



AUDIT COMMITTEE

NOTICE OF MEETING

To: **Presiding Member** Cr Malcolm Herrmann

Members

David Moffatt
Peter Brass
Natalie Johnston
Cr Leith Mudge

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

Wednesday 20 April 2022
6.30pm
63 Mt Barker Road, Stirling

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

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

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

Andrew Aitken
Chief Executive Officer



AUDIT COMMITTEE

AGENDA FOR MEETING
Wednesday 20 April 2022
6.30pm
63 Mt Barker Road, Stirling

ORDER OF BUSINESS

1. COMMENCEMENT

1.1. Acknowledgement of Country

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

2. APOLOGIES/LEAVE OF ABSENCE

2.1. Apology

2.2. Leave of Absence

2.3. Absent

3. MINUTES OF PREVIOUS MEETINGS

3.1. Audit Committee Minutes – 14 February 2022

Recommendation

That the minutes of the Audit Committee meeting held on 14 February 2022, as supplied, be confirmed as an accurate record of the proceedings of that meeting.

4. DELEGATION OF AUTHORITY

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

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

6. PRESENTATIONS, ACTION REPORT & WORKPLAN

6.1. Risk Presentation – next Presentation due in May

6.2. Action Report and Work Plan Update

1. *That the report be received and noted.*
2. *That the status of the Action Report and Work Plan be noted.*

7. OFFICER REPORTS

7.1. Annual Business Plan for Consultation

1. *That the report be received and noted*
2. *To advise Council that the Committee has reviewed the draft Annual Business Plan 2022-23 (ABP), as contained in Appendix 1, in terms of the assumptions underpinning the Plan, its consistency with the Strategic Management Plans and the adequacy of the plans in the context of maintaining financial sustainability.*
3. *That, on the basis of the Committee's review, to recommend the draft ABP to Council for community consultation.*

7.2. Q3 Performance Report

1. *That the Quarterly Council Performance Report – Q3 2021-22 be received and noted.*
2. *Note that the Quarterly Council Performance Report – Q3 2021-2 will be provided to Council for noting.*

7.2. Rates Oversight Scheme

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

7.4. Policy Review - Internal Audit

1. *That the report be received and noted*
2. *The Audit Committee recommends the revised Internal Audit Policy (draft), Appendix 1 to Council for consideration.*

7.3. Policy Review - Prudential Management

1. *That the report be received and noted*
2. *The Audit Committee recommends the revised Prudential Management Policy (draft), Appendix 1 to Council for consideration.*

7.4. Policy Review - Risk Management

1. *That the report be received and noted.*
2. *The Audit Committee recommends the Risk Management Policy (draft), Appendix 1 to Council for consideration.*

7.5. Confidential Items Review
Refer to Agenda

8. CONFIDENTIAL ITEMS

Nil

9. NEXT MEETING

The next Audit Committee meeting will be held at 6.30pm on 23 May 2022 at 63 Mount Barker Road, Stirling.

10. CLOSE MEETING

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE
MINUTES OF MEETING
MONDAY 14 FEBRUARY 2022
ZOOM VIRTUAL MEETING ROOM**

In Attendance

Members:

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

In Attendance:

Andrew Aitken	Chief Executive Officer
Peter Bice	Director Infrastructure & Operations
Melissa Bright	Acting Director Development & Regulatory Services
Lachlan Miller	Executive Manager Governance & Performance
Mike Carey	Manager Financial Services
Steven Watson	Governance and Risk Coordinator Minute Taker

Guests in Attendance:

Tim Muhlhausler	Galpins
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1. COMMENCEMENT

The meeting commenced at 6.30pm.

1.1 Acknowledgement of Country

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

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE
MINUTES OF MEETING
MONDAY 14 FEBRUARY 2022
ZOOM VIRTUAL MEETING ROOM**

2. APOLOGIES/LEAVE OF ABSENCE

2.1 Apology

Nil

2.2 Leave of Absence

Nil

2.3 Absent

Nil

3. MINUTES OF PREVIOUS MEETINGS

3.1 Audit Committee Meeting – 15 November 2021

Moved Cr Leith Mudge
S/- David Moffatt

AC1/22

That the minutes of the Audit Committee meeting held on 15 November 2021 as supplied, be confirmed as an accurate record of the proceedings of that meeting.

Carried

4. Delegation of Authority

In accordance with the Audit Committee Terms of Reference, the Committee has no delegated decision-making powers. The Recommendations in Item(s) 7.1, 7.2, 7.3, 7.8 are to be submitted to Council for consideration.

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

Nil

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE
MINUTES OF MEETING
MONDAY 14 FEBRUARY 2022
ZOOM VIRTUAL MEETING ROOM**

6. PRESENTATIONS, ACTION REPORT & WORKPLAN

6.1 Development & Regulatory Services Directorate Risk Presentation

Moved Cr Malcolm Herrmann
S/- Natalie Johnston

AC2/22

That the Audit Committee thank Acting Director Development & Regulatory Services for the presentation.

Carried

6.2 Action Report and Work Plan Update

Moved David Moffatt
S/- Peter Brass

AC3/22

1. That the report be received and noted.
2. That the status of the Action Report and Work Plan be noted.

Carried Unanimously

7. OFFICER REPORTS – DECISION ITEMS

Tim Muhlhausler from Galpins attended for item 7.1 and answered questions from the Committee.

7.1 External Audit Plan 2021-22

Moved Cr Malcolm Herrmann
S/- Cr Leith Mudge

AC4/22

1. That the report be received and noted.
2. To recommend to Council the approval of the 2021-22 External Audit Plan by Galpins Accountants, Auditors and Business Consultants as contained in Appendix 1.

Carried Unanimously

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE
MINUTES OF MEETING
MONDAY 14 FEBRUARY 2022
ZOOM VIRTUAL MEETING ROOM**

The Presiding Member sought and was granted leave of the meeting to bring Item 7.3 forward.

7.3 Budget Review 2

Moved Cr Leith Mudge

S/- David Moffatt

AC5/22

The Audit Committee resolves:

- 1. That the report be received and noted.**
- 2. To recommend to Council the proposed budget adjustments presented in Budget Review 2 which result in:**
 - a. An increase in the Operating Surplus from \$1.115m to \$1.546m for the 2021-22 financial year.**
 - b. Changes to Capital Works, reducing capital income by \$1.299m and reducing capital expenditure by \$5.253m for the 2021-22 financial year resulting in a revised capital expenditure budget for 2021-22 of \$21.982m.**
 - c. A reduction in Council's current Net Borrowing Result from \$7.348m to \$2.572m for the 2021-22 financial year as a result of the proposed operating and capital adjustments.**

Carried Unanimously

7.2 2022-23 Long Term Financial Plan Review

Moved Peter Brass

S/- Cr Leith Mudge

AC6/22

The Audit Committee resolves:

- 1. That the report be received and noted**
- 2. Notes the *2022-23 Draft Long Term Financial Plan*.**
- 3. Recommends Council approve the *2022-23 Draft Long Term Financial Plan*, as contained in Appendix 1 for community consultation in accordance with Section 122 of the *Local Government Act 1999*.**
- 4. That the Chief Executive Officer be authorised to make minor changes to the *2022-23 Draft Long Term Financial Plan* arising from the Committee's consideration of the matter prior to it being provided to Council.**

Carried Unanimously

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE
MINUTES OF MEETING
MONDAY 14 FEBRUARY 2022
ZOOM VIRTUAL MEETING ROOM**

7.3 Budget Review 2

This item was considered earlier in the meeting.

7.4 Debtors Report to 31 December 2021

Moved Natalie Johnston
S/- Cr Leith Mudge

AC7/22

The Audit Committee resolves the report be received and noted.

Carried Unanimously

7.5 Transferable Risk Profile Report

Moved Cr Leith Mudge
S/- Peter Brass

AC8/22

The Audit Committee resolves the report be received and noted.

Carried Unanimously

7.6 Risk Management Plan Update

Moved Cr Leith Mudge
S/- Natalie Johnston

AC9/22

The Audit Committee resolves the report be received and noted.

Carried Unanimously

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE
MINUTES OF MEETING
MONDAY 14 FEBRUARY 2022
ZOOM VIRTUAL MEETING ROOM**

7.7 Audit Committee Meeting Dates 2022

Moved Cr Leith Mudge
S/- Peter Brass

AC10/22

The Audit Committee resolves:

1. That the report be received and noted.
2. To approve the Audit Committee meeting schedule, timings and locations for 2022 as follows:

Commencement	6.30pm
Meeting Dates and Locations	Monday 14 February 2022, 63 Mt Barker Road, Stirling (this meeting)
	Wednesday 20 April 2022, 63 Mt Barker Road, Stirling
	Monday 23 May 2022, 63 Mt Barker Road, Stirling
	Monday 15 August 2022, 63 Mt Barker Road, Stirling
	Monday 17 October 2020, 63 Mt Barker Road, Stirling
	No meeting scheduled (Council General Elections Nov 2022)

3. That the Chief Executive Officer be authorised to adjust the meeting schedule, timings and locations as required (e.g. where there is a scheduling clash with another important corporate event or meeting, or where a scheduled meeting falls on a non-business day, or where a quorum is unlikely, or where no meeting is scheduled, although is required).

Carried Unanimously

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE
MINUTES OF MEETING
MONDAY 14 FEBRUARY 2022
ZOOM VIRTUAL MEETING ROOM**

7.8 Internal Audit Quarterly Update

Moved Natalie Johnston
S/- Cr Leith Mudge

AC11/22

The Audit Committee resolves:

1. That the report be received and noted
2. To recommend to Council to adopt the revised Strategic Internal Audit Plan v1.9a as contained in Appendix 1.

Carried Unanimously

7.9 Council Quarterly Performance Report Q2

Moved Peter Brass
S/- Cr Leith Mudge

AC12/22

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

Carried Unanimously

7.10 Legislative Reform – Second Round Proclamation

Moved Peter Brass
S/- Cr Leith Mudge

AC13/22

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

Carried Unanimously

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE
MINUTES OF MEETING
MONDAY 14 FEBRUARY 2022
ZOOM VIRTUAL MEETING ROOM**

7.11 Audit Action Implementation Report

Moved Cr Leith Mudge
S/- Natalie Johnston

AC14/22

The Audit Committee resolves:

- 1. That the report be received and noted**
- 2. To note the implementation status of Internal and External Audit actions.**

Carried Unanimously

8. CONFIDENTIAL ITEMS

Nil

9. NEXT MEETING

The next ordinary meeting of the Audit Committee will be held on Wednesday 20 April 2022 from 6.30pm at 63 Mt Barker Road, Stirling.

10. CLOSE MEETING

The meeting closed at 8.59pm

**ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
Wednesday 20 April 2022
AGENDA BUSINESS ITEM**

Item: 6.2

Responsible Officer: Steven Watson
Acting Executive Manager Governance and Performance
Office of the Chief Executive

Subject: Action Report and Work Plan

For: Decision

SUMMARY

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

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

The Audit Committee 2022 Work Plan has NIL (0) suggested amendments for this meeting.

RECOMMENDATION

The Audit Committee resolves:

- 1. That the report be received and noted.**
 - 2. That the status of the *2022 Action Report and Work Plan* be noted.**
-

1. BACKGROUND

Action Report

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

Work Plan

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

Work Plan Amendment

A Work Plan has been developed to assist the Committee members and staff in scheduling discussion and reports to ensure appropriate coverage of the functions over the 12 month period. The Audit Committee adopted an updated Work Plan at its 15 November 2021 meeting.

2. ANALYSIS

➤ Strategic Management Plan/Functional Strategy/Council Policy Alignment

Strategic Plan 2020-24 – A brighter future

Goal 5	A Progressive Organisation
Objective O4	We actively represent our community
Priority O4.3	Attract and develop a diverse and capable elected body that represents, promotes and reflects the composition of the community
Priority O4.3	Advocate to, and exert influence with, our stakeholders on behalf of our community to promote the needs and ambitions of the region
Objective O5	We are accountable, informed, and make decisions in the best interests of the whole community
Priority O5.1	Enhance governance structures and systems to prudently adapt to changing circumstances and meet our legislative obligations
Priority O5.2	Make evidence-based decisions and prudently assess the risks and opportunities to our community before taking action.

The review by the Audit Committee of the Action Report and Work Plan is an important element of Council's commitment to open and transparent decision making which facilitates public accountability.

Action Report

There are five (5) completed items and two (2) outstanding items on the Audit Committee Action Report (**Appendix 1**) arising from previous Committee meetings. Commentary against the item is provided for the Committee's information.

Work Plan and Reporting Schedule

As per the 2022 Audit Committee Work Plan and Reporting Schedule (**Appendix 2**), the following items are detailed below are included in this meeting:

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

Internal Control and Risk Management		
Placement of Council's insurance portfolio (for noting)		August
Internal Financial Controls update		May
Risk Management Plan update		February/May/ August/November
Results of LGRS Risk Management Review	N/A	February (Biennial)
LGRS Risk Evaluation - Action Plan Review		May/November
Internal Audit		
Internal Audit quarterly update		February/May/ August/November
Internal audit reports		As Required
Implementation of internal audit actions progress report		February/August
Internal Audit Plan review		May
External Audit		
External audit interim letter	Interim audit fieldwork is still in progress, anticipate interim letter for May meeting.	April
Implementation of external audit actions progress report		February/August
External Audit Plan review		February
Meeting attendance by external auditors		February/October
Review of auditor independence and legislative compliance		October
Audit Committee Completion Report		October/November
Public Interest Disclosure		
Public Interest Disclosure Policy review (replaces Whistle-blowers)		April 2024
Public Interest Disclosure Arrangements and Compliance		May 2024
Other Business		
Audit Committee self-assessment review		November
Presiding Member's Report		November
Work Plan and Reporting Schedule		November
Audit Committee Meeting Dates		November
Debtors Report		February/August
Annual Report		November
Action Report & Work Plan Update	Included in this meeting	All Meetings
Audit Committee Terms of Reference		August

Directors Presentation		February/May/ August/November
Other Reports	As required	As Required

2022 Work Plan

There is no suggested changes to 2022 Audit Committee Work Plan (**Appendix 2**).

➤ **Legal Implications**

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

➤ **Risk Management Implications**

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

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

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

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

➤ **Financial and Resource Implications**

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

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

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

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

➤ **Sustainability Implications**

There are no direct sustainability implications arising from this report.

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

Council Committees: Not Applicable

Council Workshops: Not Applicable

Council Committees: Not Applicable

Advisory Groups: Not Applicable

External Agencies: Not Applicable

Community: Not Applicable

3. OPTIONS

The Audit Committee has the following options:

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

4. APPENDICES

1. Audit Committee Action Report
2. 2022 Audit Committee Work Plan (v1.0)

Appendix 1

Audit Committee Action Report

Audit Committee Action Report
April 2022

Meeting Date	Meeting	Res No.	Item Name	Previously Declared COI	Action Required (Council Resolution)	Responsible Director	Responsible Officer	Status	Date of Update	Due Date	Status (for Council reporting)
24/05/2021	Audit Committee	AC33/21	Cyber Security Report - Period of Confidentiality	None declared	That the report, related attachments and the minutes of the Audit Committee and the discussion and considerations of the subject matter be retained in confidence until the control deficiencies are mitigated but no longer than 30 June 2023.	Terry Crackett	James Sinden	In Progress	15/03/2022	30/06/2023	AHC Staff have been assisting with the development of a Local Government Cyber Security Framework that has been grant funded by the LGA and facilitated by LGITSA (Local Government Information Technology South Australia) and external consultants. A draft version of the framework is expected to be released shortly to the LG Sector for feedback. Also work activity continues on addressing a number of recommendations from the Cyber Security Audit working with external consultants. The progression of a Local Government Cyber Security Framework has commenced working in collaboration with LGA, LGITSA and consultants. A draft version of the framework will commence consulation with the LG Sector shortly.
6/08/2021	Audit Committee	40/AC21	Audit Action Implementation Update	NIL	Administrative Action -Once appointed, the Director Corporate Services to invite Team Leader ICT to present at Audit Committee.	Terry Crackett	James Sinden	In Progress	15/03/2022	30/04/2022	Recruitment to the Team Leader ICT position has been completed. Recruitment to the Technical Officer role was not successful after approaching the market. A revised approach to support this activity is currently being implement. An update to the Audit Committee from the Team Leader ICT will be provided in April 2022.
14/02/2022	Audit Committee	AC4/22	External Audit Plan 2021-22	Nil	1. That the report be received and noted. 2. To recommend to Council the approval of the 2021-22 External Audit Plan by Galpins Accountants, Auditors and Business Consultants as contained in Appendix 1.	Andrew Aitken	Lachlan Miller	Completed	23/02/2022	17/02/2022	Council adopted the External Audit Plan at its 22 February 2022 meeting.
14/02/2022	Audit Committee	AC5/22	Budget Review 2	Nil	1. That the report be received and noted. 2. To recommend to Council the proposed budget adjustments presented in Budget Review 2 which result in:An increase in the Operating Surplus from \$1.115m to \$1.546m for the 2021-22 financial year.Changes to Capital Works, reducing capital income by \$1.299m and reducing capital expenditure by \$5.253m for the 2021-22 financial year resulting in a revised capital expenditure budget for 2021-22 of \$21.982m.A reduction in Council's current Net Borrowing Result from \$7.348m to \$2.572m for the 2021-22 financial year as a result of the proposed operating and capital adjustments.	Terry Crackett	Mike Carey	Completed	8/03/2022	17/02/2022	Budget Review 2 presented to Council on 22 February 2022 and subsequently adopted
14/02/2022	Audit Committee	AC6/22	2022-23 Long Term Financaill Plan Review	Nil	That the report be received and notedNotes the <i>2022-23 Draft Long Term Financial Plan</i> .Recommends Council approve the <i>2022-23 Draft Long Term Financial Plan</i> , as contained in Appendix 1 for community consultation in accordance with Section 122 of the <i>Local Government Act 1999</i> .That the Chief Executive Officer be authorised to make minor changes to the <i>2022-23 Draft Long Term Financial Plan</i> arising from the Committee's consideration of the matter prior to it being provided to Council.	Terry Crackett	Mike Carey	Completed	8/03/2022	17/02/2022	The 2022-23 Draft Long Term Financial Plan was presented to Council on 22 February 2022 and subsequently approved for consultation
14/02/2022	Audit Committee	AC10/22	Audit Committee Meeting Dates 2022	Nil	That the report be received and noted. To approve the Audit Committee meeting schedule, timings and locations for 2022 as follows: Commencement 6.30pm Meeting Dates and Locations Monday 14 February 2022, 63 Mt Barker Road, Stirling (this meeting)Wednesday 20 April 2022, 63 Mt Barker Road, StirlingMonday 23 May 2022, 63 Mt Barker Road, StirlingMonday 15 August 2022, 63 Mt Barker Road, StirlingMonday 17 October 2020, 63 Mt Barker Road, StirlingNo meeting scheduled (Council General Elections Nov 2022) That the Chief Executive Officer be authorised to adjust the meeting schedule, timings and locations as required (e.g. where there is a scheduling clash with another important corporate event or meeting, or where a scheduled meeting falls on a non-business day, or where a quorum is unlikely, or where no meeting is scheduled, although is required).	Andrew Aitken	Steven Watson	Completed	15/02/2022	4/03/2022	Meeting dates updated on website and in calendar appointments.
14/02/2022	Audit Committee	AC11/22	Internal Audit Quarterly Update	Nil	That the report be received and noted To recommend to Council to adopt the revised Strategic Internal Audit Plan v1.9a as contained in Appendix 1.	Andrew Aitken	Lachlan Miller	Completed	23/02/2022	4/03/2022	Council adopted the Internal Audit Plan v1.9 at its 22 February 2022 meeting.

Appendix 2

2022 Audit Committee Work Plan (v1.0)

ADELAIDE HILLS COUNCIL AUDIT COMMITTEE

2022 Work Plan and Reporting Schedule

Terms of Reference		
Financial Reporting & Prudential Requirements	Long Term Financial Plan (LTFP)	Annual
	Annual Business Plan	Annual
	Budget Review 1	Annual
	Budget Review 2	Annual
	Budget Review 3	Annual
	End of Year Financial Report	Annual
	End of financial year reporting timetable	Annual
	End of financial year update	Annual
	Final Annual Financial Statements (incl management representation letter)	Annual
Internal Control and Risk Management	Placement of Council's insurance portfolio (for noting)	Annual
	Internal Financial Controls update	Annual
	Risk Management Plan Update	Quarterly
	LGRS Risk Evaluation - Results	Biennial
	LGRS Risk Evaluation - Action Plan Review	Bi-annual
Internal Audit	Internal Audit quarterly update	Quarterly
	Internal audit reports	As required
	Implementation of internal audit actions progress report	Bi-annual
	Internal Audit Plan review	Annual
External Audit	External audit interim letter	Bi-annual
	Implementation of external audit actions progress report	Bi-annual
	External Audit Plan review	Annual
	Meeting attendance by external auditors	Annual
	Review of auditor independence and legislative compliance	Annual
	Audit Completion Report	Annual
Public Interest Disclosure	Public Interest Disclosure Policy review (replaces Whistleblowers)	Triennial
	Public Interest Disclosure Arrangements and Compliance	Annual
Other Business	Audit Committee self assessment review	Annual
	Presiding Member's Report	Annual
	Work Plan and Reporting Schedule	Annual
	Audit Committee Meeting Dates	Annual
	Debtors Report	Bi-annual
	Council's Annual Report	Annual
	Action Report & Work Plan Update	All Mtgs
	Audit Committee's Terms of Reference	Annual
	Climate Change Adaptation Governance Assessment Report - July 2019	Bi-annual
	Quarterly Performance Report	Quarterly
	Directorate Risk Profile Presentation	Quarterly
Other Reports	As required	

Version Control:	V1.0 - Adpoted 15 November 2021
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2022					
Feb	April	May	Aug	Oct	Nov
	Draft				
					2022-2023
2021-22					
		2021-22			
					2021-22
		2021-22			
			2021-22		
				2021-22	

[illegible]

	verbal		letter		
				in camera	
				draft	final

[illegible]

**ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
Wednesday 20 April 2022
AGENDA BUSINESS ITEM**

Item: 7.1

Responsible Officer: Kira-marie Laverty
Corporate Planning & Performance Coordinator
Office of the Chief Executive

Subject: Annual Business Plan Draft for Consultation

For: Decision

SUMMARY

The *Annual Business Plan 2021-22* is a legislative requirement under s122 of the *Local Government Act 1999* (the Act). It is also a key element of Adelaide Hills Council's *Corporate Planning and Performance Framework*.

The draft *Annual Business Plan 2022-23 (ABP)* has been developed to align to the draft *2022-23 Long Term Financial Plan (LTFP)*, the *Asset Management Plan 2021 (AMP)* and the *Strategic Plan 2020-24 – A brighter future*. Council resolutions, staff and community feedback, and risk assessments have also informed projects and programs included in the ABP.

The focus in development of the initiatives and budget for the ABP has been on:

- Continued support of our community and region,
- Continuing to deliver on our strategic plan goals, and
- Aligning as close as possible to our LTFP.

The purpose of this report is to provide the draft *Annual Business Plan 2022-23 (Appendix 1)* to Audit Committee for review in its capacity as advisors to Council on the consistency and adequacy of the plan in the context of maintaining financial sustainability.

RECOMMENDATION

The Audit Committee resolves:

1. That the report be received and noted
 2. To advise Council that the Committee has reviewed the draft *Annual Business Plan 2022-23 (ABP)*, as contained in Appendix 1, in terms of the assumptions underpinning the Plan, its consistency with the Strategic Management Plans and the adequacy of the plans in the context of maintaining financial sustainability.
 3. That, on the basis of the Committee's review, to recommend the draft ABP to Council for community consultation.
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1. BACKGROUND

The draft ABP (**Appendix 1**) has been developed to be consistent with the financial and strategic goals outlined in the *Strategic Plan 2020-24 –A brighter future*, draft LTFP and AMP. It has also been aligned with Council’s targets for its key financial sustainability ratios i.e. Operating Surplus, Net Financial Liabilities and Asset Renewal Funding ratios.

The attached document is for the purpose of community consultation, and therefore does not contain all elements that will be published in the final ABP document.

The elements being included for community consultation are:

- An overview – providing a high level summary of what is included in the plan
- Overview of Council details and org structure
- The capital and operating strategic initiatives- these are included under each strategic goal they are aligned to along with a 3 year view of their funding, in this way helping to demonstrate what activities we are undertaking to achieve our Strategic Plan goals.
- Financial Summary – An overview of the budget and financials
- Operating budget by function
- Capital Summary – an overview of what is included in our capital works program
- Rates Summary – an overview of the rates changes and other important information from the rates policy.
- The *Uniform Presentation of Finances* which provides a summary of Council’s proposed operating and capital investment activities together with financial sustainability ratios.
- The detailed Capital Works Program 2022-23 (this is a companion document to the ABP and is currently in development – it will be available for Council to review prior to consultation approval but is not included in this report to Audit Committee)

What is not included in the consultation document but will be in the final ABP:

- Mayor’s introduction
- Demographic information – infographic
- Corporate performance indicators (currently being updated)
- The full statutory financial statements in accordance with the Model Set of Accounts

2. ANALYSIS

➤ Strategic Management Plan/Functional Strategy/Council Policy Alignment

Strategic Plan 2020-24 – A brighter future

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

Priority O5.3 Demonstrate accountability through robust corporate planning and reporting that enhances performance, is relevant and easily accessible by the community

The ABP has been developed based on the financial projections and targets of the draft 2022-23 Long Term Financial Plan (LTFP) and in alignment with the *Strategic Plan 2020-24 –A brighter future* and *Asset Management Plans*.

The LTFF went through community consultation during March with results shared with Council at the 1 April 2022 ABP workshop. The final draft is scheduled for adoption at the 26 April Council Meeting.

➤ **Legal Implications**

The preparation of an ABP is a requirement of Section 123 of the *Local Government Act 1999* (the Act), and the *Local Government (Financial Management) Regulations 2011* (the Regulations).

Section 123(3) of the Act states that before a council can adopt its ABP that it must prepare a draft ABP and follow the relevant steps set out in its public consultation policy (i.e. consultation for at least 21 calendar days).

As part of the legislative reform, changes will be made to the consultation requirements where Section 123(4) will be removed and instead the Act will reference at Section 123(3)(b) that Council will “undertake public consultation”. This change will come into effect by 30 April 2022, however, our intention is to continue to apply Section 123(4) as guidelines for this year’s public consultation. That is, the consultation activities will include:

1. Publishing a newspaper notification of the consultation period and how to provide feedback
2. Making the draft available in our libraries and online for written submissions and feedback
3. Scheduling one hour at the May Council Meeting for community members to provide verbal submissions on the draft ABP.

The Minister for Local Government has gazetted the *Public Health Emergency: Public Access and Public Consultation Notice (No 2) 2020* to remove the “public meeting” requirement from the Act. On 10 November 2021, the *Public Access and Public Consultation Notice (No 6)* confirmed these provisions are still in place. In February 2021, The LGA advised that while the direction remains in force, Council may resolve to hold a public meeting provided we adhere to all COVID-19 related State Government public health and emergency directions, regulations or legislation.

Section 123(7) of the Act requires that each budget of council must:

- a) Be considered in conjunction with the council’s ABP (and must be consistent with that plan); and
- b) Be adopted by the council after the council has adopted its ABP.

Part 2 of the Regulations sets out what financial information must be included as well as the required formats.

Section 126 of the Act sets out the role of the Audit Committee with subsection (4)(ab) being of specific relevance in that the Committee functions shall include ‘proposing, and providing information relevant to, a review of the council’s strategic management plans’. Council has further elaborated on this function in the Committee’s *Terms of Reference* as the Committee shall:

Provide comment on the assumptions underpinning Council’s Strategic Management Plans (Strategic Plan, Annual Business Plan and Budget and Long Term Financial Plan),

the consistency between plans and the adequacy of Council's plans in the context of maintaining financial sustainability

➤ **Risk Management Implications**

Preparing an ABP as required by the Act and Regulations will assist in mitigating the risk of:

Inability to discharge role and functions of a local government entity leading to a breach of legislation and loss of stakeholder confidence.

Inherent Risk	Residual Risk	Target Risk
Extreme (5C)	High (5E)	High (5E)

It ensures that financial resources are deployed in areas that align with Council's Strategic Management Plans, are affordable and support Council's Long Term Financial Plan.

➤ **Financial and Resource Implications**

The ABP sets out the priorities and application of the Council's resources over the next financial year. The plan has been developed to be consistent with the *Strategic Plan 2020-24*, LTFP and Asset Management Plans.

The finalisation of the ABP document will be primarily produced internally using mainly existing staff resources. External costs will be associated with activities such as the design and printing of the final copy and any promotional costs related to the public consultation.

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

The ABP provides transparency for the community regarding Council's plans for the next financial year. It highlights key goals and objectives and the strategies to achieve these objectives.

➤ **Sustainability Implications**

The Council's sustainability (financial, social and environmental) is a key consideration in the development of the ABP.

The proposed rate increase of CPI plus 1% is part of the draft LTFP calculations and will maintain the financial sustainability of the Council and allow funding of the proposed strategic initiatives.

The draft LTFP set the following key parameters and targets in relation to the development of the 2022-23 Budget:

- Operating Surplus of \$671k
- Renewals Capital Expenditure of \$11.347m
- New & Upgrade Capital Expenditure of \$11.381m
- Net Borrowings of \$9m, resulting in forecast Borrowings at June 2023 of \$22m.

Page 3 of Appendix 1 shows the following financial summary based on the general rate increase of CPI plus 1%:

- Operating Surplus of \$550k

- Renewals Capital Expenditure of \$10.1m with some reallocation of project delivery and ICT capital to the New/Upgraded category to better reflect the capital work undertaken
- New & Upgrade Capital Expenditure of \$12.0m
- Net Borrowings of \$8.6m, resulting in forecast Borrowings at June 2023 of \$20m.

Financial sustainability is also demonstrated through our adherence to Council's agreed target ranges in all of the three key ratios – Operating Surplus Ratio, Net Financial Liabilities Ratio, and Asset Sustainability Ratio (**Appendix 1** – page 3).

In achieving these targets and aligning as closely as possible to the LTFP, there is a level of certainty provided to the community that financial sustainability will be maintained.

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

Consultation on the development of this report was as follows:

<i>Council Committees:</i>	Not applicable
<i>Council Workshops:</i>	Strategic initiatives included within the ABP were discussed in the Long Term Financial Plan workshop on 4 February 2022. An ABP and budget workshop was held on 1 April 2022 to discuss key budget elements and other related topics. A further workshop was held on 12 April to further discuss the rating policy.
<i>Advisory Groups:</i>	Advisory groups were invited to contribute to the LTFP consultation process which have informed the development of the ABP.
<i>External Agencies:</i>	The service delivery and budget implications of each of the regional subsidiaries have been considered in the development of the ABP and budget.
<i>Community:</i>	LTFP Community Consultation feedback was considered during the ABP development

3. OPTIONS

- I. To advise Council that the Committee has reviewed the draft *Annual Business Plan 2022-23* in terms of the assumptions underpinning the Plan, its consistency with the Strategic Management Plans and the adequacy of the plans in the context of maintaining financial sustainability and recommend it for community consultation (Recommended)
- II. To recommend amendments to any/all of the draft *Annual Business Plan 2022-23* to Council prior to community consultation
- III. To not endorse the draft *Annual Business Plan 2022-23* for submission to the Council for community consultation (Not recommended)

4. APPENDIX

- (1) Draft Annual Business Plan 2022-23

Appendix 1

Draft Annual Business Plan 2022-23

A photograph of three people, likely council members, standing at a playground. They are wearing high-visibility yellow vests over their clothing. The person on the left is wearing a wide-brimmed hat and a white shirt. The person in the middle is wearing a blue cap and a white shirt. The person on the right is wearing a tan hat, sunglasses, and a red shirt. They are standing in front of a large, modern playground structure with a white slide. The background shows trees and a blue sky with clouds. The bottom of the image features a colorful geometric pattern of triangles in shades of green, blue, and orange.

Annual Business Plan 2022-23

DRAFT for Consultation



Adelaide Hills
COUNCIL

Welcome

This is our Annual Business Plan for 2022-23 which outlines how we plan to achieve our goals over the next financial year. These goals are linked directly to our *Strategic Plan 2020-24 – A Brighter Future*, but also come from our other plans and strategies. Our priorities for this year have been refined through community consultation held over the period 11 May to 3 June 2021.

The Annual Business Plan meets the requirements of the *Local Government Act 1999*, and also provides relevant information for our community.

This publication is provided for our ratepayers, residents, business operators, visitors, government agencies and other interested people.

Contents

3	Overview
4	About us
5	Our Goals
6	Goal 1: A functional Built Environment
10	Goal 2: Community Wellbeing
14	Goal 3: A prosperous Economy
17	Goal 4: A valued Natural Environment
20	Goal 5: A progressive Organisation
23	Financial Overview
31	Capital Budget Overview
32	Rates Overview
	<i>Appendix 1: Budgeted Uniform Presentation of Finances</i>
	<i>Appendix 2: Statement of Expected Rate Revenue</i>
	<i>Appendix 2: Rating Policy</i>

Council acknowledges that we undertake our business on the traditional lands and waters of the Peramangk and Kaurna people.

We pay our respects to Elders past, present and emerging as the Custodians of this ancient and beautiful land.

Overview

The Annual Business Plan 2022-23 shows our services, programs and projects for the next financial year. It also shows how we will allocate our resources to achieve the goals we set out in our *Strategic Plan 2020-24 – A Brighter Future*, while ensuring Council's long term financial sustainability.

Our focus in 2022-23 is to continue to support and strengthen the Adelaide Hills community, environment and economy.

Some key projects and activities we will be undertaking include:

- Upgrades of the Gumeracha library
- Continued development of the Fabrik Arts and Heritage Hub
- Participation in the federally funded Local Roads and Community Infrastructure program to further invest in our region's assets
- Implementation of three key frameworks which will support Council to manage and improve assets for the community
- Supporting the 2022 Local Government Election

The key elements of the Annual Business Plan are outlined in the table to the right, and explained in more detail throughout this document.

Planned Activities

- We have **73** strategic initiatives identified which contribute towards achieving our long term goals
- These include:
 - **36** capital initiatives (\$12.0m)
 - **37** operating initiatives (\$1.5m)

Capital Budget

- **\$12.0** million for capital expenditure on new or upgraded assets
- **\$10.1** million for capital renewal

Operating Budget

- Proposed Operating Surplus of **\$550k**
- Expenditure of **\$50.0** million
- Income of **\$50.5** million.

Borrowing

- Net Borrowings of **\$8.6m**, resulting in forecast Borrowings at June 2023 of **\$20.1m**

Rates

- Average increase in general rates of **CPI plus 1%** which will allow for continued financial sustainability and maintaining our much needed services. For an average value residential property this equates to an annual increase of approximately \$92.

Financial Sustainability

- Operating surplus ratio **1.1%** in line with Council's target of 1% to 5%
- Net financial liabilities ratio **54%** in line with Council's target of 25% to 75%
- Asset sustainability ratio **98%** in line with Council's target of 95% to 105%

About us

Council and Committees

The Elected Council's role is to provide for the governance and stewardship of the Council area. It does this through representing the interests of the community; providing and coordinating public services and facilities; encouraging and developing initiatives to improve the community's quality of life; and exercising, undertaking its functions under legislation and its strategic management plans.

A number of committees have been established in accordance with legislation to assist the Council to discharge its responsibilities in specific areas. These are the Audit Committee, the Chief Executive Officer Performance Review Panel (CEOPRP), the Council Assessment Panel (CAP), the Building Fire Safety Committee and the Health & Safety Committee.

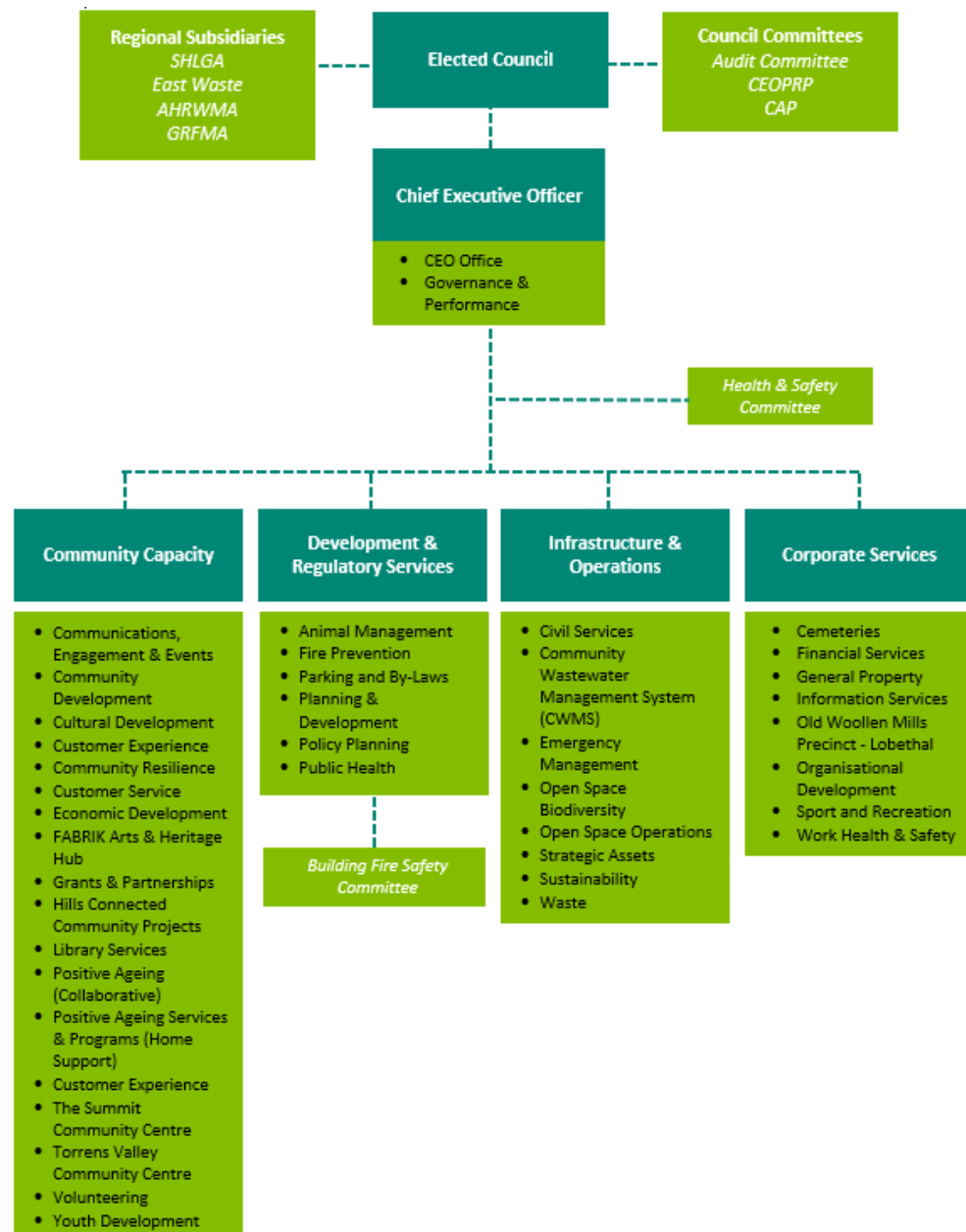
Regional Subsidiaries

Council is a member of four regional subsidiaries which assist in the strategic planning and service delivery activities. The subsidiaries are the Southern and Hills Local Government Association (SHLGA), the Eastern Waste Management Authority (East Waste), the Adelaide Hills Region Waste Management Authority (AHRWMA), and the Gawler River Floodplain Management Authority (GRFMA).

Administration

The Council's Administration is led by a Chief Executive Officer appointed by the Council.

The Chief Executive Officer appoints staff to carry out the functions and duties delegated to them and to implement Council decisions. The Administration is organised into directorates (see diagram), each with a specific area of focus and functional responsibilities. The arrangement of the directorates provides for the separation of the regulatory activities (into the Development & Regulatory Services Directorate) from the other activities of the Council.



Our Goals

The Annual Business Plan has been developed to align with our *Strategic Plan 2020-24 – A Brighter Future*, which was adopted by Council on 28 April 2020 and sets out what we wanted to achieve over the four year period. These goals and objectives are listed in the table below. Over the following pages we will show how our day to day activities, recovery efforts and strategic initiatives will help us to deliver each of these long term goals.

A functional Built Environment

B1 Our district is easily accessible for community, our businesses and visitors

B2 Preserve and enhance the unique character of the Hills for current and future generations

B3 Consider external influences in our long term asset management and adaptation planning

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

Community Wellbeing

C1 A community for everyone - that is inclusive, welcoming and accessible

C2 A connected, engaged and supported community

C3 A community that grows together

C4 An active, healthy, thriving and resilient community

C5 Respect for Aboriginal Culture and values

C6 Celebrate our community's unique culture through arts, heritage and events

A prosperous Economy

E1 Support and grow our region's existing and emerging industries

E2 Provide local infrastructure to drive growth and productivity

E3 Encourage, attract and retain a creative, talented and skilled workforce in our region

E4 Cultivate a clear, unique and consistent regional identity that can be leveraged to attract national and international attention

A valued Natural Environment

N1 Conserve and enhance the regional natural landscape character and amenity values of our region

N2 Recognise the benefits of ecosystem services and improve environmental resilience by reducing environmental impacts

N3 Nurture valuable partnerships and collaborations and engage the local community in the management of our natural environment

N4 Reduce the impact of waste to landfill by maintaining a robust waste and resource management framework

N5 Assist our community to reduce the impact of waste to landfill on the environment

A progressive Organisation

O1 We have the right people with the right knowledge and skills in the right jobs and they are supported and developed

O2 Our customers find it easier to interact and do business with Council and have an improved customer experience

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

O4 We actively represent our community

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

O6 Technology and innovation is utilised to better meet our community's expectations and deliver value for money



A functional Built Environment



Our Aspiration

Ensure that all decisions regarding the built environment recognise our unique character and natural environment to maintain and enhance liveability for our community.

Some of the key highlights we have planned for 2022-23 include:

- Delivery of three key road safety federal funded black spot
- Implementation of the Community and Recreation Facilities Framework
- Implementation of the Trails and Cycling Routes Framework

Local Roads and Community Infrastructure Program (LRCIP) 2022-23

Council is applying for Federal funding for local road and community infrastructure projects that involve the construction, maintenance and/or improvements to council-owned assets (including natural assets) that are generally accessible to the public.

Council have identified preferred priority projects which will deliver benefits to the community and region, such as improved accessibility, visual amenity and safety benefits. Amendments to the 2022-23 delivery program may be made once the priority projects have been determined.

How we will measure our success

Our success will be demonstrated through service based performance measures and customer feedback in delivering what our community needs and what we aspire to achieve under our Capital Works Program, Civil Zone Maintenance Program, Asset Management Plans, and energy usage targets.

We are currently reviewing our suite of Corporate Performance Indicators which will be used in our reporting to Council each quarter, and in our Annual report for 2022-23. These will be included in the final Annual Business Plan.

Our Services

- **Planning & Development** – Assessment of development applications and activities within the region. Inspection of approved buildings and swimming pools and taking compliance action where required. Reviewing safety of publicly accessible buildings.
- **Policy Planning** – undertaking policy and project work such as amendments to the new Planning and Design Code, and preparation of urban design guidelines.
- **Customer Service** – frontline customer service including processing of development applications.
- **Property Services** - Ongoing maintenance and management of Council's real estate assets including some 380+ parcels of land and 180+ buildings.
- **Cemeteries** – Ongoing maintenance and management of 16 Council owned cemeteries within the region.
- **Strategic Assets** – Develops and refines the Asset Management Plans and the future renewal Capital Works Programs. Manages Council's Geographic Information Systems and associated corporate data.
- **Open Space Operations** – Carries out Capital Works upgrades for projects such as playgrounds.
- **Civil Services** – Ongoing management, maintenance and replacement planning of public infrastructure including roads, bridges, signage, stormwater, kerbs and footpaths.
- **Community Wastewater Management Systems (CWMS)** – Management of CWMS and associated infrastructure e.g. septic tanks, treatment ponds.

Our Objectives and Priorities

Objectives

Priorities

B1 Our district is easily accessible for community, our businesses and visitors

B1.1 Increase accessibility to our district through the development and delivery of high priority trails and routes for all cyclists (on-road, off road, commuters, recreational) and pedestrians

B1.2 Improve outcomes for the elderly by incorporating Council's Age Friendly Strategic Plan into built environment design and delivery

B1.3 Progress state-wide and inter-regional connectivity of cyclist routes by partnering with neighbouring councils

B1.4 Ensure that the key road network is accessible for heavy vehicles used by the primary production, tourism and construction sectors through engagement with industry and Government

B1.5 Provide accessibility for the full range of users by ensuring Council's road, footpath and trails network is adequately maintained and service levels for all users are developed and considered

B2 Preserve and enhance the unique character of the Hills for current and future generations

B2.1 Continue to embrace and support community led public place revitalisation across our district

B2.2 Incorporate Water Sensitive Urban Design principles within Council developments and projects and advocate for other developments within the region to do the same

B2.3 Proactively work with developers to ensure that built form complements or enhances existing local character whilst preserving the character and amenity of our towns, historic buildings and scenic environment

B2.4 Ensure our planning framework, council policies and guidelines support privately owned local heritage places

B2.5 Continue to collaborate with other councils and stakeholders in pursuing our World Heritage Bid to protect the landscapes, sites and facilities that represent the State's aboriginal and early colonial history

B2.6 Support communities recovering from natural disasters with expedited development assessment services

B3 Consider external influences in our long term asset management and adaptation planning

B3.1 Improve water security by maximising water reuse opportunities, reducing reliance on ground water and improving water efficiencies for open space irrigation and building facilities

B3.2 Aim to achieve 100% renewable energy use for our corporate operations and strive towards carbon neutrality

B3.3 Investigate and source recyclable materials for asset renewal projects wherever practical and in doing so promote the circular economy

B3.4 Proactively adapt our built environment to changes in social and environmental factors to minimise the impact from natural hazards such as fire and flood

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

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

B4.2 Embrace innovative and new technology solutions to proactively maintain our built assets that further enhance the provision of efficient services to the community

B4.3 Ensure Council owned or managed assets, including staff accommodation, are functional and adaptive to meet service requirements. Also, where appropriate and endorsed by Council, equitably assist community owned site (halls and recreation sites) to ensure their facilities are functional and meet service standards

B4.4 Improve road safety through a safe system approach to road design, construction and maintenance including on-going applications to the State and Federal Road Blackspot program

B4.5 Explore and provide the infrastructure to support Electric Vehicles (EV) and investigate infrastructure requirements for emerging technological transport such as Connected and Automated Vehicles (CAV)



Built Environment - Strategic Initiatives

Strategic Initiatives are specially funded and prioritised activities, projects and programs of work that are planned over the next 3 years. “Capital” initiatives are generally related to new physical assets and infrastructure investment, while “Operating” initiatives are related to administrative projects, community programs and other activities and tasks.

Project ID	Strategic initiatives (Operating and Capital)	Area	Objective and/or Priority	Type	Budget 2022-23 (\$'000)	Long term financial plan (\$'000)	
						2023-24	2024-25
B1001	Recreation Trails & Cycling Route Upgrades	Corporate Services	B1.1	Capital	75	75	79
B1003	New Bus Shelter Installation Program	Infrastructure & Operations	B1.3	Capital	15	15	15
B1004	New and upgraded footpaths	Infrastructure & Operations	B1.5	Capital	250	250	263
NEW-3	Recreation Trails & Cycling Routes Framework Implementation	Corporate Services	B1.1	Operating	60	67	73
				Capital	67	69	71
NEW-14	Amy Gillett Bikeway Contribution	Infrastructure & Operations	B1.1	Operating	100	-	-
NEW-11	DDA Upgrades Minor access upgrades region wide (compliance)	Infrastructure & Operations	B1.5	Capital	20	21	21
B2001	Federation Park and Oval masterplan implementation	Infrastructure & Operations	B2	Capital	50	50	-
NEW-2	Local Heritage (Privately Owned) Planning and Design Code Amendment	Development & Regulatory Services	B2	Operating	-	30	-
B3002	Implement irrigation systems (renewal / upgrades) (G)	Infrastructure & Operations	B3.1	Capital	300	100	-
B3003	Investigate and Implement central irrigation control system (region wide) (G)	Infrastructure & Operations	B3	Capital	225	-	-
B3004	Prepare turf and irrigation design/management plans for key bore water use areas	Infrastructure & Operations	B3	Operating	20	20	-
B3005	CMP - Energy Upgrades, Battery & Efficiency Actions	Infrastructure & Operations	B3.2	Capital	50	50	50
B3008	Sustainable building guidelines and policy	Infrastructure & Operations	B3	Operating	10	-	-
B3011	Carbon Offsets Policy	Infrastructure & Operations	B3	Operating	-	8	-
B4006	Asset management - Confirm Web and Connect Licenses and Field Devices	Corporate Services	B4	Capital	59	40	-

Legend: **LRCIP** Potential Local Roads & Community Infrastructure Project **G** Grant funding



Built Environment - Strategic Initiatives *continued...*



Project ID	Strategic initiatives (Operating and Capital)	Area	Objective and/or Priority	Type	Budget 2022-23 (\$'000)	Long term financial plan (\$'000)	
						2023-24	2024-25
B4009	Building Upgrades - minor	Corporate Services	B4	Capital	100	133	158
B4010	Cemeteries Upgrades	Corporate Services	B4	Capital	39	40	41
B4011	CWMS Capacity Upgrades (Birdwood & Woodside gravity mains)	Infrastructure & Operations	B4	Capital	100	308	315
B4014	Road Safety Program including co-contribution to Road Blackspot (G)	Infrastructure & Operations	B4	Capital	1,884	200	158
B4015	Installation of further Electric Vehicle charging stations	Infrastructure & Operations	B4.5	Capital	-	TBC	TBC
B4016	Purchase of Electric Vehicles cars for fleet	Infrastructure & Operations	B4	Capital	40	120	210
B4020	Reporting on embodied energy of materials used in Council activities	Infrastructure & Operations	B4	Operating	-	30	-
B4029	Park Furniture Audit	Infrastructure & Operations	B4.1	Operating	-	20	-
NEW-1	Community and Recreation Facilities Framework Implementation	Corporate Services	B4.1	Operating	-60	126	131
				Capital	70	72	158
NEW-4	Operational worksite review including forward planning	Corporate Services	B4.3	Capital	1,850	100	-
NEW-6	Hamilton Hill - Dunfield Estate & Crest Maintenance	Infrastructure & Operations	B4	Operating	131	131	131
NEW-10	Feasibility Studies for future projects	Corporate Services	B4	Operating	100	100	100
NEW-13	Stormwater projects	Infrastructure & Operations	B4.1	Capital	LRCIP	300	420

Legend: **LRCIP** Potential Local Roads & Community Infrastructure Project **G** Grant funding



Our Aspiration

An inclusive and prosperous community with the capacity to flourish and fulfil their potential through opportunities to engage, connect, participate and enhance wellbeing.

Some of the key highlights we have planned for 2022-23 include:

- Upgrade the Gumeracha Library to make a more welcoming and functional space for the local community
- Explore the potential for a skate/BMX facility in Stirling
- Implement the Federal Government funded Community Ready Program to help communities develop resilience to natural disasters
- Take the initial steps in identifying opportunities to recognise traditional Aboriginal names for places
- Redevelop the old Lobethal Woollen Mills to establish a contemporary facility for Fabrik, the Council's arts and heritage hub, with the support of State and Federal Government funding
- Look for opportunities to sponsor and/or collaborate on, significant new event/s for the district
- Collaborate with community on the commissioning of public art
- Engage with the Commonwealth on reforms to aged services and review the Council's place in the provision of same
- Implementing our *Libraries Strategy*

How we will measure our success

We demonstrate our success by:

- The achievement of targets for our service standards
- Surveying participants in our community programs to ascertain whether they are better off as a result of participation
- Seeking feedback about our customers' experiences through online and mobile surveys
- Reporting on library visitation, usage and borrowings

We are currently reviewing our suite of Corporate Performance Indicators which will be used in our reporting to Council each quarter, and in our Annual report for 2022-23. These will be included in the final Annual Business Plan.



Our Services

- **Fabrik Arts and Heritage Hub** – Providing community exhibitions, workshops and events. Supporting community with creative recovery after the Cudlee Creek Bushfire and COVID-19 pandemic.
- **Libraries** - Providing access to information resources for learning or leisure. Providing opportunities for community to engage, learn and connect.
- **Customer Services** – Providing ready access to Council services and responding to customer enquiries through three physical service centres, a phone contact centre and an online request portal.
- **Volunteering** – Encouraging voluntary participation across the Adelaide Hills through provision of opportunities, training and support for volunteer involving groups.
- **Property Services** – Management and maintenance of Council’s community facilities.
- **Public Health** – Inspections of food businesses, waste water and public swimming pools to provide safe public environments.
- **Parking and By-law Enforcement** – Monitoring and regulating parking and particular public activities to ensure safe and accessible environments.
- **Sport & Recreation Planning** – Management and utilisation of Council’s sport, recreation and open space assets; and support of clubs and the community’s recreational activities throughout the region.
- **Youth Development** – Providing a range of programs and activities to support and develop youth in our community.
- **Positive Ageing** – Providing home and social support, particularly under the Commonwealth funded Commonwealth Home Support Program. Developing and implementing targeted strategies and programs in our region.
- **Community Centres** – Providing opportunities to improve health and wellbeing, participate in lifelong learning and sharing skills with others.
- **Communications, Engagement and Events** – Ensuring communication between the Council and community is accurate, relevant, valuable and engaging. Promoting and supporting community events.
- **Community Development** – Overseeing community wellbeing and disability access and inclusion programs, as well as a number of regional support programs, including provision of funding to The Hut Community Centre and the Adelaide Hills Community Passenger Transport Network.
- **Cultural Development** – Focusing on cultural diversity, Aboriginal respect and recognition, and the arts in all its forms.
- **Grants & Partnerships** – Grant giving programs supporting community based initiatives. Partnerships with other stakeholders to deliver local and regional outcomes.

Our Objectives and Priorities

Objectives	<i>C1 - A community for everyone that is inclusive, welcoming and accessible</i>	<i>C2 - A connected, engaged and supported community</i>	<i>C3 - A community that grows together</i>	<i>C4 - An active, healthy, thriving and resilient community</i>	<i>C5 - Respect for Aboriginal Culture & values</i>	<i>C6 - Celebrate our community's unique culture through arts, heritage & events</i>
Priorities	<p>C1.1 Provide welcoming spaces and places for the community through our libraries, community centres, and Council and community facilities</p> <p>C1.2 Support and promote opportunities for social inclusion and celebration of our cultural diversity</p> <p>C1.3 Make the district more accessible and welcoming for all with a focus on youth participation, positive ageing, disability inclusion and multiculturalism</p> <p>C1.4 Advocate and Seek opportunities to improve transport options for those who need it most</p> <p>C1.5 - Encourage more housing opportunities where provided for in the Development Plan</p>	<p>C2.1 - Work with community to provide a range of programs and opportunities to connect and engage around shared interests</p> <p>C2.2 - Support our ageing community to access services and continue to participate and contribute to community life</p> <p>C2.3 - Facilitate opportunities for our youth to develop skills, build resilience and be actively involved in and connected to their community.</p> <p>C2.4 - Increase participation from the broadest range of our community and engage with them to shape policies, places and decisions that affect them</p> <p>C2.5 - Continue to work with government agencies and non-governmental organisations to support the community recovery from natural disasters and the COVID-19 pandemic.</p>	<p>C3.1 - Provide and support programs and services that encourage and enhance personal growth, lifelong learning and professional development</p> <p>C3.2 - Support volunteering both organisationally and in the community as an essential element in delivering community outcomes and building wellbeing</p> <p>C3.3 - Empower our community groups and leaders to shape and determine change in their community through the provision of training opportunities, grants that meet strategic priorities, building relationships and supporting communities to be cohesive in progressing local projects.</p> <p>C3.4 - Build partnerships with community and other stakeholders to enhance our capacity to provide and support opportunities for them to thrive</p>	<p>C4.1 - Support community wellbeing through our contribution to public health planning, disaster recovery activities and the implementation of strategies that aim to measure and enhance wellbeing.</p> <p>C4.2 - Support the provision of formal and informal sport, recreation and play spaces for the community to enjoy</p> <p>C4.3 - Recognise that trails are a destination in their own right and support both commuter and recreational trail opportunities</p> <p>C4.4 - Support clubs and groups to continue to provide sport and recreation activities to the community</p> <p>C4.5 - Take an all hazards approach to emergency management so we can support the emergency services and the community before, during and after disaster events.</p>	<p>C5.1 - Partner with the Aboriginal and Torres Strait Islander community to develop our second Reconciliation Action Plan (Innovate) and actively participate in Reconciliation Week</p> <p>C5.2 - Celebrate and recognise Aboriginal culture and heritage through participation in and the delivery of programs and activities that engage our community in cultural experience and learning</p>	<p>C6.1 - Develop Fabrik as a vibrant cultural hub for the Adelaide Hills, fostering community connections and creativity and presenting the significant history of the Woollen Mill site</p> <p>C6.2 - Develop, support or bring events to our district that have social, cultural, environmental or economic benefits</p> <p>C6.3 - Recognise, encourage and support artists, emerging artists, writers and performers through promotion of the Arts and supporting opportunities to exhibit and perform</p> <p>C6.4 - Foster the development of Public Art that adds value to public spaces and supports place making in our community</p>

Community Wellbeing - Strategic Initiatives

Strategic Initiatives are specially funded and prioritised activities, projects and programs of work that are planned over the next 3 years. “Capital” initiatives are generally related to new physical assets and infrastructure investment, while “Operating” initiatives are related to administrative projects, community programs and other activities and tasks.

Project ID	Strategic initiatives (Operating and Capital)	Area	Objective and/or Priority	Type	Budget 2022-23 (\$'000)	Long term financial plan (\$'000)	
						2023-24	2024-25
C1004	Gumeracha Library upgrades	Community Capacity	C1.1	Capital	LRCIP	-	-
C1005	Stirling Region Skate Park	Corporate Services	C1	Capital	15	-	-
C2002	Develop the next age friendly community plan	Community Capacity	C2	Operating	-	20	-
C4006	Play Space Framework Implementation	Corporate Services	C4	Capital	260	267	273
C4012	Climate Change Adaption Plan Projects-All hazards emergency management	Infrastructure & Operations	C4.5	Capital	20	30	-
B3013	Community Carbon Management Plan	Infrastructure & Operations	C4	Operating	20	-	-
NEW-12	Sport and Recreation Upgrades	Corporate Services	C4	Capital	-	-	100
NEW-15	Community Resilience - Grant Funded Community Property Upgrades (G)	Community Capacity	C4.5	Capital	250	-	-
C5002	Aboriginal Cultural Development	Community Capacity	C5	Operating	10	10	10
NEW-9	Actions from adoption of Aboriginal Place naming Action Plan	Community Capacity	C5	Capital	8	5	5
C6001	Fabrik Activation Capital (G)	Corporate Services	C6	Capital	3,275	500	-
C6003	Capital Divestment - Capital Cost	Corporate Services	C6	Capital	1,821	-	-
C6004	Activation Arts & Heritage Hub - Operating (Income)	Community Capacity	C6	Operating	-13	-345	-361
C6005	Activation Arts & Heritage Hub - Operating (Expenditure)	Community Capacity	C6	Operating	311	635	652
C6006	Tour Down Under	Community Capacity	C6.2	Operating	88	91	93
C6008	Support for high profile regional event	Community Capacity	C6	Operating	20	20	20
C6009	Public Art (including acquisition)	Community Capacity	C6.4	Operating	15	15	15

Legend: **LRCIP** Potential Local Roads & Community Infrastructure Project **G** Grant funding



A prosperous Economy



Our Aspiration

Our region's economy is diverse and sustainable with a reputation for quality, niche products, services and experiences underpinned by a culture of creativity and innovation.

Some of the key highlights we have planned for 2022-23 include:

- Partner in the return of the Tour Down Under in 2023 following a two year absence due to the COVID-19 pandemic
- Look for opportunities to sponsor and/or collaborate on significant new event/s for the district
- Supporting a international tourism 'restart' in the district with the reintroduction of overseas travel following the COVID-19 pandemic
- Supporting a focus on wellbeing tourism
- Continue to establish a Home Based Business Network and support the group to access support
- Establish free camping in the district in partnership with selected community and/or commercial entities

How we will measure our success

Council plays a limited but crucial role in the success of the local economy. We monitor broader indicators like local employment levels, indices of socio-economic advantage and disadvantage, gross regional product and visitor numbers.

Our particular initiatives seek to address areas where local government can support broader economic outcomes and we measure the effectiveness of these by the local business sector biennially, and surveying participants in our initiatives to find out if they are better off as a result.

We are currently reviewing our suite of Corporate Performance Indicators which will be used in our reporting to Council each quarter, and in our Annual report for 2022-23. These will be included in the final Annual Business Plan.

Our Services

- **Economic Development** - Undertaking activities in line with the Economic Development Plan including:
 - Promoting tourism and supporting operators, through funding the work of Adelaide Hills Tourism,
 - Identifying and promoting local regional development opportunities through providing core funding to the local Regional Development Australia board,
 - Responding to the needs of established or potential local business operators,
 - Identifying and promoting opportunities for government investment in key local infrastructure developments, and
 - Undertaking niche projects to address particular economic development needs.
- **Property Services** – Facilitating appropriate events, outdoor dining, roadside trading and mobile food vans on Council managed land and roads.
- **Fabrik Arts and Heritage** – Establishing a thriving arts and heritage hub to support creative industries and the broader local economy through increased tourism.
- **Public Health** – Monitoring and addressing food safety and public health to ensure a safe environment and food businesses. Providing clinics to enable the community to access vaccinations easily.
- **Communications, Engagement and Events** – Managing, promoting and supporting events which have social and economic benefits to the district.
- **Development Advice & Approvals** – Assisting businesses and landowners when wishing to develop their properties.

Our Objectives and Priorities

Objectives

E1 - Support and grow our region's existing and emerging industries

E2 - Provide local infrastructure to drive growth and productivity

E3 - Encourage, attract and retain a creative, talented and skilled workforce in our region

E4 - Cultivate a clear, unique and consistent regional identity that can be leveraged to attract national and international attention

Priorities

E1.1 - Support and encourage local and international tourists to visit the Adelaide Hills

E1.2 - Take advantage of the full potential of our region's primary production and associated value adding activities

E1.3 - Support and encourage the growth and development of our region's creative industry micro businesses

E1.4 – Promote, support and encourage our existing and emerging businesses to respond to economic changes by being creative, innovative, productive and resilient to unexpected impacts.

E1.5 - Engage and assist our region's key business and industry groups to be resilient, proactive and successful

E1.6 - Encourage and facilitate local supplier participation in all level of Government tendering processes

E2.1 - Work with all levels of Government to ensure the region's infrastructure needs are understood and prioritised

E2.2 - Explore and advocate for the opportunities that new technologies could bring to our region

E2.3 - Support changes to planning and development that leverages and encourages sustainable economic development

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

E3.1 - Attract and encourage professional and business development and networking activities

E3.2 - Understand the nature of skills our region's businesses will require to prosper into the future

E3.3 - Work with our local communities and businesses to create active, attractive and vibrant places

E3.4 - Enable start-ups and home based business through services, information and networking opportunities

E4.1 - Work with key stakeholders to develop a realistic, yet inspiring, collective vision to connect the region and its industries

E4.2 - Work with our communities and businesses to encourage co-ordinated and strategic regional projects that enhance and support the regional identity

E4.3 - Support and encourage events that supports the region's identity and generates social, cultural and economic benefits

E4.4 - Support the continued development and community engagement for the World Heritage nomination of the region

Economy - Strategic Initiatives

Strategic Initiatives are specially funded and prioritised activities, projects and programs of work that are planned over the next 3 years. “Capital” initiatives are generally related to new physical assets and infrastructure investment, while “Operating” initiatives are related to administrative projects, community programs and other activities and tasks.

Project ID	Strategic initiatives (Operating and Capital)	Area	Objective and/or Priority	Type	Budget 2022-23 (\$'000)	Long term financial plan (\$'000)	
						2023-24	2024-25
E1003	Free Camping Initiative	Community Capacity	E2.4	Capital	LRCIP	-	-
E2001	Review and upgrade Council signage and branding	Community Capacity	E2	Capital	15	15	5
E4001	Additional Tree safety work required to support the Tour Down Under	Infrastructure & Operations	E4	Operating	30	30	30

Legend: **LRCIP** Potential Local Roads & Community Infrastructure Project **G** Grant funding





Our Aspiration

The natural environment of the Adelaide Hills contributes significantly to the character of the region and is greatly valued by our local community and visitors.

Some of the key highlights we have planned for 2022-23 include:

- Exploring options for a new dog and cat facility
- Undertaking high level studies of introducing a fee incentive for use of the kerbside bin service and the benefits of providing a weekly green organic bin collection and voluntary fortnightly waste collection. These studies will identify areas for Council to further focus on that provide the best environmental and financial outcomes for Council and the community.
- Investing in resilient community facilities and open spaces

How we will measure our success

The services we provide and the influence we have in the community will demonstrate our success in maintaining a healthy and resilient region. In particular this will be shown through community education outcomes, achieving biodiversity targets, and service driven performance in managing animals, waste and resources, and our natural spaces.

We are currently reviewing our suite of Corporate Performance Indicators which will be used in our reporting to Council each quarter, and in our Annual report for 2022-23. These will be included in the final Annual Business Plan.

Our Services

- **Sustainability** – Including climate change considerations into Council decision making, providing strategies for carbon neutrality, water management and renewable energy in response to climate change impacts.
- **Open Space Biodiversity** – Undertaking activities such as weed management, habitat conservation and expansion, research and knowledge development, and supporting community in their related activities.
- **Animal Management** - Promoting responsible dog and cat ownership, responding to nuisance and hazards caused by other animals including livestock, eradicating European wasp nests and conducting a Feral Cat Study.
- **Open Space Operations** – Maintaining parks and reserves, biodiversity activities, and fire breaks/tracks.
- **Fire Prevention** – Legislative function of ensuring identified properties are prepared for the bushfire season. Assessing the extent of bushfire hazards within the Council area and providing advice to land owners in respect of bushfire prevention and management.
- **Wastewater Systems Compliance** – Working with landowners to ensure their on-site wastewater systems are compliant and operating correctly to minimise impact on the water catchment.
- **Waste** - Providing waste collections and recycling services to 16,500 properties, green waste organics kerbside collections in townships, 'at call' hard waste collection, and operates the Heathfield Resource Recovery Centre for community use.

Our Objectives and Priorities

Objectives

Priorities

N1 - Conserve and enhance the regional natural landscape character and amenity values of our region

N1.1 - Enhance and manage horticultural amenity, including succession planning for street trees that contribute to and reinforce our distinctive streetscapes and villages

N1.2 - Manage reserves and open space to support the community, whilst balancing biodiversity conservation, resource use and environmental impacts

N2 - Recognise the benefits of ecosystem services and improve environmental resilience by reducing environmental impacts

N2.1 - Monitor and manage areas of high biodiversity or habitat value on Council reserves and Native Vegetation Marker Scheme (NVMS) sites using best practice methodologies

N2.2 - Explore opportunities and take appropriate actions to monitor current and emerging threats to biodiversity including feral cats and Phytophthora

N2.3 - Mitigate bushfire risks across the landscape by undertaking fuel reduction activities including woody weed control, maintenance of asset protection zones and educate & enforcement to reduce fuels on private property

N2.4 - Work with supporting organisations and agencies to foster the restoration of native flora and fauna habitat following the 2019-20 bushfire

N3 - Nurture valuable partnerships and collaborations and engage the local community in the management of our natural environment

N3.1 - Increase knowledge and environmental awareness within the community through engagement and education

N3.2 - Collaborate and engage with public and private organisations, schools and community members (including the Aboriginal community as the first nation peoples), to improve biodiversity outcomes and land management practices.

N3.3 - Continue to work in partnership with the Resilient Hills and Coasts region to build Council and community resilience to the impacts of climate change

N4 - Reduce the impact of waste to landfill by maintaining a robust waste and resource management framework

N4.1 - We will work with partners to analyse the benefits and feasibility of introducing a fee incentive to property owners to produce less waste in relation to the kerbside bin service

N4.2 - We will explore more Green Organics options to achieve improved environmental and financial outcomes.

N4.3 - We will provide specific education to the community to increase their level of food scrap recycling

N4.4 - Implement new or improved waste service opportunities whilst continuing to provide ongoing resource recovery and waste service to our community

N5 - Assist our community to reduce the impact of waste to landfill on the environment

N5.1 - Encourage and educate the community to help minimise the generation of household waste by advocating the principles of the Waste Management Hierarchy to avoid, reduce and reuse

N5.2 - Support and assist the community to prevent valuable resources going to landfill and reduce contamination in kerbside recycling bins

Natural Environment - Strategic Initiatives

Strategic Initiatives are specially funded and priority activities, projects and programs of work that are planned over the next 3 years. “Capital” initiatives are generally related to new physical assets and infrastructure investment, while “Operating” initiatives are related to administrative projects, community programs and other activities and tasks.

Project ID	Strategic initiatives (Operating and Capital)	Area	Objective and/or Priority	Type	Budget 2022-23 (\$'000)	Long term financial plan (\$'000)	
						2023-24	2024-25
N1003	Long Term Strategic Tree Planting Program	Infrastructure & Operations	N1.1	Operating	20	20	20
N2003	Native Vegetation Marker Program to protect and manage roadside vegetation	Infrastructure & Operations	N2	Operating	45	45	46
N2004	Review Unformed Public Roads to ascertain connectivity potential & habitat value	Infrastructure & Operations	N2.1	Operating	64	-	-
N2005	Develop Council Encroachment Policy	Infrastructure & Operations	N2.2	Operating	6	-	-
N2006	Develop and review Council Management Plans for high value reserves	Infrastructure & Operations	N2.1	Operating	3	3	3
N2008	Develop informative and attractive signage in Council reserves/playgrounds	Corporate Services	N2	Capital	10	10	5
N2010	Post prescribed burn weed management	Infrastructure & Operations	N2.3	Operating	60	20	20
NEW-5	New Dog and Cat facility	Development & Regulatory Services	N2	Capital	-	461	-
N3001	Local Climate Adaptations for landscape conservation	Infrastructure & Operations	N3	Operating	10	10	10
N3002	Resilient community facilities and open space including water fountains	Infrastructure & Operations	N3	Capital	30	30	31
N4001	Explore feasibility and benefits of a user pays kerbside bin service	Infrastructure & Operations	N4.1	Operating	25	-	-
N5001	Undertake Kerbside Waste Audits	Infrastructure & Operations	N5	Operating	10	-	-

Legend: **LRCIP** Potential Local Roads & Community Infrastructure Project **G** Grant funding



A progressive Organisation



Our Aspiration

Council is recognised for its skilled and agile workforce, for its representative and accountable governance, its commitment to cost effectiveness and efficient service delivery.

Some of the key highlights we have planned for 2022-23 include:

- Assisting the Electoral Commission of SA in conducting the 2022 Local Government Election. Council's role will include conducting information sessions for potential candidates; promoting the election in conjunction with the LGA; providing advice and assistance for candidates and voters; and equipping & inducting the new Council Members.
- Further developing the Council's new website to provide more streamlined customer services and access to information commonly sought by the community.
- Undertaking a community perception survey to drive further improvement in the range and delivery of services provided to the community.
- Improving our IT systems in areas of HR, Payroll and Finance

How we will measure our success

As an organisation, our measures of success include service-driven performance measures, achievement of financial targets, evidence of our corporate governance, implementation of innovative processes and technology, and organisational development achievements.

We are currently reviewing our suite of Corporate Performance Indicators which will be used in our reporting to Council each quarter, and in our Annual report for 2022-23. These will be included in the final Annual Business Plan.

Our Services

- **Customer Experience** – Driving organisational improvement and innovation to improve the customer experience.
- **Information, Communication and Technology** – Providing support for over 1300 devices, 250 system users and 100 public access devices for libraries and community centres. Manages system security, asset maintenance and renewal.
- **Financial services** – Providing accounting and financial activities including procurement support, payments, collection of rates and debt recovery, treasury management and support to Council in financial decision making.
- **Organisational Development and Work Health & Safety** – Providing support to our people covering organisational development, human resource management, work health and safety and payroll.
- **Governance** – Supporting the Mayor, Councillors, CEO, the Administration and community with their legislated roles and responsibilities including coordination of Council & Committee meetings, elections, risk management, audit and review activities, and corporate planning and reporting activities.
- **Property Services** – Ongoing maintenance and management of Council's service centres and operational sites.
- **Information Systems** – Systems for the capture, dissemination, storage, security, accessibility and management of information received and generated by Council.
- **Emergency Management** – Working collaboratively to prevent, prepare, respond and recover from natural disasters and other hazards.

Our Objectives and Priorities

Objectives	Priorities					
	<i>O1 - We have the right people with the right knowledge and skills in the right jobs and they are supported and developed</i>	<i>O2 - Our customers find it easier to interact and do business with Council and have an improved customer experience</i>	<i>O3 - Our organisation is financially sustainable for both current and future generations</i>	<i>O4 - We actively represent our community</i>	<i>O5 - We are accountable, informed, and make decisions in the best interests of the whole community</i>	<i>O6 - Technology and innovation is utilised to better meet our community's expectations and deliver value for money</i>
Priorities	O1.1 - Progressively enhance our safe systems of work to maintain emotional and physical safety of our people	O2.1 - Develop our digital channels to better meet customers' current and future needs	O3.1 - Ensure the delivery of agreed strategic plan requirements whilst meeting endorsed long term targets for a sustainable operating surplus and level of debt	O4.1 - Optimise opportunities for the community to access and provide input into the decision-making processes	O5.1 - Enhance governance structures and systems to prudently adapt to changing circumstances and meet our legislative obligations	O6.1 - Progressively strengthen Council's systems security to minimise the impact of cyber attack
	O1.2 - Continue to develop a positive culture through supporting an equitable, diverse and continuously improving work environment	O2.2 - Modernise our services and enhance the customer experience by making service delivery faster, more convenient and more proactive	O3.2 - Ensure that renewal of assets and the associated maintenance is based on current asset management plans which consider reviewed service levels and whole of life costing	O4.2 - Attract and develop a diverse and capable elected body that represents, promotes and reflects the composition of the community	O5.2 - Make evidence-based decisions and prudently assess the risks and opportunities to our community before taking action.	O6.2 - Utilise technology to enable more evidence based and efficient delivery of services to the community
	O1.3 - Support our people leaders in further developing the skills necessary to lead engaged and productive teams	O2.3 - Build the capabilities of our people through a focus on two-way communication, cooperation and placing customers at the centre of everything we do	O3.3 - Actively pursue alternative funding opportunities to reduce reliance on rates income	O4.3 - Advocate to, and exert influence with, our stakeholders on behalf of our community to promote the needs and ambitions of the region	O5.3 - Demonstrate accountability through robust corporate planning and reporting that enhances performance, is relevant and easily accessible by the community	O6.3 - Provide more resilient business systems by utilising cloud technologies where appropriate
	O1.4 - Continue to support all staff through training, mentoring, coaching and development to enable the achievement of organisational and community goals	O2.4 - Continuously strive to measure and improve performance and service delivery across all functions	O3.4 - Assess the range and level of services undertaken to ensure they fulfil Council's legislative and strategic intent	O4.4 - Explore council boundary reform options that best serve the community		O6.4 - Utilise our online engagement tools to reach a wider range of community members to obtain their views and input.
						O6.5 - Support the delivery of services to the community through improved utilisation and connectivity of existing business systems
						O6.6 - Ensure the way in which we provide our digital services delivers an enhanced experience for our community

Organisation - Strategic Initiatives

Strategic Initiatives are specially funded and priority activities, projects and programs of work that are planned over the next 3 years. “Capital” initiatives are generally related to new physical assets and infrastructure investment, while “Operating” initiatives are related to administrative projects, community programs and other activities and tasks.

Project ID	Strategic initiatives (Operating and Capital)	Area	Objective and/or Priority	Type	Budget 2022-23 (\$'000)	Long term financial plan (\$'000)	
						2023-24	2024-25
O1001	Resource to manage ongoing Skytrust (WHS system) implementation	Corporate Services	O1.1	Operating	36	37	38
O1002	Update of Business Continuity Plan and implementation	CEOs Office	O1	Capital	5	5	5
O2001	New council website and e-services	Corporate Services	O2	Capital	110	-	-
O2002	Annual Council website license subscription	Corporate Services	O2	Operating	45	46	48
O5002	Equipment to broadcast Council Meetings	CEOs Office	O2	Capital	29	-	-
O4001	Local Government Election Support	CEOs Office	O4.2	Operating	183	-	-
O4002	Council Member Induction Training	CEOs Office	O4.2	Operating	10	-	-
O5004	Maintenance of LG performance benchmarking program (Councils in Focus)	CEOs Office	O5.3	Operating	10	10	10
O5005	Resource to manage building & swimming pool compliance inspections	Development & Regulatory Services	O5	Operating	80	83	86
O6002	Cyber & Systems Security - Program Management	Corporate Services	O6	Operating	26	-	-
O6005	Records Management software	Corporate Services	O6.3	Operating	70	-	-
O6007	Community perception survey	Community Capacity	O6	Operating	10	-	11
NEW-8	Information Systems - ERP Systems (Payroll, HR, Finance)	Corporate Services	O6.3	Capital	100	-	-

Legend: **LRCIP** Potential Local Roads & Community Infrastructure Project **G** Grant funding



Financial Overview

Key financial information for 2022-23 is summarised below:



Budget Summary		\$'000
● General Rates Income		40,545
● All Other Operating Income (including initiatives)		9,994
Total Operating Income		50,539
Core Operating Expenses (excluding Initiatives)		48,520
● Operating Initiatives		1,469
● Total Operating Expenditure		49,989
Operating Surplus		550
● Gross Capital Renewal Program Expenditure		10,120
● Gross capital expenditure on new /upgraded assets		12,008
Total Gross Capital Expenditure		22,128
Estimated New Borrowings		8,500

Council's projected operating income is sufficient to meet projected operating expenses and means Council is financially sustainable.

Long Term Financial Plan

The *Local Government Act 1999* requires the Council to prepare and maintain a *Long Term Financial Plan* (LTFP) as part of its suite of strategic management plans.

Prior to the development of the *Annual Business Plan* a detailed review of the LTFP was undertaken in consultation with the community. The revised LTFP was adopted at Council's 26 April 2022 meeting and can be found at ahc.sa.gov.au.

The key objective of our LTFP is to demonstrate that the Council is financially sustainable over the 10 year term of the LTFP, while achieving the objectives outlined in the *Strategic Plan*. This includes:

- Implementation and funding of the appropriate level of maintenance and renewal of the portfolio of infrastructure assets
- Meeting the ongoing expectations of service delivery to our community
- Managing the impact of cost shifting from other levels of government
- Enabling the delivery of strategies identified within the *Strategic Plan* as well as other endorsed Functional Strategies
- The appropriate use of debt as a means of funding new capital expenditure
- Ensuring the financial sustainability of Council's operations.

The LTFP has been used to set the context and targets for the development of the 2022-23 Budget

Elements of the Budget: Income and Expenses

Income

Rate revenue accounts for approximately 80% of Council's operating income, while grants, fees and charges make up the majority of the other operating income. We continue to pursue grant income and partnerships with external funders where possible to minimise the requirement for revenue via rates.

Fees and Charges

Section 188 of the *Local Government Act 1999* sets out how fees and charges are managed in Council. Council reviews its fees and charges each year, in conjunction with the development of the annual budget to ensure that the fees proposed:

- reflect (or move progressively toward) the cost of the services' provision
- are comparable with market rates, where appropriate
- take into account benefit derived by users of community facilities
- are consistent with Council directions articulated through existing policy or plans
- are consistent with Council's LTFP assumptions

Generally, this has resulted in proposed fee increases that are in line with CPI, insofar as this is practicable.

Expenses

40% of the Council's operating expenditure is attributable to the payment of salaries and wages and around 38% is applied to materials, contracts and other expenses.

Key financial targets and financial sustainability

Financial sustainability is demonstrated through adherence to Council's agreed target ranges in all of the three key ratios:

Indicator	Adopted Target	2022-23 Budget
Operating Surplus Ratio	1 - 5%	1.1%
Net Financial Liabilities Ratio	25 - 75%	54%
Asset Renewal Funding Ratio	95– 105%	98%

Impact on ratepayers

The overall amount existing ratepayers will pay in general rates will increase on average by 4.25%. For a residential property of average value, this equates to an increase of approximately \$92 for the 2022-23 year. Rate increases may vary from the average where there has been new development, capital improvements or other significant change to the value of the property.

To reduce the impact of significant valuation changes for 2022-23 Council proposes:

- Applying a rate rebate to limit the maximum general rate increase to 15% across all land use categories excluding vacant land
- Make the rebate automatic (similar to the 2021-22 financial year) but also retaining an application process
- Retaining the exclusion of the cap for changes in land use
- Adjusting the exclusion of change of ownership properties to those properties sold after 30 June 2021

Significant influences for the 2022-23 budget

Further, a number of factors have influenced the preparation of Council's 2022-23 *Annual Business Plan*. These include:

- The ongoing impact of recent events including the COVID-19 pandemic and Cudlee Creek and Cherry Gardens fires on our community
- Local Government Price Index increases on relevant goods and services, which in recent years has tracked above CPI
- Consideration of waste costs and volumes relating to recyclables, hard and green waste, including an increase in free green organic drop off days and anticipated movements in the solid waste levy imposed by the State Government
- Provision for Enterprise Development Agreements for staff which determines conditions of employment and provide for annual salary and wages increases, and a separate increase of 0.5% in the Superannuation Guarantee levy
- Maintaining asset management (renewal) expenditure at a sufficient level to ensure long term maintenance of Council infrastructure, property and IT assets
- Increased maintenance requirements due to an increase in capital works and construction of new assets over recent years
- Ensuring key strategies from Council's *Strategic Plan* and Functional Strategies are costed appropriately
- The cessation of some of the Arts and Heritage Hub activities as a result of a significant upgrade of the site impacting on both revenue and expenditure
- A hardening insurance market resulting in premiums increasing significantly in excess of CPI





Additional costs included in the 2022-23 budget

A number of additional costs have impacted on Council's Operating Surplus including:

- Bridge maintenance as per draft *Asset Management Plan* adopted by Council in February 2022
- Cloud transition / cyber security / licencing changes
- Insurance premium increases & distribution reductions
- Cost recovery by State Government agencies associated with the Local Government Reform Program initiatives.

These costs have been included in the *2022-23 Annual Business Plan* together with the financial impact of the following strategies that have now been costed and considered appropriate to include at this time:

- Community & Recreation Facilities Framework
- Implementation of the Trails Strategy (Operating)
- New development maintenance costs including Hamilton Hill and Dunfield
- Dog/cat temporary accommodation requirements as a result of implementing the new cat registration bylaws

Other Service changes undertaken in recent years impacting on costs

Over the years Council has increased its services and related service levels in many areas including:

- Tree Management / Horticultural program
- Playground/park furniture/cemeteries resourcing
- Sport & Recreation Planning
- China Sword & other waste costs
- FABRIK development
- Economic Development resources to support the business community
- Disability and Community Well Being support
- Community Centre resourcing
- Digital Literacy
- CWMS oversight and operational support
- Emergency Management – COVID & Fires
- Other support area resourcing including Procurement, Governance and Event Management

These have resulted in offsetting savings during the budget preparation phase over a number of years to ensure that Council has maintained an Operating Surplus in line with the adopted LTFP and financial sustainability indicators.

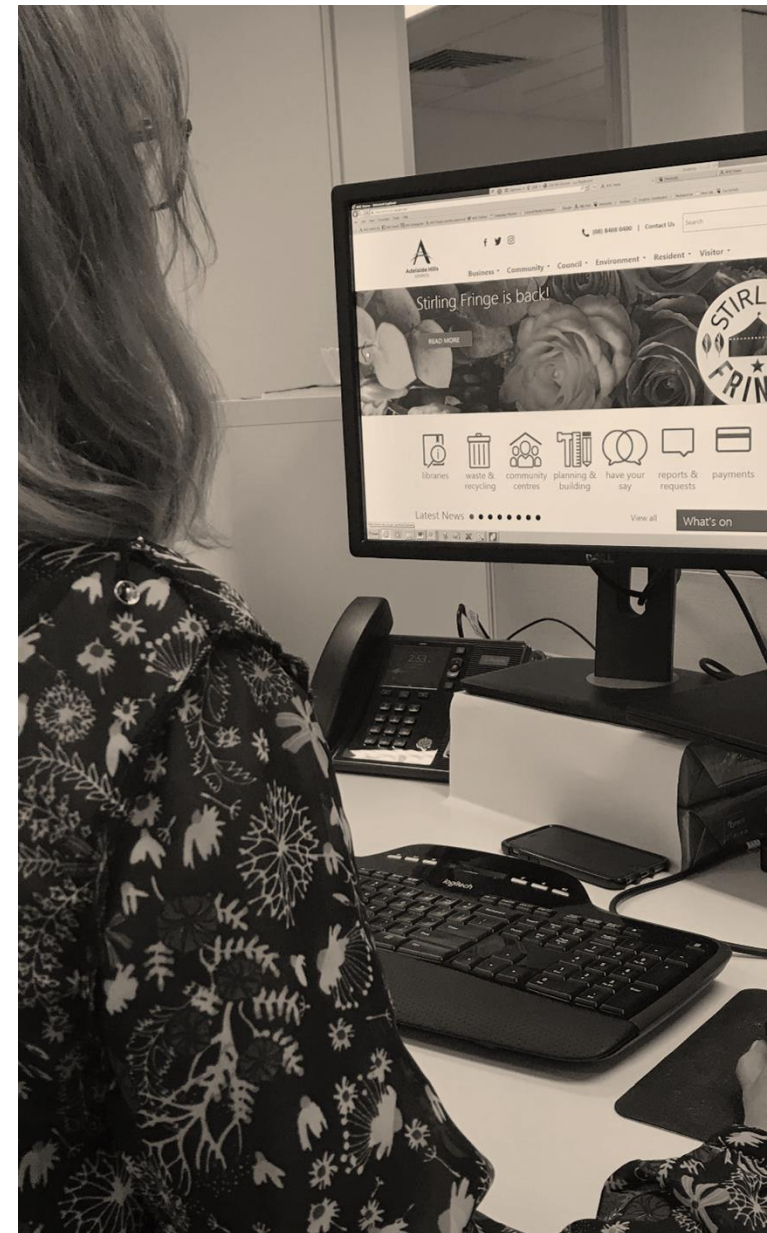
Savings Strategies included in the 2022-23 budget

To help address these emerging cost pressures and new strategies, the Administration has proposed the adoption of a detailed savings & efficiency strategy to improve Council's Operating Surplus over the period of the LTFP.

Items included under the saving & efficiency strategy include:

- Examination of all materials, contract & other expenses to determine if Council can maintain existing budgets where contracts and costs are not linked to CPI or regular increases
- Consideration of strategies to increase the use of electronic rate notices by residents including opt out options
- Changes to the payment options available to residents and consideration of the surcharges for credit card use
- Fleet management opportunities
- Insourcing opportunities including tree management
- Vacancy management budget adjustments
- Leave management budget adjustments
- Other savings opportunities including cleaning and electricity

These estimated savings in the order of \$550k have been factored into the draft *2022-23 Annual Business Plan*.





Borrowings

Borrowing is an important funding source, especially for expenditure relating to new Capital and is undertaken in accordance with Council's *Treasury Policy*. The key objective of the Policy is to manage the finances of the Council holistically in accordance with the overall financial sustainability strategies and targets.

An independent local government report on financial sustainability encourages the increased use of borrowings to promote intergenerational equity. This involves spreading costs in relation to significant capital expenditure based on the pattern of benefits over time so that one generation is not excessively subsidising another.

Where there is a persuasive argument relating to intergenerational equity, Council will consider the appropriate use of borrowings. This will be managed within financial targets with the intention that future cash flows are sufficient to recoup borrowings with minimal impact on general operations over the medium term.

Estimated New Fixed Term Borrowing as shown in the following table for 2022-23 is \$8.5m and together with a small increase in Council's Cash Advance Debenture results in an estimated borrowings at 30 June 2023 of \$20.1m.

Borrowing	\$'000
Forecast Opening Balance of Borrowings July 2022	11,524
Estimated New Borrowing for 2022-23	8,500
Estimated movement in Cash Advance Debenture for 2022-23	63
Forecast Closing Balance of Borrowings June 2023	20,087
Split as follows:	
Cash Advance Debenture (Short Term Borrowings)	5,239
Fixed Term Borrowings	14,100
Lease Liabilities	748
Forecast Closing Balance of all Borrowings June 2023	20,087

Operating Budget by Directorate and Function

Directorate	Function	Revenue			Expenditure			Net Cost /	Staff FTE
		2022-23 LTFP Target \$'000	2022-23 Budget \$'000	Variance Fav/(Unfav) \$'000	2022-23 LTFP Target \$'000	2022-23 Budget \$'000	Variance Fav/(Unfav) \$'000	2022-23 Budget \$'000	
CEO	CEO Office	0	0	0	222	227	(6)	227	1.0
	Governance and Performance	40	34	(6)	2,151	2,174	(23)	2,140	4.0
	CEO Total	40	34	(6)	2,373	2,401	(29)	2,367	5.0
Community Capacity	Communications, Engagement & Events	0	0	0	706	724	(18)	724	3.6
	Community Development (M&P)	0	0	0	390	395	(6)	395	2.3
	Cultural Development	0	0	0	185	187	(2)	187	1.0
	Customer Experience	0	0	0	159	151	8	151	1.0
	Community Resilience	0	0	0	0	0	0	0	0.0
	Customer Service	0	0	0	853	882	(29)	882	8.8
	Director's Office Community Capacity	0	0	0	316	321	(5)	321	1.7
	Economic Development	95	95	0	560	570	(10)	475	2.0
	FABRIK Arts & Heritage Hub	25	14	(11)	323	321	2	307	2.0
	Grants & Partnerships	0	0	0	237	237	0	237	0.0
	Hills Connected Communities Projects	67	67	0	72	70	2	3	0.6
	Library Services	338	338	0	1,970	2,000	(30)	1,661	15.9
	Positive Ageing (Collaborative)	90	86	(4)	90	87	3	1	0.6
	Positive Ageing (Home Support)	1,085	1,068	(17)	1,119	1,115	5	47	5.8
	The Summit Community Centre	15	15	0	184	190	(6)	175	1.6
	Torrens Valley Community Centre	38	38	0	186	192	(6)	154	1.6
	Volunteering	0	0	0	89	85	4	85	0.7
	Youth Development	2	2	0	166	168	(2)	166	1.0
	Community Capacity Total	1,754	1,723	(32)	7,604	7,692	(88)	5,970	50.3
Corporate Services	Cemeteries	311	311	0	155	160	(4)	(152)	1.0
	Director's Office Corporate Services	3	3	0	344	343	0	340	1.8
	Financial Services	43,066	43,071	5	136	(220)	357	(43,291)	8.6
	General Property	111	111	0	1,657	1,851	(194)	1,740	6.7
	Information Services	0	0	0	2,625	2,676	(51)	2,676	12.0
	Old Woollen Mills Precinct - Lobethal	349	318	(31)	253	230	23	(88)	1.0
	Organisational Development & WHS	1	1	0	746	778	(32)	777	6.3
	Sport and Recreation	11	11	0	777	796	(19)	785	2.4
	Corporate Services Total	43,851	43,825	(26)	6,693	6,612	81	(37,213)	39.8

Operating Budget by Directorate and Function

Directorate	Function	Revenue			Expenditure			Net Cost / (Revenue) 2022-23 Budget \$'000	Staff FTE 2022-23 Budget
		2022-23 LTFP Target \$'000	2022-23 Budget \$'000	Variance Fav/(Unfav) \$'000	2022-23 LTFP Target \$'000	2022-23 Budget \$'000	Variance Fav/(Unfav) \$'000		
Development & Regulatory Services	Animal Management	452	486	34	426	436	(10)	(50)	3.1
	Director's Office DRS	0	0	0	345	349	(4)	349	2.0
	Fire Prevention	15	14	(1)	85	86	(1)	72	0.9
	Parking and By-Laws	48	43	(5)	208	211	(3)	168	1.3
	Planning & Development	609	613	4	2,052	2,095	(43)	1,482	15.8
	Policy Planning	0	0	0	131	132	(2)	132	1.0
	Public Health	185	161	(24)	517	532	(16)	371	3.8
	Development & Regulatory Services Total	1,309	1,317	8	3,762	3,842	(79)	2,525	27.9
Infrastructure & Operations	Civil Services	1,836	1,836	0	5,764	5,790	(26)	3,955	44.2
	CWMS	1,679	1,679	0	1,063	1,026	37	(653)	1.2
	Director's Office Infrastructure & Operations	0	0	0	346	451	(105)	451	2.0
	Emergency Management	0	0	0	115	84	31	84	0.2
	Open Space - Operations	0	0	0	5,132	5,207	(75)	5,207	26.8
	Open Space - Biodiversity	5	5	0	725	732	(7)	727	3.6
	Strategic Assets	0	0	0	10,883	10,650	233	10,650	3.8
	Sustainability	0	0	0	260	290	(30)	290	1.4
	Waste	164	120	(44)	5,273	5,212	61	5,092	1.4
	Infrastructure & Operations Total	3,684	3,640	(44)	29,560	29,441	119	25,801	84.6
ORGANISATION TOTAL		50,638	50,539	(100)	49,992	49,989	3	(550)	207.6

Capital Budget Overview

The 2022-23 Capital Budget continues to focus on the renewal of infrastructure. The Council has in excess of \$600m (Current Replacement Values) of infrastructure assets that it manages, to ensure that our current and future communities have access to the ongoing services these assets provide.

This year our capital works program will include:



- **\$10.120m** Capital renewal detailed in the Capital Expenditure Renewal Summary Table (to the right)
- **\$12.008m** in capital expenditure on new or upgraded assets, detailed in the strategic initiative pages

The total of \$22.128m for the capital works program is slightly less than the Long Term Financial Plan target of \$22.737m but is considered to be the appropriate level of sustainable investment to meet the Council strategic goal to have a proactive long term view regarding the renewal and maintenance of its infrastructure.

As in previous years, a significant portion of the program is applied to road works, with buildings, footpaths, stormwater and plant accounting for a large proportion of the remaining allocation.

To see a detailed listing of our Capital projects, refer to the *Capital Works Program 2022-23* published on our website.

Capital Expenditure Renewal Summary

Asset Category	2022-23 Allocation \$'000	LTFP Target Renewal \$'000	Variance to LTFP \$'000
Bridges	70	90	-20
Buildings	900	900	0
CWMS	290	160	130
Footpaths	393	395	-2
Kerb & Water	78	259	-181
Other*	219	181	38
Road Pavement	1,913	1,804	109
Road Seal	1,787	1,902	-115
Shoulders	259	259	0
Sport and Recreation (including Playgrounds)	555	555	0
Stormwater	140	100	40
Unsealed Roads	864	1,035	-171
Plant and Fleet	1,719	1,719	0
Information, Communication & Technology	227	525	-298
Minor Plant & Equipment (including Library)	60	60	0
Project Delivery Costs	646	1,403	-757
NET RENEWALS	10,120	11,347	-1,227

*Other includes Guardrail, Retaining Walls, Cemeteries, Street Furniture, and Traffic Control

Rates Overview

In setting the rates for 2022-23 Council proposes to continue with its current method of rating, which is two differential rates with a fixed charge, applied against the capital value of properties. Council considers this to be a fair and equitable method of rating for the Adelaide Hills Council.

Rates are used to deliver the services. Rates are a form of property taxation, and property values determine how much each property contributes. This system of taxation means that the rates paid may not directly relate to the services used by each ratepayer.

The 2022-23 budget was initially developed from Council's LTFP which had a rate revenue target that incorporated a general rates increase of CPI plus 1% and estimated growth of 0.8%.

Growth represents new development (primarily related to the Woodforde, Mount Torrens and Inverbrackie developments), capital improvements to existing properties and changes to value as a result of land divisions and will be confirmed by the Valuer-General as part of completing the valuation of the Council area.

As a result of a significant increase in valuations due to market conditions across the whole state undertaken by the Valuer-General, Council has noted increased variability in valuation increases within the Council area across all land uses. As such, Council is proposing to reduce the impact of significant valuation changes for 2022-23 by:

- Setting the maximum rate increase at 15%
- Applying this rate rebate to all land use categories except vacant land
- Make the rebate automatic (similar to the 2021-22 financial year) but also retaining an application process
- Still excluding any change of land use or change in ownership of properties sold after 30 June 2021

The table below provides a summary of the average rate increases that have been applied in recent years as well as the proposed increase for 2022-23 as discussed above.

Description	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
To meet inflation (CPI)	1.25%	2.3%	1.8%	2.4%	1.5%	3.25%
To fund increased capital renewal	1.0%	1.0%	1.0%	0.55%	1.0%	1.0%
Solid Waste Levy	-	-	\$10 (0.5%)	-	-	-
TOTAL INCREASE	2.25%	3.3%	3.3%	2.95%	2.5%	4.25%



Summary Basis of Rating (*Rating Policy*)

Key elements of the Policy include:

Rating Structure

- A fixed charge rating structure that includes a fixed charge applying to all properties. This charge is to increase from \$699 to \$729 which represents a 4.25% increase in line with the average increase previously highlighted.
- The same rate in the dollar, based on capital value, being applied to all categories of ratepayer, except commercial and industrial ratepayers who pay a 15% premium.

Stirling Separate Rate

- A separate rate for businesses in Stirling that generates \$95k that is distributed to the Stirling Business Association (SBA) to promote Stirling as a destination, the "Gateway to the Hills" through a three year funding agreement to June 2023. Council also sets a maximum amount ('top') and a minimum amount ('tail') per property each financial year for this separate rate.
- Council also proposes in accord with Council's taxation principles to increase the top and tail of the separate rate in line with CPI to better maintain an even distribution across all separate ratepayers.

Other Rates and Levies

A separate rate to provide for the sealing in 2014-15 of the northern end of Verrall Road, Upper Hermitage. This rate is levied on those properties that actually adjoin this section of road.

Help when you need it

An empathetic and individually tailored approach to ratepayers who are experiencing financial difficulties as a result of COVID-19 and bushfire events through the provision of a number of alternative arrangements made available to ratepayers including:

- smaller, more regular payment options
- acceptance of reduced payments toward Council Rates arrangement
- Deferment or postponement of payment of rates in whole or in part for an agreed period
- consideration of the waiving of fines & interest where appropriate

The *Rating Policy* includes a number of options to address financial hardship specifically targeted to those ratepayers that have been significantly and permanently impacted by recent events.



Impact of Office of Valuer-General Valuation Changes

Council's valuations used for rating purposes are undertaken by the Office of the Valuer-General.

As highlighted for 2022-23, the Valuer-General has advised that there have been unprecedented changes in valuation due to a significant strengthening of the property market across the majority of Councils within South Australia. Data received recently from the Valuer-General indicates that this has also resulted in increased variability in valuation increases within the Council area, across all land uses.

This is likely to result in many rate assessments experiencing a change in rates payable much higher or lower than the average rate increase proposed.

As a response to the impact of these market adjusted valuation changes from the Valuer-General, Council's proposed rating policy position for the 2022-23 Annual Business Plan consultation to apply a rebate to reduce the impact of significant valuation changes for 2022-23. This will effectively cap the maximum rate increase at 15%.

The table below summarises key details of the rebate.

Rebate to limit the maximum general rate increase to 15%
Applied automatically
Maximum rate increase 15%
Applied to <u>ALL</u> land use categories except vacant land
Does not apply to properties sold from 30 June 2021
Does not apply to properties with a change in land use from 2021-22

Rate Statistics

Council has just over **19,000** assessments split by land use as follows:



13 500
Residential



700
Commercial
and Industrial
differential rate



3,000 +
Primary
production



700 +
Vacant



800 +
Non-rateable



200
Other

Rates Modelling

The valuation of the Council area by the Valuer-General is ongoing and information provided to date reflects an increase of over 20% in valuation for existing properties. This valuation information is still being updated as well as being subject to Valuer-General and internal quality assurance processes and revisits.

Analysis indicates that:

- Residential properties, representing over 70% of the overall valuation, has an average valuation **increase** of just over **22%**
- Primary production properties, being 17% of total assessments, have an average valuation **increase** of just under **17%**
- Commercial and Industrial properties have had an average valuation **increase** of just under **14%**
- Vacant land valuations have **increased** on average by **23%**.

The Budget has been formulated on the basis of retaining differential rates for all categories of ratepayer, including commercial and industrial ratepayers at the appropriate rate in the dollar to provide an overall increase in general rate revenue of 4.25% excluding growth.

Allocation of Rates Burden

The Council uses the capital value method of valuing properties. This method values the land and all improvements on the land. It is the most widely-used method across South Australian councils.

Council considers this valuation method the most equitable method to spread the rates burden across the measure of wealth within the Adelaide Hills Council area. It equates to the taxation principle that people should contribute to community, social and physical infrastructure in accordance with their capacity to pay as measured by property wealth.

Further, in determining how rates are applied, and the rate in the dollar (table above), Council has also made specific policy choices in relation to uses the differential rating rate and the option of a fixed charge rather than a minimum rate to allocate the rates burden across the community.

Differential Rates

Section 153 of *Local Government Act 1999* (the Act) allows councils to 'differentiate' rates based on the use of the land, the locality of the land, the use and locality of the land or on some other basis determined by the council. The application of a Differential General Rate is generally intended to alter the amount payable by particular land uses.

Council has determined to apply the same rate in the dollar, based on capital value, to all categories of ratepayer, except commercial and industrial ratepayers who pay a differential rate in the dollar that is 15% higher than the rate in the dollar charged for other categories of ratepayer.

Council has considered the higher amount payable by the Commercial & Industrial sector with reference to the Economic Development function as well as the services and activities that the sector does not regularly use.

Council has considered the principle of rate stability when assessing the rates burden across the above categories. Other considerations were given to the change in capital value across the land use categories and the rates income provided by each.

It is estimated that the Commercial & Industrial Differential General Rates will raise net rate revenue in the order of \$1.5m in 2022-23.

It is estimated that the Residential & Non Commercial and Industrial Differential General Rate will raise net general rate revenue in the order of \$39.5m in 2022-23.

Fixed Charge

Under the Act, Council has some mechanisms available to enable all ratepayers to contribute more equitably to the administration of Council's services and the development and maintenance of the community's infrastructure. Council considers a fixed charge (applying equally to all rateable properties) to be the most fair and equitable means of achieving this.

For the 2022-23 year, it is proposed to increase the fixed charge from \$699 to \$729, representing a 4.25% increase in line with the overall average increase in rates.

Community Wastewater Management System

The Council provides Community Wastewater Management System (CWMS) to some areas within the Council district. To fund the provision of this service Council imposes an annual service charge to recover the cost to the Council of establishing, operating, maintaining, improving and replacing infrastructure (taking into account depreciation of any assets and including future capital works).

Council is currently undertaking its annual detailed assessment of the cost of providing CWMS services, in accordance with the guidelines set by the Essential Services Commission of South Australia (ESCOSA). This will identify whether current charges are at the levels necessary to achieve full cost recovery. For the 2022-23 financial year, CWMS revenue has been set at the same rate as the 2021-22 financial year to achieve the full cost recovery.



Appendix 1: Budgeted Uniform Presentation of Finances

Adelaide Hills Council

BUDGETED UNIFORM PRESENTATION OF FINANCES

2022-23 Budget

2021-22 Budget		2022-23 Proposed Budget
\$'000		\$'000
INCOME		
41,457	Rates	43,668
1,280	Statutory charges	1,318
815	User charges	837
7,360	Grants, subsidies and contributions	4,224
17	Investment income	5
210	Reimbursements	185
452	Other income	202
100	Net gain - equity accounted Council businesses	100
<u>51,691</u>	Total Income	<u>50,539</u>
EXPENSES		
19,500	Employee costs	20,172
20,186	Materials, contracts & other expenses	18,921
10,122	Depreciation, amortisation & impairment	10,502
337	Finance costs	394
0	Net loss - equity accounted Council businesses	0
<u>50,145</u>	Total Expenses	<u>49,989</u>
<u>1,546</u>	NET BUDGETED SURPLUS / (DEFICIT) BEFORE CAPITAL AMOUNTS	<u>550</u>
Net Outlays on Existing Assets		
(11,982)	Capital Expenditure on Renewal and Replacement of Existing Assets	(10,120)
842	Proceeds from Sale of Replaced Assets	636
10,122	Depreciation	10,502
<u>(1,018)</u>	NET OUTLAYS ON EXISTING ASSETS	<u>1,018</u>
Net Outlays on New and Upgraded Assets		
(7,000)	Capital Expenditure on New and Upgraded Assets & Remediation costs	(12,008)
4,176	Capital Grants and Monetary Contributions for New and Upgraded Assets	3,359
2,724	Proceeds from Sale of Surplus Assets	79
<u>(100)</u>	NET OUTLAYS ON NEW AND UPGRADED ASSETS	<u>(8,570)</u>
<u>428</u>	NET LENDING/ (BORROWING) RESULT FOR FINANCIAL YEAR	<u>(7,002)</u>
(20,311)	Net Financial Liabilities at Beginning of Year	(19,983)
-	- Decrease / (increase) in Other	-
(100)	Non Cash Equity Movement	(100)
<u>(19,983)</u>	Net Financial Liabilities at End of Year	<u>(27,085)</u>

In any one year, the financing transactions identified below are associated with either applying surplus funds stemming from a net lending result or accommodating the funding requirement stemming from a net borrowing result.

Financing Transactions

1,000	New Borrowings	8,500
(24)	Increase/(Decrease) in Short Term Draw Down	63
(400)	Lease Liabilities	(429)
(314)	Reinstatement/Restoration Provision Payment	(1,032)
(590)	Debenture Payment	-
(100)	Non Cash Equity Movement	(100)
<u>(428)</u>		<u>7,002</u>

It should be noted that the figures in this appendix have been rounded and consequently individual sub-totals, whilst being correct, may differ slightly from the sum of the rounded amounts.



Appendix 2: Statement of Expected Rate Revenue

Statement on Expected Rate Revenue

Please note: These figures represent a considered estimate of Expected Rate Revenue based on the most current information available at the time of going out to consultation on the DRAFT Annual Business Plan and Budget (ABP&B). This information is updated regularly and therefore these figures may be subject to confirmation at the time of actual adoption of the ABP&B.

Expected Rates Revenue

	2021/22 (as adopted)	2022/23 (estimated)	Change	Comments
General Rates Revenue				
General Rates (existing properties)		\$40,712,169 (a)		For 2022-23, an expected General Rate rise of (4.25%) is projected plus estimated growth of (0.8%) from new properties that have been created over the last year.
General Rates (new properties)		\$312,431 (b)		
General Rates (GROSS)	\$39,093,900	\$41,024,600 (c)		
Less: Mandatory Rebates	(\$300,000)	(\$312,800) (d)		
General Rates (NET)	\$38,793,900	\$40,711,800 (e)	4.9%	
(e)=(c)+(d)				
Other Rates (inc. service charges)				
Regional Landscape Levy	\$968,260	\$1,117,410 (f)		The Regional Landscape Levy is a state tax collected on behalf of the Hills & Fleurieu Regional Landscape Board by the Dept of Environment, Water & Natural Resources. It is not retained by council.
CWMS	\$1,819,764	\$1,652,900 (i)		(\$450) for each vacant land property and (\$897) for each occupied property.
Stirling Business Separate Rate	\$95,000	\$95,000 (j)		A separate rate for businesses in Stirling will be applied to carry out the activity of promoting and enhancing business viability, profitability, trade & commerce within the zone.
Verrall Road Separate Rate	\$5,148	\$5,148 (k)		\$858 per property.
	\$41,682,072	\$43,582,258		
Less: Discretionary Rebates	(\$221,300)	(\$166,800) (l)		
Total Council Rate Revenue	\$40,492,512	\$42,298,048 (m)	4.5%	Excluding the Regional Landscape Levy
(m)=(e)+(g)+(h)+(i)+(j)+(k)+(l)				

Estimated growth in number of rateable properties

Number of rateable properties	18,061 <i>Actual</i>	18,205 <i>Estimate</i>	(n)	0.8%	Growth is expected to account for around 0.8% of the estimated increase in general rates to be collected.
'Growth' is defined in the regulations as where new properties have been created which has added rateable properties to council's ratepayer base. Growth can also increase the need and expenditure related to infrastructure, services and programs which support these properties and residents.					

Estimated average General Rates per rateable property

Average per rateable property	\$2,165	\$2,253	(o)	4.1%	These 'averages' are based on the total of all rateable properties and are therefore not necessarily indicative of either the rate or change in rates that all ratepayers will experience.
(o)=(c)/(n)					
Councils use property valuations to calculate each rateable property's contribution to the required rate revenue total. Councils do not automatically receive more money because property values increase but this may alter how rates are apportioned (or divided) across each ratepayer (ie. some people may pay more or less rates, this is dependent on the change in value of their property relative to the overall valuation changes across the council area). The total General Rates paid by all rateable properties will equal the amount adopted in the budget.					

Notes

(d) Councils are required under the Local Government Act to provide a rebate to qualifying properties under a number of categories:		
Health Services - 100 per cent	Religious purposes - 100 per cent	Royal Zoological Society of SA - 100 per cent
Community Services - 75 per cent	Public Cemeteries - 100 per cent	Educational purposes - 75 per cent
The rates which are foregone via Mandatory Rebates are redistributed across the ratepayer base (ie. all other ratepayers are subsidising the rates contribution for those properties who receive the rebate).		
(e) Presented as required by the <i>Local Government (Financial Management) Regulations 2011</i> reg 6(1)(ea)		
Please Note: The percentage figure in (e) relates to the change in the total amount of General Rates revenue to be collected from <u>all</u> rateable properties, not from <u>individual</u> rateable properties (ie. individual rates will not necessarily change by this figure).		
(f) Councils are required under the <i>Landscape South Australia Act 2019</i> to collect the levy on all rateable properties on behalf of the State Government. The levy helps to fund the operations of regional landscape boards who have responsibility for the management of the State's natural resources.		
(i) Community Wastewater Management Systems		
(l) A council may grant a rebate of rates or service charges in a number of circumstances. The rates which are foregone via Discretionary Rebates are redistributed across the ratepayer base (ie. all other ratepayers are subsidising the rates contribution for those properties who receive the rebate).		
(m) Expected Total Rates Revenue excludes other charges such as penalties for late payment and legal and other costs recovered.		
(n) 'Growth' as defined in the <i>Local Government (Financial Management) Regulations 2011</i> reg 6(2)		

Statement on Expected Rate Revenue

Please note: These figures represent a considered estimate of Expected Rate Revenue based on the most current information available at the time of going out to consultation on the DRAFT Annual Business Plan and Budget (ABP&B). This information is updated regularly and therefore these figures may be subject to confirmation at the time of actual adoption of the ABP&B.

Expected Rates Revenue

	Total expected revenue			No. of rateable properties		Average per rateable property		
	2021/22	2022/23	Change	2021/22	2022/23	2021/22	2022/23	Change
Land Use (General Rates - GROSS)								
Residential	\$29,222,634	\$30,904,674	6%	13,530	13,611	\$2,160	\$2,271	(p) \$111
Commercial - Shop	\$556,927	\$559,649	0%	257	258	\$2,167	\$2,169	(p) \$2
Commercial - Office	\$95,563	\$97,918	2%	61	63	\$1,567	\$1,554	(p) -\$12
Commercial - Other	\$657,013	\$665,337	1%	300	303	\$2,190	\$2,196	(p) \$6
Industry - Light	\$49,726	\$50,440	1%	33	33	\$1,507	\$1,528	(p) \$22
Industry - Other	\$143,263	\$143,718	0%	45	47	\$3,184	\$3,058	(p) -\$126
Primary Production	\$7,096,143	\$7,263,196	2%	3,030	3,054	\$2,342	\$2,378	(p) \$36
Vacant Land	\$871,267	\$940,261	8%	627	655	\$1,390	\$1,436	(p) \$46
Other	\$401,363	\$399,407	0%	178	181	\$2,255	\$2,207	(p) -\$48
Total Land Use	\$39,093,900	\$41,024,600	4.9%	18,061	18,205	\$2,165	\$2,253	(p) \$89
Variance Check (adopted = final rates generated)	\$0	\$0		0	0			

Council has determined to apply the same rate in the dollar, based on capital value, to all categories of ratepayer, except commercial and industrial ratepayers who pay a differential rate in the dollar that is 15% higher than the rate in the dollar charged for other categories of ratepayer.

In applying differential general rates, council has considered and is satisfied that the rating system addresses the issue of consistency and comparability across all council areas, particularly as it relates to the various sectors of the business and wider community.

Fixed Charge

	Total expected revenue			Charge		
	2021/22	2022/23	Change	2021/22	2022/23	Change
Fixed Charge	\$12,354,340	\$12,984,691	5%	\$699	\$729	(q) \$30

Council considers a fixed charge to be the most fair and equitable means of ensuring that all ratepayers contribute equally to the administration of council's services and the development and maintenance of the community's infrastructure.

Rates based on capital values are then applied in addition to the fixed charge.

Council cannot raise more than 50% of its general rate revenue from the fixed charge component.

In 2022/23 council proposes to raise 32% of its general rate revenue by way of the fixed charge.

This revenue amount is **included** in the General Rates GROSS figure at (c).

Adopted valuation method

Capital Value

Council has the option of adopting one of three valuation methodologies to assess the properties in its area for rating purposes:

Capital Value – the value of the land and all improvements on the land;

Site Value – the value of the land and any improvements which predominantly affect the amenity of use of the land, such as drainage works, but excluding the value of buildings and other improvements (Note: Site Value will cease to be an option from 1 Sept 2023); or

Annual Value – a valuation of the rental potential of the property.

Council continues to use Capital Value as the basis for valuing land within the council area. Council considers that this method of valuing land provides the fairest method of distributing the rate burden across all ratepayers on the following basis:

- the 'capacity to pay' principle of taxation requires that ratepayers of similar wealth pay similar taxes and ratepayers of greater wealth pay more tax than ratepayers of lesser wealth;
- the 'property value' is a relatively good indicator of wealth (when lifetime incomes, including incomes from capital gains, are taken into account). Capital value approximates the market value of a property and provides the best indicator of overall property value.

Notes

(p) Average per rateable property calculated as General Rates for category, including any fixed charge but excluding any separate rates, *divided* by number of rateable properties within that category in the relevant financial year.

(q) A fixed charge can be levied against the whole of an allotment (including land under a separate lease or licence) and only one fixed charge can be levied against two or more pieces of adjoining land (whether intercepted by a road or not) if they are owned by the same owner and occupied by the same occupier.

If two or more pieces of rateable land within the area of the council constitute a single farm enterprise, only one fixed charge may be imposed against the whole of the land.



Appendix 3: Rating Policy

COUNCIL POLICY

 <p>Adelaide Hills COUNCIL</p>	<p>RATING</p>
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Policy Number:	FIN-02
Responsible Department(s):	Financial Services
Other Relevant Policies:	None
Relevant Procedure(s):	None
Relevant Legislation:	<i>Local Government Act 1999</i> <i>Valuation of Land Act 1971</i> <i>Landscape South Australia Act 2019</i> <i>Aged Care Act 1997 (Commonwealth)</i> <i>Community Housing Providers (National Law) (South Australia) Act 2013</i> <i>Community Titles Act 1996</i> <i>Education and Childrens Act 2019</i> <i>Health Care Act 2008</i>
Policies and Procedures Superseded by this policy on its Adoption:	Rating, 28 June 2016, Item 14.9, 1.11, 122 Rating, 27 June 2017, Item 14.3, 1.11, 130/17 Rating, 26 June 2018, Item 12.3, 1.11 , 138/18 Rating, 25 June 2019, Item 12.2, 1.11, 156/19 Rating, 30 June 2020, Item 7.1, 1.11, 124/20 Rating, 22 June 2021, Item 12.6, 1.11, 123/21
Adoption Authority:	Council
Date of Adoption:	
Effective From:	1 July 2022
Minute Reference for Adoption:	
Next Review:	June 2023

Version Control

Version No.	Date of Effect	Description of Change(s)	Approval
1.1	25/2/2020	Amendments to clause 3.10 to provide consistency with changes to Council Petitions Policy	Council - Res 47/20

RATING POLICY

1. INTRODUCTION

Delivering services and facilities relies on the rates collected from ratepayers within a council's boundaries. Council rates are a form of property taxation, and as the main source of funding for councils, rates are essential in enabling council to deliver all the services and facilities that the community relies on.

Rates are administered by each council in line with the *Local Government Act 1999* (the Act) which allows council some flexibility to make decisions that suit its local community.

2. PURPOSE

The purpose of this policy is to outline Council's approach towards rating its community in line with the requirements of the *Local Government Act 1999* (SA) (the Act).

Section 123 of the Act requires Council to have a rating policy that must be prepared and adopted as part of the Annual Business Plan each financial year in conjunction with the declaration of rates.

3. DEFINITIONS

Act refers to the *Local Government Act 1999* (SA).

CADR refers to the cash advance debenture rate for that financial year.

Capital value refers to the value of the land including improvements.

Community need refers to those services and activities that are aligned to the achievement of one or more of Council's strategies resulting in a direct benefit to the residents of Adelaide Hills Council and a significant proportion of users are Adelaide Hills residents.

Council refers to the elected Council body.

CWMS refers to the Community Wastewater Management System within the Council area.

Disadvantaged persons refers to persons who are disadvantaged by reason of poverty, illness, frailty, or mental, intellectual or physical disability.

Differential rate refers to a rate that may be applied to a category of land that is different to the rate applied to other land categories.

Disadvantaged persons refers to persons who are disadvantaged by reason of poverty, illness, frailty, or mental, intellectual or physical disability.

Exemption refers to free from an obligation or liability to which others are subject to.

Fixed charge refers to a charge that must apply equally to each separate piece of rateable land in the area under Section 152(1) of the Act.

General rate refers to a rate that applies to rateable land.

Prescribed percentage (P) is calculated as $P = \frac{\text{CADR} + 3\%}{12}$

Rebate refers to an amount paid by way of reduction, return or refund on what has already been paid or contributed.

Separate rate refers to a charge levied on ratepayers in addition to general rates and used to fund specific activities.

4. POLICY STATEMENT

Council's powers to raise rates are found in Chapter 10 of the Act which provides the framework within which the Council must operate, but also leaves room for the Council to make a range of policy choices.

At all times, the rating policy should be fair and equitable, recognising that all ratepayers have access to core goods and services and should contribute towards the costs.

This Council's policy directions are guided by the theme "A brighter future" and is central to achieving our vision for:

- A prosperous economy
- A functional built environment
- A valued natural environment
- Community wellbeing
- A progressive organisation

5. PRINCIPLES OF TAXATION

Rates are not fees for services. They constitute a system of taxation on the community for Local Government purposes.

This Policy represents the Council's commitment to balancing the five main principles of taxation with the need to raise revenue for the purpose of providing the goods and services the community requires.

Benefits received – ratepayers who receive more benefits (services provided, or resources consumed) should pay a higher share of tax.

Capacity to Pay – a ratepayer who has less capacity to pay should pay less, and ratepayers of similar means should pay similar amounts.

Administrative simplicity – minimal costs are involved in applying and collecting the tax and the tax is difficult to avoid.

Economic efficiency – whether or not the tax distorts economic behaviour.

Policy consistency – the tax should be internally consistent, and based on transparent, predictable rules that are easily understood and accepted by ratepayers.

In applying these principles, any decision with respect to rating should consider:

- the financial effects of the decisions made today on the future generations of tomorrow.
- the achievement of Councils policy outcomes as referenced in Council's adopted policies.

A Council operating deficit implies that today's ratepayers are paying less than the cost of the services they are consuming, and this is inequitable to the ratepayers of the future.

6. VALUATION OF LAND

Council is permitted to adopt one of three valuation methodologies to value the properties in its area (Section 151 of the Act):

- **Capital Value** – the value of land, buildings and other improvements.
- **Site Value** – the value of the land excluding structural improvements.
- **Annual Value** – the value of the rental potential of the property.

The Council has adopted the use of capital value as the basis for valuing land. Council considers that this method provides the fairest way to distribute the rates burden across all ratepayers on the following basis:

- the 'capacity to pay' principle of taxation requires that ratepayers of similar wealth pay similar taxes and ratepayers of greater wealth pay more tax than ratepayers of lesser wealth;
- the 'property value' is a relatively good indicator of wealth (when lifetime incomes, including incomes from capital gains, are taken into account). Capital value approximates the market value of a property and provides the best indicator of overall property value.

Council does not determine property valuations but chooses to exercise the right under Section 167 of the Act to adopt the capital valuations as assessed by the Valuer-General through the State Valuation Office.

7. OBJECTIONS TO VALUATION

Ratepayers who wish to dispute the valuation of their property may lodge an objection in writing to the Valuer-General within 60 days after the date of service of the first rates notice.

The Valuer-General may extend the 60 day objection period where it can be shown there is reasonable cause to do so by the person making the objection.

Council plays no role in the objection process. It is important to note that the lodgement of an objection to the valuation does not change the due date for the payment of rates.

8. EXEMPTIONS

Council's practice is to identify and value all land in the council area. Once identified, each separate piece of land is assessed for rateability. Section 147 of the Act specifies those types of property which will be exempt from council rates.

- Crown Land – public properties used or held by the Crown for a public purpose,
- University Land – properties occupied by a University,
- Recreation Grounds – properties satisfying the criteria set out in the *Recreation Grounds Rates and Taxes Exemption Act 1981*,
- Council Land – public properties occupied or held by the Council,
- Emergency Services – properties satisfying the criteria set out in the *Fire and Emergency Services Act 2005*,
- Another Act – properties specifically exempt from council rates by virtue of another Act (either Commonwealth or State).

Council is mindful that wherever properties become exempt from paying council rates, or where a rebate is applied, those rates foregone must be contributed by the rest of the ratepayer community.

The principles of equity dictate that Council remains diligent in only awarding exemptions where they are warranted.

It is Council's practice to adopt valuations for all exempt properties. Where an exempt property becomes rateable part way through the financial year, rates will be calculated and recovered.

9. COMPONENTS OF RATES

Fixed Charge or Minimum Rate

Council has discretion to apply either (but not both):

- a fixed charge (applying equally to all rateable properties); or
- a minimum rate (to lower-value properties)

Adelaide Hills Council will apply a fixed charge this financial year as in previous years.

Council considers a fixed charge to be the most fair and equitable means of ensuring that all ratepayers contribute equally to the administration of council's services and the development and maintenance of the community's infrastructure.

In addition, the fixed charge provides a mechanism to adjust the rates contributions across high and low valued properties. This redresses the balance and equity of the rates system.

Council is unable to raise more than 50% of total rate revenue by the imposition of a fixed charge component of general rates as per Section 151(10) of the Act.

Differential Rating

The largest component of rates levied is calculated by reference to the value of property. Property values reflect, among other things, the relative availability of, and access to council services. This applies to all types of land use, and to land in all locations.

The Act allows Council to 'differentiate' rates based on the use of the land, locality of the land, the use and locality of the land or on some other basis determined by Council.

The Council has determined that differential rates will be applied to all rateable properties based on their predominant land use.

In formulating the rating structure, Council has considered issues of consistency and comparability across council areas in the imposition of rates on various sectors of the business and wider community.

Definitions of the use of the land are prescribed by regulation and are categorised as:

- Residential
- Commercial – Shop
- Commercial – Office
- Commercial - Other
- Industrial – Light
- Industrial - Other
- Primary Production
- Vacant Land
- Other

In accordance with Section 148 of the Act, Council assesses any piece or section of land subject to separate ownership or separate occupation.

If a ratepayer believes that a particular property has been wrongly classified as to its land use, then an objection may be made with the Council.

Commercial and Industrial Differential Rate

Those properties categorised as commercial or industrial will pay a differential rate in the dollar that is 15% higher than the rate in the dollar charged for other categories of land use.

Council has considered the higher amount payable by the commercial and industrial sector with reference to the commercial differential rates of other councils, costs of the economic development function as well as the services and activities that the sector does not regularly use.

Separate Rate

Under Section 154 of the Act, a Council may declare a separate rate on rateable land within a part of the area of the council for the purpose of planning, carrying out, making available, supporting, maintaining or improving an activity that is, or is intended to be, of particular benefit to the land, or the occupiers of the land, within that part of the area, or to visitors to that part of the area.

Council has determined that the use of the separate rate provisions of the Act will be limited to the use of a separate rate for:

- Marketing and promoting the Stirling Business Area
- Sealing of Verrall Road, Upper Hermitage
- Recovery of the funding requirements of the Hills Fleurieu Regional Landscape Board

Stirling Business Separate Rate

A separate rate for businesses in Stirling will be applied to carry out the activity of promoting and enhancing business viability, profitability, trade and commerce within the zone.

This rate is levied on all properties within the precinct known as the District Centre (Stirling) Zone and businesses fronting both sides of Mt Barker Road east of the District Centre (Stirling) Zone to Pine Street, excluding land attributed a land use category (residential) and government owned land.

Council also sets a maximum amount ('top') and a minimum amount ('tail') per property each financial year for this separate rate with the top and tail adjusted each year with reference to the Consumer Price Index.

The amount raised is distributed to the Stirling Business Association to promote Stirling as a destination, the 'Gateway to the Hills'.

Verrall Road Separate Rate

A separate rate for Verrall Road, Upper Hermitage at a value of \$858 will be applied for a period of 10 years to 2023-24.

This rate provides for the sealing of the northern end of the road in 2014-15 and is levied on all properties that use that section of road.

Regional Landscape Levy

On 1 July 2020, the *Landscape South Australia Act 2019* came into effect replacing the former *Natural Resources Management Act 2004*. Natural Resource Management (NRM) levies have been replaced with Regional Landscape (RL) levies.

The levy helps to fund the operations of regional landscape boards that have responsibility for the management of the State's natural resources. These responsibilities include regional landscape planning, water allocation planning, community capacity building, education and compliance activities.

The Regional Landscape (RL) Levy is a state tax paid by all ratepayers and is collected on behalf of the Hills and Fleurieu Regional Landscape Board by the Department of Environment, Water and Natural Resources who will invoice council quarterly for the respective share of the levy.

The levy applies to all rateable land in the council area and is fixed and calculated to raise exactly the same amount as the council's share to be contributed.

Community Wastewater Management System

Council provides Community Wastewater Management Systems (CWMS) to some areas within the council district. Under Section 155 of the Act, the treatment or provision of water, is a prescribed service.

To fund the provision of this service Council imposes a service charge to recover the cost to the council of establishing, operating, maintaining, improving and replacing the infrastructure in its area (including future capital works and depreciation of any assets).

Annually, an independent consultant is engaged to provide a review of:

- Council's compliance with the Essential Services Commission' (ESCOSA) Minor to Intermediate Retailers Price Determination and the National Water Initiative (NWI) Pricing Principles,
- The pricing model for future CWMS price setting.

This review includes the annual service charge for both occupied and vacant properties.

10. MAXIMUM INCREASE IN GENERAL RATES CHARGES

Council's valuations used for rating purposes are undertaken by the Office of the Valuer-General.

In terms of legislation, Section 153(3) of the Act requires a council to decide each year whether to apply a maximum rate increase to a ratepayers principal place of residence.

As Council considers that rate relief is required across a number of land uses and therefore more than a ratepayers principal place of residence, Council will not apply a maximum under Section 153(3) but rather implement a discretionary rate rebate under Section 166 (1) (I) as referenced below.

11. RATE REBATES

The Act provides for ratepayers to apply for a mandatory and/or discretionary rebate on council rates as follows:

Mandatory rebates

A rebate of rates will be granted to ratepayers who satisfy the eligibility criteria for a mandatory rebate under Section 159 to Section 165 of the Act.

A 100% rebate must be applied to land used for:

- Health services

- Religious purposes
- Public cemeteries
- The Royal Zoological Society.

A 75% rebate must be applied to land used by:

- Community services
- Educational purposes.

Where a “community services organisation” is eligible for the mandatory rebate, and Council has declared a distinct residential rate, then the residential rate must be applied to the land to which the rebate applies in accordance with Section 161(2) of the Act.

Where the Council is satisfied from its own records, or from other sources, that a person or body meets the necessary criteria for a mandatory rate rebate, the Council will grant the rebate accordingly.

Where the Council is not satisfied based upon the information in its possession or otherwise does not hold relevant information it will require the person or body to lodge an application form with such information as stipulated and any other information that the Council may reasonably require.

Applicants who satisfy the criteria for a mandatory rebate will be granted the rebate at any time provided the application is lodged prior to 30 June of the rating year and entitlement to the rebate existed at 1 July of the rating year.

Council will confirm the continuation of a person or body’s eligibility for a mandatory rebate on a regular basis (at least biennially) to ensure that rebates are only granted where they are warranted.

This will require the relevant person or body to lodge another application form with such information as stipulated and any other information that the Council may reasonably require to confirm the continuation of eligibility.

Where applications do not meet the eligibility criteria for a mandatory rebate, an applicant may apply for a rebate of rates under the discretionary rebate criteria.

Discretionary rebates

As identified in Section 166 of the Act, Council may grant a discretionary rebate of rates up to and including 100% of the relevant rates under a number of criteria and for a period not exceeding the timeframes.

Having considered this, Council is of the view that except in very specific circumstances outlined below, the maximum discretionary rebate should be 75% to ensure ratepayers contribute an amount towards basic service provision.

Section 166 covers a large number of different rebate categories, referred to as cases in the Act. Council in determining its rates structure has considered the following cases are relevant in setting its policy position.

Assisting or supporting a business in its area.

Council has determined pursuant to Section 166(1)(b) that those primary production properties genuinely in the business of primary production but not benefitting from a notional capital value for their property can apply for a 10% rebate on the differential rate.

Council considers this primary production rebate as part of its Annual Business Plan and Budget process.

As this rebate was implemented in 2008-09 to address the removal of a primary production differential rate, it is considered that this rebate should continue to be made to those ratepayers in the business of primary production who do not have a notional capital value assessment of their property and who have applied for and been granted this rebate in the previous year.

Community Service or Need or Disadvantaged Persons

Section 166(1) identifies a number of discretionary rebates of rates made under Section 166(1)(d) to (j) covering activities linked to community services, need or assistance or relief to disadvantaged persons.

Council has determined that applications in relation to those rebates identified under Section 166(1) should be brought to Council for decision and also that Council would receive a listing of these discretionary rate rebates for the next rating period annually.

Council in accordance with Section 166(1) will take the following matters into account in deciding whether to grant a discretionary rebate for land uses covered by Section 166 (1) (d to j):

- (a) the nature and extent of Council services provided in respect of the land for which the rebate is sought in comparison to similar services provided elsewhere in the Council's area; and
- (b) the community need that is being met by activities carried out on the land for which the rebate is sought; and
- (c) the extent to which activities carried out on the land for which the rebate is sought provides assistance or relief to disadvantaged persons and
- (d) specific policy positions considered relevant by Council.

Council's specific policy positions to meet discretionary rate rebates eligibility are as follows:

- An organisation needs to meet one of the criteria listed under Section 166 d) to j).
- An organisation needs to be not-for-profit.
- A rebate of 100% will only be granted where a community organisation seeking a rebate provides a service that would be required to be provided by Council if not undertaken by the organisation.

- A rebate of 75% will be granted if the organisation provides a community service that supports the disadvantaged or sections of the community that require assistance, as defined,
- Where an organisation does not meet the above criteria, it is still eligible for a 75% rebate where it meets all of the following criteria:
 - limited capacity to raise funds;
 - meets a “community need”, as defined; and
 - undertakes services and activities that are not primarily the responsibility of Federal or State Government.

Special Discretionary Rebate

Council can use a discretionary rate rebate to address properties with substantial valuation increases under Section 166 (1)(l) of the Act where the rebate is considered by the Council to be appropriate to provide relief against what would otherwise amount to a substantial change in rates payable by a ratepayer due to:

- (i) a redistribution of the rates burden within the community arising from a change to the basis or structure of the council's rates; or
- (ii) a change to the basis on which land is valued for the purpose of rating, rapid changes in valuations, or anomalies in valuations.

Council has determined that a rebate will be applied to cap any increase in the general rates payable at 15% subject to specific criteria:

- The rebate applies to all land use categories except for vacant land.
- The rebate will be automatically applied to eligible assessments in order to minimise the administrative effort required.
- Adjusting the exclusion of change of ownership properties (excluding family transfers) to those properties sold after 30 June 2021 (previously from 1 January 2020).

The rebate will not apply where the increase in rates payable is the result of an increase in valuation that recognises a capital improvement on the property (regardless of when the development was undertaken) or where there has been a change in land use, ownership or licence to occupy during the previous financial year.

A capital improvement includes any addition, alteration or new development on the property.

As per the Act, a rebate may be granted for a period exceeding one year, but not exceeding three years. After three years, the rebate will be removed and the rates payable will reset to levels that would ordinarily apply in the absence of the rebate.

All Discretionary Rate Rebates

Persons who, or bodies which, seek a discretionary rebate will be required to submit an application form to the Council and provide the necessary supporting documentation.

All persons who or bodies which wish to apply to the council for a discretionary rebate of rates must do so on or before 30 April prior to the rating year unless the application is a result of a change in eligibility for a mandatory rebate or rate exemption.

In those circumstances where an application relates to a change in rebate/rate exemption in a relevant rating year, then the application will be applied for the full rating year if received within 2 months of the change in rebate/exemption being advised. The Council reserves the right to refuse to consider applications received after the specified date.

Persons or bodies who previously received a discretionary rebate greater than 75% may apply for a phasing in period (up to 2 years) in circumstances where the above change impacts significantly on the persons or bodies' financial capacity. In these circumstances, an application will be considered if received within 2 months of the change in rebate being advised. The Council reserves the right to refuse to consider applications received after the specified date.

Where there is no maximum timeframe specified for a rebate provided under Section 166, Council will grant a discretionary rebate to the last rating period commencing within a Council term to allow for a regular review of discretionary rate rebates.

A summary of all discretionary rebates applied for under Section 166 (1) (d) to (j), including whether they have been successful or not and the associated reasons will be reported to Council on an annual basis.

Each rebate that is granted either reduces the Council's revenue and hence its capacity to provide services, or else it effectively increases the amount that must be collected from other ratepayers. The principles of equity dictate that Council remains diligent in only awarding rebates and exemptions where they are warranted.

If a ratepayer wishes to apply for a discretionary rate rebate, they may apply by contacting the Council's Rate Administrator.

All rebates

As Council's CWMS service charges are set to recover the cost to the council of establishing, operating, maintaining, improving and replacing infrastructure (taking into account depreciation of any assets and including future capital works) no rebates are provided by Council.

If an entitlement to a rebate ceases or no longer applies during the course of a financial year, council will recover rates proportionate to the remaining part of the financial year.

If a person or body has the benefit of a rebate of rates and the grounds on which the rebate has been granted cease to exist, the person or body must immediately inform the Council of that fact and (whether or not the Council is so informed) the entitlement to a rebate ceases. If a person or body fails to do so that person or body is guilty of an offence.

The Council will, in writing, advise an applicant for the rebate of its determination of that application. The advice will state:

- if the application has been granted, the amount of the rebate; or
- if the application has not been granted, the reasons why.

Any person or body who is aggrieved by a determination of the delegated officer in respect of an application for a rebate may seek a review of that decision in accordance with Council's Internal Review of Council Decisions Policy.

Single Farming Enterprise

The Local Government Act 1999 provides that "if two or more pieces of rateable land within the area of the Council constitute a single farm enterprise, only one fixed charge may be imposed against the whole of the land".

A Single Farm Enterprise is defined in the Local Government Act -

"A reference to a single farm enterprise is a reference to two or more pieces of rateable land

(a) which –

- (i) are farm land; and*
- (ii) are farmed as a single enterprise; and*
- (iii) are occupied by the same person or persons,*

whether or not the pieces of land are contiguous; or

(b) which –

- (i) as to all the pieces except one, are farm land farmed as a single enterprise occupied by the same person or persons; and*
- (ii) as to one piece contiguous with at least one of the other pieces, is the principal place of residence of that person or one of those persons."*

In effect, this means that land can be recognised as a "single farming enterprise" and not attract a fixed charge to each of the assessments, provided:

- that if the occupier of all the land concerned is the same person, (this means that if there is a house being occupied that is not the principal place of residence, it cannot be part of the single farm enterprise)
- all of the land is used to carry on the business of primary production, and
- managed as a single unit for that purpose,

Primary producers can apply to the Council for the 'single farming enterprise' provisions of the Local Government Act.

Ratepayers should also be aware that if the grounds on which they have applied for a single farm enterprise cease to exist, the person or body who have the benefit of the provisions must immediately inform the Council of the fact.

12. RATE RELIEF

Council applies rate remissions and postponement in accordance with the Act.

Seniors Postponement

In accordance with Section 182A of the Act, eligible Seniors Card holders can apply to postpone any part or all of their annual council rates in excess of \$500 on a long-term basis. The deferred amount is subject to a monthly interest charge, with the accrued debt being payable on the transfer or sale of the property.

Postponement is similar to a reverse mortgage by relying on the equity in the property. A ratepayer who has a Seniors Card may apply for a postponement on the property they own if it is their principal place of residence and if not other person, other than their spouse/partner has an interest as owner of the property and there is sufficient equity available.

Where an application for postponement under Section 182A is granted, a presumption of on-going annual postponement will be assumed.

However, some, or all of the debt outstanding may be paid at any time at your discretion.

Financial Hardship

Ratepayers who are suffering financial hardship should contact Council's Rates Administrator to discuss the matter. All enquiries are treated confidentially and any application will be considered on its merits. Options to address financial hardship can include:

Flexible payment options

In addition to quarterly instalments, ratepayers can arrange with Council to pay their rates weekly, fortnightly or monthly to provide for a smaller, more regular payment option via BPAY, phone or internet.

Waiving of Fines and Interest

When a ratepayer has committed to a payment plan and adheres to a regular payment, Council may consider the waiving of fines and interest.

Discretionary Postponement of Rates

A ratepayer may apply to council to postpone the payment of rates in whole, or in part for a period of time. Any such application must be made in writing and outline the reasons why postponement is requested.

Postponement enables ratepayers to defer payment of rates until such time as the property is sold or their circumstances change. Discretionary postponements are only intended to provide temporary, flexible support to those experiencing hardship.

If a postponement is granted, council may consider the waiving of fines and interest for the same period.

As postponement may only delay financial hardship for a period of time, options involving a regular payment plan are more likely to be beneficial for ratepayers to assist in reducing rates balances outstanding over time.

Remission of rates

Council has the discretion to partially or wholly remit (i.e. waive) rates on the basis of hardship.

Council has a charge over the land under Section 177 of the Act and therefore is likely to be able to recover rates outstanding upon sale. The granting of a remission forgoes this right and therefore is only considered as an option in circumstances where the ratepayer has

demonstrated serious and long term hardship and where there is no chance of improvement in the ratepayers' financial circumstances.

Consideration must also be given to the tax burden redistribution effect on other rate payers of any remission.

For these reasons, and given the importance of ensuring fairness to other ratepayers, remission will only be considered as a last resort and only where there is no chance of improvement in the ratepayer's financial circumstances. As such, it is likely that postponement of payment of rates due to hardship has been occurred for some period to confirm the permanency of the ratepayer's situation.

13. PAYMENT OF RATES

Rates are declared annually, and may be paid, at your discretion, either in one lump sum, or in quarterly instalments that fall due in September, December, March and June.

14. LATE PAYMENT OF RATES

Council has determined that penalties for late payments will be imposed in accordance with the provisions of S181(8) of the Act.

Fines and interest for late payment are levied in accordance with the provisions of S181(8) and S181(17) of the Act.

If an instalment of rates is not paid on or before the date on which it falls due:

- the instalment will be regarded as being in arrears
- a fine of 2% of the amount of the instalment is payable
- on the expiration of each full month from that date, interest of the prescribed percentage of the amount in arrears (including the amount of any previous unpaid fine and interest from any previous month) accrues.

Council may take legal action to recover any overdue amounts, fines and interest.

If an amount payable by way of rates in respect of land has been in arrears for three or more years, Council may sell the land in accordance with Section 184 of the Act.

When Council receives a payment in respect of overdue rates Council applies the money received in accordance with the Act as follows:

- First – to satisfy any costs awarded in connection with court proceedings;
- Second – to satisfy any interest costs;
- Third – in payment of any fines imposed;
- Fourth – in payment of rates, in chronological order (starting with the oldest account first).

15. NON- PAYMENT OF RATES

A separate Debt Recovery Policy has been adopted by Council and is available for review on the Adelaide Hills Council website.

It should be noted that under Section 184(1) of the Act, if an amount payable by way of rates has been in arrears for three years or more the council may sell the property.

16. CONTACTING COUNCIL'S RATES ADMINISTRATOR

If you believe that Council has failed to properly apply this policy, you should contact the Council's Rates Administrator to discuss the matter.

If you are still dissatisfied then you should write to the Council's Chief Executive Officer at PO Box 44, Woodside SA 5244.

For further information, queries, or to lodge an application for a rate rebate, rate postponement or remission please contact the Council's Rates Administrator on:

Phone: 8408 0400
E-mail: mail@ahc.sa.gov.au
Post: PO Box 44, Woodside SA 5244

17. DELEGATIONS

As highlighted in this policy, Council has determined a policy position in relation to discretionary rates pursuant to Section 166(1) (b) relating to a primary production rebate and a revaluation relief special discretionary rate rebate under Section 166 (1)(l) of the Act to reduce the impact of significant valuation changes for 2022-23.

These policy positions and the application of the relevant rebates will be actioned accordingly by the Administration under delegation as part of the rates generation process where Council considers that the ratepayer meets the eligibility criteria or upon receipt of an application from the ratepayer.

The delegation for discretionary rate rebates as identified in Section 166 (1a) covering a number of discretionary rebates of rates made under Section 166(1)(d) to (j) relating to activities linked to community services or community need or assistance or relief to disadvantaged persons has not been delegated by Council and as such these applications will be brought to Council for decision.

The Chief Executive Officer has the delegation to:

- Approve, amend and review any procedures that shall be consistent with this Policy; and
- Make any formatting, nomenclature or other minor changes to the Policy during the period of its currency.

18. AVAILABILITY OF THE POLICY

This Policy will be available for inspection at the Council's Offices during ordinary business hours and via the Council's website www.ahc.sa.gov.au. Copies will also be provided to the public upon request, and upon payment of a fee in accordance with the Council's Schedule of Fees and Charges.

Supplementary Information to Rating Policy

Differential Rates

Section 153 of the Act allows councils to 'differentiate' rates based on the use of the land, the locality of the land, the use and locality of the land or on some other basis determined by the council. The application of a Differential General Rate is generally intended to alter the amount payable by particular land uses.

Council has determined to apply the same rate in the dollar, based on capital value, to all categories of ratepayer, except commercial and industrial ratepayers who pay a differential rate in the dollar that is 15% higher than the rate in the dollar charged for other categories of ratepayer.

Council has considered the higher amount payable by the Commercial & Industrial sector with reference to the Economic Development function as well as the services and activities that the sector does not regularly use.

Council has considered the principle of rate stability when assessing the rates burden across the above categories. Other considerations were given to the change in capital value across the land use categories and the rates income provided by each.

It is estimated that the Commercial & Industrial Differential General Rates will raise net rate revenue in the order of \$TBA in 2022-23.

It is estimated that the Residential & Non Commercial and Industrial Differential General Rate will raise net general rate revenue in the order of \$TBA in 2022-23.

Council has applied the following rates in the dollar across recent years to determine the total rate levied against an assessment:

Financial Year	Commercial & Industrial	All Other Land Uses including Residential
2022-23	TBA	TBA
2021-22	0.002821	0.002453
2020-21	0.002821	0.002453
2019-20	0.002839	0.002469
2018-19	0.002784	0.002421
2017-18	0.002748	0.002390
2016-17	0.002806	0.002440

Fixed Charge

Under the *Local Government Act 1999* (the Act), Council has some mechanisms available to enable all ratepayers to contribute more equitably to the administration of Council's services and the development and maintenance of the community's infrastructure. Council considers a fixed charge (applying equally to all rateable properties) to be the most fair and equitable means of achieving this.

The Council is unable to raise more than 50% of total rate revenue by the imposition of a fixed charge component of general rates as per Section 151(10) of the Act.

Council has applied the following fixed charges across recent years as part of the total rate levied against an assessment:

	Fixed Charge	Increase from Previous Year	% of Rate Revenue
2022-23	TBA	TBA	TBA
2021-22	\$699	2.50%	31.5%
2020-21	\$682	2.95%	31.9%
2019-20	\$662	2.8% + \$10	32.0%
2018-19	\$634	3.3%	31.8%
2017-18	\$613.50	2.25%	31.8%
2016-17	\$600		31.8%

**ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
Wednesday 20 April 2022
AGENDA BUSINESS ITEM**

Item: 7.2

Responsible Officer: Kira-marie Laverty
Corporate Planning & Performance Coordinator
Office of the Chief Executive

Subject: Quarterly Council Performance Report – Q3 2021-22

For: Information

SUMMARY

As a local government entity, Council has a number of legislative obligations regarding the preparation and distribution of corporate planning and reporting information to the elected body and the community. In addition to these mandated requirements, Council has over time created a number of additional elements to improve the integration, transparency and accountability of its activities. The Quarterly Council Performance Report is just one of these elements.

A revised suite of corporate performance indicators and targets were developed in consultation with Council Members, the Strategic Leadership Team and relevant officers as part of the *2020-21 Annual Business Plan* process and have continued to be incorporated into the *Annual Business Plan 2021-22*. These were aligned to the new *Strategic Plan 2020-24 – A brighter future* adopted in April 2020.

The Quarterly Council Performance Report for Q3 (**Appendix 1**) covers the period 1 January 2022 to 31 March 2022, and shows the performance against the corporate performance indicators as well as discussing key highlights aligned with the Strategic plan.

The purpose of this report is to inform the Audit Committee of Council's performance against the *Annual Business Plan 2021-22* targets in order to assist in their role as advisors to Council on the adequacy and effectiveness of processes involving financial management, reporting, risk and governance.

RECOMMENDATION

The Audit Committee resolves:

1. That the Quarterly Council Performance Report – Q3 2021-22 be received and noted.
 2. Note that the Quarterly Council Performance Report – Q3 2021-2 will be provided to Council for noting.
-

1. BACKGROUND

At its 19 June 2018 meeting, Council adopted (Res 128/18) the *Corporate Planning & Performance Framework*, of which a key element was the establishment of a suite of Corporate Business Performance Indicators which are aligned with Adelaide Hills Council's Strategic Plan goals and will enable the tracking of performance over time.

Over the 2019-20 financial year, Quarterly Council Performance Reports were drafted showing the performance against the Corporate Performance indicators, strategic initiatives and key activities of the *2019-20 Annual Business Plan*.

A revised suite of corporate performance indicators and targets were developed in consultation with Council Members, the Strategic Leadership Team and relevant officers as part of the 2020-21 Annual Business Plan process. These were aligned to the new *Strategic Plan 2020-24 – A brighter future* adopted in April 2020. These indicators have continued to be used in the *Annual Business Plan 2021-22*.

A change has been made to the timing of reports for the 2021-22 financial year. Reports are now provided to Council and the Audit Committee at the next meeting directly following the end of the quarter.

Council resolved at the 28 September 2021 meeting to establish more visible and accessible reporting mechanisms on significant projects across the district. Part of this is to include this information in the Quarterly Council Performance reports.

11.4 Community Project Update

7.25pm Cr John Kemp left the meeting

7.34pm Cr John Kemp returned to the meeting

Moved Cr Kirsty Parkin
S/- Cr Leith Mudge

202/21

That Council establishes additional, more accessible and visible reporting mechanisms to provide information on the progress of significant projects across the district for the community and associated sporting clubs and associations. This could include more detailed information on key milestones and target dates and would be made available on the Adelaide Hills Council website for easy accessibility. This information would be updated on at least a quarterly basis.

Carried Unanimously

2. ANALYSIS

➤ Strategic Management Plan/Functional Strategy/Council Policy Alignment

Strategic Plan 2020-24 – A brighter future

Goal	A progressive Organisation
Objective O5	We are accountable, informed, and make decisions in the best interests of the whole community
Priority O5.3	Demonstrate accountability through robust corporate planning and reporting that enhances performance, is relevant and easily accessible by the community

The Quarterly Council Performance Report is part of the performance reporting suite contained in the *Corporate Planning & Performance Framework*.

➤ Legal Implications

Chapter 8 - Administrative and financial accountability of the *Local Government Act 1999* sets out the key legislative obligations regarding corporate planning and reporting obligations, as follows:

- S122 – Strategic management plans – development, content requirements, consultation, review and availability of strategic plan, asset management plan and long-term financial plan;
- S123 – Annual business plans and budgets - development, content requirements, consultation, review and availability of annual business plan and budget
- S127 – Financial statements – preparation, content, auditing and availability of the financial statements;
- S131 – Annual reports – preparation, content, distribution and availability of the annual report

Additional requirements are contained in the *Local Government (General) Regulations 2013* and the *Local Government (Financial Management) Regulations*.

➤ Risk Management Implications

Quarterly Council Performance Reporting will assist in mitigating the risk of:

Ineffective performance management and reporting processes leading to poor performance and/or loss of stakeholder confidence

Inherent Risk	Residual Risk	Target Risk
Extreme (4B)	Low (3E)	Low (3E)

Note that there are many other controls that assist in mitigating this risk. The quarterly performance reports are part of the current control suite and therefore there is no additional mitigating impact of this report.

➤ **Financial and Resource Implications**

The Corporate Planning & Performance Coordinator role, which coordinates the performance reporting function, is funded in the Governance & Performance Department budget.

Quarterly Council Performance Reporting assists in showing the financial and resource performance to plan as per the targets, initiatives and activities outlined in the *2021-22 Annual Business Plan*.

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

Providing integrated, consultative corporate planning and effective and transparent performance reporting to the Council and community has the potential to increase the level of trust and confidence in Council

➤ **Sustainability Implications**

Quarterly Council Performance Reporting assists in demonstrating the outcomes related to Council's economic, social and environmental initiative.

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

Consultation on the development of this report was as follows:

<i>Council Committees:</i>	Not applicable
<i>Council Workshops:</i>	Not applicable
<i>Advisory Groups:</i>	Not applicable
<i>External Agencies:</i>	Not applicable
<i>Community:</i>	Not applicable

The Quarterly Council Performance Report – Q3 2021-2 will be provided to the 26 April 2022 Ordinary Council meeting.

3. OPTIONS

As this is an information report, the Audit Committee is limited to receiving and noting the report however additional feedback can be provided to the Governance and Performance team for consideration of future enhancements for the 2021-22 FY reports.

4. APPENDIX

(1) *Quarterly Council Performance Report – Q3 2021-22*

Appendix 1

Quarterly Council Performance Report – Q3 2021-22

Quarterly Council Performance Report

Quarter 3 – 1 January – March 31 2022



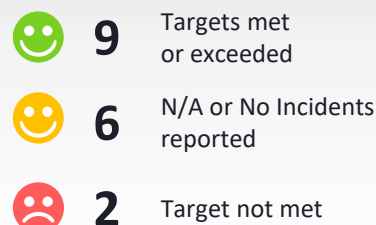
Table of Contents

1. Executive Summary	2
2. Adelaide Hills Council Major Projects	3
3. Performance by Strategic Goal	6
4. Customer Service Standards	20
5. Capital Works Performance	23
6. Quarterly Financial Performance	24

1. Executive Summary



Customer Service Standards



Capital Performance

\$3.3m of infrastructure delivered

\$5.6m of works ordered

The primary focus of this quarter has been on delivering capital renewal programs, as well and commencing construction on projects that were designed in Q1 of this Financial Year.

Highlights

- The development of Council's key corporate planning documents, the Long Term Financial Plan and the Annual Business Plan, has continued with consultation and contributions from across the organisation, including workshops with the Council Members in late January and early April.
- Significant IT projects have progressed within Council including:
 - Reporting functionality upgrades to the SkyTrust System to improve the Corporate Risk management module,
 - Further progression with the transition to the new Council website
 - Implementation of Phase 1 of the new payroll and HR system
- Public Toilet Upgrades completed for Stirling, Aldgate and Bridgewater
- Agreement for the progression of the bike track at Mylor Oval reached and works to commence 11 April 2022
- Presented two wellbeing workshops to CFS volunteers as part of the Community Resilience Program
- Partnered with private land owners and state government stakeholders to eradicate 6Ha of a giant gorse infestation which posed significant fire risk to Birdwood
- Over 12,700 inspections on Adelaide Hills properties were completed and 369 105F notices issued. Council has engaged a contractor to clear 19 properties for falling to take reasonable steps under the Fire and Emergency Services Act, and 12 expiations have been issued.

Risk and Challenges

- COVID-19 continues to be a challenge for the organisation where impacts are seen on staffing and service provision for those areas and positions in Council that cant be worked from home.
- Project delivery in some areas continues to be effected by availability of contractors

2. Adelaide Hills Council Major Projects

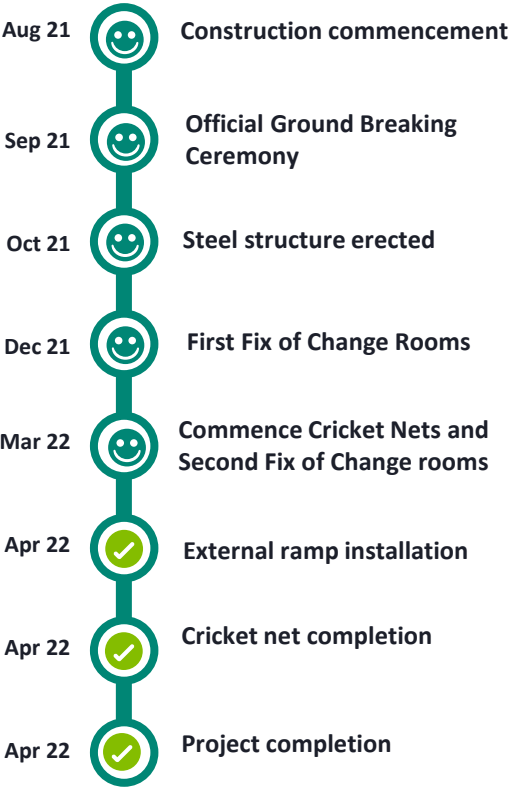
Heathfield Oval Change Rooms

Constructing new change rooms for Heathfield Oval to provide compliant male/female and umpire change room facilities in accordance with South Australian Cricket Association standards.

Latest News

Construction is progressing well. Internal and external works are on track for a completion on 30 April 2022.

Cricket Nets construction has commenced with the pouring of the slab and is also on track for a completion late April to coincide with the change room completion.



Heathfield Sports Courts Redevelopment

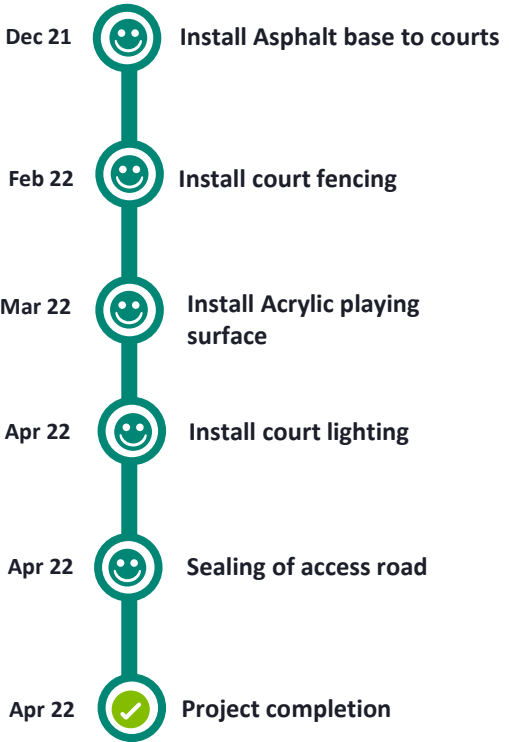
The Heathfield Sports Courts Redevelopment is being constructed in partnership with the Department of Education and the federal Government.

It aims to provide additional sporting facilities to the community, sports clubs as well as an improved amenity for the Heathfield School.

Latest News

The major components of the Sports Courts and associated works are complete.

Some minor works on fences still need to be completed to finalise the project.



Gumeracha Main Street Project

The Gumeracha Main Street Upgrade project will deliver a range of improvements, including underground power lines, a new storm water system, better pedestrian connectivity and a safer streetscape environment for Gumeracha’s ‘Village Heart’. This community streetscape project is delivered in close partnership with SA Power Networks, the Gumeracha Main Street Group and the Gumeracha Community Association.

Latest News

The streetscape upgrade works are complete

The Department for Infrastructure and Transport (DIT) will reseal Albert Street by the end of this financial year.



FABRIK Development

The FABRIK Development Project will involve upgrading and enhancing the former Onkaparinga Woollen Mills site at Lobethal. The new building will provide an exciting and focused entry point to the site that will enable staff to promote the history of the site, the current uses and businesses within the location and then direct visitors to various buildings from a central location.

Latest News

Documentation was submitted by Council staff to obtain Building Rules Consent in March 2022, and Building Rules consent is anticipated in May 2022. Full development approval is anticipated to be received in May or early June 2022.

Tenders for the construction works were advertised on Friday 11 March 2022 and the first tender site meeting was held on Thursday 17 March 2022. A second tender meeting will be held on Tuesday 5 April 2022.



Lobethal Bushland Park Masterplan Implementation

- Lobethal Bushland Park (LBP) Masterplan goals are:
- Biodiversity protection, conservation, restoration and enhancement
 - To promote community health, wellbeing and education
 - Maintain the 'local' feel of Lobethal Bushland Park whilst improving the function and amenity for all

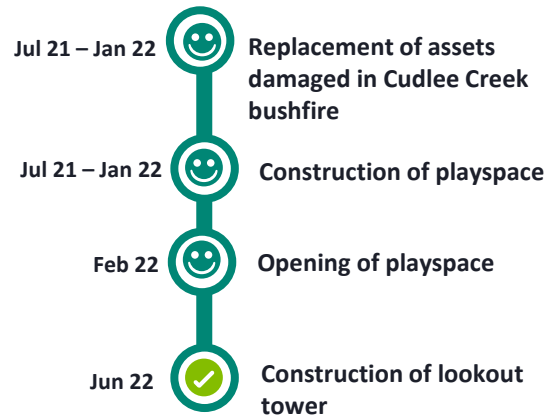
Latest News

Replacement of infrastructure – The additional boardwalk to be completed before the end of the financial year. Additional park entry signage has been completed and installed.

Weed Management – all weed management for this year has been completed

Lookout Tower – Planning and approvals under the Native Vegetation Act for upgrade to existing Lookout Tower has been obtained. Approval has been granted by the Minister for Environment to undertake the activity in a Heritage Agreement.

Play space - The Bushland Park Playspace is completed and was opened to the public on 24 February 2022.



2. Performance by Strategic Goal

A functional Built Environment

Highlights

- ✓ **New and Upgrade Footpath Program**
 - Completed projects include Braeside Avenue and Gould Road, Stirling; Albert St, Gumeracha; and Morella Grove, Bridgewater
 - A project currently under construction is Churinga Rd, Aldgate
- ✓ **LED Public Lighting Installation - main road street lighting**
 - Quotes received for main streets lights in Aldgate, Uraidla and Summertown and under assessment.
- ✓ **Aldgate Main Street amenity upgrade**
 - "PlotWorks" have been engaged as a contractor with works expected to commence in May
- ✓ **Lobethal Old Woollen Mills site**
 - Engineering studies relating to the structural condition of the Stormwater culvert and buildings contained over this culvert has been completed and a draft report presented. The final engineering report was completed by 31 March 2022.
 - Negotiations with the remaining tenant for the sale/purchase of their tenancy area can be reinitiated after receiving the final engineering report
- ✓ **Building Upgrades**
 - Upgrade and maintenance works have been undertaken to Stirling Offices, Uraidla Hall, Woodside Hall, Stonehenge tennis courts, Bridgewater Sports & Social Club, Crafers Hall, and Stirling Theatre.
- 😊 **Public Toilet Upgrades – Stirling, Aldgate and Bridgewater**
 - All works have now been completed.
- ✓ **Strategic Assets**
 - Council adopted its Bridge Asset Management Plan
 - The CWMS Fee adjustment was provided back to customers.
- ✓ **Parking and By-Laws**
 - Council's Regulatory Services team is continuing to patrol all high use parking area including schools, shopping carparks etc. In this quarter Council has issued 19 parking expiations, Council has noticed that there is far less cars using parking due to working at home.

Risks & Challenges

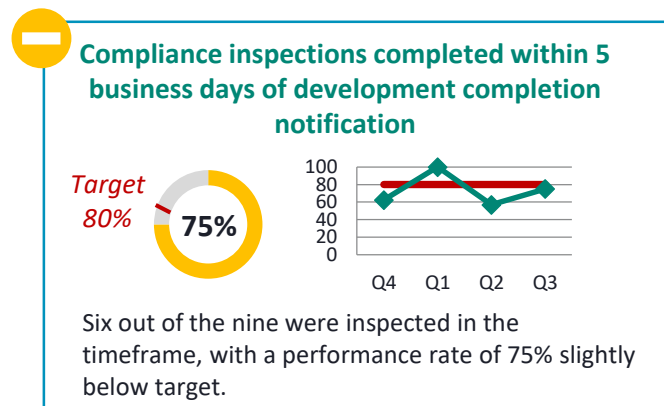
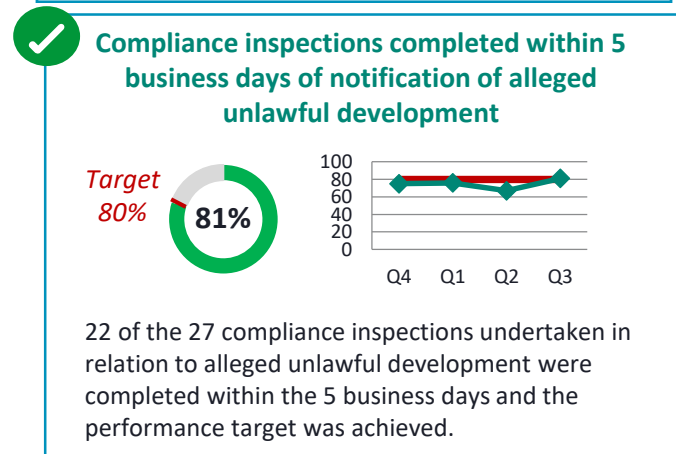
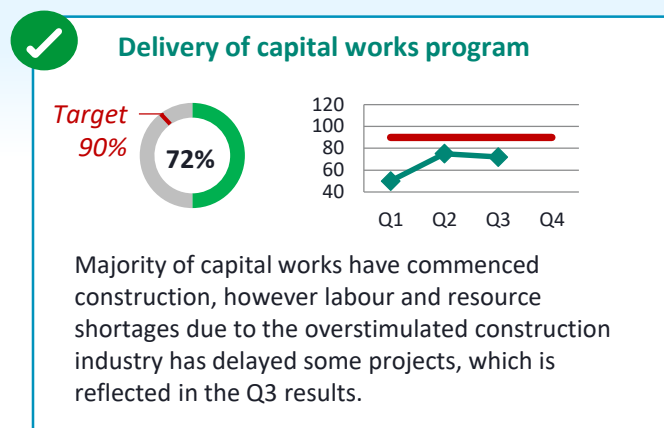
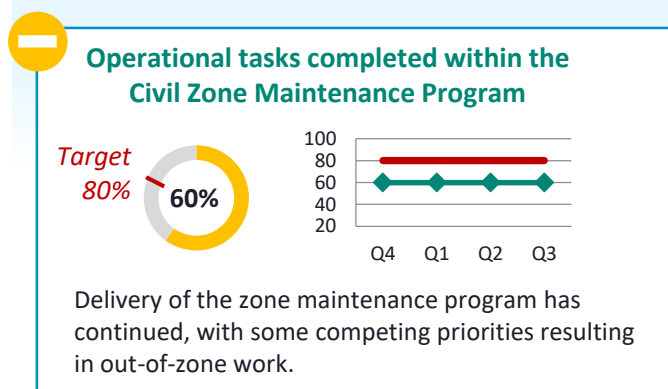
- ✗ **Transition to the Planning, Development & Infrastructure Act (PDI Act)**
 - 96% of the project has been completed. Further Council Policies relating to Development Assessment have been reviewed, with one remaining Policy scheduled for review before 30 June 2022.
 - The backup system being developed by AGD for access to data for business continuity during system outages has progressed to a draft system.
- ✗ **Asset Management Plans for Buildings**
 - Delay in completing review of buildings due to competing priorities. The review is now complete with tender expected to be released in April.
- ✗ **Energy Upgrades, Battery & Efficiency Actions**
 - Property and Sustainability Audit tender documentation is being prepared to enable the identification and prioritisation of building works to improve energy and water efficiencies.
 - Tender documentation has not been finalised or released for tender as yet
- ✗ **Installation of further EV charging stations**
 - EV charging stations will be installed for Council vehicles only with an initial charger being installed at the Heathfield Depot in 2022-23.

Risks & Challenges *Continued....*

- ✗ **Local Heritage Grant Fund**
 - During Round 3, five grant applications were received, with only three of those projects progressing to a tentative shortlisting.
 - The reduction in grant applications for this round is notable, with previous rounds being full or over-subscribed (up to a total of eight).
- LRCIP - Upper Sturt Road Walking Path**
 - Boundary survey complete - negotiations underway with land owner on land transfer/ swap.
 - Department for Infrastructure and Transport comments being sought on potential road reserve opening and closing as part of land transfer.

- ✗ **Purchase of Electric Vehicles cars for fleet**
 - Vehicles currently on order - Delays in getting new vehicles delivered due to pandemic
- ➔ **Integration of Development Assessment Systems**
 - Project on hold waiting on outcome of PlanSA system enhancements, including progression of DA Lite backup information system

Performance Indicators



Legend: ✅ = Target Met ⚠️ = Target not met

Progress on Strategic Initiatives from the Annual Business Plan

Project ID	Strategic Initiatives	Status
B1001	Recreation Trails & Cycling Route Upgrades	✓
B1003	New Bus Shelter Installation Program	✓
B1004	New and Upgrade Footpath Program	✓
B1006	Crafrers Village Main Street Traffic Calming and Open Space Upgrades	✓
B2001	Federation Park and Oval masterplan implementation	—
B2002	Gumeracha Main street project - stage 2	😊
B2004	Gumeracha Main Street Stormwater	😊
B2005	Transition to the Planning, Development & Infrastructure Act (PDI Act)	✗
B2006	Local Heritage Grant Fund	✗
B2007	Integration of Development Assessment Systems	➡
B3001	Water reuse for Woodside recreation ground irrigation	😊
B3002	Implement irrigation systems (renewal / upgrades)	😊
B3005	Energy Upgrades, Battery & Efficiency Actions from new Carbon Management Plan	✗
B3006	LED Street lighting replacement	✓
B4006	Asset management – Additional System Licenses and Field Devices	😊
B4007	Asset Management Plans for Buildings	✗
B4009	Building Upgrades – minor	✓
B4011	Community Wastewater Management System Capacity Upgrades (Birdwood & Woodside gravity mains)	✓
B4014	Road Safety Program including co-contribution to Road Blackspot	✓
B4015	Installation of further Electric Vehicle charging stations	✗
B4016	Purchase of Electric Vehicles cars for fleet	✗
B4019	Aldgate Main Street amenity upgrade	✓
B4021	Merchants Rd slip repair	✓
B4022	Western Branch Creek erosion protection - design only.	✓

Progress on Strategic Initiatives from the Annual Business Plan

Project ID	Strategic Initiatives	Status
B4023	Bushland Park lookout tower	✓
B4024	Bridgewater Oval Drainage	✓
B4025	Play space Audit	—
B4026	Woodside Rec Ground - Driveway & Carpark Upgrade	—
B4027	Woodside Recreation Ground - Masterplan progression	✓
B4028	Aldgate Bridgewater Crafers Stormwater Master Plan	✓
B4030	Mill Road, Lobethal - School Crossing	✓
B4031	Public Toilet Upgrades – Stirling, Aldgate and Bridgewater	😊
B4032	Mount Barker Road, Aldgate ' Park and Ride'	➡
B4033	Upper Sturt Road Walking Path	✗
B4034	Strathalbyn Rd - Service road Sealing	✓
B4035	Hunters Road - Amenity Upgrade	😊
B4036	Mount Lofty Gardens - Lampert Road Safety Upgrade	✓
B4037	Birdwood footpath from kindergarten to playground	✓
B4038	Bus Stop replacement - main street Stirling	✓
B4039	Civil Services Cadet engineer	✓
B4040	Crafers to Stirling Bikeway Stirling	😊

Highlights

✓ Accessibility Planning

- Lunch Webinar was held for AHC staff involved with events, focused on DHS' new "Accessible and Inclusive Community Events Toolkit"
- An EOI process completed for disability access and inclusion advisors
- Access advice provided to project managers across the organisation
- Accredited access consultant has been engaged to review designs for proposed projects to improve accessibility and inclusion, including:
 - assessment of Woodside Pool access
 - review of concept plan for Aldgate Main St carpark upgrade
 - designs for new public toilet block at Gumeracha
 - Aldgate footpath upgrade and public toilet audit
 - built environment surrounding Fabrik
 - accessible parking at Bushland Park in Lobethal
 - Stirling library / lawns signage upgrades

✓ Community Resilience and Readiness program

- Woodside have completed their participation in the Australian Red Cross's four part workshop series "Community Led Emergency Resilience" (CLER).
- Presented two wellbeing workshops to CFS volunteers
- Coordinated three training sessions for staff on understanding and managing emotions caused by traumatic events
- The network have had presentations from CFS, DRA, Community Bushfire Legal Program and State Recovery.
- Refined Council webpage content for Readiness, Resilience and Recovery.
- Part funding from the Black Summer Bushfire Recovery Grants program has been awarded to establish a "Recovery Ready Halls" project which will fund upgrades to community infrastructure to increase local capacity to support community recovery post emergencies.

✓ Gumeracha Library upgrades

- Initial research underway to determine the community's library collection and spatial needs to inform design concepts and layout.

✓ Regional Health Planning Initiatives

- "Assessment of the state of public health of the S&HLGA region and individual councils (Jan 2022)" sent to Working Group in January
- Strategic Workshop held with Working Group in January. Feedback Summary Report and recommended vision, priority groups, goals and focus areas for collaboration sent to Working Group for comment on 22/02/22
- Online planning workshops with relevant staff at each of the 6 constituent councils. Total of 52 staff across 6 councils participated.
- First draft prepared and delivered to Working Group for review and final changes before submitting to Minister to endorse for consultation purposes

✓ Reconciliation Action Plan (RAP) initiatives

- The 2nd Term of the AHRWG has been appointed and met for the first meeting 30 March.
- *Aboriginal Place Naming Action Plan* has been adopted by Council.

✓ Activation Arts & Heritage Hub

- The exhibition "Retelling" was presented as part of the Adelaide Fringe Festival with 320 visitors attending over 14 days and total retail sales of \$4,769. The exhibition showed the work of seven textiles artists and works from the collection of the SA Embroiderers Guild.

✓ Grow our involvement in the Women's Tour Down Under

- The Festival of Cycling was run successfully on the day with a great turnout and support shown for the Women's Stage 3 Start and Finish in Lobethal on Tuesday 25 January. We are awaiting the official Event Report from SATC.

✓ Support for small community events

- The Events team was busy with many small community events returning in Q3 including Australia Day services at Stirling, Woodside, Gumeracha and Uraidla. Council supported the Lobethal Bushland Park celebration, Economic Development's Home Based Business events and a Birdwood Community Forum.

Risks & Challenges

- ✗ **The Summit Community Centre Natural Amenity Space**
 - Still waiting on finalised quote from contractor.
 - Have contacted two other contractors to quote in the event this project is put further behind due to other works.
 - Recycled pavers are onsite ready to go.
 - Planter boxes, cement and poles are ready for collection, festoon lighting purchased and ready to be installed.
- ✗ **Bridgewater Court Resurfacing**
 - The Club were successful in obtaining \$32k from Office of Recreation and Sport. The Club are working closely with AHC to deliver the project.
 - The project has been broken into 2 stages. Stage 1 to repair the bitumen before 30 June, and then Stage 2 to complete the re-surfacing.
 - The club will be engaging contractors, with AHC overseeing project.
- ✗ **Public Art (including Acquisition)**
 - Public Art Strategy draft to go to Council workshop and subsequent Council meeting by June.
 - Public Art Project "Reflections of Home" will result in a sculpture installed at Bushland Park Lobethal by July 2022
- ✗ **Capital Divestment – Old Woollen Mills Site**
 - Physical and legal separation into new titles will occur if a final agreement can be reached with the remaining tenant for the purchase of their tenancy area.
 - Review and potential renegotiation of the sale price will need to be completed due to the 12 month delay on sale resulting from the requirement to undertake the complex engineering study of the culvert and its structural integrity.
 - Further detailed discussions are proposed now that the Culvert report is finalised and a method agreed for any remediation works required within the culvert or Building structures over the culvert.

Performance Indicators

✓

Positive ageing wellbeing score

Average level of self-determined wellbeing of program participants reviewed in the quarter.

Target 7

6.9

Quarter	Target	Result
Q4	7	6.8
Q1	7	6.7
Q2	7	6.9
Q2	7	6.9

The wellbeing score has stayed steady this quarter, the warmer weather and longer days usually see people engage in more social activities/connections. The positive comments listed in the wellbeing report which these statistics are taken from have related to the social connection, people being supported to live in their own home and their own personal life view of gratitude/positivity.

—

Number of volunteer hours contributed to AHC programs each year

Target 4,800

XX

Quarter	Target	Result
Q1	4800	4200
Q2	4800	3800
Q3	4800	4800
Q4	4800	4800

XX.

11

Legend: ✓ = On Track — = Not Started ➡ = Deferred ✗ = Behind Schedule 😊 = Completed ✓ = Not a Strategic initiative

Progress on Strategic Initiatives from the Annual Business Plan

Project ID	Strategic Initiatives	Status
C1001	Accessibility Planning - Staffing	✓
C1002	Accessibility Planning materials	✓
C1003	Mylor BMX - Pump track at Sherry Park	✓
C1004	Gumeracha Library upgrades	✓
C1005	Stirling Region Skate Park	—
C2003	The Summit Community Centre Natural Amenity Space	✗
C4001	Community Wellbeing Indicators - staffing	✓
C4002	Regional Health Planning Initiatives - Staffing	✓
C4004	Gumeracha Court Resurfacing – Federal Government Community Development Grant Funding	✓
C4006	Play Space Upgrades	✓
C4009	AHC contribution to Heathfield High School Sports Court Redevelopment	✓
C4017	Bridgewater Court Resurfacing	✗
C4018	Community Resilience and Readiness program	✓
C4019	Heathfield Oval Changeroom Upgrade	✓
C4020	Play space upgrades at Lobethal Bushland Park	✓
C5001	Reconciliation Action Plan (RAP) initiatives	✓
C5002	Aboriginal Cultural Centre development	✓
C6001	Fabrik activation - Capital	✓
C6002	Capital Divestment - Sales Revenue	✗
C6003	Capital Divestment - Capital Cost	✗
C6004	Activation Arts & Heritage Hub - Operating (Income)	✓
C6005	Activation Arts & Heritage Hub - Operating (Expenditure)	✓
C6006	Grow our involvement in the Women's Tour Down Under	✓
C6007	Support for Small Community Events	✓
C6009	Public Art (including Acquisition)	✗

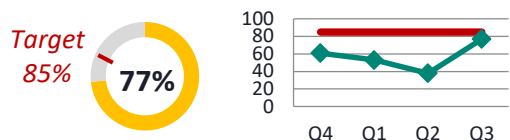
Highlights

- ✔ **Expression of interest process related to 'Free' Camping Sites in the district**
 - The Free Camping Expression of Interest process has been seeking submissions between December and February. Seven groups have engaged with the process, six community recreation ground committees and one private business. Two completed applications have been received.
 - The assessment of these applications has commenced with a report planned to go to Council at its April meeting.
- ✔ **Review and upgrade Council signage and branding**
 - Banners are now installed at the Woodside site.
 - We are working on new designs for Stirling Library and offices that can be replicated in other customer service offices and meet our goals in regards to access and inclusion.
 - New signs placed at Bushland Park, and Federation park including a plaque at the Skate Park.
- ✔ **Business Workshop**
 - AHC hosted a second networking event for Home Based Businesses. This series of events is being held in response to information provided by the Business Survey undertaken in 2021. The event was attended by 8 businesses who all actively engaged with the networking opportunity.
- ✔ **Amy Gillet Bikeway**
 - Council received funding under the Bushfire Recovery Fund to upgrade signage on the Amy Gillet Bikeway and to activate resting locations. The project is proceeding with the signage being ordered and its installation commencing. The activation of sites at Gillman Rd and Charlestown is also underway.
- ✔ **Place making program to shape, activate and coordinate community place making**
 - Focus during the quarter has been on further support for the Crafers Pocket Park upgrade in particular stakeholder engagement and design advice.
 - Ongoing engagement with Imagine Uraidla has continued. Recently the Committee informed staff that they will embark on a process through 2022 to engage their community and businesses. This will be a community led project with in-kind support being offered. The process will seek to establish a vision and a set of strategic priorities for the township and surrounds.
 - Other project inputs have included: Aldgate bus stop and accessibility upgrades and Stirling verge upgrade (adjacent to Hokey Pokey Laneway).
- ✔ **Business Associations**

Council has continued to support local business associations. Stirling Business Association with Council support has nominated for a Tourism Town of the year award. The new Gumeracha Business Group Unwind is planning to hold a networking event.

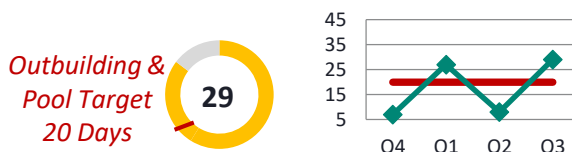
Performance Indicators

Percentage of planning consents completed within statutory timeframes



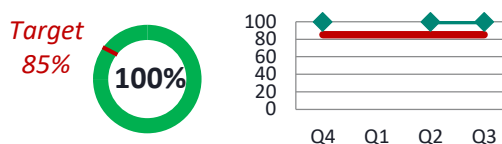
PlanSA have recently produced a new Report in the Portal for Planning and Land Division Consents which provides accurate reporting. Whilst the target was not met, there has been a solid improvement on performance between Q1 and Q3, with 132 of 171 decisions in new system made within the timeframe or 77% in Q3. Of the 18 applications approved in the old system in Q3 10 of these were determined within the statutory timeframes (55%). Most of the applications that did not meet the timeframe were ones of a complex nature that involved public notification and agency referrals and two were for non-complying development.

Average number of days for applications to be approved - building consent



We are currently unable to accurately report on this indicator due to discrepancies with data management in the new State system. Enhanced reporting is being worked on by PlanSA to provide accurate reporting on decisions within statutory timeframes in the new system.

Percentage of new development application decisions upheld in Council/CAPs favour under appeal



There were two new Appeals lodged this quarter. One decision was upheld (CAP decision) & one is ongoing and yet to be determined.

Legend: = Target Met or N/A = Target not met = N/A – cant be assessed

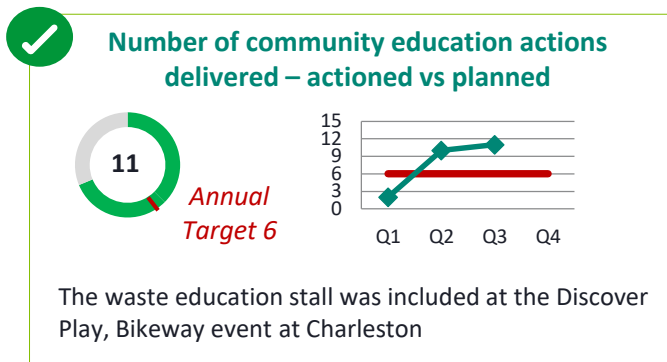
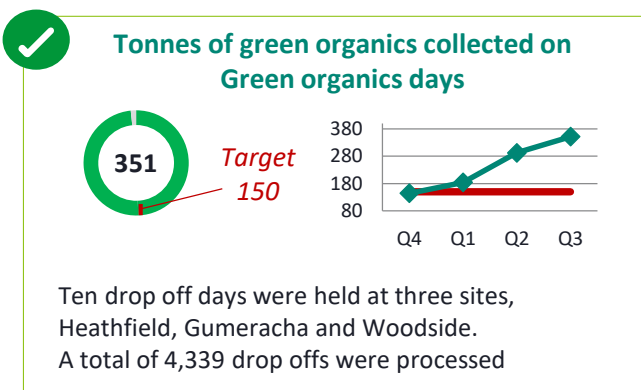
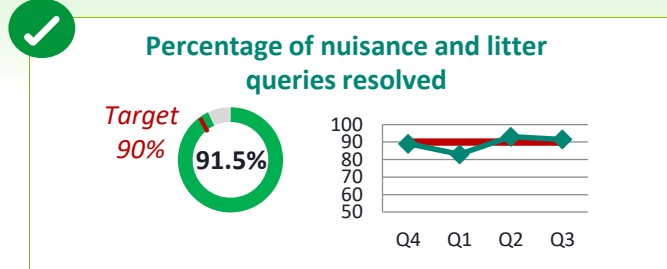
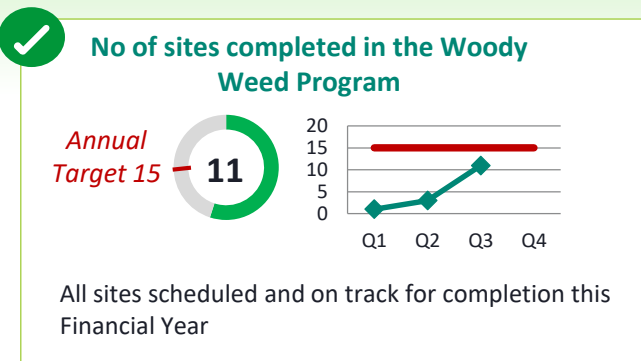
Progress on Strategic Initiatives from the Annual Business Plan

Project ID	Strategic Initiatives	Status
E1003	Undertake an expression of interest process related to the level of interest and viability of 'Free' Camping Sites in the district	
E2001	Review and upgrade Council signage and branding	
E2002	Place making program to shape, activate and coordinate community place making	
E4001	Additional Tree Safety Work required to support the Tour Down Under	
E4002	UNESCO World Heritage Bid	

Highlights

- ✓ **Develop and review Council Management Plans for high value reserves**
 - Contractor engaged for Management Plan to be developed for Aldgate Valley Wildlife Corridor, due by June 30.
- ✓ **Resilient community facilities and open space including water fountains**
 - Further discussions have resulted in the installation of a shade structure at the Lenswood playground and an initial investigation into a water fountain at the Balhannah dog park. The intention is to roll out climate change adaptation actions concurrently with the playground framework and open space upgrades.
- ✓ **Post prescribed burn weed management**
 - Seven out of the 10 sites have been completed with last three to be completed before end of year.
- ✓ **Fire Prevention**
 - Council's Regulatory Services team have completed both the initial inspections as well as the follow up inspections on properties for fire danger season. Over 12,700 inspections on Adelaide Hills properties were completed and 369 105F notices issued.
 - So far Council has engaged a contractor to clear 19 properties for falling to take reasonable steps under the Fire and Emergency Services Act. Council Rangers have issued 12 expiations.
- ✓ **Waste**
 - Council assisted residents with disposal of waste collected as part of Clean Up Australia Day.
 - A waste and recycling education stall formed part of the Discover, Play Bikeway Event along the Amy Gillett Bikeway.
 - Ten green organic drop off days were held providing free disposal of green waste for residents.
 - The second of Council's new waste and recycling educational videos, 'Recycle Smarter', was completed.
- ✓ **Undertake Kerbside Waste Audits**
 - Audits will be undertaken on selected roads in the Lenswood, Woodside and Balhannah areas of blue bins to determine the volume of organic material (including food scraps) in the waste bin.
- ✓ **Heritage Agreements for land under Council's care and control**
 - Still awaiting rededication of Heathfield Stone Reserve to Conservation Reserve from Lands Title Office.
 - Mi Mi Reserve has significant encroachment on to Crown Land. Biodiversity Officer working through resolving an agreed process to progress this application.
 - Heritage Agreement Applications lodged for Stock Road and Carey Gully Water Reserve
- ✓ **Biodiversity**
 - Two prosecutions under the Local Government Act for unauthorised native vegetation clearance.
 - Grant of \$10,000 won for Supporting Woodland Bird Habitat at Mylor Parklands.
 - Grant of \$10,000 won for Pest Plant Control at Woorabinda Bushland Reserves.
- ✓ **Sustainability**
 - Continuing to progress actions to reduce the use of single-use plastics across the Council.
 - Prepared a project brief for tender for the Council recreation sites that use bore water to undertake an audit and determine water efficiency measures.
 - Commenced an investigation into the electrical capacity of Council's main facilities for electric vehicle charging stations.
 - Organised the consolidation of solar PV monitoring of all Council's systems through an online platform - Solar Analytics which will provide information on the solar generation, energy used and any maintenance issues.
 - Held an online solar PV panels and battery storage webinar for community members presented by Tandem Energy.

Performance Indicators



Legend: = Target Met = Target not met

Progress on Strategic Initiatives from the Annual Business Plan

Project ID	Strategic Initiatives	Status
N1003	Long Term Strategic Tree Planting Program	
N1004	Strategic Tree Planting - Avenue of trees	
N1005	Internal resourcing of Tree Team	
N2002	Heritage Agreements for land under Council's care and control	
N2003	Native Vegetation Marker Program to protect and manage roadside vegetation	
N2006	Develop and review Council Management Plans for high value reserves	
N2008	Develop informative and attractive signage in Council reserves/playgrounds	
N2010	Post prescribed burn weed management	
N3001	Local Climate Adaptations for landscape conservation	
N3002	Resilient community facilities and open space including water fountains	
N5001	Undertake Kerbside Waste Audits	



Highlights

- ✓ **Update of Business Continuity Plan (BCP) and implementation**
 - Departmental managers have completed the Maximum Acceptable Outage analysis for each of the Council's service areas. The resulting critical functions will be subject to further analysis (Critical Function Plan - CFP) for inclusion in the draft BCP.
- ✓ **Resource to manage Skytrust (WHS system) implementation**
 - Work is progressing against the WHS Action Plan requirements for the Training Needs Analysis preparation.
 - Progress in the WHS Improvement Plan includes the implementation of updated procedures and new implementation plans that include online training modules that will be run through Skytrust.
- ✓ **Cemetery mapping and imaging**
 - Cemetery Management System has gone live and drone imaging and memorial imaging will be imported once completed and checked
 - There has been some delay in undertaking memorial photos due to limited availability of contractors to undertake the work
- ✓ **Council Member Honour Boards**
 - Market analysis has been completed for the honour boards and Mayoral collar with procurement to commence next quarter.
- ✓ **Organisational Development & Work Health and Safety**
 - We have 'gone live' with phase 1 of our new payroll and HR systems.
 - Key focus this quarter was progressing the update of our WHS procedures.
- ✓ **New council website and e-services**
 - SimpleGov were awarded the contract and development of the new website has commenced with background planning and preparation occurring in January/February and content migration commencing in March.
 - An update will be provided to Council Members in May with Go Live scheduled for June 2022.
- ✓ **Customer experience improvement projects**
 - Continued collaboration with other departments to enable improvements in customer communication and service.
 - Complaint Handling has been a major focus this quarter with a new CRM Complaint Handling Form to be released at the end of the Quarter. This will enable us to highlight and improve the way we manage our complaints.
- ✓ **Service Review Framework Development**
 - The consultant has been engaged to conduct the 2021-22 Service Review on the Civil Services Maintenance function, and fieldwork has commenced.
- ✓ **Develop or respond to Boundary Reform Proposals**
 - A watching brief continues on the Woodforde/Rostrevor proposal. There was a media report in February that the lodgment of the Stage 2 submission was imminent however this has not been confirmed.
- ✓ **Unmade Road Review**
 - Updates to Outdoor Dining Policy and Alteration and Occupation of Road Policy undertaken and adopted by Council.
 - A number of road closure/exchanges have been completed with a number still progressing.

Risks & Challenges

- ✗ **Corporate Plan Review**
 - Planning for the Corporate Capability Plan has commenced, with completion expected to go over into the Q1 of the next financial year.
- ✗ **Cyber & Systems Security - Program Management**
 - The LGITSA Cyber Security Framework has now been drafted and is undergoing sector wide consultation. AHC will align the Cyber Security Plan to the framework once adopted formally.
 - Also rescoping of the activities in the Cyber Security Plan has been completed and work with consultants is to commence in April 2022.

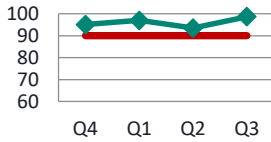
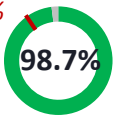


Performance Indicators



Decisions (Council resolutions) considered in open Ordinary and Special Council meetings during the period

Target 90%

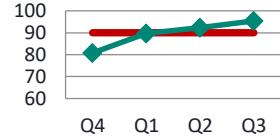
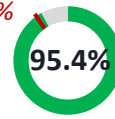


Council considered one confidential item during the quarter.



Council member attendance at ordinary and special meetings for the period

Target 90%

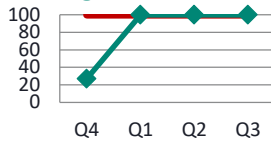


There were three ordinary and two special meetings in the quarter with one leave of absence, one apology and one absence.



Freedom of Information (FOI) requests completed within the legislated timeframe

Target 100%

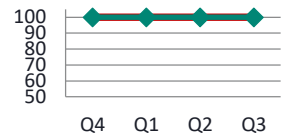


Four ongoing from previous quarter.
Eight received during this quarter with eight completed. All completed/being completed within legislative timeframes.



Percentage of Ombudsman investigations upholding Council's decisions

Target 100%



Of the three Freedom of Information (FOI) Internal Reviews, two were completed in favour of original outcome, and one just received yet to be determined. One Ombudsman FOI External Review - final determination in Councils favour. One South Australian Civil and Administrative Tribunal ongoing - just received yet to be determined.



Number of lost time injuries

Annual Target

0

Actual

2



Employee Turnover

Annual Target

7-15%

Actual

5

The assessment against the target figure will only be realised at the end of financial year. Across the year a rolling update is provided.



Progress on Strategic Initiatives from the Annual Business Plan

Project ID	Strategic Initiatives	Status
O1001	Resource to manage Skytrust (WHS system) implementation	✓
O1002	Update of Business Continuity Plan and implementation	✓
O1003	Heathfield Resource Recovery Centre (HRRC) - Concreting of Bays	✓
O1004	Heathfield Resource Recovery Centre (HRRC) - Pedestrian movement safety upgrade	✓
O2001	New council website and e-services	✓
O2003	Customer experience improvement projects	✓
O2004	Customer Experience Training	✓
O2006	Cemetery mapping and imaging	✓
O3001	Service Review Framework Development	✓
O4003	Develop or respond to Boundary Reform Proposals	✓
O4004	Council Member Honour Boards	✓
O5001	Local Government legislative reform proposals	✓
O5003	Corporate Plan Review	✗
O5005	Resource to manage building & swimming pool compliance inspections	✓
O6002	Cyber & Systems Security - Program Management	✗

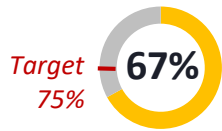
3. Q2 Customer service standards

5.1 General Customer Standards

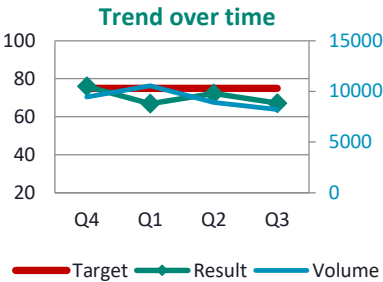
Answering Incoming Phone Calls

Volume of calls = 8,227

Contact centre calls answered within 30 sec



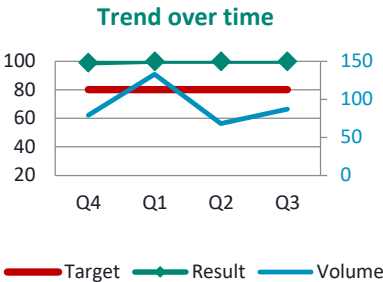
Although target not met, 79% of calls were answered within 90 seconds
Average handling time



Updating Customer Details

Volume of updates = 87

Details updated within 5 days

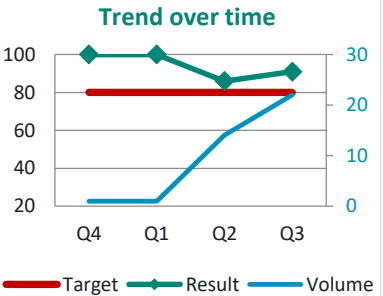


5.2 Service Specific Standards – Time Based Indicators

New Event Applications

Volume of applications = 14

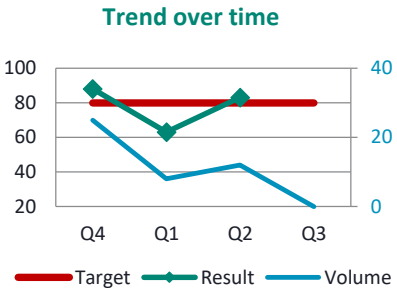
Acknowledgement of receipt within 5 days



Illegal Burning Complaints

Volume of complaints = 0

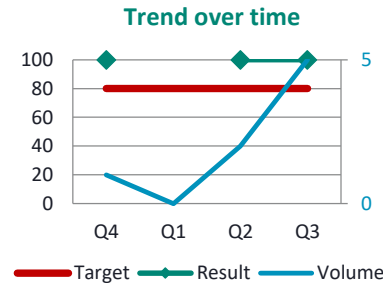
Investigated within 24 hours



Health Complaints

Volume of complaints = 5

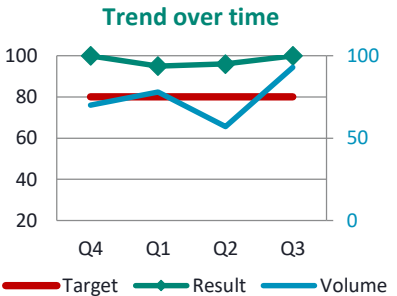
Investigated within 24 hours



Illegally Dumped Rubbish

Volume of reports = 93

Rubbish removed within 3 days



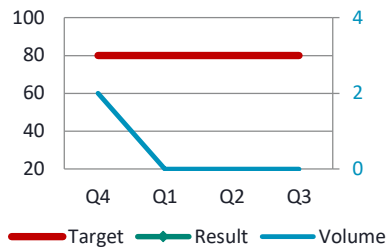
Library Services

Volume of requests = 0

Response to requests to purchase materials within 10 days



Trend over time



Dog Attacks

Volume of attack reports = 3

Response within 24 hours



Trend over time



Wasps

Volume of reports = 248

Investigate and action within 7 days



Trend over time



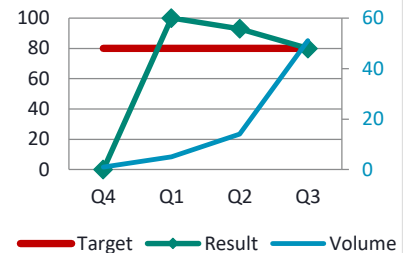
Development Applications

Volume of applications = 51

Approval of fast track development applications within 28 days



Trend over time



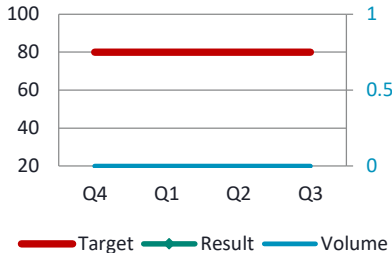
Missed Bins

Volume of requests = 0

Missed bins collected within 2 days



Trend over time



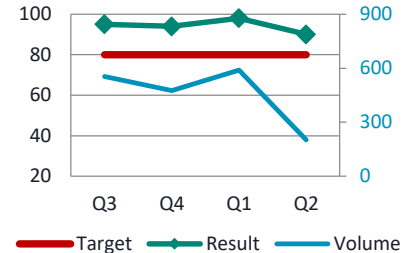
Request for Bin Repair or Replacement

Volume of requests = 202

Requests actioned within 7 days



Trend over time



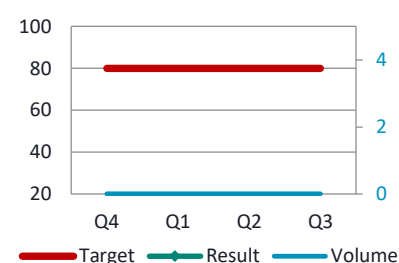
Footpath Repairs - Hazardous

Volume of repairs = 0

Responded and made safe within 24 hours



Trend over time



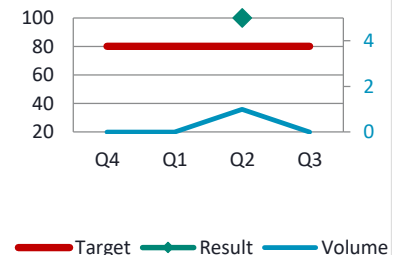
Road Repairs - Hazardous

Volume of repairs = 0

Responded and made safe within 24 hours



Trend over time

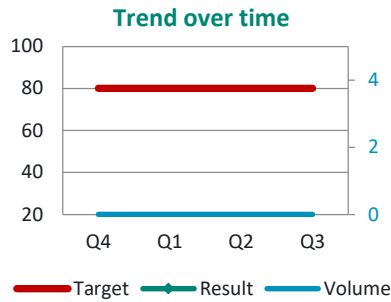


Stormwater Repairs - Hazardous

Volume of reports = 0

Responded and made safe within 24 hours

Target 80%
No Incidents

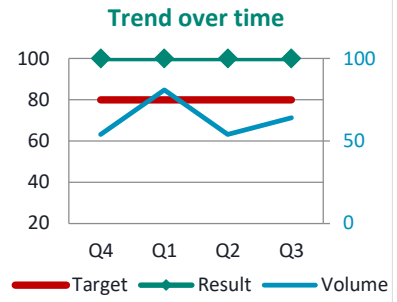


Trees - Hazardous

Volume of reports = 64

Responded and made safe within 24 hours

Target 80%
100%

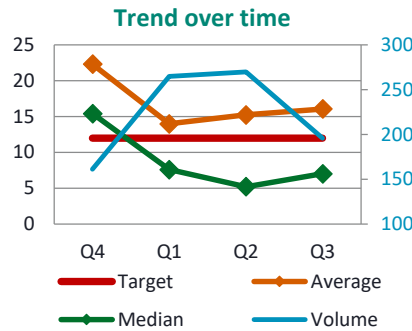
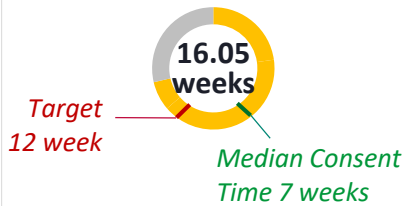


5.3 Service Specific Standards – Other Indicators

Development Applications

Volume of planning consents = 196

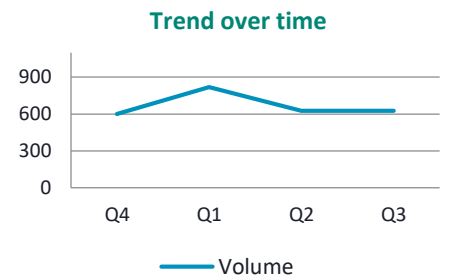
Average consent time from date of receipt



The average in the Plan SA system is 9.3 weeks

Low Risk Infrastructure Requests – Number of New Requests

Volume of new requests = 661



Low Risk Infrastructure Requests – Average Time to Resolve

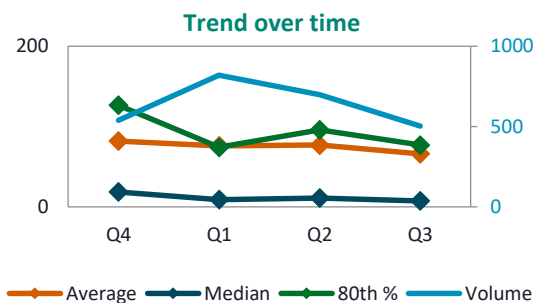
Volume of Requests = 502

Resolution time of requests

Average = 66 days

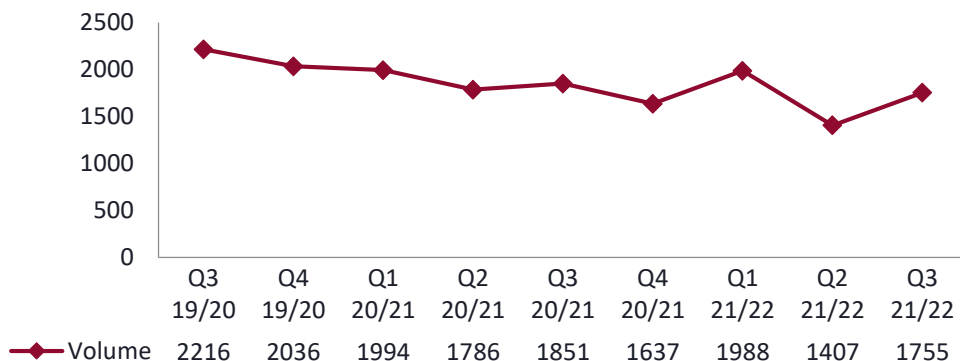
Median = 7.5 days

80th Percentile = 76.99 days



Overall Volume of Requests

Trend in volume of requests/customer cases for which there is an adopted service standard, excluding the volume of phone calls



3. Capital Works Program

Quarter 3 of 2021-21 FY represents the consolidation of the 2021-22 Capital Works Program, with \$3.28M of infrastructure delivered during this period and another \$5.59M of works ordered. The primary focus of this quarter has been on delivering capital renewal programs, as well and commencing construction on projects that were designed in Q1 of this Financial Year.

Highlights

- Works on the Gumeracha Main Street streetscape reached practical completion, and was especially well received by the community.
- The Gumeracha Tennis Courts renewal and upgrade was completed, with new fencing and acrylic surface.
- The new Lobethal Bushland Park nature play was opened to the public.

What's Next

- Completion of the Heathfield Oval Change Rooms,
- Completion of the Heathfield High School Netball Courts,
- Commence construction of the Crafers Pocket Park,
- Continue delivery of playspace renewal and upgrade at Lenswood and Greenhill.

Financial Performance by Asset Category (preliminary numbers)

Asset Category	YTD Actuals \$'000s	YTD Budget \$'000s	YTD Var fav / (unfav) \$'000s	Annual Budget \$'000s
Bridges	44	113	68	280
Buildings	955	1,648	694	3,619
Cemeteries	14	22	9	94
CWMS	131	123	(7)	307
Footpaths	1,262	1,364	103	2,002
Guardrails	51	48	(2)	54
Kerbing	74	90	16	224
Local Roads & Community Infrastructure Program (LRCIP Phase 1)	113	103	(10)	103
Local Roads & Community Infrastructure Program (LRCIP Phase 2)	814	1,392	578	1,477
Other - Ret Walls, Str Furniture & Bus Stops	133	217	84	523
Roads	1,436	1,613	177	4,320
Sport & Recreation	2,519	2,403	(116)	4,144
Stormwater	387	529	142	796
Fleet	921	1,305	383	3,056
ICT	306	473	167	851
Library	3	12	9	15
Plant & Equipment	14	45	31	118
	9,175	11,501	2,326	21,982

4. Financial Performance

Overall Funding Statement as at 31 March 2022

Note: These figures are preliminary only. The fully reconciled figures will be presented to Council as part of the Budget Review report.

	YTD Actual	YTD Budget	YTD Variance	Revised Budget
	\$'000	\$'000	\$'000	\$'000
Total Operating Income	47,812	47,547	● 265	51,692
Total Operating Expenditure	30,372	31,526	● 1,153	50,145
Funding surplus before Capital	17,440	16,021	● 1,419	1,547
Capital Expenditure	9,175	11,501	● 2,326	21,982
Capital Income	3,095	2,529	● 566	7,743
Net expenditure - Capital projects	6,080	8,971	● 2,892	14,239
Net Lending / (Borrowing) Result for Year	11,360	7,050	● 4,310	(2,571)

Adelaide Hills Council Operating Summary By Directorate as at March 2022				
	YTD Actuals \$'000s	YTD Budget \$'000s	YTD Var fav / (unfav) \$'000s	Revised Budget \$'000s
Income				
Community Capacity	1,795	1,798	● (2)	2,191
Corporate Services	40,852	40,728	● 125	41,638
Development & Regulatory Services	1,152	1,094	● 58	1,311
Infrastructure & Operations	4,012	3,928	● 84	6,552
Income Total	47,812	47,547	● 265	51,692
Expenditure				
Community Capacity	5,558	5,854	● 296	7,787
Corporate Services	7,700	7,910	● 209	7,886
Development & Regulatory Services	2,923	3,013	● 90	3,987
Infrastructure & Operations	14,191	14,749	● 558	30,486
Expenditure Total	30,372	31,526	● 1,153	50,145
Operating Surplus (Deficit)	17,440	16,021	● 1,419	1,547



Adelaide Hills
COUNCIL

MORE INFORMATION



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**ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
Wednesday 20 April 2022
AGENDA BUSINESS ITEM**

Item: 7.3

Responsible Officer: Mike Carey
Manager Financial Services
Corporate Services

Subject: Rates Oversight Scheme

For: Information

SUMMARY

The *Statutes Amendment (Local Government Review) Act 2021* has caused amendments to S122 – Strategic Management Plans of the *Local Government Act 1999* (the “LG Act”) effective from 30 April 2022 to create the ‘Rates Oversight Scheme’ (the “Scheme”).

The designated authority (Essential Services Commission of SA) has recently (late March) prepared a *Draft Framework and Approach* and other documentation relating to information requirements.

The purpose of this information report is to give the Audit Committee an initial understanding of the Scheme, the key legislative provisions, timings and other implications.

RECOMMENDATION

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

1. BACKGROUND

Prior to the launch of the Local Government Reform Program (“LG Reform”) under the (then) newly elected Marshall Government (Aug 2019), there were two bills stalled in the SA Parliament (one Labor, one Liberal) proposing a scheme of rate capping.

An LG Reform Discussion Paper was released by Minister Knoll in August 2019 and proposed four key Reform Areas. The Reform Area relevant to this report was Reform Area 2 - *Lower Costs and Enhanced Financial Accountability*.

This Reform Area contained a number of proposals including, but not limited to: expanding the roles and membership of Audit Committees, enhancing LTFP content and consultation, the Auditor-General to audit councils, LTFP’s to require funding plans, Audit Committees to report to council if the proposed rate increase was above LGPI.

The LGA and many councils provided feedback on the discussion paper and in 2020 the Minister introduced the *Statutes Amendment (Local Government Review) Bill 2020* in Parliament. Again there was considerable lobbying by the LGA and councils and in June 2021 the *Statutes Amendment (Local Government Review) Act 2021* (the “Amendment Act”) was passed.

While a number of the proposals in the Reform Area 2 Discussion Paper made their way into the legislation such as the enhanced role and membership of Audit Committees (to be known as Audit & Risk Committees from 30 November 2023), other proposals fell away and a number of new provisions emerged.

One ‘new’ provision in the Amendment Act was the establishment of the Rates Oversight Scheme (the “Scheme”). The Scheme will come into effect on 30 April 2022.

2. ANALYSIS

➤ Strategic Management Plan/Functional Strategy/Council Policy Alignment

Strategic Plan 2020-24 – A brighter future

Goal 5	A Progressive Organisation
Objective O3	Our organisation is financially sustainable for both current and future generations
Priority O3.1	Ensure the delivery of agreed strategic plan requirements whilst meeting endorsed long term targets for a sustainable operating surplus and level of debt
Priority O3.2	Ensure that renewal of assets and the associated maintenance is based on current asset management plans which consider reviewed service levels and whole of life costing
Objective O5	We are accountable, informed, and make decisions in the best interests of the whole community
Priority O5.1	Enhance governance structures and systems to prudently adapt to changing circumstances and meet our legislative obligations

➤ Legal Implications

In June 2021 the *Statutes Amendment (Local Government Review) Act 2021* (the “Amendment Act”) was passed. Via a series of proclamations the majority of the 150 changes to the LG Act have now been given set commencement dates.

Relevant to this report, s122 – Strategic Management Plans was significantly amended to create the Scheme and the requirement for Funding Plans (see **Appendix 1** for an LGA information paper on the incoming changes).

Regarding the Scheme, in broad terms the new provisions which commence from 30 April 2022 entail:

- Every 4 years a council must provide ‘relevant matters’ (i.e. information relating to their LTFP & AMP) to the designated authority (ESCOSA)
- The designated authority will determine the schedule of councils to provide the information each year (the relevant financial year) in the four year cycle
- By 30 September (of the relevant financial year), the council must provide ESCOSA:
 - Material amendments to be made to LTFP & AMP and the council’s reasons for those amendments
 - Revenue sources
 - Other matter prescribed by regulations
- By 28 February (of that financial year), ESCOSA must:
 - Advise the council of the appropriateness of the ‘relevant matters’ regarding the LTFP & AMP
 - May provide advice in relation to other aspects of LTFP/AMP
- ESCOSA’s advice must have regard to the following objectives:
 - the objective of councils maintaining and implementing long-term financial plans and infrastructure and asset management plans;
 - the objective of ensuring that the financial contributions proposed to be made by ratepayers under the council's long-term financial plan and infrastructure and asset management plan are appropriate and any material amendments made or proposed to be made to these plans by the council are appropriate
- The council must ensure that the ESCOSA advice (and any response from the council to that advice) is published in draft and adopted ABP for the next financial year and each financial year until the council’s next cycle
- ESCOSA may recover from a council the costs incurred in performing its functions.

➤ **Risk Management Implications**

The preparation and maintenance of LTFP and AMP as required by the Act and Regulations will assist in mitigating the risk of:

Inability to discharge role and functions of a local government entity leading to a breach of legislation and loss of stakeholder confidence.

Inherent Risk	Residual Risk	Target Risk
Extreme (5C)	Medium (4D)	Medium (3D)

It ensures that financial resources are deployed in areas that align with Council’s Strategic Management Plans, and are sustainable.

Ensuring that Council fulfils its Rates Oversight Scheme legal obligations in accordance with the provisions of s122 will assist in mitigating the risk of:

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

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

➤ **Financial and Resource Implications**

The Scheme *Draft Framework and Approach* sets out the required information to be provided to ESCOSA by the due dates and the Schedule of councils in each of the four year cycle.

Adelaide Hills Council (considered an Urban Fringe Council) is scheduled for the 2022-23 financial year. This means that the required financial information from 2007-08 to 2021-22 is required in specified formats by 1 August 2022. A second tranche of information mostly related to the 2022-23 LTFP and AMP is required by 30 September 2022.

Preparation and provision of this information during Year End will be particularly onerous for the Finance and Strategic Asset Departments.

Further, as identified in the Legal Implications section, ESCOSA can recover the costs of administering the Scheme from the sector. The Draft Framework proposes the costs per council @ \$13,613 per annum (i.e. \$52,133 per four-year cycle). This amount is not currently budgeted in the draft 2022-23 ABP.

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

As identified in the Legal Implications section, ESCOSA's advice in relation to the sustainability and appropriateness of the LTFP/AMP (and the council's response to that advice) must be published in the draft and adopted Annual Business Plans for the each successive year of the Scheme cycle (i.e. four years) until that council's next 'relevant financial year'.

This 'oversight' may be valued by members of the community as an 'objective' evaluation of their council's strategic management and budgeting processes.

➤ **Sustainability Implications**

The key purpose of the LTFP/AMP is to facilitate council sustainability as, as such, the advice of ESCOSA may assist in this regard.

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

Consultation on the development of this report was as follows:

<i>Council Committees:</i>	Not Applicable
<i>Council Workshops:</i>	A briefing on the Scheme was provided to a Council Workshop on 12 April 2022.
<i>Advisory Groups:</i>	Not Applicable
<i>External Agencies:</i>	Local Government Association - LG Equip
<i>Community:</i>	Not Applicable

ESCOSA has advised that it is inviting written submissions in relation to the Scheme *Draft Framework and Approach* until 27 May 2022 in relation to 17 specific questions. Further the LGA has released a Consultation Paper regarding the Scheme and is also seeking feedback from Member Councils in relation to the 17 questions by 13 May 2022 to inform its submission to ESCOSA. The Administration is yet to determine its involvement in the submission process given completing priorities including preparation for the submission of the required Scheme information by 1 August 2022.

Further information regarding the Scheme can be accessed on the ESCOSA website (www.escosa.sa.gov.au)

3. OPTIONS

The Committee has the following options:

- I. As this is an information report, it is recommended that the Committee receive and note the report (Recommended)
- II. The Committee may wish to resolve an alternate/additional course of action (Not Recommended)

4. APPENDIX

- (1) *LG Equip – Section 122 Strategic Management Plans (rates oversight scheme)*

Appendix 1

*LG Equip – Section 122 Strategic Management Plans
(rates oversight scheme)*

Section 122—Strategic management plans (rates oversight scheme)

This information sheet relates to the commencement of section 79(2) and 79(8) of the Statutes Amendment (Local Government Review) Act 2021, inserting section 122 (1c)-(1k) and 122 (9) and (10) of the Local Government Act 1999. The changes will commence on 30 April 2022.

1. Background

A key focus of the State Government during development of financial management reforms for the local government sector was ‘rate capping’, a system whereby councils would have a limit set on the revenue able to be collected each year to fund local services. Through evidence-based advocacy, including promoting current practices which demonstrate transparency and accountability of councils, the LGA was able to achieve a number of changes to financial management reforms and resulting legislative change.

The changes to section 122 of the *Local Government Act 1999* (the Local Government Act) are collectively and generally referred to as the ‘rates oversight scheme’, which includes a role for the designated authority, to provide advice to councils on the appropriateness of ‘the relevant matters’ (i.e., proposed revenue sources and material amendments made or proposed to be made) in the context of council’s long term financial plan (LTFP) and infrastructure and asset management plans (I&s).

The Essential Services Commission of SA (ESCOSA) is the designated authority for the purposes of section 122. Costs associated with the role of ESCOSA will be recovered from councils.

Councils will be required, on a four yearly rotating schedule, to provide information relating to their LTFP and I&s to ESCOSA on or before 31 September in the relevant financial year. ESCOSA must provide any advice to the council on or before 28 February. Councils must include the advice received, along with any response from the council, in both the draft and adopted annual business plan for the relevant year and each subsequent financial year for that council.

2. Section 122 changes

An extract of section 122 is provided below, with the ‘rates oversight scheme’ provisions marked in **green**. These provisions will commence on 30 April 2022. Changes relating to the requirement to include a funding plan within the LTFP (in section 122 (1a)) are marked in **orange**, however, these do not commence until 30 June 2023. Provisions appearing in **light blue** commenced on 6 January 2022. Provisions appearing in **red** have not yet been proclaimed for commencement.

To support the staged commencement of the ‘rates oversight scheme’ regulation 13 of the *Local Government (Transitional Provisions) Regulations 2021* commenced on 6 January 2022. This regulation recognises that amendments to section 122(1a)(a) will not commence until 30 June 2023 and sets out how requirements for the provision of information to the designated authority will be satisfied prior to the obligation to include a funding plan within the LTFP commencing.

Chapter 8—Administrative and financial accountability

Part 1—Strategic management plans

122—Strategic management plans

- (1) A council must develop and adopt plans (which may take various forms) for the management of its area, to be called collectively the *strategic management plans*, which—
 - (a) identify the council's objectives for the area over a period of at least 4 years (the *relevant period*), and provide a clear indication of—
 - (i) the extent to which the council has participated with other councils, and with State and national governments, in setting public policy objectives, and the extent to which the council's objectives are related to regional, State and national objectives; and
 - (ii) the extent to which the council has given consideration to regional, State and national objectives and strategies which are relevant to the economic, social, physical and environmental development and management of its area; and
 - (iii) the extent to which the council intends to co-ordinate with State and national governments and councils or other regional bodies in the planning and delivery of services in which there is a common interest; and
 - (ab) provide assessments that relate to the following matters (with particular reference to the relevant period):
 - (i) the sustainability of the council's financial performance and position; and
 - (ii) the extent or levels of services that will be required to be provided by the council to achieve its objectives; and
 - (iii) the extent to which any infrastructure will need to be maintained, replaced or developed by the council; and
 - (iv) anticipated changes in its area with respect to—
 - (A) real property development; and
 - (B) demographic characteristics of its community to the extent that is reasonable taking into account the availability of appropriate and accurate data; and
 - (v) the council's proposals with respect to debt levels; and
 - (vi) any anticipated or predicted changes in any factors that make a significant contribution to the costs of the council's activities or operations; and
 - (b) identify the principal activities that the council intends to undertake to achieve its objectives; and
 - (d) state the measures (financial and non-financial) that are to be used to monitor and assess the performance of the council against its objectives over the relevant period; and
 - (e) identify the means by which its activities are to be carried out and its objectives achieved; and

- (g) address issues associated with arranging its affairs so as to separate its regulatory activities from its other activities, so far as this is reasonable to do so; and
- (h) make provision for the regular review of the charters, activities and plans of any subsidiary of the council.

(1a) A council must, in conjunction with the plans required under subsection (1), develop and adopt—

~~(a) a long-term financial plan for a period of at least 10 years; and that relates to a period of at least 10 years and includes a funding plan that—~~

~~(i) outlines the council's approach to funding services and infrastructure of the council; and~~

~~(ii) sets out the council's projected total revenue for the period to which the long-term financial plan relates; and~~

~~(iii) outlines the intended sources of that total revenue (such as revenue from rates, grants and other fees and charges); and~~

NOTE: The orange text provisions do not commence until 30 June 2023 – also refer to Regulation 13 Local Government (Transitional Provisions) Regulations 2021

(b) an infrastructure and asset management plan, relating to the management and development of infrastructure and major assets by the council for a period of at least 10 years,

(and these plans will also be taken to form part of the council's strategic management plans).

(1b) The financial projections in a long-term financial plan adopted by a council must be consistent with those in the infrastructure and asset management plan adopted by the council.

(1c) A council must, once in every prescribed period (which must be not less than a period of 3 years), in accordance with a determination of the designated authority, provide information relating to its long-term financial plan and infrastructure and asset management plan to the designated authority in accordance with subsection (1e).

(1d) For the purposes of subsection (1c), the designated authority may determine a schedule relating to each prescribed period that requires different councils to provide information in different financial years of that period (and the financial year in which a particular council is required to provide information according to the schedule is the **relevant financial year** for that council).

(1e) A council must, on or before 31 September in the relevant financial year for the council, provide to the designated authority all relevant information on the following matters (the relevant matters) in accordance with guidelines determined by the designated authority (if any):

- (a) material amendments made or proposed to be made to the council's long-term financial plan and infrastructure and asset management plan and the council's reasons for those amendments;
- (b) revenue sources outlined in the funding plan referred to in subsection (1a)(a);
- (c) any other matter prescribed by the regulations.

(1f) Following the provision of information by a council under subsection (1e), the designated authority, on or before 28 February in the relevant financial year for the council—

- (a) must provide advice to the council on the appropriateness of the relevant matters in the context of the council's long-term financial plan and infrastructure and asset management plan; and
 - (b) may, if the designated authority considers it appropriate having regard to the circumstances of a particular council, provide advice in relation to any other aspect of the council's long-term financial plan and infrastructure and asset management plan.
- (1g) In providing advice under this section, the designated authority—
 - (a) must have regard to the following objectives:
 - (i) the objective of councils maintaining and implementing long-term financial plans and infrastructure and asset management plans;
 - (ii) the objective of ensuring that the financial contributions proposed to be made by ratepayers under the council's long-term financial plan and infrastructure and asset management plan are appropriate and any material amendments made or proposed to be made to these plans by the council are appropriate; and
 - (b) may have regard to any information or matter the designated authority considers relevant (whether or not such information or matter falls within the ambit of subsection (1e)).
- (1h) A council must ensure that the advice provided by the designated authority under this section, and any response of the council to that advice, is published in its annual business plan (both the draft and adopted annual business plan) in the relevant financial year and each subsequent financial year (until the next relevant financial year for that council).
- (1i) For the purposes of the preceding provisions, the designated authority must publish the following:
 - (a) advice provided to a council under this section;
 - (b) the schedule determined under subsection (1d);
 - (c) any guidelines determined under subsection (1e).
- (1j) The designated authority may, by written notice, require a council to give the designated authority, within a time and in a manner stated in the notice (which must be reasonable), information in the council's possession that the designated authority reasonably requires for the performance of the designated authority's functions under this section.
- (1k) The designated authority may recover from a council (as a debt due from the council) the costs reasonably incurred by the designated authority in performing its functions under this section in relation to the council.
- (2) Strategic management plans—
 - (a) should—
 - (i) address the strategic planning issues within the area of the council, with particular reference to (and in a manner consistent with) the Planning Strategy; and
 - (ii) set out the council's priorities for the implementation of planning policies, (although these matters may be satisfied by referring to the council's most recent *Strategic Directions Report* under section 30 of the *Development Act 1993*); and

- (b) should (as far as practicable) be consistent with the Development Plan or Plans for the council's area, other than where the council proposes to amend the Plan or Plans in accordance with the procedures set out in the *Development Act 1993* and the council obtains an agreement with the Minister to whom the administration of the *Development Act 1993* is committed relating to the implementation of a program to undertake any relevant amendment or amendments; and
 - (c) should (as far as practicable) be consistent with any relevant statutory policy or plan (not referred to above).
- (3) In addition to the requirements of subsection (2), a council must, in formulating its strategic management plans, have regard to—
 - (a) the council's roles and responsibilities under this or any other Act; and
 - (b) the council's objectives for its area.
- (3a) The regulations may prescribe additional requirements with respect to strategic management plans.
- (4) A council may review its strategic management plans under this section at any time but must—
 - (a) undertake a review of—
 - (i) its long-term financial plan; and
 - (ii) any other elements of its strategic management plans prescribed by the regulations for the purposes of this paragraph,
~~as soon as practicable after adopting the council's annual business plan for a particular financial year on an annual basis; and~~
 - (b) in any event, undertake a comprehensive review of its strategic management plans within 2 years after each general election of the council.
- (4a) A council must, for the purposes of a review under subsection (4), take into account—
 - (a) in relation to a review under subsection (4)(a)(i)—a report from the chief executive officer on the sustainability of the council's long-term financial performance and position taking into account the provisions of the council's annual business plan and strategic management plans; and
 - (b) insofar as may be relevant—any other material prescribed by the regulations.
- (4b) A report from a chief executive officer under subsection (4a) must—
 - (a) address any matters required by the Minister; and
 - (b) be published in a manner and form, and in accordance with any other requirements, determined by the Minister.
- (5) A council may amend its strategic management plans or adopt new plans.
- (6) A council must ~~adopt a process or processes to ensure that members of the public are given a reasonable opportunity to be involved in~~ undertake public consultation in relation to the development and review of its strategic management plans (but nothing in this subsection is to be taken to limit subsection (5)).
- (8) A council must, for the purposes of this section, specifically declare which plans will constitute the strategic management plans of the council.

(9) In this section—

designated authority means—

- (a) if a person or body is prescribed by the regulations for the purposes of this definition—that person or body; or
- (b) if a person or body is not prescribed under paragraph (a)—the Essential Services Commission established under the *Essential Services Commission Act 2002*.

(10) The Minister must consult with the LGA before regulations are made prescribing a person or body as the designated authority.

Local Government (Transitional Provisions) Regulations 2021

Part 3—Further transitional provisions relating to *Statutes Amendment (Local Government Review) Act 2021*

...

13—Financial accountability

Until the commencement of section 79(1) of the Amendment Act, the requirement under section 122(1e)(b) of the Act (as inserted by section 79(2) of the Amendment Act) for a council to provide the designated authority with all relevant information on revenue sources outlined in the funding plan referred to in subsection (1a)(a) (of section 122 of the Act) will be taken to be satisfied if the council provides the designated authority with all relevant information on the intended sources of the council's projected total revenue for the period to which its long-term financial plan relates (such as revenue from rates, grants and other fees and charges).

This resource has been prepared by the Local Government Association of SA (LGA) to assist councils with implementation of legislative changes arising from Local Government Reforms, incorporating advice from Norman Waterhouse Lawyers, for the guidance of and use by member councils.

Last updated: 29/03/2022

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**ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
Wednesday 20 April 2022
AGENDA BUSINESS ITEM**

Item: 7.4

Responsible Officer: Steven Watson
Acting Executive Manager Governance and Performance
Office of the Chief Executive

Subject: Policy Review – Internal Audit Policy

For: Decision

SUMMARY

Internal auditing is an independent (of the function being audited), objective assurance and consulting activity designed to add value and improve the Council's operations. It helps the Council accomplish objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Council has had an *Internal Audit Policy* (the "Policy") for many years and it has been revised to ensure consistency with recent legislative changes, the policy review schedule and the policy template.

New provisions in the *Local Government Act 1999* will come in effect on 30 November 2023 regarding internal audit. This is part of a broader suite of provisions affecting Audit Committees and therefore additional changes to this Policy and the Audit Committee's Terms of Reference will be required closer to that date.

The purpose of the report is for the Audit Committee to consider and, if they are satisfied, to recommend the revised Policy to the Council for adoption.

RECOMMENDATION

The Audit Committee resolves:

1. That the report be received and noted
 2. The Audit Committee recommends the revised Internal Audit Policy (draft), Appendix 1 to Council for consideration.
-

1. BACKGROUND

The Internal Audit Policy (the “Policy”) was first adopted in 2014 although the Council had an internal audit function in place for many years prior to this. Notwithstanding that the Policy was scheduled for review in 2020, it was delayed pending the finalisation of the local government reform process (see Legal Implications section below).

Internal audit functions are quite common across the medium and large councils in South Australia.

2. ANALYSIS

➤ Strategic Management Plan/Functional Strategy/Council Policy Alignment

Strategic Plan 2020-24 – A brighter future

Goal 5 A Progressive Organisation

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

Priority O5.1 Enhance governance structures and systems to prudently adapt to changing circumstances and meet our legislative obligations

Priority O5.2 Make evidence-based decisions and prudently assess the risks and opportunities to our community before taking action.

The review of Council’s Policy is an important element of Council’s commitment to open and transparent decision making which facilitates public accountability.

➤ Legal Implications

Section 125 of the *Local Government Act 1999* (the “Act”) contains provisions regarding internal control. These provisions have been in place for many years and have recently been augmented (6 January 2022) with new provisions from the *Statutes Amendment (Local Government Review) Act 2021* (the “Amendment Act”) with more to come into effect on 30 November 2023.

The latter date marks the commencement of a range of other reforms regarding Audit Committees (to become Audit & Risk Committees) which include the following new provisions regarding internal audit functions.

125A—Internal audit functions

- (1) The chief executive officer of a council that has an internal audit function must, before appointing a person to be primarily responsible for the internal audit function, or assigning such responsibility to an employee of the council, consult with the relevant audit and risk committee on the appointment or assignment of responsibility.
- (2) Despite any other law or instrument to the contrary, the person primarily responsible for the internal audit function—
 - (a) must ensure that any reports they prepare relating to the internal audit function are provided directly to the audit and risk committee; and
 - (b) may report any matters relating to the internal audit function directly to the audit and risk committee.

In relation to internal audit functions as per section 125A above, the Committee's role will include under s126(4):

(g) —

- (i) if the council has an internal audit function—
 - (A) providing oversight of planning and scoping of the internal audit work plan; and
 - (B) reviewing and commenting on reports provided by the person primarily responsible for the internal audit function at least on a quarterly basis; or
- (ii) if the council does not have an internal audit function, reviewing and commenting on an annual report provided by the chief executive officer in relation to the policies and processes adopted by the council to evaluate and improve the effectiveness of its internal control practices and procedures; and

As the above changes are 18 months away and may still be subject to subordinate legislation, no specific changes have been made to the Policy at this stage given that the current wording accords with the incoming provisions.

Closer to the 30 November 2023 commencement date a full review of the Audit Committee's terms of Reference will be required and consequential changes to other documents such as the Internal Audit Policy and Risk management Policy will be required.

➤ **Risk Management Implications**

The implementation of the internal audit program under the Policy will assist in mitigating the risk of:

Internal control failures occur which leads to greater uncertainty in the achievement of objectives and/or negative outcomes.

Inherent Risk	Residual Risk	Target Risk
High (4C)	Low (2E)	Low (2E)

The controls tested are part of the internal control framework contributing to the current Residual Risk rating. The recommendations arising from audits and the management actions to be undertaken are mitigations which will contribute to reducing the risk rating to the Target Risk level.

➤ **Financial and Resource Implications**

There are no direct financial or resource implications from this report.

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

There is a high expectation that Council has appropriate corporate governance processes in place including an effective internal audit function.

➤ **Sustainability Implications**

Not applicable.

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

Consultation on the development of this report was as follows:

Council Committees: The Audit Committee has previously received reports regarding the legislative changes arising from the local government reform process.

Council Workshops: Not Applicable

Advisory Groups: Not Applicable

External Agencies: Nil.

Community: Not Applicable

3. OPTIONS

Council has the following options:

- I. To recommend the revised Internal Audit Policy (draft) as contained in Appendix 1 to Council for consideration (Recommended).
- II. To determine not to recommend the revised Internal Audit Policy (draft) or to suggest changes are made to the Policy. Given that the majority of the Policy is legislated, any proposed changes need to be carefully considered.

Should the Committee identify the need for substantial amendments to the proposed Policy, it is recommended that they be referred to staff for review, so as to allow for analysis of the implications of the amendments, prior to being brought back for consideration.

4. APPENDIX

- (1) *Internal Audit Policy (draft) – April 2022*

Appendix 1

Internal Audit Policy (draft) – April 2022

COUNCIL POLICY

	<h2>INTERNAL AUDIT</h2>
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Policy Number:	GOV-18
Responsible Department(s):	Governance & Performance
Relevant Delegations:	As per the Delegations Register and as detailed in this Policy
Other Relevant Policies:	<i>Risk Management Policy</i> <i>Fraud & Corruption Prevention Policy</i> <i>Whistleblower</i> Public Interest Disclosure Policy <i>WHS and IM Policy</i>
Relevant Procedure(s):	Nil
Relevant Legislation:	<i>Local Government Act 1999</i>
Policies and Procedures Superseded by this policy on its Adoption:	Internal Audit Policy, 13 June 2017, Item 12.2, SP21/17 Item 12.1, 3, 25 February 2014
Adoption Authority:	Strategic Planning & Development Policy Committee Council
Date of Adoption:	To be updated administratively 13 June 2017
Effective From:	To be updated administratively 27 June 2017
Minute Reference for Adoption:	To be updated administratively Item 12.2, SP21/17
Next Review:	No later than April 2025 or as required earlier by legislation or changed circumstances.

Version Control

<u>Version No.</u>	<u>Date of Effect</u>	<u>Description of Change(s)</u>	<u>Approval</u>
<u>1.0</u>	<u>1/3/2014</u>	<u>New Policy</u>	<u>SPDPC - Res 3/14</u>
<u>1.1</u>	<u>27/06/2017</u>	<u>Minor amendments to achieve consistency with Council policy template and updated nomenclature</u>	<u>SPDPC - Res SP21/17</u>
<u>1.2</u>	<u>TBA</u>	<u>Minor amendments to achieve consistency with nomenclature changes and with the Council policy template</u>	<u>TBA</u>

INTERNAL AUDIT POLICY

1. INTRODUCTION

- 1.1 Internal controls are essential to assist the Council to carry out its activities in an efficient and orderly manner to achieve its objectives, to ensure adherence to legislation and council policies, to safeguard the Council's assets, and to secure the accuracy and reliability of council records
- 1.2 This policy includes a definition of internal audit as it applies to the Council, a set of internal audit principles and states the responsibilities for Council Members, the Audit Committee, the Leadership team and the Governance & [Risk Unit](#)[Performance Department](#).

~~The policy should be read in conjunction with the Internal Audit Manual.~~

2. POLICY STATEMENT

- 2.1 The Council is committed to maintaining a robust and integrated Governance Framework that assures stakeholders that it is pursuing its objectives and fulfilling its responsibilities with due diligence and accountability.
- 2.2 A fundamental component of this Framework is the operation of an objective assurance function that evaluates the adequacy and effectiveness of the systems of internal control within the Council.
- 2.3 The purpose of this [Policy](#) is, through the establishment of an internal audit function, to support better decision-making through a good understanding of the adequacy and effectiveness of the systems of internal controls to mitigate Council's risks.

3. DEFINITION OF INTERNAL AUDIT

- 3.1 Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve the Council's operations. It helps the Council accomplish objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes¹.
- 3.2 The Executive Manager Governance & [Risk-Performance](#) (EMGP~~R~~) is responsible for the management of the internal audit function within Council. Internal audits are to be conducted by suitably qualified and experienced personnel and may be insourced, cosourced or outsourced.

¹ Institute of Internal Auditors, *International Professional Practices Framework (IPPF)*, www.iaa.org.au/technical-resources

4. POLICY PRINCIPLES

4.1 The principles of the Council's approach to internal audit are:

4.2 Independence

4.2.1 Independence is essential to the effectiveness of the internal audit function.

4.2.2 The internal audit function has no direct authority or responsibility for the activities it reviews. The internal audit function has no responsibility for developing or implementing procedures or systems and does not prepare records or engage in original line processing functions or activities (except as noted below). The work of internal audit does not in any way relieve managers of their responsibilities for the development, implementation and maintenance of management control systems in their areas.

4.2.3 The EMGPR is responsible, on a day to day basis, for the internal audit function of Council. In achieving operational independence of the internal audit function the CEO has ensured that the EMGPR has dual reporting lines.

4.2.4 These reporting lines require that the EMGPR must:

- report administratively to the CEO to facilitate day to day operations of the internal audit function and
- report to the Audit Committee for strategic direction and accountability of the internal audit function.

4.2.5 The EMGPR has direct access to the Mayor, the Presiding Member of the Audit Committee and the CEO. Periodic 'in camera' meetings may be held between the EMGR and the Audit Committee.

4.2.6 Where the EMGPR has responsibility for an activity that is scheduled for review, the Audit Committee will ensure that the internal audit assignment will be managed by another employee within Council and the independence of the function is not compromised.

4.3 Authority and Confidentiality

4.3.1 Subject to compliance with Council's security policies, internal auditors are authorised to have full, free and unrestricted access to all functions, premises, assets, personnel, records, and other documentation or information that the EMGPR or the CEO considers necessary to enable the internal auditors to undertake the audit assignment.

4.3.2 All records, documentation and information accessed in the course of undertaking internal audit activities are to be used solely for the conduct of these activities. The EMGPR is responsible and accountable for maintaining the confidentiality of the information the internal auditors receive during the course of their fieldwork.

4.3.3 Where necessary, EMGPR may consult with and disclose audit matters to other local government entities, normally this will only occur where these matters affect other entities, or as directed by the Audit Committee or the CEO.

4.4 Standards

4.4.1 Internal audit activities will be conducted in accordance with intent of relevant professional standards deemed appropriate and applicable including:

- *International Professional Practices Framework (IPPF)* issued by the Institute of Internal Auditors
- Standards relevant to internal audit issued by the Australian Society of Certified Practising Accountants and the Institute of Chartered Accountants in Australia
- The Statement on Information Systems Auditing Standards issued by the Information Systems and Control Association, and
- Standards issued by Standards Australian and the International Standards Organisation.

4.4.2 In the conduct of internal audit work, internal auditors will:

- comply with relevant professional standards of conduct
- possess the knowledge, skills and technical proficiency relevant to the performance of their duties
- be skilled in dealing with people and communicating audit, risk management and related issues effectively and
- exercise due professional care in performing their duties.

4.5 No Surprises

4.5.1 Council's approach to internal audit is that there should be 'no-surprises' at the conclusion of the audit assignment. To this end, on-going discussions will be held with management as findings emerge and conclusions are developed. At the mid point of the audit, a formal meeting may be sought with the audit sponsor to discuss the audit and any emerging issues. If necessary, EMGPR will communicate significant matters of concern to the CEO and/or the Audit Committee prior to the completion of the final report.

5. SCOPE

- 5.1 Internal audit reviews cover all programmes and activities of the Council together with associated entities as provided for in relevant business agreements, memorandum of understanding and contracts. Internal audit activity encompasses the review of all financial and non-financial policies and operations as required.

6. RESPONSIBILITIES

- 6.1 The **Council** has ultimate responsibility that appropriate policies, practices and procedures of internal control are implemented and maintained in accordance with s125 of the *Local Government Act 1999*.

- 6.2 The **Audit Committee** is responsible for (as per the Audit Committee Terms of Reference):

[6.2.1](#) monitoring and reviewing the effectiveness of the internal audit function in the in the context of the Council's overall risk management system;

[6.2.2](#) consider and make recommendation on the program of the internal audit function and the adequacy of its resources and access to information to enable it to perform its function;

[6.2.3](#) review all reports on the Council's operations from the internal auditors;

[6.2.4](#) review and monitor management's responsiveness to the findings and recommendations of the internal auditor.

- 6.3 The **Chief Executive Officer** is responsible for ensuring that an internal audit function is established, implemented and maintained in accordance with this Policy.

- 6.4 **Employees** are accountable for assisting internal auditors in the conduct of their work through the provision of accurate and timely information to audit requests, providing responses to audit reports and updates on the implementation status of actions arising from audits.

- 6.5 The **Governance & [Risk-Performance](#) Department** is responsible for the development and continuous improvement of the Council's internal audit systems and processes; the development of internal audit plans, the engagement and management of internal audit providers; the monitoring of the implementation status of audit actions; and reporting to the Chief Executive Officer and Audit Committee regarding the Council's internal audit function.

7. RELATIONSHIP TO RISK MANAGEMENT

- 7.1 Internal audit provides an independent appraisal of key internal controls within the organisation. These controls are key mitigators of inherent risk and therefore inform the risk management process and the calculation of residual risk.

8. DELEGATION

- 8.1 The CEO has the delegation to:
- 8.1.1 Approve, amend and review any procedures that shall be consistent with this Policy; and
 - 8.1.2 Make any legislative, formatting, nomenclature or other minor changes to the Policy during the period of its currency.~~The CEO has the delegation to approve, amend and review any procedures that shall be consistent with this Policy.~~

9. AVAILABILITY OF THE POLICY

- 9.1 This Policy will be available ~~for inspection at the Council's Offices during ordinary business hours and~~ via the Council's website www.ahc.sa.gov.au. ~~Copies will also be provided to the public upon request, and upon payment of a fee in accordance with the Council's Schedule of Fees and Charges.~~

**ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
Wednesday 20 April 2022
AGENDA BUSINESS ITEM**

Item: 7.5

Responsible Officer: Steven Watson
Acting Executive Manager Governance and Performance
Office of the Chief Executive

Subject: Policy Review – Prudential Management Policy

For: Decision

SUMMARY

Prudential management attempts to foresee what adverse financial and other consequences might arise from any project that the Council is contemplating, and requires managing the project in such a manner as to capture the proposed benefits, while minimising, offsetting or otherwise taking into account of the foreseeable financial and other related risks.

The *Local Government Act 1999* requires councils to prepare prudential management reports addressing specific matters when that council is contemplating a project that meets legislated thresholds.

Council has had a *Prudential Management Policy* for many years and it has been revised to ensure consistency with recent legislative changes, the policy review schedule and the policy template.

The purpose of the report is for the Audit Committee to consider and, if they are satisfied, to recommend the revised Policy to the Council for adoption.

RECOMMENDATION

The Audit Committee resolves:

1. That the report be received and noted
 2. The Audit Committee recommends the revised *Prudential Management Policy (draft)*, Appendix 1 to Council for consideration.
-

1. BACKGROUND

A number of policies are required under the provisions of the Local Government Act 1999 (see Legal Implications section below) with the *Prudential Management Policy* (the “Policy”) being one of these.

2. ANALYSIS

➤ Strategic Management Plan/Functional Strategy/Council Policy Alignment

Strategic Plan 2020-24 – A brighter future

Goal 5 A Progressive Organisation

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

Priority O5.1 Enhance governance structures and systems to prudently adapt to changing circumstances and meet our legislative obligations

Priority O5.2 Make evidence-based decisions and prudently assess the risks and opportunities to our community before taking action.

The review of Council’s Policy is an important element of Council’s commitment to open and transparent decision making which facilitates public accountability.

➤ Legal Implications

Section 48 of the *Local Government Act 1999* (the “Act”) requires councils to develop and maintain prudential policies, practices and procedures for the assessment of projects to ensure that the council:

- a) acts with due care, diligence and foresight; and
- b) identifies and manages risks associated with a project; and
- c) makes informed decisions; and
- d) is accountable for the use of council and other public resource.

Section 48 underwent some minor amendments resulting from the *Statutes Amendment (Local Government Review) Act 2021* and these amendments have been incorporated into the revised draft Policy.

➤ Risk Management Implications

Ensuring that appropriate and legislative compliant prudential management activities are undertaken in relation to applicable projects will assist in mitigating the risk of:

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

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

Note that the Policy is an existing control and therefore its review does not alter the residual or target risk ratings.

➤ **Financial and Resource Implications**

While there are no direct financial or resource implications from this report however the engagement of a suitably qualified person to prepare a prudential report in accordance with Section 48(1)(b) of the Act and Clause 4 of the Policy will have separate financial and resource implications. .

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

There is a high expectation that Council has appropriate corporate governance processes in place including an effective prudential management system.

➤ **Sustainability Implications**

Sustainability elements are included in the matters to be addressed in a prudential report (see Clause 4 of the Policy).

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

Consultation on the development of this report was as follows:

Council Committees: Not Applicable

Council Workshops: Not Applicable

Advisory Groups: Not Applicable

External Agencies: The LGA has produced an Information Paper which was utilised in the review of the Policy.

Community: Not Applicable

3. OPTIONS

The Audit Committee has the following options:

- I. To recommend the revised *Prudential Management Policy* (draft) as contained in Appendix 1 to Council for consideration (Recommended).
- II. To determine not to recommend the revised *Prudential Management Policy* (draft) or to suggest changes are made to the Policy. Given that the majority of the Policy is legislated, any proposed changes need to be carefully considered.

Should the Committee identify the need for substantial amendments to the proposed Policy, it is recommended that they be referred to staff for review, so as to allow for analysis of the implications of the amendments, prior to being brought back for consideration.


4. APPENDIX

- (1) *Prudential Management Policy (draft) – April 2022*

Appendix 1

Prudential Management Policy (draft) – April 2022

COUNCIL POLICY

	<h2>PRUDENTIAL MANAGEMENT</h2>
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Policy Number:	GOV-09
Responsible Department(s):	Corporate Services Governance & Performance
Relevant Delegations:	As per the Delegations Register and as detailed in this Policy
Other Relevant Policies:	Procurement Policy Risk Management Policy
Relevant Procedure(s):	Nil
Relevant Legislation:	<i>Local Government Act 1999</i>
Policies and Procedures Superseded by this policy on its Adoption:	Prudential Management Policy, 13 June 2017, Item 12.2, SP21/17 Item 12.2, 42, 8 July 2014
Adoption Authority:	Strategic Planning & Development Policy Committee Council
Date of Adoption:	13 June 2017 To be updated administratively
Effective From:	To be updated administratively 27 June 2017
Minute Reference for Adoption:	To be updated administratively Item 12.2, SP21/17
Next Review:	No later than April 2025 or as required earlier by legislation or changed circumstances.

Version Control

<u>Version No.</u>	<u>Date of Effect</u>	<u>Description of Change(s)</u>	<u>Approval</u>
<u>1.0</u>	<u>8/7/2014</u>	<u>New Policy</u>	<u>SPDPC - Res 42/14</u>
<u>1.1</u>	<u>27/06/2017</u>	<u>Minor amendments to achieve consistency with Council policy template</u>	<u>SPDPC - Res SP21/17</u>
<u>1.2</u>	<u>TBA</u>	<u>Minor amendments to achieve consistency with changes to Section 48 of the <i>Local Government Act 1999</i> and with the Council policy template</u>	<u>TBA</u>

PRUDENTIAL MANAGEMENT POLICY

1. INTRODUCTION

1.1 This document sets out the policy of the Adelaide Hills Council for meeting the prudential management requirements set out in Section 48 of the *Local Government Act 1999*.

1.2 Section 48 (aa1) prescribes that :

A council must develop and maintain prudential policies, practices and procedures for the assessment of projects to ensure that the council:

- a) acts with due care, diligence and foresight; and*
- b) identifies and manages risks associated with a project; and*
- c) makes informed decisions; and*
- d) is accountable for the use of council and other public resources*

1.3 Prudential management attempts to foresee what adverse financial [and other](#) consequences might arise from any project that the Council is contemplating, and requires managing the project in such a manner as to capture the proposed benefits, while minimising, offsetting or otherwise taking into account of the foreseeable financial [and other related](#) risks.

1.4 Prudential management can be seen as a subset of risk management in that the prudential management process is predominantly concerned with financial issues arising from a project.

2. PROJECT DEFINITION

2.1 A project may be defined as

“a new and discrete undertaking or activity that would involve the expenditure of money, deployment of resources, incurring or assuming a liability, or accepting an asset”

2.2 This should not be interpreted to mean that all Council activities are “projects”. Regular, ongoing deliveries of Council services are not “new and discrete” activities so therefore are not included within this definition. A project is a temporary endeavour with a defined beginning and end. The temporary nature of projects stands in contrast to business as usual (or operations) which are repetitive, ongoing functional activities to produce products or services.

3 POLICY STATEMENT

- 3.1 The Council is committed to maintaining a robust and integrated Governance Framework that assures stakeholders that it is pursuing its objectives and fulfilling its responsibilities with due diligence and accountability
- 3.2 An important element of this due diligence is the effective conduct of prudential management reviews of projects which fall within the requirements set down in Section 48 (1) of the *Local Government Act 1999*.

3. SCOPE

- 3.1. This policy covers the prudential review requirements when consideration is being given to a project that falls within the requirements of Section 48(1)(b).

These requirements are:

A council must obtain and consider a report that addresses the prudential issues (set out in clause 4 of this Policy) before the council engages in any project (whether commercial or otherwise and including through a subsidiary or participation in a joint venture, trust, partnership or other similar body):

- a) where the expected expenditure of the council over the ensuing five years is likely to exceed 20% of the council's average operating expenses over the previous five financial years (as shown in the council's financial statements); or*
 - b) where the expected capital costs of the project over the ensuing five years is likely to exceed \$4,000,000 (indexed); or*
 - c) Where the council considers that it is necessary or appropriate.*
- 3.2. In accordance with Section 48(3), a report is not required in relation to
 - 3.2.1. road construction or maintenance; or
 - 3.2.2. drainage works

4. PRUDENTIAL REPORT REQUIREMENTS

- 4.1. In accordance with Section 48(2) of the *Local Government Act 1999* , the following issues to be addressed in a report required under Clause 3 above:
 - 4.1.1. the relationship between the project and relevant strategic management plans;
 - 4.1.2. the objectives of the Development Plan in the area where the project is to occur;
 - 4.1.3. the expected contribution of the project to the economic development of the local area, the impact that the project may have on businesses carried on in the proximity and, if appropriate, how the project should be established in a way that ensures fair competition in the market place;

- 4.1.4. the level of consultation with the local community, including contact with persons who may be affected by the project and the representations that have been made by them, and the means by which the community can influence or contribute to the project or its outcomes;
- 4.1.5. if the project is intended to produce revenue, revenue projections and potential financial risks;
- 4.1.6. the recurrent and whole-of-life costs associated with the project including any costs arising out of proposed financial arrangements;
- 4.1.7. the financial viability of the project, and the short and longer term estimated net effect of the project on the financial position of the council;
- 4.1.8. any risks associated with the project, and the steps that can be taken to manage, reduce or eliminate those risks (including by the provision of periodic reports to the chief executive officer and to the council);

4.1.9. the most appropriate mechanisms or arrangements for carrying out the project;

~~4.1.9.~~ 4.1.10. if the project involves the sale or disposition of land, the valuation of the land by a qualified valuer under the *Land Valuers Act 1994*.

Further, Section 48 (2a) provides that the fact that a project is to be undertaken in stages does not limit the operation of subsection(1)(b) (i.e. Clause 3 above) in relation to the project as a whole.

- 4.2. The report must be prepared by a person whom the council reasonably believes to be qualified to address the prudential issues set out in clause 4.1.
- 4.3. The report must not be prepared by a person who has an interest in the relevant project (but may be prepared by a person who is an employee of the council). Sections 48(6a), (6b) and (6c) set out the tests for whether a person has an interest in a project.
- 4.4. Section 48(6) provides that a council may take steps to prevent the disclosure of specific information in a report under subsection (1) (i.e. Clause 3 above) in order to protect its commercial value or to avoid disclosing the financial affairs of a person (other than the council). A report must be available for public inspection at the principal office of the council once the council has made a decision on the relevant project (and may be available at an earlier time unless the council orders that the report be kept confidential until that time).
- 4.5. The council must give reasonable consideration to a report

5. DELEGATION

- 5.1 The CEO has the delegation to:
 - 5.1.1 Approve, amend and review any procedures that shall be consistent with this Policy; and
 - 5.1.2 Make any legislative, formatting, nomenclature or other minor changes to the Policy during the period of its currency.

6. AVAILABILITY OF THE POLICY

- 6.1. This Policy will be available ~~for inspection at the Council's Offices during ordinary business hours and~~ via the Council's website www.ahc.sa.gov.au. ~~Copies will also be provided to the public upon request, and upon payment of a fee in accordance with the Council's Schedule of Fees and Charges.~~

DRAFT

**ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
Wednesday 20 April 2022
AGENDA BUSINESS ITEM**

Item: 7.6

Responsible Officer: Steven Watson
Acting Executive Manager Governance and Performance
Office of the Chief Executive

Subject: Policy Review - Risk Management Policy

For: Decision

SUMMARY

Council has developed a range of policies over time that are reviewed regularly in accordance with the endorsed policy review schedule. On occasion changes to legislation or in this particular case a change to the International Standard, *ISO3000 Risk Management Guidelines*, initiates a policy review.

Some of these policies have direct relevance to the role and specific functions of the Audit Committee in the fields of risk management, internal audit, fraud & corruption prevention and prudential management. The Council last adopted the *Risk Management Policy* at its 28 May 2019 Ordinary Council Meeting, following a recommendation from the Audit Committee resolved at its 13 May 2019 meeting.

The purpose of the report is for the Audit Committee to consider and, if they are satisfied, to recommend the revised Policy to the Council for adoption.

RECOMMENDATION

The Audit Committee resolves:

- 1. That the report be received and noted.**
 - 2. The Audit Committee recommends the Risk Management Policy (draft), Appendix 1 to Council for consideration.**
-

1. BACKGROUND

Council adopted the revised *Risk Management Policy* at its 25 February 2014 Council meeting. The Audit Committee considered the key elements of the *Corporate Risk Management Framework* at its 19 May 2014 meeting and suggested a number of enhancements. The revised Framework was adopted by Council at its 24 June 2014 Ordinary Council meeting.

The *Risk Management Policy* was further reviewed by Council's Strategic Planning and Development Policy Committee on the 13 June 2017.

The Audit Committee at its 13 May 2019 Meeting were provided the opportunity to review the *Risk Management Policy* and make comments/changes (if appropriate) prior to the Policy be being presented to Council for consideration. The Audit Committee suggested some minor amendments to the *Risk Management Policy* and Council last adopted the *Risk Management Policy* at its 28 May 2019 Ordinary Council Meeting.

2. ANALYSIS

➤ Strategic Management Plan/Functional Strategy/Council Policy Alignment

Strategic Plan 2020-24 – A brighter future

Goal 5	A Progressive Organisation
Objective O4	We actively represent our community
Priority O4.3	Attract and develop a diverse and capable elected body that represents, promotes and reflects the composition of the community
Priority O4.3	Advocate to, and exert influence with, our stakeholders on behalf of our community to promote the needs and ambitions of the region
Objective O5	We are accountable, informed, and make decisions in the best interests of the whole community
Priority O5.1	Enhance governance structures and systems to prudently adapt to changing circumstances and meet our legislative obligations
Priority O5.2	Make evidence-based decisions and prudently assess the risks and opportunities to our community before taking action.

The review of Council's Policy is an important element of Council's commitment to open and transparent decision making which facilitates public accountability.

➤ Legal Implications

A number of sections of the *Local Government Act 1999* ('LG Act') require councils to identify and manage the risks associated with its functions and activities.

Section 125 of the LG Act requires Council to ensure that appropriate policies, practices and procedures of internal control are implemented and maintained in order to assist the council to carry out its activities in an efficient and orderly manner to achieve its objectives, to ensure adherence to management policies, to safeguard the council's assets, and to secure (as far as possible) the accuracy and reliability of council records.

Section 126 of the LG Act requires Council to have an Audit Committee.

Section 132A of the LG Act requires Council to ensure that appropriate policies, practices and procedures are implemented and maintained in order to ensure compliance with statutory requirements and achieve and maintain standards of good public administration.

Similarly the *Work Health & Safety Act 2012* is structured around the protection of workers and others against harm to their health, safety and welfare through the elimination or minimisation of risk arising from work or specified substances or plant.

➤ **Risk Management Implications**

Improvements in the implementation of the risk management framework will assist in mitigating the risk of:

A lack of effective risk management occurs which leads to greater uncertainty in the achievement of objectives and/or negative outcomes.

Inherent Risk	Residual Risk	Target Risk
Extreme (5C)	Medium (4D)	Medium (4D)

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

➤ **Financial and Resource Implications**

While there are no direct financial or resource implications from this report, a number of Strategic Risk Profile and Management Plan treatments are impacted by funding limitations.

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

There is a high expectation that Council has appropriate corporate governance processes in place including an effective corporate risk management system.

➤ **Sustainability Implications**

Sustainability implications are considered within the development of the Risk Profile and Management Plan.

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

Consultation on the development of this report was as follows:

Council Committees: The Strategic Risk Profile report was last considered by the Audit Committee at its 14 February 2022 meeting. The Committee received and noted the report.

Council Workshops: Not Applicable

Advisory Groups: Not Applicable

External Agencies: Not Applicable

Community: Not Applicable

3. OPTIONS

The Audit Committee has the following options:

- I. To recommend the revised *Risk Management Policy* (draft) as contained in Appendix 1 to Council for consideration (Recommended).
- II. To determine not to recommend the *Risk Management Policy* (draft) or to suggest changes are made to the *Risk Management Policy* (draft) (Not Recommended).

Should the Committee identify the need for substantial amendments to the proposed Policy, it is recommended that they be referred to staff for review, so as to allow for analysis of the implications of the amendments, prior to being brought back for consideration.

4. APPENDIX

- (1) *Risk Management Policy (draft) – April 2022*

Appendix 1

Risk Management Policy (draft) – April 2022

COUNCIL POLICY

	<h2>RISK MANAGEMENT</h2>
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Policy Number:	GOV-19
Responsible Department(s):	Governance & Performance
Relevant Delegations:	As per the Delegations Register and as detailed in this Policy
Other Relevant Policies:	Internal Audit Policy Fraud & Corruption Prevention Policy Work Health and Safety and Injury Management Policy
Relevant Procedure(s):	Risk Management Framework
Relevant Legislation:	<i>Local Government Act 1999</i> <i>Emergency Management Act 2004</i> <i>Work Health & Safety Act 2012</i> <i>Civil Liabilities Act 1936</i>
Policies and Procedures Superseded by this policy on its Adoption:	Risk Management Policy, Item 14.9, 24 June 2014, 129/14 Risk Management Policy, Item 12.2, 13 June 2017, SP21/17 Risk Management Policy, Item 12.9, 28 May 2019, 119/19
Adoption Authority:	Council
Date of Adoption:	<i>To be updated administratively</i>
Effective From:	<i>To be updated administratively</i>
Minute Reference for Adoption:	<i>To be updated administratively</i>
Next Review:	No later than April 2025 or as required earlier by legislation or changed circumstances.

Version Control

Version No.	Date of Effect	Description of Change(s)	Approval
1.0	24/06/2014	New Policy	Council - Res 129/14
2.0	13/06/2017	Policy Review	SPDPC - Res 47/17
3.0	28/05/2019	Policy Review	Council Res 119/19
4.0	TBA	Policy Review and updated to align with the corporate policy template	Council - Res TBA

RISK MANAGEMENT POLICY

1. INTRODUCTION

- 1.1. There is always a degree of uncertainty associated with the decisions and actions Council takes to achieve its objectives.
- 1.2. The effect of uncertainty on objectives is known as 'risk'. The international risk management standard ISO 31000:2018 uses this definition of risk and elaborates that:
 - 1.2.1. An effect is a deviation from the expected – it can be positive and/or negative.
 - 1.2.2. Risk is often characterised by reference to potential events and consequence or a combination of the two.
 - 1.2.3. Risk is often expressed in terms of a combination of the consequences of an event and the associated likelihood of the occurrence of the event.
 - 1.2.4. Uncertainty arises due to a deficiency of information, knowledge or understanding of an event, its consequences, or likelihood.
- 1.3. This policy provides a definition of risk as it applies to the Council, a clear risk policy statement and principles and sets down the responsibilities for Council Members, the Audit Committee, managers, employees, volunteers and contractors.
- 1.4. The policy should be read in conjunction with the risk management framework and associated guides.

2. OBJECTIVES

- 2.1. The objectives of Council's approach to managing risk are to:
 - 2.1.1. Embed systematic and effective processes to identify, prioritise and manage existing and emerging risks;
 - 2.1.2. Ensure linkages to strategic goals and objectives;
 - 2.1.3. Develop a risk management methodology that supports and defines the Council's risk appetite;
 - 2.1.4. Foster a culture that encourages employee participation in the risk management process;

- 2.1.5. Build a reporting framework that facilitates and enhances the disclosure of potential risk to appropriate levels of management;
- 2.1.6. Demonstrate that a proper level of due diligence is undertaken in decision-making;
- 2.1.7. Create an environment where all Council employees take responsibility for managing risk.

3. POLICY STATEMENT

- 3.1. The Council is committed to maintaining a robust and integrated Governance Framework that assures stakeholders that it is pursuing its objectives and fulfilling its responsibilities with due diligence and accountability.
- 3.2. A fundamental component of this Framework is the effective management of the Council's risks in order to provide greater certainty and security for all its stakeholders. In doing so, Council will be better informed, more decisive and function with increased confidence to achieve its objectives.
- 3.3. To provide consistency and confidence, Council will undertake risk management activities in accordance with ISO 31000:2018.
- 3.4. Council aims for high-quality risk management activities to be integrated with all its critical processes, so that before events occur or if there is a change in circumstances that might enhance or prevent Council achieving its objectives, the organisation is able to recognise and respond to the risk in a consistent, proactive way. Equally, when events occur, Council will use systematic processes to learn the lessons from its successes, failures and near misses. In this way Council will drive service improvement and organisational learning and growth.
- 3.5. This policy encompasses every member of the organisation, including Council Members, Chief Executive Officer, Leadership Team, employees, volunteers and contractors given that each has responsibility for the effective management of risk with their area(s) of responsibility.

4. RESPONSIBILITIES

- 4.1. **Council** has ultimate responsibility for risk management across the organisation, adopting the risk management policy and determining an acceptable level of risk (risk appetite).
- 4.2. **Audit Committee** is responsible for reviewing and evaluating the effectiveness of policies, systems and procedures established and maintained for the identification, assessment, monitoring, management and review of strategic, financial and operational risks on a regular basis. ~~monitoring strategic risk management and the adequacy of internal controls established to manage identified risks and to provide advice to the Chief Executive Officer on these and related matters as required.~~
- 4.3. **Chief Executive Officer** is responsible for ensuring that a risk management framework is established, implemented and maintained in accordance with this Policy, allocating risk management responsibilities and monitoring the overall risk profile and mitigating strategies.
- 4.4. ~~Leadership Team~~ **People Leaders** are accountable for the implementation, maintenance and evaluation of risk management within their areas of responsibility in accordance with the risk management framework. They are responsible for creating an environment where each staff member is responsible for and actively involved in managing risk.
- 4.5. **Employees, Volunteers and Contractors** are responsible for identifying potential risks and for the effective management of risk as part of their employment or contractual obligations with the Council.
- 4.6. **Governance & Performance** is responsible for the development and continuous improvement of the Council's risk management systems and processes; the development of information resources, training, tools and templates; the monitoring of risk registration; and reporting to the Chief Executive Officer and Audit Committee regarding the Council's risk profile and mitigation strategies.
- 4.7. **Risk Owner** (an employee to whom responsibility for the management of a specific risk has been allocated) is responsible for ensuring that they manage their designated risk in accordance with the Risk Management Framework.

5. RELATIONSHIP TO INTERNAL AUDIT

- 5.1. One of the key determinants for the selection of activities, systems and processes to be reviewed by the Internal Audit function is the level of risk they pose to the achievement of the Council's objectives.
- 5.2. Risk assessment information will be a key input in the selection of activities, systems and processes to be included in the Council's Internal Audit Plan. The outcomes of these audits/reviews will be entered into the Risk Register to further refine the risk information.

6. DELEGATION

- 6.1. The Chief Executive Officer has the delegation to:
- Approve, amend and review any procedures that shall be consistent with this Policy; and
 - Make any legislative, formatting, nomenclature or other minor changes to the Policy during the period of its currency.

7. AVAILABILITY OF THE POLICY

- 7.1. This Policy will be available via the Council's website www.ahc.sa.gov.au

**ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
Wednesday 20 April 2022
AGENDA BUSINESS ITEM**

Item: 7.6

Responsible Officer: Steven Watson
Acting Executive Manager Governance and Performance
Office of the Chief Executive

Subject: Confidential Items Review – April 2022

For: Decision

SUMMARY

Section 91 of the *Local Government Act 1999* requires the Audit Committee to review its confidential orders at least once every year.

A review of the Register of Confidential Items has been undertaken and there are two (2) items that require a new confidentiality order. The Audit Committee must determine the period of confidentiality for these items.

NB: If the meeting wishes to discuss the status of any items in a manner that will result in the disclosure of information currently under an s91(7) confidentiality order, it should first consider making a s90 order to move into confidence.

RECOMMENDATION

The Audit Committee resolves:

DECISION 1

1. That the report be received and noted.
2. That the items held as confidential in the Confidential Items Register (Appendix 1) be noted.

DECISION 2 – Resolution AC32/21 - Cyber Security Report

3. Pursuant to Section 91(7) of the *Local Government Act 1999*, the Audit Committee orders that the following document(s) (or part) shall be kept confidential, being document(s) (or part) relating to a matter dealt with by the Audit Committee on a confidential basis under Sections 90(2) and 90(3)(e) of the Act:
 - The Report of 24 May 2021, Item No. 8.1, Cyber Security Report, AC32/21 remain confidential until 30 June 2023 and that this order be reviewed every twelve (12) months.

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

4. Pursuant to section 91(9)(c) of the *Local Government Act 1999*, the Audit Committee delegates the power to revoke the confidentiality order either partially or in full to the Chief Executive Officer.

DECISION 3 – Resolution AC51/20 - Cyber Security Audit

5. Pursuant to Section 91(7) of the *Local Government Act 1999*, the Audit Committee orders that the following document(s) (or part) shall be kept confidential, being document(s) (or part) relating to a matter dealt with by the Audit Committee on a confidential basis under Sections 90(2) and 90(3)(e) of the Act:

- The Report of 19 October 2020, Item No. 7.2, Cyber Security Audit, AC320/51 remain confidential until 30 June 2023 and that this order be reviewed every twelve (12) months.

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

6. Pursuant to section 91(9)(c) of the *Local Government Act 1999*, the Audit Committee delegates the power to revoke the confidentiality order either partially or in full to the Chief Executive Officer.

1. BACKGROUND

An Extract of the Confidential Items Register is contained on Council's website and is reviewed on a monthly basis. Items that have progressed to the specified point and are no longer of a confidential nature are released in accordance with the respective council/committee resolution. Items that remain in confidence are displayed on the Register.

For administrative and Council/Committee efficiencies, items may be included in reviews even though they may not be due for such. Processing items in this way eliminates the need for additional reports to Council/Committee whilst maintaining the confidential status of items.

2. ANALYSIS

➤ Strategic Management Plan/Functional Strategy/Council Policy Alignment

Strategic Plan 2020-24 – A brighter future

Goal 5 A Progressive Organisation

Objective O4 We actively represent our community

Priority O4.3 Attract and develop a diverse and capable elected body that represents, promotes and reflects the composition of the community

Priority O4.3 Advocate to, and exert influence with, our stakeholders on behalf of our community to promote the needs and ambitions of the region

Objective O5	We are accountable, informed, and make decisions in the best interests of the whole community
Priority O5.1	Enhance governance structures and systems to prudently adapt to changing circumstances and meet our legislative obligations

The review of the Audit Committee's *Confidential Items Register* is an important element of Council's commitment to open and transparent decision making which facilitates public accountability.

The *Confidential Items Register* has been reviewed and there are two (2) items that require the consideration of a new confidentiality order at this time. An extract of the register is attached (**Appendix 1**) which provides a summary of all existing confidential orders highlighting those orders that require new confidentiality provisions, as follows:

- **Resolution No AC32/21 – Cyber Security Report**

The Period of Confidentiality for this item concludes 24 May 2022.

It is recommended that a new confidentiality order be applied and that the item remain confidential until the control deficiencies are mitigated but no longer than 30 June 2023 and that this order be reviewed every twelve (12) months.

- **Resolution No AC51/20 – Cyber Security Report**

The Period of Confidentiality for this item concludes 18 October 2022.

It is recommended that a new confidentiality order be applied and that the item remain confidential until the control deficiencies are mitigated but no longer than 30 June 2023 and that this order be reviewed every twelve (12) months.

➤ **Legal Implications**

Section 91(7) of the *Local Government Act 1999* sets out the provisions regarding the making of orders to retain documents and discussions considered at Council/Committees in confidence.

Section 91(9) requires that these orders must specify the duration of the order or the circumstances in which the order will cease to apply or must be reviewed. Any order that operates for a period exceeding 12 months must be reviewed at least once in every year.

To enable management of any order made under Section (90) a Confidential Orders Register is maintained.

➤ **Risk Management Implications**

Reviewing confidentiality orders assists with mitigating the risks of:

Confidential information is released which prejudices Council's and/or third parties' interests.

Inherent Risk	Residual Risk	Desired Risk
Extreme (3A)	Low (3E)	Low (3E)

Information scheduled for release under a confidentiality order is not duly released resulting in a breach of legislation and depriving the community of public information.

Inherent Risk	Residual Risk	Desired Risk
Extreme (3A)	Low (3E)	Low (3E)

Note: there are a number of other controls that assist with managing these risks.

➤ **Financial and Resource Implications**

Not applicable

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

Not applicable

➤ **Sustainability Implications**

Not applicable

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

Consultation on the development of this report was as follows:

Council Committees: Not applicable

Council Workshops: Not applicable

Advisory Groups: Not applicable

External Agencies: Not applicable

Community: Not applicable

3. OPTIONS

The Audit Committee has the following options:

- I. To extend the period of confidentiality as per the recommendations. (Recommended)
- II. Determine an alternative period of confidentiality. (Not Recommended)
- III. Allow the confidentiality order to expire thus releasing the information. (Not Recommended)

NB: If the meeting wishes to discuss the status of any items in a manner that will result in the disclosure of information currently under an s91(7) confidentiality order, it should first consider making a s90 order to move into confidence.

4. APPENDIX

- (1) Extract of *Confidential Items Register*

Appendix 1

Extract of Confidential Items Register

Extract of Confidential Items Register
Audit Committee Items in Confidence
April 2022

Register No	Date of Meeting	Council/Committee	Agenda No	Resolution Number	Officer	Responsible People Leader	Report Title	LG Act 590 Provision	Release date (no longer than 12 mths)	Original Resolution regardingPeriod of Confidentiality	Revised Period of Confidentiality	Next Review Date (3 mths less than relase date)	Notes for Update	Still in confidence
376	24/05/2021	Audit Committee	8.1.1	AC32/21	James Sinden	James Sinden	Cyber Security Report	90(3)(e)	30/06/2023	that the report, related attachments and the minutes of the Audit Committee and the discussion and considerations of the subject matter be retained in confidence until the control deficiencies are mitigated but no longer than 30 June 2023.		24/02/2022		Yes
365	19/10/2020	Audit	7.2	51/AC20	Terry Crackett	James Sinden	Cyber Security Audit	90(3)(e)	18/10/2022	that the report related attachments and the minutes of the Committee and the discussion and considerations of the subject matter be retained in confidence until the control deficiencies are mitigated	AC Meeting 18 Oct 2021 - Item 7.5	1/07/2022		Yes