

His Worship the Mayor Councillors City of Marion

Notice of Finance, Risk and Audit Committee

Council Chamber, Council Administration Centre 245 Sturt Road, Sturt

Tuesday, 12 December 2023 at 2.00 pm

The CEO hereby gives Notice pursuant to the provisions under Section 83 of the *Local Government Act 1999* that a Finance, Risk and Audit Committee will be held.

A copy of the Agenda for this meeting is attached in accordance with Section 83 of the Act.

Meetings of the Council are open to the public and interested members of this community are welcome to attend. Access to the Council Chamber is via the main entrance to the Administration Centre on Sturt Road, Sturt.

Tony Harrison

Chief Executive Officer



1	OPEN MEETING	3
2	KAURNA ACKNOWLEDGEMENT	3
3	ELECTED MEMBER DECLARATION OF INTEREST (IF ANY)	3
4	CONFIRMATION OF MINUTES	3
	4.1 Confirmation of Minutes of the Finance, Risk and Audit Committee Meeting held on 9	
	November 2023	3
5	BUSINESS ARISING	17
	5.1 Business Arising Statement - Action Items	17
6	CONFIDENTIAL ITEMS - NIL	23
7	REPORTS FOR DISCUSSION	23
	7.1 Framework and Key Assumptions for the preparation of the 24-25 ABP and LTFP	23
	7.2 1st Budget Review 2023-2024	41
	7.3 Work Program and Meeting Schedule for 2024	63
	7.4 Finance, Risk and Audit Committee - Review of Terms of Reference	68
	7.5 Quarterly Risk Report Q1 2023-2024	79
	7.6 Insurance Market Review update	92
8	REPORTS FOR NOTING	99
	8.1 Annual Ombudsman Report 2022/23	99
	8.2 Council Member Report	103
9	WORKSHOP / PRESENTATION ITEMS	105
10	OTHER BUSINESS	105
11	MEETING CLOSURE	105



1 Open Meeting

2 Kaurna Acknowledgement

We acknowledge the Kaurna people, the traditional custodians of this land and pay our respects to their elders past and present.

3 Elected Member Declaration of Interest (if any)

4 Confirmation of Minutes

4.1 Confirmation of Minutes of the Finance, Risk and Audit Committee Meeting held on 9

November 2023

Report Reference FRAC231212R4.1

Originating Officer Unit Manager Governance and Council Support – Victoria Moritz

General Manager Chief Executive Officer – Tony Harrison

RECOMMENDATION

That the minutes of the Finance, Risk and Audit Committee Meeting held on 9 November 2023 be taken as read and confirmed.

ATTACHMENTS

1. FRA C 231109 - Final Minutes [**4.1.1** - 13 pages]



Minutes of the Finance, Risk and Audit Committee held on Thursday, 9 November 2023 at 9.00 am Council Chamber, Council Administration Centre 245 Sturt Road, Sturt

2



PRESENT

Ms Emma Hinchey (Chair) Mr Josh Hubbard Councillor Jason Veliskou Councillor Jayne Hoffmann

In Attendance

Chief Executive Officer - Tony Harrison

General Manager City Services - Ben Keen

General Manager Corporate Services - Angela Allison

Manager Office of the CEO - Kate McKenzie

Unit Manager Governance and Council Support - Victoria Moritz

Chief Financial Officer - Ray Barnwell

Manager People & Culture - Sarah Vinall

Chief Information Officer - Marcel Althoff

Unit Manager Positive Ageing & Inclusion - Rima Sallis

Mr Eric Beere - KPMG

Mr Haden Love - KPMG

Mr Tim Muhlhausler - Galpins

1 Open Meeting

The Chair opened the meeting at 9.06am.

2 Kaurna Acknowledgement

We acknowledge the Kaurna people, the traditional custodians of this land and pay our respects to their elders past and present.

3 Elected Member Declaration of Interest (if any)

The Chair asked if any member wished to disclose an interest in relation to any item being considered at the meeting

• Nil interests were disclosed.

4 Confirmation of Minutes



3

4.1 Confirmation of Minutes of the Finance, Risk and Audit Committee Meeting held on 15 August 2023

Report Reference

FRAC231109R4.1

Moved Councillor Veliskou

Seconded Mr Hubbard

That the minutes of the Finance, Risk and Audit Committee Meeting held on 15 August 2023 be taken as read and confirmed.

Carried Unanimously

5 Business Arising

5.1 Business Arising Statement - Action Items

Report Reference FRAC231109R5.1

Moved Mr Hubbard

Seconded Councillor Veliskou

That the Finance, Risk and Audit Committee:

1. Notes the business arising statement, meeting schedule and upcoming items.

Carried Unanimously

6 Confidential Items

6.1 Fraud Risk update 2022-2023

Report Reference

FRAC231109F6.1

Moved Councillor Veliskou

Seconded Mr Hubbard

That pursuant to Section 90(2) and (3)(e) of the Local Government Act 1999, the Committee orders that all persons present, with the exception of the following persons: Chief Executive Officer, Chief Financial Officer, General Manager City Development, General Manager City Services, General Manager Corporate Services, Manager Office of the Chief Executive, Unit Manager Governance and Council Support, Unit Manager Strategy and Risk, Risk Business Partner, be excluded from the meeting as the Committee receives and considers information relating to Fraud Risk update 2022-2023 upon the basis that the Council is satisfied that the requirement for the meeting to be conducted in a place open to the public has been outweighed by the need to keep consideration of the matter confidential given the information relates to matters affecting the security of the council.

Carried Unanimously

9.07am the meeting went into confidence

Moved Councillor Veliskou

Seconded Mr Hubbard



4

In accordance with Section 91(7) and (9) of the *Local Government Act 1999* the Committee orders that this report, Fraud Risk update 2022-2023, any appendices and the minutes arising from this report having been considered in confidence under Section 90(2) and (3)(e) of the Act, except when required to effect or comply with Council's resolution(s) regarding this matter, be kept confidential and not available for public inspection for a period of 12 months from the date of this meeting. This confidentiality order will be reviewed at the General Council Meeting in December 2023.

Carried Unanimously

9.14am the meeting came out of confidence

7 Reports for Discussion

7.1 Internal Audit Plan 2023-2025

Report Reference

FRAC231109R7.1

Mr Eric Beere and Mr Haden Love from KPMG were present for the item. Mr Beere introduced the item noting and introduced Mr Love who was the subject matter expert for the items and part of the national contracts and compliance team. Mr Love also was also involved in the Contractor Management review a few years ago.

Mr Love provided a summary and overview of the Contract Value for Money Report and Community Safety Report. Mr Love provided the following comments:

- The Contract Value for Money audit was completed as a collaborative audit with CCS and PAE. KPMG made three joint findings across the three Councils. One was a medium risk, one was a low risk and there was one performance improvement opportunity. The City of Marion had one low risk finding identified which was specific to Marion.
- There were several positive observations noted during the stakeholder consultation.
- The overall objectives were to review governance effectiveness and operating effectiveness with a financial focus.
- It was noted that building services contract were quite effective.
- The cleaning services contract was insightful, differing between councils, some demonstrating better practice than others.
- Improvements include building on previous work in relation to the contract framework, and a stronger focus on governance with oversight over monitoring operationalising the guide and framework and implementing the contract value risk profiling to understand the two categories.
- It was noted the contract register was not in place yet.
- The nominated contract reviewed appreciated value for money not just risk. There were some limitations in the data with some elements showing better practice.

Contract - Value for Money Report

The Committee discussed the following:

• The Committee further discussed what value for money means noting that some pockets were doing well. Mr Love commented this was the nature of the report lacking value for money data to look at it from a portfolio perspective. A performance regime should be in place to challenge the processes, highlighting the importance of this, although not a mandatory requirement from a policy perspective. It is key in an organisation such as this who are spending on community services and to ensure the community are receiving the benefits.



5

- It was noted this is the next part of the journey to include not just spending, but how this is dispersed. Currently good practices are left up to the contractor to manage rather than a portfolio.
- Management commented on the history of outsourcing contract management where multiple levels of contract management were established with little accountability. It was acknowledged that there is a place for outsourcing contract management, however there is balance in transitioning to the right hybrid model for accountability and service standards.
- Mr Love commented on allowing the right scrutiny in the sourcing strategy. There was a
 fundamental absence of capturing key contract portfolios and data to determine key
 indicators across the contract lifecycle process. Key data was critical to determine the
 portfolio and overlayed with the framework will provide financial and non-financial aspects.
- It was noted there was a gap in continuous improvement when reacting to complaints rather than being proactive.
- It was noted that when outsourcing a contract, you don't outsource the risk, however, need greater governance.
- The Committee discussed the initiation and tender process, querying the weighting of elements in comparison to financial elements.
- The Committee commented there was previously a larger emphasis on governance, however
 more emphasis was now placed on the collaborative effort. Management commented that
 the CEO's and key managers from the three councils would be coming together to discuss
 the approach moving forward.
- The Committee queried whether staff were comfortable with the findings commenting that some of them seemed unrealistic. Management noted there was a lot of discussion and negotiation around some of the findings and was considered a business priority. Management was comfortable with the findings overall as presented, noting they were keen to explore them in more detail. Management will also consider these in conjunction with the next audit on Tendering and how the findings from both can be considered wholistically.
- The audit provided a good understanding of where the organisation sits and focus areas for the next 6 months including education around understanding contract managers.
- The Committee discussed the payment terms and period payments especially for the cleaning contract. It was noted that although it was not standard practice to have prepayments in place, on occasions, this was required, acknowledging that in the cleaning industry this was not uncommon. The Committee suggested this needs a considered approach with rules in place and robust evidence to ensure any risk was managed. It as also noted that this was a low risk as the exposure in this particular instance was only for 1 month.
- The Committee queried the structure of the contract to ensure compliance between the contractor and its workers with management commenting they would explore the original evaluation tender to ensure compliance.

Action – Management to explore the original cleaning contract evaluation tender to ensure compliance between the contractor and its workers.

Community Safety Scope

The Committee discussed the scope and approach elements of the audit to ensure it includes community expectations. Mr Beere acknowledged that would consider and discuss this with the appropriate staff.

Moved Mr Hubbard

Seconded Councillor Veliskou



6

That the Finance, Risk and Audit Committee:

- 1. Considers and provides feedback on the:
 - a. Contract Value for Money Audit Report (Attachment 1)
 - b. Community Safety Scope (Attachment 2)

Carried Unanimously

7.2 Internal Audit Program – Implementation of Recommendations

Report Reference FRAC231109R7.2

The Committee discussed the status of the implementation of recommendations from the internal audit program and provided the following comments:

- The Committee expressed some concerns over the timeframes and time taken to complete
 and close out some of the items, referencing some of the recommendation in project
 carryovers and in relation to the CAMMS project management system.
- Management acknowledged that some areas had not progressed remedial action at the rate
 it should have. However, it was also noted that some of the recommendations have been
 superseded or are out of date. In relation to CAMMS the EMPO identified this was not fit for
 purpose and there was hesitation to complete the item it was no longer relevant. The
 organisation is currently working through identifying baseline requirements to progress this
 business need.
- Looking at the bigger picture, there had been improvement across the organisation in responding to internal audit action and the development of realistic and timely recommendations.
- The Committee queried the progress of the property management system. Management commented this was included in the IS Strategy, noting that it had been delayed to prioritise critical functions including financial force, sales force and Assetic. Elements relating to property management are still being appropriately monitored and reported on acknowledging the system would allow efficiencies.
- Management commented the highly comprehensive IT Strategy provides better opportunity to systematically roll out these programs and will look wholistically over a 10-year period.
- The Committee commented there may be a potential risk with several timeframes pushed out to 30 June 2024 creating a time crescendo. Management will consider this feedback.
- The Committee suggested reviewing the relevance of outstanding recommendations and development a structured approach to close out items which are no longer relevant. It also suggested to priories the recommendations based on underlying risk with many items running longer that the indicators set out I the report.
- Management agreed with the approach acknowledging there was a balance between closing out items and having the data in place to close out confidently, however will review these against the original intent and finding of the recommendation.

Moved Mr Hubbard

Seconded Councillor Hoffmann

That the Finance, Risk and Audit Committee:



1. Reviews and provides feedback on the Internal Audit Program (Attachment 1).

Carried Unanimously

7

The Chair sought and was granted leave of the meeting to vary the order of the agenda and consider the following items next in the meeting:

- 7.5 Independence of Council's Auditors
- 7.6 Annual Financial Statements for the year ended 30 June 2023
- 7.7 Meeting with the External Auditors in Confidence

7.5 Independence of Council's Auditors

Report Reference

FRAC221011R7.5

Moved Mr Hubbard Josh

Seconded Councillor Veliskou

That the Finance Risk and Audit Committee:

- 1. Notes the statement provided by Council's Auditor attesting to their independence in accordance with the Local Government (Financial Management) Regulations 2011 for the 2022-23 financial year (Attachment 2).
- 2. Notes that the CEO will be signing a statement that Council's external auditor Galpins maintained their independence in accordance with the Local Government (Financial Management) Regulations 2011 for the 2022-23 financial year.
- 3. Endorses the Chairperson signing a statement that Council's external auditor Galpins maintained their independence in accordance with the Local Government (Financial Management) Regulations 2011 for the 2022-23 financial year.

Carried Unanimously

7.6 Annual Financial Statements for the year ended 30 June 2023

Report Reference FRAC231107R7.6

Mr Tim Muhlhausler from Galpins was present for the item.

Chief Finance Officer introduced the item and provided an overview of the Annual Financial Statements for the year ended 30 June 2023.

The following comments were made:



8

- During the financial year, there was a large project completed to move the management of assets to a centralized data base with the implementation of a new asset management system Assetic.
- The Committee in noting the debt servicing ratio sought to understand what extra borrowing has been committed to and what is the extra capacity for funds if we were to look at 5%. Management confirmed the forecast for 2023-2024 was to borrow \$18m noting that this will be deferred if it is not needed. The provision is for major projects with the borrowings plan stretched out across the Long-Term Financial Plan and will be assessed year on year. This model considered intergenerational borrowings to help balance the budget.
- Management confirmed that if emergency funds were needed Council has a borrowing facility in place with an \$11m capacity.
- The Committee queried what the benefit of SRWRA was to the organisation and whether this is quantified. Management commented that although a dividend is not received every year, the increase in equity is incorporated into the annual financial statements and for 2022-23 this was \$645,000. The contract with SRWRA also provides benefits through improved competitive rates on services for waste management.
- The Committee discussed the change in methodology on depreciation of assets. Management confirmed this was based on considered advice and will provide a uniform depreciation for all asset classes going forward..
- The Committee queried the movement in grant funding year on year. Management commented the movements are impacted by the timing of the when State and Federal grant funds are received and we often ends up receiving grant funds in advance which doesn't always align with how they are budgeted for.
- Home and Community Care grants dropped by 20% as a result of once off covid funding in the order of \$600,000 received in the prior year.
- The Committee discussed the increase in the value of infrastructure with Management commenting there was a comprehensive valuation performed on the majority of assets this year and a small portion remaining for next year. The movement in assets was also impacted by the change in depreciation methodology.
- The Committee suggested looking at the functions note and reviewing it going forward.
 Management confirmed the overall numbers were correct and a review of the mapping will be undertaken. Mr Muhlhausler agreed and was satisfied that there was no material impact to users.

Mr Muhlhausler confirmed he will be providing a clean unmodified opinion noting that it was a good quality audit. There was a slight delay in completing the audit compared to prior years, however this was negotiated prior and was a result from the migration of asset data to the new asset management system Assetic. The following comments were also made:

- The key financial ratios provided a good first point of call when looking at audit risk.
- The results show strong financial indicators. The operating surplus on average was a breakeven / slightly above position which was optimal.
- There was a minor operating deficit this year resulting primarily from the impact of higher depreciation.
- The net financial liabilities ratio indicates Council is in a strong financial position.
- The result showed a good financial capacity and strong wholistic treasury management practices.
- The asset renewal funding ratio was slightly lower, however, not a concerning level given there were some reasonable reasons including supply chain issues impacting this ratio. It is expected that this would be on the incline over the next few years.
- There was a change in depreciation methodology to straight line rather than conditional based depreciation. This methodology change considers the impact over time on all rates payers over the period. Discussing the change in this methodology with the auditors at the beginning



9

of the year demonstrates a good culture towards finance reporting, and the auditors were pleased to support this.

- The Committee discussed the findings in the management letter observing the previous disparate asset management data and noted the opportunity to manage this better with the centralized approach following the implementation of Assetic. The auditors were excited to see the improvements made and the maturity of the asset management, with the opportunity to down grade this risk over the next year or two.
- The Committee queried the finding in relation to excessive leave, with Management confirming this is monitored on a quarterly basis and there are plans in place to actively reduce this figure.

10.45am Mr Hubbard left the meeting

10.45am Formal meeting procedures were suspended for lack of quorum

10.46am Mr Hubbard re-entered the meeting

1046am formal meeting procedures resumed

Moved Councillor Veliskou

Seconded Councillor Hoffmann

That the Finance, Risk and Audit Committee:

- 1. Recommends to Council that the audited Annual Financial Statements for the year ended 30 June 2023, as included at Attachments 3-4, be adopted.
- 2. Notes Galpins Audit Completion Report, as included at Attachment 5.
- 3. Notes the comparative analysis to prior year audited Annual Financial Statements and original adopted 2022-23 budget (Analytical Review), as included at Attachment 2.

Carried Unanimously

7.7 Meeting with the External Auditors in Confidence
Report Reference FRAC231109R7.7

Moved Mr Hubbard

Seconded Councillor Veliskou

That Pursuant to Section 90(2) and (3)(g) of the Local Government Act 1999, orders that all persons present, be excluded from the meeting, with the exception of Tim Muhlhausler and Juliano Freitas from Galpins, as the Finance, Risk and Audit Committee meets with Council's External Auditors, on the basis that the Finance and Audit Committee is satisfied that the requirement for the meeting to be conducted in a place open to the public has been outweighed by the need to keep consideration of the matter confidential given the information relates to commercial information of the Council.

Carried Unanimously



10.48am the meeting went into confidence

10.56am the meeting came out of confidence

Moved Mr Hubbard

Seconded Councillor Veliskou

- 1. Include the following comments within the minutes:
- The Auditors noted there was a good relationship and collaboration between the Auditors and Management.
- There was a potential risk noted in relation to unrecorded overtime and managing the risk of overwork. It was noted there are processes in place to help mitigate this risk.

Carried Unanimously

10

7.3 Finance, Risk and Audit Committee Annual Report to Council 2022/23

Report Reference FRAC231109R7.3

Moved Mr Hubbard

Seconded Councillor Hoffmann

That the Finance, Risk and Audit Committee:

 Endorse the Finance, Risk and Audit Committee Annual Report for 2022/23 (Attachment 1 to this report) to be presented to Council at its meeting on 28 November 2023, subject to amendments as required.

Carried Unanimously

7.4 Information Services Plan

Report Reference FRAC231109R7.4

The General Manager Corporate Services and Chief Information Officer introduced the item and provide a summary of the draft Information Services Plan. The following discussion was noted:

- The Information Services Plan was developed following a review and close out of the Digital Transformation Project which identified a lack of overarching strategy, principles and framework. The Plan includes extensive consultation and engagement with specific work areas, ELT, SLT, governance and business intelligence team. The plan includes all the elements to ensure the organisation doesn't deviate from the plan.
- The Information services team were actively involved in the development of the plan which helped to challenge some of the thinking around different elements and standards. It provided an opportunity to reflect and enable due diligence to deliver better outcomes.
- There are three main components to the plan; exceptional customer experience, innovation and relevance, and consolidation and efficiency.
- The Chief Information Officer talked through the 'IS Strategy on a page' to demonstrate a wholistic view of the customer portal and management portal.



11

- The Committee referred to the proposed T27 program overview querying whether this was based on a priority list. Management commented the delivery of the program is broken up into 5 different streams of activity each stream with a Project Manager and resources appointed. Priorities have been identified within each stream which has also been considered with change management across the organisation.
- The strategy and program will be reviewed every year, adapting to changes a required. Each
 project will require several phases including initiation, scoping and analysis by ELT to ensure
 the appropriateness.
- There is a considered risk that comes with the plan; however, management are confident it
 will deliver the desired outcomes.
- The Committee noted the plan was complex noting the importance of considering the perspective of council and the user will be important.
- The Committee discussed the governance and ethics around the use of artificial intelligence (AI). Management commented there are some elements of AI already been used throughout Council such as the webchat, and are exploring future opportunities, noting that NSW are leading the way in this space. It was acknowledged there is a place for AI and the importance balancing this with face-to-face services as well. The Customer Service volunteer management triage service pilot project is a good example of balancing these services.
- The Committee discussed the costs, noting that at this stage they were only indicative over a 4-year timeframe. The committee suggesting including options when this is presented to Council including a stretch program and what this might look like.
- The Committee also suggested there may be an element missing around the risk if the elements identified in the plan aren't achieved and the importance of identifying the cost savings for council.

Moved Mr Hubbard

Seconded Councillor Hoffmann

That the Finance, Risk and Audit Committee:

1. Review and provide feedback on the IS Strategy.

Carried Unanimously

8 Reports for Noting

8.1 Council Member Report

Report Reference FRAC23

The Committee noted Councillor Veliskou was re-appointed to the Committee from November 2023, whilst the second Council member position remained vacant.

The Committee discussed the benefits of an additional member and proxy member noting the nature of the committee required a certain level of understanding and commitment and acknowledged the contribution from Councillor Hoffmann.

The Committee noted Ms Nicolle Rantanen-Reynolds was also re-appointed to the Committee and Mr Hubbard appointed as Councils representative on the SRWRA Audit Committee

The Committee also discussed EV Fleet transition commenting they were comfortable the infrastructure had been considered and future opportunities were being explored.



12

Action: consider including the option for a proxy member in the Finance, Risk and Audit Committee Terms of Reference, currently under review.

Moved Mr Hubbard

Seconded Councillor Hoffmann

That the Finance, Risk and Audit Committee:

1. Notes this report.

Carried Unanimously

8.2 Debtors Report

Report Reference

FRAC221011R8.2

The Committee noted the report as read discussed the debt in relation to the community facility which has been fully provided for in the accounts.

The Committee also noted most balances are on the increase and to continue to monitor for any trends. Management commented this was a result of cost-of-living pressure and lately we are seeing an increase in ratepayers seeking payment plans. This will continue to be monitored monthly through the performance organisation reporting.

Moved Mr Hubbard

Seconded Councillor Hoffmann

That the Finance and Audit Committee:

Note this Report.

Carried Unanimously

8.3 Annual Investment Report 2022-23

Report Reference

FRAC231109R8.3

The Committee noted the Annual Investment Report 2022-23 commenting on the favourable differential benchmark variation being the smallest in 6 years. Management noted that throughout the year, cash reserves were reducing and term deposits were on hold for smaller periods of time than in the prior year, in addition, the number of interest rate changes throughout the year had an impact.

Moved Councillor Veliskou

Seconded Councillor Hoffmann

That the Finance, Risk and Audit Committee:

1. Notes the Investment Performance Report 2022-23.

Carried Unanimously



13

8.4 Aged Care Quality Standards

Report Reference

FRAC231109R8.4

General Manager City Services and Team Leader positive ageing and inclusion introduced the item and provided an update on the outcome of the City of Marion's Aged Care Quality Standards Assessment conducted in August 2023. The following comments were noted:

- A tremendous amount of work had gone into preparing for the assessment to ensure compliance with the standards.
- Following two non-compliant audits, the organisation is now at compliance noting there is still
 a lot of work to be done behind the scenes including training, developing culture, process
 improvement and performance management, however the team has achieved a huge success
 in hitting the goals.
- The Committee congratulated the team on this achievement and the maturity of the team as a result.
- The Committee queried whether we had an idea of the types of complaints received. Staff commented these were mainly relating to the quality of cleaning and the cancellation of services if workers were unavailable. Staff have worked with agencies to help address these issues by looking to re-schedule appointments rather than cancel altogether.
- The Committee discussed the additional grant funding noting this contributed towards extra services that were funded including social support, meals at home and through a centre and social support groups.
- The Committee noted there were future discussions to be held in looking at the services provided and ensuring value to the community.

Moved Councillor Hoffmann

Seconded Councillor Veliskou

That the Finance, Risk and Audit Committee:

 Notes the report from the Aged Care Quality and Safety Commission dated 11 October 2023.

Carried Unanimously

9 Workshop / Presentation Items - Nil

10 Other Business

The meeting was declared closed at 11.49am.

CONFIRMED THIS 12 DAY OF DECEMBER 2023

OLIMPE POOL

CHAIRPERSON



5 Business Arising

5.1 Business Arising Statement - Action Items

Report Reference FRAC231212R5.1

Originating Officer Unit Manager Governance and Council Support – Victoria Moritz

General Manager Chief Executive Officer – Tony Harrison

REPORT OBJECTIVE

The purpose of this report is to review the business arising from previous meetings of the Finance, Risk and Audit Committee meetings, the meeting schedule and upcoming items.

RECOMMENDATION

That the Finance, Risk and Audit Committee:

1. Notes the business arising statement, meeting schedule and upcoming items.

ATTACHMENTS

1. Business arising statement November 2023 [**5.1.1** - 5 pages]

CITY OF MARION BUSINESS ARISING FROM FINANCE AND AUDIT COMMITTEE MEETINGS AS AT OCTOBER 2023



	Date of Meeting	Item	Responsible	Due Date	Status	Completed / Revised Due Date
1.	20 June 2023	Results of the Bi-Annual Performance and Effectiveness Review of the Finance, Risk and Audit Committee Action: A report be brought back to the Committee highlighting the legal responsibilities and duties of individual members and of the Committee.	Manager Office of the CEO	December 2023	The Committee is scheduled to review its terms of reference at the December Meeting. This report will also include the legal responsibilities and duties of individual members and of the Committee. The report has been included in the December Agenda.	December 2023
2.	15 August 2023	Finance, Risk and Audit Committee Annual Report to Council 2022-23 Action: The Committee suggested, that if appropriate the FRAC Annual report be included this year.	Unit Manager Governance & Council Support	October 2023	The City of Marion Annual Report 2022-2023 was adopted by Council 28 November and will included the Finance, Risk and Annual Report also adopted by Council 28 November.	November 2023
3.	6 November 2023	Internal Audit Plan 2023-2025 Action: Management to explore the original cleaning contract evaluation tender to ensure compliance between the contractor and its workers.	Manager Corporate Services	December 2023	The current contract executed in 2018 was a Council Solutions contract. There is no reference to Modern Slavery laws and conformance. For the new tender process and contract, there will be a focused Modern Slavery tender response schedule question and a contractual clause relating to the obligations of the	Completed

City of Marion Finance Risk & Audit Committee Action Arising Statement and Work Program - 2023

	Date of Meeting	Item	Responsible	Due Date	Status	Completed / Revised Due Date
					supplier under the Modern Slavery Act, which will be modelled on state government requirements.	
4.	6 November 2023	Council Member Report Action: Consider including the option for a proxy member in the Finance, Risk and Audit Committee Terms of Reference, currently under review.	Manager Office of the CO	December 2023	The Committee is scheduled to review its Terms of Reference at the December Meeting. The option of a proxy has been included as a proposed amendment in the Terms of Reference.	December 2023

^{*} Completed items to be removed are shaded

City of Marion Finance Risk & Audit Committee Action Arising Statement and Work Program - 2023

SCHEDULE OF MEETINGS 2023

Day	Date	Time	Venue
Tuesday	21 February 2023	9am – 12pm	Administration Centre
Tuesday 16 May 2023 2 pm – 5pm		2 pm – 5pm	Administration Centre
Tuesday	20 June 2023	2 pm – 5pm	Administration Centre
Tuesday	15 August 2023	3.00 – 6.00 pm Followed by 6.30 – 7.30 pm (Joint workshop with Council)	Administration Centre
Tuesday	10 October 2023	2 pm – 5pm	Administration Centre
Tuesday	12 December 2023	2 pm – 5pm	Administration Centre

INDICATIVE COMMITTEE WORK PROGRAM – 2023

TUESDAY, 21 February 2023

Topic	Action
Council Member Report	Communication Report
Annual Strategic Risk Register	Review and Feedback
Draft Annual Business Plan and Budget 2023-24 and	Review and Feedback
Draft Long Term Financial Plan - Update	
Internal Audit Program – Scopes, Reviews, Plans	Review and Feedback
Internal Audit Program – Implementation of	Noting
Recommendations	
Quarterly Corporate Risk Report	Review and Feedback
Budget Review 2 – 2022-23	Review and Feedback
Internal Audit Contract (confidential)	Recommendation to Council
Cybersecurity – Quarterly Update	Noting
Digital Transformation Project – Quarterly Status Update	Noting

TUESDAY, 16 May 2023

Topic	Action
Council Member Report	Communication Report
Internal Audit Program – Scopes, Reviews, Plans	Review and Feedback
Internal Audit Program – Implementation of	Noting
Recommendations	
Quarterly Corporate Risk Report	Review and Feedback
Internal Audit Plan for 2023-24	Review and Feedback
Cybersecurity – Quarterly Update	Noting

City of Marion

Finance Risk & Audit Committee Action Arising Statement and Work Program - 2023

Digital Transformation Project – Quarterly Status Update	Noting
FRAC Effectiveness Survey	Review and Feedback
Tree AMP – Draft	Review and Feedback
Internal Audit Plan 2023-2025	Review and Feedback
Draft Annual Business Plan 2023/24	Review and Feedback

TUESDAY, 20 June 2023

Topic	Action
Administration Building – Section 48 Report	Review and Feedback
Claims & Insurance Report	Review and Feedback
Draft Annual Business Plan and Budget 2023-24 (update after public consultation) & Draft Long Term Financial Plan	
Implementation of Recommendations check - Internal	Review and Feedback
Audit	
Effectiveness Survey – Results	Noting
Annual Review of HSE Program	Review and Feedback
Budget Review 3 – 2022-23	Review and Feedback

TUESDAY, 15 August 2023 (Followed by Joint Workshop with Council 6.30pm-8.30pm)

Topic	Action
Council Member Report	Communication Report
Meeting with Internal auditors in camera	Seeking feedback from Auditors
Internal Audit Program – Scopes, Reviews, Plans	Review and Feedback
Internal Audit Program – Implementation of	Noting
Recommendations	
FRAC Annual Report to Council	For discussion prior to October
External Audit - Interim Audit Report	Review and Feedback
Quarterly Corporate Risk Report	Review and Feedback
Digital Transformation Project – close out report	Noting
Fraud and Corruption Annual Review	Review and Feedback
Annual Report on Business Continuity	Review and Feedback
Service Review Previous Program – Status of	Noting
Outstanding Recommendations	
Asset Management Strategy Review	Review and Feedback
Joint Workshop with Council (6.30pm onwards)	TBA

City of Marion Finance Risk & Audit Committee Action Arising Statement and Work Program - 2023

TUESDAY, 9 November 2023

Topic	Action
Internal Audit – Implementation of Recommendations	Standing Report for Discussion
Council Member Report	Communications - Standing Report
FRAC Annual Report to Council 2021-22	Review and Recommendation to Council
Independence of Council's Auditor for the year end to June 2023	Review and Recommendation to Council
Audited Annual Financial Statements for the year end 30 June 2023	Review and Recommendation to Council
Investment Performance 2022-23	Noting
Debtors Report	Noting
Meeting with external auditors in confidence	Seeking feedback from Auditors
Internal Audit Program – Scopes, Reviews, Plans	Review and Feedback
Aged Car Quality Standards	

Tuesday, 12 December 2023

Topic	Action
Council Member Report	Communication Report
Internal Audit Program – Scopes, Reviews, Plans	Review and Feedback
Internal Audit Program – Implementation of Recommendations	Noting
Service Review Program - Scopes, Reviews and Monitoring	Review and Feedback
Work Program and Meeting Schedule 2024	Review and Feedback
Framework and Key Assumptions for preparation of 2024- 25 ABP and LTFP	Review and Feedback
Quarterly Corporate Risk Report	Review and Feedback
Cybersecurity – Quarterly Update	Noting
Digital Transformation Project – Quarterly Status Update	Noting
FRAC Terms of Reference	Review and Feedback



- 6 Confidential Items Nil
- 7 Reports for Discussion

7.1 Framework and Key Assumptions for the preparation of the 24-25 ABP and LTFP

Report Reference FRAC221213R7.1

Originating Officer Chief Financial Officer – Ray Barnwell

Corporate Manager Chief Financial Officer - Ray Barnwell

General Manager General Manager Corporate Services - Angela Allison

REPORT OBJECTIVE

The purpose of this report is to present to the Finance, Risk & Audit Committee (FRAC) for its consideration and feedback:

- The proposed framework in setting the 2024-25 Annual Business Plan (ABP) & Long-Term Financial Plan (LTFP) including a review of financial parameters and key budget assumptions.
- The associated risks with the proposed framework and key budget assumptions.

EXECUTIVE SUMMARY

The annual business planning and budgeting process for the development of Council's upcoming 2024-25 Annual Business Plan (ABP) and Long-Term Financial Plan (LTFP) has recently commenced

Prior to the preparation of the next iteration of Council's LTFP and 2024-25 ABP as part of the Annual Business Planning process the FRAC's feedback is sought on the proposed framework, key assumptions and risks outlined in this report.

The table in Attachment 1 outlines the key steps and indicative time frames in the planning and budgeting process. It also highlights the critical decision points for Council through the process (highlighted in the blue shaded areas) and the opportunities for FRAC feedback (highlighted in the green shaded areas).

Considering the key assumptions and parameters at this early stage will help to inform and support the development of a high-level draft budget, the first iteration of which will be presented to Council Members at the Council Member Planning Day currently scheduled for 20 January 2024.

RECOMMENDATION

That the Finance, Risk and Audit Committee:

- 1. Provide feedback on the proposed framework, key assumptions, and associated risks in setting the Annual Business Plan for 2024-2025 and the Long-Term Financial Plan.
- 2. Provide feedback on the Environmental Scan (Attachment 3) as input into the Draft ABP 2024-2025 and draft LTFP.

DISCUSSION-

The next iteration of Council's LTFP is being developed and will be aligned with the required funding to maintain service delivery at current levels in addition to future funding requirements identified in Council's adopted asset management plans.

The proposed framework for 2024-25 is based on the framework included in Council's adopted 2023-24 ABP and LTFP as detailed below:



Framework:

 Support the achievement of the City of Marion's Strategic Directions Comments: No Change Proposed

• Maintain, on average, a break-even or better funding (cash) position over the Long-Term Financial Plan.

Comments: No Change Proposed

 Address issues arising and opportunities identified from internal audit reviews, service reviews and business excellence assessments.

Comments: No Change Proposed

Continue to improve the maintenance of assets in accordance with Council's Asset
Management Plans, with a priority on maintenance before renewal, and renewal before new
when it is cost effective to do so.

Comments: No Change Proposed

Review existing services and assets to ensure they meet prioritised community needs.
 Comments: No Change Proposed

 Council only approve new Major Projects where it has the identified funding capacity to do so

Comments: No Change Proposed

 Maintain Council's position for an average residential rate which remains among the lower rating in metropolitan councils.

Comments: Council recognises the cost pressures on the community and will seek to maintain an appropriate rating strategy that balances the real cost of service provision with the financial impact this may have on City of Marion ratepayers' and their capacity to pay. Sufficient revenue targets will need to be met to maintain ongoing service provision and address the funding requirements to ensure sustainable levels of capital expenditure are provided for in the long term to responsibly maintain and renew the community assets under Council's control.

Key Assumptions

In developing the Draft LTFP and Draft ABP 2024-25, the following key assumptions and variables are proposed:

Service Levels - Where changes to service delivery are prioritised and approved by Council subject to financial capacity, these changes will be incorporated into the 2024-25 Budget and Long-Term Financial Plan. Where no other endorsement exists, service delivery levels will be maintained at current levels.

Rates - It is proposed to provide high-level rate modelling options to Council at the January 2024 Planning Day as part of the budget planning process. As in the past, this will be centered on long term financial sustainability by seeking to achieve a breakeven or better cash position for 2024-25 while adopting and maintaining a LTFP that ensures Council operates in a financially sustainable manner.

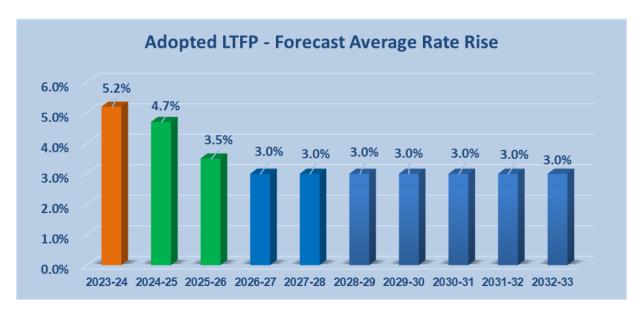
Council rate modelling options will need to consider balancing the <u>real cost of service provision</u> and service demand from the community with the financial impact this may have on Marion ratepayers' and their capacity to pay.



Council has continued to adopt an appropriate rating strategy over the past number of years including a required increase in average rate increase in 2023-24 of 5.2 per cent, a rate well below annual Adelaide CPI to June quarter 2023 of 6.9 per cent, but a rate increase appropriate to manage escalating costs and inflationary pressures being experienced.

Councils currently adopted LTFP has factored a forecast increase in average rates for 2024-25 of 4.7 per cent (Attachment 2). The most recent Adelaide Annual CPI (year to September 2023) was 5.9 per cent, lower than the 6.9 per cent annual rise in the June 2023 quarter.

The table below demonstrates Council's focus on an appropriate rating strategy with the forecast reduction in average rate increases over the coming 3 years to then remain steady over the remainder of the LTFP.



The above rating strategy is closely aligned to the forecast RBA targeted inflation with commentary following the most recent interest rate increases release on 7 November noting 'Inflation in Australia has passed its peak but is still too high and is proving more persistent than expected a few months agoand CPI expected to be at the top of the target range of 2 to 3 per cent by the end of 2025.'

Following a recent Council Member Forum, it was agreed that a number of rating models, which will be closely aligned to the table above, will be developed for the Council Planning Day in January 2024.

Comment:

Council rate modelling options will need to consider balancing the real cost of service provision and service demand from the community along with asset renewal costs and the financial impact this may have on Marion ratepayers' and their capacity to pay. As in the past, these modelling options will be centred on Council adopting and maintaining a LTFP that ensures the Council operates in a financially sustainable manner.

Indexation – The 2024-25 budget will be based on forecast expenditure levels indexed to reflect current cost pressures and future anticipated costs including the consideration of major contract price escalation and other market pressures. (*Note Adelaide Year on Year CPI to September 2023 being 5.9% - the highest of all capital cities*).

With CPI expected to remain at the higher end of the RBA inflation target of 2–3% the currently adopted LTFP has factored this higher indexation over the coming years before reverting back to a longer term forecast of 2.5% from 2027-28 onwards.



Continued price escalation and difficult market conditions makes the forecasting task more challenging leading to a higher than normal degree of uncertainty the further one looks into the future.

Comment:

The City of Marion is still experiencing price escalation and difficult market conditions. These conditions will need to be recognised in developing the 2024-25 ABP and LTFP as these cost pressures may well continue to impact future planned capital programs and projects.

Indexation beyond 2024-25 will be aligned to the Reserve Bank's projected inflation estimates in the medium and longer term, with the following exceptions;

Employee Costs - will be increased in alignment with Council's Enterprise Agreement provisions. Please note the current Outdoor Workforce Enterprise Agreement will cease in June 2024 and negotiation for a new agreement will commence shortly. In addition, any costs relating to Council approved staff resources to meet operational requirements or Council endorsed new initiatives will be incorporated into the ABP and LTFP. Higher inflation and the ongoing tight labour market is expected to translate into moderately stronger wages growth over time and forecast employee costs in the LTFP will accommodate these expected conditions. The remaining 2 scheduled annual increases of 0.5% to the Superannuation Guarantee will also be incorporated into the LTFP.

Comment:

In the current market conditions the attraction of appropriately skilled resources while it has improved somewhat is still proving challenging. Any new projects and initiatives will need to carefully consider resource capacity and requirements in the development of the 2024-25 draft ABP.

Interest Expenses - are directly related to Council borrowings and cash flows. Forecast interest rates are based on current market rates with an added margin giving consideration for future potential rate increases.

Interest Revenue - is directly related to Council investments and cash flows and is carefully monitored in line with interest rate movements.

Non-recurrent Costs / Revenues – An adjustments schedule has been developed to account for any future variations in operating activities (e.g. - an adjustment is made for election expenses to reflect that they only occur once every 4 years). Adjustments will be made to remove any 2023-24 one-off expenditure amounts and to account for any future variation in operating activities or contract renewals.

Capital Grants, Subsidies and Monetary contributions – will reflect tied monies forecast to be received in relation to the purchase/construction of new assets and will be budgeted in accordance with information known at the time of preparing the final ABP 2024-25 and LTFP.

Comment:

The impact of the attraction of grant funding and the resource requirements to deliver identified projects and initiatives will be monitored and considered in the development of the 2024-25 ABP and LTEP

Commonwealth and State Government Stimulus / Election funding — Council will continue to seek and optimise the opportunity to leverage any State and Federal stimulus funding provided to the sector. It should also be noted Federal and State Government funding attracted throughout the 2022 elections supports major infrastructure initiatives continuing in 2024-2025. The impact of the attraction of this funding and the resource requirements to deliver identified projects and initiatives will be considered in the development of the Draft 2024-25 ABP and LTFP.



Breakeven or Better Funding (Cash Position) – A positive cash flow is vital to support operating requirements to continually deliver uninterrupted council services in addition to providing cash to fund:

- > Renewal of existing assets over time to maintain community service standards
- > Scheduled principal loan repayments and
- Provision of funding for future long term asset management objectives

Council will endeavour to set rates that minimise the impact on our community but also enable the achievement of its long-term strategic objectives while maintaining a break-even or better (cash) position over the LTFP thus ensuring the long term financial sustainability for the City of Marion.

Risks for consideration in developing the 2024-25 ABP and LTFP

In considering future rating models and budget development there are numerous risks with the potential to influence the outcomes that affect Council's long-term financial position. The following key risks fall into this category:

- Inflationary Pressures Although a 5.2% increase in average rates forecasts a financially sustainable position for 2023-24, the current inflationary phase in the economic climate is continuing and exposes council to risk. Some projects and programs may deliver outcomes that will place additional pressure on the budget.
- Maintaining an appropriate rating strategy Council will continue to monitor the
 appropriateness of forecast rate increases in the LTFP. Council's forecast rates assume an
 average rate increase reflective of the RBA targeted CPI throughout the 10-year term of the
 LTFP. This strategy must however be sustainable and balanced with the real cost of service
 provision, capital maintenance and service demand from the community.
- Unfunded and unprioritised initiatives Will need to be prudently assessed with appropriate
 due diligence and in a disciplined manner to ensure Councils long term financial
 sustainability is preserved.
- Changes to Local Government funding programs and potential risk in relation to cost shifting from the Federal and State Government to Local Government.
- Asset renewal and infrastructure management may present challenges that will need to be addressed. Council's LTFP currently indicates there is sufficient funding to meet the renewal requirements of its Asset Management Plans, however timing of funds and works for different asset classes will be refined with annual iterations of the asset management plans that further inform the LTFP.
- Employee Costs As noted above Council's outdoor Enterprise Agreement is set to expire
 on 30 June 2024. In addition, the impact on resource requirements to deliver grant-funded
 projects and other significant initiatives will need to be carefully monitored in the
 development of the 2024-25 ABP.
- Competing priorities and community expectations A large volume of infrastructure projects
 received Federal and State funding in 2022 are continuing delivery in FY 2024-25. It is
 crucial that further aspirational strategic projects are prudently assessed with appropriate
 due diligence and in a disciplined manner to ensure Council's long-term financial
 sustainability is preserved and resource capability is applied to new projects and considered
 alongside other priorities.

Environmental Scan



An environmental scan is undertaken periodically as part of the Annual Business Planning process to identify and analyse critical issues and opportunities through application of the PESTLER framework (Political, Economic, Social, Technological, Environmental, Legal and Relationships). The findings may have potential to impact on council's project and program delivery, business-as-usual activity. A detailed review is provided in Attachment 3.

The scan was developed with senior staff in October 2023 and several risks and opportunities were identified and are being considered through the development of the 2024-25 Annual Business Plan, including:

Cost of living challenges

Rising inflation and increases in fuel, energy, and food are impacting households. Rises in interest rates have also impacted household disposable income. The number of borrowers at risk of mortgage stress has reached levels not seen since the 2008 financial crisis (Roy Morgan 2023).

The risks to the council are potential impacts on the capacity of the community to pay household liabilities including rates. The community is likely to be sensitive to any significant rise in household bills in 2023-24. Financial stress in the community can impact community well-being.

There is also a potential for increased service demand for community centres, libraries, and business hubs as the community looks to drive down rising household electricity costs. Inflation is expected to ease at the end 2024.

State Government review of regional level plans

The State Government is currently drafting a directions report and undertaking community engagement to inform revisions to the 30-Year Plan for Greater Adelaide.

The State Government has also appointed an expert panel to review the current Planning and Design Code and planning legislation, which will consider the policies related to infill, trees, character, heritage, and car parking.

Under the Act, council's plans must consider broader regional plans, therefore any changes enacted by the State Government will require council to revise its strategic plans. A final submission of the City of Marion was endorsed by council at its 28 November 2023 meeting. The submission provides council's ideas for how the city should be shaped in the future.

Climate

An El Niño and positive Indian Ocean Dipole (IOD) are underway, with the Bureau of Meteorology (BOM) declaring El Niño, with high sea temperatures predicted to remain above El Niño thresholds into Autumn 2024. This will lead to warmer days for South Australia. Australia's long-range forecast predicts warmer than average conditions from November to January, with below-average rainfall, increasing the risk of drought and bushfires. There is a high likelihood of greater demand for support services as more people seek relief from the heat. Council is reviewing its Emergency Hazard Operational Plans, response training and undertaking a review of potential demand for facilities over a potential summer heatwave period.

New research in Australia and around the world including the State of the Climate 2022 (CSIRO and Bureau of Meteorology), and IPCC Sixth Assessment Report provide a snapshot of the state of the future climate.

The Resilient South Asset Management Project (RAMP) will assess the suitability of market-ready and in-development products, tools, and guidelines for assessing asset risks to climate change and identify options to mitigate these risks.



Continued Focus on Ongoing Efficiencies

As in prior years there will continue to be a strong focus on identifying on-going efficiencies during the preparation of the 2024-25 ABP. Council services will be reviewed during the preparation of the 2024-25 ABP and any areas where further efficiency and effectiveness savings are identified through Business Service Reviews will be incorporated into the development of the 2024-25 ABP and LTFP.

ATTACHMENTS

- 1. ABP 2024-25 Planning and Budget Process [7.1.1 2 pages]
- 2. LTFP Funds Statement 2023-2033 [7.1.2 1 page]
- 3. Updated environmental scan [7.1.3 8 pages]

Annual Business Plan 2024-25 - Planning and Budgeting Process and Timelines

Stage	Focus	Timing
1	Staff analysis of planning inputs – Research and Engagement for the Environmental Scan, committed projected/program and required labour budgets.	Nov 2023 To Jan 2024
2	 Council Members: Input to High level draft budget model development: Setting tolerance/ Agree key assumptions, parameters for management. Consideration of unfunded initiatives, new priority initiatives Draft Budget Model developed based on parameters set 	Nov 2023 to Jan 2024
3	Finance Risk & Audit Committee Feedback on the proposed framework, assumptions and associated risks in setting the Annual Business Plan for 2024-25 and the Long-Term Financial Plan	12 Dec 2023
4	 Council Member Planning Day Presentation of High Level 1st Draft 2024-25 Budget and LTFP model LTFP aligned with set parameters, Council resolutions and prioritised new activities. 	Planning Day 20 Jan 2024
5	Finance Risk & Audit Committee Update provided on Development Draft Annual Business Plan & LTFP, Framework and Assumptions – FRAC feedback sought prior to Public Consultation	20 Feb 2024
6	 Council Member Forum Update on Rating data 2024-25, Rates discussion, 2024-25 Priority projects confirmation Draft Annual Business Plan and Comprehensive Draft Budget 	March 2024
7	Set Tentative RatesSet draft priority projects list for consultation	March- April 2024
8	Council Members: Endorse and Adopt - Draft 2024-25 Annual Business Plan for Community Consultation	23 April 2024
9	Community Consultation period (Min. 21 Days)	April To May 2024

10	Final Rates DiscussionFinal Project Priority considerations	May – June 2024
11	Council Members: Community Consultation Feedback presented to Council Final Draft Annual Business Plan and LTFP with any final amendments to be brought to Council for Adoption	28 May 2024
12	Finance Risk & Audit Committee Update on Community Consultation Feedback	4 June 2024
13	Council Adopt - 2023-24 Annual Business Plan and LTFP	25 June 2024

10 Year Financial Plan for the Years ending 30 June 2033										
FUNDS STATEMENT	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000
Rates Indexation	5.20%	4.70%	3.50%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Income										
Rates	89,438	94,612	98,939	102,963	107,148	111,500	116,024	120,728	125,619	130,705
Statutory Charges	2,551	2,620	2,686	2,753	2,822	2,892	2,964	3,039	3,114	3,192
User Charges	3,325	3,415	3,500	3,588	3,677	3,769	3,864	3,960	4,059	4,161
Grants, Subsidies and Contributions	6,935	7,122	7,300	7,482	7,670	7,861	8,058	8,259	8,466	8,677
Investment Income	425	325	325	325	325	325	325	325	325	325
Reimbursements	1,081	1,111	1,138	1,167	1,196	1,226	1,257	1,288	1,320	1,353
Other Income	701	720	738	756	775	795	815	835	856	877
Net gain - equity accounted Council businesses	365	376	387	399	411	423	436	449	462	476
Total Income	104,821	110,301	115,013	119,434	124,024	128,791	133,742	138,883	144,222	149,767
Expenses										
Employee Costs	44,064	45,551	47.096	48,273	49,480	50.717	51,985	53,285	54,617	55,982
Materials, Contracts & Other Expenses	42,140	43,301	44,546	46,259	46,915	48,113	49,290	51,033	51,786	53,108
Depreciation, Amortisation & Impairment	18,100	18,824	19,577	20,360	21,174	22,021	22,902	23,818	24,771	25,762
Finance Costs	18,100	1,076	1,653	20,360 1,993	2,174	2,021	22,902	23,616	24,771	2,969
	104,456	108,752	112,872	116,886	119,848		126,533		134,029	137,821
Total Expenses	104,456	100,752	112,072	110,000	119,040	123,089	126,533	130,808	134,029	137,021
Operating Surplus	365	1,548	2,141	2,548	4,176	5,702	7,209	8,075	10,193	11,947
Operating Surplus Ratio	0.35%	1.40%	1.86%	2.13%	3.37%	4.43%	5.39%	5.81%	7.07%	7.98%
Amounts Received Specifically for New or Upgraded Assets	10,119	7,571	5,559	5,367	1,915	4,377	7,693	7,845	5,577	1,340
Net Surplus / (Deficit) for the Year	10,484	9,119	7,701	7,915	6,091	10,080	14,901	15,919	15,770	13,287
Capital (Balance Sheet) and Reserve Movements										
Capital Expenditure	(50,706)	(38,328)	(33,173)	(33,161)	(26,138)	(33,783)	(43,307)	(42,777)	(42,258)	(30,408)
Loan Repayments (External)	(929)	(1,703)	(2,767)	(3,636)	(4,546)	(5,112)	(5,552)	(6,759)	(7,941)	(9,180)
New Loan Borrowings (External)	18,000	12,500	9,200	9,100	4,000	7,400	11,600	10,400	10,300	1,200
Net Transfers (to)/from Reserves	5,497	39	(86)	(86)	(86)	(86)	(86)	(86)	(86)	(86)
Total Capital (Balance Sheet) and Reserve Movements	(28,138)	(27,492)	(26,826)	(27,784)	(26,770)	(31,581)	(37,345)	(39,223)	(39,985)	(38,475)
Net Result (including Depreciation & Other non-cash items)	(17,654)	(18,372)	(19,126)	(19,869)	(20,679)	(21,502)	(22,444)	(23,303)	(24,215)	(25,188)
,							, , ,			
Add back Depreciation Expense (non-cash)	18,100	18,824	19,577	20,360	21,174	22,021	22,902	23,818	24,771	25,762
Less Other Income (non-cash)	(365)	(376)	(387)	(399)	(411)	(423)	(436)	(449)	(462)	(476
2000 Cutel moonie (non oddin)										

Components (PESTLER)	Themes for consideration	Emerging Opportunities	Emerging issues (risks if applicable)	Time frames for action			Actions (for short term actions where applicable)	
Political				Short term	Short term Medium Long term 12-24 months 2-4 years 5-10 years			
	Housing policy	Federal Government budget commits to building more dwellings to alleviate the housing crisis in Australia, reviewing population growth and potential scope for supply stock of housing and working with strategic housing partners/developers.	Activity is likely to be slow until economic pressures such as inflation, current interest rate hikes, cost of building, and shortage of workers and materials shift. Tariffs still apply to timber imports from Russia and Belarus that will flow onto the cost of sourcing timber. Recently improved goods supply. Potential that further housing will also exacerbate existing issues including congestion, parking, stormwater and services and compete with open space provision.	X	X	X		
	Migration	Overseas migration to Australia accounted for an increase of 454,400 people in the year to March 2023 (ABS, 2023). The City of Marion has experienced increasing arrivals of migrants from India, China, Nepal, the Philippines, South Africa, and Malaysia. 23/24 net migration levels to Australia are expected to be 315,000, with some projections that it will reach more than this.	There may be further challenges to the rental housing supply. Potential increases to the general population include greater demands for services. Increase in citizenship ceremonies.	х				
	Planning and design code	State Government appointed expert panel review of the Planning and design code. Increased housing choice. Opportunity to investigate structure plans for precincts across the city. Code amendments. GARP (Greater Adelaide Regional Planning) and considerations of living locally and flexibly designed spaces. Further consideration of trees and tree canopy. Opportunity to creatively design and implement a more walkable and cyclable city that	Urban infill is likely to exacerbate issues such as parking and congestion potentially impacting perceptions of decreased liveability of suburbs. Assets management consideration of capacity and functuality.	Х	х	X	Staff suggesting that council consider Precinct planning as a project. Council to endorse a submission on the GARP in November 2023.	
	Animal Management	A new 5-year Animal Management plan has been recently adopted by Council. New RSPCA facility under construction on Majors Rd resulting in updated facilities for animal impounding and closer travel for collecting your pet. 10 year animal impounding service agreement with RSPCA finalised.	Inability to recoup impounding service fees due to financial status offenders.	Х	Х			
	Code Amendments	Two code amendments under community consultation. Future opportunities to explore following the regional planning process (i.e. GARP).	Liveability opportunities (e.g. housing choice) and economic development opportunities may not be realised if not approved.	Х	Х			
	Boundary realignment	The Seacliff Development Group have agreed to submit their own proposal to initiate a boundary realignment so that their site is fully contained within the City of Marion.	Risk that the land may not be retained within the council area as part of commission enquiry process. Depending on the commission outcomes there may be potential financial implications, positive or negative to council.	Х				
	North -South Corridor	Council to consider leveraging state and federal government investment to support renewal of council community facilities, adjacent to the corridor. The project provides opportunity to review the urban realm near impacted areas including traffic management and open space provision, and enhanced amenity. Grant funding and improved assets, i.e. Flinders Greenway, opportunities for Council to advocate for desired outcomes on South Road. Business attraction and advocacy to state government to enhance business growth and opportunity within the council area.	Impact on the council's prosperous vision that aims to be a diverse economy that attracts investment and jobs. Some businesses have relocated out of the area. Financial impact - loss of business rates and loss of local economy jobs. Community unrest with the final plans not being released to the public as yet despite the project starting. Negative growth on rate payer base. Zoning - residential and commercial impacts. Potential displacement of traffic due to traffic lane restrictions on South Road. Tunnels Overlay Code Amendment being led by the state government will somewhat restrict development opportunities on portions of South Road.		х	х	State Government are doing a study on movement and access, Cities of Marion and Mitcham are involved as a stakeholder. Proactive business retention and attraction.	
	Neighbourhood Centres & libraries funding/reforms	Targeted programming based on community social data analysis.	The State Government offered a 4 Year Library funding agreement negotiated by the LGA and the Libraries Board. Funding was renewed without CPI indexation for the term of the agreement. If this continues in the next agreement, this will start to have a larger impact to council budgets as Marion will need to fund the gap not covered by State Govt funding or reduce service levels. From 1 July 2023 NHC incurred a reduction of state contribution by \$180k per annum (approx. 60% reduction). PAI changes TBC in 2023/24 via Aged Care reforms and COM to then make decisions regarding this service delivery.	х	х			
	Positive Ageing and Inclusion funding/reforms	Opportunities to partner with other organisations should Government funding be rediverted to the private sector/other Government agencies. Continue dialogue with the relevant Government departments and advocating for older residents. Intergenerational opportunities. Encouraging opportunities for active ageing and adaptive activities.	Changes to funding models that impact service areas that receive state or fed funding (e.g. PAI, NHC, Library).	X			Watching brief until more information can be provided by the State Government in 2023/24.	

Components (PESTLER)	Themes for consideration	Emerging Opportunities	Emerging issues (risks if applicable)	Time f	Time frames for action		Actions (for short term actions where applicable)
	Climate		Extreme weather- heavy rainfall events are becoming more intense and expected to increase in the future. (State of the Climate 2022 report). Climate fuelled extreme weather is compounding costs for councils including mounting damage to council owned assets, rising insurance premiums and increasing liability risks. (citiespowerpartnership.org.au). The Intergovernmental Panel on Climate Change (IPCC) finalised the second part of the Sixth Assessment Report, Climate Change 2022: Impacts, Adaptation and Vulnerability in February 2022. The report states that "Climate change impacts and risks are becoming increasingly complex and more difficult to manage." Demand in the construction sector is set to increase up to 2030. An increase in pollution and waste is likely. Life cycle and disposal of solar panels. Mandatory disclosure of climate-related risk semerging through finance industry. High likelihood for mandatory disclosure of climate-related risk for public sector. South Australian State Government in the process of identifying climate risk across SA state public sector. Carbon Policy - Financial impact for council. Risks associated with the implementation of changes to the NCC (National Construction Code) including opposition by building advocacy groups.	X	X	X	The City of Marion endorsed Carbon Neutral Plan 2020-2030 aims to reduce carbon emissions from Council operations by 2030. Resilient South- Resilient Asset Management Project - looking at the risks of climate on infrastructure and addressing ways to mitigate the risks. This 4 year project is in development and will help inform future asset planning. Coastal Protection Plan and Greening and adaptation plans mitigate urban heat.
	Elections- Federal, State and Local	Significant funding pledged to complete strategic priorities. Marginal seat of Boothby provides opportunity. Regional collaboration, planning and master planning.	New resources- staffing and financial input- will be required to deliver more work to the community. Future price escalation may not be accounted for in grant support.		Х	Х	Report to council outlining impact to projects. The development of key project shovel ready for next election cycle. Advocacy Planning
	Funding opportunities	Emerging sports funding provides an opportunity to expand sporting clubs and female participation. Strategic land acquisition. Community facilities and programs, green energy sources, RAP initiatives, investment in employment. NS Corridor city shaping.	Resource pressure - ensuring we have resource capacity, including ability to match the funding. Relinquishing of State Government responsibilities to local government without associated funding.	Х			Planning for works in 2024/25 major works, capital works and maintenance by 2023, BAMP to be completed by 2024. Includes sport and rec and building and sites.
	Unfunded major projects	The City of Marion, has relatively low debt levels, with the capacity to take on appropriate debt for future project opportunities. Alignment with future election cycles.	Resource impacts need to be considered and aligned to high volumes of work being delivered within the organisation. Consider future challenges around asset management funding.	Х	Х		
	Council's Strategic Directions	The new council has formulated the 4YBP 2023-2027 that includes a range of data including feedback from the Shape your Future campaign, youth engagement campaign, Community Satisfaction Survey data, and the outcomes of engagement on the City of Marion Property Asset Management Strategy Opportunities around existing assets, future technologies, broader strategic planning at an economic development, city planning level. Review of council's Strategic Plan required within two years of the new council and is underway from September 2023. Community Consultation report to go to Council in January. Design of a Community Satisfaction Survey that is fit for		Х	X		
	ESCOSA review	Opportunities to achieve transparency and strategic alignment over asset management and long term financial management. Greater transparency with the community. Report due early 2024 with early positive feedback provided by ESCOSA.	Reputational risk to the council if they do not meet the standards imposed by ESCOSA.	Х			Asset owners have updated AMP's to inform the 23/24 budget cycle and integrated into the LTFP.
Economic				Short term 12-24 months	Medium 2-4 years	Long term 5-10 years	
	Future grant funding	Opportunities to progress council's strategic themes and enhance Liveability for the community. Allocated resource to advocate and coordinate. Having shovel ready projects.	COMBAS.	Х			Council to review options to assign Federal funding to capital works projects and transfer internal budget to the KMCC project.
	Inflationary pressures	on delivering the most cost efficient services. Consideration of an appropriate rate strategy that responds to future funding requirement identified in Councils LTFP for future strategic projects.	Supply pressures easing. Time required for inflation to reach target levels - forecast of two years before reaches below 3%. Aggregate demand continues to exceed aggregate supply.	х			
	Energy sector	Opportunities for all levels of Government to look at efforts to assist people to reduce their power consumption and implement innovations such as community batteries programs and solar technologies. Council's electricity contract recently renewed. Advancements in community battery technologies may evolve to allow council to explore this for its own assets.	Power prices are expected to increase. Contract recently signed until 30/06/25 for Council's electricity provider. Price increase due to 100% renewables. Edwardstown battery and community renewables investigation through Carbon Neutral Plan.	Х			Likely to be embedded as part of the Resilient South action plan that includes household solar batteries, business supports and community level batteries to support low socio-economic areas.

Components (PESTLER)	Themes for consideration	Emerging Opportunities	Emerging issues (risks if applicable)	Time frames for action		tion	Actions (for short term actions where applicable)
Cost of living pressures	Cost of living crisis	Libraries and community centres to review services to cater to community needs as a result of the cost of living crisis.	Disposable income reduced as households grapple with rising costs in fuel, food, energy costs, rising interest rates and general inflation across a range of sectors that has flow on impacts to general prices across goods and services. Greater reliance on community centres to service residents in extreme weather events such as heatwaves, likely to see visitation to community facilities being linked to access to cooling. Cost of living likely to see changes in behaviour. Changes to workforce structure is also impacting WFH patterns, with community sites providing accessible and suitable WFH option to reduce costs on households. Number of borrowers at risk of mortgage stress has reached levels not seen since the 2008 financial crisis (Roy Morgan 2023). In 2021, 24.4% of the City of Marion's total households were classed as low-income (earning less than \$800 per week before tax) compared to 23.5% for Greater Adelaide (ABS 2021). 9 City of Marion suburbs fall under the South Australian average on the SEIFA – index of disadvantage (ABS 2021).				Potential for support workshops to help people mitigate the cost of living crisis. Improving partnerships with crisis support agencies/potential for onsite attendance to support community needs.
	Sporting club and community facility energy reduction	Council may be in a position to support facilities and sporting clubs to provide solar co-contribution, reducing sporting club's overall operation costs.	Experiencing high energy costs.	Х			How are we innovative in our approach to stand out for funding? WAP to help identify opportunities to utilize this funding. Early advocacy strategy going to SLT with brief and have pitch document prepared. Role clarity required.
	Rising interest rates	N/A	Increasing inflation will result in higher interest rates exacerbating financial stress in the community.	Х			
	Business attraction	Council has an opportunity to broaden funding to attract new business to the area, expand on the efforts of work in Edwardstown undertaken in previous years, increase mentoring, and expand business hubs (also forecast to be exacerbated by cost of living prices), opportunities to partner to install a community battery to reduce power costs for the business community. Opportunities for regional partnerships. GARP - consolidate land capacity and opportunities to support investment and jobs.	Risks of inaction as further relocation of businesses out of the council area. Other councils may pitch investors which may attract investors/businesses to other council areas. Risks to local jobs and flow on impacts to the local economy.	Х			Currently profiling and segmenting the business community to develop a strategy.
	Household debt	Provide opportunities for developing financial literacy at our Community Centres. Low cost options for families.	Household liabilities may have an impact on people's capacity to pay household utilities including rates. Also impacts capacity to operate utilities (e.g. heating and cooling) when required (e.g. in heat waves), therefore impacting living conditions of residents.	Х	Х	Х	
	Project impacts	a concept design and how fits with COMBAS. Two stage tender process as	Significant Inflationary costs and impacts to projects. An increasing number of developers, builders and contractors are entering external administration squeezed by rising costs, supply shocks and labour shortages (Deloitte 2022) Lag times between tender time frames and 'onboarding' of contractors to deliver work. Availability of contractors and internal resources. Any future projects will need to be funded through borrowings.	х			Manager Strategic Procurement Services will put forward a report to council to outline the current market status, impacts to projects, delivery time frames, inflationary costs etc. Proactive procurement plan.
	Unemployment	Job reskilling, work skills services has been identified as a core need based on the community needs analysis and is being provided by the City of Marion. Collaboration with local university's and industries to understand pressure points from skills and industry perspective.	Lack of skills or availability across our industry sectors.	Х			Potential to offer employment skills programs (resume writing, interview skills etc) in NHC & Libraries.
	Skilled labour shortages	Migration back to pre Covid levels which provides a greater pool of talent that may address skills shortages facing certain sectors including IT and construction.	Risks that council's project pipeline may be disrupted due to changes in staff and intellectual property departing the workplace. Built environment and planning - currently no university degree offered in SA.	Х	X		
	Property market	developments- Tonsley and Oaklands green provide options for affordable	Anecdotal feedback from the Community Connections teams is that there has been some movement of residents out of the council area due to the housing affordability crisis. High-interest rates may deter or inhibit some from entering the housing market. Quality housing and sustainability of building materials, energy efficiencies and detailing into future. Gentrification of Marion.	х			
	Industry impacts	Opportunity to establish new timing for when projects are tendered (Q4 of the financial year for the ensuing period, where possible.) Opportunities to utilise procurement panels to benefit from price capping options.	High demand in the construction industry along with supply shortages is resulting in inflated project costs and delayed time frames. A lack of resourcing in the sub contractor market & financial viability poses risks. Engineers, trades sector are impacted	Х	х		Revised internal capital works forward planning to ensure that council is in a position to tender at an early stage in the new financial year. Increased emphasis on supplier engagement and progress updates with the contractor. Recent training with project managers has reinforced this approach.
	Supply chain / Circular Economy	Where applicable potential to procure materials locally and reducing carbon footprint. Circular economy. Potential risks associated with the supply chain which will see inflationary costs, interest rate increases on liabilities, staff cost increases etc. Has improved in some areas but is still ongoing. Timber better.	Shortages on materials and labour. High costs on materials.	Х			Council has utilised the LGA's procurement services to access streamlined and aggregated procurement arrangements. City of Marion undertake an external audited health check of suppliers before a contract is awarded.
	Cardboard & paper export bans		Federal government proposed paper and cardboard export ban coming into effect in 2024 and flow on effect of potential rate increases for residents. Changes to operating recycling infrastructure will be required to meet new specifications. Proposed new recycling tax from July 1, 2024.	Х			
Social				Short term 12-24 months	Medium 2-4 years	Long term 5-10 years	

Components (PESTLER)	Themes for consideration	Emerging Opportunities	Emerging issues (risks if applicable)	Time frames for action			Actions (for short term actions where applicable)	
	Community Expectations/sentiment	Opportunities to further promote City of Marion assets including incorporating new project opening activation events to engage the community and increase brand awareness of the range of new initiatives. Marion 100 is to increase engagement across broader diversity. Plans to refresh membership of Marion 100 in early 2024. Integrated approach to promotions through new ABP Coms Plan. Increased engagement and empowerment in civic priorities/processes.	Expectations on LGA'S will increase. LGA's will become compartmentalised into fully serviced mini cities and regional hubs (Bernard Salt, Social Commentator). General sentiment that LG will service areas of need / perceived need as changes occur in community, and for COM to be agile in our response to community need.	Х			Continuing to monitor community expectations. Ensuring that the City of Marion is marketing its key brand attributes - assets and services to balance community expectations.	
	Homelessness	Opportunities to greater understand the prevalence of homelessness in the community and the role State Government is taking to address issues across the LGA. 349 people were reported as homeless on Census night in 2021 across the City of Marion (ABS). This definition also includes those living in severely crowded dwellings or temporarily lodging with other households. Proactive planning for affordable housing options.	The number of males in Australia who were experiencing homelessness increased by 1.6% between 2016 to 2021 and the number of females increased by 10.6%. While the number of people who are homeless increased, the rate of homelessness decreased from 50 per 10,000 to 48 per 10,000 between the 2016-2021 census. Affordable housing options.	Х	X			
	Community wellbeing	Opportunity for increased social planning to implement strategic outcomes in order to review relevant community data that can inform service delivery and support grant applications. 40.5% of CoM residents surveyed reported overall good wellbeing (Wellbeing SA 2021).	Risks of not reviewing data may mean council is not responsive to emerging needs or major shifts in the community	Х			Business case to be put forward to EBC - significant gap in ability to plan and respond to community changes.	
	Community Health and food security	A new tool called Hunger Map has been developed which uses ABS statistics to predict food demand to postcode level.	Risks of food insecurity and poorer community health with some residents at risk of not maintaining recommended fruit and vegetable consumption due to rising prices across fresh food. Initial data coming from Adelaide Uni 30-40% (with varying degrees of severity) food insecure in CoM (2023).	Х			Results from current (mid 2023) survey re food insecurity can assist in this space - COM a partner in Adel Uni survey.	
	Community safety	CCTV, lighting and placemaking to enhance feelings of community safety particularly in areas of increased crime across the city.	Risks of inaction impact feelings of Liveability in the community. Continued prevalence of graffiti on private property and limited council authority to remove/improve. SAPOL's role vs Council's role, potential clarity of roles and need for SAPOL liaison.	Х			CCTV. Consider expansion of graffiti program including increased budget for fence painting of private land.	
	Public health	Partnering with local, state or national community service organisation to deliver programs. Funding increased from Federal Government towards mental health support - LG may be able to access this directly or via partnerships. Public health plan. New food safety standards in place from 1st Jan 2024 which will aim to improve public health outcomes.	As changes in health occur within the community (e.g. mental health and isolation) there may be an increased expectation on council and public facing staff as to what support can be provided. 34.6% of City of Marion residents have at least one long-term health condition (ABS 2021). In Morphettville and	х				
	Community club impacts	Continue to support clubs.	Reduction in participation and volunteering due to people not having money to pay to participate. (Discretionary expenditure).	Х				
	Population growth	City of Marion is growing above the rate of Greater Adelaide at approximately 1% annually. Opportunities for precinct planning to look at the future needs of the community. Opportunity to encourage more people to move to online channels when they interact with us. CRM provides this opportunity. Opportunities to attract young people and families to stay in the CoM. Increase	Lack of future planning may result in decreased liveability due to poor provision in services. Balancing the increase in ratepayers with the ability to deliver services. Social changes to urban infill.	Х	Х		Precinct Planning to be suggested as a project for the Draft 4 Year Business Plan.	
	Immigration/new residents	New arrivals can help shape the city.	Reliance on community services and Community Centres.					
	Ageing population	The population will continue to age, mostly because of improved life expectancy and low fertility (Australian Intergenerational report 2021, Department of Treasury). Intergenerational opportunities. Opportunities for social connectivity.	Community expectations may change requiring further investment to assets. Increased mobility issues. Increased need / expectation of services. CoM has a higher % of over 85 year olds (2.9% v 2.6% for Greater Adelaide). Retiring baby boomers, fixed income, need for well maintained infrastructure.	х				
	Transport trends	77% of residents travel outside of the council area for work (ABS 2021). Opportunities to advocate for better public transport and invest in walking and cycling paths to encourage behaviour changes for improved community health and wellbeing.	Potential increase in deterioration of our transport assets.	Х	Х			
	Business community	Opportunities to work with the business community and undertake a greater level of analysis to ensure there is a strong rationale that selected projects truly reflect community and business needs. Social needs analysis.	Risks of not doing so are that council deliver projects not in line with community needs, future needs or expectations and are potentially under-utilised or not built fit for purpose.	Х				
	ABS data	Census data releases to provide opportunities for future planning	Risks that council will not invest in appropriate forward planning, or dedicated resources to interpret and use this data.	Х				
	Literacy rates	Literacy rates - year 12 attainment rates have improved to 60.3% in 2021, compared to 54.2% in 2016 for residents aged over 15 years, greater than Greater Adelaide at 57%. Opportunities to bring literacy opportunities to targeted suburbs with lower literacy.	The Australian Early Development Census notes children in Seacombe Gardens and Sturt being 8% below the Australian average on the 'Language and Cognitive Skills' Domain, with 74% developmentally on track vs the Australian av. of 82.6%, and 11.7% developmentally vulnerable vs 7.3% for Australia.					
	Shifting demographics	ABS Stats 2021; Greater number of empty nesters and retirees (50 to 69) 11.8% compared to 11.2% for Greater Adelaide. Increases in 5-14, 30-44 and 65-79 age groups, in the area since 2016, reflective of baby boomers and their subsequent families.	Government support for people aged 50 to 65 is minimal. PAI funding supports people over 65.	Х				

Components (PESTLER)	Themes for consideration	Emerging Opportunities	Emerging issues (risks if applicable)	Time	Time frames for action		Actions (for short term actions where applicable)
	Kauma	Investigation of cultural mapping, building of relationships, mapping of song lines and connection to country. Connecting and listening to local Kaurna from the local community and building of relationships.	Unawareness of sites that haven't been identified.	Х			
	Volunteering	Skilled volunteering opportunities. Meet and greet volunteers pilot Customer Service at admin.	60 percent of baby boomers are in the retirement age group. Volunteering decreased during COVID-19 and there are number of volunteers who have indicated they are not comfortable to volunteer, community bus concerns etc. Capacity limits further perpetuate this. Confidence is an issue. Issues in recruiting volunteers for Graffiti removal program - following a 'pause' during covid - the numbers have not come back up.	Х			
Technological				Short term 12-24 months	Medium 2-4 years	Long term 5-10 years	
	Digital Literacy/inclusion- Community	Continue to strengthen our digital literacy support services through community services, and seek to enhance digital access where possible, including the potential of new developments providing Wi-Fi (Oaklands Green) and enact council's digital inclusion policy. To engage with residents through VR - consultation and engaging with the community.	At a community level there is an increasing divide- inequitable access to Wi-Fi technology, however noting those unable to access data in households is decreasing year on year but access issues in some pockets of the community due to costs. https://www.digitalinclusionindex.org.au/ Digital inclusion index shows Marion is slightly behind neighbouring councils. Libraries are implementing technology for the community so that people can still have their needs met, as well as offering support and programs to improve digital literacy skills in the community. Staying current and maintaining contemporary systems.	х			CoM implemented free community WIFI recently at Oaklands Wetlands. Further initiatives in the open space are being investigated at other Sport and Rec facilities.
	Coastal mapping/trees & urban heat mapping.	State Government considering managing coastal mapping for the State thereby reducing the requirement for council to source it.		Х			
	Scenario modelling	Capacity within new Asset Management to undertake scenario modelling to assist with future planning.		Х			
	Cyber- security	The 'essential 8' mitigation strategies are designed to protect organisations and achieve a 'managed and measurable status' in line with the legislated Protective Security Policy Framework. Whilst council does is not required to comply to the framework, there are opportunities to develop maturity across all 8 strategies. A range of security steps are continuing to be implemented across the	Likelihood of compromise by not developing greater maturity. Cyber security targeted attacks are increasing towards people working from home through 'spear fishing' campaigns that aim to steal user details. Exploitation of the pandemic environment targeted at individuals and businesses has increased.	X	Х		Ongoing capability and vulnerability assessments will be carried out. Continued implementation of the essential 8 mitigation strategies into key processes and procedures. Review of technology to enable effective change control, and security analysis.
	Sensors	Opportunities to develop greater capacity and maturity to synthesize and understand the data that is generated from existing sensor technology 'smart cities technology'. Ensure that there is a strong understanding of how smart technologies and data can be scalable across the organisation. Continue to investigate opportunities where new technology supports problem solving.	Risks that council may not be responding to key information about our community. Return on investment may not be met. Requests from EM's to provide more data evidence around decision making. Scrutiny regarding validity and the how and why of data collection.	Х	Х		Analytics of the Oaklands Precinct will be investigated to inform council around opportunities for scalability of solutions.
	Emerging technology	Any emerging technologies that are utilised need to be considered in relation to the digital/data literacy of the organisation. Power BI dashboards have made data accessible to leaders. AI (Artificial Intelligence) has potential to lead to automation and time saving. Improved connective placemaking opportunities with emerging technology.	There is a risk that as systems are rolled out staff are not trained or equipped with the skills to utilise the technology.	х	Х		As the DTP rolls out it is expected that digital literacy training will be improved.
Legal				Short term 12-24 months	Medium 2-4 years	Long term 5-10 years	
	SAPN policies regarding street trees under powerlines	Retaining canopy cover and greening.	Tree removal in streets. SAPN species list does not align with some of the tree plantings by council, any removal will reduce canopy cover.	Х			The sector is working with SAPN to discuss this policy.
	Community Engagement reforms- awaiting advice from State Government	Update the community engagement framework to reflect the proposed State Government charter and underlying policy. The framework provides greater rigour as to how council engages with the community. Still with LG Minister for consideration.	Non compliance with legislative requirements under the LGA Act 1999. Potential exposure to legal liability.	Х			
	Child safe reporting	Meeting requirements of providing child safe environments (15/03/23).		Х			
	Aged Care Standards	Aged Care Quality Standards currently being reviewed, and sector reform changes to impact service delivery requirements.	Governance obligations may have adverse impacts due to staff resourcing and administration costs of adhering to the standards may be unattainable for the level of service we apply.	Х			
	Positive Ageing and Inclusion- Commonwealth Government Aged Care reform	Still awaiting outcomes to understand any additional opportunities expected in 2023/24, to then determine future delivery models of CHSP within COM.	Still awaiting outcomes to understand any emerging risks	Х			Awaiting outcomes to understand impact to the organisation.
Environmental				Short term 12-24 months	Medium 2-4 years	Long term 5-10 years	

Components (PESTLER)	Themes for consideration	Emerging Opportunities	Emerging issues (risks if applicable)	Time t	frames for ac	tion	Actions (for short term actions where applicable)
	Climate risks	Embed climate resilience and sustainability into council operations decision-making. Opportunity to embed climate resilience considerations into project management planning.	Increased complexity for reporting and disclosing risk will impact council resources. Every asset is designed to withstand a climate threshold as climate risk increases those thresholds will be exceeded. Risks could be nonlinear as damage changes from minimal to critical (McKinsey & Co 2020). Prolonged drought and extreme weather events could materially lower economic activity in certain sectors and may have significant costs in terms of property damage, the health and wellbeing of the population. (oecd.org economic survey, September 2021). Cost and infrastructure impacts of sustainability targets.	х	X		Climate resilience and sustainability will continue to be embedded into decision making. Resilient South Resilient Asset Management Project (RAMP) is responding to this risk. Councils risk management practices will identify risks and appropriate controls to mitigate risks across the service portfolio. Look at integrating in the EPMO and LGA training for climate awareness training.
	Trees, greening and urban infill	, ,	Existing stormwater infrastructure has insufficient design capacity to cope with increased runoff from development - increased frequency of property flooding and damage. Expected increased community dissatisfaction at any increase in parking and road congestion. Urban areas that are not resilient to the impacts of climate change and are less attractive, safe, comfortable and affordable for people. Urban infill built form that doesn't foster community cohesion. Loss of tree canopy in context of urban infill. Enhanced green space expectations, balancing high/low value destinations and cost. Urban infill impacts on waste. Pressure to close gaps to create/maintain/maximise open space.	X	X	X	
	El Nino		As of Sept 2023 El Niño and positive Indian Ocean Dipole currently active and likely to persist until at least February 2024. This means a higher likelihood of warmer and drier weather.	Х			
	Urban Heat	Engaging with vulnerable community members, preparing for heatwaves etc, considering areas of high urban heat and cooling through tree planting. Workforce planning with increased likelihood of lost time through extreme and sustained heat. Capturing the environmental effects post construction. Innovation - heat, stormwater and solar.	During sustained days of hot weather, there are well recognised health impacts for the community and outdoor workforces. Many chronic health conditions are worsened during extreme and sustained heat and there is a strong correlation to increased mortality rates and heat. With the expected increase in urban heat due to climate change, the services required from council to support vulnerable members of the community may increase. Sustained and extreme heat will also impact the ability of council to deliver services through the outdoor workforce.	X	X	х	Planned communications response with links to resources for the community about being Healthy in the Heat (SA Health resources). Community Centre opening hours and services in extreme heat. Hot weather policy for workforce.
	Government focus		There is some 'hype' around green hydrogen, and Council needs to ensure that what is being promoted is realistic and aligns with community expectations.	Х	Х	Х	
	EV infrastructure	Opportunities for new buildings to have base infrastructure to support recharging in order to future-proof itself with the demand for EV vehicles. An opportunities register has been developed to consider EV in new assets. Further work to discuss with project teams. New EV fleet vehicles have been	Supply and demand issues for EV infrastructure, Streetscape impact of EV chargers and community impacts to locations. Strategic pecurement with EV infrastructure suppliers required. Environmental impact of EV landfill.	Х			
	SRWRA	Southern Materials Recovery Facility opened in July 2021 to process materials collected in the yellow kerbside bins. Opportunity to promote to community.	N/A	Х			
	Community renewables	Likely to be embedded as part of the resilient south action plan that includes household solar batteries, business supports and community level batteries to support low socio economic areas.	City of Mitcham ShineHub collaboration is an opportunity for further consideration by Council.	Х			
	Soft Plastics		Uncertainty regarding the recycling of soft plastics due to State, Federal and Industry.				
	Reduced kerbside pick ups	Other councils have pioneered a reduction in red bin pick-ups for waste. Marion investigating opportunities for a weekly organics collection. Circular economy innovations.	Uncertainty regarding the recycling of soft plastics due to State, Federal and Industry.	Х			
	Embodied carbon Carbon management, merge below	To understand what council's carbon footprint from embodied carbon (contained within construction materials used in assets and infrastructure) and then take steps to reduce the embodied carbon used in future projects through more informed design and procurement decisions. Opportunities to investigate carbon sequestration.	While undertaking this work other business as usual demands may take precedence. Educating staff and awareness across the organisation. We don't have the ability to measure it.	Х			This is an action that forms part of the ESD guidelines in the Carbon Neutral Plan to be delivered over the next 12 months.
	Regenerative design	Frameworks that consider continuous renewal of evolving socioecological syste		X			
	Community sentiment	Opportunities to connect closer with the community to educate and promote on council's greening initiatives.	There is strong community interest in trees and greening that may not be met by Council's delivery programs.	Х			
Relationships				Short term 12-24 months	Medium 2-4 years	Long term 5-10 years	
	Relationships with Governments, service providers, private partners		Ineffective stakeholder engagement by not appropriately managing each of council's key external stakeholders. No system to manage stakeholder details and communication. An add on option to salesforce is an option but is an additional cost.	Х			Investigating a relationship map as part of the CRM. Proactive, consistent package to pitch for funding, from 4 year business plan (not just capital works).
	First Nations	RAP to be endorsed by early 2024. Engage with Kaurna community, having a role on the RAP.		X			

Components	Themes for						
(PESTLER)	consideration	Emerging Opportunities	Emerging issues (risks if applicable)	Time	frames for ac	tion	Actions (for short term actions where applicable)
	Cross council collaboration	Information sharing, procurement and shared resources provides an ability to reduce council's cost of service delivery. Shared resources agreements.	Collaboration can inhibit projects from being delivered in a timely manner particularly where it requires one council to develop further in service/technology maturity before a project can advance. Need a driver for cross council collaborative opportunities.	Х			
Microforces							
Service delivery				Short term 12-24 months	Medium 2-4 years	Long term 5-10 years	
	Project prioritisation	Opportunities for a review by council to consider prioritisation of any new aspirational ideas for later years.		X			
	Climate impacts on the workforce	Increased rainfall/heatwaves impacts on workforce, schedules and budgets and overall staff wellbeing. The Resilient South Asset Management Project will support opportunities to review data.	Potential impacts to budgets, schedules and staff wellbeing	Х			
	Ongoing operating costs of projects	Opportunities to enhance internal processes to ensure ongoing costs of a new asset are captured and managed within the teams.	Risks that certain assets or open spaces may not be maintained in line with community expectations and levels of service. EPMO will support this.	Х			The senior leadership team will be doing a review of their forward works in December and outlining requirements.
	Staff resources	Opportunities to review council's capacity to deliver on future works. Commitment to a pipeline of projects and services to match existing staff levels. Investment of continuous improvement across the organisation.	A finite set of resources to deliver the same or higher volumes of work is likely to result in extended carry overs across future periods. Burnout and fatigue are likely which has impacts to wellbeing and absenteeism / turnover.	X			The senior leadership team will be doing a review of their forward works in December and outlining requirements.
	Asset Management	AMIS will provide greater capability to optimise our assets and services. A planned focus. Level and location/timing of investment.	Continued impact of devaluation/ageing assets. Generational facility expectations.	Х			
	Open Space provision	State Government currently providing funding towards land acquisition.	Identified areas of low open space provision in the north of the council area compared to the south.	Х			Land acquisition strategy.
	Strategic reviews	The City of Marion Building Asset Strategy (COMBAS) has identfied future needs. Events strategy.	Ability to maximise opportunities for predesign and design fees required to be grant application ready.	Х			
	Procurement- RAP			X			
	Project Management maturity	Further opportunities to increase project management planning to ensure appropriate scoping of projects and user acceptance testing is undertaken Alignment of methodology across the organisation. Role of PMO in supporting project teams. Opportunity to further communicate milestone processes to (EBC, ELT). Opportunities to do a post- implementation review of projects.	Project Management Framework Review is underway.	Х			Consultant working across the organisation at present to develop the Framework.
	Duplication of effort across the business	Reporting across the business can be consolidated.	Further time required to develop and implement systems may see further inefficiencies.	Х			
	Data Maturity	The roll out of the Data Analytics project will increase the level of maturity and governance of data.	The timeliness of the project due to the roll out of other systems which are key dependencies.	Х	Х		Whilst a cross council approach was originally anticipated, the CoM are now proceeding with this as a standalone priority to ensure that the project can be delivered in a timely manner. The project is likely to take up to 2 years to allow for the implementation of other systems.
Workforce				Short term 12-24 months	Medium 2-4 years	Long term 5-10 years	
	Enterprise bargaining agreements	Leverage opportunities to consider new ways of working.		Х			
	IT Strategy	The IS Strategy includes a series of projects to help improve productivity across the business and help enable outstanding community experiences when dealing with the CoM.	Risks include a number of projects that require further funding by the new council that factors the integration of specific projects.	Х	х	Х	
	Change fatigue	Opportunity to review the number of projects being delivered holistically and apply change management broadly across all projects. Have applied PROSCI ADKAR change management methodology.	Due to competing communications across a number of priorities staff may not engage with the change management messages and feel disengaged from the 'bigger picture' of what is being delivered.	Х			
	Workload impacts	Undertake a review at the program level to appropriately manage and have better oversight of the impact of new systems and projects on the business to adequately identify resourcing needs, and critical times for business areas.	Ambitious projects being delivered in several areas simultaneously which may impact business productivity and operations broadly. Risks of staff burnout and dissatisfaction.	Х			
	Future workforce needs	Opportunity to take a more holistic and strategic approach to management of the City of Marion's workforce.	Constraints of the Enterprise agreements to provide flexibility. Ageing workforce due to ageing population. Skilled labour.	Х			
	Workforce turnover	Organisational renewal and the ability to refresh skill sets.	Loss of corporate knowledge and efficiency.	Х			Monitoring turnover rates and employee exit survey results.
	Retention of talent	Opportunities to provide career pathways and opportunities for staff to broaden their skill sets. Ensuring we remain flexible with a place of work policy and other work place benefits to ensure we are remaining competitive with the market.	Potential to lose the best talent, intellectual capital, and low morale of staff. Loss to private sector/SAG/FED. Being competitive in the market re. salary/conditions comparative to other councils.	Х			Workforce strategy underway
	Digital Literacy	Implementation of new systems creates opportunities to build employee capability and skills.	Baseline capability contributes to missed opportunities to leverage systems and business improvement. There is a risk that if staff are not engaged in the journey they may resist the change, or that we end up with a greater divide between those that are digitally literate and those that are not.	Х			Training needs analysis to identify requirements

Components (PESTLER)	Themes for consideration	Emerging Opportunities	Emerging issues (risks if applicable)	Time frames for action		tion	Actions (for short term actions where applicable)
	Volunteer attraction & retention		Not all programs and opportunities have been reopened for volunteering, and individual choices in the way 'spare' time is spent has changed (e.g. post COVID personal evaluations).	Х			
		market and attractiveness as an Employer. Increasing number of high profile organisations trialling the 4 day work week also drives changes in the	High demand industries at the moment include IT and roles for tactical expertise including business analysis are highly competitive. Risk of not attracting appropriately skilled talent and meeting industry expectations around remuneration.	Х			ELT currently reviewing WFH guidelines.
	Possible gender pay gap	Identify services where there is a gender pay discrepancy.		Х	Х		
	Upskilling of staff		Risk that business as usual work is delayed due to the requirement for staff to be upskilled in new programs/processes and technologies.	X			Proactive approaches to upskilling a workforce for the future.



7.2 1st Budget Review 2023-2024

Report Reference FRAC2312127.2

Originating Officer Unit Manager - Finance Partnering & Rates – Heath Harding

Corporate Manager Chief Financial Officer - Ray Barnwell

General Manager General Manager Corporate Services - Angela Allison

REPORT OBJECTIVE

The purpose of this report is to provide the financial results for the 1st Budget Review for 2023-2024. The budget review is a revised forecast of the original 2023-2024 budget and as such any savings identified during the budget reviews will not be confirmed until the projects are completed and/or the annual financial statements finalised, inclusive of accruals, and audited at the end of the financial year.

EXECUTIVE SUMMARY

The completion of the 2023-24 1st Budget Review has identified a favourable net Cash adjustment of **\$0.838M**. Adding this to the Original Budget Surplus of \$0.081M leaves a revised full year cash surplus of \$0.919M.

The 2023-2024 1st Budget Review adjustments can be attributed to the following:

Cash Statement Reconciliation	\$	\$
Original Budget Cash Surplus		80,695
1st Budget Review Adjustments		
Add Favourable		
Grants Commission Special Local Roads Funding	348,000	
Grants Commission Supplementary Local Roads Funding	482,168	
Roads to Recovery Funding from 2022/23 paid in arrears	130,737	
Local Roads & Community Infrastructure Funding from prior years paid in $\bar{\imath}$	679,146	
Fleet Vehicle sales income revised forecast	331,000	
	1,971,051	
<u>Less Unfavourable</u>		
Various minor adjustments	(91,735)	1,879,316
Revised 2023/24 Cash Surplus/(Deficit) before Council Resolutions		1,960,011
Less Council Resolutions funded from Rates		
GC230822R12.1 - Electric Vehicle Building Electricity Upgrades	892,000	
GC230822R12.1 - Electric Vehicle Purchase transition	68,000	
GC230613F10.2 - Contribution to Glenthorne National Park Toilet	85,000	
GC230822R12.6 - Capella Reserve Shade Sail	45,000	
GC230627R12.14 - Stobie Pole & Utility Box Program	15,000	
GC230912R11.4 - Marion Outdoor Pool Season Extension	10,749	
GC230627R12.10 - Youth Achievements Grant increase	5,000	
GC230627R12.11 - Community Event Fund increase	1,000	1,121,749
Total 1st Budget Review adjustments including Council Resolutions		838,262
Revised 2023/24 Cash Surplus		918,957

RECOMMENDATION

That the Finance, Risk and Audit Committee:



1. Note the 2023-24 1st Budget Review position.

GENERAL ANALYSIS

BACKGROUND

Council is required to reconsider the approved budget three times during the year in accordance with Section 123 (13) of the Local Government Act 1999 and Section 9 of the Local Government (Financial Management) Regulations 2011.

The original 2023-24 budget was developed within the context of a long term framework to achieve a balance between meeting the objectives of the Strategic Plan and attaining financial sustainability in the long term.

FRAMEWORK

This budget review continues the focus on achieving the framework set by Council when developing the 2023-24 budget, this being:

- Support the achievement of the City of Marion's Strategic Directions;
- Address issues arising and opportunities identified from internal audit reviews and business excellence assessments;
- Maintain, on average, a breakeven or positive funding (cash) position over the Long Term
 Financial Plan:
- Continue to improve the maintenance of assets in accordance with Council's Asset
 Management Plans, with a priority on maintenance before renewal, and renewal before new
 where it is cost effective to do so;
- Review existing services and assets to ensure they meet prioritised community needs;
- Council only approve new major projects where it has the identified funding capacity to do so;
- Maintain Council's position for an average residential rate which remains among the lower rating metropolitan councils.

DISCUSSION

Cash Position



The completion of the 2023-24 1st Budget Review has identified a favourable net cash adjustment of **\$0.838M**. Adding this to the Original Budget Surplus of \$0.081M leaves a revised full year cash surplus of \$0.919M.

The 2023-2024 1st Budget Review adjustments can be attributed to the following:

Cash Statement Reconciliation	\$	\$
Original Budget Cash Surplus		80,695
1st Budget Review Adjustments		
Add Favourable		
Grants Commission Special Local Roads Funding	348,000	
Grants Commission Supplementary Local Roads Funding	482,168	
Roads to Recovery Funding from 2022/23 paid in arrears	130,737	
Local Roads & Community Infrastructure Funding from prior years paid in a	679,146	
Fleet Vehicle sales income revised forecast	331,000	
	1,971,051	
<u>Less Unfavourable</u>		
Various minor adjustments	(91,735)	1,879,316
Revised 2023/24 Cash Surplus/(Deficit) before Council Resolutions		1,960,011
Less Council Resolutions funded from Rates		
GC230822R12.1 - Electric Vehicle Building Electricity Upgrades	892,000	
GC230822R12.1 - Electric Vehicle Purchase transition	68,000	
GC230613F10.2 - Contribution to Glenthorne National Park Toilet	85,000	
GC230822R12.6 - Capella Reserve Shade Sail	45,000	
GC230627R12.14 - Stobie Pole & Utility Box Program	15,000	
GC230912R11.4 - Marion Outdoor Pool Season Extension	10,749	
GC230627R12.10 - Youth Achievements Grant increase	5,000	
GC230627R12.11 - Community Event Fund increase	1,000	1,121,749
Total 1st Budget Review adjustments including Council Resolutions		838,262
Revised 2023/24 Cash Surplus		918,957

The cash result:

- Identifies the cash difference between total revenues and expenditures of Council after allowing for funding from loans, investments, cash draw-downs and reserves.
- Includes capital expenditures, which are excluded from the operating result.
- Provides information of changes in uncommitted financial resources available to Council.
- Returns a cash surplus where savings arise from the original budget, representing an increase in uncommitted financial resources or returns a cash deficit when costs are greater than the original budget, representing a decrease in available financial resources.

The 1st Budget review is based upon actual results to the end of October 2023 and forecast to June 2024. In accordance with the Local Government (Financial Management) Regulations 2011 a revised budgeted income statement, balance sheet, statement of changes in equity and statement of cash flows are provided in the Attachments to Appendix 2.

Operating Position

The 1st Budget Review forecasts an operating deficit of (\$4.399M), adjusted from an operating surplus of \$0.365M in the adopted annual budget for 2023-2024. The revised forecast operating position is predominantly in relation to the impact of funded Operating Carryovers from 2022-2023



of \$5.910M. This also includes a reduction in the 2023-2024 Grants Commission Funding of \$3.662M paid in advance (June 2023) and other already funded operating expenditure of \$2.698M.

Capital Budget

The 1st Budget Review forecasts capital expenditure increasing by \$8.470M from \$50.707M to \$59.176M (Renewal \$17.633M, New \$41.543M).

Capital Works	\$	\$
Capital Carryover Projects from 2022/23 (including grant funded)	17,672,302	
Reclassification from Capital to Operating expenditure *	(509,419)	
Alawoona Streetscape Grant Funding Received	348,000	
Various other minor adjustments/reconciliations	192,322	17,703,205
Capital Works Retimed to future years		
MCC Plaza Redevelopment	(1,278,314)	
Hard Waste Truck	(180,000)	
South Adelaide Basketball Redevelopment	(250,000)	
Glandore Sports Club Redevelopment	(5,146,123)	
Marion Golf Park Clubroom Upgrade	(1,924,205)	
Warradale Tennis Club Upgrade	(1,027,463)	
Footpath - Waterfall Creek	(246,800)	
Footpath - Sturt Linear Path	(185,000)	(10,237,905)
Council Resolutions		
GC230822R12.1 - Electric Vehicle Building Electricity Upgrades	892,000	
GC230822R12.1 - Electric Vehicle Purchase transition	68,000	
GC230822R12.6 - Capella Reserve Shade Sail	45,000	1,005,000
Total Increase in Capital Expenditure		8,470,300
A A STATE OF A PROCESS OF A STATE		

^{*} No cash impact. Relates to accounting classification only

Borrowings

The 1st Budget review forecasts at this stage no change to the original budget level of required loan funding or loan principal repayments (\$18M loan funding). As at 30 June 2023 the City of Marion had a Cash at Bank balance of \$29.631M along with access to a short term debt facility, if required. These cash balances have been quarantined to fund the cash backed Reserves, carried over project funds and other liabilities such as Grants in advance required in the current financial year.

Under council's Treasury Management Policy, cash balances are continuously being monitored and, if required, debt will be secured to ensure cash balances do not reduce below that required for capital projects and working capital purposes. The need for potential borrowings is reviewed as part of the annual budget setting process and approval to access loan funds is sought as part of the annual budget process.

Reserves

The 1st Budget Review reports a net allocation from Reserves in 2023-24 of \$12.326M with an allocation of \$9.887M retained in Reserves mainly as a result retiming the funding requirements for some multi-year projects into 2024-25:



Reserve Transfers	\$	\$
Original Budget + Carryovers (Net Transfers)		22,212,861
1st Budget Review Adjustments		
- Glandore Sports Club Redvelopment (retimed to 2024/25)	5,361,123	
- Marion Golf Park Clubroom Upgrade (part retimed to 2024/25)	1,924,165	
- MCC Plaza Redevelopment (retimed portion to 2024/25)	1,225,226	
- Warradale Tennis Club Upgrade (part retimed to 2024/25)	482,463	
- South Adelaide Basketball Redevelopment (retimed to 2024/25)	250,000	
- Waterfall Creek Footpath (retimed to 2024/25)	246,800	
- Sturt Linear Path (retimed to 2024/25)	185,000	
- Hard Waste Truck (retimed to 2024/25)	180,000	
- Morphettville Streetscape Maintenance	70,704	
- Other minor transfers	1,271	
- Tarnham Road Upgrade - balance of project funding added to 2023/24 budget	(40,000)	9,886,752
Net Reserve Transfers 1st Budget Review		12,326,109

Labour Budgets

Overall labour budgets have marginally increased by \$0.056M to \$44.064M due to an increase in funding required for the Marion Outdoor Pool Season extension (GC230912R11.4).

Depreciation

The depreciation budget for 2023-2024 remains unchanged in the 1st Budget Review at \$18.100M.

Funds Carried Over from 2022-23 to 2023-24

Following the completion of the 2022-2023 Annual Financial Statements the total funding being carried over from 2022-2023 into 2023-2024 and future years is \$28.506M. A breakdown of the Grants & Carry Overs at 30th June 2023 are summarised:

Capital Projects Carryovers (excluding Grant Funded)		
Capital Works - Capital Program		4,956,344
Capital Works - Grant Funded		5,324,387
Total Capital Project Carryovers (excluding Grant Funded)		10,280,731
Operating Carryovers		
Council Resolutions		521,344
Grant Funding - Grants Commission In advance	3,662,353	
Grant Funding	781,062	4,443,415
Other Operating		699,212
Total Operating Carryovers		5,663,971
Total Carryovers		15,944,702
Transferrred to Reserve during Budget Reviews		
Capital Works - Capital Program		543,010
Capital Works - Grant Funded		11,394,170
Operating		624,259
Total Carryovers identified during Budget Reviews		12,561,439
Total Carryover Budgets for 2022/23		28,506,141



Carryover Analysis 2022-2023	
Capital Works Carryovers (Council Funded)	4,956,344
Vehicle Replacement Program	1,081,713
Boatshed Cafe Upgrade 22-23	883,891
Breakout Creek Shared Path	450,848
Administration Building Upgrade	421,549
Coast to Vines Path - Brooklyn to Expressway	405,508
MOP Boiler Replacement	294,926
MCC Air Conditioner	223,150
Quailo / Barramundi Drive Intersection	187,163
Hard Waste Truck	180,000
MCC Plaza Development	167,887
Bore Renewal Program	136,499
Mitchell Park Neighbourhood Centre Building Renovations	110,000
Other Capital Projects	413,210
Grant Funded Capital Carryovers	5,324,387
Coastal Trail Bridges	4,345,819
Cove Sports Upgrade	252,936
South Adelaide Basketball Redevelopment	250,000
Marino Hall Upgrade	159,072
Alawoona Avenue Reserve Development	140,000
Other Capital Projects	176,560
Grant Funded Operating Projects	4,443,415
Grants Commission Financial Assistance Paid in Advance	3,662,353
Rainwater Tank Pilot Project	218,192
Resilient South Climate Partnership	159,617
Other Operating Projects	403,253
Other Operating Carryovers (Council Funded)	1,220,556
Digital Transformation Project	595,854
SWBMX Track and Southern Soccer Facility works	249,579
Proposed Seacliff Park Boundary Alignment	200,000
Other Operating Projects	175,123
Projects Retimed during 2022-2023 Budget Reviews	12,561,439
Total Carryovers from 2022-2023	28,506,141

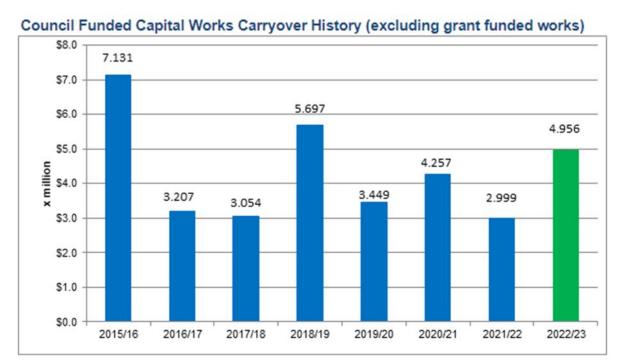


The current status of capital works budgets carried over from 2022-2023 (\$4.956M) as at the 10th November 2023 is provided below:

	# Projects	Carry Over Budget	Completed	Budget Remaining
Infrastructure	13	1,465,717	310,535	1,155,182
Land & Property	7	1,956,496	683,736	1,272,760
Open Space Planning	1	7,210	4,902	2,308
Other	6	1,526,921	83,669	1,443,252
Total	27	4,956,344	1,082,842	3,873,502

These works are expected to be completed by the 30th June 2024

A detailed listing of capital carryover works is included in Appendix 3 with a previous year comparative below.



Detailed graphs of the overall Capital Works Projects by Asset Category are provided in Appendix 4. These graphs depict the overall spending profile for 2022-23 which resulted in a net overspend of \$0.416M (1.6%) against budget for 2022-23.

2022 - 23 Year End Identified Cash Surplus/Savings

Section 7 (2) of the Local Government (Financial Management) Regulations requires that the first reconsideration of a budget in a particular financial year must include a review which takes account of the financial outcomes of the council, council subsidiary or regional subsidiary for the previous financial year.

Our independent audit of the financial statements for the year ended 30th June 2023 has been completed and surplus/savings of \$1.810M have been identified. These identified Savings/Surplus will be transferred to the Asset Sustainability Reserve.



Annual Savings Summary 2022-23	\$'000	\$'000
Original Budget Surplus		23
Favourable Adjustments		
LRCI Funding paid in arrears	1,369	
Investment Income	721	
Statutory Charges (Dev Services, Parking Fines)	239	
Waste Management Fees	234	
SA Water Expenditure	159	
Marion Outdoor Pool	237	
Reserve and Infrstructure Maintenance	171	
Fuel	86	
Learning & Development	46	
FBT	42	
Cross Council Reimbursements	58	
Other various net favourable variances	778	4,140
Unfavourable Adjustments		
Electricity Expenditure	(208)	
Operating Labour (EBA 1% Increase \$245k, Movement in Employee Provision		
\$609k)	(788)	
Net Capital Works Overspend (1.6%)	(416)	
Glenthorne National Park Adventure Playground - Additional Contribution	(200)	
Additional Funds Allocated through confidential Council resolution	(465)	/2252
Other Various Minor Funds Allocated through Council resolutions	(276)	(2353)
Net Savings Identified		1,810

ATTACHMENTS

- 1. Appendix 1 G C 231128 1 st Budget Review Year to Date Funding [7.2.1 1 page]
- 2. Appendix 2 G C 231128 1 st Budget Review 2023-24 Financials [7.2.2 7 pages]
- 3. Appendix 3 G C 231128 1 st Budget Review 2023-24 Carryovers [7.2.3 1 page]
- 4. Appendix 4 G C 231128 2022-23 Final Full Year Capital Expenditure Graphs [**7.2.4** 5 pages]

APPENDIX 1

VTD Actual (31 Oct 2023) St Review (32 O	Budgeted Funding Statement Year to Date 2	023-24	
Rates 29,866 89,43		YTD Actual (31 Oct 2023)	1st Review Budget
Statutory Charges 1,1774 2,66 User Charges 1,069 3,64 Operating Grants and Subsidies 2,239 6,16 Investment Income 301 67 Reimbursements 250 1,20 Other Revenues 349 1,12 Share of Profit - Equity Accounted Investments - 36 Share of Profit - Equity Accounted Investments - 36 OPERATING EXPENSES Employee Costs 14,001 44,11 Contractual Services 9,650 32,90 Materials 1,529 6,77 Finance Charges - 15 Depreciation 6,033 18,10 Other 2,087 7,65 Operating Surplus/(Deficit) before Capital revenues 1,948 (4,38 Add (a) Capital Revenue Capital Grants and Contributions 10,495 17,0 Physical Resources received free of charge - 3 Asset disposal and fair value adjustments 20 33 Equals Net Surplus/(Deficit) resulting from operations 12,463 12,9 Add Depreciation 6,033 18,10 (Gain)/Loss on disposal of assets Share of Profit SRWRA 0 (36 Equals Funding available for Capital Investment expenditure 18,496 30,6 Capital Expenditure - Renewal 6,271 17,63 Less Capital Expenditure - New 2,495 41,54 Less Capital Expenditure - New 2,495 41,54 Capital Expenditure -	OPERATING REVENUE		
User Charges	Rates	29,866	89,437
Operating Grants and Subsidies	Statutory Charges	1,174	2,693
Investment Income 301 67 Reimbursements 250 1,20 Other Revenues 349 1,12 Share of Profit - Equity Accounted Investments - 36 Share of Profit - Equity Accounted Investments - 36 Share of Profit - Equity Accounted Investments - 36 Share of Profit - Equity Accounted Investments - 36 Share of Profit - Equity Accounted Investments - 36 Share of Profit - Equity Accounted Investments - 36 Share of Profit - Equity Accounted Investment expenditure - 36 Share of Profit SRWRA 0 (36 Capital Equals Funding available for Capital Investment expenditure 18,496 30,6 Capital Less Capital Expenditure - New 2,495 41,546 Less Capital Expenditure - New 2,495 41,546 Capital Exp	User Charges	1,069	3,647
Reimbursements	Operating Grants and Subsidies	2,239	6,161
Other Revenues 349 1,12 Share of Profit - Equity Accounted Investments - 36 35,248 105,3 OPERATING EXPENSES Employee Costs 14,001 44,11 Contractual Services 9,650 32,95 Materials 1,529 6,77 Finance Charges - 15 Depreciation 6,033 18,10 Other 2,087 7,66 33,300 109,7 Operating Surplus/(Deficit) before Capital revenues 1,948 (4,39 Add Capital Revenue - - Capital Resources received free of charge - - Asset disposal and fair value adjustments 20 33 Equals Net Surplus/(Deficit) resulting from operations 12,463 12,9 Add Depreciation 6,033 18,10 (Gain)/Loss on disposal of assets Share of Profit SRWRA 0 (36 Equals Funding available for Capital Investment expenditure 18,496 </td <td>Investment Income</td> <td>301</td> <td>675</td>	Investment Income	301	675
Share of Profit - Equity Accounted Investments	Reimbursements	250	1,205
Section Sect	Other Revenues	349	1,127
OPERATING EXPENSES Employee Costs 14,001 44,11 Contractual Services 9,650 32,90 Materials 1,529 6,77 Finance Charges - 15 Depreciation 6,033 18,10 Other 2,087 7,65 33,300 109,7 Operating Surplus/(Deficit) before Capital revenues 1,948 (4,38 Add (a) Capital Revenue - - Capital Grants and Contributions 10,495 17,0 - Physical Resources received free of charge - - - Asset disposal and fair value adjustments 20 33 Equals Net Surplus/(Deficit) resulting from operations 12,463 12,9 Add Depreciation 6,033 18,10 (Gain)/Loss on disposal of assets 5hare of Profit SRWRA 0 (36 Equals Funding available for Capital Investment expenditure 18,496 30,6 Capital Capital Expenditure - Renewal 6,271 <t< td=""><td>Share of Profit - Equity Accounted Investments</td><td>-</td><td>365</td></t<>	Share of Profit - Equity Accounted Investments	-	365
Employee Costs 144,011 44,11 Contractual Services 9,650 32,90 Materials 1,529 6,77 Finance Charges - 15 Depreciation 6,033 18,10 Other 2,087 7,65 33,300 109,7 Operating Surplus/(Deficit) before Capital revenues 1,948 (4,39 Add (a) Capital Revenue Capital Grants and Contributions 10,495 17,0 Physical Resources received free of charge - - Asset disposal and fair value adjustments 20 33 Equals Net Surplus/(Deficit) resulting from operations 12,463 12,9 Add Depreciation 6,033 18,10 (Gain)/Loss on disposal of assets 0 6,033 18,10 Equals Funding available for Capital Investment expenditure 18,496 30,6 Capital Capital Expenditure - Renewal 6,271 17,63 Less Capital Expenditure - New 2,495 41,54		35,248	105,310
Contractual Services 9,650 32,90 Materials 1,529 6,77 Finance Charges - 15 Depreciation 6,033 18,10 Other 2,087 7,65 33,300 109,7 Operating Surplus/(Deficit) before Capital revenues 1,948 (4,38 Add (a) Capital Revenue Capital Grants and Contributions 10,495 17,0 Physical Resources received free of charge - Asset disposal and fair value adjustments 20 33 Equals Net Surplus/(Deficit) resulting from operations 12,463 12,9 Add Depreciation 6,033 18,10 (Gain)/Loss on disposal of assets 5 Share of Profit SRWRA 0 (36 Equals Funding available for Capital Investment expenditure 18,496 30,6 Capital Less Capital Expenditure - Renewal 6,271 17,63 Less Capital Expenditure - New 2,495 41,54 Capital 2,495 41,54 Capi	OPERATING EXPENSES		
Materials 1,529 6,77 Finance Charges - 15 Depreciation 6,033 18,10 Other 2,087 7,65 33,300 109,7 Operating Surplus/(Deficit) before Capital revenues 1,948 (4,38 Add (a) Capital Revenue Capital Grants and Contributions 10,495 17,0 Physical Resources received free of charge - Asset disposal and fair value adjustments 20 33 Equals Net Surplus/(Deficit) resulting from operations 12,463 12,9 Add Depreciation (Gain)/Loss on disposal of assets Share of Profit SRWRA 0 (36 Equals Funding available for Capital Investment expenditure 18,496 30,6 Capital Less Capital Expenditure - Renewal 6,271 17,63 Less Capital Expenditure - New 2,495 41,545 Capital Exp	Employee Costs	14,001	44,119
Finance Charges	Contractual Services	9,650	32,906
Depreciation	Materials	1,529	6,775
Other 2,087 7,65 33,300 109,7	Finance Charges	-	151
33,300 109,7	Depreciation	6,033	18,100
Add Capital Revenue 1,948 (4,38) (a) Capital Revenue 10,495 17,0 Capital Grants and Contributions 10,495 17,0 Physical Resources received free of charge - - Asset disposal and fair value adjustments 20 33 Equals Net Surplus/(Deficit) resulting from operations 12,463 12,9 Add Depreciation 6,033 18,10 (Gain)/Loss on disposal of assets 0 (36 Share of Profit SRWRA 0 (36 Equals Funding available for Capital Investment expenditure 18,496 30,6 Capital Capital 6,271 17,63 Less Capital Expenditure - New 2,495 41,54	Other	2,087	7,658
Add (a) Capital Revenue Capital Grants and Contributions 10,495 17,0 Physical Resources received free of charge - Asset disposal and fair value adjustments 20 33 Equals Net Surplus/(Deficit) resulting from operations 12,463 12,9 Add Depreciation 6,033 18,10 (Gain)/Loss on disposal of assets 0 (36 Share of Profit SRWRA 0 (36 Equals Funding available for Capital Investment expenditure 18,496 30,6 Capital Capital 6,271 17,63 Less Capital Expenditure - New 2,495 41,54		33,300	109,709
(a) Capital Revenue Capital Grants and Contributions 10,495 17,0 Physical Resources received free of charge - - Asset disposal and fair value adjustments 20 33 Equals Net Surplus/(Deficit) resulting from operations 12,463 12,9 Add Depreciation 6,033 18,10 (Gain)/Loss on disposal of assets 0 (36 Share of Profit SRWRA 0 (36 Equals Funding available for Capital Investment expenditure 18,496 30,6 Capital Capital 6,271 17,63 Less Capital Expenditure - New 2,495 41,54	Operating Surplus/(Deficit) before Capital revenues	1,948	(4,399)
Capital Grants and Contributions 10,495 17,0 Physical Resources received free of charge - - Asset disposal and fair value adjustments 20 33 Equals Net Surplus/(Deficit) resulting from operations 12,463 12,9 Add Depreciation 6,033 18,10 (Gain)/Loss on disposal of assets 0 0 Share of Profit SRWRA 0 0 Equals Funding available for Capital Investment expenditure 18,496 30,6 Capital Capital 6,271 17,63 Less Capital Expenditure - New 2,495 41,54	Add		
Physical Resources received free of charge	(a) Capital Revenue		
Asset disposal and fair value adjustments 20 33 Equals Net Surplus/(Deficit) resulting from operations 12,463 12,9 Add Depreciation 6,033 18,10 (Gain)/Loss on disposal of assets 0 (36 Share of Profit SRWRA 0 (36 Equals Funding available for Capital Investment expenditure 18,496 30,6 Capital Capital 6,271 17,63 Less Capital Expenditure - New 2,495 41,54	Capital Grants and Contributions	10,495	17,032
Equals Net Surplus/(Deficit) resulting from operations 12,463 12,99 Add Depreciation (Gain)/Loss on disposal of assets Share of Profit SRWRA 0 (36 Equals Funding available for Capital Investment expenditure 18,496 30,6 Capital Capital 6,271 17,63 Less Capital Expenditure - New 2,495 41,54	Physical Resources received free of charge	-	-
Add Depreciation (Gain)/Loss on disposal of assets Share of Profit SRWRA 6,033 18,10 Equals Share of Profit SRWRA 0 (36 Equals Funding available for Capital Investment expenditure 18,496 30,6 Capital Capital Expenditure - Renewal 6,271 17,63 Less Capital Expenditure - New 2,495 41,54	Asset disposal and fair value adjustments	20	331
(Gain)/Loss on disposal of assets Share of Profit SRWRA 0 (36 Equals Funding available for Capital Investment expenditure 18,496 30,6 Capital Less Capital Expenditure - Renewal 6,271 17,63 Less Capital Expenditure - New 2,495 41,54	Equals Net Surplus/(Deficit) resulting from operations	12,463	12,964
(Gain)/Loss on disposal of assets Share of Profit SRWRA 0 (36 Equals Funding available for Capital Investment expenditure 18,496 30,6 Capital Less Capital Expenditure - Renewal 6,271 17,63 Less Capital Expenditure - New 2,495 41,54	Add Depreciation	6,033	18,100
Share of Profit SRWRA	(Gain)/Loss on disposal of assets		· _
EqualsFunding available for Capital Investment expenditure18,49630,6CapitalLessCapital Expenditure - Renewal6,27117,63LessCapital Expenditure - New2,49541,54	` , .	0	(365)
Less Capital Expenditure - Renewal 6,271 17,63 Less Capital Expenditure - New 2,495 41,54	Equals Funding available for Capital Investment expenditure	18,496	30,699
Less Capital Expenditure - Renewal 6,271 17,63 Less Capital Expenditure - New 2,495 41,54	Capital		
Less Capital Expenditure - New 2,495 41,54	·	6 271	17,633
			41,543
2000 Capital Continued Goods		2,100	
Equals Net Overall funding Surplus/(Deficit) 9,730 (28,47	·	9.730	(28,478)

Funding transactions associated with accomodating the above net overall funding deficit (or applying the net overall funding surplus) are as follows:

	LOANS		
	Loan Principal Receipts (Net)	-	18,000
	Loan Receipts from Sporting Clubs (Net)	-	-
Less	Loan Principal Payments	-	929
	Loan funding (Net)	-	17,071
	Movement in level of cash & accruals		
(b)	Cash Surplus/(Deficit) funding requirements	28,929	919
	Reserves Net transfer to/(transfer from)	(19,199)	(12,326)
	Cash/Investments/Accruals Funding	9,730	(11,407)
Equals	Funding Transactions	(9,730)	28,478

	CITY OI	F MARION			
	Revised Budgeted Fu	nding Statem	ent 2023-24		
		Budget Original \$000's	Carryovers \$000's	2023-24 1st Review \$000's	Revised Budget \$000's
	OPERATING REVENUE				
	Rates				
	General	87,176	-	-	87,176
	Other	2,262	-	-	2,262
	Statutory Charges	2,551	-	142	2,693
	User Charges	3,325	-	322	3,647
	Operating Grants and Subsidies	6,935	(3,212)	2,438	6,161
	Investment Income	425	-	250	675
	Reimbursements	1,081	-	123	1,204
	Other Revenues	701	-	426	1,127
	Share of Profit - Equity Accounted Investments	365	-	-	365
		104,821	(3,212)	3,701	105,310
	OPERATING EXPENSES				
	Employee Costs	44,064	-	55	44,119
	Contractual Services	27,477	2,698	2,731	32,906
	Materials	6,994	-	(219)	6,775
	Finance Charges	151	-	0	151
	Depreciation	18,100	-	0	18,100
	Other	7,670	-	(12)	7,658
		104,456	2,698	2,555	109,709
	Operating Surplus/(Deficit) before Capital rev's	365	(5,910)	1,146	(4,399)
Add					
(a)	Capital Revenue				
	Capital Grants and Contributions	10,119	8,831	(1,918)	17,032
	Physical Resources received free of charge	-	-	-	-
	Asset disposal and fair value adjustments	-	-	331	331
Equals	Net Surplus/(Deficit) resulting from operations	10,484	2,921	(441)	12,964
,	. , , ,	•	•	, ,	, , , , ,
Add	Depreciation	18,100	-	_	18,100
	(Gain)/Loss on disposal of assets	-	_	_	-
	Share of Profit SRWRA	(365)	-	_	(365)
Equals	Funding available for Capital Investment exp	28,219	2,921	(441)	30,699
_4	· · · · · · · · · · · · · · · · · · ·		_,-,	(,	
	Capital				
Less	Capital Expenditure - Renewal	11,468	4,699	1,466	17,633
Less	Capital Expenditure - New	39,238	14,938	(12,633)	41,543
Less	Capital - contributed assets	-	-	-	- 1,5 10
Equals	Net Overall funding Surplus/(Deficit)	(22,487)	(16,716)	10,726	(28,478)

APPENDIX 2

CITY OF MA Revised Budgeted Fundir		ent 2023-24		
			2023-24	
E	Budget		1st	Revised
0	Original	Carryovers	Review	Budget
	\$000's	\$000's	\$000's	\$000's

Funding transactions associated with accomodating the above net overall funding deficit (or applying the net overall funding surplus) are as follows:

	LOANS				
	Loan Principal Receipts (Net)	18,000	-	-	18,000
	Loan Receipts from Sporting Clubs (Net)	=	-	-	-
Less	Loan Principal Payments	929	-	-	929
	Loan funding (Net)	17,071	-	-	17,071
	Movement in level of cash & accruals				
(b)	Cash Surplus/(Deficit) funding requirements	80	-	839	919
	Reserves Net (transfer to/(transfer from)	(5,497)	(16,716)	9,887	(12,326)
	Cash/Investments/Accruals Funding	(5,417)	(16,716)	10,726	(11,407)
Equals	Funding Transactions	22,487	16,716	(10,726)	28,478

APPENDIX 2

Financial Indicators

To assist Council in meeting its objective of financial sustainability, a series of financial indicators endorsed but the Local Government Association are provided. The following table provides a matrix of indicators of the 2023-2024 1st Budget Review and compares the forecast results against the target rate.

2023-24 Key Ratios Target Forecast

Operating Surplus Ratio 0 - 10% -4.18%

This ratio expresses the operating surplus as a percentage of total operating revenue

Target: Average between 0-10% over each consecutive 5-year period

Comment: Positive ratio indicates that Council has sufficient operating revenue to cover operational expenses

The average Operating Surplus over the past five years is 4%.

Net Financial Liabilities Ratio 0 - 50% 18.58%

This ratio indicates the extent to which net financial liabilities can be met by total operating revenue

Comment: This result indicates Council's Financial Liabilities are forecast to exceed its Financial Assets.

This ratio falls within the target range. Council's capacity to meet its financial obligations remains strong

Debt Servicing Ratio 0 - 5% 1.03%

This ratio identifies Council's ability to service its debt obligations (principal & interest) from operating revenues

Comment: This ratio falls within the target range and indicates Council has a low debt holding and

is well positioned for future borrowings outlined in the Long Term Financial Plan

Asset Renewal Funding Ratio 90 - 110% 100%

This ratio indicates whether Council is renewing or replacing existing assets at the rate of consumption

Comment : The ratio can vary from year to year dependant on the renewal capital expenditure. Council's Long Term Financial Plan is set to achieve an average Asset

Renewal Funding Ratio of 100% over the next three years

CITY OF MARION Budgeted Income Statement		
g		1st
	Actual	Review
	2022-2023	2023-2024
	\$000's	\$000's
OPERATING REVENUE		
Rates		
General	82,232	87,176
Other	2,098	2,262
Statutory Charges	2,542	2,693
User Charges	3,995	3,647
Operating Grants and Subsidies	9,899	6,161
Investment Income	1,157	675
Reimbursements	792	1,204
Other Revenue	1,271	1,127
Net Gain - Equity Accounted Council Businesses	645	365
TOTAL OPERATING DEVENUE	404 604	405 240
TOTAL OPERATING REVENUE	104,631	105,310
OPERATING EXPENSES		
Employee Costs	42,378	44,119
Contractual Services	30,169	32,906
Materials	6,154	6,775
Finance Charges	206	151
Depreciation	17,732	18,100
Other Expenses	8,306	7,658
TOTAL OPERATING EXPENSES	104,945	109,709
Operating Surplus/(Deficit) before Capital Revenues	(314)	(4,399)
CAPITAL REVENUES		
Capital Grants, Subsidies and Monetary Contributions	9,087	17,032
Physical resources received free of charge	727	-
Asset disposal and fair value adjustments	(382)	331
Net Surplus/(Deficit) resulting from Operations	9,118	12,964

CITY OF MARION					
Budgeted Statement of Financial Position					
		1st			
	Actual	Review			
	2022-2023	2023-2024			
	\$000's	\$000's			
CURRENT ASSETS					
Cash & Cash Equivalents	29,631	18,225			
Receivables	6,512	6,512			
Inventory	678	678			
TOTAL CURRENT ASSETS	36,821	25,415			
CURRENT LIABILITIES					
Trade & Other Payables	16,830	16,830			
Provisions	6,722	6,722			
Borrowings	929	929			
Lease Liabilities	6	6			
TOTAL CURRENT LIABILITIES	24,487	24,487			
Net Current Assets/(Liabilities)	12,334	928			
11011 01177117 100770					
NON-CURRENT ASSETS	0.504				
Investment in SRWRA & Council Solutions	8,501	8,866			
Infrastructure, Property, Plant & Equipment	1,137,602	1,178,678			
Other Non-Current Assets	18,725	18,725			
TOTAL NON-CURRENT ASSETS	1,164,828	1,206,269			
NON CURRENT LIABILITIES					
NON-CURRENT LIABILITIES	000	000			
Provisions	660	660			
Borrowings	1,758	18,829			
Lease Liabilities TOTAL NON-CURRENT LIABILITIES	2 440	40.400			
NET ASSETS	2,418	19,489			
	1,174,744	1,187,708			
EQUITY	424 627	450.007			
Accumulated surplus	434,637	459,927			
Asset Revaluation Reserves	711,329	711,329			
Other Reserves TOTAL EQUITY	28,778	16,452			
IOTAL EQUIT	1,174,744	1,187,708			

CITY OF MARION Budgeted Statement of Changes in Equity				
Daugotou Statement of Shangoon	. Equity	1st		
	Actual 2022-2023			
	\$000's	\$000's		
ACCUMULATED SURPLUS				
Balance at beginning of period	427,628	434,637		
Net Surplus/(Deficit)	9,118	12,964		
Adjustments	-	-		
Transfers from Reserves	(2,109)	22,361		
Transfers to Reserves		(10,035)		
Balance at end of period	434,637	459,927		
ASSET REVALUATION RESERVE				
Balance at beginning of period	769,508	711,329		
Net change this year	(58,179)	-		
Balance at end of period	711,329	711,329		
OTHER RESERVES				
Balance at beginning of period	26,669	28,778		
Net change this year	2,109	(12,326)		
Balance at end of period	28,778	16,452		
Total Reserves	740,107	727,781		
TOTAL EQUITY	1,174,744	1 187 708		
I O I THE EQUIT I	1,117,177	., 107,700		

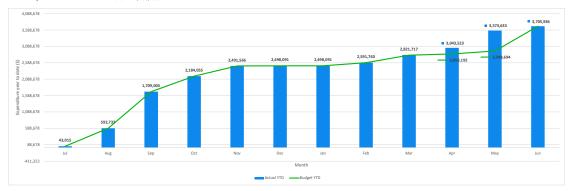
CITY OF MARION		
Budgeted Statement of Cash Flows	5	1st
	Actual 2022/2023 \$000's	Review 2023/2024 \$000's
CASH FLOWS FROM OPERATING ACTIVITIES	400.070	101015
Receipts	109,279	104,945
Payments	(93,707)	(91,609)
NET CASH PROVIDED BY OPERATING ACTIVITIES	15,572	13,336
CASH FLOWS FROM FINANCING ACTIVITIES Receipts		
Loans Received	-	18,000
Payments		
Principal	(876)	(929)
Repayment of Finance Lease Liabilities	(9)	(929)
Repayment of Bonds & Deposits	- (3)	_
NET CASH (USED IN) FINANCING ACTIVITIES	(885)	17,071
	(000)	,•
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipts	45.440	17.000
Capital Grants/Subsidies & Contributions/Investments	15,116	17,032
Sale of surplus assets	2,415	-
Sale of replaced assets	1,082	331
Distributions from Equity Accounted Investments Payments	-	-
Expenditure on New/Upgrade and Renewal of Assets	(31,308)	(59,176)
NET CASH (USED IN) INVESTING ACTIVITIES	(12,695)	(41,813)
	. , -,	\ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \
NET INCREASE/(DECREASE) IN CASH HELD	1,992	(11,406)
CASH AT BEGINNING OF REPORTING PERIOD	27,639	29,631
CASH AT END OF REPORTING PERIOD	29,631	18,225

2022/23 Capital Carryover Listing			
	Carryover	Work In Progress / Not Started	Details
Berrima Road Footpath	16,024	NS	To be included with broader Berrima Road Stage 2 upgrade within 23-24 CapEx program
Quailo / Barramundi Drive Intersection	187,163	WIP	Works in progress at 30th June, completed early July
Berrima Rd Street Lighting	25,000	NS	To be included with broader Berrima Road Stage 2 upgrade within 23-24 CapEx program
Morphett Road Streetscape- Diagonal to Sturt	48,866	WIP	Works in progress at 30th June, balance of invoicing not received by 30th June
Reserve Renewal Irrigation Works	216,637	WIP	To be carried over and included in Reserves Renewal Irrigation Systems for 23-24 Annual Budget to total
Breakout Creek Shared Path	450,848	WIP	Works deferred, anticipated to be completed by December 2023
Coast to Vines Path - Brooklyn to Expressway	405,508	WIP	Works required to be completed during summer months
Cove Road Footpath - Kurnabinna to HC Train Station	23,240	NS	Works deferred to 2023/24
Young Street Footpath - Bayley to Bridge	24,021	NS	Works deferred to 2023/24
McConnell Avenue Reserve Fencing/Car Park	40,000	NS	Works deferred to 2023/24
George Street Car Park	28,410	WIP	Works in progress at 30th June
Furniture & Fittings Renewal - Sturt Rd Admin Cntr	256,771	WIP	Multi year Administration Building Fitout project
MOP Boiler Replacement	294,926	WIP	Works in progress while pool is closed, contractor delays with works to be completed end August 2023
MOP - replace main switchboard & dist board	22,980	WIP	Works in progress while pool is closed, contractor delays with works to be completed end August 2023
Administration Building Upgrade	164,778	WIP	Multi year Administration Building Fitout project
Boatshed Cafe Upgrade 22-23	883,891	WIP	To be completed early 2024 with additional budget in 2023-24
MCC Air Conditioner	223,150	WIP	Works in progress at 30th June, to be completed by Sep 2023
Mitchell Park Neighbourhood Centre Building Renovations	110,000	NS	Delays due to Resolution change, now demolition of old Mitchell Park Neighbourhood Centre
Cormorant Drive Reserve	7,210	WIP	Works in progress, contractor delays for signage component of works
Vehicle Replacement Program	1,035,559	WIP	Significant delays & uncertainty in delivery of orders from suppliers
Smart Cities Parking	25,848	WIP	To be integrated with Boatshed café once car park reseal complete
MCC Plaza Development	167,887	WIP	Project delivery as endorsed by Council, to commence in 2023/24
Hard Waste Truck	180,000	WIP	Significant delays & uncertainty in delivery of orders from suppliers
Vehicle for Corp Serv GM	46,154	WIP	Significant delays & uncertainty in delivery of orders from suppliers
Public Art Projects	71,473	WIP	Project delivery delays with artwork, to be finalised in 2023/24
Capital Works Carryovers	4,956,344		

Road Reseal

Monthly Comment

ction. Works for this project were in progress at end of year, the remaining works for this project will be carried over to 2023/24 (\$187,163) All projects in this program are complete with the exception of Quailo/Barramundi Inters Total overspend on Road Reseals in 2022-2023 was \$186,283.

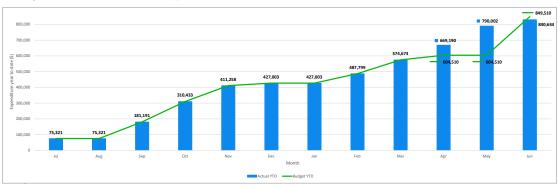


Kerb and Water Table

Monthly Comment

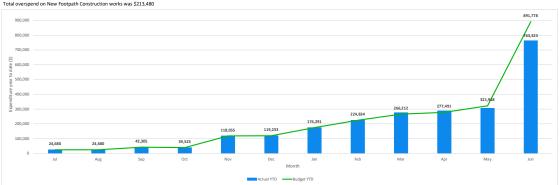
Kerb and Water Table program is complete.

Total underspend on Kerb and Water Table works in 2022-2023 was \$18,876.



New Footpath Construction

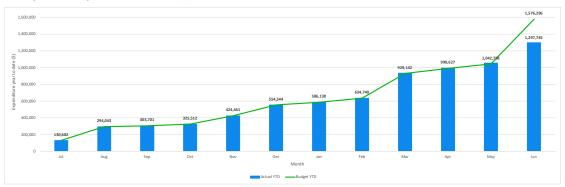
Nine of the Eleven programmed project were complete. Works on Majors Road Footpath and Breakout Creek Shared Path were in progress at end of year, the remaining works will be carried over to 2023/24 (\$341,935) Total overspend on New Footpath Construction works was \$213,480



Renewal Footpath Construction

Monthly Comment

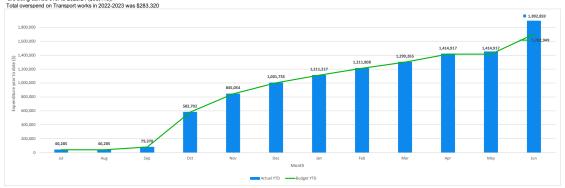
Program is 75% complete. Works on Coast to Vines was in progress at end of year. Works on Berrima Road Footpath, Coast to Vines Path, Cove Road Footpath and Young Street Footpath are being carried over (\$468,793). Total Overspend on Renewal Footpath Construction for 2022-2023 was \$190,242



Transport

Monthly Comment

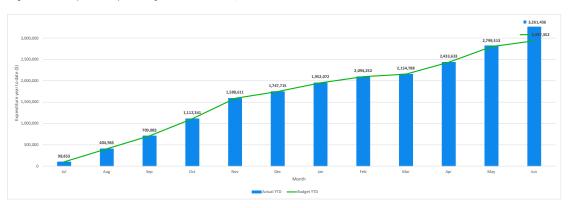
Program is 85% complete, a number of the projects in this program exceeded the budget. Works for Berrima Road Street Lighting, McConnell Avenue Fencing/Carpark and George Street Car Park are being carried over to 2023/24 (893,410).
Total overspend on Transport oversit in 2022-2023 was \$283,320



Drainage

Monthly Comment

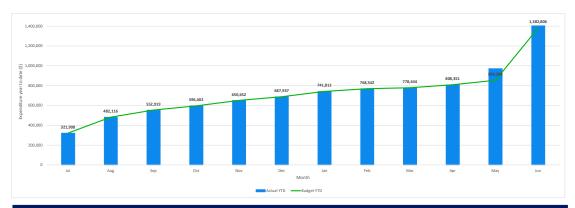
Programmed works are complete. Total overspend on Drainage works for 2022-2023 was \$324,084.



Street Trees

Monthly Comment

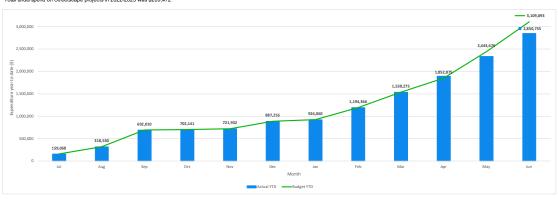
Program is complete with 4,463 against a budget of 4,300 trees from the Tree Planting and Advanced Tree Planting Program planted.



Streetscapes

Monthly Comment

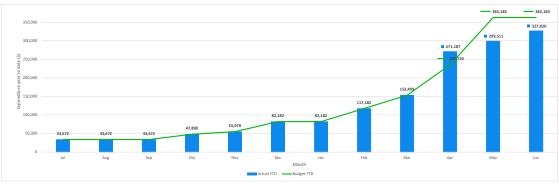
All projects in this program are complete with the exception of Morphett Road Streetscape - Diagonal to Sturt. A minor carryover is required for Morphett Road (\$48,866) to complete a service location. Total underspend on Streetscape projects in 2022-2023 was \$209,472



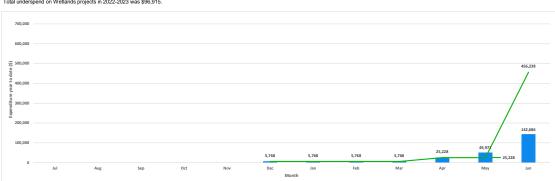
Irrigation

Monthly Comment

Program is complete. Total underspend on Irrigation projects in 2022-2023 was \$36,164.



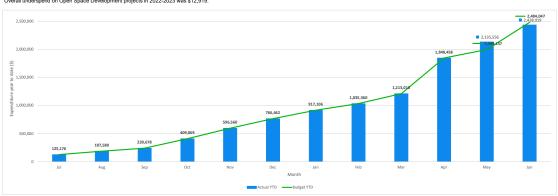
Wetlands Monthly Comment A number of projects in this program commenced in 2022-23, the remaining funds are to be carried over (\$216,637). Total underspend on Wetlands projects in 2022-2023 was \$96,915.



Open Space Developments

Monthly Comment

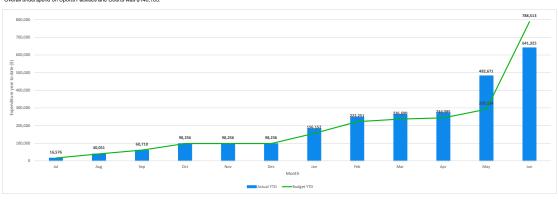
Program is 98% complete. Minor amounts are to be carried over for Cormorant Drive and Weaver Street Reserve (\$32,210) due to delays caused by the weather. Overall underspend on Open Space Development projects in 2022-2023 was \$12,919.

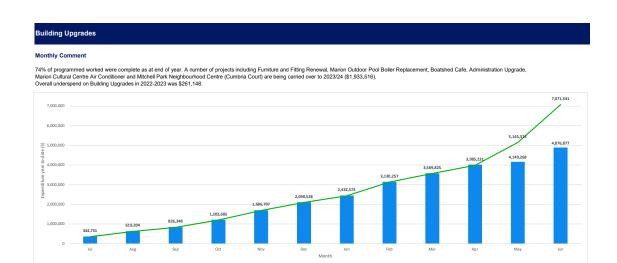


Sports Facilities and Courts

Monthly Comment

Majority of scheduled works in this program are complete. Minor carry over (\$1,083). Overall underspend on Sports Facilities and Courts was \$146,105.







7.3 Work Program and Meeting Schedule for 2024

Report Reference FRAC231212R7.3

Originating Officer Unit Manager Governance and Council Support – Victoria Moritz

Corporate Manager Manager Office of the Chief Executive - Kate McKenzie

General Manager Chief Executive Officer - Tony Harrison

REPORT OBJECTIVE

To set an annual work program for 2024 for the Finance, Risk and Audit Committee (FRAC) to ensure the Committee addresses the scope of activities identified in the Committee's Terms of Reference. This provides the opportunity to review the program and ensures that the workload of the Committee is planned, managed, and resourced. It allows the Committee to relay the dates and times of the meetings to the community and provides for upcoming business to be dealt with in a timely manner.

EXECUTIVE SUMMARY

The FRAC Terms of Reference require that the Committee meet at least quarterly at a time and place determined by the Committee, provided that all meetings are open to the public at the City of Marion building (clause 4.12). A schedule of meetings is to be determined by the Committee Members (clause 4.14).

Considering feedback obtained through the Committee Effectiveness survey, it is proposed that the Committee meets six times in 2024. Consideration could also be given to the holding of the meeting outside of normal business hours; however, care should be taken to avoid City of Marion General Council Meetings and Forums held on Tuesday nights. It is also noted that the Council Assessment Panel meets on Wednesday nights as determined.

A work program and meeting schedule for 2024 satisfying the requirements set out in the Terms of Reference has been compiled in **Attachment 1** for the Committee's consideration. Given there are additional meetings proposed in 2024, some standing reports which previously went to every meeting, will be presented quarterly or as required. The items included on the program are indicative only as items may be added, changed, or moved during the year depending on areas of identified risk.

RECOMMENDATION

That the Finance, Risk and Audit Committee:

- 1. Notes the proposed work program for 2024 identified at Attachment 1 to the report.
- 2. Adopts the following schedule of meetings for 2024:
 - a) Tuesday 20 February 2024 (2pm 5pm)
 - b) Tuesday 23 April 2024 (2pm 5pm)
 - c) Tuesday 4 June 2024 (2pm 5pm)
 - d) Tuesday 13 August 2024 (3pm 6pm followed by a joint workshop with Council from 6.30pm onwards)
 - e) Tuesday 8 October 2024 (2pm 5pm)
 - f) Tuesday 3 December 2024 (2pm-5pm)

ATTACHMENTS



1. FRAC SCHEDULE OF MEETINGS 2024 [7.3.1 - 3 pages]

SCHEDULE OF MEETINGS 2024

Day	Date	Time	Venue
Tuesday	20 February 2024	2 pm – 5pm	Administration Centre
Tuesday	23 April 2024	2 pm – 5pm	Administration Centre
Tuesday	4 June 2024	2 pm – 5pm	Administration Centre
Tuesday	13 August 2024	3.00 – 6.00 pm Followed by	Administration Centre
		6.30 – 7.30 pm	
		(Joint workshop with Council)	
Tuesday	8 October 2024	2 pm – 5pm	Administration Centre
Tuesday	3 December 2024	2 pm – 5pm	Administration Centre

INDICATIVE COMMITTEE WORK PROGRAM – 2024

TUESDAY, 20 February 2024

Topic	Action
Council Member Report	Communication Report
AMP Feedback – Stormwater, Plant, Fleet & Equipment and Art, Culture and Heritage	Review & Feedback
Internal Audit - Implementation of Recommendations Q2	Review & Feedback
Internal Audit Program – scopes and reports	Review & Feedback
Draft Annual Business Plan 2024-25 and LTFP	Review and feedback
Corporate Risk Report Q2	Review and feedback
Review of Draft Risk Management Framework	Review and feedback
Strategic Risk Register Annual Review	Review and feedback

TUESDAY, 23 April 2024

Topic	Action
Council Member Report	Communication Report
Internal Audit - Implementation of Recommendations Q3	Review & Feedback
Draft Annual Business Plan 2024-25 & LTFP Update	Review & Feedback
Budget Review 2 - 2023-24	Noting
Corporate Risk Report Q3	Review and feedback
Fraud risk register bi-annual report	Review and feedback

Internal Audit Program – scopes and reports	Review & Feedback
---	-------------------

TUESDAY, 4 June 2024

Topic	Action
Council Member Report	Communication Report
AMP Feedback – Water Treatment & Resources, Open Space and Costal Walkway	Review & Feedback
Draft Annual Business Plan 2024-25 - Public Consultation Feedback	Review & Feedback
External Audit 2023-24 – Interim Management report	Review & Feedback
Budget Review 3 – 2023-24	Noting
Annual Report on Business Continuity	Noting
Internal Audit Program 2024/25	Review & Feedback
Internal Audit Program – scopes and reports	Review & Feedback

TUESDAY, 13 August 2023 (Joint Workshop with Council to follow from 6.30pm - 8.30pm)

Topic	Action
Council Member Report	Communication Report
FRAC Annual Report to Council 2023-24	Feedback and consideration of elements for inclusion
AMP Feedback – Buildings and Structures and Transport	Review & Feedback
Internal Audit - Implementation of Recommendations Q4	Review & Feedback
Annual Insurance and Claims report	Review & Feedback
Corporate Risk Manager Q4	Review & Feedback
Joint Workshop with Council (6.30pm onwards)	

TUESDAY, 8 October 2024

Topic	Action
Council Member Report	Communication Report
FRAC Annual Report to Council 2023-24	Review and Recommendation to Council
Independence of Council's Auditor for the year end 30 June 2024	Review and Recommendation to Council
Audited Annual Financial Statements for the year end 30 June 2024	Review and Recommendation to Council
Investment Performance 2023-24	Noting
Debtors Report	Noting

Tuesday, 3 December 2024

Topic	Action
Council Member Report	Communication Report
Work Program and Meeting Schedule 2025	Review and Feedback
Ombudsman Annual Report	For Noting
Internal Audit - Implementation of Recommendations Q1	Review & Feedback
Framework and Key Assumptions for the preparation of the 2025-26 ABP and LTFP	Review and Feedback
Budget Review 1 – 2024-25	For Noting
Corporate Risk report Q1	Review & Feedback



7.4 Finance, Risk and Audit Committee - Review of Terms of Reference

Report Reference FRAC231212R7.4

Originating Officer Unit Manager Governance and Council Support – Victoria Moritz

Corporate Manager Manager Office of the Chief Executive - Kate McKenzie

General Manager Chief Executive Officer - Tony Harrison

REPORT OBJECTIVE

The purpose of this report is present the current Terms of Reference of the Finance, Risk and Audit Committee for review and feedback.

EXECUTIVE SUMMARY

The Finance, Risk and Audit Committee is a formally constituted Committee of Council pursuant to Section 41 and 126 of the *Local Government Act 1999* and is responsible to Council. It operates as an independent and objective advisory Committee to Council and does not have any delegated decision making or authority to implement actions in areas over which the Chief Executive Office has delegation.

The Committee was re-established following the 2022 Local Government Election and it is now timely for the Committee to review the current Terms of Reference to ensure compliance with the legislation (inclduing the reforms enacted in November 2023) and alignment to Council's strategic objectives.

RECOMMENDATION

That the Finance, Risk and Audit Committee:

1. Recommends to Council the adoptions of the Terms of Reference provided in Attachment 1 with the following amendments:

a. x

DISCUSSION

The primary objective of the Finance, Risk and Audit Committee is to add value through the provision of advice to ensure that the resources of the City of Marion are being used efficiently and effectively to facilitate achieving the City of Marion objectives. It assists Council to accomplish its objectives by contributing to a systematic and disciplined approach to evaluating and improving the effectiveness of risk management, internal control and governance processes.

As part of Council's governance obligations to Council and the community, Council has constituted the Finance, Risk and Audit Committee which includes the following legal responsibilities:

- Independence: Committee members should be independent, which typically means they should not have any conflicts of interest that could compromise their ability to make objective decisions.
- Financial Expertise: Members should possess the necessary financial and accounting expertise to understand and evaluate the organisation's financial statements, audits, and risk management practices.
- Compliance: Ensure that the organisation complies with applicable laws, regulations, and accounting standards.



- Meeting Regularly: The Committee should meet regularly (and at least quarterly) to fulfill its
 oversight responsibilities.
- Reporting: Provide reports and recommendations to Council based on the Committee's findings and assessments.
- Communication: Ensure effective communication between the committee, management, and both internal and external auditors.
- Review of Financial Statements: Review the organisation's financial statements to ensure accuracy and compliance with accounting standards.
- Risk Assessment: Conduct regular risk assessments and work with management to identify and mitigate risks.
- Internal Audit: Oversee the internal audit function, ensuring it is adequately resourced and carries out its responsibilities effectively.
- External Audit: Select and oversee the external audit function, review audit plans and receive and discuss audit findings and recommendations as well as ensuring an effective means of communication between the external auditor, service reviews provider, management and Council.
- Public Interest Disclosure: Establish and oversee procedures for handling reports from whistleblowers related to financial and audit matters.
- Compliance: Ensure the organisation complies with all relevant laws and regulations related to financial reporting and auditing as well as the use of best practice guidelines.
- Transparency: Promote transparency and accountability in financial and audit matters to maintain the trust of the community and stakeholders.

Committee members should also stay current on relevant laws and best practices to fulfill their duties effectively. Legal and professional advice can be invaluable in guiding committee members in fulfilling their responsibilities and ensuring the City of Marion ethical development.

Updates to the Terms of Reference include the provision of a Proxy Council Members and removal of the Service Review function as the program is now complete. Following the recent Local Government reform, there were changes to provisions in the *Local Government Act 1999* which commenced on 30 November 2023 and which relate to audit and risk committees, internal audit and internal controls. It is noted the majority of these provisions were already incorporated in the current Terms of Reference, which is based on ASX Principles of Good Corporate Governance and the Australian Standard AS 8000-2003 Good Governance Principles, as well as aligning to Council's objectives. A summary of the new provisions is outlined below:

• **Section 99:** the role of the CEO with respect to identification, assessment, monitoring, management and annual review of strategic, financial and operational risks and annual reporting to the audit and risk committee on internal audit processes.

This provision inserts two new functions which require:

- the establishment and maintenance of effective policies, systems and procedures for the identification, assessment, monitoring, management and annual review of strategic, financial and operational risks and
- an annual report to the relevant audit and risk committee in relation to the council's internal audit processes.

This requirement is already being addressed through the quarterly and annual risk reporting and the going reporting for the internal audit program.

• Section 125: internal control policies.

This amendment inserts subsection (3) within the existing section 125 which introduces mandatory obligations for councils to ensure there are appropriate risk management



policies, systems and procedures implemented and maintained to 'assist the council to carry out its activities in an efficient and orderly manner to achieve its objectives, inform appropriate decision making, facilitate appropriate prioritisation of finite resources and promote appropriate mitigation of strategic, financial and operational risks relevant to the council'.

This requirement expands the existing financial internal control policy requirements to include more general risk management requirements.

• Section 125A (new): internal audit functions

The amendment inserts new section 125A—Internal audit functions, which introduces obligations for the CEO to consult with the relevant audit and risk committee prior to appointing a person or assigning responsibility to an employee for the internal audit function.

The new section also sets obligations for the person primarily responsible for the internal audit function and requires that any report prepared relating to the internal audit function must be provided directly to the audit and risk committee. In addition, the person may report any matter relating to the internal audit function directly to the audit and risk committee

This section is already embedded within current practices.

Section 126: Audit and risk committees

The amendment makes substantial changes to the previous requirements for audit committees, expanding the scope of activity of the committee to include risk management functions.

Throughout the section (and where relevant in the *Local Government Act*) reference to 'audit committee' has been amended to read 'audit and risk committee'.

Subsection (2) membership requirements for the audit and risk committee have been amended to provide that:

- the majority of members of the committee must be 'independent', i.e., not members of any council
- the members of the committee must collectively have skills, knowledge and experience relevant to the functions of the committee, including in financial management, risk management, governance and any other prescribed matter
- o an employee of the council may not be a member of the committee

Subsection (4) functions assigned to the audit committee have been amended to provide additional functions of the 'audit and risk committee' which include:

- monitoring the responsiveness of the council to recommendations for improvement based on previous audits and risk assessments, including those raised by a council's auditor, and
- if the council has an internal audit function, providing oversight of planning and scoping of the internal audit work plan and reviewing and commenting on reports provided by the person primarily responsible for the internal audit function at least on a quarterly basis
- if the council does not have an internal audit function, reviewing and commenting on an annual report from the CEO in relation to the policies and processes adopted to evaluate and improve the effectiveness of its internal control practices and procedures.

Section 126(5) provides that there must be at least one meeting of an audit and risk committee in each quarter.



Section 126(8) requires that the audit and risk committee must provide a report to the council after each meeting summarising the work of the committee during the period preceding the meeting and the outcomes of the meeting and provide an annual report to the council on the work of the committee.

The annual report of the audit and risk committee must be included in the council's annual report (section 126(9))

• Section 126A (new): Regional audit and risk committees

This section is not relevant to City of Marion.

Additional editorial amendments also commenced that updated any wording and references required. A draft Terms of Reference is provided in Attachment 1. The Terms of Reference have been reviewed to ensure they are compliant with legislation, with any required amendments included in the attached draft Terms of Reference. Any further suggestions or feedback will be considered prior to a final Terms or Reference being presented to Council for endorsement in January 2024.

ATTACHMENTS

1. Finance Risk and Audit Committee Terms of Reference [7.4.1 - 7 pages]

Finance, Risk and Audit Committee Terms of Reference



1. ESTABLISHMENT

1.1 The Finance, Risk and Audit Committee is a formally constituted Committee of Council pursuant to Section 41 and 126 of the Local Government Act 1999 and is responsible to Council. It operates as an independent and objective advisory Committee to Council and does not have any delegated decision making or authority to implement actions in areas over which the Chief Executive Officer has delegation.

2. OBJECTIVES

- 2.1 The primary objective of the Finance, Risk and Audit Committee is to add value through the provision of advice to ensure that the resources of the City of Marion are being used efficiently and effectively. It will assist Council accomplish its objectives by contributing to a systematic and disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes.
- 2.2 As part of Council's governance obligations to the community, Council has constituted the Finance, Risk and Audit Committee to facilitate:
 - 2.2.1 Oversight of relevant activities to facilitate achieving the City of Marion's objectives in an efficient and orderly manner.
 - 2.2.2 Enhancing the credibility and objectivity of internal and external financial reporting.
 - 2.2.3 Effective management of risk and the protection of Council assets.
 - 2.2.4 Compliance with laws and regulations as well as use of best practice guidelines.
 - 2.2.5 The effectiveness of the service reviews function and maintaining a reliable system of internal control.
 - 2.2.6 The provision of an effective means of communication between the external auditor, internal auditor and service reviews provider, management and Council.
 - 2.2.7 The City of Marion's ethical development.

3. MEMBERSHIP

- 3.1 Membership of the Committee will comprise:
 - (i) One or two Council Members (who are not the Mayor)
 - (i)(ii) One Proxy Council Member (who is not the Mayor)
 - (ii)(iii) Three external expert members

Council Member Representatives

- 3.2 Ideally, the Council Members on this Committee will have experience in business, legal, <u>risk</u> <u>management</u>, audit or financial management / reporting knowledge and experience.
- 3.3 Appointment of the Council Members to this Committee will be made by Council on a rotational basis, as resolved from time to time. Council may resolve to re-appoint the Council Members on this Committee for consecutive terms.

Page 1 of 6

Category: Terms of Reference Owner: Manager Office of the CEO Authorisation Date: 27 November 2022 Review Date: November 2026 City of Marion 245 Sturt Road, Sturt SA 5047 PO Box 21, Oaklands Park SA 5046 T 08 8375 6600 www.marion.sa.gov.au

The online version of this document is the current version. This document is 'Uncontrolled if PRINTED'.

Finance, Risk and Audit Committee Terms of Reference



3.4 No additional allowance will be paid to the Council Member representative over and above the allowance already received by the Council Member.

- 3.5 If required, training and development will be sourced and provided to the Council Member Representatives on matters/subjects within the Finance, Risk and Audit Committee Terms of Reference.
- 3.6 The Council Member representatives will raise matters (within the scope of the Finance, Risk and Audit Committee Terms of Reference) with the Committee, on behalf of Council and act as a conduit of information between Council and the Committee, and the Committee and Council.
- 3.7 The Council Members representatives will provide a verbal report to Council on the key matters and recommendations within the Committee meeting, when the minutes and / or Committee recommendation reports, are presented to Council for adoption.
- 3.8 The Council Member representative will provide a report to the Committee on any Council decisions or discussions that are relevant to the Committee's Terms of Reference.

External Expert Members

- 3.9 External expert members will <u>collectively</u> have <u>skills</u>, <u>knowledge and experience in</u> senior business <u>roles</u>, legal, audit, <u>knowledge and experience</u>, <u>expertise in</u> financial management / reporting, <u>risk management</u>, <u>governance</u> and be conversant with the local government environment.
- 3.10 The Council will determine the process for appointing an expert member.
- 3.11 Appointment of external representatives will be made by Council for a term to be determined by Council. To ensure succession planning for the Committee, the terms of appointment should be arranged on a rotational basis and continuity of membership despite changes to Council's elected representatives. Council may resolve to re-appoint an external expert member for consecutive terms.
- 3.12 If Council proposes to remove an expert member from the Committee, it must give written notice to the expert member of its intention to do so and provide that expert member with the opportunity to be heard at a Council meeting which is open to the public, if that expert member so requests.
- 3.13 Remuneration will be paid to each expert member of the Committee to be set by Council from time to time. At a minimum, the remuneration paid to the expert member will be reviewed within 12 months from the date of a Council (periodic) election.

4. BASIS FOR OPERATION

- 4.1 The Committee's role is to report to Council and provide appropriate advice and recommendations on matters relevant to the Committee's Terms of Reference in order to facilitate decision-making by Council in relation to the discharge of its responsibilities.
- 4.2 The City of Marion considers that the ability of the Finance, Risk and Audit Committee to operate in a manner that adds value and also maintain independent judgement is vital. As

Page 2 of 6

Category: Terms of Reference Owner: Manager Office of the CEO Authorisation Date: 27 November 2022 Review Date: November 2026 City of Marion 245 Sturt Road, Sturt SA 5047 PO Box 21, Oaklands Park SA 5046 T 08 8375 6600 www.marion.sa.gov.au

The online version of this document is the current version. This document is 'Uncontrolled if PRINTED'

Finance, Risk and Audit Committee Terms of Reference



such, the City of Marion has based the Committee's Terms of Reference on the ASX Principles of Good Corporate Governance and the Australian Standard AS 8000-2003 Good Governance Principles.

- 4.3 Council or the Chief Executive may refer any matter to the Finance Risk and Audit Committee within its Terms of Reference.
- 4.4 The Chairperson of the Committee shall be appointed from the external representatives of the Committee by the Finance, Risk and Audit Committee. In the absence of the appointed Chairperson from a meeting, the meeting will appoint an acting Chairperson from the external members present.
- 4.5 A quorum for a meeting of the Committee shall be half the total membership plus one, ignoring any fractions.
- 4.6 The Finance, Risk and Audit Committee, through the Chief Executive Officer, may seek information or obtain expert advice on matters of concern within the scope of its responsibilities.
- 4.7 The Chief Executive Officer will attend all meetings on an ex-officio basis, except when the Committee chooses otherwise. Other Council Members or staff may be invited to attend at the discretion of the Committee to advise and provide information when required.
- 4.8 The Finance, Risk and Audit Committee will review its performance on a bi-annual basis to ensure the continual improvement to its performance.
- 4.9 Representatives of the external auditor will be invited to attend meetings at the discretion of the Committee but must attend meetings at which there will be consideration of the annual financial report and results of the external audit.
- 4.10 The Finance, Risk and Audit Committee will meet with both the external auditor and internal auditor without management present at least once a year.
- 4.11 The Chief Executive Officer will ensure appropriate support is provided to the Committee.

Meetings

- 4.12 The Committee shall meet at least quarterly.
- 4.13 The time and place for the conduct of meetings will be determined by the Committee provided that all meetings will be held in a public environment within a City of Marion building.
- 4.14 The Committee will consider and determine its own meeting practice, processes and procedures within the parameters of the Local Government Act 1999 and the Local Government (Procedures at Meetings) Regulations 2000.
- 4.15 An annual schedule of meetings will be developed and agreed to by the Committee

members. This schedule of meetings will include at least one joint workshop with the Council and the Committee.

Page 3 of 6

Category: Terms of Reference Owner: Manager Office of the CEO Authorisation Date: 27 November 2022 Review Date: November 2026 City of Marion 245 Sturt Road, Sturt SA 5047 PO Box 21, Oaklands Park SA 5046 T 08 8375 6600 www.marion.sa.gov.au

The online version of this document is the current version. This document is 'Uncontrolled if PRINTED'.

Finance, Risk and Audit Committee **Terms of Reference**



4.16 Additional meetings shall be convened at the discretion of the Chairperson, or at the written request of Council or any member of the Committee, service review provider or external auditor.

Reporting

- 4.17 A copy of all agenda and reports forwarded to the Finance, Risk and Audit Committee will also be forwarded to Council Members for information prior to the conduct of the Finance. Risk and Audit Committee meeting.
- 4.18 The minutes A summary report including the minutes of each Finance, Risk and Audit Committee Meeting, shall be forwarded (as soon as practicable after the meeting) to a General Council meeting.
- 4.19 Where the Finance, Risk and Audit Committee makes a recommendation to Council on a matter within the scope of its Terms of Reference, the matter will be listed as a separate agenda item for consideration by Council at the next General Council meeting that is not being held on the same day as the Audit Committee meeting. A Council Member Representative on the Committee will inform the Council during the Council meeting of the recommendation, and any provide any relevant context.
- 4.20 Where the Council makes a decision relevant to the Committee's Terms of Reference, a Council Member Representative will report the decision to the Committee at the next Committee meeting and provide any relevant context.
- 4.21 The Committee shall report annually to the Council, summarising the activities of the Committee during the previous year. The Committee's annual report will be included in the Council's annual report each year.

Authority

- 4.22 The Committee is authorised to seek any information it requires from any employee in the Council (after advising the CEO) in order to perform its duties.
- 4.23 The Committee is authorized, at the Council's expense, (after consultation with the CEO) to obtain outside legal or other professional advice on any matter within its Terms of Reference.

FUNCTIONS

The primary functions of the Finance, Risk and Audit Committee is to add value through the provision of advice to ensure that the resources of the City of Marion are used efficiently and effectively. It will assist Council to accomplish its objectives by contributing to a systematic and disciplined approach to evaluating and improving the effectiveness of financial management, risk management, internal controls, and governance processes through the following activities:

External Audit

5.1.1 Review and recommend for endorsement by Council the engagement of the City of Marion's external auditor. The review should look to satisfy Council that the provider of external

Page 4 of 6

City of Marion 245 Sturt Road, Sturt SA 5047 PO Box 21, Oaklands Park SA 5046 T 08 8375 6600 www.marion.sa.gov.au

Owner: Manager Office of the CEO Authorisation Date: 27 November 2022

Review Date: November 2026

Category: Terms of Reference

The online version of this document is the current version. This document is 'Uncontrolled if PRINTED'

Finance, Risk and Audit Committee Terms of Reference



audit services can demonstrate adequate independence from the operations of the City of Marion.

- 5.1.2 Critically analyse and follow up any external audit report that raises significant issues relating to risk management, accounting, internal controls, financial reporting and other accountability or governance issues. Review management's response to, and actions taken as a result of, issues raised.
- 5.1.3 Liaise with the City of Marion's external auditor including discussion on:
- 5.1.4 The scope and planning of annual audits.
- 5.1.5 Any issues arising from audits, including any management letter issued by the auditor and the resolution of such matters.
- 5.1.6 Recommend to Council, if considered appropriate, that the external auditor, or some other person suitably qualified in the circumstances, examine and report on any matter related to financial management, or the efficiency and economy with which the City of Marion manages or uses its resources to achieve its objectives, that would not otherwise be addressed or included as part of the annual audit (under Div. 4 of Part 3 of Ch. 8 of the Act).

5.2 Internal Audit and Service Reviews

- 5.2.1 Review and recommend for endorsement by Council the engagement of the City of Marion's internal audit provider. The review should look to satisfy Council that the provider of the services can demonstrate adequate independence from the operations of the City of Marion.
- 5.2.2 Review, and provide information relevant to, the scope of the internal audit and service review programs, including whether the program systematically addresses:
 - Internal controls over significant risk, including non-financial management control systems.
 - Internal controls over revenue, expenditure, assets and liability processes. and activities.
 - Compliance with regulations, policies, best practice guidelines, instructions and contractual arrangements,
 - Whether employees have sufficient competencies (facilitated by up to date up-to-date training) to enable them to fulfil their roles.
 - A review of the City of Marion's strategic management plans and annual business
 plans to ensure appropriate allocation of resources necessary to achieve the
 objectives of the plans.
- 5.2.3 Monitor, Ccritically analyse and follow up any internal audit-or, service reviews report or risk assessments that raises significant issues and review management's response to, and actions taken as a result of issues raised.
- 5.2.4 Review the appropriateness of special assignments undertaken by the internal audit and service reviews provider at the request of the Chief Executive.
- 5.2.5 Review the level of resources allocated to service review and the scope of its services and authority.

Page 5 of 6

Category: Terms of Reference Owner: Manager Office of the CEO Authorisation Date: 27 November 2022 Review Date: November 2026 City of Marion 245 Sturt Road, Sturt SA 5047 PO Box 21, Oaklands Park SA 5046 T 08 8375 6600 www.marion.sa.gov.au

The online version of this document is the current version. This document is 'Uncontrolled if PRINTED'.

Finance, Risk and Audit Committee Terms of Reference



5.2.65.2.5 Facilitate liaison between the internal audit/service review provider, and external auditor to promote compatibility, to the extent appropriate, between their programs.

5.3 Service Reviews

- 5.3.1 Review and provide advice on service reviews, and in particular:
 - a) The scope of the review before it is commenced.
 - b) Input into the guestions to be asked and the data to be collected and analysed.
 - c) Comment on all draft service review reports before the final report is presented to Council.

5.45.3 Financial Reporting and Prudential Requirements

- 5.4.15.3.1 Review Council's annual financial statements (prepared in accordance with Section 10 of the *Local Government (Financial Management) Regulations 2011* to ensure that they present fairly the state of affairs of the City of Marion, including focus on:
 - Accounting policies and practices and any changes to them.
 - The process used in making significant accounting estimates.
 - Significant adjustments to the financial report (if any) arising from the audit process.
 - Compliance with accounting standards and other reporting requirements.
 - Significant variances from prior years.
- 5.4.25.3.2 Provide comment on the assumptions underpinning Council's Strategic Management Plans (Strategic Plan, Annual Business Plan, Budget and Long Term Financial Plan), the consistency between plans, and the adequacy of Council's plans in the context of maintaining financial sustainability.
- 5.4.35.3.3 Recommend adoption of the annual financial statements to Council. Review any significant changes that may arise, subsequent to any such recommendation but before the financial report is signed.
- 5.4.45.3.4 Review the recommendations of business cases developed by Management in association with significant activities or major projects. Such reviews should have regard to the requirements of Section 48 of the Local Government Act 1999, which relates to prudential requirements for certain activities.
- 5.4.55.3.5 The Quarterly Budget Review Reports (required under S9 of the Local Government (Financial Management) Regulations 2011 Statutory reports to Council) to be presented to the Finance, Risk and Audit Committee.

5.55.4 Internal Controls and Risk Management Systems

- 5.5.15.4.1 Review the City of Marion's annual Risk Profile and monitor the risk exposure of Council. Review risk management processes and management information systems.
- 5.5.25.4.2 Review the adequacy of the accounting, internal control, reporting and other resource and financial management systems and practices of the City of Marion on

Page 6 of 6

City of Marion 245 Sturt Road, Sturt SA 5047 PO Box 21, Oaklands Park SA 5046 T 08 8375 6600 www.marion.sa.gov.au

Category: Terms of Reference Owner: Manager Office of the CEO Authorisation Date: 27 November 2022 Review Date: November 2026

The online version of this document is the current version. This document is 'Uncontrolled if PRINTED'

Finance, Risk and Audit Committee Terms of Reference



a regular basis.

5.5.35.4.3 Ensure appropriate policies, systems and procedures relating to risk management are implemented and maintained in order to assist the council to carry out its activities in an efficient and orderly manner to achieve its objectives, inform appropriate decision making, facilitate appropriate prioritisation of finite resources and promote appropriate mitigation of strategic, financial and operational risks relevant to the council.

5.65.5 Other

- 5.6.15.5.1 Where Council has exempted a subsidiary from the requirement to have an audit committee, undertake the functions that would have been performed by the subsidiary's audit committee.
- <u>5.6.25.5.2</u> Monitor ethical standards and conflicts of interest by determining whether the systems of control are adequate.
- 5.6.35.5.3 Address issues brought to the attention of the Committee, including responding to requests from Council or the Chief Executive for advice that are within the parameters of this Terms of Reference.
- 5.6.45.5.4 Make recommendations to the Council to amend these Terms of Reference if the Committee forms the opinion that such amendments are necessary to improve its performance.
- 5.6.55.5. Review the Committee's performance on a bi-annual basis using performance indicators developed for that purpose.

Page 7 of 6

Category: Terms of Reference Owner: Manager Office of the CEO Authorisation Date: 27 November 2022 Review Date: November 2026 City of Marion 245 Sturt Road, Sturt SA 5047 PO Box 21, Oaklands Park SA 5046 T 08 8375 6600 www.marion.sa.gov.au

The online version of this document is the current version. This document is 'Uncontrolled if PRINTED'.



7.5 Quarterly Risk Report Q1 2023-2024

Report Reference FRAC230815R7.5

Originating Officer Risk Business Partner - Business Continuity – Kim Strickland

Corporate Manager Manager Office of the Chief Executive – Kate McKenzie

General Manager Chief Executive Officer - Tony Harrison

REPORT OBJECTIVE:

To provide the Finance, Risk and Audit Committee (FRAC) with an overview of the City of Marion Corporate Risk Register review for Quarter 1, 2023-24 (1 July to 30 September 2023).

RECOMMENDATION:

That the Finance, Risk and Audit Committee notes:

- 1. The Corporate Risk Register Report (Attachment 1), Issues and opportunities identified in the report
- 2. The high risks (Attachment 2) and provides their feedback on the review outcomes.

DISCUSSION:

The Corporate Risk Register was distributed to the Senior Leadership Team (SLT) to review risks relevant to their portfolio for Quarter 1 2023-24 (Q1) period.

Face-to-face meetings were held with risk owners and some minor edits were made to several risks, updating the causes, consequences, controls in place, or actions.

During the quarter, in-depth sessions were held with the Manager, Operations and the Manager, EPMO to review their risks.

Overall, there were some significant changes made to some risks, which are documented further in **Attachment 1.**

This included six (6) risks being merged into two (2), one (1) new risk was added to the register and one risk reinstated.

One (1) risk was re-rated from a current rating of high down to medium for this quarter (CR0064 Business is not supported to deliver its services from a lack of effective ICT systems and services), and one (1) "proposed" merged risk.

The detailed analysis of the Corporate Risk Register review for Q4, 2023-24 is included within **Attachment 1**, and the details of the current high risks are included within **Attachment 2**.



CORPORATE RISK REGISTER REPORT

Quarter 1, 2023-2024

1. CORPORATE RISK REGISTER ANALYSIS

1.1 Analysis of Q1 (Quarter 1), 2023-24

Quarter 1, 2023-2024 review of the Corporate Risk Register resulted in 101 risks identified, including a new proposed risk and a reinstated risk outlined in section 1.4 New risks.

The current risk ratings are 4 high, 71 medium, and 26 low as outlined below in Table 1. Table 2 illustrates the movement in our risk exposure over the previous 12 months.

The reduction in the number of risks from 103 to 101 is based on several merged risks and the inclusion of two new risks.

Table 1: Quarter 1, 2023-2024 Risk Ratings



Table 2: Corporate Risk Register - Comparative outcomes of the last four quarters



*Overall movement of Current Risk Rating



This report provides further details on the outcomes of the quarterly review, including:

- Changes to the risks reported in the Corporate Risk Register
- Ongoing and emerging risk/opportunity issues (currently not identified on the risk register)

1.2 Re-assigned risks

There were no risks re-assigned during the Quarter.

1.3 Re-rated risks

A review of CR0064 'Business is not supported to deliver its services from a lack of effective ICT systems and services' resulted in the risk being reduced from High to Medium.

The medium risk rating is attributed to several mitigating actions that are now complete, and the development of the Information Services Strategy, which is scheduled for final approval in February 2023.

Additionally, the review of CR0064 also recognised that including 'cyber breach' as a causal factor may overshadow other causal factors. Notably, 'Cyber Security breach in a CoM system and/or worksite', is already captured as an existing risk (CR0036) with appropriate controls and a treatment plan designed to mitigate it.

The future treatment plan for CR0064 remains on track for completion by June 2024, which is expected to further reduce the risk.

1.4 New risks

Two additional risks were identified this quarter, as follows. Of these risks CR0018 is a reinstated risk from Q3 2022-2023, and the other CR0110 is new.

The reinstatement of CR0018 was suggested by the Finance, Risk and Audit Committee (FRAC) at their 23 August 2023 (FRAC230815R7.9) meeting. The FRAC queried whether the risk CR0018 should remain as a stand-alone risk for the Marion Outdoor Pool and suggested the range of risk factors at swimming pools as part of their rationale.

Reinstated risk:

Risk ID	Risk Description	Owner	Current Risk Rating
CR0018	A child, young person, vulnerable person, or person with a disability experiences injury because of an incident whilst attending the Marion Outdoor Pool	City Property	Medium

At its 16 November meeting, the Executive Leadership Team discussed whether there was any evidence-based data to demonstrate a greater or increased risk at swimming pools compared to other Council facilities, to support the CR0018 remaining as a stand-alone risk for the Marion Outdoor Pool, or to consider one over-arching risk that encompasses all relevant controls and treatments, to cover <u>all</u> council facilities.

Data obtained from LGRS indicates that whilst the frequency of claims has been consistent over the last three years the most common type of claim is general injury (slips, trips etc due to water) and state that whilst claims may be sporadic, the nature of a claim can be significant at swimming pools.

Furthermore, the LGRS suggest an expected increase in patronage at pool facilities due to



forecasted warmer weather which may result in an increase of claims.

Evidence highlighting unique risk factors among patrons is presented on the Royal Life Saving Society of Australia, which reports the following.

- Over the past 20 years, the proportion of Australians aged 65 years and over increased from 12% to 16%. Analysis of drowning incidents indicates that 36% of unintentional fatal drownings in this age group occurred among individuals who were taking health medication or drugs to manage chronic health conditions.
- Global research suggests that individuals with autism spectrum disorder (ASD) face a higher risk of premature death due to drowning compared to the general population.
- Research from the Royal Life Saving Society Australia research reveals that Aboriginal and Torres Strait Islander people are 1.7 times more likely to drown compared to the rest of the Australian population. A 10-year analysis (2008/09 to 2017/18) indicates that despite comprising only 3.3% of the Australian population, these communities accounted for 5.5% of total drowning deaths during the study period.
- Young males aged 15-29 are particularly vulnerable to drowning in Australia, with 84% of drowning deaths in this age group being male. The primary activity undertaken prior to drowning in this demographic is swimming and recreation.

A core control for the risk is the application of the Royal Life Saving Society Australia set of guidelines for Safe Swimming Pool operations.

Within the next review period, the identified risk factors outlined above for CR0018 will be scrutinised to determine whether any further controls and/or treatments are necessary beyond the existing risk controls.

Overall, with the mentioned increase of risk of injury to patronage at public pools due to warmer weather forecast, coupled with the highlighted Royal Life Saving Society risk factors, supports re-instatement of the stand-alone risk at Marion Outdoor Pool, with its risk treatment plan specifically addressing the existing and additional risk factors. Many of the risk controls within the treatment plan are managed by the operational staff as embedded in their existing operational policies, processes, and procedures, which further supports reason for Marion Outdoor Pool /City Property Senior Leader to maintain sole ownership of the risk.

Furthermore, the risk description was slightly amended to further reference youth and a person with a disability (to acknowledge the higher risk groups) as outlined within the Royal Life Saving guidelines.

• The following new risk was raised during Q1.

Risk ID	Risk Description	Owner	Current Risk Rating
CR0110	Community-run events may pose a liability and reputational risk to Council	TBD	Medium

The exposure of council to liability and damage to its reputation due to large community-run events may stem from the absence of an overarching strategic framework for medium to large gatherings such as markets, music events, etc.

To address this issue, it is imperative to establish a clear strategic framework/procedure. This framework should be designed to enable council to convey clear event guidelines to potential event organisers. These guidelines would include clear event types and definitions (depending on the scale of the event), specifying terms and conditions, and establishing appropriate fees, considering factors like land usage fees, operational service fees, and remediation charges etc.

Importantly, a framework would define the types of events that council is willing to support, aligned with Council's strategic objectives. Having Internal ownership of a framework and



designating a central point of contact would streamline communication between event organisers and council staff, ensuring a more efficient process. It is important to note that Council does have a Special Event Process, however, it lacks the necessary structure to accommodate for larger community-run events.

1.5 Merged risks

As requested in the Quarter 4, 2022-2023 review, the risk team facilitated an in-depth review with the Manager Operations and their broader leadership team for all risks assigned to their Work Areas.

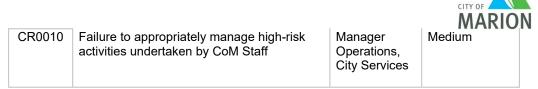
Updates to risk descriptions and alignment across causes, consequences, and controls across the three business units. Overall, the review resulted in the 6 risks merged into 2 risks, as outlined in the two tables below.

Risk ID	Risk Description	Owner	Current Risk Rating
CR0009	Failure to appropriately manage high-risk activities undertaken by contractors. (Working with lifts, hoists, ramps, platforms, hazardous waste materials, on call etc.).	Operational Support, City Services	Medium
CR0015	Failure to appropriately manage high-risk activities undertaken by contractors (underground services, hot works, working @ heights, powered plant etc.)	Open Space Operations, City Services	Medium
CR0083	Failure to appropriately manage high-risk activities undertaken by contractors (underground services, excavation, confined space, hot works etc.)	Civil Services, City Services	Medium
All above r			
CR0009	Failure to appropriately manage high-risk activities undertaken by contractors.	Manager Operations, City Services	Medium

The rationale for the above risks being merged is that each of the identified risks (CR0009, CR0015, CR0083) referred to high–risk activity undertaken by contractors, however the controls and treatments were identical. When reviewed, it was identified that one overarching risk was adequate.

And:

Risk ID	Risk Description	Owner	Current Risk Rating
CR0010	Failure to appropriately manage high-risk activities undertaken by CoM Staff (working with lifts, hoists, ramps, platforms, hazardous waste materials, on call etc.).	Operational Support, City Services	Medium
CR0016	CR0016 Failure to appropriately manage high-risk activities undertaken by CoM Staff (underground services, hot works, working @ heights, powered plant etc.).	Open Space Operations, City Services	Medium
CR0084	CR0084 Failure to appropriately manage high-risk activities undertaken by CoM Staff (underground services, excavation, confined space, hot works etc.)	Civil Services, City Services	Medium
All above r	risks MERGED to make one risk, as below:		



The rationale for the above risks (CR0010, CR0016, CR0010) being merged is that each of the identified risks referred to high–risk activity undertaken by City of Marion staff, however the controls and treatments were identical. When reviewed, it was identified that the one overarching risk was adequate.

1.6 On-going and emerging risks/opportunities

Council's Environmental Scan is reviewed quarterly as part of the risk review process to identify any emerging risks/opportunities that may have the potential to impact on council's project and program delivery, business-as-usual activity, financially and reputational risk in the sector. The following matters have been identified throughout Quarter 1, 2023-2024.

Inflation

Statistics for Q1 2023/24 were released by the Australian Bureau of Statistics on 25 October 2023:

- 1.6.1 The Consumer Price Index (CPI) rose 1.2% this quarter to 5.4%.
- 1.6.2 Over the twelve months to the September 2023 quarter, the CPI rose 5.4%.
- 1.6.3 The most significant price rises were Automotive Fuel (+7.2%), Rents (+2.2%), New dwelling purchase by owner-occupiers (+1.3%) and Electricity (+4.2%).
- 1.6.4 For Adelaide, the annual CPI increase of 5.9% was down from 6.9% in the previous quarter. Adelaide's annual increase this quarter was the highest of the eight capital cities. This reflected the rising costs of electricity, automotive fuel, new dwelling purchase by owner-occupiers, property rates and charges, and rents.

Economy

Interest rates remained static during the quarter, however the Reserve Bank of Australia outlined that an increase in inflation would trigger a potential rate rise in Q2. With the rising cost of inflation and other services it is likely that stress will continue to exacerbate in the community, especially as home- owners come off fixed rate loans in the months ahead. The PropTrack Home Price Index, noting October to be the 11th consecutive month of house price growth, with prices having increased nationally 4.93% to October this year. This is 5.4% above prices a year ago, with Adelaide experiencing an 8.77% increase in a year, hitting a new peak. A rebound in overseas migration, tight rental markets and low housing stock have increased demand and are currently offsetting rate rises and a slowing economy.

Weather

An El Nino and positive Indian Ocean Dipole (IOD) are underway, with the Bureau of Meteorology (BOM) declaring El Nino, with high sea temperatures predicted to remain above El Niño thresholds into Autumn 2024. This will lead to warmer days for South Australia. A positive Indian Ocean Dipole usually leads to reduced spring rainfall for central and southeast Australia and can increase El Niño's drying influence. When both a positive IOD and El Niño occur together, their drying effect is typically more widespread and stronger across the country. Australia's long-range forecast predicts warmer than average conditions from November to January, with below-average rainfall, increasing the risk of drought and bushfires. There is a high likelihood of greater demand for support services as more people seek relief from the heat. Council is reviewing its Emergency Hazard Operational Plans, response training and undertaking a review of potential demand for facilities over a potential summer heatwave period.



Community wellbeing

Cost of living pressures includes 13 successive and speculative continued interest rate rises (as at 16/11/2023). In the rental market, the quarter showed a record low supply of 1.1% vacancy rate compared to 7.1% the year prior. High rental prices are likely to exacerbate the rental crisis with the return of international students (full migration of 315,000 people in 23-24). The portion of income required to service a new lease- is at a near- record high, with 45.5% of the average income required to service a new lease and 9.9 years to save for a deposit, up from 9.8 years in March 2023.

Overall, an erosion of household budgets. presents a risk that some residents may not have the capacity to pay household utilities, including council rates. Cost-of-living pressures can lead to overall well-being concerns including increased mental health, food security, and distress. There is a high likelihood of greater demand for support services as more people seek respite from the heat over summer and seek to reduce energy costs at home by utilising community assets more frequently, including those remotely working.

Future planning

The State Government, Planning and Land Use Services Department is reviewing the Regional Plan (30-Year Plan for Greater Adelaide) which the council is legislatively required to ensure documents within its strategic management framework reference (as well as any relevant state planning policies), to set the councils priorities for future planning policies.

Consultation on the Draft 30-Year Plan for Greater Adelaide commenced in Q1 2023/24 with opportunities for council to provide feedback by November 2023. Council will soon commence the review of its Strategic Plan and is legislated to consider regional objectives.

Artificial Intelligence (AI)

Further work will progress in the next quarterly risk review regarding the use of AI, including opportunities and risks regarding how AI can be further used to advance functions and services for the community. Risks associated with the use of AI include security, data privacy, lack of regulation, potential HR issues and ethical dilemma's.

1.7 High Risks

Although the Risk Appetite outlined in the Risk Management Framework outlines varying tolerance levels for specific risk criteria, the reporting structure requires that risks with a current risk rating of extreme or high are to be reported to the ELT and subsequently, to Council via the Finance, Risk and Audit Committee.

There are currently four (4) risks assessed as outside the CoM's adopted risk appetite, as outlined in **Table 3**.

This quarter saw 1 risk re-rated from a current rating of high to medium (CR0064) 'Business is not supported to deliver its services from a lack of effective ICT systems and services' - the reasoning behind this re-rating as mentioned above at 1.3 Re-rated risks.

Table 3. Corporate Risk Register Quarter 1 2023/24 - Risk Scoring overview







An excerpt of the Corporate Risk Register, outlining the four (4) high-rated risks is provided in **Table 4**, which shows the movement in the current risk rating from the last reporting period.

Council's high risks are reviewed in a 'High-Risk Plan-on-a-Page' format and reviewed and monitored each quarter. The High-Risk Plan-on-a-Page documents provide full details on the risk, background/context, causes, consequences, and any current controls already in place.

It then details any planned treatments identified by the risk owners aimed to reduce the risk within tolerance levels. The High-Risk Plans on a Page are in Attachment 2.

Table 4: Risks Currently rated as High (or above)

Risk ID	Risk Description	Inherent Risk Rating	Current Risk Rating	Quarter Movement
CR0026	Injury or damage arising out of a failure of CoM contractors to comply with contract conditions and CoM HSW requirements	High	High	\
CR0053	Ineffective & inefficient organisational project and portfolio management/ monitoring to deliver strategic objectives and outcomes	High	High	\(\)
CR0058	Failure to identify, assess, and manage climate- related risks and opportunities that affect our operations and community.	Extreme	High	\
CR0095	Poor data quality and data governance not supporting informed decision making	Extreme	High	\(\rightarrow \)

CORPORATE RISK REGISTER – Q1 2023/24 SUMMARY REPORT



RISK ID	CR0026
RISK DESCRIPTION	Injury or damage arising out of a failure of CoM contractors to comply with contract conditions and CoM HSW requirements
SLT	Mgr. People & Culture
ELT	CEO
LINK TO STRATEGIC VALUES	Council of Excellence
LINK TO BUSINESS PLAN	Develop the City of Marion Building Asset Strategy to meet community, sport and recreation needs (2023-2027)
DATE LAST REVIEWED	10/10/2023







RISK RATING HIGH

RISK RATING HIGH

RISK RATING LOW

RISK STATEMENT

There is a risk of non-performance of contractors engaged by CoM to undertake high risk related activities as a consequence of a failure to effectively apply a rigorous, commercial and proactive contractor Induction and management process. Which may result in a failure to deliver services within the intended scope, budget, timeframe and to the required standard of safety and legislative compliance, leading to additional operational costs, the potential for injury or harm, litigation,

reputational and community relationship degradation.

There is a risk of contractors failing to adhere to CoM WHS performance standards. This risk may be exaggerated when those performance standards are not made clear or understood by various stakeholders (contractors, people engaging contractors, staff, subcontractors etc.).

CoM contract management purposes are manual with no clear process or system having been implemented into the City property team through a trained and supported approach. Consideration is being given to using Skytrust to overcome these weaknesses.

CONTEXT BACKGROUND & ENVIRONMENTAL CONSIDERATIONS

STAKEHOLDERS SafeWork SA, Community (facility users), Staff (facility users), Council members, Risk Unit, City Activation, Operational Support, Procurement and WHS.

CONSULTATION City Property team meetings and regular engagement with the Risk Team.

RISK SOURCE - CAUSES/DRIVERS

- Ineffective procurement processes that evaluate Contractors' WHS practices/performance
- Inconsistent / Ineffective WHS induction of contractors
- Ineffective monitoring and evaluation of Contractors' WHS practices/performance
 Failure to undertake site inspection and hazard identification prior to commencement of work.
- Inconsistent application of contract management processes

POTENTIAL CONSEQUENCES

- Serious injury to Workers, Contractors or member of Public
- Disruption to works impacting CoM & team.
- Disruption to works impacting local community.
- CoM exposure to liability
- Officers' exposure to criminal litigation
- Reputational damaged through adverse media coverage
- Net increase in operating costs

CONTROLS	DATE ENDORSED	REVIEW DATE	CONTROL EFFECTIVENESS	RESPONSIBLE ROLE
Contract Management Policy & Procedure (inc. Checklist)	30/06/2021	31/05/2023	Effective	Mgr., Strategic Procurement
2.Contract Management Procedure	Ongoing	Ongoing	Effective	Mgr., Strategic Procurement
3.Procurement Procedure	Ongoing	Ongoing	Effective	Mgr., Strategic Procurement
4.Tender Evaluation procedure	Ongoing	Ongoing	Effective	Mgr., Strategic Procurement
 Contractor site Induction (inc handover of CoM risk assessment plus contractor generated site hazard and risk assessment before commencement) 	31/10/2019	31/10/2023	Effective	UM WHS & Wellbeing
6. Contractor Insurance-recording and monitoring currency	Ongoing	Ongoing	Effective	Mgr., Strategic Procurement
7. CoM Insurance	30/07/2022	30/07/2023	Effective	UM Strategy & Risk
8. Contractor Management Induction forms	Ongoing	Ongoing	Effective	Mgr., Strategic Procurement
Contract Management Checklist -Contractor Induction/Observation/ Monitoring forms are completed for site induction, observation and monitoring (inc. record keeping)	30/06/2022	Ongoing	Effective	UM WHS & Wellbeing
10.Insourced roles that were previously outsourced to create efficiencies.	31/03/2023	Ongoing	Effective	Manager Operations.
11.Outcomes from Business SA Audit of CoM Contract Management	30/04/2023	Ongoing	Effective	UM WHS & Wellbeing
	Overall Effectiveness Q1 2023/24		Effective	

PLANNED TREATMENTS (ACTIONS)	STATUS	DUE DATE	REVISED DUE DATE	RESPONSIBLE ROLE
1.Implement Contract Performance Evaluation process	Behind Schedule	30/06/2022	30/11/2023	Mgr. City Property
2.Review Contract Management Policy and Procedures to ensure WHS risks are fully considered.	Complete	30/09/2023		UM WHS & Wellbeing
3.Build and Implement Health and Safety Contract Management System	Plan & Scoping	31/12/2023		UM WHS & Wellbeing
4.Business SA Audit Action Plan (detailed in Skytrust)	Complete	31/12/2023		UM WHS & Wellbeing

RATIONALE FOR CONT	ROLS AND PLANNED TREATMENTS
Q 1, 2023-2024 updates	Implemented Controls- Controls IC2, IC8 & IC10 were merged with IC9 – Broader Contract Management control. IC6 was merged with IC7

DATE	UPDATES
October 2023	This Risk owner changed from City Property to P&C (WHS) in quarter 4 2022-2023 (the risk is across City Property, WHS and Procurement). WHS are doing significant work on this risk, relating to updating the Contract management Policy and Procedure, as well as undertaking actions that have come from the Business SA Audit of CoM Contract Management processes. During Quarter 1, 2023-2024 review, some of the controls were merged into an overarching control for Contract Management & Insurance. No change to Risk rating in Q4 or Q1, but it is expected that with these new actions in place, this could see this risk re-rated to Medium by the end of Q2 2023-2024.

CORPORATE RISK REGISTER – Q1 2023/24 SUMMARY REPORT



RISK ID	CR0053
RISK DESCRIPTION	Ineffective & inefficient organisational project and portfolio management/monitoring to deliver strategic objectives and outcomes
SLT	MGR. EPMO
ELT	CEO
LINK TO STRATEGIC	Council of Excellence
VALUES	
LINK TO BUSINESS PLAN	
DATE LAST REVIEWED	11/10/2023







RISK RATING HIGH

RISK RATING HIGH

RISK RATING MEDIUM

RISK STATEMENT

There is a risk that work areas across the organisation are managing projects and project risk through differing methodology and that projects are not easily able to be monitored by the Executive Leadership Team.

STAKEHOLDERS Organisation Wide.

CONSULTATION All stakeholders.

CONTEXT BACKGROUND & ENVIRONMENTAL CONSIDERATIONS

After some history, in 2023 an Enterprise Project Management Office was re-established to coordinate and mature project management across the City of Marion. This work is progressing with a project management framework and review of software (IT solutions).

RISK SOURCE - CAUSES/DRIVERS

Inefficient adoption of PMO Framework and policies or set-up & utilisation of CAMMS system. Lack of PMO resources. Inadequate assessment of organisational PM needs. Omission of key considerations in project outline e.g.: risk/insurance/WHS/finance/reporting/contracts.

POTENTIAL CONSEQUENCES

Failure to achieve strategic objectives and identified benefits of the project. Poor business/project planning. Inability to effectively deliver projects. Inadequate staff levels for projects. Community dissatisfaction. Assets not being insured.

CONTROLS	DATE ENDORSED	REVIEW DATE	CONTROL EFFECTIVENESS	RESPONSIBLE ROLE
1.Prudential management policy	31/12/2021	30/05/2025	Effective	CFO
Project management software (contract)	31/03/2022	31/10/2023	Requires Improvement	CIO
3.Monthly Project Control Board meetings (ELT and PMS attend)	Ongoing	Ongoing	Effective	Mgr. EMPO
4.Monthly financial reporting	Ongoing	Ongoing	Requires Improvement	UM Statutory Finance
5.KPMG Internal Audit - Project Management Framework - endorsed	14/07/2023	14/07/2023	Effective	Mgr. EMPO
6.Project Management Framework (endorsed by Council April 2023)	14/07/2023	ongoing	Requires Improvement	Mgr. EMPO
	Overall Effectiveness		Requires Improvement	

PLANNED TREATMENTS (ACTIONS)	STATUS	DUE DATE	REVISED DUE DATE	RESPONSIBLE ROLE
Inplement interim Project Management system (based on SharePoint proof of concept)	Not commenced	01/09/2023	30/06/2024	Mgr. EMPO
Proof of concept Project Management system (based on SharePoint)	Complete	30/09/2023		Mgr. EMPO
3.EPMO Implementation	Complete	01/09/2023		Mgr. EMPO
4.Implementation of new Project Management Framework	On Schedule	31/12/2023	30/06/2024	Mgr. EMPO
5.Internal audit on implementation of the new PMF and EPMO	Not commenced	30/09/2024		Mgr. OCEO
6.Training in Project Management System	Not commenced	30/06/2024		Mgr. EMPO

RATIONALE FOR IMPLEMENTED CONTROLS AND PLANNED TREATMENTS

Q1 2023/2024 updates Appropriate to reduce the risk further, with ongoing and regular monitoring. Actions and Controls sit across the responsible work areas in the organisation.

DATE	UPDATES / PROGRESS NOTES
11/10/2023	The EPMO has been established. The operationalisation of the Project Management Framework (PMF) will be heavily supported by a Project Management system. A proof of concept has been developed using the Microsoft Platform (SharePoint) and the EPMO has now recommended ELT approve this as the basis for a first iteration Project Management system - proposed as the CoM Project Management Hub. Following the PMF and the proposed CoM Project Management Hub will undergo iterative development and rollout. This will include change management and training of all stakeholders.

CORPORATE RISK REGISTER – Q1 2023/24 SUMMARY REPORT



RISKID	CR0058
RISK DESCRIPTION	Failure to identify, assess, and manage climate-related risks and opportunities that affect our operations and community.
SLT	Mgr. Engineering, Assets and Environments
ELT	General Manager City Services
LINK TO STRATEGIC VALUES	Valuing Nature
LINK TO BUSINESS PLAN	Deliver the Resilient South Asset Management Climate Risk Project Deliver the Carbon Neutral Plan Deliver the Resilient South Climate Action Plan Continue to implement the Coastal Monitoring Program
DATE LAST REVIEWED	19/10/2023







RISK RATING EXTREME

RISK RATING HIGH

RISK RATING MEDIUM

CONTEXT BACKGROUND & ENVIRONMENTAL CONSIDERATIONS

Climate change is already affecting aspects of CoM operations

including how we undertake business and activities and how we

understanding of the projections and impacts of climate change

of infrastructure and the mode of delivery of services we risk

exposing the community to increased operating costs and a

extreme weather events will have ongoing impacts to our

vulnerable communities.

and incorporate this knowledge into the design and management

decrease in the utilities of infrastructure and services. Increased

design, build and refurbish facilities and infrastructure. It is

recognised that unless we ensure we have a sound

RISK STATEMENT

This risk relates to how council responds to climate change. These climate-related risks (and opportunities) can be split into two categories: physical and transitional. This risk contains both aspects of this response.

* PHYSICAL RISKS AND OPPORTUNTIES

There is a risk that extreme weather events, coastal inundation and protracted and enduring changes in weather patterns caused by climate change/global warming will result in an increase in operating costs due to asset damage and accelerated deterioration, damage to Council natural and built environments and an increasing disconnect between Councils capacity to deliver facilities and services and the community's expectations.

There may also be physical changes to the environment that have a positive impact such as warmer winter temperatures resulting in less energy consumption for heating and improving vegetation health during winter periods.

* TRANSITIONAL RISKS AND OPPORTUNITIES

Council's response to the potential physical risks of climate change are called "transitional risks". This includes what we do to reduce carbon emissions and reduce human-induced climate change (climate change mitigation) and what we do to adapt to climate change.

STAKEHOLDERS Organisation-wide

CONSULTATION Establish Climate Risk Working Group (TBC) / Climate Risk Governance Assessments / Organisational Climate Risk Review (Climate Risk Register) / Resilient South Regional Climate Partnership.

RISK SOURCE - CAUSES/DRIVERS

- Lack of climate change awareness / understanding
- Lack of recognition for climate risk mapping in urban planning (PDI Act) and decision making (climate hazard mapping)

 The state of the sta
- Failure to include Climate Change consideration in business activities/operations (inc events, asset management planning & CapX projects)

 Landa protected and the balders are represented.
- Inadequate stakeholder engagement
- Poor inter-departmental collaboration and communication
 Topics of the control of the co
- Increasing carbon emissions
- Approval of at-risk initiatives in areas of known vulnerability

POTENTIAL CONSEQUENCES

- Catastrophic damage to assets and infrastructure during extreme weather (e.g., flooding and fire)
- Increased cost of remedial works & Increased cost of mitigation works.
- Dissatisfied community
- Damage to coastal zone from storm surge
- Reduced rates revenue as property values goes down
- Increased difficulty in obtaining insurance cover/increased premiums.
- Increased difficulty in obtaining loans if financial institutions require evidence of responses to climate change impacts
- Adverse impact of vulnerable people during extreme weather events (e.g., heat wave)
- Increased operating costs
- Reduction in asset lifecycle
- Maladaptation including inappropriate investment in hazard mitigation

IMPLEMENTED CONTROLS	DATE ENDORSED	REVIEW DATE	CONTROL EFFECTIVENESS	RESPONSIBLE ROLE
1.CoM Climate Change Policy	30/05/2021	30/05/2025	Good	UM Environmental Sustainability
2.Resilient South Regional Climate Partnership (sector agreement)	23/06/2023	31/12/2027	Effective	UM Environmental Sustainability
3.Coastal Climate Change Adaptation Plan including baseline monitoring to detect early changes to risk.	31/10/2019	28/06/2025	Effective	UM Environmental Sustainability
4.Program/schedule of External Education via events, networking, workshops etc.	10/07/2023	30/06/2024	Effective	UM Environmental Sustainability
5.Environmental awareness training	30/07/2018	10/07/2023	Requires Improvement	UM Environmental Sustainability
6.Energy Efficiency and Renewable Energy Plan	01/07/2022	30/06/2023	Requires Improvement	UM Environmental Sustainability
7.Asset and public Liability Insurance	01/07/2022	30/06/2023	Effective	UM Environmental Sustainability
8.Carbon Neutral Plan	30/09/2021	07/01/2030	Effective	UM Environmental Sustainability
9.Asset Management Plans	10/07/2023	10/07/2023	Effective	UM Asset Solutions
10.Resilient South Regional Coordinator	01/07/2023	30/06/2024	Effective	UM Environmental Sustainability
11.Resilient South Regional Climate Action Plan (TBC)	30/12/2023	30/06/2027	Effective	UM Environmental Sustainability
12.CoM Strategic Plan and Business Plan includes climate response	30/06/2023	30/06/2024	Effective	UM Strategy & Risk
13.Climate risks identified in risk registers	01/07/2023	30/06/2024	Good	UM Strategy & Risk
Overall Effectiveness Q1 2023-2024 Effective			Effective	

PLANNED TREATMENTS (ACTIONS)	STATUS	DUE DATE	REVISED DUE DATE	RESPONSIBLE ROLE
1.Develop & implement Resilient Asset Management Pilot (RAMP) program	On schedule	30/06/2025		UM Environmental Sustainability
2.Deliver the Coastal Climate Change monitoring program	On schedule	30/06/2024		UM Environmental Sustainability
3.Undertake a skills/capability audit & document training gaps in the TNA	On schedule	01/06/2024		UM Environmental Sustainability
4.Review and update Resilient South Climate Action Plan	Plan & Scoping	31/12/2023		Resilient South Coordinator
5.Develop Climate Change Risk Register	Plan & Scoping	30/06/2024		Risk Business Partner

RATIONALE FOR IMPLEMENTED CONTROLS AND PLANNED TREATMENTS

CORPORATE RISK REGISTER – Q1 2023/24 SUMMARY REPORT



Q1 2023/24 updates Additional controls added at IC10, IC11, IC12 & IC13.

DATE	UPDATES / PROGRESS NOTES
10/10/2022	Additional controls added. Most actions are still Work in progress, with future completion dates. Climate Risk project meetings have informed the tender for
19/10/2023	Governance/Environment to support Climate Risk work. No change to overall rating.

CORPORATE RISK REGISTER – Q1 2023/24 SUMMARY REPORT



RISKID	CR0095
RISK DESCRIPTION	Poor data quality and data governance not supporting informed decision making
SLT	Manager, Office of the Chief Executive Officer
ELT	CEO
LINK TO STRATEGIC VALUES	Council of Excellence
LINK TO BUSINESS PLAN	Digital Transformation Project
DATE LAST REVIEWED	06/10/2023







RISK RATING EXTREME

RISK RATING HIGH

RISK RATING MEDIUM

RISK STATEMENT

There is a risk that poor quality and access to data within CoM systems doesn't allow for data driven decision making.

CONTEXT BACKGROUND & ENVIRONMENTAL CONSIDERATIONS

Due to the limited functions of the business systems, the business has needed to make manual work arounds, this can lend to data entry errors, this can contribute to long processes for information gathering and decision making.

STAKEHOLDERS Council, ELT, SLT and SMEs wishing to use data to support decision making

CONSULTATION Digital Transformation Program.

RISK SOURCE - CAUSES/DRIVERS

- Ineffective implementation of IT solutions
- Business units implement their own technology solutions
- Lack of single source of truth for Corporate data
 Inadequate strategic awareness/oversight of corporate data
- Inadequate strategic awareness/oversight of corporate data processes
- Lack of standardised Data Quality Assurance processes
- Obsolete Data Governance Framework
- No resource/capacity to review/embed the Data Governance Framework
- Poor data capture due to inadequate training around business processes & systems
- Lack of IT training for staff (no IT Trainer role)
- Lack of mobility tools for outdoor staff to capture data
 Ineffective use of end user reporting and query tools

POTENTIAL CONSEQUENCES

- Non-compliance with related regulations/ legislation
 Unsupported decision making
- Unsupported decision making
 Inability to deliver identified but
- Inability to deliver identified business outcomes
 Inability to address business issues
- Inability to address business issuesInability to provide innovation and improve efficiencies
- Lack of data integrity
- Inability to measure outputs and outcomes, resulting in unsupported decision making
 Increased errors due to inefficient work processes
- Decreasing value of data assets

CONTROLS	DATE ENDORSED	REVIEW DATE	CONTROL EFFECTIVENESS	RESPONSIBLE ROLE
1.Software owner roles & responsibilities documented (org wide vs departmental)	Ongoing	Ongoing	Effective	CIO
Core application systems user groups with ICT business unit account & manager roles	Ongoing	Ongoing	Effective	CIO
3.Business intelligence/data analytics reporting toolset (MS PowerBI)	Ongoing	Ongoing	Effective	BI Lead
4.Data and Analytics strategy endorsed	28/02/2023	Ongoing	Effective	BI Lead
5.ICT Service Reviews and ICT Internal Audit recommendations implemented	31/12/2021	Ongoing	Effective	GM Corp Services
6.Data Governance Framework	31/12/2022	31/12/2026	Partially Effective	Mgr. OCEO
7.Performance Organisational Review Committee	Ongoing	Ongoing	Effective	Mgr. OCEO
8.Policy and Procedure for Data Governance, Management and access.	Ongoing	Ongoing	Partially Effective	Mgr. OCEO
	Overall Effectiveness		Effective	

PLANNED TREATMENTS (ACTIONS)	STATUS	DUE DATE	REVISED DUE DATE	RESPONSIBLE ROLE
 Finalise the data analytics road map for the implementation of the strategy and framework 	Complete	30/06/2022		BI Lead
2.Implementation of Data and Analytics program	On schedule	01/12/2024		BI Lead
3.Training with data information officers	On schedule	30/06/2024		BI Lead

RATIONALE FOR IMPLEMENTED CONTROLS AND PLANNED TREATMENTS

Q1, 2023-2024 updates IC8 new control added.

DATE	UPDATES / PROGRESS NOTES
06/10/2023	New control added during Q1 review. No changes to overall Risk Ratings



7.6 Insurance Market Review update

Report Reference FRAC231212R7.6

Originating Officer Acting Unit Manager Strategy & Risk – Sheree Tebyanian

Corporate Manager Manager Office of the Chief Executive - Kate McKenzie

General Manager Chief Executive Officer - Tony Harrison

REPORT OBJECTIVE

To provide the Finance, Risk, and Audit Committee with a concise summary of the current activity in the Insurance Market that suggests a retiming of council's Insurance Market testing to ensure a review provides council with the best return on investment.

EXECUTIVE SUMMARY

The Local Government Act 1999 (The Act) mandates the Local Government Association (LGA) to administer the Local Government Association Mutual Liability Scheme (LGAMLS) and Workers' Compensation Scheme (LGA WCS) for South Australian councils, as stipulated in Schedule 1, part 2 of the Act. Membership of the two schemes is not compulsory for Councils however, the City of Marion has been a member of the schemes since their commencement. The Schemes also retain 100% council membership across South Australia.

Council receives a comprehensive range of insurance products, including but not limited to public liability, professional indemnity, workers compensation, asset protection, income protections, employee journey insurance and accident insurance.

Council has previously resolved to ensure cost-effectiveness and suitability; a comprehensive market review occurs every five years. The last assessment was undertaken in 2018.

The global insurance industry has encountered difficulties, experiencing 23 consecutive quarters of rising composite pricing. This report outlines the distinct factors influencing the global insurance sector resulting in premium increases across all insurance lines except for professional indemnity insurance and proposes retiming of council's insurance market review to maximise the benefits of doing so.

RECOMMENDATION

That the Finance, Risk and Audit Committee:

1. Recommends to Council the re-timing of council's Insurance Market testing to commence from Q2 2025.

DISCUSSION

Background



Council has resolved to review, and market test the Council's insurance arrangements every 5 years to ensure that it is delivering value for money, are fit for purpose, and cost effective. The review aims to provide a level of certainty regarding insurance coverage and Council's net annual insurance premiums.

The Local Government Act 1999 (The Act) requires the LGA to conduct and manage the Local Government Association Mutual Liability Scheme and Workers' Compensation Scheme for the benefit of Councils across South Australia. This is outlined within Schedule 1, part 2 of the Act.

The City of Marion receives a comprehensive range of insurance products, including but not limited to public liability, professional indemnity, workers compensation, asset protection, income protections, employee journey insurance and accident insurance. The City of Marion also receives other insurance products from the LGA through Local Government Risk Services (LGRS), backed by JLT Public Sector, a division of Marsh, with 100% council membership across South Australia.

All South Australian Councils subscribe to the LGRS', the comprehensive range of insurance products provided includes:

- Local Government Association Mutual Liability Scheme (LGAMLS)
- Local Government Association Asset Mutual Fund (LGAAMF)
- Local Government Association Workers' Compensation Scheme (LGAWCS)
- Local Government Income Protection Fund (LGIPF)
- Employee Journey Insurance
- Personal Accident Insurance

An annual actuarial assessment determines the target surplus for the Schemes to cover projected future claim liabilities. Surpluses exceeding projections are returned to members through special distributions and/or Risk Incentive Programs.

Attachment 1 outlines the advantages and disadvantages that were highlighted in the 2018 review of insurance services through the LGRS and commercial sector.

Insurance market

Off the back of growing natural disasters, the COVID-19 pandemic, and other geopolitical issues that have seen the price escalation of materials and labour, the global insurance market has experienced 23 consecutive quarters of rising composite pricing, leading to successive and notably higher annual premium increases for customers. Further constraints in the reinsurance market have also contributed to price escalation pressures.

Various industry-led reports from KPMG and Deloitte along with reports from large global insurers such as Marsh were consistent in speaking to the causes of key underwriting factors that are resulting in a loss of profits for insurers and a flow on of premium hikes for customers.

- 1. Inflation impacts impacting the cost of a claim.
- 2. Increase in overall claims made due to natural disasters (fire and floods in 2021 and 2022)
- 3. Rising re-insurance due to a major 'catch up' price correction and revised risk appetite to exposure of Australia's natural disasters in the market at the January 2023 renewal period that saw a 25-50% increase in the cost of reinsurance that was not fully passed onto customers.
- 4. Restructuring within the 'reinsurance' market with some key competition departing the Australian market and no longer offering reinsurance services within Australia limiting market competition
- 5. Asset values experiencing major inflation due to growth in the property market.
- 6. Decline in overall competition and a lack of competitive differentiation in policies across the



To clarify, reinsurance is where an insurer transfers a portion of their risk to other insurers (reinsurers) to reduce their own risk and financial exposure. Reinsurance is quite common across the sector with approximately 1/5th of the cost of a premium paid to a reinsurer.

It is widely reported that reinsurers have long been aware of the natural disaster risks in countries such as the USA where Hurricanes are a frequent event and typical and finally 'caught up' to the fact that the Asia-Pacific market is a high natural disaster zone and a pricing correction occurred. In the January 2023 renewal period, the reinsurance market underwent 'the most challenging renewal period in a generation' as the market underwent a fundamental shift in price correction and risk appetite, especially for property catastrophe risk. (Aon Reinsurance Market Dynamics report 2023).

The Marsh Australian Mid-Year Insurance Market overview update stated that property insurers' reinsurance cost increases ranged between 25-50% post-renewal and a tightening of limits available for natural catastrophe coverage and policy wording amendments.

The most recent Q1 2023-2024 Australian Market update by Marsh reported that the Australian Insurance market saw some slightly positive shifts with less than anticipated price increases for the quarter with new entrants in Q1 competing for insurance business attributed to higher investment returns from increasing interest rates (reinsurers typically invest their funds into bonds which are performing well encouraging a return of profits) and a resetting of premiums and risk profiles.

In this current challenging period, insurers have competed on non-differentiating policies, with little market differentiation between competitors.

Forecasts by KPMG and Deloitte forecast a transformative 2024 in the insurance sector, driven by technological advancements, leading to increased efficiencies and suggest that overtime this may support an easing of price premiums. Furthermore, IBIS World forecasts more providers will compete through 'better coverage and greater customisation of policies. It is expected that pricing across all insurance lines will ease, however claims inflation impacts will see premium pricing for some time yet.

The public liability market has experienced a moderate increase in claims in the frequency and severity of claims and increasing claims inflation driving uncertainty. Policyholders who may have had long-standing relationships with insurers have faced claims-driven pricing adjustments and reductions of capacity to limit the exposure of the insurer. Power and Utilities, rail, Sport (concussion) and community/ecclesiastical (abuse cover) were just a few of the types of industries/risks that have been scrutinised by insurers with insureds needing to demonstrate a proactive approach to identifying and managing these risks to be best positioned to navigate the underwriting process.

Current performance of the LGRS

In the 2023 Local Government Mutual Risk Scheme & Fund highlights report, reinsurance was cited as a cause for the escalating costs in the insurance market. The report claims the mutual pool absorbed a significant portion of the increases resulting from the reinsurance cost escalation.

Attachment 2 includes an excerpt from the Local Government Mutual Risk Scheme & Fund highlights report and the LGAMLS net contributions variance percentages over the last 7 years. With Asset values experiencing inflation and price escalation, the LGA Asset Mutual Fund contributions appear to remain consistent.



Conclusion

There is a cost to council in undertaking the review which is invited by tender and led by an external consultant.

To seek the maximum benefit of a review it is suggested to postpone this for 24 months to enable time for the market to settle. With the forecasted transformation in the market, it is likely that council may see more add-on benefits offered through direct insurers or variations in policy offerings that make the review a robust one.

ATTACHMENTS

- 1. Attachment 1 Advantages and Disadvantages of schemes and commercial insurance market [7.6.1 2 pages]
- 2. Attachment 2 Co M and market pricing [7.6.2 1 page]

Attachment 1

The last review in 2018 highlighted a range of advantages and disadvantages of LGRS Mutual Schemes and the Commercial Market yet showed an approx. \$10K net benefit to council through the LGRS scheme. This figure did not factor in the contribution paid back to council by the scheme.

Advantages of the LGRS Mutual Schemes/Funds

- Similar risks to similar risk-profile Councils
- Self-insurance
- · Stability in price and cover
- Pooling all Councils together insulates against market volatility and fluctuations
- Return of profits to Members by way of Special Distributions
- Additional proactive programs offered to reduce risk profile
- Discretionary nature of Scheme allows for non-contractual claims to be paid

Disadvantages of the LGRS Mutual Schemes/Funds

- Well managed / low risk profile Councils with good claims history subsidise underperforming
- · high risk profile Councils resulting in some Council's paying for cover not required
- · Complexities of premium allocation between Councils
- In the event that the Mutual Fund cannot meet its financial obligations the Members must
- contribute or the Fund must default on its indemnity obligations
- Cover not provided by an APRA (Australian Prudential Regulation Authority) Authorised Insurer
- The LGA pay high management fees to the LGRS compared to market brokerage fees
- · Difficulty in regulating governance and compliance

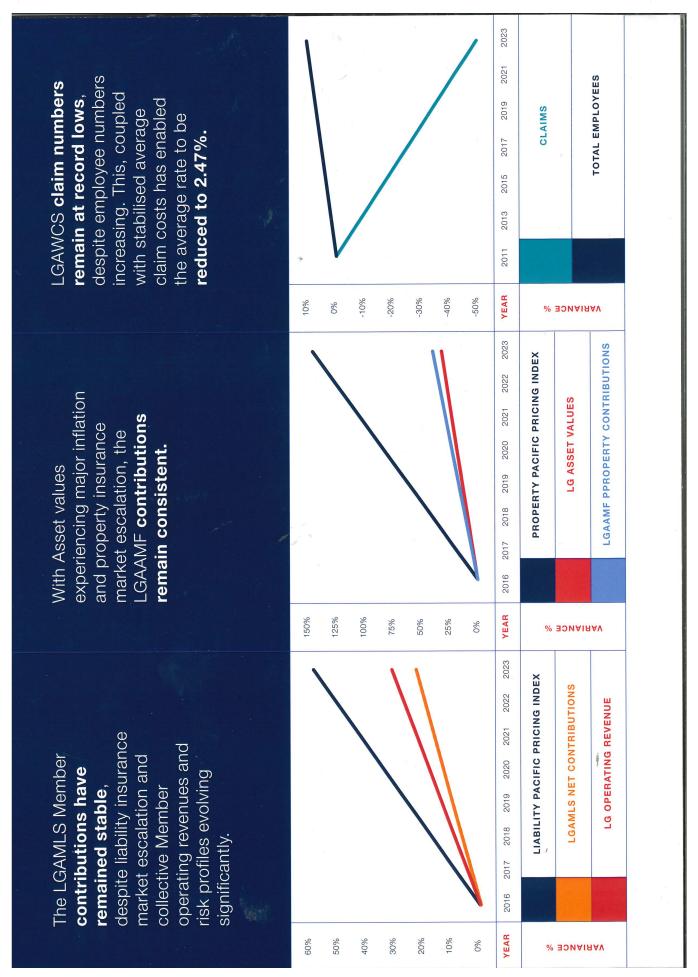
Advantages of Insuring through the Commercial Market

- · Insurance products linked to risks through thorough risk analysis
- Well managed / low risk profile councils with a good claims history potentially receive discounted
- premiums
- Cover provided by an APRA Authorised Insurer. APRA certify the financial sector to provide
- · governance and compliance assurance
- High levels of regulated governance and compliance
- Disadvantages of Insuring through the Commercial Market
- · Market volatility affecting price and cover

- No return of profits to Members by way of Special Distributions
- Non-discretionary insurance products do not allow for non-contractual claims to be paid
- The impact of increased deductible excess limits on claim management and ability to claim
- · Loss of unlimited liability through the Treasurer's Indemnity
- Increased risk of higher Council resourcing levels being required, inconsistency of service and
- multiple sources of data resulting from multiple policies through different insurers
- The impact of losing the discretionary nature available in the Schemes.

Disadvantages of Insuring through the Commercial Market

- · Market volatility affecting price and cover
- No return of profits to Members by way of Special Distributions
- Non-discretionary insurance products do not allow for non-contractual claims to be paid
- The impact of increased deductible excess limits on claim management and the ability to claim
- · Loss of unlimited liability through the Treasurer's Indemnity
- Increased risk of higher Council resourcing levels being required, inconsistency of service and
- · multiple sources of data resulting from multiple policies through different insurers
- The impact of losing the discretionary nature available in the Schemes





8 Reports for Noting

8.1 Annual Ombudsman Report 2022/23

Report Reference FRAC231212R8.1

Originating Officer Governance Officer – Amey Johnson

Corporate Manager Manager Office of the Chief Executive - Kate McKenzie

General Manager Chief Executive Officer - Tony Harrison

REPORT OBJECTIVE

The purpose of this report is to provide information on complaints received by the Ombudsman SA regarding the City of Marion during the 2022/23 financial year.

EXECUTIVE SUMMARY

Each year, after the Ombudsman SA released their Annual Report, a report is presented to the Finance, Risk and Audit Committee that reports on all complaints made about the City of Marion to the Ombudsman's office in that financial year. The Ombudsman's Annual Report recorded 38 complaints relating to the City of Marion for 2022/23. This is a slight increase on the 2021/22 recorded complaint number of 30.

In addition to complaints to the Ombudsman's office, four (4) requests were received direct to the City of Marion to conduct an internal review of a decision in accordance with the City of Marion Complaints and Grievance Policy. These are referred to and known as 'Section 270 Reviews' as the right is provided via this clause of the *Local Government Act 1999*.

RECOMMENDATION

That the Finance, Risk and Audit Committee:

1. Notes the report.

DISCUSSION

In 2022/23 the Ombudsman's office received 1,023 complaints regarding local government and closed out a total of 1,039 complaints. Of these complaints, 38 related to the City of Marion. The table below details the previous data over the last five financial years for comparison. It is noted that no matters relating to the City of Marion progressed to a full investigation under Section 25 of the Ombudsman Act.

Financial Year	Complaints Received by the Ombudsman	Complaints relating to City of Marion
2022/23	1,023	38
2021/22	921	30
2020/21	892	25
2019/20	947	41
2018/19	968	36

The table below provides an extract from the Ombudsman's Annual Report that provides the full statistics of complaints from all Councils across South Australia. This data is useful to benchmark and the City of Marion continues to track at a low percentage of complaints per population (3.93 complaints per 10,000 population).



Complaints Received and Completed

Council	Received	%	Completed	%	Population 30 June 2022	Received / 10,000 pop	Completed / 10,000 pop
Adelaide Hills Council	22	2.15%	16	1.54%	41,448	5.31	3.86
Adelaide Plains Council	15	1.47%	14	1.35%	10,461	14.34	13.38
Alexandrina Council	33	3.23%	33	3.18%	29,780	11.08	11.08
Barunga West Council	11	1.08%	11	1.06%	2,676	41.11	41.11
Berri Barmera Council	6	0.59%	5	0.48%	10,713	5.60	4.67
Campbelltown City Council	33	3.23%	33	3.18%	56,013	5.89	5.89
City of Adelaide	60	5.87%	60	5.77%	26,120	22.97	22.97
City of Burnside	28	2.74%	29	2.79%	46,692	6.00	6.21
City of Charles Sturt	66	6.45%	71	6.83%	124,906	5.28	5.68
City of Holdfast Bay	19	1.86%	20	1.92%	38,061	4.99	5.25
City of Marion	38	3.71%	38	3.66%	96,658	3.93	3.93
City of Mitcham	33	3.23%	35	3.37%	68,403	4.82	5.12
City of Mount Gambier	9	0.88%	11	1.06%	27,771	3.24	3.96
City of Norwood, Payneham & St Peters	26	2.54%	26	2.50%	38,001	6.84	6.84
City of Onkaparinga	59	5.77%	62	5.97%	178,546	3.30	3.47
City of Playford	14	1.37%	14	1.35%	103,420	1.35	1.35
City of Port Adelaide Enfield	39	3.81%	41	3.95%	135,844	2.87	3.02
City of Port Lincoln	7	0.68%	7	0.67%	14,947	4.68	4.68
City of Prospect	9	0.88%	8	0.77%	22,741	3.96	3.52
City of Salisbury	38	3.71%	38	3.66%	148,003	2.57	2.57
City of Tea Tree Gully	33	3.23%	34	3.27%	102,666	3.21	3.31
City of Unley	23	2.25%	24	2.31%	39,085	5.88	6.14
City of Victor Harbor	16	1.56%	14	1.35%	16,720	9.57	8.37
City of West Torrens	51	4.99%	48	4.62%	63,105	8.08	7.61
Clare and Gilbert Valleys Council	12	1.17%	12	1.15%	9,393	12.78	12.78
Coorong District Council	10	0.98%	15	1.44%	5,569	17.96	26.93
Copper Coast Council	8	0.78%	7	0.67%	15,652	5.11	4.47
Corporation of the City of Whyalla	3	0.29%	2	0.19%	21,894	1.37	0.91
Corporation of the Town of Walkerville	7	0.68%	8	0.77%	8,179	8.56	9.78
District Council of Ceduna	7	0.68%	7	0.67%	3,650	19.18	19.18
District Council of Cleve	1	0.10%	0	0.00%	1,765	5.67	0.00
District Council of Coober Pedy	11	1.08%	13	1.25%	1,576	69.80	82.49
District Council of Elliston	3	0.29%	3	0.29%	1,037	28.93	28.93
District Council of Grant	5	0.49%	9	0.87%	8,925	5.60	10.08



Council	Received	%	Completed	%	Population 30 June 2022	Received / 10,000 pop	Completed / 10,000 pop
District Council of	4	0.39%	3	0.29%	1,028	38.91	29.18
Karoonda East Murray District Council of Kimba	3	0.29%	3	0.29%	1.057	28.38	28.38
District Council of Lower	2	0.20%	3	0.29%	6.100	3.28	4.92
Eyre Peninsula District Council of Loxton Waikerie	12	1.17%	13	1.25%	11,928	10.06	10.90
District Council of Mount Remarkable	4	0.39%	4	0.38%	2,915	13.72	13.72
District Council of Orroroo/Carrieton	3	0.29%	3	0.29%	890	33.71	33.71
District Council of Peterborough	6	0.59%	6	0.58%	1,670	35.93	35.93
District Council of Renmark Paringa	10	0.98%	11	1.06%	10,044	9.96	10.95
District Council of Robe	12	1.17%	4	0.38%	1,583	75.81	25.27
District Council of Streaky Bay	1	0.10%	1	0.10%	2,254	4.44	4.44
District Council of Tumby Bay	5	0.49%	4	0.38%	2,889	17.31	13.85
District Council of Yankalilla	13	1.27%	15	1.44%	5,998	21.67	25.01
Kangaroo Island Council	15	1.47%	16	1.54%	5,084	29.50	31.47
Kingston District Council	1	0.10%	1	0.10%	2,389	4.19	4.19
Light Regional Council	19	1.86%	20	1.92%	16,332	11.63	12.25
Mid Murray Council	20	1.96%	21	2.02%	9,415	21.24	22.30
Mount Barker District Council	18	1.76%	19	1.83%	41,059	4.38	4.63
Naracoorte Lucindale Council	3	0.29%	3	0.29%	8,928	3.36	3.36
Northern Areas Council	5	0.49%	5	0.48%	4,671	10.70	10.70
Port Augusta City Council	10	0.98%	11	1.06%	14,456	6.92	7.61
Port Pirie Regional Council	7	0.68%	7	0.67%	17,648	3.97	3.97
Regional Council of Goyder	6	0.59%	6	0.58%	4,134	14.51	14.51
Roxby Council	1	0.10%	0	0.00%	4,105	2.44	0.00
Rural City of Murray Bridge	17	1.66%	18	1.73%	22,554	7.54	7.98
Southern Mallee District Council	7	0.68%	8	0.77%	2,013	34.77	39.74
Tatiara District Council	4	0.39%	5	0.48%	7,040	5.68	7.10
The Barossa Council	15	1.47%	16	1.54%	25,878	5.80	6.18
The Flinders Ranges Council	1	0.10%	1	0.10%	1,682	5.95	5.95
Town of Gawler	11	1.08%	12	1.15%	26,123	4.21	4.59
Wakefield Regional Council	3	0.29%	3	0.29%	6,958	4.31	4.31
Wattle Range Council	11	1.08%	10	0.96%	12,163	9.04	8.22
Yorke Peninsula Council	19	1.86%	19	1.83%	11,922	15.94	15.94
Total	1,023	100.00%	1,039	100.00%	1,813,330	5.64	5.73



In addition to complaints to the Ombudsman's office above, four (4) requests were received direct to the City of Marion to conduct an internal review decision in accordance with the Council's Complaints and Grievance Policy.

These complaints related to the following:

Oakleigh Road	No error found	Progressed with installation of kerb ramp but not outside the complainants property		
Coastal Walkway, Beach access (concluded July 2023)	No error found in Council's consultation processes/decision to remove beach access/installation of viewing platform	Council apologised for the release of personal information on the Making Marion website		
Oliphant Avenue, driveway link	No error found in process however communication was confusing	Council agreed to a 50/50 split of the cost of the driveway		
Weroona Court, planning matter	No error found in planning and development processes			

The full Ombudsman Annual Report for 2022/23 can be found on the Ombudsman SA website:

Annual-Report-2022-2023.pdf (ombudsman.sa.gov.au)

ATTACHMENTS

Nil



8.2 Council Member Report

Report Reference FRAC231212R8.2

Originating Officer Unit Manager Governance and Council Support – Victoria Moritz

General Manager Chief Executive Officer - Tony Harrison

REPORT OBJECTIVE

Section 3.5 of the Finance, Risk and Audit Committee (FRAC) Terms of Reference states "where the Council makes a decision relevant to the Finance and Audit Committees Terms of Reference, the Elected Member Representative will report the decision to the Audit Committee at the next Committee meeting and provide relevant context".

RECOMMENDATION

That the Finance, Risk and Audit Committee:

1. Notes this report.

DISCUSSION

Council Member Representative - Councillor Jason Veliskou and Councillor Jayne Hoffmann

Since the last Council Member report was presented to the FRAC meeting, the Council has held one General Council Meetings. At this meeting, Council made the following decisions that relate to the FRAC Terms of Reference in chronological order. If the FRAC wishes to discuss any of the items considered in confidence in further detail, the Committee will be required to move into confidence.

28 November 2023 - General Council Meeting

Annual Financial Statements for the year ended 30 June 2023

Council adopted the City of Marion audited Annual Financial Statements for the year ended 30 June 2023, received the SRWRA 2022-23 audited Annual Financial Satements, noted the comparative analysis to prior year and original adopted 2022-23 budget and noted the Galpins Audit completion report.

Finance, Risk and Audit Committee Annual Report to Council 2022-23

Council received and noted the FRAC Annual Report for 2022-23 with this to be included in the City of Marion Annual Report.

1st Budget Review 2023-2024

Council Adopted the revised budgeted statements including the Income Statement, Balance Sheet, Statement of Changes in Equity and Statement of Cash Flows and approved the identified savings



following the completion of the 2022-23 audited Annual Financial Statements of \$1.810m to be transferred to the Asset Sustainability Reserve.

Draft Asset Management Strategy 2023-2033

Endorsed the Draft Asset Management Strategy 2023 - 2033 (Attachment 1) and noted the Community Feedback provided.

ATTACHMENTS

Nil



9 Workshop / Presentation Items10 Other Business

11 Meeting Closure

The meeting shall conclude on or before 5.00pm unless there is a specific motion adopted at the meeting to continue beyond that time.