

Agenda


Audit and Risk
Committee

NOTICE OF MEETING

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

Kingston Room, Civic Centre
24 Jetty Road, Brighton

14 May 2025 at 6.00pm



Pamela Jackson
Chief Executive Officer



1. Opening

The Presiding Member, Councillor Smedley will declare the meeting open at 6.00pm.

2. Kaurna Acknowledgement

We acknowledge Kaurna people as the traditional owners and custodians of this land.

We respect their spiritual relationship with country that has developed over thousands of years, and the cultural heritage and beliefs that remain important to Kaurna People today.

3. Apologies

3.1 Apologies received

3.2 Absent

4. Declaration Of Interest

If a Committee 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. Committee Members are reminded to declare their interest before each item.

5. Confirmation Of Minutes

Motion

That the minutes of the Audit and Risk Committee held on 12 February 2025 be taken as read and confirmed.

6. Action Items

7. Presentations

7.1 Nil

8. Reports By Officers

- 8.1 Standing Items (Report No: 122/25)
- 8.2 Internal Audit Program Report – May 2025 (Report No: 128/25)
- 8.3 Risk Report – May 2025 (Report No: 129/25)
- 8.4 Draft Long Term Financial Plan 2025 – 2035 (Report No: 125/25)
- 8.5 2025-26 Draft Annual Business Plan (Report No: 124/25)
- 8.6 2024-25 Financial Year External Audit Interim Report (Report No: 123/25)
- 8.7 2024-25 Assets Revaluation Update (Report No: 126/25)
- 8.8 New Borrowings 2024-25 (Report No: 133/25)
- 8.9 Cyber Security Penetration Testing (Report No: 127/25)



9. Urgent Business – Subject to the Leave of the Meeting

10. Confidential Items - Nil

11. Date and time of next meeting

The next meeting of the Audit and Risk Committee will be held on Wednesday 16 July 2025 in the Kingston Room, Civic Centre, 24 Jetty Road, Brighton.

12. Closure

A handwritten signature in blue ink, appearing to read "P. Jackson".

Pamela Jackson
Chief Executive Officer

Audit and Risk Committee - Action Items
as at 14 May 2025

Meeting	Agenda Item	Action Required	Responsibility	Estimated Completion Date	Current Status
16 October 2024	9.10 Annual WHS Program Review	Include more data specific to Alwyndor. Include more information regarding psychosocial risks and actions.	GM Strategy & Corporate	October 2025	To be included in next annual report in October 2025. Regular meetings and communications with Alwyndor ongoing. Psychosocial procedure under consultation; Risks and Incidents management system in place.

Item No: 8.1

Subject: **STANDING ITEMS – MAY 2025**

Summary

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

Recommendation

That the Audit and Risk Committee advises Council it has received and considered a Standing Items Report addressing:

- **Monthly Financial Statements**
 - **External Audit**
 - **Public Interest Disclosures**
 - **Economy and Efficiency Audits**
 - **Council Recommendations**
 - **Audit and Risk committee meeting schedule**
-

Background

The Audit and Risk 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
- Audit – External
- Public Interest Disclosures
- 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

The budget update results for the periods ended 30 September 2024, 31 December 2024 and 31 March were considered by Council at its meetings on 12 November 2024, 11 February 2025 and 13 May 2025 respectively. Members of the Committee have received copies of these reports (380/24, 22/25 and 121/25) which included a number of budgetary changes. For Council’s municipal operations a surplus of \$1.3 million is now forecast for 30 June 2025, while Alwyndor operations are estimating a forecast surplus of \$633,000.

External Audit

Council's external auditor, Dean Newbery, conducted an interim audit of Council's 2024-25 municipal operations in the week commencing 3 March 2025. An interim audit management letter has been prepared highlighting their findings.

A separate report, included in tonight's agenda, has been prepared outlining how the identified issues will be addressed.

Public Interest Disclosures

There have been no public interest disclosures made to Council since the previous standing items report on 12 February 2025.

Section 130A Economy and Efficiency Audits

Council has not initiated any review pursuant to section 130A of the *Local Government Act 1999* since the previous Standing Items Report on 12 February 2025.

Council Recommendations

At its meeting on 25 February 2025 Council received the minutes and endorsed the recommendations of the meeting of the Audit and Risk Committee held on 12 February 2025.

Audit and Risk Committee Meeting Schedule 2025

The Audit and Risk Committee's Terms of Reference require it to meet at least four times each year and at least once each quarter. These meetings are held to align with the two important financial programs in which the Audit and Risk Committee plays an important role:

- Development of the Annual Business Plan and Budget; and
- Completion of the Annual Financial Statements, external audit and Annual Report.

To accommodate the above reporting requirements the following ordinary meeting schedule is proposed for the remainder of 2025:

- Wednesday 16 July 2025
- Wednesday 20 August 2025
- Wednesday 22 October 2025

As the above reporting requirements have been addressed no further meetings at this time are proposed for the remainder of 2025.

Budget

Not applicable

Life Cycle Costs

Not applicable

Strategic Plan

Statutory compliance

Council Policy

Not applicable

Statutory Provisions

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

Written By: Manager Finance

General Manager: Strategy and Corporate, Ms S Wachtel

Item No: 8.2**Subject:** INTERNAL AUDIT PROGRAM REPORT

Summary

The risk-based audits scheduled for the Internal Audit Program 2024-25 are on track.

In addition, the 'Audit Recommendations Outstanding Actions Update' is attached in three parts, highlighting those actions that are either completed, in progress or not yet implemented.

Recommendation

That the Audit and Risk Committee notes this report.

Background

Under Section 125 of the *Local Government Act 1999*, the Council is required to establish and maintain appropriate internal control policies and procedures. An annual, risk-based Internal Audit Plan is developed to guide audit activities throughout the year.

The 2024-25 Internal Audit Program included an audit of Council's Event Strategy. However, the audit has been deferred to the first quarter of 2025-26 financial year to accommodate a pertinent audit of Lease Management instead.

The revised Year 3 Internal Audit Program, considering newly identified and evolving business risks and opportunities, captures the areas below.

2024-25 Internal Audit Program:

Volunteering Management	Review/better practice/assessment & feedback <i>Risk SC03 – Poor or ineffective service delivery</i>
Post-Implementation Review	Assessment of progress in the implementation of 'high' and 'medium' risk-rated recommendations <i>Risk SC02 – Poor or ineffective planning systems and processes</i>
Lease Management	Lease Management – review of lease management against Better Practice <i>Risks SC05; CB01; SC02; AD02</i>
Financial Controls	EOFY review of internal controls for CHB & Alwyndor <i>Risk SC05 – Poor or ineffective budget development and management</i>

Lease Management Audit

As part of the Internal Audit Program for 2024-25, a review of the City of Holdfast Bay's (Council's) lease management practices was requested. This was in response to a recent

identified gap in lease management.

The City of Holdfast Bay (Council or CHB) provides a range of sport and recreation facilities and services to the community, including sportsgrounds, clubrooms, and community centres.

The *Sporting and Community Leasing Policy* and the *Commercial Leasing and Licensing Policy*, outline the approach to leasing and licensing of Council owned properties within the City.

Council also has some instances where it leases land from other entities, primarily for the purposes of provision of public infrastructure such as stormwater infrastructure. These leases are less common, however have importance to the city.

The objective of this audit was to review the effectiveness of CHB's approach to lease management for properties owned by Council, and land leased from other entities (against relevant best practice). This included reviewing:

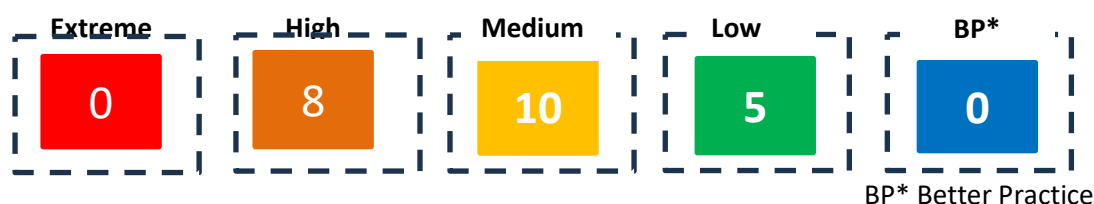
- completeness and clarity of policies and procedures, and consistency of their application;
- clarity of roles and responsibilities in relation to leases, including governance structures and decision-making processes;
- completeness of records;
- awareness of and adherence to lease requirements (for example, accurate lease charges, treatment of CPI indexation, sub-leases, recurring fees, insurances) by Council and tenants;
- day-to-day management of the facilities and clarity of responsibilities for ongoing maintenance and asset renewal and replacement;
- systems and controls in place to ensure lease management (including setting of rents and lease terms, amongst other considerations) aligns with better practice.

Key Findings and recommendations

Based on work undertaken reviewing the design and/or effectiveness of lease management, Internal Audit conclude the control environment is *partially effective*.

The audit raised a total of 23 recommendations for improvement spanning the following five thematic areas: policy clarification, application of discounts; systemization; sub-lease management; and enhanced asset management.

Snapshot of recommendations risk rating



Peer benchmarking revealed similar challenges exist across the four councils reviewed, however some have more advanced and consistent practices.

Management has accepted all recommendations raised by the audit and will develop a project/implementation plan. The Implementation plan will be monitored and reported to the TOM steering committee. The development of Property Services (including leasing) is part of the work being undertaken in developing the Council's Target Operating Model. The Committee will be updated about agreed formal actions at the next meeting. The full report is provided as Attachment 1 to this report.

Refer Attachment 1

Post-Implementation Review Audit

The City of Holdfast Bay is committed to maintaining strong governance and transparency through its internal audit program, with a focus on ensuring that audit recommendations are effectively implemented. In line with Global Internal Audit Standards, Internal Audit must monitor and verify follow-up actions on recommendations.

This audit reviewed the last four years' audits with the objective of assessing the adequacy of processes; internal controls; and determining whether management actions had been appropriately completed. The audit also examined the relevance of outstanding recommendations, including one 'low' risk item, to determine if it remains necessary current or may be closed.

Key findings and recommendations

Based on the work undertaken, we conclude the control environment *requires significant improvement*.

A sample of 15 closed recommendations were tested. Internal Audit found that only 47% had been adequately implemented, with the remainder either not implemented or partially implemented, as demonstrated in the chart below.

Management has accepted all recommendations raised by Internal Audit as outlined in the full report included as Attachment 2.

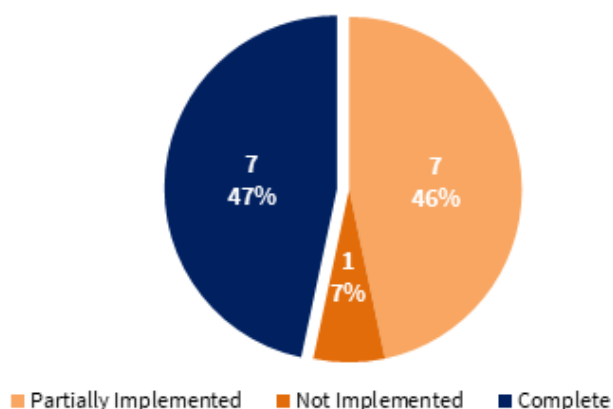
Refer Attachment 2

The actions closure process will be strengthened through:

1. General Manager sign-off/confirmation of completion of appropriate action; and
2. Quarterly status update to the SLT.

Additionally, enhancements to the Recommendations Register proposed by Internal Audit have been implemented. Management will implement a system-based solution (Envisio) to significantly enhance the consistency, visibility and accountability of the audit follow-up process of the audit follow-up process.

Audit assessment: status of recommendations previously marked as 'Complete'



Audit Recommendation Update

Each of the actions resulting from the Internal Audit program are monitored and managed via a master spreadsheet. This captures all related information and tracks the progress through three stages: not yet implemented; in progress or partially implemented; and completed.

In total there are 38 open audit recommendations, 89% of which have actions that are in progress or partially implemented. There are four recommendations that haven't been implemented yet.

Sufficient progress has been made in the implementation of actions allowing six recommendations to be closed this quarter. Internal Audit will proactively monitor effectiveness of implemented changes over time through periodic reviews or follow-up audits.

Management will enhance and reinforce the implementation of agreed actions to ensure the control environment remains effective and adaptable to the organisation's needs amidst a dynamic internal and external risk landscape.

Additional details regarding the summary data are provided in extracts from the master monitoring spreadsheet, presented in three versions, each highlighting:

- all actions that have been complete *Refer Attachment 3a*
- all actions that are in progress and partially implemented *Refer Attachment 3b*
- all actions that are not yet implemented *Refer Attachment 3c*

Budget

Appropriate budgets have been allocated for the 2024-25 and the 2025-26 Internal Audit Programs respectively.

Life Cycle Costs

There are no life cycle costs associated with this report.

Strategic Plan

Statutory compliance

Council Policy

Risk Management Policy

Statutory Provisions

Local Government Act 1999

Written By: Risk and Improvement Officer

General Manager: Strategy and Corporate, Ms S Wachtel

Attachment 1

Leasing Management Audit Report

May 2025



Prepared for



Galpins

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Document Control

Date	Revision Number	Revision Details	Author	Reviewer
8.4.25	v1.0	Draft Report	Janna Burnham	Tim Muhlhausler
3.5.25	1.0	Final Report	Josh Henderson / Janna Burnham	Janna Burnham

1. Executive Summary

1.1 Background

As part of the Internal Audit Program for 2024-25, a review of the City of Holdfast Bay's (Council's) lease management practices was requested. This was in response to a recent identified gap in lease management.

The City of Holdfast Bay (Council or CHB) provides a range of sport and recreation facilities and services to the community, including sportsgrounds, clubrooms, and community centres.

The *Sporting and Community Leasing Policy* and the *Commercial Leasing and Licensing Policy*, outline the approach to leasing and licensing of Council owned properties within the City.

Council also has some instances where it leases land from other entities, primarily for the purposes of provision of public infrastructure such as stormwater infrastructure. These leases are less common, however have importance to the city.

1.2 Objectives

The objective of this audit was to review the effectiveness of CHB's approach to lease management for properties owned by Council, and land leased from other entities (against relevant best practice). This included reviewing:

- completeness and clarity of policies and procedures, and consistency of their application
- clarity of roles and responsibilities in relation to leases, including governance structures and decision-making processes
- completeness of records
- awareness of and adherence to lease requirements (for example, accurate lease charges, treatment of CPI indexation, sub-leases, recurring fees, insurances) by Council and tenants
- day to day management of the facilities and clarity of responsibilities for ongoing maintenance and asset renewal and replacement
- systems and controls in place to ensure lease management (including setting of rents and lease terms, amongst other considerations) aligns with better practice

For the full scope of this engagement, see **Appendix 1**.

1.3 Relevant Strategic Risks

This audit was in line with CHB's following strategic risks:

- *SC05 - governance, legal & compliance – lack of strategic alignment – ineffective property management can undermine Council's achievement of strategic objectives and aspirations, which express ambitions to maximise the community value of Council's property assets*
- *CB01 - poor or ineffective community service delivery – property is a key enabling function for effective community service delivery and supporting community wellbeing*
- *SC02 - place making – poor or ineffective planning systems and processes – effective property management ensures high quality places for people, supporting community wellbeing*

-
- *AD02- place making – insufficient or ineffective asset management planning – property constitutes a significant part of Council’s asset portfolio.*

1.4 Good Practices Observed

The following good practices were observed throughout this audit:

- ✓ Council has recently employed a new Property Manager, with commercial experience and education in property management, to manage and oversee council’s leases.
- ✓ Recent creation of the Property Services team.
- ✓ From late-2024, the Property Manager began requesting copies of mandatory compliance documentation such as insurance schedules from tenants, as required by leases.¹ IA understand this has not occurred in the last several years.
- ✓ Recent work to develop a RACI (responsible, accountable, consulted, informed) matrix around property management. This is a new development and reflects work to aim to clarify roles/responsibilities around property management.
- ✓ Recent introduction of a triaging approach, this helps to coordinate requests for maintenance of council buildings, including leased buildings. Stakeholders reported that this has reduced reactive time in taking/responding to enquiries and calls, facilitating more time to be spent on maintenance work.

¹ As of April 2025, not all tenants had yet been contacted, more work is required. This is noted as a positive practice as it had not been undertaken for several years, with some tenants reporting they had ‘never been asked for this [documentation] before’.

1.5 Key Findings and Recommendations

This internal audit aimed to assess the controls established to manage leases. 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**.

Historically, for community/sporting leases, CHB appear to have focussed on granting leases for community good and had less focus on fees/cost recovery. Current times see councils focussing more on financial sustainability and a fair balance of costs across community; and there are now discussions about applying this principle to CHB's approach to lease management.

CHB's lease management function has suffered from turnover/lack of consistency over several years. Almost 40% of leases were expired as at January 2025. Recently a Property Management team has been established, and a commercially experienced Property Manager was recruited in 2024.

Roles and responsibilities in relation to lease management are broad and spread across teams. A new draft RACI (Responsible, Accountable, Consulted, Informed) matrix has been established to clarify these. Audit consider that it is important for the Property Manager role to have sufficient authority and access to information to enable full oversight of all management of leases – even if responsibility for tasks rests with another.

A number of staff expressed frustration about inconsistencies in the application of discounts and conditions within leases. These appear to challenge their sense of equity and transparency. IA analysis confirmed inconsistencies, for example in relation to asset management, fees and rental amounts chargeable. Two staff reported instances where tenants were aware of discrepancies in terms across different leases.

This audit makes a range of recommendations aimed at strengthening lease management. Key examples include:

- clarifying the policy and particularly the *eligibility* criteria for discounts
- working to ensure consistent *application* of discounts
- systematisation of the lease management functionality
- strengthening clarity and requirements around sub-leasing, and
- strengthening the approach to asset management.

Galpins conducted peer benchmarking with four councils of a similar size, and noted similar challenges across these councils. Two councils appear to be more mature in relation to system usage, and one council has developed a framework to promote consistency of terms/conditions between leases and management agreements.

This report includes a broad number of recommendations and project resourcing *above* business-as-usual may be required/considered to assist in achieving these. Findings are summarised over page. Please refer to **Appendix 2**, Overall Control Effectiveness Ratings for further information.

Internal Audit would like to thank all staff and representatives of peer councils for their involvement and assistance with this audit.

Finding	<u>Summary of Recommendation</u>	Audit Risk Rating	CHB Risk Rating	Expected Completion Date
2.1 Project to address lease management	Recommendation 1: Establish a project plan to address report recommendations, and review associated effort/resourcing required.	High		
2.2 Opportunity to Strengthen Policies and to Develop Procedures	Recommendation 2: Clarifying aspects of the Sporting and Community Leasing Policy.	High		
	Recommendation 3: Clarifying CHB's approach to lease fee setting and guidance around the application of discounts.	Medium		
	Recommendation 4: Clarifying/ updating elements of the Commercial Leasing and Licencing Policy.	Medium		
	Recommendation 5: Strengthening Council's expectations regarding sub-leases (for example, the treatment of for-profit sub-tenants, competitive neutrality, oversight).	Medium		
	Recommendation 6: Develop a property management procedure.	High		
2.3 Consistency of Policy Application	Recommendation 7: Establish protocols to facilitate consistency in the granting of lease discounts.	High		
	Recommendation 8: Consider conducting a market rent review for The Nest Kiosk.	Low		
	Recommendation 9: Promoting consistency within leasing documents (including mandatory disclosure statements).	High		
2.4 Governance/ roles/ monitoring	Recommendation 10: Finalising the RACI related to lease/property management as a priority.	High		
	Recommendation 11: Investigate implementing a lease management system.	High		

Finding	Summary of Recommendation	Audit Risk Rating	CHB Risk Rating	Expected Completion Date
2.5 Asset Maintenance and Property Inspections	Recommendation 12: Establish monitoring and reporting protocols for property management and performance.	Medium		
	Recommendation 13: Ensure the Property Manager can access a debtor report.	Medium		
	Recommendation 14: Agreeing a set of principles outlining asset management roles/responsibilities.	Medium		
	Recommendation 15: Establish a program for periodic inspections.	High		
	Recommendation 16: Consider establishing an online maintenance request form.	Medium		
	Recommendation 17: Clarify which officers can access tenant leases.	Low		
	Recommendation 18: Clarifying Council's position around how proactive maintenance programs will be implemented, and associated fee model.	High		
2.6 Test Results	Recommendation 19: Clarify expectations for charging oncosts to lessee.	Medium		
	Recommendation 20: Establish a provision for early termination in all current and future leases	Low		
2.7 CHB as Lessee	Recommendation 21: Document roles, responsibilities, and location of lease records for instances where CHB is lessee	Medium		
	Recommendation 22: Investigate if Council can lodge a lease or caveat against Certificates of Title, to ensure awareness of Council's interest in propert(ies).	Low		
	Recommendation 23: Establish a process to check land ownership before installing public infrastructure in land that appears to belong to CHB.	Low		

1. Background Overview

Context of Leases and Lease Management

Councils both across South Australia and more broadly are facing increasing expectations from clubs and the general community to provide a higher standard of leased facilities and services. Historically, councils have commonly provided low cost ‘peppercorn’ leases to lessees, subject to key conditions including maintenance of the leased buildings.

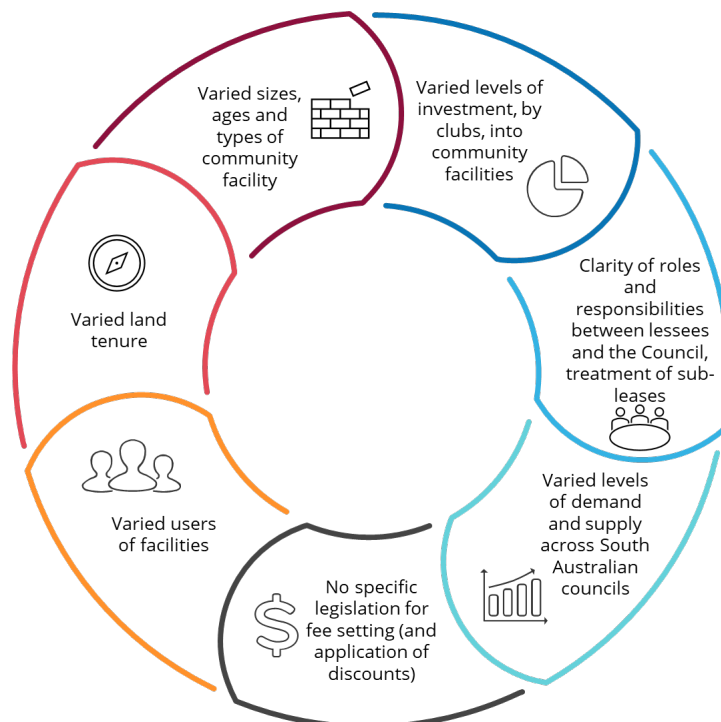
Galpins found that CHB and peer councils reported common issues:

- declining volunteerism impacting lessees’ ability to meet maintenance/other standards
- turnover of volunteers at clubs meaning that key lease conditions can be forgotten within short periods of time
- increasing council budget impacts due to unplanned asset replacements earlier than expected, caused by poor maintenance by lessees
- council being asked to repair some assets that are the responsibility of the lessee
- politicisation of leased premises/rental amounts charged.

CHB’s Lease Settings

As outlined in the executive summary, CHB leases approximately 65 properties under two key policies – the *Sporting and Community Clubs Leasing Policy* and the *Commercial Leasing and Licensing Policy*.

Legal and compliance issues associated with Council’s leasing of community facilities are complex. Factors that contribute to the complexities include:



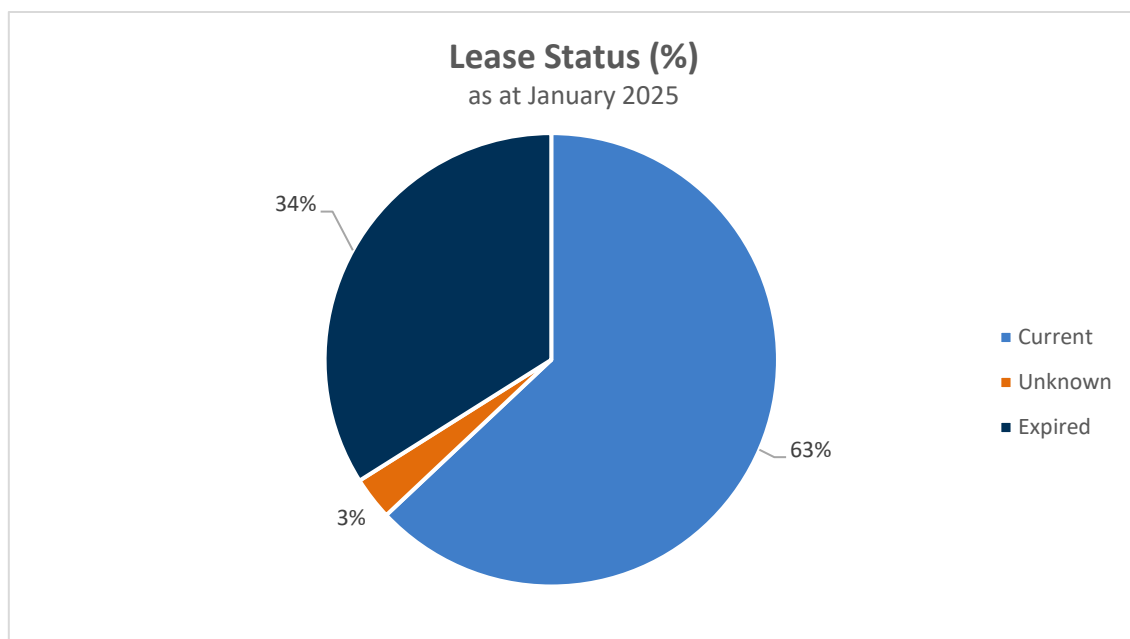
In addition, for commercial leasing and licencing, additional complexities include:

- determining an appropriate return for Council
- ensuring competitive neutrality/market rent is charged to commercial lessees.

CHB generally provides leases to organisations, however some letters of agreement are in place for smaller scale / low value occupancy arrangements.

From a review of available lease information, as at 2025, lease fees are estimated to be approximately \$562,000 per annum from approximately 65 leases. This figure does not include revenue generated through ad-hoc room hire at community centres, and does not include forensic assessment of whether CPI has been applied correctly to leases.

As at January 2025, the Property Manager had assessed the status of these leases and identified that only 63% were current, with 34% (22) expired and the status of the balance unknown. A summary is over page.



CHB as Lessee

There are also have some instances where Council is a Lessee. Internal Audit identified less than 10 of these instances, and they are in place generally to enable Council to access specific land, or to use land/infrastructure. There has been no one central area to oversight/track these leases over time.

2. Detailed Findings and Recommendations

2.1 Project Structure: Addressing Lease Management

Key Findings

- This audit identifies a range of areas for strengthening lease management across CHB.
- If recommendations are accepted, it is likely that they will be time consuming. To ensure that recommendations are implemented/not lost, better practice is to develop a project for implementation.

Discussion

IA noted that the role of the Property Manager is broad. The officer commenced in 2024 and is working to address a backlog of tasks, as well as implement strengthened practice. Current roles include:-

- reviewing/updating outstanding leases
- scanning/recording all leases in electronic form and including in ECM
- requesting and collecting mandatory documentation such as insurances (previously not collected)
- liaising with tenants around enquiries,
- finding and understanding all lease requirements.

This audit has identified 22 recommendations for improvement across areas lease management, plus one overarching recommendation. Some of these will involve significant effort (for example, implementation of a system/inspection of leased properties, updating of policies/procedures).

IA benchmarked FTE against similarly sized councils. CHB's resourcing is in line with peers:

Council	# leases	System in place?	FTE for lease management
CHB	60-70 leases	No	1.0
A	100 leases	Yes	approx. 1.25 FTE across two staff
B	Approx 28 leases	No	0.5-0.8FTE across two staff; also use outsourced legal assistance
C	65-70	Yes	0.75 FTE
D	110	Yes	1.25 FTE across three staff

Of the above, Council C utilises the 'Nomos' system and reported efficiencies, no outdated leases.

As CHB currently have a backlog in work (outdated leases, documentation, systematisation), additional resourcing above BAU may be required to assist in implementing these recommendations. After the recommendations are achieved (for example, implementation of a system), the current 1.0 FTE may be sufficient.

Additional work arising from this report may require support to enable timely achievement. See **Recommendation 1**.

Risk Exposure

- An excessive backlog of tasks may result in an inability to conduct day-to-day expectations or implement change.

Recommendation 1	<p>Establish and agree a project plan to address recommendations outlined in this Lease Management report. In line with better practice, this project plan can:</p> <ul style="list-style-type: none"> ▪ outline each task ▪ estimate time/effort required to achieve each task ▪ allocate responsibility ▪ identify planned delivery dates ▪ identify whether current resources are sufficient or whether additional/project resources above BAU are required. <p>Periodically report on the status of this project, for example to the Senior Leadership Team.</p> <p>IA note that additional resourcing is likely to be required over and above business-as-usual levels.</p>		
Audit Risk Rating	High	CHB Risk Rating	High
Agreed Actions	Agreed. Project Plan will be developed and agreed with the incoming GM Assets. This will be reported back to the Audit and Risk Committee.		
Action Officer	Property Services Manager (until GM Asset and Delivery commences).		
Completion Date	Initial report back to ARC by September 2025		

2.2 Opportunity to Strengthen Policies and to Develop Procedures

Key Findings

- Both relevant policies need to be updated, and Audit identified areas for greater clarity, for example about conditions to be met for the application of lease discounts.
- Further clarification is required to define conditions and expectations for sub-letting.
- A need to document Property Management procedures, to minimise knowledge loss.
- There is a need to consider allocating project resourcing to assist in implementing the recommendations from this audit.

Discussion

The audit scope called for a review of the completeness and clarity of policies and procedures. The two relevant policies are the *Commercial Leasing and Licensing Policy* (2016) and the *Sporting and Community Leasing Policy* (dated 2018, online version marked as a draft from second page onwards).

Sporting and Community Leasing Policy (SCL Policy)

Audit reviewed the SCL Policy and identified areas where it needs to be clarified and updated to ensure consistency of application and understanding across stakeholders. A summary is below, and further detail can be found in **Appendix 8**. See also **Recommendation 2**.

Summary: Section of SCL Policy and details of opportunity for clarification

S3.3	How council ensures the club is meeting its obligations, and if periodic assessment will occur to ensure eligibility	Expectations and commitment around inspections of leased buildings	S3.8
S3.4	The meaning of 'equity' where the club has no equity in the building	How partial cost recovery is applied for maintenance of playing surfaces	S5.1, 5.2
S3.5	Minimum thresholds for lessees to qualify for rental reduction, and if lessee must provide evidence of eligibility periodically	Triggers for deeming a club as 'commercial in nature' and how CHB will monitor this	S8.2
S3.7	Maintenance requirements across leased properties	Sub-leases, allowable activities, how profit/gain is to be treated	S10.1

Lease Incentive Discounts

Appendix A to the SCL Policy includes the following 'Lease Incentive Discounts' table:

INCENTIVE	REDUCTION	CRITERIA
Public Access <10%	10%	Facilities that are made available to the public via 'hire agreements'
Inclusion <20%	5%	Diversity of age membership initiatives
	5%	Multicultural initiatives
	5%	Diversity of gender (both in membership and Committee / Board representation) initiatives
	5%	Alignment with State and Federal inclusion initiatives
Good Governance <20%	10%	Demonstrated evidence/accreditation of sustainable and strategic planning and ongoing volunteer training and management (e.g. STARCLUB, Good Sports, etc)
	5%	Regular attendance at club development initiatives and workshops
	5%	Annual Submission of relevant governance and financial reports, and attendance at club development workshops
Youth / Aged Focused Programs <10%	5%	Permanent programs and Facilities
	5%	Occasional Programs (e.g. seasonal sporting programs)
Multi-code <10%	10%	Evidence of continual multi-facility users

IA consider that it does not include sufficient clarity and guidance to Council in how to apply these discounts. In addition, staff reported that the discounts are granted upon lease commencement but **ongoing fulfilment of the criteria is not validated**. This has been considered by other councils, for example the City of Adelaide's Park Lands Lease and Licence Policy notes it is common practice for local government to –

'..benchmark community fees and provide financial incentives to achieve desired behaviours or outcomes'.

The current setting may create the risk that lessees do not continue to meet discount criteria that are aimed at the community's best interests. There is a potential for applying discounts to fees in subsequent years *after* evidence of good practice has been provided (e.g. asset management, meeting policy requirements). Further information can be found in p.27 of the LGA guide.²

See **Recommendation 3**.

Risk Exposure

- Lack of clarity in the SCL Policy may lead to unfair and commercially unviable agreements.
- Lessees may not be held accountable and may not act in line with expectations to continue receiving discounts.

Recommendation 2

Work with Council to establish context that can assist in understanding how to apply lease discount criteria. For example, does Council have particular expectations for lessees to demonstrate good governance, asset maintenance, inclusive activities.

Following the above, clarify aspects of the SCL Policy to ensure consistency and understanding in application across all areas identified by this IA, including:

² LGA SA, 2020, Leasing and Licensing Sport and Community Facilities Guide. Online, URL: https://www.lga.sa.gov.au/data/assets/pdf_file/0027/731547/guide-leasing-licensing-sport-community-facilities.pdf

	<ul style="list-style-type: none"> periodic assessment and ensuring lessees meet obligations maintenance requirements the meaning of 'equity' inspections of leased buildings, and cost recovery and partial cost recovery for playing services triggers for deeming a club as 'commercial in nature' <p><i>Note – some detail may be included in a procedure (see Recommendation 6).</i></p>		
Audit Risk Rating	High	CHB Risk Rating	High
Agreed Actions			
Action Officer			
Completion Date			

Recommendation 3	<p>In line with work identified in Recommendation 2, specifically work with Council to guide and clarify CHB's approach to setting lease fees for Sporting and Community Clubs. This can result in:</p> <ul style="list-style-type: none"> more rigorous guidelines and expectations that must be fulfilled before discounts are applied clarity around whether discounts can be applied for each coming year <i>after</i> evidence of good practice/fulfilment of criteria has been provided – for example around asset management, good governance, public access to facility(ies). 		
Audit Risk Rating	Medium	CHB Risk Rating	Medium
Agreed Actions			
Action Officer			
Completion Date			

Commercial Leasing and Licencing Policy (CLL Policy)

Audit also reviewed the CLL Policy and identified areas for clarification and update to ensure consistency of application and understanding across stakeholders. A summary is below, noting that the policy is dated 2016 and due for update.

Council's position and expectations in relation to the principle 'Ensuring maximum return and improved asset value'

1

2

Distinguishing between Council and lessee responsibilities, particularly for asset maintenance and repairs

Council's approach to checking/ensuring lessee or licensee responsibilities are met

3

4

Expectations regarding sub-letting, specifically if Council should manage sub-leases, expectations in sharing sub-lease fees, and other principles

When Council will seek a market rent review

5

See **Recommendation 4.**

Risk Exposure

- It has been some time since the policy was updated and may not reflect the current market expectations and values of CHB.

Recommendation 4	<p>Update the Commercial Leasing and Licensing Policy and ensure that it is clear on specific included items, including:</p> <ul style="list-style-type: none"> expectations around the principle of 'ensuring maximum return and improved asset value' distinguishing between Council land lessee responsibilities (particularly re asset maintenance/repairs) Council's approach to checking/ensuring lessee responsibilities are met expectations around sub-letting, and when Council will seek a market rent review. 		
Audit Risk Rating	Medium	CHB Risk Rating	Medium
Agreed Actions			
Action Officer			
Completion Date			

Sub-Leasing/Subletting arrangements

Both the SCL and CLL Policy allows for tenants to sublet premises, on condition of Council's written consent. Sub-letting can be a useful way of facilitating greater community access to a facility. Internal Audit consider there is opportunity to further define the conditions and expectations associated with subletting.

The LGA/Onkaparinga guide provides useful context:

'There are two typical sub-tenants, a club providing a community service or a commercial tenant providing a commercial service. Determining which type of sub-tenant is an important factor when setting sub-tenant fees.'

*'The opportunity may arise for the head tenant to sub-let to a commercial tenant, examples of these can include a commercial coffee shop in a surf-club, or a commercial fitness operator at a sports club. A commercial sub-tenant will require commercial rates to comply with competitive neutrality principles. In these circumstances, it is suggested Council lead the negotiations and have a closer role in management of the sub-tenant. This rental income can contribute to a sinking fund and be reinvested into the community facility.'*³

The City of Adelaide also had a review into the Park Lands Lease and Licence Policy. This made some recommendations about linking the utilisation of lease/licence facilities and sub-letting arrangements to key performance indicators in agreements, and about introducing an incentivised lease and licence fee model for non-commercial organisations to encourage submission of information including sub-letting agreements. See **Recommendation 5**.

Risk Exposure

- Absence of clear guidelines for subletting may create misalignment of expectations between Council and lessees.
- Inconsistent guidelines may be commercially disadvantageous for Council.
- For profit sub-lessees enjoy commercial advantage over competitors due to low lease rates (lack of competitive neutrality). Potential reputational impact.

Recommendation 5	<p>Strengthen Council's expectations regarding sub-leases. For example –</p> <ul style="list-style-type: none"> ▪ the treatment of a community service versus a for-profit sub-tenant ▪ fees charged/expectations of competitive neutrality ▪ can non-commercial (and commercial) tenants sublet for additional profit, and Council's right to recoup sub-lessee profit in the form of additional fees, and ▪ if the Council chooses to charge additional fees for sub-leases, how funds are to be invested. <p>To promote transparency around property use, consider whether tenants can be incentivised/required to provide sub-letting information to council.</p>		
Audit Risk Rating	Medium	CHB Risk Rating	Medium
Agreed Actions			
Action Officer			
Completion Date			

³ Ibid, p.17.

Property management procedures

The property and lease management function has suffered from staff turnover/lack of dedicated resourcing in recent years. The new Property Manager reported needing to reinstate processes upon commencement to the role, including identifying the population of leases and finding/scanning old records into the system.

A key area where the Property Manager has implemented change is to seek 'recharges' for costs incurred by Council per leases, and to seek copies of key documentation – such as insurances – from lessees. This has reportedly created strong feedback from clubs. For example, with clubs advising they have never been asked for this previously. Application of Emergency Services Levy (ESL) has also reportedly not occurred, however IA found it is referenced in some leases.

Better practice is to document key information about a role (tasks, key documents, document record locations, procedures), to ensure that knowledge is not lost in case of leave/staff unavailability. This is not yet in place within CHB. See **Recommendation 6**.

Asset inspection and ongoing management, in relation to leased facilities, is also an area of importance and is discussed in **Section 2.5**.

Risk Exposure

- A lack of documentation may introduce inefficiency in the case of staff turnover or unavailability.
- Without key information documented, proper process may not be followed and result in inconsistent outcomes.

Recommendation 6	Develop a procedure covering property management processes, covering: <ul style="list-style-type: none"> ▪ record keeping expectations/locations of records ▪ forms/templates – when to use them and where they are stored ▪ the pre-assessment process for a potential tenant (See LGA guide example, p.20) ▪ leases and lease extensions ▪ details around specific leases (lease register) ▪ procedures for cost recovery from tenants (including ESL) and annual processes to seek copies of key documentation such as insurance ▪ roles/responsibilities for building maintenance, and ▪ key contacts and other important information. 		
Audit Risk Rating	High	CHB Risk Rating	High
Agreed Actions			
Action Officer			
Completion Date			

2.3 Consistency of Policy Application

Key Findings

- There is a need for CHB to be able to more clearly demonstrate consistency of application of policies, particularly in relation to leases charged and application of some responsibilities (in particular in relation to asset maintenance).

Discussion

The audit scope called for a review of the consistency of application of policies and procedures. Audit tested a sample of leases and identified inconsistencies between some terms and conditions, as well as rental amounts charged. This applied *across both community and commercial leases*, with examples including:

- An instance where similar storage sheds are leased to two clubs within the same suburb. In one instance (Rotary Club of Glenelg), records indicate that the previous Mayor requested amendment of the calculated lease be reduced to \$1 on demand. The lease was manually amended from \$250/annum to \$1. In the other instance (Brighton Lions Club), the club has paid the annual amount since 2011. This inconsistency creates difficulty for the Administration to demonstrate transparency and equity of process. See below.

Extract: manual amendment to lease payable by Rotary Club of Glenelg

Item 7
RENT AND MANNER OF PAYMENT (OR OTHER CONSIDERATION)
\$250.00 ^{\$1.00} per annum plus GST. The Rent is payable annually in advance in full on the Commencement Date and on each anniversary thereafter.

- Differences in approaches to ensuring insurance is in place. For example, Club Holdfast's lease outlines a range of insurance payable by the tenant at its own expense (including public risk insurance), and Glenelg District Cricket Club's lease outlines that Council will pay for the insurance and recover the costs from the Club. The new Property Manager has recently sought repayment of these insurance fees, and the Club outlined that they have not been charged for these premiums in the past.

See **Recommendation 7**.

Risk Exposure

- Due to a potential perceived lack of transparency, the Council may be exposed to reputational risk.
- Staff experience difficulties/inefficiencies in managing a range of leases with differing clauses/treatments.

Recommendation 7	<p>Work to establish protocols/guidelines that aim to facilitate consistency in how terms and conditions are applied to all lessees. This would be most effective if agreed between the Administration and Elected Members.</p> <p>Where decisions are made outside of this protocol, document details/decisions and reasoning for this – potentially in an automated system where records can be maintained/not lost (see Recommendation 11) – so that future CHB staff have visibility/oversight and can apply these discounts continuously.</p>		
Audit Risk Rating	High	CHB Risk Rating	High
Agreed Actions			
Action Officer			
Completion Date			

Case study: charges for Kiosks

IA tested the lease for the Wigley Kiosk, and reviewed lease rates for other kiosks as a way to consider consistency of charges:

Kiosk	Rental applicable	Details/comments
The Nest Kiosk, Brighton		<p>Use of building, indoor and outdoor dining. <u>New</u> building. Limited indoor dining space.</p> <p>A valuation to determine rent was conducted during the pandemic, the assessment aimed to disregard COVID-19 restrictions.</p>
Broadway Kiosk		<p>Use of building, indoor and outdoor dining. <u>Older</u> building. Larger dining areas. Note – busy area; high foot traffic.</p> <p>The Property Officer indicated that the lessee recently re-approached CHB to extend the lease.</p>

See **Recommendation 8**.

Risk Exposure

- Lease amounts charged may not align with fair market value.

Recommendation 8	Ensure that a market rent review of the annual fee charged to [REDACTED] occurs, in line with expectations set out in the lease agreement. The intent would be to confirm that the lease is in line with market expectations.		
Audit Risk Rating	Low	CHB Risk Rating	Low
Agreed Actions	To be conducted in line with lease renewal, approximately late 2028.		
Action Officer			
Completion Date			

Consistency: Clarity of Terms and Conditions in Leases

Internal Audit understand that a range of lawyers have been utilised over time to assist Council in establishing leases. These lawyers were those approved for use at the time of need. In addition, review of some leases appeared to indicate that lawyers were not always used – leading to some potential gaps/risks for CHB. Leases appear to be in a range of different formats/forms.

Asset management responsibilities appear to have emerged as an inconsistency (see Section 2.6) in leases. Internal Audit noted some discrepancies between leases and additional ‘disclosure statements’ provided along with some leases, however these are not required for the majority of CHB’s leases.⁴

IA note that one peer council has stopped trying to detail all asset management clauses within community leases, and instead use a more blanket approach to lessee/Council responsibilities in this area. They then established an internal understanding of what Council will/will not cover and reported that this reduces time wastage around interpreting details within leases.

⁴ Within South Australia, Disclosure Statements are required under the Retail and Commercial Leases Act 1995, particularly for retail and commercial leases (not specifically for instances where the tenant is a not for profit organisation and the owner is a Council). See Small Business Commissioner SA, 2024, URL: <https://www.sasbc.sa.gov.au/retail-leasing>.

Risk Exposure

- An inconsistent leasing format introduces administrative overhead when attempting to review leases.
- Inconsistencies in asset management responsibilities may expose the Council to unanticipated expenses.

Recommendation 9	Work to ensure a consistent leasing format is used. In particular: <ul style="list-style-type: none"> ▪ aim to ensure consistency between lease documents and mandatory disclosure statements, and ▪ consider incorporating a legal check as part of the process to establish contracts and to aim to ensure that all lease clauses are clear. 		
Audit Risk Rating	High	CHB Risk Rating	High
Agreed Actions			
Action Officer			
Completion Date			

2.4 Governance/roles/monitoring

Key Findings

- Effort to establish clarification of roles and responsibilities regarding leases is being undertaken and represents a positive step forward.
- There is a need for CHB to investigate implementing a system for managing leases, to address both issues of data integrity and team efficiency.
- Ensuring required reporting is reinitiated to provide the Council assurance of lease performance.

Discussion

The audit scope called for a review of clarity of roles and responsibilities in relation to leases, including governance structures and decision-making processes.

Roles and responsibilities

Recruitment of the new Property Manager represents positive practice and a step towards strengthening Council's approach to the management of leases, with a dedicated and trained resource with key responsibility in this space.

As at audit fieldwork, an initial 'RACI'⁵ matrix had been developed to assist staff in clearly understanding and identifying roles and responsibilities around leases. A large number of teams across council have various responsibilities in relation to leases – from contracting, to asset maintenance, community development work, environmental works and to sport and recreation. Development of the RACI represents positive practice in an attempt to clarify roles and responsibilities in this space.

The nature of leases means that roles and responsibilities may not always be clear, but ongoing awareness of the Property Manager and the RACI matrix can assist with overcoming this issue.

IA noted areas for strengthening the RACI, including:

- clarifying the difference between leases and ongoing licences
- notifying stakeholders (for example, Facilities) when new leases are created/action is required
- tracking roles and responsibilities in relation to instances where CHB is *lessee*, and
- who will receive and action facilities maintenance requests (see also **Section 2.5**).

Section 2.7 includes discussion about roles and responsibilities where Council is lessee. IA note that it is important to finalise the RACI as a matter of priority. See **Recommendation 10**.

⁵ A table that sets out who is 'responsible, accountable, consulted, informed' across a range of lease management areas and activities.

Risk Exposure

- Without clear roles and responsibilities, Council has less assurance of team accountability and required resources to undertake a business process.

Recommendation 10	<p>Work to finalise the RACI related to lease/property management as a priority. In particular, clarify roles/responsibilities related to:</p> <ul style="list-style-type: none"> instances where CHB is lessee notifying key stakeholders (such as Facilities) when a new lease is created and action is required receiving facilities maintenance requests, and the management/issuing of licences, in particular licences that become more ongoing in nature. 		
Audit Risk Rating	High	CHB Risk Rating	High
Agreed Actions	Agreed, this is underway and work will be used to inform the implementation of other recommendations within this report.		
Action Officer			
Completion Date	31 July 2025		

CHB system used

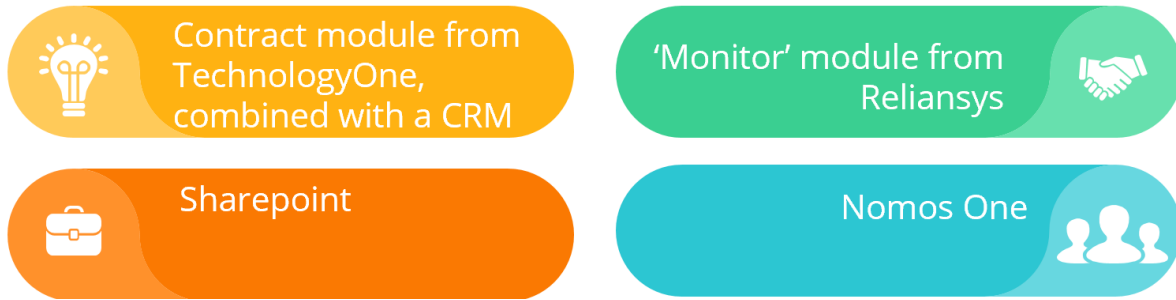
Council currently use a manual Excel spreadsheet as a lease register to track all lease details. The Property Manager needed to create this spreadsheet upon commencement and is working to complete it. As at Audit fieldwork a range of details across leases were incomplete and the Property Manager reported time challenges to complete the task.

Having this register is useful, however use of a spreadsheet creates inefficiencies and poses risks around processes being missed and data control. Better practice is for systems to be used that can facilitate:

- exception reporting to highlight missing/incomplete data
- general reporting about lease performance
- direct and bulk mailing options to communicate lessees
- charges paid/payable/outstanding
- reminders for critical documents to be provided, to take action and around lease renewal, and
- reduction of key person risk, increased knowledge sharing via central repository for reference.

Peer Council experience

Peer councils reported different systems used for lease management:



IA note that CHB have access to the top two systems. Other commercial products designed for property management are also available. See **Recommendation 11**.

Risk Exposure

- Use of a manual system to manage lease details creates inefficiencies, the risk of missing key actions and incomplete information.

Recommendation 11	<p>Investigate implementing a lease management system to promote efficiency, consistency and oversight of the function.</p> <p>IA note that peer councils referenced different options:</p> <ul style="list-style-type: none"> use of the 'monitor' Reliansys module Sharepoint Nomos One use of the contracts module within the TechnologyOne package (reportedly for some basic lease management functionality only). <p>Other commercial products are also available and reportedly tailored to the work.</p>		
Audit Risk Rating	High	CHB Risk Rating	High
Agreed Actions			
Action Officer			
Completion Date			

Monitoring and Reporting

The *Commercial Leasing and Licensing Policy* (2016) outlines (s4) that 'A quarterly report will be provided to Council providing details on the performance of all commercial Leases and licences'. Audit found that this does not currently occur, and that it occurred previously.

In addition, Audit found that general reporting across all leases had not been occurring as at the time of audit fieldwork. IA observed that the new Property Officer is focussed on re-establishing general property practices, leases, application of clauses and had not yet had time to overcome legacy challenges before re-establishing detailed reporting. See **Recommendation 12**.

Risk Exposure

- Without appropriate oversight Council may not have assurance as to the performance of leases.

Recommendation 12	<p>Work to establish monitoring and reporting protocols around property management and performance, both for commercial and community type leases. This can align with requirements per s4 from the <i>Commercial Leasing and Licensing Policy</i>. Examples of reporting topics may include but not be limited to:</p> <ul style="list-style-type: none"> status of leases / upcoming due dates financial performance/debtors key issues/challenges. <p>This may be, for example, a periodic standing agenda item at the Senior Leadership Team (SLT).</p>		
Audit Risk Rating	Medium	CHB Risk Rating	Medium
Agreed Actions			
Action Officer			
Completion Date			

Public Register

Audit were requested to review an additional point, in relation to the feasibility of implementing an outstanding Council Resolution from 2013. In 2013, in response to a community request, Council resolved to publish a detailed Community Facility register on the CHB website, including details on:

- property address/site
- approved use
- annual rental/license fee
- Lessee
- lease commencement and time
- valuation

- annual holding cost to council including depreciation opportunity cost on investment
- other incidental costs to council

S.207 of the Local Government Act 1999 requires that:

(1) A council must keep a register of all community land in its area.

(2) the register –

(a) must contain the information required by the regulations.

Regulation 23 elaborates, and outlines that the Register must contain:

(g) the following details concerning any lease or licence granted over the land:

(i) the name of the lessee or licensee;

(ii) the term of the lease or licence (including information on the term of any extension or renewal stated in the lease or licence);

(iii) the actual land to which the lease or licence relates (which may be identified by a plan kept in conjunction with the register);

(iv) the purpose for which the lease or licence has been granted.

Internal Audit reviewed the current lease and licence register, and verify that Council's current register meets the above legislative requirements.

In addition, based on detailed analysis for this review, Internal Audit do not consider that CHB has sufficient systems/sophistication in access to data to be able to maintain the details outlined in the 2013 Resolution. In particular – details around annual holding costs, opportunity costs and incidental costs would need to be manually calculated and compiled. As outlined within this report, the team are currently working to address a backlog in meeting minimum requirements.

No recommendation is specifically made in relation to the Public Register, as this was not a specific part of the audit scope and also is a decision for Council. This summary can be used for decision making purposes about whether this 2013 Resolution is implemented.

Debtor management

Debtor management is an important oversight tool for both Finance and Property functions of the Council, to ensure that costs are appropriately recouped. Council has a standard procedure to manage debtors, for example via correspondence and then use of a collections agency. However, IA understand that this process has not been applied in the case of Clubs, due to their community organisation nature. Finance team members noted Council receive a mixture of compliance / refusal to pay when following up on debt.

The Local Government **Better Practice Model - Internal Financial Controls** (BPMIFC) report notes the importance of debtor management. It identifies a 'Possible Control' as:

“Relevant staff reviews debtors ageing profile on a regular basis and investigates any outstanding items, and considers provisions for doubtful debts.”⁶

IA understand that this occurs within the Finance team, however the Property Manager does not have oversight of a debtor report due to technical challenges between current and legacy system modules. During audit fieldwork, testing identified one tenant with payments three months in arrears, and a range of instances where oncosts did not appear to be charged in line with lease requirements.⁷

In interviews with Finance, it was understood that TechOne does not support running a report just for commercial organisations, hence would be a manual task to complete. See **Recommendation 13**.

Risk Exposure

- Lessees may not held to account for outstanding debt.
- Debtors may either not collected on a timely basis or not collected at all, impacting on cash flow

Recommendation 13	<p>Work to ensure that the Property Manager can access a debtor report, to facilitate debtor management processes.</p> <p><i>Note – IA understand that a report specific to lessees is not available. Potentially, a property management system (see Recommendation 11) may be able to assist, or MS Excel formulae/data matching techniques may be applied to efficiently extract relevant data from a larger debtor list.</i></p>		
Audit Risk Rating	Medium	CHB Risk Rating	Medium
Agreed Actions			
Action Officer			
Completion Date			

⁶ LGA SA, 2022, Better Practice Model – Internal Financial Controls for South Australian councils. Online, URL: https://www.dit.sa.gov.au/_data/assets/pdf_file/0007/1268206/ECM_778969_v2_2022-Better-Practice-Model-Internal-Financial-Controls-4.pdf

⁷ Anecdotally, some of these charges had been waived in historical decisions.

2.5 Asset Maintenance and Property Inspections

Key Findings

- Audit testing identified inconsistencies in requirements around asset management as applied to different lessees.
- Building inspections have not been occurring, having been deferred for several years. There is a lack of clarity around the volume/value of pending required asset maintenance.
- Staff demonstrated willingness to inspect the 65+ leased properties, however IA observed a lack of capacity to achieve this.
- There is potential to obtain efficiencies in the maintenance request process.

Discussion

Council's properties represent millions of dollars worth of assets to the community. Both Council and lessees have a responsibility to maintain the condition of these assets.

Good practice is for clear roles and responsibilities around asset maintenance/replacement, as well as regular inspections to ensure lessees are meeting their obligations. Inspections also identify assets that are nearing end of useful life, and instances of unauthorised additions or alterations.⁸

Clarity and consistency of roles/responsibilities

Audit reviewed the clarity of roles/responsibilities for asset management for a sample of leases. Council have attempted to define roles/responsibilities. Audit found:

- some discrepancies between obligations outlined in the lease and the additional 'disclosure statement' provided to some lessees (see also **Recommendation 9**)
- some reported lack of clarity between CHB and lessees around maintenance – for example the lease with Somerton SLSC and lift maintenance, and
- some inconsistency between terms and conditions for tenants. See example over page.

⁸ LGA SA, 2020, *Leasing and Licensing Sport and Community Facilities Guide*, p.21. Online, URL: https://www.lga.sa.gov.au/_data/assets/pdf_file/0027/731547/guide-leasing-licensing-sport-community-facilities.pdf.

Example: Inconsistencies in Asset Management Terms and Conditions

Tenant	Lessee responsibility	Council responsibility
Airconditioning		
Brighton Sports and Social Club (BSSC)	Regular service and repairs to maintain working order.	Single major repairs over \$2,000 (if regular maintenance has been conducted in line with manufacturer's specifications). ⁹ Replace at end of life.
Club Holdfast	Regular service and repairs to maintain working order.	Replace at end of life.
External site surfaces		
BSSC	Football field – nil line marking Cricket pitch – nil line marking	Football field – responsible for line marking Cricket pitch – full responsibility
Club Holdfast	Line marking: full responsibility	Nil responsibility
Pest removal		
BSSC	Full responsibility	Nil responsibility except for bees and wasps
Club Holdfast	Full responsibility	Nil responsibility ¹⁰

The above demonstrates some areas where it appears that the BSSC appears to enjoy beneficial treatment in comparison to Club Holdfast. I note that discrepancies between leases create difficulty for staff in tracking/understanding and fulfilling all elements accurately.

Equity and transparency in decision making is also an element of local government that generates trust from the community and commitment/positivity from staff. See **Recommendation 14** over page.

⁹ This clause in particular appears to need stronger definition. For example, it does not exclude CHB from paying for a bill >\$2,000 that may be for bulk service per the lessee's responsibility.

¹⁰ Note – CHB does aim to handle bees and wasps on Council land, however the Club Holdfast lease is not clear in explaining this.

Risk Exposure

- Inconsistencies in lease terms and conditions may create reputational risk/perceptions of inequitable treatment of some lessees compared to others. Some volunteers work in multiple clubs and may become aware of these inconsistencies.

Recommendation 14	<p>Consider developing a set of principles and/or policy expectation that outline asset management roles/responsibilities between CHB and lessees. Aim for these to be applied consistently across tenants.</p> <p>Where changes are made in favour of lessees, consider implementing a more formal sign-off/documentation of the reasoning for this, and maintain a record of decision-making.</p> <p><i>Note – IA understand that different buildings/assets may require different conditions, however the intention is to demonstrate a general principle and note the reasons for any deviation on file.</i></p>		
Audit Risk Rating	Medium	CHB Risk Rating	Medium
Agreed Actions			
Action Officer			
Completion Date			

Inspections

In line with commercial approaches, better practice for local government lease management is for regular property inspections to occur. IA found:

- inspections of Council's leased properties do not currently occur
- planned inspections associated with updating the Building Asset Management Plan will not provide the detail needed for lease management purposes,¹¹
- inspections have been a to-do item for several years, reportedly due to capacity.

The new property management RACI matrix assigns responsibility for inspections to the Property Manager and Technical Officer. Both officers indicated willingness and ability to conduct these, however:

- both indicated being at/above capacity, and
- inspection of 65+ properties, taking photos of condition, liaising with lessees will be a significant exercise.

Due to the financial value of CHB's leased properties, CHB bears an unbudgeted and potentially significant financial risk if trusting that lessees maintain assets as required. In addition, there is a risk

¹¹ An inspection of all buildings will occur (delayed until FY2025-26, last occurred 2022). This will rate/grade the condition of buildings. IA understand that this will not assess condition of building fixtures (eg wall, floor and ceiling finishes).

of the end of life being brought forward due to a lack of maintenance. See **Recommendation 15**. During peer interviews, one council reported the pending sale of properties due to lack of capacity to service/maintain them.

Risk Exposure

- CHB unaware of the magnitude/value of pending required maintenance at leased properties.
- CHB/the broader community bear unexpected and unnecessary financial cost in the instance that lessees do not maintain leased assets in line with their lease terms and conditions.
- Lessees may not understand/be aware of their maintenance obligations, particularly in the event of key personnel turnover (volunteers).

Recommendation 15	<p>Establish a program for periodic inspections of all properties leased by CHB to others. In line with best practice, these inspections can:</p> <ul style="list-style-type: none"> ▪ note and record asset condition (eg via photos, summary report, within a system) ▪ provide lessees with a summary report ▪ identify areas for improvement by the lessee (and re-inspect for completion), and ▪ identify areas for proactive maintenance by CHB. <p><i>Note – this process may be trialled to identify time taken and the best approach to being conducted. For example, it may be conducted in-house or outsourced.</i></p>		
Audit Risk Rating	High	CHB Risk Rating	High
Agreed Actions			
Action Officer			
Completion Date			

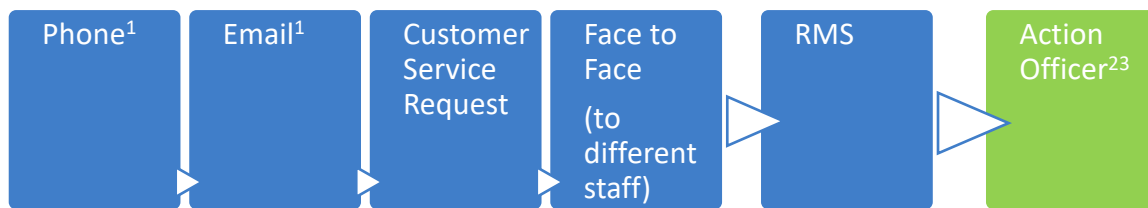
Asset Maintenance Operations

Facilities maintenance requests are received by different officers within Council – including but not limited to the:

- Technical Officer
- Property Manager
- Operational Support Team within the Depot
- Coordinator Community Centres, and
- Sport and Recreation team

Requests come in a variety of ways, and are intended to be put into the Request Management System (RMS) for action. See over page.

Facilities Maintenance Requests: Sources and Process to allocate for Action



¹ One stakeholder reported receipt of requests, checking leases and then seeking action via email. If not actioned, they are re-approached by lessees and feel the need to act as intermediary to have issues addressed. This is reportedly time consuming.

² The Technical Officer reported challenges in accessing copies of leases, when aiming to determine whether CHB is responsible for addressing maintenance requests.

³ Requests may be actioned by the Technical Officer, Depot or allocated to contractors.

The above process map demonstrates a time-consuming approach to receiving requests from lessees. IA note a recent positive initiative for the Depot Operational Support team to triage requests.

Better practice can be for clarity in roles and responsibilities (see **Recommendation 10**) and an online request form available to lessees. This is where requests can be lodged with details/photographs if necessary, and can then be used to rate the priority of the request. See **Recommendation 16**.

In addition, to assist staff in determining whether CHB is responsible for maintenance requests, there may be merit in allowing select access to leases. This access may align to roles/responsibilities outlined in the upcoming RACI and enable staff to provide basic information in relation to queries that occur due to the customer-facing nature of their roles. See **Recommendation 17**.

Risk Exposure

- Unnecessary time wastage/duplication of effort in addressing facilities maintenance requests from lessees.

Recommendation 16	Implement an online facilities maintenance request form for lessee use. This form may facilitate document attachment, inclusion of photographs and be used to further triage/prioritise CHB's response. Audit note that lessees may be able to utilise the online 'Customer Request Form' already available to residents.		
Audit Risk Rating	Medium	CHB Risk Rating	Medium
Agreed Actions			
Action Officer			
Completion Date			

Recommendation 17	Ensure that relevant CHB officers can access to copies of tenant leases, and that these leases are recorded in an accessible location to facilitate general responses to tenant queries.		
Audit Risk Rating	Low	CHB Risk Rating	Low
Agreed Actions			
Action Officer			
Completion Date			

Proactive maintenance

Proactive or programmed property maintenance is used to prevent breakdowns, extend lifespan, address issues before they worsen and reduce the need for emergency repairs. ‘Regular maintenance is less costly than reconstruction, which becomes necessary if maintenance is neglected.’¹²

Stakeholders reported that there is limited proactive asset maintenance of leased buildings outside of renewal budgets and some mandatory/safety items – e.g. water, air conditioning, fire systems. For example, CHB previously had a proactive painting program. This may be informed by a Council decision/forward position around roles/responsibilities. See **Recommendation 18**.

Risk Exposure

- CHB incurs increased costs in relation to reactive maintenance than may be incurred via a proactive maintenance approach.

Recommendation 18	<p>Work with Council to clarify expectations around lessee/Council roles/responsibilities for the proactive maintenance of leased properties (for example around painting, walkways, roofing). For example, whether Council will reintroduce proactive maintenance, and the model of fees associated with this.</p> <p>This decision may be informed by:</p> <ul style="list-style-type: none"> an inspection of all leased properties, and creation of a defects register. <p>The intention of this recommendation is to minimise future instances where CHB incurs avoidable maintenance fees, and to reduce future reactive maintenance costs.</p>		
Audit Risk Rating	High	CHB Risk Rating	High
Agreed Actions			
Action Officer			
Completion Date			

¹² AUS-SPEC, 2024, *TECHguide TG403: Guide to the building and facility maintenance management system and documentation*. Online, URL: <https://www.aus-spec.com.au/wp-content/uploads/2021/03/TG-403-Guide-to-building-and-facility-maintenance-management-system-and-documentation.pdf>

2.6 Test Results and Compliance with Policy

Key Findings

- IA testing indicated inconsistent application of better practice lease management principles. In particular, rent reviews, charging of oncosts, updating leases before expiry.

Discussion

Audit tested a sample of seven leases and one sub-lease against better practice lease management principles, with two commercial leases included in this sample mix. A summary of key findings is below.

Element tested	Result	Comment
Lease is current	4: Yes 4: No	Property Manager is working to update. <i>NB: peer councils also reported difficulties with expired leases.</i>
Option for renewal – clear details included	2 – clear (expired) 2 – no (expired) 3 – yes 1 – no end date	Glenelg Brass Band agreement - no end date. 2 – expired and no option for renewal included.
Rent/lease amount clear	1 – no ¹³ 7 – yes	
Testing of leases only (ex sub-lease)		
Rent reviews (eg CPI) applied correctly	3 – n/a 2 – yes ¹⁴ 2 – no	N/A: Brighton Sports and Social Club (BSSC), Glenelg Brass Band, Rotary Club of Glenelg No – Wigley Kiosk – CPI not applied (subsequently applied and back-dated) No – William Kibby Veterans Shed – rent reviews missed/lease expired and no fees raised.
Oncosts clearly outlined (eg power, water, ESL levy)	3 – yes re water, power 1 – not clear 3 – n/a	Not clear: Wigley Kiosk – water not charged as no separate meter, however required per the lease, inconsistency with disclosure statement. Power charged from late 2024 (additional meter installed).

¹³ Glenelg Rotary Club – this lease for a shed hire at Seacliff was not included within Property Manager’s register as at time of audit fieldwork, subsequently identified as lessee for the site; no charge.

¹⁴ CPI applicable to Club Holdfast, not to Brighton Sports and Social Club (nb– as at April 2025 – being addressed).

Element tested	Result	Comment
		1 yes – Club Holdfast – clear in lease however records indicate only rent charged (see Recommendation 19). Some references to Emergency Service Levy (ESL) however not charged. Property Manager has limited oversight. See discussion below and Recommendation 19 .
Insurances – requirements are clear	6 of 7 – required	Lessees required to hold public liability insurance (not for Glenelg Brass Band). CHB manage building insurance.
Insurances – on file from tenant as required	2 of 7 – on file 6 of 7 – not on file	6 of 7 – not on file as required at audit fieldwork (see discussion in Section 2.2).
Dispute resolution process – clear	7 of 7 – no	Not included as a clause within CHB leases. Feedback indicated that the lease would be terminated if an issue arose. Leases include clauses on consequences for breach of lease terms.
Early termination clauses included	3 of 7 – yes 4 of 7 – no	Yes – in relation to leases to two clubs, one kiosk. No – Glenelg Brass Band, Rotary Club of Glenelg, Brighton Lions Club, William Kibby Veterans Shed. See discussion below and Recommendation 20 .

As highlighted above, CHB have some inconsistencies in relation to operational management of leases around:

- application of rent reviews
- clarity of oncosts being charged (power, water, ESL)
- collection of insurances from tenants (note – the Property Manager has worked to request these).

In addition, IA identified gaps in relation to dispute resolution processes/early termination clauses being included in leases. The new Property Manager is working to ensure that rent reviews occur, and to strengthen processes.

Oncosts / outgoings

Audit aimed to test whether oncosts (power, water, ESL) are clearly tracked and charged. Audit found:

- the Property Manager does not have oversight about oncosts. This is managed by the Facilities Manager and Finance. The Property Manager does not, for example, sight copies of utilities

invoices. Audit could not verify that oncosts were accurate. The current draft RACI identifies the Property Manager as 'ideally' having responsibility for this.

Risk Exposure

- Inconsistency/inaccuracy and potential gaps in relation to recouping electricity/water/ ESL costs.
- Council may not be protected via sufficient early termination/dispute resolution clauses in leases or agreements.

Recommendation 19	<p>Clarify CHB's expectations in relation to charging for lessee oncosts (including power, water, ESL) and work to ensure the most efficient approach is in place. For example, consider:</p> <ul style="list-style-type: none"> ▪ estimating annual oncosts, charging a monthly average and reconciling at the end of each year ▪ whether tenants can connect/pay for utilities (electricity, water) directly. <p><i>Note – this recommendations includes options only, for discussion/consideration.</i></p>		
Audit Risk Rating	Medium	CHB Risk Rating	Medium
Agreed Actions			
Action Officer			
Completion Date			

Recommendation 20	<p>Clarify CHB's expectations around termination clauses in all leases (including low value community leases) and ensure that all future leases include appropriate clauses.</p> <p>In addition, consider whether to include a standard clause whereby CHB may terminate leases in the event it chooses to change the usage of the site (for example, via redevelopment, sale).</p>		
Audit Risk Rating	Low	CHB Risk Rating	Low
Agreed Actions			
Action Officer			
Completion Date			

2.7 CHB as Lessee

Key Findings

- IA was not able to obtain a complete record of leases where CHB is the lessee, as there is no central storage location.
- Council does not maintain consistent practice when administering lessee responsibilities, due to no documented policies/procedures.

Discussion

The audit scope called for a review of the effectiveness of CHB's approach to lease management for land leased from other entities (against relevant best practice).

Audit identified eight (8) instances where CHB is lessee, however this may not be the total population.¹⁵ A summary of audit findings against specific tests performed is below.

Audit scope step	Result
▪ Review completeness and clarity of policies and procedures	There are currently no documented policies/procedures in place around processes for when CHB is lessee.
▪ Review clarity of roles and responsibilities in relation to these leases	Not yet documented CHB recently became more cognisant of these leases. There is opportunity to define roles/ responsibilities for these leases as part of the current RACI definition exercise.
▪ Review completeness of records	IA experienced difficulty in identifying the total population of instances where CHB is lessee. Records have not been stored in any one location, the Property Manager is aiming to compile a list. See discussion below.
▪ Review currency of leases	For 8 identified leases: <ul style="list-style-type: none"> ▪ 3 – lease are out of date ▪ 5 – leases are current ▪ 1 – not yet signed.
▪ awareness of lease requirements	IA identified a lack of consistency in oversight/understanding of instances where DEW is lessee. See discussion below.

¹⁵ In addition, after the draft audit report was issued, the Property Manager identified an additional instance – for a site owned by SA Water, lease reportedly expired 10 years ago.

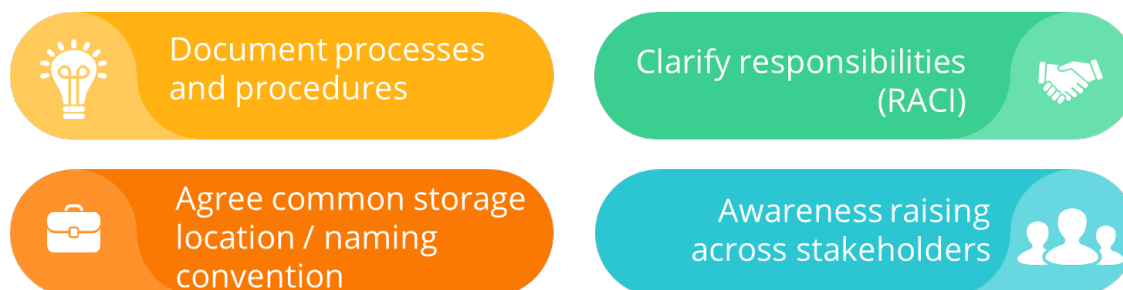
Policies and procedures

Internal Audit found that there is less oversight and awareness of instances where CHB is lessee than there of instances where CHB is lessor. There is also no applicable guideline/procedure. This appears to be for a range of factors:

- there are fewer instances of these leases
- staff turnover/knowledge loss
- leases may be for long periods of times, and
- knowledge held in different teams.

As at Audit fieldwork, the Property Manager had compiled a list of these leases, Internal Audit identified another lease of relevance. There is a need to:

CHB as Lessee: Internal Process Areas to Strengthen



See **Recommendation 21**.

Risk Exposure

- Council's claim to/lease over private land is not understood by internal staff/stakeholders, meaning that leases may expire without knowledge/oversight.

Recommendation 21	Document roles/ responsibilities/ expected location of records in the instances where CHB is a lessee rather than a lessor.		
Audit Risk Rating	Medium	CHB Risk Rating	Medium
Agreed Actions			
Action Officer			
Completion Date			

Recording leases against Certificates of Title

Internal Audit liaised with Land Services SA for input about whether councils can lodge an interest against an existing Certificate of Title. In summary, Land Services SA indicated:

- Council can lodge a lease against a Certificate of Title if both parties consent (legal fees applicable, potentially required within 3 months of executing leases).
- Council may be able to unilaterally lodge a caveat against a property,¹⁶ where Council has need for a claim to the land. This potentially may be lodged electronically, or LSSA indicated they may receive these in paper if necessary.

Internal Audit understand that there was a recent issue in relation to a property at Pine Gully, where Council's lease on this private property had expired and internal knowledge of the lease had been lost. The property was sold. Potential lodgement of Council's interest vs a Certificate of Title may avoid this occurrence. Internal Audit consider, however, that legal advice may be required. See **Recommendation 22**.

Risk Exposure

- Council's claim to/lease over private land is not recognised before land is sold, resulting in potential lack of ongoing access as required.

Recommendation 22	Investigate whether Council can lodge a lease or caveat against Certificates of Title (via Land Services SA), to help ensure that Council's claim to different parcels of land is protected in an ongoing manner. Legal advice may be required. Once investigated, develop protocols and document CHB's agreed approach.		
Audit Risk Rating	Low	CHB Risk Rating	Low
Agreed Actions			
Action Officer			
Completion Date			

¹⁶ See Land Services SA, Notices to Lodging Parties, Form 203. Online, accessed 26.02.25. URL: <https://landservices.com.au/land-registration/for-professionals/communications/notice-to-lodging-parties>

Implementing a process to check for land ownership

During fieldwork, one senior stakeholder reported that a lease was established on Jetty Rd in recent years, enabling Council to access new infrastructure being built in the area. This stakeholder reported that CHB would benefit from defining a process where relevant teams check and confirm land ownership before commencing capital works. If land does not belong to CHB, then appropriate steps to purchase/lease the land can be pursued.

Risk Exposure

- CHB does not accurately and consistently identify land owners before building infrastructure on land that appears to belong to CHB.

Recommendation 23	Define a process where land ownership is checked/confirmed before installing public infrastructure in land that appears to belong to CHB. When land is identified as belonging to another party, investigate purchase/lease arrangements before building commences.		
Audit Risk Rating	Low	CHB Risk Rating	Low
Agreed Actions			
Action Officer			
Completion Date			



Accountants, Auditors & Business Consultants

Appendices

Appendix 1. Scope of the audit engagement



Internal Audit Scope Lease Management Review

<p>Background</p>	<p>As part of the Internal Audit Program for 2024-25, a review of the City of Holdfast Bay's (Council's) lease management practices has been requested. This has been in response to a recent identified gap in lease management.</p> <p>Council provides a range of sport and recreation facilities and services to the community including sportsgrounds, clubrooms and community centres.</p> <p>The <i>Sporting and Community Leasing Policy</i> and the <i>Commercial Leasing and Licensing Policy</i>, outline the approach to leasing and licensing of Council owned properties within the City.</p> <p>Council also has some instances where it leases land from other entities, primarily for the purposes of provision of public infrastructure such as stormwater infrastructure. These leases are less common, however have importance to the City.</p>
<p>Audit Objective</p>	<p>The objective of this audit is to review the effectiveness of CHB's approach to lease management for:</p> <ul style="list-style-type: none"> properties owned by Council, and land leased from other entities (against relevant best practice).
<p>Scope</p>	<p>The audit will review against better practice for the following elements:</p> <ul style="list-style-type: none"> completeness and clarity of policies and procedures, and consistency of their application clarity of roles and responsibilities in relation to leases, including governance structures and decision-making processes completeness of records awareness of and adherence to lease requirements (for example, accurate lease charges, treatment of CPI indexation, sub-leases, recurring fees, insurances) by Council and tenants day to day management of the facilities and clarity of responsibilities for ongoing maintenance and asset renewal and replacement systems and controls in place to ensure lease management (including setting of rents and lease terms, amongst other considerations) aligns with better practice use of external (for example, legal) assistance when required <p><i>Note – not all elements are applicable in instances where Council leases land from other entities.</i></p>

Note: Liability limited by a scheme approved under Professional Standards Legislation

Methodology	<p>In conducting the engagement, the team will:</p> <ul style="list-style-type: none"> obtain and review key documentation and information conduct interviews with key stakeholders to understand key processes, roles and responsibilities test a sample of leases against this audit's scope points (including for example application of CPI, insurances) consider benchmarking with a selection of other councils to identify better practice approaches assess and make appropriate recommendations to improve lease management processes draft a report summarising findings and recommendations provide a final report for presentation to the Audit and Risk Committee.
Relevant Risks	<p>This audit aligns with Council's strategic risk/s:</p> <ul style="list-style-type: none"> SC05 - governance, legal & compliance – lack of strategic alignment – ineffective property management can undermine Council's achievement of strategic objectives and aspirations, which express ambitions to maximise the community value of Council's property assets CB01 - poor or ineffective community service delivery – property is a key enabling function for effective community service delivery and supporting community wellbeing SC02 - place making – poor or ineffective planning systems and processes – effective property management ensures high quality places for people, supporting community wellbeing AD02- place making – insufficient or ineffective asset management planning – property constitutes a significant part of Council's asset portfolio
General Administration	<p>This audit will be performed by Galpins, Council's internal audit provider. Galpins will be responsible for maintaining regular communication with Council and will coordinate activities to complete the audit. The audit will be conducted in January to April 2025.</p>
Key Stakeholders	<p>The key contacts for this internal audit will be:</p> <p>Accountable:</p> <ul style="list-style-type: none"> Pamela Jackson, Chief Executive Officer <p>Responsible:</p> <ul style="list-style-type: none"> Ania Karzek, Manager Strategy and Governance Sharon Wachtel, GM Strategy and Business Emmanuel Areikin, Risk and Improvement Officer <p>Consult:</p> <ul style="list-style-type: none"> Bill Blyth – A/GM Assets and Delivery Anthony Marroncelli, Manager Development Services Mathew Walsh, Buildings and Facilities Manager

Note: Liability limited by a scheme approved under Professional Standards Legislation



Audit Team	<ul style="list-style-type: none"> ▪ Kristina Blake, Property Manager ▪ Janna Burnham (Partner Internal Audit) ▪ Audit Analyst.
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Acknowledgement and Acceptance

I have read the above engagement scope and am satisfied that objectives and scope meet the expectations for this audit.

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. City of Holdfast Bay Risk Matrix

The method of risk assessment used in this review 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 review 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

Qualitative Measures of Likelihood

LIKELIHOOD	EXPLANATIONS:		FREQUENCY
	Operations	Projects/ Business Case	
Almost Certain	It is expected 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	Will probably occur 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	Could be incurred within a one – two year period.	Incurred in a minority of similar studies or projects	Event could occur at some time
Unlikely	Could be incurred in a two - five year time frame.	Known to happen, but only rarely.	Event could occur in circumstances
Rare	May occur in exceptional circumstances. 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

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 <i>Project – up to 5% of original project budget.</i>	No injuries Minor repairs required of an insignificant nature to property / infrastructure.	“Nuisance” category under the SA <i>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 <i>Project – between 5-10% of original project</i>	Only First Aid treatment required Minor loss or infrastructure damage. Normal seasonal illness leading to minor disruption to activities	“Nuisance” category under SA <i>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

	Reputation	Business impact	People Safety	Environment	Service Delivery
Moderate	<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><i>Project – between 10-20% of original project budget.</i></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 <i>Environment Protection Act (1993)</i></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>
Major	<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.</p> <p>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><i>Project – between 20-35% of original project budget.</i></p>	<p>Serious & 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 <i>Environment Protection Act (1993)</i></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 36- 80% of original project timeframe with or without consequential impacts on other dependencies</p>

Appendix 5. Documents reviewed

Background Research

- The City of Adelaide Park Lands Lease and License Policy
- The City of Adelaide Internal Audit Report: Lease Management
- LGA Guide for Leasing and Licensing Sport and Community Facilities
- SAFA Leasing Guidelines
- SALGFMG Better Practice Model – Internal Financial Controls

CHB Policies and Procedures

- Sporting and Community Leasing Policy
- Commercial Leasing and Licensing Policy

Information pertaining to leases

- Tenant ledgers
- Lease agreements
- Insurances
- Market valuations
- Lease register
- Renewal checklists

Appendix 6. Staff members interviewed

Division	Title	Name
Chief Executive Officer	Chief Executive Officer	Pamela Jackson
Assets & Delivery	Property Services Manager	Mathew Walsh
Assets & Delivery	Manager Public Realm & Urban Design	Matthew Rechner
Assets & Delivery	Buildings and Facilities Technical Officer	Paul Eustace
Community & Business	Recreation & Sport Planning Lead	Lisa Faraci
Community & Business	Community Recreation and Sport Coordinator	Jason Rivett
Community & Business	Events Lead	Hugh Covill
Community & Business	Business Development Partner	Virginia Miller
Community & Business	Community Development Coordinator	Martina Button
Strategy & Corporate	Urban Greening Officer	Samantha Buxton-Stewart
Strategy & Corporate	Manager Financial Services	Cadel Blunt
Strategy & Corporate	Manager Development Services	Anthony Marroncelli
Strategy & Corporate	Property Manager	Kristina Blake
Strategy & Corporate	Finance Officer – Insurance and Debtors	Laavanya Perera

Appendix 7. Detail for sections and items requiring clarification

Sport and Community Leasing Policy

Section	Item to be clarified
3.3: <i>'Rental will be based on the equity that Council and/or the Club has in the facility. Where a Club is deemed to have 100% equity in a building, maintains the building in line with relevant legislation and successfully complies with building audits, no building rent will be applied' .</i>	Clarity around how Council will ensure the Club is meeting its obligations and therefore eligible for no rent. Clarity around whether this will be periodically re-assessed to ensure ongoing eligibility
3.4 <i>'Where clubs have no equity in the building, all lease and licence agreements will incur annual rental fees based on a market appraisal of the property by an independent valuer.'</i>	Clarity around the meaning of 'equity' in this instance
3.5 <i>'When negotiating the terms and conditions of each respective community lease or licence agreement, Council, at their discretion, may incrementally reduce any applicable annual rental fee when a Lessee provides evidence of such services and/or initiatives outlined in section 2 of this policy'</i>	Clarity around minimum thresholds for meeting rental reduction, and whether the lessee must provide evidence that they meet discount criteria on a periodic basis (not just upon lease signing).
3.7 <i>'...maintenance requirements may vary between sites depending on the condition of the asset, standard building maintenance responsibilities for Council and club will be defined and applied to all lease and licence agreements.'</i>	Clarity of maintenance requirements across lessees and buildings
3.8 <i>Leased premises shall be inspected by Council staff annually, or at such other times as considered appropriate. Any works identified in these inspections that is deemed to be the responsibility of the Club must be completed within an agreed timeframe by a licensed tradesperson. If the work is not completed within this timeframe Council will undertake the work and recoup all costs from the Club</i>	This has not been occurring in practice. Clarity of Council's expectations in this area, and commitment/work to ensure inspections occur.
5 Ground maintenance service levels 5.1 <i>Recognising that service levels may vary between sites, and depending on the level of use of the ground, the sporting code, and grade of sport being played, ground maintenance service levels will be defined and agreed upon with Clubs for the term of any lease or licence.</i> 5.2 <i>Council will maintain turf playing surfaces to a public reserve standard, in line with broader community expectations. Where additional services are required by the Club, partial cost recovery</i>	Clarity of application of this clause, consistency of application.

Section	Item to be clarified
<i>will be applied for the additional provision of maintenance services.</i>	
8 Professional/Commercial Clubs <i>8.2 If however the profits gained from a commercial activity are not reinvested into the Club facilities or sport then the Club may be deemed as being commercial in nature, and a rent charged in accordance with the City of Holdfast Bay's Commercial Leasing Policy may apply</i>	Clarity for how CHB assess and apply this clause, and clarity around how sub-leases are treated in relation to this clause.
10.1 Sub-lease / Sub-Licence <i>Where a Club wishes to enter into a sub-lease or licence arrangement for part or all of the premises to another club or commercial activity, approval must first be received from the Council prior to entering into the arrangement. The Council reserves the right to assist the sub-tenant in negotiating a sub-lease or licence fee based on the nature and quantum of the proposed agreement, and the head lease paid by the tenant club / association.</i>	Clarity around Council's expectations: <ul style="list-style-type: none"> - for the sub-lease proceeds and how this will be treated (whether Council is entitled to a % of fees) - to ensure that commercial entities are charged fairly and are not given an unintentional advantage over competitors due to lease values being below market rates.

Commercial Leasing and Licensing Policy

Section	Item to be clarified
All	Policy dated 2016 and due for update
2. Policy Statement One principle included in the statement includes: 'Ensuring maximum return and improved asset value.'	Clarify Council's position and expectations in relation to this policy principle.
S3 Rent Review: <i>'Rent may be adjusted or increased annually by negotiation including by a method of fixed percentage increase, CPI, CPI (plus a fixed percentage increase) and/or market rent review.'</i>	Clarify when council will seek a market rent review
S3 Council responsibilities <i>'Council will undertake those responsibilities outlined in the lease or licence agreement which may include:</i> <ul style="list-style-type: none"> • <i>Structural repairs (to provide weatherproofing as a minimum) unless the need for such repair was caused by the act, omission, negligence or default of the tenant.'</i> 	Clarity between Council responsibilities and the lessees responsibilities, particularly for asset maintenance and repairs
S3 Lessee/licensee responsibilities (various – including insurance, reimbursement of outgoings, maintenance of the premises)	Council's approach to checking/ensuring that responsibilities are met.
S3 Subletting Arrangements <i>'The Lessee or licensee must obtain the written consent of Council prior to entering into any agreement with any other organisation for the use of the facility.</i>	Council's expectations around sub-letting

Section	Item to be clarified
<i>Any subletting arrangement will not extend beyond the term of the current lease.'</i>	<p>Whether Council should manage sub-leases</p> <p>Whether Council expects a fee/part of the sub-lease fee</p> <p>Other principles around sub-leases</p>

Appendix 8. Summary: Peer Benchmarking

Galpins conducted peer benchmarking with four peer councils of a similar size within SA. A summary of key results is below:

Better Practice findings of note:

- All councils reported moving towards a more financially sustainable approach to lease management.
- One council has established a framework to promote consistency of leases (Adelaide Hills Council)
- Three councils use systems to manage leases (Tech1, Nomos One, Sharepoint), and one is looking to use a Reliansys 'Monitor' module.
- One council has a practice of conducting community consultation and then establishing community leases for 10 years (reduced effort to review/update over time).
- One council requests tenants to establish (and pay) their own utilities accounts.
- Two reported leases being up to date (one had a large update project), one have a hold over clause included in leases.
- Councils with a dedicated Property Manager/team demonstrated greater maturity in approach than councils where the role is absorbed by existing officers.
- Two council have regular site inspections (1 to 2 times/year) – one council's Maintenance Team conduct inspections, one council's Property Officer conducts inspections.
- One council: lessees use a TechOne CRM to lodge a maintenance request.

Challenges noted:

- Two reported challenges with expired leases.
- Inconsistency of discounts/lease terms and conditions
- Some lack of clarity around asset management – particularly for community groups
- Two peer councils do not have regular premises inspections, both would prefer/aim for increased regularity.
- Three councils – maintenance requests lodged in a variety of ways (email/phone/EM request)

Of interest:

- One council has made a blanked decision to pay for all asset maintenance for community-related leases, citing difficulty and lack of clarity in previous approach.

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.

Attachment 2

Recommendations Follow-Up Audit

May 2025



Prepared For



Galpins

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Document Control

Date	Revision Number	Revision Details	Author	Reviewer
14.4.25	v1.0	Draft Report	Josh Henderson	Janna Burnham

Entry meeting	20/03/2025
Fieldwork commenced and completed	20/03/2025 01/04/2025
Draft report issued	
Exit meeting	
Revised draft report issued	
Final report issued	

1. Executive Summary

1.1 Background

The City of Holdfast Bay (CHB) aims to ensure strong governance and transparency in relation to Internal Audit, including around the implementation of audit recommendations conducted as part of Council's internal audit program. Under Global Internal Audit Standards, Internal Audit must establish and maintain a system to monitor the implementation of audit recommendations communicated to management and ensure follow up actions have been effectively implemented.

It is in the interest of organisations to monitor implementation of recommendations, as the value Internal Audit services provide is reduced when management fails to follow through with agreed actions. Recommendations are made on the basis of controlling risks and/or increasing efficiency, and a robust system is key to ensuring this occurs. In the context of CHB, overall implementation of recommendations is managed by the Risk and Improvement Officer (RIO). He maintains a Recommendations Register and reports on the status of implementation to the Senior Leadership Team (SLT) and the Audit and Risk Committee (ARC).

Galpins last undertook a comprehensive Post-Implementation Review (PIR) Audit in 2021¹ and noted there was room for improvement in CHB's system for monitoring recommendations. Action items from this audit are within the scope of this audit, as well as a general review of Council's framework.

1.2 Objectives

This internal audit focused on the previous four years' audits and how effectively recommendations have been managed and implemented. The goal was to provide assurance to leadership and identify any gaps and/or delays in the implementation of recommendations.

The audit assessed progress in the implementation of a sample of 'high' and 'medium' risk-rated recommendations from Council's internal audit program to provide assurance on the following:

- the adequacy of Council's overall processes for monitoring and ensuring implementation of audit recommendations,
- relevant internal controls, policies, procedures and guidelines have been implemented as per agreed management actions, and
- whether outstanding/non-implemented audit recommendations are still considered relevant.

In addition, the audit reviewed an outstanding 'low' rated recommendation to provide an opinion on whether it is current or may be closed.

1.3 Relevant Strategic Risks

This audit reviewed recommendations that align across Council's strategic risk profile. It also addressed risks around effective governance.

A full copy of the audit scope is included in **Appendix 1**.

¹ Subsequent PIR audits focussed on implementation of specific audit recommendations.

1.4 Good Practices Observed

The following good practices were observed throughout this audit:

- ✓ The process for managing recommendations is outlined in a procedure.
- ✓ Clear responsibility has been allocated for the RIO to check and track completion of recommendations.
- ✓ A Recommendations Register is used to track recommendation status and progress.
- ✓ The RIO undertakes regular check-ins with action owners to seek feedback on progress in implementing recommendations and to update the Recommendations Register.
- ✓ Assigned action owners will provide updates on the status of their recommendations.
- ✓ Quarterly reporting of recommendations to the Audit and Risk Committee.

Key Findings and Recommendations

This audit assessed the controls established to ensure effective governance over past IA recommendations. Based on the work undertaken, we conclude the control environment **“Requires Significant Improvement”**.²

A robust framework ensures that recommendations are implemented in a timely manner, action owners are accountable for their implementation, and close out follows due process.

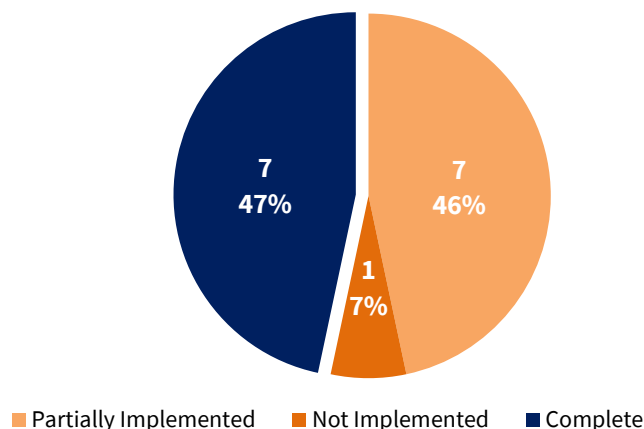
CHB have a framework in place for monitoring the implementation of audit recommendations, however audit test results found that only 53% (8) of tested recommendations were adequately implemented. IA found when testing this framework:

- a manual and time-consuming process for the RIO to follow up with action owners for the status of a recommendation’s implementation, and
- a need for strengthened accountability and governance, with manager approval and sign-off of recommendations before they are marked as implemented.

Section 2.1 discusses opportunities to strengthen the process to monitor recommendations.

In testing a sample of closed recommendations Audit found that 8 out of 15 were either not implemented or partially implemented by Council, demonstrated in the below chart.

Audit assessment: status of recommendations previously marked as 'Complete'



Results indicate a need to foster a stronger culture of tracking and implementing recommendations. This is addressed within the report via a recommendation that the executive/management formally approve/ensure action is complete before recommendations are marked as completed.

Further information can be found in **Section 2.2**. This outlines specific recommendations that need to re-opened, as IA found that they are either partially implemented or not implemented.

Audit reviewed an outstanding ‘medium’ rated recommendation in relation to the 2022/2023 Flood Mitigation Audit and confirm that it is still relevant to keep this recommendation open.

A summary of recommendations is included over page.

² Please refer to **Appendix 2**, Overall Control Effectiveness Ratings for further information.

Summary of Findings and Recommendations

Finding	Recommendation	Audit Risk Rating	CHB Risk Rating	Expected Completion Date
2.1 Review of Framework to Track Recommendations	Recommendation 1: Strengthening accountability around recommendation implementation, for example including management/executive sign off before marking a recommendation as closed.	High		
	Recommendation 2: Opportunities to strengthen the Recommendations Register.	High		
	Recommendation 3: Investigate systematising the Recommendations Register.	Medium		

2. Detailed Findings and Recommendations

2.1 Review of Framework to Track Recommendations

Key Findings

- Internal Audit observed a need for strengthened accountability and governance, and assessed that 8 of 15 recommendations closed in the Recommendations Register as being either not implemented or only partially implemented.
- Council maintains good baseline practices around its recommendations tracking register, and there are opportunities to enhance it through systematisation and increased governance.

Discussion

The audit scope called for a review of the adequacy of overall processes for monitoring and ensuring implementation of audit recommendations. Audit considered CHB's processes against better practice as issued by the Institute of Internal Auditors (IIA), interviewed key stakeholders and tested whether a sample of recommendations marked as 'closed' had been adequately addressed.

Of the 15 recommendations examined as part of this review, IA assessed 8 as being partially implemented or not implemented. Reasons for this included:

- recommendations were incorrectly closed
- action incomplete or not addressing the intent of the recommendation
- management perceived current controls as sufficient, no action taken
- some recommendations no longer applicable as Council has evolved
- implementation still ongoing at the time of testing.

The following factors appeared to contribute to this result:

- lack of inclusion of sufficient detail/agreed actions within the Recommendations Register, leading to later confusion what action is required or has been agreed in the Internal Audit
- some ambiguity as to what is sufficient to qualify as 'complete'
- action owners maintain evidence and there is not a formalised approach for management sign off/approval of recommendations to be closed
- in one instance a key stakeholder was not made aware of the recommendations from an audit/did not realise the report had been finalised and had not implemented any changes.

Formal approval for recommendation close-out

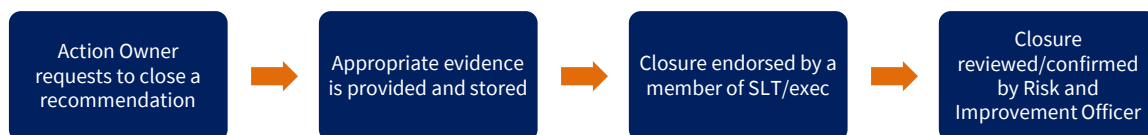
A strong culture and consistent commitment toward the closure of audit recommendations is foundational to success. IA found that there is a need to significantly strengthen processes for closing previous audit recommendations.

Currently, the RIO seeks input from action owners around implementation of a recommendation. This is reliant on the RIO going to each action owner, and gauging whether action is sufficient. There is no management sign-off or centralised storage of evidence of action to address recommendations.

The IIA recommend:

“There should be a formal process for management to request close-out of audit actions and this should include documented evidence supporting close-out. Some organisations require management to complete a close-out form and provide evidence with the submitted form.”³

A formalised process provides assurance that recommendations are actioned appropriately. In line with IIA better practice, the decision to close a recommendation may look like:



This can ensure appropriate levels of governance in closing a recommendation, providing assurance that a recommendation has been fully implemented prior to closure. See **Recommendation 1**.

Risk Exposure

- Without clearly defined accountability and oversight, recommendations may be closed without sufficient implementation.

Recommendation 1	Strengthen the process to verify that an audit action has been implemented, and recommendations can be closed by requiring: <ul style="list-style-type: none"> management/executive sign off that implementation is adequate explanation and evidence to substantiate closure the Risk and Improvement Officer reviews the sign off / confirms appropriate action appears to have occurred. 		
Audit Risk Rating	High	CHB Risk Rating	
Agreed Actions			
Action Officer			
Completion Date			

³ IIA, 2022, Factsheet: Getting Audit Actions Implemented. Online, URL: <https://iaa.org.au/wp-content/uploads/2022/12/Factsheet-Getting-Audit-Actions-Implemented-2022.pdf>

Strengthening the Recommendations Register

The Recommendations Register is a core control in managing the implementation of recommendations and communicating status to the Audit and Risk Committee. CHB have strengthened this register since a previous (2021) audit and the RIO is active in updating. At the time of audit fieldwork, the current Register was comprised of the following:

Audit	Date Action Opened	Reference	Findings	Recommendation	Risk Rating	Status	Action Owner	Target Date	Action Owner Comments
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Standard 15.2 of the Global Internal Audit Standards states:

“Internal auditors must confirm that management has implemented internal auditors’ recommendations or management’s action plans following an established methodology, which includes:

- *Inquiring about progress on the implementation.*
- *Performing follow-up assessments using a risk-based approach.*
- *Updating the status of management’s actions in a tracking system.”*

At CHB, this responsibility is shared by the RIO and Galpins as the outsourced IA provider.

The IIA provides guidelines⁴ for information to be contained in a recommendations register (i.e. tracking system). A full analysis can be found in **Appendix 5**, with highlighted sections below:



Missing piece

5 of 15 recommendations had their target completion date overridden with ‘Complete’

Justification for changing a target implementation date

Management and/or executive approval

That the RIO has reviewed and agrees formal closure is appropriate

Flagging ‘at risk’ recommendations

Key milestone dates (optional)



How it fits in

Maintaining these dates in the register is advised as this history/information provides useful context

Justification can provide readers with context

Highlights to all stakeholders that a closure is verified

Provides assurance that appropriate processes have been followed/independent check of completeness

This emphasises to SLT and ARC where implementation dates may slip

Can ensure implementation is appropriately planned/dates are staggered if appropriate.

See **Recommendation 2** over the next page.

⁴ IIA, 2023, Whitepaper: Reporting on the Status of Recommendations. Online, URL: <https://iia.org.au/wp-content/uploads/2023/03/IIA-Whitepaper-Reporting-on-the-Status-of-Audit-Recommendations-2023.pdf>

Risk Exposure

- A lack of detail regarding the status and scope of an action in the Recommendations Register may lead closure of recommendations where action taken is incomplete/unsatisfactory.
- Lack of capacity to be assured that audit recommendations are implemented.

Recommendation 2	<p>Strengthen the Recommendations Register by including:</p> <ul style="list-style-type: none"> ▪ original and updated target completion updates, even after a recommendation is closed ▪ dates for key milestones (optional) ▪ more information relating to changes to target dates ▪ the agreed management action ▪ more context for the status of a recommendation ▪ executive/management approval for closing recommendations, and ▪ flagging any 'at risk' recommendations. <p>Implementation of this action may be in conjunction with Recommendation 3.</p>		
Audit Risk Rating	High	CHB Risk Rating	
Agreed Actions			
Action Officer			
Completion Date			

Using a system for the recommendations register

Currently, the RIO meets stakeholders monthly to follow up on the implementation of recommendations. This is a time consuming process.

Better practice is to automate audit recommendation tracking, so:

- action owners can be assigned and automated notifications sent to follow up on the status of a recommendation
- approval must go through a workflow, ensuring proper stakeholder engagement
- there is an audit trail of action, and
- evidence must be attached in closing out a recommendation.

This can free up time for the RIO to focus on providing quality assurance of evidence versus chasing action owners for updates. With maturity, CHB may explore providing deeper insights to the Audit and Risk Committee by reviewing data to measure effectiveness.

Note – options of systems used by peers include but are not limited to:

Recommendation Post Implementation Review

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-
- Envisio
 - Microsoft Sharepoint
 - Pulse
 - Reliansys Monitor.

See **Recommendation 3**.

Risk Exposure

- Inefficiencies related to manual follow up on the status of recommendation implementation.
- A lack of systematisation may mean that information is entered incorrectly or is not complete.
- Potential loss of data/audit trail via use of Excel spreadsheet.

Recommendation 3	Investigate use of a system to formally record, track, and follow up on the implementation of audit recommendations. Functionality to workflow actions through for approval is desirable. Report back on decisions/findings to the Audit and Risk Committee.		
Audit Risk Rating	Medium	CHB Risk Rating	
Agreed Actions			
Action Officer			
Completion Date			

2.2 Summary of audit recommendations assessed as partially implemented/not implemented

Risk Rating Key	
High	H
Medium	M
Low	L

This section outlines the status of recommendations assessed as partially or not implemented. These were all marked as 'Complete' in the Recommendations Register.

Appendix 4 includes details of recommendations confirmed as closed.

2020 Cyber Security Review

Recommendation	Risk Rating	Agreed Actions	Rec. Register Status	Audit Assessment (May 2025)	Comments as at May 2025
<p>Recommendation 6: Council (including Alwyndor) to formalise supplier relationship management. This can include:</p> <ul style="list-style-type: none"> developing principles to assess supplier risk prior to engagement defining escalation points for cases when security incidents occur developing expectations that suppliers agree to abide by relevant Council policies <p>In addition, CHB can work to formalise the arrangement in place with its existing technology provider (or re-approaching the market if appropriate and then formalising with the successful provider).</p>	H	<p>Develop and implement an approved policies and procedures to protect the organisation's systems and information that is accessible to ICT outsourcers and other external suppliers. Process to be applied to current and future providers involves:</p> <ul style="list-style-type: none"> Risk assessment Screen and auditing Selecting clauses in agreements based on above Access control Compliance monitoring 	Complete	Partially Implemented	<p>Action: The CHB Cyber Security Framework notes, "There are no cyber security requirements outlined within contractor agreements" and "There is no formal register that highlights all external vendors".</p> <p>Audit considers that this recommendation should be re-opened in Council's Audit Recommendations Register, and note that there is an active effort to achieve this within the Cyber Security Framework.</p>

Recommendation Post Implementation Review

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Recommendation	Risk Rating	Agreed Actions	Rec. Register Status	Audit Assessment (May 2025)	Comments as at May 2025
Further guidance in relation to supplier management is included in ISO27002 <i>Information Technology Security Techniques Code of practice for information security controls</i>		<ul style="list-style-type: none"> Termination of the agreement <p>Service delivery by external suppliers to be monitored and reviewed/audited against the contracts/agreements and including service changes.</p>			
Recommendation 8: Ensure that the Disaster Recovery Plans for the organisation are up to date and relevant. This includes: <ul style="list-style-type: none"> ensuring that a disaster recovery plan has been documented for CHB, and reviewing the Alwyndor plan and receiving input from the business to ensure that it is fit for purpose. 	H	<p>CHB</p> <ul style="list-style-type: none"> Complete update of the Disaster Recovery Plan <p>Alwyndor</p> <ul style="list-style-type: none"> Complete update of the Disaster Recovery Plan to include any comments from the business 	Completed	Partially Implemented	<p>CHB: Complete</p> <p>Alwyndor: The Managed Services Provider (MSP) at the time, Calibre One, prepared a draft DRP. Subsequently it was not progressed and is missing key information. IA note that the situation has changed in following years, and efforts are progressing to implement this through resourcing and formal agreement with CHB.</p>

2021 Environmental Strategy Review

Recommendation	Risk Rating	Agreed Actions	Rec. Register Status	Audit Assessment (May 2025)	Comments as at May 2025
<p>Recommendation 4: Review the adequacy of resourcing/operational capacity to meet the Strategy's action item of 'Continue to increase net tree numbers and improve tree health'. In particular, review whether there is sufficient capacity to:</p> <ul style="list-style-type: none"> water and maintain new tree plantings proactively conduct works to improve tree health across the council area. <p>If a lack of capacity is identified:</p> <ul style="list-style-type: none"> consider whether additional resourcing (as opposed to reallocation of budget lines) is required, and/or consider whether the current planned tree targets should be revised. 	M	<p>Complete the street tree audit.</p> <p>Develop Urban Forest Strategy (UFS) and Tree Asset Management Plan (TAMP). The TAMP will inform capacity and resourcing requirements considering all aspects of the asset (tree) lifecycle.</p> <p>*Interim increase 2022/23 tree watering budget in proportion to the additional trees planted over the last 3 years.</p>	Complete	Partially Implemented	<p>Action 1: Completed.</p> <p>Action 2: Draft UFS and TAMP developed, however still to be endorsed at time of the audit.</p> <p>Action 3: No longer applicable. IA note that due to the updated TAMP still in draft, there was no interim increase in the 2022/23 tree watering budget. The updated TAMP will address this.</p>

2022 Cyber Security Follow-Up

Recommendation	Risk Rating	Agreed Actions	Rec. Register Status	Audit Assessment (May 2025)	Comments as at May 2025
Recommendation 3: Develop a process to ensure that all recommendations from reviews/audits in relation to information security capabilities are tracked and monitored. Note: the majority of these reviews are conducted independent of the internal audit program.	H	No management response recorded.	Complete	Partially Implemented	Action: IA note in the sighted Cyber Security Framework, "There is no program for cyber security assurance activities in place or documented". Further to this "...SLT meet fortnightly, no agenda item for cyber [security], [this is] discussed on an as needs basis". There is a plan in place to reach maturity, and staff reported an approach to track actions via project pages within MS Teams.

2023 Complaints Handling Review

Recommendation	Risk Rating	Agreed Actions	Rec. Register Status	Audit Assessment (May 2025)	Comments as at May 2025
Recommendation 3: Implement a sample-based approach to conducting quality assurance and review of complaints. This may occur at regular intervals, for example quarterly or six-monthly. Note: The initial sample may be small, and increase or decrease for subsequent checks depending on findings and whether a need for improvement is identified.	M	Management agreed, assigning the following: Manager Customer Experience and Library Services in liaison with Risk & Improvement Officer (Strategy & Governance Team) To be completed by 30/06/2023	Complete	Not Implemented	Action: This has not yet occurred. Stakeholders reported that now the RMS has been reconfigured, and 12 months of data has been collected, attention will be focused on implementation. Roles and responsibilities will be delegated as part of the overall Target Operating Model project.

2024 Strategic Planning Alignment

Recommendation	Risk Rating	Agreed Actions	Rec. Register Status	Audit Assessment (May 2025)	Comments as at May 2025
<p>Recommendation 2: Clarify governance arrangements around Strategic Plan, ownership of objectives and reporting.</p> <p>As part of work to develop monitoring/reporting and governance mechanisms to track progress against the Our Holdfast 2050+ Plan:</p> <ul style="list-style-type: none"> clarify roles/responsibilities for ownership and oversight of achievement against the Our Holdfast 2050+ Plan ensure that ownership of each objective/ action is clearly allocated ensure that progress is included as a standing agenda item at a relevant strategic meeting. 	H	<p>Agreed to in Management Response.</p> <p>Action Officer</p> <p>Corporate and Service Planning Lead</p> <p>Manager Strategy and Governance</p> <p>Target date: 31 July 2024</p>	Complete	Partially Implemented	<p>Action: The team confirmed that this recommendation was initially closed, however due to broader strategic initiatives it was internally re-opened. IA notes that significant effort is being undertaken by the team to implement the new Envisio system. IA find it reasonable to re-open this recommendation and assess it as 'Partially Implemented'.</p>
<p>Recommendation 5: Work to more clearly identify where strategic goals for corporate performance will be documented (and tracked). This will for example cover the organisational initiatives required within CHB to help achieve the objectives of Strategic Plan.</p>	M	<p>Agreed – operational side of Council activities, including corporate performance goals, will be reflected in the Corporate Plan.</p> <p>Action Officer</p> <p>Corporate & Service Planning Lead</p> <p>Manager Strategy & Governance</p> <p>Target date: 31 December 2024</p>	Complete	Partially Implemented	<p>Action: The new Envisio system has been procured and is currently in its implementation phase. It will be used to track and document organisational initiatives.</p>

2024 Procurement Review

Recommendation Post Implementation Review

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Recommendation	Risk Rating	Agreed Actions	Rec. Register Status	Audit Assessment (May 2025)	Comments as at May 2025
Recommendation 1: Introduce some governance/assurance mechanisms to oversight procurement. Examples may include, but are not limited to: <ul style="list-style-type: none"> exception reporting (purchases above thresholds, varied POs, cancelled POs, exemption spot checks) supplier creation / amendment / deletion (e.g. proof of supplier requests). Ensure that relevant staff position descriptions reflect this responsibility for assurance around procurement.	M	No management response recorded, noting this as “Already occurring”.	Complete	Partially Implemented	Stakeholders reported: <ul style="list-style-type: none"> No oversight of supplier creation – entire process currently conducted by one officer. Ongoing visual review of POs, however no sample checks of exemptions.



APPENDICES

Appendix 1. Scope of the audit engagement



Internal Audit Scope Recommendations Follow-Up Audit

Background	<p>The City of Holdfast Bay aims to ensure strong governance and transparency in relation to Internal Audit, including around the implementation of audit recommendations conducted as part of Council's internal audit program.</p> <p>Under global standards, Internal Audit must establish and maintain a system to monitor the implementation of audit recommendations communicated to management and ensure follow up actions have been effectively implemented.</p>
Audit Objective	<p>This internal audit will focus on the previous four years audits and how effectively recommendations have been managed and implemented. This will provide a level of comfort to leadership, and identify any gaps and/ or delays in the implementation of recommendations.</p> <p>The audit will assess the progress in the implementation of 'high' and a sample of 'medium' risk-rated recommendations from Council's internal audit program and provide assurance on the following:</p> <ul style="list-style-type: none"> the adequacy of Council's overall processes for monitoring and ensuring implementation of audit recommendations, relevant internal controls, policies, procedures and guidelines have been implemented as per agreed management actions, and whether outstanding/non-implemented audit recommendations are still considered relevant. <p>In addition, the audit will review one outstanding 'medium' rated recommendation in relation to flood management and provide an opinion on whether this remains current or may potentially be closed.</p>
Scope	<p>IA have specifically reviewed cyber security recommendations (2022) and Planning Reform recommendations (2023). Recommendations previously reviewed by IA will not be re-assessed unless they were identified as remaining 'open'.</p>
Methodology	<p>In conducting the engagement, the team will:</p> <ul style="list-style-type: none"> review the approach used internally to track, monitor and report on the implementation of audit recommendations identify all relevant rated recommendations for review, select sample obtain evidence via document review and testing that planned actions have been implemented conduct interviews with relevant staff on implementation of actions against recommendations

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	<ul style="list-style-type: none"> ▪ assess the current implementation status of each recommendation ▪ draft a report summarising findings and recommendations, ▪ identify potential opportunities for improvement ▪ draft a report summarising findings and recommendations, and ▪ provide a final report for presentation to the Audit and Risk Committee.
Relevant Risks	This audit addresses recommendations that align across Council's strategic risk profile. It also addresses risks around effective governance.
General Administration	This audit will be performed by Galpins, Council's internal audit providers. Galpins will be responsible for maintaining regular communication with Council. This is a 'standard' audit per the IA Services contract.
Key Stakeholders	<p>The key contacts for this internal audit will be:</p> <ul style="list-style-type: none"> ▪ Sharon Wachtel, GM Strategy and Corporate ▪ Jennifer Fleming, A/g Manager Strategy and Governance ▪ Emmanuel Areikin, Risk and Improvement Officer.
Audit Team	<ul style="list-style-type: none"> ▪ Janna Burnham (Partner) ▪ Joshua Henderson (Analyst)

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. City of Holdfast Bay Risk Matrix

The method of risk assessment used in this review 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 review risks.

Consequence \ Likelihood		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

Qualitative Measures of Likelihood

LIKELIHOOD	EXPLANATIONS:		FREQUENCY
	Operations	Projects/ Business Case	
Almost Certain	It is expected 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	Will probably occur 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	Could be incurred within a one – two year period.	Incurred in a minority of similar studies or projects	Event could occur at some time
Unlikely	Could be incurred in a two - five year time frame.	Known to happen, but only rarely.	Event could occur in circumstances
Rare	May occur in exceptional circumstances. 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

Consequence Criteria

	Reputation	Business impact	People Safety	Environment	Service Delivery
Insignificant	<p>No adverse effect on public image</p> <p>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><i>Project – up to 5% of original project budget.</i></p>	<p>No injuries</p> <p>Minor repairs required of an insignificant nature to property / infrastructure.</p>	<p>“Nuisance” category under the SA <i>Environment Protection Act (1993)</i></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>
Minor	<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><i>Project – between 5-10% of original project</i></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 <i>Environment Protection Act (1993)</i></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>

	Reputation	Business impact	People Safety	Environment	Service Delivery
Moderate	<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><i>Project – between 10-20% of original project budget.</i></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 <i>Environment Protection Act (1993)</i></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>
Major	<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><i>Project – between 20-35% of original project budget.</i></p>	<p>Serious & 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 <i>Environment Protection Act (1993)</i></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 36- 80% of original project timeframe with or without consequential impacts on other dependencies</p>

Appendix 4. Audit recommendations assessed as implemented

2021 Recommendations Follow Up

Recommendation and Agreed Actions	Risk rating	Audit assessment as at May 2025
<p>Recommendation 2: Implement a formal process for tracking and reporting audit recommendations. In line with better practice, this process should:</p> <ul style="list-style-type: none"> include a formal policy around approvals of timing extensions for audit action implementation and the escalation of approvals for additional timing extensions, track original implementation dates – there should be no new baseline date and every extension date should be tracked, track all remedial and improvement actions, with progress reported to senior management and the Audit Committee, and timely reporting to the Audit Committee on delays in implementing high risk audit actions. <p>Agreed Action: Management agreed to implementing the recommendation.</p> <p>Note: Although all actions are assessed as Implemented there is an opportunity to strengthen Action 2, see Recommendation 2.</p>	M	Implemented

2021 Environmental Strategy Review

Recommendation and Agreed Actions	Risk rating	Audit assessment as at May 2025
<p>Recommendation 2: Consider providing costings for all stages of multi-year/multi-stage action plans/projects with a 4 or 5 priority ranking, and high-level scoping for priorities 2 and 3, where possible, to assist CHB to develop robust medium- and long-term financial plans. This should include costing of the operational impact of new initiatives.</p> <p>NOTE: – This recommendation is intended to provide, where possible, costings to inform the funding approvals for multi-year/multi-stage plans/projects as discussed in 2.3, and support the implementation of Recommendation 3.</p> <p>Agreed Action: To be completed in conjunction with recommendation 1. Multi-year projects are dynamic as project extents can change following the investigation stages.</p>	H	Implemented

2022 Transport Asset Management Review

Recommendation and Agreed Actions	Risk rating	Audit assessment as at May 2025
<p>Recommendation 3: A review timetable is introduced for all AMPs, scheduling:</p> <ul style="list-style-type: none"> annual updates to the 10-year replacement schedule, associated costings and financial summary based on current asset management data annual updates to the tables within the Risk and Improvement Plan Appendices (including status of treatment plans) 4-yearly comprehensive AMP updates within 2 years of each general election. <p><i>Note: it may not be necessary to annually update all AMPs – the transport AMP is highly material and therefore the most beneficial to update. Updates for other asset classes should be considered on the basis of materiality / effort vs benefit.</i></p> <p>Agreed Action:</p> <p>Introduce this review timetable as an improvement action. Annual updates to begin following the development of the new AMPs.</p> <p>Begin with annual updates internally and external update every 4 years.</p>	M	Implemented

2023 Complaints Handling Review

Recommendation and Agreed Actions	Risk rating	Audit assessment as at May 2025
<p>Recommendation 1: Work to reconfigure how ‘complaints’ are recorded in CHB’s system, potentially with ‘complaint’ being a Level 1 business function subject index, with the Level 2 activity subject index then being the subject matter/business area of interest.</p> <p>Note – this may occur in ECM and/or the new RMS module that is currently being configured for roll-out in mid-2023.</p> <p>Agreed Action: Management agreed to this action.</p>	M	Implemented

2023 Planning Reform Audit: Post Implementation Review

Recommendation and Agreed Actions	Risk rating	Audit assessment as at May 2025
<p>Recommendation 1: Develop principles to guide CHB staff when assessing development applications. For example, this may include:</p> <ul style="list-style-type: none"> providing principles around interpretation of the Code when verifying an application <p>Agreed Action: Providing principles around interpretation of the Code when verifying an application.</p>	M	Implemented
<p>Recommendation 2: 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"> records of assessment decisions made at weekly team meetings reference documents containing precedent cases to encourage a consistent approach. <p>Agreed Action: TL to reference documents containing precedent cases to encourage a consistent approach.</p>	M	Implemented

2024 Procurement Review

Recommendation and Agreed Actions	Risk rating	Audit assessment as at May 2025
<p>Recommendation 11: Consider implementing periodic ‘spot checks’ of a sample of procurement, to identify non-compliance, provide appropriate training and to increase the level of compliance with procurement requirements. If this is implemented, ensure that the ‘spot check’ responsibilities are included in a staff member’s position description.</p> <p>Agreed Action: No management response recorded, noted as “Already occurring”.</p>	M	Implemented

Recommendation Post Implementation Review

Appendix 5. CHB Recommendations Register: Comparison vs IIA Guidance

The below table contains details of comparison of CHB's Recommendations Register vs guidance from the Institute of Internal Auditors.

Recommendation	CHB
Show the name of the audit report and date issued (and audit reference number if used)	●
Summarises (or provides full narrative) of the recommendation and unique number	●
Flags recommendations where management or board assumed risk of not taking corrective action	●
Indicates the responsible business unit	●
Identifies the person primarily responsible for implementation	●
Shows the risk rating of the recommendation	●
Shows the priority of the recommendation ⁵	○
Identifies the original target implementation date agreed with management	◐
Identifies dates of key milestones (where relevant) for complex and/or technology-based solutions	○
Shows the revised implementation date (where advised by management)	●
Provides comments on reason/s for changes to target dates	◐
Indicates the current status of recommendations	◐
Flags that responsible officer (at CHB – the Risk and Improvement Officer) has reviewed and agrees that formal closure is appropriate	○
Flags any 'at risk' recommendations	○
Interpretation	
● Present	◐ Partial
○ Absent	

⁵ Note – risk rating currently used as an indication of priority of recommendations.

Appendix 6. Documents reviewed

2020 Cyber Security Review

- CHB & Alwyndor Cyber Security Framework
- CHB & Alwyndor IT DR Plans
- Audit and Risk Committee agendas

2021 Recommendations Follow Up

- CHB Recommendations Register
- Internal Audit Policy
- Audit and Risk Committee agendas

2021 Environmental Strategy Review

- Draft Urban Forest Plan
- Environmental Strategy Report

2022 Transport Asset Management Review

- Transport Asset Management Plan 2020

- Transport Asset Management Plan 2024

- Asset Management Strategy 2024

2022 Cyber Security Follow Up

- CHB & Alwyndor Cyber Security Framework

2023 Planning Reform Follow Up

- Internal guidance for Plan SA

2024 Procurement Review

- Procurement Officer Position Description
- Procurement Procedure
- Procurement Policy

2024 Strategic Planning Alignment

- Audit and Risk Committee agendas
- Team meeting minutes

Appendix 7. Staff members interviewed

Division	Title	Name
Strategy & Corporate	Manager Development Services	Anthony Marroncelli
Strategy & Corporate	Corporate & Service Planning Lead	Stuart Boyd
Strategy & Corporate	Unit Manager Information & Technology	Leigh Ray
Strategy & Corporate	Risk & Improvement Officer	Emmanuel Areikin
Community & Business	Manager Customer Experience and Library Services	Tania Paull
Assets & Delivery	Manager Engineering	James Mitchell
Assets & Delivery	Team Leader, Environment & Coast	Alex Gaut
Strategy & Corporate	Procurement & Supplier Management Officer	Kate Pillay

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.

Attachment 3

Internal Audit - Recommendation/Action Monitoring and Review

Audit	Date Report Finalised/Action Opened	Ref	Findings	Recommendation	Risk Rating	Status	Action Owner	Target Completion Date	Action Owner Comments
2023/24 Procurement	Mar-24	PR05		Recommendation 5: Investigate implementing an invoice matching process, where Optical Character Recognition is used to automatically link invoices to Purchase Orders. This may help to reduce time in processing invoices before receipt.	Medium	Complete	Manager Finance	30/06/2024 30/09/2024 30/06/2025	<u>Comment - August 2024</u> Agreed - This will be implemented subject to ICT feasibility. Oversight of the evaluation and decisions regarding implementation will be via the ICT Steering Committee/Project Oversight Committee. Comments- November-2024. Internal discussion with the IT team ongoing. Comments - March 2025. Proposal to upgrade EzeScan, address legacy infrastructure constraints and enable direct integration with TechOne was presented to IT General Steering Committee for approval on March 19. Not approved due to financial constraints and lack of staff capacity to deliver recomendations.
2023/24 Procurement	Mar-24	PR10	2.4 Tech1 enhancements to improve user experience around payments	Recommendation 10: Review the suggested Tech1 improvements list (included in Appendix 6) and develop a project plan to address these. Present the plan to the IT Steering Committee, with changes to be implemented as part of the team’s overall workload. <i>Report back on agreed actions to the Audit and Risk Committee.</i>	Low	Complete	Manager Finance	10/31/2024 30/06/2025	<u>Comment - August 2024</u> Presentation for investment evaluation by October 2024, implementation as resources allow. This will be overseen by the ICT Sterring Committee / Project Oversight Committee. Comments - November - 2024: Feasible actions to be reviewed with IT. Comments - March 2025. OCR technology and other infrastructure upgrades not approved by IT General Steering Committee due to financial constraints and lack of staff capacity to deliver recommendations.
2024/25 Volunteer Management Audit	Nov-24	VM3.3	WHS for volunteers	Recommendation 3: Review WHS induction form.	Medium	Complete	Manager Community Wellbeing, Volunteer Services Coordinator	Complete	Comments - November 2024 - To be reviewed in conjunctions with CHB's WHS Business Partner. Comments - March 2025 - Review ongoing - due for completion by June 2025. Comments - March 2025. Complete
				Recommendation 4: Confirm forward intention of volunteers' use of plant and equipment.	Low	Complete	Manager Community Wellbeing, Community Development Coordinator	Complete	Comments - November 2024 - CHB will confirm forward intention and develop a RACI model as part of the development of the Sustainable Operating Model for community centres. Comments- March 2025. Complete.

Audit	Date Report Finalised/Action Opened	Ref	Findings	Recommendation	Risk Rating	Status	Action Owner	Target Completion Date	Action Owner Comments
2024/25 Volunteer Management Audit	Nov-24	VM3.6	Volunteer recognition and appreciation	Recommendation 9: Consider offering alternative forms of appreciation to volunteers.	Better Practice	Complete	Volunteer Services Coordinator	Complete	Comments - November 2024 - A suite of alternative appreciation options to be offered to volunteers who cannot attend events Comments - January - 2025, Work progressing on firming up options to be offered. Comments - March 2025. Complete
				Recommendation 12: Consider including reporting around volunteers in quarterly Senior Leadership Team meetings.	Better Practice	Complete	Volunteer Services Coordinator	Complete	Comments - November 2024 - Quarterly reporting about volunteer performance to SLT to be developed. Comments- March 2025. Complete

Internal Audit - Recommendation/Action Monitoring and Review

Audit	Date Report Finalised/ Action Opened	Ref	Findings	Recommendation	Risk Rating	Status	Action Owner	Target Completion Date	Action Owner Comments
Workforce Planning	Feb-21	WFP02	<p>2.2 Opportunity to develop a strategic workforce plan that aligns with business objectives:</p> <p>- Workforce planning activities are primarily conducted at a team level with the Manager assuming key responsibility. The General Manager and People and Culture provide input and support.</p> <p>- All Managers interviewed demonstrated an understanding of their team’s operational workforce requirements and strategic challenges and identified further the need for strategic and holistic workforce planning across Council.</p> <p>- Specific workforce planning approaches are informal, operational, and teams based. There is opportunity to document critical workforce knowledge.</p> <p>- Alwyndor’s Managers have demonstrated awareness of WFP recommendations arising from the Royal Commission into Aged Care Quality and Safety (the Royal Commission) and a desire to ensure compliance. Alwyndor have commenced preliminary planning for a strategic WFP.9</p>	<p>We recommend that:</p> <p>Rec: 2 - Develop an overarching strategy or framework to guide workforce planning initiatives, specifically including <u>strategic workforce</u> planning at both CHB and Alwyndor. Options to achieve this include:</p> <p>- develop a high level standalone workforce plan, framework or strategy that documents the overall workforce planning requirements for CHB and Alwyndor.</p> <p>- link more strategic WFP activities to requirements under Council's exisitng 'culture' pillar. A suite of supporting documents may then be developed to further outline specific actions in place.</p> <p>NOTE: – Internal Audit consider that WFP is an ongoing process and promote a pragmatic approach to WFP rather than a time-intensive and static document. In addition, this work can be completed in line with Council’s draft strategy – Audit understand that directions included in the new Strategy are already broadly known. In addition, Alwyndor’s Strategic Plan, through the enabler: People and Culture, includes an action to develop a workforce plan for 2021.</p>	Low	In Progress	Manager People and Culture	30/06/2022 30/06/2023 30/09/2023 31/12/2023 31/08/2024 31/05/2025	<p>Comments June 2022; - Generic principles of Workforce Planning were determined for both Alwyndor and COHB and approved by the SLT. - Strategic Plan 2050 launched in January 2022. Awaiting development of Corporate Plan to determine workforce planning strategies to support future service delivery/strategic outcomes. - 'Culture Pillar' has now been removed for Council so is no longer applicable. Alwyndor has a separate Strategic Plan, therefore Council’s ‘Culture’ Pillar is not applicable. - WFP strategies to be determined annually from strategic plan and workforce trends within a highly regulated industry. - Timeline for Corporate Plan to be established - approx Dec 2022 (as per SB 22/7/22)</p> <p>Comments September 2022 - Corporate Plan underway - due for completion Dec 2022 - Workforce planning strategy to follow once Corporate Plan established.</p> <p>Comments March 2023 - Will be completed to target due date</p> <p>Comments June 2023 - Work progressing to target due date</p> <p>Comments August 2023 - Corporate Plan being finalised which will then inform this strategic workforce planning.</p> <p>Comments October 2023 - Corporate Plan details now finalised - to be used as a reference by newly appointed Manager P&C over coming months to inform WFP. Extended due date until end of next quarter to allow for transfer/update of information.</p> <p>Comments February 2024 - Workforce strategy to guide workforce planning underway - target for completion 30/06/24</p> <p>Comments - May 2024 - Work on track to finalise required strategy by due date.</p> <p>Comments - August 2024 - Final review stage of the process</p> <p>Comments - October 2024 - Review completed</p> <p>Comments November 2024</p> <p>May need to be outsourced with a delivery target of May 2025</p>

Audit	Date Report Finalised/ Action Opened	Ref	Findings	Recommendation	Risk Rating	Status	Action Owner	Target Completion Date	Action Owner Comments
Workforce Planning	Feb-21	WFP03	<p>2.2 Opportunity to develop a strategic workforce plan that aligns with business objectives:</p> <ul style="list-style-type: none">- Workforce planning activities are primarily conducted at a team level with the Manager assuming key responsibility. The General Manager and People and Culture provide input and support.- All Managers interviewed demonstrated an understanding of their team's operational workforce requirements and strategic challenges and identified further the need for strategic and holistic workforce planning across Council.- Specific workforce planning approaches are informal, operational, and teams based. There is opportunity to document critical workforce knowledge.- Alwyndor's Managers have demonstrated awareness of WFP recommendations arising from the Royal Commission into Aged Care Quality and Safety (the Royal Commission) and a desire to ensure compliance. Alwyndor have commenced preliminary planning for a strategic WFP.9	<p>We recommend that:</p> <p>Rec: 3 - Complete the planned CHB (not Alwyndor) skills/capability and gap analysis and use this to inform plans to obtain and develop critical skills necessary for delivery of its strategic plan. Example required skills gaps identified may include:</p> <ul style="list-style-type: none">- service design capability- data analytics	Low	In Progress	Manager People and Culture	<p>30/06/2022 30/06/2023 30/09/2023 31/12/2023 30/09/2024 30/11/2024 31/05/2025</p>	<p>Comment June 2022; *** This recommendation does not apply to Alwyndor.</p> <ul style="list-style-type: none">- Skills/Capability Audit was undertaken for the Leadership Team, however, not completed for the rest of the organisation- Strategic Plan 2050 launched in January 2022. Awaiting development of Corporate Plan to determine workforce planning strategies to support future service delivery and strategic outcomes.- Timeline for Corporate Plan to be established - approx Dec 2022 (as per SB 22/7/22) <p>Comments September 2022 - Corporate Plan underway - due for completion Dec 2022 - Skills capability and gap analysis to follow once Corporate Plan established.</p> <p>Comments March 2023 Will be completed to target due date</p> <p>Comments June 2023 - work progressing to target due date</p> <p>Comments August 2023 - Corporate Plan being finalised which will then inform this skills/capability audit</p> <p>Comments October 2023 - Corporate Plan details now finalised - to be used as a reference by newly appointed Manager P&C over coming months to inform WFP. Extended due date until end of next quarter to allow for transfer/update of information.</p> <p>Comments February 2024 - Skills/capability gaps analysis underway – target for completion 30/9/2024</p> <p>Comments - May 2024 - Extended deadline for completion by 8 weeks to enable finalisation/cross checking of details.</p> <p>Comments - August 2024 - Final review stage of process</p> <p>Comments November 2024</p> <p>Final review stage of process - completion date extended by 6 months</p>

Audit	Date Report Finalised/ Action Opened	Ref	Findings	Recommendation	Risk Rating	Status	Action Owner	Target Completion Date	Action Owner Comments
Workforce Planning	Feb-21	WFP06	2.4 Opportunity to ensure critical knowledge is formally documented: - Knowledge of key workforce demand/supply gaps is informally held by Managers who are familiar with their operational requirements and market conditions. - Manager turnover may lead to inconsistent approaches to managing these risks and/or missed opportunities to more effectively plan for succession and knowledge documentation/transfer. - There is an opportunity to proactively review demand and supply requirements and associated workforce risks. This will strengthen Council's business continuity and knowledge transfer in the event of a General Manager or Manager leaving Council.	We recommend that: Rec: 6 - Review whether staff in all positions identified as critical across Council have documented their knowledge/role requirements. Where required and to assist in case of staff turnover/ unexpected leave, ensure that this knowledge is formally documented. <u>NOTE:</u> Management will review the work instructions and procedures for all critical roles, in particular Corporate roles where there is real risk due to lean team structures.	Low	In Progress	Manager People and Culture	31/05/2022 31/12/2022 30/06/2023 30/09/2023 31/12/2023 30/06/2024 30/09/2024 30/06/2025	Comments June 2022; Alwyndor Management will review the work instructions and procedures for all critical roles, in particular Corporate roles where there is a real risk due to lean team structures. Business Continuity Planning undertaken for Council, with a high focus during the pandemic. Critical roles have been identified as well as succession planning opportunities. Managers responsible for determine their business processes, as well as ensuring adequate records management processes (ECM introduced in 2020 with appropriate training for all staff) to ensure documentation available for Council. NOTE: Could incorporate reference to critical operational procedures via BCP matrices completed by Managers Feb/Mar 2022. Comments September 2022 - Alwyndor/ Strategy & Governance to progress - no action required from Manager P&C perspective. Comments March 2023 - Will be progressed/finally reviewed in line with current corporate Manager Finance recruitment. Comments June 2023 - Work progressing to target due date Comments August 2023 - Leadership team review now required to ensure workforce risks have been fully recognised and the relevant internal controls are correctly in place. Comments October 2023 - Newly appointed Manager P&C to review the management process for 'critical position data' - with a view to closing off this action within the next quarter. Comments February 2024 - Critical Positions review underway – target for completion 30/6/2024 Comments - May 2024 - Working to have staff Critical Positions review completed by due date - 30/06/24 Comments - August 2024 - Final review stage of process - slight time extension required. Comments November 2024 Final review stage of process - deadline for completion extended by 6 months
Environment Strategy	Mar-22	ES02	2.2 Opportunities to strengthen Environment Strategy Governance	Recommendation 2 To complete CHB's climate governance risk assessment and adopt relevant recommendations to strengthen CHBs climate risk governance. -Complete the Climate Risk Governance Assessment. -Review and provide a report of findings to Council with recommendations for actions and priorities to improve climate governance.	Better Practice	In Progress	Manager Engineering	28/02/2025 31/12/2025	Comments December 2024 Action re-opened as it had been partially implemented. Report to Council of findings of the Climate Risk Government Assessment with proposals due for 28/02/2025. Comments - March 2025. High level risk assessment approach being discussed & developed via CCCoP with a completion date of 31/12/2025 due to other priorities
2022/23 Flood Mitigation	Feb-23	FM01	2.1 Detailed Findings A framework to manage flooding is in place, there's opportunity to review Stormwater Management Plan	We recommend that: Rec. 1: - After updated flood modelling/risk data is received from the State Government, review the Stormwater Management Plan. This can include updated action items/projects for achievement, based on the latest modelling data. Note – this recommendation will be dependent on agreement with the City of Marion and the Stormwater Management Authority.	Low	In Progress	Manager Engineering	30/06/2026 30/06/2025 30/06/2025	Comments June 2023 - work not yet commenced Comments August 2023 - not yet commenced Comments October 2023 - will program in works when meeting with Manager Engineering later this quarter. Comments February 2024 - The Stormwater Management Plan has been proposed as a new initiative for 2024/25. With discussion with Marion, they have agreed to co-fund the project for 2024/25 if approved by Council. Comments - May 2024 - Same comments as February 2024 Comments - August 2024 - The Stormwater Management Plan has been proposed as a new initiative for 2024/25 - awaiting council approval. Comments - November - 2024. Plan approved by Council. Discussions on cost sharing with City of Marion ongoing. Comment - January 2025 Plan approved by council. Discussion on cost sharing with City of Marion ongoing

Audit	Date Report Finalised/ Action Opened	Ref	Findings	Recommendation	Risk Rating	Status	Action Owner	Target Completion Date	Action Owner Comments
2022/23 Flood Mitigation	Feb-23	FM02	2.2 Detailed Findings A need to stocktake progress in implementing SMP actions	We recommend that: Rec.2: - Conduct a stocktake of progress in implementing projects identified in the Stormwater Management Plan Coastal Catchments between Glenelg and Marion 2014 (SMP) and identify whether: - (i) sufficient action taken against these compared to associated risk. - (ii) whether sufficient financial resources associated to achieve CHB's expected progress in delivering the projects. - (iii) an action plan to ensure more timely progress is required, or - (iv) each project (considering updated flood risk modelling) is still required/considered a risk area. Report results to the Senior Leadership Team.	Medium	In Progress	Manager Engineering	31/12/2023 30/06/2025	Comments June 2023 - work not yet commenced Comments August 2023 - not yet commenced Comments October 2023 - will program in works when meeting with Manager Engineering later this quarter. Comments February 2024 - The SMP review to include this review, and provide recs. to reprioritise projects and funding. Remaining projects prior to renewal are Tarlton/Whyte stormwater upgrade, Gilbertson Gully restoration and Harrow Road GPT. Recommend timeframe to change to 30/6/25, inline with SMP. Comments - May 2024 - Same comments as February 2024 Comment - August 2024 - The SMP review to include this review, and provide recs. to reprioritise projects and funding - further details as above. Comments - January 2025 - Same commenst as August 2024
2022/23 Flood Mitigation	Feb-23	FM03	2.3 Detailed Findings Further encouraging rainwater tank installation/stormwater compliance measures	We recommend that: Re. 3: - Develop a strategy to ensure existing and new rainwater and stormwater detention facilities are installed and maintained correctly. This in line with the Planning, Development and Infrastructure (2016) Act's requirements (as applicable), and CHB's Stormwater Drainage Building and Construction Policy (2020). <u>This may include but is not limited to:</u> (i) - researching/understanding the extent of non-compliance with detention tank installation and risks of non-compliance on stormwater flooding (ii) - confirming that tanks that meet criteria set out in the Code are installed. (iii) - requiring builders to advise owners of their responsibility to install tanks (where applicable). (iv) - offering further incentives associated with tank installation on existing properties (v) - use of education on the importance of installing tanks. (vi) - regular inspection of tank installation and detention installation. (vii) - use of an enforcement/penalty-based approach when tanks / detention are not installed as per approved plans.	Low	In Progress	Manager Engineering and Manager Development Services	30/06/2024 31/12/2024 31/03/2025	Comments June 2023 - work not yet commenced - to be completed in time to inform the FY26/27 budget Comments August 2023 - not yet commenced Comments October 2023 - will factor into workload when meeting with Manager Engineering later this quarter. Comments February 2024 - A rainwater tank incentive trial was completed in 2022/23 to test uptake of rainwater tank improvements. Outcomes identified that grant incentives did not have the desired outcomes on a large scale. - Stormwater Drainage Building and Construction Policy is being reviewed prior to December 2024. - Compliance, installation, inspections are the responsibility of the Development team. Recommend timeframe to change to 30/12/24, inline with policy renewal. Comments - May 2024 - Same comments as February 2024. Comments - August 2024 - Stormwater Drainage Building and Construction Policy is being reviewed prior to December 2024 - other areas under Development team as per above. Comments - November 2024 - Same comments as August 2024 Comment - January 2025 Action owners to provide update about the status of the Stormwater Drainage Building and Construction policy.
2022/23 Flood Mitigation	Feb-23	FM04	2.4 Detailed Findings Coastal 'inundation' management is long term, some need to clarify asset ownership	We recommend that: Rec.4: -Pending confirmation of whether ownership of seawalls rests with CHB or the SA Government, review whether: (i) - seawall assets should be included in the Asset Management Plan. (ii) - ongoing monitoring and maintenance of seawall infrastructure is captured adequately in CHB's asset management system.	Low	In Progress	Manager Engineering	30/06/2024 30/06/2025	Comments June 2023 - work not yet commenced - as part of the AMP update Comments October 2023 - will factor into workload when meeting with Manager Engineering later this quarter. Comments February 2024 - Asset ownership of seawalls on a regional scale is being discussed through the 'SA Climate Ready Coasts' joint project by the LGA/SA Governement/Councils. Outcome of program will include Coastal Adaptation Planning Standards for SA including consistancy of governance such as asset ownership throughout the state. - Seawalls are to be excluded from AMP until ownership is resolved at a state level. - Design is continuing for the most at risk seawalls (Glenelg North). To be compelted this FY. Recommend timeframe to change to 30/6/25, inline with timeline of the new standards. Comments - May 2024 - Same comments as February 2024 - above actions progressing. EMs workshop on topic - 18/06/2024. Comments - August 2024 - EMs workshop completed on 18/06/2024. Above actions progressing Comment - January 2025 Discussions with stakeholders in the 'SA Climate Ready Coasts' ongoing

Audit	Date Report Finalised/ Action Opened	Ref	Findings	Recommendation	Risk Rating	Status	Action Owner	Target Completion Date	Action Owner Comments
2022/23 Flood Mitigation	Feb-23	FM07		We recommend that: Rec. 8: Review the Yarrum Grove maintenance schedule and ensure that Field Services have oversight of these requirements.	Low	In Progress	Manager Engineering	30/06/2024 30/09/2024 30/06/2025	Comments June 2023 - work not yet commenced - connect to the BMS and provide alarms/training for field staff Comments October 2023 - will factor into workload when meeting with Manager Engineering later this quarter. Comments February 2024 - No progress on this action. Comments - May 2024 - Review has begun; - contacted key stakeholders to review existing maintenance practices and preferred structures. Comments - August 2024 - Review ongoing - due for completion by due date. Comment - January 2025 Property team management the contract for Yarrum Grove mainteance. Handover to field services will be done subsequent to Operating Model work.
2022/23 Complaints Handling	May-23	CH02	1.1 Detailed Findings CHB complaints handling framework vs. better practice principles	Recommendation 2: Create an internal procedure that details the complaint process workflows and provides step by step instructions to enable staff to understand expected complaint handling processes and to implement these processes consistently and effectively.	Medium	In Progress	Manager Customer Experience & Library Services	30/06/2023 30/09/2023 30/06/2024 30/09/2024 15/12/2024 31/05/2025	Comments August 2023 - draft in place, reviewing over next 2-3 months Comments October 2023 - draft in place, reviewing over next 2-3 months Comments February 2024 - draft internal procedure has been tested with CE Team and training plan being developed by 30/06/24 Comments - May 2024 - Training being developed for 30/06/2024 Comments - August 2024 - Internal procedure draft developed, will test and also be used as a training aid. Review by end of the 1st Quarter Comment - November 2024 - Internal procedure draft developed, will be ready by mid December 2024. Comments - March 2025. Internal procedure draft developed, review in progress by May 2025
2022/23 Complaints Handling	May-23	CH05		Recommendation 5: Generate reports to enable review of CHB's complaint handling performance. This can include detail on complaint numbers, complaint by division, timeliness of resolution, and outstanding escalated complaints. Provide these reports to managers for review and discuss the findings as regular items on executive meeting agendas.	Medium	In Progress	Manager Customer Experience & Library Services	30/06/2023 30/09/2023 30/06/2024 30/09/2024 15/12/2024 31/05/2025	Comments August 2023 - partially implemented, meetings with Project Mgt team undertaken and now monitoring complaints handling data received over next quarter, this will enable progression of the recommendation. Comments October 2023 - partially implemented, meetings with Project Mgt team undertaken and now monitoring complaints handling data received over next quarter, this will enable progression of the rec. Provide 6 Monthly report in Jan2024. Comments February 2024 - meetings being held to progress and test data to provided a 6 monthly report by 30 June. Comments - May 2024 - Reports will be in place by 30/06/2024 Comments - August 2024 - Reporting format being developed with Power BI, test during Quarter 1 Comment - November 2024 -Power BI report development complete, roll-out being planned. Comments- March 2025 - Power BI reports development complete, roll-out being tested in place by May 2025
2023/24 Procurement	Mar-24	PR02	2.1 Clarity of current procurement framework	Recommendation 2: Consider strengthening the Procurement Policy by: (i) - clarifying procurement-related roles and responsibilities within CHB, and (ii) - linking to clearer guidance about how to assess and manage procurement risk.	Medium	In Progress	Manager Strategy & Governance	8/31/2024 3/31/2025	Comments - August 2024 - Policy and Procedure are due for renewal mid 2024 and will b reviewed on schedule. This review will include consideration of how to improve policy compliance. Comments - January - 2025 - Procurement Policy reviewed and updated. Awaiting SLT endorsement.

Audit	Date Report Finalised/ Action Opened	Ref	Findings	Recommendation	Risk Rating	Status	Action Owner	Target Completion Date	Action Owner Comments
2023/24 Procurement	Mar-24	PR04	2.2 Efficiency and effectiveness of current procurement process	Recommendation 4: Consider ways to improve the efficiency around use of Purchase Orders. This may include: (i) - implementing further exemptions – instances where POs are not required (for example when a contract is in place or for regular purchases – utilities, legal, library) (ii) - raising the base threshold for when POs are required (iii) - educating staff about ways to use POs more efficiently. <i>Note – these are included as options only. Increasing the PO threshold can be considered on a risk/benefit basis and in conjunction with stronger oversight controls as per Recommendation 1.</i>	Medium	In Progress	Manager Finance	30/06/2024 30/09/2024 28/02/2025	Comment - August 2024 - Raising the base threshold for when POs are required is not favoured at this time, however, additional exemptions will be considered to improve efficiency. Comments- November -2025. Additional exemptions to improve efficiency in the revised Procurement policy awaiting adoption.
2023/24 Procurement	Mar-24	PR06		Recommendation 6: Consider automating invoice approval, particularly for lower value invoices below a pre-determined threshold that can be matched to a Purchase Order. Goods/services must have already been receipted in the system.	Medium	In Progress	Manager Finance	30/06/2024 30/09/2024 30/06/2025	<u>Comment - August 2024</u> This will be considered further in the context of other available process improvements. Comments - November-2024. Same comments as August 2024. Discussions with IT ongoing.
2023/24 Procurement	Mar-24	PR08	2.3 Training and information availability	Recommendation 8: Embed procurement training into training schedules (e.g. induction process, semi-regular updates) and provide regular procurement refresher training sessions for relevant staff. Training formats may vary and include: - F2F training - 'lunch and learn' sessions - online, on-demand videos - step by step guides. <i>Note – both the mix and regularity of training provided can be determined by CHB</i>	Low	In Progress	Manager Strategy & Governance	10/31/2024 30/06/2025	Comment - August 2024 An introduciton to proccurement principles is already provided as aprt of the employee induction, with an invitatioin to book a 1:1 session if purchasing activities are required by the role. However, refresher sessions for exisiting staff and Scribe self-guided lessons will be implemented to improve coverage and increase the learning and compliance opportunities. Comments - March 2025 - Format for the delivery of refresher training sessions for existing staff under discussion.
2023/24 Procurement	Mar-24	PR09		Recommendation 9: Review procurement information available on Baywatch and: - update with current tools, templates and guidance (e.g. raising a PO, procure to pay process steps) - ensure process guidance is in place for all procurement-related steps - remove documents/information that is no longer current.	Low	In Progress	Manager Finance	30/04/2024 30/09/2024 30/06/2025	Comment - August 2024 Agreed Comments -November-2024. Procurement related process guidance and template in-place. Baywatch use to be reviewed with IT.
2023/24 Procurement	Mar-24	PR12		Recommendation 12: Reinforce to staff that POs should be created prior to the goods being received or the services being completed, and that exemption should be obtained if PO's cannot be approved prior to the receipt of the invoice.	Medium	In Progress	Manager Finance	10/31/2024 30/06/2025	Comment - August 2024 - Already occurring but will be strengthened with procurement education to ensure that staff are confident in using appropriate techniques. Additional training materials are also being produced. Spot checks will continue to be undertaken and follow ups with staff will occur when required. Comments -November - 2024. Internal discussion with the IT team on additional training ongoing. Comments - March 2025. Spot checks undertaken and follow-up training provided when required.
2023/24 Strategic Planning Alignment	May-24	STP02	3.2 A need to formalise governance, monitoring and reporting	Recommendation 2: Clarify governance arrangements around Strategic Plan, ownership of objectives and reporting. As part of work to develop monitoring/reporting and governance mechanisms to track progress against the Our Holdfast 2050+ Plan: - clarify roles/responsibilities for ownership and oversight of achievement against the Our Holdfast 2050+ Plan - ensure that ownership of each objective/ action is clearly allocated - ensure that progress is included as a standing agenda item at a relevant strategic meeting.	High	In Progress	Corporate & Service Planning Lead and Manager Strategy & Governance	31/07/2024 30/09/2024 30/04/2025	Comments - August 2024 Review will commence during coming weeks - extended timeframe required Comments - November 2024 Review completed. Mechanisms included in the Strategic Plan review for council approval. Comments - March 2025. RACI project to clarify roles and responsibilities for Our Holdfast 2050+ ongoing. SLT being engaged on inclusion of reporting at a strategic meeting.

Audit	Date Report Finalised/ Action Opened	Ref	Findings	Recommendation	Risk Rating	Status	Action Owner	Target Completion Date	Action Owner Comments
2023/24 Strategic Planning Alignment	May-24	STP03		<p>Recommendation 3: Include performance vs Strategic Plan as part of executive performance assessment.</p> <p>Consider more clearly reviewing performance against relevant parts of the Strategic Plan as part of executive performance discussions/ assessment.</p>	Medium	In Progress	Corporate & Service Planning Lead and Manager Strategy & Governance GM Strategy and Corporate	31/07/2024 30/09/2024 31/03/2025	<p>Comments - August 2024 Review will commence during coming weeks - extended timeframe required</p> <p>Comments - January 2024. CEO KPIs completed. Ongoing recruitment of SLT positions has opened an opportunity for inclusion of GM KPIs in new PDs. Review expected to be completed in the next two months.</p>
2023/24 Strategic Planning Alignment	May-24	STP04	3.3 Completeness of Strategic Framework	<p>Recommendation 4: Timing of update of supporting strategic plans and alignment with the Strategic Plan.</p> <p>In future, consider coordinating the timing of update of Council's supporting strategic plans, so that the Our Holdfast strategy is adopted first, and that subsequent plans are updated and/or adopted subsequent to this. This may also help to enable more depth of alignment between the Our Holdfast strategy and supporting strategic plans.</p> <p>Note – some annual updates are legislatively required, however a plan may be developed to help ensure that, over time, the Our Holdfast strategy is finalised in advance of other strategic plans/sub-plans.</p>	Medium	In Progress	Corporate & Service Planning Lead and Manager Strategy & Governance	31/12/2024 30/04/2025	<p>Comments - August 2024 - Not yet commenced</p> <p>Comments November 2024 Update of Council's strategic plans and annual plans aligned. Work ongoing for indepth alignment of other strategic plans</p>
2023/24 Strategic Planning Alignment	May-24	STP05		<p>Recommendation 5: Clearly identifying where corporate performance will be documented and tracked.</p> <p>Work to more clearly identify where strategic goals for corporate performance will be documented (and tracked). This will for example cover the organisational initiatives required within CHB to help achieve the objectives of Strategic Plan. Eg in corporate plan. Stuart had comments here – ask for input. Reference resourcing strategy in the framework diagram.</p>	Medium	In Progress	Corporate & Service Planning Lead and Manager Strategy & Governance	31/12/2024 30/04/2025	<p>Comments - August 2024 - Not yet commenced</p> <p>Comments - November 2024</p> <p>Corporate performance identified. Comments - March 2025 -It will be tracked on the new corporate performance monitoring software - Envision. Roll-out of Envisio ongoing</p>
2023/24 Strategic Planning Alignment	May-24	STP06	3.4 Finalising measures of success (KPIs)	<p>Recommendation 6: Continuing work in relation to key performance indicators/measures of success.</p> <p>Continue work to ensure that ‘SMART’ (Specific, Measurable, Attainable and action oriented, Relevant and Time-bound) measures are in place for objectives in the Our Holdfast 2050+ Strategic Plan, flowing through to Corporate Plan and other relevant strategies. In addition, work to progress an internal (less formal) understanding of how CHB will measure success towards other ‘aspirations’ included in the Strategy beyond 2030.</p>	Medium	In Progress	Corporate & Service Planning Lead and Manager Strategy & Governance	12/31/2024 30/06/2025	<p>Comments - August 2024 - Not yet commenced</p> <p>Comments - November 2024 - Included in the Strategic Plan review. KPIs and measures of success tightened. Updated Our Holdfast 2050_Strategic Plan approved and due for publication by end of February 2025.</p>
2023/24 Strategic Planning Alignment	May-24	STP07	3.5 Linkage between Strategic Plan and Annual Business Plan	<p>Recommendation 7: Strengthen linkage between Strategic Plan and Annual Business Plan.</p> <p>Work to strengthen the link between the Strategic Plan and ABP. For example:</p> <ul style="list-style-type: none">- agree which objectives will be reported against each year (some may not be scheduled until future years)- track success against KPIs. <p><i>Note – this clearer report on progress will be after clarification of smart measures/KPIs as outlined in Recommendation 5.</i></p>	Medium	In Progress	Corporate & Service Planning Lead and Manager Strategy & Governance	31/01/2025	<p>Comments - August 2024- Not yet commenced</p> <p>Comments - November 2024 - KPI's tracked in the Annual Plan. Strategic Plan review will help tighten reporting against objectives.</p>

Audit	Date Report Finalised/ Action Opened	Ref	Findings	Recommendation	Risk Rating	Status	Action Owner	Target Completion Date	Action Owner Comments
2023/24 Strategic Planning Alignment	May-24	STP08	3.6 Prioritisation Framework and linkage to Strategic Objectives	<p>Recommendation 8: Consider mandatory alignment between Prioritisation Framework and Strategic Plan.</p> <p>Aim to strengthen the support of the Strategic Plan via the Prioritisation Framework by:</p> <ul style="list-style-type: none">- considering making alignment with the Strategic Plan a mandatory criterion of the Framework- conducting a post-implementation review to assess whether funded projects sufficiently align to the objectives and initiatives outlined in the Strategic Plan. <p><i>Nb – this recommendation is included in recognition that the Strategic Plan is intended as Council's highest-level strategic document.</i></p>	Medium	In Progress	Corporate & Service Planning Lead and Manager Strategy & Governance	10/31/2024 30/06/2025	Comments - August 2024 - Not yet commenced Comments - November 2024 Included in Annual Plan 2026 preparation
2023/24 Strategic Planning Alignment	May-24	STP09	3.7 Legislative compliance	<p>Recommendation 9: Clearly demonstrating compliance with more administrative/minor elements of s.122 of the Local Government Act.</p> <p>Aim to achieve clearer compliance with minor administrative elements of s122 Act. These may, for example, be addressed in attachments to the next iteration of the Our Holdfast 2050+ Strategic Plan.</p> <p>Nb: A list of relevant elements is in Appendix 6 - as follows;</p> <ul style="list-style-type: none">- 1(a)(i) There is a clear indication of the extent to which the council has participated with other councils, State and national governments in setting public policy objectives.[Partial]- 1(a)(iii) There is a clear indication of the extent to which the council intends to coordinate with State and national governments and councils or other regional bodies in the planning and delivery of services where there is common interest. [Partial]- 2(a) SMP should address the strategic planning issues within the area of Council, with reference to any relevant state planning policy or regional plan under the Planning, Development and Infrastructure Act 2016, and set out Council's priorities for the implementation of planning policies.[No]	Low	In Progress	Corporate & Service Planning Lead and Manager Strategy & Governance	11/30/2024 30/06/2025	Comments - August 2024 - Not yet commenced Comments - November 2024 To be clarified and tightened during the Strategic Plan Review
2023/24 Carbon Neutral Plan Audit	Jun-24	2.2		<p>Recommendation 3: To assist in minimising the risk of over-investment in charging infrastructure, review the necessity of 35 charging stations and report on an amended target, if appropriate</p>	Low	In Progress	Manager Engineering	31/03/2025	Comments - August 2024- Not yet commenced Comments- November 2024 Draft ready. Approach to be finalised when the Asset Managment Plan gets reviewed. Done for Fleet Vehicle. Heavy plant and equipment being monitored options as technology develops
2023/24 Carbon Neutral Plan Audit	Jun-24	2.2		<p>Recommendation 4: Continue work to achieve a clear approach to how CHB will report on Council's emissions. Ensure this reporting is included in relevant future Council reports.</p>	Low	In Progress	Manager Engineering	9/30/2024 28/02/2025	Comments -August 2024 - Not yet commenced Comments - November 2024 Included in the annual corporate plan. Currently developing governance framework
2023/24 Carbon Neutral Plan Audit	Jun-24	2.2		<p>Recommendation 5: Work to develop a clearer approach to how CHB will:</p> <ul style="list-style-type: none">- reduce supply chain emissions, and- reduce road and infrastructure emissions. <p>Ensure that progress is included in regular reporting against the CNP, as identified in Recommendation 1.</p> <p>Note - CHB may benefit from the initiatives/actions of the Resilient South Group's projects/plans, and/or be able to utilise the information/guidance provided by Resilient South regarding reducing supply both chain emissions and asset-related emissions, once available.</p>	Low	In Progress	Manager Engineering	30/06/2025	Comments - August- 2024 Not yet commenced Comments- November 2024 Team reviewing approaches used by other councils as well as possibilities for collaboratin through the Resilient South Group.

Audit	Date Report Finalised/ Action Opened	Ref	Findings	Recommendation	Risk Rating	Status	Action Owner	Target Completion Date	Action Owner Comments
2024/25 Volunteer Management Audit	Nov-24	VM3.1	Strategic direction for volunteering in CHB	Recommendation 1: Confirm the intended strategic direction for volunteers.	Medium	In Progress	General Manager Community & Business	31/12/2025	Comments - November 2024 - Being addressed in the Wellbeing Strategy and associated Volunteer Action Plan
2024/25 Volunteer Management Audit	Nov-24	VM3.2	Recruitment and onboarding processes	Recommendation 2: Undate the volunteer handbook.	Medium	In Progress	Volunteer Services Coordinator	28/02/2025	Comments - November 2024 - Volunteer handbook to be updated with relevant WHS requirements
				Recommendation 6: Confirm the model for offering Personal Transport is till within Council's risk appetite.	Medium	In Progress	Manager Community Wellbeing; Personal Transport Program Coordinator	31/03/2025	Comments- November 2024 - To be considered in the update to the Wellbeing Strategy; Risk assessment of Personal transport program to be conducted and SOP will be developed. Comments - March 2025. Intention is to continue personal transport. Option for leasing a vehicle for personal transport being considered
2024/25 Volunteer Management Audit	Nov-24	VM3.5	Support for volunteers and staff	Recommendation 7: Update the Operations Manual and consider training a back-up for periods of leave for the Volunteering Services Coordinator.	Medium		Manager Community Wellbeing	12/31/2024 30/06/2025	Comments - November 2024 - Back-up officer has been trained; Access to the Volunteering Services inbox and Better Impact System granted to the Community Wellbeing Team on an ongoing basis. Comments - March 2025 Operations manual update on-going
				Recommendation 8: Consider a hybrid delivery model for volunteer training.	Low		Manager Community Wellbeing; Manager Strategy & Governance	31/03/2025	Comments -November 2024 - Project resources to assist delivery of this. A decision paper & associated timelines will be presented back to the Audit and Risk Committee. Comments - March 2025.
2024/25 Volunteer Management Audit	Nov-24	VM3.7	Volunteer performance management and evaluation	Recommendation 11: Clarify process to manage unsatisfactory volunteer performance	Low	In Progress	Volunteer Services Coordinator	28/02/2025	Comments - November 2024 - Traning and support of program coordinators on-going. People & Culture Team to support Volunteer Services Coordinator.

Internal Audit - Recommendation/Action Monitoring and Review

Audit	Date Report Finalised/Action Opened	Ref	Findings	Recommendation	Risk Rating	Status	Action Owner	Target Completion Date	Action Owner Comments
2022/23 Flood Mitigation	Feb-23	FM05	2.5 Detailed findings Opportunity for proactive condition assessments and oversight of third parties	<p>We recommend that:</p> <p>Rec. 6: - Develop an approach, for example via two-way liaison, to obtain assurance that Minda's current management of stormwater is effective.</p> <p><i>Note: the intent of this recommendation is for CHB to have assurance that it will not be unexpectedly impacted by a failure in stormwater asset controls at Minda. Minda may also benefit from two-way discussion with CHB on this matter. If CHB attempt to open liaison and Minda is not forthcoming in engaging, then this recommendation will be considered closed.</i></p>	Medium	Not Yet Implemented	Manager Engineering and Manager Development Services	<p>30/06/2024</p> <p>30/06/2025</p>	<p>Comments June 2023 - work not yet commenced</p> <p>Comments August 2023 -not yet commenced</p> <p>Comments October 2023 - will factor into workload when meeting with Manager Engineering later this quarter.</p> <p>Comments February 2024 - no progress on this action. Risk and criticality will be further explored in the SMP. Recommend timeframe to change to 30/6/25, inline with SMP.</p> <p>Comments - May 2024 - Same comments as February 2024</p> <p>Comments - August 2024 - Will discuss across both teams to determine best way forward within remaining timeframes</p> <p>Comment - November 2024 - Both teams still working towards a best way forward.</p>
2023/24 Carbon Neutral Plan Audit	Jun-24	2.2		Recommendation 6: Recommence work to implement a community energy program.	Low	Not Yet Implemented	Manager Engineering	30/06/2025	<p>Comments - August 2024 - Not yet commenced</p> <p>Comments - November 2024 - Likely to be delivered as a new initiative that will be prioritised in the annual business plan.</p>
2024/25 Volunteer Management Audit	Nov-24	VM3.4	Clarity of roles and responsibilities between CHB and Alwyndor	Recommendation 5: Reconfirm procedures for management/governance of volunteers between CHB and Alwyndor.	Medium	Not Yet Implemented	GM Community and Business, GM Alwyndor, Manager Community Wellbeing	30/06/2025	Comments - November 2024 - A working group will be set up and the Brokerage agreement will subsequently be updated.
2024/25 Volunteer Management Audit	Nov-24	VM3.4	Volunteer recognition and appreciation	Recommendation 10: Clarify budget lines available for volunteer management.	Better Practice	Not Yet Implemented	Manager Community Wellbeing	30/06/2025	Comments - November 2024 - CHB and Alwyndor will review and clarify volunteer management budget that aligns with goals and expectations.

Item No: 8.3

Subject: RISK REPORT – MAY 2025

Summary

A review of the Strategic Risk Register and high operational risks was undertaken in line with Council's Risk Management Policy and ISO31000 (2018), to ensure an accurate reflection of the current risk position across the business, scoping both business risks and opportunities.

Recommendation

That the Audit and Risk Committee notes this report.

Background

As per the updated ISO31000 (2018) guidelines, both risks and related opportunities were captured and reviewed by the Senior Leadership Team (SLT) whilst using *Our Holdfast 2050+* and supporting business plans for reference.

Report

Risk Framework Review

A periodic review of the Council's risk management framework is being undertaken to assess its effectiveness and to ensure the framework continues to develop and meet Council's needs.

The review commenced with the analysis of the current risk management policy to ensure it meets the requirements of AS/NZ ISO 31000. A comprehensive approach was used to analyse the alignment of the policy to best practices in public sector governance, council's strategic objectives as well as local and national regulations. A mapping of the current risk framework to elements of the risk management policy to understand Council's risk maturity was undertaken. Following which, a systematic review of existing documents and systems against the requirements of the risk management policy and benchmarking against peer councils will be completed.

The objective of employing a comprehensive and evidence-based approach to review key components of the risk management framework was to ensure the framework was robust, effective and continuously evolving in response to emerging risks and ensure it supports the council's strategic objectives (see summary below):

- **Policy review.** The current risk management policy is currently being reviewed to ensure its alignment with requirements of AS/NZ 31000:2018 risk management standard and South Australian public sector guidelines.
- **Risk register review.** The completeness, accuracy and relevance were assessed to ensure coverage of all relevant risks.

- **Risk procedure and assessment criteria.** Review of the processes used for the identification, assessment, mitigation and monitoring of identified risks.
- **Internal audit findings.** Review of previous audits and risk management practices to identify gaps and recurring weaknesses.
- **Peer benchmarking.** A comparison of the council's risk management practices with other metropolitan local councils to identify areas for improvement.

A two-pronged approach is being used in the review:

1. a high-level review of the risk management policy as well as risk management procedure and risk assessment criteria;
2. benchmarking against peer councils.

An update on the progress of the risk management framework review will be provided to the Audit and Risk Committee at its next meeting.

Risk Maturity Survey

As per the scope of the Risk Framework Review, the Local Government Association Mutual Liability Scheme has undertaken an assessment of council's level of risk maturity. The purpose of the risk maturity survey was to assess the current state of council's risk management framework. It was distributed to 26 members of the leadership team, resulting in a 69% response rate. The state of council's risk management maturity was assessed on five key components:

- Risk identification/assessment
- Risk monitoring and reporting
- Risk culture
- Risk appetite
- Integration with strategic planning.

Following the review of the survey's findings by the Senior Leadership Team the survey's results will be provided at the next Audit and Risk Committee meeting.

Corporate Risk Profile Overview

Pursuant to Council's Risk Management Policy all strategic risks, and all extreme and high operational risks are required to be reported to the Audit and Risk Committee.

For this reporting period, there has been no change to Council's Strategic Risk Profile from the last quarter. However, the Operational Risk Profile has changed due to the commencement of work on the Target Operating Model (TOM) work. The commencement of TOM work might lead to structural, and process changes particularly in relation to service delivery and workforce planning. This is under consideration by the Senior Leadership Team and will be reported to the Audit and Risk Committee at its next meeting.

Budget

There are no budget implications associated with this report.

Life Cycle Costs

There are no life cycle costs associated with this report.

Strategic Plan

Statutory compliance

Council Policy

Risk Management Policy

Statutory Provisions

Not applicable

Written By: Risk and Improvement Officer

General Manager: Strategy and Corporate, Ms S Wachtel

Item No: 8.4

Subject: **DRAFT LONG TERM FINANCIAL PLAN 2025 - 2035**

Summary

The Long Term Financial Plan (LTFP) has been reviewed and updated to include the Draft 2025-26 Annual Business Plan, 2023-24 Audited Financial Statements, and budget updates to 31 December 2024. The projections in the LTFP indicate council remains in a sound financial position.

The LTFP has also been informed by the latest Asset Management Plans and direction from Council regarding its commitment to financial sustainability. A number of assumptions have been reviewed in updating the plan and these are detailed in the report.

The Draft Long Term Financial Plan 2025-35 is presented for recommendation to Council of its endorsement and release for community engagement.

Recommendation

That the Audit and Risk Committee notes the Draft Long Term Financial Plan 2025 - 2035 and supports its presentation to Council for community consultation.

Background

The *Local Government Act 1999* requires Council to review its Long Term Financial Plan (LTFP) at least annually and that as part of the process members of the public be given the opportunity for involvement in the review. The LTFP has been updated to include the 2023-24 Audited Financial Statements, budget updates to 31 December 2024 and the draft 2025-26 budget.

Alwyndor has been excluded from the LTFP as it is managed as a financially self-sustaining operation.

Report

The annual LTFP update reviewed existing assumptions, taking into consideration economic conditions, and applied financial information and forecasts that were available at the time. It should be noted that the LTFP is not a static document and its purpose is to provide broad financial projections to assist in making key decisions.

A document for public consultation has been prepared to both meet regulatory requirements and, more importantly, to communicate often complex financial data in a format that will be informative to the community.

Refer Attachment 1

Financial principles and targets

In preparing the LTFP, Council's key financial principles were considered, including the following:

- delivering a balanced budget that fully funds the costs of its services including depreciation.
- developing sound infrastructure and asset management planning by creating, enhancing, and using long-term infrastructure and asset management plans.
- providing the community with a reasonable degree of predictability for rates over the medium term.
- creating intergenerational equity by spreading the cost of new infrastructure across the generations that will benefit from those assets.

The Local Government Association of South Australia has prescribed three key financial indicators for all councils to use to help measure financial sustainability. As well as specifying the methodology to be used they have provided suggested targets that will help determine financial sustainability.

- Operating Surplus Ratio - operating result as a percentage of rate revenue to be between 0% and 10%.
- Net Financial Liabilities Ratio – net financial liabilities as a percentage of operating revenue to be between 0% and 100%.
- Asset Renewal Funding Ratio – capital renewal expenditure as a percentage of expenditure identified in the Asset Management Plans to be between 90% and 110%.

The LTFP has been developed with the aim of meeting all of these key targets over the life of the Plan. An additional indicator and target used was the Interest Cover Ratio.

- Interest Cover Ratio - net interest expense as a percentage of operating revenue to be less than 5%.

Revised underlying assumptions

The existing LTFP assumptions have been reviewed including consideration of current economic conditions, inflation, and other up-to-date financial information. The assumptions made and inputs used are detailed on pages 14 and 15 of the LTFP document.

Refer Attachment 1

A few of the key assumptions are detailed below.

Inflation forecasts

Current economic conditions make it hard to accurately predict future price rises, however, to assist with the process a forecast for Adelaide CPI over the next ten years was sourced from Deloitte Access Economics in November 2024.

New borrowings

In line with Council's Treasury Management Policy, borrowings are a mixture of short-term and long-term loans designed to manage liquidity and interest rate risk. Borrowings are only provided for when cash is required. New loans have been forecast on a 15-year repayment basis using Local Government Finance Authority interest rates with a mode value of 5.7%.

Transforming Jetty Road project

The 2025-26 Draft Annual Business Plan provides detail on the planned \$40 million Transforming Jetty Road project which commenced construction this year. Council has secured \$10 million of funding from the Australian Government, however, the remaining \$30 million is funded through new borrowings. The associated costs have been included within the Plan with an allowance to fund this made through increased rate revenue.

Rate revenue increase

Rate revenue increases are based on the forecast Adelaide CPI for that particular year. In addition, based on historical averages, an annual provision for property development growth of 0.8% has been made.

To fund the Transforming Jetty Road project an additional provision for a 2.3% increase in rate revenue has been made in each of the next two financial years.

Long-term Financial Position

There are different ways in which Council can achieve its objectives. This Plan balances the funding needs of asset renewal, new infrastructure and existing services against rating expectations, reasonable fees, and debt leverage.

The current 10-year projection indicates a degree of financial capacity to respond to unexpected events without adversely affecting the continued provision of services to the community. The Plan has been set against economic uncertainty but will be reviewed every 12 months to reflect the prevailing economic conditions and changing community demands placed on the City of Holdfast Bay.

Over the life of this Plan, it is projected that Council will not only maintain a strong financial position but will meet all of its financial targets.

- Operating Surplus Ratio - Council forecasts operational surpluses for all years, thus meeting its target. These surpluses will be used to repay existing debt and fund new initiatives identified through community consultation.
- Net Financial Liabilities Ratio - Over the life of the Plan, the ratio averages 84%. However, it is forecast to exceed its target of 100% from 2026 to 2028 due to borrowing requirements for the Transforming Jetty Road project. As the repayment of this debt has been accounted for through a planned increase in rate revenue council remains financially sustainable. The declining ratio in later years confirms this, while also indicating that council will have a corresponding increase in its capacity to fund future initiatives.

- Asset Renewal Funding Ratio - Forecast capital renewal expenditure has been taken directly from council's Asset Management Plans (2025-35) which would result in a ratio of 100%. This illustrates council's intention to replace assets at the optimum time, ensuring that sustainability is maintained.

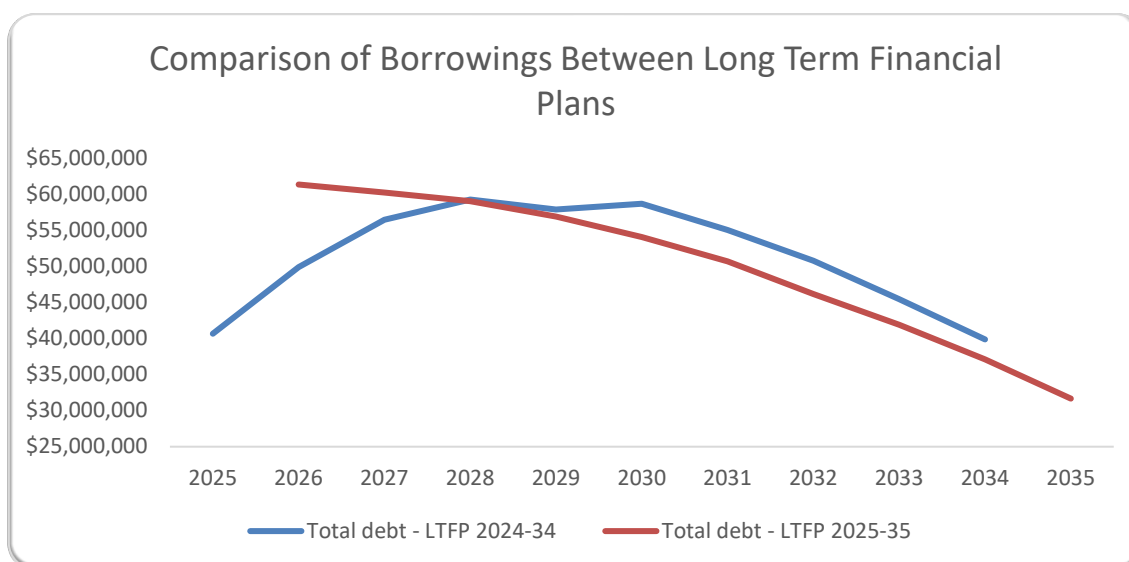
Grant funding from the Federal Roads to Recovery Program for local road maintenance has also been incorporated into the LTFP. This is in addition to council's own scheduled works as required by the terms of the grant. As a result, the Asset Renewal Funding Ratio averages 105%.

- Interest Cover Ratio - Council forecasts a ratio under 5% in all years, thus meeting its target. As with the Net Financial Liabilities Ratio, the declining Interest Cover Ratio over the timeframe of the plan indicates that council will have a corresponding increase in its capacity to fund future initiatives.

The LTFP assumes a continuation of existing services and programs, however, as Council responds to changing community expectations it may make decisions to change services and invest in new and improved infrastructure and the LTFP will assist in this regard.

Long-term Debt

The timing of when new debt will be incurred has shifted from last year's LTFP (2024-34) due to the accelerated completion of the Transforming Jetty Road project. However, over the duration of both plans no additional debt will be incurred. The following graph illustrates that total debt will now peak earlier and be repaid more quickly.



Debt Management

As part of Council's responsibility to ensure City of Holdfast Bay remains financially sustainable it has agreed to the following commitments:

- A budgeted operating surplus each year.

- Ensure sufficient funding is allocated for the renewal of community assets as detailed in Council's Asset Management Plans.
- Unbudgeted expenditure, when required, is covered by deferring discretionary spending or identifying savings from other areas within council's operations.

The management of debt is also a key component of future financial sustainability and the Long Term Financial Plan. Council has committed to implementing a debt management strategy aimed at capping current debt levels, which are projected to peak at \$61.4 million in 2025-26, before gradually decreasing over the subsequent 10 years.

Community Engagement

Along with the 2024-25 Draft Annual Business Plan, copies of the Draft Long Term Financial Plan 2025 - 2035 will be made available for a 21-day community engagement period, commencing Wednesday 28 May and concluding on Friday 20 June.

Copies of the Draft Long Term Financial Plan 2025 - 2035 will be available at:

- yourholdfast.com/DABP24-25
- Council offices and libraries

Feedback must be received by 5pm Friday 20 June 2025 to be considered by Council. Comments can be made:

- online at yourholdfast.com/DABP25-26;
- in writing – postal or email;
- in person at Brighton Civic Centre, Brighton Library, Glenelg Library, and drop-in sessions arranged at Glenelg North, Brighton and Seacliff;
- by telephone, during office hours, on 8229 9999
- by making a deputation to Council at its meeting on Tuesday 10 June 2025.

Details of how the community may participate in the consultation process or gain copies of the Draft Long Term Financial Plan 2025 - 2035 will be delivered to all properties across the City and advertised via the yourholdfast database and social media pages.

Budget

The cost of production of the Long-Term Financial Plan 2025 - 2035 and associated community engagement will be met within the current budget.

Life Cycle Costs

Not applicable

Strategic Plan

Statutory compliance

Council Policy

Not applicable

Statutory Provisions

Local Government Act 1999, section 122

Local Government (Financial Management) Regulations 2011, Regulation 5

Written By: Manager Finance

General Manager: Strategy and Corporate, Ms S Wachtel

Attachment 1

DRAFT

Long Term Financial Plan

2025–26 to
2034–35



**CITY OF
HOLDFAST BAY**

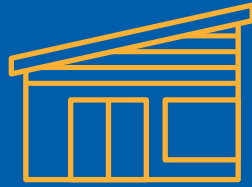
A Day in the Life

Did you know that on a normal day in the City of Holdfast Bay:

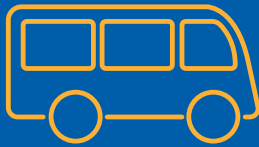
Nearly
1,508
items are
borrowed from
our libraries at
Glenelg and Brighton



More than
322
people attend our
four Community
Centres



511
people visit the
libraries



30 trips on the
Community Wellbeing bus



60
separate
cleaning services
are conducted at
council buildings



Each of our
31 public toilet
facilities are
cleaned – with
some cleaned 5
times per day

Our two Jetty
Roads at Glenelg
and Brighton are
serviced by street
sweepers



174 phone calls and
95 emails
are responded to by our
Customer Experience team



3,242
page views on
our website



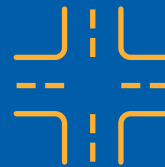
4
Development
Applications
processed



Maintenance and other works are
carried out at Glenelg Oval and other
reserves by our Open Spaces team

7,200

bins lifts for residential
and business waste
collection



**25 linear
metres**
of roads resealed

**18
linear
metres**
of kerb replaced



3
trees
planted



**24sq
metres**
of footpaths
repaired



33 requests
completed
by our Field
Services team

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CEO Statement on Financial Sustainability	6
Financial Principles	8
Assumptions	12
Long-Term Financial Position	16
Key Financial Indicators	22
Financial Statements	27



The Long Term Financial Plan and its purpose

The City of Holdfast Bay Long Term Financial Plan is a planning tool developed to map the financial sustainability of the city into the future, while meeting the needs and expectations of our community.

By applying key principles and underlying assumptions to each year of the plan, financial projections have been determined for a 10-year period between 2025–26 to 2034–35. These projections help inform day-to-day and longer-term decision making about the affordability, timing and combination of future outlays on Council's operations, renewal of existing assets and construction of new assets. They also allow early identification of potential financial issues and their longer-term impacts.

Long-term financial estimates are an integral part of Council's strategic planning process. It provides the ability to plan how it can deliver short, medium and long-term community priorities, based on its resourcing capabilities. These priorities are identified in Council's Strategic Plan, *Our Holdfast 2050+*, which through the Long Term Financial Plan informs the Annual Business Plan and Budget each year.

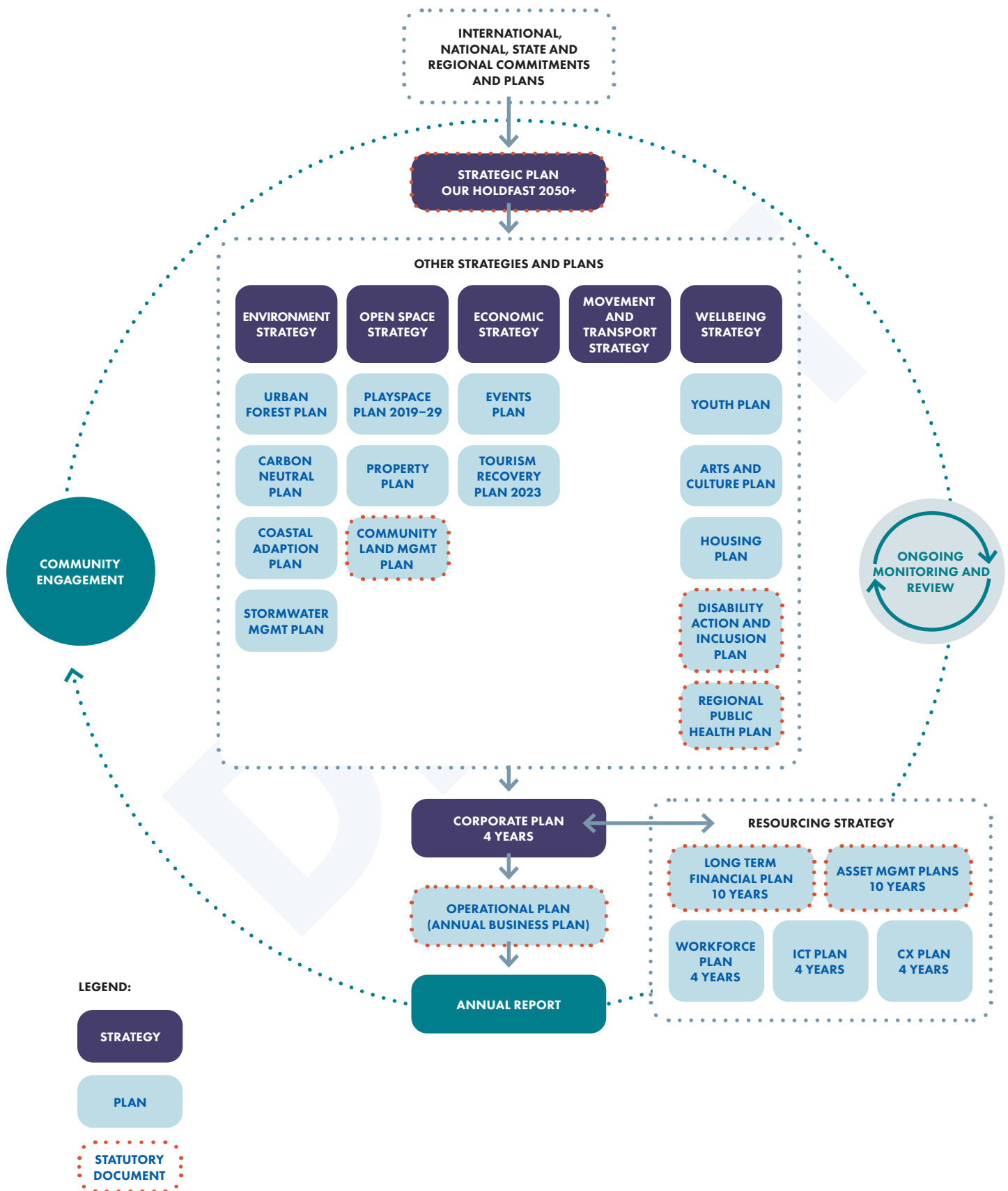
We look forward to delivering on this plan for our community.

Within *Our Holdfast 2050+*, three key strategies of **Wellbeing**, **Sustainability**, and **Innovation** have been identified to support Council in achieving its vision over the next 10 years. The objectives and aspirations which underpin these strategies have informed this plan.

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

Another important suite of documents which inform this plan are Council's Asset Management Plans. These provide financial projections for the future cost of maintaining, renewing and replacing Council's assets and infrastructure. With an asset portfolio valued in 2024 at \$889 million, it is critical to have the ability to forecast when future funding is required to maintain these community assets.

Due to the nature of the estimates and assumptions made, and the uncertainty of changes within the economy, the Long Term Financial Plan requires regular review and updating. If key assumptions such as inflation, interest rates or scale of capital investment vary, then this may drive changes in the annual budget.



CEO Statement on Financial Sustainability

I am pleased to present the *Long Term Financial Plan 2025–26 to 2034–35*, which demonstrates how the City of Holdfast Bay will remain financially sustainable in the medium to long term.

Financial sustainability is essential to the success of any local government organisation when planning future activities, services and major projects. And this can only be achieved when services and infrastructure standards are maintained, without the need to significantly increase rates or substantially reduce public services.

This plan also allows us to achieve the objectives identified in our Strategic Plan, Our Holdfast 2050+, and informs the Annual Business Plan and budget each year.

The following principles guided the plan to ensure we have the financial capacity to continue to provide service levels that meet the needs of our community, in a financially sustainable way:

- › An operating surplus over the 10-year plan
- › Meet key financial indicators
- › Renew obsolete infrastructure assets with funding sourced from operational revenue
- › Maintain existing operations while keeping rate increases in line with Adelaide CPI.

Another key component of the plan is the use of debt to achieve intergenerational equity. This means the cost of creating a new community asset is shared by both current and future ratepayers.

An example of this is the Transforming Jetty Road, Glenelg project – a multi-million dollar, multi-stage development which is the biggest undertaking Council has committed to.

Over the last year we have heard that some community members do not support the funding model to deliver the Transforming Jetty Road Glenelg project and are uncomfortable with the level of debt. The Long Term Financial Plan demonstrates the plan for how the debt will be paid down over the next 10-year period.

We would also like to acknowledge that we will improve our transparency to the community on Council expenditure and provide additional opportunities for everyone in our community to engage and identify what services and projects are most important to them.

A measure of the sustainability of our debt level is the Net Financial Liabilities Ratio. This indicator measures the significance of what is owed compared to the annual revenue generated. This proposed plan shows the Net Financial Liabilities Ratio peaks in 2025–26 at 111%, reducing to 51% by 2034–35.

The initial increase is due to investing in key new infrastructure, but with an average ratio of 84% over the life of the plan, this is within the Local Government Association's recommended range of 0% to 100%.

Given the high level of planned borrowings, it is crucial that, alongside the existing debt reduction plan, debt levels are closely monitored. To support this, Council now includes debt reporting as part



of its monthly, publicly available finance reports. Additionally, this plan provides detail on how total borrowings will reduce over the next 10 years (page XX).

We also need to understand the risks and external factors which may affect our forecast financial position, including:

- › The unpredictability of current inflation rates and price pressures
- › Unplanned expenditure arising from unforeseen events or reactive maintenance needed to preserve Council assets.

Due to these risks, Council's long-term financial planning, and the assumptions applied, is continually updated to reflect the ever-changing environment we operate in. This is to ensure that we remain focused on maintaining long-term financial sustainability for the City of Holdfast Bay. Additionally, this plan now includes a dedicated section outlining Council's ongoing funding plan for existing and new expenditure (page XX).

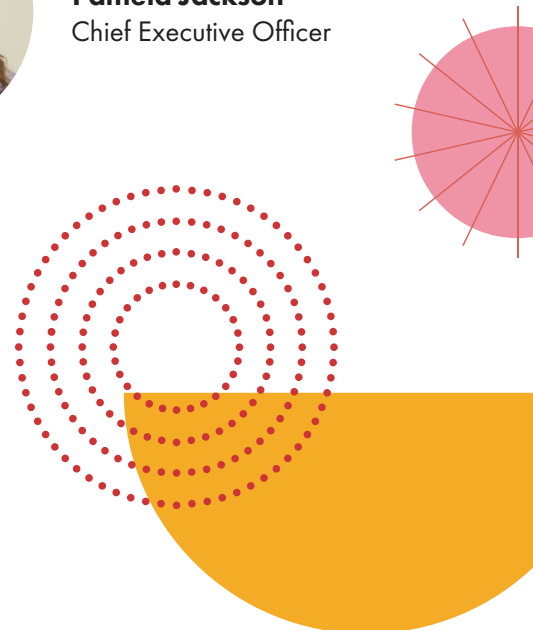
Over the life of this plan, it is projected that we will not only maintain a strong financial position but will meet all our financial targets.

In addition to Council's internal mechanisms for monitoring ongoing financial sustainability, several external bodies also review our financial position. These include an Audit & Risk Committee with independent members, the external auditing firm Dean Newbery, and Galpins, which conducts audits of our internal controls.

Further to this, the Essential Services Commission of South Australia (ESCOSA) now plays a key role in providing independent, risk-based advice to all councils on a four-year cycle. This mandated scheme is designed to support councils in making informed long-term financial and investment decisions that benefit ratepayers. We look forward to ESCOSA's upcoming review of the City of Holdfast Bay in 2025–26 and will report on their findings and recommendations once the review is complete.



Pamela Jackson
Chief Executive Officer



Financial Principles

The Long Term Financial Plan has been prepared to support the strategic planning process for the City of Holdfast Bay while ensuring future financial sustainability. To that end, the key principles of the plan are fundamental to providing direction for future financial decisions including the development of the annual budget.

Balanced Budget

Council aims to fully fund the cost of its services, including depreciation of its infrastructure and assets, to ensure an equitable sharing between current and future users. Insufficient funding shifts the cost burden of today's services on to future users in the form of higher rates or reduced services.

City
Development



Leisure
& Culture



Environment



Transport
& Access



Community
Support



Capital
Works



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



Rate Predictability

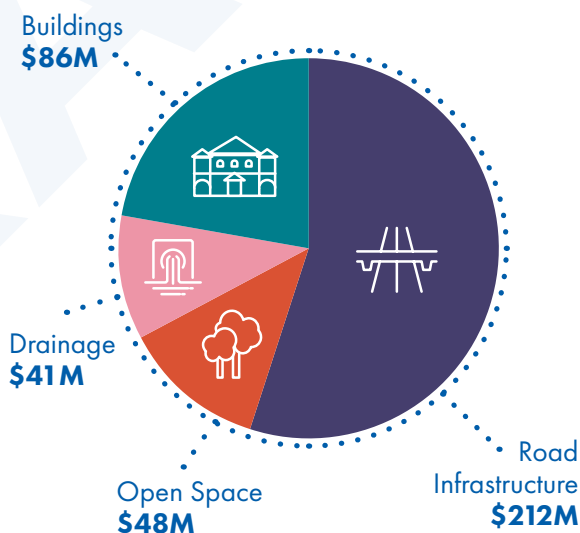
As specified in its Annual Business Plan, Council aims to minimise rate increase spikes to provide a degree of predictability for ratepayers.



Annual Business Plan Commitment:
“We aim to provide our community with a reasonable degree of predictability for rates. We will keep ratepayers fully informed about future rates and the corresponding services provided.”

Efficient Infrastructure and Asset Management

Council aims to maintain its infrastructure and assets to the requisite standard to ensure continued delivery of services to agreed levels. This involves developing and using long term infrastructure and asset management plans to manage Council’s asset portfolio efficiently along with continued investment in its renewal and replacement as our asset stock ages.



Asset Management Plans:
“The objective of asset management is to ensure the City of Holdfast Bay’s assets are managed in the most cost-effective and sustainable way, so we can continue to deliver valuable services for our community now and into the future”



Financial Principles

Intergenerational Equity and Debt

Borrowing money to pay for things over time means that current and future ratepayers are contributing to the costs of the services and facilities they are using and benefiting from.

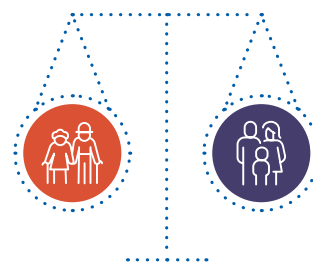
Borrowing money also means that Council can deliver some projects that might otherwise be unaffordable. However, as debt is repaid through rates revenue, the amount Council borrows must be considered. A long-term view of debt has been taken, but with a limit on the borrowings required to fund the plan.

Intergenerational equity occurs when the costs of an asset are spread over the lifetime of that asset and paid for by the generations that benefit from, or consume, that asset.

Council debt can:

- › **be crucial to the timely delivery of key community infrastructure projects**
- › **enable Council to deliver infrastructure earlier than otherwise would have been possible**
- › **spread the costs among future generations who will enjoy the benefit of the investments**
- › **avoid asking today's generation to pay the full cost of building assets that last for 50 to 100 years.**

Debt should only be used when there is a clear and viable plan for repayment. However, even when the repayment of planned borrowings is secured, it remains crucial to closely monitor that debt. Effective debt management is a cornerstone of future financial sustainability and a key element of the Long-Term Financial Plan. Therefore, the Council is committed to a debt management strategy that aims to cap current debt levels, which are projected to peak at \$61.4 million in 2025-26, before gradually reducing over the following decade.



Funding Plan

Council is committed to ensuring financial sustainability and intergenerational equity in funding its services and infrastructure. To maintain financial sustainability, it is crucial that ongoing income covers the cost of services and commitments.

The financial principles outlined previously emphasise that to achieve one objective often requires making trade-offs, where achieving one goal may require making compromises in other areas. So, to ensure the Council is well-positioned to meet future demands, it is prudent to establish clear and sustainable funding strategies for all types of expenditure.

In this regard, the Council commits to funding its expenditures through the following approaches:

Recurrent Operating Services

Recurrent operating services are funded solely through recurrent operating income, ensuring that borrowing does not create future liabilities without delivering corresponding benefits to ratepayers. The Council funds these services primarily through rates and is responsible for managing expenditures and keeping any increases in service costs at or below CPI. Any new services or increases in service levels are decisions made by the Council in response to community needs or feedback, and these are costed and funded through recurrent revenue at the time of implementation.

Operating Projects

One-off or short-term operating projects are funded through operating income sources. Borrowing is typically not used for these projects to avoid placing a financial burden on future generations without providing them direct benefits from the projects delivered.

Capital Expenditure – New





New infrastructure and upgrades to existing infrastructure are initially funded through borrowings for the capital investment costs, while ongoing operating income sources cover recurrent service costs such as maintenance, operations, interest, and depreciation. Alternatively, proceeds from the sale of surplus assets may be used to fund initial capital investment. For each new or upgraded infrastructure project, a recurrent operating income source is required to cover ongoing operational costs throughout the asset's lifespan. This approach ensures intergenerational equity, avoiding the burden of funding future-benefitting projects on today's ratepayers.

Capital Expenditure – Renewal

The funding of infrastructure and asset renewal requirements is managed through recurrent operating income sources, ensuring that services provided by assets are maintained over time and intergenerational equity is upheld. As capital needs can fluctuate year to year, temporary borrowings may be used and repaid to manage these fluctuations in cash flow.

Financial Levers

When considering the funding of new projects, whether the creation of new community assets or the provision of additional services, several financial levers are available to Council. All levers should be considered as each opportunity to generate additional funding can also have potential negative effects.

	Lever	Factors to Consider
 Rates	Increase amount of rates revenue raised	<ul style="list-style-type: none">› Community expectation on acceptable rate increases
 Grants	Secure additional grant funding	<ul style="list-style-type: none">› Council commit to co-funding projects they would not have otherwise undertaken› Additional ongoing costs that are not covered by funding
 Capital	Minimise new capital expenditure or reschedule asset renewal program	<ul style="list-style-type: none">› Community expectations on delivery of key initiatives› Reduction in asset renewal will delay the delivery of the Asset Management Plans
 Services	Decrease operational expenditure by reducing services or level of service	<ul style="list-style-type: none">› Community expectation on the services Council should deliver and the level provided› Potential long-term impact on community wellbeing

Assumptions

The Long Term Financial Plan includes a number of inputs and assumptions over which Council has varying levels of control. It reflects the most recent economic data and forecasts available, and includes allowances for known pressures, opportunities and risks.

It is important that the plan reflects the most recent economic data and forecasts available as the information generated is used to guide decisions on Council's operations into the future. To minimise the inherent risks of long-term planning, Council reviews and updates its Long Term Financial Plan on a regular basis, to ensure that the underlying parameters and assumptions are reasonable given the current economic conditions and expectations.

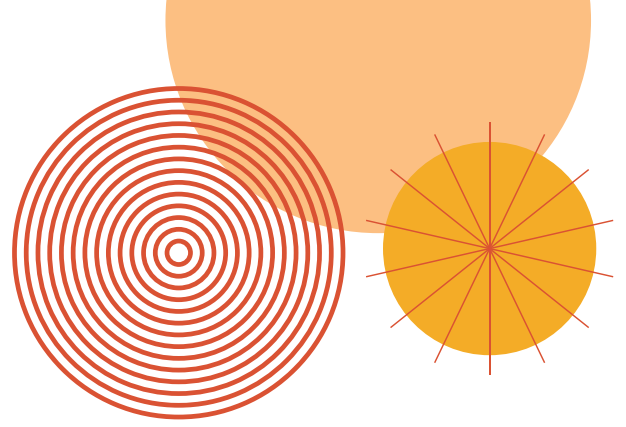
Key Assumptions

Inflation: To estimate the future rate at which prices for goods and services will rise, various economic forecasts have been sourced:

- › The December 2024 Consumer Price Index (CPI) for Adelaide formed the basis of the 2025–26 forecast as this index specifically measures price changes within South Australia where most of Council's expenditure occurs.
- › From 2026–27 onwards, CPI forecasting sourced from Deloitte Access Economics, which is an independent economic advisory service, has been applied.

These forecasts of future inflationary pressures were used to estimate Council's required expenditure in future years for all external outlays, including waste disposal, energy consumption and construction costs.

Another annual indicator for the increase in revenue required to fund Council's operations is the Local Government Price Index (LGPI), which measures price changes in the South Australian local government sector. However, LGPI is mostly an historical measure with long-term forecast data not available. Furthermore, in recent years LGPI has, on average, been close to CPI so the above forecasts have also been applied to future rate revenue, grant funding and other sources of income.



Employment costs: Employment costs have been revised in accordance with current enterprise agreements along with estimations for wage growth in future years. As per the Federal Government's determination to progressively increase Super Guarantee rates, it is assumed Council's obligation will rise to 12% in 2025 and beyond.

Funding and borrowings: In line with Council's Treasury Management Policy, borrowings are a mixture of short-term and long-term loans designed to manage liquidity and interest rate risk. Borrowings are only provided for when cash is required.

Existing loans are with the Local Government Finance Authority (LGFA) which is guaranteed by the South Australian Government and is Council's preferred financial institution. New loans have been forecast on a 15-year repayment basis, initially at a current LGFA interest rate of 5.70% and reducing to an average of 5.35% over the life of the plan. This is in line with the Reserve Bank of Australia's projection that interest rates are expected to fall through 2025.

Asset renewal and replacement: Forecast capital renewal expenditure has been taken directly from Council's Asset Management Plans which detail the scheduled replacement of assets due over the years 2025 to 2035.

Asset valuations: There is a requirement for Council assets to be valued at least every five years to ensure accurate financial reporting. These values inevitably rise over time, which has a direct and proportional effect on the annual depreciation charge. Within the plan, an average annual allowance of 3.4% has been made for this impact based on average valuation rises in preceding years.

New assets and strategic projects: To enable Council, in consultation with the community, to fund new strategic projects it might identify, an annual amount of \$500,000 for new operational projects and \$500,000 for new capital projects has been provided for. Operational projects have been increased annually in line with forecast inflation.

Transformation of Jetty Road project:

The 2025–26 Draft Annual Business Plan provides detail on the multi-year, \$40 million Transforming Jetty Road project, construction of which has already begun. Council has secured \$10 million of funding from the Australian Government, however, the remaining \$30 million is funded through borrowings. The associated costs have been included within the plan with an allowance to fund this made through increased rate revenue.

Alwyndor Aged Care: Though Council owns and operates this facility, it is excluded from the plan as it is managed as a self-operating business with all revenue sourced from its residents, government funding and investments. Alwyndor does not rely on funding from Council's rate revenue.

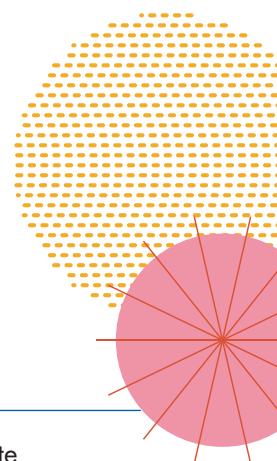
Assumptions

Key Economic Drivers

	Driver	2026	2027	2028	2029
Rate revenue – existing properties	Inflation	CPI 2.5%	Deloitte 3.1%	Deloitte 2.5%	Deloitte 2.5%
Rate Revenue – Transformation of Jetty Rd funding	Cost of borrowing	2.3%	2.3%	-	-
Rate Revenue – delivery of new capital projects	Cost of borrowing	0.15%	-	-	-
Rate revenue – new properties (growth)	Historic growth data	VG 0.9%	VG 0.8%	VG 0.8%	VG 0.8%
Other revenue	Inflation	CP 2.5%	Deloitte 3.1%	Deloitte 2.5%	Deloitte 2.5%
Employee costs	EA / Inflation	EA 4.5%	Deloitte 3.1%	Deloitte 2.5%	Deloitte 2.5%
Depreciation	Prior revaluations	Actual 10.4%	Average 3.4%	Average 3.4%	Average 3.4%
Loan Interest Rate (15 year – fixed rate)	Fixed Rate – Interest Only	LGFA 5.7%	LGFA 4.7%	LGFA 4.8%	LGFA 4.9%
Other expenditure	Inflation	CPI 2.5%	Deloitte 3.1%	Deloitte 2.5%	Deloitte 2.5%

GLOSSARY

CPI:	Consumer Price Index Adelaide (December 2023)
Deloitte:	Deloitte Access Economics (forecast)
EA:	Enterprise Agreement
LGFA:	Local Government Finance Authority
VG:	Office of the Valuer General (SA)



2030	2031	2032	2033	2034	2035
Deloitte 2.4%	Deloitte 2.3%	Deloitte 2.3%	Deloitte 2.4%	Deloitte 2.5%	Deloitte 2.5%
-	-	-	-	-	-
-	-	-	-	-	-
VG 0.8%	VG 0.8%	VG 0.8%	VG 0.8%	VG 0.8%	VG 0.8%
Deloitte 2.4%	Deloitte 2.3%	Deloitte 2.3%	Deloitte 2.4%	Deloitte 2.5%	Deloitte 2.5%
Deloitte 2.4%	Deloitte 2.3%	Deloitte 2.3%	Deloitte 2.4%	Deloitte 2.5%	Deloitte 2.5%
Average 3.4%	Average 3.4%	Average 3.4%	Average 3.4%	Average 3.4%	Average 3.4%
LGFA 5.3%	LGFA 5.7%	LGFA 5.7%	LGFA 5.7%	LGFA 5.7%	LGFA 5.7%
Deloitte 2.4%	Deloitte 2.3%	Deloitte 2.3%	Deloitte 2.4%	Deloitte 2.5%	Deloitte 2.5%

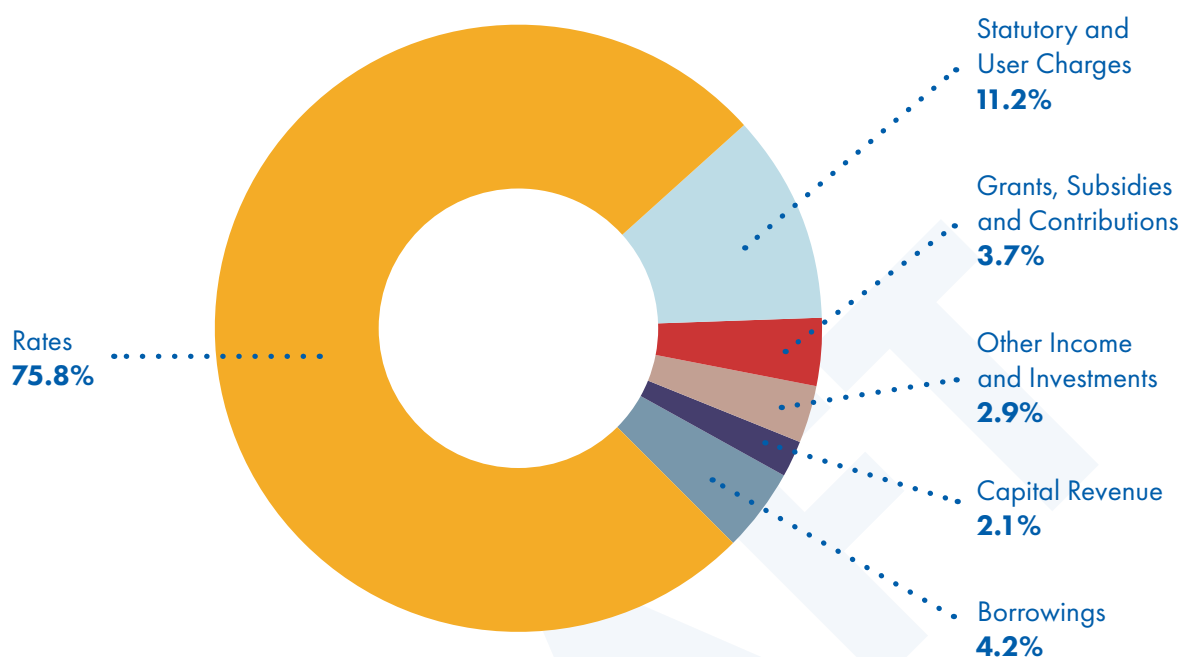
Long-Term Financial Position

The current 10-year projection indicates a degree of financial capacity to respond to unexpected events, and undertake major new initiatives, without adversely affecting the continued provision of services to the community. The plan has been set against economic uncertainty but will be reviewed every 12 months to reflect the prevailing economic conditions and changing community demands placed on the City of Holdfast Bay.

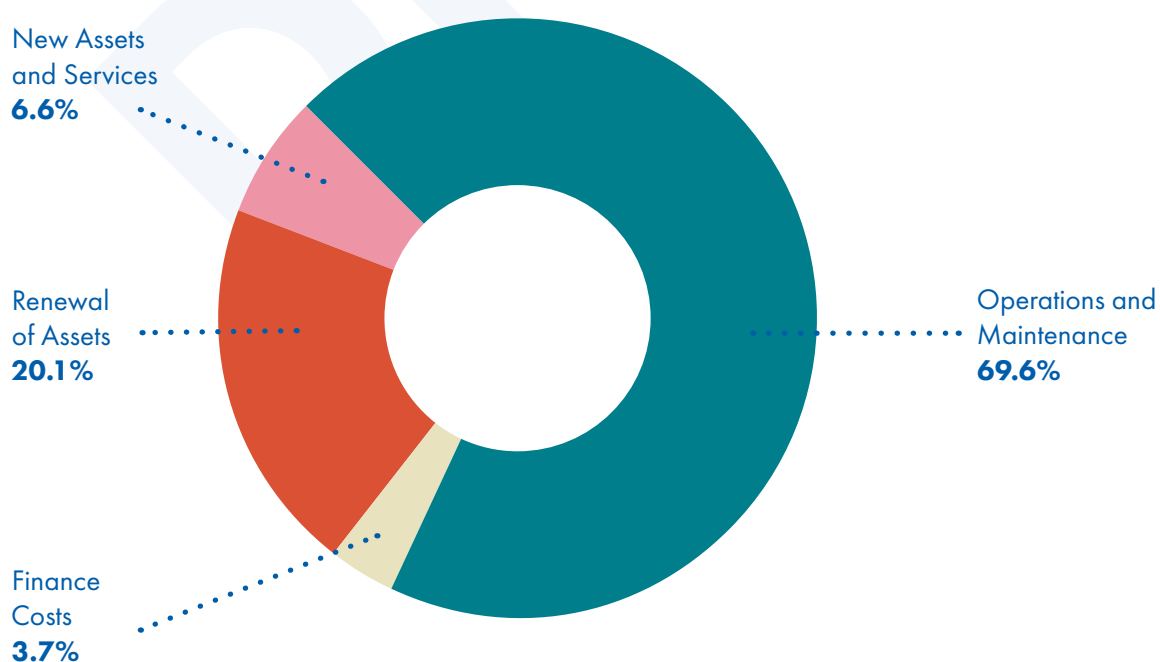
There are different ways in which Council can achieve its objectives. This plan balances the funding needs of asset renewal, new infrastructure and existing services against rating expectations, reasonable fees and debt leverage.

Consideration has also been given to the economic drivers that will influence the future cost of providing the infrastructure, facilities and services for the period 2025–26 to 2034–35. The values disclosed in this plan represent estimated future prices and costs.

**OVER THE 10-YEAR PLAN, TOTAL REVENUE
OF \$777 MILLION WILL BE SOURCED FROM:**



**OVER THE 10-YEAR PLAN, TOTAL EXPENDITURE
OF \$735 MILLION WILL FUND:**



Long-Term Financial Position

Operational Result

Operating surpluses are forecast in every year, ranging from \$300,500 to \$5 million. The additional revenue raised is used to repay existing debt obligations, with any surplus amounts then allocated to fund approved capital projects, thus reducing the need to borrow further.

However, there is still a high reliance on rate revenue (81%) to fund operational expenditure despite increased revenue streams from the development of the Brighton Beachfront Holiday Park and car parking.

Capital Projects

This plan provides for a total capital investment of \$196 million over the 10-year period, split between asset renewal of \$148 million and new capital projects of \$43 million. New and upgraded assets will also result in additional maintenance and depreciation costs that increase Council's existing operational expenditure. Additional amounts to allow for these new charges have been included in the Long Term Financial Plan.

Major projects relating to the creation of new, or upgraded assets include

Transformation of Jetty Road, Glenelg

A multi-million project which commenced in 2024–25 will transform Jetty Road, Glenelg. Spanning one kilometre in length and supporting 19 side streets and laneways, Jetty Road is home to more than 330 local business and welcomes a million visitors annually.

In 2025–26, work will be finalised on the City Zone, and new works will commence in the Transition and Coastal zones. The timing of the project has been brought forward to align with the temporary closure of tram services by the Department of Infrastructure and Transport thereby minimising disruption in the precinct. The project will be funded with \$10 million secured from the Australian Government and \$30 million from Council over three years. Council is still seeking State Government funding.

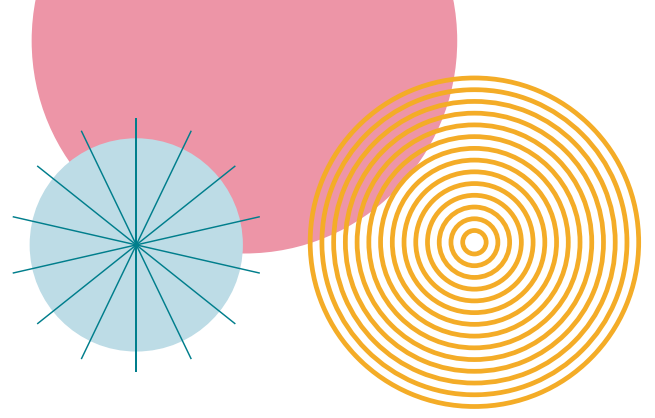
Stormwater Upgrades

Stormwater infrastructure upgrades will decrease the likelihood of flooding in high-risk areas. Part funded by the Federal Government; this was identified as a priority in the *Stormwater Management Plan*.

New Capital Projects

Other new capital works have been kept to a minimum, with resources focussed on Council's asset renewal program (\$148 million), the transformation of Jetty Road (\$30 million), and stormwater upgrades (\$2 million).

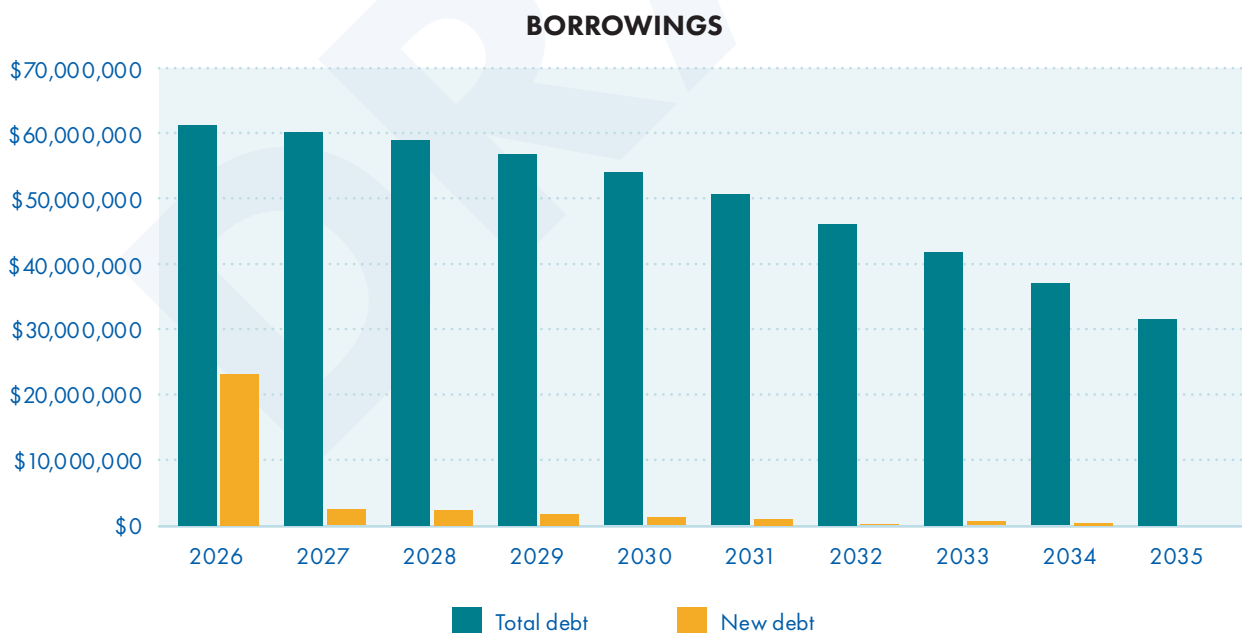
Six new capital projects have been proposed for inclusion in the 2025–26 budget. These projects will be open for community consultation and feedback as part of the Council's Draft Annual Business Plan. The Draft Long-Term Financial Plan includes the financial costs for each project, but these figures may be adjusted following the consultation process and once Council determines which projects to prioritise.



New Borrowings

The lifespan of many of these new assets will range between 20 and 60 years. Certain assets, like stormwater infrastructure, may even last more than 100 years. Debt helps to spread the cost between those using the assets now and those using them in the future.

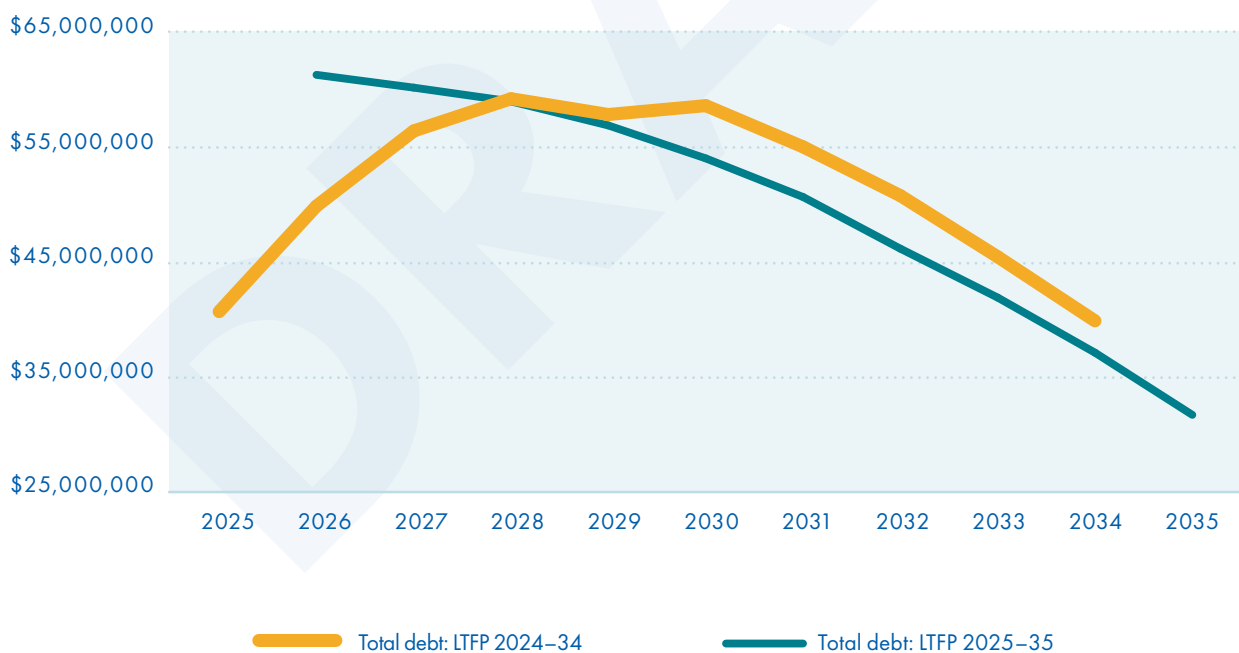
It is anticipated that new borrowings totalling \$33 million will be required to fund much of the \$43 million new and upgraded construction program. However, over the life of the plan, debt remains contained and within Council's set limits.

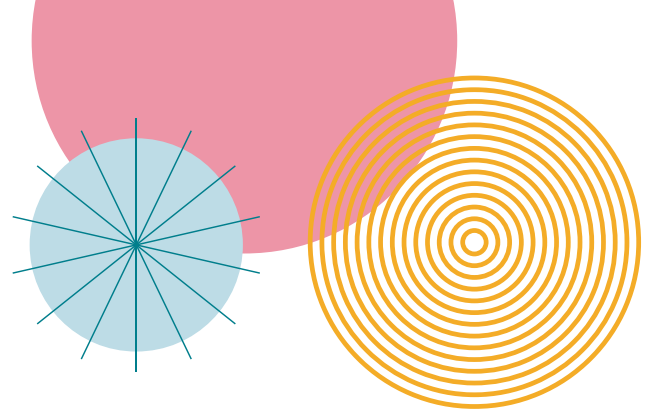


Long-Term Financial Position

The timing of when new debt will be incurred has shifted from last year's Long Term Financial Plan (2024–2034) due to the accelerated completion of the Transformation of Jetty Road project. However, across the duration of both plans no additional debt will be incurred. The following graph illustrates that total debt will now peak earlier and be repaid more quickly.

COMPARISON OF BORROWINGS BETWEEN LONG TERM FINANCIAL PLANS





DRAFT

Key Financial Indicators

Key Financial Indicators specifically designed for the local government sector enable Council to measure its financial sustainability in any one year, or over a period of time.

The following graphs and commentary provide an analysis of the City of Holdfast Bay's projected financial performance over the period of the plan. These are measured against targets set and endorsed by Council, which when viewed over multiple years, provide a valuable health-check on its long-term sustainability.



Operating Surplus Ratio

What it measures

This indicator measures the difference between day-to-day income and expenditure.

A positive ratio denotes a council's income is greater than its expenditure (sustainable) and indicates the percentage of rates available to fund current and future capital expenditure. If the ratio is negative, then a council is spending more than the income it receives (unsustainable in the long-term) and could indicate the community is not being rated appropriately to cover the services provided.

How it's calculated

Operating surplus, or deficit, as a percentage of total operating revenue.

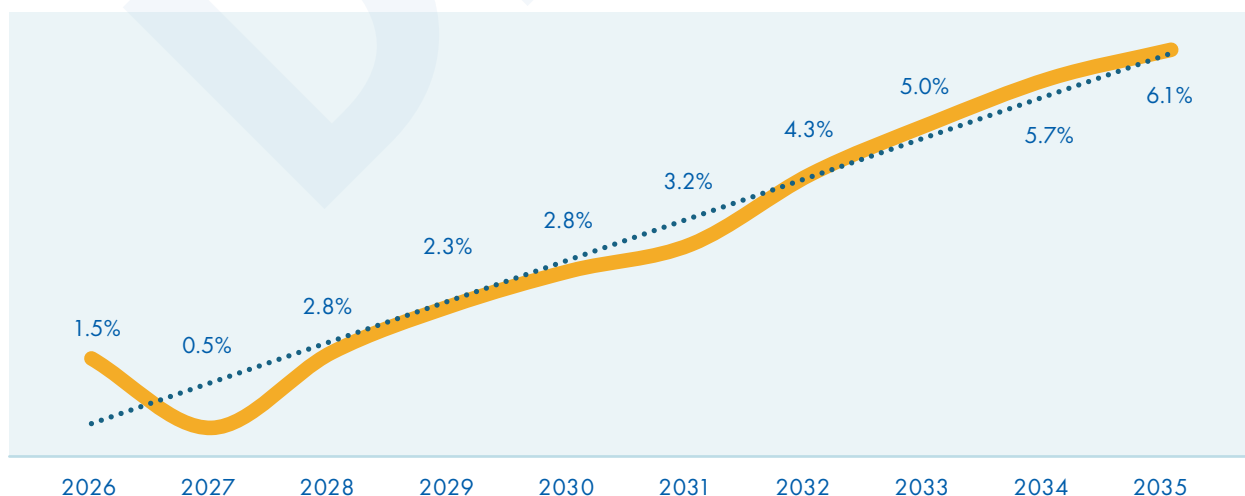
Council target

0% to 10% over a rolling five-year period.

Current projection

Council forecasts operational surpluses for all years, thus meeting its target. These surpluses can be used to repay existing debt, or fund new initiatives, identified through community consultation.

OPERATING SURPLUS RATIO



Key Financial Indicators

Net Financial Liabilities Ratio

What it measures

This indicator represents what is owed to others less money held, invested or owed to Council, expressed as a percentage of total revenue. Liabilities include borrowings, employee leave entitlements and other amounts payable.

If used appropriately, debt can be a beneficial source of financing the construction of infrastructure that has a long life, as it spreads the cost across the generations that will benefit from it. This is called intergenerational equity.

If total debt is too low, it can indicate that current ratepayers are contributing a higher share compared to future generations. Conversely if debt is too high, it could indicate the burden is being left for future ratepayers. Debt incurred to pay for day-to-day expenditure, over a period of time, is unsustainable.

How it's calculated

Net financial liabilities as a percentage of total operating revenue.

Council target

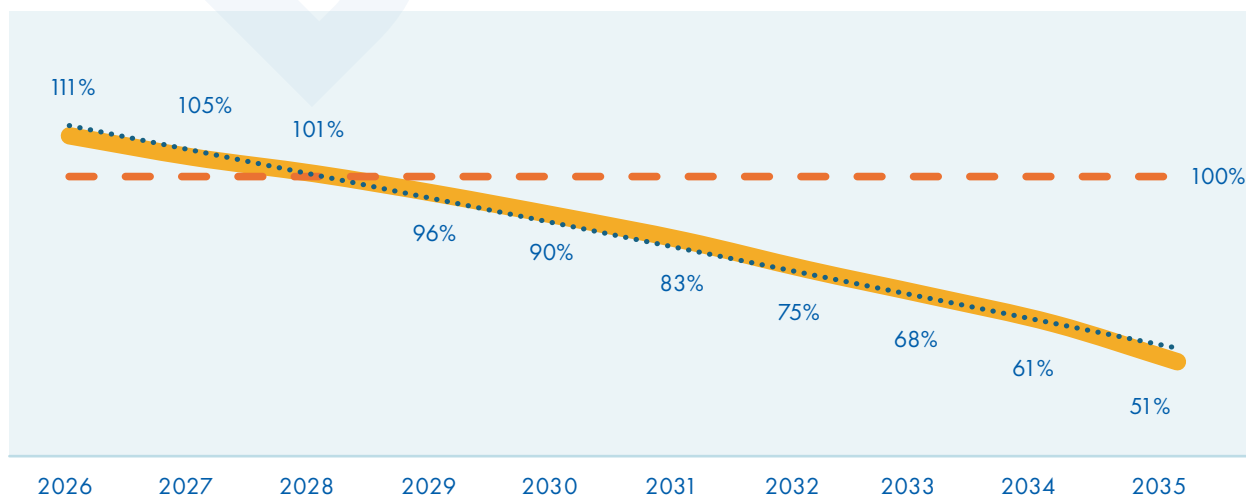
No greater than 100%.

Current projection

A Net Financial Liabilities Ratio limit of 100% is comparable to a household with an annual income of \$100,000 having a mortgage of only \$100,000, illustrating that Council has the capacity to borrow when necessary.

Over the life of the plan, the ratio averages 84%. However, it is forecast to exceed its target of 100% from 2026 to 2028 due to borrowing requirements for the Transformation of Jetty Road project. As the repayment of this debt has been accounted for through a planned increase in rate revenue the Council remains financially sustainable. The declining ratio in later years confirms this, while also indicating that Council will have a corresponding increase in its capacity to fund future initiatives.

NET FINANCIAL LIABILITIES RATIO





Interest Cover Ratio

What it measures

This indicator measures the percentage of income used to pay interest on loans.

When considered in conjunction with the Net Financial Liabilities Ratio, it provides an understanding of the level and affordability of Council's debt. An increasing ratio does not in itself imply unsustainability if the increased cost of debt is a consequence of a planned intergenerational infrastructure program. However, an increasing ratio due to the funding of day-to-day expenditure through borrowings is not financially sustainable.

How it's calculated

Finance charges as a percentage of total operating revenue.

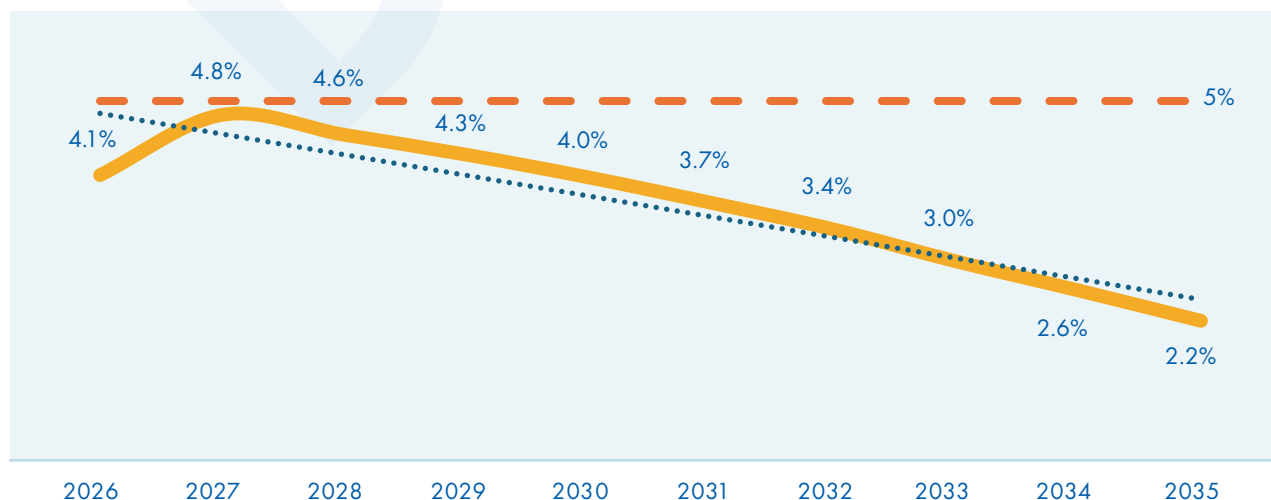
Council target

No greater than 5%.

Current projection

Council forecasts a ratio under 5% in all years, thus meeting its target. As with the Net Financial Liabilities Ratio, the declining Interest Cover Ratio over the timeframe of the plan indicates that Council will have a corresponding increase in its capacity to fund future initiatives.

INTEREST COVER RATIO



Key Financial Indicators

Asset Renewal Funding Ratio

What it measures

This indicator measures whether Council is appropriately maintaining its assets.

Council’s Asset Management Plans outline the optimum time to replace each of its assets to ensure consistent service delivery to the community. It is important that funding is available each year to enable the delivery of the schedules contained within these plans. This ratio measures whether Council is achieving this. A ratio significantly higher than 100% could imply assets are being replaced too frequently, while a lower ratio might indicate infrastructure is becoming unfit for purpose.

How it’s calculated

Total planned capital renewal expenditure in the Long Term Financial Plan as a percentage of expenditure identified in the Asset Management Plans.

Council target

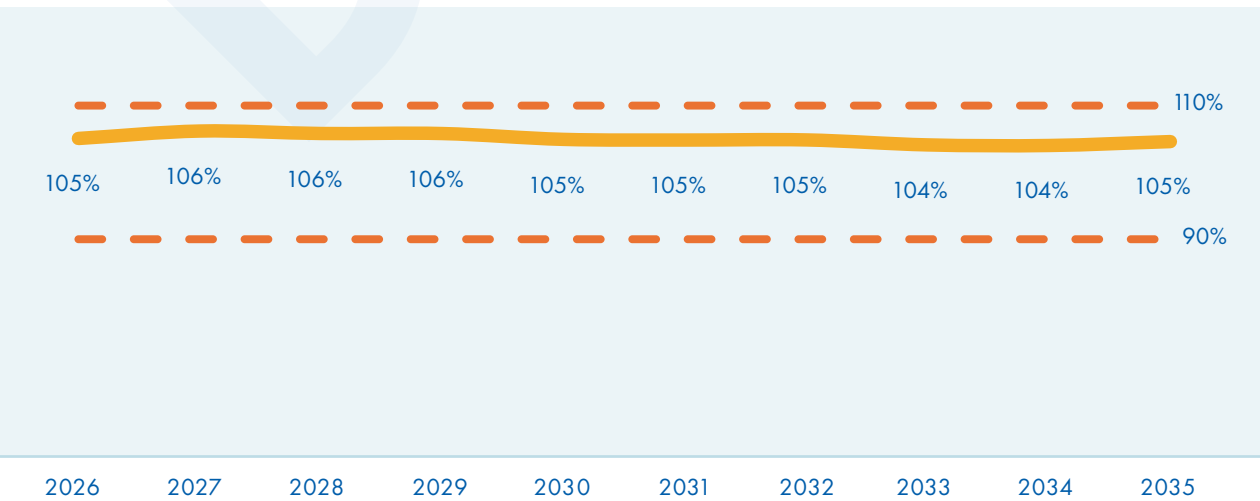
Between 90% and 100%.

Current projection

Forecast capital renewal expenditure has been taken directly from Council’s Asset Management Plans (2025–35) thus ensuring sufficient funding for a 100% renewal ratio in all years. This illustrates Council’s intention to replace assets at the optimum time, ensuring that sustainability is maintained.

Grant funding from the Federal Roads to Recovery Program for local road maintenance has also been incorporated into the Long Term Financial Plan. This is in addition to Council’s own scheduled works as required by the terms of the grant. As a result, the Asset Renewal Funding Ratio averages 105%.

ASSET RENEWAL FUNDING RATIO



Financial Statements



Financial Statements

City of Holdfast Bay (excluding Alwyndor Aged Care)
10 Year Financial Plan for the Years ending 30 June 2035
STATEMENT OF COMPREHENSIVE INCOME - GENERAL FUND

	Audited 2023/24 \$	Current Year 2024/25 \$	2025/26 \$
Income			
Rates	43,546,000	46,933,483	49,580,223
Statutory Charges	3,781,000	3,644,341	3,577,759
User Charges	4,183,000	3,934,047	4,161,636
Grants, Subsidies and Contributions	2,074,000	2,542,546	2,744,906
Investment Income	86,000	72,000	72,000
Reimbursements	780,000	787,315	775,484
Other Income	1,287,000	921,516	1,172,833
Net gain - equity accounted Council businesses	385,000	146,000	146,000
Total Income	56,122,000	58,981,248	62,230,841
Expenses			
Employee Costs	20,347,000	20,936,820	21,926,459
Materials, Contracts & Other Expenses	22,884,000	23,596,003	23,879,422
Depreciation, Amortisation & Impairment	11,330,000	11,685,000	12,897,000
Finance Costs	621,000	1,752,948	2,596,000
Total Expenses	55,182,000	57,970,771	61,298,881
Operating Surplus / (Deficit)	940,000	1,010,477	931,960
Asset Disposal & Fair Value Adjustments	(1,375,000)	-	-
Amounts Received Specifically for New or Upgraded Assets	2,001,000	4,532,960	10,000,000
Net Surplus / (Deficit)	1,566,000	5,543,437	10,931,960
Other Comprehensive Income			
Amounts which will not be reclassified subsequently to operating result			
Changes in Revaluation Surplus - I,PP&E	27,135,000	39,036,910	-
Total Other Comprehensive Income	27,135,000	39,036,910	-
Total Comprehensive Income	28,701,000	44,580,347	10,931,960

2026/27	2027/28	2028/29	Projected Years					
			2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
\$	\$	\$	\$	\$	\$	\$	\$	\$
52,606,930	54,351,124	56,153,250	57,959,086	59,765,147	61,627,600	63,609,835	65,719,556	67,899,371
3,688,670	3,780,887	3,875,409	3,968,419	4,059,693	4,153,066	4,252,740	4,359,059	4,468,035
4,290,647	4,397,913	4,507,861	4,616,050	4,722,219	4,830,830	4,946,770	5,070,439	5,197,200
2,736,750	2,824,744	2,876,720	2,838,378	2,888,568	2,939,911	2,994,720	3,053,183	3,113,107
74,880	77,052	79,287	81,586	83,952	86,387	88,892	91,470	94,123
799,524	819,512	840,000	860,160	879,944	900,183	921,787	944,832	968,453
1,209,191	1,239,421	1,270,407	1,300,897	1,330,818	1,361,427	1,394,101	1,428,954	1,464,678
149,000	152,000	155,000	158,000	161,000	164,000	164,000	164,000	164,000
65,555,592	67,642,653	69,757,934	71,782,576	73,891,341	76,063,404	78,372,845	80,831,493	83,368,967
22,606,180	23,171,333	23,750,618	24,320,634	24,880,008	25,452,249	26,063,104	26,714,681	27,382,548
25,325,985	25,716,535	26,361,948	27,037,134	27,885,569	28,258,342	28,939,043	29,705,018	30,699,146
14,088,465	14,518,249	14,963,680	15,435,962	15,936,637	16,466,994	17,028,452	17,622,663	18,252,156
3,234,393	3,165,248	3,087,691	2,970,766	2,820,499	2,647,355	2,410,866	2,188,523	1,936,375
65,255,023	66,571,365	68,163,937	69,764,496	71,522,713	72,824,940	74,441,466	76,230,886	78,270,225
300,569	1,071,288	1,593,997	2,018,080	2,368,628	3,238,464	3,931,379	4,600,607	5,098,742
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
300,569	1,071,288	1,593,997	2,018,080	2,368,628	3,238,464	3,931,379	4,600,607	5,098,742
15,345,468	16,061,752	16,781,896	17,529,103	18,291,986	19,077,975	19,885,484	20,740,306	21,620,824
15,345,468	16,061,752	16,781,896	17,529,103	18,291,986	19,077,975	19,885,484	20,740,306	21,620,824
15,646,037	17,133,040	18,375,893	19,547,183	20,660,614	22,316,439	23,816,863	25,340,914	26,719,566

Financial Statements

City of Holdfast Bay (excluding Alwyndor Aged Care)
10 Year Financial Plan for the Years ending 30 June 2035
STATEMENT OF FINANCIAL POSITION - GENERAL FUND

	Audited 2023/24	Current Year 2024/25	2025/26
	\$	\$	\$
ASSETS			
Current Assets			
Cash & Cash Equivalents	159,000	-	-
Trade & Other Receivables	4,384,000	2,055,778	2,391,744
Total Current Assets	4,543,000	2,055,778	2,391,744
Non-Current Assets			
Financial Assets	129,000	654,259	634,272
Equity Accounted Investments in Council Businesses	4,636,000	4,782,000	4,928,000
Infrastructure, Property, Plant & Equipment	889,189,000	957,466,603	989,122,335
Other Non-Current Assets	4,035,000	4,035,000	4,035,000
Total Non-Current Assets	897,989,000	966,937,862	998,719,607
TOTAL ASSETS	902,532,000	968,993,640	1,001,111,352
LIABILITIES			
Current Liabilities			
Trade & Other Payables	9,190,000	5,931,020	6,035,289
Borrowings	4,577,000	2,402,002	3,548,381
Provisions	3,945,000	4,147,902	4,429,620
Total Current Liabilities	17,712,000	12,480,923	14,013,290
Non-Current Liabilities			
Borrowings	11,200,000	38,223,601	57,853,909
Provisions	251,000	339,769	362,846
Total Non-Current Liabilities	11,451,000	38,563,370	58,216,755
TOTAL LIABILITIES	29,163,000	51,044,293	72,230,045
Net Assets	873,369,000	917,949,347	928,881,307
EQUITY			
Accumulated Surplus	185,070,000	190,613,437	201,545,397
Asset Revaluation Reserves	688,299,000	727,335,910	727,335,910
Total Equity	873,369,000	917,949,347	928,881,307

2026/27	2027/28	2028/29	Projected Years					
			2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
\$	\$	\$	\$	\$	\$	\$	\$	\$
-	-	-	-	-	-	-	-	2,050,347
2,016,038	2,062,632	2,121,559	2,176,753	2,239,315	2,286,807	2,342,713	2,409,593	2,482,460
2,016,038	2,062,632	2,121,559	2,176,753	2,239,315	2,286,807	2,342,713	2,409,593	4,532,807
615,017	602,763	589,743	575,910	561,213	552,764	551,172	550,339	550,339
5,077,000	5,229,000	5,384,000	5,542,000	5,703,000	5,867,000	6,031,000	6,195,000	6,359,000
1,004,574,008	1,020,747,842	1,037,318,339	1,054,303,468	1,071,938,992	1,089,995,433	1,109,859,769	1,130,723,387	1,150,352,814
4,035,000	4,035,000	4,035,000	4,035,000	4,035,000	4,035,000	4,035,000	4,035,000	4,035,000
1,014,301,025	1,030,614,605	1,047,327,082	1,064,456,378	1,082,238,205	1,100,450,197	1,120,476,941	1,141,503,726	1,161,297,153
1,016,317,063	1,032,677,237	1,049,448,641	1,066,633,131	1,084,477,519	1,102,737,004	1,122,819,654	1,143,913,319	1,165,829,961
6,398,655	6,508,737	6,677,035	6,852,059	7,066,136	7,173,578	7,352,006	7,551,277	7,802,885
3,513,354	3,805,583	4,083,352	4,351,174	4,621,569	4,868,369	5,149,906	5,435,172	5,409,661
4,720,072	5,017,786	5,322,942	5,635,423	5,955,091	6,282,111	6,616,980	6,960,220	7,312,041
14,632,081	15,332,106	16,083,329	16,838,656	17,642,795	18,324,059	19,118,892	19,946,669	20,524,587
56,771,000	55,273,723	52,893,014	49,749,399	46,102,848	41,337,842	36,781,366	31,678,225	26,268,563
386,638	411,024	436,021	461,617	487,802	514,590	542,020	570,136	598,955
57,157,638	55,684,747	53,329,035	50,211,016	46,590,650	41,852,431	37,323,386	32,248,361	26,867,518
71,789,719	71,016,853	69,412,364	67,049,672	64,233,445	60,176,490	56,442,278	52,195,030	47,392,106
944,527,344	961,660,384	980,036,277	999,583,460	1,020,244,074	1,042,560,514	1,066,377,376	1,091,718,290	1,118,437,855
201,845,966	202,917,253	204,511,250	206,529,330	208,897,958	212,136,423	216,067,802	220,668,409	225,767,151
742,681,378	758,743,131	775,525,026	793,054,130	811,346,116	830,424,091	850,309,575	871,049,881	892,670,705
944,527,344	961,660,384	980,036,277	999,583,460	1,020,244,074	1,042,560,514	1,066,377,376	1,091,718,290	1,118,437,855

Financial Statements

City of Holdfast Bay (excluding Alwyndor Aged Care)
10 Year Financial Plan for the Years ending 30 June 2035
STATEMENT OF CASH FLOWS - GENERAL FUND

	Audited 2023/24 \$	Current Year 2024/25 \$	2025/26 \$
Cash Flows from Operating Activities			
Receipts:			
Rates Receipts	43,378,000	46,875,914	49,564,247
Statutory Charges	3,820,000	4,023,136	3,580,884
User Charges	4,539,000	4,357,703	4,150,956
Grants, Subsidies and Contributions (operating purpose)	1,168,000	2,724,822	2,735,410
Investment Receipts	86,000	81,610	72,000
Reimbursements	789,000	870,091	775,871
Other	3,682,000	925,245	1,183,411
Payments:			
Payments to Employees	(19,824,000)	(20,760,985)	(21,619,675)
Payments for Materials, Contracts & Other Expenses	(25,759,000)	(23,093,207)	(23,820,989)
Finance Payments	(621,000)	(1,752,948)	(2,596,000)
Net Cash provided (or used in) Operating Activities	11,258,000	14,251,379	14,026,113
Cash Flows from Investing Activities			
Receipts:			
Amounts Received Specifically for New/Upgraded Assets	2,001,000	1,145,592	9,729,311
Grants utilised for capital purposes	917,000	-	-
Sale of Replaced Assets	461,000	26,000	469,931
Repayments of Loans by Community Groups	165,000	521,120	20,621
Expenditure on Renewal/Replacement of Assets	(8,499,000)	(13,919,867)	(12,852,383)
Expenditure on New/Upgraded Assets	(8,397,000)	(27,031,826)	(32,170,280)
Net Cash provided (or used in) Investing Activities	(13,352,000)	(39,258,981)	(34,802,800)
Cash Flows from Financing Activities			
Receipts:			
Proceeds from Borrowings	3,500,000	29,426,060	23,178,689
Payments:			
Repayments of Borrowings	(1,100,000)	(4,565,457)	(2,402,002)
Repayment of Principal Portion of Lease Liabilities	(12,000)	(12,000)	-
Net Cash Flow provided (used in) Financing Activities	2,388,000	24,848,602	20,776,687
Net Increase/(Decrease) in Cash & Cash Equivalents	294,000	(159,000)	-
plus: Cash & Cash Equivalents - beginning of year	(135,000)	159,000	-
Cash & Cash Equivalents - end of the year	159,000	-	-
Cash & Cash Equivalents - end of the year	159,000	-	-
Investments - end of the year	-	-	-
Cash, Cash Equivalents & Investments - end of the year	159,000	-	-

2026/27	2027/28	2028/29	Projected Years		2031/32	2032/33	2033/34	2034/35
			2029/30	2030/31				
\$	\$	\$	\$	\$	\$	\$	\$	\$
52,588,660	54,340,596	56,142,372	57,948,185	59,754,245	61,616,358	63,597,870	65,706,821	67,886,213
3,683,465	3,776,559	3,870,973	3,964,054	4,055,410	4,148,684	4,248,063	4,354,070	4,462,921
4,284,593	4,392,879	4,502,701	4,610,973	4,717,237	4,825,733	4,941,329	5,064,636	5,191,251
2,737,133	2,820,615	2,874,281	2,840,177	2,886,213	2,937,502	2,992,148	3,050,439	3,110,295
74,786	76,981	79,214	81,511	83,875	86,307	88,810	91,386	94,036
798,738	818,859	839,331	859,501	879,298	899,522	921,081	944,079	967,681
1,182,821	1,238,993	1,269,968	1,300,465	1,330,394	1,360,994	1,393,639	1,428,461	1,464,172
(22,290,567)	(22,848,095)	(23,419,299)	(23,981,409)	(24,533,029)	(25,097,289)	(25,699,575)	(26,342,013)	(27,000,563)
(25,027,746)	(25,636,015)	(26,228,883)	(26,897,931)	(27,710,647)	(28,181,487)	(28,798,703)	(29,547,097)	(30,494,186)
(3,234,393)	(3,165,248)	(3,087,691)	(2,970,766)	(2,820,499)	(2,647,355)	(2,410,866)	(2,188,523)	(1,936,375)
14,797,489	15,816,124	16,842,968	17,754,761	18,642,497	19,948,969	21,273,795	22,562,258	23,745,446
495,130	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
672,123	636,855	558,165	709,218	602,652	420,872	1,163,339	778,116	388,317
19,987	19,255	12,254	13,020	13,833	14,697	8,449	1,592	833
(12,788,402)	(14,174,335)	(14,202,774)	(14,478,950)	(14,746,258)	(14,715,123)	(17,003,806)	(17,340,582)	(15,448,480)
(2,078,391)	(1,092,851)	(1,107,672)	(1,122,256)	(1,136,568)	(1,151,209)	(1,166,838)	(1,183,509)	(1,200,597)
(13,679,553)	(14,611,076)	(14,740,027)	(14,878,968)	(15,266,341)	(15,430,763)	(16,998,856)	(17,744,383)	(16,259,927)
2,430,445	2,308,306	1,702,643	1,207,558	975,018	103,364	593,430	332,031	-
(3,548,381)	(3,513,354)	(3,805,583)	(4,083,352)	(4,351,174)	(4,621,569)	(4,868,369)	(5,149,906)	(5,435,172)
-	-	-	-	-	-	-	-	-
(1,117,936)	(1,205,048)	(2,102,940)	(2,875,794)	(3,376,156)	(4,518,206)	(4,274,939)	(4,817,875)	(5,435,172)
-	-	-	-	-	-	-	-	2,050,347
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	2,050,347
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	2,050,347
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	2,050,347

Financial Statements

City of Holdfast Bay (excluding Alwyndor Aged Care)
10 Year Financial Plan for the Years ending 30 June 2035
STATEMENT OF CHANGES IN EQUITY - GENERAL FUND

	Audited 2023/24 \$	Current Year 2024/25 \$	2025/26 \$
Opening Balance	844,668,000	873,369,000	917,949,347
Net Surplus / (Deficit) for Year	1,566,000	5,543,437	10,931,960
Other Comprehensive Income			
- Gain (Loss) on Revaluation of I,PP&E	27,135,000	39,036,910	-
Other Comprehensive Income	27,135,000	39,036,910	-
Total Comprehensive Income	28,701,000	44,580,347	10,931,960
Equity - Balance at end of the reporting period	873,369,000	917,949,347	928,881,307

2026/27	2027/28	2028/29	Projected Years					
			2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
\$	\$	\$	\$	\$	\$	\$	\$	\$
928,881,307	944,527,344	961,660,384	980,036,277	999,583,460	1,020,244,074	1,042,560,514	1,066,377,376	1,091,718,290
300,569	1,071,288	1,593,997	2,018,080	2,368,628	3,238,464	3,931,379	4,600,607	5,098,742
15,345,468	16,061,752	16,781,896	17,529,103	18,291,986	19,077,975	19,885,484	20,740,306	21,620,824
15,345,468	16,061,752	16,781,896	17,529,103	18,291,986	19,077,975	19,885,484	20,740,306	21,620,824
15,646,037	17,133,040	18,375,893	19,547,183	20,660,614	22,316,439	23,816,863	25,340,914	26,719,566
944,527,344	961,660,384	980,036,277	999,583,460	1,020,244,074	1,042,560,514	1,066,377,376	1,091,718,290	1,118,437,855

Financial Statements

City of Holdfast Bay (excluding Alwyndor Aged Care)
10 Year Financial Plan for the Years ending 30 June 2035
UNIFORM PRESENTATION OF FINANCES - GENERAL FUND

	Audited 2023/24 \$	Current Year 2024/25 \$	2025/26 \$
Income			
Rates	43,546,000	46,933,483	49,580,223
Statutory Charges	3,781,000	3,644,341	3,577,759
User Charges	4,183,000	3,934,047	4,161,636
Grants, Subsidies and Contributions	1,157,000	2,542,546	2,744,906
Grants, Subsidies and Contributions - capital	917,000	-	-
Investment Income	86,000	72,000	72,000
Reimbursements	780,000	787,315	775,484
Other Income	1,287,000	921,516	1,172,833
Net gain - equity accounted Council businesses	385,000	146,000	146,000
Total Income	56,122,000	58,981,248	62,230,841
Expenses			
Employee Costs	20,347,000	20,936,820	21,926,459
Materials, Contracts & Other Expenses	22,884,000	23,596,003	23,879,422
Depreciation, Amortisation & Impairment	11,330,000	11,685,000	12,897,000
Finance Costs	621,000	1,752,948	2,596,000
Net loss - Equity Accounted Council Businesses	-	-	-
Total Expenses	55,182,000	57,970,771	61,298,881
Operating Surplus / (Deficit)	940,000	1,010,477	931,960
Less: Grants, subsidies and contributions – Capital	(917,000)	-	-
Adjusted Operating Surplus / (Deficit)	23,000	1,010,477	931,960
Net Outlays on Existing Assets			
Capital Expenditure on Renewal and Replacement of Existing Assets	(8,499,000)	(13,919,867)	(12,852,383)
Finance Lease payments for Right of Use Assets	-	(12,000)	-
add back Depreciation, Amortisation and Impairment	11,330,000	11,685,000	12,897,000
add back Grants, subsidies and contributions – Capital Renewal	643,000	-	-
add back Proceeds from Sale of Replaced Assets	461,000	26,000	469,931
Total Net Outlays on Existing Assets	3,935,000	(2,220,867)	514,548
Net Outlays on New and Upgraded Assets			
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	(8,397,000)	(27,031,826)	(32,170,280)
add back Grants, subsidies and contributions – Capital New/Upgraded	274,000	-	-
add back Amounts Received Specifically for New and Upgraded Assets	2,001,000	1,145,592	9,729,311
Total Net Outlays on New and Upgraded Assets	(6,122,000)	(25,886,234)	(22,440,969)
Annual Net Impact to Financing Activities (surplus / (deficit))	(2,164,000)	(27,096,625)	(20,994,461)

2026/27	2027/28	2028/29	Projected Years		2031/32	2032/33	2033/34	2034/35
			2029/30	2030/31				
\$	\$	\$	\$	\$	\$	\$	\$	\$
52,606,930	54,351,124	56,153,250	57,959,086	59,765,147	61,627,600	63,609,835	65,719,556	67,899,371
3,688,670	3,780,887	3,875,409	3,968,419	4,059,693	4,153,066	4,252,740	4,359,059	4,468,035
4,290,647	4,397,913	4,507,861	4,616,050	4,722,219	4,830,830	4,946,770	5,070,439	5,197,200
2,736,750	2,824,744	2,876,720	2,838,378	2,888,568	2,939,911	2,994,720	3,053,183	3,113,107
-	-	-	-	-	-	-	-	-
74,880	77,052	79,287	81,586	83,952	86,387	88,892	91,470	94,123
799,524	819,512	840,000	860,160	879,944	900,183	921,787	944,832	968,453
1,209,191	1,239,421	1,270,407	1,300,897	1,330,818	1,361,427	1,394,101	1,428,954	1,464,678
149,000	152,000	155,000	158,000	161,000	164,000	164,000	164,000	164,000
65,555,592	67,642,653	69,757,934	71,782,576	73,891,341	76,063,404	78,372,845	80,831,493	83,368,967
22,606,180	23,171,333	23,750,618	24,320,634	24,880,008	25,452,249	26,063,104	26,714,681	27,382,548
25,325,985	25,716,535	26,361,948	27,037,134	27,885,569	28,258,342	28,939,043	29,705,018	30,699,146
14,088,465	14,518,249	14,963,680	15,435,962	15,936,637	16,466,994	17,028,452	17,622,663	18,252,156
3,234,393	3,165,248	3,087,691	2,970,766	2,820,499	2,647,355	2,410,866	2,188,523	1,936,375
-	-	-	-	-	-	-	-	-
65,255,023	66,571,365	68,163,937	69,764,496	71,522,713	72,824,940	74,441,466	76,230,886	78,270,225
300,569	1,071,288	1,593,997	2,018,080	2,368,628	3,238,464	3,931,379	4,600,607	5,098,742
-	-	-	-	-	-	-	-	-
300,569	1,071,288	1,593,997	2,018,080	2,368,628	3,238,464	3,931,379	4,600,607	5,098,742
(12,788,402)	(14,174,335)	(14,202,774)	(14,478,950)	(14,746,258)	(14,715,123)	(17,003,806)	(17,340,582)	(15,448,480)
-	-	-	-	-	-	-	-	-
14,088,465	14,518,249	14,963,680	15,435,962	15,936,637	16,466,994	17,028,452	17,622,663	18,252,156
-	-	-	-	-	-	-	-	-
672,123	636,855	558,165	709,218	602,652	420,872	1,163,339	778,116	388,317
1,972,186	980,769	1,319,071	1,666,230	1,793,031	2,172,743	1,187,985	1,060,197	3,191,993
(2,078,391)	(1,092,851)	(1,107,672)	(1,122,256)	(1,136,568)	(1,151,209)	(1,166,838)	(1,183,509)	(1,200,597)
-	-	-	-	-	-	-	-	-
495,130	-	-	-	-	-	-	-	-
(1,583,261)	(1,092,851)	(1,107,672)	(1,122,256)	(1,136,568)	(1,151,209)	(1,166,838)	(1,183,509)	(1,200,597)
689,494	959,206	1,805,396	2,562,054	3,025,091	4,259,998	3,952,527	4,477,295	7,090,138



Brighton Civic Centre
24 Jetty Road
Brighton SA 5048

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PO Box 19
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mail@holdfast.sa.gov.au

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Item No: 8.5

Subject: 2025-26 DRAFT ANNUAL BUSINESS PLAN

Summary

The Draft 2025-26 Annual Business Plan is presented for noting ahead of its release for community engagement. It has been developed having regard to the *Our Holdfast 2050+* Strategic Plan, Asset Management Plans, Long Term Financial Plan and directions provided by Council.

The draft budget has been developed with a general rate increase of 4.95% and satisfies Council's financial sustainability and performance measures.

This year, the 2025-26 Annual Business Plan is due for Council consideration on 22 July, after the close of the 2024-25 financial year. This necessitates a resolution from Council to allow it to continue the 2024-25 Annual Business Plan from 1 – 22 July.

Consultation results on the Draft 2025-26 Annual Business Plan are due for review by Council's Audit and Risk Committee on 16 July 2024.

Recommendation

That the Audit Committee notes the Draft 2025-26 Annual Business Plan and supports its presentation to Council for community consultation.

Background

The Draft 2025-26 Annual Business Plan is Council's statement of its intended program of activities and outcomes for the coming financial year. It is developed concurrently with the budget, which outlines proposed revenue sources and resources allocated to implement the Annual Business Plan.

The Draft 2025-26 Annual Business Plan has not been previously considered by Council, although its development has been the subject of workshops with Elected Members.

Report

Development of the Draft 2025-26 Annual Business Plan and Budget

The Draft 2025-26 Annual Business Plan is provided to members as Attachment 1.

Refer Attachment 1

The 2025-26 Annual Business Plan and consultation results will be reviewed by Council's Audit and Risk Committee on 16 July 2025.

Key Parameters

- Target of an operating surplus.
- 4.95% general rate revenue increase (excluding separate rates and Regional Landscape Levy).
- 0.9% rate revenue increase for new development growth.
- Alwyndor and Jetty Road Mainstreet budgets to be self-funding.

Other considerations

Depreciation is based on existing asset valuations and has increased by 10% (\$1,212,000). The major asset classes that have increased are office equipment (IT assets) and open spaces. Fees and charges have been reviewed and assessed in accordance with a user pays principle, taking LGPI into account.

Major Projects

Work on the Transforming Jetty Road Glenelg project in the City zone is underway, with work to begin in 2025-26 in the Transition and Coast zones (from Partridge/Gordon St intersection to Colley Terrace). This project will elevate the tourism, shopping and entertainment precinct into a modern, safe, vibrant and accessible destination for all who live here and come to visit.

As previously reported, funding for the \$40m Transforming Jetty Road project will require increased borrowings over three years. This will enable the costs of the project to be shared fairly between current and future users. Council has secured \$10 million from the Australian Government to help deliver the project, with the remaining \$30 million to be funded by Council. This necessitates an increase in borrowings, which is taken into account in the Draft 2025-26 Annual Business Plan and the Draft 2025-26 Long Term Financial Plan. The Draft 2025-26 Annual Business Plan shows a substantial increase in expenditure on asset renewals. \$12.29 million has been allocated to renewals compared to \$8.46 million in 2024-25 and \$7.08 million in 2023-24.

There is a limited number of other new projects that have been proposed. Community indicators of support will be sought in the consultation process and include:

- | | |
|--|-------------|
| • Pedestrian crossings to improve safety – Adelphi Terrace | (\$120,000) |
| • Jetty Road, Brighton - Street improvements (consultation and design) | (\$50,000) |
| • Active transport for kids (Stage 2) – Paringa Park Primary School | (\$50,000) |
| • New Disability Discrimination Act-compliant pathways – Bowker Oval | (\$40,000) |
| • Cemetery upgrades – Brighton and St Jude's cemeteries | (\$256,000) |
| • Fairy lights – Jetty Road, Brighton | (\$73,280) |

Commercial Activities

Brighton Beachfront Holiday Park is budgeting for net earnings of \$1.524 million for the 2025-26 year which is an increase on the \$1.461 million predicted for 2024-25.

Alwyndor draft 2024-25 budget

The draft Alwyndor budget has been developed and indicates an operating surplus of \$651,284 for 2025-26.

Rate Revenue and Valuations

The major variable determining the ability to meet the draft budget program of services, works and financial targets is rate revenue. This is budgeted to increase by 4.95% excluding separate rates, development growth (estimated at 0.9%) and the Regional Landscape Levy.

The 4.95% increase in rates comprises 2.5%, which aligns with Adelaide Consumer Price Index (as at December 2024) to fund the full range of services and renewals, 2.3% to fund the Transforming Jetty Road, Glenelg project, and 0.15 % to fund new projects.

The Differential Rate premium applied to industrial, commercial properties and vacant land will be determined once land valuations are received by the Valuer-General. The premium applied to industrial, commercial properties and vacant land in the 2024-25 financial year was 63%.

The Jetty Road, Glenelg separate rate is budgeted to increase by 2.5% (\$17,675). This funds the operation of the Jetty Road Mainstreet Committee and this is cost neutral.

The Patawalonga Marina separate rate of \$88,660 has been increased by 2.5%. It provides for basic annual maintenance cost and includes a 50% discount to account for the general public's use of the lock.

Draft Budget Financial Performance and Position

The draft budget (excluding Alwyndor) features:

- Operating surplus of \$931,960 for Council's municipal activities;
- Capital expenditure of \$45.02 million comprising \$12.29 million on renewal and replacement of existing assets and \$31.61 million for new and upgraded assets (including \$30m for Transforming Jetty Road, Glenelg) and \$1.12 million for employee costs capitalised;
- Council's current ceiling for the net financial liabilities ratio is 100 %. 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 2025-26, the net financial liabilities ratio is forecast to increase from 90% to 111% (excluding Alwyndor).

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 5% for this ratio. In 2025-26, our interest cover ratio is forecast to be 4.1% (excluding Alwyndor). Our net financial liabilities and interest cover ratio indicate that council remains in a strong and sustainable financial position to manage its debt levels.

Timing for Adoption of Annual Business Plan and Budget

Given the extensive consultation for the Transforming Jetty Road Glenelg project, the adoption of the 2025-26 is now scheduled for 22 July. This means that engagement for the Draft 2025-26 Annual Business Plan and the Draft Long Term Financial Plan 2025-35 will be later than in the previous year.

This is in line with *Section 123 of the Local Government Act, 1999* (the Act). This stipulates that an annual business plan and a budget must be adopted by a council after 31 May for the ensuing financial year and, except in a case involving extraordinary administrative difficulty, before 15 August for the financial year.

This requires consideration of a mechanism to enable Council to operate effectively between 1 July 2025 and up until the adoption of the 2025-26 Annual Business Plan and Budget. To this end, Council will be asked to adopt a recommendation that it:

- notes that in accordance with Section 123 of the Local Government Act 1999 the 2025-26 budget and annual business plan of the Council is not proposed to be adopted until 22 July 2025;
- from 1 July 2025 and pending the adoption of the 2025-26 budget, approves the expenditure of Council funds on employee costs, recurrent operational costs, essential capital maintenance works, and committed capital and operational projects from 2024-25;
- authorises the Chief Executive Officer to expend the Council's funds approved in paragraph 2 of this resolution in accordance with the terms of this approval and the delegation levels that would ordinarily be in effect pursuant to an approved budget; and
- endorses the Chief Executive Officer to authorise such other employees of the Council to expend funds approved in paragraph 2 of this resolution in accordance with the terms of this approval and the delegation levels that would ordinarily be in effect pursuant to an approved budget.

Community Engagement

The Act under the *Statutes Amendment (Local Government Review) Act 2021*, requires the Annual Business Plan to conform with our Community Consultation and Engagement policy. Copies of the Draft 2022-23 Annual Business Plan will be made available at the commencement of a community engagement period, commencing Wednesday 28 May and concluding on Friday 20 June.

The engagement includes similar methodologies to previous years. Feedback must be received by 5 pm, Friday 20 June 2025 via these methods:

- **Online** - yourholdfast.com/DABP25-26
- **Email** - with a specific email address
- **In writing** - Draft Annual Business Plan, PO Box 19, Brighton SA 5048

- **In person**
 - Brighton Civic Centre, 24 Jetty Road, Brighton
 - Glenelg Library, 2 Colley Terrace, Glenelg
 - Brighton Library, 20 Jetty Road, Brighton
- **By phone - 8229 9999 during office hours**
- **Making a deputation** - Make a deputation to Council at its meeting on Tuesday, 10 June 2025.

In addition, this year introduces two new methodologies:

- **Letterbox distribution** - A summary ABP, distributed via letterbox drop across all households of Holdfast Bay
- **Drop in sessions at Glenelg North, Hove and Seacliff** - This engagement methodology provides multiple opportunities for stakeholders to meet face to face with staff. Stakeholders can ask questions and seek clarification on particular matters of concern and interest. They can also contribute feedback directly at these sessions.

Details of how the community may participate in the consultation process or gain copies of the Draft 2025-26 Annual Business Plan will be provided by:

Direct communication

- Summary Draft 2025-26 Annual Business Plan delivered to 19,000 Holdfast Bay households and businesses
- Project website – yourholdfast.com/DABP25-26
- Social media campaign
- Holdfast News e-newsletter
- YourHoldfast database email
- Public notice advertisement – The Advertiser and Council website
- Media release/news on holdfast.sa.gov.au
- Media management

Promotions

- Community digital LED screens
- 5 -10 Bin corflutes
- Corflutes at drop in sessions
- Displays in council libraries, Brighton Civic Centre, and the Holdfast Bay and Glenelg North Community Centres

Budget

The cost for the development of the Annual Business Plan is accommodated in existing budgets.

Life Cycle Costs

Not Applicable

Strategic Plan

Statutory compliance

Council Policy

Not applicable

Statutory Provisions

Section 123 of the Local Government Act, 1999 (the Act) sets out the requirements for the development of the Annual Business Plan.

Written By: Corporate and Service Planning Lead

General Manager: Strategy and Corporate, Ms S Wachtel

Attachment 1

DRAFT

2025–26 **Annual Business Plan**



OUR PLAN FOR OUR PLACE

Share your view on our Draft 2025–26 Annual Business Plan

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 2025–26 Annual Business Plan is finalised in July 2025.

You can access additional copies of the Draft 2025–26 Annual Business Plan from Thursday 29 May at:

- › yourholdfast.com/DABP25-26
- › Brighton Civic Centre, 24 Jetty Road, Brighton.

Feedback must be received by 5 pm Friday 20 June 2025 to be considered by Council. You can provide comments by:

- › visiting yourholdfast.com/DABP25-26
- › writing to the Manager Strategy and Governance, Draft Annual Business Plan, PO Box 19, Brighton SA 5048
- › emailing the Manager Strategy and Governance at abp@holdfast.sa.gov.au
- › telephoning 8229 9999 during office hours
- › making a deputation to Council at its meeting on Tuesday 10 June 2025 (commences 7pm, Glenelg Town Hall, Moseley Square, Glenelg). Please provide notice via abp@holdfast.sa.gov.au, or drop written notice into the Brighton Civic Centre by 5 pm Friday 6 June 2025 if you wish to make a deputation.

Traditional Custodians

The City of Holdfast Bay acknowledges the Kurna People as the traditional owners and custodians of the land. We respect their spiritual relationship with country that has developed over thousands of years and the cultural heritage and beliefs that remain important to the Kurna people today.



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Mayor's Welcome

On behalf of the City of Holdfast Bay, I am pleased to present the Draft 2025–26 Annual Business Plan which outlines our program of works and budget for the upcoming financial year.

I feel very lucky to live and work in such a beautiful and vibrant area and be able to enjoy all that our city has to offer: a great coastline, beautiful parks and reserves, community and sports facilities that are the envy of many, and fantastic shopping, entertainment and tourism precincts.

Our commitment to infrastructure improvements is a significant feature of this draft plan which is important as Council owns and maintains assets worth more than \$889 million. In 2025–26, we have allocated more than \$12 million for the renewal and improvement of many of these assets.

This includes renewal and improvement work on 18 buildings, including civic facilities, sporting clubs and community centres. These buildings provide spaces for people to join with others in activities that improve their wellbeing and build community spirit. The works include roofing replacement, exterior repairs, lift replacement, air conditioning replacement, disability access improvements, toilet replacement and bathroom repairs.

Our parks and reserves allow people to enjoy the outdoors, take part in casual and organised recreation, or just relax and enjoy fantastic green spaces. In the upcoming year, improvements to our open spaces will include the replacement of two playgrounds – at Partridge House, Glenelg and Wattle Reserve, Hove – and a host of irrigation main works, irrigation replacements and works on the Edith Butler boardwalk at Wigley Reserve.

Less noticeable but vitally important is stormwater infrastructure. This infrastructure reduces the risk of flooding and damage to property, lessens the impact on the environment, improves the health of our waterways and can help reduce urban temperatures.

Over the past five years, Council has spent \$11.1 million on improving underground drainage, water

quality devices like gross pollutant traps and associated kerbs and drains.

In the 2025–26 financial year, Council will spend \$1.18 million to deliver more of the Stormwater Management Plan for the catchment between Glenelg and Marino. This will include places like Gilbertson Gully, Byre Avenue at Somerton Park and High Street at South Brighton.

Our roads, footpaths and cycleways are vital for the safe and efficient movement of people and goods. With more 180 kilometres of transport infrastructure across Holdfast Bay, Council will spend \$4.6 million in renewals and improvements in the coming year.

This work includes road and kerb renewal works, including resealing, pavement works, car parks, parking bays and roundabouts. This year, we have a specific allocation of \$370,000 for additional repairs to existing kerbs and footpaths.

Council's major commitment, the Transforming Jetty Road Glenelg project, is well underway and the City zone – the section between Brighton Road and Partridge / Gordon streets – is largely completed.

Juperana stone pavers are now laid on the footpaths after significant upgrades to the stormwater network late last year, which extended the stormwater system's life by another 100 years. New water tables, kerbs and parking bays have also been installed.

Extensive community consultation on the draft concept designs for the remainder of Jetty Road was conducted in March–April this year, and we received feedback from more than 1000 people through our online survey and written submissions.

Thank you to everyone who took the time to share their feedback with us in what was the biggest response in recent years to a Holdfast Bay consultation.

All the data will soon be considered by Council, and this will shape the work to be undertaken in 2025–26 and 2026–27.

This year, as part of the community consultation process on the draft Annual Business Plan, we are asking for the community to indicate their level of support for six proposed projects that are together worth more than \$589,000.

The six projects are:

- › Adelphi Terrace Pedestrian Crossings - \$120,000
- › Jetty Road, Brighton street improvements (design and consultation) - \$50,000
- › Paringa Primary Active Transport Stage 2 - \$50,000
- › Bowker Oval disability access pathway - \$40,000
- › Cemetery upgrades - \$256,000
- › Fairy Lights Jetty Road, Brighton - \$73,280

More details on each of the proposed community projects can be found further on in this draft plan.

We are also asking the community to provide feedback Council's Draft 2025–35 Long Term Financial Plan, which details our approach to financial management.

The Draft 2025–35 Long Term Financial Plan shows 10 years of projections and demonstrates in detail how Council delivers on its priorities while managing debt over the long term.

Council has a continued commitment to reducing total debt over 10 years. However, I would like to point out an interesting variance in Draft 2025–35 Long Term Financial Plan that should be considered.

Although total new debt remains the same compared to previous projections, it will peak earlier in 2025–26 and then reduce more quickly. The earlier peak is due to the Transforming Jetty Road Glenelg construction timeline being brought forward.

Council also receives detailed monthly financial reports, including its current debt management position. All these statements are publicly available on Council's website at holdfast.sa.gov.au/council-meetings

Full details of Council's debt position can be found in the Draft 2025–35 Long Term Financial Plan.

To fund Council's full program of works, services, programs and renewals, the provisional rate increase for the 2025–26 financial year is 4.95%. This equates to about \$95 for the average household.

The proposed rate increase of 4.95% comprises of:

- › 2.5% (which aligns with Adelaide CPI at December 2024) to allow Council to deliver on its current program of services, renewal works and community activities and events
- › 2.3% for Transforming Jetty Road, Glenelg (year 2 of 3)
- › 0.15% to fund and deliver up to six community projects previously listed

As the six community projects are new initiatives for this coming financial year, we are seeking the community's level of support for the projects and the 0.15% increase in rates that would be required to fund and deliver them.

Taking that all into account, I am very pleased that the City of Holdfast Bay's rates continue to be below the metropolitan Adelaide average.

We acknowledge that some community members are not supportive of the funding model for the Transforming Jetty Road Glenelg project, which required a rate increase over three years.

Last year Elected Members carefully considered all the feedback from the community and stakeholders and made the decision in the best interests of the community and believe it will result in a modern, safe and vibrant coastal shopping, dining and entertainment precinct which will cater to the needs of residents, businesses and visitors for decades to come.

Over the last year, we've heard that we need to be more direct in how we share information with the community. We want to ensure that everyone in our community can learn about Council's proposed programs, services and budget, and participate in our planning process. One of the actions we have taken is that a summary of this Draft Annual Business Plan will be delivered to all households across the city to invite our community to provide their feedback and help shape our plan for the year ahead.

We look forward to your feedback.



Amanda Wilson
Mayor
City of Holdfast Bay

Our City

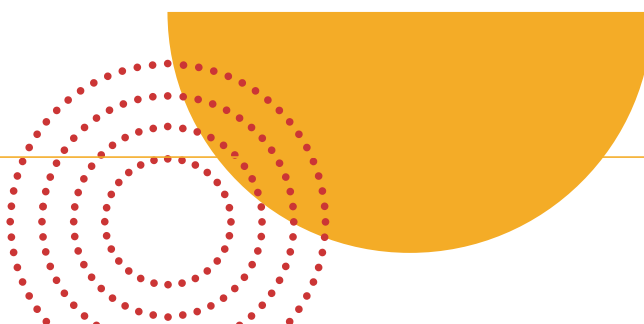
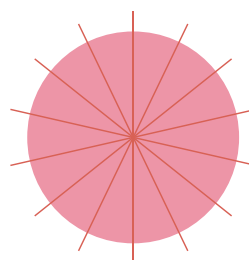
Kaurna people lived sustainably and nurtured the land and waters for some 60,000 years as one of the world's longest living cultures.

The coastal environment with its fresh water lagoons and abundant food sources was used for millennia as a meeting place for cultural celebrations, ceremonies 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 offshore 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

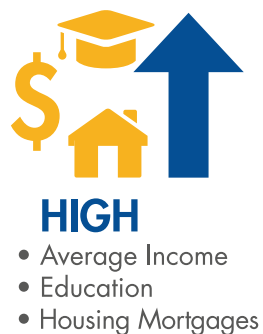


VEHICLE USAGE

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%



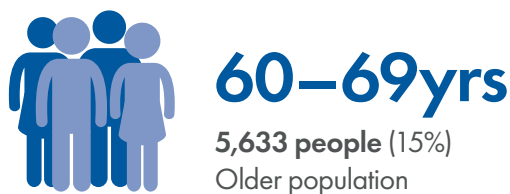
SNAPSHOT



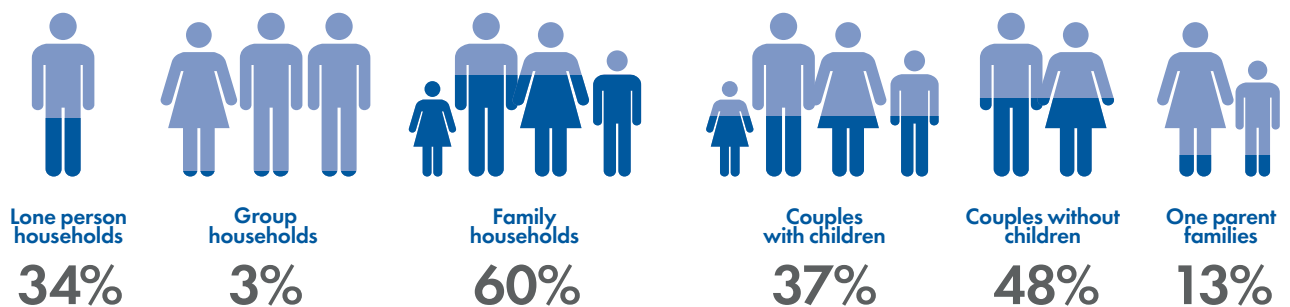
MEDIAN AGE



MOST COMMON AGE GROUP



HOUSEHOLD TYPES



OF THE 60% FAMILY HOUSEHOLDS

Source: ABS 2021

A Day in the Life

Did you know that on a normal day in the City of Holdfast Bay:

Nearly
1,508

items are borrowed from our libraries at Glenelg and Brighton



More than
322

people attend our four Community Centres



511

people visit the libraries



30

trips on the Community Wellbeing bus



Maintenance and other works are carried out at Glenelg Oval and other reserves by our Open Spaces team

7,200

bins lifts for residential and business waste collection



25 linear metres

of roads resealed



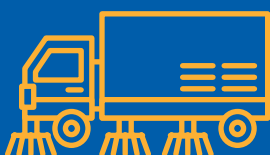
60

separate cleaning services are conducted at council buildings



Each of our **31** public toilet facilities are cleaned – with some cleaned 5 times per day

Our two Jetty Roads at Glenelg and Brighton are serviced by street sweepers



18 linear metres of kerb replaced



3 trees planted



24sq metres of footpaths repaired



174 phone calls and **95** emails are responded to by our Customer Experience team



3,242 page views on our website



4 Development Applications processed



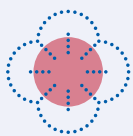
33 requests completed by our Field Services team

Our Vision

In January 2025 Council revised its Strategic Plan titled *Our Holdfast 2050+*. This revised Plan has maintained the vision and general framework of the original *Our Holdfast 2050+*. The vision is:

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

To achieve this Vision, we have identified three focus areas:



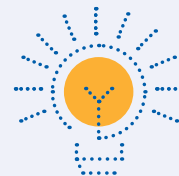
Wellbeing

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.

This Annual Business Plan is designed to help deliver *Our Holdfast 2050+* within these focus areas. Details of the revised objectives and measures in each of the focus areas appears later in this Plan.

Quality of Life in Holdfast Bay Survey Results

How you rated your council out of 10:



COMMUNITY



8.6

Providing library services



8.3

Providing sporting facilities



7.5

Delivering services for the elderly and people with a disability



8.1

Providing programs and services that encourage a healthy and active lifestyle



7.8

Providing arts and cultural experiences



PLACEMAKING



7.1

Maintaining roads and kerbing



7.55

Maintaining cycle networks

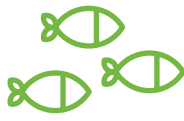


8.7

Access to shops, services and open space



ENVIRONMENT



8.1

Maintaining beaches and coastal areas



8.2

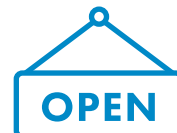
Providing adequate waste management services



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



ECONOMY



7.8

Encouraging a diverse range of businesses and services in the area



7.85

Supporting and promoting tourism and events



CULTURE



6.95

Council provides good financial management and value for rates



7.2

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



8.3

Maintaining well laid out parks and reserves



7.6

Providing programs that foster social interaction and community wellbeing



8.0

Providing a sense of safety in neighbourhoods



Community Projects



Transforming Jetty Road Glenelg

The Transforming Jetty Road Glenelg project will deliver a modern, safe, and vibrant coastal shopping, dining, and entertainment precinct. It will cater to the needs of local residents while offering visitors to the Bay a world-class tourism and events destination.

In 2024–25, the focus of work was the City zone of Jetty Road (the area between Brighton Road and Partridge / Gordon streets). This has included improved stormwater, installation of new continuous paved footpaths, increased greenery and a new entry statement.

At the same time, extensive consultation on the design options for the Transition and Coastal zones (the section of Jetty Road west of the Partridge / Gordon streets intersection to Colley Terrace and fringes of Moseley Square). The final design for these zones will be considered by Council before the commencement of works.

In 2025–26, work will be finalised on the City zone, and new works will commence in the Transition and Coastal zones. The new construction is programmed to align with the Department of Infrastructure and

Transport's Tram Grade Separation Project (TGSP). This is estimated to commence in the second half of 2025 and requires the temporary cessation of tram services between the City and Glenelg until late 2025. To minimise disruption in the precinct, the Transforming Jetty Road Glenelg project aims to undertake construction on the roadway during the tram line's temporary closure. Construction will continue after completion of the TGSP. The final construction program for Transforming Jetty Road Glenelg will be shared with the community once the design has been finalised.

The Transforming Jetty Road project will be funded with \$10 million secured from the Australian Government and \$30 million from Council over three years. Council is still seeking State Government funding.

Council will fund the \$30 million through a loan from the Local Government Finance Authority. An independent review of the funding model confirmed that Council can afford to fund the project.

Community Projects

Adelphi Terrace pedestrian crossings \$120,000

This project will improve pedestrian safety when crossing the road and improve bus stop disability access. It includes the installation of two mid-road pedestrian refuges and an upgrade to bus stop 19 on Adelphi Terrace Glenelg North. Pedestrian refuge islands typically provide a traffic calming effect, as vehicles must deviate around the islands, further enhancing community safety.

This project includes two crossing locations:

- › South Location – Between St Annes Terrace and King Street pedestrian crossing with refuge island; ensuring the western bus stop is compliant and remains within parking lane; includes connection to Patawalonga shared use path; location determined based on physical parameters.
- › North Location – Patawilya Reserve pedestrian crossing with refuge island connection to Patawalonga shared use path. Removal of existing crossing point at MacFarlane Street.

Paringa Park Primary School active transport stage two \$50,000

This project will enable children to travel safely to and from school. This is the second stage of improvements to paths targeted for school children. This project includes the replacement of further existing pathway and kerb-ramp infrastructure to current standards, including relocation where required to promote safe access for path users.

Jetty Road, Brighton traffic improvements, design and consultation \$50,000

This project will investigate and consult the community to develop design options to improve the street. This will allow residents, traders and visitors to help define the desired future character of the street. It will also provide the chance to design for improved accessibility and connection to the coastline.

Jetty Road Brighton is due for road renewal and kerb repairs in the next two years. This project will identify the extent of any improvements through investigation, design, and community consultation. Improvements may include safety, intersections, pedestrian crossings, disability access and parking to coordinate with renewal works.

This will deliver a plan that can be used to attract grant funding and guide future Council budget allocations for the planned improvements.

Bowker Oval disability access pathway \$40,000

This project seeks to address an issue where some members of the community may be excluded from using the space. Currently there is no way for a person living with a disability or mobility issues to access the Community Garden, BBQ and picnic table, or the play space. Current access is limited and includes traversing the grass or using a concrete spoon drain that is non-compliant.

The project will create a Disability Discrimination Act (DDA) compliant pathway from both the North and South carpark so that the community, particularly people living with a disability or mobility issues, can access these community facilities.

Asset Renewal

Brighton and St Judes cemetery upgrades \$256,000

The project includes path improvements and tree planting along with new and refreshed garden beds. It will preserve Brighton and St Jude's cemeteries' historical importance while improving their usability and appearance for the broader community. Additional works will require funding in future Council budgets.

It will improve the overall tidiness and amenity of these spaces. It will increase tree canopy, update internal roads, improve landscaping and increase seating. It will also improve signage, particularly around heritage areas such as the Mawson grave at St Judes.

Fairy Lights Jetty Road, Brighton \$73,280

To beautify Jetty Road and attract visitors and residents, temporary fairy lights have been on trial for several months. This project will make this more permanent through the installation of underground electrical infrastructure and the purchase of the street tree fairy lights. This project seeks to continue the beautification of the area with lighting that can be themed to times of the year. In this way, it is intended to promote tourism and visitor attraction. The project covers the installation of supporting electrical infrastructure and the purchase of the commercial-grade fairy lights in street trees along parts of Jetty Road, Brighton.

Council owns and maintains a diverse asset portfolio worth over \$800 million. These assets have been categorised into five asset groups. Renewal work on these asset classes for 2025–26 totals \$12.29 million and includes:

Buildings (\$2.97 million)

Work will be undertaken on 18 buildings and includes roofing replacement, exterior repairs, lift replacement, air conditioner replacement, toilet replacement and bathroom repairs. This includes:

- › lift replacements at Glenelg Library and Somerton Surf Life Saving Club
- › toilet replacement at Wattle Reserve.

Open Space (\$2.11 million)

Works will be undertaken throughout the council area, including:

- › replacement of two playgrounds at Partridge House and Wattle Reserve
- › irrigation main works and irrigation area replacements
- › works on Edith Butler boardwalk.

Plant and Equipment (\$2.14 million)

Replacement of 18 items, including a road sweeper, footpath sweeper, water truck and loader.

Stormwater (\$0.19 million)

Renewal of existing infrastructure and projects to deliver the Stormwater Management Plan, including in Gilbertson Gully, Byre Avenue Somerton Park and High Street South Brighton.

Transport (\$4.88 million)

Ongoing road and kerb renewal works, including road reseals, road pavement works, car-parks, parking bays and roundabouts. It includes a new budget of \$370,000 for reactive kerb works and footpath defect repairs.

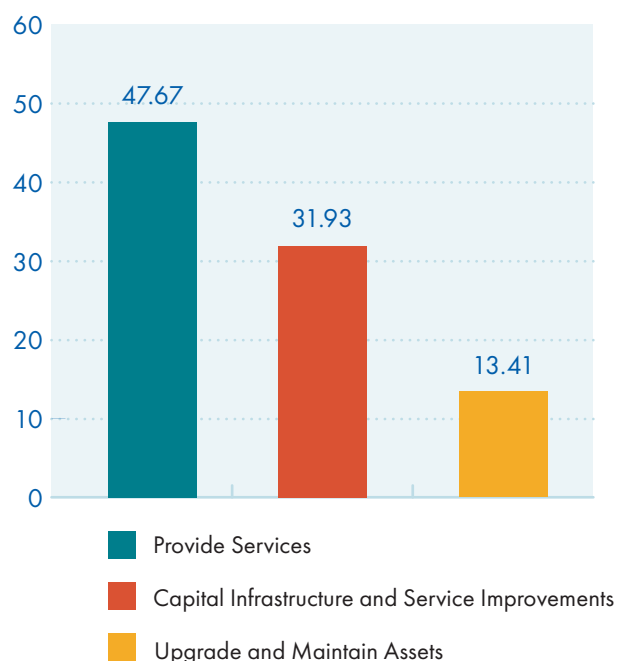
Financial Overview

Projections for the 2025–26 financial year indicate that council will be working with a municipal operating surplus of \$931,960. For the same period, Alwyndor is projected to work with an operating surplus of \$651,284.

In the 2025–26 financial year, we will invest \$93.01 million in municipal operations (excluding Alwyndor) to provide services, implement programs and build and maintain essential assets. Our main areas of investment include:

- › \$47.65 million to provide services to our community
- › \$31.61 million for new capital infrastructure and service improvements
- › \$13.41 million to upgrade and maintain community assets.

**2025–26 MAIN AREAS OF INVESTMENT
(MILLIONS)**

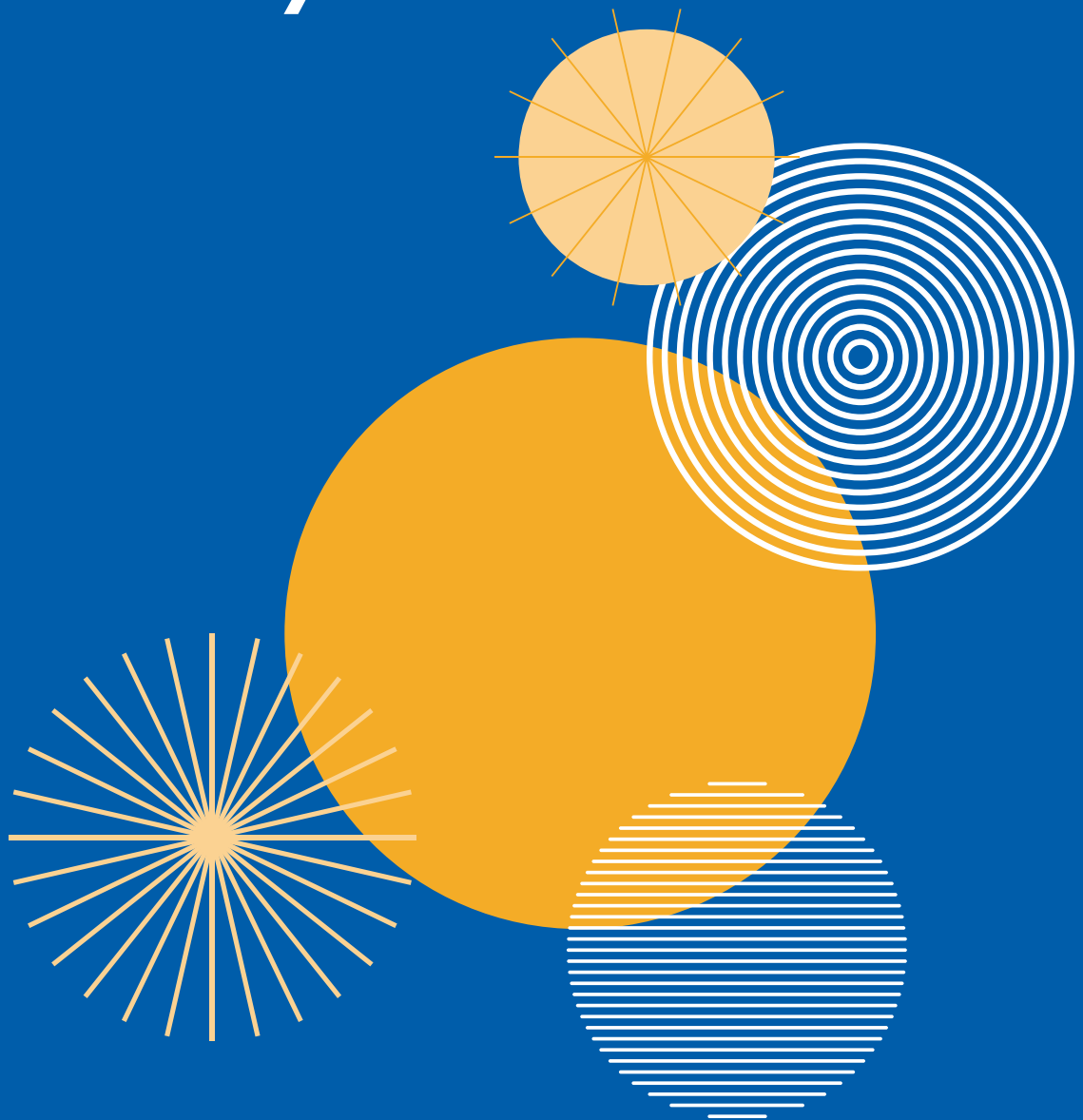


Debt Management

Council's Draft Long Term Financial Plan 2025-35 sets our financial direction over the medium and long term and includes a debt management projection summary. This shows a commitment to reducing debt.

To monitor this, Council receives detailed monthly financial reports, including its current debt management position. These monthly financial statements are available in the Council agenda papers, which are publicly available at holdfast.sa.gov.au/council-meetings.

Municipal Financial Summary

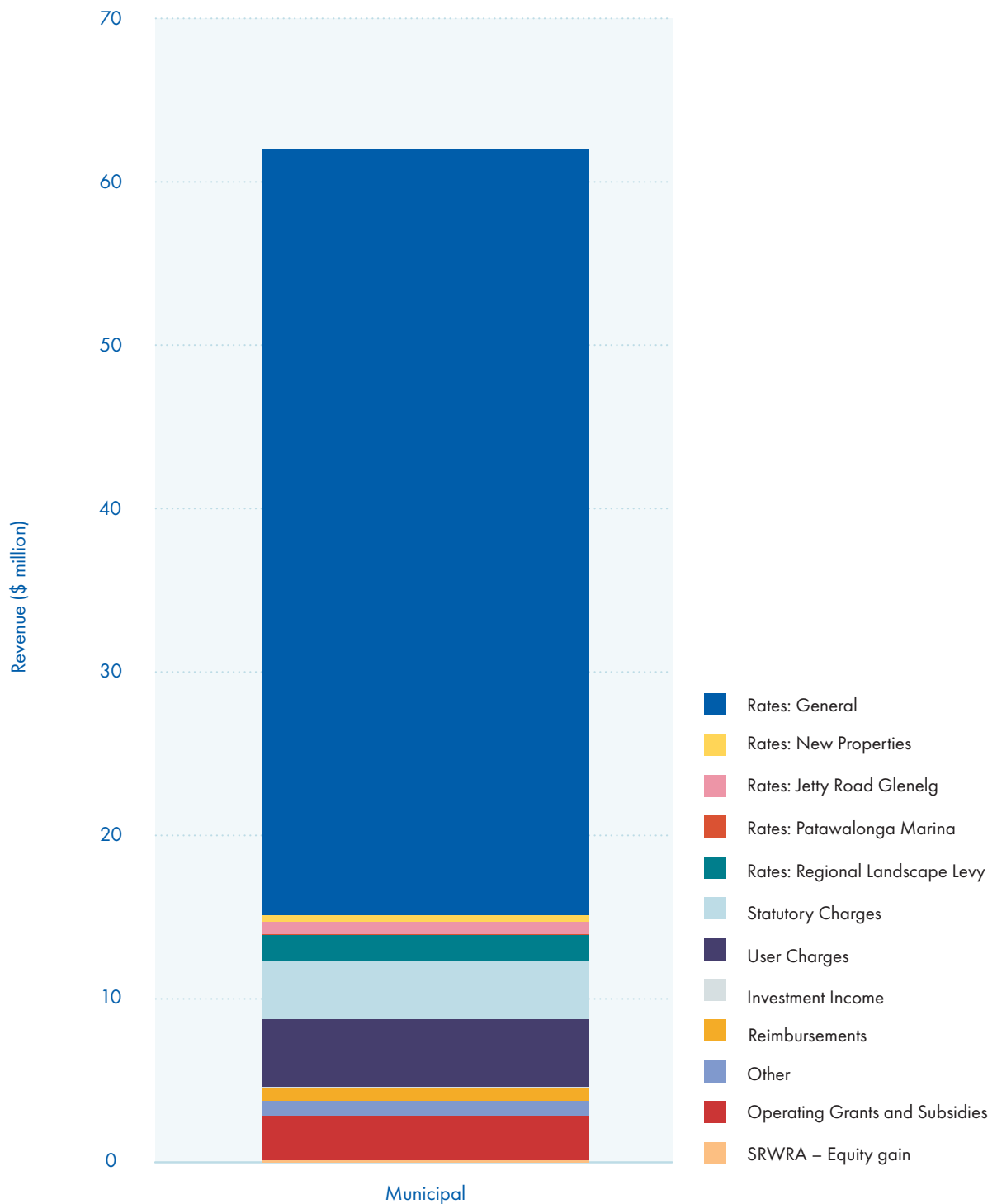


2025–26 Municipal Operating Revenue: \$62.22 million

Council receives \$62.22 million (excluding Alwyndor) to provide services and infrastructure to the community.

Rate Revenue	Million
Rates: General	\$46.81
Rates: New Properties	\$0.40
Rates: Jetty Road Glenelg	\$0.72
Rates: Patawalonga Marina	\$0.09
Rates: Regional Landscape Levy	\$1.55
Total Rate Revenue	\$49.57
Operational Revenue	
Statutory Charges	\$3.58
User Charges (including but not limited to revenue from commercial operations)	\$4.16
Investment Income	\$0.07
Reimbursements	\$0.78
Other	\$1.17
Total Operational Revenue	\$9.76
External Revenue	
Operating Grants and Subsidies	\$2.74
SRWRA – Equity gain	\$0.15
Total External Revenue	\$2.89
Total Municipal Revenue	\$62.22

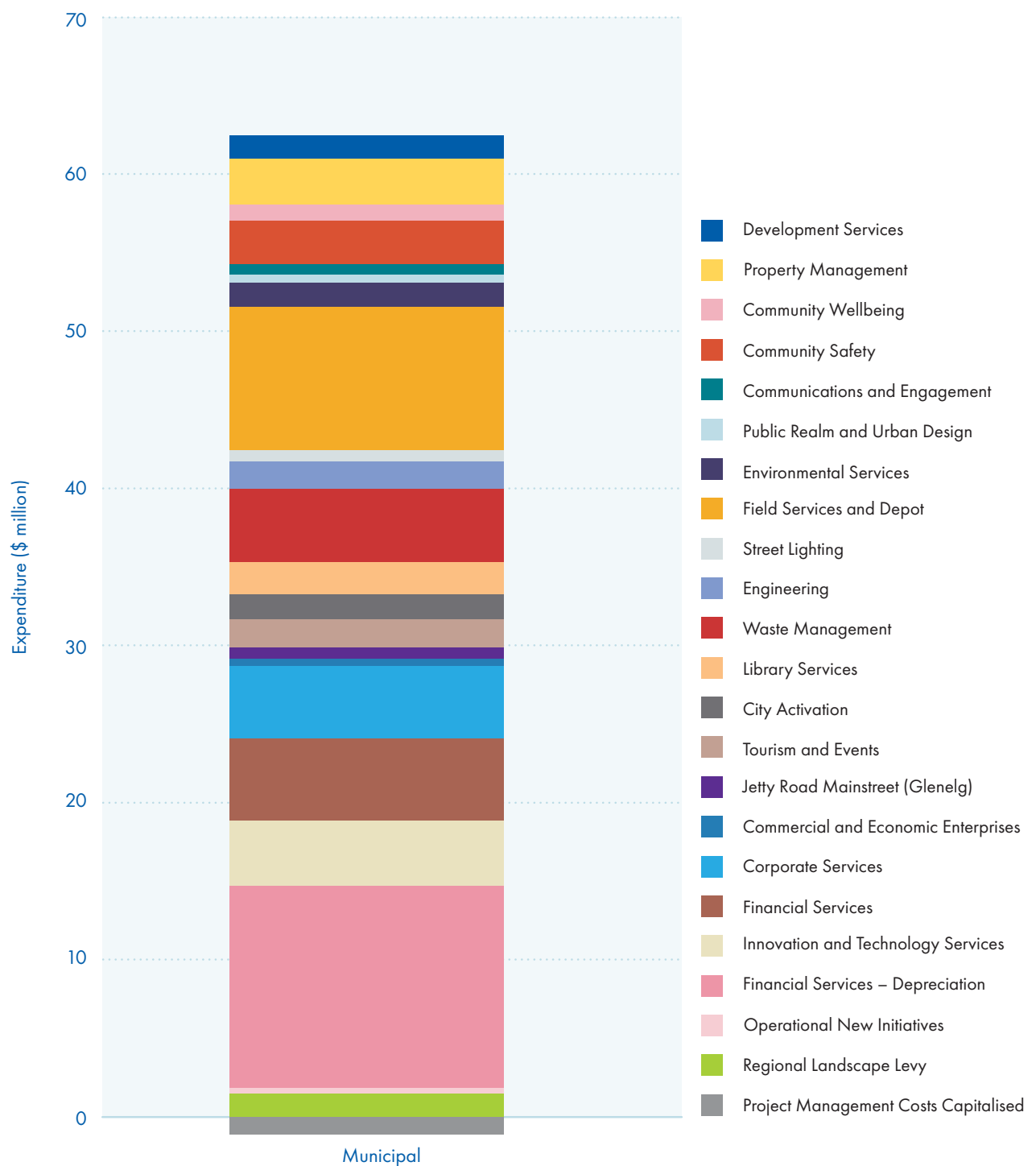
Municipal Operational Revenue



2025–26 Municipal Operating Expenditure: \$61.29 million

Services	Million
Development Services	\$1.40
Property Management	\$2.89
Community Wellbeing	\$1.03
Community Safety	\$2.79
Communications and Engagement	\$0.66
Public Realm and Urban Design	\$0.51
Environmental Services	\$1.56
Field Services and Depot	\$9.10
Street Lighting	\$0.72
Engineering	\$1.73
Waste Management	\$4.70
Library Services	\$2.01
City Activation	\$1.64
Tourism and Events	\$1.75
Jetty Road Mainstreet (Glenelg)	\$0.74
Commercial and Economic Enterprises	\$0.44
Corporate Services	\$4.60
Financial Services	\$5.27
Innovation and Technology Services	\$4.11
Total Expenditure on Services	\$47.65
Other Operational Expenditure	
Financial Services – Depreciation	\$12.90
Operational New Initiatives	\$0.33
Regional Landscape Levy	\$1.53
Project Management Costs Capitalised	-\$1.12
Total Expenditure on Other Operational	\$13.64
Total Municipal Operational Expenditure	\$61.29

Municipal Operational Expenditure

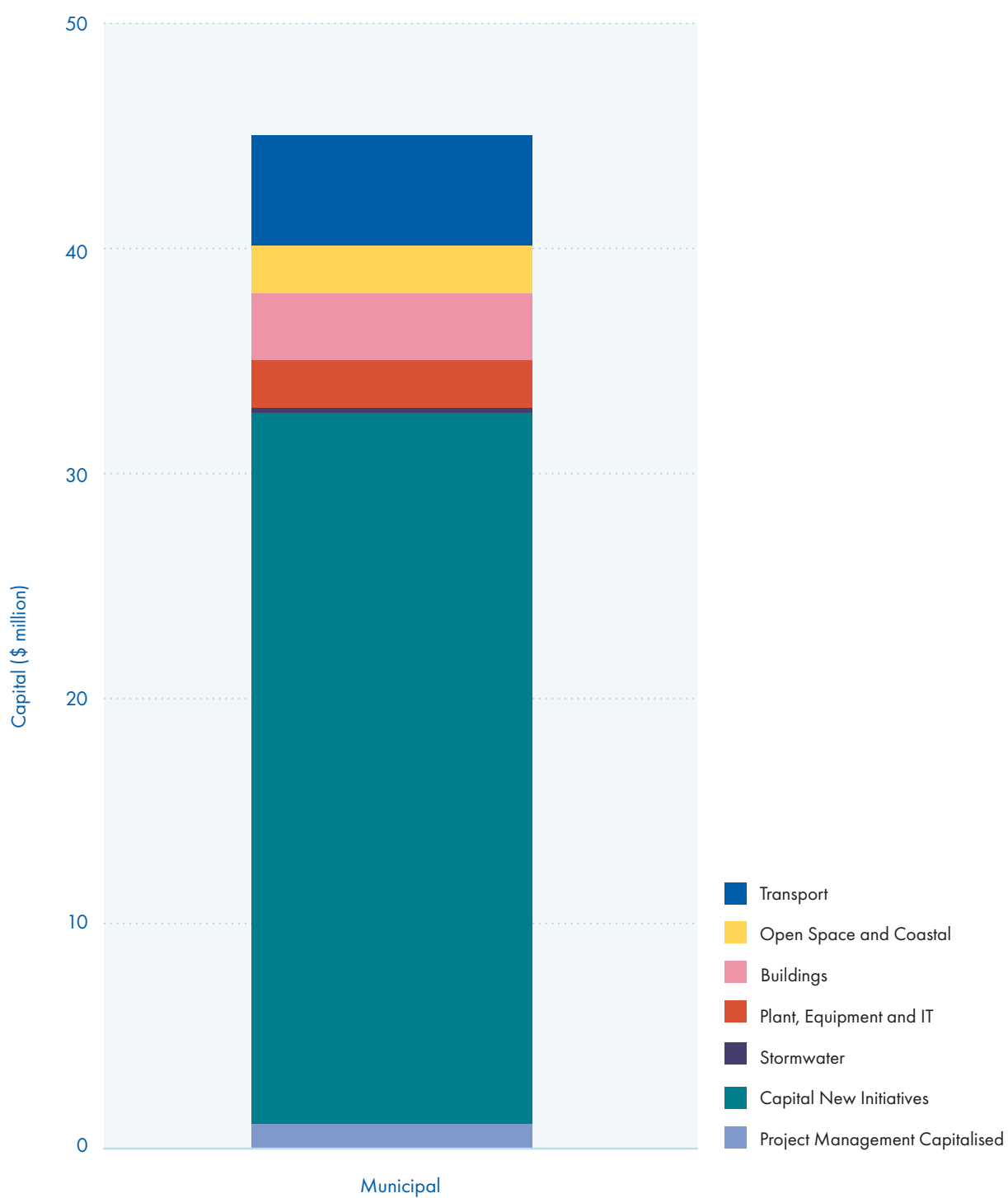


2025–26 Municipal Capital Program: \$45.02 million

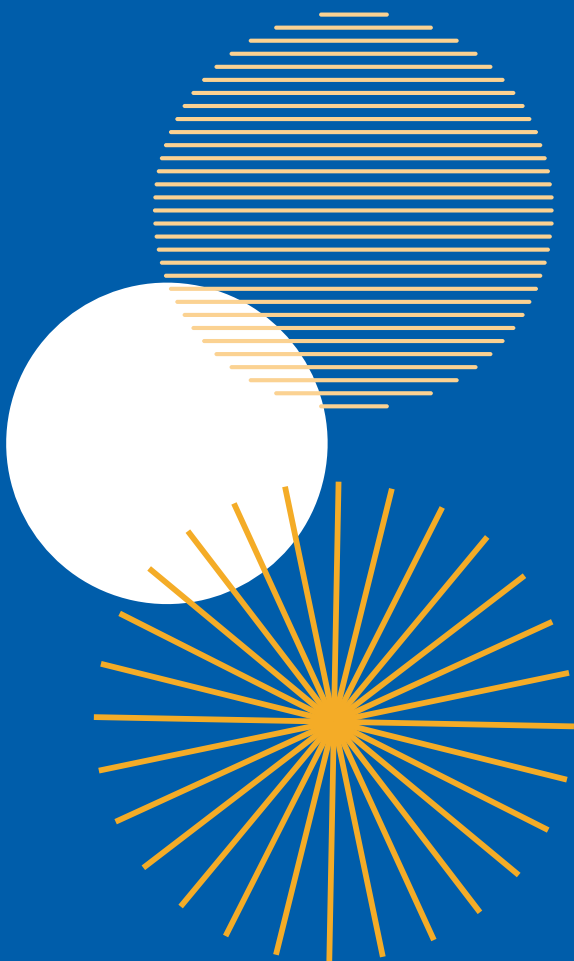
Council will spend \$45.02 million (excluding Alwyndor) on a capital program to update and maintain community assets in 2025–26.

Municipal Capital Program	Million
Transport	\$4.88
Open Space and Coastal	\$2.11
Buildings	\$2.97
Plant, Equipment & IT	\$2.14
Stormwater (a further \$1m provided under New Initiatives)	\$0.19
Capital New Initiatives	\$31.61
Project Management Capitalised	\$1.12
Total Municipal Capital Expenditure	\$45.02

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.

Ensuring Financial Sustainability

Policies and practices

As in previous years, 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 the maintenance of our high-priority programs, including the renewal and replacement of infrastructure.

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 (i.e., wear and tear). This shares the costs fairly between current and future services. Insufficient funding would shift the cost burden of today's assets and services on to future users in the form of higher rates or reduced services.

› **Maintaining infrastructure and managing assets**

We aim to maintain infrastructure (e.g., buildings and bridges) and assets (e.g., roads, kerbs, paving, machinery, trees, irrigation systems and playground equipment) to high 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. We will keep ratepayers 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

As a part of the review of Council's Strategic Plan *Our Holdfast 2050+* in late 2024, global, national and local trends were assessed. This section uses that information with some timely updates to set the scene for this Annual Business Plan. It also considers these broad trends in the local context and seeks to understand how they might impact the City of Holdfast Bay.

In addition, the 2025–26 broader operating environment for the City of Holdfast Bay outlines critical considerations for council.

Global, National and Local Trends

Many bodies seek to understand the things that are influencing change into the foreseeable future (CSIRO, 2022; PWC, 2022; World Economic Forum, 2024). There is some consensus amongst these about the major trends that are likely to impact over time.

PWC captures this consensus with its description of five mega-trends. These are:

1. Climate change
2. Technological disruption
3. Demographic shifts
4. Fracturing world
5. Social instability (PWC, 2022)

The following commentary seeks to understand each of these mega-trends and how they may impact on the City of Holdfast Bay.

Climate Change

While humanity is trying to figure out ways to reduce carbon emissions, greenhouse gas levels in the atmosphere are worsening, global temperatures are rising, and extreme weather events are becoming more frequent and more severe.

(PWC, 2022, p. 4)

There is a growing consensus that climate change is the world's most concerning trend given its impact on many facets of life (CEDA Committee for Economic Development of Australia, 2024; Environment Protection Authority, 2023; KPMG, 2024; BBC News, 2023; CSIRO, 2022).

There are two general responses to Climate Change. First, is to mitigate further harmful change by reducing greenhouse gas emissions. A major element of this is described as reaching net zero emission targets. Second, is to adapt to the changing weather that, despite mitigation, is already occurring and will accelerate.

There are economic uncertainties created by extreme weather events. The Committee for Economic Development (CEDA) reminds us that energy transition and climate resilience remain policy priorities and will “have an impact on economic growth for some time”. (CEDA Committee for Economic Development of Australia, 2024, p. 7) Supply chain disruptions, loss of housing, increases in the cost of living and resource scarcity have implications for both individuals and organisations. (PWC, 2022) The increasing frequency and severity of extreme weather events affect the ability of the insurance industry to provide future policies with an accurate enough pricing of risks that customers can afford.

In 2022 the Department for Environment and Water said that by 2090, Adelaide could experience 121% more extreme rainfall days, 79% more days of extreme heat (35°C+), 64% more severe fire danger days, and 61 cm of sea level rise. (City of Holdfast Bay, 2023)

Sea levels along the South Australian coast have risen by an average rate of 2 mm per year from 1966 to 2022. The rate of sea level rise is increasing and from 1993 to 2022 was between 3 mm and 5 mm per year in some locations. The rate of rise is projected to increase in the future under plausible scenarios. (Environment Protection Authority, 2023, p. 38)

Climate Change, the Local Context – Impacts for City of Holdfast Bay

South Australia faces unique challenges related to climate change, including extreme weather events, water scarcity, and biodiversity loss. In response, local governments are increasingly implementing sustainability initiatives and the City of Holdfast Bay is at the forefront of these efforts.

The City of Holdfast Bay continues to be a leader in environmental stewardship. We have achieved 100% renewable electricity use by council and with our community have 70% of waste diverted from landfill.

The City of Holdfast Bay partners with the Cities of Marion, Mitcham and Onkaparinga and the South Australian Government in an award-winning partnership called Resilient South. Together, we aim to increase action to adapt to the changing climate and to reduce emissions in the southern Adelaide region. Resilient South has developed a Regional Climate Action Plan that has been adopted by each of the partners in 2024. This Plan will assist in achieving carbon neutral/net zero emissions targets that the partners have endorsed.

Council’s Environment Strategy continues to drive many important initiatives for our environment and community to thrive. Our continuing reduction on fossil fuel reliance will see ongoing replacement of council vehicles with electric vehicles where possible.

The South Australian Government now has state-wide goals of:

- › reducing net greenhouse gas emissions by more than 50% from 2005 levels by 2030
- › achieving net zero emissions by 2050
- › achieving 100% renewable energy generation by 2030.

Progress toward these targets shows that:

- › approximately 70% of South Australia’s energy is now generated via renewable energy
- › South Australia’s carbon dioxide equivalent emissions (MtCO₂-e) have reduced by 42% since 2005. (Environment Protection Authority, 2023, p. 32).

In 2019 the City of Holdfast Bay became the first South Australian coastal council to recognise a Climate Emergency. Internationally, 2,349 jurisdictions in 40 countries have made a Climate Emergency Declaration and in 2022, South Australia was the first state in Australia to make this declaration. (Environment Protection Authority, 2023, p. 12).

Significant Influences

Technological Disruption

Transformative technology changes how we function in the world and how we understand humanity. It enables huge value creation, but harmful consequences are – and will increasingly be – difficult to mitigate.

(PWC, 2022, p. 8)

Emerging technologies are delivering significant benefits across the economy and our society. As technological change accelerates, innovations are near impossible to predict, especially in the long term. Extraordinarily rapid growth in the functionality and scale of digital tools – including expansion in the capabilities of large language models like ChatGPT make it difficult to plan for the future. (Australian Government, 2023, p. 32)

It is well documented that a range of new advancements in technology are, and will, have transformative impacts. Increasing automation through robotics, increasing e-commerce and leaps in energy storage are already causing disruption. Governments and industry are now investing in the promise of quantum computing. Quantum computers represent a completely new approach to computing. They have the potential to solve very complex statistical problems that are beyond the limits of today's computers.

While the full potential of quantum computing is yet to emerge, there is significant interest and investment in developing possible use cases for its application.

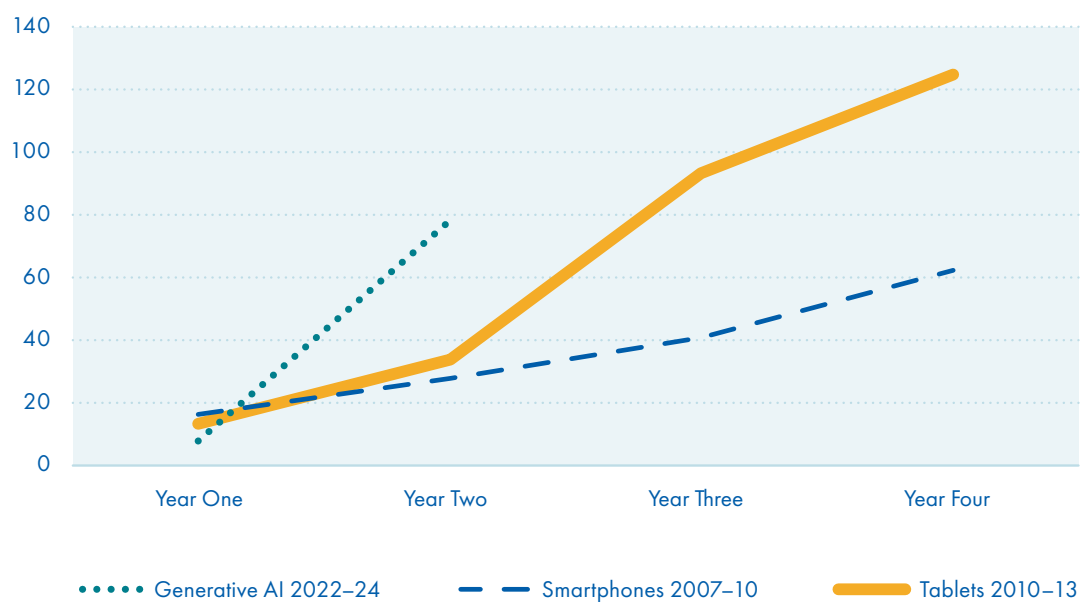
Most notably in recent years is the growth of the everyday application of Artificial Intelligence (AI). Generative AI has seen extraordinary growth in use. In the United States 77.8 million people used ChatGPT in the first two years after its release in November 2022. This is more than double the adoption rate of both tablets and smartphones. (Insider Intelligence, 2023, p. 8)

There are concerns being raised that emerging technologies such as AI may create “new opportunities and challenges for cyber security”. (Australian Government, 2023)

Cybercrime is a significant issue. In 2022–23, the “cost of cybercrime for Australian businesses rose by 14%. The average cost of cybercrime for small businesses is now \$46,000; \$97,200 for medium businesses; and \$71,600 for large businesses”. (Australian Government, 2023, p. 20)

Australian small businesses consistently express concern over their lack of time, resources and expertise to address cyber security. Therefore, small and medium businesses can take longer to recover from a cyber incident and face higher costs compared to larger businesses. (Australian Government, 2023, p. 18) Locally, businesses report that they “will continue to invest in information technology and cyber security mostly at their current levels.” (Intuito Market Research, 2024, p. 12).

**GENERATIVE AI ADOPTION COMPARED TO SMART PHONES AND TABLETS
MILLIONS OF USERS IN THE UNITED STATES**



(Insider Intelligence , 2023)

Technological Disruption, the Local Context – Impacts for City of Holdfast Bay

Council is increasingly required to adapt its business practices to safeguard against cyber-related incidents. This level of vigilance is needed to protect sensitive information and ensure the day-to-day functions of Council are not disrupted. Council continues to invest significantly in information and technology to take advantage of new technologies while addressing cyber security risks.

Council has adopted a Generative AI Use Policy in recognition of its benefits and associated risks. It is believed that this is one of the first such policies for Local Government in South Australia and is perhaps nation leading.

Significant Influences

Demographic Shifts

The median age in all countries around the globe is increasing, but at different rates and from a different starting position. This demographic change is causing some countries' social systems to break down and a lack of workers in critical areas, whereas other countries face skyrocketing unemployment and under-employment, weakening economies from emigrating citizens, and strain on social safety nets.

(PWC, 2022, p. 12)

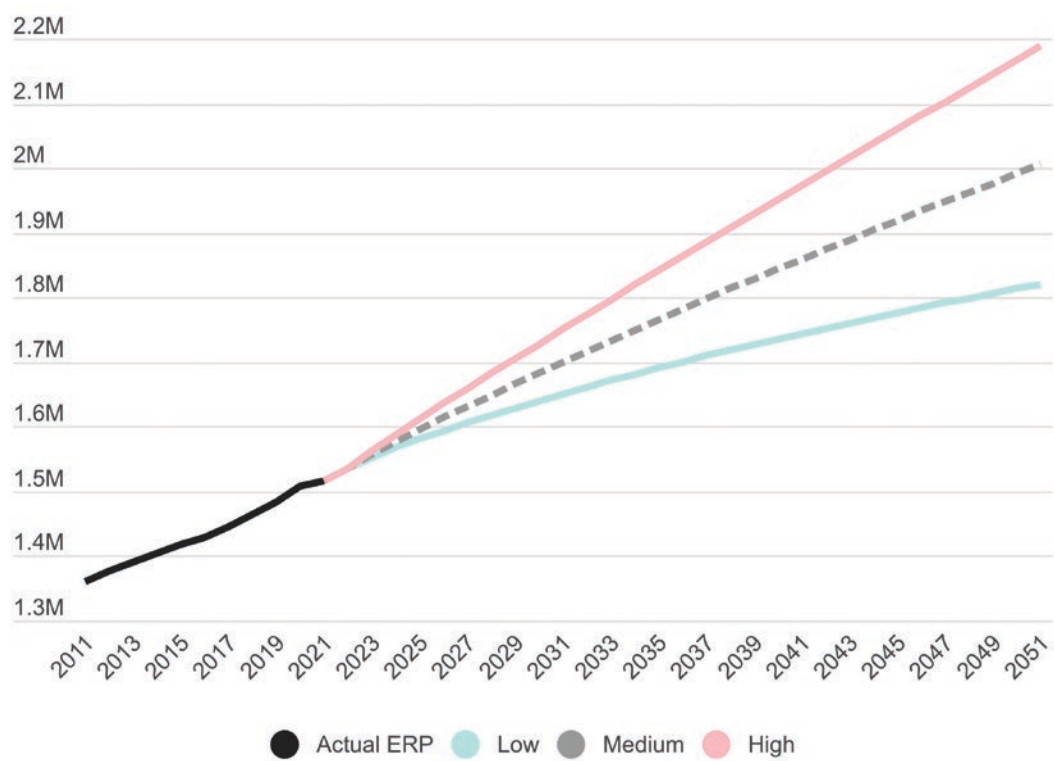
The proportion of the Australian population that is aged 65 years or over is expected to increase from 16% in 2019–20 to 23% by 2060–61. Consequentially, the ratio of working-age people to non-working-age people is predicted to decline over the next 40 years, decreasing from 4.0 to 2.7 over this period. (CSIRO, 2022, p. 21)

For metropolitan Adelaide, population growth is largely driven by housing supply and employment opportunities. The Department for Housing and Urban Development have made population projections for metropolitan Adelaide based on current Estimated Resident Population (ERP) and factoring in low, medium and high growth scenarios.

- › In 2021 the population of metropolitan Adelaide was 1.52 million and accounted for 84% of the total population of South Australia. By 2051 this share is projected to increase to around 86%.
- › For the medium projection, the population increases by 489,900 to 2.01 million by 2051. The annual growth rate peaks in 2021–31 at 1.22% and then declines to around 0.8% in 2041–51.
- › For the high projection, the population increases by 672,400 to 2.19 million by 2051. The annual growth rate peaks in 2021–31 at 1.55% and then declines to around 1.1% in 2041–51.
- › For the low projection, the population increases by 304,500 to 1.82 million by 2051. The annual growth rate peaks in 2021–2031 at 0.89% before decreasing to 0.44% in 2041–51. (PlanSA, 2024)

This is represented in the following graph.

POPULATION PROJECTIONS FOR METROPOLITAN ADELAIDE BASED ON CURRENT ESTIMATED RESIDENT POPULATION (ERP)

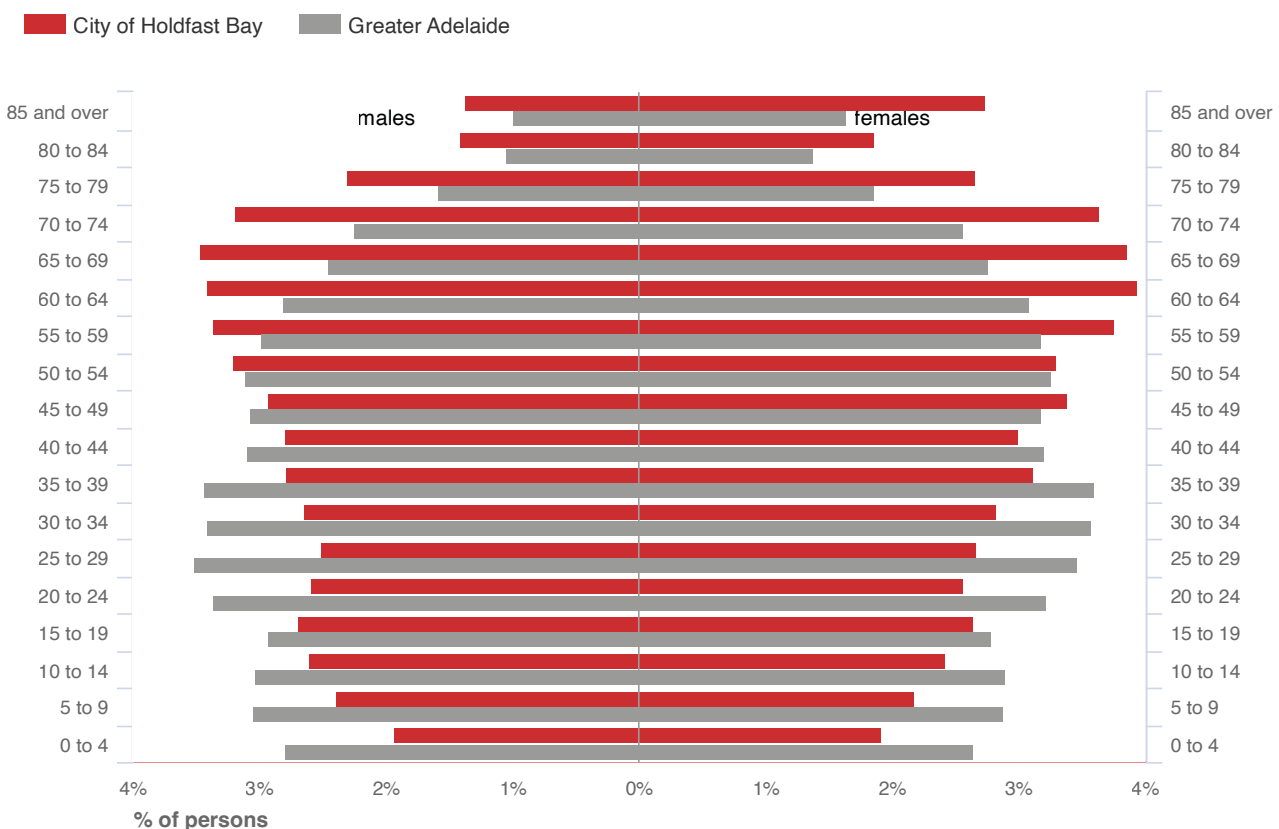


Significant Influences

Demographic Shifts, the Local Context – Impacts for City of Holdfast Bay

The City of Holdfast Bay has an older population when compared to the rest of Adelaide. In 2021 the median age in Holdfast Bay was 48 years compared to 46 years in 2016. In 2021, the largest age group in the City of Holdfast Bay was 60 to 64 year olds. The group that changed the most since 2016 was 70 to 74 year olds, increasing by 804 people.

The age - sex profile is shown in the graphic below when Holdfast Bay is compared to the Greater Adelaide region (idcommunity, 2024).



Holdfast Bay also has a significant 'turnover' of population. The total number of people usually resident in Holdfast Bay less than five years before Census Night 2021 was 23,179, or 64.15% of the total resident population. This means that some 35% of the resident population in Holdfast Bay in 2021 were living in another Council area in 2016.

Fracturing World

The world is fracturing and becoming multi-nodal as more nation states are competing for influence, with the rest of the world aligning around them and some states acting as destabilisers. Countries are increasingly turning their focus inwards, prioritising their national resilience and further localisation.

(PWC, 2022, p. 16)

While this may seem distant from Holdfast Bay, recent developments such as the emergence of the AUKUS agreement and growing conflicts in the Middle East are impacting on daily life. This sets the scene for localised concerns and is the backdrop to ASIO raising the terror threat level to 'probable' in Australia. ASIO has cited the conflict in Gaza as having significantly driven an increase in the threat of a terror incident in Australia.

Global conditions also impact on national economies and the capacity for influence and/or response to these conditions. Australia's economy will encounter significant challenges over the coming decades "including population ageing, expanded use of

digital and data technology, climate change and the net zero transformation, rising demand for care and support services, and increased geopolitical risk and fragmentation." (Australian Government, 2023, p. vii)

Major impacts are sometimes not as foreseeable as these. The cost of living is having an impact in the global and local conditions and may have a fracturing effect. The cost of living for many households and organisations is at a worrying level.

Global economic instability is having an increasing impact. 'The global economy is volatile and unpredictable. The 2020s have already seen a global pandemic, global inflation and the threat of a global trade war.' (Federal Treasurer, 2025)

Since the COVID -19 pandemic declaration was ceased, inflation "has resulted in significant economic and social disruption in Australia." (Fels, 2024, p. 18). The leading role in this inflation is largely caused by supply issues. These include a breakdown in supply chains, shortages of many essential commodities, chaos in logistics and transportation networks and then a global energy price shock. Put together, these multiple crises "imposed a sharp and lasting blow to productive capacity in many parts of the economy." (Fels, 2024, p. 18)

Fracturing World, the Local Context – Impacts for City of Holdfast Bay

The local dimension of this fracturing world is influenced by global economic uncertainties that may well impact in our state and city.

Worldwide economic conditions will impact on Australia although they may be tempered by domestic arrangements. Noting that "as a small open economy, Australia is also exposed to the risk

Significant Influences

of an increase in global trade restrictions” (OECD, 2024, p. 103). Despite this, it is hoped that improving domestic conditions may have the effect of lessening concerns about a fracturing Australia. In Australia, Gross Domestic Product (GDP) growth “is projected to pick up to 1.9% in 2025 and 2.5% in 2026. The unemployment rate, which has risen but remains low, is projected to flatten out just above current levels.” (OECD, 2024, p. 103)

Research has noted that “financial pressures continue to be a strong drag on social cohesion. People experiencing financial hardships are much less likely to trust in government, institutions and other people in society, feel a substantially weaker sense of national pride and belonging, a greater sense of social isolation and are more likely to have negative views on migrants and multiculturalism.” (Scanlon Foundation Research Institute, 2024, p. 9)

It is acknowledged that “national and global challenges put pressure on social cohesion but also demonstrate its importance in supporting personal and social wellbeing and connections when it is most needed.” (Scanlon Foundation Research Institute, 2024, p. 11)

Local Government has a vital role to play in promoting social cohesion and wellbeing. The City of Holdfast Bay has a focus on community wellbeing which is a feature of its Strategic Plan *Our Holdfast 2050+*.

Social Instability

Massive pressure – resulting from social and economic polarisation, disruption, demographic change, and eroding trust – leads to greater social unrest.

(PWC, 2022, p. 20)

Social instability is largely a consequence of many of the mega-trends already described.

In response, Governments at all levels are seeking to reinforce social cohesion and its effect on wellbeing. For the first time the Australian Government has developed a framework for ‘wellbeing’. This framework is designed to help measure “progress towards a more healthy, secure, sustainable, cohesive and prosperous Australia”. (Australian Government, 2023)

There is concern that the benefits of a successful society will not be evenly spread. If not, “high inequality and entrenched disadvantage” will “affect social cohesion and may hinder economic growth.” (Australian Government, 2023, p. 14)

The “social, economic and political environment places strain on Australia’s social cohesion”. Cost-of-living pressures, weaker trust in government and other people, greater pessimism and a weaker sense of social inclusion and justice are all factors. While “growing doubts about economic fairness in Australia are strongly associated with a declining

sense of national pride and belonging and growing distrust in government.” (O'Donnell, 2023, p. 6)

This is reflected in other research describing “a collision of trust, innovation, and politics.” The 2024 Edelman Trust Barometer describes that rapid change creates “a new paradox at the heart of society. Rapid innovation offers the promise of a new era of prosperity, but instead risks exacerbating trust issues, leading to further societal instability and political polarization.” (Edelman, 2024)

In contrast to this, state or territory governments and local councils are “more likely to be viewed as reflecting community needs and interests than federal government.” (Williams & Hammerle, 2024, p. 12)

This can assist in building “the strong connections we have in our neighbourhoods and communities and the way we increasingly embrace our differences and diversity” that will “strengthen our social cohesion.” (Williams & Hammerle, 2024, p. 7)

Consistently people say that wellbeing should “guide government decisions, above other considerations.” The main purpose of government is described as “ensuring all people are treated fairly and equally, including the most vulnerable.” (Williams & Hammerle, 2024, p. 6)

Social Instability, the Local Context – Impacts for City of Holdfast Bay

In our Strategic Plan *Our Holdfast 2050+*, Council’s Wellbeing focus area aims to promote good health and economic success in an environment and a community that supports wellbeing. Council has many programs and activities that seek to draw people together and improve social interactions and cohesiveness.

The 2025–26 Operating Environment

Economic Conditions

There has been significant improvement in the domestic economic conditions in Australia and South Australia over the past 12 months.

The general economic environment in South Australia is encouraging. Many national indicators show that South Australia is performing well. After leading the rankings on the past three occasions, South Australia is now second in CommSec's State and Territory Economic Performance Report. In this report, it was noted that in 'the September quarter 2024, economic activity in South Australia was 8.4% above its long-term average level of output.' (CommSec, 2025)

There is an expectation that the South Australian economy 'will grow by 1% in 2024-25. It is further expected that there will be stronger growth at about 2.25% in each of 2025-26 and 2026-27'. (South Australian Centre for Economic Studies, 2024, p. vii)

The annual Consumer Price Index (CPI) in Adelaide as of December 2024 was 2.5% after falling 0.1% between September and December 2024. This compares to national annual CPI which was 2.4% and rose 0.2% between September and December 2024. (Australian Bureau of Statistics, 2025)

With inflation easing, the Reserve Bank relaxed interest rates at its February 2025 meeting. This was the first cut since 2020 and follows on from 13 rate rises between May 2022 and November 2023. Some economists anticipate further rate reductions in 2025, although this may be tempered by volatile global economic conditions.

In this environment, the business outlook is strong. Business confidence in South Australia is the second highest in the nation and the highest of any mainland State. (Roy Morgan, 2025) This is within

a supportive environment with the Business Council of Australia finding that 'South Australia has the best regulatory and tax settings for doing business in Australia'. This means that 'in comparative terms today the state provides the best environment in which to do business'. (Business Council of Australia, 2024, p. 3)

Against this, cost of living remains a concern for many households. Household consumption remains weak having declined recently despite 'strong population growth, the Stage three tax cuts and increased government assistance payments'. (South Australian Centre for Economic Studies, 2024, p. vi)

There is some expectation that cost of living pressures will ease as interest rate cuts take effect, inflation tempers and household incomes increase. For Australian households, "gross income rose by 6% in current terms though the year to the September quarter 2024." Wage growth has remained relatively high over the past two years. This was largely due to a 5% rise in labour costs, which was supported by the Federal Government's Stage three tax cuts. (South Australian Centre for Economic Studies, 2024; Adelaide Economic Development Agency, 2024) This meant that, in real terms, "household gross disposable income grew by about 2.25% through the year to the September quarter 2024". (South Australian Centre for Economic Studies, 2024, p. 4)

The Greater Adelaide Regional Plan

Greater Adelaide's population is expected to be 1.5 million in 2023–24, representing 78% of South Australia's population. Population growth in Adelaide is forecast to decrease to 1.5% in 2023–24 and 1.1% in 2024–25, slowing to 0.8% by 2034–35. Adelaide's population is projected to be 1.6 million in 2034–35. (Centre for Population, 2024, p. 55)

In response to this expected increase and other factors the State Government has released its *Greater Adelaide Regional Plan* (GARP). This Plan sits alongside the 20 Year State Infrastructure and Transport Plan. Together these plans outline where growth will be accommodated and how the accompanying infrastructure will be developed.

The GARP provides for more growth in outer metropolitan Adelaide. In general, the GARP aims to have infill development close to activity centres. This may impact the level of infill development in the City of Holdfast Bay, with medium-scale development being preferred. Council made a submission on the Draft Greater Adelaide Regional Plan, which detailed preferred areas for development. This was largely adopted in the final GARP.

Importantly, the GARP identifies areas in the urban fringe for significant new development. This takes some of the pressure off established areas, like the City of Holdfast Bay, to accommodate intensive development.

Areas of heritage or character protection have also been identified. Again, this aligns with Council's submission and provides good guidance for future assessments.

Local Government Financial Sustainability

Addressing financial sustainability is vital for the City of Holdfast Bay. There are legislative and regulatory responsibilities in this area and high community expectations to manage rate income in the best possible way. There are three key indicators of financial sustainability in the Australian local government sector:

- › The operating surplus ratio: This is a measure of councils' financial health. A positive ratio indicates that the council generates more revenue than operational expenditure. A negative ratio indicates that operational expenditure exceeds revenue.
- › The net financial liabilities ratio: A measure of the proportion of councils' general income that would be required to pay all financial liabilities.
- › The asset renewal funding ratio: A measure of whether assets are being renewed and replaced in an optimal way, as identified in council's Asset Management Plans. (SGS Economics and Planning, 2024; Essential Services Commission of South Australia, 2022)

Local government financial sustainability is affected by many factors outside the control of council. They include:

- › impacts of extreme weather events, natural disasters and other external environmental factors that impact directly on council services and divert resources from other necessary council services
- › expansion of the roles and requirements placed on councils by Federal and State Governments, increasing their costs without commensurate revenue to support them, and

The 2024–25 Operating Environment

- › cost pressures faced by councils that exceed CPI, such as increases in the cost of building and maintaining infrastructure. (Local Government Association of South Australia, 2024; House of Representatives Standing Committee on Regional Development, Infrastructure and Transport, 2025)

The Essential Services Commission of South Australia (ESCOSA) has an oversight role in assessing the financial sustainability of local government in this state. It operates a Local Government Advice Scheme (the scheme) that provides detailed advice to councils about their strategic management plans and involves auditing of Councils' financial planning and service delivery. It is intended that "the scheme will benefit ratepayers by supporting councils' decision-making processes, affording ratepayers increased transparency and greater confidence that council operations are being undertaken on a long-term financially sustainable basis". (Essential Services Commission of South Australia, 2022, p. 4)

In 2025–26, the City of Holdfast Bay will take part in the scheme. This will provide a picture of how council "proposes to manage its ongoing financial and service sustainability" by assessing:

- › **Program stability:** This relates to the provision of reliable quality services over time, and requires a stable and consistent set of actions, from the perspective of day-to-day operations and infrastructure management.
- › **Rate stability:** This relates to charging ratepayers reasonably to fund the services, underpinned by the program of works noted previously (program stability). Rates should be stable, noting that stable does not mean fixed but rather the absence of large or unplanned year-on-year variances.
- › **Intergenerational equity:** This relates to fairly sharing services and the associated cost between current and future ratepayers. It requires adopting sound long-term financial management principles, particularly in relation to the balance between debt and cash in financing service delivery." (Essential Services Commission of South Australia, 2022, pp. 2-3)

As a coastal council, the City of Holdfast Bay is very aware that climate change is likely to have a greater impact than some other suburban councils. Extreme weather events cause 'extensive damage to physical infrastructure (roads, coastal structures, and public buildings) leading to costly and extensive repairs disrupting other services'. This impacts on council's ability to deliver projects and services in financially sustainable ways. (House of Representatives Standing Committee on Regional Development, Infrastructure and Transport, 2025, pp. 19 - 20)

A recent parliamentary enquiry noted that many coastal councils 'do not have the financial capacity to meet adaptation challenges.' (House of Representatives Standing Committee on Regional Development, Infrastructure and Transport, 2025, p. 19) The City of Holdfast Bay already assesses such impacts but will need to be vigilant to ensure the best, financially sustainable management of this risk.

Council is committed to ensuring the City of Holdfast Bay remains financially sustainable. This is crucial for ensuring that we continue to provide essential services while also planning for future needs. The following commitments have been made to assist in achieving this objective:

- › a budgeted operating surplus each year
- › ensure sufficient funding is allocated for the renewal of community assets as detailed in council's Asset Management Plans

The 2024–25 Operating Environment

- › unbudgeted expenditure, when required, is covered by deferring discretionary spending or identifying savings from other areas within council's operations.

The management of debt is also a key component of future financial sustainability. Through the Long Term Financial Plan, council has committed to the principle of intergenerational equity and is implementing a debt management strategy. This aims to cap current debt levels, which are projected to peak in 2025–26, before decreasing over the next 10 years.

Aged Care Reform

The Federal Government Aged Care Reform Agenda, including the enactment of the new Federal Aged Care Act on 1 July 2025, will continue to be implemented by Alwyndor throughout 2025–26. The reform is an integral part of our strategic and business planning for all Residential and Support at Home services as well as our corporate service systems and delivery. We will continue to advocate for our residents and clients together with our peak body and sector partners as these changes are implemented.

In residential care Alwyndor's focus will be on the continued provision of quality care, ensuring we maintain minutes of care and nursing as mandated by the Aged Care Quality and Safety Commission (ACQSC). We will enable great lifestyle choices and create the very best food and dining experience for our residents. We have established a Nutrition Committee to support this work. We will also develop a palliative care suite to provide the best possible end-of-life care choices.

Support at Home reform continues from 1 July 2025. We will continue to explore our services and options for our Support at Home clients, which will continue

to include short-term restorative care and end-of-life care, a suite of allied health and nursing care as well as domestic, gardening and maintenance services. This will include continued specialised staff training.

After a successful trial of the AlayaCare Client Portal, which enables clients and their families and advocates to see their weekly support schedule details, we are now rolling out to all of our client base. Over 400 clients have taken up the service so far.

We have also reviewed our rostering operations and processes to streamline client service provision.

Our Residential and Community Advisory Groups are well-established and will continue to offer valuable feedback on our services throughout 2025–26. The Quality Care Advisory Group will assist in ensuring our services across the entire business are of the best possible standard and meet all mandated requirements. The groups provide regular reports to the Executive as well as the Alwyndor Management Committee.

We remain dedicated to addressing the Government's Reform agenda as part of our commitment to delivering care and services for older individuals in our communities, enabling them to live according to their preferences and providing support for current and future clients. Alwyndor continues to be a proud preferred provider of these services within the City of Holdfast Bay and surrounding areas.

Achievements, Projects and Service Delivery



Alwyndor

Alwyndor and the City of Holdfast Bay

Alwyndor, began as a convalescent and rest home for returning servicemen. The Dorothy Cheater Trust was established and binds the Council (as Trustees) to the ongoing provision of aged care and services in perpetuity. Alwyndor is widely regarded as an important part of the City of Holdfast Bay as it continues to thrive and provide services to the city's residents and communities in surrounding areas.

Achievements

In 2024–25, Alwyndor's achievements and initiatives included:

- › continued expansion of Therapy and Wellness service offerings at the Holdfast Bay Community Centre, including the establishment of the ZEN Room where meditation, hand therapy and other activities are held
- › continued involvement of our residents in the continuous improvement of their dining experience by choosing menus through taste testings and through regular surveys which consistently score a satisfaction rating of more than 95%. Our Catering Manager was nationally recognised, winning prestigious Industry Awards
- › ongoing focus on resident wellbeing through the development and implementation of a Reablement program, including the establishment of a dedicated gym and exercise space and classes
- › expansion of Support at Home services and now supporting more than 650 clients
- › expansion of home gardening and maintenance services and now providing services to more than 3,000 clients in the City of Holdfast Bay and surrounding areas
- › welcomed 140 new staff and introduced a leadership development program and a micro-learning training program
- › curated and hosted SALA event 'Sculptures in the Gardens' for the second year; artists were invited to display sculptural works in our beautiful gardens. Two art exhibitions were held in conjunction with this event, which featured works created by residents and children as part of an intergenerational project. The exhibitions were very popular with our residents and clients along with the broader community.

Service Delivery

Alwyndor provides integrated services for older people in our communities. A continuum of care is provided through our services, enabling our clients to live in their own homes how they choose for as long as they wish. We offer domestic and garden services as well as home modifications through to end-of-life care to enable this choice. We receive funding for these services from a variety of sources which include:

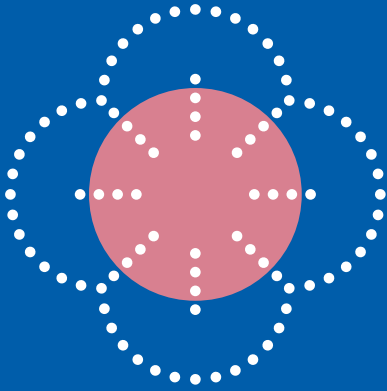
- › Commonwealth Home Support Program
- › Home Care Packages (Federal Government funding)
- › Department of Veterans Affairs
- › Private health refunds and private client payments
- › Medicare (via GP referral for service packages)
- › National Disability Insurance Scheme.

At Dunrobin Road in Hove, Alwyndor provides 144 residential care beds for permanent, respite and transitional care. There is a café, hairdresser and gym, and dental services. A day respite service is provided Monday to Friday each week.

Alwyndor offers a range of Therapy and Wellness services, including physiotherapy, occupational therapy, podiatry, and speech pathology, which can be accessed at Alwyndor or home and an extensive range of group wellness programs to assist clients in maintaining independence and wellbeing.

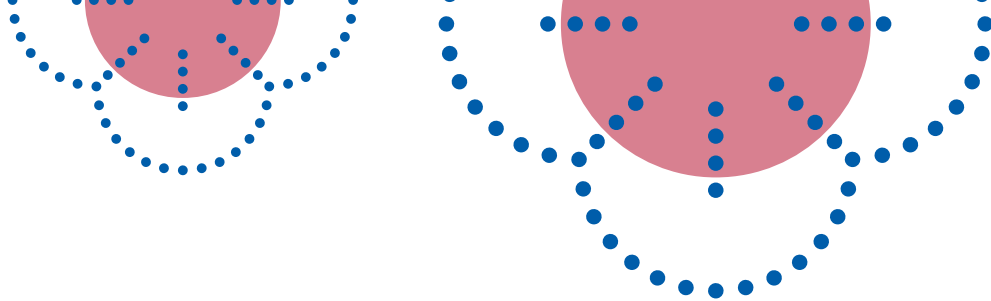
In 2025–26, Alwyndor will continue to promote and enable independence, active health and wellbeing for older people in the City of Holdfast Bay and surrounding areas.





Wellbeing

In 2025–26, Council will allocate \$9 million to good health and economic success in an environment and a community that supports wellbeing.



Objectives: 2020–2030

Measures

Design, build and manage public places that actively facilitate positive interaction and provide access to all people.

All project plans and policies address universal design and social inclusion.

Support 'ageing in place' through direct service provision and partnerships with community organisations and businesses.

- › Successful delivery of programs and collaborations with external organisations
- › Increase in number of older people supported to stay in their homes.

Promote active citizenship where all people are encouraged to be heard and contribute to decision-making in their community, especially those who are normally excluded.

The range of people of different ages and backgrounds having their voices heard in council and community organisation decision-making increases year after year.

Advocate for small businesses to be able to operate in mixed-use neighbourhoods to increase local employment opportunities, improve local access to goods and services, and reduce transport distances.

- › The number of small businesses that operate in mixed-use areas increases
- › All residents live within a 10–15 minute walk to shops and services.

Increase the range of people who take part in lifelong learning and benefit from council-run community hubs (Libraries and Community Centres) by targeting those who normally don't or can't access them.

The number and range of people of different ages, abilities and backgrounds who access Council facilities, programs and services increases.

Enhance the capacity and capability for community-run, openly accessible hubs (such as sport, recreation and community facilities) to promote healthy lifestyles, positive community connection and a sense of belonging for people of all backgrounds and abilities.

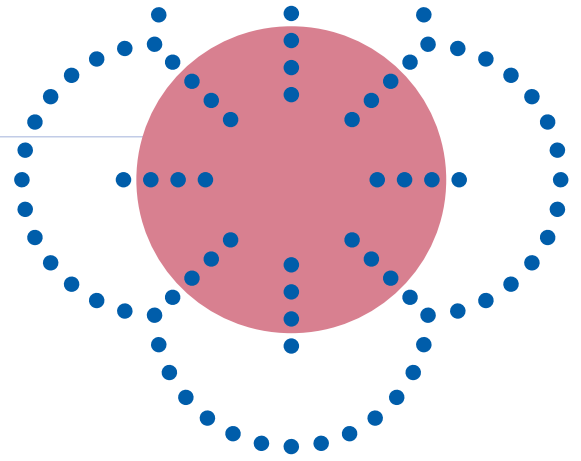
The number and range of people from different backgrounds and abilities who access community-run facilities increases.

Expand impacts through community partnerships to grow the number and variety of programs and services that improve general well-being and reduce preventable health issues.

- › Increases in reported well-being and reductions in health issues as per State health data
- › The number of improvements made in private enterprises for better public health outcomes.

Local arts and culture are celebrated and supported, while barriers to participation (such as costs, infrastructure, access to audiences, etc.) are lowered, to encourage typically excluded people to participate.

The range and number of council and community-run arts and cultural activities and events that are assessed as being fully accessible increases year on year.



2024–25 Achievements

In 2024–25, we delivered projects support wellbeing. Some of these include:

Seacliff Plaza Amenities Block

This project saw the replacement of the existing public toilets at the Seacliff Foreshore. The new amenities block now sits at the same level as the footpath. It features seven toilets, including an accessible toilet, two ambulant toilets, three all-gender toilets, and a family toilet with a baby change table.

Along with the outdoor hand-washing station, outdoor showers and landscaping, footpaths around the building are continuously widened to improve accessibility for everyone in the community.

The beach access ramp for vehicles is also operational, along with a Disability Discrimination Act-compliant ramp for pedestrians.

Brighton Tennis Club Lights

This project involved the replacement of old light poles and the installation of new luminaires. This addresses the much-needed renewal of the existing assets and provides much better lighting for the tennis players.

Wattle Reserve – Multi-use court upgrade

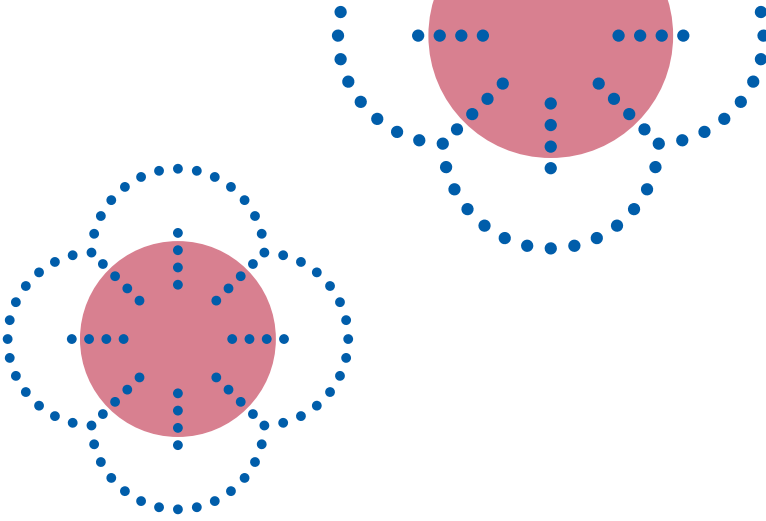
This project included the installation of a new pickle ball court along with resurfacing of the old half-court tennis court. Pickle ball is a recreation activity that is quickly growing in popularity. Incorporating this into this project allows for even more use of this very popular reserve.

Lookout Decking – Kingston Park Cliff Face

The Kingston Park lookout is a must-see for any visitor. On top of the cliff overlooking Tjilbruke Spring and the Kingston pines, the lookout offers spectacular views of the Holdfast Bay coastline.

Sutherland Reserve Playground Renewal

This project involved the renewal of play equipment. This enhances a very popular reserve for local residents and visitors alike.



2025–26 New Projects

Bowker Oval disability access pathway – \$40,000

This project seeks to address an issue where some members of the community may be excluded from using the space as there is no way for a person living with a disability or mobility issues to access the Community Garden, BBQ and picnic table or the play space. Current access is limited and includes traversing the grass or using a concrete spoon drain that is non-compliant.

The project will create a Disability Discrimination Act (DDA) compliant pathway from both the North and South car-park so that the community, particularly people living with a disability or mobility issues, can access these community facilities.

Cemetery upgrades – \$256,000

The project includes path improvements and tree planting along with new and refreshed garden beds. It will preserve Brighton and St Jude's cemeteries' historical importance while improving their usability and appearance for the broader community. Additional works will require funding in future Council budgets.

It will improve the overall tidiness and amenity of these spaces. It will increase tree canopy, update internal roads, improve landscaping and increase seating. It will also improve signage, particularly around heritage areas such as the Mawson grave at St Jude's.

Wellbeing

2025–26 Service Delivery: \$8.77 million (excluding Alwyndor)

Development Services – \$1.40 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 2024-25 (up to 25 March 2025), we have processed 714 development applications and approved 212 new dwellings with a construction value of \$106.2 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. The grants aim to assist 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 – \$2.89 million

We will manage and maintain community assets and infrastructure in an environmentally and financially sustainable way. This includes maintaining and upgrading our buildings and public facilities that are used by a variety of community groups. Street light upgrades are also a part of the work of this area of council.

Community Wellbeing – \$1.03 million

In addition to the services delivered by Alwyndor's Community Connections team, 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:

- › sports and recreation, including local sporting clubs and recreational and open space planning and development
- › community development programs, including 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
- › Aboriginal reconciliation through consultation and engagement.

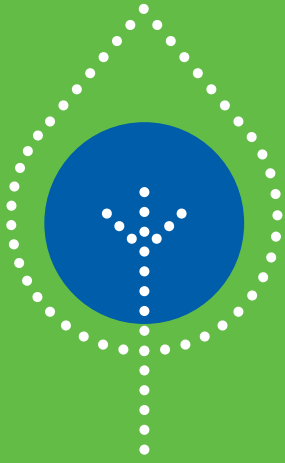
Community Safety – \$2.79 million

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 – \$0.66 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 website. 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) and through a range of council publications. Holdfast News was launched in July 2020. It features the latest council news, project updates and upcoming events. Council's quarterly, printed magazine, Our Place, is distributed to all ratepayers with a digital copy shared via social media and emailed to 1,920 subscribers.



Sustainability

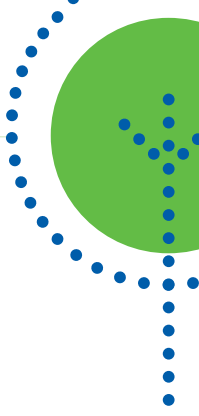
In 2025–26, council will allocate \$19 million to developing a city, economy and community that is resilient and sustainable.



Objectives: 2020–2030

Measures

Become a carbon-neutral organisation by 2030.	Council's direct emissions are reduced every year and emissions of suppliers are influenced to be reduced.
Increase walking and cycling across the city through better infrastructure (paths, lock-up areas etc) and incentives.	Establish a baseline of cycling use and walking to create a target.
Increase shady pathways and nature by reclaiming parts of road reserves through better design.	<ul style="list-style-type: none">› Increase the percentage of tree canopy coverage of council roads› The number of street trees planted per year.
Reduce traffic by improving safe access to public and community transport.	<ul style="list-style-type: none">› The percentage of car trips by residents decreases› The use of public and community transport increases.
Support walkability to parks and beaches by providing good open spaces.	<ul style="list-style-type: none">› Residents live within a 10-15-minute walk to reserves, parks and/or beach› Improvement in council's Walkscore walkability rating.
Support built heritage protection and enhancement while promoting quality infill development.	<ul style="list-style-type: none">› Number of new properties listed on various heritage registers› Increases in the number and diversity of dwellings created through the consolidation and adaptive reuse of existing buildings and sites.
Increase levels of biodiversity through initiatives including Water Sensitive Urban Design in public spaces and encouraging the use of Kaurua knowledge.	<ul style="list-style-type: none">› Increase the average biodiversity score from 12.8 in 2018 to 14 in 2025 and 16 in 2030› Areas of biodiversity and Water Sensitive Urban Design increase each year.
Decrease the level of household and business waste that goes to landfill.	<ul style="list-style-type: none">› Increase the use of FOGO for residents› Increase in the percentage of kerbside waste that is recycled or composted to 75% by 2030› Increase in the number of circular economy businesses.
Create vibrant precincts that contribute to economic success and social vitality and provide unique experiences for locals and visitors alike.	<ul style="list-style-type: none">› Business confidence increases in these precincts› Positive community perception of precincts increases.
Maximise use of open space (including coastal areas) for all, while protecting environmental habitats and ensuring landscapes are adaptive to climate change.	<ul style="list-style-type: none">› The number of people from different backgrounds who use open spaces increases› Measures for environmental protection and climate change adaptation are to be developed.



Sustainability

2024–25 Achievements

In 2024–25, council delivered projects and services that supported economic, environmental and community sustainability.

Activities included:

Holdfast Bay Bowling and Croquet Club lighting

This project involved the replacement of old light poles and the installation of new energy-efficient LED luminaires. This enhances a very well used multi-purpose facility.

Somerton Tennis Club renewal

This project included the replacement of old lighting with energy-efficient LED luminaires along with new fencing and the re-surfacing of the courts. This renewal has given new life to this facility and been warmly welcomed by its users.

Wheatland Street Pocket Park

There is a small piece of land on the corner of Wheatland Street and Kauri Parade at Seacliff, which was covered in part by shrubs and in part by dolomite. This project includes the creation of a small park to increase greening as a feature of the area.

2025–26 New Projects

Patawalonga Frontage irrigation upgrade – \$500,000 (carried forward from 2024-25)

The current irrigation mainline that delivers A-Class water to the coastal reserves in Glenelg is an ageing infrastructure that is approximately 20–25 years old. This project will create an irrigation system that is fit-for-purpose, cost-effective and environmentally sustainable. The outcome will be a new, resilient and sustainable irrigation system designed for the future, operating on recycled water with mains back up in strategic locations.

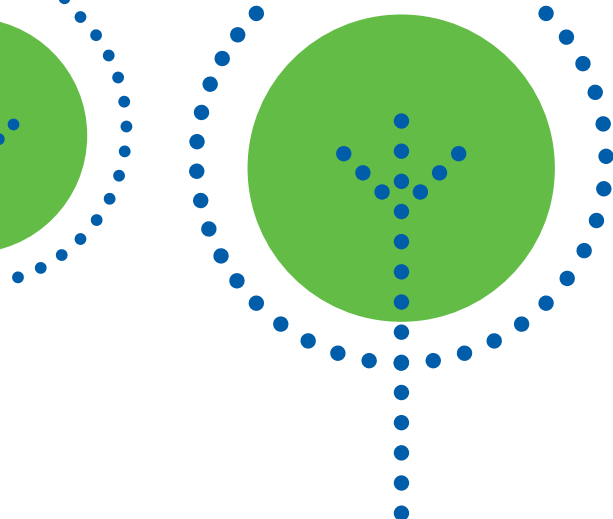
Adelphi Terrace - pedestrian crossings – \$120,000

This project will improve pedestrian safety when crossing the road and improve bus stop disability access. It includes the installation of two mid-road pedestrian refuges and an upgrade to bus stop 19 on Adelphi Terrace Glenelg North. Pedestrian refuge islands typically provide a traffic calming effect, as vehicles must deviate around the islands, further enhancing community safety.

This project includes two crossing locations:

- › South Location – Between St Annes Terrace and King Street pedestrian crossing with refuge island; ensuring western bus stop is compliant and remains within parking lane; includes connection to Patawalonga shared use path; location determined based on physical parameters
- › North Location – Patawilya Reserve pedestrian crossing with refuge island connection to Patawalonga shared use path. Removal of existing crossing point at MacFarlane Street.





Jetty Road, Brighton traffic improvements – design and consultation – \$50,000

This project will investigate and consult the community to develop design options to improve the street. This will allow residents, traders and visitors to help define the desired future character of the street. It will also provide the chance to design for improved accessibility and connection to the coastline.

Jetty Road, Brighton is due for road renewal and kerb repairs in the next two years. This project will identify the extent of any improvements through investigation, design, and community consultation. Improvements may include safety, intersections, pedestrian crossings, disability access and parking to coordinate with renewal works.

This will deliver a plan that can be used to attract grant funding and guide future council budget allocations for the planned improvements.

Paringa Primary active transport stage two – \$50,000

This project will enable children to travel safely to and from school. It includes the replacement of paths and improvements to kerb-ramps to lift these to current standards. This project includes the replacement of further existing pathway and kerb-ramp infrastructure to current standards, including relocation where required to promote safe access for path users.

Sustainability

2025–26 Service Delivery: \$18.3 million

Public Realm and Urban Design – \$0.51 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:

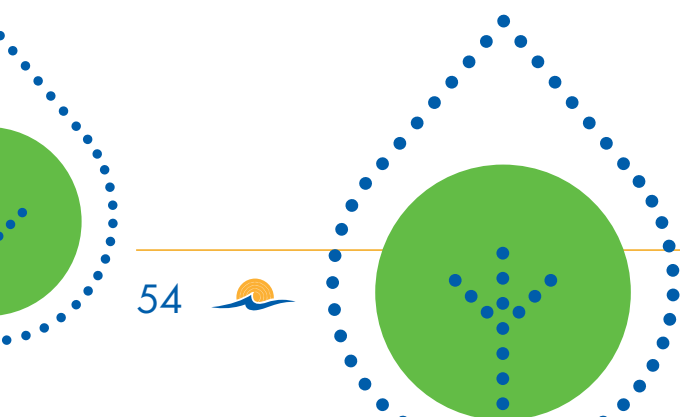
- › sports and recreation facility planning and activation
- › playspace renewals and redevelopments including planning and consultation
- › urban design projects such as main street master planning and project delivery
- › securing grant funding for major projects through State and Federal Government grant programs
- › sport and recreation club development.

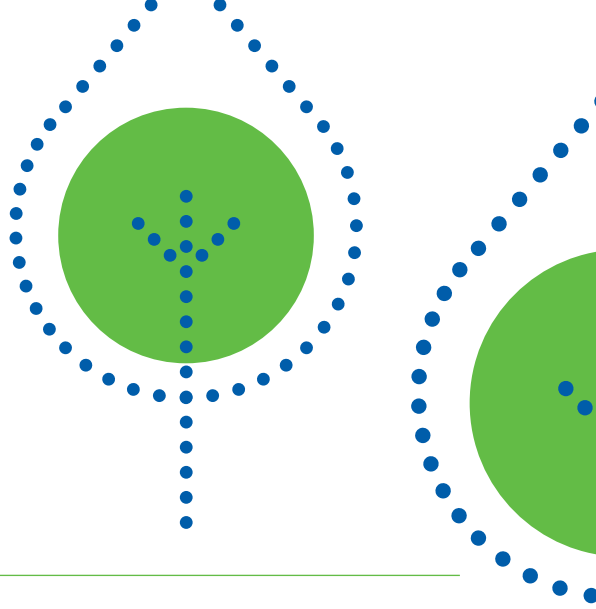
Environmental Services – \$1.56 million

Council is pursuing an Environment Strategy (2020–25), a detailed road-map of initiatives, which will guide our decision making throughout 2025 and lay the foundation for future work. The strategy incorporates five themes:

- › climate change resilience and working towards a carbon-neutral community
- › managing our coastal ecosystem
- › managing and improving biodiversity
- › waste and resource management
- › working together as a community.

A number of projects and initiatives from the Environment Strategy are included in this Annual Business Plan.





Field Services and Depot – \$9.1 million

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

We will achieve this by:

- › maintaining our many high profile and highly used open spaces and reserves
- › planning and implementing environmental management programs
- › planting and caring for trees in our streets and reserves
- › cleaning our streets and foreshore
- › maintaining the North Brighton and St Jude's cemeteries
- › managing and maintaining our coastal zones and foreshore
- › removing graffiti
- › maintaining gross pollutant traps to ensure that pollutants do not enter our waterways
- › maintaining our roads, kerbs and footpaths.

Street Lighting – \$0.72 million

Council partners with SA Power Networks (SAPN) to deliver street lighting for our community. Over the past three years, council has replaced 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 4000 Kelvin).

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

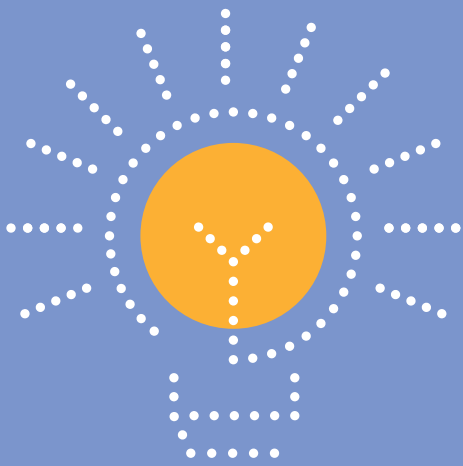
The removed old streetlights will be recycled responsibly to prevent heavy metals (i.e. mercury) and other hazardous substances entering landfill.

Engineering and Traffic – \$1.73 million

The 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.

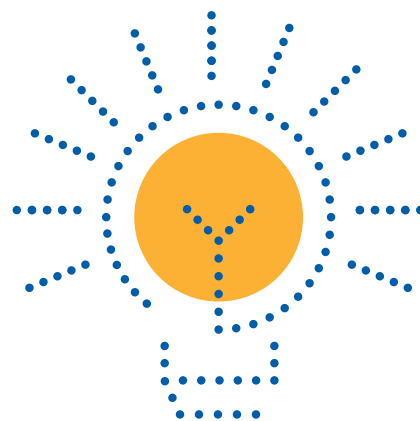
Waste Management – \$4.7 million

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



Innovation

In 2025–2026, council will allocate \$19.9 million to developing a thriving economy and community that values life-long education, research, creativity and entrepreneurialism.



Objectives: 2020–2030

Measures

Create an environment (raise the profile of the city and precincts) that is attractive for startup, entrepreneurial and home-based businesses.

The number of startup and home-based businesses increases.

Improve the community's digital access and literacy through facilities and programs in council's libraries and community centres.

The number of people who take part in digital programs increases year after year.

Partner with schools to build innovator/entrepreneur programs for young people.

Program participation rates trend upwards.

Partner to facilitate the provision of technological infrastructure to support creative, innovative and entrepreneurial activity.

The number of creative and technology-related businesses in the city increases.

Partner to facilitate the provision of technology infrastructure to support creative and emerging industries, including mobility as a service, startups and other entrepreneurial activities.

Number of start-ups, creative and technology-related businesses in the city increases.

Collaborate with others to assist local businesses to access resources, develop knowledge and improve capability in emerging digital and online technologies.

The number of local businesses that are supported in accessing avenues for emerging technologies.

Stimulate creative, arts and cultural talent, skills and opportunities in distinctive places and precincts for community connection, jobs, business and tourism.

- › The number of local arts/creative businesses and jobs increases (Heritage, Creative and Performing Arts category)
- › Increase the number of people and organisations participating in council's arts and culture programs.

Enhance online and digital methods for customer experience when utilising council services.

Customer satisfaction with council interactions improves.

Innovation

2024–25 Achievements

In 2024–25, council delivered projects and services that supported innovation at council and in the community. Activities included:

Wayfinding at Kingston Park

This signage indicates the key attractions within the precinct, being the Holiday Park, Nest Kiosk and Tjilbruke Spring.

Technology and Innovation Projects – Various Technology Improvements

A range of technology projects to improve efficiency and effectiveness in core business functions, including asset management and corporate planning. These projects assist in planning and managing the work of council and ensuring security of information and data.

2025–26 New Projects

Fairy Lights Jetty Road, Brighton \$73,280

To beautify Jetty Road Brighton and attract visitors and residents, temporary fairy lights have been on trial for several months. This project will make this more permanent through the installation of underground electrical infrastructure and the purchase of the street tree fairy lights. This project seeks to continue the beautification of the area with lighting that can be themed to times of the year. In this way, it is intended to promote tourism and visitor attraction. The project covers the installation of supporting electrical infrastructure and the purchase of commercial-grade fairy lights in street trees along parts of Jetty Road, Brighton.

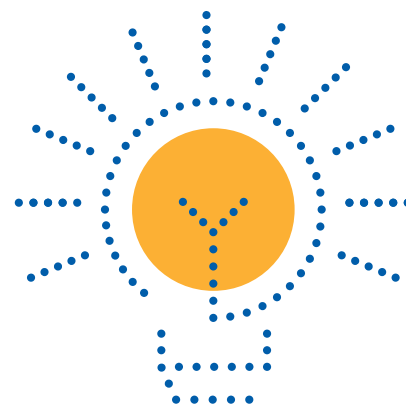
2025–26 Service Delivery: \$19.8 million

Library Services – \$2.01 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 2025–26, we will continue to deliver events, programs, services and activities through our two branches at Brighton and Glenelg.

City Activation – \$3.39 million

City Activation promotes Holdfast Bay as Adelaide's premier seaside tourism destination with the goal of increasing visitation and economic impact, enhancing social and community benefits, civic pride, and the reputation of the area as a great place to live, work and play.



This goal is underpinned by key directions within Council's Economic Action Plan, Tourism Recovery Plan, Arts and Culture Strategy and Events Strategy.

Council will continue to cultivate a thriving, sustainable and resilient economy that supports community wellbeing by nurturing opportunities for learning, creativity, innovation, and entrepreneurialism by:

- › planning, implementing, and supporting a sustainable program of events that increases economic activity, community pride and participation and adds to the cultural fabric of Holdfast Bay
- › preserving and stabilising the Holdfast Bay history collection while developing opportunities to make it more accessible to the community
- › securing investment and regional and state collaboration that increases the desirability of Holdfast Bay as a destination for visitors, innovative industries, viable local businesses, creative and innovative events
- › build safer, stronger, and more resilient communities through meaningful arts and culture encounters, activities and events for all people
- › contributing to the development and promotion of the Glenelg precinct as a vibrant destination through the Jetty Road Mainstreet Committee.

Commercial and Economic Enterprises – \$0.44 million

We ensure that our commercial activities, commercial leases, Partridge House and the Brighton Beachfront Holiday Park provide the best possible return on the community's investment.

Corporate Services – \$4.6 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 experience
- › Strategy and governance
- › People and culture
- › Risk management
- › Work health and safety
- › Elected Member and CEO support
- › Records management.

Financial Services – \$5.27 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.

Information and Technology Services – \$4.11 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.

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.

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 2025–26, council is proposing an extensive program of services and projects. To achieve this, we expect to raise \$62.2 million in operating income and spend \$61.3 million in operating expenditure (excluding Alwyndor). 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 2025–26, 80% of the revenue to fund municipal operations will come from rates.

The municipal operating surplus for 2025–26 is projected to be \$931,960. For 2025–26, Alwyndor is projected to have an operating surplus of \$651,284. The consolidated surplus for 2025–26 is budgeted to be \$1,583,244.

Our Financial Statements

We have included a summary of our projected financial statements for the 2025–26 financial year in this document. The consolidated financial statements incorporate our municipal operations and Alwyndor – a self-funded component of our service delivery.

A net sum of \$48 million (excluding the Landscape Levy) will be raised from rates in 2025–26.

Council owns infrastructure and assets (such as roads, drains, footpaths and buildings) with a current value of approximately \$394 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 Management 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 due in part to its coastal proximity and tourism focus. The 2025–26 Annual Business Plan forecasts a projected borrowing requirement of \$23 million to fund the proposed program of capital works and projects. 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 Plans, council aims 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 and Risk Committee provide strategic and operational risk management guidance. This is done holistically, having regard for all aspects of financial and risk management.

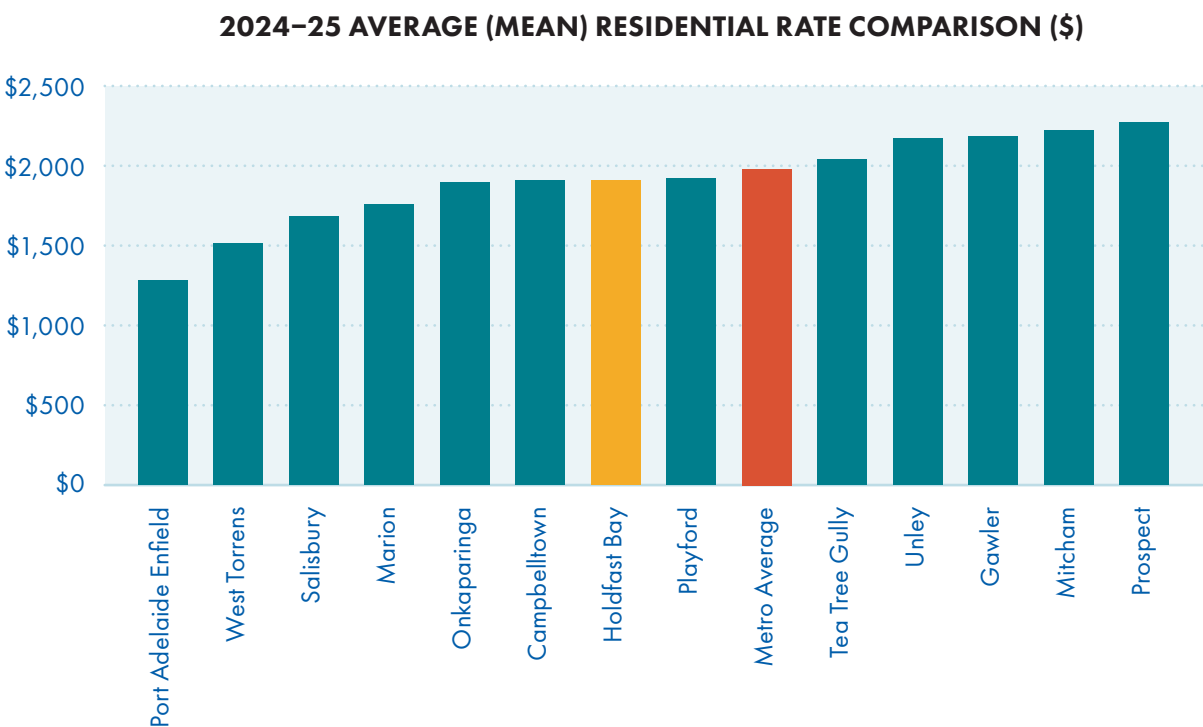
Guided by our Long-Term Financial Plan, our financial management takes a long-term view that ensures we maintain a sustainable financial and asset management position.

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 charts on the following pages show a comparison of the average residential rate for Adelaide metropolitan councils for 2024–25.

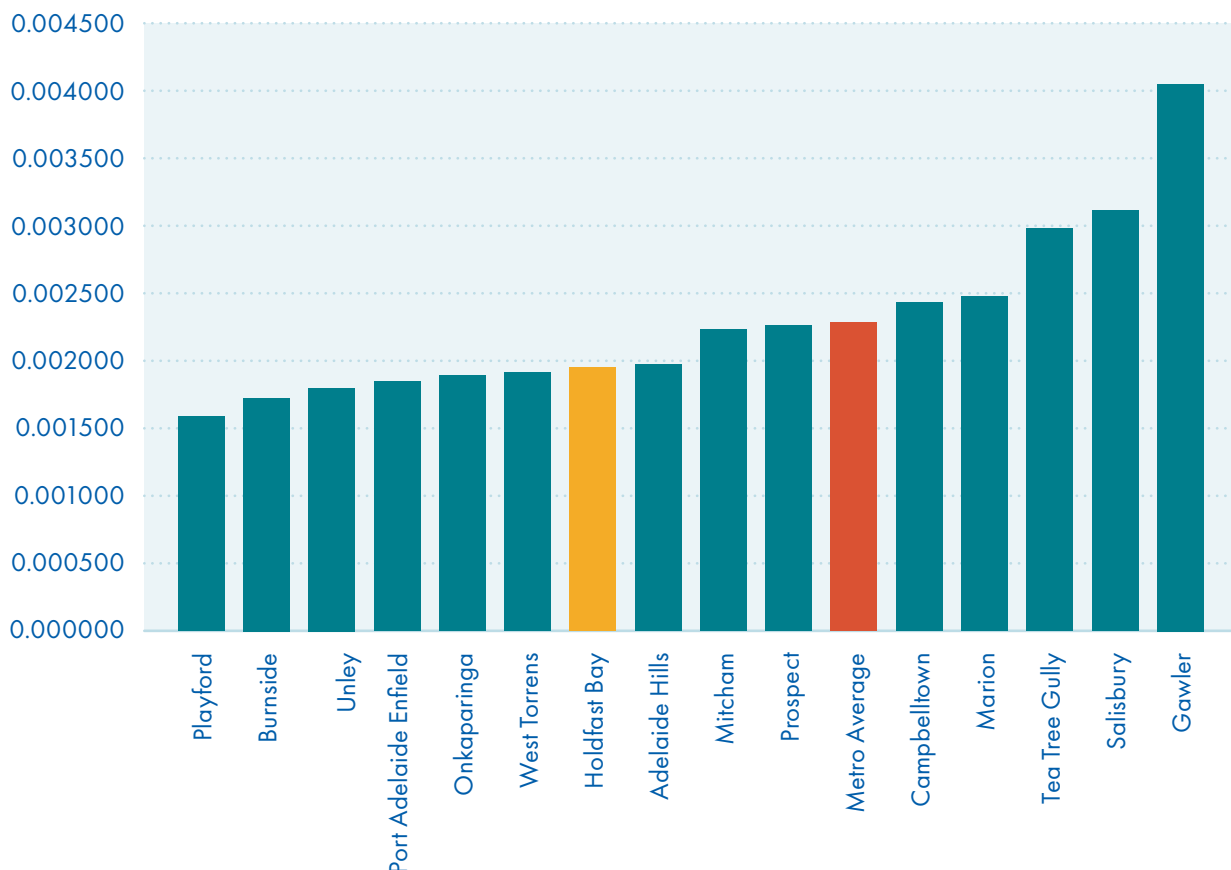
The chart below shows the average (mean) residential rate for the City of Holdfast Bay in 2024–25 was \$1,922.



Funding Our City

This represented a rate of 0.001951 cents in the dollar. This residential rate compares favourably to other South Australian councils.

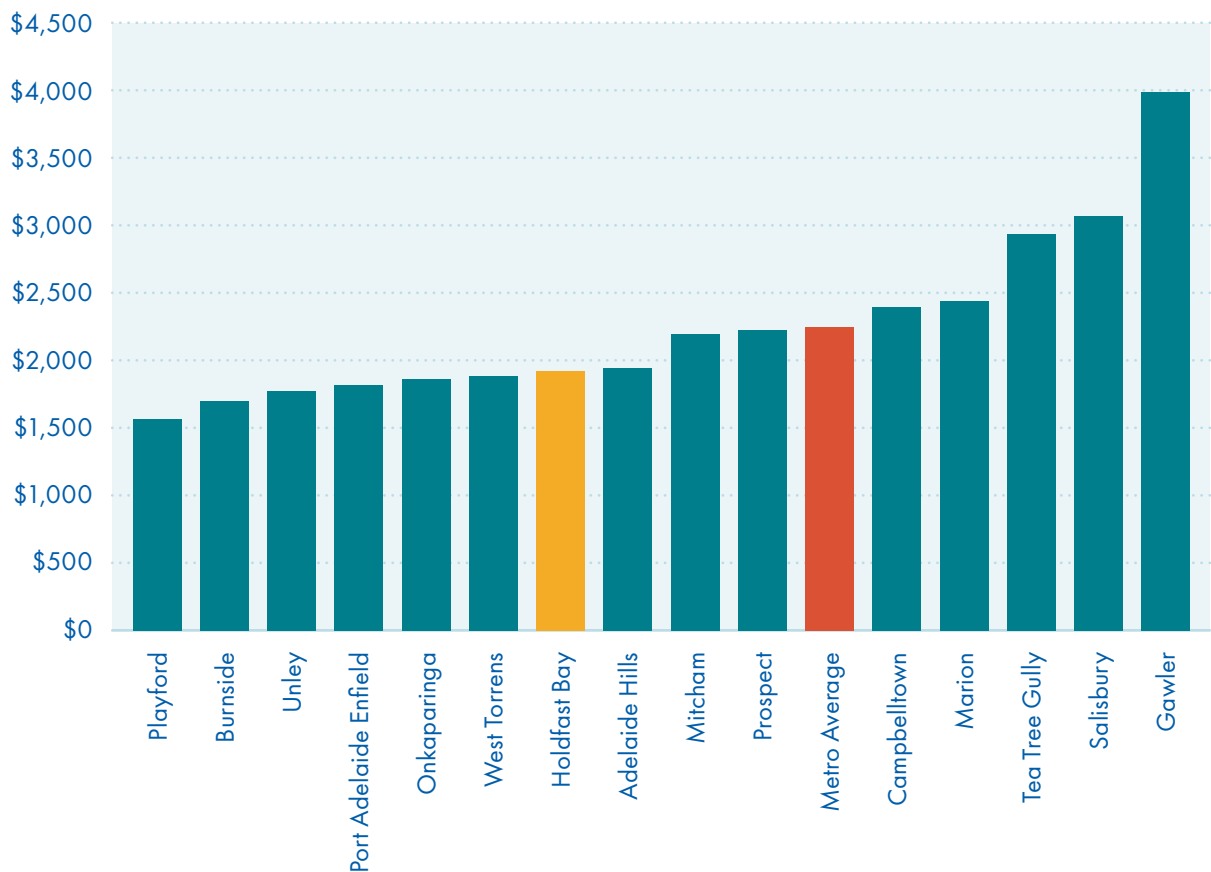
2024-25 COMPARISON RATE IN THE DOLLAR – RESIDENTIAL



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 0.00195 cents, the rates payable will be \$975.00.

In 2024–25 the average (mean) residential property valuation in the City of Holdfast Bay was \$985,437. The following table compares rates if a property in other council areas had this valuation.

**2024–25 COMPARISON OF RATES ON
HOLDFAST BAY MEDIAN RESIDENTIAL VALUATION (\$985,437)**



Funding Our City

For 2025–26 the proposed revenue from general rates is \$47,387,555 compared to \$44,788,754 for 2024–25. This is a 5.8% change in total proposed revenue from general rates compared to the previous year. This comprises the increase in rates plus new development.

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

Land Use Category	2025–26 Increase
Commercial – Shop	\$ 171
Commercial – Office	\$ 127
Commercial – Other	\$ 210
Industry – Light	\$ 127
Industry – Other	\$ 191
Vacant Land	\$ 122
Other	\$ 127

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 2024-25 residential property value, the rate increase for the average (mean) residential premises will be approximately \$95 or \$23.75 per quarter. This is \$1.83 per week.

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 2024, is available at the Brighton Civic Centre and can be downloaded at 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.

Residential Rates

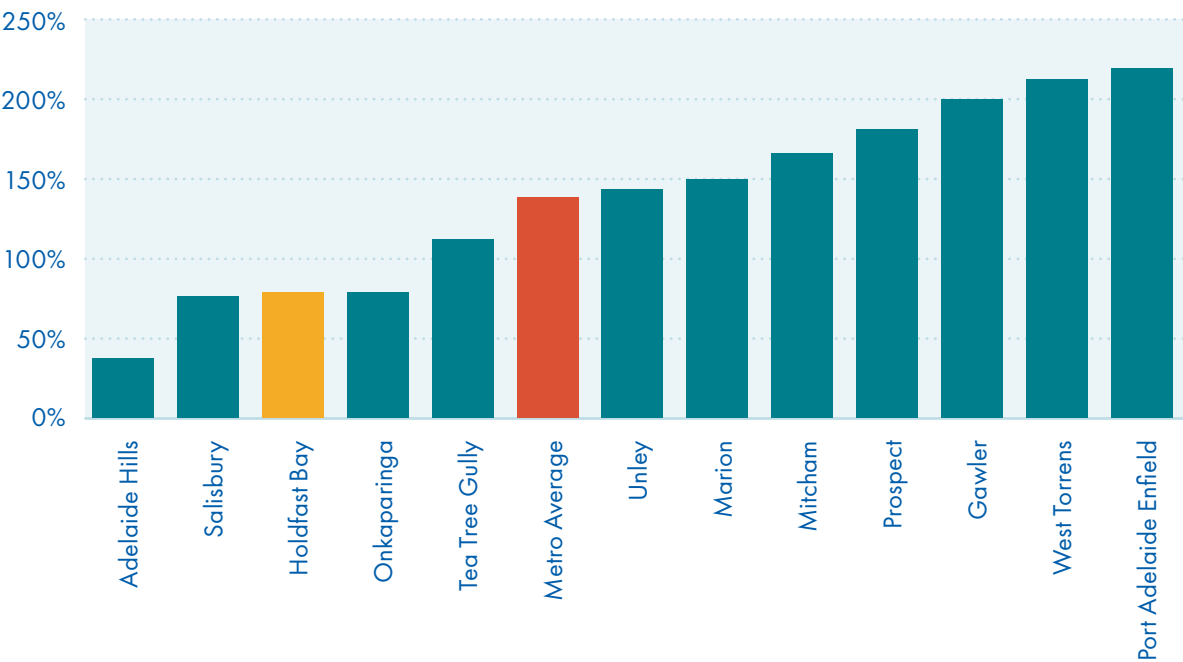
The residential rate for 2025–26 has yet to be determined. Our Draft 2025–26 Annual Business Plan and financial statements are based on a rate revenue increase of 4.95%, excluding new building construction and separate rates.

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 2024–25 a differential premium of 63.6% above the residential rate was applied, equating to 12% of total rate revenue (\$5.6 million) being paid by this sector. This premium compares favourably with the 2023–24 metropolitan average of 112%, as shown in the graph below.

**2024–25 METROPOLITAN DIFFERENTIAL RATE PREMIUM COMPARISON
(APPLIED TO COMMERCIAL & VACANT LAND)**



Funding Our City

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 \$724,790 in 2025–26, representing an increase of 2.5% on the rate levied in 2024–25.
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. The Patawalonga Marina Separate Rate for 2025–26 is expected to raise \$88,660.

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. For 2025–26 the Landscape Levy for properties in the City of Holdfast Bay will increase by \$18,000 to \$1.55 million.

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.

Minimum rate

We impose a minimum amount payable by way of rates. In 2024–25 this rate was set at \$1,234. The minimum rate for 2025-26 has not been set at this time.

Rate relief

Support is available for people having trouble in paying their rates. A residential rate cap may be applied to provide relief to ratepayers who own properties that have been subject to increases in valuations that are deemed excessive. In 2024–25, Council determined that residential ratepayers could apply for a reduction in their rates where they could demonstrate an increase in their annual rate bill above 10%. This will continue into 2025–26. Council offers a range of hardship provisions. Visit 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% over a five-year period.
2. To achieve a net financial liabilities ratio of less than 100%.
3. To improve council's asset sustainability ratio to be within the range of 90–110% over a five-year period.

1. To achieve an operating ratio of 0–10% over a five-year period

In 2025–26, Council will raise \$48 million in rate revenue (including separate rates but excluding the Landscape Levy), and this will yield an operating surplus ratio of 1.5%. Currently, our operating ratio measure over the five years from 2019–2020 to 2023–2024 is 3.3%. 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 2025–26, 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 100%

Council's current ceiling for the net financial liabilities ratio is 100%. 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 2025–26, the

net financial liabilities ratio is forecast to increase from 90% to 111% (excluding Alwyndor). The ratio is expected to decline in subsequent years as our fixed-term debt is reduced.

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 5% for this ratio. A ratio of 5% indicates that, for every \$100 of revenue, \$5 is spent on net interest payments. In 2025–26, our interest cover ratio is forecast to be 4.1% (excluding Alwyndor). 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% 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 2025–26 this is forecast to be 105%.

Measuring Our Performance

Council appoints an Audit and Risk 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 Holdfast 2050+*
- › corporate measures, which track internal operations that aim to improve the way we deliver services.

To this end, every quarter Council receives reports that track the health of the organisation and its fitness and ability to deliver the objectives expressed in *Our Holdfast 2050+*. These include:

- › capital and operating projects – progress on each project in the Annual Business Plan
- › financial management – reviewing the budget position and Long-Term Financial Plan
- › 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.

Financial Statements – Municipal



CITY OF HOLDFAST BAY
BUDGETED FUNDING STATEMENT - MUNICIPAL FUNDS

<u>Municipal</u> <u>2024/25 Original</u> <u>BUDGET</u>		<u>Municipal</u> <u>2025/26</u> <u>BUDGET</u>
\$		\$
44,604,000	Rates - General	46,812,000
-	Rates - New Development	401,000
707,115	Rates - Jetty Road Glenelg	724,790
86,400	Rates - Patawalonga Marina	88,660
1,535,968	Rates - Regional Landscape Levy	1,553,773
2,979,077	Statutory Charges	3,577,759
3,937,787	User Charges	4,161,636
2,183,563	Operating Grants & Subsidies	2,744,906
72,000	Investment Income	72,000
734,264	Reimbursements	775,484
871,925	Other	1,172,833
146,000	Net Equity Gain - Joint Ventures	146,000
<u>57,858,099</u>	Operating Revenue	<u>62,230,841</u>
21,635,095	Employee Costs	23,048,459
22,506,379	Materials, contracts and other expenses	23,554,422
1,752,948	Finance Charges	2,596,000
11,685,000	Depreciation	12,897,000
(1,074,000)	Less full cost attribution - % admin costs capitalised	(1,122,000)
160,000	New Initiatives - Operating	325,000
<u>56,665,422</u>	Less Operating Expenditure	<u>61,298,881</u>
<u>1,192,677</u>	= Operating Surplus/(Deficit)	<u>931,960</u>
11,685,000	Depreciation	12,897,000
145,671	Other non-cash provisions	158,795
<u>11,830,671</u>	Plus Non-Cash items in Operating Surplus/Deficit	<u>13,055,795</u>
<u>13,023,348</u>	= Funds Generated from Operating Activities	<u>13,987,755</u>
-	Capital (External Contributions)	10,000,000
26,000	Proceeds from disposal of assets	469,931
<u>26,000</u>	Plus funds sourced from Capital Activities	<u>10,469,931</u>
(8,463,070)	Capital Expenditure-Asset Renewal and Replacement	(12,291,383)
(1,074,000)	Capital Expenditure-Full Cost Attribution	(1,122,000)
<u>(12,412,648)</u>	New Initiatives - Capital (Gross Expenditure)	<u>(31,609,280)</u>
<u>(21,949,718)</u>	Less total capital expenditure	<u>(45,022,663)</u>
21,120	Plus: Repayments of loan principal by sporting groups	20,621
<u>21,120</u>	Plus/(less) funds provided (used) by Investing Activities	<u>20,621</u>
<u>(8,879,250)</u>	= FUNDING SURPLUS/(REQUIREMENT)	<u>(20,544,356)</u>
Funded by:		
(10,908,611)	Less: Proceeds from new borrowings	(23,346,356)
2,029,361	Plus: Principal repayments of borrowings	2,802,000
<u>(8,879,250)</u>		<u>(20,544,356)</u>

CITY OF HOLDFAST BAY
BUDGETED INCOME STATEMENT- MUNICIPAL FUNDS
FOR THE YEAR ENDED 30TH JUNE 2026

<u>Municipal</u> <u>2024/25 Original</u> <u>BUDGET</u>		<u>Municipal</u> <u>2025/26</u> <u>BUDGET</u>
\$	REVENUES	\$
44,604,000	Rates - General	46,812,000
-	Rates - New Development	401,000
707,115	Rates - Jetty Road Glenelg	724,790
86,400	Rates - Patawalonga Marina	88,660
1,535,968	Rates - Regional Landscape Levy	1,553,773
2,979,077	Statutory Charges	3,577,759
3,937,787	User Charges	4,161,636
2,183,563	Operating Grants & Subsidies	2,744,906
72,000	Investment Income	72,000
734,264	Reimbursements	775,484
871,925	Other	1,172,833
146,000	Net Equity Gain - Joint Ventures	146,000
<u>57,858,099</u>	TOTAL REVENUES	<u>62,230,841</u>
	EXPENSES	
21,635,095	Employee Costs	23,048,459
22,506,379	Materials, contracts and other expenses	23,554,422
1,752,948	Finance Charges	2,596,000
11,685,000	Depreciation	12,897,000
(1,074,000)	Less full cost attribution	(1,122,000)
160,000	New Initiatives - Operating	325,000
<u>56,665,422</u>	TOTAL EXPENSES	<u>61,298,881</u>
<u>1,192,677</u>	Operating Surplus/(Deficit) - Before Capital Revenue	<u>931,960</u>
-	Amounts specifically for new or upgraded assets	10,000,000
<u>1,192,677</u>	NET SURPLUS/(DEFICIT)	<u>10,931,960</u>

CITY OF HOLDFAST BAY
BUDGETED BALANCE SHEET - MUNICIPAL FUNDS
AS AT 30TH JUNE 2026

<u>Municipal</u> <u>2024/25 Original</u> <u>BUDGET</u>		<u>Municipal</u> <u>2025/26</u> <u>BUDGET</u>
\$		\$
	CURRENT ASSETS	
-	Cash and cash equivalents	-
1,872,899	Trade and Other Receivables	2,391,744
<u>1,872,899</u>	TOTAL CURRENT ASSETS	<u>2,391,744</u>
	NON-CURRENT ASSETS	
584,000	Financial Assets	634,272
4,488,000	Equity accounted investments-Council businesses	4,928,000
904,833,406	Land, Infrastructure, Property, Plant & Equipment	993,157,335
<u>909,905,406</u>	TOTAL NON-CURRENT ASSETS	<u>998,719,607</u>
<u>911,778,305</u>	TOTAL ASSETS	<u>1,001,111,351</u>
	CURRENT LIABILITIES	
9,458,854	Trade and Other Payables	6,035,289
2,539,201	Borrowings	3,548,381
3,958,273	Short-term Provisions	4,429,620
<u>15,956,328</u>	TOTAL CURRENT LIABILITIES	<u>14,013,290</u>
	NON-CURRENT LIABILITIES	
37,977,844	Long-term Borrowings	57,853,909
364,727	Long-term Provisions	362,846
<u>38,342,571</u>	TOTAL NON-CURRENT LIABILITIES	<u>58,216,755</u>
<u>54,298,899</u>	TOTAL LIABILITIES	<u>72,230,045</u>
<u>857,479,406</u>	NET ASSETS	<u>928,881,306</u>
	EQUITY	
186,910,000	Accumulated Surplus	201,545,397
670,569,405	Asset Revaluation Reserve	727,335,910
<u>857,479,405</u>	TOTAL EQUITY	<u>928,881,307</u>

CITY OF HOLDFAST BAY
BUDGETED STATEMENT OF CHANGES IN EQUITY - MUNICIPAL FUNDS
FOR THE YEAR ENDED 30TH JUNE 2026

<u>Municipal</u> <u>2024/25 Original</u> <u>BUDGET</u>		<u>Municipal</u> <u>2025/26</u> <u>BUDGET</u>
\$		\$
	ACCUMULATED SURPLUS	
185,717,323	Balance at beginning of period	190,613,437
1,192,677	Net Surplus/(Deficit)	10,931,960
<u>186,910,000</u>	Balance at end of period	<u>201,545,397</u>
670,569,405	ASSET REVALUATION RESERVE	727,335,910
<u>670,569,405</u>	TOTAL RESERVES CLOSING BALANCE	<u>727,335,910</u>
<u>857,479,405</u>	TOTAL EQUITY	<u>928,881,307</u>

CITY OF HOLDFAST BAY
BUDGETED STATEMENT OF CASH FLOWS - MUNICIPAL FUNDS
FOR THE YEAR ENDED 30TH JUNE 2026

<u>Municipal</u> <u>2024/25 Original</u> <u>BUDGET</u>		<u>Municipal</u> <u>2025/26</u> <u>BUDGET</u>
\$		\$
(OUTFLOWS)		(OUTFLOWS)
	CASH FLOWS FROM OPERATING ACTIVITIES	
	<u>Receipts</u>	
57,712,099	Operating Receipts	62,084,841
	<u>Payments</u>	
(42,935,803)	Operating payments to suppliers and employees	(45,501,086)
(1,752,948)	Finance Payments	(2,596,000)
<u>13,023,348</u>	NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>13,987,755</u>
	CASH FLOWS FROM INVESTING ACTIVITIES	
	<u>Receipts</u>	
-	Grants specifically for new or upgraded assets	10,000,000
26,000	Sale of replaced assets	469,931
21,120	Repayments of loans (principal) by community groups	20,621
	<u>Payments</u>	
(9,537,070)	Expenditure on renewal/replacement of assets	(13,413,383)
(12,412,648)	Expenditure on new/upgraded assets	(31,609,280)
<u>(21,902,598)</u>	NET CASH (USED IN) INVESTING ACTIVITIES	<u>(34,532,111)</u>
	CASH FLOWS FROM FINANCING ACTIVITIES	
	<u>Receipts</u>	
10,908,611	Proceeds from Borrowings - External	23,346,356
	<u>Payments</u>	
(2,029,361)	Repayments of Borrowings - External	(2,802,000)
<u>8,879,250</u>	NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>20,544,356</u>
-	NET INCREASE (DECREASE) IN CASH HELD	-
-	CASH AND CASH EQUIVALENTS AT BEGINNING OF	-
-	REPORTING PERIOD	-
-	CASH AND CASH EQUIVALENTS AT END OF	-
-	REPORTING PERIOD	-

RECONCILIATION OF INCOME STATEMENT TO BUDGETED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2026

1,192,677	SURPLUS FROM INCOME STATEMENT	10,931,960
	NON-CASH ITEMS IN INCOME STATEMENT	
11,685,000	Depreciation	12,897,000
145,671	Movements in provisions	158,795
<u>11,830,671</u>	TOTAL NON-CASH ITEMS	<u>13,055,795</u>
	CASH ITEMS NOT IN INCOME STATEMENT	
(21,949,718)	Capital Expenditure	(45,022,663)
(2,029,361)	Loan Repayments - External	(2,802,000)
10,908,611	Proceeds from Borrowings - External	23,346,356
21,120	Repayments of loans (principal) by community groups	20,621
26,000	Proceeds from Disposal of Assets	469,931
<u>(13,023,348)</u>	TOTAL CASH ITEMS	<u>(23,987,755)</u>
-	NET INCREASE/(DECREASE)	-
-	IN CASH AND CASH EQUIVALENTS	-

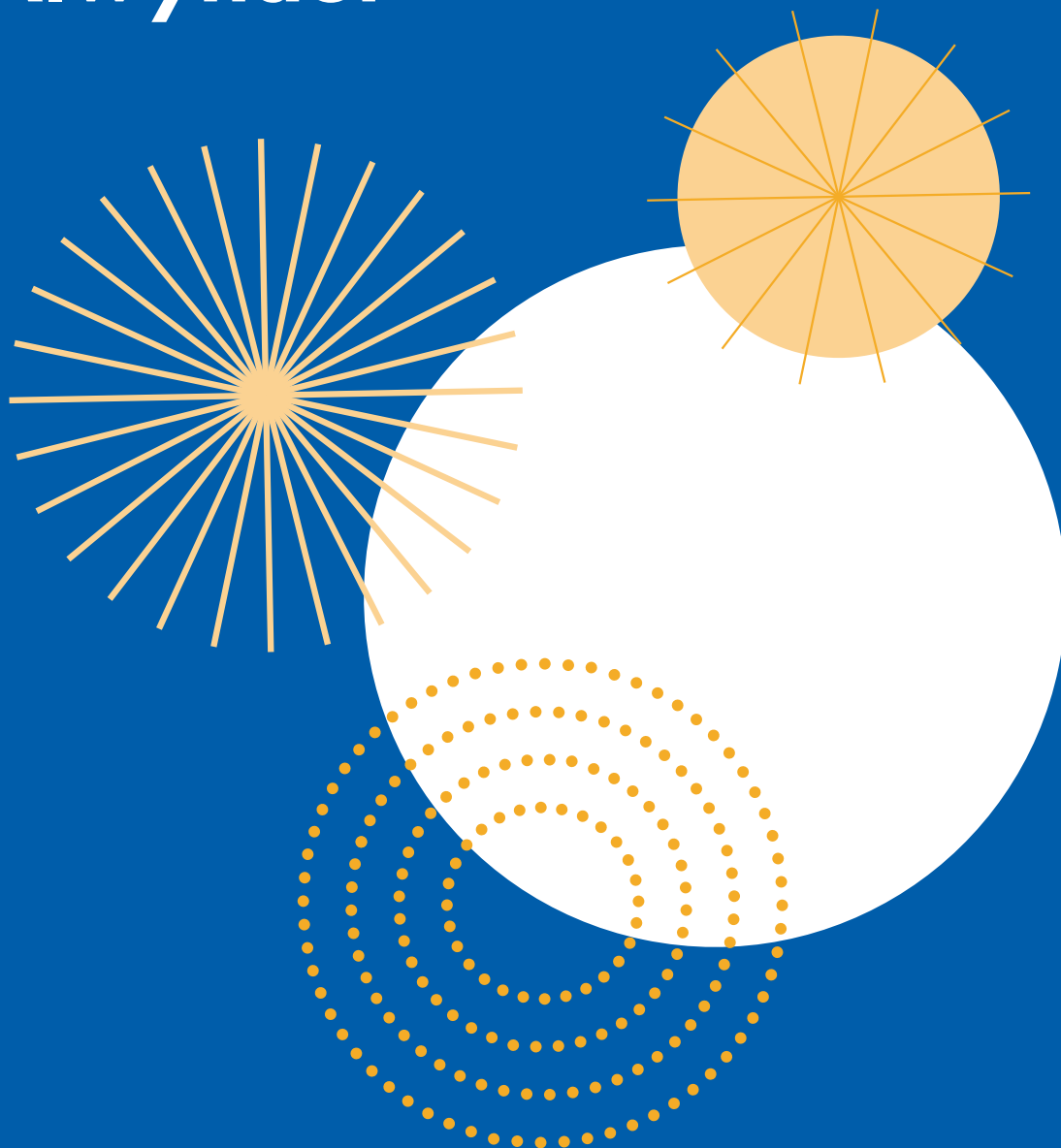
CITY OF HOLDFAST BAY
BUDGETED UNIFORM PRESENTATION OF FINANCES
FOR THE YEAR ENDED 30TH JUNE 2026

<u>Municipal</u> <u>2024/25 Original</u> <u>BUDGET</u>		<u>Municipal</u> <u>2025/26</u> <u>BUDGET</u>
\$		\$
57,858,099	Operating Revenues	62,230,841
<u>(56,665,422)</u>	less Operating Expenses	<u>(61,298,881)</u>
1,192,677	Operating Surplus/(Deficit) before Capital Amounts	931,960
	Less net outlays on Existing Assets	
9,537,070	Capital Expenditure on renewal & replacement of existing assets	13,413,383
<u>(11,685,000)</u>	Less Depreciation	<u>(12,897,000)</u>
(2,147,930)		516,383
	Less outlays on New and Upgraded Assets	
12,412,648	Capital Expenditure on new & upgraded assets	31,609,280
-	Less amounts received for new & upgraded assets	<u>(10,000,000)</u>
12,412,648		21,609,280
<u>(9,072,041)</u>	Net lending/(borrowing) for financial year	<u>(21,193,703)</u>

BUDGETED FINANCIAL INDICATORS - MUNICIPAL FUNDS
FOR THE YEAR ENDED 30TH JUNE 2026

<u>Municipal</u> <u>2024/25 Original</u> <u>BUDGET</u>		<u>Municipal</u> <u>2025/26</u> <u>BUDGET</u>
\$		\$
	OPERATING SURPLUS/(DEFICIT) - BEFORE CAPITAL AMOUNTS	
\$1,192,677		\$931,960
	OPERATING SURPLUS RATIO	
	(Operating surplus/(deficit) before capital amounts as % of total operating revenue)	
2.1%		1.5%
	NET FINANCIAL LIABILITIES - (Total liabilities less financial assets)	
\$51,842,000		\$69,204,029
	NET FINANCIAL LIABILITIES RATIO	
	(Total liabilities less financial assets as % of total operating revenue)	
90%		111%
	INTEREST COVER RATIO	
	(Net interest expense as % of total operating revenue less investment income)	
2.9%		4.1%
	ASSET SUSTAINABILITY RATIO	
	(Capital expenditure on renewal/replacement of existing assets, excluding new capital expenditure as % of asset management plan)	
114%		105%

Financial Statements – Alwyndor



CITY OF HOLDFAST BAY
BUDGETED FUNDING STATEMENT - ALWYNDOR FUNDS

<u>Alwyndor</u> <u>2024/25 Original</u> <u>BUDGET</u>		<u>Alwyndor</u> <u>2025/26</u> <u>BUDGET</u>
\$		\$
27,968,260	User Charges	30,359,671
19,949,332	Operating Grants & Subsidies	22,912,147
1,122,000	Investment Income	1,437,277
-	Reimbursements	-
116,784	Other	66,680
<u>49,156,376</u>	Operating Revenue	<u>54,775,774</u>
34,924,596	Employee Costs - Salaries & Wages	38,598,507
11,802,775	Materials, contracts and other expenses	13,345,873
104,400	Finance Charges	133,193
1,747,517	Depreciation	2,046,918
<u>48,579,288</u>	Less Operating Expenditure	<u>54,124,490</u>
<u>577,088</u>	= Operating Surplus/(Deficit)	<u>651,284</u>
1,747,517	Depreciation	2,046,918
639,535	Other non-cash provisions	956,235
<u>2,387,052</u>	Plus Non-Cash items in Operating Surplus/Deficit	<u>3,003,153</u>
<u>2,964,140</u>	= Funds Generated from Operating Activities	<u>3,654,437</u>
<u>(1,733,000)</u>	Capital Expenditure-Asset Renewal and Replacement	<u>(1,530,960)</u>
<u>(1,733,000)</u>	Less total capital expenditure	<u>(1,530,960)</u>
<u>1,231,140</u>	= FUNDING SURPLUS	<u>2,123,477</u>
Funded by:		
1,231,140	Increase/(Decrease) in cash and cash equivalents	2,123,477
<u>1,231,140</u>		<u>2,123,477</u>

CITY OF HOLDFAST BAY
BUDGETED INCOME STATEMENT - ALWYNDOR FUNDS
FOR THE YEAR ENDED 30TH JUNE 2026

<u>Alwyndor</u> <u>2024/25 Original</u> <u>BUDGET</u>		<u>Alwyndor</u> <u>2025/26</u> <u>BUDGET</u>
\$	REVENUES	\$
27,968,260	User Charges	30,359,671
19,949,332	Operating Grants & Subsidies	22,912,147
1,122,000	Investment Income	1,437,277
-	Reimbursements	-
116,784	Other	66,680
<u>49,156,376</u>	TOTAL REVENUES	<u>54,775,774</u>
	EXPENSES	
34,924,596	Employee Costs	38,598,507
11,802,775	Materials, contracts and other expenses	13,345,873
104,400	Finance Charges	133,193
1,747,517	Depreciation	2,046,918
<u>48,579,288</u>	TOTAL EXPENSES	<u>54,124,490</u>
<u>577,088</u>	Operating Surplus/(Deficit) - Before Capital Revenue	<u>651,284</u>
<u>577,088</u>	NET SURPLUS/(DEFICIT)	<u>651,284</u>



CITY OF HOLDFAST BAY
BUDGETED BALANCE SHEET - ALWYNDOR FUNDS
FOR THE YEAR ENDED 30TH JUNE 2026

<u>Alwyndor</u> <u>2024/25 Original</u> <u>BUDGET</u>		<u>Alwyndor</u> <u>2025/26</u> <u>BUDGET</u>
\$		\$
	CURRENT ASSETS	
4,396,635	Cash and cash equivalents	6,520,112
4,440,985	Trade and Other Receivables	3,509,210
8,837,620	TOTAL CURRENT ASSETS	10,029,322
	NON-CURRENT ASSETS	
13,593,509	Financial Assets	20,186,515
42,777,316	Land, Infrastructure, Property, Plant & Equipment	41,920,572
56,370,825	TOTAL NON-CURRENT ASSETS	62,107,087
65,208,445	TOTAL ASSETS	72,136,409
	CURRENT LIABILITIES	
35,800,948	Trade and Other Payables	41,821,248
3,730,000	Short-term Provisions	4,058,167
39,530,948	TOTAL CURRENT LIABILITIES	45,879,415
	NON-CURRENT LIABILITIES	
700,594	Long-term Provisions	628,807
700,594	TOTAL NON-CURRENT LIABILITIES	628,807
40,231,542	TOTAL LIABILITIES	46,508,222
24,976,903	NET ASSETS	25,628,187
	EQUITY	
6,139,260	Accumulated Surplus	6,790,544
12,423,289	Asset Revaluation Reserve	12,423,289
6,414,354	Other Reserves	6,414,354
24,976,903	TOTAL EQUITY	25,628,187

CITY OF HOLDFAST BAY
BUDGETED STATEMENT OF CHANGES IN EQUITY - ALWYNDOR FUNDS
FOR THE YEAR ENDED 30TH JUNE 2026

<u>Alwyndor</u> <u>2024/25 Original</u> <u>BUDGET</u>		<u>Alwyndor</u> <u>2025/26</u> <u>BUDGET</u>
\$	ACCUMULATED SURPLUS	\$
5,562,172	Balance at beginning of period	6,139,260
577,088	Net Surplus/(Deficit)	651,284
6,139,260	Balance at end of period	6,790,544
12,423,289	ASSET REVALUATION RESERVE	12,423,289
6,414,354	ALWYNDOR RESERVES	6,414,354
18,837,643	TOTAL RESERVES CLOSING BALANCE	18,837,643
24,976,903	TOTAL EQUITY	25,628,187

CITY OF HOLDFAST BAY
BUDGETED STATEMENT OF CASH FLOWS - ALWYNDOR FUNDS
FOR THE YEAR ENDED 30TH JUNE 2026

<u>Alwyndor</u> <u>2024/25 Original</u> <u>BUDGET</u>		<u>Alwyndor</u> <u>2025/26</u> <u>BUDGET</u>
\$		\$
(OUTFLOWS)		
	CASH FLOWS FROM OPERATING ACTIVITIES	
	<u>Receipts</u>	
48,135,492	Operating Receipts	53,421,108
-	<u>Payments</u>	-
(45,040,196)	Operating payments to suppliers and employees	(49,621,160)
(131,156)	Finance Payments	(145,511)
<u>2,964,140</u>	NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>3,654,437</u>
	CASH FLOWS FROM INVESTING ACTIVITIES	
	<u>Receipts</u>	
-	Net Purchase of Investment Securities	-
	<u>Payments</u>	
(1,220,378)	Expenditure on renewal/replacement of assets	(1,148,220)
(512,622)	Expenditure on new/upgraded assets	(382,740)
<u>(1,733,000)</u>	NET CASH (USED IN) INVESTING ACTIVITIES	<u>(1,530,960)</u>
	CASH FLOWS FROM FINANCING ACTIVITIES	
	<u>Receipts</u>	
-	Proceeds from Aged Care Facility Deposits	-
-	NET CASH PROVIDED BY FINANCING ACTIVITIES	-
1,231,140	NET INCREASE (DECREASE) IN CASH HELD	2,123,477
	CASH AND CASH EQUIVALENTS AT BEGINNING OF	
3,165,495	REPORTING PERIOD	4,396,635
<u>4,396,635</u>	CASH AND CASH EQUIVALENTS AT END OF	
	REPORTING PERIOD	<u>6,520,112</u>

RECONCILIATION OF INCOME STATEMENT TO BUDGETED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2026

577,088	SURPLUS/(DEFICIT) FROM INCOME STATEMENT	651,284
	NON-CASH ITEMS IN INCOME STATEMENT	
1,747,517	Depreciation	2,046,918
639,535	Increase (decrease) in provisions - nett	956,235
<u>2,387,052</u>	TOTAL NON-CASH ITEMS	<u>3,003,153</u>
	CASH ITEMS NOT IN INCOME STATEMENT	
(1,733,000)	Capital Expenditure	(1,530,960)
-	Loan Repayments - External	-
-	Proceeds from Aged Care Facility Deposits	-
-	Net Purchase of Investment Securities	-
<u>(1,733,000)</u>	TOTAL CASH ITEMS	<u>(1,530,960)</u>
	NET INCREASE/(DECREASE)	
<u>1,231,140</u>	IN CASH AND CASH EQUIVALENTS	<u>2,123,477</u>



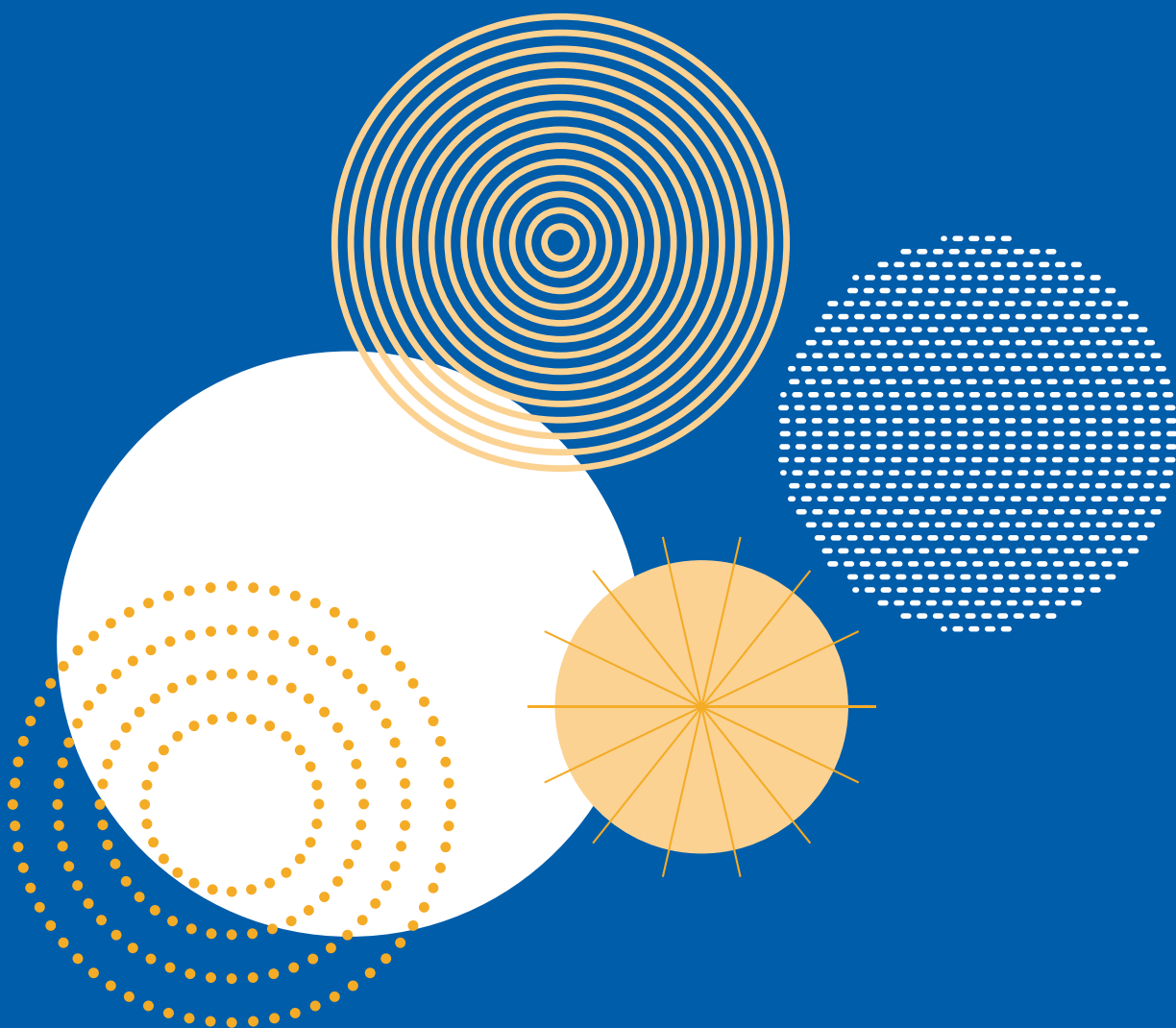
CITY OF HOLDFAST BAY
BUDGETED UNIFORM PRESENTATION OF FINANCES
FOR THE YEAR ENDED 30TH JUNE 2026

<u>Alwyndor</u> <u>2024/25 Original</u> <u>BUDGET</u>		<u>Alwyndor</u> <u>2025/26</u> <u>BUDGET</u>
\$		\$
49,156,376	Operating Revenues	54,775,774
(48,579,288)	less Operating Expenses	(54,124,490)
<u>577,088</u>	Operating Surplus/(Deficit) before Capital Amounts	<u>651,284</u>
	Less net outlays on Existing Assets	
1,220,378	Capital Expenditure on renewal & replacement of existing assets	1,148,220
(1,747,517)	Less Depreciation	(2,046,918)
<u>(527,139)</u>		<u>(898,698)</u>
	Less outlays on New and Upgraded Assets	
512,622	Capital Expenditure on new & upgraded assets	382,740
<u>591,605</u>	Net lending/(borrowing) for financial year	<u>1,167,242</u>

BUDGETED FINANCIAL INDICATORS - ALWYNDOR FUNDS
FOR THE YEAR ENDED 30TH JUNE 2026

<u>Alwyndor</u> <u>2024/25 Original</u> <u>BUDGET</u>		<u>Alwyndor</u> <u>2025/26</u> <u>BUDGET</u>
\$		\$
	OPERATING SURPLUS/(DEFICIT) - BEFORE CAPITAL AMOUNTS	
\$577,088		\$651,284
	OPERATING SURPLUS RATIO	
	(Operating surplus/(deficit) before capital amounts as % of general revenue)	
1.2%		1.2%
	NET FINANCIAL LIABILITIES - (Total liabilities less financial assets)	
\$17,800,413		\$16,292,385
	NET FINANCIAL LIABILITIES RATIO	
	(Total liabilities less financial assets as % of total operating revenue)	
36%		30%
	INTEREST COVER RATIO	
	(Net interest expense as % of total operating revenue less investment income)	
0.2%		0.2%
	ASSET SUSTAINABILITY RATIO	
	(Capital expenditure on renewal/replacement of existing assets, excluding new capital expenditure as % of depreciation expense)	
70%		56%

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CITY OF
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Item No: 8.6

Subject: 2024-25 FINANCIAL YEAR EXTERNAL AUDIT INTERIM REPORT

Summary

The Auditors Dean Newbery have provided an interim report which highlights areas for improvement for the 2024-25 external audit.

This has been considered by Administration and an action plan has been developed in response to the issues raised.

Recommendation

That the Audit and Risk Committee:

- 1. notes the Interim Report – 2024-25 Financial Year External Audit provided by Dean Newbery; and**
 - 2. notes the actions proposed to address the Interim Report.**
-

Background

As a part of its auditing responsibilities, Dean Newbery have provided an Interim Report, which appears as Attachment 1. This report highlights areas for improvement based on their observations and findings, and makes recommendations on key audit issues.

Refer Attachment 1

Report

The areas identified for improvement in the Interim Report are:

- Policies Review Schedule -
Review of the Policies register found that 18 of 79 Council policies were recorded as being overdue for review. Of the overdue policies, the following were deemed relevant to the key accounting and risk management policies that covered areas included within scope of the audit:
 - Procurement Policy
 - Prudential Management Policy
 - Business Continuity Management Policy
 - Community Consultation and Engagement Policy
 - Customer Feedback and Complaints Policy

- Purchase order compliance -
As per section 3.12.3 of Council's Procurement Policy, "all purchases over \$2,000 (excluding GST) must be linked to a purchase order prior to receiving the goods or services". Through the sample expense testing a number of instances were revealed whereby the purchase orders were raised after the invoice was received. In these instances, the use of the purchase order is seen as being prepared for the purposes of complying with the policy requirements rather than acting as an actual procurement control mechanism given the procurement activity has already occurred before the purchase order has been created.
- Procurement Review – Tender Evaluation Documentation.
It is a requirement of council's internal 'Procurement Procedures' and the 'Procurement Plan' for the Tender Evaluation Chairperson to ensure that the 'Conflict of Interest' and 'Confidentiality' forms are completed by each tender panel member before viewing Tender Responses.

Five instances of high value procurement were tested, of which one procurement activity did not have Conflict of interest and Confidentiality forms completed.

Response to Interim Report findings

Administration has considered the findings of this Interim Report and committed to the following actions:

Review of Policies

- Prudential Management Policy
This policy is already well advanced in its review. A revised policy has been circulated for comments. Following this it will be considered by the Leadership Team and the Senior Leadership Team before consideration by the Audit and Risk Committee and Council.
- Procurement Policy and Organisational Procurement Procedure
This policy and procedure are already well advanced in their review. A revised policy and procedure have been circulated for comments. Following this it will be considered by the Leadership Team and the Senior Leadership Team (for endorsement of the procedure) before consideration of the policy by the Audit and Risk Committee and Council.
- Community Consultation and Engagement Policy
The review of this policy is on hold while we await the State Government's engagement charter and model policy. The Council policy will be driven by legislative requirements and may have specific dates for implementation.
- Customer Feedback and Complaints Policy
This policy has been on hold pending the development of a Customer Experience Strategy. This timing may be re-visited when the Senior Leadership Team reviews the schedule of developing strategies and plans.

- **Business Continuity Management Policy**
This policy is due for review to align with the consideration of the risk management framework.

Purchase order compliance

The inconsistency has been noted and will be addressed in the review of the Council Procurement Policy and Organisational Procurement Procedure

Procurement Review – Tender Evaluation Documentation

The inconsistency in application of the current procedure has been noted and addressed. The process for applying this step has been strengthened.

Budget

Not applicable

Life Cycle Costs

Not applicable

Strategic Plan

Statutory compliance

Council Policy

Prudential Management Policy
Procurement Policy and Organisational Procurement Procedure
Community Consultation and Engagement Policy
Customer Feedback and Complaints Policy
Business Continuity Management Policy

Statutory Provisions

Not applicable

Written By: Manager Strategy and Governance

General Manager: Strategy and Corporate, Ms S Wachtel

Attachment 1

16 April 2025

Councillor J Smedley
Presiding Member - Audit & Risk Committee
City of Holdfast Bay

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Dean Newbery
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Dear Cr Smedley

RE: Interim Report – 2024/25 Financial Year External Audit

We have recently completed our Interim Audit component of the City of Holdfast Bay (**Council**) 2024/25 financial year (FY25) external audit.

We are pleased to provide members of the Audit & Risk Committee an update on the status of the FY25 External Audit and wish to advise our work to date has covered the following areas:

- Review of internal controls in line with the Local Government Better Practice Model to identify controls which can be relied upon for testing purposes.
- Performed Internal control walkthrough updates of key business operations relating to revenue, expenses and payroll were completed.
- Interim sample transaction testing of operating income (including rates, fees and charges income), grant revenue, operating expenditure and employee payroll was completed.
- Completed a Rates regeneration to confirm the accuracy of rate revenue recognised in the general ledger.
- Review of Council agenda and minute reports were completed to determine if there were any potential issues to be considered within the Audit Plan and whether there were any contingent matters to be considered.
- Completed a site visit of the Council Depot to observe security controls at the facility.

As a result of the work have completed, we wish to provide to you a summary of our observations, findings and recommendations on key audit issues as outlined below:

1. Policies Review Schedule

Review of the Policies register found that 18 of 79 Council policies were recorded as being overdue for review. Of the overdue policies, the following were deemed relevant to the key accounting and risk management policies that covered areas included within scope of our audit:

- Procurement Policy
- Prudential Management Policy
- Business Continuity Management Policy

- Community Consultation and Engagement Policy
- Customer Feedback and Complaints Policy

We recommend that Council considers putting in place a formal work program and timetable designed to address the review of the policies to ensure that they are brought up-to-date as required and that they appropriately reflect current legislative obligations and operations of the Council.

2. Purchase order compliance

As per section 3.12.3 of Council's Procurement Policy, *"all purchases over \$2,000 (excluding GST) must be linked to a purchase order prior to receiving the goods or services"*. Through our sample expense testing conducted we identified a number of instances whereby the purchase orders were raised after the invoice was received. In these instances, the use of the purchase order is seen as being prepared for the purposes of complying with the policy requirements rather than acting as an actual procurement control mechanism given the procurement activity has already occurred before the purchase order has been created.

As mentioned in 1 above, the current Procurement Policy is overdue for review. We recommend that the Procurement Policy be reviewed to determine whether current exemptions for purchase orders are sufficient, and training is implemented to ensure that procuring officers understand the requirements of Council's Policy.

3. Procurement Review – Tender Evaluation Documentation

It is a requirement of Council's internal 'Procurement Procedures' and the 'Procurement Plan' for the Tender Evaluation Chairperson to ensure that the 'Conflict of Interest' and 'Confidentiality' forms are completed by each tender panel member before viewing Tender Responses.

We tested 5 instances of high value procurement of which 1 procurement activity did not have Conflict of interest and Confidentiality forms completed. To ensure probity is maintained for all procurement activities at Council we recommend that Council ensure that Tender Evaluation Chairperson's are aware of the requirements of their role.

4. Council Depot Visit

We conducted a site visit to the Council Depot to undertake a physical observation of controls in operations around site security, safeguarding of assets and equipment located on site and to observe internal controls relating to the operations of the Depot.

We are pleased to note that our review did not identify any material matters that require to be reported. We recommend however that as part of ongoing internal review of internal controls conducted by Council that the operations at the Depot are factored within the scope of controls tested.

Summary

We would like to thank the Administration for their valued assistance provided during our recent attendance.

Should you have any further queries, please contact me on the details provided below.

Yours sincerely

DEAN NEWBERY

A handwritten signature in black ink, appearing to read 'Samantha', with a large loop at the start and several smaller loops and strokes.

Samantha Creten

Director

P. 8267 4777

E. samanthac@deannewbery.com.au

C. Chief Executive Officer

C. Mayor

Item No: 8.7**Subject:** REVALUATION OF TRANSPORT ASSETS AS AT 1 JULY 2024

Summary

This report updates the Audit and Risk Committee on the outcome of the 2024-25 Asset Revaluation for the Council's Transport assets.

Recommendation

That the Audit and Risk Committee advises Council that it has received and noted the reports from Private Public Property on the 2024 -25 revaluation of Transport assets.

Background

Council's Asset Accounting policy, in line with Australian Accounting Standards, requires all material asset classes to be revalued on a regular basis to ensure carrying values are not materially different from fair value. Generally accepted accounting practice is for this to occur no later than once every five years.

Report

2024-25 External Valuation

All Transport asset categories have been revalued in preparation for the 2024-25 financial statements. The table below provides details of the condition audits completed during 2023-24 in preparation for the 1 July 2024 transport valuation and the date the last valuation was completed:

Asset category	Condition audit completed by:	Last valuation
Roads	Infrastructure Management Group	1 July 2023
Kerb and Gutter		Desktop valuation completed as an interim measure
Footpath and Kerb Ramp	Sproutt Engineering Consultants	31 December 2019
Bridges	Sproutt Engineering Consultants	30 June 2021
Car Parks	Infrastructure Management Group	
Traffic Control Devices	Not completed	
Bus Stops	Internal audit	30 June 2021

Private Public Property were appointed to complete a revaluation of the Transport assets as at 1 July 2024 based on the condition and asset component data provided from Sproutt Engineering Consultants, Infrastructure Management Group and internal audits completed by council. The scope included a review of council's economic useful lives and the determination of unit rates for the asset types to determine the fair value of the assets and associated

depreciation charges.

Refer Attachment 1

As the valuation results will affect the financial position of council, it is timely for the Audit and Risk Committee to review the impact prior to the presentation of the 30 June 2025 Annual Financial Statements at the Audit and Risk Committee meeting on 22 October 2025. As shown in the table below, the fair value of Transport assets has increased by 27% and the annual depreciation charge has increased by 22%. A breakdown of the movement by each asset class is provided in the tables below.

Total Transport Assets	Replacement Cost	Accumulated Depreciation	Fair Value	Annual Depreciation
Opening pre-valuation	339,635,535	127,676,996	211,958,539	4,492,654
1 July 2024 valuation	408,889,582	139,931,395	268,958,187	5,487,642
Movement \$	69,254,047	12,254,399	56,999,648	994,988
Movement %	20%	10%	27%	22%

Bridges	Replacement Cost	Accumulated Depreciation	Fair Value	Annual Depreciation
Opening pre-valuation	17,340,888	4,286,472	13,054,416	179,368
1 July 2024 valuation	24,201,400	6,078,430	18,122,970	248,644
Movement \$	6,860,512	1,791,958	5,068,554	69,276
Movement %	40%	42%	39%	39%
<i>Note:</i> The significant increase in the bridge asset values are attributed to higher unit rates which have been driven by sustained inflationary trends and market cost pressures across the civil construction sector since the last revaluation was conducted on 30 June 2021.				

Bus stops	Replacement Cost	Accumulated Depreciation	Fair Value	Annual Depreciation
Opening pre-valuation	685,097	214,196	470,902	34,095
1 July 2024 valuation	1,381,019	555,614	825,405	50,809
Movement \$	695,922	341,418	354,503	16,714
Movement %	102%	159%	75%	49%
<i>Note:</i> Following the completion of an internal bus stop audit, each bus stop has been componentised into two separate assets; a bus shelter and bus stop pad. Previously, only the bus shelter was recognised as an asset. The addition of the bus stop pad assets resulted in a \$601,000 increase to replacement cost and \$12,000 increase to annual depreciation.				

Carparks	Replacement Cost	Accumulated Depreciation	Fair Value	Annual Depreciation
Opening pre-valuation	10,921,308	3,027,349	7,893,959	222,794
1 July 2024 valuation	6,129,188	1,614,981	4,514,207	97,212
Movement \$	(4,792,120)	(1,412,368)	(3,379,752)	(125,582)
Movement %	-44%	-47%	-43%	-56%
<i>Note:</i> The significant decrease in the value of carparks is due to the transfer of \$4.995m (replacement cost) of assets to the building asset class. This reclassification followed a review of asset categorisation, the assets were deemed more appropriately classified as building assets under relevant asset management guidelines.				

Footpath and Kerb Ramp	Replacement Cost	Accumulated Depreciation	Fair Value	Annual Depreciation
Opening pre-valuation	51,393,367	24,472,987	26,920,380	1,115,887
1 July 2024 valuation	81,257,222	29,465,085	51,792,136	1,558,005
Movement \$	29,863,855	4,992,098	24,871,757	442,118
Movement %	58%	20%	92%	40%
<p><i>Note:</i> The significant movements in the footpath and kerb ramp assets are due to increases in unit rates from the:</p> <ul style="list-style-type: none"> - sustained inflationary trends and market cost pressures across the civil construction sector since the last revaluation was conducted on 31 December 2019; and - changes in AASB 13 (AASB 2022-10) for reporting periods commencing 1 January 2024. Under the changes new guidance has been introduced for determining site preparation costs when calculating the current replacement cost. 				

Kerb and Gutter	Replacement Cost	Accumulated Depreciation	Fair Value	Annual Depreciation
Opening pre-valuation	79,767,702	25,467,277	54,300,425	810,862
1 July 2024 valuation	82,573,517	33,864,640	48,708,877	839,751
Movement \$	2,805,815	8,397,363	(5,591,548)	28,889
Movement %	4%	33%	-10%	4%
<p><i>Note:</i> The replacement cost of the kerb and gutter assets is in line with the CPI increase since the last revaluation was conducted on 1 July 2023. The significant increase in the accumulated depreciation has been driven by the condition data from the third-party condition audit completed in 2023-24.</p>				

Roads	Replacement Cost	Accumulated Depreciation	Fair Value	Annual Depreciation
Opening pre-valuation	174,175,823	67,996,587	106,179,236	1,983,636
1 July 2024 valuation	207,668,037	65,477,228	142,190,808	2,544,259
Movement \$	33,492,213	(2,519,359)	36,011,572	560,623
Movement %	19%	-4%	34%	28%
<p><i>Note:</i> The significant movements in the road assets have been driven from:</p> <ul style="list-style-type: none"> - Increase in the unit rates due to the changes in AASB 13 (AASB 2022-10) for reporting periods commencing 1 January 2024. Under the changes new guidance has been introduced for determining site preparation costs when calculating the current replacement cost. - The useful life for the road seal assets has been reduced from 35 years to 25-30 years in line with the useful life in the Transport Asset Management Plan adopted on 12 November 2024. 				

Traffic Control Devices	Replacement Cost	Accumulated Depreciation	Fair Value	Annual Depreciation
Opening pre-valuation	5,314,099	2,195,586	3,118,514	144,137
1 July 2024 valuation	5,679,200	2,875,416	2,803,784	148,962
Movement \$	365,101	679,830	(314,730)	4,825
Movement %	7%	31%	-10%	3%
<p><i>Note:</i> Accumulated depreciation has increased by 31% as the result of the condition assumptions applied in the valuation.</p>				

Signs	Replacement Cost	Accumulated Depreciation	Fair Value	Annual Depreciation
Opening pre-valuation	37,250	16,541	20,709	1,875
1 July 2024 valuation	-	-	-	-
Movement \$	(37,250)	(16,541)	(20,709)	(1,875)
Movement %	-100%	-100%	-100%	-100%
<i>Note: No valuation was completed on the signs asset category as it was determined to not be a material asset class.</i>				

Refer Attachment 2

Budget

The 2024-25 annual depreciation charge for the Transport assets will remain in line with the adopted budget. Council adjusted for the impact of the increased depreciation, \$1.1 million, in the 2024-25 third quarter budget review. An allowance for this increase was also made when preparing the 2025-26 budget.

Life Cycle Costs

The nature and content of this report is such that life cycle costs are not applicable.

Strategic Plan

Statutory compliance

Council Policy

Asset Accounting Policy

Annual Financial Statements – Note 1 – Significant Accounting Policies – 5.2 *Materiality*, 5.3 *Subsequent Recognition*

Statutory Provisions

AASB 116 Property, Plant and Equipment

AASB 13 Fair Value Measurement

Local Government Act 1999

Written By: Management Accountant Lead

General Manager: Strategy and Corporate, Ms S Wachtel

Attachment 1

City of Holdfast Bay

Transport Asset 1 July 2024 Revaluation

January 2025 – For provision to valuer



Contents

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1. Introduction

The City of Holdfast Bay (Council) is a local government area situated in the south-western coastal suburbs of Adelaide approximately 12km from the Adelaide CBD. The council area is approximately 14km². Council provides important services to the community and in order to provide these services, council own and manage a portfolio of assets including a transport asset class with over 17,000 assets.

In preparation for this transport asset class revaluation, Council undertook several condition audits during the 2023-24 financial year for:

- roads and kerbs
- footpaths and kerb ramps
- bridges
- bus stop infrastructure

The asset details and condition data collected during these audits has been used to develop a draft transport asset revaluation as of 1 July 2024. Council requires that an independent valuation be developed and provide the following background and analysis to undertake this transport asset class revaluation.

2. Transport Asset Register

The transport asset register that is the basis of this revaluation includes assets that are up to date as of 1 July 2024 and therefore includes the capital works undertaken during the 2023-24 financial year. Prior to undertaking the condition audits during 2023-24, the asset data including the spatial data has been cleansed for several categories and dimensions and types have been assigned to each asset where applicable. The ownership of several assets including a bridge and several bus shelters has been clarified. Some assets have also been componentised into several assets to enable simplicity in valuation.

The transport asset register is Council's largest asset register and has eight asset categories as follows:

- Bridges
- Bus Stop
- Car Parks
- Footpath
- Kerb & Gutter
- Road
- Signs
- Traffic Control

These categories are further divided into several sub-categories as outlined in the transport asset register summary below.

3. Condition Audits Summary

Four transport asset condition audits were undertaken during the 2023-24 financial year in preparation for this transport asset class revaluation.

Bridges: Sproutt was engaged to undertake a Level 2 equivalent condition audit for five bridges. Condition ratings of several bridge components were collected for each bridge and observed defects were recorded and an action plan provided.

Roads and Kerbs: Infrastructure Management Group (IMG) was engaged to undertake a condition assessment of approximately 1,300 road surface assets, 1,300 road pavement assets, approximately 3,000 kerb and gutter assets and approximately 150 carpark, parking bay, roundabout surface assets and associated pavement assets. Several condition attributes were collected during road surface condition scoring, including cracking, rutting, stripping, flushing, ravelling and edge and surface defects. These scores were combined to develop an overall road surface and road pavement condition score for each road segment and other surface assets. For kerb assets, the kerb type and an overall condition score between 1 and 5 to one decimal place was recorded for the 3000+ kerb and spoon drain assets.

Footpaths and Kerb Ramps: Sproutt was engaged to undertake a condition audit of over 2,700 footpath segments and over 2,600 kerb ramp assets. During data collection, a total of 1,644 footpath defects were also collected and preliminary estimates of work required were recorded to enable budgeting and planning for rectification to be developed. Footpath condition scoring was based on identifying how much of a footpath was in each condition rating as a percentage and then calculating an overall average condition for each footpath.

Bus Stop Infrastructure: An internal bus stop audit was undertaken during early 2024 to define what infrastructure Council owns, to collect condition and asset detail data and to identify what works and budgets are required over the short to medium term to make our bus stops DDA compliant. At each bus stop the infrastructure has been componentised into two assets for bus shelter and bus stop pad. Council own base pad assets at 165 bus stop locations and bus shelter assets at 105 locations.

Traffic Control Devices: The review of the traffic control devices for this valuation has been preliminary only and is subject to improvement. There are currently 365 traffic control assets and whilst some asset dimensions have been measured for valuation it has been assumed that all 365 assets are 50% consumed as no condition audit has been undertaken for this valuation.

Signs: The 3,527 signs within the transport asset class are managed and replaced operationally. As the majority of the signs are either sign only or signs on poles they do not reach the valuation threshold and so are not managed as valued assets.

4. Valuation Methodology

This transport asset valuation is being developed as of 1 July 2024 for the complete transport asset register. An interim desktop revaluation of the road and kerb assets was developed as of 1 July 2023 to satisfy the requirement for revaluation every five years. This revaluation is being undertaken to align the valuation date for all the transport assets and the plan is to undertake revaluations for each asset class every four years and develop revaluations as of 1 July at the beginning of the financial year instead of 30 June going forward.

This valuation is based on the following inputs:

- Road and kerb asset data that is up to date as of 1 July 2024 including asset data clean up, capital works undertaken in 2023-24 and asset details and condition data collected during the 2023-24.
- Footpath and kerb ramp asset data that is up to date as of 1 July 2024 including asset data clean up for the footpaths and creation of approximately 2,700 kerb ramps as individual assets, capital works undertaken in 2023-24 and condition data collected during 2023-24.
- Bus stop infrastructure asset data as of 1 July 2024 with each bus stop having two separate assets for the bus stop pad infrastructure and the bus stop shelter asset, up to date capital works and asset details and condition data collected during 2023-24.
- Bridge data based on previous audits and a condition audit undertaken during 2023-24.
- Carpark asset data as of 1 July 2024 based on cleansed data and condition data collected in 2023-24.
- Traffic control asset data as of 1 July 2024 with preliminary assessment of asset details and assumptions regarding asset condition as outlined below.
- Asset quantities are based on GIS lengths and recorded widths for roads, footpaths, kerbs. The unit of measure for valuation is either by area, length or per item depending on the asset type as outlined below.
- The current replacement cost of each asset has been calculated based on a unit rate and the asset quantity.
- The accumulated depreciation of each asset has been based on the consumption score for each asset which is based on recently collected condition data or on assumed condition data as outlined below.
- The annual depreciation of each asset is based on standard useful lives of each asset type which has been determined from current standard useful lives and through comparison with other similar councils.

5. Transport Asset Register Summary

Council's transport asset register is summarised below.

Asset Category	Number of In Use Assets	Length
Bridges	8 (5 bridges)	NA
Bus Shelters	105	NA
Bus Stop Pads	166	NA
Car Parks and Parking Bays	160	NA
Footpath	2,766	331km
Kerb Ramps	2,761	NA
Kerb & Gutter	2,827	379km
Kerb Spoon Drain	436	12.6km
Road Seal	1,336	180km
Unsealed Road Surface	5	275m
Road Pavement	1,341	180km
Road Sub Base	1,336	180km
Signs	3,582	NA
Traffic Control Devices	368	NA

6. Unit Rates and Standard Useful Lives

Unit rates and standard useful lives are required for the following asset types to complete the development of this Transport class asset valuation. The estimated rates and lives are currently highlighted yellow in the **Inputs – RatesLivesConsumption** tab of the valuation spreadsheet.

Road Asset Unit Rates – 1 July 2024

Asset Category	Asset Type	Unit Rate (\$)	Unit of Measure	Standard Useful Life (years)
Road Seal	Bitumen Destination Road Seal		m ²	25
Road Seal	Bitumen Shared Collector Road Seal		m ²	25
Road Seal	Bitumen Dedicated Collector Road Seal		m ²	25
Road Seal	Bitumen Active Street Road Seal		m ²	25
Road Seal	Bitumen Intermittent Street Road Seal		m ²	30
Road Seal	Bitumen Local Street Road Seal		m ²	30
Road Seal	Bitumen Internal Road Seal		m ²	30
Road Seal	Bitumen Roundabout Seal		m ²	25
Road Seal	Bitumen Parking Bay Seal		m ²	25
Road Seal	Concrete Block Parking Bay Seal		m ²	40
Road Seal	Bitumen Carpark Surface		m ²	25
Road Seal	Concrete Permeable Paved Carpark Surface		m ²	40
Road Seal	Paved Carpark Surface		m ²	40
Road Seal	Spray Seal Carpark Surface		m ²	25
Road Seal	Concrete Block Local Street Road Seal		m ²	40
Road Seal	Concrete Block Active Street Road Seal		m ²	40
Road Seal	Spray Seal Local Street Road Seal		m ²	25
Road Seal	Spray Seal Dedicated Collector Road Seal		m ²	25
Road Surface	Unsealed Road Surface		m ²	40
Road Pavement	Sealed Road Pavement		m ²	150
Road Pavement	Sealed Roundabout Pavement		m ²	150
Road Pavement	Sealed Lane Pavement		m ²	150
Road Pavement	Unsealed Lane Pavement		m ²	150
Road Pavement	Sealed Parking Bay Pavement		m ²	150
Road Pavement	Sealed Carpark Pavement		m ²	150
Sub Base	Road Sub Base		m ²	300

Kerb, Footpath, Bus Stop Unit Rates – 1 July 2024

Asset Category	Asset Type	Unit Rate (\$)	Unit of Measure	Standard Useful Life (years)
Kerb	Concrete Median Kerb		m	100
Kerb	Concrete Rollover Kerb		m	100
Kerb	Concrete Upright Kerb		m	100
Kerb	Concrete Kerb & Gutter		m	100
Kerb	Concrete Upright Kerb & Gutter		m	100
Kerb	Concrete Rollover Kerb & Gutter		m	100
Kerb	Mixed Material Upright Kerb & Gutter		m	100
Kerb	Mixed Material Median Kerb		m	100
Kerb	Mixed Material Upright Kerb		m	100
Kerb	No kerb asset		m	100
Kerb Spoon Drain	Concrete Spoon Drain		m	70
Bus Stop	Bus Shelter		each	20
Bus Stop	Paved Bus Stop Pad		m ²	50
Bus Stop	Concrete Bus Stop Pad		m ²	60
Bus Stop	Bitumen Bus Stop Pad		m ²	40
Bus Stop	No Bus Stop Pad Asset		m ²	NA
Bus Stop	No Tactile Asset		each	NA
Bus Stop	Concrete Paver Tactiles		each	NA
Bus Stop	Plastic Tactiles		each	NA
Footpath	Bitumen Footpath		m ²	40
Footpath	Paved Footpath		m ²	50
Footpath	Concrete Footpath		m ²	60
Footpath	Gravel Footpath		m ²	20
Kerb Ramp	Concrete Kerb Ramp		each	60
Kerb Ramp	Mixed Material Kerb Ramp		each	60
Kerb Ramp	Paved Kerb Ramp		each	60

There are five bridges and three ancillary bridge assets within the asset register. The bridges are currently valued as single assets however may be componentised and valued individually. The 2024 Bridge condition audit report will be provided to assist with valuation of these bridges.

Bridge Assets Unit Rates – 1 July 2024

Asset Category	Asset Type	Unit Rate (\$)	Unit of Measure	Standard Useful Life (years)
Bridge Assets	Bridge Structure		m ²	100
Bridge Assets	King Street Bridge Flag Poles		item	40
Bridge Assets	King Street Bridge Light Poles		item	40
Bridge Assets	King Street Bridge Feature Lights		item	25

Traffic Control Device Unit Rates – 1 July 2024

Asset Category	Asset Type	Unit Rate (\$)	Unit of Measure	Standard Useful Life (years)
TCD	Small Roundabout		item	50
TCD	Medium Roundabout		item	50
TCD	Large Roundabout		item	50
TCD	Wombat Crossing Type		item	40
TCD	Koala Crossing Type		item	40
TCD	Emu Crossing Type		item	40
TCD	Pedestrian Crossing Type		item	40
TCD	Koala Traffic Signals		item	40
TCD	Wombat Traffic Signals		item	40
TCD	Pedestrian Traffic Signals		item	40
TCD	Traffic Control Lights		item	35
TCD	Traffic Signal Controller		item	30
TCD	Pedestrian Refuge Kerb Type		m	60
TCD	Removable Pedestrian Refuge Kerb Type		m	30
TCD	Median Kerb Type		m	60
TCD	Kerb Extension Type		m	60
TCD	Protuberance Kerb Type		m	60
TCD	Wide Median Kerb Type		m	60
TCD	Pedestrian Refuge Paved Area		m ²	60
TCD	Road Surface Paved Area		m ²	40
TCD	Median Paved Area		m ²	60
TCD	Protuberance Paved Area		m ²	60
TCD	Median Asphalt Surface		m ²	40
TCD	Protuberance Asphalt Surface		m ²	40
TCD	Road Surface Asphalt Area		m ²	40
TCD	Pedestrian Refuge Asphalt Surface		m ²	40
TCD	Pedestrian Refuge Concrete Surface		m ²	60
TCD	Protuberance Concrete Area		m ²	60
TCD	Pedestrian Refuge Synthetic Grass Area		m ²	40
TCD	Road Tactiles		m ²	15
TCD	Tubular Fencing		m	30
TCD	Road Hump Type		item	35
TCD	Road Swing Gates		item	20
TCD	Not Applicable		NA	5
TCD	Line Marking Only		item	10
TCD	Pavement Bar Type		item	15

TCD – Traffic Control Device

7. Consumption Scores

During the condition audits, overall condition grades between 1 and 5 were assigned to each asset. These condition grades were converted to consumption scores between 0 and 95 for each asset where 0 represents a new asset and 95 represents an asset in very poor condition with only 5% of its total value remaining.

The condition grading was based on IPWEA condition rating guidelines as summarised below.

Condition Grade	Condition	Description
1	Very Good	New, sound physical condition, no work required.
2	Good	Acceptable physical condition, minimal risk of failure but potential for deterioration, only minor work required (if any).
3	Fair	Significant deterioration evident, failure unlikely in near future however further deterioration likely. Renewal likely to be required in the medium term – 5 to 10 years.
4	Poor	Failure likely in short term. Renewal likely to be required in the short term – 2 to 5 years.
5	Very Poor	Failed or failure imminent/safety risk. Refurbishment, replacement or removal required as a priority.

Road and Kerb Asset Consumption Scores

During the condition audit of the roads, the condition of several attributes such as cracking and rutting were collected. An overall condition score was then calculated to one decimal place using all the attribute condition scores.

The overall condition scores for road seal, unsealed road surface and road pavements and condition scores for kerb and spoon drains were converted to consumption scores according to the following table.

Condition Grade	Consumption Score
-1	0
1	0
1.1	2.5
1.2	5
1.3	7.5
1.4	10
1.5	12.5
1.6	15
1.7	17.5
1.8	20
1.9	22.5
2	25
2.1	27.5
2.2	30

Condition Grade	Consumption Score
2.3	32.5
2.4	35
2.5	37.5
2.6	40
2.7	42.5
2.8	45
2.9	47.5
3	50
3.1	52.5
3.2	55
3.3	57.5
3.4	60
3.5	62.5
3.6	65
3.7	67.5
3.8	70
3.9	72.5
4	75
4.1	77.5
4.2	80
4.3	82.5
4.4	85
4.5	87.5
4.6	90
4.7	92.5
4.8	95
4.9	95
5	95

Footpath, Kerb Ramp and Bus Stop Infrastructure Consumption Scores

Condition scores for footpaths, kerb ramps, bus shelters and bus stop pads were converted to consumption scores according to the following table.

Condition Grade	Consumption Score
1	0
2	25
3	50
4	75
5	95

8. Assumptions

During the 18 month process to cleanse and update all the Transport asset data and collect condition data via several audits, a substantial amount of work has been undertaken to assign dimensions, asset types and condition scores to all transport assets. Whilst developing the revaluation spreadsheet, a small number of missing details have been identified and some assumptions have been made to progress the valuation. Any assumed values have been highlighted in pale yellow within the spreadsheet tabs.

For road seal, road pavement and kerb & gutter assets the condition data was analysed and provided to a one decimal place however condition scores can only be recorded within Technology One as whole numbers. For valuation purposes, the condition score to one decimal place was used to calculate the consumption score.

For traffic control devices it has been necessary to assume a consumption score for all devices as no separate condition audit of the traffic control devices was undertaken. This is recognised as an area for improvement of the asset register data. However, as the Traffic Control Devices represent less than 2% of the value of the Transport asset class, it is considered that the condition/consumption of the traffic control device assets is immaterial for valuation purposes. Traffic control devices have been valued as a sum of up to two components labelled primary and secondary asset type in the valuation spreadsheet. The valuation methodology is outlined within the spreadsheet.

For bridges the valuation spreadsheet currently allows for calculation of current replacement cost based on the deck area alone. However, the condition audit report will be provided to the independent valuer to enable valuation of each of the five Bridges.

9. Draft Valuation Summary

Once the unit rates and standard useful lives have been developed and assigned for the 92 asset types identified in the **Inputs – RatesLivesConsumption** tab of the attached valuation spreadsheet, the valuation data will automatically update in the **Output – Valuation Summary** tab of the spreadsheet.

Asset Category	Asset Sub Category	Current Replacement Cost	Accumulated Depreciation	Written Down Value	Annual Depreciation Forecast	Asset Count
Bridges	Bridges					8
Bus Stop	Bus Shelters					105
Bus Stop	Bus Stop Pads					166
Car Parks	Car Park Seal					40
Car Parks	Parking Bay Seal					42
Car Parks	Car Park Pavement					38
	Parking Bay					
Car Parks	Pavement					40
Footpaths	Footpath					2,766
Footpaths	Kerb Ramps					2,761
Kerb & Gutter	Spoon Drain					436
Kerb & Gutter	Kerb & Gutter					2,827
Roads	Sealed Road					1,336
Roads	Unsealed Road					5
Roads	Road Pavement					1,341
Roads	Road Sub Base					1,336
Traffic Control	Traffic Control					368
Total						13,615

10. Independent Valuation Requirements

Council requests that the following elements of this transport revaluation be reviewed and developed by an independent valuer.

- Review of the revaluation methodology and assumptions adopted to complete the valuation
- Develop the unit rates and useful lives to be assigned to the 92 transport asset types
- Provision of an updated and endorsed revaluation of Council's Transport assets as of 1 July 2024.

11. Current Transport Book Values Prior to Revaluation

The current Transport Asset Class Book Values prior to revaluation are provided for context only.

Asset Category	Current Replacement Cost	Accumulated Depreciation	Written Down Value	"Annual Depreciation"
Bridges	\$17,340,888	\$4,331,683	\$13,009,205	\$179,368
Bus Stop	\$685,097	\$222,789	\$462,308	\$34,095
Car Parks	\$5,901,447	\$2,187,666	\$3,713,782	\$125,888
Footpaths	\$51,402,746	\$24,753,556	\$26,649,190	\$1,116,074
Kerb & Gutter	\$79,782,884	\$25,676,830	\$54,106,054	\$811,079
Roads	\$174,175,823	\$68,496,266	\$105,679,557	\$1,983,636
Signs	\$37,250	\$17,014	\$20,237	\$1,875
Traffic Control	\$5,314,099	\$2,231,763	\$3,082,336	\$144,137
Total	\$334,640,236	\$127,917,567	\$206,722,668	\$4,396,152

12. Attachments

- Transport Asset Valuation as of 1 July 2024_V1 spreadsheet
 - 17 green tabs with the asset data for the current In Use transport assets being valued
 - 2 orange tabs with pre revaluation Book Value financial data as of 30 June 2024 for Transport Assets
 - 2 blue tabs including an **Inputs – RatesLivesConsumption** tab and an **Output – Valuation Summary** tab.
- Final_Bridge Condition Assessment Summary Report_V02 from Sproutt
- Final_Bridge Condition Assessment Data from Sproutt

Attachment 2

PUBLIC

PRIVATE

PROPERTY

INFRASTRUCTURE AND PUBLIC SECTOR VALUATION SPECIALISTS

Valuations for Financial Reporting Purposes

AASB 116 Property, Plant and Equipment

AASB 13 Fair Value Measurement

Transport Assets (Bridges)

As at 1 July 2024

City of Holdfast Bay

17 April 2025



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City of Holdfast Bay
 Valuations for Financial Reporting Purposes
 Transport Assets (Bridges) as at 1 July 2024

Instructions	The valuations prepared herein are in response to instructions received from the City of Holdfast Bay ('Council') on 10 February 2025.
Accounting Standards	AASB 116 Property, Plant and Equipment AASB 13 Fair Value Measurement
Asset Class (Non-Current)	Transport Assets – Bridges
Valuation Basis	The basis of valuation as prescribed in AASB 116 Property, Plant and Equipment is Fair Value. AASB 13 defines Fair Value as follows: <i>The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.</i>
Project Scope	The objective of Australian Accounting Standard AASB 116 is to prescribe accounting treatment for <i>property, plant and equipment</i> so that users of the financial statements can discern information about an entity's investment in its property, plant and equipment and the changes in such investment. Specifically, we are instructed to determine Fair Value and depreciation charges associated with the nominated class of assets for use in Council's General Purpose Financial Statements.
Date of Valuation	1 July 2024
Asset Overview	The assets that are the subject of this report consist of Council owned Bridges as identified in the attached register. Council's Bridges form part of Council's public road network. Asset Register and Fair Value Schedule is attached.
The Valuation Premise	When measuring Fair Value an entity shall take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Such characteristics include, for example, the following: (a) the condition and location of the asset; and b) restrictions, if any, on the sale or use of the asset. The asset or liability measured at Fair Value might be either of the following: a) a stand-alone asset: or b) a group of assets. In this instance, the assets that are the subject of the valuation benefit from being considered as belonging to a group of assets.

The Transaction	<p>AASB 13 discusses the concepts of principal market and most advantageous market. In accordance with these concepts, a market transaction takes place either:</p> <ul style="list-style-type: none"> a) In the principal market for the asset: or b) In the absence of a principal market, the most advantageous market. <p>Note: Although an entity must be able to access the market, the entity does not need to be able to sell the particular asset or transfer the particular liability on the measurement date to be able to measure fair value on the basis of the price in that market.</p> <p>Even when there is no observable market to provide pricing information about the sale of an asset or the transfer of a liability at the measurement date, a Fair Value measurement shall assume that a transaction takes place at that date, considered from the perspective of a market participant that holds the asset or owes the liability. The assumed transaction establishes a basis for estimating the price to sell the asset or transfer the liability.</p> <p>In this instance, the assets that are the subject of this report are situated on land with restrictions on sale and use which preclude them from the principal market. On this basis, it is assumed that the hypothetical transfer of the assets take place in 'the most advantageous market'. Such assets have been valued utilising the cost approach.</p>
The Price	<p>AASB 13 specifies that the price in the principal (or most advantageous) market used to measure the Fair Value of the asset or liability shall not be adjusted for transaction costs. Transaction costs shall be accounted for in accordance with other Australian Accounting Standards. Transaction costs are not a characteristic of an asset or a liability; rather, they are specific to a transaction and will differ depending on how an entity enters into a transaction for the asset or liability.</p> <p>Transaction costs do not include transport costs. If location is a characteristic of the asset (as might be the case, for example, for a commodity), the price in the principal (or most advantageous) market shall be adjusted for the costs, if any, that would be incurred to transport the asset from its current location to that market.</p>
AASB 2022-10	<p>Pursuant to AASB 022-10 certain amendments apply to AASB 13 Fair Value Measurement for annual periods beginning on or after 1 January 2024. In this instance, the most relevant amendment relates to the calculation of replacement cost of a reference asset using the cost approach (F11-F15). More specifically, we refer to F13 which provides guidance as to the inclusion of site preparation costs in the calculation of replacement costs.</p>

Highest and Best Use	<p>Fair Value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The highest and best use of a non-financial asset takes into account the use of the asset that is physically possible, legally permissible and financially feasible. Highest and best use is determined from the perspective of market participants, even if the entity intends a different use. However, an entity's current use of a non-financial asset is presumed to be its highest and best use unless market or other factors suggest that a different use by market participants would maximise the value of the asset. Notwithstanding the aforementioned criteria, the entity is only required to consider whether highest and best use differs from current use when;</p> <ul style="list-style-type: none"> a) It is classified as held for sale pursuant to AASB 5, and/or b) If it is probable that the asset will be used for an alternative purpose to its current use. <p>Therefore, current use is presumed to be its highest and best use unless other market factors suggest that a different use by market participants would maximise the market value of the asset.</p>
Valuation Approach	<p>AASB 13 endorses the following valuation techniques in the measurement of Fair Value:</p> <ul style="list-style-type: none"> ▪ Market Approach ▪ Cost Approach ▪ Income Approach <p>In this instance, the assets that are the subject of revaluation are deemed to be specialised assets, i.e., public sector assets with no alternative use.</p> <p>In the case of specialised assets, the valuer is directed to adopt the Cost Approach in undertaking the revaluation. Cost Approach is described in AASB 13 as follows:</p> <p><i>A valuation technique that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost).</i></p> <p>More particularly, the Fair Value of the assets that are the subject of this report have been determined with reference to their depreciated replacement cost (or written down current cost) which may be described as follows:</p> <p><i>The lower of replacement cost or reproduction cost, less accumulated depreciation.</i></p>
Depreciation	<p>AASB 116 specifies – <i>each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.</i></p> <p>The above requirement may be achieved through 'componentisation'. In this instance the level of componentisation has been agreed in consultation with Council. More specifically, Council's Bridges have been componentised into the main structure and other improvements such as lighting and flagpoles for depreciation purposes.</p> <p>Note: the road and footpath forming part of the Bridge are accounted for separately.</p>

City of Holdfast Bay
 Valuations for Financial Reporting Purposes
 Transport Assets (Bridges) as at 1 July 2024

Depreciation Method	<p>AASB 116 specifies that the depreciation method used shall reflect the pattern in which the asset's future economic benefits are expected to be consumed by the entity.</p> <p>Council utilises the straight-line method of depreciation to systematically allocate the depreciable amount of assets. The straight-line method of depreciation may be described as follows:</p> <p><i>The allocation of the cost of consumption of an asset equally per period over its useful life.</i></p>												
Useful Life	<p>In the case of Transport Assets, useful life is defined as the period over which the asset is expected to be available for use by the entity.</p> <p>In this instance, the valuer has adopted the asset useful lives in consultation with Council as specified at component level in the attached Asset Register and Fair Value Schedule.</p>												
Remaining Life	<p>The remaining life of the assets and/or asset components are a function of asset condition and useful life.</p>												
Asset Condition	<p>The condition of each asset and/or asset component was provided by Council via a combination of external audits (Sprutt Engineering Consultants and Infrastructure Management Group) and internal audits as further detailed in the attached City of Holdfast Bay Revaluation Methodology Document. The asset condition regime adopted by the consultant and the valuer may be broadly interpreted as follows:</p> <table> <thead> <tr> <th>Condition</th><th>Condition Description</th></tr> </thead> <tbody> <tr> <td>1</td><td>Very Good - new, sound physical condition, no work required.</td></tr> <tr> <td>2</td><td>Good – acceptable physical condition, minimal risk of failure but potential for deterioration, only minor work required (if any).</td></tr> <tr> <td>3</td><td>Fair – significant deterioration evident, failure unlikely in the near future, however further deterioration likely. Renewal likely to be required in the medium term 5 - 10 years.</td></tr> <tr> <td>4</td><td>Poor – failure likely in the short term. Renewal likely to be required in the short term; 2 - 5 years.</td></tr> <tr> <td>5</td><td>Very Poor: failed or failure imminent/safety risk. Refurbishment, replacement or removal required as a priority.</td></tr> </tbody> </table>	Condition	Condition Description	1	Very Good - new, sound physical condition, no work required.	2	Good – acceptable physical condition, minimal risk of failure but potential for deterioration, only minor work required (if any).	3	Fair – significant deterioration evident, failure unlikely in the near future, however further deterioration likely. Renewal likely to be required in the medium term 5 - 10 years.	4	Poor – failure likely in the short term. Renewal likely to be required in the short term; 2 - 5 years.	5	Very Poor: failed or failure imminent/safety risk. Refurbishment, replacement or removal required as a priority.
Condition	Condition Description												
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4	Poor – failure likely in the short term. Renewal likely to be required in the short term; 2 - 5 years.												
5	Very Poor: failed or failure imminent/safety risk. Refurbishment, replacement or removal required as a priority.												
Residual Values	<p>AASB 116 defines residual value as <i>'the estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life'</i>.</p> <p>Residual values are deemed not to apply to the assets that are the subject of this revaluation.</p>												


City of Holdfast Bay
 Valuations for Financial Reporting Purposes
 Transport Assets (Bridges) as at 1 July 2024

Fair Value Hierarchy	<p>To increase consistency and comparability in Fair Value measurement, AASB 13 establishes a Fair Value hierarchy that categorises into three levels the inputs to valuation techniques used to measure Fair Value. The Fair Value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs) as further defined hereunder:</p> <table border="1"> <tr> <td data-bbox="373 539 571 607">Level 1</td><td data-bbox="571 539 1481 607">Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.</td></tr> <tr> <td data-bbox="373 640 571 707">Level 2</td><td data-bbox="571 640 1481 707">Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.</td></tr> <tr> <td data-bbox="373 741 571 887">Level 3</td><td data-bbox="571 741 1481 887">Unobservable inputs for the asset or liability. Unobservable inputs shall be used to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.</td></tr> </table> <p>The characteristics of assets held by the various tiers of Government generally preclude the availability of observable input data for identical assets. As they are often unique and not traded on a regular basis, Fair Value measurement is generally arrived at by observation of Level 2 or Level 3 inputs.</p> <p>In this instance, and by reference to the Fair Value Hierarchy detailed above, the inputs to the valuations that are the subject of this report are classified as Level 3 inputs (arising from utilisation of the Cost Approach).</p>	Level 1	Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Level 2	Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Level 3	Unobservable inputs for the asset or liability. Unobservable inputs shall be used to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.
Level 1	Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.						
Level 2	Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.						
Level 3	Unobservable inputs for the asset or liability. Unobservable inputs shall be used to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.						

Disclaimer	<p>We have utilised the following defined terms in this disclaimer:</p> <p>“PPP” means Public Private Property Pty Ltd.</p> <p>“Valuer” means Andrea Carolan.</p> <p>“Client” means City of Holdfast Bay.</p> <p>“Property” means Transport Assets as detailed in attached asset register.</p> <p>1. General</p> <p>1.1 This valuation is current as at the date of valuation only and can only be regarded as representing PPP’s opinion as at that date. The valuation may change significantly and unexpectedly over a short period of time due to changes in market conditions and circumstances. PPP does not accept any liability for loss or damage arising from any change in conditions or circumstances that affect value after the date of valuation.</p> <p>1.2 This valuation has been prepared only for the use of the Client and only for the purposes of the application of Financial Reporting pursuant to Australian Accounting Standards AASB 116 Property, Plant and Equipment and AASB 13 Fair Value Measurement. This valuation should not be relied upon by the Client for any other purpose.</p> <p>1.3 This valuation has not been prepared for mortgage finance purposes and PPP does not accept any liability to any third party who may use or rely on this valuation.</p> <p>1.4 The terms of this valuation are private and confidential and should not be provided by the Client to any third party without the prior written consent of PPP.</p> <p>1.5 PPP warrants that:</p> <p>1.5.1 the Valuer holds the required qualifications to lawfully practice as a valuer; and</p> <p>1.5.2 neither PPP nor the Valuer has a pecuniary interest that could conflict with the proper valuation of the Property.</p> <p>1.6 This valuation is not intended to constitute financial advice and we confirm that neither PPP nor the Valuer is licenced to provide financial advice under the Corporations Act 2001 (Cth).</p> <p>2. Qualifications and assumptions</p> <p>2.1 Unless explicitly stated elsewhere in this valuation, in preparing this valuation PPP has made the following assumptions regarding the Property.</p>
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	<p>2.1.1 Full and frank disclosure: The valuation has been prepared on the assumption that full and frank disclosure of all information and facts relevant to the value of the Property have been disclosed to PPP.</p> <p>2.1.2 Environmental:</p> <p>2.1.2.1 Contamination: PPP has not undertaken an environmental audit of the Property. PPP has undertaken the following steps to determine if there are any obvious signs of contamination of the Property:</p> <ul style="list-style-type: none"> • site inspection; • review of historical use of the Property; <p>The valuation has been prepared on the basis that the soil and groundwater are not contaminated.</p> <p>2.1.2.2 The Property is free from any other adverse environmental issues (including without limitation susceptibility to potential flooding or landslides);</p> <p>The Client will promptly advise PPP if any of the above assumptions is incorrect. PPP reserves the right to review and if required, to review its valuation if any of the above assumptions is incorrect.</p>
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City of Holdfast Bay
 Valuations for Financial Reporting Purposes
 Transport Assets (Bridges) as at 1 July 2024

Relevant Dates	Date of Valuation				1 July 2024
	Date of Report				17 April 2025
Bus Stops	Current Replacement Cost	Accumulated Depreciation	Annual Depreciation	Fair Value	
				1 July 2024	
	\$24,201,400	\$6,078,430	\$248,644	\$18,122,970	
Certifying Valuer	Andrea Carolan FAPI Certified Practising Valuer API No: 63983 				
Attachments	Asset Register and Fair Value Schedule City of Holdfast Bay Revaluation Methodology				

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Valuations for Financial Reporting Purposes

AASB 116 Property, Plant and Equipment

AASB 13 Fair Value Measurement

Transport Assets (Bus Stops)

As at 1 July 2024

City of Holdfast Bay

17 April 2025



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City of Holdfast Bay
 Valuations for Financial Reporting Purposes
 Transport Assets (Bus Stops) as at 1 July 2024

Instructions	The valuations prepared herein are in response to instructions received from the City of Holdfast Bay ('Council') on 10 February 2025.
Accounting Standards	AASB 116 Property, Plant and Equipment AASB 13 Fair Value Measurement
Asset Class (Non-Current)	Transport Assets – Bus Stops
Valuation Basis	The basis of valuation as prescribed in AASB 116 Property, Plant and Equipment is Fair Value. AASB 13 defines Fair Value as follows: <i>The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.</i>
Project Scope	The objective of Australian Accounting Standard AASB 116 is to prescribe accounting treatment for <i>property, plant and equipment</i> so that users of the financial statements can discern information about an entity's investment in its property, plant and equipment and the changes in such investment. Specifically, we are instructed to determine Fair Value and depreciation charges associated with the nominated class of assets for use in Council's general purpose financial statements.
Date of Valuation	1 July 2024
Asset Overview	The assets that are the subject of this report consist of Council owned Bus Stops which have been componentised into Bus Stop Pads and Bus Stop Shelters as identified in the attached register. Council's Bus Stops are located on footpaths forming part of Council's public road network. Asset Register and Fair Value Schedule is attached.
The Valuation Premise	When measuring Fair Value an entity shall take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Such characteristics include, for example, the following: (a) the condition and location of the asset; and (b) restrictions, if any, on the sale or use of the asset. The asset or liability measured at Fair Value might be either of the following: (a) a stand-alone asset: or (b) a group of assets. In this instance, the assets that are the subject of the valuation benefit from being considered as belonging to a group of assets.

The Transaction	<p>AASB 13 discusses the concepts of principal market and most advantageous market. In accordance with these concepts, a market transaction takes place either:</p> <ul style="list-style-type: none"> a) In the principal market for the asset: or b) In the absence of a principal market, the most advantageous market. <p>Note: Although an entity must be able to access the market, the entity does not need to be able to sell the particular asset or transfer the particular liability on the measurement date to be able to measure fair value on the basis of the price in that market.</p> <p>Even when there is no observable market to provide pricing information about the sale of an asset or the transfer of a liability at the measurement date, a Fair Value measurement shall assume that a transaction takes place at that date, considered from the perspective of a market participant that holds the asset or owes the liability. The assumed transaction establishes a basis for estimating the price to sell the asset or transfer the liability.</p> <p>In this instance, the assets that are the subject of this report are situated on land with restrictions on sale and use which preclude them from the principal market. On this basis, it is assumed that the hypothetical transfer of the assets take place in 'the most advantageous market'. Such assets have been valued utilising the cost approach.</p>
The Price	<p>AASB 13 specifies that the price in the principal (or most advantageous) market used to measure the Fair Value of the asset or liability shall not be adjusted for transaction costs. Transaction costs shall be accounted for in accordance with other Australian Accounting Standards. Transaction costs are not a characteristic of an asset or a liability; rather, they are specific to a transaction and will differ depending on how an entity enters into a transaction for the asset or liability.</p> <p>Transaction costs do not include transport costs. If location is a characteristic of the asset (as might be the case, for example, for a commodity), the price in the principal (or most advantageous) market shall be adjusted for the costs, if any, that would be incurred to transport the asset from its current location to that market.</p>
AASB 2022-10	<p>Pursuant to AASB 022-10 certain amendments apply to AASB 13 Fair Value Measurement for annual periods beginning on or after 1 January 2024. In this instance, the most relevant amendment relates to the calculation of replacement cost of a reference asset using the cost approach (F11-F15). More specifically, we refer to F13 which provides guidance as to the inclusion of site preparation costs in the calculation of replacement costs.</p>

Highest and Best Use	<p>Fair Value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The highest and best use of a non-financial asset takes into account the use of the asset that is physically possible, legally permissible and financially feasible. Highest and best use is determined from the perspective of market participants, even if the entity intends a different use. However, an entity's current use of a non-financial asset is presumed to be its highest and best use unless market or other factors suggest that a different use by market participants would maximise the value of the asset. Notwithstanding the aforementioned criteria, the entity is only required to consider whether highest and best use differs from current use when;</p> <p>a) It is classified as held for sale pursuant to AASB 5, and/or</p> <p>b) If it is probable that the asset will be used for an alternative purpose to its current use.</p> <p>Therefore, current use is presumed to be its highest and best use unless other market factors suggest that a different use by market participants would maximise the market value of the asset.</p>
Valuation Approach	<p>AASB 13 endorses the following valuation techniques in the measurement of Fair Value:</p> <ul style="list-style-type: none"> ▪ Market Approach ▪ Cost Approach ▪ Income Approach <p>In this instance, the assets that are the subject of revaluation are deemed to be specialised assets, i.e., public sector assets with no alternative use.</p> <p>In the case of specialised assets, the valuer is directed to adopt the Cost Approach in undertaking the revaluation. Cost Approach is described in AASB 13 as follows:</p> <p><i>A valuation technique that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost).</i></p> <p>More particularly, the Fair Value of the assets that are the subject of this report have been determined with reference to their depreciated replacement cost (or written down current cost) which may be described as follows:</p> <p><i>The lower of replacement cost or reproduction cost, less accumulated depreciation.</i></p>
Depreciation	<p>AASB 116 specifies – <i>each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.</i></p> <p>The above requirement may be achieved through asset 'componentisation'. In this instance the level of componentisation has been agreed in consultation with Council. More specifically, Council's Bus Stops have been componentised into Bus Stop Pads and Bus Stop Shelters for depreciation purposes.</p>

City of Holdfast Bay
 Valuations for Financial Reporting Purposes
 Transport Assets (Bus Stops) as at 1 July 2024

Depreciation Method	<p>AASB 116 specifies that the depreciation method used shall reflect the pattern in which the asset's future economic benefits are expected to be consumed by the entity.</p> <p>Council utilises the straight-line method of depreciation to systematically allocate the depreciable amount of assets. The straight-line method of depreciation may be described as follows:</p> <p><i>The allocation of the cost of consumption of an asset equally per period over its useful life.</i></p>												
Useful Life	<p>In the case of Transport Assets, useful life is defined as the period over which the asset is expected to be available for use by the entity.</p> <p>In this instance, the valuer has adopted the asset useful lives in consultation with Council as specified at component level in the attached Asset Register and Fair Value Schedule.</p>												
Remaining Life	<p>The remaining life of the assets and/or asset components are a function of asset condition and useful life.</p>												
Asset Condition	<p>The condition of each asset and/or asset component was provided by Council via a combination of external audits (Sprutt Engineering Consultants and Infrastructure Management Group) and internal audits as further detailed in the attached City of Holdfast Bay Revaluation Methodology Document. The asset condition regime adopted by the consultant and the valuer may be broadly interpreted as follows:</p> <table> <thead> <tr> <th>Condition</th><th>Condition Description</th></tr> </thead> <tbody> <tr> <td>1</td><td>Very Good - new, sound physical condition, no work required.</td></tr> <tr> <td>2</td><td>Good – acceptable physical condition, minimal risk of failure but potential for deterioration, only minor work required (if any).</td></tr> <tr> <td>3</td><td>Fair – significant deterioration evident, failure unlikely in the near future, however further deterioration likely. Renewal likely to be required in the medium term 5 - 10 years.</td></tr> <tr> <td>4</td><td>Poor – failure likely in the short term. Renewal likely to be required in the short term; 2 - 5 years.</td></tr> <tr> <td>5</td><td>Very Poor: failed or failure imminent/safety risk. Refurbishment, replacement or removal required as a priority.</td></tr> </tbody> </table>	Condition	Condition Description	1	Very Good - new, sound physical condition, no work required.	2	Good – acceptable physical condition, minimal risk of failure but potential for deterioration, only minor work required (if any).	3	Fair – significant deterioration evident, failure unlikely in the near future, however further deterioration likely. Renewal likely to be required in the medium term 5 - 10 years.	4	Poor – failure likely in the short term. Renewal likely to be required in the short term; 2 - 5 years.	5	Very Poor: failed or failure imminent/safety risk. Refurbishment, replacement or removal required as a priority.
Condition	Condition Description												
1	Very Good - new, sound physical condition, no work required.												
2	Good – acceptable physical condition, minimal risk of failure but potential for deterioration, only minor work required (if any).												
3	Fair – significant deterioration evident, failure unlikely in the near future, however further deterioration likely. Renewal likely to be required in the medium term 5 - 10 years.												
4	Poor – failure likely in the short term. Renewal likely to be required in the short term; 2 - 5 years.												
5	Very Poor: failed or failure imminent/safety risk. Refurbishment, replacement or removal required as a priority.												
Residual Values	<p>AASB 116 defines residual value as <i>'the estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life'</i>.</p> <p>Residual values are deemed not to apply to the assets that are the subject of this revaluation.</p>												


City of Holdfast Bay
 Valuations for Financial Reporting Purposes
 Transport Assets (Bus Stops) as at 1 July 2024

Fair Value Hierarchy	<p>To increase consistency and comparability in Fair Value measurement, AASB 13 establishes a Fair Value hierarchy that categorises into three levels the inputs to valuation techniques used to measure Fair Value. The Fair Value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs) as further defined hereunder:</p> <p>Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.</p> <p>Level 2 Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.</p> <p>Level 3 Unobservable inputs for the asset or liability. Unobservable inputs shall be used to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.</p> <p>The characteristics of assets held by the various tiers of Government generally preclude the availability of observable input data for identical assets. As they are often unique and not traded on a regular basis, Fair Value measurement is generally arrived at by observation of Level 2 or Level 3 inputs.</p> <p>In this instance, and by reference to the Fair Value Hierarchy detailed above, the inputs to the valuations that are the subject of this report are classified as Level 3 inputs (arising from utilisation of the Cost Approach).</p>
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Disclaimer	<p>We have utilised the following defined terms in this disclaimer:</p> <p>“PPP” means Public Private Property Pty Ltd.</p> <p>“Valuer” means Andrea Carolan.</p> <p>“Client” means City of Holdfast Bay.</p> <p>“Property” means Transport Assets as detailed in attached asset register.</p> <p>1. General</p> <p>1.1 This valuation is current as at the date of valuation only and can only be regarded as representing PPP’s opinion as at that date. The valuation may change significantly and unexpectedly over a short period of time due to changes in market conditions and circumstances. PPP does not accept any liability for loss or damage arising from any change in conditions or circumstances that affect value after the date of valuation.</p> <p>1.2 This valuation has been prepared only for the use of the Client and only for the purposes of the application of Financial Reporting pursuant to Australian Accounting Standards AASB 116 Property, Plant and Equipment and AASB 13 Fair Value Measurement. This valuation should not be relied upon by the Client for any other purpose.</p> <p>1.3 This valuation has not been prepared for mortgage finance purposes and PPP does not accept any liability to any third party who may use or rely on this valuation.</p> <p>1.4 The terms of this valuation are private and confidential and should not be provided by the Client to any third party without the prior written consent of PPP.</p> <p>1.5 PPP warrants that:</p> <p>1.5.1 the Valuer holds the required qualifications to lawfully practice as a valuer; and</p> <p>1.5.2 neither PPP nor the Valuer has a pecuniary interest that could conflict with the proper valuation of the Property.</p> <p>1.6 This valuation is not intended to constitute financial advice and we confirm that neither PPP nor the Valuer is licenced to provide financial advice under the Corporations Act 2001 (Cth).</p> <p>2. Qualifications and assumptions</p> <p>2.1 Unless explicitly stated elsewhere in this valuation, in preparing this valuation PPP has made the following assumptions regarding the Property.</p>
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	<p>2.1.1 Full and frank disclosure: The valuation has been prepared on the assumption that full and frank disclosure of all information and facts relevant to the value of the Property have been disclosed to PPP.</p> <p>2.1.2 Environmental:</p> <p>2.1.2.1 Contamination: PPP has not undertaken an environmental audit of the Property. PPP has undertaken the following steps to determine if there are any obvious signs of contamination of the Property:</p> <ul style="list-style-type: none"> • site inspection; • review of historical use of the Property; <p>The valuation has been prepared on the basis that the soil and groundwater are not contaminated.</p> <p>2.1.2.2 The Property is free from any other adverse environmental issues (including without limitation susceptibility to potential flooding or landslides);</p> <p>The Client will promptly advise PPP if any of the above assumptions is incorrect. PPP reserves the right to review and if required, to review its valuation if any of the above assumptions is incorrect.</p>
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City of Holdfast Bay
 Valuations for Financial Reporting Purposes
 Transport Assets (Bus Stops) as at 1 July 2024

Relevant Dates	Date of Valuation				1 July 2024
	Date of Report				17 April 2025
Bus Stops	Current Replacement Cost	Accumulated Depreciation	Annual Depreciation	Fair Value	
				1 July 2024	
	\$1,381,019	\$555,614	\$50,809	\$825,404	
Certifying Valuer	Andrea Carolan FAPI Certified Practising Valuer API No: 63983 				
Attachments	Asset Register and Fair Value Schedule City of Holdfast Bay Revaluation Methodology				

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Valuations for Financial Reporting Purposes

AASB 116 Property, Plant and Equipment

AASB 13 Fair Value Measurement

Transport Assets (Car Parks)

As at 1 July 2024

City of Holdfast Bay

17 April 2025



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City of Holdfast Bay
 Valuations for Financial Reporting Purposes
 Transport Assets (Car Parks) as at 1 July 2024

Instructions	The valuations prepared herein are in response to instructions received from the City of Holdfast Bay ('Council') on 10 February 2025.
Accounting Standards	AASB 116 Property, Plant and Equipment AASB 13 Fair Value Measurement
Asset Class (Non-Current)	Transport Assets – Car Parks
Valuation Basis	The basis of valuation as prescribed in AASB 116 Property, Plant and Equipment is Fair Value. AASB 13 defines Fair Value as follows: <i>The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.</i>
Project Scope	The objective of Australian Accounting Standard AASB 116 is to prescribe accounting treatment for <i>property, plant and equipment</i> so that users of the financial statements can discern information about an entity's investment in its property, plant and equipment and the changes in such investment. Specifically, we are instructed to determine Fair Value and depreciation charges associated with the nominated class of assets for use in Council's General Purpose Financial Statements.
Date of Valuation	1 July 2024
Asset Overview	The assets that are the subject of this report consist of Council owned Car Parks as identified in the attached register. Council's Car Parks are located on Council owned freehold land. Asset Register and Fair Value Schedule is attached.
The Valuation Premise	When measuring Fair Value an entity shall take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Such characteristics include, for example, the following: (a) the condition and location of the asset; and b) restrictions, if any, on the sale or use of the asset. The asset or liability measured at Fair Value might be either of the following: a) a stand-alone asset: or b) a group of assets. In this instance, the assets that are the subject of the valuation benefit from being considered as belonging to a group of assets.

The Transaction	<p>AASB 13 discusses the concepts of principal market and most advantageous market. In accordance with these concepts, a market transaction takes place either:</p> <ul style="list-style-type: none"> a) In the principal market for the asset: or b) In the absence of a principal market, the most advantageous market. <p>Note: Although an entity must be able to access the market, the entity does not need to be able to sell the particular asset or transfer the particular liability on the measurement date to be able to measure fair value on the basis of the price in that market.</p> <p>Even when there is no observable market to provide pricing information about the sale of an asset or the transfer of a liability at the measurement date, a Fair Value measurement shall assume that a transaction takes place at that date, considered from the perspective of a market participant that holds the asset or owes the liability. The assumed transaction establishes a basis for estimating the price to sell the asset or transfer the liability.</p> <p>In this instance, the assets that are the subject of this report are situated on land with restrictions on sale and use which preclude them from the principal market. On this basis, it is assumed that the hypothetical transfer of the assets take place in 'the most advantageous market'. Such assets have been valued utilising the cost approach.</p>
The Price	<p>AASB 13 specifies that the price in the principal (or most advantageous) market used to measure the Fair Value of the asset or liability shall not be adjusted for transaction costs. Transaction costs shall be accounted for in accordance with other Australian Accounting Standards. Transaction costs are not a characteristic of an asset or a liability; rather, they are specific to a transaction and will differ depending on how an entity enters into a transaction for the asset or liability.</p> <p>Transaction costs do not include transport costs. If location is a characteristic of the asset (as might be the case, for example, for a commodity), the price in the principal (or most advantageous) market shall be adjusted for the costs, if any, that would be incurred to transport the asset from its current location to that market.</p>
AASB 2022-10	<p>Pursuant to AASB 022-10 certain amendments apply to AASB 13 Fair Value Measurement for annual periods beginning on or after 1 January 2024. In this instance, the most relevant amendment relates to the calculation of replacement cost of a reference asset using the cost approach (F11-F15). More specifically, we refer to F13 which provides guidance as to the inclusion of site preparation costs in the calculation of replacement costs.</p>

Highest and Best Use	<p>Fair Value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The highest and best use of a non-financial asset takes into account the use of the asset that is physically possible, legally permissible and financially feasible. Highest and best use is determined from the perspective of market participants, even if the entity intends a different use. However, an entity's current use of a non-financial asset is presumed to be its highest and best use unless market or other factors suggest that a different use by market participants would maximise the value of the asset. Notwithstanding the aforementioned criteria, the entity is only required to consider whether highest and best use differs from current use when;</p> <ul style="list-style-type: none"> a) It is classified as held for sale pursuant to AASB 5, and/or b) If it is probable that the asset will be used for an alternative purpose to its current use. <p>Therefore, current use is presumed to be its highest and best use unless other market factors suggest that a different use by market participants would maximise the market value of the asset.</p>
Valuation Approach	<p>AASB 13 endorses the following valuation techniques in the measurement of Fair Value:</p> <ul style="list-style-type: none"> ▪ Market Approach ▪ Cost Approach ▪ Income Approach <p>In this instance, the assets that are the subject of revaluation are deemed to be specialised assets, i.e., public sector assets with no alternative use.</p> <p>In the case of specialised assets, the valuer is directed to adopt the Cost Approach in undertaking the revaluation. Cost Approach is described in AASB 13 as follows:</p> <p><i>A valuation technique that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost).</i></p> <p>More particularly, the Fair Value of the assets that are the subject of this report have been determined with reference to their depreciated replacement cost (or written down current cost) which may be described as follows:</p> <p><i>The lower of replacement cost or reproduction cost, less accumulated depreciation.</i></p>
Depreciation	<p>AASB 116 specifies – <i>each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.</i></p> <p>The above requirement may be achieved through 'componentisation'. In this instance the level of componentisation has been agreed in consultation with Council. More specifically, Council's Car Parks have been componentised into car park pavement and car park seal for depreciation purposes.</p>

City of Holdfast Bay
 Valuations for Financial Reporting Purposes
 Transport Assets (Car Parks) as at 1 July 2024

Depreciation Method	<p>AASB 116 specifies that the depreciation method used shall reflect the pattern in which the asset's future economic benefits are expected to be consumed by the entity.</p> <p>Council utilises the straight-line method of depreciation to systematically allocate the depreciable amount of assets. The straight-line method of depreciation may be described as follows:</p> <p><i>The allocation of the cost of consumption of an asset equally per period over its useful life.</i></p>												
Useful Life	<p>In the case of Transport Assets, useful life is defined as the period over which the asset is expected to be available for use by the entity.</p> <p>In this instance, the valuer has adopted the asset useful lives in consultation with Council as specified at component level in the attached Asset Register and Fair Value Schedule.</p>												
Remaining Life	<p>The remaining life of the assets and/or asset components are a function of asset condition and useful life.</p>												
Asset Condition	<p>The condition of each asset and/or asset component was provided by Council via a combination of external audits (Sprutt Engineering Consultants and Infrastructure Management Group) and internal audits as further detailed in the attached City of Holdfast Bay Revaluation Methodology Document. The asset condition regime adopted by the consultant and the valuer may be broadly interpreted as follows:</p> <table> <thead> <tr> <th>Condition</th><th>Condition Description</th></tr> </thead> <tbody> <tr> <td>1</td><td>Very Good - new, sound physical condition, no work required.</td></tr> <tr> <td>2</td><td>Good – acceptable physical condition, minimal risk of failure but potential for deterioration, only minor work required (if any).</td></tr> <tr> <td>3</td><td>Fair – significant deterioration evident, failure unlikely in the near future, however further deterioration likely. Renewal likely to be required in the medium term 5 - 10 years.</td></tr> <tr> <td>4</td><td>Poor – failure likely in the short term. Renewal likely to be required in the short term; 2 - 5 years.</td></tr> <tr> <td>5</td><td>Very Poor: failed or failure imminent/safety risk. Refurbishment, replacement or removal required as a priority.</td></tr> </tbody> </table>	Condition	Condition Description	1	Very Good - new, sound physical condition, no work required.	2	Good – acceptable physical condition, minimal risk of failure but potential for deterioration, only minor work required (if any).	3	Fair – significant deterioration evident, failure unlikely in the near future, however further deterioration likely. Renewal likely to be required in the medium term 5 - 10 years.	4	Poor – failure likely in the short term. Renewal likely to be required in the short term; 2 - 5 years.	5	Very Poor: failed or failure imminent/safety risk. Refurbishment, replacement or removal required as a priority.
Condition	Condition Description												
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5	Very Poor: failed or failure imminent/safety risk. Refurbishment, replacement or removal required as a priority.												
Residual Values	<p>AASB 116 defines residual value as <i>'the estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life'</i>.</p> <p>Residual values are deemed not to apply to the assets that are the subject of this revaluation.</p>												


City of Holdfast Bay
 Valuations for Financial Reporting Purposes
 Transport Assets (Car Parks) as at 1 July 2024

Fair Value Hierarchy	<p>To increase consistency and comparability in Fair Value measurement, AASB 13 establishes a Fair Value hierarchy that categorises into three levels the inputs to valuation techniques used to measure Fair Value. The Fair Value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs) as further defined hereunder:</p> <p>Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.</p> <p>Level 2 Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.</p> <p>Level 3 Unobservable inputs for the asset or liability. Unobservable inputs shall be used to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.</p> <p>The characteristics of assets held by the various tiers of Government generally preclude the availability of observable input data for identical assets. As they are often unique and not traded on a regular basis, Fair Value measurement is generally arrived at by observation of Level 2 or Level 3 inputs.</p> <p>In this instance, and by reference to the Fair Value Hierarchy detailed above, the inputs to the valuations that are the subject of this report are classified as Level 3 inputs (arising from utilisation of the Cost Approach).</p>
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Disclaimer	<p>We have utilised the following defined terms in this disclaimer:</p> <p>“PPP” means Public Private Property Pty Ltd.</p> <p>“Valuer” means Andrea Carolan.</p> <p>“Client” means City of Holdfast Bay.</p> <p>“Property” means Transport Assets as detailed in attached asset register.</p> <p>1. General</p> <p>1.1 This valuation is current as at the date of valuation only and can only be regarded as representing PPP’s opinion as at that date. The valuation may change significantly and unexpectedly over a short period of time due to changes in market conditions and circumstances. PPP does not accept any liability for loss or damage arising from any change in conditions or circumstances that affect value after the date of valuation.</p> <p>1.2 This valuation has been prepared only for the use of the Client and only for the purposes of the application of Financial Reporting pursuant to Australian Accounting Standards AASB 116 Property, Plant and Equipment and AASB 13 Fair Value Measurement. This valuation should not be relied upon by the Client for any other purpose.</p> <p>1.3 This valuation has not been prepared for mortgage finance purposes and PPP does not accept any liability to any third party who may use or rely on this valuation.</p> <p>1.4 The terms of this valuation are private and confidential and should not be provided by the Client to any third party without the prior written consent of PPP.</p> <p>1.5 PPP warrants that:</p> <p>1.5.1 the Valuer holds the required qualifications to lawfully practice as a valuer; and</p> <p>1.5.2 neither PPP nor the Valuer has a pecuniary interest that could conflict with the proper valuation of the Property.</p> <p>1.6 This valuation is not intended to constitute financial advice and we confirm that neither PPP nor the Valuer is licenced to provide financial advice under the Corporations Act 2001 (Cth).</p> <p>2. Qualifications and assumptions</p> <p>2.1 Unless explicitly stated elsewhere in this valuation, in preparing this valuation PPP has made the following assumptions regarding the Property.</p>
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	<p>2.1.1 Full and frank disclosure: The valuation has been prepared on the assumption that full and frank disclosure of all information and facts relevant to the value of the Property have been disclosed to PPP.</p> <p>2.1.2 Environmental:</p> <p>2.1.2.1 Contamination: PPP has not undertaken an environmental audit of the Property. PPP has undertaken the following steps to determine if there are any obvious signs of contamination of the Property:</p> <ul style="list-style-type: none"> • site inspection; • review of historical use of the Property; <p>The valuation has been prepared on the basis that the soil and groundwater are not contaminated.</p> <p>2.1.2.2 The Property is free from any other adverse environmental issues (including without limitation susceptibility to potential flooding or landslides);</p> <p>The Client will promptly advise PPP if any of the above assumptions is incorrect. PPP reserves the right to review and if required, to review its valuation if any of the above assumptions is incorrect.</p>
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City of Holdfast Bay
 Valuations for Financial Reporting Purposes
 Transport Assets (Car Parks) as at 1 July 2024

Relevant Dates	Date of Valuation				1 July 2024
	Date of Report				17 April 2025
Bus Stops	Current Replacement Cost	Accumulated Depreciation	Annual Depreciation	Fair Value	
				1 July 2024	
	\$6,129,188	\$1,614,981	\$97,212	\$4,514,207	
Certifying Valuer	Andrea Carolan FAPI Certified Practising Valuer API No: 63983 				
Attachments	Asset Register and Fair Value Schedule City of Holdfast Bay Revaluation Methodology				

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Valuations for Financial Reporting Purposes

AASB 116 Property, Plant and Equipment

AASB 13 Fair Value Measurement

Transport Assets (Footpaths and Kerb Ramps)

As at 1 July 2024

City of Holdfast Bay

17 April 2025



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City of Holdfast Bay
 Valuations for Financial Reporting Purposes
 Transport Assets (Footpaths and Kerb Ramps) as at 1 July 2024

Instructions	The valuations prepared herein are in response to instructions received from the City of Holdfast Bay ('Council') on 10 February 2025.
Accounting Standards	AASB 116 Property, Plant and Equipment AASB 13 Fair Value Measurement
Asset Class (Non-Current)	Transport Assets – Footpaths and Kerb Ramps
Valuation Basis	The basis of valuation as prescribed in AASB 116 Property, Plant and Equipment is Fair Value. AASB 13 defines Fair Value as follows: <i>The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.</i>
Project Scope	The objective of Australian Accounting Standard AASB 116 is to prescribe accounting treatment for <i>property, plant and equipment</i> so that users of the financial statements can discern information about an entity's investment in its property, plant and equipment and the changes in such investment. Specifically, we are instructed to determine Fair Value and depreciation charges associated with the nominated class of assets for use in Council's General Purpose Financial Statements.
Date of Valuation	1 July 2024
Asset Overview	The assets that are the subject of this report consist of Council owned Footpaths and Kerb Ramps. Council's Footpaths and Kerb Ramps Bus Stops are located on land forming part of Council's public road network. Asset Register and Fair Value Schedule is attached.
The Valuation Premise	When measuring Fair Value an entity shall take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Such characteristics include, for example, the following: (a) the condition and location of the asset; and b) restrictions, if any, on the sale or use of the asset. The asset or liability measured at Fair Value might be either of the following: a) a stand-alone asset: or b) a group of assets. In this instance, the assets that are the subject of the valuation benefit from being considered as belonging to a group of assets.

The Transaction	<p>AASB 13 discusses the concepts of principal market and most advantageous market. In accordance with these concepts, a market transaction takes place either:</p> <ul style="list-style-type: none"> a) In the principal market for the asset: or b) In the absence of a principal market, the most advantageous market. <p>Note: Although an entity must be able to access the market, the entity does not need to be able to sell the particular asset or transfer the particular liability on the measurement date to be able to measure fair value on the basis of the price in that market.</p> <p>Even when there is no observable market to provide pricing information about the sale of an asset or the transfer of a liability at the measurement date, a Fair Value measurement shall assume that a transaction takes place at that date, considered from the perspective of a market participant that holds the asset or owes the liability. The assumed transaction establishes a basis for estimating the price to sell the asset or transfer the liability.</p> <p>In this instance, the assets that are the subject of this report are situated on land with restrictions on sale and use which preclude them from the principal market. On this basis, it is assumed that the hypothetical transfer of the assets take place in 'the most advantageous market'. Such assets have been valued utilising the cost approach.</p>
The Price	<p>AASB 13 specifies that the price in the principal (or most advantageous) market used to measure the Fair Value of the asset or liability shall not be adjusted for transaction costs. Transaction costs shall be accounted for in accordance with other Australian Accounting Standards. Transaction costs are not a characteristic of an asset or a liability; rather, they are specific to a transaction and will differ depending on how an entity enters into a transaction for the asset or liability.</p> <p>Transaction costs do not include transport costs. If location is a characteristic of the asset (as might be the case, for example, for a commodity), the price in the principal (or most advantageous) market shall be adjusted for the costs, if any, that would be incurred to transport the asset from its current location to that market.</p>
AASB 2022-10	<p>Pursuant to AASB 022-10 certain amendments apply to AASB 13 Fair Value Measurement for annual periods beginning on or after 1 January 2024. In this instance, the most relevant amendment relates to the calculation of replacement cost of a reference asset using the cost approach (F11-F15). More specifically, we refer to F13 which provides guidance as to the inclusion of site preparation costs in the calculation of replacement costs.</p>

Highest and Best Use	<p>Fair Value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The highest and best use of a non-financial asset takes into account the use of the asset that is physically possible, legally permissible and financially feasible. Highest and best use is determined from the perspective of market participants, even if the entity intends a different use. However, an entity's current use of a non-financial asset is presumed to be its highest and best use unless market or other factors suggest that a different use by market participants would maximise the value of the asset. Notwithstanding the aforementioned criteria, the entity is only required to consider whether highest and best use differs from current use when;</p> <p>a) It is classified as held for sale pursuant to AASB 5, and/or</p> <p>b) If it is probable that the asset will be used for an alternative purpose to its current use.</p> <p>Therefore, current use is presumed to be its highest and best use unless other market factors suggest that a different use by market participants would maximise the market value of the asset.</p>
Valuation Approach	<p>AASB 13 endorses the following valuation techniques in the measurement of Fair Value:</p> <ul style="list-style-type: none"> ▪ Market Approach ▪ Cost Approach ▪ Income Approach <p>In this instance, the assets that are the subject of revaluation are deemed to be specialised assets, i.e., public sector assets with no alternative use.</p> <p>In the case of specialised assets, the valuer is directed to adopt the Cost Approach in undertaking the revaluation. Cost Approach is described in AASB 13 as follows:</p> <p><i>A valuation technique that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost).</i></p> <p>More particularly, the Fair Value of the assets that are the subject of this report have been determined with reference to their depreciated replacement cost (or written down current cost) which may be described as follows:</p> <p><i>The lower of replacement cost or reproduction cost, less accumulated depreciation.</i></p>
Depreciation	<p>AASB 116 specifies – <i>each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.</i></p> <p>The above requirement may be achieved through 'componentisation'. In this instance the level of componentisation has been agreed in consultation with Council. More specifically, Council's Footpaths and Kerb Ramps have been captured and valued separately for depreciation purposes.</p>

City of Holdfast Bay
 Valuations for Financial Reporting Purposes
 Transport Assets (Footpaths and Kerb Ramps) as at 1 July 2024

Depreciation Method	<p>AASB 116 specifies that the depreciation method used shall reflect the pattern in which the asset's future economic benefits are expected to be consumed by the entity.</p> <p>Council utilises the straight-line method of depreciation to systematically allocate the depreciable amount of assets. The straight-line method of depreciation may be described as follows:</p> <p><i>The allocation of the cost of consumption of an asset equally per period over its useful life.</i></p>												
Useful Life	<p>In the case of Transport Assets, useful life is defined as the period over which the asset is expected to be available for use by the entity.</p> <p>In this instance, the valuer has adopted the asset useful lives in consultation with Council as specified at component level in the attached Asset Register and Fair Value Schedule.</p>												
Remaining Life	<p>The remaining life of the assets and/or asset components are a function of asset condition and useful life.</p>												
Asset Condition	<p>The condition of each asset and/or asset component was provided by Council via a combination of external audits (Sprutt Engineering Consultants and Infrastructure Management Group) and internal audits as further detailed in the attached City of Holdfast Bay Revaluation Methodology Document. The asset condition regime adopted by the consultant and the valuer may be broadly interpreted as follows:</p> <table> <thead> <tr> <th>Condition</th><th>Condition Description</th></tr> </thead> <tbody> <tr> <td>1</td><td>Very Good - new, sound physical condition, no work required.</td></tr> <tr> <td>2</td><td>Good – acceptable physical condition, minimal risk of failure but potential for deterioration, only minor work required (if any).</td></tr> <tr> <td>3</td><td>Fair – significant deterioration evident, failure unlikely in the near future, however further deterioration likely. Renewal likely to be required in the medium term 5 - 10 years.</td></tr> <tr> <td>4</td><td>Poor – failure likely in the short term. Renewal likely to be required in the short term; 2 - 5 years.</td></tr> <tr> <td>5</td><td>Very Poor: failed or failure imminent/safety risk. Refurbishment, replacement or removal required as a priority.</td></tr> </tbody> </table>	Condition	Condition Description	1	Very Good - new, sound physical condition, no work required.	2	Good – acceptable physical condition, minimal risk of failure but potential for deterioration, only minor work required (if any).	3	Fair – significant deterioration evident, failure unlikely in the near future, however further deterioration likely. Renewal likely to be required in the medium term 5 - 10 years.	4	Poor – failure likely in the short term. Renewal likely to be required in the short term; 2 - 5 years.	5	Very Poor: failed or failure imminent/safety risk. Refurbishment, replacement or removal required as a priority.
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Residual Values	<p>AASB 116 defines residual value as <i>'the estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life'</i>.</p> <p>Residual values are deemed not to apply to the assets that are the subject of this revaluation.</p>												

City of Holdfast Bay

Valuations for Financial Reporting Purposes

Transport Assets (Footpaths and Kerb Ramps) as at 1 July 2024


Fair Value Hierarchy	<p>To increase consistency and comparability in Fair Value measurement, AASB 13 establishes a Fair Value hierarchy that categorises into three levels the inputs to valuation techniques used to measure Fair Value. The Fair Value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs) as further defined hereunder:</p> <p>Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.</p> <p>Level 2 Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.</p> <p>Level 3 Unobservable inputs for the asset or liability. Unobservable inputs shall be used to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.</p> <p>The characteristics of assets held by the various tiers of Government generally preclude the availability of observable input data for identical assets. As they are often unique and not traded on a regular basis, Fair Value measurement is generally arrived at by observation of Level 2 or Level 3 inputs.</p> <p>In this instance, and by reference to the Fair Value Hierarchy detailed above, the inputs to the valuations that are the subject of this report are classified as Level 3 inputs (arising from utilisation of the Cost Approach).</p>
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Disclaimer	<p>We have utilised the following defined terms in this disclaimer:</p> <p>“PPP” means Public Private Property Pty Ltd.</p> <p>“Valuer” means Andrea Carolan.</p> <p>“Client” means City of Holdfast Bay.</p> <p>“Property” means Transport Assets as detailed in attached asset register.</p> <p>1. General</p> <p>1.1 This valuation is current as at the date of valuation only and can only be regarded as representing PPP’s opinion as at that date. The valuation may change significantly and unexpectedly over a short period of time due to changes in market conditions and circumstances. PPP does not accept any liability for loss or damage arising from any change in conditions or circumstances that affect value after the date of valuation.</p> <p>1.2 This valuation has been prepared only for the use of the Client and only for the purposes of the application of Financial Reporting pursuant to Australian Accounting Standards AASB 116 Property, Plant and Equipment and AASB 13 Fair Value Measurement. This valuation should not be relied upon by the Client for any other purpose.</p> <p>1.3 This valuation has not been prepared for mortgage finance purposes and PPP does not accept any liability to any third party who may use or rely on this valuation.</p> <p>1.4 The terms of this valuation are private and confidential and should not be provided by the Client to any third party without the prior written consent of PPP.</p> <p>1.5 PPP warrants that:</p> <p>1.5.1 the Valuer holds the required qualifications to lawfully practice as a valuer; and</p> <p>1.5.2 neither PPP nor the Valuer has a pecuniary interest that could conflict with the proper valuation of the Property.</p> <p>1.6 This valuation is not intended to constitute financial advice and we confirm that neither PPP nor the Valuer is licenced to provide financial advice under the Corporations Act 2001 (Cth).</p> <p>2. Qualifications and assumptions</p> <p>2.1 Unless explicitly stated elsewhere in this valuation, in preparing this valuation PPP has made the following assumptions regarding the Property.</p>
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City of Holdfast Bay
 Valuations for Financial Reporting Purposes
 Transport Assets (Footpaths and Kerb Ramps) as at 1 July 2024

	<p>2.1.1 Full and frank disclosure: The valuation has been prepared on the assumption that full and frank disclosure of all information and facts relevant to the value of the Property have been disclosed to PPP.</p> <p>2.1.2 Environmental:</p> <p>2.1.2.1 Contamination: PPP has not undertaken an environmental audit of the Property. PPP has undertaken the following steps to determine if there are any obvious signs of contamination of the Property:</p> <ul style="list-style-type: none"> • site inspection; • review of historical use of the Property; <p>The valuation has been prepared on the basis that the soil and groundwater are not contaminated.</p> <p>2.1.2.2 The Property is free from any other adverse environmental issues (including without limitation susceptibility to potential flooding or landslides);</p> <p>The Client will promptly advise PPP if any of the above assumptions is incorrect. PPP reserves the right to review and if required, to review its valuation if any of the above assumptions is incorrect.</p>
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City of Holdfast Bay
 Valuations for Financial Reporting Purposes
 Transport Assets (Footpaths and Kerb Ramps) as at 1 July 2024

Relevant Dates	Date of Valuation				1 July 2024
	Date of Report				17 April 2025
Bus Stops	Current Replacement Cost	Accumulated Depreciation	Annual Depreciation	Fair Value	
				1 July 2024	
	\$81,257,222	\$29,465,085	\$1,558,005	\$51,792,136	
Certifying Valuer	Andrea Carolan FAPI Certified Practising Valuer API No: 63983 				
Attachments	Asset Register and Fair Value Schedule City of Holdfast Bay Revaluation Methodology				

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INFRASTRUCTURE AND PUBLIC SECTOR VALUATION SPECIALISTS

Valuations for Financial Reporting Purposes

AASB 116 Property, Plant and Equipment

AASB 13 Fair Value Measurement

Transport Assets (Kerb and Gutter)

As at 1 July 2024

City of Holdfast Bay

17 April 2025



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City of Holdfast Bay
 Valuations for Financial Reporting Purposes
 Transport Assets (Kerb and Gutter) as at 1 July 2024

Instructions	The valuations prepared herein are in response to instructions received from the City of Holdfast Bay ('Council') on 10 February 2025.
Accounting Standards	AASB 116 Property, Plant and Equipment AASB 13 Fair Value Measurement
Asset Class (Non-Current)	Transport Assets – Kerb and Gutter
Valuation Basis	The basis of valuation as prescribed in AASB 116 Property, Plant and Equipment is Fair Value. AASB 13 defines Fair Value as follows: <i>The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.</i>
Project Scope	The objective of Australian Accounting Standard AASB 116 is to prescribe accounting treatment for <i>property, plant and equipment</i> so that users of the financial statements can discern information about an entity's investment in its property, plant and equipment and the changes in such investment. Specifically, we are instructed to determine Fair Value and depreciation charges associated with the nominated class of assets for use in Council's General Purpose Financial Statements.
Date of Valuation	1 July 2024
Asset Overview	The assets that are the subject of this report consist of Council owned Kerbs and Gutters. Council's Kerb and Gutter Network are located on land forming part of Council's public road network. Asset Register and Fair Value Schedule is attached.
The Valuation Premise	When measuring Fair Value an entity shall take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Such characteristics include, for example, the following: (a) the condition and location of the asset; and b) restrictions, if any, on the sale or use of the asset. The asset or liability measured at Fair Value might be either of the following: a) a stand-alone asset: or b) a group of assets. In this instance, the assets that are the subject of the valuation benefit from being considered as belonging to a group of assets.

The Transaction	<p>AASB 13 discusses the concepts of principal market and most advantageous market. In accordance with these concepts, a market transaction takes place either:</p> <ul style="list-style-type: none"> a) In the principal market for the asset: or b) In the absence of a principal market, the most advantageous market. <p>Note: Although an entity must be able to access the market, the entity does not need to be able to sell the particular asset or transfer the particular liability on the measurement date to be able to measure fair value on the basis of the price in that market.</p> <p>Even when there is no observable market to provide pricing information about the sale of an asset or the transfer of a liability at the measurement date, a Fair Value measurement shall assume that a transaction takes place at that date, considered from the perspective of a market participant that holds the asset or owes the liability. The assumed transaction establishes a basis for estimating the price to sell the asset or transfer the liability.</p> <p>In this instance, the assets that are the subject of this report are situated on land with restrictions on sale and use which preclude them from the principal market. On this basis, it is assumed that the hypothetical transfer of the assets take place in 'the most advantageous market'. Such assets have been valued utilising the cost approach.</p>
The Price	<p>AASB 13 specifies that the price in the principal (or most advantageous) market used to measure the Fair Value of the asset or liability shall not be adjusted for transaction costs. Transaction costs shall be accounted for in accordance with other Australian Accounting Standards. Transaction costs are not a characteristic of an asset or a liability; rather, they are specific to a transaction and will differ depending on how an entity enters into a transaction for the asset or liability.</p> <p>Transaction costs do not include transport costs. If location is a characteristic of the asset (as might be the case, for example, for a commodity), the price in the principal (or most advantageous) market shall be adjusted for the costs, if any, that would be incurred to transport the asset from its current location to that market.</p>
AASB 2022-10	<p>Pursuant to AASB 022-10 certain amendments apply to AASB 13 Fair Value Measurement for annual periods beginning on or after 1 January 2024. In this instance, the most relevant amendment relates to the calculation of replacement cost of a reference asset using the cost approach (F11-F15). More specifically, we refer to F13 which provides guidance as to the inclusion of site preparation costs in the calculation of replacement costs.</p>

Highest and Best Use	<p>Fair Value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The highest and best use of a non-financial asset takes into account the use of the asset that is physically possible, legally permissible and financially feasible. Highest and best use is determined from the perspective of market participants, even if the entity intends a different use. However, an entity's current use of a non-financial asset is presumed to be its highest and best use unless market or other factors suggest that a different use by market participants would maximise the value of the asset. Notwithstanding the aforementioned criteria, the entity is only required to consider whether highest and best use differs from current use when;</p> <p>a) It is classified as held for sale pursuant to AASB 5, and/or</p> <p>b) If it is probable that the asset will be used for an alternative purpose to its current use.</p> <p>Therefore, current use is presumed to be its highest and best use unless other market factors suggest that a different use by market participants would maximise the market value of the asset.</p>
Valuation Approach	<p>AASB 13 endorses the following valuation techniques in the measurement of Fair Value:</p> <ul style="list-style-type: none"> ▪ Market Approach ▪ Cost Approach ▪ Income Approach <p>In this instance, the assets that are the subject of revaluation are deemed to be specialised assets, i.e., public sector assets with no alternative use.</p> <p>In the case of specialised assets, the valuer is directed to adopt the Cost Approach in undertaking the revaluation. Cost Approach is described in AASB 13 as follows:</p> <p><i>A valuation technique that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost).</i></p> <p>More particularly, the Fair Value of the assets that are the subject of this report have been determined with reference to their depreciated replacement cost (or written down current cost) which may be described as follows:</p> <p><i>The lower of replacement cost or reproduction cost, less accumulated depreciation.</i></p>
Depreciation	<p>AASB 116 specifies – <i>each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.</i></p> <p>The above requirement may be achieved through 'componentisation'. In this instance the level of componentisation has been agreed in consultation with Council. More specifically, Council's Kerbs and Gutters have been captured and valued separately for depreciation purposes.</p>

City of Holdfast Bay
 Valuations for Financial Reporting Purposes
 Transport Assets (Kerb and Gutter) as at 1 July 2024

Depreciation Method	<p>AASB 116 specifies that the depreciation method used shall reflect the pattern in which the asset's future economic benefits are expected to be consumed by the entity.</p> <p>Council utilises the straight-line method of depreciation to systematically allocate the depreciable amount of assets. The straight-line method of depreciation may be described as follows:</p> <p><i>The allocation of the cost of consumption of an asset equally per period over its useful life.</i></p>												
Useful Life	<p>In the case of Transport Assets, useful life is defined as the period over which the asset is expected to be available for use by the entity.</p> <p>In this instance, the valuer has adopted the asset useful lives in consultation with Council as specified at component level in the attached Asset Register and Fair Value Schedule.</p>												
Remaining Life	<p>The remaining life of the assets and/or asset components are a function of asset condition and useful life.</p>												
Asset Condition	<p>The condition of each asset and/or asset component was provided by Council via a combination of external audits (Sprutt Engineering Consultants and Infrastructure Management Group) and internal audits as further detailed in the attached City of Holdfast Bay Revaluation Methodology Document. The asset condition regime adopted by the consultant and the valuer may be broadly interpreted as follows:</p> <table> <thead> <tr> <th>Condition</th><th>Condition Description</th></tr> </thead> <tbody> <tr> <td>1</td><td>Very Good - new, sound physical condition, no work required.</td></tr> <tr> <td>2</td><td>Good – acceptable physical condition, minimal risk of failure but potential for deterioration, only minor work required (if any).</td></tr> <tr> <td>3</td><td>Fair – significant deterioration evident, failure unlikely in the near future, however further deterioration likely. Renewal likely to be required in the medium term 5 - 10 years.</td></tr> <tr> <td>4</td><td>Poor – failure likely in the short term. Renewal likely to be required in the short term; 2 - 5 years.</td></tr> <tr> <td>5</td><td>Very Poor: failed or failure imminent/safety risk. Refurbishment, replacement or removal required as a priority.</td></tr> </tbody> </table>	Condition	Condition Description	1	Very Good - new, sound physical condition, no work required.	2	Good – acceptable physical condition, minimal risk of failure but potential for deterioration, only minor work required (if any).	3	Fair – significant deterioration evident, failure unlikely in the near future, however further deterioration likely. Renewal likely to be required in the medium term 5 - 10 years.	4	Poor – failure likely in the short term. Renewal likely to be required in the short term; 2 - 5 years.	5	Very Poor: failed or failure imminent/safety risk. Refurbishment, replacement or removal required as a priority.
Condition	Condition Description												
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2	Good – acceptable physical condition, minimal risk of failure but potential for deterioration, only minor work required (if any).												
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4	Poor – failure likely in the short term. Renewal likely to be required in the short term; 2 - 5 years.												
5	Very Poor: failed or failure imminent/safety risk. Refurbishment, replacement or removal required as a priority.												
Residual Values	<p>AASB 116 defines residual value as <i>'the estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life'</i>.</p> <p>Residual values are deemed not to apply to the assets that are the subject of this revaluation.</p>												


City of Holdfast Bay
 Valuations for Financial Reporting Purposes
 Transport Assets (Kerb and Gutter) as at 1 July 2024

Fair Value Hierarchy	To increase consistency and comparability in Fair Value measurement, AASB 13 establishes a Fair Value hierarchy that categorises into three levels the inputs to valuation techniques used to measure Fair Value. The Fair Value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs) as further defined hereunder:
	<div>Level 1</div> <div>Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.</div>
	<div>Level 2</div> <div>Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.</div>
	<div>Level 3</div> <div>Unobservable inputs for the asset or liability. Unobservable inputs shall be used to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.</div>
	<p>The characteristics of assets held by the various tiers of Government generally preclude the availability of observable input data for identical assets. As they are often unique and not traded on a regular basis, Fair Value measurement is generally arrived at by observation of Level 2 or Level 3 inputs.</p> <p>In this instance, and by reference to the Fair Value Hierarchy detailed above, the inputs to the valuations that are the subject of this report are classified as Level 3 inputs (arising from utilisation of the Cost Approach).</p>

Disclaimer	<p>We have utilised the following defined terms in this disclaimer:</p> <p>“PPP” means Public Private Property Pty Ltd.</p> <p>“Valuer” means Andrea Carolan.</p> <p>“Client” means City of Holdfast Bay.</p> <p>“Property” means Transport Assets as detailed in attached asset register.</p> <p>1. General</p> <p>1.1 This valuation is current as at the date of valuation only and can only be regarded as representing PPP’s opinion as at that date. The valuation may change significantly and unexpectedly over a short period of time due to changes in market conditions and circumstances. PPP does not accept any liability for loss or damage arising from any change in conditions or circumstances that affect value after the date of valuation.</p> <p>1.2 This valuation has been prepared only for the use of the Client and only for the purposes of the application of Financial Reporting pursuant to Australian Accounting Standards AASB 116 Property, Plant and Equipment and AASB 13 Fair Value Measurement. This valuation should not be relied upon by the Client for any other purpose.</p> <p>1.3 This valuation has not been prepared for mortgage finance purposes and PPP does not accept any liability to any third party who may use or rely on this valuation.</p> <p>1.4 The terms of this valuation are private and confidential and should not be provided by the Client to any third party without the prior written consent of PPP.</p> <p>1.5 PPP warrants that:</p> <p>1.5.1 the Valuer holds the required qualifications to lawfully practice as a valuer; and</p> <p>1.5.2 neither PPP nor the Valuer has a pecuniary interest that could conflict with the proper valuation of the Property.</p> <p>1.6 This valuation is not intended to constitute financial advice and we confirm that neither PPP nor the Valuer is licenced to provide financial advice under the Corporations Act 2001 (Cth).</p> <p>2. Qualifications and assumptions</p> <p>2.1 Unless explicitly stated elsewhere in this valuation, in preparing this valuation PPP has made the following assumptions regarding the Property.</p>
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	<p>2.1.1 Full and frank disclosure: The valuation has been prepared on the assumption that full and frank disclosure of all information and facts relevant to the value of the Property have been disclosed to PPP.</p> <p>2.1.2 Environmental:</p> <p>2.1.2.1 Contamination: PPP has not undertaken an environmental audit of the Property. PPP has undertaken the following steps to determine if there are any obvious signs of contamination of the Property:</p> <ul style="list-style-type: none"> • site inspection; • review of historical use of the Property; <p>The valuation has been prepared on the basis that the soil and groundwater are not contaminated.</p> <p>2.1.2.2 The Property is free from any other adverse environmental issues (including without limitation susceptibility to potential flooding or landslides);</p> <p>The Client will promptly advise PPP if any of the above assumptions is incorrect. PPP reserves the right to review and if required, to review its valuation if any of the above assumptions is incorrect.</p>
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City of Holdfast Bay
 Valuations for Financial Reporting Purposes
 Transport Assets (Kerb and Gutter) as at 1 July 2024

Relevant Dates	Date of Valuation				1 July 2024
	Date of Report				17 April 2025
Bus Stops	Current Replacement Cost	Accumulated Depreciation	Annual Depreciation	Fair Value	
				1 July 2024	
	\$82,573,517	\$33,864,640	\$839,751	\$48,708,877	
Certifying Valuer	Andrea Carolan FAPI Certified Practising Valuer API No: 63983 				
Attachments	Asset Register and Fair Value Schedule City of Holdfast Bay Revaluation Methodology				

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Valuations for Financial Reporting Purposes

AASB 116 Property, Plant and Equipment

AASB 13 Fair Value Measurement

Transport Assets (Roads)

As at 1 July 2024

City of Holdfast Bay

17 April 2025



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City of Holdfast Bay
 Valuations for Financial Reporting Purposes
 Transport Assets (Roads) as at 1 July 2024

Instructions	The valuations prepared herein are in response to instructions received from the City of Holdfast Bay ('Council') on 10 February 2025.
Accounting Standards	AASB 116 Property, Plant and Equipment AASB 13 Fair Value Measurement
Asset Class (Non-Current)	Transport Assets – Roads
Valuation Basis	The basis of valuation as prescribed in AASB 116 Property, Plant and Equipment is Fair Value. AASB 13 defines Fair Value as follows: <i>The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.</i>
Project Scope	The objective of Australian Accounting Standard AASB 116 is to prescribe accounting treatment for <i>property, plant and equipment</i> so that users of the financial statements can discern information about an entity's investment in its property, plant and equipment and the changes in such investment. Specifically, we are instructed to determine Fair Value and depreciation charges associated with the nominated class of assets for use in Council's General Purpose Financial Statements.
Date of Valuation	1 July 2024
Asset Overview	The assets that are the subject of this report consist of Council's public road network located within road reserve. Asset Register and Fair Value Schedule is attached.
The Valuation Premise	When measuring Fair Value an entity shall take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Such characteristics include, for example, the following: (a) the condition and location of the asset; and b) restrictions, if any, on the sale or use of the asset. The asset or liability measured at Fair Value might be either of the following: a) a stand-alone asset: or b) a group of assets. In this instance, the assets that are the subject of the valuation benefit from being considered as belonging to a group of assets.

The Transaction	<p>AASB 13 discusses the concepts of principal market and most advantageous market. In accordance with these concepts, a market transaction takes place either:</p> <ul style="list-style-type: none"> a) In the principal market for the asset: or b) In the absence of a principal market, the most advantageous market. <p>Note: Although an entity must be able to access the market, the entity does not need to be able to sell the particular asset or transfer the particular liability on the measurement date to be able to measure fair value on the basis of the price in that market.</p> <p>Even when there is no observable market to provide pricing information about the sale of an asset or the transfer of a liability at the measurement date, a Fair Value measurement shall assume that a transaction takes place at that date, considered from the perspective of a market participant that holds the asset or owes the liability. The assumed transaction establishes a basis for estimating the price to sell the asset or transfer the liability.</p> <p>In this instance, the assets that are the subject of this report are situated on land with restrictions on sale and use which preclude them from the principal market. On this basis, it is assumed that the hypothetical transfer of the assets take place in 'the most advantageous market'. Such assets have been valued utilising the cost approach.</p>
The Price	<p>AASB 13 specifies that the price in the principal (or most advantageous) market used to measure the Fair Value of the asset or liability shall not be adjusted for transaction costs. Transaction costs shall be accounted for in accordance with other Australian Accounting Standards. Transaction costs are not a characteristic of an asset or a liability; rather, they are specific to a transaction and will differ depending on how an entity enters into a transaction for the asset or liability.</p> <p>Transaction costs do not include transport costs. If location is a characteristic of the asset (as might be the case, for example, for a commodity), the price in the principal (or most advantageous) market shall be adjusted for the costs, if any, that would be incurred to transport the asset from its current location to that market.</p>
AASB 2022-10	<p>Pursuant to AASB 022-10 certain amendments apply to AASB 13 Fair Value Measurement for annual periods beginning on or after 1 January 2024. In this instance, the most relevant amendment relates to the calculation of replacement cost of a reference asset using the cost approach (F11-F15). More specifically, we refer to F13 which provides guidance as to the inclusion of site preparation costs in the calculation of replacement costs.</p>

Highest and Best Use	<p>Fair Value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The highest and best use of a non-financial asset takes into account the use of the asset that is physically possible, legally permissible and financially feasible. Highest and best use is determined from the perspective of market participants, even if the entity intends a different use. However, an entity's current use of a non-financial asset is presumed to be its highest and best use unless market or other factors suggest that a different use by market participants would maximise the value of the asset. Notwithstanding the aforementioned criteria, the entity is only required to consider whether highest and best use differs from current use when;</p> <p>a) It is classified as held for sale pursuant to AASB 5, and/or</p> <p>b) If it is probable that the asset will be used for an alternative purpose to its current use.</p> <p>Therefore, current use is presumed to be its highest and best use unless other market factors suggest that a different use by market participants would maximise the market value of the asset.</p>
Valuation Approach	<p>AASB 13 endorses the following valuation techniques in the measurement of Fair Value:</p> <ul style="list-style-type: none"> ▪ Market Approach ▪ Cost Approach ▪ Income Approach <p>In this instance, the assets that are the subject of revaluation are deemed to be specialised assets, i.e., public sector assets with no alternative use.</p> <p>In the case of specialised assets, the valuer is directed to adopt the Cost Approach in undertaking the revaluation. Cost Approach is described in AASB 13 as follows:</p> <p><i>A valuation technique that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost).</i></p> <p>More particularly, the Fair Value of the assets that are the subject of this report have been determined with reference to their depreciated replacement cost (or written down current cost) which may be described as follows:</p> <p><i>The lower of replacement cost or reproduction cost, less accumulated depreciation.</i></p>
Depreciation	<p>AASB 116 specifies – <i>each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.</i></p> <p>The above requirement may be achieved through 'componentisation'. In this instance the level of componentisation has been agreed in consultation with Council. More specifically, Council's Roads have been componentised into road sub-base, road pavement and road seal for depreciation purposes.</p>

City of Holdfast Bay
 Valuations for Financial Reporting Purposes
 Transport Assets (Roads) as at 1 July 2024

Depreciation Method	<p>AASB 116 specifies that the depreciation method used shall reflect the pattern in which the asset's future economic benefits are expected to be consumed by the entity.</p> <p>Council utilises the straight-line method of depreciation to systematically allocate the depreciable amount of assets. The straight-line method of depreciation may be described as follows:</p> <p><i>The allocation of the cost of consumption of an asset equally per period over its useful life.</i></p>												
Useful Life	<p>In the case of Transport Assets, useful life is defined as the period over which the asset is expected to be available for use by the entity.</p> <p>In this instance, the valuer has adopted the asset useful lives in consultation with Council as specified at component level in the attached Asset Register and Fair Value Schedule.</p>												
Remaining Life	<p>The remaining life of the assets and/or asset components are a function of asset condition and useful life.</p>												
Asset Condition	<p>The condition of each asset and/or asset component was provided by Council via a combination of external audits (Sprutt Engineering Consultants and Infrastructure Management Group) and internal audits as further detailed in the attached City of Holdfast Bay Revaluation Methodology Document. The asset condition regime adopted by the consultant and the valuer may be broadly interpreted as follows:</p> <table> <thead> <tr> <th>Condition</th><th>Condition Description</th></tr> </thead> <tbody> <tr> <td>1</td><td>Very Good - new, sound physical condition, no work required.</td></tr> <tr> <td>2</td><td>Good – acceptable physical condition, minimal risk of failure but potential for deterioration, only minor work required (if any).</td></tr> <tr> <td>3</td><td>Fair – significant deterioration evident, failure unlikely in the near future, however further deterioration likely. Renewal likely to be required in the medium term 5 - 10 years.</td></tr> <tr> <td>4</td><td>Poor – failure likely in the short term. Renewal likely to be required in the short term; 2 - 5 years.</td></tr> <tr> <td>5</td><td>Very Poor: failed or failure imminent/safety risk. Refurbishment, replacement or removal required as a priority.</td></tr> </tbody> </table>	Condition	Condition Description	1	Very Good - new, sound physical condition, no work required.	2	Good – acceptable physical condition, minimal risk of failure but potential for deterioration, only minor work required (if any).	3	Fair – significant deterioration evident, failure unlikely in the near future, however further deterioration likely. Renewal likely to be required in the medium term 5 - 10 years.	4	Poor – failure likely in the short term. Renewal likely to be required in the short term; 2 - 5 years.	5	Very Poor: failed or failure imminent/safety risk. Refurbishment, replacement or removal required as a priority.
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Residual Values	<p>AASB 116 defines residual value as <i>'the estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life'</i>.</p> <p>Residual values are deemed not to apply to the assets that are the subject of this revaluation.</p>												


City of Holdfast Bay
 Valuations for Financial Reporting Purposes
 Transport Assets (Roads) as at 1 July 2024

Fair Value Hierarchy	<p>To increase consistency and comparability in Fair Value measurement, AASB 13 establishes a Fair Value hierarchy that categorises into three levels the inputs to valuation techniques used to measure Fair Value. The Fair Value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs) as further defined hereunder:</p> <p>Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.</p> <p>Level 2 Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.</p> <p>Level 3 Unobservable inputs for the asset or liability. Unobservable inputs shall be used to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.</p> <p>The characteristics of assets held by the various tiers of Government generally preclude the availability of observable input data for identical assets. As they are often unique and not traded on a regular basis, Fair Value measurement is generally arrived at by observation of Level 2 or Level 3 inputs.</p> <p>In this instance, and by reference to the Fair Value Hierarchy detailed above, the inputs to the valuations that are the subject of this report are classified as Level 3 inputs (arising from utilisation of the Cost Approach).</p>
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Disclaimer	<p>We have utilised the following defined terms in this disclaimer:</p> <p>“PPP” means Public Private Property Pty Ltd.</p> <p>“Valuer” means Andrea Carolan.</p> <p>“Client” means City of Holdfast Bay.</p> <p>“Property” means Transport Assets as detailed in attached asset register.</p> <p>1. General</p> <p>1.1 This valuation is current as at the date of valuation only and can only be regarded as representing PPP’s opinion as at that date. The valuation may change significantly and unexpectedly over a short period of time due to changes in market conditions and circumstances. PPP does not accept any liability for loss or damage arising from any change in conditions or circumstances that affect value after the date of valuation.</p> <p>1.2 This valuation has been prepared only for the use of the Client and only for the purposes of the application of Financial Reporting pursuant to Australian Accounting Standards AASB 116 Property, Plant and Equipment and AASB 13 Fair Value Measurement. This valuation should not be relied upon by the Client for any other purpose.</p> <p>1.3 This valuation has not been prepared for mortgage finance purposes and PPP does not accept any liability to any third party who may use or rely on this valuation.</p> <p>1.4 The terms of this valuation are private and confidential and should not be provided by the Client to any third party without the prior written consent of PPP.</p> <p>1.5 PPP warrants that:</p> <p>1.5.1 the Valuer holds the required qualifications to lawfully practice as a valuer; and</p> <p>1.5.2 neither PPP nor the Valuer has a pecuniary interest that could conflict with the proper valuation of the Property.</p> <p>1.6 This valuation is not intended to constitute financial advice and we confirm that neither PPP nor the Valuer is licenced to provide financial advice under the Corporations Act 2001 (Cth).</p> <p>2. Qualifications and assumptions</p> <p>2.1 Unless explicitly stated elsewhere in this valuation, in preparing this valuation PPP has made the following assumptions regarding the Property.</p>
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	<p>2.1.1 Full and frank disclosure: The valuation has been prepared on the assumption that full and frank disclosure of all information and facts relevant to the value of the Property have been disclosed to PPP.</p> <p>2.1.2 Environmental:</p> <p>2.1.2.1 Contamination: PPP has not undertaken an environmental audit of the Property. PPP has undertaken the following steps to determine if there are any obvious signs of contamination of the Property:</p> <ul style="list-style-type: none"> • site inspection; • review of historical use of the Property; <p>The valuation has been prepared on the basis that the soil and groundwater are not contaminated.</p> <p>2.1.2.2 The Property is free from any other adverse environmental issues (including without limitation susceptibility to potential flooding or landslides);</p> <p>The Client will promptly advise PPP if any of the above assumptions is incorrect. PPP reserves the right to review and if required, to review its valuation if any of the above assumptions is incorrect.</p>
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City of Holdfast Bay
 Valuations for Financial Reporting Purposes
 Transport Assets (Roads) as at 1 July 2024

Relevant Dates	Date of Valuation				1 July 2024
	Date of Report				17 April 2025
Bus Stops	Current Replacement Cost	Accumulated Depreciation	Annual Depreciation	Fair Value	
				1 July 2024	
	\$207,668,037	\$65,477,228	\$2,544,259	\$142,190,808	
Certifying Valuer	Andrea Carolan FAPI Certified Practising Valuer API No: 63983 				
Attachments	Asset Register and Fair Value Schedule City of Holdfast Bay Revaluation Methodology				

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INFRASTRUCTURE AND PUBLIC SECTOR VALUATION SPECIALISTS

Valuations for Financial Reporting Purposes

AASB 116 Property, Plant and Equipment

AASB 13 Fair Value Measurement

Transport Assets (Traffic Control)

As at 1 July 2024

City of Holdfast Bay

17 April 2025



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City of Holdfast Bay
 Valuations for Financial Reporting Purposes
 Transport Assets (Traffic Control) as at 1 July 2024

Instructions	The valuations prepared herein are in response to instructions received from the City of Holdfast Bay ('Council') on 10 February 2025.
Accounting Standards	AASB 116 Property, Plant and Equipment AASB 13 Fair Value Measurement
Asset Class (Non-Current)	Transport Assets – Traffic Control
Valuation Basis	The basis of valuation as prescribed in AASB 116 Property, Plant and Equipment is Fair Value. AASB 13 defines Fair Value as follows: <i>The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.</i>
Project Scope	The objective of Australian Accounting Standard AASB 116 is to prescribe accounting treatment for <i>property, plant and equipment</i> so that users of the financial statements can discern information about an entity's investment in its property, plant and equipment and the changes in such investment. Specifically, we are instructed to determine Fair Value and depreciation charges associated with the nominated class of assets for use in Council's General Purpose Financial Statements.
Date of Valuation	1 July 2024
Asset Overview	The assets that are the subject of this report consist of Council's Traffic Control Devices forming part of Council's public road network. Asset Register and Fair Value Schedule is attached.
The Valuation Premise	When measuring Fair Value an entity shall take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Such characteristics include, for example, the following: (a) the condition and location of the asset; and b) restrictions, if any, on the sale or use of the asset. The asset or liability measured at Fair Value might be either of the following: a) a stand-alone asset: or b) a group of assets. In this instance, the assets that are the subject of the valuation benefit from being considered as belonging to a group of assets.

The Transaction	<p>AASB 13 discusses the concepts of principal market and most advantageous market. In accordance with these concepts, a market transaction takes place either:</p> <ul style="list-style-type: none"> a) In the principal market for the asset: or b) In the absence of a principal market, the most advantageous market. <p>Note: Although an entity must be able to access the market, the entity does not need to be able to sell the particular asset or transfer the particular liability on the measurement date to be able to measure fair value on the basis of the price in that market.</p> <p>Even when there is no observable market to provide pricing information about the sale of an asset or the transfer of a liability at the measurement date, a Fair Value measurement shall assume that a transaction takes place at that date, considered from the perspective of a market participant that holds the asset or owes the liability. The assumed transaction establishes a basis for estimating the price to sell the asset or transfer the liability.</p> <p>In this instance, the assets that are the subject of this report are situated on land with restrictions on sale and use which preclude them from the principal market. On this basis, it is assumed that the hypothetical transfer of the assets take place in 'the most advantageous market'. Such assets have been valued utilising the cost approach.</p>
The Price	<p>AASB 13 specifies that the price in the principal (or most advantageous) market used to measure the Fair Value of the asset or liability shall not be adjusted for transaction costs. Transaction costs shall be accounted for in accordance with other Australian Accounting Standards. Transaction costs are not a characteristic of an asset or a liability; rather, they are specific to a transaction and will differ depending on how an entity enters into a transaction for the asset or liability.</p> <p>Transaction costs do not include transport costs. If location is a characteristic of the asset (as might be the case, for example, for a commodity), the price in the principal (or most advantageous) market shall be adjusted for the costs, if any, that would be incurred to transport the asset from its current location to that market.</p>
AASB 2022-10	<p>Pursuant to AASB 022-10 certain amendments apply to AASB 13 Fair Value Measurement for annual periods beginning on or after 1 January 2024. In this instance, the most relevant amendment relates to the calculation of replacement cost of a reference asset using the cost approach (F11-F15). More specifically, we refer to F13 which provides guidance as to the inclusion of site preparation costs in the calculation of replacement costs.</p>

Highest and Best Use	<p>Fair Value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The highest and best use of a non-financial asset takes into account the use of the asset that is physically possible, legally permissible and financially feasible. Highest and best use is determined from the perspective of market participants, even if the entity intends a different use. However, an entity's current use of a non-financial asset is presumed to be its highest and best use unless market or other factors suggest that a different use by market participants would maximise the value of the asset. Notwithstanding the aforementioned criteria, the entity is only required to consider whether highest and best use differs from current use when;</p> <p>a) It is classified as held for sale pursuant to AASB 5, and/or</p> <p>b) If it is probable that the asset will be used for an alternative purpose to its current use.</p> <p>Therefore, current use is presumed to be its highest and best use unless other market factors suggest that a different use by market participants would maximise the market value of the asset.</p>
Valuation Approach	<p>AASB 13 endorses the following valuation techniques in the measurement of Fair Value:</p> <ul style="list-style-type: none"> ▪ Market Approach ▪ Cost Approach ▪ Income Approach <p>In this instance, the assets that are the subject of revaluation are deemed to be specialised assets, i.e., public sector assets with no alternative use.</p> <p>In the case of specialised assets, the valuer is directed to adopt the Cost Approach in undertaking the revaluation. Cost Approach is described in AASB 13 as follows:</p> <p><i>A valuation technique that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost).</i></p> <p>More particularly, the Fair Value of the assets that are the subject of this report have been determined with reference to their depreciated replacement cost (or written down current cost) which may be described as follows:</p> <p><i>The lower of replacement cost or reproduction cost, less accumulated depreciation.</i></p>
Depreciation	<p>AASB 116 specifies – <i>each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.</i></p> <p>The above requirement may be achieved through 'componentisation'. In this instance the level of componentisation has been agreed in consultation with Council. More specifically, Council's Traffic Control has been captured and valued separately to the Roads for depreciation purposes.</p>

City of Holdfast Bay
 Valuations for Financial Reporting Purposes
 Transport Assets (Traffic Control) as at 1 July 2024

Depreciation Method	<p>AASB 116 specifies that the depreciation method used shall reflect the pattern in which the asset's future economic benefits are expected to be consumed by the entity.</p> <p>Council utilises the straight-line method of depreciation to systematically allocate the depreciable amount of assets. The straight-line method of depreciation may be described as follows:</p> <p><i>The allocation of the cost of consumption of an asset equally per period over its useful life.</i></p>												
Useful Life	<p>In the case of Transport Assets, useful life is defined as the period over which the asset is expected to be available for use by the entity.</p> <p>In this instance, the valuer has adopted the asset useful lives in consultation with Council as specified at component level in the attached Asset Register and Fair Value Schedule.</p>												
Remaining Life	<p>The remaining life of the assets and/or asset components are a function of asset condition and useful life.</p>												
Asset Condition	<p>The condition of each asset and/or asset component was provided by Council via a combination of external audits (Sprutt Engineering Consultants and Infrastructure Management Group) and internal audits as further detailed in the attached City of Holdfast Bay Revaluation Methodology Document. The asset condition regime adopted by the consultant and the valuer may be broadly interpreted as follows:</p> <table> <thead> <tr> <th>Condition</th><th>Condition Description</th></tr> </thead> <tbody> <tr> <td>1</td><td>Very Good - new, sound physical condition, no work required.</td></tr> <tr> <td>2</td><td>Good – acceptable physical condition, minimal risk of failure but potential for deterioration, only minor work required (if any).</td></tr> <tr> <td>3</td><td>Fair – significant deterioration evident, failure unlikely in the near future, however further deterioration likely. Renewal likely to be required in the medium term 5 - 10 years.</td></tr> <tr> <td>4</td><td>Poor – failure likely in the short term. Renewal likely to be required in the short term; 2 - 5 years.</td></tr> <tr> <td>5</td><td>Very Poor: failed or failure imminent/safety risk. Refurbishment, replacement or removal required as a priority.</td></tr> </tbody> </table>	Condition	Condition Description	1	Very Good - new, sound physical condition, no work required.	2	Good – acceptable physical condition, minimal risk of failure but potential for deterioration, only minor work required (if any).	3	Fair – significant deterioration evident, failure unlikely in the near future, however further deterioration likely. Renewal likely to be required in the medium term 5 - 10 years.	4	Poor – failure likely in the short term. Renewal likely to be required in the short term; 2 - 5 years.	5	Very Poor: failed or failure imminent/safety risk. Refurbishment, replacement or removal required as a priority.
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Residual Values	<p>AASB 116 defines residual value as <i>'the estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life'</i>.</p> <p>Residual values are deemed not to apply to the assets that are the subject of this revaluation.</p>												


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Fair Value Hierarchy	To increase consistency and comparability in Fair Value measurement, AASB 13 establishes a Fair Value hierarchy that categorises into three levels the inputs to valuation techniques used to measure Fair Value. The Fair Value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs) as further defined hereunder:
	Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
	Level 2 Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
	Level 3 Unobservable inputs for the asset or liability. Unobservable inputs shall be used to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.
	<p>The characteristics of assets held by the various tiers of Government generally preclude the availability of observable input data for identical assets. As they are often unique and not traded on a regular basis, Fair Value measurement is generally arrived at by observation of Level 2 or Level 3 inputs.</p> <p>In this instance, and by reference to the Fair Value Hierarchy detailed above, the inputs to the valuations that are the subject of this report are classified as Level 3 inputs (arising from utilisation of the Cost Approach).</p>

Disclaimer	<p>We have utilised the following defined terms in this disclaimer:</p> <p>“PPP” means Public Private Property Pty Ltd.</p> <p>“Valuer” means Andrea Carolan.</p> <p>“Client” means City of Holdfast Bay.</p> <p>“Property” means Transport Assets as detailed in attached asset register.</p> <p>1. General</p> <p>1.1 This valuation is current as at the date of valuation only and can only be regarded as representing PPP’s opinion as at that date. The valuation may change significantly and unexpectedly over a short period of time due to changes in market conditions and circumstances. PPP does not accept any liability for loss or damage arising from any change in conditions or circumstances that affect value after the date of valuation.</p> <p>1.2 This valuation has been prepared only for the use of the Client and only for the purposes of the application of Financial Reporting pursuant to Australian Accounting Standards AASB 116 Property, Plant and Equipment and AASB 13 Fair Value Measurement. This valuation should not be relied upon by the Client for any other purpose.</p> <p>1.3 This valuation has not been prepared for mortgage finance purposes and PPP does not accept any liability to any third party who may use or rely on this valuation.</p> <p>1.4 The terms of this valuation are private and confidential and should not be provided by the Client to any third party without the prior written consent of PPP.</p> <p>1.5 PPP warrants that:</p> <p>1.5.1 the Valuer holds the required qualifications to lawfully practice as a valuer; and</p> <p>1.5.2 neither PPP nor the Valuer has a pecuniary interest that could conflict with the proper valuation of the Property.</p> <p>1.6 This valuation is not intended to constitute financial advice and we confirm that neither PPP nor the Valuer is licenced to provide financial advice under the Corporations Act 2001 (Cth).</p> <p>2. Qualifications and assumptions</p> <p>2.1 Unless explicitly stated elsewhere in this valuation, in preparing this valuation PPP has made the following assumptions regarding the Property.</p>
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	<p>2.1.1 Full and frank disclosure: The valuation has been prepared on the assumption that full and frank disclosure of all information and facts relevant to the value of the Property have been disclosed to PPP.</p> <p>2.1.2 Environmental:</p> <p>2.1.2.1 Contamination: PPP has not undertaken an environmental audit of the Property. PPP has undertaken the following steps to determine if there are any obvious signs of contamination of the Property:</p> <ul style="list-style-type: none"> • site inspection; • review of historical use of the Property; <p>The valuation has been prepared on the basis that the soil and groundwater are not contaminated.</p> <p>2.1.2.2 The Property is free from any other adverse environmental issues (including without limitation susceptibility to potential flooding or landslides);</p> <p>The Client will promptly advise PPP if any of the above assumptions is incorrect. PPP reserves the right to review and if required, to review its valuation if any of the above assumptions is incorrect.</p>
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City of Holdfast Bay
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Relevant Dates	Date of Valuation				1 July 2024
	Date of Report				17 April 2025
Bus Stops	Current Replacement Cost	Accumulated Depreciation	Annual Depreciation	Fair Value	
				1 July 2024	
	\$5,679,200	\$2,875,416	\$148,962	\$2,803,784	
Certifying Valuer	Andrea Carolan FAPI Certified Practising Valuer API No: 63983 				
Attachments	Asset Register and Fair Value Schedule City of Holdfast Bay Revaluation Methodology				

Item No: 8.8

Subject: NEW BORROWINGS 2024-25

Summary

Council secured \$25 million in new borrowings from the Local Government Finance Authority, consisting of a \$15 million Cash Advance Debenture (CAD) for flexible, short-term cashflow management, and a \$10 million fixed-term loan over 15 years at 5.39%. These borrowings align with Council's Treasury Management Policy, which promotes a diversified and flexible debt approach.

Recommendation

That the Audit and Risk Committee notes the update on new borrowings of \$25 million secured with the Local Government Finance Authority.

Background

To fund new capital expenditure in 2024-25 Council authorised the borrowing of \$10.91 million when adopting the annual budget on 25 June 2024 (C250624/7796). A further \$17.32 million was approved on 27 August 2024 (C270824/7857) to fund carried forward capital projects from 2023-24.

Report

In the past six months, several high-cost projects have commenced construction, including a \$5 million upgrade to stormwater infrastructure and the \$10 million stage 1 of the Transforming Jetty Road, Glenelg project. Alongside an existing \$14 million capital renewal program this has created the need for Council to source funding through new borrowings from the Local Government Finance Authority (LGFA). Council had previously approved total new borrowings of \$28.23 million to fund these and other capital works in the current budget.

Council's Treasury Management Policy states that we should maintain flexibility and capacity when borrowing and that these should comprise a mixture of:

- (i) maturity dates
- (ii) variable and fixed interest rates
- (iii) interest only and amortising loans
- (iv) cash advance debentures that enable principal draw down and repayment without penalty.

In accordance with this policy Council recently sought a mix of a fixed interest loan and a cash advanced debenture (CAD) from the LGFA to meet its financing needs. The flexibility this combination provides was also important in the context of recent world events which have

created volatile global markets and caused interest rates to fluctuate over a short period of time.

Council successfully obtained:

- a \$15 million Cash Advanced Debenture, enabling short-term cashflow management through flexible drawdowns and repayments. The current floating interest rate on the CAD is 5.75%.
- a \$10 million fixed-term debenture loan with a 15-year term at a 5.39% interest rate.

The additional CAD facility will help council manage its cashflow by allowing payment of budgeted expenditures as needed while allowing flexible repayments when positive cashflows are received, for example, at rates due dates.

Given market uncertainty, and in line with the Treasury Management Policy, it was deemed prudent to commit to a \$10 million fixed-term debenture loan over 15 years, at a rate of 5.39%. With the volatility in the market borrowing costs on the same terms have fluctuated since January from a high of 6.01% to a low of 5.39%. This has currently risen again to 5.52%.

As part of the 2024–25 budget process, council proposed a funding model for the Transforming Jetty Road, Glenelg project that included a general rate increase above Adelaide CPI to fund loan repayments. Based on a 5.53% interest rate, this equated to a 2.3% rate increase. Although the Treasury Management Policy discourages directly linking borrowings to specific projects, the slightly lower-than-expected interest rate, in this instance, was a positive outcome for responsible financial management.

With additional borrowings planned in the 2025-26 budget it is important that debt levels are closely monitored. To support transparency and financial oversight, council now includes debt reporting in its monthly publicly available finance reports. These show actual debt incurred versus total committed borrowings as outlined in the Long Term Financial Plan.

Budget

Budget provisions for the repayment of these new borrowings have been included in both the approved 2024–25 budget and the draft 2025–26 budget.

Life Cycle Costs

Not applicable

Strategic Plan

Statutory compliance

Council Policy

Treasury Management Policy

Statutory Provisions

Local Government Act 1999, section 134

Written By: Manager Finance

General Manager: Strategy and Corporate, Ms S Wachtel

Item No: 8.9

Subject: CYBER SECURITY PENETRATION TESTING

Summary

The 2025 penetration test, conducted by CyberCX, shows a significant improvement in the City of Holdfast Bay's cybersecurity posture compared to 2022. CyberCX noted that such progress is rare within two years. Key outcomes include a marked reduction in critical risks, increased resilience against known threats, and an advanced level of protection. Additionally, City of Holdfast Bay's Microsoft 365 security score is well above the global average for similar-sized organisations. These results underscore the effectiveness of council's ongoing cybersecurity strategy and commitment to continuous improvement.

Recommendation

That the Audit and Risk Committee notes this report.

Background

The City of Holdfast Bay (CoHB) Innovation & Technology Services (I&TS) commissioned CyberCX to conduct a comprehensive penetration test of their environment. This assessment included real-world threat testing of our external network, internal network, and Microsoft 365 environment. In addition to this, CyberCX played a pivotal role in the development of our Cybersecurity Framework. CyberCX's expertise and guidance were central in establishing robust security protocols and procedures tailored to CoHB's needs.

CoHB's ongoing arrangement with CyberCX includes regular penetration testing to ensure the continued security and resilience of CoHB's systems and infrastructure. With the changing security landscape, these tests are conducted periodically to identify and mitigate potential vulnerabilities, ensuring our cybersecurity measures remain up-to-date and effective against ever-evolving threats. CyberCX's continuous support and proactive approach have been invaluable in maintaining the integrity and security of our digital infrastructure.

Report

Key points from the penetration testing report include:

Significant Progress

The completed penetration testing highlights the substantial progress in enhancing the security posture of the City's infrastructure, data, and information. This bi-annual activity is part of CoHB's ongoing commitment to effectively managing cybersecurity through regular assessments and improvements.

Evolving Threat Landscape

Over the past two years, the threat landscape has evolved, necessitating continuous vigilance and adaptation. The 2025 penetration testing report demonstrates significant improvements compared to the 2022 assessment.

Key Highlights

- **Significant Uplift in Security:** CoHB has successfully addressed many of the previously identified risks, showcasing a robust enhancement in our security measures.
- **Effective Risk Management:** The reduction in critical and high-risk findings indicates that CoHB's proactive approach to risk management is yielding positive results.
- **Resilience Against Known Threats:** CyberCX reported that they could not penetrate the environment using any known tools or exploits, unlike during the 2022 testing. This underscores the effectiveness of the implemented security controls.
- **Advanced Security Posture:** For successful penetration of the environment, CyberCX indicated that it would require inside knowledge, privileged accounts, or custom attacks. This demonstrates the advanced level of security achieved.
- **Technical Risk Rating:** CyberCX provided a technical risk rating for all identified issues. All results were considered either unlikely or possible (can only be discovered manually using a custom exploit), indicating that while technical risks exist, their likelihood and potential impact on business operations are minimal.

Identified Risks

The report identified 28 medium and high-risk areas for action. These findings are due to the ever-changing threat landscape. Addressing these risks is critical for continuing to meet advanced threats that appear between testing cycles.

Microsoft 365 Security Score

CoHB's Microsoft 365 environment received a security score of 71.24/100, significantly higher than the average score of 43.51/100 for similar-sized organisations worldwide.

The continuous improvement process is a testament to the council's dedication to maintaining a secure environment. Regular penetration testing and subsequent remediation efforts are essential to council's cybersecurity strategy, ensuring we stay ahead of emerging threats and effectively protect their information and infrastructure.

The full report from CyberCX is available to Committee members upon request.

Budget

Not Applicable

Life Cycle Costs

Not Applicable

Strategic Plan

The cybersecurity activities align with council's strategic plans to enhance digital security and protect information and data assets through a risk-based framework. Measures such as regular penetration testing, monitoring and improving the security of the Microsoft 365 environment, and implementing standardised risk management practices aspires to continuously improve council's cybersecurity posture.

Council Policy

Not applicable

Statutory Provisions

Not applicable

Written By: Manager Innovation and Technology Services

General Manager: Strategy and Corporate, Ms S Wachtel