, complete, reliable and timely.	This definition applies for the operating effectiveness of the control

Item No: 7.6

Subject: **PROCUREMENT POLICY REVIEW**

Date: 1 June 2022

Written By: Manager Strategy and Governance

General Manager: Strategy and Corporate, Ms P Jackson

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## **SUMMARY**

The Procurement Policy suite was reviewed in mid-2021 and is not due for review again until 2024, however, with economic conditions being as volatile as they are, more frequent reviews may be necessary.

Such volatility requires adequate administrative flexibility to ensure the best procurement outcomes can be achieved. To this end, a number of changes to the Procurement Policy are proposed. These changes are intended to provide Council with greater flexibility to negotiate with suppliers, including existing suppliers, where such an approach provides better results compared to a market approach.

The opportunity has also been taken to strengthen processes relating to referee checks relating to procurements and conflicts of interest. These have taken on board documents produced by the South Australian Independent Commissioner Against Corruption.

A revised proposed policy is provided for the Audit Committee's review, comments and endorsement.

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## **RECOMMENDATION**

**It is recommended that Audit Committee endorse the revised Procurement Policy for Council's consideration.**

---

## **STRATEGIC PLAN**

Statutory compliance

## **COUNCIL POLICY**

Procurement Policy

## **STATUTORY PROVISIONS**

*Local Government Act 1999*

## **BACKGROUND**

The Procurement Policy suite was reviewed in mid-2021 and is not due for review again until 2024, however, with economic conditions being as volatile as they are, more frequent reviews may be necessary.

## **REPORT**

In the aftermath of the COVID-19 pandemic, economic conditions are volatile. Ongoing supply chain issues have resulted in substantial price increases and an abundance of available work in certain industries. This is putting pressure on Council's ability to source suppliers through tenders and approaches to the market.

Such volatility requires adequate administrative flexibility to ensure the best procurement outcomes can be achieved. To this end, proposed additions have been made to the Procurement Policy to provide additional scope for Council to assess value for money in determining which procurement process to follow. Given the current competitiveness of the market, the proposed threshold for requiring Council approval for an exemption to the policy is also proposed to be increased, to ensure that decisions can be made in a responsive way.

These changes are intended to provide Council with greater flexibility to negotiate with suppliers, including existing suppliers, where such an approach provides better results compared to a market approach.

The opportunity has also been taken to strengthen processes relating to referee checks relating to procurements and conflicts of interest. These have taken on board documents produced by the South Australian Independent Commissioner Against Corruption.

A revised Procurement Policy with track changes marked is provided as Attachment 1.

*Refer Attachment 1*

A final version of the proposed Procurement Policy is provided as Attachment 2.

*Refer Attachment 2*

## **BUDGET**

Impacts on the budget should be positive as the most efficient procurement processes can be selected.

## **LIFE CYCLE COSTS**

Impacts on the life cycle should be positive as the parameters for assessing value for money have been expanded.

# Attachment 1



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Next Review:	24/05/24
Responsible Officer:	<del>Team Leader Governance</del> Procurement Officer
Date Placed on Webpage/ Intranet:	26/05/21

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## 1. PREAMBLE

### 1.1 Background

- 1.1.1 The City of Holdfast Bay (Council, including Alwyndor) procures a wide range of products and services.
- 1.1.2 Council has the power to enter into contracts under the *Local Government Act 1999* (the Act).
- 1.1.3 Section 49 of the Act, requires Council to prepare and adopt policies on contracts and tenders, including:
  - the contracting out of services
  - competitive tendering and other measures to ensure that services are delivered cost-effectively and
  - the use of local goods and services
- 1.1.4 Pursuant to section 49 of the Act, policies must:
  - identify circumstances where the Council will call for tenders for the supply of goods, the provision of services or the carrying out of works
  - provide a fair and transparent process for calling tenders and entering into contracts in those circumstances and
  - provide for the recording of reasons for entering into contracts other than those resulting from a tender process.

### 1.2 Purpose

The Council is committed to providing best value to the community within a framework of fairness, transparency and accountability. Purchases must be made in the best interests of the community, and in accordance with Council's governing documents and legislative requirements.

### 1.3 Scope

This Policy applies to all purchases, contracts and tenders organised by Council or Alwyndor employees (including staff contractors and any other party involved in decision-making about purchases), on behalf of Council when undertaking procurement activities (the Purchaser/s).

Purchasers will ensure all purchases they initiate comply with this Policy and financial and contractual delegations. Purchasers must, act with integrity and in good faith at all times when dealing with suppliers.

### 1.4 Strategic Reference

Statutory requirement

## 2. PRINCIPLES

### 2.1 Procurement Principles

Council is committed to six core principles when selecting suppliers:



### 2.2.1 Value for Money

The Council will undertake efficient and effective procurement to ensure value in the expenditure of public money. Value for money is achieved by ensuring the desired outcome is delivered at the best possible price, accounting for relevant financial and non-financial factors. These factors may include:

- costs – including price, whole of life cycle costs, and opportunity costs
- relevant and relative risks
- the value of any environmental, social and economic benefits
- the maturity of the market for the goods or services being sought
- flexibility or adaptability to possible change over the life cycle of the goods or services being sought
- circumstances or innovations that may not have been foreshadowed at the time this policy was developed.

Value for money may not necessarily favour the lowest price.

To achieve value for money, procurement activities should:

- include a comparative analysis of the costs and benefits of each option
- where relevant, specify the conditions and evaluation criteria in approach to market documents
- consider extending or reviewing existing contracts, if it is determined that such an approach will achieve better outcomes and value for money, compared with a market approach.

### 2.2.2 Transparent, Accountable, Fair and Ethical Standards

All purchases must be made in a transparent, accountable, fair and ethical manner. Standards must be maintained in perception and reality in accordance with Council's Code of Conduct.

A person with a Conflict of Interest may be removed from the procurement process or have their role in the evaluation of the procurement restricted.

Purchasers must comply with all legal and policy requirements and be impartial, fair and professional in their actions and decisions.

### 2.2.3 Social Responsibility

Council acknowledges Traditional Owners throughout Australia and strongly encourages Aboriginal businesses to quote and tender.

As part of Council's commitment to Reconciliation and desire to invite increased Aboriginal economic participation to our City, Aboriginal businesses will, to the extent permitted by law, be given preference when other considerations are equal. Where Aboriginal expertise is required to deliver outcomes being tendered for, direct engagement of an Aboriginal business is permissible.

An Aboriginal business is classified as such if registered on the South Australian Aboriginal Business Register, certified by Supply Nation or registered with an Aboriginal Regional Authority or Aboriginal Landholding Authority and is 50% or more Aboriginal owned and based in South Australia. Council encourages Aboriginal businesses to register on the SA Tenders and Contracts website.

## PROCUREMENT POLICY

Council will model public value and social responsibility by ensuring purchases favour suppliers that provide or support social enterprise and/or contribute substantially to social justice, access and inclusion and equal employment opportunities, to the extent permitted by law.

### 2.2.4 Environmental Sustainability

Council will model public value and sustainable practices by, to the extent permitted by law, ensuring purchases:

- favour suppliers that are environmentally responsible,
- contribute to conserving natural resources,
- encourage waste minimisation and recycling,
- include recycled-content and
- contribute to minimising Council's carbon emissions.

In support of the Local Government Association's 'Buying it Back' Circular Procurement Pilot Project, Council will endeavour to prioritise the purchase of recycled-content materials through its procurement processes for all categories of procurement, including panel contracts already in place.

Consideration of sustainability outcomes must be balanced against other principles (such as buy local, Aboriginal employment etc) but may include the consideration of opportunity costs. Council will use its best endeavours to track the purchase of recycled-content by weight and where feasible, will report publicly on purchases.

### 2.2.5 Buy Local

Council acknowledges the value local businesses add to the City and strongly encourages local businesses to quote and tender. To the extent permitted by law, Council will give preference to local suppliers (that is those operating within the City of Holdfast Bay boundaries), who's activities contribute to local economic development, where other considerations are equal.

Council will endeavour to engage a local contractor or supplier to promote local employment opportunities and economic growth where the supplier can demonstrate capability, capacity and competitiveness.

The definition of 'local' may vary, depending on the identified geographic market for the relevant procurement activity.

Council will support economic development for South Australia by using suppliers that employ South Australian residents and invest in the State (acknowledging the South Australia Industry Participation Policy) where possible. Council will prefer the use of Australian products unless there is no alternative equivalent in which case overseas products will be considered.

Council encourages local suppliers to register on the SA Tenders and Contracts website.

### 2.2.6 Work Health and Safety

Council has an obligation to ensure that all suppliers are compliant with the *Work Health and Safety Act 2012*, as well as being competent in the provision of the goods or services. Relevant certifications are required to be held by suppliers and made available to Council on request.

### 2.2.7 Fit for Purpose

It is a requirement that all services and materials sourced for Council projects, including steel, meet relevant Australian standards for design, manufacture and fabrication. These requirements should be clearly outlined to suppliers during the purchasing process. Fit for purpose considerations include:

- service or functional requirements of users,
- suitable standard in materials and build quality and
- available on time and within budget.

## 3. PARAMETERS

### 3.1 Financial and Contractual Delegations

3.1.1 Under the Act (section 101), the Chief Executive Officer has delegated authority with respect to expenditure of Council funds, which has been sub-delegated to Purchasers (financial delegation).

3.1.2 Under the Act (section 36), the Chief Executive Officer has delegated authority with respect to entering into any kind of contract or agreement, which has been sub-delegated to Purchasers in accordance with their financial delegations.

### 3.2 Value of the purchase

The value of the purchase will be calculated (exclusive of GST) as follows:

3.2.1 one-off purchase: the total value of the purchase,

3.2.2 multiple purchases: the total value of items/ purchases for a particular project/activity (whole of life costs); or

3.2.3 ongoing purchases: the annual value of the purchases from the supplier.

Purchases must not be broken into parts in order to circumvent this Policy. For clarity, circumvention does not occur if a project or activity is genuinely multi-stage (that is, one stage *must* logically be completed *before* the next stage can be planned).

### 3.3 Purchasing Methods

When purchasing goods and services there are a number of transaction methods which can be used to select and contract with the supplier. The underlying principle is to balance the transaction costs associated with each transaction method, with risk and probity.

Purchases which are low value, low risk or low complexity should be acquired through the more efficient processes of credit cards, direct purchase or panel arrangements.

Those items which are high value, high risk and/or high complexity should be acquired through the more stringent process of a tender. Transaction costs are lowest with methods such as credit cards, and higher for methods such as tenders.

## PROCUREMENT POLICY

The decision matrix below outlines the different transaction methods based on value:

Value of purchase (excluding GST)	Direct Purchasing	Request for Quotes (2 quotes)	Request for Quotes (3 quotes)	Tender (Open/ Select)	Panel Contract	Strategic Alliances
< \$15000	x				x	x
\$15,000 - \$34,999		x			x	x
\$35,000 - \$100,000			x		x	x
> \$100,000				x	x	x

The direct purchasing method can be conducted verbally, with Request for Quotes conducted via email or in writing.

**3.3.1** For purchases over \$100,000, reference checks should be considered as part of the due diligence process, and documented in the Tender Evaluation Report. Where a reference check is undertaken the following information should be included as a minimum:

- referee's name, position and the date of the reference check
- nature and length of engagement with the proposed supplier
- the overall experience with the proposed supplier
- levels of satisfaction with the capabilities of key personnel
- ability to deliver on time and overcome unanticipated events
- quality of work/product compared to specifications/key performance indicators
- compliance with work health and safety (including managing sub-contractors)
- responsiveness to change/flexibility
- value for money.

### 3.4 Conflicts of Interest

**3.4.1** A Purchaser's duties and responsibilities must be carried out fairly and impartially, without bias, free from improper influence and in the community's interest. Conflicts of interest, actual and perceived, can erode the community's trust that public funds are expended in the public interest.

**3.4.2** A Conflict of interest arises where the private interests of a Purchaser actually conflict, have potential to conflict or might be perceived to conflict, with the conduct of a Purchaser. The personal interests of a Purchaser can be material or financial interests, as well as non-financial interests, arising from their private life. They can be their own personal interests, or the interests of family, friends or associates. The interests of a business, club, group or association can also comprise a personal interest for a Purchaser, as can animosities, grievances or biases against other individuals or groups.

### 3.4.3 There are 3 types:

- **Actual** conflict of interest exists if private and/or personal interests *influence* the performance of or decisions made of a Purchaser.
- **Perceived** conflict of interest exists if private and/or personal interests *appear* to influence the performance of or decisions of a Purchaser.
- **Potential** conflict of interest exists if private and/or personal interests *have potential* to influence the performance of or decisions of a Purchaser.

3.4.4 Purchaser/s (project officers) are required to **assess any actual, perceived or potential conflicts of interest and declare these** before proceeding with a procurement process or as soon as possible after a conflict has been identified. It is not enough for a Purchaser to regard themselves as not being influenced by their personal interest. If a reasonable and fair-minded observer might perceive that a Purchaser's personal interest could be favoured by exercising their duties and responsibilities, then a conflict of interest exists. If a conflict is identified it must be disclosed to the Procurement Officer in writing (via email). The disclosure must contain sufficient information to enable effective management of the conflict. Inaccurate, incomplete or misleading information about the conflict can give rise to allegations of corruption.

3.4.5 Where a conflict of interest is disclosed, the Procurement Officer will prepare a plan to manage it. The plan will assess the risk the conflict poses to the procurement process and will identify an appropriate response, which may include:

- registering the interest so that others are aware that a matter involves a personal interests (only in less serious circumstances where risk is low)
- recruiting an independent party to oversee all or part of the procurement involving the conflict of interest
- restricting the person's involvement in the procurement
- removing the person entirely from the procurement
- the person relinquishing the personal interest that gave rise to the conflict, or modifying its potential influence over a matter
- escalating decision making to a relevant manager, General Manager or Chief Executive Officer.

### 3.5 Exemptions from this Policy

This policy does not apply to:

- the continuation of work or services under existing arrangements (for example, variations or minor extensions to existing work orders or contracts to facilitate completion)
- works, goods or services that have been subject to a recent competitive procurement process and the pricing is still valid
- works, goods or services being provided under warranty, servicing, maintenance or defects liability
- works, goods or services where the supply market is known to be limited to the extent that adhering to procurement processes is not feasible.

## PROCUREMENT POLICY

- 3.5.1 Emergencies: In certain circumstances and emergencies the Chief Executive Officer or Council may exempt/ waive application of this Policy and pursue a method which will bring the best outcome for the Council.

This includes when there are timing constraints and where the supply market is known e.g. monopoly exists, limited specialist goods/services required and can only be provided by a single provider (sole supplier), emergency need etc. (not an exhaustive list).

Where an exemption is due to an emergency situation:

- expenditure should be limited to that required to alleviate the emergency situation; and
- purchasers must ensure that appropriate methods of purchase are resumed as soon as practicable (i.e. purchase order generated, quotations sought for remainder of the goods, works or services other than that required for the emergency response).

- 3.5.2 Under \$100,000: General Manager approval is required if a different purchasing method for purchases under \$100,000 (excluding GST) are used other than those prescribed in this Policy. Approval may be granted for considerations such as **market conditions, value for money or** availability of the required goods/services from an Aboriginal, local or other relevant business pursuant to Sections 2.2.3 to 2.2.5 of this Policy. Under such circumstances the cost of these purchases should be benchmarked (e.g. quantity survey) for value for money.

- 3.5.3 Over \$100,000: Tenders must be called for contracts for goods and services in excess of \$100,000 (excluding GST) unless:

- a panel contract or strategic alliances are used,
- a different **competitive** process will deliver greater benefit than other methods,
- **market conditions or circumstances are such that a tender process will not deliver value for money,**
- the required outcomes to be delivered require Aboriginal expertise and an Aboriginal business can supply the required goods/services (see Section 2.2.3), or
- a local business can supply the required goods/services and the procurement will demonstrably contribute a significant economic, environmental and/or social good to the City (refer Sections 2.2.3 to 2.2.5). For clarity, 'demonstrable' means measurable, not indirect/general economic activity. Examples could include, for example, additional long term jobs in the City, social enterprises directly created by the procurement, new investments made in accessibility or sustainability in the City, etc.

Under such circumstances the cost of these purchases should be benchmarked (e.g. quantity survey) for value for money.

Purchases between \$100,000 to **\$500,000** (excluding GST) require approval of

## PROCUREMENT POLICY

the Chief Executive Officer (CEO) if a tender, panel contract or strategic alliances are not to be used and an exemption is required. It is at the CEO's discretion to determine whether Council (the elected body) should be notified of the exemption at a following Council meeting (via Items in Brief).

However, purchases in excess of \$500,000 (excluding GST) require Council's (the elected body's) approval if another purchasing method is to be used other than a tender, panel contract or strategic alliance (via Report to Council).

- 3.5.4 Exemptions Register: Council's Administration is to record its reasons in writing for exempting the application of this Policy and retained in Council's document management system for probity purposes.

All exemptions are to be advised to Council's Procurement Officer for including in an Exemptions Register.

- 3.5.5 Unsolicited Proposals: Refer to Council's Unsolicited Proposals Policy.

### 3.6 Open and Select Tenders (over \$100,000 excluding GST)

- 3.6.1 A tender process must be used where the purchase is greater than \$100,000 (optional for purchases under \$100,000). Refer to Council's Internal Tendering Procedure for details about how to undertake a tender process.

- 3.6.2 Open or select tender: An open tender is preferred unless there is a specific reason for a select tender. A select tender may be used with the approval of the relevant Manager where:

- it is the second stage after an Expression of Interest (EOI) or Request for Tender process (e.g. shortlisted from EOI process). Refer to 'Expression of Interest' section below.
- it is known the supplier pool is limited to a few.

- 3.6.3 Advertising and Receipt of Tenders:

Open Tenders- The Procurement Officer will arrange for the finalised tender documentation to be publicly advertised on SA Tenders and Contracts website for a minimum of 21 days (3 weeks).

Open tender responses must be lodged electronically on SA Tenders and Contracts website, unless there are exceptional circumstances.

Select Tenders- The Procurement Officer will arrange for the finalised tender documentation to be directed to the relevant selected businesses (via SA Tenders and Contracts or email). The notification period to suppliers will allow a reasonable amount of time for responses to be provided e.g. 10 to 14 days minimum timeframe for responses (taking into account flexibility depending on the business requirements).

Under such circumstances the cost of these purchases should be benchmarked (e.g. quantity survey) for value for money.

Select tender responses must be as specified in the request for tender documentation.

Late tenders are not to be considered (except in exceptional circumstances).

### 3.7 Expression of Interest (EOI)

An EOI allows the Council to elicit information from the market without any obligation to commit. EOIs are useful where Council is unsure which suppliers are in the market, or the scope/budget for a project might be, or where the Council wishes to obtain some conceptual suggestions.

The EOI follows a similar process to a tender but is less detailed and does not include a contract. An EOI may form part of a two phase tender process, where EOI respondents may be short-listed for a select tender.

### 3.8 Panel Contract

This is where Council establishes panel arrangements with a select group of suppliers. A tender is undertaken to select a group of suppliers which provide the services and have the capability to meet the Council's needs.

If Council has a Panel Contract in place for the supply of goods or services, purchases may be made directly from any of the suppliers on the panel, without the need to obtain quotes, or seek tenders (as long as the contract contains contract rates for the items being purchased).

Panel arrangements should operate for approximately three years.

Council may also use Panels created by State or Federal agencies.

### 3.9 Strategic Alliances

Strategic alliances may be appropriate where Council can increase its purchasing power by partnering with another Council, representative body or supplier.

Strategic alliances allow the Council to negotiate lower costs for standard goods and services through collaborative purchasing.

Purchasers may make purchases through strategic alliances or common use contract arrangement already established and administered by other organisations such as (but not limited to):

- Local Government Association Procurement (LGAP)
- Procurement Australia (PA)
- CCI Group Purchasing
- State government contracts
- A purchasing arrangement with other Councils e.g. Western alliance etc.

Tender processes are usually undertaken by the organisations in order to select the suppliers available through collaborative purchasing. This saves Council undertaking its own tender process and creates efficiencies for all parties.

### 3.10 Contract Management

It is important that all contracts are managed diligently to maximise the outcomes and minimise risk.

Contracts over \$100,000 require that a Council officer be nominated as the Contract Manager in relevant project/activity documentation. The Contract Manager will have primary responsibility for ensuring the outcomes of the contract are delivered to time, budget and quality standards.



## PROCUREMENT POLICY

A Contract Manager also has the primary responsibility for the delivery standards such as Work, Health and Safety measures.

At a minimum, mid-term and post engagement reviews must be undertaken by the Contract Manager and reported via relevant project/activity governance mechanisms. More frequent reviews may be established as needed.

The Project Manager is responsible where relevant for arranging a Certificate of Completion is issued where satisfied works have been brought to Completion or issuing a Non-completion Notice specifying defects in order for Certificate of Completion to be issued.

All handover documents including manuals must be retained for Council's future reference (within document management system).

### 3.11 Risk Management

3.10.1 Council must ensure that procurement activities are consistent with and meet the obligations of Council's Risk Management Policy **suite**.

3.10.2 Council must ensure the suppliers have sufficient public liability, professional indemnity (if applicable) and personal injury insurance (if applicable).

### 3.12 Prudential Requirements

It is a requirement that a Prudential Report is prepared for projects exceeding a prescribed value, prior to any purchasing being undertaken (refer to Council's Prudential Management Policy).

### 3.13 Payment Options

Goods and services will be paid for on the receipt of an invoice from a supplier emailed directly to [accountspayable@holdfast.sa.gov.au](mailto:accountspayable@holdfast.sa.gov.au). Options include:

3.12.1 Petty Cash: Purchasers may receive an advance or reimbursement of expenses to a limit of \$100 for one-off purchases where Council does not have an account with the supplier.

3.12.2 Credit Cards: for purchases by approved cardholders of \$2,000 (excluding GST) or less, which are low risk and low complexity. Refer to Council's relevant policy.

3.12.3 Payment on invoice (with or without Purchase Orders): Invoices with a value less than \$2,000 (excluding GST) do not need a purchase order but **all purchases over \$2,000 (excluding GST) must be linked to a purchase order prior to**

## PROCUREMENT POLICY

**receiving the goods or services** (except not required for Regional Landscape Levy, worker's compensation premiums or payment of utility accounts).

Purchase orders records Council's commitment to purchase goods or services. It contains advice to suppliers of Council's standard terms and conditions for a purchase.

- 3.12.4 Payment Requisition: A payment requisition form should be completed for purchases that do not have an invoice (e.g. staff reimbursements).

Council has established a Supplier Charter which clearly communicates Council's commitments and expectations in all procurement activities (available on Council's webpage).

## 4. REFERENCES

### 4.1 Legislation

- *Environmental Protection Act 1993*
- *Local Government Act 1999*
- *Trade Practices Amendment (Australian Consumer Law) Act (No.1) 2010*
- *Work Health and Safety Act 2012*

### 4.2 Other References

- Code of Conduct
- Disposal of Assets Policy
- Internal Purchasing Procedure
- Internal Tendering Procedure
- Prudential Management Policy
- Risk Management Policy, Framework and Procedure
- South Australian Public Participation Policy, March 2018
- South Australian Public Participation Policy Procedural Guidelines, August 2017
- Supplier Charter
- Unsolicited Proposals Policy
- WHS Contractor Management Policy

# Attachment 2



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## 1. PREAMBLE

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  - provide a fair and transparent process for calling tenders and entering into contracts in those circumstances and
  - provide for the recording of reasons for entering into contracts other than those resulting from a tender process.

### 1.2 Purpose

The Council is committed to providing best value to the community within a framework of fairness, transparency and accountability. Purchases must be made in the best interests of the community, and in accordance with Council's governing documents and legislative requirements.

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Purchasers will ensure all purchases they initiate comply with this Policy and financial and contractual delegations. Purchasers must, act with integrity and in good faith at all times when dealing with suppliers.

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## 2. PRINCIPLES

### 2.1 Procurement Principles

Council is committed to six core principles when selecting suppliers:

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The Council will undertake efficient and effective procurement to ensure value in the expenditure of public money. Value for money is achieved by ensuring the desired outcome is delivered at the best possible price, accounting for relevant financial and non-financial factors. These factors may include:

- costs – including price, whole of life cycle costs, and opportunity costs
- relevant and relative risks
- the value of any environmental, social and economic benefits
- the maturity of the market for the goods or services being sought
- flexibility or adaptability to possible change over the life cycle of the goods or services being sought
- circumstances or innovations that may not have been foreshadowed at the time this policy was developed.

Value for money may not necessarily favour the lowest price.

To achieve value for money, procurement activities should:

- include a comparative analysis of the costs and benefits of each option
- where relevant, specify the conditions and evaluation criteria in approach to market documents
- consider extending or reviewing existing contracts, if it is determined that such an approach will achieve better outcomes and value for money, compared with a market approach.

### 2.2.2 Transparent, Accountable, Fair and Ethical Standards

All purchases must be made in a transparent, accountable, fair and ethical manner. Standards must be maintained in perception and reality in accordance with Council's Code of Conduct.

A person with a Conflict of Interest may be removed from the procurement process or have their role in the evaluation of the procurement restricted.

Purchasers must comply with all legal and policy requirements and be impartial, fair and professional in their actions and decisions.

### 2.2.3 Social Responsibility

Council acknowledges Traditional Owners throughout Australia and strongly encourages Aboriginal businesses to quote and tender.

As part of Council's commitment to Reconciliation and desire to invite increased Aboriginal economic participation to our City, Aboriginal businesses will, to the extent permitted by law, be given preference when other considerations are equal. Where Aboriginal expertise is required to deliver outcomes being tendered for, direct engagement of an Aboriginal business is permissible.

An Aboriginal business is classified as such if registered on the South Australian Aboriginal Business Register, certified by Supply Nation or registered with an Aboriginal Regional Authority or Aboriginal Landholding Authority and is 50% or more Aboriginal owned and based in South Australia. Council encourages Aboriginal businesses to register on the SA Tenders and Contracts website.

## PROCUREMENT POLICY

Council will model public value and social responsibility by ensuring purchases favour suppliers that provide or support social enterprise and/or contribute substantially to social justice, access and inclusion and equal employment opportunities, to the extent permitted by law.

### 2.2.4 Environmental Sustainability

Council will model public value and sustainable practices by, to the extent permitted by law, ensuring purchases:

- favour suppliers that are environmentally responsible,
- contribute to conserving natural resources,
- encourage waste minimisation and recycling,
- include recycled-content and
- contribute to minimising Council's carbon emissions.

In support of the Local Government Association's 'Buying it Back' Circular Procurement Pilot Project, Council will endeavour to prioritise the purchase of recycled-content materials through its procurement processes for all categories of procurement, including panel contracts already in place.

Consideration of sustainability outcomes must be balanced against other principles (such as buy local, Aboriginal employment etc) but may include the consideration of opportunity costs. Council will use its best endeavours to track the purchase of recycled-content by weight and where feasible, will report publicly on purchases.

### 2.2.5 Buy Local

Council acknowledges the value local businesses add to the City and strongly encourages local businesses to quote and tender. To the extent permitted by law, Council will give preference to local suppliers (that is those operating within the City of Holdfast Bay boundaries), who's activities contribute to local economic development, where other considerations are equal.

Council will endeavour to engage a local contractor or supplier to promote local employment opportunities and economic growth where the supplier can demonstrate capability, capacity and competitiveness.

The definition of 'local' may vary, depending on the identified geographic market for the relevant procurement activity.

Council will support economic development for South Australia by using suppliers that employ South Australian residents and invest in the State (acknowledging the South Australia Industry Participation Policy) where possible. Council will prefer the use of Australian products unless there is no alternative equivalent in which case overseas products will be considered.

Council encourages local suppliers to register on the SA Tenders and Contracts website.

### 2.2.6 Work Health and Safety

Council has an obligation to ensure that all suppliers are compliant with the *Work Health and Safety Act 2012*, as well as being competent in the provision of the goods or services. Relevant certifications are required to be held by suppliers and made available to Council on request.

### 2.2.7 Fit for Purpose

It is a requirement that all services and materials sourced for Council projects, including steel, meet relevant Australian standards for design, manufacture and fabrication. These requirements should be clearly outlined to suppliers during the purchasing process. Fit for purpose considerations include:

- service or functional requirements of users,
- suitable standard in materials and build quality and
- available on time and within budget.

## 3. PARAMETERS

### 3.1 Financial and Contractual Delegations

3.1.1 Under the Act (section 101), the Chief Executive Officer has delegated authority with respect to expenditure of Council funds, which has been sub-delegated to Purchasers (financial delegation).

3.1.2 Under the Act (section 36), the Chief Executive Officer has delegated authority with respect to entering into any kind of contract or agreement, which has been sub-delegated to Purchasers in accordance with their financial delegations.

### 3.2 Value of the purchase

The value of the purchase will be calculated (exclusive of GST) as follows:

3.2.1 one-off purchase: the total value of the purchase,

3.2.2 multiple purchases: the total value of items/ purchases for a particular project/activity (whole of life costs); or

3.2.3 ongoing purchases: the annual value of the purchases from the supplier.

Purchases must not be broken into parts in order to circumvent this Policy. For clarity, circumvention does not occur if a project or activity is genuinely multi-stage (that is, one stage *must* logically be completed *before* the next stage can be planned).

### 3.3 Purchasing Methods

When purchasing goods and services there are a number of transaction methods which can be used to select and contract with the supplier. The underlying principle is to balance the transaction costs associated with each transaction method, with risk and probity.

Purchases which are low value, low risk or low complexity should be acquired through the more efficient processes of credit cards, direct purchase or panel arrangements.

Those items which are high value, high risk and/or high complexity should be acquired through the more stringent process of a tender. Transaction costs are lowest with methods such as credit cards, and higher for methods such as tenders.



## PROCUREMENT POLICY

The decision matrix below outlines the different transaction methods based on value:

Value of purchase (excluding GST)	Direct Purchasing	Request for Quotes (2 quotes)	Request for Quotes (3 quotes)	Tender (Open/ Select)	Panel Contract	Strategic Alliances
< \$15000	x				x	x
\$15,000 - \$34,999		x			x	x
\$35,000 - \$100,000			x		x	x
> \$100,000				x	x	x

The direct purchasing method can be conducted verbally, with Request for Quotes conducted via email or in writing.

3.3.1 For purchases over \$100,000, reference checks should be considered as part of the due diligence process, and documented in the Tender Evaluation Report. Where a reference check is undertaken the following information should be included as a minimum:

- referee's name, position and the date of the reference check
- nature and length of engagement with the proposed supplier
- the overall experience with the proposed supplier
- levels of satisfaction with the capabilities of key personnel
- ability to deliver on time and overcome unanticipated events
- quality of work/product compared to specifications/key performance indicators
- compliance with work health and safety (including managing sub-contractors)
- responsiveness to change/flexibility
- value for money.

### 3.4 Conflicts of Interest

3.4.1 A Purchaser's duties and responsibilities must be carried out fairly and impartially, without bias, free from improper influence and in the community's interest. Conflicts of interest, actual and perceived, can erode the community's trust that public funds are expended in the public interest.

3.4.2 A Conflict of interest arises where the private interests of a Purchaser actually conflict, have potential to conflict or might be perceived to conflict, with the conduct of a Purchaser. The personal interests of a Purchaser can be material or financial interests, as well as non-financial interests, arising from their private life. They can be their own personal interests, or the interests of family, friends or associates. The interests of a business, club, group or association can also comprise a personal interest for a Purchaser, as can animosities, grievances or biases against other individuals or groups.

### 3.4.3 There are 3 types:

- **Actual** conflict of interest exists if private and/or personal interests *influence* the performance of or decisions made of a Purchaser.
- **Perceived** conflict of interest exists if private and/or personal interests *appear* to influence the performance of or decisions of a Purchaser.
- **Potential** conflict of interest exists if private and/or personal interests *have potential* to influence the performance of or decisions of a Purchaser.

3.4.4 Purchaser/s (project officers) are required to assess any actual, perceived or potential conflicts of interest and declare these before proceeding with a procurement process or as soon as possible after a conflict has been identified. It is not enough for a Purchaser to regard themselves as not being influenced by their personal interest. If a reasonable and fair-minded observer might perceive that a Purchaser's personal interest could be favoured by exercising their duties and responsibilities, then a conflict of interest exists. If a conflict is identified it must be disclosed to the Procurement Officer in writing (via email). The disclosure must contain sufficient information to enable effective management of the conflict. Inaccurate, incomplete or misleading information about the conflict can give rise to allegations of corruption.

3.4.5 Where a conflict of interest is disclosed, the Procurement Officer will prepare a plan to manage it. The plan will assess the risk the conflict poses to the procurement process and will identify an appropriate response, which may include:

- registering the interest so that others are aware that a matter involves a personal interests (only in less serious circumstances where risk is low)
- recruiting an independent party to oversee all or part of the procurement involving the conflict of interest
- restricting the person's involvement in the procurement
- removing the person entirely from the procurement
- the person relinquishing the personal interest that gave rise to the conflict, or modifying its potential influence over a matter
- escalating decision making to a relevant manager, General Manager or Chief Executive Officer.

### 3.5 Exemptions from this Policy

This policy does not apply to:

- the continuation of work or services under existing arrangements (for example, variations or minor extensions to existing work orders or contracts to facilitate completion)
- works, goods or services that have been subject to a recent competitive procurement process and the pricing is still valid
- works, goods or services being provided under warranty, servicing, maintenance or defects liability
- works, goods or services where the supply market is known to be limited to the extent that adhering to procurement processes is not feasible.

## PROCUREMENT POLICY

- 3.5.1 Emergencies: In certain circumstances and emergencies the Chief Executive Officer or Council may exempt/ waive application of this Policy and pursue a method which will bring the best outcome for the Council.

This includes when there are timing constraints and where the supply market is known e.g. monopoly exists, limited specialist goods/services required and can only be provided by a single provider (sole supplier), emergency need etc. (not an exhaustive list).

Where an exemption is due to an emergency situation:

- expenditure should be limited to that required to alleviate the emergency situation; and
- purchasers must ensure that appropriate methods of purchase are resumed as soon as practicable (i.e. purchase order generated, quotations sought for remainder of the goods, works or services other than that required for the emergency response).

- 3.5.2 Under \$100,000: General Manager approval is required if a different purchasing method for purchases under \$100,000 (excluding GST) are used other than those prescribed in this Policy. Approval may be granted for considerations such as market conditions, value for money or availability of the required goods/services from an Aboriginal, local or other relevant business pursuant to Sections 2.2.3 to 2.2.5 of this Policy. Under such circumstances the cost of these purchases should be benchmarked (e.g. quantity survey) for value for money.

- 3.5.3 Over \$100,000: Tenders must be called for contracts for goods and services in excess of \$100,000 (excluding GST) unless:

- a panel contract or strategic alliances are used,
- a different process will deliver greater benefit than other methods,
- market conditions or circumstances are such that a tender process will not deliver value for money,
- the required outcomes to be delivered require Aboriginal expertise and an Aboriginal business can supply the required goods/services (see Section 2.2.3), or
- a local business can supply the required goods/services and the procurement will demonstrably contribute a significant economic, environmental and/or social good to the City (refer Sections 2.2.3 to 2.2.5). For clarity, 'demonstrable' means measurable, not indirect/general economic activity. Examples could include, for example, additional long term jobs in the City, social enterprises directly created by the procurement, new investments made in accessibility or sustainability in the City, etc.

Under such circumstances the cost of these purchases should be benchmarked (e.g. quantity survey) for value for money.

Purchases between \$100,000 to \$500,000 (excluding GST) require approval of the Chief Executive Officer (CEO) if a tender, panel contract or strategic alliances

## PROCUREMENT POLICY

are not to be used and an exemption is required. It is at the CEO's discretion to determine whether Council (the elected body) should be notified of the exemption at a following Council meeting (via Items in Brief).

However, purchases in excess of \$500,000 (excluding GST) require Council's (the elected body's) approval if another purchasing method is to be used other than a tender, panel contract or strategic alliance (via Report to Council).

- 3.5.4 Exemptions Register: Council's Administration is to record its reasons in writing for exempting the application of this Policy and retained in Council's document management system for probity purposes.

All exemptions are to be advised to Council's Procurement Officer for including in an Exemptions Register.

- 3.5.5 Unsolicited Proposals: Refer to Council's Unsolicited Proposals Policy.

### 3.6 Open and Select Tenders (over \$100,000 excluding GST)

- 3.6.1 A tender process must be used where the purchase is greater than \$100,000 (optional for purchases under \$100,000). Refer to Council's Internal Tendering Procedure for details about how to undertake a tender process.

- 3.6.2 Open or select tender: An open tender is preferred unless there is a specific reason for a select tender. A select tender may be used with the approval of the relevant Manager where:

- it is the second stage after an Expression of Interest (EOI) or Request for Tender process (e.g. shortlisted from EOI process). Refer to 'Expression of Interest' section below.
- it is known the supplier pool is limited to a few.

- 3.6.3 Advertising and Receipt of Tenders:

Open Tenders- The Procurement Officer will arrange for the finalised tender documentation to be publicly advertised on SA Tenders and Contracts website for a minimum of 21 days (3 weeks).

Open tender responses must be lodged electronically on SA Tenders and Contracts website, unless there are exceptional circumstances.

Select Tenders- The Procurement Officer will arrange for the finalised tender documentation to be directed to the relevant selected businesses (via SA Tenders and Contracts or email). The notification period to suppliers will allow a reasonable amount of time for responses to be provided e.g. 10 to 14 days minimum timeframe for responses (taking into account flexibility depending on the business requirements).

Under such circumstances the cost of these purchases should be benchmarked (e.g. quantity survey) for value for money.

Select tender responses must be as specified in the request for tender documentation.

Late tenders are not to be considered (except in exceptional circumstances).

### 3.7 Expression of Interest (EOI)

An EOI allows the Council to elicit information from the market without any obligation to commit. EOIs are useful where Council is unsure which suppliers are in the market, or the scope/budget for a project might be, or where the Council wishes to obtain some conceptual suggestions.

The EOI follows a similar process to a tender but is less detailed and does not include a contract. An EOI may form part of a two phase tender process, where EOI respondents may be short-listed for a select tender.

### 3.8 Panel Contract

This is where Council establishes panel arrangements with a select group of suppliers. A tender is undertaken to select a group of suppliers which provide the services and have the capability to meet the Council's needs.

If Council has a Panel Contract in place for the supply of goods or services, purchases may be made directly from any of the suppliers on the panel, without the need to obtain quotes, or seek tenders (as long as the contract contains contract rates for the items being purchased).

Panel arrangements should operate for approximately three years.

Council may also use Panels created by State or Federal agencies.

### 3.9 Strategic Alliances

Strategic alliances may be appropriate where Council can increase its purchasing power by partnering with another Council, representative body or supplier.

Strategic alliances allow the Council to negotiate lower costs for standard goods and services through collaborative purchasing.

Purchasers may make purchases through strategic alliances or common use contract arrangement already established and administered by other organisations such as (but not limited to):

- Local Government Association Procurement (LGAP)
- Procurement Australia (PA)
- CCI Group Purchasing
- State government contracts
- A purchasing arrangement with other Councils e.g. Western alliance etc.

Tender processes are usually undertaken by the organisations in order to select the suppliers available through collaborative purchasing. This saves Council undertaking its own tender process and creates efficiencies for all parties.

### 3.10 Contract Management

It is important that all contracts are managed diligently to maximise the outcomes and minimise risk.

Contracts over \$100,000 require that a Council officer be nominated as the Contract Manager in relevant project/activity documentation. The Contract Manager will have primary responsibility for ensuring the outcomes of the contract are delivered to time, budget and quality standards.

## PROCUREMENT POLICY

A Contract Manager also has the primary responsibility for the delivery standards such as Work, Health and Safety measures.

At a minimum, mid-term and post engagement reviews must be undertaken by the Contract Manager and reported via relevant project/activity governance mechanisms. More frequent reviews may be established as needed.

The Project Manager is responsible where relevant for arranging a Certificate of Completion is issued where satisfied works have been brought to Completion or issuing a Non-completion Notice specifying defects in order for Certificate of Completion to be issued.

All handover documents including manuals must be retained for Council's future reference (within document management system).

### 3.11 Risk Management

3.10.1 Council must ensure that procurement activities are consistent with and meet the obligations of Council's Risk Management Policy suite.

3.10.2 Council must ensure the suppliers have sufficient public liability, professional indemnity (if applicable) and personal injury insurance (if applicable).

### 3.12 Prudential Requirements

It is a requirement that a Prudential Report is prepared for projects exceeding a prescribed value, prior to any purchasing being undertaken (refer to Council's Prudential Management Policy).

### 3.13 Payment Options

Goods and services will be paid for on the receipt of an invoice from a supplier emailed directly to [accountspayable@holdfast.sa.gov.au](mailto:accountspayable@holdfast.sa.gov.au). Options include:

3.12.1 Petty Cash: Purchasers may receive an advance or reimbursement of expenses to a limit of \$100 for one-off purchases where Council does not have an account with the supplier.

3.12.2 Credit Cards: for purchases by approved cardholders of \$2,000 (excluding GST) or less, which are low risk and low complexity. Refer to Council's relevant policy.

3.12.3 Payment on invoice (with or without Purchase Orders): Invoices with a value less than \$2,000 (excluding GST) do not need a purchase order but **all purchases over \$2,000 (excluding GST) must be linked to a purchase order prior to**

## PROCUREMENT POLICY

**receiving the goods or services** (except not required for Regional Landscape Levy, worker's compensation premiums or payment of utility accounts).

Purchase orders records Council's commitment to purchase goods or services. It contains advice to suppliers of Council's standard terms and conditions for a purchase.

- 3.12.4 Payment Requisition: A payment requisition form should be completed for purchases that do not have an invoice (e.g. staff reimbursements).

Council has established a Supplier Charter which clearly communicates Council's commitments and expectations in all procurement activities (available on Council's webpage).

## 4. REFERENCES

### 4.1 Legislation

- *Environmental Protection Act 1993*
- *Local Government Act 1999*
- *Trade Practices Amendment (Australian Consumer Law) Act (No.1) 2010*
- *Work Health and Safety Act 2012*

### 4.2 Other References

- Code of Conduct
- Disposal of Assets Policy
- Internal Purchasing Procedure
- Internal Tendering Procedure
- Prudential Management Policy
- Risk Management Policy, Framework and Procedure
- South Australian Public Participation Policy, March 2018
- South Australian Public Participation Policy Procedural Guidelines, August 2017
- Supplier Charter
- Unsolicited Proposals Policy
- WHS Contractor Management Policy