

# Notice of Audit & Risk Committee Meeting

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## MEMBERSHIP

Cr Irena Zagladov (*Presiding Member*)

Cr Rob Unger

Mr Ross Haslam

(*Independent Member*)

Mr Daniel Edgecombe

Ms Deanne Bear

(*Independent Member*)

(*Independent Member*)

NOTICE is given pursuant to Sections 87 and 88 of the Local Government Act 1999 that the next AUDIT & RISK COMMITTEE MEETING will be held in the Civic Centre, 571 Montague Road, Modbury on WEDNESDAY 6 DECEMBER 2023 commencing at 6.30pm

A copy of the Agenda for the above meeting is supplied.

Members of the community are welcome to attend the meeting.

RYAN MCMAHON  
CHIEF EXECUTIVE OFFICER

Dated: 01 December 2023

CITY OF TEA TREE GULLY  
AUDIT & RISK COMMITTEE MEETING  
6 DECEMBER 2023

AGENDA

1. Opening and Welcome

2. Attendance Record:

- 2.1 Present
- 2.2 Apologies
- 2.3 Record of Officers in Attendance
- 2.4 Record of Number of Persons in the Public Gallery

3. Confirmation of Minutes of the Previous Meeting

That the Minutes of the Audit & Risk Committee Meeting held on 6 September 2023 and Special Meeting of Audit & Risk Committee held on 11 October 2023 be confirmed as true and accurate records of proceedings.

4. Public Forum

*Available to the public to address the Committee on policy, strategic matters or items that are currently before the Committee. Total time 20 mins with maximum of 2 mins per speaker. For more information refer to Council's website [www.cttg.sa.gov.au](http://www.cttg.sa.gov.au)*

5. Deputations

*Requests from the public to address the meeting must be received in writing prior to the meeting and approved by the Presiding Member. For more information refer to Council's website [www.cttg.sa.gov.au](http://www.cttg.sa.gov.au)*

6. Presentations

*Requests to present to the meeting must be received in writing 5 days prior to the meeting and approved by the Presiding Member. For more information refer to Council's website [www.cttg.sa.gov.au](http://www.cttg.sa.gov.au)*

7. Petitions - Nil
8. Adjourned Business - Nil
9. Motions Lying on the Table - Nil
10. Management Reports

Office of the Chief Executive Officer - Nil

City Operations - Nil

Corporate Services - Nil

Community Services - Nil

Strategy & Finance

- 10.1 Internal Audit Report - Strategic Environmental Management..... 6
- 10.2 Community engagement outcomes on the draft Long Term Financial Plan  
2025-2034..... 36
- 10.3 Tea Tree Gully Gymsports Redevelopment Section 48 Prudential Report ..... 61

11. Motion(s) on Notice - Nil
12. Motion(s) without Notice
13. Question(s) on Notice - Nil
14. Questions without Notice

15.	Information Reports	
15.1	Council Incident Management arrangements - Higher Risk Weather Season (Pre-season update) .....	147
15.2	Internal Audit Plan Status Update .....	153
15.3	Strategic Risk Management Report - November 2023 .....	155
15.4	Internal Audit Agreed Actions Update - 'High' and 'Extreme' Risk Rated Actions.....	176
15.5	2023 Local Government Mutual Risk Scheme and Funds Highlights .....	179
15.6	First Quarter Budget Review for Financial Year Ending 30 June 2024 .....	197
16.	Status Report on Resolutions	
16.1	Status Report on Audit & Risk Committee Resolutions .....	222
17.	Other Business	
17.1	Audit & Risk Committee Annual Self-Assessment 2023	
	The Audit & Risk Committee is required to review its performance annually under the <a href="#">Committee's Terms of Reference</a> , which can be an informal discussion.	
	The Committee should discuss its functions and their effectiveness including:	
	a. Creating and running an effective Committee	
	b. Internal controls and risk management	
	c. Internal audit	
	d. External financial audit	
	e. Training and development	
	f. Evaluation and future.	
17.2	Key Emerging Risks	
	The Audit & Risk Committee will have an informal discussion regarding key emerging risks.	



## 18. Confidential Items

*A record must be kept on the grounds that this decision is made.*

18.1 CONFIDENTIAL - Recommendation for the Award of Contract –  
Provision of External Audit Services ..... 225

19. Date of Next Ordinary Meeting

20 March 2024

## 20. Closure



REPORT FOR

AUDIT &amp; RISK COMMITTEE MEETING

MEETING DATE

06 DECEMBER 2023

RECORD NO:

D23/65484

REPORT OF:

STRATEGY &amp; FINANCE

TITLE:

INTERNAL AUDIT REPORT - STRATEGIC ENVIRONMENTAL  
MANAGEMENT

## PURPOSE

To consider the Strategic Environmental Management internal audit undertaken by KPMG including the report findings and agreed actions.

## RECOMMENDATION

**That the Audit & Risk Committee receives the report titled “Internal Audit Report - Strategic Environmental Management” and dated 6 December 2023, and endorses the agreed actions as detailed in Attachment 1.**

## 1. BACKGROUND

The City of Tea Tree Gully has a range of environmental management initiatives and approaches delivered across multiple functions, in order to manage the impact of Council activity on the environment. **The ‘Environment’ is one of the five key themes that guide Council’s strategic objectives, which include the following:**

- The carbon footprint of our city is reduced through the collective efforts of the community and Council
- Our consumption of natural resources is minimised by reducing, reusing and recycling products and materials (and using renewable resources)
- We are resilient to climate adaptation and equipped to manage the impacts
- Our tree canopy is increasing.

## 2. DISCUSSION

Council engaged KPMG to conduct an internal audit of Council’s approach to managing strategic environmental assets. This included initiatives in response to changing environmental conditions and their impact on the community. This internal audit excluded waste management, recycled water, soil contamination, air pollution and sewage on the basis that Council had already undertaken an internal audit on waste management and recycled water. The scope requested the following:

1. Identify and undertake a high-level analysis of key environmental management risks, which should include identifying and assessing relevant trends and associated drivers.
2. **Review and assess the effectiveness of the Council’s approach to the management** of strategic environmental assets and initiatives, including strategies, policies, frameworks and plans that may include objectives or targets.
3. Undertake a high-level **evaluation of Council’s approach and initiatives**, identifying any potential gaps or improvements in addressing the objectives, **challenges and opportunities in Council’s strategic documents.**

The outcomes/outputs proposed for this internal audit included:

1. Risk assessment as referenced in the scope
2. **Recommendations for improving Council’s response to changing** environmental conditions, that may include (but not be limited to) recommendations for:
  - a. Setting goals and objectives
  - b. Delivery and implementation
  - c. Education and awareness
  - d. Monitoring and reporting
3. Propose solutions for addressing any gaps or identified improvements
4. Prioritise recommendations with justification of priorities
5. Report with findings, recommendations, agreed actions and timeframes.

## Internal Audit Report

The key audit findings, including two performance improvement opportunities have been summarised below:

Reference	Description	Risk rating
F1	An overarching Integrated Environmental Strategy is not in place	High
F2	Gaps identified in the identification and measurement of environmental risks	High
F3	Gaps in the current approach to managing environmental risks	Moderate
F4	Lack of decision-making frameworks to support strategic environmental management	Moderate
F5	Gaps identified in governance, monitoring and reporting on sustainability metrics and targets	Moderate
PIO1	External collaboration	Performance Improvement Opportunity
PIO2	Education and training	Performance Improvement Opportunity

### 3. FINANCIAL

The internal audit was undertaken in accordance with the annual budget allocated to ensure delivery of the Internal Audit Plan. The total cost of this audit was \$28,067 (excluding GST).

### 4. STRATEGIC OBJECTIVES

#### Strategic Plan

The following strategic objectives in Council's Strategic Plan 2025 are the most relevant to this report:

Objective	Comments
Environment	
<i>A community that is protected from public and environmental health risks</i>	By developing an integrated environmental management strategy and associated plans, Council will be in a good position to positively address these objectives.
<i>Our consumption of natural resources is minimised by reducing, reusing and recycling products and materials, and using renewable resources</i>	
<i>We are resilient to climate change and equipped to manage the impact of extreme weather events</i>	
<i>Our tree canopy is increasing</i>	

### Policies / Strategies

The following policies are relevant to this report:

- [Risk Management Policy](#)
- [Tree Management Policy](#)
- [Open Space Policy](#)
- [Asset Management Policy](#)

### 5. LEGAL

There are no legal implications in the consideration of this report.

### 6. RISK – IDENTIFICATION AND MITIGATION

**This internal audit contributes to Council's risk management process by identifying** any potential gaps and improvement opportunities in our current approach to strategic environmental assets. Any agreed actions from the findings will work towards mitigating the level of risk to Council in relation to this topic and will ensure our processes and systems are further refined.

### 7. ACCESS AND INCLUSION

N/A

### 8. SOCIAL AND COMMUNITY IMPACT

Any actions and/or improvement opportunities arising from the internal audit have been agreed with the relevant internal stakeholders. No community engagement has been undertaken in relation to this report.

## 9. ENVIRONMENTAL

There are no environmental implications in consideration of this report.

## 10. ASSETS

Environmental assets were considered as part of the internal audit.

## 11. PEOPLE AND WORK PLANS

Internal work plans were considered whilst committing to the agreed management actions. These discussions influenced the target dates included in Attachment 1.

## 12. COMMUNITY AND STAKEHOLDER ENGAGEMENT

No community engagement has been undertaken, noting that internal stakeholders were involved when developing this report.

## 13. COMMUNICATIONS OF COUNCIL DECISION

No communication of decisions is required.

## 14. INTERNAL REPORT CONSULTATION

The following staff have been included in the consultation process in the preparation of this Report.

Name	Position	Consulted about
Justin Robbins	General Manager Strategy & Finance	Attachment 1 – Internal Audit Report
Ingrid Wilkshire	Manager City Strategy	Attachment 1 – Internal Audit Report
<b>Gabby D’Aloia</b>	Manager Technical & Engineering Services	Attachment 1 – Internal Audit Report

## Attachments

1. <a href="#">1</a>	Strategic Environmental Management Internal Audit Report .....	12
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Report Authorisers

Marley Marks Risk Officer	8397 7270
Alexandra Pukallus Coordinator, Risk & Audit	8397 7379
Ilona Cooper Manager Corporate Governance	8397 7310
Ryan McMahon Chief Executive Officer	8397 7297



# Strategic Environmental Management

## Internal Audit Report

City of Tea Tree Gully

—

November 2023



# Acknowledgement of Country

**KPMG acknowledges Aboriginal and Torres Strait Islander peoples as the First Peoples of Australia. We pay our respects to Elders past, present, and future as the Traditional Custodians of the land, water and skies of where we work.**

At KPMG, our future is one where all Australians are united by a shared, honest, and complete understanding of our past, present, and future. We are committed to making this future a reality. Our story celebrates and acknowledges that the cultures, histories, rights, and voices of Aboriginal and Torres Strait Islander People are heard, understood, respected, and celebrated.

Australia's First Peoples continue to hold distinctive cultural, spiritual, physical and economical relationships with their land, water and skies. We take our obligations to the land and environments in which we operate seriously.

Guided by our purpose to 'Inspire Confidence. Empower Change', we are committed to placing truth-telling, self-determination and cultural safety at the centre of our approach. Driven by our commitment to achieving this, KPMG has implemented mandatory cultural awareness training for all staff as well as our Indigenous Peoples Policy. This sincere and sustained commitment has led to our 2021-2025 Reconciliation Action Plan being acknowledged by Reconciliation Australia as 'Elevate' – our third RAP to receive this highest level of recognition. We continually push ourselves to be more courageous in our actions particularly in advocating for the Uluru Statement from the Heart.

We look forward to making our contribution towards a new future for Aboriginal and Torres Strait Islander peoples so that they can chart a strong future for themselves, their families and communities. We believe we can achieve much more together than we can apart.

\*This acknowledgement of country has been developed within KPMG Indigenous Network (KIN) should you wish to modify the wording please reach out for consultation of the KIN. The KIN is a culturally safe and supportive space for Aboriginal and Torres Strait Islander colleagues from all geographies, divisions, and levels of the firm and you can get in touch by emailing [smoates@kpmg.com.au](mailto:smoates@kpmg.com.au)

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EXECUTIVE SUMMARY

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# Executive Summary

As agreed with the City of Tea Tree Gully (CTTG), an internal audit focusing on the Council's Strategic Environmental Management was performed. The objective, scope and approach are outlined below.

## Objective and scope

The objective of this internal audit was to undertake a review of the CTTG's approach to the management of strategic environmental assets (e.g., stormwater, biodiversity, tree canopy) and initiatives in response to changing environmental conditions and their impact on its community.

The scope of this internal audit considered the following:

- A high-level analysis of key risks to the CTTG Community as it relates to environmental management. This included identifying and assessing relevant trends and associated drivers.
- Assessing the effectiveness of the CTTG's current approach to the management of strategic environmental assets and initiatives.
- A high-level evaluation of the CTTG's environmental management approach and initiatives, identifying gaps and areas for improvement.

## Approach

The approach in conducting this internal audit included the following four phases:



**Phase 1: Project Initiation.** Consultation with the audit sponsor, to confirm objectives, timing, approach and key stakeholders.



**Phase 2: Risk Assessment, Desktop Review and Stakeholder Consultations.** KPMG conducted stakeholder consultations to gather information and build an understanding to analyse the CTTG's environmental risk assessment process. This included a desktop review of relevant policies, strategies, frameworks and plans, and assessing the CTTG's strategic environmental objectives and performance of various initiatives.



**Phase 3: Analysis and Collaborative Workshop.** Leveraging the information and assessment from Phase 2, a workshop was conducted with nominated CTTG stakeholders to further evaluate the CTTG's approach and initiatives relating to strategic environment management and validate KPMG's fieldwork observations.



**Phase 4: Reporting** – KPMG issued a draft report for review and feedback from CTTG stakeholders, followed by finalising the report.

## Positive Observations

The CTTG is making a proactive effort in managing its key environmental assets by addressing a variety of environmental challenges through a variety of measures. These include a number of positive observations identified from our review including:

- ✓ Proactive collaboration with organisations facing similar challenges, demonstrated through the Resilient East initiative.
- ✓ A commitment from CTTG Management to managing strategic environmental assets was evident. This includes identification of strategic objectives and the development of a sustainability framework.
- ✓ A concerted effort has been made to documenting the identification and assessment of critical environmental risks, hazards and mitigation strategies. This includes clear alignment with better practice for bushfire, storm, flood and heatwave management and preparedness.

## Key Findings and Recommendations

Overall, it was noted that whilst the CTTG has demonstrated good environmental practices across the organisation, this is operated in a siloed approach with a lack of an overarching environmental management strategy and supporting processes in place. Looking forward, a greater focus on building a more consistent approach to environmental risk management, including preparation for emerging regulatory and reporting requirements is required.

The number of findings identified during the course of this internal audit are shown in the following table. A full list of the findings identified and the recommendations made are included in this report. Classification of internal audit findings are detailed in Appendix 3. These findings and recommendations were discussed with CTTG Management. Management has accepted the findings and has agreed action plans to address the recommendations.

Extreme	High	Medium	Low	PIO
-	2	3	-	2



## EXECUTIVE SUMMARY

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# Background

## Context

There is an increasing expectation of organisations in the private and public sectors to proactively manage the risk of their environmental management practices. Local government plays a key role in helping address the economic and social impacts of future weather patterns by reducing disruptions to public services, protecting government assets, and supporting community adaptation.

The frequency of extreme weather events are increasingly shaping communities and have the potential to impact the way in which local government plans and delivers the critical services and infrastructure the community depends on.

Local government is a unique driver of sustainable environmental management outcomes. In addition to being a major provider of services, local government can also raise levels of ambition, encourage action through regulatory change, and seed new initiatives as a market maker. Local government organisations are also significant employers, asset owners and operators, as well as being environmental and cultural stewards.

**The reliance of the community on local government assets and services is often emphasised during times of extreme weather events, for example, when critical networks are damaged or disrupted by flood or bushfire events.**

## CTTG Community Resilience

**The conditions experienced by South Australia are changing.** To date, increased temperatures, an increase in extreme weather events, and rising sea levels have already been observed across the state. Responding to potential risks resulting from changing weather patterns is a key emerging area of risk management.

To begin addressing growing environmental risks facing the CTTG and the community it supports, the CTTG has developed 6 Strategic Environmental Objectives included within the Strategic Plan 2025, with a clear focus on building community resilience. Strong linkage is evident between the 6 strategic objectives and asset management planning for the CTTG's key environmental assets.

Going forward, councils including the CTTG will be required to ensure robust scenario analysis is conducted based on up-to-date weather data. Considering the implications of climate scenarios on assets and operations helps assess how different possibilities can lead to risk exposure. Conducting scenario analysis can also help councils to better prepare for and understand the impacts of different forecast weather patterns, utilising the most accurate and up to date data from a multitude of sources including the Australian Bureau of Meteorology.

## Changing Weather Patterns

In 2022, the Department for Environment and Water released updated weather projections for South Australia. This included:



Declining rainfall.



More dangerous fire weather. Hotter and more frequent hot days.



More intense heavy rainfall events.



Increasing maximum, minimum and average temperatures.

Environmental risks continue to evolve and will have a significant flow on impact to the CTTG Community and a range of the CTTG's assets, including community parklands and nature reserves, public realm spaces, water assets and other public infrastructure.

As global conditions worsen, local risks will inevitably exacerbate. Some of the ways these global risks will manifest in the CTTG's environment, and its community include:

- Increased public liability exposure and higher insurance costs exacerbated by climate change impacts.
- Increased severity and frequency of bushfires for councils, and related public safety and health issues caused by extreme weather events and temperatures.
- The inadequacy of land use planning and the reduction of viable land for food production.
- Water insecurity and biodiversity loss, exacerbated by warmer temperatures and reduced rainfall.
- Increased costs associated with the management of assets and infrastructure vulnerabilities due to changing environmental conditions.
- Poor reputation as a result of failing to manage community expectations.



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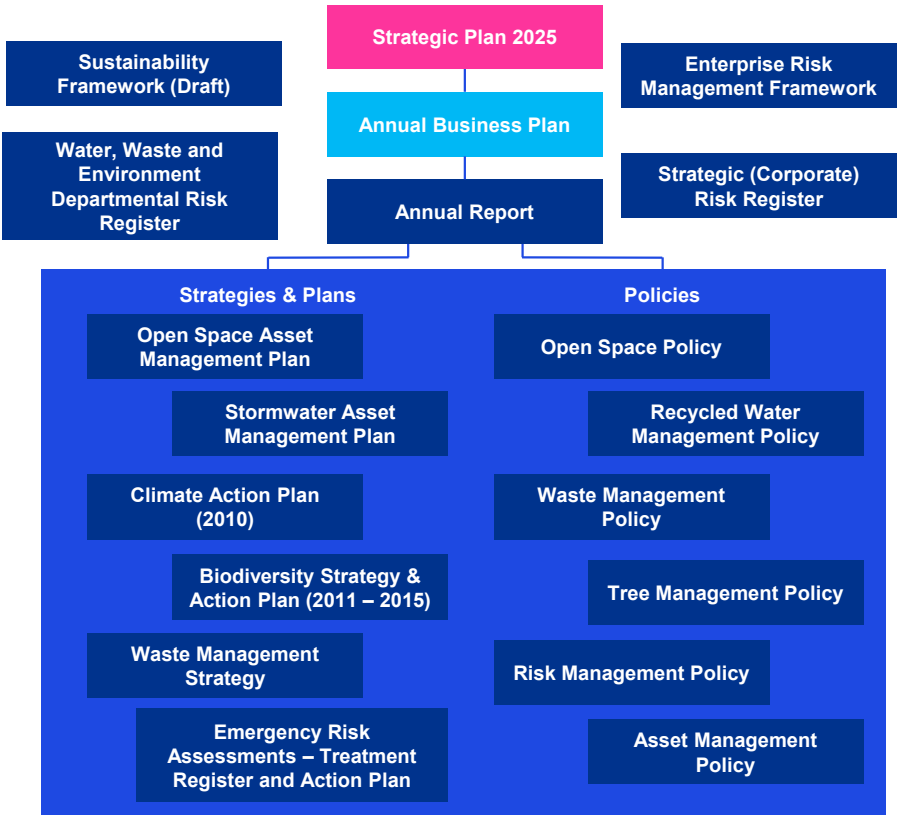
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# Background

## CTTG Document Framework

Governance of environmental management across the CTTG is spread across a number of plans, strategies and policies which are managed by various areas across the organisation. The below graphically depicts the role of key strategic environmental documentation at the CTTG in supporting the Council's governance model:



## Future Linked Environmental Reporting Considerations

There has been a shift in the climate-reporting landscape following the release of the first two International Financial Reporting Standards (IFRS) Sustainability Disclosure Standards that many entities will be required to navigate. As such, it is critical impacted organisations have a strong understanding of obligations under these new, soon-to-be mandatory standards.

The upcoming International Sustainability Standards Board (ISSB) standards bring together four (4) global 'better practice' reporting frameworks, including the Taskforce on Climate-Related Financial Disclosures (TCFD), Integrated Reporting Framework, Sustainability Accounting Standards Board (SASB) and the Climate Disclosure Standard Board (CDSB). Going forward, it will be important that the CTTG understands any gaps in their existing reporting processes and what will be required to report to address these gaps.

In the context of the CTTG, the ISSB IFRS Standard 1 (S1) is in alignment to better practice governance, strategy, risk management and monitoring of metrics and targets, applicable to environmental management broadly (as outlined below). ISSB IFRS S1 helps companies understand how sustainability metrics affect financial performance over the short and long-term, with a strong focus on aligning key financial reporting principles with sustainability.

The below captures high-level considerations in line with ISSB IFRS S1:

	<b>Governance</b> <ul style="list-style-type: none"><li>Who is tasked with governance</li><li>Skills and competencies</li></ul>	<ul style="list-style-type: none"><li>How often is reporting provided</li><li>Remit of oversight (targets, risks, opportunities)</li></ul>
	<b>Strategy</b> <ul style="list-style-type: none"><li>Sustainability risks/opportunities, cash flows and capital, financial performance</li></ul>	<ul style="list-style-type: none"><li>Resilience of strategy</li><li>Quantitative and qualitative progress of plans</li></ul>
	<b>Risk Management</b> <ul style="list-style-type: none"><li>Process for identification and prioritisation</li><li>Assumptions</li></ul>	<ul style="list-style-type: none"><li>Assessment of likelihood and impacts</li><li>Monitoring and management</li></ul>
	<b>Metrics and Targets</b> <ul style="list-style-type: none"><li>Process for identification and prioritisation</li><li>Assumptions</li></ul>	<ul style="list-style-type: none"><li>Assessment of likelihood and impacts</li><li>Monitoring and management</li></ul>

## EXECUTIVE SUMMARY

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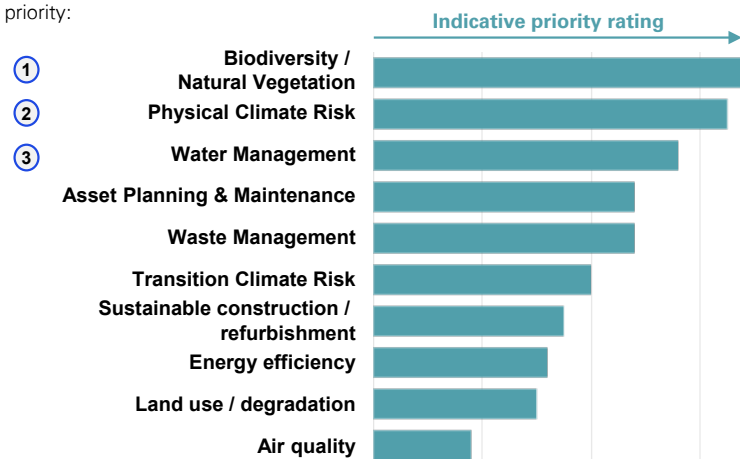
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# Background

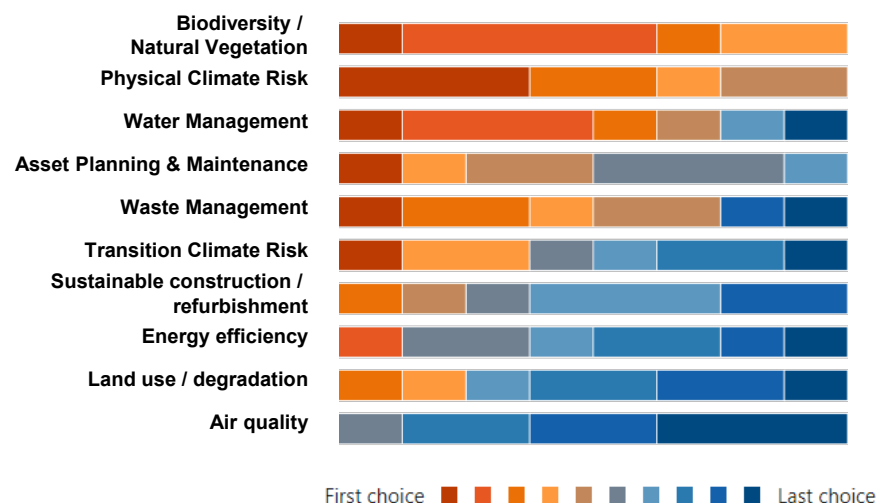
## CTTG Environmental Considerations

In alignment with future linked environmental reporting considerations, Internal Audit conducted a workshop with CTTG stakeholders to further understand the CTTG's approach and initiatives relating to strategic environment management. The below represents results from a survey sent out to key stakeholders, which rated environmental areas in order of priority:



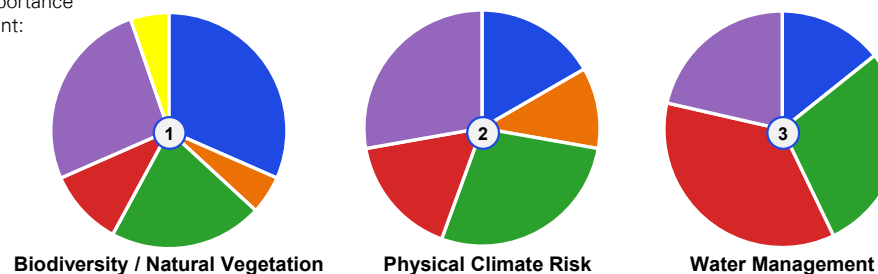
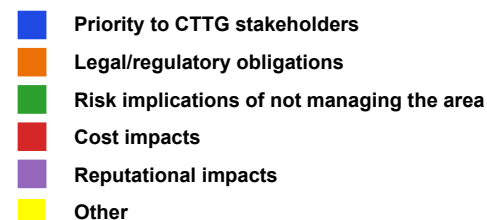
## Considerations Ranked

The below graphically depicts the way in which the CTTG's environmental considerations were ranked:



## Top 3 risks and their importance to the CTTG

The below captures further detail from the survey conducted in relation to the importance of the top three (3) key risks to CTTG, in the context of environmental management:





# Internal Audit Findings

Through our discussions with the key stakeholders and documentation review performed, Internal Audit identified two (2) high risks, three (3) medium risks and two (2) performance improvement opportunities (PIO). The following table provides a summary of our risk rated findings, the responsible owner and target date for implementation. These findings and recommendations were discussed with the CTTG Management. Management has accepted the findings and has agreed action plans to address the recommendations. The classifications of risk ratings in this report are based on the CTTG’s risk ratings documented in Appendix 2.



Rating	Ref #	Description	Issue Owner(s)	Target Date(s)
High	F1	An overarching Integrated Environmental Strategy is not in place	1. Manager City Strategy	1. December 2024
High	F2	Gaps identified in the identification and measurement of environmental risks	1&3. Manager City Strategy 2. Coordinator Risk & Audit	1. December 2024 2. December 2023 3. June 2025
Medium	F3	Gaps in the current approach to managing environmental risks	1,2,3. Manager City Strategy 4. Coordinator Risk & Audit	1,2,4. December 2024 3. March 2025
Medium	F4	Lack of decision-making frameworks to support strategic environmental management	1,2. GM Strategy and Finance 3. Manager City Strategy	1,2. December 2023 3. May 2024 / June 2025
Medium	F5	Gaps identified in governance, monitoring and reporting on sustainability metrics and targets	1,2,3. Manager City Strategy	1. December 2024 2. June 2026 3. June 2024
PIO	PIO1	External collaboration	1. Manager City Strategy	1. December 2024
PIO	PIO2	Education and training	1. Manager City Strategy	1. December 2024



## EXECUTIVE SUMMARY

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## Observations and Recommendations

## Finding 1: An overarching Integrated Environmental Strategy is not in place

Rating: High

Observations	Recommendation(s)	Agreed Management Actions
<p>The CTTG does not have an overarching Integrated Environmental Strategy in place, to support and align the various environmental decisions and initiatives undertaken across the CTTG.</p> <p>The Local Government Act 1999 outlines the Council must develop strategic management plans which identify the Council's objectives over a period of at least 4 years, and provide a clear indication of "the extent to which the Council has given consideration to ... objectives and strategies which are relevant to the... environmental development and management of its area".</p> <p>The CTTG's Strategic Plan 2025 outlines six (6) high-level strategic objectives relating to the environment. Additionally, there are six (6) asset management plans and action plans to support the various initiatives and its Strategic Environmental Assets (SEAs), as detailed on page 6.</p> <p>Based on our desktop review and stakeholder consultation, the following issues were identified in relation to the current state of the CTTG's strategic environmental management:</p> <ul style="list-style-type: none"> <li>Integration of the CTTG's six (6) environmental objectives into the annual business planning process is unclear. This includes the way in which the environmental objectives guide decision-making and are aligned to the CTTG's other environmental related plans and strategies. Additionally, the six (6) objectives do not have measurable objectives or targets to provide tangible metrics for the monitoring of environmental performance.</li> <li>It is unclear how risk and opportunity assessments have been built consistently into the CTTG's existing environmental strategies. This is an important process for understanding key areas of current and future environmental risk exposure to the CTTG and its community. A comprehensive and fulsome understanding of key environmental risks, mitigation gaps and further actions should be utilised to inform the development of an organisation's environmental management strategy.</li> <li>Key documentation, including the Biodiversity Strategy and Action Plan (2011-2015) and the Climate Action Plan (2010), have not been reviewed and are now expired. This creates gaps in current environmental management processes at the CTTG and may expose the Council to further reputational and financial implications, where certain actions have been agreed in expired plans and not delivered.</li> <li>Various environmental initiatives and assets are managed in silos across the CTTG. More than six (6) standalone environmental related strategies, plans and policies are in place, each with a variety of actions and initiatives that are not integrated or aligned.</li> </ul> <p><i>(Continued on the following page)</i></p>	<p>Internal Audit recommends the CTTG develop an overarching Environmental Management Strategy which considers the following:</p> <ol style="list-style-type: none"> <li>Discovery &amp; Benchmarking – Conduct an environmental current-state and risk assessment, to determine potential areas of focus and kick-off the strategy development. This should include identifying the current CTTG projects and initiatives already in place.</li> <li>Consideration of ESG standards (new and upcoming).</li> <li>Consultation – Following the determination of the current state, consultation should occur both internally and externally from the Council, to test the materiality of the potential focus areas with key stakeholders and determine prioritisation. Following this, further consultation can determine key actions, objectives, timelines and an overall roadmap.</li> </ol> <p><i>(Continued on the following page)</i></p>	<p>CTTG will develop an overarching integrated Environmental Management Strategy.</p> <p>CTTG notes the approach provided will be considered in the development of the strategy.</p> <p><b>Responsibility:</b> Manager City Strategy</p> <p><b>Due:</b> December 2024</p>



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Observations and Recommendations

Finding 1: An overarching Integrated Environmental Strategy is not in place (cont)

Rating: High

Observations

(Continued from previous page)

- Projects and initiatives are undertaken by business units or by SEA class and are only monitored at a project-level. For example, there has been various initiatives in relation to the CTTG's Dry Creek Corridor, with limited upward reporting to communicate if key milestones are being achieved.
- The CTTG has developed asset management plans for a number of key SEAs such as Open Space and Stormwater, referring directly to the environmental strategic objectives as 'service level drivers'. However, these plans lack detail on the way in which this will be achieved and do not consider initiatives planned by other areas or business units across the organisation.

The absence of an Integrated Environment Strategy to align the goals of SEAs and business units has resulted in a siloed approach by the CTTG in managing its environmental risks and objectives. Better practice would see an Integrated Environmental Strategy, containing key objectives which are informed by an comprehensive environmental risk assessment, consultation and prioritisation process.

Risk(s):

The absence of an overarching Integrated Environmental Strategy may result in a risk of the following:

- Pursuing environmental management initiatives and plans that are not fit-for-purpose and have not been developed on the basis of a holistic current state environmental risk assessment, resulting in the CTTG not effectively discharging its environmental management requirements.
- Ineffective and inefficient allocation of limited resource capacity, due to a lack of a holistic and aligned strategy.
- Relying on outdated documents without scenario-based analysis to support risk management, in a dynamic environmental management risk landscape.
- Limited or no progress made on key environmental management risk mitigation activities, increasing the impacts on the community and Council assets from extreme weather events and other key environmental risks.
- Reputational, financial and environmental as a result of a lack of a comprehensive and focused environmental management strategy which includes key areas of priority of the CTTG.

Recommendation(s)

(Continued from previous page)

4. Development of a draft strategy can occur to address the material and prioritised actions and, following Council feedback, can be formalised and adopted.

Agreed Management  
Actions



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## Finding 2: Gaps identified in the identification and measurement of environmental risks

Rating: High

Observations	Recommendation(s)	Agreed Management Actions
<p>There are no documented risk identification and assessment processes to ensure a consistent and robust approach to address the CTTG's emerging strategic environmental risks.</p> <p>As per the Local Government Act 1999, the functions of a Council include "to manage, develop, protect, restore, enhance and conserve the environment in an ecologically sustainable manner, and to improve amenity". Key environmental risks, if not addressed sufficiently, may pose a challenge to the CTTG in complying with this requirement.</p> <p>Currently, the CTTG has identified environmental risks in the CTTG Corporate Strategic Risk Register, the Water, Waste and Environment Departmental Risk Register and the Emergency Risk Assessment Treatment Register. Through our review of the identification, assessment and mitigation of risks within the CTTG environmental risk assessment process, the following observations were noted:</p> <ul style="list-style-type: none"> <li>A comprehensive assessment of the CTTG's environmental risks has not been performed. To ensure future resilience of the CTTG and its community, it is critical that a comprehensive environmental risk assessment based on current data is conducted. Furthermore, the status of the CTTG's various environmental initiatives and risk mitigation measures should be completed and updated on a regular basis.</li> <li>A number of commonly captured environmental risks were not captured within the CTTG's risk registers. These include: <ul style="list-style-type: none"> <li>Increased severity and impacts of extreme weather events and weather patterns.</li> <li>Increasing costs to implementing greenhouse gas emission reduction.</li> <li>Inabilities to obtain extreme weather surge liability insurance coverage at a reasonable cost.</li> <li>Policy changes on emission reduction requirements for public sector entities.</li> <li>Increased energy costs and carbon pricing.</li> <li>Inadequate sharing of climate related information, education or capability.</li> <li>Economically mobile population relocate due to physical impacts of recurring extreme weather events.</li> </ul> </li> </ul> <p>(Continued on the following page)</p>	<p>Internal Audit recommends the CTTG:</p> <ol style="list-style-type: none"> <li>Undertake a scenario-based environmental risk assessment and consolidate the risks identified, those captured in existing documentation, and those identified throughout this review into an implementation plan, with committed funding. The Council can then meet the objectives of the developed Environmental Management Strategy. See <i>Finding 1</i>.</li> <li>Documents the environmental risk management process, to provide clear guidance on identifying, assessing and managing environmental risks.</li> <li>Ensures updated or developed strategic environmental risk assessments are composed with consideration to existing and emerging environmental management plans and policies.</li> </ol>	<ol style="list-style-type: none"> <li>CTTG will consolidate the environmental risk assessments identified during the workshops and consolidate these into a project risk register to inform the implementation plan (see Finding 3.3). <b>Responsibility:</b> Manager City Strategy <b>Due:</b> December 2024</li> <li>CTTG will finalise the new Risk Management Procedure, which will document the process for identifying, assessing and managing risks. <b>Responsibility:</b> Coordinator Risk &amp; Audit <b>Due:</b> December 2023</li> <li>CTTG will ensure environmental risks are considered in the development of environmental plans and policies. <b>Responsibility:</b> Manager City Strategy <b>Due:</b> June 2025</li> </ol>



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# Observations and Recommendations

## Finding 2: Gaps identified in the identification and measurement of environmental risks (cont)

Rating: High

### Observations

### Agreed Management Actions

(Continued from previous page)

- A scenario-based climate risk assessment has not been currently undertaken, and as a result, future climate risk impacts to the environment have not been sufficiently captured. Better practice would see the CTTG conducting scenario-based analysis to understand the future potential environmental risk exposure to the Council, its assets and impacts to the community including vulnerable persons such as elderly and youth.
- A survey with CTTG staff was performed, where over 40 material environmental risks were identified. Many of the risks noted were observed as not being currently captured in the CTTG's risk registers. Examples of these included loss to biodiversity, lack of heat mitigation due to reduced tree canopy cover and unsustainable development.
- Whilst it is acknowledged that there have been steps taken by CTTG departments to capture environmental risks within their risk registers, the process is not supported by a formal procedure. As such, there is a lack of guidance in place that defines the overall responsibility for reviewing risks and monitoring and reporting on key high-rated risks and actions. This also presents a key stakeholder risk, as the detailed understanding of the CTTG's environmental risk assessment process has not been documented.

### Risk(s):

Gaps in strategic environmental risk identification processes may lead to a risk of the following:

- Non-identification of critical and emerging environmental risks, leading to a lack of management of key environmental risks facing the CTTG.
- Newly identified strategic environmental risks are not documented, and therefore do not lead to assessment and mitigation strategies.
- Inconsistency of risks identified across SEA and business unit management plans.
- Misalignment between strategic environmental risks and initiatives undertaken.



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## Finding 3: Gaps in the current approach to managing environmental risks

Rating: Medium

Observations	Recommendation(s)	Agreed Management Actions
<p>Gaps were identified in the CTTG's processes for managing its environmental risks.</p> <p>It is noted that the Council has a requirement, as per the Local Government Act 1999, to "to take measures to protect its area from natural and other hazards and to mitigate the effects of such hazards".</p> <p>It is acknowledged that the CTTG has documented environmental risks in the strategic and departmental risk registers (see Finding 2). In addition, the CTTG also details critical risks facing the SEAs in the relevant asset management plans. For example, the Stormwater Asset Management Plan 2020-2023 details five (5) high risks and one (1) extreme risk, with treatment strategies, residual risk and expected costings.</p> <p>Whilst documenting the risks and treatments in the registers and plans is a positive step to managing the strategic environmental risks, the following was noted in relation to current practices:</p> <ul style="list-style-type: none"> <li>The departmental risk registers lack critical data to successfully manage risks and their associated treatments, including responsible control owners, dates for review and a place to capture additional information. In addition, the implementation date for controls relating to the extreme-rated risk 'Wynn Vale Dam Safety' was noted as 'TBD'. Further, the Strategic Risk Register includes risks where the position responsible no longer exists, such as the Director Assets and Environment.</li> <li>As noted in <i>Finding 2</i>, critical risks identified in the CTTG's asset management plans were not captured by the risk registers reviewed. For example, the Open Space Asset Management Plan contained four (4) high-rated critical risks, such as 'Asset renewals become unsustainable due to changes in demand'. These risks do not have assigned owners or target dates for the implementation of treatment actions.</li> <li>There is no supporting implementation plan to outline and prioritise the treatment of critical risks across the various SEA plans.</li> <li>Two (2) of the four (4) high risks in the departmental risk register have 'accept' as the documented risk treatment option, with no further information captured. The two (2) risks accepted by the CTTG's Leadership Team include an 'Inability to manage the impact of environmental pollutants and contaminants, exposing the community to potential health issues' and 'Impact on service delivery to the community from the effects of climate change to Council asset infrastructure'. Acceptance from the Leadership Team of risks rated as high is inconsistent with guidance documented within the CTTG Risk Management Framework. Whilst both risks have existing controls in place to reduce their inherent risk, further detail is required within the register given the severity of consequences these risks pose.</li> </ul> <p><i>(Continued on the following page)</i></p>	<p>Internal Audit recommends the CTTG completes the following:</p> <ol style="list-style-type: none"> <li>Environmental management risks are consolidated into a documented single source of truth (see Finding 2).</li> <li>A strategic Environmental Management Strategy is developed to guide consistency in the CTTG's approach to managing environmental risks (see Finding 1).</li> <li>An implementation plan is developed, outlining and prioritising the treatment of critical environmental risks across the various SEA plans.</li> <li>Update relevant risk registers to ensure all information is up to date, including risk and action owners and documented controls and risk mitigation measures.</li> </ol>	<ol style="list-style-type: none"> <li>As per 2.1 – CTTG will consolidate the environmental risk assessments identified during the workshops and consolidate these into a project risk register to inform the implementation plan (see Finding 3.3). <b>Responsibility:</b> Manager City Strategy <b>Due:</b> December 2024</li> <li>As per 1.1 – CTTG will develop an overarching integrated Environmental Management Strategy. CTTG notes the approach provided and will be considered in the development of the strategy. <b>Responsibility:</b> Manager City Strategy <b>Due:</b> December 2024</li> </ol> <p><i>(Continued on the following page)</i></p>



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# Observations and Recommendations

## Finding 3: Gaps in the current approach to managing environmental risks (cont)

Rating: Medium

### Observations

(Continued from previous page)

Better practice would see a formal environmental risk register inclusive of all relevant risks for each SEA, as a single source of truth. Each respective risk captured would include relevant information critical to effective risk mitigation, including treatment actions, risk owners and review dates. In addition, the large number of actions would be documented and prioritised within a formal implementation plan, to ensure a holistic approach to managing strategic environmental risks.

#### Risk(s):

Gaps in the management of environmental risks managed by the CTTG may lead to the following:

- Environmental mismanagement occurs exposing the CTTG to adverse reputational, financial and legal consequences.
- A lack of ownership and accountability for environmental risk management and risk mitigation actions required.
- Errors made in the decision-making process to manage risks, due to insufficient information captured.
- Inconsistent approach to managing strategic environmental risks across the organisation.
- Approach to strategic environmental risk mitigation and adaptation is not aligned with the CTTG's budget, capability, and capacity.

### Agreed Management Actions

(Continued from previous page)

3. CTTG will develop an implementation plan outlining and prioritising the treatment of critical environmental risks across the various strategic environmental assets.

**Responsibility:** Manager City Strategy

**Due:** March 2025

4. CTTG will coordinate the updated relevant risk registers to ensure all information is up to date, including risk and action owners and documented controls and risk mitigation measures.

**Responsibility:** Coordinator Risk & Audit

**Due:** December 2024



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## Finding 4: Lack of decision-making frameworks to support strategic environmental management

Rating: Medium

Observations	Recommendation(s)	Agreed Management Actions
<p>Gaps were identified in the CTTG's overarching processes to prioritise initiatives and projects, including those related to strategic environmental management.</p> <p>Until recently, the CTTG required a 'Project Nomination Checklist' template or business plan be completed prior to selecting projects for funding the following year. At present, the CTTG intends on moving to TechOne as a solution for streamlining this initiation process for new projects, however there are no formalised plans to support the implementation of this product.</p> <p>The following observations were identified regarding the process for selecting and prioritising plans in the CTTG:</p> <ul style="list-style-type: none"> <li>Currently there is no documented Environmental Management Strategy or process in place to clearly link the various environmental projects and initiatives to the CTTG's overarching strategies and objectives.</li> <li>Leadership has recently withdrawn the need for business plans to be submitted as support for projects when nominated. Additionally at present, there is no standard template utilised across the organisation that captures important project information, such as alignment to key strategic projects. As a result, if there was an environmental management project submitted it would not be clear what environmental-related risks, initiatives and/or strategies the project relates to.</li> <li>Whilst it is noted there is a draft sustainability framework in development, the CTTG does not currently have a formal position on sustainability to provide relevant guidance on initiatives and project funding.</li> <li>Whilst the CTTG Executives assess the projects proposed for business planning, there is no framework or guidance to drive decision-making and prioritisation of initiatives at the Council. Further, there is limited governance to ensure alignment with the CTTG's environmental management strategic ambitions.</li> </ul> <p><i>(Continued on the following page)</i></p>	<p>Internal Audit recommends:</p> <ol style="list-style-type: none"> <li>An Environmental Management Strategy or Plan is developed to guide consistency in the CTTG's approach to managing environmental risks (see Finding 1).</li> <li>A standardised approach is adopted across Council for project nomination decision-making, through the roll-out of TechOne or a similar solution.</li> <li>The draft sustainability framework is finalised and adopted across Council, to guide relevant initiatives.</li> </ol>	<ol style="list-style-type: none"> <li>As per 1.1 - CTTG will develop an overarching integrated Environmental Management Strategy.</li> <li>CTTG will incorporate a process for project nomination and assessment into the business planning procedure.</li> </ol> <p><b>Responsibility:</b> General Manager Strategy and Finance</p> <p><b>Due:</b> December 2023</p> <ol style="list-style-type: none"> <li>CTTG will finalise and adopt the Sustainability Framework and Sustainability Policy across the Council to guide relevant initiatives and align with the Environmental Management Strategy.</li> </ol> <p><b>Responsibility:</b> Manager City Strategy</p> <p><b>Due:</b></p> <p>Framework – May 2024</p> <p>Policy - June 2025</p>



# Observations and Recommendations

## Finding 4: Lack of decision-making frameworks to support strategic environmental management (cont)

Rating: Medium

### Observations

(Continued from previous page)

Better practice would see a formal, documented decision-making framework to support the decisions made by the CTTG, to ensure alignment to its strategic goals. In addition, all project nominations should include the required information to make decisions, such as risk assessments conducted, alignment to Council objectives, and other factors such as key environmental management considerations.

#### Risk(s):

Without a clear decision-making framework to support strategic environmental management, governance and processes may lead to a risk of the following:

- Projects are prioritised that do not align to the Council's Strategic Plan 2025.
- Decisions are made regarding key Council projects without a holistic overview of all potential capital projects.
- Projects are undertaken without key risks being identified and documented.





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Rating: Medium

## Finding 5: Gaps identified in governance, monitoring and reporting on sustainability metrics and targets

Observations	Recommendation(s)	Agreed Management Actions
<p>There is currently a lack of holistic monitoring and reporting on strategic environmental risks at the CTTG.</p> <p>Currently, the CTTG monitors and reports on their Strategic Plan 2025 objectives, including the six (6) environment objectives, through the Annual Business Plan. Despite this, ongoing monitoring and reporting of key strategic environmental risks and initiatives is undertaken solely at the business unit level, or for specific SEAs as required.</p> <p>The following observations were identified regarding the CTTG's governance, monitoring and reporting of environmental risks:</p> <ul style="list-style-type: none"> <li>Consideration of which environmental activities and initiatives should involve the Council and the Leadership team has not been formally documented. Level setting between Management and the Leadership Team is a critical component of the CTTG successfully delivering on its strategic environmental objectives. The oversight, assessment and expertise required may also be more effective if managed by a specialised committee. The determination of whether this set of responsibilities could be included in the agenda of an existing committee or housed in a more focused, newly created committee should be considered by the CTTG.</li> <li>Whilst compliance reporting does occur to various organisations, there is limited internal reporting or oversight over the many initiatives taking place at the CTTG, including the actions undertaken to adapt and mitigate strategic environmental risks.</li> <li>There is no clear reporting ownership in relation to key environmental risk mitigation activities. As a result, it is understood there is no traceability of the progress of key actions through any form of periodic reporting to Management or Executives is occurring. As an area of growing importance and focus, it will be important for clear line of site and reporting to be developed to relevant CTTG Leadership in this area going forward.</li> <li>Currently, the CTTG does not have specific KPIs or metrics to measure progress against its delivery of strategic environmental objectives and critical environmental areas of materiality. Once the development of a comprehensive environmental management strategy has occurred (as per Finding 1), further work will be required to ensure critical actions and targets are developed and monitored with sufficient oversight and reporting put in place.</li> </ul> <p><i>(Continued on the following page)</i></p>	<p>Internal Audit recommends the CTTG:</p> <ol style="list-style-type: none"> <li>Formalise the ownership of reporting progress against environmental risk strategies and plans, including setting tangible KPIs and metrics for success. This should include periodic monitoring of the current status for actions to a Management and Executive level, through the Audit Committee.</li> <li>Implementing annual review of the actions from environmental risk strategies and plans, including consideration to prioritise or progress projects, and commitment of funding.</li> <li>Developing a formalised environmental risk assessment to be presented at the Executive level, to support refreshed strategic documentation and to guide a consolidated implementation action plan (see Finding 1).</li> </ol>	<ol style="list-style-type: none"> <li>CTTG will identify the ownership of reporting environmental risk strategies and plans, including monitoring of KPIs and metrics within the Sustainability Framework in a responsibility matrix. <b>Responsibility:</b> Manager City Strategy <b>Due:</b> December 2024</li> <li>CTTG will implement an annual review of the actions from environmental risk strategies and plans to guide the prioritisation of projects as part of business planning and present results in a performance dashboard. <b>Responsibility:</b> Manager City Strategy <b>Due:</b> June 2026</li> <li>CTTG will undertake a risk workshop with ELT to support refreshed strategic documentation and guide consolidated implementation. <b>Responsibility:</b> Manager City Strategy <b>Due:</b> June 2024</li> </ol>



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# Observations and Recommendations

## Finding 5: Gaps identified in governance, monitoring and reporting on sustainability metrics and targets (cont)

Rating: Medium

### Observations

### Agreed Management Actions

(Continued from previous page)

In order to support the key initiatives and ongoing plans to address environmental risks, KPIs should be implemented such that owners of actions have achievable targets to work towards. The progress against these targets should then be monitored and reported on, such that there is a consistent view on progress across Leadership, and the wider Council.

#### Risk(s):

Limitations in current monitoring and reporting may result in:

- The inability to confirm whether initiatives are occurring, resulting in a risk of greenwashing on public commitments.
- Limited or no oversight at an Executive level, increasing the risk commitment if funding is unable to be secured.
- An inability to accurately track the progress of environmental/sustainability risk management, without tangible KPIs or metrics and accountability for internal reporting mechanisms.



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## PIO 1: External Collaboration

Rating: PIO

Observations	Recommendation(s)
<p>There is an opportunity to improve external collaboration in relation to strategic environmental management.</p> <p>Currently, the CTTG's main external collaboration related to sustainability is with other councils and 'Resilient East', a state and local government partnership with the goal of improving resilience to environmentally-related challenges and opportunities. Whilst this is an important collaboration that has led to some important initiatives such as the Heatmapping project conducted in 2019, further collaboration with individual Councils and other organisations could provide further opportunities to identify and manage environmental risks.</p> <p>As mentioned throughout this report, there are many strategic environmental risks that currently face the CTTG. As these risks can often have direct consequence if not managed properly, increased collaboration for shared and transferable risks, and gaining additional expertise could be highly beneficial. Sharing information across similar organisations could identify new risks, or further highlight methods to mitigate or adapt to risks that previously may not have been realised. It is noted that not-for-profit organisations may be willing to provide key environmental insights to the Council at no cost.</p>	<p>Internal Audit recommends the CTTG uplift external collaboration through further collaboration and knowledge sharing across similar organisations, including other councils.</p> <p><b>Management Action</b></p> <ol style="list-style-type: none"> <li>1. Identify opportunities for collaboration and knowledge sharing when developing a environmental management strategy.</li> </ol> <p><b>Responsibility:</b> Manager City Strategy</p> <p><b>Date:</b> December 2024</p>

## PIO 2: Education and Training

Rating: PIO

Observations	Recommendation(s)
<p>There is an opportunity to improve further education and training for CTTG employees and Elected Members in relation to strategic environmental management.</p> <p>From stakeholder consultations conducted, it was noted that there is a high amount of knowledge of key environmental risks faced by the CTTG, held by staff involved in relevant business units (i.e. supporting Strategic Environmental Assets). Whilst this is a very positive step moving forward as these risks become more prominent, the opportunity then exists to develop the understanding held by other staff and Council members. In the current, fast-paced environment of environmental policy changes and increased reporting on environmental and sustainability metrics, it would be suggested that the CTTG engage and provide staff and elected members with additional information and training in this area.</p> <p>Increasing the understanding across the Council can assist in ensuring strategic environmental risks are identified earlier, and a greater response to managing the risks.</p>	<p>Internal Audit recommends the CTTG consider uplifting the understanding of strategic environmental management and sustainability through:</p> <ul style="list-style-type: none"> <li>• Development of a plan for knowledge building and sharing across the CTTG.</li> <li>• Evolve committee structures and agendas to integrating environmental-related oversight on a recurring basis.</li> </ul> <p><b>Management Action</b></p> <ol style="list-style-type: none"> <li>1. Identify education and training opportunities for staff and Elected Members as part of a sustainability framework.</li> </ol> <p><b>Responsibility:</b> Manager City Strategy</p> <p><b>Date:</b> December 2024</p> <ol style="list-style-type: none"> <li>2. Council has implemented a new report template which provides a section for environmental implications.</li> </ol>



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## Appendix 1 - Engagement Scope and Approach

### 1. Scope

The objective of this internal audit was to undertake a review of the CTTG's approach to the management of strategic environmental assets and initiatives in response to changing environmental conditions and their impact on CTTG's community.

- Identified and undertook a high-level analysis of key risks to the CTTG Community as it relates to environmental management, including identifying and assessing relevant trends and associated drivers
- Reviewed and assessed the effectiveness of the CTTG's approach to the management of strategic environmental assets and initiatives, including strategies, policies, frameworks, and plans that may included objectives or targets, with consideration to other levels of government.
- Undertook a high-level evaluation of CTTG's environmental management approach and initiatives, identifying potential gaps and improvements in addressing the objectives, challenges, and opportunities in the CTTG's strategic documents, which should be supported by evidence-based decision making.
- Please note that the scope excluded the following areas:
  - Detailed analysis of ongoing communication with other external agencies involved in supporting the Strategic Environmental Management process.
  - Assessment of individual staff and contractor training, knowledge, understanding and compliance of Strategic Environmental Management procedures.
  - The detailed review of any legal compliance matters and/or the review of the CTTG's compliance with relevant legislation.

### 2. Approach

#### 1. Project Initiation

- Met with the audit sponsor to confirm the Internal Audit Scope and agree on the approach and timing.
- Confirmed the key stakeholders list and added any additional stakeholders identified in the initiation meeting for the review. Scheduled and arranged meetings with the key stakeholders and personnel within the CTTG who are engaged in Strategic Environmental Management.
- Issued a documentation request list.

#### 2. Risk Assessment, Desktop Review and Stakeholder Consultations:

- Conducted stakeholder consultations to gather information and gain an understanding of the CTTG's over-arching Environmental Management Framework and supporting organisational structure, CTTG's climate preparedness strategies, plans, and initiatives and current environmental management strategies and actions in place.

- Utilised KPMG climate risk platforms to undertake a high-level analysis of the key risks to CTTG's community as it relates to environmental management. This process included identifying and assessing relevant trends and associated drivers.
- Conducted a high-level desktop review of the CTTG's strategies, policies, frameworks, and plans including, but not limited to, Strategic Plan 2025, Asset Management Plans, Open Space Policy, Risk Management Policy, Stormwater Management Plans, Recycled Water Management Policy, Tree Management Policy, Biodiversity Plan, and the Waste Management Policy.
- Assessed the strategic objectives and performance of different initiatives within the CTTG's Strategic Plan.

#### 3. Analysis and Collaborative Workshops:

- Leveraged the information and risk assessments completed in Phase 2, to evaluate at the Council's approach and initiatives relating to strategic environmental management and identify potential gaps and opportunities for improvement by conducting a high-level peer benchmarking of the CTTG's against other local government with similar characteristics and environmental risk profiles (maximum of 3 other organisations).
- Assessed the objectives or targets in alignment with the CTTG's Strategic Plan 2025. Additionally, identified gaps between the performance and outputs of the strategic environmental assets and the objectives within CTTG's Strategic Plan.
- Subject to the extent of the information available to KPMG, conducted a collaborative workshop with the relevant stakeholder groups (as agreed in Phase 1) to validate our understanding of initiatives and the identified risk and opportunities relating to the Council's environmental management and climate change readiness strategy. In addition, better practice opportunities and recommendations identified throughout the review were discussed.
- Identified improvement opportunities and additional procedures, policies and strategies required for effective environmental management.

#### 4. Reporting

- Discussed any observations and gaps from stakeholder consultation and document analysis with relevant staff to clarify potential findings.
- Prepared initial findings and observations and discussed with Management.
- Held an exit meeting with Management to validate observations and recommendations.
- Prepared an internal audit report including identified control gaps, and recommendations for strengthening controls and aligning to better practice, viability of the recycled water network, gaps against the CTTG's strategic objectives and policies and identification of high-level opportunities.
- Conducted closing meeting to be with the Audit Sponsor and key audit stakeholders to finalise report and agree actions.
- Updated internal audit report for submission to the Audit Committee.



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## Appendix 2 – Stakeholders Consulted

The table below outlines all personnel who were involved in discussions and contributed to the observations in this report.

Name	Role
Justin Robbins	General Manager - Strategy & Finance
Ingrid Wilkshire	Manager - City Strategy
Adam Kelly	Manager - Field Services
Rebecca Baines	Manager – Finance and Rating Services
Jonathan Foong	Group Coordinator - Water, Waste & Environment
Jon Herd	Environmental Sustainability Coordinator
Sabine Koolen	Biodiversity Project Officer
Chris Campbell	Digital Communications Officer
Tony Hall	Acting Supervisor - Arboriculture and Biodiversity
Lauren Monteleone	Continuous Improvement Advisor
Marley Marks	Risk Officer
Gabby D'Aloia	Manager - Technical & Engineering Services

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## Appendix 3 – Classification of Findings

The following framework for internal audit ratings is based on the City of Tea Tree Gully's risk assessment matrix.

		CITY OF TEA TREE GULLY <i>Naturally Better</i>							RISK ASSESSMENT MATRIX				
		Note: - This tool is provided as a guide to assist in the assessment of identified risks based on a range of potential impacts. Professional judgement is required to assess the consequences and likelihood of a risk event (before and after effective risk mitigation action)											
STEP 1		Examples of Potential Impacts							STEP 2				
		Corporate Strategy	Assets and Facility Management	Financial	Health, Safety & Welfare (community or staff)	Business Performance & Service Delivery (Business, HR, IT & Procurement)	Environment	Reputation (Political, Legislation & Policy Compliance)	Likelihood Level and Risk Rating				
									Rare	Unlikely	Possible	Likely	Almost Certain
Consequence Levels	Critical	<ul style="list-style-type: none"> <li>Strategic outcomes not achievable</li> <li>All of TTG's key strategic, corporate, governance and accountability objectives not achieved</li> <li>All mission critical activities cease</li> </ul>	Significant loss or total destruction of one or more of Council's critical assets	Greater than 10% of the Council's/Portfolio's/ Departments budget	Fatality/Fatalities Actual or severe permanent disability	<ul style="list-style-type: none"> <li>Systemic failure and overall survival of the Council is threatened</li> <li>Full service disruption for more than 2 weeks or a key service for more than 1 week</li> <li>Majority of critical projects/programmes cannot be achieved</li> </ul>	Permanent or long term environmental harm, loss of significant environmental assets	<ul style="list-style-type: none"> <li>Long term damage and complete loss of confidence in the Council with ongoing negative publicity</li> <li>Class action</li> </ul>	1-10% chance the event will occur in the next 10-15 years	11-25% chance the event will occur 5-10 years	26-50% chance the event will occur 5 years	51-85% chance the event will occur in next 1-3 years	86-100% chance the event will occur in next 12 months
	Major	<ul style="list-style-type: none"> <li>Reduced ability to deliver strategic outcomes</li> <li>Majority of TTG's key strategic, corporate, governance and accountability objectives not achieved</li> <li>Majority of mission critical activities cease</li> </ul>	Localised damage or loss to a single critical asset or widespread damage to a number of general assets that can be remedied taking many months	Between 6% to 9% of the Council's/Portfolio's/ Departments budget	Inpatient hospitalisation, actual or potential disability Lost time injuries more than 5 days	<ul style="list-style-type: none"> <li>Continued capability of the Council is threatened</li> <li>Full service disruption for more than 1 week or a key service for more than 12 hours</li> <li>Major delays and over-runs in project and programme implementation</li> </ul>	Significant long term environmental harm, loss and damage of significant environmental assets	<ul style="list-style-type: none"> <li>Sustained damage and loss of confidence in the Council with widespread negative publicity that last for months</li> <li>High-level independent investigation with adverse findings</li> <li>Council being sued/prosecuted</li> </ul>	Medium	Medium	High	High	Extreme
	Moderate	<ul style="list-style-type: none"> <li>CTTG's strategic objectives delayed</li> <li>Portfolio business objectives will not be achieved</li> <li>All non-mission critical activities cease/suspended</li> </ul>	Localised damage or loss to a single critical asset that can be remedied within a number of weeks Widespread damage to a number of general assets that can be remedied within a number of months	Between 4% to 5% of the Council's/Portfolio's/ Departments budget	Medical treatment required, but no permanent disability Lost time injuries less than 5 days	<ul style="list-style-type: none"> <li>Effectiveness and efficiency of key elements of the Council are reduced</li> <li>Full service disruption for more than 12 hours or key service for more than 6 hours</li> <li>Expected delays and over-runs in project and programme implementation</li> </ul>	Significant but temporary environmental harm or damage to environmental assets	<ul style="list-style-type: none"> <li>Temporary breakdown in key relationship</li> <li>Widespread negative reporting in media</li> <li>Ministerial or EM involvement</li> <li>Prosecution of a staff member</li> </ul>	Medium	Medium	Medium	High	High
	Minor	<ul style="list-style-type: none"> <li>Department work plans will not be achieved</li> <li>Portfolio business objectives delayed</li> <li>Some impact to operations across several Department</li> <li>Some non-mission critical activities cease/suspended</li> </ul>	Loss of asset or localised damage that can be remedied within a week	Between 1% to 3% of the Council's/Portfolio's/ Departments budget	First aid treatment required but no permanent disability Lost time injuries less than a day	<ul style="list-style-type: none"> <li>Effectiveness or efficiency of elements of Council are reduced</li> <li>Minimal impact on the service delivery or business</li> <li>Minor delays and over-runs in project and programme implementation</li> </ul>	Minor transient environmental harm Minor temporary damage or loss to environmental assets	<ul style="list-style-type: none"> <li>Temporary negative impact on reputation</li> <li>Some negative publicity in media</li> <li>Unresolved complaint leading to external investigation</li> </ul>	Low	Low	Medium	Medium	Medium
	Insignificant	<ul style="list-style-type: none"> <li>Department work plans slightly delayed</li> <li>Some delay in Portfolio business objectives</li> <li>Some impact to normal operations within a Department</li> <li>Reduced organisation efficiency in Department</li> </ul>	Minimal loss of asset or localised damage that can be remedied within a very short timeframe	Less than 1% the Council's/Portfolio's/ Departments budget	No injuries	<ul style="list-style-type: none"> <li>Negligible impact on the effectiveness of the Council</li> <li>No impact on service delivery or business</li> </ul>	No environmental damage	<ul style="list-style-type: none"> <li>No damage to reputation/image</li> <li>One of negative reporting in media</li> <li>Unresolved complaint resulting in dissatisfaction or frustration</li> </ul>	Low	Low	Low	Low	Low
STEP 3													
RISK RATING		Expected Mitigation Timeframe							Reporting Consideration				
Extreme		Immediate/Hours							CEO, ELT, Elected Members or delegate				
High		Days							CEO, ELT, Director or delegate				
Medium		Weeks							Director, Manager or delegate				
Low		Months							Manager or delegate				
		Potential Impact - Mitigation Action Consideration											
		Consequence would threaten the survival of Council, its assets, its ability to deliver services or cause loss of life. Requires implementation of immediate stringent new controls to mitigate the risk to an acceptable level.											
		Consequence would threaten the survival or continued effective operation of key business function /program or cause extensive injury. Existing controls must be effective. Requires additional actions to mitigate the risk to an acceptable level.											
		Consequence would threaten an activity or operation. Existing controls must be effective or possible additional mitigation actions must be effectively implemented.											
		The risk is dealt with by routine procedure /operation with on-going monitoring.											



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

No warranty of completeness, accuracy or reliability is given in relation to the statements and representations made by, and the information and documentation provided by City of Tea Tree Gully management and personnel consulted as part of the process.

KPMG have indicated within this report the sources of the information provided. We have not sought to independently verify those sources unless otherwise noted within the report.

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The findings in this report have been formed on the above basis.

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REPORT FOR

AUDIT &amp; RISK COMMITTEE MEETING

MEETING DATE

06 DECEMBER 2023

RECORD NO:

D23/93493

REPORT OF:

STRATEGY &amp; FINANCE

TITLE:

COMMUNITY ENGAGEMENT OUTCOMES ON THE DRAFT  
LONG TERM FINANCIAL PLAN 2025-2034

## PURPOSE

To consider outcomes from the community engagement undertaken on the draft Long Term Financial Plan 2025-2034 and recommend to Council that the revised Long Term Financial Plan 2025-2034 be endorsed.

## RECOMMENDATION

That the Audit & Risk Committee recommends to Council:

**That Council having considered the report titled “Community engagement outcomes on the draft Long Term Financial Plan 2025-**2034**” and dated **11 October 2023**:**

1. Notes the Community Engagement Outcomes Report in relation to the Draft Long Term Financial Plan 2025-2034 as detailed in Attachment 1
2. Adopts the revised Long-Term Financial Plan for the Financial years from 2025-2034 as detailed in Attachment 2



## 1. BACKGROUND

Section 122 (1a) of the *Local Government Act 1999* (the Act) requires councils to develop and adopt:

- (a) *Long-Term Financial Plan for a period of at least 10 years and includes a funding plan; and*
- (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)."*

*Section 122 (4) of the Act requires that the Long-Term Financial Plan (LTFP) should be reviewed on an Annual Basis.*

*Section 122(6) requires that a council must adopt a process or processes to ensure that members of the public are given a reasonable opportunity to be involved in the development and review of its strategic management plans.*

Council, at its meeting on 24 October 2023 resolved:

Draft Long Term Financial Plan 2025-2034 for Community Engagement (D23/58858)

**That Council having considered the report titled "Draft Long-Term Financial Plan 2025-2034 for Community Engagement" and dated 11 October 2023:**

1. Adopts the updated draft Long-Term Financial Plan for the Financial years 2025-2034 for the purpose of public consultation as outlined in Attachment 1 of the abovementioned report, noting that the publishing and formatting will be updated to incorporate minor changes and any resolutions of Council.
2. Undertakes public consultation on the draft Long-Term Financial Plan in accordance with the draft Community Engagement Strategy outlined in Attachment 2 of the abovementioned report.

## 2. DISCUSSION

### Community Engagement

From 26 October to 22 November 2023 the community was invited to provide feedback on the draft Long Term Financial Plan 2025-2034. Promotion of this opportunity, as outlined in the endorsed community engagement strategy, included:

- A statutory notice to the public in The Advertiser on 26 October 2023
- Inclusion in the **November ‘Have Your Say’ e-newsletter** (sent to approx. 3,000 subscribers).
- The opportunity to comment on the draft plan was also mentioned alongside **other have your say opportunities in Council’s corporate monthly e-newsletter ‘Gully Life’** (sent to approx. 32,000 subscribers).

The online community engagement website collects statistics on how many people engaged with the consultation. As shown in the table below, 60 people visited the relevant project page on the Have Your Say website and of this group, 20 people downloaded the draft plan. There was also one submission received in the form of email feedback.

Total website visits to the draft LTFP Have your Say project page: 68		
‘Aware’ = 60 (single visitors to the project page)	➔	‘Informed’ = 20 (clicked a link/downloaded the draft plan)

The full details and responses of the community engagement can be viewed in Attachment 1.

While limited feedback and engagement on the draft Long Term Financial Plan was received, it could be concluded that the community are comfortable with the manner in which Council finances are planned and managed. Should there have been an opposing sentiment, residents would have used the opportunity to express their views.

Council is in a sound financial position and has good foundations underpinned by the Financial Sustainability Policy. Council continues to make strategic investments in services and infrastructure for the community while limiting rate increases to justifiable levels.

Based on this consultation response, it is recommended that Council endorse the revised Long Term Financial Plan 2025-2034.

## 3. FINANCIAL

The draft Long Term Financial Plan has been based on assumptions as detailed in the **funding plan and has been developed to meet Council’s financial sustainability and targets.**

The draft Long Term Financial Plan was modelled assuming a continued easing in inflation. With the latest CPI figures reflecting a further moderation in the annualised CPI, the rate increase was reduced to 5.5% (4.5% CPI plus 1%, excluding growth). This reflects a decrease of 0.5% from 6% (5% CPI plus 1%, excluding growth). The reduction in rates revenue was offset by a decrease in expenditure.

#### 4. STRATEGIC OBJECTIVES

##### Strategic Plan

The following strategic objectives in Council's Strategic Plan 2025 are the most relevant to this report:

Objective	Comments
<b>Community</b>	
<i>People feel a sense of belonging, inclusion and connection with the City and the community</i>	Funds are made available in the LTFP to invest in infrastructure and deliver programs for the City and the community
<b>Economy</b>	
<i>Modbury Precinct is revitalised as the city's key activity centre</i>	Funds are made available in the LTFP to continue to invest the Modbury Precinct revitalisation.
<b>Places</b>	
<i>Streets, paths, open spaces and parks are appealing, safe and accessible</i>	Funds are made available in the LTFP to ensure that our community infrastructure is renewed and new assets are created to meet the evolving needs and changes of our community
<i>Opportunities exist to express and experience art and culture</i>	
<i>Neighbourhoods are easy to move around and are well connected with pedestrian and cycle paths that offer an alternative to cars</i>	
<i>Buildings and places are energy efficient, well designed and display a uniqueness of character and identity</i>	
<i>Housing is well designed and affordable and responds to the changing needs of existing and future residents</i>	
<i>Infrastructure and community facilities are fit for purpose, constructed using sustainable practices and well maintained</i>	
<b>Leadership</b>	
<i>Leadership and advocacy is focused on the long term interests of the community</i>	The LTFP provides the foundation for the long term financial sustainability of Council

Policies / Strategies

*Financial Sustainability Policy* – establishes the strategic financial sustainability principles used in developing the LTFP.

*Asset Management Policy* – **establishes guidelines for the management of Council’s assets** and provides consistency for the Asset Renewal expenditure forecasts that feed into the LTFP.

5. LEGAL

Section 122 (1a) of the *Local Government Act 1999* (the Act) requires councils to develop and adopt:

- “(a) a Long-Term Financial Plan for a period of at least 10 years; and
- (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).”*

Section 122 (4) of the Act requires that the Long-Term Financial Plan (LTFP) should be reviewed on an Annual Basis.

6. ASSETS

**Council’s Asset** Management Plans are used to determine funding requirements and assumptions contained in the LTFP.

7. COMMUNITY AND STAKEHOLDER ENGAGEMENT

The draft Long Term Financial Plan was endorsed for community engagement from 26 October to 22 November 2023. Should the plan be adopted it will be added to the CTTG Internet site.

Attachments

1. <a href="#">Draft Long Term Financial Plan 2025-2034 - CE overview and outcomes for Audit Committee report</a> .....	42
2. <a href="#">Draft Long Term Financial Plan 2025 -2034</a> .....	43

Report Authorisers

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Item 10.2

## Draft Long Term Financial Plan 2025-2034 Community engagement overview

*The Local Government Act 1999 (the Act) requires councils to develop and adopt a Long-Term Financial Plan (LTFP) for a period of at least 10 years and include a funding plan. This plan forms part of the council's strategic management plans.*

*Section 122 of the Act requires that the LTFP should be reviewed on an Annual Basis and that a council must adopt a process or processes to ensure that members of the public are given a reasonable opportunity to be involved in the development and review of its strategic management plans.*

From 26 October to 22 November 2023 the community was invited to provide feedback on the draft Long Term Financial Plan 2025-2034. Promotion of this opportunity, as outlined in the community engagement strategy endorsed by Council at a meeting on 24 October 2023, included:

- A statutory notice to the public in *The Advertiser* on 26 October 2023
- Inclusion in the November 'Have Your Say' e-newsletter (sent to approx. 3k subscribers)

The opportunity to comment on the draft plan was also mentioned alongside other have your say opportunities in Council's corporate monthly e-newsletter 'Gully Life' (sent to approx. 32k subscribers).

All communications referred people to Council's 'Have Your Say' website where further information could be accessed. This included:

- Key messages about the purpose of the long term financial plan
- A copy of the draft Long Term Financial Plan 2025-2034
- An online submission form
- Details about how to provide an email or written (posted) submission
- a 'Questions & Answers' tool where people could ask questions about the draft plan. Once answered, these questions and Council's response are publicly available.

Copies of the draft Long Term Financial Plan 2025-2034 forms were available on request and from Council's Civic Centre.

## Community engagement outcomes

One (1) submission was received in the form of email feedback from a Banksia Park resident. Their comments are provided below (verbatim with minimal editing):

"I and many others in the community are struggling with the daily cost of living. I've never been worst off in my life. The rate payers haven't got bottomless pockets so the council would have to show some restraint in spending this sporting facilities and other developments should be user pays. I received a pay rise of \$ 1.10 per hour early this year but cost of everything way exceeded my wage. It nice to have new things done. (my feedback) ... is regarding all plans in the council development that the ivory tower the council is out of touch with the general community. How about the basic like having footpaths on at least one side of the suburban roads as where I live there's none so we walk on the road.

## Community engagement statistics

Our online community engagement website collects statistics on how people engaged with the consultation. As shown in the table below, 60 people visited the relevant project page on the Have Your Say website and of this group, 20 people downloaded the draft plan.

Total website visits to the draft LTFP Have your Say project page: 68		
'Aware' = 60 (single visitors to the project page)	➔	'Informed' = 20 (clicked a link/downloaded the draft plan)



*Naturally Better*

# **DRAFT Long Term Financial Plan FYE 2025–2034**

## Contents

Background

Performance against the Long Term  
Financial Plan FYE 2024-2033

Long-term Financial Plan FYE 2025-2034 guiding principles

Key considerations and assumptions

Key revenue assumptions and Funding Plan

Key expenditure assumptions

Appendices

1. Summary of Long Term Financial Plan  
FYE 2025-2034
2. Long Term Financial Plan FYE 2025-2034  
Financial Statements



## Background

The *Local Government Act 1999* (the Act) Section 122 (1a) requires councils to develop and adopt:

- (a) *A long-term financial plan (LTFP or the Plan) for a period of at least 10 years and includes a funding plan*
- (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*
- (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).*

Section 122(4) requires that the LTFP should be reviewed on an annual basis.

Section 122(6) requires that a council must adopt a process or processes to ensure that members of the public are given a reasonable opportunity to be involved in the development and review of its strategic management plans

The purpose of a council's LTFP is to express, in financial terms, the activities it proposes to undertake over the medium-to-longer term to achieve its stated objectives. It is similar to, but usually less detailed than, the annual budget. Just like the budget, it is a guide for future action, except that its preparation requires the council to consider the longer-term impact of revenue and expenditure proposals rather than for just a single year. The aggregation of future strategic plans and business initiatives, together with their intended outlays and anticipated reviews, enables the overall financial

and economic implications of the projects to be readily identified and, if warranted, proposed future activities to be revised.

The LTFP should specify and take account of:

- Expected expenses and capital outlays for each year of the Plan
- Expected revenues for each year and the source of their funding
- Any variations in net debt required as a result of expected cash flow needs
- Performance measures to enable assessment of the Council's financial sustainability over the period of the Plan.

The LTFP should include:

- Income statement
- Balance sheet
- Cash flow statement
- Uniform Presentation of Finances
- Statement of changes in equity.

This version of the LTFP is an update to the plan adopted by Council in December 2022.

## Performance against the Long-Term Financial Plan FYE 2024 to 2033

### Budget – FYE 2023

Council's previous version of the LTFP was adopted by Council in December 2022 and was underpinned by a set of guiding principles.

Council has made significant progress in FYE (financial year ending) 2023 towards achieving certain strategic targets, which include the following:

#### 1. Maintaining existing assets at their existing service levels

Council continues to invest in the renewal of assets, with an asset sustainability ratio of 104% in FYE 2022 and 62% in FYE 2023. This is outside the target range for this financial year, when taking the three-year rolling average, it is in line with the target.

#### 2. Continue to review assets for possible sale, with any proceeds being reinvested, in keeping with Council's Disposal of Land and Assets and Acquisition of Land Policy adopted in February 2020

The LTFP does not make allowances for any future divestment of non-operational assets. An assessment of the impact on any future divestment will be incorporated into a review of the LTFP.

#### 3. Maintaining debt within the targeted range of 25%-35% over the life of the plan

The Council has a Strategic Buildings program that is dedicated to the replacement of a number of community and sporting buildings. These projects will continue into 2024 and 2025 with expenditure being incurred over these years. This expenditure has been closely managed and as a result will not increase the net financial liabilities beyond the target range.

Following the March 2022 State Government Election, Council was the recipient of a number of financial grants to support Council's investment in the Strategic Buildings Program. The majority of these grants were paid in advance, reducing NFL.

Including the value of Council held land for resale, this ratio is below the target range at 9% (\$9.8m) in FYE 2023.

Although this ratio is under Council's target range of 25%-35%, after adjusting for those planned Capital Works Projects (\$11.3m) carried forward to FYE24 and the Strategic Building Program, the underlying net financial liabilities ratio is 29%.

#### 4. Retaining tight constraints on operating expenditure

The general rate increase for FYE 2023 was 3.0% (excluding growth). In formulating the increase many factors including our Strategic Plan, current economic climate, debt reduction strategy, the cost of maintaining existing services, increasing waste management expenses and the projected costs included in the various infrastructure asset management plans were taken into consideration.

The budget provided for a number of key known cost pressures for FYE 2023. These cost pressures have been able to be absorbed through adopting a tighter spending approach across all expenditure categories.

Key strategies deployed to retain tight constraints on operating expenditure include:

- Zero base budgeting approach to development of the Operating Budget
- Introduce technology that enables services and functions to be performed with greater efficiency.
- Reducing employee costs by managing vacancies and working within a capped number of FTEs
- We carried out service reviews to ensure that our services are delivered to the community promptly, sustainability and effectively and we continue to complete many other complementary continuous improvement activities
- We made procurement savings through collective buying arrangements.

#### 5. Ensuring that the capital works program retains a level of funding for new works (e.g. new footpaths)

During FYE 2023, a total of \$6.68m was invested in new assets. Included in the new assets work in progress is the continued expenditure on the Strategic Building Program.

## Long Term Financial Plan FYE 2025-2034 guiding principles

Council's LTFP has been updated to incorporate Council's most recent financial information.

The LTFP will continue to be guided by a series of principles.

These include:

1. Maintain existing assets at the current service levels
2. Continue to review assets with proceeds being reinvested into the city and community
3. Maintaining debt within the targeted range of 25-35% over the term of the Long-Term Financial Plan
4. Retaining tight constraints on operating expenditure
5. Ensuring that the capital works program retains a level of funding for new works and enhancements to community infrastructure (e.g. new footpaths, community buildings and reserve upgrades)

### Principle 1 – Maintain existing assets at the current service levels

The LTFP has been updated to include funding to meet the requirements of the asset management plans. Council will apply this principle by ensuring that funding for the renewal and maintenance of assets is in line with the adopted asset management plans.

The combined annual average spend identified in the asset management plans for FYE 2025 is \$20.2m. The LTFP provides for expenditure of \$17.4m in FYE 2024. This gap is due to the significant increase in depreciation after the revaluation of \$1.7b of assets in FYE 2023. This increase is reflective of the increase in construction costs for assets and there will need to be increase in rates to ensure the operating surplus remains in line with the Council's Financial Sustainability policy targeted range.

This increase will occur over three financial years to ease the required rate increase on residents.

While the needs of the asset management plans will continue to guide the funding allocation for renewal and upgrade works for the annual budget, specific funding allocations for renewal works will also be informed by Council's precinct plans.

### Principle 2 – Continue to review assets with proceeds being reinvested into the City and community

Council has a responsibility to continuously review its assets and identify any that are surplus to its needs.

The sale of surplus assets includes plant and fleet, buildings and land.

To guide this process, Council continuously reviews its plant and fleet holdings to identify under-utilised assets.

Funds received from land sale proceeds are to be reinvested, in line with our Disposal of Land and Assets and Acquisition of Land Policy, into community assets.

During FYE21 Council received a Building Optimisation Internal Audit Report. The purpose of the audit was to review Council's building portfolio to assess the utilisation, functionality and condition to inform future decisions relating to the renewal and enhancement of the asset portfolio.

Amongst a number of recommendations, the report concluded that many of Council's Community facilities are approaching the end of their serviceable life or no longer meet the needs of our community (such as inclusive access). The intention will be to rationalise and replace these buildings over the next decade. It is proposed that those buildings identified for renewal will not be replaced like for like.

### Principle 3 – Maintaining debt within the targeted range of 25%-35% over the life of the plan

Council has had a target to maintain the net financial liabilities ratio to between 25% and 35% over the period of the Long-Term Financial Plan.

The funding of the Strategic Buildings program will continue into 2024 and 2025 with expenditure being incurred over these years. This expenditure will not increase the net financial liabilities to increase above the target range.

Council will continue to invest in the renewal and enhancement of infrastructure for the community. The LTFP will make provisions for these investments over the forward estimates while maintaining the net financial liabilities within the target range.

To ensure the Council can maintain its current services and increase spend for the renewal of assets required, it has been assumed that a rate increase for the first three years of the plan to be CPI plus 1%.

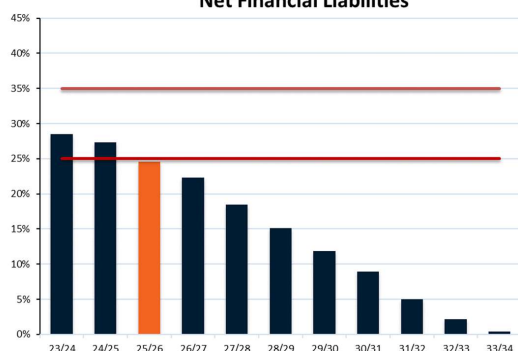
Assuming this, we believe this goal is achievable over the term of the plan with further investment in the out years of the plan.

In accordance with this principle, any decision to invest in additional infrastructure by borrowing above the considerations already included in the LTFP would be subject to a commitment to reinstate the net financial liabilities ratio to the targeted range within the next three- year period. In the event that Council seeks to achieve this goal earlier, without significantly impacting on services or service levels, a higher general rate increase would be required in the short term.

Council will continue to implement the following key strategies to retain tight constraints on operating expenditure. These include:

- Reducing employee costs by managing vacancies.
- Introduce technology that enables service and functions to be performed with greater efficiency.
- Undertaking continuous improvement initiatives, including service reviews, to ensure that services are delivered to the community promptly, sustainably and effectively.
- Quarterly reporting to Council on the continuous improvement initiatives completed
- Making procurement savings through collective buying arrangements.

**LTFP Estimates 2025-2034  
Net Financial Liabilities**



#### **Principle 4 – Retaining tight constraints on operating expenditure**

There are several economic factors impacting Council's operating expenditure estimates within the LTFP including energy prices, the labour market and inflation.

Council will continue to review all services to ensure that it adheres to its projected expenditure and continues to deliver value for money services. To facilitate this, a sustainable framework for the review of all services and programs to ensure community value and alignment with Council's Vision and Strategic and Organisational Plans has been established.

The Council has a service review program which is designed to review services for efficiencies and better alignment of services to the current and future needs of community.

**Principle 5 – Ensuring that the capital works program retains a level of funding for new works and enhancements to community infrastructure (e.g. new footpaths, community buildings and reserve upgrades)**

In assessing proposals for new capital works, Council will consider:

- Alignment with the Strategic Plan
- Precinct Plans, including Modbury and Tea Tree Gully
- Master Plan Implementation
- Main Roads and Gateways
- Current state of operating surplus or deficit

- Any additional costs for depreciation, maintenance or interest on borrowings
- Impact on overall operating surplus or deficit
- Any need to increase Council rates to fund new work
- The age, life expectancy, suitability and service potential of any asset to be replaced
- The discounted cash flow analysis, where appropriate.

To ensure Council is in a position to partner with the State Government to deliver on master plan objectives in the future, capacity has been incorporated in the revised LTFP in the later years. This capacity will be achieved through an annual uplift in planned expenditure on new assets.

## Key considerations and assumptions and Funding Plan

In addition to the guiding principles, Council has considered other factors in the updated LTFP. These include:

- The impact of current economic conditions such as CPI, utility costs and a tightening within labour market
- Price increase across the construction sector in the range of 25%, impacting the current and future capital works program
- Changing community expectations and trends
- Other legislative changes.

As the impact of these factors is unknown at this stage, the LTFP will be updated as information becomes available.

### Key revenue assumptions

General Council rate income is forecast to increase by 5.5% (FYE 2024) in the first year. Growth is forecast to be 0.6% per annum for FYE 2024.

The rate rise is in line with the forecasted CPI increase plus 1%. The extra 1% is required to increase rates revenue to ensure the operating surplus remains in line with the Council's Financial Sustainability policy targeted range after the affect of the increasing construction costs and increased depreciation are factored in.

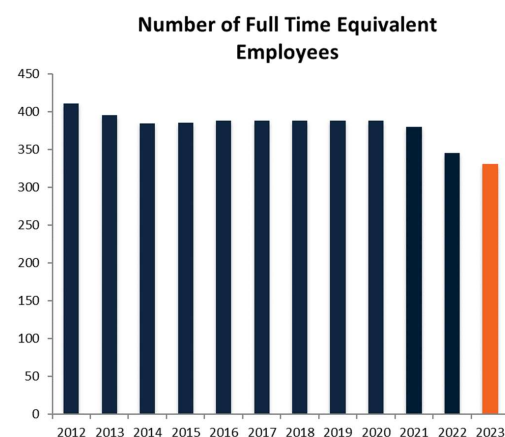
It is proposed that any additional rate revenue from growth or rates increases be directed towards the increases in expenditure due to current levels of inflation, increases in utilities and contracts.

The impact from the Golden Grove Code Amendment had not been factored into the future years as there is still uncertainty as to timing and amounts.

As the building construction is completed for the facilities in the Strategic Building Program, there has been is assumed no change to operating income and expenditure as the clubs are responsible for the outgoings, with the only impact on Council being depreciation, which has been factored in.

### Key expenditure assumptions

The enterprise agreement is due for renewal in the 2023-2024 year with a new increase forecast. This amount will not be known until early 2024, so the increase has been based on the labour market growth forecast.



Through the introduction of technology to promote efficiency, the growth in employee costs will be limited to genuine labour market increases. Initiatives will be progressed that focus on promoting efficiency in delivering value to community.

### Labour market

The wage price index (WPI) is increasing higher than the RBA forecast due to accelerating growth in the labour market. Currently there is a tighter labour market with demand for skilled labour higher than supply, resulting in wage growth beyond forecast.

### Inflation

While there has been an easing of inflation, the Annual Consumer Price Index (CPI) continues to remain high in Australia. Over the 12 months to June 2023 Adelaide CPI rose 6.9%. This is considerably higher than the RBA target inflation range which the LTFP has been based on in prior years at 2 to 3% on average. This increase is predominately due to the supply market putting pressure on the cost of goods, for example the cost of fuel.

### Interest Rates

The RBA rates by are at 4.10% in September, 1.7% higher than September 2022. Since May 2022 there have been twelve rate hikes, and is currently the highest it has

been since May 2013. In the accompanying statement the RBA outlined that Inflation in Australia has passed its peak and the monthly CPI indicator for July showed a further decline. But inflation is still too high and will remain so for some time yet. While goods price inflation has eased, the prices of many services are rising briskly.

Other expenses are forecast to increase in line with the Consumer Price Index (CPI) and changed service delivery models. Unforeseen increases may be absorbed through our continuation of tight restraint on operating expenditure.

Financing expenses will increase on the previous years in FYE 2025 based on the current borrowing expectations and interest rates. They are then predicated to reduce in future years. This will need to be monitored throughout the year depending on the interest rate increases. Currently an average interest rate over the medium term has been used for finance expense projections.

Depreciation is forecast to increase from \$17.4m to \$24.0m over the 10-year life of the plan. This significant increase is due to the increased construction costs experienced on assets and reflected in the valuation which occurred in FYE 2023.

### Key Capital Works Program Expenditure

#### Renewal Expenditure

The Council engaged valuers in 2022-2023 to undertake revaluations on the Buildings and Infrastructure asset classes. These asset classes were due for revaluation with buildings not being revalued since 2017 and infrastructure in 2019. The delay in the valuations were due to the implementation of a new finance and asset management system as well as the CWMS divestment.

Council's Infrastructure Asset Management Plans inform the planned expenditure on the renewal of assets. The combined average annual renewal expenditure identified in the asset management plans is \$20.2m.

To reduce the immediate impact of the required spending increase on the renewal assets the increase has been phased in over three years.

The table below outlines the renewal expenditure required over the next three years and is aligned to the asset management plans. Variations to the Asset Management Plans reflect updated asset condition audit information.

### 2025-27 LTFP Capital Works Program - Forward Estimates

Category Code	Category Description	FY2025 New Budget	FY2025 Renewal Budget	FY2025 Net Budget	FY2026 New Budget	FY2026 Renewal Budget	FY2026 Net Budget	FY2027 New Budget	FY2027 Renewal Budget	FY2027 Net Budget
PP001	Road Reconstruction / Renovation	-	3,300	3,300	-	3,400	3,400	-	3,600	3,600
PP003	Roads to Recovery	-	700	700	-	700	700	-	700	700
PP004	Re-Sheeting Unsealed Roads	-	40	40	-	40	40	-	40	40
PP005	New Footpath and DDA Upgrades	1,030	-	1,030	1,030	-	1,030	1,030	-	1,030
PP007	Unsealed Footpaths	-	400	400	-	400	400	-	400	400
PP010	Lighting	350	-	350	500	-	500	500	-	500
PP011	Water and Drainage	-	1,300	1,300	-	1,350	1,350	-	1,450	1,450
PP014	Traffic Management and Signage	100	420	520	100	420	520	100	420	520
PP016	Open Space - Sporting, Park and Playground Upgre	-	1,750	1,750	-	1,350	1,350	-	1,450	1,450
PP018	City Beautification Works	-	2,100	2,100	-	3,200	3,200	-	3,300	3,300
PP019	Capital Buildings Renewal	-	1,265	1,265	-	1,365	1,365	-	1,465	1,465
PP020	Capital Buildings New/Upgrades	1,600	1,000	2,600	1,600	1,000	2,600	1,760	1,000	2,760
PP021	Strategic Building Projects	18,022	3,000	21,022	3,000	3,000	6,000	3,000	3,000	
PP022	Environmental Projects	150	-	150	150	-	150	150	-	150
PP025	Information Technology	-	2,076	2,076	-	2,085	2,085	-	2,352	2,352
PP026	Other	-	1,000	1,000	-	1,000	1,000	-	1,000	1,000
<b>Total Capital Works Program 2025-27</b>		<b>21,252</b>	<b>18,351</b>	<b>39,603</b>	<b>6,380</b>	<b>19,310</b>	<b>25,690</b>	<b>6,540</b>	<b>20,177</b>	<b>20,717</b>

#### New Assets

Planned expenditure on new assets has been increased in line with the Strategic Building Program, detailed below, expected funding timelines. This expenditure is offset with grant and club contribution income to be received. This results in the total new asset allocation being \$21.252m in FYE 25 and back to normal spends of \$6.38m in FYE 26.



Strategic Project Funding Strategy							
Project		FYE 21/22 Actual	FYE 22/23 Actual	FYE 23/24 Budget	FYE 24/25 Forecast	Total	% Funding Split
		\$'000	\$'000	\$'000	\$'000	\$'000	%
<b>Harpers Field</b>							
CTTG Contribution		165	338	5,497	2,000	8,000	57.1%
Grant Funding	State - LGIPP	-	338	5,662		6,000	42.9%
Club Contribution - TBA							
<b>Total Project Cost</b>		<b>165</b>	<b>676</b>	<b>11,159</b>	<b>2,000</b>	<b>14,000</b>	
<b>Tilley Recreation Park</b>							
CTTG Contribution		13	240	1,905	1,092	3,250	34.0%
Grant Funding	State - Election		-	3,750	1,000	4,750	49.7%
Grant Funding	State - OSR		-	-	1,500	1,500	15.7%
Club Contribution					50	50	0.5%
<b>Total Project Cost</b>		<b>13</b>	<b>240</b>	<b>5,655</b>	<b>3,642</b>	<b>9,550</b>	
<b>Modbury Sporting Club - Clubroom Building</b>							
CTTG Contribution		15	196	914	2,000	3,125	44.6%
Grant Funding	State - OSR	-	-	1,375		1,375	19.6%
Grant Funding	State - Election	-	-	2,500		2,500	35.7%
Club Contribution - Not Required				-		-	0.0%
<b>Total Project Cost</b>		<b>15</b>	<b>196</b>	<b>4,789</b>	<b>2,000</b>	<b>7,000</b>	
<b>Tea Tree Gully Gymsports</b>							
CTTG Contribution				40%	60%		
CTTG Contribution			-	1,580	1,920	3,500	48.6%
Grant Funding	State - Election			1,400	2,100	3,500	48.6%
Club Contribution					200	200	2.8%
<b>Total Project Cost</b>		<b>-</b>	<b>-</b>	<b>2,980</b>	<b>4,220</b>	<b>7,200</b>	
<b>Tea Tree Gully Tennis Club</b>							
CTTG Contribution				40%	60%		
CTTG Contribution			71	1,169	1,410	2,650	48.2%
Grant Funding	State - Election			1,100	1,650	2,750	50.0%
Club Contribution					100	100	1.8%
<b>Total Project Cost</b>		<b>-</b>	<b>71</b>	<b>2,269</b>	<b>3,160</b>	<b>5,500</b>	
<b>Banksia Park Sports Area Master Plan</b>							
CTTG Contribution				-	-	-	0%
Grant Funding	State - Election		150	-	-	150	100%
Club Contribution						-	0%
<b>Total Project Cost</b>		<b>-</b>	<b>150</b>	<b>-</b>	<b>-</b>	<b>150</b>	
<b>Golden Grove Central Districts Baseball Club</b>							
CTTG Contribution			5	195	-	200	50%
Grant Funding	State - Election			180	-	180	50%
Club Contribution						-	0%
<b>Total Project Cost</b>		<b>-</b>	<b>5</b>	<b>375</b>	<b>-</b>	<b>380</b>	
<b>Hope Valley Sporting Club</b>							
CTTG Contribution				-	-	-	0%
Grant Funding	State - Election		27	1,173	-	1,200	100%
Club Contribution						-	0%
<b>Total Project Cost</b>		<b>-</b>	<b>27</b>	<b>1,173</b>	<b>-</b>	<b>1,200</b>	
<b>Sportsfield Lighting - SADNA &amp; Golden Grove Tennis Club</b>							
CTTG Contribution		-	532	15		547	50.0%
Grant Funding			375			375	50.0%
Club Contribution - TBA						-	
<b>Total Project Cost</b>		<b>-</b>	<b>907</b>	<b>15</b>		<b>922</b>	
<b>Total Project Expenditure</b>		<b>193</b>	<b>2,272</b>	<b>28,416</b>	<b>15,023</b>	<b>45,902</b>	
<b>Summary of funding contributions</b>							
		FYE 21/22 Actual	FYE 22/23 Actual	FYE 23/24 Budget	FYE 24/25 Forecast	Total	% Funding Split
		\$'000	\$'000	\$'000	\$'000	\$'000	%
Total CTTG Contribution		193	1,382	11,275	8,422	21,272	46.3%
Total Grant Funding		-	890	17,140	6,250	24,280	52.9%
Total Club Contribution		-	-	-	350	350	0.8%
<b>Total</b>		<b>193</b>	<b>2,272</b>	<b>28,415</b>	<b>15,022</b>	<b>45,902</b>	

City of Tea Tree Gully – DRAFT Long Term Financial Plan 2025-2034

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Summary of Updated Draft Long Term Financial Plan for FYE 2025 to 2034

Date modified: 30 December 2023																										
Year Ended 30 June:			2023	2024		2025		2026		2027		2028		2029		2030		2031		2032		2033		2034		
		Actual	Annual		Plan		Plan		Plan		Plan		Plan		Plan		Plan		Plan		Plan		Plan		Plan	
		Audit	Budget		Year 1		Year 2		Year 3		Year 4		Year 5		Year 6		Year 7		Year 8		Year 9		Year 10		Year 10	
		\$(’000)	\$(’000)		\$(’000)		\$(’000)		\$(’000)		\$(’000)		\$(’000)		\$(’000)		\$(’000)		\$(’000)		\$(’000)		\$(’000)		\$(’000)	
INCOME																										
Rates	A	85,581	92,070	7.6%	97,686	6.1%	103,156	5.6%	108,933	5.6%	111,656	2.5%	114,447	2.5%	117,308	2.5%	120,241	2.5%	123,247	2.5%	126,328	2.5%	129,486	2.5%		
Statutory Charges	C	1,971	2,605	32.2%	2,735	5.0%	2,826	3.3%	2,910	3.0%	2,998	3.0%	3,052	1.8%	3,106	1.8%	3,162	1.8%	3,219	1.8%	3,277	1.8%	3,336	1.8%		
User Charges	D	4,402	3,575	-18.8%	3,754	5.0%	3,855	2.7%	3,959	2.7%	4,066	2.7%	4,176	2.7%	4,289	2.7%	4,404	2.7%	4,523	2.7%	4,645	2.7%	4,771	2.7%		
Grants, subsidies, contributions	E	9,009	4,637	-48.5%	6,757	45.7%	6,831	1.1%	6,906	1.1%	6,982	1.1%	7,059	1.1%	7,136	1.1%	7,215	1.1%	7,294	1.1%	7,375	1.1%	7,456	1.1%		
Investment Income	F	752	20	-97.3%	20	0.0%	20	0.0%	20	0.0%	20	0.0%	20	0.0%	20	0.0%	20	0.0%	20	0.0%	20	0.0%	20	0.0%		
Reimbursements/other revenue	G	2,347	1,759	-25.1%	1,806	2.7%	1,855	2.7%	1,905	2.7%	1,957	2.7%	2,010	2.7%	2,064	2.7%	2,120	2.7%	2,177	2.7%	2,236	2.7%	2,296	2.7%		
Total Revenues			104,062		104,666	0.6%	112,758	7.7%	118,543	5.1%	124,634	5.1%	127,678	2.4%	130,763	2.4%	133,923	2.4%	137,162	2.4%	140,481	2.4%	143,881	2.4%	147,365	2.4%
EXPENSES																										
Employee costs	J	35,972	39,553	10.0%	41,333	4.5%	43,193	4.5%	44,489	3.0%	45,823	3.0%	46,969	2.5%	48,143	2.5%	49,347	2.5%	50,581	2.5%	51,845	2.5%	53,141	2.5%		
Materials, contracts & other expenses	K	41,919	43,185	3.0%	45,242	4.8%	47,052	4.0%	48,753	3.6%	51,513	5.7%	52,801	2.5%	54,121	2.5%	55,474	2.5%	56,861	2.5%	58,283	2.5%	59,740	2.5%		
Depreciation	L	16,258	17,416	7.1%	19,270	10.6%	19,752	2.5%	20,246	-100.0%	20,752	2.5%	21,270	2.5%	21,802	2.5%	22,347	2.5%	22,906	2.5%	23,479	2.5%	24,066	2.5%		
Finance Costs	M	261	550	110.7%	950	-28.2%	950	0.0%	950	0.0%	790	-16.8%	500	-36.7%	500	0.0%	800	60.0%	700	-12.5%	600	-14.3%	600	0.0%		
Loss - Joint Ventures	N	-	0		-		0		-		0		-		0		0		0		0		0			
Total Expenses			94,410		100,704	6.7%	106,795	6.0%	110,947	3.9%	114,437	3.1%	118,878	3.9%	121,541	2.2%	124,567	2.5%	127,968	2.7%	131,047	2.4%	134,207	2.4%	137,547	2.5%
OPERATING SURPLUS/(DEFICIT) BEFORE CAPITAL AMOUNTS			9,652		3,962		5,963		7,596		10,197		8,800		9,222		9,357		9,194		9,433		9,674		9,818	
Net gain/(loss) on disposal or revaluations	P	(2,530)	3,392		-		0		-		0		-		0		0		0		0		0			
Amounts specifically for new assets or upgraded assets	Q	5,116	23,938		12,500		0		-		0		-		0		0		0		0		0			
Physical resources free of charge	R	-	0		-		0		-		0		-		0		0		0		0		0			
NET SURPLUS/(DEFICIT)			12,238		31,292		18,463		7,596		10,197		8,800		9,222		9,357		9,194		9,433		9,674		9,818	
			2023		2024		2025		2026		2027		2028		2029		2030		2031		2032		2033		2034	
Opening Borrowings		P																								
Renewal Works	R	10,812	21,956		11,301		18,510		19,377		19,877		20,377		20,877		21,377		21,877		22,377		22,877			
New Works	S	6,683	38,111		21,252		6,380		6,540		6,670		6,804		6,940		7,079		5,756		7,399		9,084			
Total Capital works (Net)	T	17,495	60,067		32,553		24,890		25,916		26,547		27,181		27,817		28,456		27,632		29,776		31,961			
Less Depreciation	U	16,258	17,416		19,270		19,752		20,246		20,752		21,270		21,802		22,347		22,906		23,479		24,066			
Yearly Borrowings without Operating Surplus and Asset sales increase/(reduction)	V	1,237	42,651		13,283		5,138		5,671		5,796		5,910		6,014		6,108		4,726		6,298		7,896			
Net Asset Sales - Debt Reduction	W		-																							
Net Asset Sales - Capital Works (included in CMP program)	X	-	4,530		-		-		-		-		-													
Borrowings after proceeds from asset sales		1,237	38,121		13,283		5,138		5,671		5,796		5,910		6,014		6,108		4,726		6,298		7,896			
Operating Surplus	Y	9,652	3,962		5,963		7,596		10,197		8,800		9,222		9,357		9,194		9,433		9,674		9,818			
Fiscal Balance (Surplus Cash/Reduction in borrowings)/ Increase in borrowings	Z	(8,415)	34,159		7,320		(2,458)		(4,526)		(3,005)		(3,312)		(3,342)		(3,086)		(4,707)		(3,377)		(1,922)			
Capital works funding gap	A.1	(8,415)	34,159		7,320		(2,458)		(4,526)		(3,005)		(3,312)		(3,342)		(3,086)		(4,707)		(3,377)		(1,922)			
Assets sales plus operating surplus	A.2	9,652	8,492		5,963		7,596		10,197		8,800		9,222		9,357		9,194		9,433		9,674		9,818			
Closing Borrowings	A.1	-	16,159		23,479		21,022		16,496		13,491		10,179		6,837		3,751		(956)		(4,333)		(6,255)			
Net Financial Liabilities (including Land Sales)	A.2	9,323	29,830		30,900		28,443		23,917		20,912		17,600		14,258		11,172		6,465		3,088		1,166			
Net Financial Liabilities Ratio (Including Land Sales and inventory)	A.3	8.96%	28.50%		27.40%		23.99%		19.19%		16.38%		13.46%		10.65%		8.14%		4.60%		2.15%		0.79%			
Net Financial Liabilities (Excluding land Sales including inventory)	A.4	9,835	29,830		30,900		28,443		23,917		20,912		17,600		14,258		11,172		6,465		3,088		1,166			
Net Financial Liabilities Ratio (Excluding land Sales)	A.5	9%	29%		27%		24%		19%		16%		13%		11%		8%		5%		2%		1%			
Asset Sustainability Ratio	A.7	100%	193%		89%		93%		95%		95%		95%		97%		99%		102%		104%		106%			
Operating Surplus Ratio	A.8	11%	4%		5%		6%		8%		7%		7%		7%		7%		7%		7%		7%			
Fiscal Balance Ratio	A.9	9%	-34%		-7%		2%		4%		3%		3%		3%		2%		4%		3%		1%			

City of Tea Tree Gully ESTIMATED INCOME STATEMENT Date modified: 30 December 2023																							
Year Ended 30 June:	2023 Actual Audit \$('000)	2024 Annual Budget \$('000)		2025 Plan Year 1 \$('000)		2026 Plan Year 2 \$('000)		2027 Plan Year 3 \$('000)		2028 Plan Year 4 \$('000)		2029 Plan Year 5 \$('000)		2030 Plan Year 6 \$('000)		2031 Plan Year 7 \$('000)		2032 Plan Year 8 \$('000)		2033 Plan Year 9 \$('000)		2034 Plan Year 10 \$('000)	
INCOME																							
Rates	85,581	92,070	7.6%	97,686	6.1%	103,156	5.6%	108,933	5.6%	111,656	2.5%	114,447	2.5%	117,308	2.5%	120,241	2.5%	123,247	2.5%	126,328	2.5%	129,486	2.5%
Statutory Charges	1,971	2,605	32.2%	2,735	5.0%	2,826	3.3%	2,910	3.0%	2,998	3.0%	3,052	3.0%	3,106	1.8%	3,162	1.8%	3,219	1.8%	3,277	1.8%	3,336	1.8%
User Charges	4,402	3,575	-18.8%	3,754	5.0%	3,855	2.7%	3,959	2.7%	4,066	2.7%	4,176	2.7%	4,289	2.7%	4,404	2.7%	4,523	2.7%	4,645	2.7%	4,771	2.7%
Grants, Subsidies and Contributions	9,009	4,637	-48.5%	6,757	45.7%	6,831	1.1%	6,906	1.1%	6,982	1.1%	7,059	1.1%	7,136	1.1%	7,215	1.1%	7,294	1.1%	7,375	1.1%	7,456	1.1%
Investment Income	752	20	-97.3%	20	0.0%	20	0.0%	20	0.0%	20	0.0%	20	0.0%	20	0.0%	20	0.0%	20	0.0%	20	0.0%	20	0.0%
Reimbursements/Other Revenue	2,347	1,759	-25.1%	1,806	2.7%	1,855	2.7%	1,905	2.7%	1,957	2.7%	2,010	2.7%	2,064	2.7%	2,120	2.7%	2,177	2.7%	2,236	2.7%	2,296	2.7%
Total Revenues	104,062	104,666	0.6%	112,758	7.7%	118,543	7.7%	124,634	5.1%	127,678	5.1%	130,763	2.4%	133,923	2.4%	137,162	2.4%	140,481	2.4%	143,881	2.4%	147,365	2.4%
EXPENSES																							
Employee Costs	35,972	39,553	10.0%	41,333	4.5%	43,193	4.5%	44,489	3.0%	45,823	3.0%	46,969	2.5%	48,143	2.5%	49,347	2.5%	50,581	2.5%	51,845	2.5%	53,141	2.5%
Materials, Contracts & Other Expenses	41,919	43,185	3.0%	45,242	4.8%	47,052	4.0%	48,753	3.6%	51,513	5.7%	52,801	2.5%	54,121	2.5%	55,474	2.5%	56,861	2.5%	58,283	2.5%	59,740	2.5%
Depreciation, Amortisation & Impairment	16,258	17,416	7.1%	19,270	10.6%	19,752	2.5%	20,246	2.5%	20,752	2.5%	21,270	2.5%	21,802	2.5%	22,347	2.5%	22,906	2.5%	23,479	2.5%	24,066	2.5%
Finance Costs	261	550	110.7%	950	72.7%	950	0.0%	950	0.0%	790	-16.8%	500	-36.7%	500	0.0%	800	60.0%	700	-12.5%	600	-14.3%	600	0.0%
Total Expenses	94,410	100,704	6.7%	106,795	6.0%	110,947	6.0%	114,437	3.9%	118,878	3.1%	121,541	3.9%	124,567	2.2%	127,968	2.5%	131,047	2.7%	134,207	2.4%	137,547	2.4%
OPERATING SURPLUS/(DEFICIT) BEFORE CAPITAL AMOUNTS	9,652	3,962		5,963		7,596		10,197		8,800		9,222		9,357		9,194		9,433		9,674		9,818	
Net Gain/(Loss) on Disposal or Revaluation of Assets	(2,530)	3,392		0		0		0		0		0		0		0		0		0		0	
Amounts specifically for New or Upgraded Assets	5,116	23,938		12,500		0		0		0		0		0		0		0		0		0	
Physical Resources Receive Free of Charge	0	0		0		0		0		0		0		0		0		0		0		0	
NET SURPLUS/(DEFICIT)	12,238	31,292	0	18,463	0	7,596		10,197		8,800		9,222		9,357		9,194		9,433		9,674		9,818	

City of Tea Tree Gully

Date modified: 30 December 2023

ESTIMATED BALANCE SHEET

Year Ended 30 June:	2023 Actual Audit \$('000)	2024 Annual Budget \$('000)	2025 Plan Year 1 \$('000)	2026 Plan Year 2 \$('000)	2027 Plan Year 3 \$('000)	2028 Plan Year 4 \$('000)	2029 Plan Year 5 \$('000)	2030 Plan Year 6 \$('000)	2031 Plan Year 7 \$('000)	2032 Plan Year 8 \$('000)	2033 Plan Year 9 \$('000)	2034 Plan Year 10 \$('000)
<b>ASSETS</b>												
<b>Current Assets</b>												
Cash & Equivalent Assets	18,337	337	437	541	647	757	870	987	1,107	1,230	1,357	1,488
Trade & Other Receivables	5,744	5,744	5,916	6,094	6,277	6,465	6,659	6,859	7,064	7,276	7,495	7,719
Investments & Other Financial Assets		0	0	0	0	0	0	0	0	0	0	0
Inventories	127	127	127	127	127	127	127	127	127	127	127	127
Sub-total	24,208	6,208	6,481	6,762	7,051	7,349	7,656	7,972	8,298	8,633	8,979	9,335
Non-current assets held for sale	512	0	0	0	0	0	0	0	0	0	0	0
<b>Total Current Assets</b>	<b>24,720</b>	<b>6,208</b>	<b>6,481</b>	<b>6,762</b>	<b>7,051</b>	<b>7,349</b>	<b>7,656</b>	<b>7,972</b>	<b>8,298</b>	<b>8,633</b>	<b>8,979</b>	<b>9,335</b>
<b>Non-Current Assets</b>												
Infrastructure, Property, Plant & Equipment	1,795,349	1,833,506	1,873,915	1,879,054	1,884,725	1,890,520	1,896,430	1,902,445	1,908,553	1,913,280	1,919,577	1,927,473
Financial Assets	0	0	0	0	0	0	0	0	0	0	0	0
Other Non-Current Assets (Work in Progress)	13,682	27,324	6,448	6,448	6,448	6,448	6,448	6,448	6,448	6,448	6,448	6,448
<b>Total Non-Current Assets</b>	<b>1,809,031</b>	<b>1,860,830</b>	<b>1,880,363</b>	<b>1,885,502</b>	<b>1,891,173</b>	<b>1,896,968</b>	<b>1,902,878</b>	<b>1,908,893</b>	<b>1,915,001</b>	<b>1,919,728</b>	<b>1,926,025</b>	<b>1,933,921</b>
<b>Total Assets</b>	<b>1,833,751</b>	<b>1,867,038</b>	<b>1,886,844</b>	<b>1,892,264</b>	<b>1,898,224</b>	<b>1,904,317</b>	<b>1,910,535</b>	<b>1,916,865</b>	<b>1,923,299</b>	<b>1,928,361</b>	<b>1,935,004</b>	<b>1,943,256</b>
<b>LIABILITIES</b>												
<b>Current Liabilities</b>												
Trade & Other Payables	9,092	9,092	9,365	9,646	9,935	10,233	10,540	10,856	11,182	11,517	11,863	12,219
Revenue Received in Advance	20,414	6,250										
Borrowings	0	0	0	0	0	0	0	0	0	0	0	0
Provisions	3,725	3,725	3,725	3,725	3,725	3,725	3,725	3,725	3,725	3,725	3,725	3,725
Sub-total	33,231	19,067	13,090	13,371	13,660	13,958	14,265	14,581	14,907	15,242	15,588	15,944
Liabilities Relating to Non-Current Assets held for sale	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Current Liabilities</b>	<b>33,231</b>	<b>19,067</b>	<b>13,090</b>	<b>13,371</b>	<b>13,660</b>	<b>13,958</b>	<b>14,265</b>	<b>14,581</b>	<b>14,907</b>	<b>15,242</b>	<b>15,588</b>	<b>15,944</b>
<b>Non-Current Liabilities</b>												
Borrowings	0	16,159	23,479	21,022	16,496	13,491	10,179	6,837	3,751	(956)	(4,333)	(6,255)
Provisions	685	685	685	685	685	685	685	685	685	685	685	685
<b>Total Non-Current Liabilities</b>	<b>685</b>	<b>16,844</b>	<b>24,164</b>	<b>21,707</b>	<b>17,181</b>	<b>14,176</b>	<b>10,864</b>	<b>7,522</b>	<b>4,436</b>	<b>(271)</b>	<b>(3,648)</b>	<b>(5,570)</b>
<b>Total Liabilities</b>	<b>33,916</b>	<b>35,911</b>	<b>37,254</b>	<b>35,077</b>	<b>30,841</b>	<b>28,134</b>	<b>25,129</b>	<b>22,103</b>	<b>19,343</b>	<b>14,971</b>	<b>11,940</b>	<b>10,374</b>
<b>NET ASSETS</b>	<b>1,799,835</b>	<b>1,831,127</b>	<b>1,849,590</b>	<b>1,857,186</b>	<b>1,867,383</b>	<b>1,876,183</b>	<b>1,885,405</b>	<b>1,894,762</b>	<b>1,903,957</b>	<b>1,913,390</b>	<b>1,923,064</b>	<b>1,932,882</b>
<b>EQUITY</b>												
Accumulated Surplus	426,389	457,681	476,144	483,740	493,937	502,737	511,959	521,316	530,511	539,944	549,618	559,436
Asset Revaluation Reserve	1,373,159	1,373,159	1,373,159	1,373,159	1,373,159	1,373,159	1,373,159	1,373,159	1,373,159	1,373,159	1,373,159	1,373,159
Other Reserves	287	287	287	287	287	287	287	287	287	287	287	287
<b>TOTAL EQUITY</b>	<b>1,799,835</b>	<b>1,831,127</b>	<b>1,849,590</b>	<b>1,857,186</b>	<b>1,867,383</b>	<b>1,876,183</b>	<b>1,885,405</b>	<b>1,894,762</b>	<b>1,903,957</b>	<b>1,913,390</b>	<b>1,923,064</b>	<b>1,932,882</b>

<b>City of Tea Tree Gully</b> <b>Date modified: 30 December 2023</b> <b>ESTIMATED CASH FLOW STATEMENT</b>												
Year Ended 30 June:	2023 Actual Audit \$('000)	2024 Annual Budget \$('000)	2025 Plan Year 1 \$('000)	2026 Plan Year 2 \$('000)	2027 Plan Year 3 \$('000)	2028 Plan Year 4 \$('000)	2029 Plan Year 5 \$('000)	2030 Plan Year 6 \$('000)	2031 Plan Year 7 \$('000)	2032 Plan Year 8 \$('000)	2033 Plan Year 9 \$('000)	2034 Plan Year 10 \$('000)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>												
<u>Receipts</u>												
Operating and Investment Receipts	106,171	104,666	112,586	118,365	124,451	127,490	130,569	133,724	136,957	140,269	143,663	147,140
<u>Payments</u>												
Operating Payments to Suppliers and Employees	78,640	82,738	86,302	89,964	92,952	97,038	99,463	101,948	104,495	107,106	109,783	112,525
Finance Costs	261	550	950	950	950	790	500	500	800	700	600	600
<b>Net Cash provided by (or used in) Operating Activities</b>	<b>27,270</b>	<b>21,378</b>	<b>25,334</b>	<b>27,451</b>	<b>30,549</b>	<b>29,662</b>	<b>30,606</b>	<b>31,276</b>	<b>31,661</b>	<b>32,463</b>	<b>33,280</b>	<b>34,015</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>												
<u>Receipts</u>												
Grants utilised for capital purposes	203											
Amounts Specifically for New/Upgraded Assets	5,116	9774	6,250	0	0	0	0	0	0	0	0	0
Sale of Renewed/Replaced Assets	252	800	800	800	800	800	800	800	800	800	800	800
Sale of Surplus Assets	0	4530	0	0	0	0	0	0	0	0	0	0
<u>Payments</u>												
Expenditure on Renewal/Replacement of Assets	(16,180)	(32,530)	(18,351)	(19,310)	(20,177)	(20,677)	(21,177)	(21,677)	(22,177)	(22,677)	(23,177)	(23,677)
Expenditure on New/Upgraded Assets	(6,683)	(38,111)	(21,252)	(6,380)	(6,540)	(6,670)	(6,804)	(6,940)	(7,079)	(5,756)	(7,399)	(9,084)
<b>Net Cash Provided by (or used in) Investing Activities</b>	<b>(17,292)</b>	<b>(55,537)</b>	<b>(32,553)</b>	<b>(24,890)</b>	<b>(25,916)</b>	<b>(26,547)</b>	<b>(27,181)</b>	<b>(27,817)</b>	<b>(28,456)</b>	<b>(27,632)</b>	<b>(29,776)</b>	<b>(31,961)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>												
<u>Receipts</u>												
Proceeds from Borrowings	0	16,159	7,320	0	0	0	0	0	0	0	0	0
Proceeds from Deposits												
<u>Payments</u>												
Repayments of Borrowings			0	(2,458)	(4,526)	(3,005)	(3,312)	(3,342)	(3,086)	(4,707)	(3,377)	(1,922)
Repayment of Bonds & Deposits	(73)	-	-	-	-	-	-	-	-	-	-	-
<b>Net Cash provided by (or used in) Financing Activities</b>	<b>(73)</b>	<b>16,159</b>	<b>7,320</b>	<b>(2,458)</b>	<b>(4,526)</b>	<b>(3,005)</b>	<b>(3,312)</b>	<b>(3,342)</b>	<b>(3,086)</b>	<b>(4,707)</b>	<b>(3,377)</b>	<b>(1,922)</b>
<b>Net Increase/(Decrease) in cash held</b>	<b>9,905</b>	<b>(18,000)</b>	<b>100</b>	<b>103</b>	<b>107</b>	<b>110</b>	<b>113</b>	<b>116</b>	<b>120</b>	<b>124</b>	<b>127</b>	<b>131</b>
<b>Opening cash, cash equivalents or (bank overdraft)</b>	<b>8,432</b>	<b>18,337</b>	<b>337</b>	<b>437</b>	<b>541</b>	<b>647</b>	<b>757</b>	<b>870</b>	<b>987</b>	<b>1,107</b>	<b>1,230</b>	<b>1,357</b>
<b>Closing cash, cash equivalents or (bank overdraft)</b>	<b>18,337</b>	<b>337</b>	<b>437</b>	<b>541</b>	<b>647</b>	<b>757</b>	<b>870</b>	<b>987</b>	<b>1,107</b>	<b>1,230</b>	<b>1,357</b>	<b>1,488</b>

City of Tea Tree Gully – Long Term Financial Plan 2025-2034

City of Tea Tree Gully

Date modified: 30 December 2023

ESTIMATED STATEMENT OF CHANGES IN EQUITY

Year Ended 30 June:	2023 Actual Audit \$('000)	2024 Annual Budget \$('000)	2025 Plan Year 1 \$('000)	2026 Plan Year 2 \$('000)	2027 Plan Year 3 \$('000)	2028 Plan Year 4 \$('000)	2029 Plan Year 5 \$('000)	2030 Plan Year 6 \$('000)	2031 Plan Year 7 \$('000)	2032 Plan Year 8 \$('000)	2033 Plan Year 9 \$('000)	2034 Plan Year 10 \$('000)
<b>ACCUMULATED SURPLUS</b>												
Balance at end of previous reporting period	414,151	426,389	457,681	476,144	483,740	493,937	502,737	511,959	521,316	530,511	539,944	549,618
Net Result for Year	12,238	31,292	18,463	7,596	10,197	8,800	9,222	9,357	9,194	9,433	9,674	9,818
Transfers from Other Reserves	0	0	0	0	0	0	0	0	0	0	0	0
Balance at end of period	426,389	457,681	476,144	483,740	493,937	502,737	511,959	521,316	530,511	539,944	549,618	559,436
<b>ASSET REVALUATION RESERVE</b>												
Balance at end of period	1,373,159	1,373,159	1,373,159	1,373,159	1,373,159	1,373,159	1,373,159	1,373,159	1,373,159	1,373,159	1,373,159	1,373,159
<b>OTHER RESERVES</b>												
Balance at end of previous reporting period	287	287	287	287	287	287	287	287	287	287	287	287
Transfers from Accumulated Surplus	0	0	0	0	0	0	0	0	0	0	0	0
Transfers to Accumulated Surplus	0	0	0	0	0	0	0	0	0	0	0	0
Balance at end of period	287	287	287	287	287	287	287	287	287	287	287	287
<b>TOTAL EQUITY AT END OF REPORTING PERIOD</b>	<b>1,799,835</b>	<b>1,831,127</b>	<b>1,849,590</b>	<b>1,857,186</b>	<b>1,867,383</b>	<b>1,876,183</b>	<b>1,885,405</b>	<b>1,894,762</b>	<b>1,903,957</b>	<b>1,913,390</b>	<b>1,923,064</b>	<b>1,932,882</b>



<b>City of Tea Tree Gully</b> <b>UNIFORM PRESENTATION OF FINANCES</b> <b>Date modified: 30 December 2023</b>												
Year Ended 30 June:	2023 Actual Audit \$('000)	2024 Annual Budget \$('000)	2025 Plan Year 1 \$('000)	2026 Plan Year 2 \$('000)	2027 Plan Year 3 \$('000)	2028 Plan Year 4 \$('000)	2029 Plan Year 5 \$('000)	2030 Plan Year 6 \$('000)	2031 Plan Year 7 \$('000)	2032 Plan Year 8 \$('000)	2033 Plan Year 9 \$('000)	2034 Plan Year 10 \$('000)
<b>INCOME</b>												
Rates	85,581	92,070	97,686	103,156	107,076	113,072	115,899	118,796	121,766	124,810	127,930	131,128
Statutory Charges	1,971	2,605	2,735	2,826	2,910	2,998	3,052	3,106	3,162	3,219	3,277	3,336
User Charges	4,402	3,575	3,754	3,855	3,959	4,066	4,176	4,289	4,404	4,523	4,645	4,771
Grants, Subsidies and Contributions	9,009	4,637	6,757	6,831	6,906	6,982	7,059	7,136	7,215	7,294	7,375	7,456
Investment Income	752	20	20	20	20	20	20	20	20	20	20	20
Reimbursements/Other Revenue	2,347	1,759	1,806	1,855	1,905	1,957	2,010	2,064	2,120	2,177	2,236	2,296
<b>Total Revenues</b>	<b>104,062</b>	<b>104,666</b>	<b>112,758</b>	<b>118,543</b>	<b>122,777</b>	<b>129,094</b>	<b>132,215</b>	<b>135,411</b>	<b>138,687</b>	<b>142,044</b>	<b>145,483</b>	<b>149,007</b>
<b>EXPENSES</b>												
Employee Costs	35,972	39,553	41,333	43,193	44,489	45,823	46,969	48,143	49,347	50,581	51,845	53,141
Materials, Contracts & Other Expenses	41,919	43,185	44,912	46,708	48,402	51,153	52,432	53,743	55,087	56,464	57,876	59,323
Depreciation, Amortisation & Impairment	16,258	17,416	19,270	19,752	20,246	20,752	21,270	21,802	22,347	22,906	23,479	24,066
Finance Costs	261	550	950	950	950	790	500	500	800	700	600	600
<b>Total Expenses</b>	<b>94,410</b>	<b>100,704</b>	<b>106,465</b>	<b>110,603</b>	<b>114,086</b>	<b>118,518</b>	<b>121,172</b>	<b>124,189</b>	<b>127,581</b>	<b>130,650</b>	<b>133,800</b>	<b>137,130</b>
<b>OPERATING SURPLUS/(DEFICIT) BEFORE CAPITAL AMOUNTS</b>	<b>9,652</b>	<b>3,962</b>	<b>6,293</b>	<b>7,940</b>	<b>8,691</b>	<b>10,576</b>	<b>11,043</b>	<b>11,223</b>	<b>11,106</b>	<b>11,393</b>	<b>11,683</b>	<b>11,877</b>
<b>Less Net Outlays on Existing Assets</b>												
Capital Expenditure on Renewal and Replacement of Existing Assets	16,180	32,530	18,351	19,310	20,177	20,677	21,177	21,677	22,177	22,677	23,177	23,677
less Depreciation, Amortisation and Impairment	(16,258)	(17,416)	(19,270)	(19,752)	(20,246)	(20,752)	(21,270)	(21,802)	(22,347)	(22,906)	(23,479)	(24,066)
less Proceeds from Sale of Replaced Assets	(252)	(800)	(800)	(800)	(800)	(800)	(800)	(800)	(800)	(800)	(800)	(800)
Net Outlays on Existing Assets	<b>(330)</b>	<b>14,314</b>	<b>(1,719)</b>	<b>(1,242)</b>	<b>(869)</b>	<b>(875)</b>	<b>(894)</b>	<b>(925)</b>	<b>(970)</b>	<b>(1,029)</b>	<b>(1,102)</b>	<b>(1,189)</b>
<b>less Net Outlays on New and Upgraded Assets</b>												
Capital Expenditure on New and Upgraded Assets	6,683	38,111	21,252	6,380	6,540	6,670	6,804	6,940	7,079	5,756	7,399	9,084
less Amounts Received Specifically for New and Upgraded Assets	(5,116)	(14,304)	(6,250)	0	0	0	0	0	0	0	0	0
Net Outlays on New and Upgraded Assets	<b>1,567</b>	<b>23,807</b>	<b>15,002</b>	<b>6,380</b>	<b>6,540</b>	<b>6,670</b>	<b>6,804</b>	<b>6,940</b>	<b>7,079</b>	<b>5,756</b>	<b>7,399</b>	<b>9,084</b>
<b>Net Lending / (Borrowing) For Financial Year</b>	<b>8,415</b>	<b>(34,159)</b>	<b>(6,990)</b>	<b>2,802</b>	<b>3,020</b>	<b>4,781</b>	<b>5,133</b>	<b>5,208</b>	<b>4,998</b>	<b>6,667</b>	<b>5,386</b>	<b>3,981</b>

City of Tea Tree Gully Key Financial Indicators Date modified: 30 December 2023												
Year Ended 30 June:	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2024
	Actual	Annual	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
	Audit	Budget	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 10
	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)
Net Financial Liabilities including non current assets held for sale	9,323	29,830	30,900	28,443	23,917	20,912	17,600	14,258	11,172	6,465	3,088	1,166
Net Financial Liabilities excluding non current assets held for sale	9,835	29,830	30,900	28,443	23,917	20,912	17,600	14,258	11,172	6,465	3,088	1,166
Net Financial Liabilities Ratio including non current assets held for sale	9%	29%	27%	24%	19%	16%	13%	11%	8%	5%	2%	1%
Net Financial Liabilities Ratio excluding non current assets held for sale	9%	29%	27%	24%	19%	16%	13%	11%	8%	5%	2%	1%
Asset Sustainability Ratio	63%	193%	91%	93%	95%	95%	95%	95%	97%	99%	101%	104%
Operating Surplus Ratio	9%	4%	6%	7%	9%	8%	8%	8%	8%	8%	8%	8%
Fiscal Balance Ratio	9%	-34%	-7%	2%	4%	3%	3%	3%	2%	4%	3%	1%
	Audit	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP
	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34
Renewal Works	16,258	17,416	19,270	19,752	20,246	20,752	21,270	21,802	22,347	22,906	23,479	24,066





REPORT FOR

AUDIT & RISK COMMITTEE MEETING

MEETING DATE

06 DECEMBER 2023

RECORD NO:

D23/96631

REPORT OF:

STRATEGY & FINANCE

TITLE:

TEA TREE GULLY GYMSPORTS REDEVELOPMENT SECTION  
48 PRUDENTIAL REPORT

Item 10.3

## PURPOSE

To consider the Section 48 (Local Government Act 1999) Prudential Report for Tea Tree Gully Gymsports Redevelopment.

## RECOMMENDATION

That the Audit & Risk Committee recommends to Council:

**That having considered the report “Tea Tree Gully Gymsports Redevelopment Section 48 Prudential Report” and dated 6 December 2023, Council resolves:**

1. The Prudential Report for the Tea Tree Gully Gymsports Redevelopment (Prudential Report) prepared by BRM Advisory (provided as Attachment 1) meets the criteria of Section 48 of the Local Government Act 1999.
2. To proceed with the Tea Tree Gully Gymsports Redevelopment project at a price consistent with the Prudential Report findings.
3. Notes that the additional \$2m Council contribution to this project will be funded through interest earned on the Grant Funding received and an allocation from the Strategic Buildings Provision within the Long Term Financial Plan. The addition allocation will not impact the current assumptions of the LTFP.

## BACKGROUND

Tea Tree Gully Gymsports (TTGG) was first established in 1966 and has been operating continuously since this time providing both recreational and competitive gymnastics classes within the City of Tea Tree Gully. TTGG has been operating from its Banksia Park site for over 50 years and currently also utilises two nearby halls / facilities (Rostron Hall and Banksia Park Primary School) to accommodate its program offerings.

The existing TTGG building no longer meets the contemporary requirements of a **modern gymnastic facility with insufficient ‘field of play’ area to run all classes safely** and effectively, limited changeroom facilities, aged bathrooms and a lack of spectator viewing areas.

In consultation with the CTTG, a proposal to redevelop the existing site was created which involves the construction of a new purpose built TTGG facility adjacent to the existing building, with the existing building to be demolished at the completion of construction.

At the 8 June 2021 meeting the following was resolved:

*That Council, having considered the report titled “Tea Tree Gully Gymsports – Proposed Concept Plan for Facility Expansion” and dated 8 June 2021:*

1. *Supports the proposed concept plan Option B for Tea Tree Gully Gymsports, Banksia Park as detailed in Attachment 2 and Attachment 5.*
2. ***That in accordance with Council’s Prudential Management Policy, a Prudential Report be prepared and presented to Council for the proposed concept plan for the redevelopment of the building occupied by Tea Tree Gully Gymsports.***
3. *Supports a financial contribution from Council towards the project and subject to a minimum 50% of the project cost being received through external grant funding, and a financial contribution from Tea Tree Gully Gymsports Incorporated.*
4. *Supports Tea Tree Gully Gymsports Incorporated submitting a grant funding application to future relevant funding opportunities to obtain a minimum 50% financial contribution towards the project.*

The original proposal, which was endorsed by CTTG Council (subject to funding and **other conditions**) was based on a 2,125m<sup>2</sup> ‘field of play’ redevelopment with additional floor space allocated to a mezzanine, clubroom facilities and a cafe. The cost estimate at the time for the proposal was \$7.2m.

Prior to the State Election in 2022, TTGG was successful in obtaining a funding commitment of \$3.5 million to support the redevelopment.

Further work has now been undertaken to refine the scope and designs and to accommodate the noted increases in construction costs which have prevailed since

the original project costings were prepared. During this process it has been determined that a project budget of \$9.2m is required to deliver a facility that includes a 2000m<sup>2</sup> **‘field of play’ along with required clubroom facilities. Comparably,** it was determined that a \$7.20 million budget is expected to be sufficient to construct a 1,060m<sup>2</sup> field of play area facility.

Pursuant to the Local Government Act 1999 Section 48 (the Act), Council must undertake a prudential review of the Tea Tree Gully Tennis Clubroom redevelopment project prior to fully committing to the project. Prudential Reviews must be prepared where a project meets the parameters outlined in the Act. These parameters are also **outlined in Council’s Prudential Review Policy and are as follows:**

- a. where the expected operating expenses calculated on an accrual basis of the council over the ensuing five years is likely to exceed 20 per cent of the council's average annual operating expenses over the previous five financial years (as shown in the council's financial statements); or
- b. where the expected capital cost 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.

The purpose of a Prudential Review is to determine whether the Elected Members have (or will have) all of the necessary information to enable them to make an informed decision regarding the project in question. It is not in the intent of a Prudential Review to recommend whether a project should or should not proceed.

## 1. DISCUSSION

An independent consultant BRM Advisory was engaged to prepare a Prudential Report to satisfy Section 48 of the Local Government Act 1999 (Attachment 1).

Prior to developing the Prudential Report, BRM were engaged to undertake an early **phase review of the TTGG’s Business Plan, referenced in the TTGG’s Business Plan Assessment** (Attachment 2). This review assesses the merits of the proposed upgrade and the likely outcomes of proceeding with either one of the proposed options (i.e. 1060m<sup>2</sup> or 2000m<sup>2</sup> field of play).

## 2. FINANCIAL

At the concept stage in 2021, the project was costed at \$7.2m. Construction prices have increased by over 25% since then. The design has since been revised to value **manage where possible while still allowing for a minimum of 2000m<sup>2</sup> ‘field of play.’**

At the time the initial grant of \$3.5m was confirmed, Council committed \$3.5m to the project and TTGG committed \$200k towards the project.

The current project cost estimate is \$9.2m. \$2m of additional funding will be required from Council for the project to be delivered. The additional funding will be supported by the interest earned on the Grant Finding received in relation to the project and from the capital expenditure on Strategic Buildings provision within the Long Term Financial Plan (LTFP). This additional contribution will not impact the current assumptions of the LTFP.

**BRM Advisory's independent review of TTGG Business Plan (Attachment 3)**

investigated the option of developing a project within the current budget which provides a field of play of 1060m<sup>2</sup>. This is comparable to the size of the current facility. The report concluded that the current potential of TTGG is being constrained due to the size and condition of the current facility. A development of this size would not **fundamentally change TTGG's capacity to deliver programming or meet the current** unmet demand for services.

In total, TTGG has now committed \$615k to support the Project with surplus funding from the club to be directed to support the gymnastics equipment fit-out required (not included in the cost estimate).

### 3. STRATEGIC OBJECTIVES

#### Strategic Plan

The following strategic objectives in Council's Strategic Plan 2025 are the most relevant to this report:

Objective	Comments
<b>Community</b>	
<i>People feel a sense of belonging, inclusion and connection with the City and the community</i>	Sport creates opportunities for community connection.
<i>Diversity is welcome and celebrated</i>	Sport can bring together people from diverse backgrounds.
<i>Our services are accessible to all and respond to changing community needs</i>	The project has been designed with a 50- year life to be adaptable to changing community needs.
<b>Environment</b>	
<i>Environmentally valuable places and sites that are flourishing and well cared for</i>	All new Council buildings are built to be as environmentally sustainable as feasible using public funds.
<b>Economy</b>	

<i>A local economy that is resilient and thrives, where businesses are supported to grow and prosper, provide local jobs and sustain our community and visitors and utilize technology to improve the livability of our city</i>	The construction of this project will create employment outcomes for the local community. Sporting activity also benefits the local economy through local supply of goods & services, and through sponsorship opportunities. TTGG currently employ three full-time staff, four permanent part time staff and approx. 46 casual staff.
<i>People are supported to develop their leadership and employment capabilities</i>	The development will enable TTGG to increase their staff numbers. TTGG offer work experience for school students in both administration and coaching.
Places	
<i>Infrastructure and community facilities are fit for purpose, constructed using sustainable practices and well maintained</i>	The redevelopment will be designed fit for purpose and with flexibility to adapt with the community over time using sustainable materials and methods where feasible considering whole of life costs.
Leadership	
<i>Planning considers current and future community needs</i>	The development enables TTGG to increase their capacity, offer more diverse programs and decrease their current waitlist.

### Community Land Management Plans

The Community Land Management Plan (CLMP) for the Banksia Park Sports Area adopted by Council at its meeting on 28 October 2023 will require no significant changes due to this project proceeding.

#### 4. LEGAL

The Prudential Report confirms that the proposed development is envisaged by the relevant planning zoning and will be assessed for planning and building consents against that zoning.

#### 5. RISK – IDENTIFICATION AND MITIGATION

The Prudential Report discusses the risks associated with the project with the highest risks being in relation to the additional funding required, changes to scope and capacity to deliver within the grant timeframes.

There are also risks associated with the construction of both this project and the adjacent TTG Tennis Club while maintaining club operations. The project team is

working closely with all club stakeholders to develop a delivery plan that minimises disruptions and construction time. The benefits of constructing both projects concurrently outweigh the risks through efficiencies of having one builder on site, and shortening the overall period of construction disruption at the site.

**All project risks are being managed consistent with Council's project management framework.**

#### 6. ACCESS AND INCLUSION

The project has been designed to meet all relevant access requirements under the building code.

TTGG offer a broad range of classes that cater to a range of ages and abilities. Their facilities are used by Autism SA once a week to run gym sessions specific for autistic children. They also provide a 1:1 class for a long-term member with a National Disability Insurance Scheme (NDIS) approved coach.

#### 7. SOCIAL AND COMMUNITY IMPACT

Sport makes an important contribution to the community providing opportunities for connection, recreation, and volunteering. The project will deliver a modern facility for these activities and offer opportunities for TTGG to expand their services to the community.

#### 8. ENVIRONMENTAL

N/A

#### 9. ASSETS

The project demonstrates good building asset management with the decommissioning of two buildings that are over 50 years old and reaching end of serviceable life, and replacement with a new modern asset with a 50-year design life.

#### 10. COMMUNITY AND STAKEHOLDER ENGAGEMENT

TTGG have been heavily involved in the design development of the project including regular workshops with the architects to ensure their feedback is incorporated into the design.

#### 11. COMMUNICATIONS OF COUNCIL DECISION

The decision will be communicated with the TTGG directly and to the community more generally through Council minutes and website.

## 12. INTERNAL REPORT CONSULTATION

The following staff have been included in the consultation process in the preparation of this Report.

Name	Position	Consulted about
Rebecca Baines	Manager Finance & Rating Services	Financial impacts of the project

### Attachments

1. <a href="#">↓</a>	Tea Tree Gully Gymsports Prudential Report.....	68
2. <a href="#">↓</a>	TTGG Business Plan Assessment BRM Advisory September 2023.....	99

### Report Authorisers

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City of Tea Tree Gully

Section 48 Prudential Report:  
Tea Tree Gully Gymsports Redevelopment

28 November 2023

Final

BUSINESS • RESOURCE • MANAGEMENT





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## EXECUTIVE SUMMARY

### Purpose

The following report has been prepared to satisfy the requirements of the City of Tea Tree Gully's (CTTG) Prudential Management Policy and Section 48 of the Local Government Act 1999 (Act) which requires a Council to consider the prudential issues set out in Section 48 subsection 2 of the Act before engaging in a project which meets certain specified criteria. The purpose of a Prudential Report is to ensure Elected Members have the necessary information to enable an informed decision whether or not to proceed with a project.

### The Project

The Project is the construction of a new purpose built gymsports facility, including clubroom, viewing areas and a café, at the Banksia Park Sports Area for an estimated capital cost of \$9.200 million.

### Summary Conclusion

In our view, the City of Tea Tree Gully has applied the appropriate level due diligence in progressing the Project and Council has been provided with sufficient information to satisfy the requirements of the Prudential Management Policy and Section 48 of the Act in order to make an informed decision on the Project.

### Prudential Issues and Findings

The construction of new gymsports facilities to meet the needs of Tea Tree Gully Gymsports (TTGG) was originally estimated to cost \$7.200 million. Due mainly to recent construction cost increases, it is now apparent that this budget will not be sufficient to deliver a project which meets the functional requirements of TTGG. CTTG engaged us (BRM Advisory) to undertake an early phase of prudential review work to review TTGG's Business Plan supporting the Project. As a result of this work and recent cost estimates based on 30% designs, the Administration is seeking \$2.000 million additional funding (\$9.200 million in total) from Council to complete the Project.

The Project involves development which will require approval under the Planning and Design Code. Internal preliminary planning advice has raised issues that will need to be addressed such as the presence of significant trees within the building footprint and the visual impact of the increased building size, these may add to the capital cost of the Project as the designs are progressed. Carparking has not been included as part of the Project scope and budget and the required upgrades will be funded by CTTG through its existing capital renewal program budget.

The decision not to undertake specific community engagement and public consultation is consistent with the Act and CTTG's relevant policies. While the Project works will necessitate an update to the CLMP we do not consider this change to be significant and accordingly are of the view that public consultation is not required for this CLMP amendment.

The key financial risks are whether Council will provide the additional \$2.000 million in funding required to support delivery of the scoped works, managing further changes in scope as the design process progresses, and the capacity of CTTG to deliver the Project within the adjusted grant timeframes.

The latest Long Term Financial Plan has capacity to accommodate the updated capital cost estimate (on the assumption that Council endorses the additional funding) as the net financial liabilities ratio would remain comfortably within the target range.

From a project delivery perspective a key issue that needs to be understood and managed is that both the TTG Tennis Club and the adjacent TTGG need to continue to trade during the construction program. At this stage, the Project Delivery Plan lacks specific detail and timelines to explain how the construction works will be phased to ensure continuity of activity. To mitigate this risk, CTTG will seek advice from potential construction firms during the tender process to determine how this can be achieved.

## Key Findings

S48 (2)	Description	Comments	Finding
(a)	The relationship with <b>strategic management plans</b> .	The Project is consistent with the Strategic Plan, progressing the Places aspiration, and is strongly aligned with relevant state and national plans. Council will need to allocate an additional \$2.000 million to complete the Project as currently scoped.	Requirements of S48 (2) (a) have been met.
(b)	The objectives of the <b>Development Plan</b> .	The Project works constitute development requiring approval under the Code. Development issues to be addressed include significant trees, the visual impact of the increased building size, and carparking.	Requirements of S48 (2) (b) have been met.
(c)	The expected contribution to the <b>economic development</b> of the local area. The impact on <b>businesses in the proximity</b> . Impacts on <b>fair competition</b> in the marketplace.	The construction activity will positively impact economic development in the CTTG. The increase in building size is expected to increase the number of visitations to the CTTG further enhancing economic development through future increased trade.	Requirements of S48 (2) (c) have been met.
(d)	<b>Consultation</b> with the local community and community influence on the project.	The decision not to undertake public consultation is consistent with the Act and CTTG's Policy. An update to the relevant CLMP is required although we do not consider this change to be significant enough to require public consultation.	Requirements of S48 (2) (d) have been met.
(e)	<b>Revenue projections</b> and <b>potential financial risks</b> .	The renewal of existing building assets is not being undertaken to produce additional revenue. Key risks are whether Council will increase the budget to deliver the scoped works and the capacity of CTTG to deliver within the grant timeframes.	Requirements of S48 (2) (e) have been met.
(f)	<b>Recurrent</b> and <b>whole-of-life costs</b> , any <b>financial arrangements</b>	Increased recurrent costs have been identified and are not expected to be material, however the annual recurrent cost has not been calculated on the basis there are existing provisions for the operation of the existing assets in the LTFP.	Requirements of S48 (2) (f) have <b>not yet</b> been met.
(g)	<b>Financial viability</b> of the project.	The LTFP contains provisions of \$7.200 million for the Project which will need to be increased, key financial ratios are forecast to remain within the target range.	Requirements of S48 (2) (g) have been met.
(h)	<b>Risks</b> associated with the project, and steps taken to manage, reduce or eliminate risks.	A Risk Register has been prepared, no risks identified have a residual risk rating of 'High' or above.	Requirements of S48 (2) (h) have been met.
(i)	Appropriate mechanisms or arrangements for <b>carrying out the project</b> .	The Project Delivery Plan contains a high level summary on how the Project is planned to be managed throughout the remaining planning phase but key delivery details, such as a detailed construction schedule have yet to be determined.	Requirements of S48 (2) (f) have <b>not yet</b> been met.
(j)	If the project involves the <b>sale of land</b> , the valuation of the land by a qualified valuer	The Project does not involve the sale of land and clause (j) is not relevant.	Requirements of S48 (2) (j) have been met.
	An <b>appropriate level of due diligence</b> is applied to the proposed project.	An appropriate level of 'due diligence' has been applied to ensure Elected Members have been informed about the Project.	Complies with Prudential Management Policy.

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 Tea Tree Gully Gymsports Redevelopment – Prudential Report



## 1. INTRODUCTION

### 1.1 Background

- 1.1.1 Tea Tree Gully Gymsports (TTGG) was first established in 1966 and has been operating continuously since this time providing both recreational and competitive gymnastics classes within the City of Tea Tree Gully (CTTG).
- 1.1.2 TTGG offers a range of gymsports services including Kindergym, Pregym, Men's Artistic Gymnastics, Trampoline Sports including Trampoline and Double Mini Tramp, Tumbling and Women's Artistic Gymnastics.
- 1.1.3 TTGG is the largest gymnastics club in South Australia (by number of members) and considers itself to be one of the best-known clubs in Australia. TTGG's programming schedule includes 140 gymsports classes each week across 50 weeks of the year equating to approximately 320 participants per day and over 100,000 participants annually.
- 1.1.4 TTGG operates as a not-for-profit incorporated body managed by a volunteer Board of Directors who oversee a team of both paid staff and volunteers.
- 1.1.5 TTGG has been operating from within the Banksia Park Sports Area (Banksia Park Site) on the corner of Elizabeth Street and Steventon Drive for over 50 years and currently also utilises two nearby halls / facilities (Rostron Hall and Banksia Park Primary School) to accommodate its program offerings. TTGG has a lease with CTTG for the ongoing use of the Banksia Park Site which expires in 2031.
- 1.1.6 An overhead view of the Banksia Park Site is shown in Figure One.

**Figure One: TTGG Banksia Park Site**



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- 1.1.7 TTGG has identified that the existing Banksia Park Site no longer meets the operational requirements of the club, as evidenced by:
  - 1.1.7.1 TTGG's need to use multiple buildings to support the delivery of program offerings;
  - 1.1.7.2 compromises in the way that gymnastics equipment needs to be configured to work within the current building footprint, including the need to pack up and pack down equipment at the Banksia Park Primary School site; and
  - 1.1.7.3 having a current waiting list of potential participants for programs.
- 1.1.8 In consultation with the CTTG, a proposal to redevelop the Banksia Park Site was prepared which involves the construction of a new purpose built gymsports facility adjacent to the existing building, with the existing TTGG building and Rostron Hall to be demolished at the completion of construction.
- 1.1.9 The original proposal, which was endorsed by CTTG Council (subject to funding and other conditions) was based on a 2,125m<sup>2</sup> 'field of play' redevelopment with additional floor space allocated to a mezzanine, clubroom facilities and a cafe.
- 1.1.10 In 2022, TTGG was successful in obtaining a funding commitment of \$3.500 million from the now State Government to support the development.
- 1.1.11 Since 2022 further work has been undertaken to refine the scope and designs for the redevelopment and to accommodate the noted increases in construction costs which have prevailed since the original project costings were prepared. During this process it was determined that the current project budget allocation of \$7.200 million is now expected to only be sufficient to construct a 1,060m<sup>2</sup> 'field of play' area facility which represents a like-for-like renewal of the current buildings but will not meet the current or future operational requirements of TTGG.
- 1.1.12 To meet TTGG's requirements, a 2,000m<sup>2</sup> 'field of play' area facility is required which represents a 125m<sup>2</sup> reduction in the floor area from the original proposal as a result of removing the mezzanine level from the scope. This preferred option, based on early concept designs had an estimated capital cost of \$9.200 million.
- 1.1.13 In July 2023 TTGG prepared a Business Plan to inform itself what the impact would be of a new 2,000m<sup>2</sup> 'field of play' area building on the TTGG operation.
- 1.1.14 In November 2023, 30% designs were completed in relation to the 2,000m<sup>2</sup> 'field of play' facility.
- 1.1.15 A cost estimate based on the 30% designs was prepared by Chris Sale which has estimated a total capital cost of \$9.500 million<sup>1</sup>. The cost estimate includes design contingencies of 4% (\$0.260 million), builders preliminaries and margins at 12% (\$0.820 million) and construction contingencies of 5%. This cost estimate was \$0.300 million above the budget of \$9.200 million envisaged in the TTGG Business Plan.

<sup>1</sup> 223641 231117 Banksia Park – Gymsports 30% Estimate.pdf

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- 1.1.16 Value management initiatives were identified to bring this cost estimate back to within the \$9.200 million project cost envisaged in the TTGG Business Plan. These value management initiatives, which were reflected in an updated cost estimate<sup>2</sup>were:
- Removal of soil disposal cost and allowance to stockpile onsite with a minor allowance to spread a portion.
  - Removal of retaining wall and allowance for a low height kerb to the bottom of batter.
  - Reduce width of paths around the South and East of the building to be 1200mm wide.
  - Professional fees reduced based on instructions from CTTG.
  - Increased construction contingency to achieve \$9.200 million budget limit (over 7% Contingency).
- 1.1.17 The updated cost estimate excludes any provision for carparking works to support the redevelopment. These works will need to be undertaken and funded by CTTG from separate budget line items and are not included within the scope of this Prudential Report.
- 1.1.18 Concurrent to the proposed redevelopment of the TTGG site, there is a nearby building project to redevelop the clubrooms and carparking arrangements servicing the Banksia Park Site tennis and netball courts.
- 1.1.19 It is the preference of the CTTG Administration to utilise the same construction contractor for the construction of both buildings to improve management of the site and to generate efficiencies in terms of preliminaries and project management.
- 1.1.20 The construction of the Tea Tree Gully Tennis Club building has been the subject of a separate Prudential Report.

## 1.2 The Project

- 1.2.1 The Project is the construction of a new purpose built gymsports facility complete with clubroom facilities, viewing areas and a café. Following completion of the new building, the existing two buildings on the site will be demolished. The estimated capital cost for the Project is \$9.200 million.
- 1.2.2 The latest concept designs for the facility are shown in Figure Two.

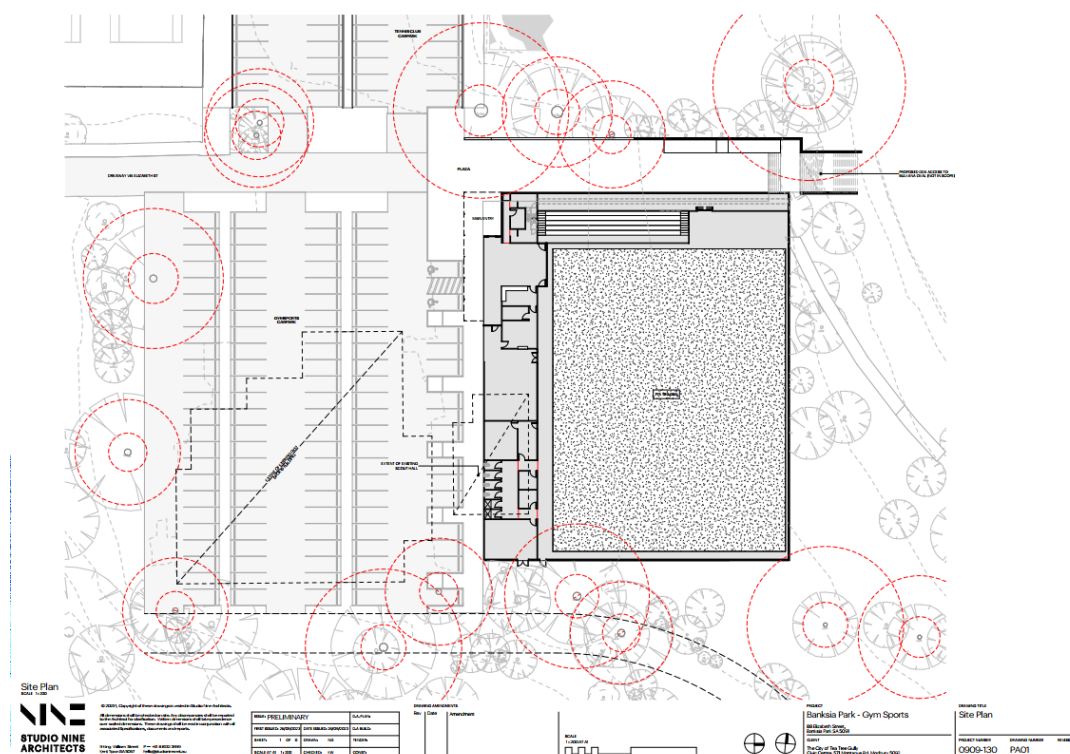
<sup>2</sup> 223641 231122 Banksia Park – Gymsports 30% Estimate Rev2.pdf



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Tea Tree Gully Gymsports Redevelopment – Prudential Report



**Figure Two: TTGG new facility concept plans**



### 1.3 Purpose of a Prudential Review

1.3.1 The Local Government Act 1999 (Act) Section 48 states that a council must develop and maintain prudential management 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.

1.3.2 The CTTG adopted a Prudential Management Policy on 8 December 2020 (Resolution number 688) which satisfies the requirements of the Act. The Prudential Management Policy and the Act 1999 require Council to consider a report addressing the prudential issues set out in subsection 2 of Section 48 when a project meets certain criteria, specified in (1) (b), namely where a council:

*"(b) 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)—"*



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- (a) *where the expected operating expenses calculated on an accrual basis of the council over the ensuing five years is likely to exceed 20 per cent of the council's average annual operating expenses over the previous five financial years (as shown in the council's financial statements); or*
  - (b) *where the expected capital cost 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."*
- 1.3.1 The CTTG Prudential Management Policy sets out Council's approach for prudential management of all its projects. The objectives of the Policy are:
  - "a. *To ensure that major Council projects are undertaken only after an appropriate level of Due Diligence is applied to the proposed project.*
  - b. *To ensure that each major Council project is:*
    - *managed during the project*
    - *evaluated after the project*
  - c. *To achieve identified public benefits or needs; and to minimise financial risks."*
- 1.3.2 The preparation of a Prudential Report is the highest level of due diligence prescribed under the Prudential Management Policy.
- 1.3.3 With a current estimated capital cost of \$9.200 million the Project meets the criteria specified in Section 48(1)(b)(ii) of the Act and the Prudential Management Policy. The prudential issues set out in Section 48 of the Act are reproduced in full as Attachment One.
- 1.3.4 Under the provision of the Act the Prudential Report must be prepared by a person whom the Council reasonably believes to be qualified to address the prudential issues section 48(4) and must not be a person who has an interest in the relevant project as defined in section 48(6a) - (6c).
- 1.3.5 BRM Advisory was engaged to prepare a report to satisfy the requirements of 'Section 48 and the Prudential Management Policy. We confirm we do not have an interest in the Project, as defined in section 48(6a) - (6c) of the Act.

#### 1.4 Presentation of Report

- 1.4.1 A report under subsection (1) 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).
- 1.4.2 It would be appropriate for this report to be made available for public inspection once it is reviewed and endorsed by Council and the construction tender has been awarded.

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## 2. RELATIONSHIP WITH STRATEGIC MANAGEMENT PLANS

*Section 48 (2) (a) the relationship between the project and relevant strategic management plans;*

Elements	Relevant Documents	Prudential Review Comments
<b>Council Plans</b>	<p>Strategic Plan 2025</p> <p>Annual Business Plan and Budget 2023/24 (ABPB)</p> <p>Long Term Financial Plan 2024/2033 (LTFP)</p> <p>Buildings and Open Space Asset Management Plans (AMP's)</p>	<p>The vision outlined in the Strategic Plan 2025 is “a thriving community with a quality lifestyle that values its people and natural environment”, the Strategic Plan is underpinned by six pillars that are identified as contributing to community wellbeing. The “Healthy” pillar recognises the importance of providing opportunities for people to achieve physical, mental and social wellbeing, and includes (amongst other things) being able to access physical activity and social connections.</p> <p>Whilst the Project is not specifically mentioned in the Strategic Plan, it is consistent with a number of the key objectives of the Places Aspiration, specifically:</p> <ul style="list-style-type: none"> <li>• Infrastructure and community facilities are fit for purpose, constructed using sustainable practices and well maintained; and</li> <li>• Streets, paths, open spaces and parks are appealing, safe and accessible.</li> </ul> <p>The ABPB contains a listing of all capital works projects to be undertaken for the financial year and includes funding of \$2.930 million for the Project (the remaining Project expenditure is assumed to occur in FY2025). Based on the latest cost estimates and a 2,000m<sup>2</sup> ‘field of play’ facility, an additional \$2.000 million in funding will be required for the Project to proceed.</p> <p>The LTFP is guided by a series of principles including maintaining assets at the current service levels and maintaining debt within the targeted net liabilities range of 25% to 35% over the life of the LTFP. The LTFP provides for a higher expenditure on assets than identified through the AMP's providing some capacity (\$0.9m) for the additional expenditure required to undertake the Project. The additional expenditure would impact the net financial liabilities ratio but it would remain within the target range. The LTFP will need to be updated to account for the higher capital cost of the Project.</p> <p>As the Project represents a renewal and upgrade of existing infrastructure, once construction is complete and demolition of the existing buildings occurs, the relevant AMP's (Buildings and Open Space) will need to be updated to reflect the new assets constructed through the Project.</p>

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Elements	Relevant Documents	Prudential Review Comments
<b>State Plans</b>	Game On Getting South Australia moving Strategy	<p>The Game On Strategy promotes a number of priority outcomes including:</p> <ul style="list-style-type: none"> <li>• Lifelong physical activity;</li> <li>• Active young people;</li> <li>• Affordable sport and recreation opportunities; and</li> <li>• Quality sport and recreation infrastructure.</li> </ul> <p>The proposed Project will help to enhance each of these priorities through the renewal and upgrade of aged gymsports infrastructure.</p>
<b>Regional Plans</b>	No regional plans noted	Not applicable
<b>National Plans</b>	National Sport and Active Recreation Framework Sport 2030 National Sports Plan	The Project is aligned with the National Sport and Active Recreation Framework which sets out Commonwealth, State and Territory Government expectations of other stakeholders (including local government) to provide sporting and recreation infrastructure and the 2030 National Sports Plan by providing facilities which encourage Australians to be more active, more often.
<p><b>Findings:</b></p> <p>Requirements of Section 48 (2) (a) <b>have been met.</b></p> <p>The Project is consistent with one of the six pillars of the Strategic Plan and will progress the Places aspiration.</p> <p>The CTTG included capital funding for the Project in the 2023-24 Annual Business Plan and Budget and the latest iteration of the LTFP, however these allocations totalling \$7.200 million are not expected to be sufficient to deliver the Project in accordance with TTGG's expectations. An increase of \$2.000 million will be required to deliver the Project as currently scoped to meet the needs of TTGG.</p> <p>The Project is strongly aligned with relevant state and national plans, through the provision of larger and newer sporting infrastructure. The receipt of State Government funding in support of the Project demonstrates the strong alignment of the Project to State Government objectives.</p>		

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### 3. OBJECTIVES OF THE DEVELOPMENT PLAN

*Section 48 (2) (b) the objectives of the Development Plan in the area where the project is to occur;*

Elements	Relevant Documents	Prudential Review Comments
<b>Development Plan</b>	Planning, Development and Infrastructure Act 2016 (PDI Act) Planning and Design Code (Code)	<p>The Project works will constitute development under PDI Act which will require approval under the Code.</p> <p>The Project is located in the General Neighbourhood Zone which envisages predominantly residential development with complementary non-residential uses, specifically including recreation areas. Recreation Areas means any park, garden, children's playground or sports ground that is under the care, control and management of the Crown or a council, and is open to the public without payment of a charge.</p> <p>The Project replaces existing like-for-like infrastructure at the Banksia Park Sports Area and the Project designs are broadly consistent with the objects the zone.</p> <p>A Development Application for the Project has not yet been prepared.</p> <p>There are a number of issues that will need to be considered and addressed in progressing the designs and in preparing the Development Application. The most significant development issues are likely to be:</p> <ol style="list-style-type: none"> <li>1. The impact of the Project on a number of significant trees;</li> <li>2. Reducing the visual impact of the development, noting the increased footprint and building height compared with the current building; and</li> <li>3. Relocating or developing in close proximity to existing CWMS infrastructure.</li> </ol> <p>A further key consideration for the Development Application will be the sufficiency of the carparking and civil infrastructure at the Banksia Park Sports Area to support the expanded footprint of TTGG and the additional patronage the site is expected to attract.</p> <p>Carparking works are currently excluded from the budget and scope of the Project, but are required in order to facilitate the development. Carparking upgrade works will be included within the scope of the development application.</p>

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Elements	Relevant Documents	Prudential Review Comments
<b>Approving Authority</b>	Planning, Development and Infrastructure Act 2016 (PDI Act).	The Relevant Approving authority is expected to be CTTG's Council Assessment Panel. Public notification will be required as part of the process to obtain Planning Consent, the time to undertake this will need to be factored into the project delivery schedule.
<p><b>Findings:</b></p> <p>Requirements of Section 48 (2) (b) <b>have been met.</b></p> <p>CTTG internal preliminary planning advice has raised the presence of significant trees within the building footprint, and the visual impact of the increased building size as issues that will likely require mitigation as part of the Development assessment process, these may add to the capital cost of the Project as the designs are progressed.</p> <p>Carparking works are not currently considered as part of the Project, but will be required to facilitate the development. It is likely that the carparking upgrade will be included within the scope of the development application.</p> <p>The development assessment path will require public notification. Any objections from nearby residents which may need to be addressed could add time to the process of obtaining Development Approval and additional Project costs.</p>		



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#### 4. CONTRIBUTION TO ECONOMIC DEVELOPMENT

*Section 48 (2) (c) 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;*

Elements	Relevant Documents	Prudential Review Comments
<b>Contribution to economic development</b>	Remplan Economic Impact report TTGG Business Plan	<p>Economic development can be defined as efforts that seek to improve the economic well-being and quality of life for a community by creating and/or retaining jobs and supporting or growing incomes and the tax base.</p> <p>CTTG has prepared a REMPLAN Economic Impact report to estimate the expected impact the construction phase of the Project will have on economic activity and jobs.</p> <p>From a direct investment of \$9.200 million, the total increase in economic output is forecast to be \$17.142 million once all direct, supply chain and consumptions effects are considered.</p> <p>The construction phase of the Project is estimated to create an additional 56 jobs through direct, supply chain and consumption effects.</p> <p>There is also expected to be an increase in economic activity directly relating from undertaking the Project as a result of the additional capacity created to deliver services by TTGG with the larger 'field of play' building. The TTGG Business Plan forecasts that progressing the Project will result in an increase of approximately 80% in sales revenue over the three years post Project. Growth of this magnitude will result in a material increase in FTE staff being required to deliver the additional programming, it is also likely to result in additional patronage for businesses in the CTTG due to the increase in the number of customers coming to the city to participate in programming.</p> <p>These additional positive economic impacts have not been quantified by CTTG or TTGG.</p>
<b>Impact on businesses in the proximity</b>	None	<p>Given the location of the Project, we do not expect that there will be any material negative impacts on businesses in the proximity from undertaking the Project.</p> <p>The additional trade and custom in the area resulting from TTGG expanding the scope of its services is expected to increase the number of customers in the City of Tea Tree Gully providing opportunities for increased trade for nearby businesses. Any positive impacts from this have not been quantified by CTTG.</p>
<b>Fair competition</b>	None	<p>The Project does not involve the CTTG undertaking a 'Significant Business Activity' as defined by National Competition Principles and therefore the principles of Fair Competition do not apply.</p>

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**Findings:**

Requirements of Section 48 (2) (c) **have been met.**

CTTG has quantified the expected positive economic impact from the construction phase of the Project on the local and national economy.

Given the location of the Project, we do not expect that businesses in the proximity will be materially negatively impacted by progressing the Project.

CTTG is not intending to undertake any commercial activities by progressing the Project hence the principles of Fair Competition do not apply.

The CTTG is not undertaking a 'Significant Business Activity' as defined by National Competition Principles and the principles of Fair Competition do not apply.

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## 5. COMMUNITY CONSULTATION

*Section 48 (2) (d) 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;*

Elements	Relevant Documents	Prudential Review Comments
<b>Level of consultation</b>	<p>Community Engagement and Public Consultation Policy (Policy) <i>(Last reviewed 17 August 2022)</i></p> <p>Local Government Act 1999 (Act)</p> <p>2023/24 Annual Business Plan and Budget (ABPB)</p>	<p>The CTTG's Community Engagement and Public Consultation Policy, prepared to Section 50 of the Act, applies to all consultation processes required under the Act and any other engagement processes resolved by Council.</p> <p>As an upgrade to existing facilities at the Banksia Park Sports Area, the Project is not an activity that has specific consultation requirements under the Act.</p> <p>Section 2.4 of the Policy addresses 'non legislative matters' as they relate to development on council owned land, stating that "the Community Engagement team will work with the relevant project team to decide, plan and undertake appropriate engagement activities early in the planning / design phase".</p> <p>The Project has been disclosed as a major capital project in the 2023/24 ABPB which was released for public consultation and there is likely to be a requirement for public notification to support the future assessment of the Development Application for the Project. Considering this, the CTTG Administration determined that a specific community consultation process for this Project would not occur.</p> <p>The Community Land Management Plan (CLMP) for the Banksia Park Sports Area (last amended on 9 April 2019) identifies that there are two community buildings leased to TTGG. Following completion of the Project, the CLMP will need to be updated to reference the rationalisation of the two existing buildings into a single larger building.</p> <p>Section 198 of the Act relates to the requirements on a council when an amendment is required to a CLMP. Ordinarily a council must undertake public consultation on an amendment to a CLMP (per Section 198 (2)) however, per Section 198 (3) public consultation is not required if the amendment has no impact or no significant impact on the interests of the community.</p> <p>In our view, the required amendments to the Banksia Park Sports Area CLMP to recognise the rationalisation of two buildings into one by progressing the Project would not constitute</p>

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Elements	Relevant Documents	Prudential Review Comments
		<p>an amendment which has a significant impact on the interests of the community and therefore a consultation process would not be required.</p> <p>The CTTG Administration should consider and form its own view on whether consultation on the amendment to the CLMP should occur or not, particularly to ensure there is consistency with how CTTG has treated previous amendments to CLMP's.</p> <p>Once Council has adopted an updated CLMP the Register of Amendments to Community Land Management Plans adopted by Council (under Section 197 (3)) should be updated accordingly.</p>
<b>Level of community influence to the Project</b>		<p>While there has been limited broader community consultation in relation this Project, CTTG and the TTGG have worked closely together to shape the scope and form of the Project to ensure that TTGG's requirements are met.</p> <p>TTGG has prepared a Business Case which seeks to identify and quantify the significant positive impact that the Project will have on its operations, evidencing that there has been a high level of collaboration and involvement between TTGG and CTTG in scoping the Project.</p>
<p><b>Findings:</b>  Requirements of Section 48 (2) (d) <b>have been met.</b></p> <p>As an upgrade to existing facilities at the Banksia Park Sports Area, the Project is not an activity that has specific consultation requirements under the Act. Given the Project is a replacement and upgrade of existing infrastructure, with no major changes in functionality of the Banksia Park Sport Area, the decision not to undertake community engagement and public consultation is consistent with the Act and CTTG's relevant policies.</p> <p>An update to the Banksia Park Sports Area CLMP is required to note the integration of the two existing CTTG buildings into one standalone building. We do not consider this change to be significant and accordingly are of the view that public consultation is not required for this amendment to the CLMP per Section 198(3) of the Act.</p>		

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## 6. FINANCIAL ASSESSMENT

### 6.1 Revenue, Revenue Projections and Potential Financial Risks

*Section 48 (2) (e) if the project is intended to produce revenue, revenue projections and potential financial risks"*

Elements	Relevant Documents	Prudential Review Comments
<b>Revenue projections</b>	<p>Annual Business Plan and Budget 2023/24 (ABPB)</p> <p>Long Term Financial Plan 2024/2033 (LTFP)</p> <p>Leases and Licences for Sporting and Community Organisations Policy</p>	<p>TTGG currently pays a peppercorn lease in relation to the use of the existing buildings at the Banksia Park Sports Area. Under the relevant Leases and Licences for Sporting and Community Organisations Policy, lessees can receive a notional discount on their lease fees by making a capital contribution towards building upgrades.</p> <p>Based on the TTGG making a minimum \$0.200 million contribution towards the Project (as is currently envisaged), it is intended that their current lease fees will remain unchanged.</p> <p>The Project is therefore not expected to generate additional recurrent revenue as the leasing arrangements with the TTGG are not expected to materially change.</p> <p>A total of \$3.50 million of State Government capital grants has been committed to supporting the Project which will be recorded as revenue by CTTG.</p> <p>The generation of additional revenue is not a driver for progressing the Project.</p>
<b>Potential financial risks</b>	<p>Tennis and Gymsports Project Delivery – Risk Register (August 2023)</p>	<p>The major financial risk at this stage of the Project lifecycle is the ability to deliver the required scope of works within the budget allocated to the Project.</p> <p>Based on the latest cost estimates, the current Project budget of \$7.200 million will be insufficient to deliver the Project.</p> <p>CTTG will need to either increase the funding allocated to the Project or revisit the scope to reduce the floor area (which does not appear to be a viable option as TTGG is strongly advocating for increased floor area to support current demand and the future growth of the club).</p> <p>The CTTG Administration is requesting Council allocate an additional \$2.000 million to progress the Project as currently scoped in a manner that will meet TTGG design requirements. The likelihood of Council not providing this additional funding has been assessed as 'Unlikely' in the Project Risk Register. Even if this additional funding is secured, there remains a residual risk regarding the delivery of the project for \$9.200 million, particularly in the current construction environment.</p>

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Elements	Relevant Documents	Prudential Review Comments
		<p>The other key financial risk is the capacity of CTTG to successfully complete the Project to acquit the grant funding within the required timeframe.</p> <p>On 14 June 2023, CTTG received a letter from the Office for Recreation, Sport and Racing confirming that the expiry date for the grant has been extended to 31 December 2024. The current Project Delivery Plan contemplates completion of the Project by mid 2025.</p> <p>This risk has been assessed as 'Medium' post the application of controls.</p>
<p><b>Findings:</b></p> <p>Requirements of Section 48 (2) (e) <b>have been met.</b></p> <p>The Project is the renewal of existing building assets at the Banksia Park Sports Area, and is not being undertaken to produce additional revenue.</p> <p>The key Project risks are whether Council will provide the additional \$2.000 million in funding required to support delivery of the scoped works and the capacity of CTTG to deliver within the grant timeframes.</p> <p>Should Council not resolve to provide the additional funding it will have a material and negative impact on the Project and the satisfaction of the key stakeholder (TTGG).</p>		

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## 6.2 Recurrent and Whole of Life Costs

*Section 48 (2) (f) the recurrent and whole-of-life costs associated with the project including any costs arising out of proposed financial arrangements;”*

Elements	Relevant Documents	Prudential Review Comments
<b>Recurrent costs</b>	Long Term Financial Plan 2024/2033 (LTFP) Leases and Licences for Sporting and Community Organisations Policy	<p>The CTTG will incur increased recurrent costs in undertaking the Project, these are expected to be increased depreciation, an increase in building maintenance expense, due to the increase in value of the asset, and additional finance costs.</p> <p>There will be other recurrent costs that will also result from progressing the Project however these will be met by the TTGG under the future leasing arrangements.</p> <p>As the replacement of existing infrastructure, there are already existing provisions for recurrent costs incorporated into CTTG budgets and the LTFP.</p> <p>Based on the nature of the Project (renewal) and the proposed leasing arrangements with TTGG, we do not expect that there would be a material increase in recurrent operating or maintenance costs incurred directly by CTTG as a result of progressing the Project. There will however be an increase in both depreciation and financing costs by progressing the Project.</p> <p>We have confirmed that the latest update of the LTFP has incorporated the \$7.200 million capital cost of the Project and accordingly, the modelling ensures that future depreciation and finance costs are flowed through future years.</p> <p>If the Project budget is increased to \$9.200 million, additional depreciation and finance provisions will need to be included in future iterations of the LTFP.</p> <p>The current depreciated replacement cost of the existing gymsports buildings are \$0.776 million. If the Project progresses, these assets will be demolished and written off which will create a one off impact in the Statement of Comprehensive Income.</p>
<b>Whole of life costs</b>	None	<p>An analysis of whole of life costs of the Project has not been undertaken by CTTG on the basis that the Project represents an asset replacement project and that the operational cost base of Council is not expected to change materially.</p> <p>CTTG will incur additional depreciation and finance charges on the new assets constructed, the cost of which has mostly been factored into the latest update of the CTTG LTFP.</p>

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Elements	Relevant Documents	Prudential Review Comments																																																																
Financial arrangements	Annual Business Plan and Budget 2023/24 (ABPB) Strategic Projects Funding Strategy – 24 LTFP.xls 223641 231122 Banksia Park – Gymsports 30% Estimate Rev2.pdf	<p>Funding for the Project will be provided by the CTTG, State Government grant contributions and TTGG as shown below.</p> <table><tr><th colspan="8">Strategic Project Funding Strategy</th></tr><tr><th>Project</th><th>FYE 21/22 Actual</th><th>FYE 22/23 Actual</th><th>FYE 23/24 Budget</th><th>FYE 24/25 Forecast</th><th>Total</th><th>% Funding Split</th><th>Control Total</th></tr><tr><th></th><th>\$'000</th><th>\$'000</th><th>\$'000</th><th>\$'000</th><th>\$'000</th><th>%</th><th>\$'000</th></tr><tr><td>Tea Tree Gully Gymsports</td><td></td><td></td><td>40%</td><td>60%</td><td></td><td></td><td></td></tr><tr><td>CTTG Contribution</td><td></td><td>-</td><td>1,580</td><td>1,920</td><td>3,500</td><td>48.6%</td><td>3,500</td></tr><tr><td>Grant Funding</td><td>State - Election</td><td></td><td>1,400</td><td>2,100</td><td>3,500</td><td>48.6%</td><td>3,500</td></tr><tr><td>Club Contribution</td><td></td><td></td><td></td><td>200</td><td>200</td><td>2.8%</td><td>200</td></tr><tr><td>Total Project Cost</td><td></td><td>-</td><td>2,980</td><td>4,220</td><td>7,200</td><td></td><td>7,200</td></tr></table> <p>The expected capital cost of the Project, based on the latest cost estimate received from Chris Sales Consulting dated 22 November 2023 is \$9,200,000.</p> <p>There is a \$2.000 million shortfall between the latest capital cost estimate and the existing budget provision.</p> <p>Should the Project proceed, an additional financial contribution from CTTG is required.</p>	Strategic Project Funding Strategy								Project	FYE 21/22 Actual	FYE 22/23 Actual	FYE 23/24 Budget	FYE 24/25 Forecast	Total	% Funding Split	Control Total		\$'000	\$'000	\$'000	\$'000	\$'000	%	\$'000	Tea Tree Gully Gymsports			40%	60%				CTTG Contribution		-	1,580	1,920	3,500	48.6%	3,500	Grant Funding	State - Election		1,400	2,100	3,500	48.6%	3,500	Club Contribution				200	200	2.8%	200	Total Project Cost		-	2,980	4,220	7,200		7,200
Strategic Project Funding Strategy																																																																		
Project	FYE 21/22 Actual	FYE 22/23 Actual	FYE 23/24 Budget	FYE 24/25 Forecast	Total	% Funding Split	Control Total																																																											
	\$'000	\$'000	\$'000	\$'000	\$'000	%	\$'000																																																											
Tea Tree Gully Gymsports			40%	60%																																																														
CTTG Contribution		-	1,580	1,920	3,500	48.6%	3,500																																																											
Grant Funding	State - Election		1,400	2,100	3,500	48.6%	3,500																																																											
Club Contribution				200	200	2.8%	200																																																											
Total Project Cost		-	2,980	4,220	7,200		7,200																																																											

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Elements	Relevant Documents	Prudential Review Comments
		<p>The cost estimate is based on the premise that the Project will be completed in conjunction with the upgrade of the Banksia Park Tennis Club and the related carparking works which are both outside of the scope of this Project.</p> <p>Should the upgrade works not occur or if the carparking works are not undertaken the Project budget will need to further increase.</p> <p>The cost estimate also notes the following exclusions: Work outside nominated site boundaries, Out of hours works, asbestos removal, rock excavation and contaminated soil removal / remediation.</p>
<p><b>Findings:</b></p> <p>Requirements of Section 48 (2) (f) <b>are not yet met</b></p> <p>The additional recurrent costs of the Project have been identified as depreciation, building maintenance and finance charges. These costs have been factored into the latest LTFP, based on a \$7.200 million Project cost and will need to be adjusted if the budget is increased.</p> <p>CTTG has not calculated an annual recurrent cost of progressing the Project on the basis that there are existing maintenance and operational provisions in relation to the existing buildings at Banksia Park Sports Area. Other than the increases in depreciation and interest, which are already been incorporated into the LTFP (albeit based on a \$7.200 million rather than a \$9.200 million Project cost), the increase in recurrent costs is not expected to be material.</p>		

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### 6.3 Financial Viability

*Section 48 (2) (g) 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;”*

Elements	Relevant Documents	Prudential Review Comments
<b>Financial viability</b>	Long Term Financial Plan 2024/2033 (LTFP) Strategic Projects Funding Strategy	The LTFP contains provisions totalling \$7.200 million across FY2023, FY2024 and FY2025 to support delivery of the Project.  Even with the inclusion of \$17.08 million in Council funding applied to new strategic projects between FY2023 and FY2025, the LTFP shows that CTTG is forecasting to remain well within its target net financial liabilities ratio of 25% to 35%.  Should the Project budget increase by \$2.000 million as is contemplated the net financial liabilities ratio would still remain within the target range.
<b>Findings:</b> Requirements of Section 48 (2) (g) <b>have been met.</b> The LTFP contains capital provisions which could be applied to support completion of the Project. The LTFP shows that CTTG is forecast to remain within its target ranges for its key financial indicators, even if the capital budget for this Project is increased to support delivery of the Project in accordance with the latest cost estimate.		

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## 7. RISK MANAGEMENT

*Section 48 (2) (h) 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);”*

Elements	Relevant Documents	Prudential Review Comments
<b>Risk assessment</b>	<p>Risk Management Policy  <i>(Last reviewed 13 October 2020)</i></p> <p>Tennis and Gymsports Project Delivery – Risk Register (August 2023)</p>	<p>The Risk Management Policy articulates CTTG’s policy position in relation to managing risk to achieve its objectives in its Strategic Management Plans.</p> <p>CTTG has developed a Project Risk Register which covers the major risks relating to the concurrent progression of the both the Project as well as the proposed construction of the new TTG Tennis Club building. The risk assessment has been combined on the basis that it is CTTG’s intention to utilise the same construction contractor to deliver both buildings concurrently.</p> <p>The risk register identifies nine key risks relating to the Project, five of which have an inherent risk rating of ‘High’. These are:</p> <ol style="list-style-type: none"> <li>1. Design development delays in one project impacting the timeframes of both projects.</li> <li>2. Additional funding required for Gymsports is not endorsed by Council.</li> <li>3. Tenders received do not meet budget impacting project delivery.</li> <li>4. No suitable tenders received.</li> <li>5. Cost increases due to high variations during construction impacting project budget.</li> </ol> <p>While the decision to combine both Projects provides the opportunity for CTTG to realise efficiencies in design, procurement and site management, it does present some challenges from a timing and contractor management perspective and the additional risk that a delay to one project may impact the other. These risks have been appropriately identified in the Project Risk Register.</p> <p>For each identified risk, CTTG has identified proposed control activities to reduce the residual risk level and a risk owner has been assigned to each risk. After the application of risk controls, all of the risks have a residual risk rating of ‘Medium’ or less.</p> <p>One key risk mitigation activity undertaken by CTTG was to engage us (BRM Advisory) to perform an early phase of prudential review work to review TTGG Business Plan which supports the Project. Our report (which will be provided to council concurrently with this Prudential Report) provides independent validation of the decision of the Administration to seek an additional \$2.000 million of funding to complete the Project.</p>

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Elements	Relevant Documents	Prudential Review Comments
		<p>The level of risk assessment work undertaken demonstrates that risk management activities have been considered by the Project team, consistent with the requirements of the Risk Management Policy.</p> <p>As the Project continues to evolve, the risk profile will change. Risks will move from being more focussed on funding and design, to risks relating to construction, scope changes and managing stakeholder expectations. Some of the key construction risks may be transferred from CTTG to the construction contractor when the construction contract is awarded.</p>
<p><b>Findings:</b></p> <p>Requirements of Section 48 (2) (h) <b>have been met.</b></p> <p>A risk register has been prepared that identifies the most significant Project risk at this stage of the planning cycle.</p> <p>No risks identified have a residual risk rating of 'High' or above which is reasonable given the nature and size of the Project relative to CTTG's overall budget and capital works program.</p> <p>Regular updates to the risk register should be undertaken as the Project moves through the design and construction phases.</p> <p>Updated to the Project Risk Register should be reported to regular meetings of the Project Steering Group as well as the CEO and Council if the risk position of the Project materially changes.</p>		

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## 8. PROJECT DELIVERY

*Section 48 (2) (i) the most appropriate mechanisms or arrangements for carrying out the project;*

Elements	Relevant Documents	Prudential Review Comments
<b>Project Delivery</b>	<p>Procurement Policy  <i>(Last reviewed 10 August 2021)</i></p> <p>Banksia Park Sports Area - Tennis and GymSports Project Plan Revised</p>	<p>A Project Plan based on the combined and concurrent delivery of the Project and the TTG Tennis Club building has been prepared.</p> <p>The Project Plan identifies:</p> <ul style="list-style-type: none"> <li>• A vision for the Project;</li> <li>• In scope and out of scope items;</li> <li>• Resourcing plan to deliver the Project including roles and responsibilities of Team Members;</li> <li>• Stakeholder impact analysis;</li> <li>• Key milestones; and</li> <li>• A high level risk management plan.</li> </ul> <p>The following project team structure has been proposed to execute the Project:</p> <pre> graph TD     Council[Council] --&gt; PSGroup[Project-Steering-Group]     PSGroup --&gt; PM[Project-Manager]     PM --- DT[Design-Team]     PM --- IWG[Internal Working Group/Specialists]     DT --- PCG[Construction-PCG]     IWG -.-&gt; CCR[Club and community representatives]   </pre> <p>The level of detail in the Project Delivery Plan is sufficient for a Project at the current stage of the planning cycle.</p>

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Elements	Relevant Documents	Prudential Review Comments
		<p>Once the design process is completed, it is CTTG's intention to approach the market with a tender request to construct both the Project and the adjacent TTG Tennis Club Building. Upgrades to carparking arrangements within the broader Banksia Park Sports Area may also be included within the scope of the construction contract however the parking area in the immediate vicinity of the new Gymsports building is not currently funded within the scope of the Project budget.</p> <p>One of the key project delivery issues that needs to be understood and managed is that both the TTG Tennis Club and the adjacent TTGG need to continue to trade during the construction program.</p> <p>As the existing Gymsports facility is not being demolished until after construction of the Project is completed, TTGG will be able to continue to trade, albeit with modified access arrangements. Temporary car parking and access arrangements will be required to service all users during the construction period.</p> <p>At this stage, the Project Delivery Plan lacks specific detail and timelines to explain how the construction works will be phased to ensure continuity of activity. The construction contractors will be asked as part of the tender process to identify a delivery plan that ensures both the TTG Tennis Club and TTGG can continue using the site.</p>
<p><b>Findings:</b></p> <p>Requirements of Section 48 (2) (i) <b>not yet been met.</b></p> <p>The Project Delivery Plan contains high level details on how the Project is planned to be managed throughout the remaining planning phase. There is limited detail in relation to the future construction program and how CTTG will ensure activity at the Banksia Park Sports Area can continue. To mitigate this risk, CTTG will seek advice from potential construction firms during the tender process.</p> <p>The Project Delivery Plan should continue to be updated and reviewed by the Project Steering Group on a regular basis as the project progresses, and a high priority should be given to construction approaches that minimise the impact on the existing lessees of the Banksia Park Site.</p>		

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## 9. SALE OR DISPOSITION OF LAND

*Section 48 (2) (j) 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;”*

Elements	Relevant Documents	Prudential Review Comments
<b>Valuation of land</b>	None	The Project does not involve the sale or disposition of land.
<b>Findings:</b> Requirements of Section 48 (2) (j) are not applicable to this Project.		

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## ATTACHMENT ONE: LOCAL GOVERNMENT ACT, 1999 SECTION 48

### Section 48 – Prudential requirements for certain activities

- (aa1) A council must develop and maintain prudential management 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.
- (a1) The prudential management policies, practices and procedures developed by the council for the purposes of subsection (aa1) must be consistent with any regulations made for the purposes of this section.
- (1) Without limiting subsection (aa1), a council must obtain and consider a report that addresses the prudential issues set out in subsection (2) before the council—
  - (b) 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)—
    - (i) where the expected operating expenses calculated on an accrual basis of the council over the ensuing five years is likely to exceed 20 per cent of the council's average annual operating expenses over the previous five financial years (as shown in the council's financial statements); or
    - (ii) where the expected capital cost of the project over the ensuing five years is likely to exceed \$4 000 000 (indexed); or
    - (iii) where the council considers that it is necessary or appropriate.
- (2) The following are prudential issues for the purposes of subsection (1):
  - (a) the relationship between the project and relevant strategic management plans;
  - (b) the objectives of the Development Plan in the area where the project is to occur;
  - (c) 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;
  - (d) 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;
  - (e) if the project is intended to produce revenue, revenue projections and potential financial risks;
  - (f) the recurrent and whole-of-life costs associated with the project including any costs arising out of proposed financial arrangements;
  - (g) 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;
  - (h) 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);
  - (i) the most appropriate mechanisms or arrangements for carrying out the project;
  - (j) 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.
- (2a) The fact that a project is to be undertaken in stages does not limit the operation of subsection (1)(b) in relation to the project as a whole.
- (3) A report is not required under subsection (1) in relation to—
  - (a) road construction or maintenance; or
  - (b) drainage works.

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- (4) A report under subsection (1) must be prepared by a person whom the council reasonably believes to be qualified to address the prudential issues set out in subsection (2).
- (4a) A report under subsection (1) 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).
- (4b) A council must give reasonable consideration to a report under subsection (1) (and must not delegate the requirement to do so under this subsection).
- (5) A report under subsection (1) 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).
- (6) However, a council may take steps to prevent the disclosure of specific information in order to protect its commercial value or to avoid disclosing the financial affairs of a person (other than the council).
- (6a) For the purposes of subsection (4a), a person has an interest in a project if the person, or a person with whom the person is closely associated, would receive or have a reasonable expectation of receiving a direct or indirect pecuniary benefit or a non-pecuniary benefit or suffer or have a reasonable expectation of suffering a direct or indirect detriment or a non-pecuniary detriment if the project were to proceed.
- (6b) A person is closely associated with another person (the relevant person)—
  - (a) if that person is a body corporate of which the relevant person is a director or a member of the governing body; or
  - (b) if that person is a proprietary company in which the relevant person is a shareholder; or
  - (c) if that person is a beneficiary under a trust or an object of a discretionary trust of which the relevant person is a trustee; or
  - (d) if that person is a partner of the relevant person; or
  - (e) if that person is the employer or an employee of the relevant person; or
  - (f) if that person is a person from whom the relevant person has received or might reasonably be expected to receive a fee, commission or other reward for providing professional or other services; or
  - (g) if that person is a relative of the relevant person.
- (6c) However, a person, or a person closely associated with another person, will not be regarded as having an interest in a matter—
  - (a) by virtue only of the fact that the person—
    - (i) is a ratepayer, elector or resident in the area of the council; or
    - (ii) is a member of a non-profit association, other than where the person is a member of the governing body of the association or organisation; or
  - (b) in a prescribed circumstance.
- (6d) In this section, \$4 000 000 (indexed) means that that amount is to be adjusted for the purposes of this section on 1 January of each year, starting on 1 January 2011, by multiplying the amount by a proportion obtained by dividing the CPI for the September quarter of the immediately preceding year by the CPI for the September quarter, 2009.
- (6e) In this section—
 

**employee** of a council includes a person working for the council on a temporary basis;

**non-profit association** means a body (whether corporate or unincorporate)—

  - (a) that does not have as its principal object or 1 of its principal objects the carrying on of a trade or the making of a profit; and
  - (b) that is so constituted that its profits (if any) must be applied towards the purposes for which it is established and may not be distributed to its members.
- (7) The provisions of this section extend to subsidiaries as if a subsidiary were a council subject to any modifications, exclusions or additions prescribed by the regulations.

17 August 2023

Mr Greg Salmon  
Manager Project Management Office  
571 Montague Road  
MODBURY SA 5092



Dear Greg

**Re: Tea Tree Gully Gymsports Business Plan Assessment**

Thank you for asking us to support the City of Tea Tree Gully (CTTG) in assessing the merits of the proposed upgrade of Tea Tree Gully Gymsports facility in Banksia Park. Our scope of works is to interrogate the Tea Tree Gully Gymsports (TTGG) Business Plan as updated on 7 August 2023 to provide CTTG with a level of independent assurance as to the likely outcomes of proceeding with the one of the proposed redevelopment options for the Banksia Park facility.

**1. BACKGROUND**

**1.1 Tea Tree Gully Gymsports**

TTGG was first established in 1966 and has been operating continuously since this time providing both recreational and competitive gymnastics classes within the City of Tea Tree Gully. TTGG is a not-for-profit incorporated body managed by a volunteer Board of Directors who oversee a team of both paid staff and volunteers.

TTGG offers a comprehensive range of gymsports services including Kindergym, Pregym, Men's Artistic Gymnastics, Trampoline Sports including Trampoline and Double Mini Tramp, Tumbling and Women's Artistic Gymnastics. TTGG is the largest gymnastics club in South Australia and considers itself to be one of the best-known clubs in Australia.

TTGG has been operating from its Banksia Park site for over 50 years and currently also utilises two nearby halls / facilities (Rostron Hall and Banksia Park Primary School) to accommodate its program offerings. TTGG has a lease with CTTG for the ongoing use of the Banksia Park site until 31 March 2031, with a further 10 year right of renewal.

TTGG schedules approximately 140 gymsports classes each week across 50 weeks of the year which equates to approximately 320 participants per day and over 100,000 participants annually.

**1.2 The Lease**

The terms under which TTGG operate at the Banksia Park Site (Building) are governed by the Lease Agreement between CTTG and TTGG dated 28 September 2021 (Lease Agreement). The Lease Agreement allocates the defined responsibilities of both the Lessor (CTTG) and the Lessee (TTGG) for the ongoing management and maintenance of the Building.

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Broadly under the current leasing arrangements, TTGG is responsible for the day-to-day operation and maintenance of the Building, the repair of any damage, and replacement of any worn items.

In exchange, TTGG enjoys exclusive use of the Building for a rental fee of \$1 per annum on terms consistent with CTTG's Leases and Licenses for Sporting and Community Organisations Policy.

CTTG's rights include the right to enter (with reasonable notice) to view the Premises and to undertake any repairs or maintenance to the Building that is deemed (by CTTG) necessary.

While not stated as a requirement of the Lease Agreement, it is the current practice of TTGG to make its Financial Statements and Annual Report available to CTTG and to invite representatives of CTTG (including the Mayor and Ward Councillors) to their Annual General Meeting.

### 1.3 The Development

TTGG has identified that the existing Banksia Park Site no longer meets the operational requirements of the club, as evidenced by:

- TTGG's need to use multiple buildings to support operations;
- compromises in the way that gymnastics equipment needs to be configured to work within the current building footprint including the need to pack up and pack down equipment at the Banksia Park Primary School site; and
- a current waiting list of 131 people for programs.

The building no longer meets the contemporary requirements of a modern gymsports facility with limited changeroom facilities, aged bathrooms and a lack of spectator viewing areas.

In consultation with the CTTG, a proposal to redevelop the existing site was created which involves the construction of a new purpose built Gymsports facility adjacent to the existing building, with the existing building and the Rostron Hall to be demolished at the completion of construction.

The original proposal, which was endorsed by CTTG Council (subject to funding and other conditions) was based on a 2,125m<sup>2</sup> 'field of play' redevelopment with additional floor space allocated to a mezzanine, clubroom facilities and a cafe.

Prior to the State Election in 2022, TTGG was successful in obtaining a funding commitment of \$3.50 million to support the Development.

Since the election, further work has been undertaken to refine the scope and designs and to accommodate the noted increases in construction costs which have prevailed since the original project costings were prepared. During this process it has been determined that the current Project budget allocation of \$7.20 million is expected to be sufficient to construct a 1,060m<sup>2</sup> field of play area facility which represents a like-for-like renewal of the current buildings but will not meet the current or future requirements of TTGG.



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To meet TTGG's requirements, a 2,000m<sup>2</sup> field of play area facility is required which represents a 125m<sup>2</sup> reduction in the floor area from the original proposal as a result of removing the mezzanine level from the scope. This preferred option has an estimated capital cost of \$9.20 million.

The Business Plan (Attachment Three) prepared by TTGG seeks to provide clarity on the club's operational requirements, and the expected community and financial outcomes from progressing the Development.

#### 1.4 Scope of our work

Our agreed scope of work is as follows:

- Assess the reasonableness of the revenue growth assumptions in the Business Plan, seeking further detail on assumed increases in classes and programs to generate the additional assumed revenue;
- Understand what makes up 'other income' received in previous years and why this will not continue into the future;
- Interrogate key expense assumptions in the Business Plan to understand the fixed / variable nature of the cost base of TTGG;
- Document the key roles and responsibilities of key club persons and discuss and understand succession planning arrangements;
- Document the clubs current and proposed future processes for setting user charges; and
- Work with the club to develop a similar projected income statement for the renewal option (\$7.2m project) and document the key changes in financial and community outcomes that would result from the reduction in floor area.

In addition, we have also identified and commented on the options by which the current shortfall between the current project budget and the budget required to deliver TTGG's desired outcome could be met moving forward.

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## 2. ASSESSMENT OF THE BUSINESS PLAN

### 2.1 Methodology

We held a meeting with Gary Page (TTGG Operations Manager) and Tammy Page (TTGG Chair) on 4 August 2023 to discuss the Business Plan and find out more details about the operations and governance of TTGG.

We have also reviewed key documentation including the TTGG Constitution, Strategic Plan and 2022 AGM Presentation, the TTGG Lease with CTTG and other council strategic documents as required.

### 2.2 Historical performance

The success of any not-for-profit sporting club is heavily dependent on the quality and experience of the governing body (board or committee). The office holders within the governing body change over time which presents challenges and uncertainty that needs to be constantly managed by all clubs.

Strong clubs have many members who are willing and capable to assume volunteer and board roles and a constitution which provides for an organised succession of members into and out of club leadership and management roles.

Over a long period of time, TTGG has undoubtedly been successful in growing its membership base and in delivering gymsports programs. The club currently appears to be in a strong position from a financial, operational and governance perspective with an engaged and sophisticated board and management team driven to achieve this Development and the ongoing success of TTGG.

Over the last three years, in preparation for the Development, TTGG has accumulated cash reserves in the order of \$615,000 to help support a future contribution towards the capital cost of the Development. The ability to raise these funds in a relatively short period of time, is indicative of the club's strong financial capacity. This is a particularly impressive result coming from the difficult trading environment for indoor recreation providers over the period of the COVID-19 pandemic.

Over a number of years, TTGG has taken a position of 'ownership' over the Banksia Park Site, funding the maintenance, refit and repair of the building when required. Where possible, TTGG has attempted to be a self-sufficient operation, seeking to resolve issues rather than be a burden on council's financial and operational resources.

TTGG has a demonstrated track record over a long period of time of having the capacity and capability to function as a responsible lessee of a council owned building and to operate a successful Gymsports operation for the betterment of TTGG, CTTG and the surrounding community.

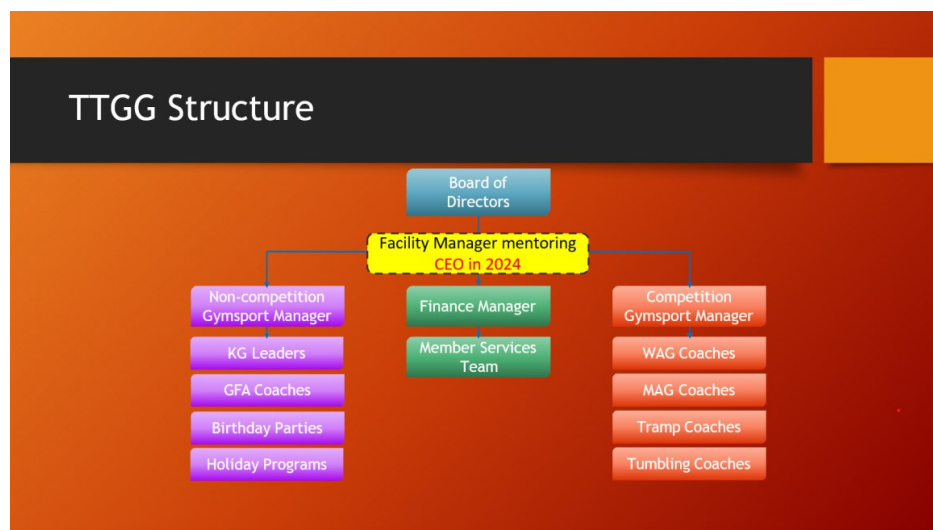
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### 2.3 Current structure

The existing management structure for TTGG is shown in Figure One.

Figure One: TTGG Structure



Ultimate decision making is the responsibility of the Board of Directors led by Chairperson Tammy Page. The Gymsports / Facility Manager (Gary Page) is currently overseeing the Development and upon completion will be responsible for mentoring a new CEO / GM in 2024 as part of TTGG's intended succession plan.

The organisation is managed across three divisions; Non-Competition Gymsports, Gymsports and Administration with a total of 53 staff. Most staff are casual coaching staff paid in accordance with the Fitness Industry Award [MA000094]. There are currently three full time staff and four permanent part time staff supporting operations.

TTGG is willing, both now and into the future, to share more detailed remuneration breakdowns with CTTG so that CTTG can obtain comfort that the club's spending on employees is commensurate to reasonable market rates for key roles.

### 2.4 Assessment of the Projected Income Statement

The projected income statement (Forecast) from the Business Plan based on the assumed progression of the Development is shown in Attachment One.

The Forecast assumes that the Development will add additional floorspace and a fit for purpose fit-out which will consolidate all TTGG's activities back onto a single site and allow additional area for TTGG to run more programming and activities.

Based on the redeveloped building, TTGG is forecasting three years of significant growth in revenue, driven by a 10x increase in marketing investment including:

- 15% growth in revenue 2024
- 25% growth in revenue 2025; and

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- 25% growth in revenue 2026.

This revenue growth profile takes total revenue from approximately \$1.4 million in FY2023 (actual) to an estimated \$2.5 million in FY2026 with salaries and benefits required to deliver the \$2.5 million in revenue expected to grow to \$1.8 million.

To offset the increases in revenue, the Forecast assumes that most of the expenditure of TTGG grows at the same rate as revenue including registration fees / insurances and salaries & wages:

- Registration Fees / Insurance: it is noted that each new participant is required to pay a fixed amount to the gymnastics peak bodies to cover insurance and registration fees. The assumed increase of these expenses in line with revenue growth is therefore appropriate.
- Salaries and wages: it is assumed that salaries grow at the same rate as revenue based on the appointment of a new CEO / GM following the Development, some additional Administration wages to support the Finance Manager and additional casual coaching staff to deliver the increases in activity.

Because forecast costs move in line with increases in forecast revenue, the forecast assumes that there will be no improvement in net financial performance for TTGG resulting from the forecast revenue growth. Or put another way, any increase in net operating performance are assumed to be reinvested back into the TTGG operation through paying for additional staff (coaching or administration), or reinvested into delivering additional programs for the benefit of club members.

The highly variable nature of the cost base means that TTGG is not significantly exposed to covering a high level of fixed costs so there is minimal financial risk of not achieving the forecast revenue projections. If revenue does not grow as fast as forecast post Development, TTGG can simply cease or delay the forecast employment of additional casual coaches and administration staff to deliver services.

While there will be a modest amount of additional fixed cost borne by TTGG, through management of a larger building footprint (i.e. utilities), these increases are not expected to be material in the context of TTGG's broader operational cost base.

In our view, progressing the Development is likely to improve rather than reduce the financial sustainability of the TTGG.

## 2.5 Roles and responsibilities of key persons

The future performance of TTGG is dependent on the quality of the directors and management team responsible for leading the operation.

Current key persons, including Greg Page and Tammy Page have a long history of supporting TTGG and have played key roles in both the operational success of TTGG and progressing this Development. There is a risk in the future that their eventual departure from TTGG will leave a gap that must be filled by other staff and/or volunteers.

We understand it is the intention of Gary Page to step away from the operations of TTGG post completion of Development once he has appropriately trained a new CEO/GM. Tammy Page intends to continue supporting TTGG post Development.

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When these key persons depart in the future, there is some risk around the next iteration of the TTGG management and board's ability to successfully operate TTGG post Development.

Given the size and scale of this club, CTTG should ensure it has processes in place to annually monitor performance of the TTGG and to seek to proactively support TTGG if issues arise which are beyond the capacity of the organisation at any future point in time.

Organising an annual discussion between CTTG and the TTGG Chair and/or regular attendances at AGM's and reviewing and interrogating future annual reports and financial statements are key controls which CTTG can implement to proactively monitor the future performance of the TTGG and to maintain strong working relationships with the club.

## 2.6 Setting of user charges

Clause 11.5 in the Lease Agreement states:

### 11.5 Hire charges

The Lessee acknowledges and agrees that any rate charged for use of the Premises will be no more than the rates stated in the Council's fee and charges register as outlined on the Council's website.

Upon review of the CTTG Fees and Charges Register<sup>1</sup>, there are no disclosed user charges relating to TTGG's operations and we have confirmed through discussions with CTTG that there is no current process for CTTG to review and approve the proposed user charges of TTGG.

If the Development is progressed, TTGG will increase its revenue generation capacity and be likely to improve the club's financial sustainability. As a not-for-profit entity, any potential future increases in TTGG surpluses should be reinvested into achieving the club's objectives. The clubs Objects are reproduced in Attachment Two and the vision, according to the Business Plan is shown in Figure Two.

*Figure Two: TTGG's stated vision*

TTGG's vision is to enrich lives through gymnastics and its mission is to promote, develop and grow gymnastics for the enjoyment of all. TTGG's primary purpose is to provide a safe environment where all can participate and enjoy gymnastics. Providing an inclusive and accessible environment that enhances the experience and value that gymnastics offers enables additional life skills to our members. TTGG loves to support our community whenever and wherever we can and over the years have contributed towards several charities and communities.

The price TTGG charges for its programs is a key factor in allowing a broad range of CTTG community members to access TTGG.

As is foreshadowed in the Lease Agreement, CTTG may wish to formalise its current arrangements with the TTGG by requiring the TTGG to submit an annual proposal in relation to its User Charges to CTTG for information, or approval and inclusion in its

<sup>1</sup> [https://www.teatreegully.sa.gov.au/files/assets/public/council-documents/documents/fees\\_and\\_charges\\_register\\_from\\_19\\_march\\_2021.pdf](https://www.teatreegully.sa.gov.au/files/assets/public/council-documents/documents/fees_and_charges_register_from_19_march_2021.pdf)

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Schedule of Fees and Charges. However, such a move could be met with a level of resistance from TTGG as it could be seen as an overreach of control by CTTG.

The natural control already in place around user charges is that TTGG is operating in a price sensitive market environment, particularly in the Kindergym area. While there is little competition in the area from other Gymsports providers, parents now have a great deal of choice in terms of activities to undertake for the pre-school and school aged children. The growth in female participation in sports such as Australian Rules Football and Soccer also provides a threat to continued participation in Gymsports which has historically been popular with girls<sup>2</sup>.

TTGG is forced by the broader market for children's sport and recreation service to maintain their pricing at a level that is considered affordable and competitive to other recreation offerings available (such as swimming, or other football codes).

In our view, CTTG should not seek to control or approve TTGG user charges but should encourage through regular discussions and contact with the Club, the continued affordable access of key programs and services, particularly those aimed at marginalised and disadvantaged groups.

## 2.7 Updated income statement for reduced scope project

The Business Plan includes an actual and projected income statement based on TTGG progressing a 1,060m<sup>2</sup> field of play area, and the desired 2,000m<sup>2</sup> development.

The 1,060m<sup>2</sup> development would effectively represent a like for like replacement of the existing infrastructure at the site and is assumed to result in the continuation of current levels of activity with the major constraint being space to deliver additional programming.

This option would not be expected to materially impact the ongoing financial sustainability of TTGG as cost growth can be managed in line with the static level of projected revenue.

This option would constrain the club from achieving further growth and result in no additional participation. Therefore it does not support TTGG to achieve its strategic objectives and mission nor provide capacity for the future growth in service provision.

## 3. FUNDING

The existing capital budget provision established by CTTG to progress the Development is \$7.200 million which includes a \$3.500 million commitment from the State Government, \$3.500 million from CTTG and \$0.200 from TTGG. In total, TTGG has now committed \$0.615 million to support the Project with surplus funding from the club to be directed to support the gymnastics equipment fit-out required.

The latest concept design cost estimate for the desired 2,000m<sup>2</sup> field of play is \$9.200 million creating an estimated budget shortfall of \$2.000 million.

There are a number of options to meet this funding shortfall should a decision be made to progress with the \$9.200 million Development.

<sup>2</sup> 66% of TTGG members are female.

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- CTTG could commit an additional capital budget allocation for all or part of the cost, with any shortfall being met by the TTGG;
- A loan on commercial terms could be provided to TTGG;
- A loan on favourable terms (i.e. low or no interest) could be provided to TTGG;
- Additional government grant contribution could be sought.

Should CTTG agree to meet the current budget shortfall there would subsequently be an opportunity for CTTG to renegotiate the existing lease which could include proposing a rent payment over the lease term to recognise the additional capital being committed by CTTG, however such a proposal would not be consistent with council's current Leases and Licenses for Sporting and Community Organisations Policy. It could also be used as an opportunity to introduce other controls, reporting requirements or termination rights into the lease should CTTG wish to exercise a greater degree of control over TTGG's future operations.

Based on our financial review, it is likely that TTGG has the financial capacity to make an additional capital contribution to the Development, make future lease payments and/or to fully or partially service a loan to meet the current project budget shortfall.

Whether CTTG elects to seek this kind of additional financial commitment from TTGG is a decision for Council.

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#### 4. CONCLUSION

TTGG has a long track record of successfully operating and managing the Banksia Park Gymsports facility and has historically made great strides in achieving its vision of:

*"Enriching lives through Gymnastics"*

The potential of the TTGG is currently being constrained by the size and condition of its current facility. An opportunity exists to remove this constraint through the proposed Development of the Banksia Park site.

A redevelopment in accordance with the current assigned budget of \$7.20 million will not fundamentally change TTGG's capacity to deliver programming or meet the current unmet demand for services and hence is not supported by TTGG.

The Development being supported by the TTGG is for a \$9.20 million project which will result in a significant expansion of the field of play area from approximately 1,060m<sup>2</sup> (current) to approximately 2,000m<sup>2</sup>. This would allow the club to grow programming and participation and generate additional full time equivalent positions within TTGG to service the additional programming. It would also support a number of CTTG strategic objectives, particularly the wellbeing pillars documented in the 2025 Strategic Plan.

With more floor area, a purpose-built facility and the ability to rationalise operations back into a single building, the Development is expected to improve the financial sustainability of TTGG. Improved financial performance and outcomes due to growth can then be reinvested back into achieving the club's broader strategic objectives.

There would appear to us to be significant merit in CTTG supporting the expansion of the TTGG's operations through the provision of a 2,000m<sup>2</sup> field of play building, consistent with the TTGG Business Plan.

Should CTTG support the proposal, a decision would be required on funding the current project / development budget shortfall. In our view, TTGG has the financial capacity to make an additional financial contribution to the Development, either through an upfront capital payment or via ongoing increased lease payments should CTTG wish to pursue a joint funding model for the current budget shortfall.

There is also an opportunity for CTTG to revisit the leasing arrangements and put in place some additional controls to monitor and support TTGG moving forward.

If you have any further questions or comments about this advice, please do not hesitate to contact the writer.

Yours faithfully  
**BRM ADVISORY**

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## ATTACHMENT ONE: HISTORIC AND PROJECTED INCOME STATEMENT

### 2,000m<sup>2</sup> Development Option:

#### Tea Tree Gully Gymsports

#### Actual and Projected Income Statement – based on Version 2 - 2000sqm field of play

For each of the years ending 30<sup>th</sup> June

	FORECAST	+FORECAST	FORECAST	* ACTUAL	ACTUAL	ACTUAL	ACTUAL
	2026	2025	2024	2023	2022	2021	2020
<b>Revenues:</b>							
Gross Sales:	2,493,787	1,995,030	1,596,024	1,387,847	1,180,955	978,865	842,500
Other Income: café	20,000			37,356	1,540	436,322	146,855
Less Cost of Goods Sold:							
<b>Gross Profit:</b>	2,513,787	1,995,030	1,596,024	1,425,203	1,182,495	1,415,187	989,355
Sales & Marketing:	16,214	12,971	1,297	1,128	959	899	792
Research & Development:				-	-	-	-
Insurance	177,655	142,124	113,699	98,869	114,882	7,800	63,552
Legal & Professional Services:	6,109	4,888	3,910	3,400	337	3,316	3,191
Bookkeeping:				-	-	-	-
Rent:				-	-	-	-
Utilities:	19,939	15,951	12,761	11,097	10,250	10,155	11,554
Repairs and Maintenance:	13,749	13,095	12,471	10,844	15,561	52,903	23,738
General Office:							
Entertainment:							
Licences:							
Salaries and Benefits:	1,779,017	1,423,214	1,138,571	847,059	712,605	822,459	709,094
Bank Fees:	4,915	3,932	3,145	2,735	2,783	2,927	10,525
Interest Expense:	-	-	-	-	1,757	3,201	3,605
Miscellaneous Expense:	454,101	363,281	290,625	252,717	150,153	259,373	168,723
<b>Total Expenses:</b>	2,471,699	1,979,455	1,576,480	1,227,849	1,009,286	1,163,034	994,775
<b>NET INCOME (Before Tax)</b>	42,088	15,575	19,544	197,353	173,209	252,153	5,420

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## 1,060m<sup>2</sup> Development Option

### Tea Tree Gully Gymsports

#### Actual and Projected Income Statement – based on Version 1 - 1060sqm field of play

For each of the years ending 30<sup>th</sup> June

	FORECAST	+FORECAST	FORECAST	* ACTUAL	ACTUAL	ACTUAL	ACTUAL
	2026	2025	2024	2023	2022	2021	2020
<b>Revenues:</b>							
Gross Sales:	1,606,606	1,530,101	1,457,239	1,387,847	1,180,955	978,865	842,500
Net Income: café	15,000			37,356	1,540	436,322	146,855
Less Cost of Goods Sold:							
<b>Gross Profit:</b>	1,621,606	1,530,101	1,457,239	1,425,203	1,182,495	1,415,187	989,355
Sales & Marketing:	1,306	1,244	1,184	1,128	959	899	792
Research & Development:				-	-	-	-
Insurance	114,453	109,003	103,812	98,869	114,882	7,800	63,552
Legal & Professional Services:	5,578	4,463	3,570	3,400	337	3,316	3,191
Bookkeeping:				-	-	-	-
Rent:				-	-	-	-
Utilities:	18,205	14,564	11,651	11,097	10,250	10,155	11,554
Repairs and Maintenance:	12,554	11,956	11,387	10,844	15,561	52,903	23,738
General Office:							
Entertainment:							
Licences:							
Salaries and Benefits:	1,101,641	1,049,182	999,221	847,060	712,605	822,459	709,094
Bank Fees:	3,166	3,015	2,872	2,735	2,783	2,927	10,525
Interest Expense:	-	-	-	-	1,757	3,201	3,605
Miscellaneous Expense:	269,389	256,561	244,344	252,716	150,153	259,373	168,723
<b>Total Expenses:</b>	1,526,292	1,449,988	1,378,041	1,227,849	1,009,286	1,163,034	994,775
<b>NET INCOME (Before Tax)</b>	95,314	80,113	79,198	197,353	173,209	252,153	5,420

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## **ATTACHMENT TWO: TTGG CLUB OBJECTS**

*Source: TTGG Constitution dated October 2022*

The club is established solely for the objects. The objects of the club are established to:

- a) Conduct, encourage, promote, advance and administer Gymsport programs as identified by the GA throughout the local area
- b) Act, at all times, on behalf of and in the interest of the members and Gymsports in the local area
- c) Affiliate and otherwise liaise with the regional and/or state organisations of which the club is a member and adopt their rule and policy frameworks to further these objects
- d) Abide by, circulate, enforce and ensure uniformity in the application of the rules of the Gymsports
- e) Advance the operations and activities of the club throughout the local area
- f) Have regard to the public interest in its operations
- g) Undertake and or do all such things or activities which are necessary, incidental or conducive to the advancement of these objects.

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**ATTACHMENT THREE: FINAL BUSINESS PLAN**

## BUSINESS PLAN

### Tea Tree Gully Gymsports Inc.

88-100 Elizabeth Street Banksia Park

14<sup>th</sup> July 2023 – Amended 7<sup>th</sup> August 2023

#### Executive Summary

##### *The Club*

Tea Tree Gully Gymsports (TTGG) was established in 1966 and has always provided both recreational and competitive gymnastics classes for the community. Our competition programs have had many national championships and podium finishers over the years, with a spattering of international competitors. We have the biggest gymnastics membership in South Australia and have the highest participation membership base in the City of TTG (CTTG). Our KinderGym (KG) program was the original program in South Australia (SA) and is well known to be one of the best in Australia. We are the only club in South Australia to provide six different Gymsports.

##### *The Management*

The Club is a not-for-profit Incorporated body and is managed by a Board of Directors who oversee the Management team. The Board of Directors have a range of business experiences that they bring to the table including, finance and strategy, legal and risk, management, working with children and young people, gymnastics coaching and previous board experience.

##### *The Goals and Objectives*

TTGG's vision is to enrich lives through gymnastics and its mission is to promote, develop and grow gymnastics for the enjoyment of all. TTGG's primary purpose is to provide a safe environment where all can participate and enjoy gymnastics. Providing an inclusive and accessible environment that enhances the experience and value that gymnastics offers enables additional life skills to our members. TTGG loves to support our community whenever and wherever we can and over the years have contributed towards several charities and communities.

##### *The Product*

Gymnastics at TTGG starts in **Kindergym (KG)** with a fundamental movement program aimed at the 0–5-year-olds with more structured classes also available for 3-4- and 4–5-year-olds in **Pregym (PG)** classes. **Gymnastics for All (GFA)** is comprised of a range of different types of classes, including General gymnastics, Free G and adult classes. Our competitive programs include **Men's Artistic Gymnastics (MAG)**, **Trampoline Sports including Trampoline and Double Mini Tramp (DMT)**, **Tumbling and Women's Artistic Gymnastics (WAG)**. During school holidays the KG and GFA classes do not run, and we offer **Holiday Programs**. We have out of school hours care (OSHC), and Gym Fun sessions open to members and the community. In addition, we have run special programs for Autism SA, The Lotus Project, and Childhood Cancer Group session for siblings. During the only current downtime in our 50 week of the year, 7 day a week operation we offer **Birthday parties**.

##### *The Target Market*

The target market is diverse and depends on the program being marketed, we have programs that do or will target every age range from 0-100 and cater for a diverse range of physical and intellectual abilities. TTGG has an established membership base of over 2000 members annually that go through its doors weekly between one and five sessions a week. Most of these members are in our KG/PG (41%) and GFA (41%) classes, with our competition sections making up the remaining 18%. The City of

TTG has expected growth by 2043 by approx. 5%. With the current membership being 58% in the CTTG this will further increase.

### ***Pricing Strategy***

The club's pricing strategy is to create a sustainable club, that covers costs and builds a conservative cash buffer to allow for growth opportunities and possible incidents that may affect trading. Our pricing strategy has been reviewed year on year and is adjusted based on the running costs and direct cost of programs. The club has seen significant increases in staffing costs due to increases in superannuation, wage increases and award changes, has required strategic investigation into ways to reduce costs and created revenue opportunities to keep pricing affordable for our community.

### ***The Competitors***

Gymnastics is the third most popular organised physical activity outside of school hours alongside of dance sports with our main competitors firstly being swimming and secondly football or soccer. We are a niche club in the City of TTG being the largest gymnastics club in South Australia and the Northeast. TTGG is a top-tier provider, based on our fully established facility, quality equipment and programs, and appropriately accredited staff, demonstrating value for money. We have a niche position in the KG market with waiting lists for most sessions. We have been in existence for 57 years and continue to provide classes that are regularly reviewed based on community feedback and results.

### ***Capital Requirements***

The new facility build was originally costed in 2021 at \$7.2Million. The City of TTG who own the building and lease it to TTGG pledged \$3.6M with the other 50% to be obtained by TTGG. The State Government made a \$3.5M commitment in the lead up to the election which was received from Labor in 2022. The CTTG accepted the \$3.5M with the original CTTG investment reduced to \$3.5M and TTGG noted to contribute the remaining \$200k. Building costs have increased in the last 2 years and the new cost of a building with a field of play of approx. 2000 sqm (original costing done on 2600sqm) is costed at approx. \$9.2M. This new building will enable TTGG to provide gymnastics to more of the community, provide additional equipment some of which is not currently available in SA, increase consumer spending by bringing in additional people to the area and offering better quality programs that meet technical requirements.

The TTGG community has raised \$615k towards the previously costed equipment purchases and financial contribution required towards the build. Whilst running costs will be more in the new building, we will have some overheads that will decrease. We currently lease the BPPS Park Primary School at a cost of \$25,000 annually. The doubling up of staff currently required across three venues will not be required, reducing our current staffing costs by approx. \$18,000 annually (based on approx. 15 hours a week, across 6 days this is required @ \$25/hour). In addition to our member fees, fundraising, grants, sponsorship, and several opportunities in the new building will be undertaken to offset increased costs.

### ***Definitions***

Field of play: Total floor space required with fully set up equipment to provide multiple Gymsport classes.

Clubrooms: Inclusive of parent viewing, kitchen, café, offices, toilets, reception.

Proposed facility: Encompassing both field of play and clubrooms

## Business Plan – Tea Tree Gully Gymsports Inc. (TTGG)

### The Club

#### *Business Sector*

The company currently operates in the sporting sector.

#### *Club History*

Tea Tree Gully Gymsports (TTGG) was established in 1966 and has been operational for 57 years. TTGG has always provided both recreational and competitive gymnastics classes for the community. The type of classes provided have evolved in line with the suite of programs available through Gymnastics Australia. Gymnastics For All (GFA) for example now includes a range of different classes including Adults and Free G. Our competition programs have had many national championships and podium finishers over the years, with a spattering of international competitors. With changes in national training programs no longer being isolated in Canberra our ability to further progress our high-performance training to those members currently training towards the international pathway is an important priority for TTGG in a larger venue.

Our membership base has been consistent over the last few years with a small dip in numbers during the COVID years (Figure 1). We have the biggest gymnastics membership in South Australia and have the highest participation membership base in the City of TTG (CTTG). Our KinderGym (KG) program was the original program in South Australia (SA) and is well known to be one of the best in Australia. We are the only club in South Australia to provide six different Gymsports.

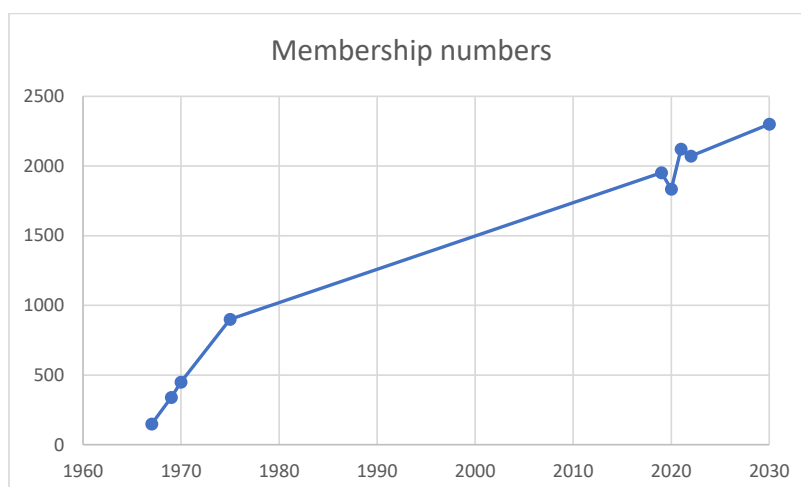


Figure 1: Membership numbers annually and across the years and projected to 2030.

### **Current capacity**

Our registered membership in any one week is approx. 1500 athletes, some of which undertake one, one-hour class a week and others may do up to 6 classes or 23 hours per week in the competitive streams. This equates to 1963 individual class enrolments. In addition to this we can have anywhere up to 131 members on the waiting list and to provide these classes we currently have 53 staff

members. The age demographics are shown in Figure 2 and the gender ratio is 34% male and 66% female.

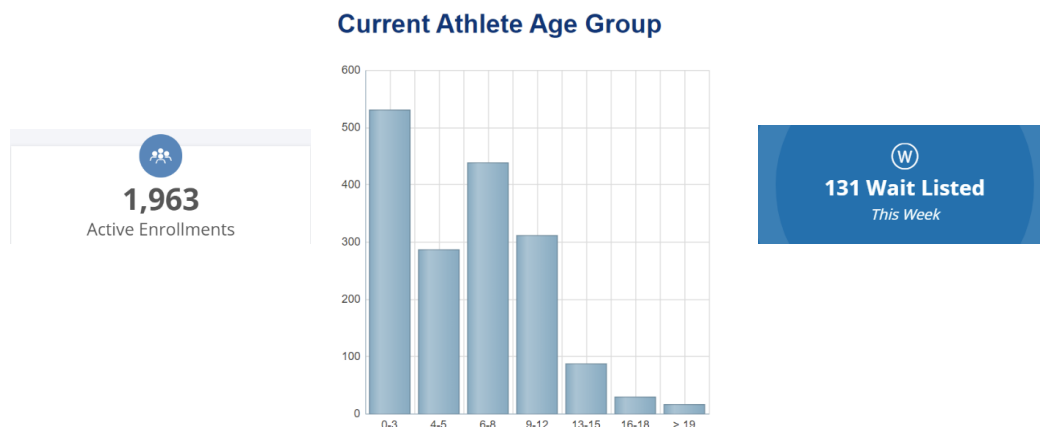


Figure 2: Enrollments, Ages and waitlist data

To cater for these enrolments 140 individual classes are currently scheduled each week. Classes run for 50 weeks of every year, and up to 320 members can come through the door each day, which equates to nearly 100,000 members alone going through the doors annually. This does not include the 600 parents that attend the weekly Kindergym sessions with their child. For TTGG to provide these classes we have been required to access additional buildings to provide a large enough field of play.

#### Current buildings classes are held in

##### 1. Elizabeth Street (Field of play 900sqm plus 'clubrooms')

The current main building at 88-100 Elizabeth Street is a City of TTG (CTTG) building leased by TTGG and is 50 years old. It has had two small additions made to it during the 1970-80s. No further works were undertaken for 30 years until 2009/10 when a large scale extension of \$1M, to increase the floor size and roof height for the trampolinists was undertaken; however we have outgrown that extension. This building is utilised seven days a week, 50 weeks of the year, with classes scheduled from 8.30am to 9.30pm)

##### 2. Rostron Hall (Scout hall – Field of play 160sqm)

We currently utilise the small adjacent building (a previous scout hall also approx 50 years old) which has allowed us to program some of the MAG classes through this area. This hall is utilised five days a week from 4.00pm to 9.00pm.

##### 3. Banksia Park Primary School (BPPS) Hall (Field of play 680sqm)

We hire the BPPS Hall four times a week to run our overflow GFA and WAG classes. We also schedule our Tumbling classes here as not only will the 25metre long air track not fit at the Elizabeth Street venue it just fits diagonally in this hall with landing mats, but minimal runup.

#### Current Key concerns

##### Concerns re the use of the three buildings are:

- Main building is old and needs a number of areas refurbished, some to enhance the safety and performance of the athletes



- Field of play
  - Pit roof is too low and athletes hit the roof with their feet
  - Dance room roof is too low
  - Some equipment does not fit in the gym due to its technical requirements (tumbling track requires a minimum 42m length)
  - Not enough room to cater for the enrolments and waitlist
  - Additional equipment required
  - Original wooden floor becomes buckled and has needed major works to cut sections out to level it
- Toilets are in need of refurbishment, built in the 1970s and have cracked tiles etc.
- Parent viewing area is very small for the number of members (approx 20 people) and not all areas of the gym can be viewed
- Parking for the whole Banksia park Sporting Complex needs review
- Rostron (Scout) Hall is also approx 50 years old, has no insulation and requires additional heating and cooling (field of play).
  - Athletes rotating between both buildings have no cover during inclement weather
  - Additional coaching resources needed as a minimum of two coaches are necessary to meet child safety protection requirements (costly to members)
- BPPS Hall requires employees to set up the equipment and pack it down four times a week (field of play).
  - OHSW concerns as the equipment needs to be moved from a storage area into the hall. Whilst we have trolleys etc to assist the ongoing impact of this could lead to a work injury.
  - The school may cancel the hire at anytime that they require the hall for an event.
  - Multiple administrative supports required (costly to members).

### Proposals

The CTTG has partnered with TTGG on a redevelopment plan. Initially Plan A was to extend the current footprint, however noting the age of some aspects of the building, additional works that would need to be undertaken (roof heights and toilets) and the fact that we would need to still be able to operate made Plan B put forward by the CTTG as the only viable option. The Scout Hall would be demolished, and the new building of 2125sqm field of play (plus mezzanine and 'clubrooms') built adjacent to the current building, allowing us to continue operating with only minor impact. TTGG would relocate into the new building and the current building would be demolished. Car parking for the whole sporting complex would then be developed.

TTGG Proposed Concept Plan for Facility Expansion" was approved by the CTTG on 8 June 2021, subject to certain conditions, including that the project being at least 50% funded through external grants (projected cost \$7.2M). At the same meeting, a 10-year lease with the right to extend to an additional 10 years was approved for TTGG and will be rolled over to the new building once completed.

TTGG was successful in gaining an election commitment from both political parties, with the South Australian Labor party winning the 2022 state election and providing \$3.5M towards the project. At the CTTG council meeting on 14<sup>th</sup> June 2022 the councillors authorised *the Chief Executive Officer obtain an initial financial contribution of \$200k from TTGG representing the difference between the project estimates and the grant offer plus council's matched financial commitment.*

In addition to the building works TTGG will need to purchase further equipment and currently have \$615k in reserve towards a projected 600k equipment cost.

The building works will not only improve both our field of play and clubrooms (one facility), but it will also enable us to provide to our community, services that are being regularly requested as well as additional classes such as *Fitter for Life* classes (aimed at the over 55yo). The building works will enable additional employment opportunities for the building trade as well as Acromat our South Australian equipment manufacturer. In addition, once complete it will bring more people into the CTTG and increase spending and employment opportunities.

Unfortunately, the building estimate apparently had minimal contingency allowed for and there have also been significant rises in building costs, hence the size of the facility initially proposed (2125 field of play, plus mezzanine and 'clubrooms') has been re estimated at greater than \$9.2M. We have been informed that:

- \$7.2M will provide us with 1060sqm field of play (version 1),
- \$9.2M will provide us with 2000sqm field of play (version 2)

The \$7.2M building proposal falls short of our original building size, with less field of play than what we currently use. Below we have outlined why version 1 is not a viable option, and how we can make version 2 work with a loss of 125sqm field of play.

#### *Facility Proposal*

##### *Version 1 – Field of play 1060sqm.*

Unable to:

- Increase capacity of enrolments in all programs.
- Decrease waitlist and will then lose people to other sports.
- Offer diversified programs such as 'Fitter for life'.
- Fit the required equipment to run additional classes.
- Add in new competition specific equipment.
- Offer concurrent programs.
- Provide small regional competitions.
- Increase employment opportunities.

##### *Version 2 – Field of play 2000sqm*

We will be able to:

- Increase capacity of enrolments in all programs.
- Decrease waitlist.
- Offer diversified programs such as 'Fitter for life'.
- Fit the required equipment to run additional classes.
- Add in new competition specific equipment laid out as per the technical requirements.
- Provide the only South Australian 'rod floor' enabling training sessions for athletes across the state.
- Offer concurrent programs.
- Provide small regional competitions.
- Provide additional employment opportunities as well as more permanent positions, rather than casual.

#### *Club Goals and Objectives*

TTGG's vision is to enrich lives through gymnastics and its mission is to promote, develop and grow gymnastics for the enjoyment of all. TTGG's primary purpose is to provide a safe environment where

all can participate and enjoy gymnastics. Providing an inclusive and accessible environment that enhances the experience and value that gymnastics offers enables additional life skills to our members. Our members, coaches and staff are empowered to achieve their personal goals and are encouraged to lead, develop, and participate in all club activities. TTGG's core values of resilience, integrity, inclusion, and equality assist in building strong resilient young people.

Creating a strong community through proficient strategic operations, effective engagement and communication is supported by our three pillars. We aim to support our community by providing a range of inclusive activities, developmental leadership opportunities, and ensuring our members feel like they belong; our operations ensure we have the facilities, policies, processes, and people in place to provide for our past, current, and future community; and our communication provides clear and concise information and messaging in all areas of our club to ensure we collaborate and connect with everyone.

TTGG loves to support our community whenever and wherever we can. For athletes who have been successful in representing South Australia at National or International competition, a small amount of money is provided to the athlete and wherever possible fundraising undertaken to support the costs.

Over the years we have contributed towards several charities.

**Backpacks 4 SA Kids** is a local charity that provides resources that contribute to the care, safety and wellbeing of children and young people during periods of dislocation from home and routine care. We have been supporting Backpacks 4 SA kids since 2014 when we first donated nearly 100 Christmas gifts to be given to children in need.

- November 2015, we hosted a toy collection drive where we asked for and received many donations of toys and Christmas wrapping paper from our members. We also donated over 100 children's Christmas gifts ourselves.
- 2016 we had Tea Tree Gully Gymsports 50<sup>th</sup> birthday celebrations. We purchased several small toys to be used in lucky dips for our members. Unfortunately, due to terrible weather conditions we had less people attending than what was expected and all the purchased toys that we didn't use on the day were donated to Backpacks 4 SA kids.
- December of 2016, we donated 100 children's kites to be included in their Christmas gifts.
- 2017 we added a coin collection box to the front desk in our foyer – we had this coin collection box until 2020 when we returned it due to the gym closing because of Covid. In 2017 we donated \$300.
- July 2019, we ran a "Pyjama week" at KG. We asked our families to donate either a pair of new pyjamas or a gold coin that would all be donated to Backpacks 4 SA kids. We collected nearly 200 pairs of pyjamas as well as \$872.50.
- December 2019 we also collected \$255.70.
- 2023 post covid we have run another Pyjama week with 182 sets of pyjamas donated and \$271 was collected.

**Puddle Jumpers** is a non-profit, non-government organisation committed to responding to the social development needs of society's most vulnerable children and young people. We have donated children's story books to Puddle Jumpers in both 2017 and in 2019.

Tea Tree Gully Gymsports is an important part of the Tea Tree Gully community and as such we endeavour to continue to help and support our community whenever we can. In addition to assisting people outside of our membership we are very proud to be able to help our members in need.

- In March of 2018 we helped sell raffle tickets for one of our members as they were raising funds for a **Therapy dog** to help their young son who has Autism.

- We have many families that attend our KG after being **recommended to attend by a therapist** due to having developmental delays. We also regularly have therapists attending with their clients as it is a great opportunity to make use of the equipment and the facilities.
- Term 2 2023 saw us start a new **“Explorers” class** based on community need. This is tailored to suit children who may have developmental delays or who may just find that a large, loud class is a little too overwhelming. It is also a great opportunity for adults who may have anxiety or sensory concerns themselves to bring their child along without being in an uncomfortable situation. The numbers have been low to start off however the families that have attended were so happy and grateful for the opportunity to attend a session such as this and are looking forward to returning next term and have said they will also be bringing friends!
- We are also welcoming **Autism SA** into the Gym on Mondays from term 3, 2023. We are looking forward to providing them with an environment that is not only beneficial for them physically but one that is also fun, safe, and inviting.
- Both above initiatives also form part of our staff education strategy to improve **Neurodiverse education** which will assist our staff and the wider community to include and assist our neurodiverse members to engage socially.
- We have supported two families in 2023 alone with free training due to the sudden **passing of one of the child’s parents**.
- We have supported a **Ukrainian family** (two children) to continue training at no cost in 2022. Ilia has gone on to train at the high-performance program in 2023 and may be a possible future Olympic contender, invaluable support for him (Figure 3&4).

<https://www.adelaidenow.com.au/.../96aca7b48bf1435d1984b0...>



Figure 3 & 4 Ilia success

- We have donated our previous unused Gymnastics uniform to children at Gymnastics Northern Territory
- **Supporting the Westfield Community Parade** – for many years our staff donated their time to build large floats to walk in the local Community Parade; giving many children and parents the opportunity to participate.
- **During COVID to support the wellbeing of our members, families, and the wider community we organised webinars on:**
  - Dealing with Isolation
  - Body Image and Confidence
  - Provided home training programs (for our competitive members) and
  - ‘KG at Home’ videos for use during periods of closure during COVID.
  - Provided many external resources for our families during covid – health information, ideas of activities to do with children while in lockdowns, strength programs, etc.
- We are involved with **Period Poverty program** which is providing access to period products for anyone in the community. **A research project *Impact of Relative Energy Deficiency (RED) in competitive gymnasts during menses*** which is investigating periods and sporting impacts is currently being developed in line with the Australian Institute of Sport (AIS) Female Performance Health Initiative (FPHI).
- We have provided a **Christmas market** for members and the local community for 3 years.
- First aid courses are held annually at the club, and we open the invitation to our members to participate, enhancing community education.
- Two staff members participated in the Delphi study **‘Developing an evaluation strategy for the South Australian Sports Voucher program’**. This resulted in the development of a comprehensive range of evaluation recommendations.

To provide these goals and objectives we need a facility that is contemporary and large enough to house the technical requirements of each Gymsport, attract additional members and provide staff and parents appropriate resources, including suitable amenities for all (cafe and viewing area to watch their children progress), space to allow our coaches to better plan sessions and review athletes progress and separate rest rooms for athletes and coaches in line with Gymnastics Australia Integrity Framework. A larger facility will create more opportunities to support the community in other programs and gymnastic opportunities.

To be able to host future state based gymnastic competitions will increase engagement with the regional community, ultimately increasing opportunities for every aspect of the club, memberships, student progression, coach engagement and management opportunities. Overall increasing employment and community engagement to the area, creating future economic gains to the area.

Enabling the club to provide employment pathways for coaches that create more sustainable full-time employment opportunities will improve our coaching retention and the professional development of up-and-coming coaches and members.

With a facility that is already utilised 50 weeks of the year, 7 days a week, a bigger facility will enable greater than 2000 members to participate and enjoy gymnastics, based on a projection of 2250 members by 2030 (Figure 1) and allow parents to watch their children grow and develop. With more space we can run additional OSHC programs and birthday parties, increasing revenue and allowing our coaching team to gain additional employment.

We regularly get feedback from our members and Figures 5 & 6 outline some of the important aspects they see from being involved in TTGG and what additional benefit they gain on top of the actual gymnastics class their child attends.



Attachment 2



Attachment 2

## Attachment 2

Attachment 2

Attachment 2



Attachment 2

Attachment 2



gymsports and their requirements well before the new building is complete. In 2024 a General Manager will be sought to assist with the ongoing operations of the new facility and will sit in the organisation chart where the Facility Manager position is currently located (Figure 8).

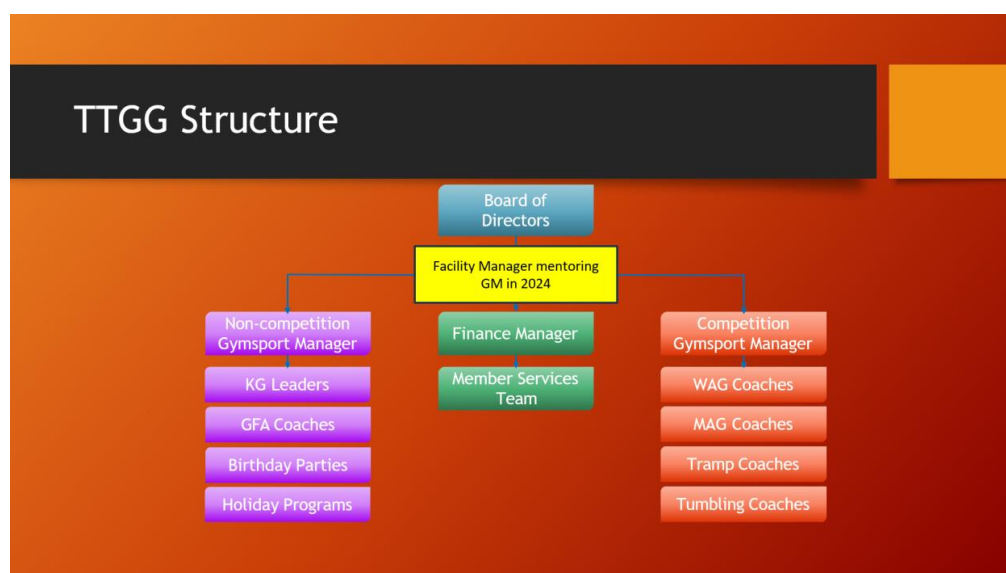


Figure 8: TTGG Organisational structure currently and including CEO in 2024. The Board of Directors who oversee the strategic operations of TTGG are volunteers who are elected by the members annually at the Annual General Meeting. As per the Constitution terms are for two years at which time they are up for nomination. The Board of Directors have a range of business experiences that they bring to the table including, finance and strategy, legal and risk, management, working with children and young people, gymnastics coaching and previous board experience. The chairperson having been integrally involved in the club since 1982. The Competition Gymsport Manager has a Master of Sports and Event Management. The non-comp Gymsport Manager has an Advanced Coaching accreditation and is undertaking a traineeship in Certificate III in Business. The Finance Manager has an Associate Diploma in Accounting as well as 30 years' experience in administration with various industries. All staff are currently undertaking additional professional development alongside of their mentoring to ensure they will be aptly able to oversee the operations in the new building.

#### *Organizational timeline*

Once the club building is complete, we have all the current employees in place to continue trading. In the meantime, we will be working on marketing and building up the excitement around the new build and looking to build numbers to the club.

The club is continually working towards building up programs and hiring more employees creating a more 'full time' opportunity for our team vs part time and casual arrangements, improving longevity and continuity and engagement with the club.

### *Club Assets*

The club has written down value of fixed assets being a combination of building improvements, office improvements, property, and equipment of estimated \$300k. The replacement cost of said equipment is \$900k.

### **The Product**

#### *The Product*

Gymnastics was first started in ancient Greece and the gymnastics we know of today was introduced in the 1800's. There has been continual growth in the sport with Gymnastics Australia reporting the highest registered member numbers in its history in 2022 of 247,073, so the demand is real.

Gymnastics at TTGG starts in **Kindergym** (KG) with a fundamental movement program aimed at the 0–5-year-olds with more structured classes also available for 3–4- and 4–5-year-olds in **Pregym** (PG) classes. This provides children with basic movement skills where they can then continue in the gymnastics pathway after the age of 5 or take the skills learnt to any other sport they desire to undertake. Our KG classes also include a sensory class called *Explorers* for those who require less stimulation. Within our KG and PG programs we also offer placement opportunities to University of SA Human Movement students and to University of Adelaide Nursing students (The chairperson and previous Director winning a teaching award for this innovation).

**Gymnastics for All (GFA)** is comprised of a range of different types of classes. General gymnastics is a 1-hour class where children get to have fun and learn basic skills progressions. Free G is a combination of gymnastics, parkour, obstacle training and freestyle movement and our adult classes offer a range of activities for those wishing to keep flexible and fit, with the ability to compete in the Masters Games. For GFA members that wish to be involved in competitions, without the intensity of a full competition training program we offer GFA Challenge classes that compete up to three times a year. We also currently provide a 1:1 class for a long-term member with a National Disability Insurance Scheme (NDIS) approved coach.

Our competitive programs include **Men's Artistic Gymnastics (MAG)**, **Trampoline Sports including Trampoline and Double Mini Tramp (DMT)**, **Tumbling and Women's Artistic Gymnastics (WAG)**. These programs compete throughout the year and are eligible for local, national, and international competition. In 2023 we saw 19 members represent the state at the Australian Gymnastics Championships in Queensland, with a total of 11 podium finishers and we have several members on a high-performance pathway. We currently run small regional inhouse competitions which require us to pack up equipment to fit in seating for spectators. Having enough parent viewing and a larger facility will enable these competitions to expand. In addition, with the current Gymnastics SA facility unable to host some events (<https://sa.gymnastics.org.au/content/gymnastics-sa-issues-heartfelt-apology-regarding-country-championships>) this would be a prime opportunity for us to assist with some of the events in collaboration with GSA.

During school holidays the KG and GFA classes do not run, and we offer **Holiday Programs**. We have out of school hours care (OSHC), and Gym Fun sessions open to members and the community. Most days are booked each school holiday period. In addition, we have run special programs for Autism SA, The Lotus Project, and Childhood Cancer Group session for siblings.

During the only current downtime in our 50 week of the year, 7 day a week operation we offer **Birthday parties**. They run on Saturday evening and Sunday afternoon and evening.

The ratio of male to female members is consistent across recent years with a ratio of 30:70 respectively and the number of children engaging in gymnastics under 12 years of age is 90%. With a



quarter of children overweight or obese, enabling their ability to participate in an organised physical activity outside of school for the indicated 60 minutes is essential. Being able to provide these programs throughout the year regardless of inclement weather enables children to participate all year round.

Gymnastics offers various advantages for mental health and overall well-being. Participating in gymnastics includes different proactive tasks that contribute to improved mental well-being. Regular participation in gymnastics has been shown to increase happiness, reduce anxiety, and enhance overall mood.

Many athletes see the gym as their 'safe place'. It is their second home, and their peers and coaches are family. When they are struggling with life, they will regularly disclose information to their coaches as they have built great trust. Building their self-confidence and encouraging positive self-perception has a positive impact on their mental health. Over the years coaches at TTGG have assisted many members to cope with life's stressors including 'cutting' themselves. Supporting families with children on the spectrum is increasing and integrating them wherever possible into classes can be beneficial to their learning to cope in social situations as well as showing other children, how to be supportive.

Gymnastics helps improve focus in young people and adults. Gymnastics tasks require high levels of concentration to reduce the risk of injury. Improved concentration and focus come from the independent thinking and problem-solving skills developed while learning a new skill or completing a difficult task. New skills and difficult tasks are relative to each individual so improvements in focus and concentration can be seen throughout all levels of gymnastics. Improving concentration can also improve a person's cognitive function and memory skills.

Gymnastics training teaches discipline to athletes from a young age. Athletes must be able to take corrections from their coaches and apply them independently; they must also be able to continue with their program on their own when a coach is working with another athlete. Gymnasts learn to have the discipline and commitment to attend class every session. In addition, athletes acquire determination to push through fears to achieve new skills.

Young people participating in competitive gymnastics are more likely to make good lifestyle choices. This is due to the busy schedule that gymnastics training demands on top of schooling. Gymnastics also creates more mentally healthy children and can increase self-esteem.

It is a common occurrence that top performing gymnasts are also top performing students. This is because gymnastics teaches young people time management skills. Students involved in gymnastics must typically plan their weeks in advance. Adults who participate in gymnastics as children are generally better at managing their time later in life than those with no gymnastics experience.

Gymnastics encourages a healthy diet, regular exercise, and a balanced lifestyle. Gymnastics training assists in the building of strong bones in children and can decrease the risk of developing osteoporosis in later life.

There is a strong sense of belonging and emotional well-being formed by the shared experiences, friendships, and support found within the gymnastics community. Gymnastics integrates physical activity, emotional well-being, social connection, personal development, and mental health in a holistic manner. It is a valuable asset for people of all ages and backgrounds due to its positive effect on mental health.

Other opportunities that we offer are work experience for school students in both administration and coaching. Our staff all undergo strict accreditation processes and are required to have a first aid certificate and a working with children check.

*Product Patents*

Nil

*Future Products*

In a bigger facility we would be able to further diversify our program offerings to include “Fitter for Life” a program devised to promote increased balance, and strength in people of all ages, but specifically over the age of 60. In an ageing population improving health outcomes for the elderly and filling daytime capacity, will diversifying the demographics of participants into the club. Collaborating with aged care facilities to organise transport to the club, in addition to holding some sessions for those who cannot travel to the facility has been discussed with Estia Health.

In the new building the inclusion of a café and healthy basic menu to encourage parents to stay behind and socialise. Café inclusion will generate additional cashflow for the club, increased social and community engagement (which has increased post COVID in recent weeks) and increased employment opportunities.

Access to members of support services such as physiotherapy or massage, will increase cashflow for the club, improve member and community health outcomes, and increase employment opportunities.

The inclusion of additional equipment (especially another floor apparatus) will better enable several Gymsports to be programmed to train at one time. In addition, a ‘Rod Floor’ in our equipment purchases will see all Tumbling competitions held at the club as this piece of equipment is used in national and international competitions and is the only one currently planned for South Australia. This would allow for a specialised centre for tumbling in SA.

We have organised additional professional development for our staff to provide appropriate teaching strategies for our neurodiverse population which is noted as being 1:10 children in the general population have been scheduled. This will assist us to become a more inclusive club and provide gymnastics for all.

We have been unable to showcase our uniforms and to extend seasonal offerings with no uniform shop. The ability to have space to do so will allow us to put this pride of place and enable additional funding opportunities.

**Marketing Plan***The Target Market*

The target market is diverse and depends on the program being marketed, we have programs that do or will target every age range from 0-100 and cater for a diverse range of physical and intellectual abilities.

- KG and PG classes attract more local members.
- Non-competition classes attract more local with some regional members.
- Competition attracts local, state, and national members.
- Other inclusive and diversity programs attract local and state members.
- The Fitter for life programs is more for local members and with 26.5% older than 60 this is an area worth developing.

In the City of TTG the number of residential dwellings is currently 43546 with growth by 2043 expected to be 45471. With new housing, real estate in the area being affordable and spacious, an increasing number of families are entering the city. This coupled with the median age of CTTG residents being

aged 41 years favours the target market growth. With the current membership being 58% in the CTTG this will further increase.

#### *Location Analysis*

TTGG has been located at Elizabeth Street Banksia Park for 50 years, with the first class held in the current building on September 4<sup>th</sup>, 1973, giving us historical ties to where we are and where we would like to remain. Situated within the City of TTG with key amenities such as Westfield Tea Tree Plaza and its dining opportunities, Golden Grove Shopping Centre and the Stables, Modbury Hospital, Civic Park, and the O-Bahn busway access to the Adelaide CBD, TTGG is near a lot of customer traffic. In addition, Modbury as the major business district of the North-East, is also located in the City of TTG, hence many members are associated with this precinct. This enables members to work, play and spend locally.

As the only gymnastics club that offers the suite of programs in the area and providing minimum technical requirements, in the new facility, we are a draw card. Our KG program is renowned Nationally and is the biggest in South Australia. With the fully padded floor, access to trampolines, foam pits and accredited coaching staff it is a well sought after program with ongoing waiting lists. Once our 'Rod Floor' is installed we will also be the only facility in South Australia with one installed and other clubs providing tumbling may wish to seek training with us.

We will also be able to host gymnastics competitions for athletes from across SA to compete and engage in gymnastics in a different look environment.

TTGG is located within a sporting hub enabling families to have diversity of sports for other family members all within the one local area. Most of our members (Figure 9) and staff (Figure 10) come from the following council districts.

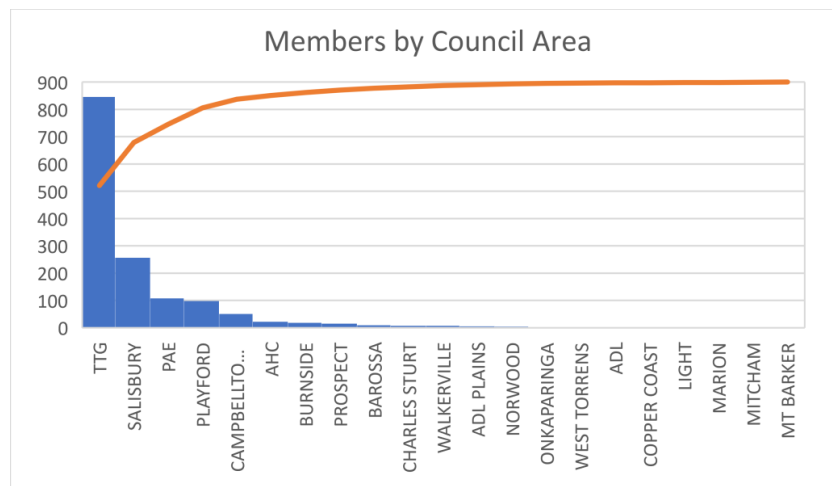


Figure 9 TTGG Membership by Council Area

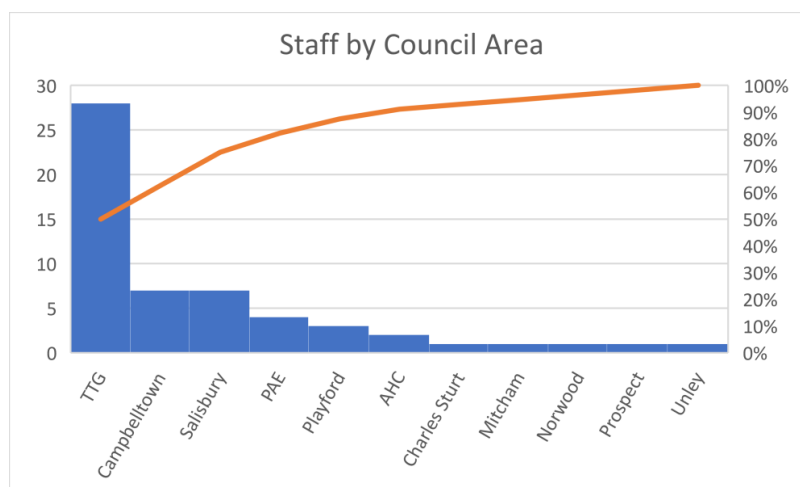


Figure 10 TTGG Staff by Council Area

#### *Established Customers*

TTGG has an established membership base of over 2000 members annually that go through its doors weekly between one and five sessions a week. Most of these members are in our KG/PG (41%) and GFA (41%) classes, with our competition sections making up the remaining 18%. Many of the membership are long standing members who have contributed to the club in many ways, including Life Members, members that have competed or participated for greater than 10 years, and those that have converted from member to coach. It is amazing to see how many of the family tree continue to attend with many grandparents and parents returning with their own children and grandchildren. Some of our coaching staff have been involved in the club from gymnast to coach, to parent, grandparent, and board member for 42 years.

#### *Pricing*

Our focus is to create a community gymnastics club, that enables its members, employees, and community to thrive assisting them to achieve their personal goals whether it be to do a forward roll or to make an international team.

As a not-for-profit organisation, we have a strong focus on not just being the biggest, but the best Gymnastics Club in South Australia. Not all gymnastics programs offer some of the services we are able to provide. We have a fully set up heated and cooled gym (except for our overflow site at Banksia Park Primary School (BPPS)) and a foam pit. With the inclusion of a Rod Floor, this will be another asset offered in the City of TTG that is not accessible in any other club in South Australia.

Our pricing strategy has been reviewed year on year and is adjusted based on the running costs and direct cost of programs. The club has seen significant increases in staffing costs due to increases in superannuation, wage increases and award changes, has required strategic investigation into ways to reduce costs and created revenue opportunities to keep pricing affordable for our community. The club has seen a steady decline in volunteer engagement over the decades, no different to many other organisations including the CTTG which has been a major

impact to the increase in pricing. The club's pricing strategy is to create a sustainable club, that covers costs and builds a conservative cash buffer to allow for growth opportunities and possible incidents that may affect trading.

Our financial goal is to maintain a baseline of one months' worth of revenue to ensure we can always cover costs, and a further buffer of 3 months of revenue to enable the club to invest in future programs and opportunities as they arise that will enable growth and outcomes for all. With the new building enabling growth in numbers, and increased revenue opportunities, our goal will be to maintain affordable pricing for our community.

When reviewing our pricing we have compared across the state and with the eastern seaboard as there are minimal 'like for like' gymnastic organisations in South Australia. Our programs are affiliated with Gymnastics Australia and the stringent accreditation requirements. Our fees provide value for money and our members with higher coach member ratio are priced differently to members who attend for fundamentals, fun, fitness, and friendship.

#### *Advertising*

We have just released our redeveloped website ([TTG Gymsports](#)) and are reviewing all our social media channels. We are very experienced in social media campaigns which is where we find we get the most traffic at low cost. Our core target market currently are mums, parents, and grandparents. We can find these through a strategy of marketing over many channels, but a focus on social media as this is where we will gain members into particularly our recreational programs. Other avenues of advertising currently include word of mouth, Out of School Hours Care (OSHC) and Gym Fun holiday programs, events and walk ins. Our KG program has also been regularly involved in the Westfield Christmas pageant.

Currently we have an opportunity that with a new centre, this will attract community and state attention to the club, increasing enrolments, and giving the club the opportunity to invest in a more robust marketing strategy. The new facility will give the club the opportunity to host state events, which will increase the awareness and marketing of the club to higher level members and coaches for the future employment and longevity of the club. We will also have advertising signage on the building.

#### **Competitor Analysis**

##### *The Competitors*

Gymnastics is third alongside of dance sports on the most popular organised physical activity outside of school hours with our main competitors firstly being swimming and secondly football or soccer. We are a niche club in the City of TTG being the largest gymnastics club in South Australia and the Northeast. This is further highlighted through the Sports vouchers program that provides an opportunity for school-aged children from Reception to Year 9 (originally only year 7) to receive up to a **\$100 discount on sports or dance membership/registration fees and learn to swim programs**. The statistics for the Newland electorate (whole state not provided as some sports are recorded as the state sporting organisation rather than club based) show Tea Tree Gully Gymsports as one of the top providers (Figure 11), and gymnastics one of the top activities (Figure 12).

**Top Providers**

Rank	Provider Name	#
1.	Paragon Swim Centre	193
2.	Tea Tree Gully Football Club	116
3.	Tea Tree Gully Gymsports	105
4.	Waterworld Aquatic Centre	80
5.	Tea Tree Gully City Soccer Club	77
6.	Blitz FCD Studios	66
7.	S.A.N.F.L	64
8.	Modbury Sporting Club	54
9.	Hope Valley Junior Football Club	51
10.	State Swim Clovercrest	50
11.	Football South Australia	40

# = Number of Sports Vouchers claimed

**Top Activities**

Rank	Activity Name	#
1.	Swimming	379
2.	Australian Rules	335
3.	Football (Soccer)	231
4.	Gymnastics	121
5.	Basketball	107
6.	Netball	95
7.	Dance - Cheer	83
8.	Dance - Jazz / Tap / Classical	59
9.	Tennis	35
10.	Dance - Ballet	22
11.	Calisthenics	15

# = Number of Sports Vouchers claimed

Figure 11 Top provider clubs in Newland 2023

Figure 12 Top activities in Newland 2023

In addition, we actively promote the use of the Sports Vouchers to our customers to enable them to offset the cost of their children being involved in out of school hours sport. Since the inception of the Sports Vouchers program, Tea Tree Gully Gymsports have been ranked first to third as providers that have redeemed Sports Vouchers (Figure 13).

Year	Ranked in Newland	Number of vouchers redeemed
2015	2	87
2016	1	148
2017	2	167
2018	1	159
2019	1	169
2020	2	125
2021	3	122
2022	1	154
2023 to 13/07/23	3	105

Figure 13 Tea Tree Gully Gymsports vouchers redeemed for Newland electorate from 2015-2023 to date.

**Competitor Strategies**

TTGG is a top-tier provider, based on our fully established facility, quality equipment and programs, and appropriately accredited staff, demonstrating value for money. We have a niche position in the KG market with waiting lists for most sessions. We have been in existence for 57 years and continue to provide classes that are regularly reviewed based on community feedback and results. Whilst we will continue to lose some members to other sports ensuring what we provide stays affordable and provides the quality the members expect is vital.

**SWOT Analysis (Strengths/Weaknesses/Opportunities/Threats)****Strengths**

TTGG successfully attained a 10 plus 10 lease in 2021. CTTG stated in their report that *TTGGS is a responsible tenant who has maintained the facility to an acceptable standard and is a well-respected community group in the City of Tea Tree Gully*. 34 people responded to the community consultation.

Of the 34, 13 respondents identified themselves as being associated with the TTGGS, noting:

- Nil were in the mail out area
- Eleven were outside the mail out area but within the City of Tea Tree Gully
- Two were outside the City of Tea Tree Gully (other LGAs)

Of the 34 responses received in relation to the proposed 10-year lease to the Tea Tree Gully Gymsports, the following was noted:

- 33 (97%) of respondents stated they **strongly support/support** the proposal
- 1 (3%) did not support the proposal stating a lease should be paid and was also not a resident of CTTG

Of the 33 respondents who **strongly support/support** nine were residents or property owners within the mail out area, 19 were outside the mail out area (within the City of Tea Tree Gully Local Government area) and five were recorded as being outside of the City of Tea Tree Gully Council area.

In response to the question **why do you say this?** the key reasons why respondents said they **strongly support/support** the proposal were:

1. Sporting opportunity for the community/good for the community
2. Wonderful club/great location/no issues
3. Involved with the club/happy with them
4. Important to support community clubs

The verbatim comments from the community consultation are below in Figure 14.

#### Appendix 1: Verbatim comments

*In the interests of transparency, responses have been transcribed verbatim with minimal editing. Therefore some spelling and/or grammatical errors may exist.*

Response ID	Address	Overall view of the proposal:	Why do you say this?	Any other comments
1	Yarramin Avenue, Banksia Park	Strongly support	Provides options for people to be involved within a sporting organization and be part of our community.	
2	Truscott Street, Modbury Heights	Strongly support	Wonderful Club, well used by all of TTG area.	
3	Story Crescent, St Agnes	Strongly support	They are a responsible group who are providing a great gym sport education for hundreds of children and young people. This group is greatly needed in the area and very much used and appreciated.	Please renew their lease.
4	Puringa Road, Dernancourt	Strongly support	My kids are Tea Tree Gully Gymsports and are very happy there.	
5	Noritake Road, Modbury Heights	Strongly support	A worthwhile use of the Council owned assets, providing a suitable venue to Tea Tree Gymsports being an organisation which benefits many within the TTG community.	
6	Tea Tree Gully Sportsman's Club, Fairview Park	Strongly support	I have been involved with Tea Tree Gully Sportsman's Club for about 30 years, during which time Tea Tree Gully Gymsports has been a leaseholder at their current site. I have had grandchildren attend the Gym. I cannot speak highly enough about them. They provide a healthy and great environment for children and adults to use. A much appreciated organisation in the area.	
7	Tea Tree Gully Athletics Centre, Chain Of Ponds	Strongly support	Important to give sporting clubs security of tenure.	

8	Grevillea Drive, Banksia Park	Strongly support	We need to give all the encouragement we can to this sort of organization.	
9	Hobart crescent, Banksia Park	Strongly support	They are very well known in the area and provide a wonderful facility.	
10	Karingal Road, Dernancourt	Strongly support	It's a great organisation that really helps young kids with their sporting pursuits.	
11	Belmont Place, Banksia Park	Strongly support	Good tenants, always keep their area clean and tidy, never any problems with the people that use this area.	
12	Boord Court, Dernancourt	Strongly support	Great tenant for this location with other sporting clubs in this area. A fantastic family friendly club, I did gymnastics here back in the 1980's and both my kids went to Kindergym here in the 2010's.	
13	Haines Rd, Banksia Park	Strongly support	It engages the youth of the community in a constructive manner, safe environment and has done for many years. It also brings credit to the area.	
14	Sandford Street, Banksia Park	Strongly support	No reason to not extend lease, important local children have options for sport.	Why change something that works
15	Ashley Avenue, Ridgehaven	Strongly support	This organisation has inspired many young athletes and children to live a healthy life and form a connection with others.	
16	Rayleigh Avenue, Highbury	Strongly support	This is a long standing club with excellent links to the community. They run a really great program and are incredibly flexible and welcoming for all abilities.	
17	Rayleigh Avenue, Highbury	Strongly support	The club provides a valuable community service to a wide array of people and they need a large space to do that properly.	
18	Nankeen Street, Modbury Heights	Strongly support	Because it's the perfect location and set up for them.	
19	Steventon Drive, Banksia Park	Strongly support	It's a great facility.	
20	Selby Avenue, Ridgehaven	Strongly support	They provide an outstanding and professional service to hundreds of families which is extremely beneficial to children and adults.	

21	Ming Court, Modbury Heights	Strongly support	This organisation provides crucial support for local childrens' growth and development. It is professionally run, welcoming to all families and not for profit.	I strongly support the proposed 10 year lease arrangement
22	Ricci Court, Hope Valley	Strongly support	Many students and families use this space.	
23	Davis Street, Vista	Strongly support	They are providing a good community service.	
24	Law Court, Greenwith	Strongly support	Great for the community.	
25	Coulls Road, Banksia Park	Strongly support	I think that it is essential to support physical activity in the community.	
26	Rocklyn Court, Gulfview Heights	Strongly support	We need to support the back bone to all other sports and diversity in sports by supporting the less fashionable.	This club supports and grows body strength, flexibility, mental health and discipline. Preparing young people for the challenges of the adult world.
27	Quondong Avenue, Athelstone	Strongly support	It's a great organisation providing a valuable service in the area.	
28	Dale Avenue, Ridgehaven	Strongly support	My 2 daughters were gymnasts at Ttg gymsports for 10 years and 14years. One started at kindergym then progress to gymfun then onto competition. It provided a high level of competition sport which is what they wanted. One went onto representing the state team and then provided employment opportunity for both of them and one still currently employed aswell as myself. They both have formed lifelong friendships from being at the club. Through the years both I and my husband were involved in fund raising and later myself as an official. We all have lifelong friendships from the club.	From being involved at a club level we have also expanded that to a state level involvement in the sport of gymnastic. Both myself and my daughter both as coaches have travelled interstate at a club and a state level. Gymnastics is a great sport for teaching everyone about the fundamental of a sport, team work, organisation. We have coaches who were gymnasts themselves that are now bringing in their children to be

Figure 14 Verbatim comments from Community Consultation re 10 plus 10-year lease

We have programs that have been in place for 57 years and been tailored to meet the growing needs of the community, such as Free G and sensory sessions. These programs provide pathways both within gymnastics where the child can progress from KG to either GFA or a competition Gymsport or take their fundamental skill base to any other sport. A recent email from a previous parent highlights the significance of this.



Hi Tammy,

Hope you've been keeping well.

Could you please let Gary know about [REDACTED] volleyball, as he expressed an interest when [REDACTED] had to retire from gymnastics. After switching teams and finishing [REDACTED] Junior seasons, [REDACTED] then moved into the [REDACTED] teams. [REDACTED] was selected for the Division 1 team, so SA's 3<sup>rd</sup> tier.

This season [REDACTED] has also been playing up a level for State League Reserves and last week was even called up for the top tier in SA, playing League. This was a sudden decision brought on by illness to their regular starter in [REDACTED] position. [REDACTED] must have done OK, as this weekend [REDACTED] will be playing in both the Reserves and the League Teams.

I believe that [REDACTED] gymnastics skills have been useful in getting [REDACTED] this far, as in the lower 2 of these levels no-one jumps, whereas [REDACTED] does (even if volleyball coaches say [REDACTED] jumps wrong for vb, but that's gym for you). [REDACTED] had a big shock on [REDACTED] League debut, as [REDACTED] direct opponent is 6'2" and a bit, and actually jumped as well.

Whilst seemingly calm and introspective during [REDACTED] gym comps, there's an aggressive and very vocal side to [REDACTED] in volleyball.

Anyway, just thought that Gary might like to know. Have a great day. Cheers [REDACTED]

Hi [REDACTED]

I am so excited that [REDACTED] has been able to progress [REDACTED] volleyball career. It is nice to know that some of the gymnastics stuff I had input into has helped [REDACTED] with [REDACTED] sport even though "[REDACTED] doesn't jump right". In the end if [REDACTED] blocks the ball who cares. Can you please pass on my heartfelt congratulations, and I hope one day to see [REDACTED] a very top of the sport (Australian Team maybe) assuming that [REDACTED] is what [REDACTED] is striving for. [REDACTED] has done so well by all accounts and is mixing with athletes who would have been in the sport a lot longer than [REDACTED] has, so it is testament to [REDACTED] previous training and [REDACTED] determination to achieve in volleyball.

Thank you very much for the update. It is always nice to see where the kids I have coached go with their life achievements.

Regards Gary

TTGG has a Board of Directors with diverse backgrounds in many different industries that oversee the strategic direction of the club. The board are not hesitant in ensuring the safety of our members firsthand as evidenced earlier this year when a senior coach in one of our programs resigned. This did initially damage our reputation; however, on July 3<sup>rd</sup> a new senior coach was appointed for this section with excellent credentials, and in one week we already have 15 new members enrolled in the trial which will see this section commence growing to capacity again.

We have many families that return as parents and grandparents as they have experienced the benefits of gymnastics and many people in the community wanting to join us and are on our waitlist. Our reputation precedes us with staff being requested to present at national conferences and being involved in Gymnastics Australia National Club Commissions.

We have many existing assets as well as having put aside for the last 10 years the surplus made from our holiday programs birthday parties and fundraising of approx. \$600k in readiness for the new assets to be acquired for the fit out of the new facility. We have streamlined our administration services and

IT with the changing needs of the customers. All systems are available 24/7 online. Our new web page is much more user friendly.

We utilise local school students in our set up and set down for the KG program who use this as a casual job and usually stay with us for the duration of their schooling. Our staff turnover is minimal, and we encourage and support our coaching and judging team to upgrade their knowledge and skills.

#### *Weaknesses*

Our major weakness is not having enough space to cope with the capacity, we have 50-100 people consistently on wait lists for many of our KG, PG and GFA sessions. It is unknown how many of these prospective members we lose to other sports due to lengthy wait times. Hence a larger facility will enable more of the community to participate and reduce or eliminate the waitlist.

To enable us to provide the Gymsport programs to as many of our community as possible we use the main hall on Elizabeth Street (900sqm) and the adjacent old scout hall renamed the Rostron Hall (160sqm), as well as the BPPS Park Primary School Hall (680sqm). Having three separate halls also requires us to ensure there are always a minimum of two coaches in each hall, with at least one being over 18 to ensure we meet the National Integrity Framework guidelines and protect the safety of all members and staff. This then impacts on staffing costs. The MAG members are also required to rotate between the main hall and the Rostron Hall to use all their six apparatus (Figure 15). This requires appropriate footwear to be worn and inclement weather can impact on this short walk between buildings.



Figure 15 Rostron Hall

The technical requirements for each apparatus have been adjusted to enable all Gymsport required equipment to be set up. Whilst still safe, the limitations require each Gymsport to compromise when they share equipment as members need to alternate when having their turn on the equipment if close to each other. The MAG ring apparatus is over the floor apparatus, there is a set of wall bars near a doorway, the run up to the DMT and vaulting horse are not full length, and two sets of bars face each other requiring alternate dismounting from the apparatus (Figure 16).



Figure 16 Equipment set up - shared

Our Tumbling apparatus (air floor) due to its length requires to be set up and set down at the local primary school hall due. Despite being set up diagonally this still does not meet the technical requirements to provide the members a full runup as they commence their passes. This piece of equipment is extremely heavy and alongside of also setting up equipment for our overflow GFA classes three times a week is an occupational health safety and welfare risk (Figure 17).

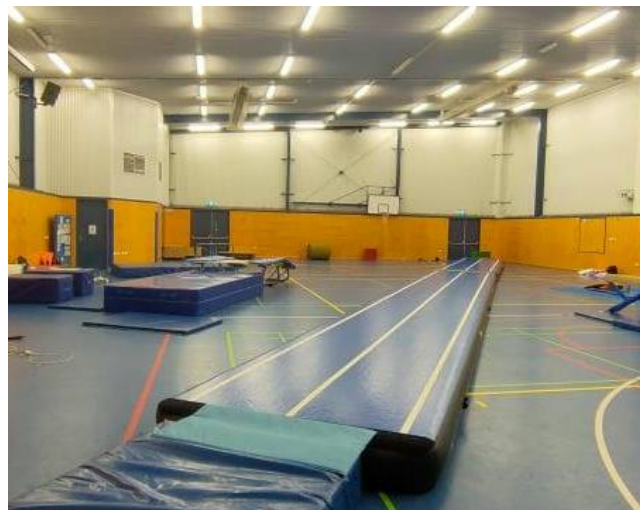


Figure 17 Tumbling in Banksia Park Primary School

The roof height in the 'pit room' is too low with taller members hitting the roof with their feet and the roof beams having to be covered over the floor trampolines to maximise safety (Figure 18). This impacts on the ability of the members to safely perform skills over the pit as they are unable to practice the skills technically as required. This also impacts on progression of harder skills as the pit is usually where some of these would be initially practised until performed well enough to be attempted on the equipment with just matting underneath.



Figure 18 Pit room roof height

Our ageing facility has water leaks despite us clearing the gutters every 6 months which damages our expensive equipment, the wet areas do not meet compliance, tiles are cracked, and tapware worn. An annual paint job assists with a refresh but does not fix the ongoing maintenance requirements of an ageing area.

There is no staff tearoom and besides the office for the front of house staff there is only one office that is not big enough for the number of staff employed as it has two desks and three computer points and measures approx. 3m x 3m (Figure 19).



Figure 19 Staff office for 49 staff



The current spectator viewing area can safely seat approx. 20 people. When we may have as many as 70-80 members in the hall at any one time this is nowhere near enough room for spectators. In addition, it is the walkway through the building and is always congested. The spectators are also unable to visualise the whole training area (Figure 20).



Figure 20 Parent viewing

The locker facilities for the members are old and there are only 50 spaces available. The congestion in this small room at class changeover time when you may have over 100 members utilising this 2m x 3m area leads to the floor being utilised and there is no free floor space (Figure 21).



Figure 21 Locker room

### *Opportunities*

The opportunities afforded to us by having a brand-new facility of a sqm that fit the current and additional required equipment to run the current suite of Gymsport programs with the essential technical layout are substantial.

We will be able to provide our senior members with the required runup length to enable them to perform to the best of their ability at a competitive standard. Ensuring we have the best practice equipment such as a 'Rod Floor' which is used nationally and internationally, but not currently available in South Australia and will allow us to have training clinics for other athletes in the state as well as run Tumbling competitions at our club. We currently have five athletes who compete at international level and another eight working their way towards this level for 2024/25. In addition, there are approximately another eight athletes in South Australia at other clubs that are currently competing in international levels. During the National and international competitions, they only compete on a rod floor, yet they must practice on an air track with minimal run up in their everyday training. Figure 22 shows the difference, noting the rod floor is covered by matting as well.

#### Air Floor vs. Rod Floor

Product Comparison

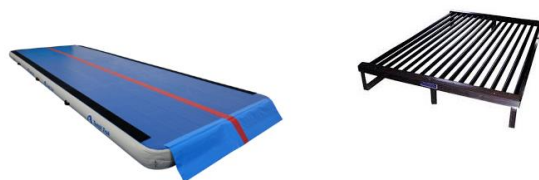


Figure 22 Air track vs Rod floor

Spectators will be able to observe their children develop in the program and we will also be able to run gymnastic competitions as a second venue with the increased spectator viewing area and additional competition specific equipment.

We will be able to offer additional employment opportunities including casual, Permanent Part Time (PPT) and Fulltime (FT). Including ancillary staff opportunities such as physiotherapists in the first aid/treatment room. TTGG is seeking partnership opportunities to support the growth of gymnastics and may look forward to partnering with Sports Nutritionists, physios, and psychologists eventually supporting the overall development of a gymnast.

The initial and annual maintenance costs will be less as the building will be new, allowing time to further budget for larger replacement costs. The building will be more environmentally friendly and energy efficient with solar panels and battery backup, sensor lighting and water saving strategies.

With the larger facility the initial impact will be to reduce the current waitlist. In addition, the increased housing development in the City of TTG will see more younger people looking to do sports in the area and we will be able to offer more of the community to participate in gymnastics. A building like this will make this club the talk of SA in our community.

As our Gymsports all have different requirements, and equipment they have worked a lot in 'silos'. We are one club however, and the silos are being removed. Social media will be aligned to one account, one awards night is scheduled for competitors in 2023, and one celebration day for our recreational and KG members.

Another opportunity we do get continual requests for are 1:1 training or 'private classes'. This is another area that may be an opportunity moving forward.

#### Threats

The current building does not provide for growth and is at the end of its life. With increased building size, comes increased costs and overheads. However, there will be less risk of occupational health safety and welfare risks from ongoing moving if equipment such as in the set up and set down at BPPS, injury risks from transferring between buildings and less doubled up staffing requirements.

The current economic climate with families struggling and having to reduce their own budget may see some people having to cut children's activities. We currently work with those families on a payment plan and offer regular smaller payments, rather than a lump sum payment to help with budgeting. Ensuring quality, innovative affordable classes will be pivotal.

The risk of another club starting up in the area with the range of opportunities, equipment available and accredited staff provided by TTGG is unlikely. It is quite expensive to run a club like ours and whilst halls can be hired, we know from experience that there are not many available in the City of TTG and surrounding areas.

### Operations

#### *Daily Operations*

Our operations are demonstrated in our weekly provision of classes in Figure 23. We hold hourly KG classes five days a week, hourly to 2 hourly GFA classes Monday-Saturday and our competition classes are varied hours across every day of the week. In addition to the scheduled classes in Figure 2 is set up at 7.30am and pack down at the end of the day.

An example of a timetable for a **GFA** members might be attending one hour each week. Whereas a **competition member** could attend 21.5 hours a week on Monday, Tuesday, Thursday, Friday (3.5 hours), Saturday (4.5 hours) and Sunday (3 hours).

Start Time	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
8.30am		KG	KG	KG	KG	WAG/MAG	TRAMP/WAG
9.30am	KG	KG	KG	KG	KG	Gym4/WAG/MAG	TRAMP/WAG
10.30am	KG	KG	KG	KG	KG	GFA/WAG/MAG	TRAMP/WAG
11.30am	KG	KG	KG	KG	KG	GFA/WAG/MAG	BIRTHDAY PARTIES
12.30pm	KG	KG	KG	KG	KG	MAG/WAG/TUMB	BIRTHDAY PARTIES
1.00pm	KG	KG	PG	KG	PG	MAG/WAG/TUMB	BIRTHDAY PARTIES
2.00pm	KG	KG	PG	KG	PG	MAG/WAG/TUMB	BIRTHDAY PARTIES
3.00pm	KG	KG		KG		WAG/MAG	BIRTHDAY PARTIES
4.00pm	GFA/WAG/MAG/TUMB	GFA/WAG/MAG	GFA/WAG/TRA MP/TUMB	GFA/WAG/MAG/TRAMP	GFA/WAG/TUMB		BIRTHDAY PARTIES

5.00pm	GFA/WAG/N G/TRAMP/T B	GFA/WAG/M AG/TRAMP	GFA/WAG/TRA MP/TUMB	GFA/WAG/ MAG/TRAMP	GFA/WAG/T RAMP/TUMB	BIRTHDAY PARTIES	BIRTHDAY PARTIES
6.00pm	GFA/WAG/N G/TRAMP/T B	WAG/MAG/ TRAMP	GFA/WAG/TRA MP/TUMB	GFA/WAG/ MAG/TRAMP	WAG/TRAM P/TUMB	BIRTHDAY PARTIES	BIRTHDAY PARTIES
7.00pm	WAG/MAG/ MP/TUMB	WAG/MAG/ TRAMP	GFA/WAG/TRA MP/TUMB	GFA/WAG/ MAG/TRAMP	WAG/TRAM P/TUMB	BIRTHDAY PARTIES	
8.00pm	WAG/MAG/ ULTS/TUMB	WAG/MAG/ TRAMP	GFA/WAG/ TUMB	GFA/WAG/ MAG/TRAMP	WAG/ADULT S/TUMB	BIRTHDAY PARTIES	
9.00pm	ADULTS		TUMB		ADULTS		

Figure 23 Weekly timetable

### Operational Facilities

The current facilities are located at 88-100 Elizabeth Street and Cottenham Road Banksia Park. The Rostron Hall will be demolished initially, and plans have been made to adjust the location of equipment in the main venue to enable the Rostron Hall equipment to be situated. The current main hall will then still be available to use for training purposes as the new building development is undertaken. This is required to maintain our membership, as if unable to train for the duration we would lose all our members.

The size of the facility was initially costed on a 'field of play' area of 2125sqm. The current field of play floor space has been reviewed and the 2000sqm is required to enable the ongoing support of our community members and strategic direction. The expected development and completion date of the new facility is 2024-25.

Once the new facility is completed, all equipment and approved services will be relocated and then the current facility will be demolished allowing for additional car parking. A plan is in place to ensure the smooth transition from one facility to the other.

### Staffing

Our staff are required to be accredited, have a working with children check and first aid certificate. We have a range of staff requirements with our managers being PPT or FT, and our administration staff casual. Our coaching staff are either casual or PPT and we have just employed our first FT coach. Many of our staff are currently employed elsewhere in addition to TTGG and we project we will be able to provide additional employment to those who seek it. The sport also provides employment opportunities that meet people's specific requirements such as those going to university or still training at the club themselves. In addition, we continue to offer employment to Banksia Park High School students to assist with the set up and pack down of the KG equipment each weekday. Our current staffing details are shown in Figure 24 and many of these whilst aligned to one specific Gymsport, work across two or more Gymsports.



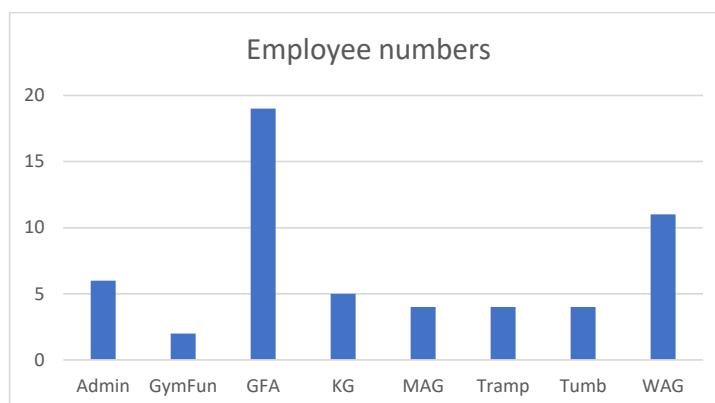


Figure 24 Staffing detail according to main role

Our Board of Directors are all volunteers, and we have several other members who also volunteer many hours throughout the year in various ways, including mentoring of new staff. We provide additional general labour from services including cleaners (a member's company), pest control, and electrical tag and testing.

#### *Suppliers*

Our main suppliers are:

- Acromat is a South Australian based company who supply and fit out most of our gymnastics equipment and they are based at Mile End.
- Amco are a national company based in Melbourne who supply equipment unable to be purchased from Acromat.
- Inertia IT are a local information technology (IT) company based at Golden Grove who provide comprehensive IT and network support services, including cybersecurity assessments, security improvements, new systems, and upgrades.
- Blue Mouse IT provide hardware support and hosting of our web page and are based at Hope Valley.
- Scott Jenke Upholstery repairs and renews all our equipment covers and is based at St Agnes.
- Minsa cleaning clean our facility and are based at Modbury and are also a member of the club.
- Cleaning Trade Sales and Service provide all our cleaning supplies and are based at Modbury.
- Sylvia P provide all our leotard supplies and are based in Queensland.
- PDR Sport provide all our tracksuits and are located at Tea Tree Gully.
- Anna Rybakova – Ballet Teacher / Windsor Gardens
- Vac-Attack – roof cleaning, gutter cleaning, solar panel cleaning/Greenwith
- Core Power Solutions – electrical repairs / Golden Grove
- HMJ Electrical – electrical repairs / Golden Grove
- Lawton Plumbing – plumbing repairs & maintenance / Modbury Heights
- Drakes Surrey Downs – supplies for fundraising events
- Eternal Decoration & Painting – Gulfview Heights
- Slape & Son – fundraising supplies / Newton
- Grovescaff – scaffold hire for high cleaning & repairs / Greenwith
- Signarama Salisbury – building signage (external & internal), honour boards / Salisbury
- Salisbury Locksmith
- Northeast Locksmith
- A Class Sports & Trophies / Para Hills

- Prestige Trophy, Badge & Engraving / Nailsworth

We regularly review our suppliers and ensure we are getting cost effective service and products and support the local community wherever possible.

#### **Capital Requirements Plan**

##### *Capital Requirements*

The new facility build was originally costed in 2021 at \$7.2Million. The City of TTG who own the building and lease it to TTGG pledged \$3.6M with the other 50% to be obtained by TTGG. The State Government made a \$3.5M commitment in the lead up to the election which was received from Labor in 2022. The CTTG accepted the \$3.5M with the original CTTG investment reduced to \$3.5M and TTGG noted to contribute the remaining \$200k. Building costs have increased in the last 2 years and the new cost of a building with a field of play of approx. 2000 sqm (original costing done on 2600sqm) is costed at approx. \$9.2M. This new building will enable TTGG to provide gymnastics to more of the community, provide additional equipment some of which is not currently available in SA, increase consumer spending by bringing in additional people to the area and offering better quality programs that meet technical requirements.

##### *Capital Repayment Plan*

The TTGG community has raised \$613k towards the previously costed equipment purchases and financial contribution required towards the build. Whilst running costs will be more in the new building, we will have some overheads that will decrease. We currently lease the BPPS Park Primary School at a cost of \$25,000 annually. The doubling up of staff currently required across three venues will not be required, reducing our current staffing costs by approx. \$18,000 annually (based on approx. 15 hours a week, across 6 days this is required @ \$25/hour).

The 2-million-dollar shortfall is unable to be accessed through a bank loan according to CTTG advice. Our capital is derived mainly from our membership fees which we attempt to keep as low as possible.

In addition to our member fees, the following activities will be undertaken to offset increased costs and none of these activities are included in our budget setting.

- Our regular fundraising activities, such as people's choice lottery, quiz nights etc
- Continue to apply for any relevant grants, including federal regional sporting grants due to the nature of what is offered at the club, that is not offered elsewhere in SA.
- Continue to offer our holiday programs and birthday parties, with increased capacity.
- Continue to annually review our suppliers to ensure we have the most competitive pricing and support local.
- The proposed café and uniform shop will bring in additional funds.
- Continue to have the auditor review our financials and processes.
- Change auditor 5 yearly as per best evidence.
- Sponsorship to be actively progressed currently in discussion with People's Choice.

### Actual and Projected Income Statements

The following actual and projected income statements based on progressing both a 1,060m<sup>2</sup> and a 2,000m<sup>2</sup> field of play development are indicative and have been based on program activity which can be generated based on the capacity of the building. This information is provided based on the current board's tenancy, and we approach our finances on a business management perspective, with all surplus funds put back into the building and members to help support the club to achieve its broader Objectives as documented in the Constitution.

Other key assumptions:

- COVID job keeper funding which was received in previous financial years has been removed
- No payments to competitors are included in the forecast and all employee costs are consistent with relevant awards and current paid salaries
- Café to provide additional net income of between \$15k and \$20k per annum.

The greater the number of athletes able to be catered for, the greater the number of staff also required to keep a ratio of approx. 1:10, hence wages increase. All staff are paid as per the Fitness Industry Award [MA000094] which has been reviewed to incorporate gymnastics. The Fitness Award covers employers in the fitness industry and their employees who fit within the classifications of the award.

The Salaries for 2021-2022 have been further separated into the three main relevant staffing categories:

- Managers (2 FT, 1 PPT) - \$182,670
- Administration Staff (casual) - \$83,582
- Coaching staff (casual, 4 PPT, 1FT) - \$580,806

Directors are not remunerated for their work but do currently receive a small stipend to cover out of pocket costs / meals at meetings which is voted on and approved at each Annual General Meeting by the members.

Miscellaneous expenses includes items such as:

- Services including but not limited to:
  - Cleaning
  - Washroom
  - Pest control
  - First aid
  - Kitchen
  - Computers
  - Rubbish
  - Fire
- External Venue Hire (BPPS)
- Staff uniform
- Staff training
- Gifts and donations
- Fundraising expenses
- Awards and Christmas presents.

## Tea Tree Gully Gymsports

## Actual and Projected Income Statement – based on Version 1 - 1060sqm field of play

For each of the years ending 30<sup>th</sup> June

	FORECAST	+FORECAST	FORECAST	* ACTUAL	ACTUAL	ACTUAL	ACTUAL
	2026	2025	2024	2023	2022	2021	2020
<b>Revenues:</b>							
Gross Sales:	1,606,606	1,530,101	1,457,239	1,387,847	1,180,955	978,865	842,500
Net Income: café	15,000			37,356	1,540	436,322	146,855
Less Cost of Goods Sold:							
<b>Gross Profit:</b>	1,621,606	1,530,101	1,457,239	1,425,203	1,182,495	1,415,187	989,355
Sales & Marketing:	1,306	1,244	1,184	1,128	959	899	792
Research & Development:				-	-	-	-
Insurance	114,453	109,003	103,812	98,869	114,882	7,800	63,552
Legal & Professional Services:	5,578	4,463	3,570	3,400	337	3,316	3,191
Bookkeeping:				-	-	-	-
Rent:				-	-	-	-
Utilities:	18,205	14,564	11,651	11,097	10,250	10,155	11,554
Repairs and Maintenance:	12,554	11,956	11,387	10,844	15,561	52,903	23,738
General Office:							
Entertainment:							
Licences:							
Salaries and Benefits:	1,101,641	1,049,182	999,221	847,060	712,605	822,459	709,094
Bank Fees:	3,166	3,015	2,872	2,735	2,783	2,927	10,525
Interest Expense:	-	-	-	-	1,757	3,201	3,605
Miscellaneous Expense:	269,389	256,561	244,344	252,716	150,153	259,373	168,723
<b>Total Expenses:</b>	1,526,292	1,449,988	1,378,041	1,227,849	1,009,286	1,163,034	994,775
<b>NET INCOME (Before Tax)</b>	95,314	80,113	79,198	197,353	173,209	252,153	5,420

\* Note 2023 Is not yet final and requires interest and depreciation expenses.

+ Assume new building

Assume 5 % growth in year on year in all expenses

Assume Salaries and Benefits increase due to:

We have assumed an Operations Manager cost in 2024 of \$80k + Super. Also an increased cost for the non-comp manager changing from the rebated traineeship. We also are allowing for growth in coaches. Admin wages to increase to support the finance manager. The board has been trying to build up fund surplus through rebates, and volunteer operational roles of the board members and other volunteers so we can support the increased wages. The current Board and volunteer operational manager cannot be sustained for much longer at this capacity. Also assume 5% growth year on year in salaries + additional 0.5% for increase in superannuation per ATO rules Current fee increase methodology will be reviewed once new building fitted out and new equipment in place. Long lifespan of equipment will mean less immediate replacement costs

**Tea Tree Gully Gymsports****Actual and Projected Income Statement – based on Version 2 - 2000sqm field of play**For each of the years ending 30<sup>th</sup> June

	FORECAST	+FORECAST	FORECAST	* ACTUAL	ACTUAL	ACTUAL	ACTUAL
	2026	2025	2024	2023	2022	2021	2020
<b>Revenues:</b>							
Gross Sales:	2,493,787	1,995,030	1,596,024	1,387,847	1,180,955	978,865	842,500
Other Income: café	20,000			37,356	1,540	436,322	146,855
Less Cost of Goods Sold:							
<b>Gross Profit:</b>	2,513,787	1,995,030	1,596,024	1,425,203	1,182,495	1,415,187	989,355
Sales & Marketing:	16,214	12,971	1,297	1,128	959	899	792
Research & Development:				-	-	-	-
Insurance	177,655	142,124	113,699	98,869	114,882	7,800	63,552
Legal & Professional Services:	6,109	4,888	3,910	3,400	337	3,316	3,191
Bookkeeping:				-	-	-	-
Rent:				-	-	-	-
Utilities:	19,939	15,951	12,761	11,097	10,250	10,155	11,554
Repairs and Maintenance:	13,749	13,095	12,471	10,844	15,561	52,903	23,738
General Office:							
Entertainment:							
Licences:							
Salaries and Benefits:	1,779,017	1,423,214	1,138,571	847,059	712,605	822,459	709,094
Bank Fees:	4,915	3,932	3,145	2,735	2,783	2,927	10,525
Interest Expense:	-	-	-	-	1,757	3,201	3,605
Miscellaneous Expense:	454,101	363,281	290,625	252,717	150,153	259,373	168,723
<b>Total Expenses:</b>	2,471,699	1,979,455	1,576,480	1,227,849	1,009,286	1,163,034	994,775
<b>NET INCOME (Before Tax)</b>	42,088	15,575	19,544	197,353	173,209	252,153	- 5,420

\* Note 2023 Is not yet final and requires interest and depreciation expenses.

+ Assume new building

Assume 15 % growth in 2024 based on last 4 years history

Assume 25% growth in 2025 minimum based on new centre and history + 10 x marketing investment

Assume 25% growth in 2026 minimum based on new centre and history + 10 x marketing investment

Assume reduction in Repairs and maintenance by 1/2 from 2025 with new build

Assume Salaries and Benefits increase due to:

We have assumed an Operations Manager cost in 2024 of \$80k + Super. Also an increased cost for the non-comp manager changing from the rebated traineeship. We also are allowing for growth in coaches. Admin wages to increase to support the finance manager. The board has been trying to build up fund surplus through rebates, and volunteer operational roles of the board members and other volunteers so we can support the increased wages. The current Board and volunteer operational manager cannot be sustained for much longer at this capacity.

# INFORMATION REPORT

## AUDIT & RISK COMMITTEE MEETING

06 December 2023

Office of the Chief Executive Officer

Council Incident Management arrangements - Higher Risk Weather Season (Pre-season update) (D23/85215)

### 1. Background

**Council's Incident Management Framework and Bushfire Mitigation Framework** provide for regular reporting to the Audit and Risk Committee in relation to the **organisation's incident management arrangements** and bushfire mitigation activities. These reports will generally be provided on a seasonal basis:

- prior to the Higher Risk Weather Season (December); and
- after the Season has finished (May).

This pre-season report seeks to provide a level of assurance that Council is meeting its responsibilities in relation to disaster risk reduction and bushfire mitigation, by providing an update on:

- a. **Council's incident management arrangements**
- b. Disaster risk reduction activities
- c. Outlook for the 2023-24 Higher Risk Weather Season
- d. The Adelaide Mount Lofty Ranges Bushfire Management Committee.

### 2. **Council's incident management arrangements**

#### 2.1. Council Incident Management Team

All vacancies for functional roles within the Council Incident Management Team (CIMT) have now been filled. New CIMT members completed the required i-Responda Essentials training on 24 October 2023.

As part of ongoing CIMT training and development, a desktop exercise was delivered on 27 November 2023 which was based on a bushfire scenario directly impacting the City of Tea Tree Gully and neighbouring councils. The aim of the exercise was to increase familiarisation with incident management arrangements, functional roles, resources and operational

arrangements. Observations from the exercise assist in identify gaps and opportunities for **improvement in relation to Council's incident management arrangements.**

## 2.2. Employee Emergency Response Support Team

During an emergency, Council may be requested to provide resources (plant, equipment and workers) to assist a control agency (eg. SA Police, SES, SA Health etc) in the response to the incident. The deployment of any resources in response to requests for support is at the discretion of the **Chief Executive Officer in accordance with Council's [Incident Management Policy](#).**

Council maintains an Emergency Response Support Register which lists staff that are willing, and appropriately qualified and trained, to respond to an emergency in support of a control agency or another council. Staff listed on the Register are required to complete annual mandatory i-Responda training to ensure they can participate safely and any risks to Council and its workers are appropriately managed. Completion of this training also **ensures that Council's various insurance coverage is maintained to protect workers, assets and civil liability exposure.**

i-Responda Essentials, i-Responda Bushfire and i-Responda Bushfire Plant training were delivered to the Employee Emergency Response Support Team on 24 October 2023.

## 2.3. Business Continuity Plan

**Council's Business Continuity Plan (BCP) has been** reviewed, with a particular focus on Critical Function Sub Plans. The BCP identifies 13 critical functions, each with their own response plan to guide continuity and restoration activities. The Sub Plans have been reviewed to improve readability and access to information.

**Given the significant changes to Council's organisational structure, a major review of the Business Impact Analysis is currently in progress. In addition, Council's current Emergency Management Policy was reviewed to include a commitment to business continuity management. The revised Policy, renamed to Incident Management Policy, was adopted by Council at its meeting on 28 November 2023.**

## 3. Disaster risk reduction activities

### 3.1. Emergency risk assessments

**Council's emergency risk** assessment treatments for bushfire, flood, storm, heat and pandemic were reviewed in September 2023. Most treatment actions have been completed or are in progress.

A full review of the emergency risk assessments will be undertaken in 2024.



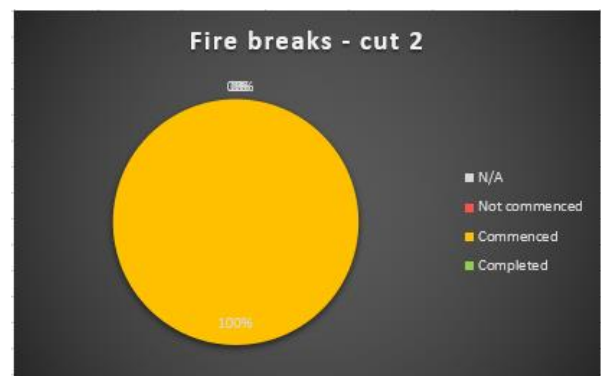
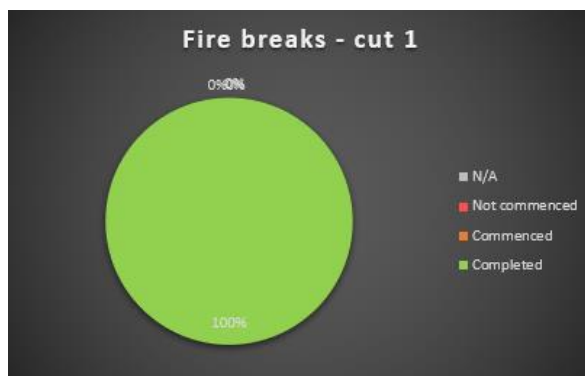
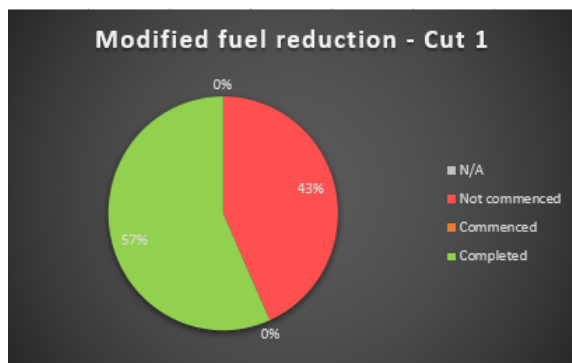
### 3.2. Fire Prevention Officer activities

Council appointed a new Fire Prevention Officer (FPO) in August 2023. FPO activities to date have included:

- Approximately 400 inspections undertaken on all high-risk properties, and 75% of medium-risk properties (under the *Fire and Emergency Services Act 2005*)
  - Issue of 35 Section 105F notices following inspections
- Approximately 53 permits issued for private burning
- Installation of Fire Danger Season signage on key gateway roads
- Curing reports
- Community education with the provision of information packs to property owners
- Engagement with CFS Brigades
- Inspections of fire access tracks with Civil Maintenance team.

### 3.3. City Operations works programs

The City Operations teams commenced works programs for the various bushfire mitigation treatments. All programmed works are on track according to relevant schedules. The status of these works is summarised in the graphs below.



Council's Civil Maintenance team has commenced inspections and works on the Fire Access Tracks. Significant maintenance works have been undertaken on some tracks, such as the Burg Road track, to ensure they are fit-for-purpose for emergency services access.

### 3.4. Fire Access Track management

Council was presented with an Information Report regarding the Fire Access Track network review at the meeting on 25 July 2023. This report outlined a principles-based approach to reviewing the tracks in accordance with the agreed actions from the 2022 Bushfire Prevention and Preparedness internal audit. The review includes assessing tracks on Council land to ensure they provide strategic benefit for emergency services, and a determination was made to cease maintenance of any tracks on private land as this is not a responsibility of Council.

A project plan has been established to guide implementation of deliverables in mid-2024 with a focus on stakeholder consultation and communication to impacted landowners that have tracks located on their land.

### 3.5. Community engagement and information

Council continues to work with other agencies to deliver community information programs on emergency preparedness. The Metropolitan Fire Service delivered home fire safety and bushfire awareness session in the Library on 7 November 2023.

The South Australian Fire and Emergency Services Commission (SAFECOM) has been invited to attend the Civic Park Carols event to promote the Alert SA app and provide information of preparing for emergencies.

















Council has published several hazard preparedness articles across its media channels, including the Grapevine, Gully Life rates snippet, e-newsletter and social media. **These articles have focused on Council's disaster risk reduction activities, as well as linking in with sources of information from emergency services organisations. Messaging from external agencies is amplified through Council's social media, such as the CFS Bushfire preparedness campaign and SAFECOMs '30 Days 30 Ways' community emergency preparedness and resilience campaign.**

## 4. Weather outlook – High Risk Weather Season

The long range forecast for November 2023 to January 2024, with key points for South Australia summarised as follows:

- a. Rainfall is likely to be below median for much of southern Australia
- b. Maximum temperatures are at least twice as likely than normal to be unusually warm
- c. Minimum temperatures are very likely to be above median.

It predicted is going to be hotter and drier than normal this summer with an increased Fire Danger risk, with the current El Nino likely to occur until at least the end of February 2024.

2023–24 Severe Weather Outlook Summary – South Australia		
Hazard	Likelihood compared to recent decades	
 Bushfire		Increasing risk during Spring
 Extreme heat		Increased likelihood
 Drought		Watchpoint
 Frost		Watchpoint during Spring
 Dust		Increased likelihood
 Thunderstorms		Average
 Widespread flooding		Average
 Coastal flooding		Below average

AFAC (the National Council for fire and emergency services) has released the Seasonal Bushfire Outlook for Summer 2023. Abundant vegetation growth supported by previous La Niña rainfall will continue to dry throughout summer, increasing the flammability of fuel loads. This includes some areas burnt during 2019-20 season. These factors are driving increased fire risk for parts of Australia. The outlook summary for South Australia is:

- Dry conditions are likely to persist with above average maximum temperatures expected
- Fuel dryness, especially in shrubland and forest fuels, and evaporative stress are above average for the most of the state
- It is likely that SA will experience a longer fire danger season for broad areas of the state.

The map below indicates the areas of increased risk of fire for SA, which is the likelihood of an increased number of significant bushfires occurring in the outlook period compared to average.



## 5. Fire Danger Season

The City of Tea Tree Gully is located within two Fire Ban Districts; the Adelaide Metropolitan Fire Ban District and the Mount Lofty Ranges Fire Ban District. The Fire Danger Season for both of these districts commenced on 15 November 2023, and will end on 30 April 2024.

The declaration of Fire Danger Seasons takes into consideration several factors including consultation with local Bushfire Management Committees, weather predictions, soil moisture observations, fuel curing and predicted fire behaviour, and risk levels of communities.

## 6. Adelaide Mount Lofty Ranges Bushfire Management Committee

The Adelaide Mount Lofty Ranges Bushfire Management Committee held its Pre-Fire Danger Season Review meeting on 27 September 2023. As part of this meeting, Council is required **to submit an Agency Report capturing Council's planned bushfire prevention and risk reduction activities**. This report can be provided to Committee members upon request.

### Attachments

N/A

### Report Authorisers

Lauren Monteleone Continuous Improvement Advisor	8397 7227
Ilona Cooper Manager Corporate Governance	8397 7310
Ryan McMahon Chief Executive Officer	8397 7297

# INFORMATION REPORT

## AUDIT & RISK COMMITTEE MEETING

06 December 2023

Office of the Chief Executive Officer

### Internal Audit Plan Status Update (D23/91570)

An Internal Audit Plan is established for the beginning of each financial year to provide the Committee with confidence that internal control practices, procedures and risks across Council are appropriately managed. An updated Internal Audit Plan for 2023-24 was endorsed by the Audit & Risk Committee at its meeting on 19 July 2023.

#### Status of Internal Audit Plan

A status update on the delivery of the Internal Audit Plan is provided at each Committee meeting.

FY	Audit Title	Status	Notes	Auditor
22/23	Recycled Water	Completed	Report provided to Audit & Risk Committee meeting on 11 October 2023	KPMG
22/23	Strategic Environmental Management	Completed	Report provided to Audit & Risk Committee meeting on 6 December 2023	KPMG
23/24	Corporate Performance Reporting	In progress	RFQ closed 29 November 2023. Proposals are being evaluated before the contract is awarded	TBA
23/24	Cyber Security (Internal Scan)	In progress	Investigations underway to determine best value for money i.e combining internal and external scan into one audit	TBA
23/24	Cyber Security (External Scan)	In progress	Investigations underway to determine best value for money i.e. combining internal and external into one audit	TBA

FY	Audit Title	Status	Notes	Auditor
23/24	Building Code compliance	Commenced	Commenced scope and timing discussion	N/A
23/24	Dog Management	Commenced	Commenced scope and timing discussion	N/A

#### Attachments

N/A

#### Report Authorisers

Marley Marks Risk Officer	8397 7270
Alexandra Pukallus Coordinator, Risk & Audit	8397 7379
Ilona Cooper Manager Corporate Governance	8397 7310
Ryan McMahon Chief Executive Officer	8397 7297

# INFORMATION REPORT

## AUDIT & RISK COMMITTEE MEETING

06 December 2023

Office of the Chief Executive Officer

### Strategic Risk Management Report - November 2023 (D23/92343)

#### 1. Purpose

To present the biannual review of the strategic and organisational risks, as undertaken by the Executive Leadership Team.

#### 2. Background

In accordance with the Risk Management Policy, strategic and organisational risks are formally reviewed and reported biannually to the Audit and Risk Committee.

The ongoing process of monitoring and reviewing strategic and organisational risks ensures the City of Tea Tree Gully makes informed decisions, mitigates risks and embraces opportunities.

#### 3. Strategic and Organisational Risk Register Review Summary

The Executive Leadership Team undertook a review of the strategic and organisational risks for the period of May to November 2023. During this review, there were significant changes to the risk register including:

- Changes to the way the register is visually presented, with each risk is provided as a one-page risk profile enabling a clear and easy to read document
- Inclusion of risk appetite for each identified risk
- Changes to risk categories to better reflect types of risks faced by Council and the City
- Incorporation of a target risk rating, in addition to the residual risk rating (which assists in determining where additional treatments are required)
- Comprehensive review of all controls
- Improved oversight on treatments, responsibilities, due dates and progress to better provide for incorporation into business planning

Previously there were fourteen (14) strategic risks and six (6) organisational risks reported to the Audit and Risk Committee. Upon review and alignment to the revised Risk Management Policy, there are now six (6) strategic risks and eight (8) organisational risks. The high-level changes include:

- 3 strategic risks transferred to organisational risks
- 2 strategic risks removed – captured as operational risks on the relevant departmental risk register

- 1 strategic risk removed – added as a cause of a strategic risk
- 2 strategic risks removed – captured within strategic risk #2
- 1 organisational risk removed – a cause of strategic and organisational risk #1
- 5 organisational risks remain as organisational risks.

A summary of the key changes are documented in the table below:

#	Risk Name	Summary of Changes
S1	Major injuries/death to members of the public	Remains a strategic risk.
S2	Failure to deliver the strategic and organisational plan objectives	Remains a strategic risk.
S3	Council owned or inherited assets and infrastructure	Removed from the strategic risk register. An operational risk captured on departmental register.
S4	Inability to prevent, prepare and respond emergency events and business disruptions	Remains a strategic risk.
S5	Future economic development opportunities not realised	Removed from strategic risk register. Covered by Strategic Risk #2.
S6	Failure to adequately prepare for environmental impacts to our community, assets and infrastructure	Remains a strategic risk.
S7	Unsustainable employment model	Transferred to an organisational risk.
S8	Inability to maintain long-term financial sustainability	Remains a strategic risk.
S9	Diversification of industry and retail sectors	Removed from strategic risk register. Covered by Strategic Risk #2.
S10	Major strategic projects	Removed from strategic risk register. Operational risk captured on a departmental register.
S11	Inability to effectively attract and retain skilled and diverse staff	Transferred to an organisational risk.
S12	Failure to protect ICT infrastructure and data assets from malicious activity	Remains a strategic risk.
S13	CPI for Adelaide is well above the RBAs target range	Removed from register. Added as a cause to Financial Sustainability.
S14	Inappropriate elected member activity	Transferred to an organisational risk Register.



01	Major workplace injury or death of an employee	Remains an organisational risk.
02	Non-compliance with Government policy and legislation	Remains an organisational risk.
03	Failure to prevent fraudulent and corrupt activity	Remains an organisational risk.
04	Inability to identify and manage major hazards	Removed from register. Documented as a cause of strategic and organisational risk #1.
05	Ineffective engagement with State, Federal and Local Government stakeholders	Remains an organisational risk.
06	Poor organisational culture	Remains an organisational risk.

Item

### 3.1. Strategic Risk Dashboard

The following strategic risk dashboard provides a high-level summary of each residual and target risk rating; and the overall treatment status. The target risk rating is a new addition to the risk profile template, which assists in determining the mitigation strategy and development of treatment actions required to reach the target rating.

#	Risk Name	Residual Risk	Target Risk	Treatment Status
1	Major injuries/death to members of the public	High	High	In progress
2	Failure to deliver the strategic and organisation plan objectives	High	Medium	In progress
3	Emergency management and business continuity	High	High	In progress
4	Failure to adequately prepare for environmental impacts to our community, assets and services	High	Medium	In progress
5	Inability to maintain long-term financial sustainability	Low	Low	In progress
6	Failure to protect ICT Infrastructure and data assets from malicious activity	High	Medium	In progress

### 3.2. Strategic Risk Heat Map

The below heat map provides an overview of the strategic residual risk ratings. It should be noted that there have been no changes to the six strategic residual risk ratings since the last formal review in May 2023.

Consequence	Likelihood				
	Rare	Unlikely	Possible	Likely	Almost Certain
	Critical	1,3			
	Major		2,4	6	
	Moderate				
	Minor	5			
	Insignificant				

### 3.3. Strategic Risk Summary of Changes

The following table provides an overview of the changes made to the strategic risk profiles since the last formal review in May 2023. Attachment 1 provides the detailed strategic risk profiles.

#	Risk Name	Key Changes
1	Major injuries/death to members of the public	Controls updated. Three treatment actions added. No change to the residual risk rating.
2	Failure to deliver the strategic and organisation plan objectives	Controls updated. Four treatment actions added. No change to the residual risk rating.
3	Emergency management and business continuity	Controls updated. Three treatment actions added. No change to the residual risk rating.
4	Failure to adequately prepare for environmental impacts to our community, assets and services	Controls updated. Two treatment actions completed. Two treatment actions added. No change to the residual risk rating.
5	Inability to maintain long-term financial sustainability	Controls updated. Four treatment actions added. No change to the residual risk rating.
6	Failure to protect ICT Infrastructure and data assets from malicious activity	Controls updated. Three treatment actions added. No change to the residual risk rating.

### 3.4. Organisational Risk Dashboard

The following organisational risk dashboard provides a high-level summary of each residual and target risk rating; and the overall treatment status.

#	Risk Name	Residual Risk	Target Risk	Treatment Status
1	Major workplace injury or death of an employee	High	High	In progress
2	Non-compliance with Government Standards	Medium	Low	In progress
3	Failure to prevent fraudulent and corrupt activity	Medium	Medium	In progress
4	Ineffective engagement with State, Federal and Local Government stakeholders	Medium	Medium	In progress
5	Poor organisational culture	Medium	Low	In progress
6	Elected member activity	Medium	Medium	nil
7	Unsustainable employment model	Medium	Medium	In progress
8	Inability to effectively attract and retain skilled and diverse staff	Medium	Medium	In progress

### 3.5. Organisational Risk Heat Map

The below heat map provides an overview of the organisational residual risk ratings. It should be noted that there have been no changes to the six strategic residual risk ratings since the last formal review in May 2023.

		Likelihood				
		Rare	Unlikely	Possible	Likely	Almost Certain
Consequence	Critical		1			
	Major					
	Moderate			2,3,4,5,6,7,8		
	Minor					
	Insignificant					

### 3.6. Organisational Risk Summary of Changes

The following table provides an overview of the changes made to the organisational risk profiles since the last formal review in May 2023. Attachment 2 provides the detailed organisational risk profiles.

#	Risk Name	Key Changes
1	Major workplace injury or death of an employee	Causes and controls updated. Three treatment actions added. No change to the residual risk rating.
2	Non-compliance with Government Standards	Controls updated. Two treatment actions completed. Two treatment actions added. No change to the residual risk rating.
3	Failure to prevent fraudulent and corrupt activity	Controls updated. One closed treatment action. Two treatment actions added. No change to the residual risk rating.
4	Ineffective engagement with State, Federal and Local Government stakeholders	Controls updated. No change to the residual risk rating.
5	Poor organisational culture	Causes and controls updated. Three treatment actions added. Likelihood <b>changed to 'Possible'</b> . No change to the overall residual risk rating.
6	Elected member activity	Controls updated. No change to the residual risk rating.
7	Unsustainable employment model	Controls updated. Four treatment actions <b>added</b> . Likelihood <b>changed to 'Possible'</b> . No change to the overall residual risk rating.
8	Inability to effectively attract and retain skilled and diverse staff	Causes and controls updated. Four treatment actions added. No change to the residual risk rating.

### 4. Departmental Risk Review

In accordance with the Risk Management Policy, the Corporate Governance team facilitated seventeen (17) departmental risk review workshops in September 2023. All risk registers were review and updated accordingly.

### 5. Fraud Risk Review

A review of the Fraud Risk Register was undertaken in August 2023. The Corporate Governance team will facilitate the integration of these fraud risks within the relevant departmental risk registers at the next formal review.

Attachments

1. [↓](#) Strategic Risk Register November 2023.....162

2. [↓](#) Organisational Risk Register November 2023 .....168

Report Authorisers

Alexandra Pukallus Coordinator, Risk & Audit	8397 7379
Ilona Cooper Manager Corporate Governance	8397 7310
Ryan McMahon Chief Executive Officer	8397 7297

# Strategic Risk Register

November 2023



CITY OF  
TEA TREE GULLY  
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Risk #1	Major injuries / death to members of the public		
Description	The potential for major injuries or death of members of the public resulting from poorly managed worksites, design of public realm, unsafe work practices, activities and inadequate maintenance of roads, footpaths, trees and park assets.		
Strategic objective	Places 4.6	Risk category	People and Safety
Owner	Chief Executive Officer	Risk appetite	Low
Delegate	General Manager City Operations General Manager Corporate Services General Manager Community Services		
Causes	1. Tripping on footpaths 2. Lack of footpath and road maintenance 3. Substandard materials 4. Poorly planned and managed works 5. Ineffective traffic management processes 6. unclear instructions/training 7. Ineffective policies and procedures 8. Ineffective signage 9. Poorly maintained headwalls, entrance statements and signage 10. Poorly maintained lighting, headwalls and entrance	11. Unsafe work practices 12. Climate impacts - Severe weather events 13. Delayed removal of hazardous trees 14. Poor use and non-maintenance of plant and equipment 15. Lack of risk assessments 16. Lack of inspection and maintenance of playground equipment 17. Failure of significant and regulated trees 18. Roads, footpaths, trees & park assets coming to end of life 19. Accessibility, design and security of public realm spaces (eg. public toilets)	
Controls	1. Signage displayed and work zone traffic management (PE) 2. Existing footpaths and roads maintained in good repair to minimise construction works (PE) 3. Pathway and works areas regularly cleaned of any debris to minimise tripping hazards (PE) 4. Hazards identified and bunted-off and repairs undertaken as a priority (PE) 5. Contractors required to address on site construction safety program as part of project specification (PE) 6. Requirement to have second person as observer when operating machinery (PE) 7. Project, Program, Event, Task, Chemical, Plant, Traffic Risk Assessments (PE) 8. Policies and procedures (PE)	9. Installation of temporary fencing to construction site to limit access (E) 10. Black-spot programs and road safety audits (PE) 11. Road, footpath, tree and playground inspection and maintenance programs (PE) 12. CRM system in place to log and escalate requests from the public (PE) 13. Public and Professional Indemnity Insurance (E) 14. Risk Evaluation identifying conformances and improvement strategies in compliance with the WorkCover Performance Standards (PE) 15. Operations Support Services to triage hazardous customer requests (PE) 16. Plan SA Annual Form 3 Essential Safety Provision Maintenance Certificate (compliance audit) (PE)	
Assessment			
	Consequence	Likelihood	Risk Rating
Residual	Critical	Unlikely	High
Target	Critical	Rare	High
Treatments			
Treatment # 1.1 – Implementation of WHS&IM Plan			In progress
Due date	31 December 2026	Owner	Team Leader WHS & Injury Management
Treatment # 1.2 – Review of City Operations Safe Work Method Statements, practices and operating procedures			In progress
Due date	30 June 2024	Owner	General Manager City Operations
Treatment # 1.3 – Optimisation of Salesforce as the CRM to manage customer requests escalation			In progress
Due date	30 June 2024	Owner	Manager Customer and Communications

# Strategic Risk Register

November 2023



CITY OF  
TEA TREE GULLY  
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Risk #2	Failure to deliver the strategic and organisation plan objectives		
Description	The failure to achieve the objectives set out in the Strategic Plan and Organisation Plan resulting in loss of community confidence and missed opportunities for the community.		
Strategic objective	Community 1.4	Risk category	Service Delivery
Owner	Chief Executive Officer	Risk appetite	Limited
Delegate	General Manager Strategy and Finance General Manager Community Services	General Manager City Operations General Manager Corporate Services	
Causes	<ol style="list-style-type: none"><li>1. Unclear plans not identifying goals, objectives and targets</li><li>2. Failure to identify the community's needs and expectations</li><li>3. Failure to anticipate and react to the changing needs of the community and//or community demand shifts</li><li>4. Inadequate budget and financial position</li><li>5. Setting unrealistic and unachievable objectives</li><li>6. Not having the right people and tools to drive and deliver</li><li>7. Strategic projects not aligned to Strategic Plan objectives</li></ol>	<ol style="list-style-type: none"><li>8. Stakeholder, political or competitive pressures</li><li>9. Regulatory changes</li><li>10. Shift in strategic focus</li><li>11. Losing sight of strategic plan objectives in the strategy planning process</li><li>12. Ineffective policies and procedures</li><li>13. Cost shifting, reduction and/or change in government funding</li><li>14. Councillors changes to strategic objectives, i.e. new councillors, personal interest</li><li>15. Market conditions (supply chain, inflation, availability of contractors and consultants)</li></ol>	
Controls	<ol style="list-style-type: none"><li>1. Governance structure includes elected members (PE)</li><li>2. Engagement and Communication Plans to included Elected Members and MP's (PE)</li><li>3. Regular briefings with Elected Members at CEO Workshops (PE)</li><li>4. Sign-off from Council at key milestones (PE)</li><li>5. Regular review of project risk assessment (PE)</li><li>6. Budget bids, quarter budget reviews and budget workshops to identify priorities for Council (E)</li><li>7. Council reporting (E)</li></ol>	<ol style="list-style-type: none"><li>8. External funding opportunities identified to supplement Council funding (PE)</li><li>9. Leadership team focussed on delivery of objectives which are directly linked to business plans (PE)</li><li>10. Corporate reporting on KPI's, e.g. quarterly through performance manager and annually CEO KPI's (PE)</li><li>11. Strategic, Organisational and Departmental risks identified all link to a strategic or organisational objective (PE)</li></ol>	
Assessment			
	Consequence	Likelihood	Risk Rating
Residual	Major	Possible	High
Target	Moderate	Unlikely	Medium
Treatments			
Treatment # 2.1 – Undertake Corporate Performance Reporting internal audit			In progress
Due date	31 March 2024	Owner	Manager Corporate Governance
Treatment # 2.2 – Develop new Strategic and Organisation Plans			In progress
Due date	30 October 2024	Owner	Manager City Strategy
Treatment # 2.3 – Implement a new business planning and reporting process for departments			In progress
Due date	31 March 2024	Owner	Manager City Strategy
Treatment # 2.4 – Implement Phase 1 HCM system to streamline recruitment processes and train and retain workforce			In progress
Due date	30 June 2024	Owner	Manager People and Capability

# Strategic Risk Register

November 2023



CITY OF  
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Risk #3	Inability to prevent prepare and respond to emergency events and business disruptions		
Description	Failure or inability to prevent, prepare, respond, sustain or recover operations or operations being suspended / modified in the event of a major disaster/ pandemic/disruptive event impacting business continuity and delivery of services to the community.		
Strategic objective	Leadership 5.1	Risk category	Service Delivery
Owner	Chief Executive Officer	Risk appetite	Low
Delegate	General Manager City Operations General Manager Community Services	General Manager Corporate Services General Manager	
Causes	1. Ineffective planning and testing of emergency management and business continuity systems and processes 2. Unclear policies and procedures 3. Unclear roles and responsibilities 4. <b>Lack of capacity and capability of Council's Incident Management Team</b> 5. Redirection of resources and managing competing priorities	6. Ineffective communication protocols in place for Council's Incident Management Team 7. Lack of community resilience development 8. <b>Declared Emergency across State, Country, or World for an extended period of time</b> 9. <b>Government directive to suspend or modify services provided by Council</b> <b>Capacity and capability impacted i.e. Absenteeism</b>	
Controls	1. Incident Management Policy and associated documents including regular reviews and testing (E) 2. Lessons Management approach to identify actions from events and exercises 3. Total Fire Ban Day Plan (PE) 4. Business Impact Assessments undertaken on all critical and non-critical functions (PE) 5. Capacity and capability of Council Incident Management Team to enable response to any emergency / disruption event (E) 6. Representation on Zone Management Committee (PE) 7. Emergency Management Secure Website - Repository for all Emergency Management information - not based in SA (PE)	8. Alternative service delivery sites and methods available across the city (E) 9. Relevant staff training in iResponda to participate safely in emergencies (E) 10. Periodic reporting to Audit & Risk Committee on incident management arrangements (PE) 11. Elected member emergency management awareness training (PE) 12. Local Government Functional Support Group (LGFSG) provides support and coordination of emergencies where required (PE) 13. Agile technology enabling continuity of work (E) 14. WHS & Safe Work Procedure's including PPE (E) 15. Emergency risk assessments (including treatment action plan) undertaken for priory hazards - bushfire, flood, storm, heatwave and human disease (PE)	
Assessment			
	Consequence	Likelihood	Risk Rating
Residual	Critical	Unlikely	High
Target	Critical	Unlikely	High
Treatments			
Treatment # 3.1 – Holistic review of Business Continuity Plan and associated documents			In progress
Due date	31 December 2024	Owner	Continuous Improvement Advisor
Treatment # 3.2 – Review emergency risk assessments and incorporate findings to Departmental Risk Registers where required			Not started
Due date	31 December 2024	Owner	Continuous Improvement Advisor
Treatment # 3.3 – Conduct an incident management exercise with CIMT			Not started
Due date	31 December 2024	Owner	Continuous Improvement Advisor



# Strategic Risk Register

November 2023



CITY OF  
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Risk #4	Failure to adequately prepare for environmental impacts to our community, assets and services		
Description	Failure to adequately plan, prepare and respond to the impacts of population density, climate change frequent and severe weather disturbances and sea rises (includes storm, heat and wind/ flooding/ bushfires/ environmental factors such as water linked diseases and land degradation).		
Strategic objective	Environment 2.5	Risk category	Environmental
Owner	Chief Executive Officer	Risk appetite	Low
Delegate	General Manager Strategy and Finance      General Manager City Operations		
Causes	1. Climate change adaption strategies not planned and considered	6. Insufficient budget to manage increased risks (collapse, declining health, subsidence, increased maintenance requirements)	
	2. Ineffective climate adaption strategies and plans	7. Unclear policies and procedures	
	3. Failure to consider sustainable improvements as part of retrofit and maintenance	8. Failure to understand the increased severity and impacts of extreme weather events and patterns to our assets and infrastructure	
	4. Lack of understanding of the impact of climate adaption effects	9. Increasing costs to ensure assets, infrastructure, insurance and environmental initiatives are adequately sustained / maintained	
	5. Government policy changes to climate and emission strategies and plans		
Controls	1. Resilient East Adaptation Plan and annual work plan (PE)	6. Tree Management Policy (PE)	
	2. Open Space Strategy (PE)	7. Waste Management Strategy (PE)	
	3. Asset Management Plans (PE)	8. Stormwater management planning (PE)	
	4. Strategic Plan objectives (PE)	9. Bushfire prevention activities (PE)	
	5. Business Planning (PE)	10. Project Management Framework (PE)	
		11. Planning and Design Codes (E)	
Assessment			
	Consequence	Likelihood	Risk Rating
Residual	Major	Possible	High
Target	Moderate	Possible	Medium
Treatments			
Treatment # 4.1 – Electricity Procurement - to participate in the Electricity Working Group with LGAP for the procurement of renewables as part of the contracts starting 1 Jan 2023			Complete
Due date	30 June 2023	Owner	Environmental Sustainability Coordinator
Treatment # 4.2 – Completion of the Strategic Environment Management Internal Audit			Complete
Due date	6 December 2023	Owner	General Manager Strategy and Finance
Treatment # 4.3 – Seek Audit and Risk Committee endorsement of the Strategic Environmental Management Internal Audit recommendations			In progress
Due Date	6 December 2023	Owner	General Manager Strategy and Finance
Treatment # 4.4 – Renew Council’s Asset Management Plans			In progress
Due date	30 November 2024	Owner	Manager Technical & Engineering Services

# Strategic Risk Register

November 2023



CITY OF  
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Risk #5	Inability to maintain long-term financial sustainability		
Description	Inability to maintain financial sustainability in delivering services, programs and initiatives, including the provision of new capital works and maintenance of Council assets and infrastructure to meet the community's needs and expectations.		
Strategic objective	Leadership 5.5	Risk category	Financial
Owner	Chief Executive Officer	Risk appetite	Limited
Delegate	Manager Strategy and Finance		
Causes	<ol style="list-style-type: none"><li>1. Insufficient operational &amp; capital budgets</li><li>2. <b>Ineffective budget planning and monitoring</b></li><li>3. Redirection of resources to deal with major events</li><li>4. Insufficient long-term strategy &amp;asset planning</li><li>5. Non-budgeted costs resulting from severe / extreme weather events</li><li>6. Third party property damage &amp; utilities damage resulting from council works</li><li>7. Reduced water availability</li><li>8. Increased Consumer Price Index (CPI) / economic climate resulting in increased costs of goods and supply</li></ol>	<ol style="list-style-type: none"><li>9. Impacts of climate change to trees and landscape</li><li>10. Impacts from changes to Government Policy/Local Government review/changes to legislation</li><li>11. Federal and State funding cuts/loss of grants and funding</li><li>12. State Government policy directives, ie rate capping</li><li>13. Less reliance on discretionary income than some other Councils</li><li>14. Lack of understanding around inflationary impacts</li></ol>	
Controls	<ol style="list-style-type: none"><li>1. Monthly variation reports by managers to ensure expenditure within budget (PE)</li><li>2. Quarterly budget reviews are undertaken to monitor expenditure (PE)</li><li>3. Enterprise bargaining agreements (PE)</li><li>4. Contract policy and procedures in place to manage and monitor procurement and contracts and to ensure appropriate expenditure authorisation (PE)</li><li>5. Managers set KPIs to meet budget €</li><li>6. Public liability and indemnity insurance</li><li>7. Business Plans/budget plans and action plans (PE)</li><li>8. Long term financial planning (PE)</li><li>9. Financial Sustainability Policy (E)</li><li>10. Budget Plans/forecasts (PE)</li></ol>	<ol style="list-style-type: none"><li>11. Monitor debt /interest (PE)</li><li>12. Subscriptions to State Govt websites, initiatives and monitoring of grant funding through bulletin alerts and grant funding databases (PE)</li><li>13. Engagement and external partnering/partnerships programs and initiatives (PE)</li><li>14. Asset Management Plans (PE)</li><li>15. Monitoring and analysing services through service reviews (PE)</li><li>16. Limited reliance on discretionary income (primarily grant funding or rate revenue) (E)</li><li>17. CEO KPIs performance review</li><li>18. Service level agreements (PE)</li><li>19. Leases and Licenses Policy</li></ol>	
Assessment			
	Consequence	Likelihood	Risk Rating
Residual	Minor	Unlikely	Low
Target	Minor	Unlikely	Low
Treatments			
Treatment # 5.1 – Review and update all Asset Management Plans			In progress
Due date	30 November 2024	Owner	Manager Technical & Engineering Services
Treatment # 5.2 – Review of Procurement Policy and Procedures			In progress
Due date	31 March 2024	Owner	Manager People and Capability
Treatment # 5.3 – Review and update ITS Asset Management Plan			In progress
Due date	31 March 2024	Owner	Manager IT Solutions
Treatment # 5.4 – Develop Strategic Asset Management Plan/Framework			In progress
Due date	30 November 2024	Owner	Manager Technical & Engineering Services

# Strategic Risk Register

November 2023



CITY OF  
TEA TREE GULLY  
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Risk #6	Failure to protect ICT infrastructure and data assets from malicious activity		
Description	Failure to provide effective ICT security to protect Council against unauthorised access to personal and sensitive information and disruption to services. Includes malicious cyber-attacks, unauthorised or accidental destruction, damage, use, modification and release of personal and sensitive information.		
Strategic objective	Leadership 5.5	Risk category	Service Delivery
Owner	Chief Executive Officer	Risk appetite	Low
Delegate	General Manager Corporate Services		Manager IT Solutions
Causes	1. Out of support, and/or unpatched security vulnerabilities 2. <b>Human Error</b> 3. Malware 4. Unclear policies and procedures - staff misuse	5. Theft of a data-carrying device 6. Poor business process 7. Insecure access/password 8. <b>Hacking/virus/trojans/phishing</b>	
Controls	1. Managed Detection and Response Platform (Rapid7 realtime vulnerability management) (PE) 2. Virus definitions up-dated regularly to detect new virus' and up-date the anti-virus software (PE) 3. Internet and email filtering to identify and block harmful content (PE) 4. Information security policy and framework (PE) 5. Training and education (PE) 6. Business Continuity Plan (PE) 7. Mobile Device Management Remote Wipe Capability (PE)	8. Network monitoring tools implemented (PE) 9. External auditing to identify system improvements (PE) 10. 3 <sup>rd</sup> party penetration testing and vulnerability assessments (E) 11. Two factor authentication, 13-character complex passwords and regular mandated password updates (E) 12. LGITSA Cyber Security Framework – Essential 8 (PE) 13. Offsite Read Only Tertiary Backups (PE) 14. Application Business Systems Assessments for Tier 1 and 2 platforms (PE)	
Assessment			
	Consequence	Likelihood	Risk Rating
Residual	Major	Likely	High
Target	Major	Unlikely	Medium
Treatments			
Treatment # 6.1 – Cyber Security Internal Audit (Internal and External Scan)			In progress
Due date	29 February 2024	Owner	Manager IT Solutions
Treatment # 6.2 –Adoption of the revised IT Asset Management Plan 2024			In progress
Due date	29 February 2024	Owner	Manager IT Solutions
Treatment # 6.3 – Friendly Phishing Awareness and Training Program			In progress
Due date	29 February 2024	Owner	Manager IT Solutions

Item 15.3

Attachment 1

# Organisational Risk Register

November 2023



CITY OF  
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Risk #1	Major workplace injury or death of an employee		
Description	The potential risk of a major workplace incident resulting in serious injury, disability or death of an employee or volunteer from unsafe practices, environment or conditions.		
Organisational objective	Sustainable Operations 4.2	Risk category	People and Safety
Owner	Chief Executive Officer	Risk appetite	Zero
Delegate	General Manager Corporate Services General Manager Community Services	General Manager City Operations General Manager Strategy and Finance	
Causes	1. Inappropriate or ineffective WHS policies, procedures 2. Non-compliance with legislation 3. Controls for organisational hazards are not identified, inadequate or not implemented	4. Misuse, inattention or distraction when using chemicals, plant, equipment or vehicles 5. Extreme environmental conditions (storms, heat waves, etc)	
Controls	1. WHS Management System including policies and procedures compliant with the Performance Standards for Self-Insurers (PE) 2. Contracts and Contract Management Framework (PE) 3. Volunteer Management Framework (PE) 4. WHS Induction and Training (PE) 5. Council's Code of Conduct (PE) 6. Regular Workplace Inspections (E) 7. Compliance Register (E) 8. Consultation mechanisms in place i.e. Health and Safety Representatives & WHS Committee (PE) 9. WHS Plan including management of identified Principle WHS Risks (E)	10. Quarterly WHS&IM Plan Progress Report (E) 11. Evaluation of system effectiveness through internal Audit (PE) 12. Ongoing Participation in LGAWCS and RTWSA Reviews, Audits and Action Plans (PE) 13. WHS&IM Plan has a program to drive a positive WHS culture (PE) 14. Risk Management Policy and Enterprise Risk Management Framework requires Project, Program, Event, Task, Chemical, Plant and Traffic Risk Assessments (PE) 15. Plan SA Annual Form 3 Essential Safety Provision Maintenance Certificate (compliance audit) (PE) 16. Workplace Emergency Evacuation Plans (PE)	
Assessment			
	Consequence	Likelihood	Risk Rating
Residual	Critical	Unlikely	High
Target	Critical	Unlikely	High
Treatments			
Treatment # 1.1 – Implementation of WHS&IM Plan 2024 - 2026			In progress
Due date	31 December 2026	Owner	Team Leader WHS & Injury Management
Treatment # 1.2 – Review of City Operations Safe Work Method Statements, Practices and Operating Procedures			In progress
Due date	30 June 2024	Owner	General Manager City Operations
Treatment # 1.3 – Implement the Risk Management Procedure			In progress
Due date	31 March 2023	Owner	Coordinator Risk and Audit

# Organisational Risk Register

November 2023



CITY OF  
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Risk #2	Non-compliance with Government policy and legislation		
Description	Non-compliance with legislative responsibilities and/or Government Policy as it applies to all facets of Local Government		
Organisational objective	Sustainable Operations 4.1	Risk category	Compliance
Owner	Chief Executive Officer	Risk appetite	Low
Delegate	General Manager City Operations General Manager Community Services	General Manager Corporate Services General Manager Strategy and Finance	
Causes	1. <b>Ineffective planning and implementation strategies</b> 2. Ignorant to legislative changes 3. Insufficient budget and timelines to implement changes 4. Local Government changes and reform not communicated	5. Insufficient training and information provided to understand legislative changes 6. Legislation not prescriptive and open to interpretation	
Controls	1. Responsibility is driven through all position descriptions and relevant Business Plans. 2. Membership to relevant professional networks (E) 3. Legislative alert summary (prepared by lawyers) (E) 4. Government Gazette notice summary (prepared by lawyers) (E)	5. LGA latest news (previously LGA Circulars) (E) 6. Business Plans (PE) 7. Internal risk assessments (PE) 8. CEO & GM one on ones (E) 9. Audit and Risk Committee and Council reports and actions (PE) 10. Policy and procedure development and review processes (PE)	
Assessment			
	Consequence	Likelihood	Risk Rating
Residual	Moderate	Possible	Medium
Target	Minor	Unlikely	Low
Treatments			
Treatment # 2.1 – Aspects of legislative compliance to form part of every internal audit review (where relevant) undertaken in accordance with the Internal Audit Plan			Complete
Due date	30 June 2022	Owner	Manager Corporate Governance
Treatment # 2.2 – Consideration to be given to allocating more internal audit reviews that cover high risk pieces of legislation			Complete
Due date	30 June 2022	Owner	Manager Corporate Governance
Treatment # 2.3 – Review the Internal Audit Procedure Manual			Not started
Due date	30 June 2024	Owner	Coordinator Risk and Audit
Treatment # 2.4 – Undertake a health check of the Corporate Procedure Register			Not started
Due Date	30 November 2025	Owner	Coordinator Governance

# Organisational Risk Register

November 2023



CITY OF  
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Risk #3	Failure to prevent fraudulent or corrupt activity		
Description	Failure to prevent fraudulent or corrupt activity leading to major financial loss, reputational loss, reduced sustainability or ability to achieve organisational objectives / projects.		
Organisational objective	Sustainable Operations 4.3	Risk category	Financial
Owner	Chief Executive Officer	Risk appetite	Zero
Delegate	General Manager City Operations General Manager Community Services	General Manager Corporate Services General Manager Strategy and Finance	
Causes	1. Inappropriate or ineffective internal controls (both preventative and detective) 2. Insufficient auditing of financial activity 3. Employees making decisions out of personal interest	4. Unclear policies and procedures 5. Ineffective management of conflicts of interest 6. Leaking of confidential and sensitive information	
Controls	1. Clear delegations and segregation of duties processes (E) 2. Procurement policies and procedures (PE) 3. Fraud and Corruption Policy (PE) 4. Internal financial controls (PE) 5. Internal and External Audits (PE) 6. Fraud Risk Assessment and Register (E)	7. Criminal history checks for employees (PE) 8. Employee Conduct Policy (PE) 9. Gifts and Benefits Register Procedure (PE) 10. Fraud Awareness Training for Corporate Leaders (PE) 11. Quarterly fraud reporting to ELT (PE) 12. Community safety assets (E) 13. FOB access, telematics and security (E)	
Assessment			
	Consequence	Likelihood	Risk Rating
Residual	Moderate	Possible	Medium
Target	Moderate	Unlikely	Medium
Treatments			
Treatment # 3.1 – Develop a Fraud Control Strategy / Framework			In progress
Due date	31 December 2023	Owner	Manager Corporate Governance
Treatment # 3.2 – Incorporate fraud controls in the Performance Management Procedure for senior management			Closed
Due date	31 October 2023	Owner	Manager People and Capability
Treatment # 3.3 – Integrate Fraud Risk Register into relevant departmental risk registers and review process			In progress
Due date	30 March 2024	Owner	Coordinator Risk and Audit
Treatment # 3.4 - Implement consistent Public Interest Disclosure training			In progress
Due date	30 June 2024	Owner	Manager People and Capability

# Organisational Risk Register

November 2023



CITY OF  
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Item 15.3

Attachment 2

Risk #4	Ineffective engagement with State, Federal and Local Government stakeholders		
Description	Inability to effectively advocate on behalf of the community to lobby Government to influence political decision, making informed decisions, achieve funding objectives or engage with stakeholders resulting in: <ul style="list-style-type: none"><li>• reduced resource/funding availability</li><li>• exclusions by sectors of community</li><li>* missed opportunity</li><li>• undermined strategic/corporate achievements</li><li>• reputational risks</li><li>• lack of community engagement</li><li>• misplaced criticism</li><li>• lack of grant funding</li><li>• unclear Council priorities</li></ul>		
Organisational objective	Future Capability 3.2	Risk category	Service Delivery
Owner	Chief Executive Officer	Risk appetite	Limited
Delegate	General Manager Strategy and Finance General Manager Community Services	General Manager City Operations General Manager Corporate Services	
Causes	1. Ineffective or lack of policy, planning and strategy - inclusive of stakeholder engagement 2. Inability to sustain and build relationships 3. Lack of community and public consultation, including participation 4. Ineffective partnering/partnerships and lost opportunity	5. Failure to identify key stakeholders that will aid in decision making and priority areas 6. Community groups not engaging with their lessor (Council) 7. Maturity levels of community groups - governing structures not sufficient to align with the significant investment from State Government and Council	
Controls	1. Eastern Region Alliance (E) 2. Community Engagement Consultation Policy (E) 3. Project Management Framework - requirement to engage with stakeholders (PE) 4. Regular Satisfaction Surveys (PE) 5. Media Policy (PE) 6. Community Grants Policy/External Grant Funding Policy (PE) 7. Local Government Association and LG Professionals SA (LGA) (E) 8. Monitor the Grants SA website (PE)	9. Centre led coordination by City Strategy Department for grant opportunities with monthly reporting to Elected Members by CEO (E) 10. All departments ensure grant opportunities are accessed (E) 11. Departmental participation and activity in relevant industry forums (E) 12. Relationship management with existing members and candidates of state and federal seats as well as other stakeholders, eg sporting clubs (PE) 13. Increased master planning and proactive approach for grant funding (PE)	
Assessment			
	Consequence	Likelihood	Risk Rating
Residual	Moderate	Possible	Medium
Target	Moderate	Possible	Medium
Treatments			
No treatments currently identified			

# Organisational Risk Register

November 2023



CITY OF  
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Risk #5	Poor organisational culture		
Description	Inability to identify and embed the corporate values leading to poor organisational culture, loss of productivity, loss of talent and missed innovative business opportunities		
Organisational objective	Sustainable Operations 4.2	Risk category	People and Safety
Owner	Chief Executive Officer	Risk appetite	Moderate
Delegate	General Manager Corporate Services		
Causes	<b>1. Inappropriate behaviour</b> 2. Breach of code of conduct 3. Fraud and Corruption 4. Failure to comply or respect Council's corporate values 5. Unclear legislative requirements 6. Lack of consistent direction, transparency and leadership	<b>7. Insufficient induction, training and information provided on roles and responsibilities</b> <b>8. Failure to work towards Council's common business goals</b> 9. Low employee morale and employee disengagement 10. Poor change management 11. Misalignment of values with key stakeholders 12. Poor external reputation	
Controls	1. Training and Induction (PE) 2. Internal Policies and Procedures (PE) 3. Individual Performance Planning (IPP) (PE) 4. Employee Conduct Policy (PE) 5. Wellbeing programs and access to Employee Assistance Program (PE) 6. Learning and development opportunities (PE) 7. Commitment to workplace diversity and inclusion (PE) 8. Promoting Council's values and behaviours (PE)	9. Regular Pulse Surveys, discussion with teams and associated actions by leaders (PE) 10. Clear employee value proposition (I) 11. Effective recruitment for culture alignment (PE) 12. Leadership development and workforce planning (PE) 13. Improved internal communications (PE) 14. Best practice change management processes (PE) 15. Reward and recognition (I) 16. Effective performance management (PE)	
Assessment			
	Consequence	Likelihood	Risk Rating
Residual	Moderate	Possible	Medium
Target	Minor	Unlikely	Low
Treatments			
Treatment # 5.1 – Implement leadership development programs			In progress
Due date	31 March 2024	Owner	Manager People and Capability
Treatment # 5.2 – Implement new recruitment strategy			In progress
Due date	31 January 2024	Owner	Manager People and Capability
Treatment # 5.3 – Launch new internal communications framework			In progress
Due date	30 June 2024	Owner	Manager Customer and Communications



# Organisational Risk Register

November 2023



CITY OF  
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Risk #6	Inappropriate elected member activities		
Description	Elected member display of inappropriate behaviour, making of promises outside of Council decision and providing conflicting advice from staff leading to loss of confidence by constituents and the wider community.		
Organisational objective	Sustainable Operations 4.1	Risk category	Reputational
Owner	Chief Executive Officer	Risk appetite	Low
Delegate	Manager Corporate Governance		
Causes	<ol style="list-style-type: none"> <li>1. <b>Inappropriate behaviour</b></li> <li>2. Breach of behavioural standards</li> <li>3. Incorrect advice provided to constituents</li> <li>4. Directing operational requests to immediate staff</li> <li>5. Insufficient induction, training and information provided on roles and responsibilities</li> </ol>	<ol style="list-style-type: none"> <li>6. Unclear legislative requirements</li> <li>7. Non-declaration of conflict of interest issues</li> <li>8. Conflicting operational advice and process provided to constituents</li> <li>9. <b>Leaking of confidential information to the media</b></li> </ol>	
Controls	<ol style="list-style-type: none"> <li>1. Elected Member induction and intensive training program - both mandatory and ongoing annual program (PE)</li> <li>2. Ongoing advice to address specific situations (PE)</li> <li>3. Open and transparent communication avenues provided to Elected Members (PE)</li> </ol>	<ol style="list-style-type: none"> <li>4. Elected Member Behavioural Management Policy and associated process for handling complaints (PE)</li> <li>5. Annual review of operation of EM Behavioural Management Policy effectiveness (PE)</li> <li>6. Local Government Act 1999 defines the role of elected members, member integrity and behaviour (PE)</li> </ol>	
Assessment			
	Consequence	Likelihood	Risk Rating
Residual	Moderate	Possible	Medium
Target	Minor	Unlikely	Low
Treatments			
No treatments currently identified			

# Organisational Risk Register

November 2023



CITY OF  
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Risk #7	Unsustainable employment model		
Description	Sustainability and agility of service delivery not planned and considered to meet the changing community expectations to operate in an environment of rapid change with current/traditional local government employment model, workforce mix and leadership.		
Organisational objective	Sustainable Operations 4.1	Risk category	People and Safety
Owner	Chief Executive Officer	Risk appetite	Moderate
Delegate	General Manager Corporate Services General Manager City Operations	General Manager Strategy and Finance General Manager Community Services	
Causes	1. <b>Workforce structure and job design not planned to adapt to changing needs</b> 2. Changing community expectations 3. Artificial Intelligence / automation changing job roles 4. External market pressures 5. Digital literacy of community members and changing approach to interaction with Council	6. <b>Skill and capability level of workforce and leadership</b> 7. <b>Insufficient training for changing job requirements</b> 8. Leadership that is unable to adapt to and operate in an environment of rapid change, i.e. moving technology	
Controls	1. People and Capability Strategy including <ul style="list-style-type: none"><li>Leadership development</li><li>Culture and engagement strategies</li><li>Performance Management</li><li>Learning and Development</li><li>Wellbeing</li><li>Strategic Workforce Planning and Change Management</li><li>Work Health and Safety (PE)</li></ul> 2. Robust recruitment process in place (PE) 3. Employee's received continuous feedback from their Corporate Leader (IPP's) (PE) 4. Qualifications are checked and sighted before commencement (PE)	5. Ongoing training and development programs are in place (PE) 6. Probationary periods are used to assess performance (PE) 7. Essential qualifications, skills and licenses are identified and checked as part of our health and safety processes (PE) 8. Fixed term contracts put in place for a number of roles (PE) 9. Flexible working arrangements (PE) 10. Opportunity and Service Reviews - Community Value Program (E)	
Assessment			
	Consequence	Likelihood	Risk Rating
Residual	Moderate	Possible	Medium
Target	Moderate	Unlikely	Medium
Treatments			
Treatment # 7.1 Implement new recruitment strategy			In progress
Due date	31 January 2024	Owner	Manager People and Capability
Treatment # 7.2 Implement HCM system to identify skills gaps and improve workforce planning			In progress
Due date	30 June 2024	Owner	Manager People and Capability
Treatment #7.3 Implementation of WHS&IM Plan 2024 - 2026			In progress
Due date	31 December 2026	Owner	Team Leader WHS & Injury Management
Treatment #7.4 Implement leadership development programs			In progress
Due Date	31 March 2024	Owner	Manager People and Culture

# Organisational Risk Register

November 2023



CITY OF  
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Item 15.3

Attachment 2

Risk #8	Inability to effectively attract and retain skilled and diverse staff		
Description	Inability to effectively attract and retain skilled and diverse staff in a competitive employment market		
Organisational objective	Sustainable Operations 4.1	Risk category	Reputational
Owner	Chief Executive Officer	Risk appetite	Low
Delegate	General Manager Corporate Services General Manager Strategy and Finance	General Manager City Operations General Manager Community Services	
Causes	1. Unclear business needs 2. Organisational restructuring and job role redesign 3. Lack of workforce succession planning 4. Labour market shortage of skilled candidates 5. Ageing workforce and loss through natural attrition 6. Failure to build a strong employer brand, ie reputation of Council as an employer	7. Culture not consistent with values and beliefs of Council 8. Promotional opportunities not offered/realised 9. Increased to staff workloads, poor morale and wellbeing 10. Inability to compensate to align to market expectations 11. Ineffective agency recruitment 12. Lack of social alignment 13. Lack of contemporary tools and systems 14. Lack of reward and recognition	
Controls	1. Strategic workforce planning and change management planning (PE) 2. Culture and engagement strategies (PE) 3. Promoting an internal and external strong employer brand (PE) 4. Ensuring salary and conditions competitive with similar organisations through EB Negotiations (PE)	5. Promotion of employee value proposition (PE) 6. Offer of professional development opportunities (PE) 7. Outsourcing of projects/use of external consultants (PE) 8. Flexible working arrangements (PE)	
Assessment			
	Consequence	Likelihood	Risk Rating
Residual	Moderate	Possible	Medium
Target	Minor	Possible	Medium
Treatments			
Treatment # 8.1 Adoption of the revised IT Services Asset Management Plan			In progress
Due date	29 February 2024	Owner	Manager IT Solutions
Treatment # 8.2 Implement leadership development programs			In progress
Due date	31 March 2024	Owner	Manager People and Capability
Treatment # 8.3 Implement revised marketing plan			In progress
Due date	31 March 2024	Owner	Manager Customer and Communications
Treatment # 8.4 Implement new recruitment strategy			In progress
Due date	31 January 2024	Owner	Manager People and Culture

## INFORMATION REPORT

### AUDIT & RISK COMMITTEE MEETING

06 December 2023

Office of the Chief Executive Officer

Internal Audit Agreed Actions Update - 'High' and 'Extreme' Risk Rated Actions (D23/93453)

#### Background

In accordance with the Audit & Risk Committee's Terms of Reference (clause 2.3), the Committee is responsible for monitoring the implementation of internal audit agreed actions.

At every Committee meeting, a status update is provided on outstanding 'high' or 'extreme' risk rated actions. All outstanding actions are reported biannually, with the last report presented at the 6 September 2023 meeting.

#### **'High' or 'Extreme' Risk Rated Agreed Actions**

The following internal audit reports have outstanding 'high' risk rated actions:

- a. Precinct Planning
- b. Strategic Asset Management
- c. Recycled Water
- d. Fraud Management

Precinct Planning	
Finding 1 – City Wide Spatial Plan	
Outstanding Action	Status
Scope and develop a City Plan Framework and action plan to guide the development of a City Plan	On track. Scoping has commenced. Internal stakeholder meetings have been scheduled for November
Finding 2 - Alignment	
Outstanding Action	Status
The Long-Term Financial Plan will include a principle that Council's Statutory Documents are in alignment with the City Plan and associated place making proposals	On track. This will be included in the Long-Term Financial Plan once the City Plan has been developed

Strategic Asset Management	
Finding 1 - Lack of asset management strategy to inform decision-making	
Outstanding Action	Status
Develop a Strategy Asset Management Project Plan	On track. Development of the Project Scope has commenced will be complete by 31 December 2023. Individual actions will be addressed in the project plan

Recycled Water	
Finding 1 - Outdated value proposition of the current scheme and unclear willingness of both the Council and the community to pay for sustainability	
Outstanding Action	Status
<ol style="list-style-type: none"> <li>1. Update and document the current system value proposition in-line with the current operating context</li> <li>2. A Multi-Criteria Analysis will be developed and will be applied to Option 3 of this Report</li> <li>3. Consultations should be undertaken to understand the willingness of both the Council and the community to pay for recycled water, which will form part of a wider consultation regarding sustainability</li> <li>4. Undertake additional investigations as required into alternative scheme options to inform the future water scheme business case development</li> </ol>	Not commenced. Due to a current vacancy, works are delayed until the appointment of Strategic Lead – Sustainability and Environment
Finding 2 - Current system performance constraints by bottlenecks, posing challenges in aligning it with future performance demands	
Outstanding Action	Status
<ol style="list-style-type: none"> <li>1. Document the updated KPIs for the recycled water scheme</li> <li>2. Align the KPIs with the CTTG's strategic objectives for the recycled water system and incorporate into ongoing performance monitoring</li> <li>3. Ensures a formal process is in place for ongoing assessment of water security and the drought resilience of the Council</li> <li>4. Collaborate with SA Water to align the CTTG's Recycled Water Strategy for water security with SA Water's Strategy, ensuring prudent investments by the State and the local community</li> <li>5. Develop a business case that will assess the sustainability of the various options in this Report and provide recommendations</li> </ol>	Not commenced. Due to a current vacancy, works are delayed until the appointment of Strategic Lead – Sustainability and Environment

Fraud Management	
Finding 1 – Increased fraud and corruption risk factors identified	
Outstanding Action	Status
Item 4 Performance Management Procedure for senior management staff and/or the position description will be updated to incorporate this recommendation.	Completed. Position description template has been updated to reflect this. Fraud risk identification has been captured in the reviewed Fraud and Corruption Policy. This Policy has been referenced in the Performance Management Procedure.

#### Attachments

N/A

#### Report Authorisers

Marley Marks Risk Officer	8397 7270
Alexandra Pukallus Coordinator, Risk & Audit	8397 7379
Ilona Cooper Manager Corporate Governance	8397 7310
Ryan McMahon Chief Executive Officer	8397 7297

# INFORMATION REPORT

## AUDIT & RISK COMMITTEE MEETING

06 December 2023

Office of the Chief Executive Officer

### 2023 Local Government Mutual Risk Scheme and Funds Highlights (D23/93754)

#### Purpose

To provide the Audit and Risk Committee a copy of the 2023 Local Government Mutual Risk Scheme and Funds Highlights for the City of Tea Tree Gully.

#### Background

Local Government Association of SA (LGASA) Mutual Services manages the Local Government Association Mutual Liability Scheme (LGAMLS) and the Local Government Association Workers Compensation Scheme (LGAWCS) as one entity. Services under the schemes are provided by Local Government Risk Services (LGRS) under a service agreement.

#### Discussion

Each year the Chief Executive Officer is presented with an overview of our membership from LGASA Mutual Services.

The Local Government Mutual Risk Scheme and Funds Highlights report (Attachment 1) provides key achievements and results from the following schemes:

- Mutual Liability Scheme (MLS)
- Asset Mutual Fund (AMF)
- Workers Compensation Scheme (WCS)

The report details valuable insights into the overall performance of the LGRS and Funds, along with key highlights and milestones achieved this financial year.

#### Attachments

1. [2023 Local Government Mutual Risk Scheme and Fund Highlights](#).....181

#### Report Authorisers

Item 15.5

Alexandra Pukallus Coordinator, Risk & Audit	8397 7379
Ilona Cooper Manager Corporate Governance	8397 7310
Ryan McMahon Chief Executive Officer	8397 7297





Mutual Services  
Local Government Association  
of South Australia



# City of Tea Tree Gully

ANNUAL MEMBER VALUE OF SCHEME & FUND MEMBERSHIP	\$1,040,421
--	-------------

2023 LOCAL GOVERNMENT MUTUAL RISK SCHEME & FUND HIGHLIGHTS



# 85%

Value being part of an industry-based self-managed Scheme & 72% are proud to be part of the SA Mutual Schemes.



# \$7.4m

Total LGAWCS and LGAMLS Risk Incentive Program funding allocated to Members since the program's inception.



# \$304m

Saved by Local Government being a Self-Insured employer.



# \$44.3m

Special Distributions returned to the sector to date.

**“Our Local Government Schemes continue to deliver outstanding value for money with stable contributions and a focus on delivering risk support tailored for the sector.”**

**Clinton Jury**  
CEO, Local Government Association



# Mutual Risk Schemes

## *Fostering collaboration & shared success*

Where collective efforts yield remarkable outcomes, South Australia’s Local Government Mutual Schemes stand as a shining example of shared vision and commitment. The self-insured, mutual model has successfully safeguarded 100% of South Australian Councils for nearly four decades, protecting their organisations, their people, and the community.

Drawing upon a deep understanding of the Local Government risk landscape, the Schemes invest and provide tailored support to Members, encompassing WHS & Risk advice, legal assistance, injury management, claims management and customised programs. By prioritising investment in customised risk mitigation programs, claim numbers and costs are actively reduced, allowing Members to take control of the cost of risk. This strong focus on risk prevention and mitigation is what sets this mutual model apart from traditional insurance and has delivered long-term financial stability.

Every year, independent Actuarial advice determines the target surplus that the Schemes must retain to cover projected future claim liabilities. A key benefit of the Schemes is that when the capital surplus exceeds projected requirements, the Board will return funds back to Members by way of Special Distributions and/ or allocations to the Risk Incentive Programs.

The remarkable performance of the Local Government Mutual Schemes is a testament to the power of collaboration and a shared commitment to continuous improvement. Working together, the mutual model empowers South Australian Councils to thrive and excel, creating a safer, more secure future for all.

City of Tea Tree Gully	
<div>\$1m</div> <div>LGAWCS Special Distribution to all Members in 2023/24.</div>	<div>\$35,072</div> <div>LGAWCS Special Distribution allocation to City of Tea Tree Gully in 2023/24.</div>
<div>\$500k</div> <div>LGAWCS allocation to the Risk Incentive program in 2023/24.</div>	
<div>\$17,536</div> <div>LGAWCS Risk Incentive Funds allocated to City of Tea Tree Gully in 2023/24.</div>	<div>\$19,532</div> <div>Member total Risk Incentive program balance (LGAWCS &amp; LGAMLS)</div>
<div>\$1m</div> <div>LGAAMF Performance Bonus</div>	<div>\$3,192</div> <div>City of Tea Tree Gully LGAAMF Performance Bonus</div>

Balances as at 28/09/2023

## In a volatile risk environment, *Members can turn to the proven reliability of the Mutual model*

The establishment of Local Government Mutual Schemes directly responded to the challenges faced by Councils with volatile risk portfolios and skyrocketing premiums under traditional placements. By pooling risk and embracing the Mutual model, Members access the collective strength of like-minded organisations, driving down costs and maximising efficiencies.

The strength of the Mutual Schemes have stood the test of time, consistently delivering the broadest protection and delivering financial security and predictability with long-term stable Membership contributions. The self-insured Schemes retain and manage claims risk and purchase reinsurance to cap potential losses and protect the funds. While reinsurance costs can be volatile, the mutual pool absorbs a significant portion of these increases, alleviating the burden on Members and generating substantial savings. Even amidst escalating costs and market failures in the global insurance market, Local Government Mutual Schemes and Funds remain steadfast, ensuring the continuity and resilience of the Local Governments' financial well-being.

### \$38.9m

Annual Scheme value  
of membership.



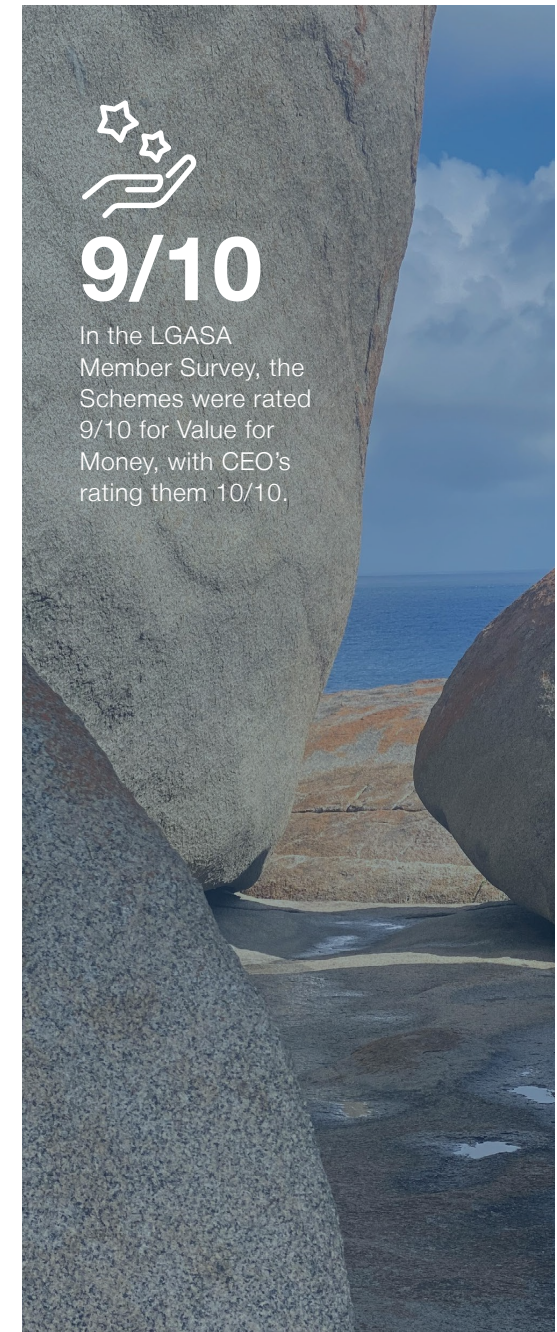
### \$25.9m

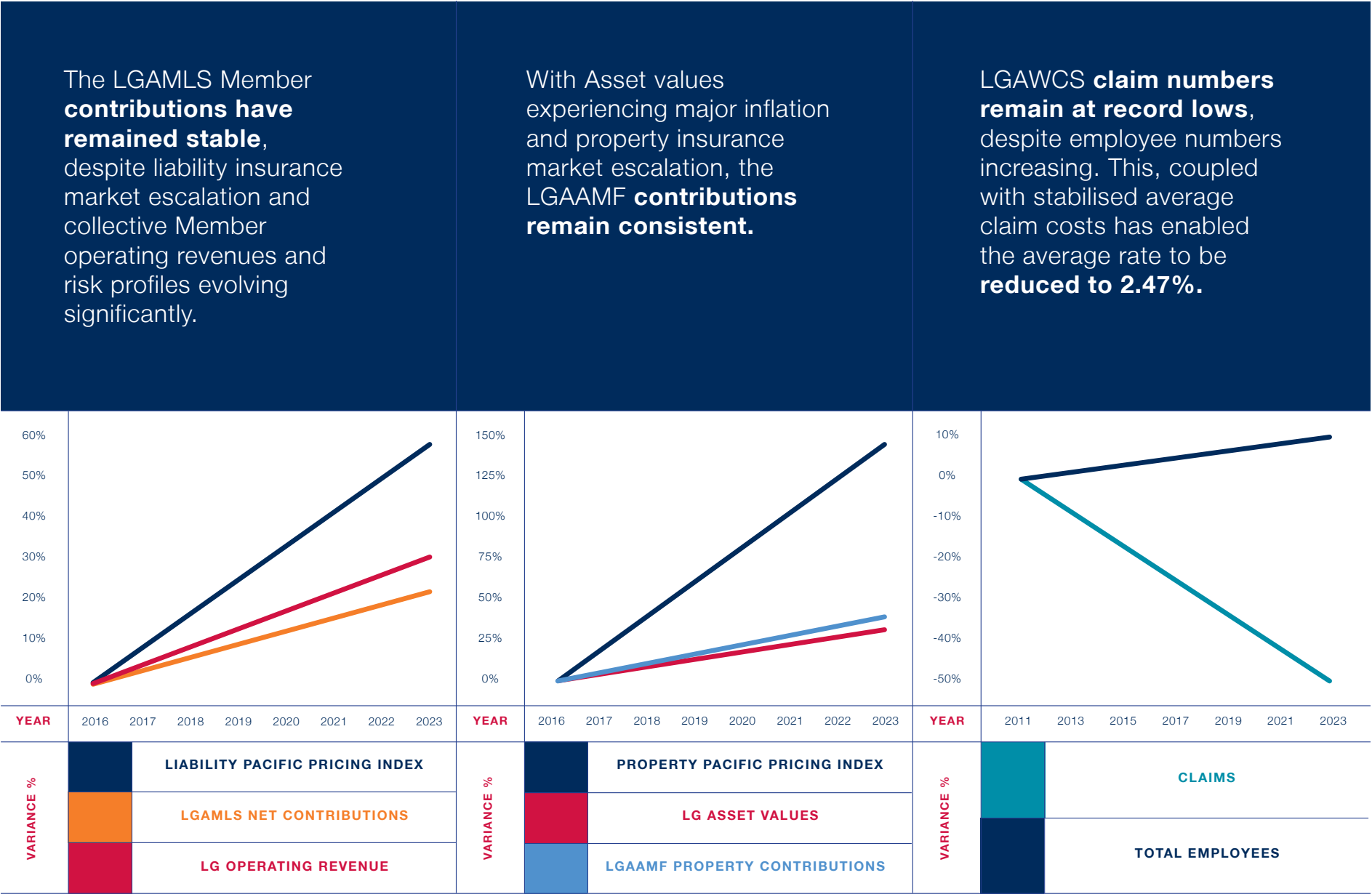
Estimated value of WHS  
& Risk management  
platforms & programs.



### \$73m

Since inception,  
LGIPF has paid in  
lost wages to support  
Member's employees.





**In an ever-changing risk environment, the LGAMLS and the Mutual model absorb the volatility of global liability insurance, providing annual contributions that remain stable, with increases significantly lower than those in the traditional market.**



#### **Extending State Government Treasurer's Indemnity**

This fortifies long-term security for Local Government. The LGAMLS intergovernmental alliance continue to safeguard Members' interests.



#### **Stable Member contributions**

In an ever-changing world, the LGAMLS absorb the volatility of the global liability insurance market, providing annual contributions that remain stable.



#### **Statutory Immunities**

The sector continues to successfully interpret and apply Statutory Immunities, with LG Statutory Immunities defending around 68% of all claims.



#### **Elected Member behavioural support**

Development of risk management framework Behavioural Standards Risk Management Service (BSRMS) that supports the new Elected Member Behaviour Standards.



#### **Emergency management**

Continued commitment to the iResponda Emergency Management framework and the LGA Functional Support Group.



#### **Effectively navigate regulatory requirements**

Provision of Legislative and Regulatory support from the Scheme and Legal panel.



#### **Best practice risk guidance**

The LGRS Member Centre offers tailored Best Practice Risk Guides for the sector, spanning topics like Playgrounds, Unsealed Roads, Event Management and more.



#### **Strategic risk support**

Continued expansion of the Strategic Risk services available to Members. Over 50 Members engaged in 2022/23.

### **LGAMLS CLAIM NUMBERS BY CAUSATION LAST 5 YEARS:**

**38%**

Environmental/Reserve

**4%**

Building/  
Property

**5%**

Leisure

**5%**

Prof.Services/  
Decisions

**23%**

Footpath & Nature Strip

**25%**

Roads



The LGAWCS continues to be focused on its commitment to ensuring all employees return home safely each day, delivering a range of sector programs to proactively address WHS risks.

92%

Claimants made a full Return to Work.

2.47%

Rate reduction from 2.51% in 2022/23 FY.

34%

of Councils will enjoy rates below 2.2%, following exceptional claims performance and 100% completion of WHS Action Plans.



Renewed Self-Insurance License

In September 2022, the LGASA successfully extended the RTWSA Self-Insurance license for a further 4 years.



438 new claims

This is a 4.5% increase on last year's record low.



Stabilising claim costs

Average claims cost has stabilised at around \$17,000 per claim. Notably, psychological claims remain 9% of total claims, with the cost of a claim 3 times higher than average.



Expansion of psychological support

The LGAWCS Mentally Healthy Workplace pilot program will expand from 8 pilot Members in FY2024, addressing an essential aspect of well-being.



New LG Safe WHS framework

The ongoing development of the new LG Safe WHS framework aims to enhance Member experience.



Employee Health initiatives

Through the Healthy Lifestyle Program, 4,400 Employee Health Checks and Skin Screenings have been funded.



Ageing & Work Health

A remarkable 38 Members are actively engaged in the Ageing & Work Health Program, with an upcoming focus on Noise Induced Hearing Loss (NIHL) in FY2024.



Continued risk programs

The LGAWCS continues to fund vital long-standing risk programs: Skytrust, ChemAlert, OHS Alert, certified First Aid Training, Vocam/ELMO, and Safety Leadership.

LGAWCS CLAIMS BY CAUSATION

38%

Body Stressing

7%

Mental Stress

6%

Hitting Objects

7%

Vehicle Incidents / Other

10%

Sound & Pressure

16%

Falls, Trips & Slips Of A Person

16%

Moving Objects



**The LGA Asset Mutual Fund protects Council assets worth over \$8.5b. To proactively address Member risks, the LGAAMF funds a range of financial, property, motor, cyber and waste management programs.**



#### Storm and weather events

The frequency and severity of weather-related events continues to impact Member assets with storm/flood-related water damage accounting for \$8.6m in property damage claims paid by the LGAAMF in the last 5 years.



#### Leading in cyber security

Members continue to receive funded Cyber Risk programs delivered by Cyber CX.



#### Local Government vulnerability

Members will continue to be offered the National Vulnerability program in 2023/24, building sector resilience, adaptability, preparedness and post-disaster recovery capability.



#### Hidden values

LGAAMF's asset valuation funding enables declared values to accurately represent replacement costs in the event of catastrophic loss, which face uncertainty due to sensitivity to inflation.



#### Fleet management

Introduction of the innovative LG Motor Fleet Risk Management Program, addresses increased claims and accidents, benchmarking safety performance and fostering improvement. Over 60% of motor claims are 'driver fault'.



#### Tackling environmental risks

In identifying and addressing higher fire and environmental risks associated with Waste Management Assets, the Waste Management Risk Profiling Program ensures sustainable protection for these asset types, promoting long-term security.



### LGAAMF CLAIMS BY CAUSATION OVER LAST 5 YEARS

**47%**

Storm, Tempest & Water Damage

**19%**

Impact Damage (9%) + Other (5%) + Machine/Computer Breakdown (3%) + Accidental (2%)

**9%**

Vandalism

**13%**

Fire, Explosion & Lighting

**12%**

Theft & Burglary





**The Local Government Income Protection Fund (LGIPF) enables Members to extend exceptional value for money, protection and benefits to their employees that could not be obtained in the market.**



**Lost wages coverage**

Since 2005, LGIPF has paid \$73m in lost wages to support its Members.



**Cost-effective coverage**

Despite rising claim costs, LGIPF has maintained comprehensive Income Protection coverage.



**Tailored Member benefits**

LGIPF provides specialised Member protection with low waiting periods and 100% loss of wages for up to 2 years.



**Employer of choice**

Income protection is a mutually beneficial arrangement that has enriched the financial well-being of employees and continues to be a tool Members can use to attract high-calibre candidates seeking stable careers and holistic benefits.

**3,325**

Employees who have benefited from the LGIPF support during times of financial need since inception.

**LGIPF CLAIMS BY CAUSATION LAST 5 YEARS**

**39%**

Injury & Trauma

**20%**

Musculoskeletal system/  
Connective tissue (9%)  
+ Other (11%)

**13%**

Psychological (10%)  
+ Respiratory  
system (3%)

**12%**

Cancers (10%) +  
Nervous system &  
sense organs (2%)

**12%**

Circulatory System  
(7%) + Digestive  
system (5%)

**4%**

Infectious  
/ Parasitic  
Disease



## Ranking key risks: *Local Government leaders' insights*

Every year, JLT Public Sector conducts a Key Risk Indicator Survey in collaboration with Local Government CEOs and General Managers across Australia. This survey aims to gain insights into the primary risks perceived by the sector's Mutual Scheme Members. As this initiative enters its sixth year, the sector's landscape has changed, influencing the key risk landscape.

A key benefit of the Mutual Schemes is the investment in proactive risk initiatives. There are lag indicators like claims from the sector, but importantly lead indicators like what is obtained through the Local Government Risk Report enable the Schemes to allocate risk funding and focus where it is most needed.

The diagram visually illustrates the shifts in top risk rankings between 2018 and 2022. This diagram showcases how risk priorities have evolved.



### TOP 5 RISKS RANKED OVER 5 YEARS

	2018	2019	2020	2021	2022
1.	FINANCIAL SUSTAINABILITY	FINANCIAL SUSTAINABILITY	FINANCIAL SUSTAINABILITY	FINANCIAL SUSTAINABILITY	FINANCIAL SUSTAINABILITY
2.	ASSETS & INFRASTRUCTURE	CYBER SECURITY	ASSETS & INFRASTRUCTURE	CYBER SECURITY	CYBER SECURITY
3.	NATURAL CATASTROPHES	NATURAL CATASTROPHES	DISASTER OR CATASTROPHE	ASSETS & INFRASTRUCTURE	ASSETS & INFRASTRUCTURE
4.	CYBER SECURITY	ASSETS & INFRASTRUCTURE	CYBER SECURITY	DISASTER OR CATASTROPHE	BUSINESS CONTINUITY
5.	BUSINESS CONTINUITY	BUSINESS CONTINUITY	BUSINESS CONTINUITY	BUSINESS CONTINUITY	DISASTER OR CATASTROPHE

# 2023 in focus: *Scheme Protection and Risk management solutions aligned with the Sectors Top Risks*

The subsequent sections unveil the concerns surrounding risk for Local Government, accompanied by an overview of Scheme protection, and risk management solutions for Member’s peace of mind.



	<b>RISK CONCERN</b>	<b>SCHEME/FUND PROTECTION</b>	<b>RISK MANAGEMENT BENEFITS FOR MEMBERS</b>
<b>1</b> 	<b>Financial Sustainability</b> The perennial 'number one risk' for the sector. Financial constraints to invest in the future and manage community expectations, being a common theme. The underlying factors vary greatly across the sector.	<ul style="list-style-type: none"> <li>• Mutual Schemes deliver certainty in periods of uncertainty with the most extensive protection in Australia.</li> <li>• Mutual Schemes that deliver consistency, reliability and predictability for financial planning purposes.</li> <li>• Performance Bonuses &amp; Special Distributions returned to the Members, unlike insurance where the Insurance companies retain the profits.</li> <li>• LGAWCS &amp; LGAMLS Risk Incentive Program enables Scheme Members strategic funding for various initiatives embodying proactive risk mitigation and resources.</li> </ul>	<ul style="list-style-type: none"> <li>• Risk &amp; WHS Specialists proactively working with members to maintain Workers Compensation Self-Insurance.</li> <li>• Consistent application of Civil liability immunities, mitigating Local Government exposure.</li> <li>• State Government support through the Treasurer's Indemnity.</li> <li>• Investment in funded Risk mitigation programs.</li> </ul>
<b>2</b> 	<b>Cyber, Theft, Fraud &amp; Crime</b> With high-profile attacks on organisations gaining personal client data, the focus is on how to protect constituent data.	<ul style="list-style-type: none"> <li>• Member protection against internal and external theft, fraud and crime, including cyber-crime.</li> <li>• LGAAMF Crime Cover new in 2022-23</li> <li>• Discretionary protection for Council IT Assets, including Cyber Security and Data Protection.</li> <li>• Protection that extends to reinstatement of data in the event of a Cyber breach.</li> <li>• Cyber and Data Security public relations expenses following a privacy breach.</li> </ul>	<ul style="list-style-type: none"> <li>• LGAAMF Members receive access to the Cyber CX Risk programs.</li> <li>• Phriendly Phishing Program - addressing phishing attacks through simulation and audit solutions.</li> <li>• Cyber Security Uplift Program - Cyber Risk Assessments and a new Cyber Penetration program.</li> </ul>
<b>3</b> 	<b>3. Assets &amp; Infrastructure</b> With the major disaster and catastrophic events in 2022 – the impact on aged infrastructure is a serious concern.	<ul style="list-style-type: none"> <li>• Discretionary asset protection for property, machinery, equipment, vehicles, technology assets and plant equipment.</li> <li>• Protection that includes Business Interruption in the event of direct physical loss or damage of property.</li> </ul>	<ul style="list-style-type: none"> <li>• Risk advice on critical asset protection in the event of an extreme weather event.</li> <li>• LGAAMF funded BCP's, Thermographic Inspections, Asset surveys.</li> <li>• Access to tailored Business Interruption programs.</li> <li>• Annual financial contribution towards Asset Valuations for all Members.</li> </ul>

	<b>RISK CONCERN</b>	<b>SCHEME/FUND PROTECTION</b>	<b>RISK MANAGEMENT BENEFITS FOR MEMBERS</b>
<b>4</b> 	<b>4. Business Continuity</b> <p>The events of the past three years have impacted Business Continuity. This has a domino effect on Council servicing the community.</p>	<ul style="list-style-type: none"> <li>Discretionary protection of all Council assets which extends to Business Interruption, including property and the reinstatement of critical services.</li> <li>Members receive broad civil liability protection, satisfying statutory obligations under the Local Government Act. Backed by the Treasurer's Indemnity.</li> </ul>	<ul style="list-style-type: none"> <li>Provision of Member specific risk consultants.</li> <li>LGAAMF funded BCP and Business Interruption Programs.</li> <li>Continued support for iResponda and Member access to the Local Government Vulnerability Programs.</li> </ul>
<b>5 &amp; 6</b> 	<b>5 &amp; 6. Disaster, Catastrophe &amp; Climate Change</b> <p>Catastrophic flooding events in 2022/23 have significantly impacted LGs across Australia. Communities have not been able to recover before a major event has occurred again and this is affecting Councils, as the unpredictability makes it difficult to develop and implement new policies and programs.</p>	<ul style="list-style-type: none"> <li>Members receive broad civil liability protection, satisfying statutory obligations under the LG Act. Backed by the Treasurer's Indemnity.</li> <li>LGAAMF Protection well beyond traditional insurance, including discretionary protection of Council assets.</li> </ul>	<ul style="list-style-type: none"> <li>Advocacy with key Government stakeholders to manage and retain the Treasurer's Indemnity.</li> <li>Representation on the LG Emergency Management Support Group.</li> <li>Management and delivery of iResponda and Community Resilience Program.</li> <li>National Local Government Vulnerability program to build resilience, adaptability, preparedness and post-disaster recovery.</li> <li>Crisis Recovery Counselling Service.</li> </ul>
<b>7</b> 	<b>7. Statutory &amp; Regulatory Requirements</b> <p>The continued shifting of responsibility to Local Government, along with new regulations present Councils with challenges to resource effectively.</p>	<ul style="list-style-type: none"> <li>LGAWCS engages safety regulators and monitors the legislative environment for changes.</li> <li>Council statutory liability protection with respect to WHS legislation.</li> <li>LGAMLS extends Professional Indemnity protection to Members.</li> </ul>	<ul style="list-style-type: none"> <li>Sector advocacy with key State Government Agencies and Regulators.</li> <li>Regulator engagement and advocacy.</li> <li>Legal advice provided from all Mutual Schemes.</li> <li>Access to Member specific Risk and Safety Advisors and access to Strategic Risk services.</li> </ul>

	<b>RISK CONCERN</b>	<b>SCHEME/FUND PROTECTION</b>	<b>RISK MANAGEMENT BENEFITS FOR MEMBERS</b>
<b>8</b> 	<b>HR Management</b> Challenges with attracting and retaining necessary skills, particularly in the regions. Ageing profile of the sector also is a factor.	<ul style="list-style-type: none"> <li>• LGAMLS extends Employment Practices liability protection to Members.</li> <li>• LGAWCS provides WHS, Risk and Legal advice as well as Claim and Injury Management services.</li> <li>• LGIPF enables Members to extend income protection to employees with benefits beyond what can be purchased.</li> <li>• LGAWCS Subsidised Pre-Employment Screening program introduced in 2023/24.</li> </ul>	<ul style="list-style-type: none"> <li>• Expert support and advice on WHS System development. Members can have staff trained to be certified WHS Practitioners.</li> <li>• Expert engagement of key stakeholders and regulators; RTWSA, Safework SA, Office of Technical Regulator, Risk &amp; Safety Consultants across the State.</li> <li>• Employee access to annual health checks and skin screening which now extends to Health and Well-being and funded First Aid training programs.</li> <li>• Access to Ageing &amp; Work Health program and support tools, including subsidised pre-employment testing.</li> <li>• LGAWCS Mentally Healthy Workplaces pilot program.</li> </ul>
<b>9</b> 	<b>Waste / Environmental Management</b> The ability to manage waste and meet community expectations surrounding managing waste environmentally are a concern for Council.	<ul style="list-style-type: none"> <li>• Civil liability protection for Members with claims emanating from environmental and landfill related contamination.</li> <li>• Civil liability protection for sudden and accidental pollution protection</li> <li>• Council Premises statutory liability protection for loss arising from Environmental Pollution.</li> </ul>	<ul style="list-style-type: none"> <li>• Scheme Advocacy with key stakeholders like the EPA and DIT.</li> <li>• Risk management advice on climate adaptation and critical asset protection.</li> <li>• LGAWCS funded provision of ChemAlert.</li> <li>• LGAMLS &amp; LGAAMF – funded provision of the Waste Management Risk Profiling Program.</li> </ul>
<b>10</b> 	<b>Ineffective Governance</b> Presents Local Government with challenges with potential to impact many aspects of operations, including Elected Member behaviour, financial and procurement controls and regulatory oversight.	<ul style="list-style-type: none"> <li>• Members receive broad civil liability protection, satisfying statutory obligations under the LG Act. Backed by the Treasurers Indemnity.</li> <li>• The LGAMLS &amp; LGAWCS provide members with complimentary support and advice on governance and regulatory matters that present a risk or potential claim to Members.</li> </ul>	<ul style="list-style-type: none"> <li>• Risk advice and advocacy with regulators.</li> <li>• Support and training provided on WHS compliance, including Due Diligence training.</li> <li>• Coordination of Local Government WHS and Risk Forums to enable best practice sharing.</li> <li>• Provision of funded Mock Court Simulations.</li> <li>• Access to the LGRS Elected Member Behavioural Risk Management service to proactively respond to issues that may give rise to a risk or claim.</li> </ul>



# Member Centre

The LGRS Member Centre is an interactive knowledge hub for your risk management needs. It offers you exclusive Member-only access to claims performance, history and lodgement; all you cover details; and risk management information, tools and resources.

Login via [lgrs.com.au](https://lgrs.com.au)

Our team possesses multifaceted industry knowledge and a deep understanding of Local Government. We are dedicated to working closely with you, offering a comprehensive range of services and customised risk solutions. With a client-first philosophy at our core, we leverage our expertise to guide your path forward and address your evolving needs with tailored solutions.

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For all details regarding the cover provided to Members of the Mutual Risk Schemes, refer to the Scheme Rules for the LGA Workers Compensation Scheme, LGA Mutual Liability Scheme, LGA Asset Mutual Fund and LG Income Protection Fund Scheme, the JLT Risk Solutions Product Disclosure Statement (PDS) (for the LG Income Protection Fund Scheme) or contact your LGRS Representative.

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LCPA: 23/435

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LOCAL GOVERNMENT RISK SERVICES



# INFORMATION REPORT

## AUDIT & RISK COMMITTEE MEETING

06 December 2023

### Strategy & Finance

#### First Quarter Budget Review for Financial Year Ending 30 June 2024 (D23/96958)

Council considered and endorsed the First Quarter Budget Review Report on 28 November 2023. This report is included as Attachment 1.

The First Quarter Budget Review has been developed to balance the budget and align with key financial principles, ensuring that any new operating or capital initiatives are **funded, where possible, with no increase to Council's net financial liabilities**. The movement of \$658k in operating surplus was attributable to the below.

<b>Net Operating Movements</b>	<b>\$'000s</b>
Timing correction for Financial Assistance Grant	1,000
Movement between Operating and Capital Expenditure	(342)
<b>Total Net Operating Movements</b>	<b>(658)</b>

Council passed the following resolution on 28 November 2023:

#### 12.4 Quarter One Budget Review for Financial Year Ending 30 June 2024 (D23/93484)

That Council adopts the Quarter One Budget Review for the period 1 July 2023 to 30 June 2024, as detailed in Attachment 1 and 2 of the report entitled **"Quarter One Budget Review for Financial Year Ending 30 June 2024"** and dated 28 November 2023 which reflects a revised forecast surplus of \$5.395m.

#### Attachments

1. [Quarter One Budget Review for the Financial Year Ending 30 June 2024](#).....199

#### Report Authorisers

Item 15.6

Stuart Simpson	
Team Leader Financial Accounting	8397 7308
Rebecca Baines	
Manager Finance & Rating Services	8397 7362
Justin Robbins	
General Manager Strategy & Finance	8397 7444



REPORT FOR

**COUNCIL MEETING**

MEETING DATE

**28 NOVEMBER 2023**

RECORD NO:

**D23/93484**

REPORT OF:

**STRATEGY & FINANCE**

TITLE:

**QUARTER ONE BUDGET REVIEW FOR FINANCIAL YEAR  
ENDING 30 JUNE 2024****PURPOSE**

**To consider Council's financial performance as at 30 September 2023 and to consider budget variations for the 2023-24 financial year based on the most recent forecasts.**

**RECOMMENDATION**

**That Council adopts the Quarter One Budget Review for the period 1 July 2023 to 30 June 2024, as detailed in Attachment 1 and 2 of the report entitled "Quarter One Budget Review for Financial Year Ending 30 June 2024" and dated 28 November 2023 which reflects a revised forecast surplus of \$5.395m.**

## 1. BACKGROUND

To comply with the requirements of the Local Government (Financial Management) Regulations 2011 under the Local Government Act 1999 (the 'Act') Regulation 9, the Budget Reviews, including the Quarter One Budget Review, have been scheduled to be undertaken as at 30 September (Quarter 1), 31 December (Quarter 2), 31 March (Quarter 3) and presented to the Council meetings scheduled in November 2023, March 2024 and May 2024.

Pursuant to section 123 (2)(b) of the Act, each budget review of Council prepared under the Act must, in order to ensure that a direct comparison can be made between the budget and actual outcomes, include the following documents:

- (a) a budgeted income statement, balance sheet, statement of changes of equity and statement of cash flow, presented in a manner consistent with the Model Financial Statements;
- (b) stating whether projected operating income is sufficient to meet projected operating expenses for the relevant financial year;
- (c) a summary of operating and capital investment activities presented in a manner consistent with the note in the Model Financial Statements entitled Uniform Presentation of Finances; and
- (d) estimating with respect to the Council's operating surplus ratio, asset sustainability ratio and net financial liabilities ratio. Presented in a manner consistent with the note in the Model Financial Statements entitled Financial Indicators.

Since the adoption of the 2023-24 Annual Budget on the 27 June 2023, Council has resolved the following matters that have been included in the Quarter One Budget Review:

11 July 2023

### **12.1 Outcomes of engagement on the Wynn Vale Dam draft concept plan and draft amended Community Land Management Plan (D23/39299)**

That Council having considered the report titled "Outcomes of engagement on the Wynn Vale Dam draft concept plan and draft amended Community Land Management Plan" and dated 11 July 2023:

- 5. Endorses the allocation of \$65k from the Projects with Grant Funding budget line in the Annual Business Plan for 2023-2024 financial year for the installation of shade sails.

25 July 2023

### **22.1 Civic Park Changing Places development (D23/50236)**

That Council, having considered the report titled “Civic Park Changing Places Development” and dated 25 July 2023 do not proceed with the 2022-23 Annual Business Plan project titled “Accessible adult change table facility – Civic Park, Modbury”, and that:

- a. The unspent budget allocated for this project be returned to the 2023-24 financial year budget

10 October 2023

### **11.3 Outcomes of Application to the Power Line Environment Committee to underground power lines in the Tea Tree Gully Township (D23/79145)**

That Council, having considered the report titled “Outcomes of application to the Power Line Environment Committee to underground power lines in the Tea Tree Gully Township” dated 10 October 2023:

2. Endorses the allocation of \$552,261 from the FYE 2024 Capital Works Project, Projects to be Grant Funded (to be determined) for Stage 1A

## **2. DISCUSSION**

### **2.1 Analysis of financial performance as at 30 September 2023**

#### **2.1.1 Operating**

As at 30 September 2023, the operating result is favourable by \$568k in comparison to the year to date budget. The year to date budget incorporates changes proposed for the Quarter One Budget Review. The favourable variance is represented by a year to date operating surplus of \$71.680m in comparison to the year to date budget of \$71.112m.

The following table provides a summary of the year to date key operating result in comparison to the year to date budget.

**Table 1: YTD Statement of Comprehensive Income as at 30 September 2023**

	FY2023 Actuals	YTD September Actuals	YTD September Budget	YTD September Variance Fav / (Unfav)
	\$'000	\$'000	\$'000	\$'000
<b>INCOME</b>				
Rates	85,581	91,967	91,871	96
Statutory Charges	1,972	709	664	45
User Charges	4,402	627	577	50
Grants & Subsidies	9,009	892	948	(56)
Investment Income	753	218	210	8
Reimbursements	113	17	22	(5)
Other Revenues	2,234	1,632	1,705	(73)
<b>TOTAL INCOME</b>	<b>104,064</b>	<b>96,060</b>	<b>95,997</b>	<b>64</b>
<b>EXPENSES</b>				
Employee Costs	35,972	9,371	9,973	601
Materials, Contracts & Other Expenses	41,920	10,245	10,490	245
Finance Charges	261	69	68	(1)
Depreciation	16,258	4,695	4,354	(341)
<b>TOTAL EXPENSES</b>	<b>94,411</b>	<b>24,380</b>	<b>24,884</b>	<b>504</b>
<b>OPERATING SURPLUS / (DEFICIT)</b>	<b>9,653</b>	<b>71,680</b>	<b>71,112</b>	<b>568</b>
Net Gain/(Loss) on Disposal or Revaluation of Assets	(2,530)	(1)	(1)	(0)
Capital Grants	4,955	1,088	1,088	(0)
Capital Contributions	161	180	110	(69)
<b>NET SURPLUS / (DEFICIT)</b>	<b>12,239</b>	<b>72,947</b>	<b>72,310</b>	<b>637</b>

### 2.1.2 Key Variances YTD

#### Summary of Key Income Variances

- Rates income is favourable by \$96k due to the take up of discretionary rate rebates and mandatory rebates applied to the end of September 2023.
- Other variances are timing related

#### Summary of Key Expenditure Variances

- Employee Costs is favourable by \$601k due to vacant positions. A review of these savings will be undertaken as part of the Quarter Two budget review, with savings redirected to emerging priorities and expenditure categories experiencing cost pressures.
- Materials, Contracts and Other expenditure is favourable by \$245k. The variance relates to the timing of contractor and materials payments across Verge Maintenance, Aquatic Programs & Recreation, Stormwater Management, and Arboriculture. The timing of these budget lines has been adjusted to better reflect the anticipated expenditure.
- The annual forecast for depreciation will be \$1.35m greater than the original budget due to the asset revaluation during 2022-23, but was not completed before the original budget was adopted. As previously outlined, it is proposed to address the uplift in depreciation within in the long-term financial plan and future budgets through an additional 1% rate increase over CPI.

## 2.2 Quarter One Budget Review

The First Quarter Budget Review has been developed to balance the budget and align with key financial principles, ensuring that any new operating or capital initiatives are funded, where possible, with no increase to Council's net financial liabilities.

The First Quarter Budget Review for the year ending 30 June 2024 forecasts a revised operating surplus of \$5.395m, which represents a decrease of \$658k compared to the Original Budget.

**Table 2: Operational Surplus Movement Reconciliation**

Net Operating Movements	\$'000s
Timing correction for Financial Assistance Grant	1,000
Movement between Operating and Capital Expenditure	(342)
<b>Total Net Operating Movements</b>	<b>(658)</b>

**Table 3: Proposed First Quarter Budget Review in comparison to Original Budget**

	FY2024 Original Budget	Proposed Budget	Variance to Original Budget
	\$'000	\$'000	\$'000
<b>INCOME</b>			
Rates	92,070	92,070	0
Statutory Charges	2,605	2,605	0
User Charges	3,575	3,578	3
Grants & Subsidies	6,728	5,892	(836)
Investment Income	20	225	205
Reimbursements	88	88	0
Other Revenues	1,671	3,042	1,371
<b>TOTAL INCOME</b>	<b>106,757</b>	<b>107,501</b>	<b>743</b>
<b>EXPENSES</b>			
Employee Costs	39,553	39,607	54
Materials, Contracts & Other Expenses	43,185	44,612	1,428
Finance Charges	550	470	(80)
Depreciation	17,416	17,416	0
<b>TOTAL EXPENSES</b>	<b>100,704</b>	<b>102,105</b>	<b>1,401</b>
<b>OPERATING SURPLUS / (DEFICIT)</b>	<b>6,054</b>	<b>5,395</b>	<b>(658)</b>
Net Gain/(Loss) on Disposal or Revaluation of Assets	1,055	4,995	3,940
Capital Grants	5,868	21,490	15,623
Capital Contributions	14,474	2,245	(12,229)
<b>NET SURPLUS / (DEFICIT)</b>	<b>27,450</b>	<b>34,126</b>	<b>6,676</b>

### Summary of Key Income Adjustments

#### **Grants & Subsidies**

- A total reduction of \$836k has been made to grants which consists of
  - A \$164k increase in community service grants, offset by a corresponding increase in expenditure.
  - A reduction of \$1m due to the timing of the payment of the Financial Assistance Grant. Payment of the entire 2023-2024 grant received in June 2023 and resulted in a higher end of year than forecast.

#### **Investment Income**

- A budget increase of \$205k due to higher interest being received on the grants received in advance for the Strategic Building Program. The interest earned has been transferred into the capital project, Building Future Project Fund, to assist in funding the Strategic Building Projects.

#### **Other Revenues**

- \$458k increased due to the accounting treatment for waste rebates, there is a corresponding increase in expenditure resulting in a net zero change to the budget.
- \$780k increase relating to income received from sale of plant and equipment surplus to requirements. The sale is the result of a plant and fleet review following the divestment of the Community Wastewater Management System and restructure of Road Reconstruction team.

### Summary of Key Expenditure Adjustments

#### **Materials, Contracts & Other Expenses**

- The increase of \$1.4m is predominately the offset of the income increases outlined above.

#### **Finance Charges**

- Interest charges forecast has reduced by \$80k as borrowings are expected to be lower than forecast. The majority of expenditure on the Strategic Building Program will be funded via the grant monies received in advance. The savings in interest has been transferred to the Building Future Project Fund.

### Summary of Statement of Financial Position Adjustments

#### **Long Term Borrowings**

- Decrease of \$17m due to Grant funding received during 2021-22 that will not be used for the strategic projects until the financial year 2024-25. The reduction is offset by an increase in Revenue Received in Advance which is included in Trade & Other Payables.



## 2.3 Capital Works Program

The following table represents the proposed changes for the Quarter One Budget Review.

**Table 4: Capital Works Program Summary of Changes**

Capital Works Summary	Revenue \$'000s	Expenditure \$'000s	Net \$'000s
Original Budget	21,397	59,307	37,910
Council Resolutions	-	-	-
Adjustment from Operating	-	342	342
Carry Overs from 2022/23	3,384	11,335	7,951
Quarter One Budget Review Adjustments	10	10	(0)
<b>Proposed Quarter One Budget Review</b>	<b>24,790</b>	<b>70,994</b>	<b>46,203</b>

For a breakdown of the Quarter One Budget Review Adjustments see Table 5 below.

### 2.3.1 Capital Works Program Adjustments

It is proposed to increase project expenditure by \$11.687m from \$59.307m to \$70.994m.

This is as a result of:

- The inclusion of funding for 2022-23 Carry Forward Projects which were not completed in FYE 23 (**Attachment 2**).
- Movement from the operating budget

During the Quarter One period, Council passed several resolutions (outlined in Table 5 below) reallocating funds from one project to another. The result of this is no change to the total program.

**Table 5: Summary of Quarter One Budget Review Capital Program Adjustments**

Quarter One Budget Review Adjustments	Revenue Proposed Q1 Budget Adjustment	Expenditure Proposed Q1 Budget Adjustment	Net
	\$'000	\$'000	\$'000
<b>Council Resolutions</b>			
Wynn Vale Dam Open Space Upgrades	-	65	65
PLEC Stage 1A - North East Road	-	552	552
Accessible Adult Change Table Facility, Civic Park, Modbury	-	(169)	(169)
Projects to be Grant Funded (to be determined)	-	(448)	(448)
<b>Total Council Resolutions</b>	-	-	<b>0</b>
<b>Adjustments from Operating</b>			
Building future project fund	-	285	285
Smart Road verge uplift	-	63	63
Accessible Adult Change Table Facility, Civic Park, Modbury	-	(6)	(6)
<b>Total Adjustments from Operating</b>	-	<b>342</b>	<b>342</b>
<b>Quarter One Budget Review Adjustments</b>			
Projects to be Grant Funded (to be determined)	-	(85)	(85)
Grand Junction Road Streetscape Upgrade, Hope Valley	-	70	70
SADNA and Golden Grove Tennis Club-Lighting Upgrade	-	32	32
Sporting Buildings - 2023 Carry over projects	-	(20)	(20)
Tree Screen - The Golden Way (20 Neuville Court to 4/3	-	70	70
Tree Screen - Ladywood Road (8 Hovea Court to 1	-	80	80
2023 - Keyless Building Access	-	100	100
Road Reconstruction Funding - to be allocated	-	(24)	(24)
Reseal Preparations for 22-23	-	(28)	(28)
Community Buildings - 2023 carry over projects	-	52	52
Traffic Management Treatments - General various improvements	-	(152)	(152)
Asset Management Plan Renewals - Community Buildings	-	(52)	(52)
Sports lighting renewal projects to address non-compliant	-	(16)	(16)
Outdoor Furniture Projects - Various	-	56	56
City Beautification Projects - Contingency	-	(180)	(180)
Keyless Entry Program	-	(100)	(100)
New Footpaths Funding - Various - to be determined	-	39	39
Traffic Management Treatments-various	-	135	135
Road Cycle Safety Centre-Shade Structure and plaque	10	33	23
<b>Total Quarter One Budget Review Adjustments</b>	<b>10</b>	<b>10</b>	<b>0</b>
<b>Proposed Quarter One Budget Review Adjustments</b>	<b>10</b>	<b>352</b>	<b>342</b>

Below is the table summarising the Capital Works Program adjustments by project category.

**Table 6: Capital Works Program Adjustments and Carry Overs by Category**

Project Category Description	Revenue				Expenditure				Net
	FY2024 Original Budget	Proposed Budget Adjustment	Carry Forward Adjustment	FY2024 Revised Budget	FY2024 Original Budget	Proposed Budget Adjustment	Carry Forward Adjustment	FY2024 Revised Budget	
Road Reconstruction / Renovation	-	-	-	-	930	(0)	381	1,311	1,311
Road Resealing and Renovation	-	-	-	-	2,620	(0)	708	3,328	3,328
Roads to Recovery	-	-	-	-	789	-	-	789	789
Re-Sheeting Unsealed Roads	-	-	-	-	111	-	-	111	111
New Footpath and DDA Upgrades	-	-	-	-	1,937	0	348	2,285	2,285
Unsealed Footpaths	-	-	-	-	400	0	89	489	489
Bridge Renewal	-	-	77	77	-	-	-	-	(77)
Lighting	282	0	(226)	56	918	0	31	949	893
Water and Drainage	-	(0)	75	75	1,419	0	383	1,802	1,727
Traffic Management and Signage	-	0	410	410	940	-	427	1,368	958
Sporting, Park and Playground Upgrades	2,362	10	485	2,857	5,100	148	748	5,996	3,140
City Beautification Works	1,153	0	1,012	2,164	4,385	622	605	5,612	3,447
Capital Buildings Renewal	-	(4)	141	137	1,368	(20)	444	1,791	1,654
Capital Buildings New /Upgrades	20	4	103	127	2,280	135	3,548	5,963	5,836
Strategic Building Projects	16,423	(0)	868	17,292	30,140	(533)	3,437	33,044	15,752
Environmental Projects	-	-	439	439	200	0	193	393	(46)
Information Technology	-	-	-	-	2,881	0	86	2,967	2,967
Other	1,156	-	-	1,156	2,889	-	(93)	2,796	1,640
<b>Total Capital Works Program 2023-24</b>	<b>21,397</b>	<b>10</b>	<b>3,384</b>	<b>24,790</b>	<b>59,307</b>	<b>352</b>	<b>11,335</b>	<b>70,994</b>	<b>46,203</b>

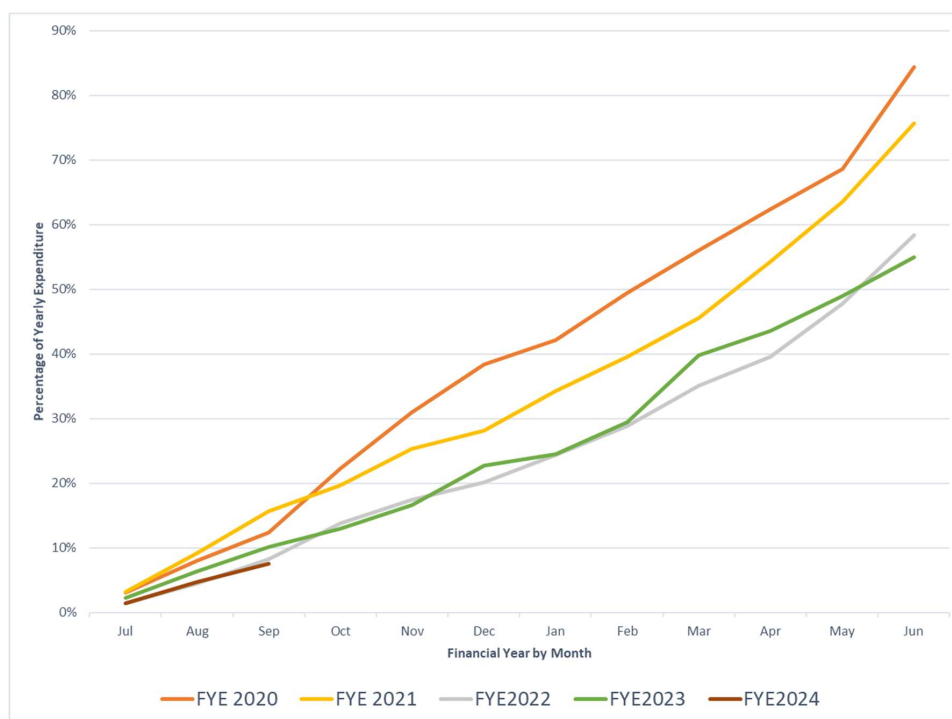
**2.3.2 Capital Works Carried Over / Carried Back**

It is proposed to incorporate a total of \$11.335m of expenditure and \$3.384m of income from projects not completed during 2022-23. These carry overs/carry backs also include several reductions in budgets where funds are essentially 'brought back' into the prior year.

Details of the proposed Capital Works Program Quarter One Budget Review Carried Forward projects can be found in **Attachment 2**.

### Capital Works Program Expenditure to September 2023

The graph below compares the YTD capital spend ratio (capital expenditure/total year capital expenditure), with comparisons to previous years.



### 3. FINANCIAL

The Quarter One Budget Review forecasts an operating surplus of \$5.395m in comparison to the original budget adopted by Council on 27 June 2023 which forecast an operating surplus of \$6.054m.

Details of these variances and the forecast operating result for the Quarter One Budget Review are provided in the discussion section of this paper.

### 4. STRATEGIC OBJECTIVES

#### Strategic Plan

The Quarter One Budget Review supports the City of Tea Tree Gully's 2025 Strategic Plan.

### 5. LEGAL

The LGA recommended budget reporting framework consistent with the requirement in Regulation 9(1b) of the *Local Government (Financial Management) Regulations 2013* consists of budget performance information reporting consisting of three types of reports:

1. Budget Update (at least twice per FY);
2. Mid-year Budget Review (once per FY); and
3. Report on Financial Results (one report after completion and audit of annual financial statements for the previous FY).

## **6. RISK – IDENTIFICATION AND MITIGATION**

The budget review considers risks in accordance with the Annual Business Plan (ABP), when projects/initiatives are assessed.

## **7. ACCESS AND INCLUSION**

The budget review considers access and inclusion in accordance with the Annual Business Plan (ABP), when projects/initiatives are assessed.

## **8. SOCIAL AND COMMUNITY IMPACT**

The budget review is one of a number of measures that allows the community to assess the performance delivery of services against the ABP.

## **9. ENVIRONMENTAL**

The budget review considers the impact on the environment, in accordance with the ABP, when projects/initiatives are assessed.

## **10. ASSETS**

The budget review considers the impact of assets in accordance with the ABP, when projects/initiatives are assessed.

## **11. PEOPLE AND WORK PLANS**

The proposed budget revision includes the resources required for Council to achieve the level of service delivery outlined in the *ABP for 2023-24*.

## **12. COMMUNITY AND STAKEHOLDER ENGAGEMENT**

Not applicable for this report. Community Engagement was undertaken on the ABP and Budget for FYE 2023.

**13. COMMUNICATIONS OF COUNCIL DECISION**

Any significant impacts will be communicated through the Strategic Marketing and Communications Department using appropriate tools.

**14. INTERNAL REPORT CONSULTATION**

All Managers have been consulted to develop the Quarter One Budget Review.

**Attachments**

1. Q1BR 2023-24 Financial Statements
2. 2023-2024 Capital Works Program

**Report Authorisers**

Stuart Simpson	
Team Leader Financial Accounting	8397 7308
Rebecca Baines	
Manager Finance & Rating Services	8397 7362
Justin Robbins	
General Manager Strategy & Finance	8397 7444



## City of Tea Tree Gully

### First Quarter Budget Review for the financial year ending 30 June 2024

Statement of Comprehensive Income  
Balance Sheet  
Statement of Changes in Equity  
Statement of Cash Flows  
Uniform Presentation of Finances  
Borrowings / Investments  
Key Financial Performance Indicators

## Statement of Comprehensive Income

CITY OF TEA TREE GULLY

FOR THE YEAR ENDING 30 JUNE 2024

	FY2023 Actuals	YTD September Actuals	YTD September Budget	YTD September Variance Fav / (Unfav)	FY2024 Original Budget	Proposed Budget	Variance to Original Budget
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>INCOME</b>							
Rates	85,581	91,967	91,871	96	92,070	92,070	0
Statutory Charges	1,972	709	664	45	2,605	2,605	0
User Charges	4,402	627	577	50	3,575	3,578	3
Grants & Subsidies	9,009	892	948	(56)	6,728	5,892	(836)
Investment Income	753	218	210	8	20	225	205
Reimbursements	113	17	22	(5)	88	88	0
Other Revenues	2,234	1,632	1,705	(73)	1,671	3,042	1,371
<b>TOTAL INCOME</b>	<b>104,064</b>	<b>96,060</b>	<b>95,997</b>	<b>64</b>	<b>106,757</b>	<b>107,501</b>	<b>743</b>
<b>EXPENSES</b>							
Employee Costs	35,972	9,371	9,973	601	39,553	39,607	54
Materials, Contracts & Other Expenses	41,920	10,245	10,490	245	43,185	44,612	1,428
Finance Charges	261	69	68	(1)	550	470	(80)
Depreciation	16,258	4,695	4,354	(341)	17,416	17,416	0
<b>TOTAL EXPENSES</b>	<b>94,411</b>	<b>24,380</b>	<b>24,884</b>	<b>504</b>	<b>100,704</b>	<b>102,105</b>	<b>1,401</b>
<b>OPERATING SURPLUS / (DEFICIT)</b>	<b>9,653</b>	<b>71,680</b>	<b>71,112</b>	<b>568</b>	<b>6,054</b>	<b>5,395</b>	<b>(658)</b>
Net Gain/(Loss) on Disposal or Revaluation of Assets	(2,530)	(1)	(1)	(0)	1,055	4,995	3,940
Capital Grants	4,955	1,088	1,088	(0)	5,868	21,490	15,623
Capital Contributions	161	180	110	(69)	14,474	2,245	(12,229)
<b>NET SURPLUS / (DEFICIT)</b>	<b>12,239</b>	<b>72,947</b>	<b>72,310</b>	<b>637</b>	<b>27,450</b>	<b>34,126</b>	<b>6,676</b>



**Balance Sheet**

CITY OF TEA TREE GULLY

FOR THE YEAR ENDING 30 JUNE 2024

	FY2023 Actuals	YTD September Actuals	FY2024 Original Budget	Proposed Budget	Variance to Original Budget
ASSETS	\$'000	\$'000	\$'000	\$'000	\$'000
Current Assets					
Cash & Cash Equivalents	18,337	26,314	870	870	0
Trade & Other Receivables	5,744	67,431	4,793	5,794	1,001
Inventories	127	117	43	43	0
Non Current Assets Held For Sale	512	512	0	0	0
Total Current Assets	24,720	94,374	5,706	6,707	1,002
Non-Current Assets					
Other Non-Current Assets	13,682	19,051	27,202	27,202	0
Infrastructure, Property, Plant & Equipment	1,795,349	1,790,595	1,732,751	1,876,533	143,783
Total Non-Current Assets	1,809,031	1,809,646	1,759,953	1,903,735	143,783
<b>TOTAL ASSETS</b>	<b>1,833,751</b>	<b>1,904,020</b>	<b>1,765,659</b>	<b>1,910,442</b>	<b>144,784</b>
LIABILITIES					
Current Liabilities					
Trade & Other Payables	29,506	26,742	12,227	15,137	2,910
Short Term Provisions	3,725	3,825	4,455	4,455	0
Total Current Liabilities	33,231	30,568	16,682	19,592	2,910
Non-Current Liabilities					
Long Term Borrowings	0	0	18,491	1,394	(17,097)
Long Term Provisions	684	682	507	507	0
Total Non-Current Liabilities	684	682	18,998	1,901	(17,097)
<b>TOTAL LIABILITIES</b>	<b>33,915</b>	<b>31,250</b>	<b>35,680</b>	<b>21,493</b>	<b>(14,187)</b>
<b>NET ASSETS</b>	<b>1,799,836</b>	<b>1,872,770</b>	<b>1,729,979</b>	<b>1,888,949</b>	<b>158,971</b>
EQUITY					
Accumulated Surplus	414,151	426,392	430,204	426,390	(3,814)
Year To Date	12,239	72,947	27,450	34,126	6,676
Asset Revaluation Reserves	1,373,159	1,373,143	1,272,038	1,428,147	156,109
Other Reserves	287	288	287	287	0
<b>TOTAL EQUITY</b>	<b>1,799,836</b>	<b>1,872,770</b>	<b>1,729,979</b>	<b>1,888,949</b>	<b>158,971</b>

## Statement of Changes in Equity

CITY OF TEA TREE GULLY

FOR THE YEAR ENDING 30 JUNE 2024

	FY2023 Actuals	YTD September Actuals	FY2024 Original Budget	Proposed Budget	Variance to Original Budget
<b>NET SURPLUS/(DEFICIT) FOR YEAR</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Balance at End of Previous Reporting Period	414,151	426,392	430,204	426,389	(3,815)
Net Result for Year	12,238	72,947	27,450	34,126	6,676
Balance at End of Period	426,389	499,339	457,653	460,515	2,862
<b>ASSET REVALUATION RESERVE</b>					
Balance at End of Previous Reporting Period	1,228,960	1,373,143	1,272,038	1,373,159	101,122
Gain on Revaluation of Non-Current Assets	144,199	-	-	54,988	54,988
Balance at End of Period	1,373,159	1,373,143	1,272,038	1,428,147	156,110
<b>OTHER RESERVES</b>					
Balance at End of Previous Reporting Period	287	287	287	287	(0)
Net Result for Year	-	-	-	-	-
Balance at End of Period	287	287	287	287	(0)
<b>TOTAL EQUITY</b>	<b>1,799,835</b>	<b>1,872,770</b>	<b>1,729,978</b>	<b>1,888,949</b>	<b>158,971</b>

## Statement of Cash Flows

CITY OF TEA TREE GULLY

FOR THE YEAR ENDING 30 JUNE 2024

	FY2023 Actuals	YTD September Actuals	FY2024 Original Budget	Proposed Budget	Variance to Original Budget
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Operating Activities</b>					
<b>Receipts</b>					
Operating Receipts	105,419	34,311	106,598	107,276	678
Investment Receipts	752	218	20	225	205
<b>Payments</b>					
Operating Payments to Suppliers & Employees	78,640	22,380	82,474	84,219	1,745
Finance Charges	261	69	550	470	(80)
<b>Net Cash Provided by (or used in) Operating Activities</b>	<b>27,270</b>	<b>12,080</b>	<b>23,594</b>	<b>22,811</b>	<b>(783)</b>
<b>Cash Flows from Investing Activities</b>					
<b>Receipts</b>					
Grants Specifically for New or Upgraded Assets	5,319	1,268	6,016	23,736	17,720
Sale of Replaced Assets	252	(1)	800	1,055	255
Sale of Surplus Assets	-	-	4,530	4,530	-
<b>Payments</b>					
Expenditure on Renewal/Replacement of Assets	16,180	1,931	26,324	32,896	6,572
Expenditure on New/Upgraded Assets	6,683	3,439	32,982	38,097	5,115
<b>Net Cash Provided by (or used in) Investing Activities</b>	<b>(17,292)</b>	<b>(4,103)</b>	<b>(47,960)</b>	<b>(41,672)</b>	<b>6,288</b>
<b>Cash Flows from Financing Activities</b>					
<b>Receipts</b>					
Proceeds from Borrowings/Deposits	-	-	18,491	1,394	(17,097)
<b>Payments</b>					
Repayment of Borrowings	73	-	-	-	-
<b>Net Cash Provided by (or used in) Financing Activities</b>	<b>(73)</b>	<b>-</b>	<b>18,491</b>	<b>1,394</b>	<b>(17,097)</b>
<b>Net Increase (Decrease) in Cash Held</b>	<b>9,905</b>	<b>7,976</b>	<b>(5,875)</b>	<b>(17,467)</b>	<b>(11,592)</b>
Cash & Cash Equivalents at Beginning of Reporting Period	8,432	18,337	6,745	18,337	11,592
<b>Cash &amp; Cash Equivalents at End of Reporting Period</b>	<b>18,337</b>	<b>26,314</b>	<b>870</b>	<b>870</b>	<b>(0)</b>

## Uniform Presentation of Finances

CITY OF TEA TREE GULLY

FOR THE YEAR ENDING 30 JUNE 2024

	FY2023 Actuals	YTD September Actuals	FY2024 Original Budget	Proposed Budget	Variance to Original Budget
Operating	\$'000	\$'000	\$'000	\$'000	\$'000
Operating Revenues	104,064	96,060	106,757	107,501	743
less Operating Expenses	(94,411)	(24,380)	(100,704)	(102,105)	(1,401)
<b>Operating Surplus/(Deficit) Before Capital Amounts</b>	<b>9,653</b>	<b>71,680</b>	<b>6,054</b>	<b>5,395</b>	<b>(658)</b>
<b>less Net Outlays on Existing Assets</b>					
Capital Expenditure on Renewal and Replacement of Existing Assets	16,180	1,931	26,324	32,896	(6,572)
less Depreciation, Amortisation and Impairment	(16,258)	(4,695)	(17,416)	(17,416)	0
less Proceeds from Sale of Replaced Assets	(252)	1	(800)	(1,055)	255
Net Outlays on Existing Assets	(330)	(2,762)	8,108	14,425	(6,317)
<b>less Net Outlays on New and Upgraded Assets</b>					
Capital Expenditure on New and Upgraded Assets	6,683	3,439	32,982	38,097	(5,115)
less Amounts Received Specifically for New and Upgraded Assets	(5,319)	0	(6,016)	(23,736)	17,720
Net Outlays on New and Upgraded Assets	1,364	3,439	26,966	14,361	12,605
<b>Net Lending / (Borrowing) For Financial Year</b>	<b>8,619</b>	<b>71,004</b>	<b>(29,020)</b>	<b>(23,391)</b>	<b>(6,946)</b>

## Borrowings / Investments

CITY OF TEA TREE GULLY

FOR THE YEAR ENDING 30 JUNE 2024

### Statement of Borrowings as at 30 September 2023

Borrowing Facility	Reference	Maturity/ Expiry Date	Amount Borrowed or CAD Limit	Interest Rate at 30/09/2023	Principal Outstanding as at 30/06/2023	Principal Outstanding as at 30/09/2023	Unutilised Loan Funds as at 30/09/2023
			\$'000	%	\$'000	\$'000	\$'000
CAD Facility	LGFA 196	5/01/2026	17,000	6.05	-	-	17,000
CAD Facility	LGFA 201	15/06/2025	6,000	6.05	-	-	6,000
CAD Facility	LGFA 200	15/06/2025	13,000	6.05	-	-	13,000
CAD Facility	LGFA CV19 196	15/07/2023	-	5.30	-	-	-
CAD Facility	LGFA 202	16/05/2027	-	6.05	-	-	-
CAD Facility	LGFA LGIPP 202	16/05/2025	6,000	5.30	-	-	6,000
<b>Total</b>			<b>42,000</b>		<b>-</b>	<b>-</b>	<b>42,000</b>

### Cash and Cash Equivalents as at 30 September 2023

Council Deposits	Reference	Interest Rate at 30/09/2023	Deposit as at 30/06/2023	Deposit as at 31/09/2023
		%	\$'000	\$'000
TTG General LGFA	24HR	4.30	7,892	7,985
NAB	Corporate Cheque Accounts	4.55	10,436	18,320
Cash Float			9	9
<b>Total Cash and Cash Equivalents</b>			<b>18,337</b>	<b>26,314</b>

## Key Financial Performance Indicators

CITY OF TEA TREE GULLY

FOR THE YEAR ENDING 30 JUNE 2024

RATIO	LGA SUGGESTED RANGE	COUNCIL TARGETS	FY2023 Actuals	FY2024 Original Budget	Proposed Budget	Variance to Original Budget
			\$'000	\$'000	\$'000	\$'000
<b>Operating Surplus</b> (operating income less operating expense)	Break even or better over 5 years	Maintain over a minimum of a 3 years	9,653	6,054	5,395	(658)
<b>Operating Surplus Ratio</b> (operating surplus as a percentage of general and other rates)	0 to 15%	2.5 to 10%	11.3%	6.6%	5.9%	(0.7%)
<b>Asset Renewal Funding Ratio</b> (Net asset renewals expenditure is defined as net capital expenditure on the renewal and replacement of existing assets, and excluded new capital expenditure on the acquisition of additional assets)	90 to 110% over a rolling 3 year period	90 to 110% over a rolling 3 year period	62.5%	100.1%	124.9%	24.8%
<b>Fiscal Balance</b> (net lending position or net borrowing requirement in the Uniform Presentation of Finances Table)			8,619	(29,020)	(23,391)	5,629
<b>Net Financial Liabilities Ratio including non current assets held for sale</b> (total liabilities less financial assets as a percentage of total operating revenue)	0 to 100%	25% - 35%	9.3%	28.1%	13.8%	(14.3%)
<b>Net Financial Liabilities including non current assets held for sale</b> (total liabilities less financial assets)			9,195	29,974	14,786	(15,189)
<b>Net Financial Liabilities Ratio excluding non current assets held for sale</b> (total liabilities less financial assets as a percentage of total operating revenue)			9.3%	28.1%	13.8%	(14.3%)
<b>Net Financial Liabilities excluding non current assets held for sale</b> (total liabilities less financial assets)			9,707	29,974	14,786	(15,189)
<b>Interest Cover Ratio</b> (total finance charges expressed as a percentage of rates revenue)			0.3%	0.6%	0.5%	(0.1%)

## 2023-24 Capital Works Program

Project Number	Project Description	Revenue					Expenditure				
		YTD September Actuals	FY2024 Original Budget	Proposed Budget Adjustment	Carry Forward Adjustment	FY2024 Revised Budget	YTD September Actuals	FY2024 Original Budget	Proposed Budget Adjustment	Carry Forward Adjustment	FY2024 Revised Budget
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Project Category: Road Reconstruction / Renovation</b>											
220207	Clifford Way, Valley View	-	-	-	-	-	-	-	(0)	177	177
220208	Canberra Crescent, Valley View	-	-	-	-	-	115	-	24	92	116
230109	Road Reconstruction Funding - to be allocated	-	-	-	-	-	-	-	(24)	68	44
230176	Jaycee Street, Modbury North-Design	-	-	-	-	-	-	-	-	0	0
230180	Kimberley Ave, Modbury North-Design	-	-	-	-	-	-	-	-	0	0
230181	Maxlay road, Modbury Heights-Design	-	-	-	-	-	7	-	-	21	21
230235	Angas Court - Dawson Crescent to end-Design	-	-	-	-	-	-	-	-	2	2
230236	Coulls Rd, Banksia Pk - Stevenson Drive to Haines Rd-Design	-	-	-	-	-	6	-	-	9	9
230237	Vizma Court, Banksia Park-Design	-	-	-	-	-	2	-	-	4	4
230238	Dawson Crescent, Modbury-Full extent-Design	-	-	-	-	-	-	-	-	4	4
230247	Golden Fields Car Park	-	-	-	-	-	1	-	0	4	4
240009	Karingal Road (G to 46), Dernancourt	-	-	-	-	-	37	930	-	-	930
<b>Total Road Reconstruction / Renovation</b>		-	-	-	-	-	168	930	(0)	381	1,311
<b>Project Category: Road Resealing and Renovation</b>											
220204	Heysen Road, Modbury	-	-	-	-	-	-	-	0	273	273
220205	Parcoola Avenue, Hope Valley	-	-	-	-	-	-	-	1	298	299
220206	Robert Arnold Avenue, Modbury	-	-	-	-	-	27	-	(5)	32	27
220213	Reseal Preparations for 22-23	-	-	-	-	-	-	-	(28)	28	-
230018	Morawa Avenue (Newcombe Drive to Tasman Avenue),	-	-	-	-	-	-	-	(8)	8	-
230020	Petworth Parade (Lake Fortesque Avenue to Balford Avenue),	-	-	-	-	-	1	-	(1)	2	1
230027	Road Reseal - Contingency Funds	-	-	-	-	-	-	100	14	64	178
230028	Weebo Street (Kooline Crescent to Tasman Avenue), Gilles	-	-	-	-	-	0	-	(2)	2	0
230178	Kanangra Road, Dernancourt-Design	-	-	-	-	-	1	-	1	1	2
230251	Hancock road (yalta vale - GGR) design	-	-	-	-	-	-	150	-	-	150
240006	Majestic Grove (Mulberry Drive to The Promenade), Highbury	-	-	-	-	-	4	96	-	-	96
240007	Nursery Way (Majestic Grove to End), Highbury	-	-	-	-	-	3	78	-	-	78
240008	Wandana Avenue (North East Road to Grand Junction Road)	-	-	-	-	-	22	550	-	-	550
240010	Kanangra Road (Lutana Grove to Bickham Court), Dernancourt	-	-	-	-	-	12	290	-	-	290
240011	Kimberley Ave (Jaycee Street to 10 Kimberley Ave)	-	-	-	-	-	5	135	-	-	135
240012	Jaycee Street (Kimberley Avenue to boundary between 24 & 26	-	-	-	-	-	14	340	-	-	340
240013	Dawson Crescent (North East Road to North East Road)	-	-	-	-	-	8	200	-	-	200
240014	Angas Court (Dawson Drive to End), Modbury	-	-	-	-	-	2	40	-	-	40
240015	Coulls Road (Stevenson Drive to Haines Road), Banksia Park	-	-	-	-	-	11	280	-	-	280
240016	Vizma Court (Coulls Road to End), Banksia Park	-	-	-	-	-	3	75	-	-	75
240017	Road Design Works for 2024-2025 Program	-	-	-	-	-	3	86	28	-	114
240129	CWMS Upgrade Contingency	-	-	-	-	-	8	200	-	-	200
<b>Total Road Resealing and Renovation</b>		-	-	-	-	-	124	2,620	(0)	708	3,328
<b>Project Category: Roads to Recovery</b>											
230137	Milne Road (Kelly Road to McIntyre Road), Modbury North	-	-	-	-	-	-	200	-	-	200
230138	Surrey Farm Drive (The Golden Way to school entrance),	-	-	-	-	-	-	589	-	-	589
<b>Total Roads to Recovery</b>		-	-	-	-	-	-	789	-	-	789
<b>Project Category: Re-Sheeting Unsealed Roads</b>											
240019	Hannaforde Hump Rd, Gould Creek	-	-	-	-	-	1	68	-	-	68
240020	Churchett Rd, Paracombe	-	-	-	-	-	-	14	-	-	14
240021	Grenfell Rd Extension, Fairview Park	-	-	-	-	-	-	29	-	-	29
<b>Total Re-Sheeting Unsealed Roads</b>		-	-	-	-	-	1	111	-	-	111
<b>Project Category: New Footpath and DDA Upgrades</b>											
220216	Golden Grove Road (Golden Way to Laburnum)	-	-	-	-	-	-	-	-	65	65
230050	Dillon Street (Gaylard Crescent to Gaylard Crescent),	-	-	-	-	-	-	87	-	-	87
230051	Gloucester Avenue (Stafford Street to Argyll Crescent),	-	-	-	-	-	-	-	0	70	70
230053	Reynolds Ave (Lyons Rd to Payton Avenue), Dernancourt	-	-	-	-	-	-	49	-	-	49
230055	Keeble Street, St Agnes	-	-	-	-	-	0	-	-	40	40
230056	Knightsbridge Avenue (No.27 to No.2 Salisbury Avenue),	-	-	-	-	-	1	74	-	-	74
230057	Knightsbridge Avenue (Wycombe Way to opposite No.	-	-	-	-	-	-	137	-	-	137
230058	O'leary Place (Fergusson Court to Council Boundary),	-	-	-	-	-	-	8	-	-	8
230059	O'leary Place (Maldment Court to Fergusson Court), Wynn Vale	-	-	-	-	-	-	37	-	-	37
230063	Ronald Road, Redwood Park	-	-	-	-	-	1	-	-	104	104
230065	Sassafras Drive (Rosewood Rd to Stairs at	-	-	-	-	-	-	39	(39)	-	-
230066	Silverlake Crescent (Lavinia Grove to Dernancourt	-	-	-	-	-	-	-	-	42	42
230069	Whitford Drive (Elwood Avenue to Chapel Road), Modbury	-	-	-	-	-	-	46	-	-	46
230070	Whitford Drive (No.1 to No.7 Whitford), Modbury North	-	-	-	-	-	-	19	-	-	19
230072	2023 - DDA kerb ramp upgrades, all suburbs	-	-	-	-	-	-	-	(0)	11	11
230122	Reynolds Street (Reserve), Dernancourt	-	-	-	-	-	-	-	0	16	16
230140	Green Valley Drive (Leedham Drive to Harvey Crescent),	-	-	-	-	-	-	141	-	-	141
240022	Haines Road (Musgrave Road to Milne Road), Banksia Park	-	-	-	-	-	2	44	-	-	44
240044	Crampton Street (Southchak Street to Ramp crossing opposite	-	-	-	-	-	2	55	-	-	55
240045	Kanangra Road (Taigara Avenue to Karingal Road), Dernancourt	-	-	-	-	-	4	88	-	-	88
240046	Jenny Street (Brookvale Drive to Scot Road), Dernancourt	-	-	-	-	-	2	53	-	-	53
240047	Brenda Avenue (Tasman Avenue to Laneway 25/27 Brenda Ave)	-	-	-	-	-	3	72	-	-	72
240048	Einstein Drive (Golden Grove Road to Mobius Crescent)	-	-	-	-	-	2	55	-	-	55
240049	Mobius Crescent (Einstein Drive to Bicentennial Drive), Gold	-	-	-	-	-	5	113	-	-	113
240050	Gordini Crescent (Bentley Drive to Bentley Reserve)	-	-	-	-	-	4	93	-	-	93
240051	Cobbler Creek East Reserve - Stairs (Citronelle Place to Per	-	-	-	-	-	3	80	-	-	80
240055	Garra Avenue (Barbara Street to Connie Street), Modbury	-	-	-	-	-	1	30	-	-	30
240056	Stevens Reserve (Mulkarra Street to Milne Road), Ridgehaven	-	-	-	-	-	2	44	-	-	44
240057	Bayvue Crescent (Karyn Place to Mattinson Road), Ridgehaven	-	-	-	-	-	1	17	-	-	17
240058	Callitris Ave (Wongabena Drive to Casuarina Avenue), Surrey	-	-	-	-	-	3	65	-	-	65
240059	Hopeland Court (Hopeland Court to End), Wynn Vale	-	-	-	-	-	1	35	-	-	35
240060	Bus Stop connection and kerb ramps, various	-	-	-	-	-	6	156	-	-	156
240061	DDA Upgrades	-	-	-	-	-	1	30	-	-	30
240133	New Footpaths Funding - Various - to be determined	-	-	-	-	-	-	-	39	-	39
240134	Richard Street (North East Road to May Avenue), Modbury West	-	-	-	-	-	2	50	-	-	50
240135	Dalaston Ave (Gorman Street to Reserve opposite No.5),	-	-	-	-	-	1	30	-	-	30
240136	Weebo Street (Kooline Crescent to Tasman Drive), Gilles Plai	-	-	-	-	-	1	34	-	-	34
240137	Kaplan Reserve (Kaplan Court to base of stairs), St Agnes	-	-	-	-	-	2	50	-	-	50
240138	Citrine Street (Payne Street to Laneway between No.16 and	-	-	-	-	-	1	35	-	-	35
240139	Morrow Court - Davies Court to Reserve, Hope Valley	-	-	-	-	-	0	11	-	-	11
240140	Kooline Street and Morawa Avenue (Padbury Road to Tasman	-	-	-	-	-	2	60	-	-	60
<b>Total New Footpath and DDA Upgrades</b>		-	-	-	-	-	54	1,937	0	348	2,285
<b>Project Category: Unsealed Footpaths</b>											
230144	Tuscan Reserve, Golden Grove	-	-	-	-	-	-	-	(4)	4	-
230147	Shannon Reserve, Banksia Park	-	-	-	-	-	-	-	-	4	4
230148	Capulet Reserve, Modbury	-	-	-	-	-	-	-	-	6	6
230149	Balmoral Reserve, Dernancourt	-	-	-	-	-	-	-	0	16	16
230150	Reodan Drive, Greenwith	-	-	-	-	-	-	-	(0)	6	6
230151	Awoonga Avenue, Hope Valley	-	-	-	-	-	-	-	0	9	9
230153	Morawa Reserve, Gilles Plains	-	-	-	-	-	-	-	-	10	10
230159	O-bahn Linear Park, Highbury	-	-	-	-	-	4	-	0	26	26

## 2023-24 Capital Works Program

Project Number	Project Description	Revenue					Expenditure				
		YTD September Actuals	FY2024 Original Budget	Proposed Budget Adjustment	Carry Forward Adjustment	FY2024 Revised Budget	YTD September Actuals	FY2024 Original Budget	Proposed Budget Adjustment	Carry Forward Adjustment	FY2024 Revised Budget
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
230160	Michigan Reserve, Highbury	-	-	-	-	-	-	-	-	7	7
240023	Huppertz Plantation, Wynn Vale	-	-	-	-	-	-	20	-	-	20
240024	Spring Crescent, Banksia Park	-	-	-	-	-	-	20	-	-	20
240025	Marsha Reserve, Banksia Park	-	-	-	-	-	-	26	-	-	26
240026	Martidale Ave Cobbler Creek, Golden Grove	-	-	-	-	-	-	34	-	-	34
240027	Tilley Recreation Park, Surrey Downs	-	-	-	-	-	-	26	-	-	26
240028	Oakvale Place to Bus stop, Wynn Vale	-	-	-	-	-	-	19	-	-	19
240029	Perseverance Road, Tea Tree Gully	-	-	-	-	-	-	34	-	-	34
240062	Observation Drive (near reserve), Highbury	-	-	-	-	-	-	7	-	-	7
240063	Hamilton Road (Behind Golf course), Fairview Park	-	-	-	-	-	-	37	-	-	37
240064	Eastleigh Avenue to Wallsall lane, Golden Grove	-	-	-	-	-	-	20	-	-	20
240065	Target Hill Road, Greenwith	-	-	-	-	-	-	20	-	-	20
240066	Mulkarra Street, Ridgehaven	-	-	-	-	-	-	27	-	-	27
240067	Kingfisher Reserve, Modbury Heights	-	-	-	-	-	-	34	-	-	34
240068	Unsealed Footpaths Projects - Various - to be determined	-	-	-	-	-	-	76	4	-	80
Total Unsealed Footpaths		-	-	-	-	-	4	400	0	89	489
<b>Project Category: Bridge Renewal</b>											
210207	Mulkarra Street, Bridge Upgrade, Ridgehaven	-	-	-	77	77	-	-	-	-	-
Total Bridge Renewal		-	-	-	77	77	-	-	-	-	-
<b>Project Category: Lighting</b>											
220210	SADNA and Golden Grove Tennis Club-Lighting Upgrade	6	-	0	56	56	46	-	32	15	47
230075	2023 - Sports Field Floodlighting - To Be Determined	-	-	-	-	-	-	(16)	-	16	-
230076	Greenwith Oval - Upgrade oval lighting to LED	-	-	-	-	-	-	136	-	-	136
230252	Burragah Reserve, Modbury North - Lighting Upgrade	-	282	-	(282)	0	-	565	-	-	565
240069	Sports lighting renewal projects to address non-compliant	-	-	-	-	-	-	9	218	(16)	201
Total Lighting		6	282	0	(226)	56	55	918	0	31	949
<b>Project Category: Water and Drainage</b>											
220103	Ladywood Reserve Irrigation and Drainage	-	-	-	-	-	-	-	-	59	59
220224	Dry Creek - Expansion of Recycled Water Network	-	-	(0)	75	75	29	53	-	32	84
220239	WWTP tertiary pump auto filter	-	-	-	-	-	0	-	-	2	2
230047	Recycled Water Asset Renewal - WWTP Aerators, Tilley DM pum	-	-	-	-	-	0	-	-	20	20
230060	Irrigation Central Controller Stage 2 (Rainbird IQ Central C	-	-	-	-	-	-	96	-	-	96
230061	Irrigation Asset Renewal - Tilley & Greenwith ground water b	-	-	-	-	-	49	70	-	(15)	55
230079	2023 - Drainage Renewal Program - AMP	-	-	-	-	-	-	(170)	-	170	-
230108	2023 Creek Rehabilitation - 2023 Carry over project	-	-	-	-	-	-	100	-	117	217
240031	Goldenfields Irrigation System Renewal	-	-	-	-	-	4	100	-	-	100
240032	Irrigation Asset Renewals - pumps, flow monitors	-	-	-	-	-	4	100	-	-	100
240033	Irrigation Controller (Renewal/Upgrade)	-	-	-	-	-	8	200	-	-	200
240034	Recycled Water System	-	-	-	-	-	2	50	-	-	50
240074	Drainage Renewal Program - AMP	-	-	-	-	-	68	450	170	-	620
240103	2024 Creek Rehabilitation - 2024 Allocation	-	-	-	-	-	8	200	-	-	200
Total Water and Drainage		-	-	(0)	75	75	173	1,419	0	383	1,802
<b>Project Category: Traffic Management and Signage</b>											
210209	Traffic-Lyons Road/Tarton Road Roundabout, Holden Hill	-	-	-	15	15	-	-	-	-	-
210211	Traffic-Montague Road Junction deceleration lane, Modbury	-	-	0	98	98	-	-	-	-	-
220115	Greenwith community centre (entry and exit), Greenwith	-	-	-	-	-	-	-	-	30	30
230084	Traffic Management Treatments - General various improvements	-	-	-	-	-	-	130	(152)	22	-
230121	The Heights School, Modbury Heights - traffic study	-	-	-	-	-	-	34	-	5	39
230241	Wright Road and Kelly Road Roundabout Improvements	-	-	-	296	296	325	-	17	308	325
230248	TIG BMX - Track Improvements - State titles	-	-	-	-	-	4	16	-	63	79
240035	One Tree Hill Rd, Golden Grove, Guardrail replacement	-	-	-	-	-	5	120	-	-	120
240078	Signage - Community and various site replacements	-	-	-	-	-	26	100	4	-	104
240080	Replacement of advisory and regulatory signage	-	-	-	-	-	37	270	(4)	-	266
240130	Install New Koala Crossing - Brunel Drive, Modbury Heights	-	-	-	-	-	6	120	-	-	120
240131	Traffic Management - Installation Traffic Control Devices	-	-	-	-	-	7	100	-	-	100
240132	Road Junction widening - Hillendale Drive, Wynn Vale	-	-	-	-	-	1	30	-	-	30
240141	Grenfell Road /Zulieka Road median modifications	-	-	-	-	-	-	20	-	-	20
240143	Traffic Management Treatments-various	-	-	-	-	-	-	-	135	-	135
Total Traffic Management and Signage		-	-	0	410	410	412	940	-	427	1,368
<b>Project Category: Open Space - Sporting, Park and Playground Upgrades</b>											
210099	Court Upgrades-Security Retention	-	-	-	-	-	(5)	-	(5)	-	(5)
210106	Playgrounds-Greenwith campus Greenwith (includes shade)	-	-	-	85	85	6	143	(0)	100	243
220116	Sporting Court Upgrade-Balmoral Reserve and Modbury Tennis	-	-	-	10	10	-	-	0	10	10
220120	Verdant Reserve Playground (Bent Court), Wynn Vale	-	-	-	-	-	6	-	0	6	6
220181	Kaplan Reserve Playground, St Agnes	-	-	-	-	-	4	-	0	21	21
220183	Golden Fields Adventure Playspace	67	-	0	266	266	133	358	-	153	511
230086	Fairleigh Reserves Upgrade, Modbury North	-	-	-	-	-	3	-	0	11	11
230087	BMX Track Upgrade - Gunda Reserve, Banksia Park	-	-	-	-	-	-	95	-	20	115
230088	2023 - Fencing Projects - Various - to be determined	-	-	-	-	-	-	-	(119)	119	-
230089	2023-Outdoor Furniture Projects - Various - to be determined	-	-	-	-	-	-	-	(65)	65	-
230125	Wynn Vale Dam Open Space Upgrades	-	998	(0)	124	1,122	-	1,098	65	24	1,187
230161	Doxiads Reserve Playground, St Agnes	-	-	-	-	-	1	128	-	-	128
230162	Cobbler Creek West Reserve Playground, Golden Grove	-	-	-	-	-	1	127	-	-	127
230163	Palomino Reserve Playground, Wynn Vale - Design	-	-	-	-	-	-	-	0	4	4
230164	John Clarke Memorial Playground (Tolley Road), Hope Valley	-	-	-	-	-	-	-	-	48	48
230165	Lumsden Reserve Playground, Ridgehaven	-	-	-	-	-	-	-	-	48	48
230233	Golden Grove Hockey Pitch	-	-	-	-	-	17	-	-	121	121
240036	Australia Reserve, Modbury	-	150	-	-	150	-	150	-	-	150
240037	Pertaringa Oval, Banksia Park - cricket practice wickets	-	-	-	-	-	4	100	-	-	100
240081	Playgrounds Projects - Various - to be determined	-	-	-	-	-	2	50	-	-	50
240082	Court Upgrades - Hard Court Audit (Heysen, Hope Valley,	-	-	-	-	-	19	470	-	-	470
240083	Fencing Projects - Various	-	-	-	-	-	123	250	119	-	369
240084	Playground - Vista Reserve, Vista	-	-	-	-	-	20	500	-	-	500
240085	Outdoor Furniture Projects - Various	-	-	-	-	-	20	50	56	-	106
240086	Bentley Reserve, Holden Hill - Including Skate Bowl Lighting	-	680	-	-	680	27	680	-	-	680
240087	Palomino Reserve, Wynn Vale	-	134	-	-	134	20	500	-	-	500
240128	Leeds Avenue, Hope Valley - Car Park	-	400	-	-	400	16	400	-	-	400
240144	Road Cycle Safety Centre-Shade Structure and plaque	10	-	10	-	10	-	-	34	-	34
240145	Smart Road verge uplift	-	-	-	-	-	-	-	63	-	63
Total Open Space - Sporting, Park and Playground Upgrades		77	2,362	10	485	2,857	417	5,100	148	748	5,996
<b>Project Category: City Beautification Works</b>											
210111	City Beautification-Reservoir Road-streetscape works	-	-	-	9	9	-	-	-	-	-
210117	Open Space-Edinburgh Reserve, Modbury -includes play space	21	-	-	97	97	60	-	-	80	80
210210	Beautification streetscape-North East Road, Modbury	-	-	0	66	66	-	-	-	-	-
210213	Beautification-Lot 50 Golden Grove Road, Modbury Heights	-	-	-	50	50	4	-	(0)	12	12
220132	Upgrade Streetscape Montague Rd - Ladywood and NE Rd,	54	-	-	54	54	-	-	-	-	-
220221	Dawson Reserve, Modbury	4	663	0	(51)	611	9	663	0	18	680
220237	North East Road TTG Township Streetscape Upgrade PLEC	-	-	-	-	-	-	2	(2)	-	-
220238	Civic Park Stage 3	-	-	-	-	-	2	-	(0)	6	6



## 2023-24 Capital Works Program

Project Number	Project Description	Revenue					Expenditure				
		YTD September Actuals	FY2024 Original Budget	Proposed Budget Adjustment	Carry Forward Adjustment	FY2024 Revised Budget	YTD September Actuals	FY2024 Original Budget	Proposed Budget Adjustment	Carry Forward Adjustment	FY2024 Revised Budget
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
230090	Meadowvale East Restoration Work	-	490	(0)	124	614	3	620	-	81	701
230091	Golden Grove Road Stage 2 - Revegetation and Beautification	103	-	-	199	199	206	300	30	104	434
230113	Grand Junction Road Streetscape Upgrade, Hope Valley (between)	-	-	0	465	465	-	400	70	31	501
230118	CWMS Transition Revegetation Project	-	-	-	-	-	-	300	-	-	366
230168	Tree Screen - The Golden Way (20 Neville Court to 4/3	-	-	-	-	-	-	-	70	101	171
230169	Tree Screen - Ladywood Road (8 Hovea Court to 1	-	-	-	-	-	-	-	80	86	166
240005	Tree Screen - Green Valley Drive (Bushmills Street to Reorda	-	-	-	-	-	7	185	-	-	185
240105	Tree Screen - Endeavour Drive (Cambridge Street to Wynn Vale	-	-	-	-	-	3	70	-	-	70
240107	Tree Screen - The Golden Way (Pinot Place to 9 Crouchen Cour	-	-	-	-	-	10	245	-	-	245
240108	City Beautification Projects - Contingency	-	-	-	-	-	20	500	(180)	-	320
240110	Main Road and Gateway Median Strip Beautification - Design	-	-	-	-	-	12	300	2	-	302
240111	Meadowvale, Modbury - Stage 3 Design	-	-	-	-	-	2	50	-	-	50
240112	Dewer Reserve, Ridgehaven	-	-	-	-	-	30	750	-	-	750
240146	PLEC Stage 1A - North East Road	-	-	-	-	-	-	-	552	-	552
<b>Total City Beautification Works</b>		<b>183</b>	<b>1,163</b>	<b>0</b>	<b>1,012</b>	<b>2,164</b>	<b>368</b>	<b>4,385</b>	<b>622</b>	<b>605</b>	<b>5,612</b>
<b>Project Category: Capital Buildings Renewal</b>											
210144	Traffic - Road and Cycle Safety Centre upgrade	-	-	-	-	-	1	-	-	45	45
210208	Operational-Civic Centre air-conditioning replace(stage 2)	-	-	-	55	55	-	-	-	-	-
210223	Gazebos Sherry Crt (x2), Lemongum Reserve, Hyde Park	-	-	-	-	-	-	61	-	-	61
220142	2022 - Asset Management Plan Renewals - Operational	-	-	-	-	-	-	-	(10)	10	-
230094	Golden Grove Recreation Centre Renewal projects	82	-	(4)	86	82	9	40	(0)	19	59
230095	Sporting Buildings - 2023 Carry over projects	-	-	-	-	-	115	40	(20)	235	255
230096	Civic Centre Renewal projects	-	-	-	-	-	-	-	0	108	108
230171	Community Buildings - 2023 carry over projects	-	-	-	-	-	3	62	52	27	141
240003	Building stormwater Upgrades	10	-	-	-	-	2	42	-	-	42
240004	Asset Management Plan Renewals - Community Buildings	-	-	-	-	-	7	222	(52)	-	170
240089	Asset Management Plan Renewals - Recreational Building	-	-	-	-	-	2	46	(0)	-	46
240090	Asset Management Plan Renewals - Sporting Buildings	-	-	-	-	-	6	145	(0)	-	145
240091	Asset Management Plan Renewals - Operational Buildings	-	-	-	-	-	26	639	10	-	649
240092	Asset Management Plan Renewals - Amenities Buildings	-	-	-	-	-	3	73	-	-	73
<b>Total Capital Buildings Renewal</b>		<b>82</b>	<b>-</b>	<b>(4)</b>	<b>141</b>	<b>137</b>	<b>173</b>	<b>1,368</b>	<b>(20)</b>	<b>444</b>	<b>1,791</b>
<b>Project Category: Capital Buildings New/Upgrades</b>											
210147	Building future project fund	-	-	-	-	-	-	1,000	285	3,080	4,365
220175	Linear Park Toilet Block - Highbury	-	-	-	-	-	1	-	15	84	99
220186	Modbury Soccer Club, Modbury	-	-	-	75	75	-	-	-	-	-
220187	Modbury Bowling Club, Modbury	10	-	0	13	13	24	-	5	25	30
220188	Linear Park Toilet Block - Lutana Grove	-	-	-	-	-	-	-	5	85	90
230030	GGRAC - Court 2 & 3 Stadium Seating replacement,	19	-	4	15	19	-	-	-	9	9
230031	DAIP Building Upgrades	-	-	-	-	-	-	-	(0)	117	117
230032	2023 - Keyless Building Access	-	-	-	-	-	20	-	100	78	178
230037	GGRAC - Theatre PA System and Audio Control System	-	-	-	-	-	50	-	-	50	50
230117	Cobbler Creek West Reserve Toilet	-	-	-	-	-	1	176	-	-	176
230133	Accessible Adult Change Table Facility, Civic Park, Modbury	-	-	-	-	-	(6)	149	(175)	20	(6)
240094	Community Building Defibrillator Project	-	-	-	-	-	2	39	-	-	39
240095	Golden Grove Recreation and Arts Theatre - Theatre	-	-	-	-	-	-	50	(50)	-	-
240096	Golden Grove Arts Centre - Theatre Lighting End of Life	-	-	-	-	-	9	180	50	-	230
240106	Acoustic panels for Holden Hill and Surrey Downs Community C	-	-	-	-	-	1	20	-	-	20
240119	Road and Cycle Safety Centre, Ridgehaven - Traffic Lights	-	-	-	-	-	0	5	-	-	5
240120	Modbury Soccer Club - Stage 2 - Community access	-	-	-	-	-	12	300	-	-	300
240121	Civic Centre IT Server Room Electrical Upgrade	-	-	-	-	-	2	50	-	-	50
240122	Library Storage Cupboards, Modbury	-	-	-	-	-	1	20	-	-	20
240123	New furniture on Library Floor - Phase 2	-	-	-	-	-	5	121	-	-	121
240124	Whinnen Reserve, St Agnes - Air Conditioner	-	-	-	-	-	1	20	-	-	20
240125	Greenwith Community Centre, Greenwith - Emergency Exit	-	20	-	-	20	2	50	-	-	50
240126	Keyless Entry Program	-	-	-	-	-	-	100	(100)	-	-
<b>Total Capital Buildings New/Upgrades</b>		<b>29</b>	<b>20</b>	<b>4</b>	<b>103</b>	<b>127</b>	<b>123</b>	<b>2,280</b>	<b>135</b>	<b>3,648</b>	<b>5,963</b>
<b>Project Category: Strategic Building Projects</b>											
220176	Harpers Field Community Building and Sporting Clubroom	600	5,256	-	744	6,000	2,268	10,431	(0)	729	11,160
220211	Modbury Sporting Club - Clubroom and Changeroom	162	3,740	(0)	(1)	3,739	233	4,785	(0)	4	4,789
220212	Tilley Recreation Park - Clubroom and Changeroom	-	3,499	(1,000)	200	2,699	23	5,600	(1,000)	55	4,655
230123	Tea Tree Gully Gymsports, Banksia Park	4	1,400	-	-	1,400	4	2,930	-	50	2,980
230124	Tea Tree Gully Tennis Club, Banksia Park	57	1,100	-	-	1,100	57	2,290	(0)	(21)	2,269
230134	Hope Valley Sporting Club - Amenities improvements	-	1,174	(0)	(1)	1,173	-	1,174	(0)	(1)	1,173
230239	Banksia Park Sports Area Master Plan, Banksia Park	-	75	-	(75)	-	-	-	-	-	-
230240	Golden Grove Central Districts Baseball Club, Surrey Downs	0	180	-	-	180	0	360	-	16	376
240098	Projects to be Grant Funded (to be determined)	-	-	-	-	-	-	2,570	(533)	2,605	4,642
240147	Tilley Recreation Park - Masterplan	-	-	1,000	-	1,000	-	-	1,000	-	1,000
<b>Total Strategic Building Projects</b>		<b>823</b>	<b>16,423</b>	<b>(0)</b>	<b>868</b>	<b>17,292</b>	<b>2,586</b>	<b>30,140</b>	<b>(533)</b>	<b>3,437</b>	<b>33,044</b>
<b>Project Category: Environmental Projects</b>											
210156	Green bins-compostable waste per audit findings	-	-	-	-	-	-	-	-	21	21
220156	Solar Energy program - Service Centre - Shed 2	-	-	-	2	2	-	-	-	23	23
230102	LED Street Lighting Upgrade Stage 2	-	-	-	438	438	26	-	0	150	150
240118	LED Street Lighting Upgrade - Stage 3	-	-	-	-	-	8	200	-	-	200
<b>Total Environmental Projects</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>439</b>	<b>439</b>	<b>34</b>	<b>200</b>	<b>0</b>	<b>193</b>	<b>393</b>
<b>Project Category: Information Technology</b>											
220161	Staff Network Profile (with Automation)	-	-	-	-	-	51	176	(11)	11	176
230105	ERP System (Rating, Property, Salesforce integration,	-	-	-	-	-	-	750	(750)	-	-
230173	ITAMP - Desktop Software	-	-	-	-	-	2	-	0	11	11
230174	ITAMP - Enterprise Applications	-	-	-	-	-	8	-	-	30	30
240100	ERP System - Property & Rating - Stage 2	-	-	-	-	-	277	400	750	-	1,150
240102	ITAMP - Hardware Replacement Program	-	-	-	-	-	47	380	-	-	380
240114	HCM and Payroll Platform - Stage 1	-	-	-	-	-	-	500	-	-	500
240115	ITAMP - eServices	-	-	-	-	-	51	180	11	34	225
240116	Authority Decommission	-	-	-	-	-	-	70	-	-	70
240117	Data Registers Program	-	-	-	-	-	118	275	-	-	275
240127	Outdoor Digital Signage	-	-	-	-	-	6	150	-	-	150
<b>Total Information Technology</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>562</b>	<b>2,881</b>	<b>0</b>	<b>86</b>	<b>2,967</b>
<b>Project Category: Other</b>											
220191	Land Sales	69	-	-	-	-	4	-	-	-	-
230106	FYE23 Plant & Equipment Replacement Program	-	202	-	-	202	-	249	(249)	-	-
240101	FYE24 Plant & Equipment Replacement Program	(1)	954	-	-	954	111	2,640	249	(93)	2,796
<b>Total Other</b>		<b>68</b>	<b>1,156</b>	<b>-</b>	<b>-</b>	<b>1,156</b>	<b>116</b>	<b>2,889</b>	<b>-</b>	<b>(93)</b>	<b>2,796</b>
<b>Total Capital Works Program 2023-24</b>		<b>1,267</b>	<b>21,397</b>	<b>10</b>	<b>3,384</b>	<b>24,790</b>	<b>5,369</b>	<b>59,307</b>	<b>352</b>	<b>11,335</b>	<b>70,994</b>

## Audit & Risk Committee Meeting - 06 December 2023



### Status Report on Audit & Risk Committee Resolutions

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*Note: This report is provided as information only. Actions relating to confidential minutes may not be included in the Status Report.*

#### Pending Actions

Nil

#### Completed Actions

Minute No.	Meeting Date	Officer	Subject	Completed
29	11/10/2023	Baines, Rebecca	Draft Long-Term Financial Plan 2025-2034 for Community Engagement	25/10/2023
D23/82090 10 Nov 2023 2:24pm Marks, Marley The Draft Long-Term Financial Plan 2025-2034 was recommended to Council on 24 October 2023 for community engagement.				

Minute No.	Meeting Date	Officer	Subject	Completed
28	11/10/2023	Marks, Marley	Internal Audit Report - Recycled Water	25/10/2023
D23/82090 06 Nov 2023 8:32am Marks, Marley The Audit & Risk Committee endorsed the Recycled Water agreed actions on 11 October 2023. These are now documented and in progress.				

Minute No.	Meeting Date	Officer	Subject	Completed
31	11/10/2023	Vidinis, Erica	Tea Tree Gully Tennis Clubroom Redevelopment Section 48 Prudential Report	25/10/2023
D23/82090 <i>This action remains in confidence as per resolution.</i>				

Minute No.	Meeting Date	Officer	Subject	Completed
22	6/09/2023	Marks, Marley	Internal Audit Report - Strategic Asset Management	20/09/2023
D23/69051 21 Sep 2023 8:09am Marks, Marley The Audit & Risk Committee endorsed the Strategic Asset Management agreed actions on 6 September 2023. These are now documented and in progress.				

Minute No.	Meeting Date	Officer	Subject	Completed
23	6/09/2023	Marks, Marley	Internal Audit Report - Precinct Planning	20/09/2023
D23/69051 21 Sep 2023 8:09am Marks, Marley The Audit & Risk Committee endorsed the Precinct Planning agreed actions on 6 September 2023. These are now documented and in progress.				

Minute No.	Meeting Date	Officer	Subject	Completed
24, 25	6/09/2023	Baines, Rebecca	Audited Financial Statements 2022-2023	14/09/2023
D23/69051 14 Sep 2023 3:01pm Baines, Rebecca Certification of Auditor Independence signed by Audit & Risk Committee Chair and incorporated into the Financial Statements. Financial Statements recommended to Council 12/9.				

Minute No.	Meeting Date	Officer	Subject	Completed
26	6/09/2023	Marks, Marley	Risk Management Policy	21/09/2023
D23/69051 21 Sep 2023 8:10am Marks, Marley The Risk Management Policy was adopted by Council on 12 September 2023.				



## City of Tea Tree Gully

## AUDIT &amp; RISK COMMITTEE MEETING

6 December 2023

Confidential Subject: Recommendation for the Award of Contract – Provision of External Audit Services (D23/93172)

It is the recommendation of the Chief Executive Officer that the Recommendation for the Award of Contract – Provision of External Audit Services be received, discussed and considered in confidence. The Audit & Risk Committee should determine whether it is necessary and appropriate for the matter to be discussed in confidence as provided for by the provisions of Sections 90 and 91 of the *Local Government Act 1999* (with a recommendation provided as follows):

Recommendation for Moving into Camera

1. *That pursuant to Section 90(2) of the Local Government Act, 1999 the Audit & Risk Committee orders that the public (except staff on duty) be excluded from the meeting to enable discussion on the Recommendation for the Award of Contract – Provision of External Audit Services.*
2. *That the Audit & Risk Committee is satisfied that pursuant to section 90(3) k of the Local Government Act 1999, the information be received, discussed or considered in relation to this item is:*
  - *tenders for the supply of goods, the provision of services or the carrying out of works*
    - *on the basis that it is inappropriate to discuss awarding of services in a public domain prior to discussions with the preferred supplier.*
3. *In addition, the disclosure of this information would, on balance, be contrary to the public interest. The public interest in the public access to the meeting has been balanced against the public interest in the continued non-disclosure of the information. The benefit to the public at large resulting from withholding the information outweighs the benefit to it of disclosure of the information. The Council is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed in the circumstances on the basis that it is inappropriate to discuss awarding of services in a public domain prior to discussions with the preferred supplier.*

Note: The meeting should pause to allow members of the public to leave the meeting room and the doors should be closed behind as the last person leaves. Discussion on the matter can then proceed. The meeting automatically moves out of confidentiality at the end of consideration of the matter, and the public should then be invited to attend the meeting.