

# NOTICE OF MEETING

Pursuant to the provisions of section 88 (1) of the  
*Local Government Act 1999*

## **Audit Committee Meeting of the**



will be held in

**Council Chamber  
Redbanks Road  
Mallala**

on

**Monday 13 February 2023 at 4.30pm**

A handwritten signature in black ink, appearing to read "James Miller", is positioned above the printed name and title.

James Miller  
**CHIEF EXECUTIVE OFFICER**



## INDEX

Page  
Number

<b>1</b>	<b>ACKNOWLEDGEMENT OF COUNTRY.....</b>	<b>5</b>
<b>2</b>	<b>ATTENDANCE RECORD.....</b>	<b>5</b>
<b>3</b>	<b>MINUTES.....</b>	<b>5</b>
3.1	Confirmation of Minutes - Special Audit Committee Meeting - 31 January 2023.....	6
3.2	Confirmation of Audit Committee Meeting Minutes - 7 November 2022.....	11
<b>4</b>	<b>BUSINESS ARISING.....</b>	<b>19</b>
<b>5</b>	<b>DECLARATION OF MEMBERS' INTEREST .....</b>	<b>19</b>
<b>6</b>	<b>REPORTS FOR DECISION.....</b>	<b>20</b>
6.1	Gawler River Floodplain Management Authority - Overview and Risk Assessment .....	20
6.2	2023/2024 Annual Business Plan, Budget and 2024-2033 Long Term Financial Plan Development Framework.....	199
6.3	Update on Audit Committee Annual Work Program 2022/2023.....	212
6.4	Draft Rating Policy .....	221
6.5	Policy Review – Disposal of Land and Other Assets Policy.....	239
6.6	Policy Review - Credit Card Policy .....	249
<b>7</b>	<b>REPORTS FOR INFORMATION .....</b>	<b>256</b>
7.1	Committee Resolutions .....	256
7.2	Update on Overdue Council Rates .....	259
7.3	Financial Performance for the period July-December 2022 .....	262
7.4	Review of Internal Financial Controls.....	268
<b>8</b>	<b>QUESTIONS WITHOUT NOTICE.....</b>	<b>272</b>
<b>9</b>	<b>MOTIONS WITHOUT NOTICE.....</b>	<b>272</b>
<b>10</b>	<b>URGENT BUSINESS.....</b>	<b>272</b>
<b>11</b>	<b>NEXT MEETING.....</b>	<b>272</b>
<b>12</b>	<b>CLOSURE .....</b>	<b>272</b>



**1 ACKNOWLEDGEMENT OF COUNTRY**

*Council acknowledges that we meet on the traditional country of the Kurna people of the Adelaide Plains and pays respect to elders past, present and emerging. We recognise and respect their cultural heritage, beliefs and relationship with the land and we acknowledge that they are of continuing importance to the Kurna people living today.*

**2 ATTENDANCE RECORD****3 MINUTES**

3.1 Confirmation of Minutes - Special Audit Committee Meeting - 31 January 2023

**RECOMMENDATION**

**“that the minutes of the Special Audit Committee Meeting held on Monday 31 January 2023 (MB Folios 239 to 238, inclusive), be accepted as read and confirmed.”**

# MINUTES

of the

## Special Meeting of the Audit Committee



**Adelaide  
Plains  
Council**

Held, pursuant to the provisions of the  
*Local Government Act 1999*

**by electronic means**

on

**Tuesday 31 January 2023 at 4.30pm**

The Chairperson formally declared the meeting open at 4.36pm.

## 1 ACKNOWLEDGEMENT OF COUNTRY

The Committee acknowledges that we meet on the traditional country of the Kurna people of the Adelaide Plains and pays respect to elders past, present and emerging. We recognise and respect their cultural heritage, beliefs and relationship with the land and we acknowledge that they are of continuing importance to the Kurna people living today.

## 2 ATTENDANCE RECORD

### 2.1 Present

Mr Alan Rushbrook (Chairperson)

Mr Peter Fairlie-Jones

Mayor Mark Wasley

Deputy Mayor Marcus Strudwicke

Councillor Margherita Panella

### Also in Attendance

Chief Executive Officer

Mr James Miller

General Manager – Finance and Business

Mr Rajith Udugampola

General Manager – Governance and Executive Office

Ms Sheree Schenk

General Manager – Development and Community

Mr Darren Starr

General Manager – Infrastructure and Environment

Mr Thomas Jones

Administration and Executive Support Officer/Minute Taker

Ms Stacie Shrubsole

Administration Support Officer – Infrastructure and Environment

Ms Lauren Bywaters

Information Technology Support Officer

Mr Sean Murphy

Managing Director, Powell & Co Pty Ltd

Mr David Powell

Principal, Alinea Group

Mr Ben Koop

## 3 BUSINESS ARISING

Nil

**4 DECLARATION OF MEMBERS' INTEREST**

Nil

**5 QUESTIONS WITHOUT NOTICE**

Nil

**6 MOTIONS WITHOUT NOTICE**

Nil

**7 URGENT BUSINESS**

Nil

**8 CONFIDENTIAL ITEMS****8.1 TWO WELLS TOWN CENTRE – MARKET ENGAGEMENT****COMMITTEE RESOLUTION 2023/001**

Moved: Deputy Mayor Strudwicke

Seconded: Mayor Wasley

"that:

1. Pursuant to section 90(2) of the *Local Government Act 1999*, the Audit Committee orders that all members of the public, except Chief Executive Officer, General Manager – Governance and Executive Office (for such duration as permitted by the Chairperson), General Manager – Development and Community (for such duration as permitted by the Chairperson), General Manager – Finance and Business, General Manager – Infrastructure and Environment, Administration and Executive Support Officer / Minute Taker, and Administration Support Officer – Infrastructure and Environment, David Powell of Powell & Co and Ben Koop of Alinea Group (for such duration as permitted by the Chairperson) be excluded from attendance at the meeting of Council for Agenda Item 8.1 – *Two Wells Town Centre – Market Engagement*;
2. The Audit Committee is satisfied that pursuant to of the *Local Government Act 1999*, Item 8.1 – *Two Wells Town Centre – Market Engagement* concerns information of a confidential nature, the disclosure of which would involve the unreasonable disclosure of information the disclosure of which could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting, or proposing to conduct, business, or to prejudice the commercial position of the council; and
3. The Audit Committee is satisfied that the principle that Committee meetings should be conducted in a place open to the public has been outweighed by the need to keep the information, matter and discussion confidential."

**CARRIED**

At 4.40pm, General Manager – Governance and Executive Office, General Manager – Development and Community, General Manager – Finance and Business, General Manager – Infrastructure and Environment and Mr Ben Koop disconnected from the meeting.



At 4.44pm, the Chairperson sought probity advice from Mr David Powell, Managing Director of Powell & Co Pty Ltd. Mr Powell provided an 11-minute briefing to the Committee.

At 4.56pm, General Manager – Governance and Executive Office, General Manager – Development and Community, General Manager – Finance and Business, General Manager – Infrastructure and Environment and Mr Ben Koop reconnected to the meeting.

The Chief Executive Officer gave a 5-minute presentation regarding Item 8.1 – *Two Wells Town Centre – Market Engagement*, and in doing so, formally tabled the ‘Evaluation Report Two Wells – Town Centre’ dated January 2023.

At 5.04pm, Mr David Powell disconnected from the meeting, and did not reconnect.

General Manager – Development and Community and Mr Ben Koop gave a 46-minute presentation in relation to *Two Wells Town Centre – Expression of Interest Process Overview*, including questions from the Committee.

## 8.1 TWO WELLS TOWN CENTRE - MARKET ENGAGEMENT

### COMMITTEE RESOLUTION 2023/002

Moved: Mayor Wasley

Seconded: Mr Fairlie-Jones

“that the Audit Committee, having considered Item 8.1 – *Two Wells Town Centre – Market Engagement*, dated 31 January 2023, receives and notes the report and in doing so acknowledges:-

1. The ‘Evaluation Report Two Wells – Town Centre’ dated January 2023 tabled by the Chief Executive Officer at the meeting; and
2. That the Chief Executive Officer will bring a further report back to the Audit Committee, together with a Prudential Report, at a subsequent meeting where shortlisted consortia will be narrowed down to a preferred proponent(s).”

CARRIED

### COMMITTEE RESOLUTION 2023/003

Moved: Deputy Mayor Strudwicke

Seconded: Mr Fairlie-Jones

“that:

1. The staff report, Attachment 1 and Attachment 2 pertaining to Item 8.1 – *Two Wells Town Centre – Market Engagement* remain confidential and not available for public inspection until further order of the Council except such disclosure as the Chief Executive Officer determines necessary or appropriate for the purpose of furthering the discussions or actions contemplated;
2. Pursuant to section 91(9)(a) of the *Local Government Act 1999*, the confidentiality of the matter will be reviewed every 12 months; and
3. Pursuant to section 91(9)(c) of the *Local Government Act 1999*, the Council delegates the power to revoke this confidentiality order to the Chief Executive Officer.’

CARRIED

**9 NEXT MEETING**

4.30pm on Monday 13 February 2023.

**10 CLOSURE**

There being no further business, the Chairperson declared the meeting closed at 5.55pm.

**The minutes of this meeting were confirmed at the Audit Committee Meeting held on 13 February 2023.**

.....  
**CHAIRPERSON**

Subject to Confirmation

**3.2 CONFIRMATION OF AUDIT COMMITTEE MEETING MINUTES - 7 NOVEMBER 2022****Record Number: D23/5355****Author: Administration and Executive Support Officer****Authoriser: General Manager - Governance and Executive Office****Attachments: 1. Draft Minutes - Audit Committee Meeting - 7 November 2022** [↓](#) **RECOMMENDATION**

**“that the minutes of the Audit Committee Meeting held on Monday 7 November 2022 (MB Folios 232 to 238, inclusive), be accepted as read and confirmed.”**

# MINUTES

of the

## **Audit Committee Meeting**

of the



Pursuant to the provisions of section 88 (1) of the  
*Local Government Act 1999*

HELD IN

**Council Chamber  
Redbanks Road  
Mallala**

on

**Monday 7 November 2022 at 4.30pm**

233

The Chairperson formally declared the meeting open at 4.30pm and in doing so, acknowledged that the meeting was taking place on Kurna land and paid respect to Kurna Elders, past and present and emerging.

**1. ATTENDANCE AND WELCOME**

**1.1 Present**

Mr Alan Rushbrook (Chairperson)

Mr Peter Fairlie-Jones

Mayor Mark Wasley

Deputy Mayor Marcus Strudwicke

**Also in Attendance**

Chief Executive Officer

Mr James Miller

General Manager – Finance and Business

Mr Rajith Udugampola

General Manager – Governance and Executive Office

Ms Sheree Schenk

Manager Governance and Administration

Ms Alyssa Denicola

Accountant

Ms Carmel Vandermolten

Informational Technology Officer

Mr Thomas Harris-Howson

Administration and Executive Support Officer/Minute Taker

Ms Stacie Shrubsole

Audit Director, Galpins (*in attendance for Item 6.1*)

Mr Juliano Freitas

Partner, Galpins (*in attendance for Item 6.1*)

Mr Tim Muhlhausler

**1.2 Apologies:**

Councillor Margherita Panella

234

**2. CONFIRMATION OF MINUTES**

2.1 Confirmation of Minutes – Meeting held 8 August 2022

**Committee Resolution**Moved Deputy Mayor Strudwicke Seconded Mr Fairlie-Jones **2022/ 054**

**“that the minutes of the Audit Committee Meeting held on Monday 8 August 2022 (MB Folios 225 to 231, inclusive), be accepted as read and confirmed.”**

**CARRIED****3. BUSINESS ARISING**

Nil

**4. ADJOURNED BUSINESS**

Nil

**5. DECLARATION OF MEMBERS’ INTERESTS**

Nil

**6. REPORTS FOR DECISION**

6.1 Draft Audited Annual Financial Statements 2021/2022

Mr Juliano Freitas, Audit Director, Galpins, delivered a 9-minute presentation to the Committee in relation to the Draft Audited Annual Financial Statements 2021/2022.

The Chairperson sought leave of the meeting to proceed to Item 6.2 – *Update on Audit Committee Annual Work Program 2022/2023*, noting that Item 6.1 – *Draft Audited Annual Financial Statements 2021/2022* would be resumed at a later stage of the meeting. Leave was granted.

6.2 Update on Audit Committee Annual Work Program 2022/2023

**Committee Resolution**Moved Mr Fairlie-Jones Seconded Mayor Wasley **2022/ 055**

**“that the Audit Committee, having considered Item 6.2 – *Update on Audit Committee Annual Work Program 2022/2023*, dated 7 November 2022, receives and notes the report and in doing so recommends to the Council that it acknowledge the progress made to complete the activities identified for Audit Committee during 2022/2023 Financial Year.”**

**CARRIED**



236

6.1 **Committee Resolution**

Moved Deputy Mayor Strudwicke      Seconded Mr Fairlie-Jones      **2022/ 060**

**“that the Audit Committee, having considered Item 6.1 – *Draft Audited Financial Statements 2021/2022*, dated 7 November 2022, authorises its Chairman to sign the Certification of Auditor Independence.”**

CARRIED

6.1 **Committee Resolution**

Moved Mayor Wasley      Seconded Deputy Mayor Strudwicke      **2022/ 061**

**“that the Audit Committee, having considered Item 6.1 – *Draft Audited Financial Statements 2021/2022*, dated 7 November 2022, acknowledges that Council’s independent Auditor Mr Tim Muhlhausler of Galpins Accountants, Auditors & Business Consultants intends to issue an unqualified opinion in relation to the Financial Statements and the Internal Financial Controls of the Council for the 2021/2022 Financial Year.”**

CARRIED

## 7.3 Reporting of Credit Card Transactions

**Committee Resolution**

Moved Deputy Mayor Strudwicke      Seconded Mayor Wasley      **2022/ 062**

**“that the Audit Committee, having considered Item 7.3 – *Reporting of Credit Card Transactions*, dated 7 November 2022, received and notes the report and in doing so:**

- 1. Notes that a report by the Auditor General in 2020 on credit card use at The Coorong District Council recommended that “Council should ... periodically report the CEO’s and Mayor’s credit card transactions to its audit committee” (page 8 of Auditor General’s Report 4 of 2020); and**
- 2. Recommends to Council that it revise its *Credit Card Policy* to include the reporting of the Chief Executive Officer’s credit card transactions, to the Audit Committee, on a 6-monthly basis and including the details of ‘Supplier’, ‘Amount’ and ‘Description’.”**

CARRIED

## 7.4 Update on Finance Related Policies

**Committee Resolution**

Moved Deputy Mayor Strudwicke      Seconded Mr Fairlie-Jones      **2022/ 063**

**“that Council, having considered Item 7.4 – *Update on Finance Related Policies*, dated 7 November 2022, receives and notes the report and in doing so resolves to include an annual update of Council’s Policy Review Schedule within the Audit Committee Annual Work Program and requests that the Chief Executive Officer bring back, to a future meeting of the Committee, a:**

- 1. Draft Rates Policy and**
- 2. Draft Fraud and Corruption Prevention Policy.”**

CARRIED



237

7.5 Two Wells Town Centre Market Engagement and Expression of Interest Update

**Committee Resolution**Moved Mayor Wasley Seconded Mr Fairlie-Jones **2022/ 064**

**“that the Audit Committee, having considered Item 7.5 – Two Wells Town Centre Market Engagement and Expression of Interest Update, dated 7 November 2022, receives and notes the report.”**

**CARRIED****8. CONFIDENTIAL ITEMS**

8.1 Information Technology Update

**Committee Resolution**Moved Deputy Mayor Strudwicke Seconded Mr Fairlie-Jones **2022/ 065****“that:**

- 1. Pursuant to section 90(2) of the *Local Government Act 1999*, the Audit Committee orders that all members of the public, except Chief Executive Officer, General Manager – Finance and Business, General Manager – Governance and Executive Office, Manager Governance and Administration, Accountant, Information Technology Officer and Administration and Executive Support Officer/Minute Taker be excluded from attendance at the meeting of Audit Committee for Agenda Item 8.1 – *Information Technology Update*;**
- 2. The Audit Committee is satisfied that pursuant to section 90(3)(e) of the *Local Government Act 1999*, Item 8.1 – *Information Technology Update* concerns matters affecting the security of the council, members or employees of the council, or council property, or the safety of any person, being a report in relation to information technology of the Council; and**
- 3. The Audit Committee is satisfied that the principle that Committee meetings should be conducted in a place open to the public has been outweighed by the need to keep the information, matter and discussion confidential.”**

**CARRIED**8.1 **Committee Resolution**Moved Deputy Mayor Strudwicke Seconded Mayor Wasley **2022/ 066**

**“that the Audit Committee, having considered Item 8.1 – *Information Technology Update*, dated 7 November 2022, receives and notes the report.”**

**CARRIED**

238

8.1 **Committee Resolution**

Moved Mayor Wasley Seconded Deputy Mayor Strudwicke **2022/ 067**

**“that the Audit Committee, having considered Item 8.1 – *Information Technology Update*, dated 7 November 2022 in confidence under sections 90(2) and 90(3)(e) of the *Local Government Act 1999*, resolves that:**

- 1. The report, Attachment 1 and Attachment 2 pertaining to Item 8.1 – *Information Technology Update* remain confidential and not available for public inspection until further order of the Council except such disclosure as the Chief Executive Officer determines necessary or appropriate for the purpose of furthering the discussions or actions contemplated;
- 2. Pursuant to section 91(9)(a) of the *Local Government Act 1999*, the confidentiality of the matter will be reviewed every 12 months; and
- 3. Pursuant to section 91(9)(c) of the *Local Government Act 1999*, the Committee delegates the power to revoke this confidentiality order to the Chief Executive Officer.”

**CARRIED**

9. **GENERAL BUSINESS**

Nil

10. **NEXT MEETING**

Monday 6 February 2023 at 4.30pm.

11. **CLOSURE**

There being no further business, the Chairperson declared the meeting closed at 7.04pm.

Confirmed as a true record.

Chairperson:.....

Date: \_\_\_/\_\_\_/\_\_\_





- 4 BUSINESS ARISING**
- 5 DECLARATION OF MEMBERS' INTEREST**

## 6 REPORTS FOR DECISION

### 6.1 GAWLER RIVER FLOODPLAIN MANAGEMENT AUTHORITY - OVERVIEW AND RISK ASSESSMENT

Record Number: D23/4976

Author: Chief Executive Officer

- Attachments:
1. Gawler River Floodplain Management Authority - Overview and Risk Assessment - Report 1 (including all appendices) to Council Meeting, dated 19 December 2022 [↓](#) 
  2. Gawler River Floodplain Management Authority - Overview and Risk Assessment - Report 2 (including all appendices) to Council Meeting, dated 30 January 2023 [↓](#) 
  3. Some Considerations of the Proposal by Adelaide Plains Council to Withdraw from the Gawler River Floodplain Management Authority, prepared by David Hope, dated September 2017 [↓](#) 
  4. Correspondence between Council and Minister for Local Government - Withdrawal Request and Response - 2017 [↓](#) 

#### RECOMMENDATION 1

“that Council, having considered Item 6.1 – *Gawler River Floodplain Management Authority - Overview and Risk Assessment*, dated 13 February 2023, receives and notes the report and in doing so recommends that Council:-

1. Acknowledges that the Chief Executive Officer has brought this matter to the Audit Committee for its consideration and advice.
2. Acknowledges that Mr Michael Kelledy of Kelledy Jones Lawyers and Mr Drew Jacobi of Southfront Engineers have been engaged by Council to provide input and strategic advice to Council on the matter.
3. Is cognisant of the various resolutions and policy positions adopted by both the Council and Gawler River Floodplain Management Authority (GRFMA) that may influence financial risk and liability on the Council.
4. Notes that Council had previously attempted to withdraw from the GRFMA in 2017 citing concerns regarding:-
  - i. the GRFMA Charter and associated inequalities regarding funding contributions of constituent councils
  - ii. the lack of a Stormwater Management Plan for the catchment
  - iii. a lack of exploration into upstream flood mitigation infrastructure options (ie. raising of Bruce Eastick Dam)
5. Acknowledges that considerable work has been done since Council began lobbying the GRFMA in 2017 to see action taken on addressing and advancing 4(i), 4(ii) and 4(iii) above.”

**RECOMMENDATION 2**

**“that Council, having considered Item 6.1 – *Gawler River Floodplain Management Authority - Overview and Risk Assessment* , dated 13 February 2023, recommends that Council**  
**\_\_\_\_\_.”**

**DETAILED REPORT****Purpose**

The purpose of this report is to:-

1. Advise the Audit Committee that Council has instructed its Chief Executive Officer to prepare a report for its consideration that sets out risks posed in either remaining or withdrawing from the Gawler River Floodplain Management Authority (GRFMA);
2. Provide the Audit Committee with relevant context and background information to assist the Committee in providing guidance to Council on the matter; and
3. Seek from the Audit Committee a formal position regarding Council’s ongoing affiliation on the GRFMA.

**Background**

At the meeting of Council held on 26 September 2022, a Notice of Motion was presented to the Chamber by a Council Member which was ultimately adopted:-

**18.1 Moved Councillor Lush Seconded Councillor Keen 2022/326**

***“that the Chief Executive Officer bring back a report to the first meeting of the new elected body setting out all relevant background and information regarding the Gawler River Floodplain Management Authority, including risks posed (financial, legal, reputation, operational) in either remaining or withdrawing from the subsidiary.”***

**CARRIED**

The Chief Executive Officer (CEO), as a means of ensuring Council Members were fully informed of all relevant aspects so as to be able to make an informed decision on the matter, tabled a detailed report together with a raft of appendices to the 19 December 2022 meeting (**Attachment 1**).

The resolution adopted by the Chamber was for the CEO to bring a report back to the 30 January 2023 (**Attachment 2**) meeting for consideration, however, in a meeting held between the CEO and the Audit Committee Chairperson in mid-January, it was determined that the most appropriate way to deal with this item is for it to be firstly channelled through the Audit Committee. The below resolution was subsequently adopted by Council at its meeting held on 30 January 2023 recognising and endorsing this pathway forward:-

- 15.2      Moved    Councillor Lush                      Seconded    Councillor Boon                      2023/015**  
***“that Council, having considered Item 15.2 – Gawler River Floodplain Management Authority – Overview and Risk Assessment – Report 2, dated 30 January 2023, receives and notes the report and in doing so acknowledges that the Chief Executive Officer intends to channel Gawler River Floodplain Management Authority – Overview and Risk Assessment – Report 2 through Council’s Audit Committee prior to Council considering same at its 27 February 2023 meeting.”***

**CARRIED UNANIMOUSLY**

With the aforementioned resolution secured, the CEO is now bringing this matter before the Audit Committee for its input and advice prior to it returning to the Chamber on 27 February 2023. To assist Audit Committee Members in its deliberations, the CEO has cordially invited Mr Michael Kelledy of Kelledy Jones Lawyers and Mr Drew Jacobi of Southfront Engineers to the meeting.

### **Discussion**

Council, in 2017, considered its ongoing affiliation with the GRFMA having adopted an earlier Motion without Notice to withdraw from the subsidiary. Prior to formally requesting of the Minister for Local Government to withdraw, Council commissioned Mr David Hope to undertake a prudential assessment into the matter (**Attachment 3**). In addition, Council commissioned Mr Drew Jacobi to commence investigations into flood mitigation investigative work being undertaken by the Board citing concerns with proposed downstream intervention (Northern Floodway) over and above upstream flood mitigation (Bruce Eastick Dam enlargement).

The Minister for Local Government, upon consideration of Council’s request dated 19 October 2017, elected to decline same in correspondence 14 December 2017 (**Attachment 4**) and encouraged Council to advocate for a review of the GRFMA Charter.

A significant body of work has been done since this time by the Board into reviewing cost contributions of the current Charter, the commissioning of a Stormwater Management Plan and the establishment of a Business Case (headed up by the Department for Environment and Water) into flood management and mitigation options within the catchment. The CEO has lobbied hard over the past six years to see traction on the above initiatives and is pleased with their progress; progress Members will read in the various attachments appended to the CEO’s report to the 19 December 2022 meeting.

As this is the first time since the Audit Committee have seen this matter returned since September 2017, the CEO intends to table the report and its various attachments to the meeting, receive a briefing/presentation from the CEO, Mr Kelledy and Mr Jacobi on relevant issues to consider and then workshop the various risks posed (strategic, financial, legal, reputation, operational, technical) in either remaining or withdrawing from the subsidiary prior to adopting any position/recommendation to take to the Elected Body.

**Conclusion**

This report is provided to the Audit Committee for information and advice. With Mr Kelledy and Mr Jacobi present at the meeting to add input from a legal and engineering perspective, the CEO expects a position to be reached/pathway for further analysis to be undertaken regarding affiliation and risks posed in either remaining or withdrawing from the subsidiary.

**References**Legislation

*The Local Government Act 1999*







Council Policies/Plans

*Strategic Plan 2021-2024*

### 16.3 GAWLER RIVER FLOODPLAIN MANAGEMENT AUTHORITY - OVERVIEW AND RISK ASSESSMENT - REPORT 1

Record Number: D22/55856

Author: Chief Executive Officer

- Attachments:
1. Gawler River Floodplain Management Authority - GRFMA Current Charter [↓](#) 
  2. Gawler River Floodplain Management Authority - GRFMA - Strategic Plan - 2021-2026 
  3. Gawler River Floodplain Management Authority - GRFMA Annual Report 2021-22 [↓](#) 
  4. Gawler River Floodplain Management Authority - GRFMA - Business Plan 2022-2023 [↓](#) 
  5. Water Technology - Gawler River Mitigation Cost Sharing - Northern Floodway v2 [↓](#) 
  6. Gawler River Flood Management - Presentation to Council - July 2022 [↓](#) 

#### RECOMMENDATION

“that Council, having considered Item 16.3 – *Gawler River Floodplain Management Authority - Overview and Risk Assessment - Report 1*, dated 19 December 2022, receives and notes the report and in doing so acknowledges that the Chief Executive Officer intends to bring back a further report to the 30 January 2023 Meeting of Council which provides for the second element of resolution 2022/326 to be addressed, namely a report identifying risks to Council in either remaining or withdrawing from the subsidiary.”

#### Purpose

The purpose of this report is to provide Council Members with an overview of the Gawler River Floodplain Management Authority (GRFMA) and establish a platform of understanding and awareness amongst Members regarding all aspects of the subsidiary ahead of a further report being tabled at the January 2023 meeting that addresses resolution 2022/326 in full.

#### Background

At the meeting of Council held on 26 September 2022, a notice of motion was presented to the Chamber and ultimately adopted:-

18.1 Moved Councillor Lush                      Seconded Councillor Keen                      2022/ 326

***“that the Chief Executive Officer bring back a report to the first meeting of the new elected body setting out all relevant background and information regarding the Gawler River Floodplain Management Authority, including risks posed (financial, legal, reputation, operational) in either remaining or withdrawing from the subsidiary.”***

**CARRIED**



This report, therefore, seeks to provide an update to Members on relevant matters pertaining to the GRFMA and, in doing so, recommends that the above resolution be separated into two parts and over two meetings to enable a full and thorough comprehension of the issues at play prior to considering “...risks posed in either remaining of withdrawing from the subsidiary.”

## Discussion

### 1. Charter

#### The Gawler River and the Gawler River Floodplain Management Authority Constituent Councils

The Gawler River is formed by the confluence of the North Para and South Para in the town of Gawler and is located in the Adelaide Plains district of South Australia. The district surrounding the river produces cereal crops and sheep for both meat and wool, as well as market gardens, almond orchards and vineyards. The farm gate output of the Gawler River floodplain horticultural areas is estimated to be at least \$355 million.

The river is subject to periodic flood events. The catchment is identified in the state’s flood hazard plan as a significant flood risk. The River has been flooded on average every 10 years over the past 160 years (known records). Most recently, large floods have occurred in 1992 (September, October, December), November 2005 and October 2016.

The GRFMA is a regional subsidiary established pursuant to Section 43 of the Local Government Act whose member councils comprise:-

- Adelaide Hills Council
- Adelaide Plains Council
- The Barossa Council
- Light Regional Council
- Town of Gawler
- City of Playford

#### Role and Function

The GRFMA was established for the purposes of coordinating the planning, construction, operation and maintenance of flood mitigation infrastructure for the Gawler River, and for the following functions:-

- to raise finance for the purpose of developing, managing and operating and maintaining works approved by the Board;
- to provide a forum for the discussion and consideration of topics relating to the Constituent Council’s obligations and responsibilities in relation to management of flooding of the Gawler River;
- to advocate on behalf of the Constituent Councils and their communities where required to State and Federal Governments for legislative policy changes on matters related to flood mitigation and management and associated land use planning with Gawler River flood mitigation;
- to facilitate sustainable outcomes to ensure a proper balance between economic, social, environmental and cultural consideration; and

Ordinary Council Meeting Agenda

19 December 2022

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- to provide advice as appropriate to the Constituent Councils in relation to development applications relevant to the Authority's roles and functions.

Financial Contributions

Constituent council contributions are set out in schedule 1 of the Charter and provided below:-

**SCHEDULE 1 – FINANCIAL CONTRIBUTIONS**

Constituent Council	Capital Works Percentage Share %	Maintenance of Assets Percentage Share %	Operational Costs Percentage Share %
Adelaide Hills Council	1.73	1.73	16.66
Adelaide Plains Council	28.91	28.91	16.66
The Barossa Council	8.67	8.67	16.66
Town of Gawler	17.34	17.34	16.66
Light Regional Council	8.67	8.67	16.66
City of Playford	34.68	34.68	16.66
Total	100%	100%	100%

A copy of the GRFMA Charter is provided for as **Attachment 1** to this report.

**2. Strategic Plan**

The GRFMA has a Strategic Plan which sets out the subsidiary's strategic vision for the period 2021-2026. A copy of the Strategic Plan is provided for as **Attachment 2** to this report.

Within the Strategic Plan, a number of previous achievements of the Board are noted, namely:-

- construction of the flood control dam on the North Para River in 2007 (Bruce Eastick Dam)
- facilitated Gawler River Open Space Strategy in 2008
- modification of the South Para Reservoir Dam and spillway in 2012
- extensive flood mapping and hydrology reports facilitated
- completed the Gawler River 2016 Flood Review

The Strategic Plan provides three key themes as priorities for the period 2021-2026, namely:-

1. Design, build and maintain physical flood mitigation infrastructure
2. Develop and evolve key relationships
3. Ensure good governance and ongoing financial sustainability

So as to better understand the direction of the Board and its priority projects, Council Members are encouraged to read in detail the Strategic Plan and the suite of priority actions comprised within.

Council, at its meeting held on 24 May 2021, considered a report by the CEO in relation to the future direction of the subsidiary. Council's adopted resolution, which has since been furnished to the Board, is provided for below:-

**21.1 Moved Councillor Lush Seconded Councillor Strudwicke 2021/ 207**

***“that Council, having considered Item 21.1 – Gawler River Floodplain Management Authority – Issues Overview and State of Play, dated 24 May 2021:***

- 1. Expresses disappointment in decisions/inaction of the GRFMA Board since 2017 relative to:***
  - a. failure to act strategically since the October 2016 floods in the preparation of a Strategic Plan, Infrastructure and Asset Management Plan and Long Term Financial Plan, all of which would inform constituent councils' strategic planning documentation;***
  - b. failure to accede to APC's proposed motion to pursue an all of catchment Stormwater Management Plan which, if agreed to at the time, would now have resulted in delivery of same and a suite of priority projects to pursue; and***
  - c. failure to accede to APC's proposed motion to pursue a Charter Review which, if agreed to at the time, would now have resulted in constituent councils fully understanding their respective contributions to new flood mitigation infrastructure;***
- 2. Expresses concerns regarding the development of an abridged Stormwater Management Plan (not all of catchment) as well as the ongoing delivery of the State Government's four 'No Regrets' projects and what these initiatives, opposed by APC, will mean from a financial contribution perspective;***
- 3. Reinforces its position that the GRFMA ought to return to a singular focus, that being the management and maintenance of the Bruce Eastick Dam; and***
- 4. In consideration of 1 to 3 above, instructs the Chief Executive Officer to formally write to the Chair and Executive Officer of the GRFMA requesting that the focus of the Authority be restricted to the management and maintenance of the Bruce Eastick Dam.”***

**CARRIED UNANIMOUSLY**

### **3. 2021/2022 Annual Report and 2022/2023 Business Plan**

While the Strategic Plan sets out the subsidiary's direction for the period 2021-2026, it is prudent for Members to be familiar with the Board's achievements for the 2021/2022 financial year and its forward direction for 2022/2023. To that end, the CEO has appended to this report as **Attachment 3** and **Attachment 4** a copy of the 2021/2022 Annual Report and the 2022/2023 Business Plan respectively for Council Members' interest.

Key areas of focus for the current financial year include:-

- finalise preparation of the Stormwater Management Plan
- review, with constituent councils and stakeholders, design standards for infrastructure works including costs and benefits

- in conjunction with constituent councils, develop and implement a schedule of flood mitigation infrastructure works for the Gawler River referencing the Stormwater Management Plan
- working with constituent councils, develop a framework to clearly articulate the respective roles and responsibilities of the Authority and the councils and suitable partnering arrangements to maintain a low-cost base for the Authority
- continue to advocate for improved governance and funding arrangements for food avoidance, resilience and mitigation
- assist constituent councils in communicating with general communities and specific interest groups in relation to flood mitigation for the Gawler River
- progress the agreed outcomes from the Charter Review 2 exercise
- develop fit for purpose risk management, asset management and long-term financial plans
- Suffice to say, the Board has a hefty programme with much activity on foot.

#### 4. Charter Review - Cost Contributions Model

Adelaide Plains Council (APC) has long held the view that the current cost sharing model is outdated, unfair and needs refining. Indeed, the model itself was developed some 20 years ago when the subsidiary was formed and led to a cost sharing arrangement being implemented across the six constituent councils that saw APC's percentage for new capital projects sitting at a lofty 28.91 percent.

Council, in recent years, has lobbied and advocated for a review of the percentage split which has now seen a body of work evolve, led by the GRFMA, into a review of how percentages are calculated.

Provided for Members interest as **Attachment 5** is a copy of the Water Technology report dated July 2021 and is considered a crucial body of work as constituent councils now start to formulate a sense of where contributions may land for new infrastructure projects. The unknown, of course, is upon what ratio the federal and state government contributions ought to be calculated at because, at present, there is no formula that dictates the three-tiered government percentage split. The recently established Expert Panel on Stormwater will hopefully provide direction to government on this very issue.

Council, at its meeting held on 25 July 2022, formally adopted a position in relation to the cost contributions model which is provided for below:-

**20.1 Moved Councillor Boon Seconded Councillor Parker 2022/ 255**

***“that Council, having considered Item 20.1 – Gawler River Floodplain Management Authority – Charter Review 2, dated 25 July 2022, receives and notes the report and in doing so notes the thrust and direction of the Gawler River Flood Mitigation Cost Contribution Sharing Model - Northern Floodway Application, and, while generally supportive of the principles and weightings applied, reserves its position until further outcomes are known in respect of:***

- ***Stormwater Management Plan findings and recommendations;***
- ***Gawler River Flood Management Business Case findings and recommendations; and***
- ***State and Federal Government funding support for new infrastructure.”***

**CARRIED**

**5. Department of Environment and Water - Business Case**

The Department of Environment and Water (DEW) has been steadfastly working up a Gawler River Flood Mitigation Business Case which has already seen the injection of \$9 million into four 'no regrets' projects across the catchment. Further exploratory work is being done in this space by the Department which is best articulated in a recent presentation delivered by DEW to Council Members earlier this year (see **Attachment 6**).

**Conclusion**

The Chief Executive Officer has determined it appropriate that in order to best address the intent of resolution 2022/326, that the Elected Body be furnished with a full and thorough report setting out relevant background, context and activity prior to embarking on a discussion regarding risks associated with either remaining or withdrawing from the subsidiary. A further and more comprehensive report will follow at the 30 January 2023 meeting in this regard with key stakeholders to attend and to provide input into discussions, namely:-

- Mr Michael Kelledy, Kelledy Jones Lawyers
- Mr Alan Rushbrook, Adelaide Plains Council Audit Committee Chair
- Mr Drew Jacobi, Southfront Engineers

**GAWLER RIVER FLOODPLAIN MANAGEMENT AUTHORITY****CHARTER****28/1/2020****1. INTRODUCTION****1.1 Name**

The name of the subsidiary is the Gawler River Floodplain Management Authority (referred to as 'the Authority' in this Charter).

**1.2 Definitions**

'**AASB124**' means Australian Accounting Standards Board's Accounting Standard AASB124 Related Party Disclosure;

'**Act**' means the Local Government Act 1999 and includes all regulations made thereunder;

'**Annual Business Plan**' means the business plan adopted by the Authority pursuant to Clause 12.2;

'**Asset Management Plan**' means the asset management plan adopted by the Authority and approved by the Constituent Councils in accordance with Clause 13.3;

'**Board**' means the Board of the Authority set out at Clause 4;

'**Board Member**' means a member of the Board appointed pursuant to Clause 4.2;

'**Budget**' means the annual budget adopted by the Authority pursuant to Clause 12.1;

'**Chairperson**' means the member of the Board appointed pursuant to Clause 4.4;

'**Constituent Councils**' means those councils identified at Clause 2.2.

'**Council**' means a council constituted under the Act;

'**Council Member**' means a member of a Council;

'**Deputy Board Member**' means a deputy member of the Board appointed pursuant to Clause 4.3;

**'Dispute'** means a difference between one or more Constituent Councils and the Authority concerning the operations or affairs of the Authority and includes where a Constituent Council fails or refuses to approve the draft asset management plan, budget, long term financial plan, or charter amendment as advised by the Authority;

**'Financial Statements'** has the same meaning as in the Act;

**'Financial Year'** means 1 July each year to 30 June in the subsequent year;

**'Long Term Financial Plan'** means the long term financial plan adopted by the Authority and approved by the Constituent Councils pursuant to Clause 13.1;

**'Executive Officer'** means the person appointed pursuant to Clause 10.1 as the Executive Officer of the Authority;

**'Region'** means the collective geographical areas of the Constituent Councils;

**'Strategic Plan'** means the strategic plan adopted by the Authority pursuant to Clause 13.2.

1.2.1 In the calculation of 'days':

1.2.1.1 the day on which the notice, document, report, etc is given will not be taken into account; and

1.2.1.2 Saturdays, Sundays and public holidays will be taken into account.

### 1.3 Interpretation

In this Charter, unless the context otherwise requires:

1.3.1 the singular includes the plural and vice versa;

1.3.2 words importing a gender include other genders;

1.3.3 words importing natural persons include corporates;

1.3.4 reference to a section is to a section of the Act and includes any section that substantially replaces that section and deals with the same matter;

1.3.5 headings are for ease of reference only and do not affect the construction of this clause;

1.3.6 an unenforceable provision or part of a provision of this Charter may be severed and the remainder of this Charter continues in force, unless this would materially change the intended effect of this Charter.



**1.4 Local Government Act**

- 1.4.1 This Charter must be read in conjunction with Parts 2 and 3 of Schedule 2 to the Act.
- 1.4.2 The Authority shall conduct its affairs in accordance with and comply with Schedule 2 to the Act except as modified by this Charter in a manner permitted by Schedule 2.

**2. ESTABLISHMENT**

- 2.1 The Gawler River Floodplain Management Authority is established by the Constituent Councils as a regional subsidiary pursuant to Section 43 and Schedule 2 of the *Local Government Act 1999*.
- 2.2 The Authority is established by the Adelaide Hills Council, Adelaide Plains Council, The Barossa Council, Town of Gawler, the Light Regional Council and the City of Playford.
- 2.3 The Authority is subject to the joint direction of the Constituent Councils.

**3. PURPOSE AND FUNCTIONS**

- 3.1 The Authority has been established for the purpose of coordinating the planning, construction, operation and maintenance of flood mitigation infrastructure for the Gawler River, and for the following functions:
- 3.1.1 to raise finance for the purpose of developing, managing and operating and maintaining works approved by the Board;
- 3.1.2 to provide a forum for the discussion and consideration of topics relating to the Constituent Council's obligations and responsibilities in relation to management of flooding of the Gawler River;
- 3.1.3 to advocate on behalf of the Constituent Councils and their communities where required to State and Federal Governments for legislative policy changes on matters related to flood mitigation and management and associated land use planning with Gawler River flood mitigation;
- 3.1.4 to facilitate sustainable outcomes to ensure a proper balance between economic, social, environmental and cultural consideration; and
- 3.1.5 to provide advice as appropriate to the Constituent Councils in relation to development applications relevant to the Authority's roles and functions.
- 3.2 One or more of the Constituent Councils may request the Authority to undertake a function set out in Clause 3.1 of this Charter for the Constituent Council(s), which function will be additional and separate to those undertaken by the Authority for all of the Constituent Councils.

- 3.3 Where one or more Constituent Councils makes a request provided for under Clause 3.2, the Constituent Council(s) and the Authority must enter into a written agreement which amongst other things provides for the Constituent Council(s) to pay to the Authority annual subscription amounts and/or equal percentages of classes of subscription to meet the costs of the Authority in undertaking the additional function(s) and which also provides, with the ownership and maintenance of any resultant infrastructure.
- 3.4 The Authority is not involved in a significant business activity as defined in the Clause 7 Statement prepared under the Competition Principles Agreement of the National Competition Policy.

#### 4. THE BOARD OF MANAGEMENT

##### 4.1 The Board

- 4.1.1 The Authority will be governed by a Board and all decisions of the Board constitute decisions of the Authority.
- 4.1.2 The Board is responsible for the administration of the affairs of the Authority. The Board must ensure insofar as it is practicable, that the Authority complies with all legislative obligations including this Charter, that information provided to the Constituent Councils is accurate and that the Constituent Councils are kept informed of the solvency of the Authority as well as any material developments which may affect the operating capacity and financial affairs of the Authority.

##### 4.2 Board Members

- 4.2.1 The Board will consist of 13 Board Members comprising:
- 4.2.1.1 the Chief Executive Officers of each of the Constituent Councils (including any persons acting in those offices from time to time) or his or her nominee who shall be an employee of the same Constituent Council as the Chief Executive Officer nominating the employee; and
  - 4.2.1.2 one member of each Constituent Council appointed by each Constituent Council;
  - 4.2.1.3 a Chairperson appointed pursuant to Clause 4.4.
- 4.2.2 A Board Member is at the expiry of his or her term of office eligible for reappointment.
- 4.2.3 Board Members (with the exception of the Chairperson) shall not be entitled to receive a sitting fee or other fee or remuneration for undertaking their role as a Board Member.
- 4.2.4 Written confirmation from the Chief Executive Officer of a Constituent Council will be sufficient evidence of that Constituent Council's appointment or revocation of the appointment of a Board Member.

4.2.5 In the event the office of a Board Member becomes vacant, the Constituent Council who appointed that Board Member will appoint another elected member to fill that vacancy:

4.2.5.1 if the Board Member whose office has become vacant was an elected member of a Constituent Council;

4.2.5.2 if the Board Member whose office has become vacant was a person nominated by the Chief Executive Officer of a Constituent Council, the Chief Executive Officer of that Constituent Council will act as a Board Member or nominate a person to be a Board Member.

4.2.6 The Constituent Councils will endeavour as far as practicable to ensure the Board comprises a gender balance and Board Members with a range of expertise including:

- environmental management;
- corporate financial management;
- general management;
- public sector governance;
- public works engineering management.

#### 4.3 Deputy Board Member

4.3.1 Each Constituent Council must appoint:

4.3.1.1 an employee of that Constituent Council as a deputy Board Member who may act in the place of the Board Member being the Chief Executive Officer (or his or her nominee) of that Constituent Council as provided for in Clause 4.2.1.1 if that Board Member is unable for whatever reason to attend a meeting of the Board or otherwise able to act as a Board Member whilst the Board Member is unable to attend a meeting of the Board or to act as a Board Member; and

4.3.1.2 a member of that Constituent Council as a deputy Board Member who may act in the place of the Board Member appointed by that Constituent Council pursuant to Clause 4.2.1.2 if that Board Member is unable for whatever reason to attend a meeting of the Board or otherwise unable to act as a Board Member whilst the Board Member is unable to attend a meeting of the Board or act as a Board Member.

4.3.2 A deputy Board Member in attendance at a meeting of the Board may speak but is only entitled to vote on a matter to be decided by the Board if acting and in attendance at the meeting in accordance with Clauses 4.3.1.

#### 4.4 Chairperson

- 4.4.1 A person who is neither an officer, employee or member of a Constituent Council will be appointed by the Constituent Councils as a Board Member and the Chairperson for a term of up to three years and on such other terms and conditions as determined by the Constituent Councils and who the Constituent Councils consider has expertise in one or more of the following areas:
- (a) environmental management;
  - (b) corporate financial management;
  - (c) general management;
  - (d) public sector governance.
- 4.4.2 In the event the Chairperson is absent or unable for whatever reason to act as Chairperson, the Board will elect a Board Member as the Acting Chairperson for the period the Chairperson is absent or unable to act as Chairperson.
- 4.4.3 The Chairperson is, at the expiry of his or her term of office, eligible for reappointment.
- 4.4.4 The Authority may at the expiry of the Chairperson's term of office as Chairperson appoint the Chairperson for a further term of up to three years and otherwise on the same terms and conditions as the Chairperson's original appointment.
- 4.4.5 The Authority may pay a sitting fee to the Chairperson in such amount as determined by the Authority.
- 4.4.6 The Chairperson will preside at all meetings of the Board and in the event the Chairperson is absent from a meeting, the Board must select a Board Member present to preside at that meeting only.
- 4.4.7 In the event there is a vacancy in the office of Chairperson, the Board will elect a Board Member to act as Chairperson for the balance of the original term or the appointment of a Chairperson, whichever occurs first.

#### 5. TERM OF OFFICE

- 5.1 Subject to Clause 5.2, the term and other conditions of office of a Board Member, will be as determined by the Constituent Council appointing that Board Member.
- 5.2 The Constituent Councils will as far as practicable appoint Board Members, other than those Board Members who are the Chief Executive Officers of the Constituent Councils, following each periodic election of the Constituent Council until the next periodic election of the Constituent Council.

- 5.3 The Board may by a two-thirds majority vote of the Board Members present (excluding the member subject to this clause) make a recommendation to the Constituent Council that appointed the relevant Board Member, that the Constituent Council terminate the appointment of that Board Member in the event of:
- 5.3.1 any behaviour of the Board Member which in the opinion of the Authority amounts to impropriety;
  - 5.3.2 serious neglect of duty in attending to the responsibilities of a Board Member and/or Chairperson of the Board;
  - 5.3.3 breach of fiduciary duty to the Authority;
  - 5.3.4 breach of the duty of confidentiality to the Authority or the Constituent Councils;
  - 5.3.5 breach of the conflict of interest requirements applying to the Board Member; or
  - 5.3.6 any other behaviour which may discredit the Authority or a Constituent Council.
- 5.4 The Authority may by a two-thirds majority vote of the Board Members present at a Board meeting (excluding the Chairperson) make a recommendation to the Constituent Councils that the appointment of the Chairperson be terminated in the event of:
- 5.4.1 any behaviour of the Chairperson which in the opinion of the Authority amounts to impropriety;
  - 5.4.2 serious neglect of duty in attending to the responsibilities of a Board Member and/or Chairperson of the Board;
  - 5.4.3 breach of fiduciary duty to the Authority;
  - 5.4.4 breach of the duty of confidentiality to the Authority or the Constituent Councils;
  - 5.4.5 breach of the conflict of interest requirements applying to a Board Member; or
  - 5.4.6 any other behaviour which may discredit the Authority or a Constituent Council.
- 5.5 The Constituent Council which appointed the member whose term of office has become vacant will be responsible to appoint a Board Member to fill the vacancy.
- 5.6 A Board Member will cease to hold office and his or her office will become vacant:

- 5.6.1 if any of the grounds or circumstances in the Act as to when a Board Member's office becomes vacant arises;
- 5.6.2 if he or she is convicted of an indictable offence punishable by imprisonment;
- 5.6.3 if the Constituent Council which appointed the Board Member ceases to be a Constituent Council;
- 5.6.4 in relation to a Board Member who is the Chief Executive Officer (or his or her nominee) of a Constituent Council, if the Board Member ceases to be an employee of the Constituent Council that he or she was an employee of at the time he or she was appointed or the Constituent Council by which the Chief Executive Officer or his or her nominee is employed ceases to be a Constituent Council;
- 5.6.5 upon the happening of any other event through which the Board Member would be ineligible to remain as a Board Member; or
- 5.6.6 if a Constituent Council revokes the appointment of a Board Member appointed by that Constituent Council.

## 6. **ROLE, FUNCTIONS AND PROCEEDINGS OF THE BOARD**

### 6.1 **Role of the Board**

The Board is the Authority's governing body and has the responsibility for the administration of the affairs of the Authority ensuring that the Authority acts in accordance with this Charter and all relevant legislation including the Act.

### 6.2 **Functions of the Board**

In addition to the functions of the Board set out in the Act, the functions of the Board include:

- 6.2.1 the formulation of Strategic and Business Plans in accordance with Clause 13;
- 6.2.2 providing professional input and policy direction to the Authority;
- 6.2.3 ensuring strong accountability and stewardship of the Authority;
- 6.2.4 monitoring, overseeing and measuring the performance of the Executive Officer of the Authority;
- 6.2.5 ensuring that ethical behaviour and integrity is established and maintained by the Authority, the Board and Board Members in all activities undertaken by the Authority;
- 6.2.6 developing and adopting such policies and procedures as give effect to good governance and administrative practices;

6.2.7 exercising the care, diligence and skill that a prudent person of business would exercise in managing the affairs of other persons; and

6.2.8 avoiding investments that are speculative or hazardous by nature.

**6.3 Proceedings of the Board**

6.3.1 All meetings of the Authority shall be meetings of the Board.

6.3.2 Ordinary meetings of the Board will be held at such times and places as determined by the Board except that there must be at least one ordinary meeting of the Board every two months.

6.3.3 An ordinary meeting of the Board will constitute an ordinary meeting of the Authority. The Board shall administer the business of the Authority at the ordinary meeting.

6.3.4 For the purpose of this Clause 6.3, the contemporary linking together by telephone, audio-visual or other instantaneous means (telecommunications meeting) of the Board Members provided that at least a quorum is present, is deemed to constitute a meeting of the Board. Each of the Board Members taking part in the telecommunications meeting must at all times during the telecommunications meeting be able to hear and be heard by each of the other Board Members present. At the commencement of the meeting, each Board Member must announce his/her presence to all other Board Members taking part in the meeting. A Board Member must not leave a telecommunications meeting by disconnecting his/her telephone, audio-visual or other communication equipment, unless that Board Member has previously notified the Chairperson of the meeting.

6.3.5 A proposed resolution in writing and given to all Board Members in accordance with procedures determined by the Board will be a valid decision of the Board and will constitute a valid decision of the Authority where a majority of Board Members vote in favour of the resolution by signing and returning the resolution to the Executive Officer or otherwise giving written notice of their consent and setting out the terms of the resolution to the Executive Officer. The resolution will be deemed a resolution of the Board and will be as valid and effective as if it had been passed at a meeting of the Board duly convened and held.

6.3.6 Subject to Clause 6.3.7, meetings of the Board will be open to the public and Chapter 6 Part 3 extends to the Authority as if it were a Council and the Board Members were members of the Council.

6.3.7 Any Constituent Council, the Chairperson or three Board Members may by delivering a written request to the Executive Officer require a special meeting of the Board to be held and any such special meeting shall constitute a special meeting of the Authority. The written request must be accompanied by the agenda for the special meeting and if an agenda is not provided the request has no effect.

- 6.3.8 On receipt of a written request pursuant to Clause 6.3.7, the Executive Officer must give notice to all Board Members at least four hours prior to the commencement of the special meeting.
- 6.3.9 A meeting of the Board must not commence until a quorum of Board Members is present and a meeting must not continue if there is not a quorum of Board Members present. A quorum of Board Members will comprise one half of the Board Members in office, ignoring any fraction, plus one.
- 6.3.10 The Board must adopt a Code of Practice for Meeting Procedures to apply to the proceedings at and conduct of meetings of the Board. The Code of Practice for Meeting Procedures must not be inconsistent with the Act or this Charter.
- 6.3.11 The Code of Practice for Meeting Procedures may be reviewed by the Board at any time and must be reviewed at least once every three years.
- 6.3.12 In the event of any inconsistency between this Charter and the Code of Practice for Meeting Procedures, this Charter shall prevail.

## 7. PROPRIETY OF MEMBERS OF THE BOARD

- 7.1 Subject to Clauses 20(6) and 20(7) of Schedule 2 to the Act, the provisions regarding conflict of interest prescribed in the Act apply to all Board Members as if they were elected members of a Council and the Authority was a Council.
- 7.2 Board Members must comply with Division 2, Chapter 5 (Register of Interests) of the Act and to use all reasonable efforts to assist the Authority to comply with any obligations including regarding related party disclosures as set out in AASB124.
- 7.3 Board Members must act in accordance with their duties of confidence and other legal and fiduciary duties including honesty and the exercise of reasonable care and diligence to the Authority as required by Part 4, Division 1, Chapter 5 of the Act and Clause 23 of Schedule 2, Part 2 of the Act.
- 7.4 Subject to the express provisions of Schedule 2 to the Act and this Charter, all provisions governing the propriety and duties of members of a Council and public officers under the Act and other South Australian legislation apply to Board Members.

## 8. POWERS

- 8.1 The Authority is constituted as a body corporate under the Act and in all things acts through the Board.
- 8.2 The Authority has subject, where relevant to Clauses 8.3, 8.4 and 8.5:
- 8.2.1 the power to acquire, deal with and dispose of real and personal property and rights in relation to real and personal property;



- 8.2.2 the power to compulsorily acquire land in accordance with the Land Acquisition Act 1969, provided that such acquisition is for the purposes of flood mitigation;
  - 8.2.3 the power to sue and be sued in its corporate name;
  - 8.2.4 the power to enter into any kind of contract or arrangement;
  - 8.2.5 the power to return surplus revenue to Constituent Councils in such proportions as the Board considers appropriate at the end of any financial year either by way of cash payment or reduction of annual contribution;
  - 8.2.6 the power to set aside surplus revenue for future capital expenditure;
  - 8.2.7 the power to invest funds and in doing so to take into account Part 4 of Chapter 9 of the Act;
  - 8.2.8 the power to establish committees, in accordance with Clause 9;
  - 8.2.9 the power to delegate any function or duty except for the power to compulsorily acquire land as set out in Clause 8.2.2 and any of the powers set out in section 44 of the Act, (where such powers are applicable to the Authority); and
  - 8.2.10 the power to do anything else necessary or convenient for, or incidental to, the exercise, performance or discharge of its powers, functions or duties.
- 8.3 The Authority has the power to incur expenditure as follows:
- 8.3.1 in accordance with a budget adopted by the Authority under Clause 12.1; or
  - 8.3.2 with the prior approval of the Constituent Councils; or
  - 8.3.3 in accordance with the Act, in respect of expenditure not contained in a budget adopted by the Authority for a purpose of genuine emergency or hardship.
- 8.4 Subject to Clause 8.5, the Authority has the power to borrow money as follows:
- 8.4.1 in accordance with a budget adopted by the Authority under Clause 12; or
  - 8.4.2 with the prior approval of the Constituent Councils.
- 8.5 Unless otherwise approved by the Constituent Councils, any and all borrowings (except overdraft facilities) taken out by the Authority:
- 8.5.1 must be from the Local Government Financial Authority or a registered bank or financial institution within Australia; and

12

8.5.2 the Authority shall not act outside of the areas of the Constituent Councils without their prior approval and that approval shall only be granted upon the basis that the Constituent Councils consider it necessary or expedient for the performance of their or the Authority's functions.

8.6 The Authority will have a common seal which may be affixed to documents requiring execution under common seal and must be witnessed by the Chairperson and one other Board Member.

8.7 The common seal must not be affixed to a document except to give effect to a resolution of the Board. The Executive Officer will maintain a register which records the resolutions of the Board giving authority to affix the common seal and details of the documents to which the common seal has been affixed with particulars of the persons who witnessed the fixing of the seal and the date.

8.8 The Board may by instrument under the seal authorise a person to execute documents on behalf of the Authority. The Executive Officer will maintain a register of such resolutions and details of any documents executed in this way, together with particulars of the person executing the document.

#### 9. ESTABLISHMENT OF COMMITTEES

9.1 The Authority may establish committees.

9.2 A member of a committee holds office at the pleasure of the Board.

9.3 Without limiting the Board's power to establish additional committees, the following committee is established:

9.3.1 Audit Committee.

#### 9.4 Audit Committee

9.4.1 The Audit Committee shall be composed of no more than three members of whom at least one shall be a person who is not a member of the Board ('Independent Member').

9.4.2 Members of the Audit Committee will be appointed by the Board biennially and at the expiry of a term of appointment are eligible for reappointment.

9.4.3 The Independent Member (or one of the Independent Members if there is more than one) shall be appointed by the Authority as the Chair of the Audit Committee. The Chair of the Audit Committee shall be paid such honorarium as the Authority determines.

9.4.4 Members of the Audit Committee must as far as practicable have recent and relevant financial, risk management or internal audit experience relevant to the functions of the Audit Committee as determined by the Authority.

- 9.4.5 The functions of the Audit Committee include:
- 9.4.5.1 reviewing annual Financial Statements of the Authority to ensure they provide a timely and fair view of the state of affairs of the Board; and
  - 9.4.5.2 liaising with the external auditors of the Authority; and
  - 9.4.5.3 reviewing the adequacy of the accounting, internal auditing, reporting, internal control and other financial management systems and practices of the Authority on a regular basis;
  - 9.4.5.4 Considering and advising the Authority on risk management.

10. **ADMINISTRATIVE MATTERS**

- 10.1 There will be an Executive Officer of the Authority appointed by the Authority on terms and conditions to be determined by the Authority.
- 10.2 The Executive Officer will be responsible to the Board:
- 10.2.1 to ensure that the policies and lawful decisions of the Authority are implemented in a timely manner;
  - 10.2.2 for the efficient and effective management of the operations and affairs of the Authority;
  - 10.2.3 to provide advice and reports to the Board on the exercise and performance of the Authority's powers and functions; and
  - 10.2.4 to give effect to the principles of human resource management generally applicable within the local government industry.
- 10.3 The Executive Officer has such powers, functions and duties prescribed by this clause and as determined necessary by the Authority from time to time to ensure the efficient and effective management of the operations and affairs of the Authority.
- 10.4 The Authority may employ other officers and it may authorise the Executive Officer to employ such other officers on its behalf as are required for the efficient and effective management of the operations and affairs of the Authority.
- 10.5 The Authority may engage professional consultants and it may authorise the Executive Officer to engage professional consultants to provide services to the Authority to ensure the proper execution of its decisions, the efficient and effective management of the operations and affairs of the Authority and for giving effect to the general management objectives and principles of personal management prescribed by this Charter.

**11. FINANCIAL CONTRIBUTIONS TO THE AUTHORITY**

- 11.1 The contributions of the Constituent Councils shall be based on the percentage shares for capital works, maintenance of assets of the Authority and operational costs of the Authority in accordance with Schedule 1.

Where the capital and/or maintenance cost exceeds \$1 Million in any given year, Clause 11.7 shall apply.

- 11.2 The Authority will be responsible to provide the Constituent Councils with sufficient information for each of them to ascertain the level of and understand the reasons behind the funding required each financial year. This will be achieved via the business plan and the annual budget.
- 11.3 The Authority will determine annually the funds required by the Authority to enable it to function. The Constituent Councils shall contribute the funds requested by the Authority, in the annual budget and approved by the Constituent Councils, and any additional funds that are required for the continuing function of the Authority and approved by the Constituent Council. The Authority must provide full details regarding the need for additional funds to the Constituent Councils.
- 11.4 The annual contribution will be paid by each Constituent Council in advance by six monthly instalments.
- 11.5 Additional contributions (of any) will be paid by each Constituent Council in the manner and at the time determined by the Authority.
- 11.6 The Authority is accountable to each Constituent Council to ensure that the Authority functions in accordance with its business plan and approved budgets.
- 11.7 The Authority may enter into separate funding arrangements with Constituent Councils and with any State or Federal Government or their agencies in respect of any project undertaken or to be undertaken by or on behalf of the Authority.
- 11.8 Where a Constituent Council or Constituent Councils enter into an agreement with the Authority under Clauses 3.2 and 3.3 of this Charter the subscriptions payable under that agreement shall be additional to the subscriptions payable under this Clause.

**12. BUDGET AND ANNUAL BUSINESS PLAN****12.1 Budget**

- 12.1.1 The Authority must prepare a budget for each financial year.

12.1.2 The Budget must:

- 12.1.2.1 deal with each principal activity of the Authority on a separate basis;

- 12.1.2.2 be consistent with and account for activities and circumstances referred to in the Authority's Annual Business Plan;
  - 12.1.2.3 be submitted in draft form to each Constituent Council before 31 March for approval;
  - 12.1.2.4 not be adopted by the Authority until after 31 May but before 30 September;
  - 12.1.2.5 identify the amount of and the reasons for the financial contributions to be made by each Constituent Council to the Authority.
- 12.1.3 The Budget may only be adopted where two thirds of the Board Members present vote in favour of the Budget.
  - 12.1.4 The Authority must provide a copy of the adopted Budget to each Constituent Council within five clear days after adoption.
  - 12.1.5 The Authority must reconsider its Budget in accordance with Regulation 9 of the Local Government (Financial Management) Regulations 2011.
  - 12.1.6 The Authority must submit to each Constituent Council for approval, any proposed amendment to the Budget.
  - 12.1.7 Where a Constituent Council has failed to approve a draft budget, or an amended budget, and has not served a notice on the Authority in accordance with Clause 21 within two months of the receipt of the draft budget, or amended budget by the Constituent Council, then the approval of the Constituent Council to the draft budget, or amended budget, will be deemed to have been given.

## 12.2 Annual Business Plan

- 12.2.1 The Authority shall have an Annual Business Plan in respect of the ensuing 12 months.
- 12.2.2 The Annual Business Plan must:
  - 12.2.2.1 state the services to be provided by the Authority;
  - 12.2.2.2 identify how the Authority intends to manage service delivery;
  - 12.2.2.3 identify the performance targets which the Authority is to pursue;
  - 12.2.2.4 provide a statement of financial and other resources and internal processes that will be required to achieve the performance targets and objectives of the Authority; and

- 12.2.2.5 specify the performance measures that are to be used to monitor and assess performance against targets.

### 13. MANAGEMENT FRAMEWORK

#### 13.1 Long Term Financial Plan

- 13.1.1 The Authority must develop and adopt in consultation with the Constituent Councils a Long Term Financial Plan covering a period of at least ten (10) years in a form and including such matters which, as relevant, is consistent with Section 122 of the Act and the Local Government (Financial Management) Regulations 2011 as if the Authority were a council.
- 13.1.2 The Authority must review its Long Term Financial Plan in consultation with the Constituent Councils.
- 13.1.3 The Authority may at any time review the Long Term Financial Plan but must undertake a review of the Long Term Financial Plan as soon as practicable after the annual review of its Business Plan and concurrently with any review of its Strategic Plan.
- 13.1.4 In any event, the Authority must undertake a comprehensive review of its Long Term Financial Plan every four years.

#### 13.2 Strategic Plan

- 13.2.1 The Authority must prepare and adopt in consultation with the Constituent Councils a Strategic Plan for the conduct of its business which will identify the Authority's objectives over the period of the Strategic Plan and the principal activities that the Authority intends to undertake to achieve its objectives.
- 13.2.2 The Authority must review its Strategic Plan in consultation with the Constituent Councils.
- 13.2.3 The Authority must undertake a comprehensive review of its Strategic Plan every four years.

#### 13.3 Asset Management Plan

- 13.3.1 The Authority must prepare and adopt in consultation with the Constituent Councils an Asset Management Plan in a form and including such matters which, as relevant, is consistent with Section 122 of the Act as if the Authority were a council.
- 13.3.2 The Authority must review its Asset Management Plan in consultation with the Constituent Councils.
- 13.3.3 The Authority may at any time review its Asset Management Plan but must undertake a review of the Asset Management Plan as soon as

practicable after the annual review of its Business Plan and concurrently with any review of its Strategic Plan.

- 13.3.4 In any event, the Authority must undertake a comprehensive review of its Asset Management Plan every four years.

**14. ACCOUNTING**

- 14.1 The Authority must ensure that its accounting records, accounts and financial statements are prepared and maintained in accordance with all relevant Australian Accounting Standards and legislation including the Local Government (Financial Management) Regulations 2011.

**15. AUDIT**

- 15.1 The Authority must appoint an auditor.
- 15.2 The Audit Committee must approve the audit strategy submitted by the external auditor before submission to the Board.
- 15.3 The Authority must provide its audited financial statements to the Chief Executive Officer of each Constituent Council by 30 September.

**16. FINANCE**

- 16.1 The Authority may establish and maintain a bank account with such banking facilities and at a bank to be determined by the Authority.
- 16.2 All cheques to be authorised must be signed by two Board Members or one Board Member and the Executive Officer.
- 16.3 Any payments made by Electronic Funds Transfer must be made in accordance with procedures which have received the prior approval of the auditor and been adopted by the Authority.
- 16.4 The Executive Officer must act prudently in the handling of all financial transactions for the Authority and must provide quarterly financial and corporate reports to the Authority and if requested, the Constituent Councils.
- 16.5 The Authority will, at the end of each financial year prepare a schedule of assets and liabilities. In addition, the Authority must maintain a record to be known as the 'Schedule of Constituent Councils' Interests in Net Assets'.
- 16.6 The Schedule of Constituent Councils Interests in Net Assets will reflect the proportionate contribution each Constituent Council has made to capital, operations and maintenance costs incurred by the Authority having regard to the proportionate contribution by way of subscriptions for each function undertaken by the Authority. The Schedule when updated by the Authority at the end of each financial year will reflect the proportionate contribution of each Constituent Council since the establishment of the Authority and once accepted by each Constituent Council will be evidence of the agreed proportion of a Constituent Council's interests in the net assets as at 30 June in that year.

16.7 Where there is any dispute as to the Schedule, Clause 21 shall apply.

**17. REPORTS AND INFORMATION**

17.1 The Authority must submit an annual report on its work and operations including its audited financial statements, to each Constituent Council before 30 September.

17.2 The Authority shall report at any other time at the written request of a Constituent Council on matters being undertaken by the Authority. Any such report shall be provided to all Constituent Councils.

**18. ALTERATION TO THE CHARTER**

18.1 This charter may be amended by unanimous resolution of the Constituent Councils.

18.2 Before the Constituent Councils vote on a proposal to alter this Charter they must take into account any recommendations of the Authority.

**19. WITHDRAWAL OF A CONSTITUENT COUNCIL**

19.1 Subject to the approval of the Minister, a Constituent Council may withdraw from the Authority by giving not less than six months notice of its intention to do so to all other Constituent Councils and the Executive Officer.

19.2 In any event a withdrawal will not become effective until 30 June following the expiry of the six months notice as required by Clause 19.1 in the preceding sub-clause. Until a withdrawal becomes effective, the Constituent Council proposing withdrawal from the Authority will remain liable for all financial contributions whilst still a Constituent Council and will continue to be responsible for ensuring the proper conduct of the affairs of the Authority.

19.3 A withdrawing Constituent Council is not entitled to any refunds of any contributions made.

**20. ADDITION OF NEW MEMBER**

20.1 The Authority may consider the addition of a Council as a Constituent Council.

20.2 The Constituent Councils must resolve unanimously to approve the addition of a Council as a Constituent Council.

20.3 The Charter shall be amended in accordance with the provisions of this Charter to provide for a Council becoming a Constituent Council.

**21. DISPUTES**

21.1 In the event of any dispute or difference between the Constituent Councils or between one or more Constituent Councils and the Authority concerning this Charter or the Authority (**the Dispute**), a party may initiate the dispute process set out in this clause by serving a notice of dispute on all other Constituent



Councils with a contemporaneous copy being served on the Authority. The parties:

- 21.1.1 will attempt to settle the dispute or difference by negotiating in good faith;
- 21.1.2 if good faith negotiations do not settle the dispute within one month of the Dispute arising or such longer time as the parties to the Dispute may agree, then the Dispute shall be referred to an expert for determination. The expert shall be a person with the skills and expertise necessary to resolve the dispute and shall be nominated by the President of the Local Government Association of South Australia. The expert's determination shall be final and binding on the Constituent Councils. The costs of the expert will be apportioned and payable in accordance with the expert's determination;
- 21.1.3 if the Dispute is unable to be resolved by the expert within six months then any Constituent Council may request the Minister wind up the Authority; and
- 21.1.4 notwithstanding the existence of a Dispute, the Constituent Councils will continue to meet their obligations to the Authority.

## 22. LIMIT OF LIABILITY

- 22.1 Except insofar as Clause 3.2 applies the liability of a Constituent Council to the Authority is limited to those functions undertaken by the Authority and to which the Constituent Council has made a financial contribution. The liability of a Constituent Council is proportional to the interest of that Council in the net assets of the Authority as determined under Clause 16 of this Charter.
- 22.2 The liability of a Constituent Council to the Authority for any function undertaken by the Authority under Clause 3.2 is limited to the requesting Constituent Council or Constituent Councils and as reflected in the agreement entered into with the Authority for those purposes.

## 23. DISSOLUTION OF THE AUTHORITY

- 23.1 The Authority may be dissolved by the Minister in the circumstances envisaged by Clause 33, Part 2 of Schedule 2 of the Act.
- 23.2 In the event of there being net assets upon the dissolution and after realisation of all assets and meeting all liabilities, the net assets will be distributed to the then Constituent Councils on the basis of their current interest in the net assets of the Authority as determined by Clause 16.
- 23.3 In the event of there being an insolvency of the Authority at the time of dissolution, the then Constituent Councils will be responsible jointly and severally to pay the liabilities of the Authority and between themselves in the proportion of their interest in the net assets last determined under Clause 16.

**24. NON-DEROGATION AND DIRECTION BY CONSTITUENT COUNCILS**

- 24.1 The establishment of the Authority does not derogate from the power of any of the Constituent Councils to act independently in relation to a matter within the jurisdiction of the Authority.
- 24.2 Provided that the Constituent Councils have all first agreed as to the action to be taken, the Constituent Councils may jointly direct and control the Authority.
- 24.3 Where the Authority is required pursuant to the Act or this Charter to obtain the approval of one or more of the Constituent Councils, that approval must only be granted and must be evidenced by a resolution passed by either or each of the Constituent Councils granting such approval.
- 24.4 Unless otherwise stated in this Charter, where the Authority is required to obtain the consent or approval of the Constituent Councils this means the consent or approval of both the Constituent Councils expressed in the same or similar terms.
- 24.5 For the purpose of this Clause 24, any direction given by the Constituent Councils must be communicated by notice in writing provided to the Executive Officer of the Authority together with a copy of the relevant resolutions of the Constituent Councils.

## SCHEDULE 1 – FINANCIAL CONTRIBUTIONS

Constituent Council	Capital Works Percentage Share %	Maintenance of Assets Percentage Share %	Operational Costs Percentage Share %
Adelaide Hills Council	1.73	1.73	16.66
Adelaide Plains Council	28.91	28.91	16.66
The Barossa Council	8.67	8.67	16.66
Town of Gawler	17.34	17.34	16.66
Light Regional Council	8.67	8.67	16.66
City of Playford	34.68	34.68	16.66
Total	100%	100%	100%

**Capital Works** are defined as building and engineering works that create an asset and the renewal of existing assets that has reached the end of its useful life.

**Maintenance** is defined as recurrent expenditure to ensure that existing assets function as designed and are kept in good condition.

**Operational Costs** are defined as recurrent expenditure incurred to ensure that the Authority can conduct day to day functions. Depreciation falls within the scope of the Authority's operational costs.

2021-26

**GRFMA Strategic Plan**

Gawler River Floodplain Management Authority

W: [www.gawler.sa.gov.au/grfma](http://www.gawler.sa.gov.au/grfma)

Adelaide Plains Council | The Barossa Council | Gawler | Light Regional Council | City of Playford

**Contents**

**1. About the Gawler River Floodplain Management Authority..... 2**  
**2. About this Strategic Plan..... 5**  
**3. The Plan ..... 7**

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- 20 May 2021 GRFMA SP Workshop Attendees' Draft*
- 30 May 2021 GRFMA SP Board Draft 1 for targeted Board Member consideration*
- 7 June 2021 GRFMA SP Board Meeting Draft*
- 15 December 2021 GRFMA SP Council Consultation Draft*
- 20 April 2022 GRFMA Strategic Plan Final (this version) – adopted by the GRFMA Board on 16 June 2022*

### First Nations Acknowledgement

The Gawler River Floodplain Management Authority acknowledges that our Constituent Councils and its current and future infrastructure are located on the traditional country of the Kurna, Ngadjuri, and Peramangk people and pays respect to Elders past and present.

We recognise and respect their cultural heritage, beliefs, and relationship with the land. We acknowledge that they are of continuing importance to the Kurna, Ngadjuri, and Peramangk people living today. We also extend that respect to other First Nations people.

### About the Gawler River Floodplain Management Authority

The Gawler River Floodplain Management Authority (GRFMA) is a single purpose regional subsidiary formed under s43 of the *Local Government Act 1999* in 2002. Constituent Councils are Adelaide Hills Council, Adelaide Plains Council, The Barossa Council, Town of Gawler, Light Regional Council, and the City of Playford. The primary focus of the Authority is on flood mitigation for the Gawler River which has a long history of flooding, causing damage to private and publicly owned properties.

A Board comprising an independent chair and two members (one being an Elected Member and one being a staff member, with deputy members also appointed when the member is unable to attend meetings) from each Constituent Council is the governing body for the Authority. There is also a Technical Advisory Panel and an Audit and Risk Committee.

Budget revenue is sourced from predetermined "formulae based" financial contributions by the six Constituent Councils, and external funding opportunities.

A part-time contract Executive Officer and an additional part-time contract administrative person are the only ongoing personnel resources, assisted from time to time by staff from the Constituent Councils.



## The Gawler River

The Gawler River is formed by the confluence of the North Para and South Para in the town of Gawler and is located in the Adelaide Plains district of South Australia. The district surrounding the river produces cereal crops and sheep for both meat and wool, as well as market gardens, almond orchards and vineyards. The farm gate output of the Gawler River floodplain horticultural areas is estimated to be at least \$355 million.

The river is subject to periodic flood events. The catchment is identified in the state's flood hazard plan as a significant flood risk. The River has been flooded on average every 10 years over the past 160 years (known records). Most recently, large floods have occurred in 1992 (September, October, December), November 2005 and October 2016.



### Previous Achievements

- Construction of the flood control Dam on the North Para (Bruce Eastick North Para Flood Mitigation Dam) in 2007.
- Facilitated Gawler River Open Space Strategy 2008.
- Modification of the South Para Reservoir Dam and spillway in 2012.
- Extensive flood mapping and hydrology reports facilitated.
- Completed the Gawler River 2016 Flood Review.

### Strategic Projects

Management and maintenance of the Bruce Eastick North Para Flood Mitigation Dam.

Partnering with the SA Government to deliver the Gawler River Flood Mitigation initiatives (SA Government funding allocation of \$9m over three years).

Commenced the Gawler River Stormwater Management Plan.

Finalising Gawler River Flood Mitigation Planning (GRUMP).



### About this Strategic Plan



This Strategic Plan has been developed by the GRFMA Board to guide its activities and also communicate its strategic directions and priority actions for the period 2021 to 2026, as well as matters for consideration beyond 2026 (nominally 2036). It follows a flow from **PURPOSE** to consideration of **KEY INFLUENCES** on the Authority’s activities, to **STRATEGIC DIRECTIONS** to be followed, to **PRIORITY ACTIONS** aimed at achieving **OBJECTIVES** that support the strategic directions, grouped under three **THEMES**. The flow is described in the following diagram.



### Roles

Councils and subsidiary bodies can have different roles depending on legislative requirements and other considerations. The following table provides a broad outline of potential roles.

Role	Description
No role	There is no identified role for the organisation.
Information channel	Information about a service or activity of other bodies is channelled by the organisation through, for example, links to the websites of those bodies.
Advocate	<b>The organisation may advocate to another government (or other organisation) for certain things to happen.</b>
Facilitator	<b>A step further from advocacy where the organisation may join with other parties to work out a solution to an issue affecting the area.</b>
Agent	Typically, this would involve the organisation delivering a service, funded by a government agency, that is, or likely to be regarded as, the responsibility of another government.
Part funder	The organisation either provides funding to another body to meet part of the cost of that body providing a function/service activity or receives funding from another body (usually a government agency) to meet part of the cost of the organisation delivering the function/service activity.
Asset owner	<b>As the owner (or custodian) of an asset, the organisation has responsibility for capital, operating and maintenance costs.</b>
Regulator	The organisation has a legislated regulatory role for which it is required to fund from its own resources.
Service provider	The full cost (apart from fees for cost recovery, government grants etc) of a service or activity is met by the organisation.

Most relevant to the Authority are the bolded roles of **Advocate**, **Facilitator**, and **Asset Owner** given the (poorly defined) shared responsibility between Local and State Government for flood mitigation. The priority actions in the Strategic Plan each include a role for the Authority which should be read in conjunction with the above table. Also included for each priority action is a description of Why the action is to be taken, How and When it will be undertaken, and by Whom.

### Measuring and Monitoring Performance Against the Plan

Performance measures, set out under each theme in the Strategic Plan, will assist in monitoring achievement of the stated objectives. Progress against the Plan will be reported annually in the Board's annual report.



### Reviewing the Plan



Although the Plan has been developed for a five year horizon, things can change quickly. The Strategic Plan will be reviewed after the Gawler River Stormwater Management Plan is completed to make any adjustments required as a result of that plan and annually thereafter at a Board workshop to refresh it as required.

## The Plan

### Our Purpose



The Authority is a separate legal entity that operates in accordance with a Charter agreed by all six Constituent Councils. Our purpose is set out in clause 3 of the Charter:

*The Authority has been established for the purpose of coordinating the planning, construction, operation and maintenance of **flood mitigation infrastructure for the Gawler River**, and for the following functions:*

- 3.1.1 *to raise finance for the purpose of developing, managing and operating and maintaining works approved by the Board;*
- 3.1.2 *to provide a forum for the discussion and consideration of topics relating to the Constituent Councils' obligations and responsibilities in relation to management of flooding of the Gawler River;*
- 3.1.3 *to advocate on behalf of the Constituent Councils and their communities where required to State and Federal Governments for legislative policy changes on matters related to flood mitigation and management and associated land use planning with Gawler River flood mitigation;*
- 3.1.4 *to facilitate sustainable outcomes to ensure a proper balance between economic, social, environmental, and cultural considerations; and*
- 3.1.5 *to provide advice as appropriate to the Constituent Councils in relation to development applications relevant to the Authority's roles and functions.*

As can be seen from the wording in the Charter, the Authority's primary focus is on flood mitigation infrastructure for the Gawler River, and all other functions listed in clause 3 are subsidiary to that purpose. The plan only relates to matters directly within the remit of the GRFMA and does not recognise matters and events external to its responsibilities.

**Key Influences**

Numerous factors have a significant influence on the operations of the Authority. These include:



- Arrangements for managing stormwater in South Australia are very complicated, reflecting incremental changes over time in legislation, guidelines, structures, and funding arrangements. For the Authority, specific concerns are:
  - ❑ There is no clear definition of the responsibilities of levels of government for managing stormwater.
  - ❑ Floodplain management is not well recognised in the current framework for stormwater management.
  - ❑ Responsibilities for different aspects of managing the Gawler River sit with various (mostly SA Government) agencies, yet there is no overarching structure, body, or plan to ensure an integrated approach to managing it.
  - ❑ Most of the Gawler River is located on private land (a common situation in South Australia) which restricts the ability of the Authority (and other bodies) to carry out its functions.
  - ❑ Most flood management initiatives within the Gawler River catchment and floodplain are beyond the capacity of Constituent Councils to fund and State and Federal Government engagement and funding support will be required before any such initiatives are to be realised.
- The effects of flooding on intensive food production and residential properties on the Northern Adelaide Plains.
- Impacts of climate change on the timing, frequency, and volumes of flows into the River.
- Changes in stormwater flows and the risks of flooding associated with new residential development in the Gawler River catchment.
- The level of community understanding of the risks of flooding and how individuals can reduce the risks.
- Signs of growing interest in the concept of water cycle management with greater integration of different aspects of water management, including stormwater and floodwater.
- Differences in perspectives and priorities between upstream and downstream Constituent Councils in relation to beneficiaries, funding arrangements, and priorities.
- The limited resource base of the Authority, which is supplemented on an ad-hoc basis through partnering with Constituent Councils.

### Our Strategic Direction

Consistent with our purpose, we will focus on planning for, building, and maintaining physical infrastructure that helps to mitigate the impacts of flooding in the Gawler River. Completion of the Stormwater Management Plan for the Gawler River early in the life of this Strategic Plan is an important step in that regard. To assist with achieving that purpose, we will also:



- Monitor and respond to new information about climate change and hydrological influences.
- Seek improved funding arrangements for stormwater and floodplain management for the Gawler River and in South Australia generally.
- Contribute to strategic public agency discussions that may lead to better arrangements for an integrated approach to water management in the Gawler River and wider catchment.
- Annually consider our performance to ensure we are operating at a high level.
- Ensure there is clarity about the respective roles and responsibilities of the Authority and Constituent Councils in relation to mitigating flooding in the Gawler River, and there are suitable partnering arrangements in place to keep administrative costs low.
- Assist with information and advice for stakeholders along the Gawler River impacted by flooding.
- Develop other strategic documents to ensure the path to maintaining financial sustainability is clear.
- Consider the lifespan of the Authority beyond the creation of physical infrastructure.

### Themes & Objectives

The Plan is arranged under three themes, each with its own objective, related to the outcomes to be pursued.

#### Theme 1: Design, build, and maintain physical flood mitigation infrastructure

**Objective:** To have in place an agreed extent of physical flood mitigation infrastructure that is fit for purpose and achieves the targeted levels of performance.

#### Theme 2: Develop and evolve key relationships

**Objective:** To maintain key relationships that are most important to the Authority achieving its purpose.

#### Theme 3: Ensure good governance and ongoing financial sustainability

**Objective:** To ensure that the Authority meets legislative requirements and contemporary standards of governance and is financially sustainable for the long term.

Our Priority Actions

Theme 1: Plan, design, build, and maintain physical flood mitigation infrastructure

Objective: To have in place an agreed extent of physical flood mitigation infrastructure that is fit for purpose and achieves the targeted levels of performance.

Performance measures

- 1) Agreed infrastructure projects are delivered on time and on budget.
- 2) Infrastructure is fit for purpose and delivers the benefits for which it was designed.
- 3) Infrastructure is maintained efficiently and to an agreed level of condition.



Priority Action 1.1 – Finalise preparation of the Gawler River Stormwater Management Plan.

- **Role:** Asset owner
- **Why:** The Gawler River Stormwater Management Plan will be the key document to assist in determining physical and other works required to reduce the risks and impacts of flooding.
- **How:** Through the appointed consultant and supporting project governance arrangements.
- **When:** Year 1 of implementation of the Strategic Plan.
- **Who:** SMP Project Manager and oversight by the SMP Project Steering Committee.

Priority Action 1.2 – Review, with Constituent Councils and stakeholders, design standards for infrastructure works including costs and benefits.



- **Role:** Asset owner
- **Why:** The default policy position of the Authority has been for a 1 in 100 year design standard. Reviewing that policy position through consideration of the costs and benefits of various design standard scenarios will assist in identifying appropriate standards.
- **How:** As part of developing the Gawler River Stormwater Management Plan.
- **When:** In conjunction with developing the Gawler River Stormwater Management Plan.
- **Who:** SMP Project Manager and oversight by the SMP Project Steering Committee.

**Priority Action 1.3 – Consider the requirement to review hydrological models on the release of new Industry accepted climate and rainfall models.**

- **Role:** Asset owner
- **Why:** The Gawler River Stormwater Management Plan will be based on the latest industry accepted climate and rainfall models. As new data becomes available the models may change.
- **How:** Partner with one or more Constituent Councils, the Northern and Yorke Landscape Board, and Green Adelaide.
- **When:** Undertake as new climate and rainfall models are released.
- **Who:** Board to initiate partnering program with other organisations to access information and advice.



**Priority Action 1.4 – In conjunction with the Constituent Councils, develop and implement a schedule of flood mitigation infrastructure works for the Gawler River referencing the Gawler River Stormwater Management Plan.**

- **Role:** Asset owner
- **Why:** A schedule of works will enable the Authority and Constituent Councils to plan for implementation of the projects and seek funding from the State and Federal Governments.
- **How:** Through discussions and agreement with Constituent Councils and engagement with the State and Federal Governments.
- **When:** Develop the schedule of works in Year 1 of implementation of the Strategic Plan and implement projects as suitable funding arrangements are in place.
- **Who:** Executive Officer to initiate.

**Priority Action 1.5 – Report annually on progress with implementation of the Gawler River Stormwater Management Plan, including the planning and delivery of associated works and actions by Constituent Councils and other bodies.**



- **Role:** Asset owner and potentially advocate
- **Why:** Formal annual reporting on progress will ensure implementation of the SMP receives the attention it deserves and help to identify any gaps or barriers to delivery.
- **How:** Include in the Annual Report.
- **When:** Commence in year 2 of implementation of the Strategic Plan.
- **Who:** Executive Officer to initiate.
- **Theme 2: Develop and evolve key relationships**

- **Objective:** To maintain key relationships that are most important to the Authority achieving its purpose.
- **Performance measures**
  - 1) Key relationships are in place and are assisting the Authority to undertake its functions.
  - 2) Opportunities to bring together government agencies to improve governance arrangements for managing the Gawler River are adequately pursued.
  - 3) Opportunities to advocate for and/or respond to potential improvements to arrangements for stormwater and floodplain management are adequately pursued.
  - 4) The Board is satisfied that it has an adequate understanding of community views about flooding.

Priority Action 2.1 – Working with the Constituent Councils, develop a framework to clearly articulate the respective roles and responsibilities of the Authority and the Councils and suitable partnering arrangements to maintain a low cost base for the Authority.

- **Role:** Asset owner
- **Why:** There is a symbiotic relationship between the Authority and the Constituent Councils under which each has their own roles and responsibilities. Documenting the respective roles and responsibilities would provide clarity for all parties. Identification of partnering opportunities within the capacities of the Councils (e.g., in relation to monitoring information about climate change and climate change policy, and water policy) in delivering the functions, operations and project management required of the Authority would help to keep the Authority’s administrative costs low.
- **How:** Working group of Council staff on the Board and the Executive Officer.
- **When:** Year 1 of implementation of the Strategic Plan.
- **Who:** Executive Officer to initiate.



Priority Action 2.2 – Develop and implement an annual (or other agreed frequency) assessment by seeking and evaluating Constituent Councils’ views about the Authority’s performance and actions under the roles and responsibilities framework in Priority Action 2.1, as well as their own performance under the framework.

- **Role:** Asset owner
- **Why:** The Constituent Councils all have their own interests and a formal process for obtaining and assessing their feedback would allow the Authority to identify any areas requiring attention. It would also allow the Councils to assess their own performance under the roles and responsibilities framework.
- **How:** A framework for the assessment process could initially be discussed by the Board and with the Constituent Councils, and then be the subject of reports to future Board meetings until an agreed process is determined.
- **When:** Year 2 of implementation of the Strategic Plan.
- **Who:** Executive Officer to initiate, possibly with assistance of staff of the Constituent Councils.



**Priority Action 2.3 – Continue to advocate for improved governance and funding arrangements for flood avoidance, resilience, and mitigation in South Australia.**



- **Role:** Advocate/facilitator
- **Why:** With frontline experience the Authority is well positioned to develop a narrative about changes that are required to improve governance and funding arrangements for flood avoidance and mitigation.
- **How:** Develop the narrative and identify opportunities to share it with key bodies and individuals.
- **When:** Develop the narrative in Year 1 of implementation of the Strategic Plan.
- **Who:** Executive Officer to initiate, possibly with assistance of staff of the Constituent Councils.

**Priority Action 2.4 – Proactively pursue governance structures and/or management approaches that bring together the various government agencies involved in water management related to the Gawler River to ensure coordinated action is taken to reduce flood risk, while contributing to greater integration of water management.**

- **Role:** Advocate/facilitator
- **Why:** No single body has responsibility, authority, or funding to holistically manage all water aspects for the Gawler River or other watercourses in South Australia. Working together between agencies can help to achieve an integrated approach and deliver better economic, environmental, and social outcomes.
- **How:** Either initiate or respond to discussions about improved integration.
- **When:** Year 2 of implementation of the Strategic Plan.
- **Who:** Executive Officer and Chair to initiate.

**Priority Action 2.5 – With Constituent Councils, monitor community views about flood control and management and factor into communication about the Authority's functions.**

- **Role:** Asset owner
- **Why:** Understanding community views about flood control and management is an important element of planning for both the Authority and Constituent Councils.
- **How:** Develop and implement a program across multiple Constituent Councils to build understanding.
- **When:** Year 2 of implementation of the Strategic Plan, taking account of material in the Gawler River Stormwater Management Plan.
- **Who:** Executive Officer to initiate, possibly with assistance of staff of the Constituent Councils.

**Priority Action 2.5 – Assist the Constituent Councils in communicating with general communities and specific interest groups in relation to flood mitigation for the Gawler River.**

- **Role:** Asset owner
- **Why:** Communication with communities is likely to be a joint activity between the Constituent Councils and the Authority.
- **How:** Work with key staff of the Constituent Councils on a program of communication activities based on timing and/or specific trigger events.
- **When:** Year 1 of implementation of the Strategic Plan.
- **Who:** Executive Officer to initiate.
- **Theme 3: Ensure good governance and ongoing financial sustainability**
- **Objective:** To ensure that the Authority meets legislative requirements and contemporary standards of governance and is financially sustainable for the long term.
- **Performance measures**
  - 1) The Board has a clear understanding of the Authority’s performance and addresses any areas identified as requiring attention.
  - 2) A full suite of strategic documents as required in the GRFMA Charter is developed in the agreed timeframe, kept up to date, and used to assist in decision making.
  - 3) Financial sustainability targets are met.



**Priority Action 3.1 – Implement the agreed outcomes from Charter Review 2 which was finalised in 2020.**

- **Role:** Advocate, facilitator, asset owner
- **Why:** The second stage of reviewing the Authority’s Charter was completed late in 2020. Implementation of agreed outcomes from the review will finalise that process.
- **How:** Once agreement is reached with all Constituent Councils, determine a timeline for processing the changes required to the Charter.
- **When:** Year 1 of implementation of the Strategic Plan.
- **Who:** Executive Officer to initiate.

**Priority Action 3.2 – Consider annually the Authority’s performance and identify any changes that may be required to the Charter, the Strategic Plan, policy settings, relationships, and communication and engagement.**

- **Role:** Asset owner
- **Why:** A formal requirement for the Board to consider performance can be used as a means of identifying and addressing gaps or problems in the Authority’s operations.
- **How:** Initial discussion at a Board meeting, followed by a report by the Chair and Executive Officer.
- **When:** Year 1 of implementation of the Strategic Plan.
- **Who:** Executive Officer and Chair to initiate.

**Priority Action 3.3 – Develop fit for purpose risk management, asset management, and long term financial plans.**



- **Role:** Asset owner
- **Why:** The Charter requires these plans to be prepared and adopted. All three Plans will assist the Board in decision making and show that risk, asset management, and long term financial planning are being addressed.
- **How:** Working groups of the Executive Officer and relevant staff from the Constituent Councils could advise on and oversee project arrangements to develop the Plans.
- **When:** Complete over a period agreed by the Board.
- **Who:** Executive Officer to initiate.

**Priority Action 3.4 – Determine the future lifespan of the Authority and scenarios for ownership, management, maintenance, and replacement of its assets.**

- **Role:** Asset owner
- **Why:** The question of the lifespan of the Authority is important for clarity about future arrangements for managing its assets and the steps required to successfully implement those arrangements.
- **How:** Board workshops, supplemented by specialist advice as required, informed by the Gawler River Stormwater Management Plan.
- **When:** Year 5 of implementation of the Strategic Plan.
- **Who:** Executive Officer to initiate.

**Priority Action 3.5 – Continue to work with Constituent Councils and their external auditors and the Authority’s audit committee and external auditor to reach an acceptable position in relation to the funding of depreciation.**

- **Role:** Asset owner
- **Why:** Depreciation of the Authority’s assets is currently not funded through annual budgets and there are differing opinions about whether that should remain the case.
- **How:** Through a working group of the Executive Officer and Constituent Council finance staff, consulting with the Authority’s audit committee and external auditor, and the external auditors of the Constituent Councils.
- **When:** After completion and adoption of the Asset Management Plan and Long Term Financial Plan and with reference to the Gawler River Stormwater Management Plan.
- **Who:** Initiated by the Executive Officer and undertaken by the Working group shown under “How” above.



*The Barossa Council*

# ANNUAL REPORT 2021-22

## Gawler River Floodplain Management Authority

Constituent Councils:

*Adelaide Hills Council*

*Adelaide Plains Council*

*The Barossa Council*

*Town of Gawler*

*Light Regional Council*

*City of Playford*

**Gawler**



## Contents

	Page
1. Chair Report	3
2. Gawler River Floodplain Management Authority (GRFMA)	4
3. Governance	5
4. Evaluation of Performance Against the Business Plan	11
5. Financial Statements 2020-21	16

## Acting Chairperson Foreword

The Gawler River Floodplain Management Authority (GRFMA) has heavily advanced a suite of projects and programs throughout the reporting period and, as Acting Chairperson, it is my pleasure to acknowledge the outputs and achievements of the Board through this year's foreword.

Recent flooding events on our nation's eastern seaboard serve to reinforce the importance of investing time, money and resources into flood preparedness and flood mitigation. While the Gawler River has not experienced a flood event since October 2016, we are only too aware that our next flood event may be just a winter away and planning for the inevitable rains that will fall within the catchment has been high on the Board's agenda yet again in 2021/2022.

The GRFMA subsidiary has yet again provided the vehicle for collaborative engagement amongst the six constituent councils over the reporting period and enabled productive engagement with state and federal government agencies and other key stakeholders on a raft of platforms.

Of the significant achievements, I glean upon and report the following:

- Adoption of the inaugural GRFMA Strategic Plan for 2021-2026
- Progression of the Stormwater Management Plan
- Major maintenance of the Bruce Eastick North Para Flood Mitigation Dam
- Advancement of GRFMA Charter Review II (cost contributions model)
- Engagement with State Government on the Gawler River Flood Mitigation Business Case

Suffice to say, it has been a busy yet rewarding period for the Board.

As Acting Chairperson, I take this opportunity to acknowledge the work of our Chairperson, Ian Baldwin (who at the time of preparing the Annual Report was on some well-deserved leave) and our Executive Officer, David Hitchcock. Both Ian and David have served the subsidiary extremely well yet again and I thank them for their contributions to the activities of the Board.

I also wish to acknowledge the valuable contributions of all Board Members and Committee Members throughout the period, including those who have recently retired from the Board in Sam Dilena and Gary Mavrinac; all our members' contributions have again been highly valued and greatly appreciated.

I commend the 2021/2022 Annual Report to you.

**Mr James Miller, Acting Chair, Gawler River Floodplain Management Authority**

## Gawler River Floodplain Management Authority (GRFMA)

### The Gawler River

The Gawler River is formed by the confluence of the North Para and South Para in the town of Gawler and is located in the Adelaide Plains district of South Australia. The district surrounding the river produces cereal crops and sheep for both meat and wool, as well as market gardens, almond orchards and vineyards. The farm gate output of the Gawler River Floodplain horticultural areas is estimated to be at least \$225 million.

### Purpose of the GRFMA

The GRFMA was formed as a Regional Subsidiary under Section 43 and Schedule 2 of the Local Government Act 1999 on 22 August 2002. The Constituent Councils are the Adelaide Hills Council, The Adelaide Plains Council, The Barossa Council, The Town of Gawler, Light Regional Council, and the City of Playford.



The Charter sets down the powers, functions, safeguards, accountabilities, and an operational framework.

## 5

The Authority has been established for the purpose of coordinating the planning, construction, operation, and maintenance of flood mitigation infrastructure for the Gawler River, and for the following functions:

- to raise finance for the purpose of developing, managing, and operating and maintaining works approved by the Board;
- to provide a forum for the discussion and consideration of topics relating to the Constituent Council's obligations and responsibilities in relation to management of flooding of the Gawler River;
- to advocate on behalf of the Constituent Councils and their communities where required to State and Federal Governments for legislative policy changes on matters related to flood mitigation and management and associated land use planning with Gawler River flood mitigation;
- to facilitate sustainable outcomes to ensure a proper balance between economic, social, environmental, and cultural consideration; and
- to provide advice as appropriate to the Constituent Councils in relation to development applications relevant to the Authority's roles and functions.



## Governance

### The Board

The Authority is governed by the Board of management. The Board comprises of

- one independent person, who is not an officer, employee, or elected member of a constituent council, to be appointed as the Chairperson of the Board of Management of the GRFMA for a term of three years.
- Two persons appointed from each of the six constituent councils (12 members in total). Council appointees comprise of the Council CEO, or delegate and one Elected Member.
- Deputy Board members as appointed by each constituent council



The Members of the Board are:

Council	Board Members	Deputy Board Members
<b>Chairperson &amp; Independent Member</b>	Mr Ian Baldwin	
<b>Adelaide Hills Council</b>	Cr Malcolm Herrmann Mr Ashley Curtis	Cr Pauline Gill
<b>Adelaide Plains Council</b>	Cr Terry-Anne Keen Mr James Miller	Cr John Lush Ms Sheree Schenk
<b>The Barossa Council</b>	Mayor Bim Lange Mr Gary Mavrinnac (resigned 30/6/22)	Cr Russell Johnstone
<b>Town of Gawler</b>	Cr Paul Koch Mr Sam Dilena (resigned 16/6/22)	Cr Nathan Shanks Vacant
<b>Light Regional Council</b>	Cr William Close Mr Brian Carr	Mr Andrew Philpott
<b>City of Playford</b>	Cr Agapios (Peter) Rentoulis Mr Greg Pattinson	Cr Clinton Marsh

Meetings of the Board are held at such time and such place as the Board decides subject only to the requirement that there will be at least one meeting in every two calendar months. A special meeting of the Board may be held at any time and may be called at the request of the Chairperson or at the written request of six members of the Board representing all the Constituent Councils.

Ordinary meetings of the Board are generally held bi-monthly on the third Thursday of the even months commencing at 9.45am: excepting December which is held on the second Thursday. Meetings are hosted by the Constituent Councils on a rotational roster with six Board meetings and two Special Board Meetings held during the year as follows:

Ordinary Board Meetings:

- Thursday 19 August 2021 – Town of Gawler
- Thursday 21 October 2021 – Adelaide Plains Council
- Thursday 9 December 2021 – City of Playford
- Thursday 17 February 2022 – Light Regional Council
- Thursday 14 April 2022 – Adelaide Hills Council
- Thursday 16 June 2022 – The Barossa Council

One Special Board Meeting:

- Monday 27 September 2021 – City of Playford

### Technical Assessment Panel

A Technical Assessment Panel has been appointed to support the decision-making processes of the Board with delegated powers to provide advice and manage the technical aspects of the design, assessment, and construction of the various parts of the Scheme.

The Members of the Panel are:

- Mr Ian Baldwin, Independent Chair
- Ms Ingrid Franssen, Manager Flood Management, DEWNR
- Vacant, Principal Engineer Dams, SA Water
- Council representative – Vacant following resignation of Matt Elding, The Barossa Council
- Mr Braden Austin, Playford Council
- Mr David Hitchcock, Executive Officer

Three meetings of the Panel were held during the year

- Monday 5 July 2021
- Wednesday 11 August 2021
- Wednesday 1 September 2021

Email out of session consideration was also undertaken to consider proposed repairs to the Lower Level Outlet Pipe and Baffle Block replacement at the Bruce Eastick North Para Flood Mitigation Dam.

### Audit Committee

An Audit Committee has been appointed to review:

- the annual financial statements to ensure that they present fairly the situation of the Board, and
- the adequacy of the accounting, internal control, reporting and other financial management systems and practices of the Board on a regular basis.

The Committee held four (4) meetings during the year:

- Thursday 12 August 2021
- Tuesday 23 November 2021
- Monday 7 February 2022
- Wednesday 1 June 2022

The members of the Committee are:

- Mr Peter Brass, Independent Member
- Mr Greg Pattinson, City of Playford
- Cr Malcolm Herrmann, Adelaide Hills Council

Membership of the GRFMA Audit Committee is for two years (1 July 2020 until 30 June 2022).

### **Executive Officer**

Mr David Hitchcock has been appointed Executive Officer on a contract basis (part time) to 31 December 2023.

### **External Auditor**

Dean Newbery and Partners have been appointed as the external auditor for 2020-2024.

### **GRFMA Policies**

The following Policies have been adopted to provide management guidelines for the day-to-day business of the GRFMA:

- Procurement and Operations Policy
- Grant Policy
- Internal Review of Decisions Policy
- Public Consultation Policy
- Access to Meetings and Documents Policy
- Dam Valuation Policy
- Treasury Management Policy

The purpose of the policies is to provide prudent management guidelines for the day-to-day management of the affairs of the Authority.

## Meetings

All meetings of the GRFMA and its committees are open to the public, except for those matters to be considered under Section 90 of the Local Government Act 1999.

No Freedom of Information requests were received during the year.

Forum	Total Resolutions for the year	Resolutions to exclude the Public – S90(3)	Purpose	Order for docs to remain confidential - S91(7)	%
Board	89	7		7	8
Technical Assessment Panel	17	3		0	100
Audit Committee	10	0		0	0

## Key Strategic Initiatives 2022

### Progressing the Gawler River Stormwater Management Plan

In 2021 the GRFMA (including its Constituent Councils), in partnership with the Stormwater Management Authority of South Australia, the Green Adelaide Board and the Northern and Yorke Landscape Boards and the Department for Environment and Water initiated a project to develop a stormwater management plan (SMP) for the Gawler River.

Stormwater management plans are strategic plans which should provide for the management of stormwater in an integrated and holistic way. They:

- Identify issues, risks and opportunities relating to stormwater management in a catchment.
- Outline the functions and responsibilities of all stakeholders involved in stormwater management, including Local Government authorities and State Government agencies.
- Set objectives for the protection and enhancement of the economic, environmental, social and cultural values in a catchment (as they relate to stormwater quality, water security and flood hazard).

- Identify and prioritise investments and initiatives that contribute to achievement of these objectives and address stormwater issues in a considered and coordinated manner.
- Outline a plan for implementation of the prioritised investments and initiatives.

Development of the plan has progressed throughout 2021-2022 with anticipated completion by the end of September 2022.

#### Strategic Plan

As a requirement of the Charter Review the GRFMA has now established the inaugural Strategic Plan 2021-2026. The plan consists of a 5-year Strategic Plan (2026) and identifies relevant longer term strategic issues to 2036.

The plan has established 3 key themes.

*Theme 1: Design, build, and maintain physical flood mitigation infrastructure*

*Objective: To have in place an agreed extent of physical flood mitigation infrastructure that is fit for purpose and achieves the targeted levels of performance.*

*Theme 2: Develop and evolve key relationships*

*Objective: To maintain key relationships that are most important to the Authority achieving its purpose.*

*Theme 3: Ensure good governance and ongoing financial sustainability*

*Objective: To ensure that the Authority meets legislative requirements and contemporary standards of governance and is financially sustainable for the long term.*

#### Bruce Eastick North Para Flood Mitigation Dam (BENPFM) Maintenance

The BENPFM dam was designed as a dry detention basin to provide attenuation during flooding events. The dam attenuates high rainfall flows from the North Para by temporarily storing floodwater and then managing flow volume (downstream) through the dam.

A significant body of maintenance work was undertaken on the dam in early 2022.

This included draining and desludging the stilling basin, new internal coating of the Lower-level outlet pipe, which manages water through the dam, and replacement of four baffle blocks that had been previously dislodged from the basin floor.

Works undertaken ensures the dam is maintained in good condition and continues to operate at required services standards.

## Evaluation of Performance Against the Business Plan

### Part A: Funding

Performance Targets:	Timings:	To be measured by:	Actual Achievements:
Grant Claims	At all times	Lodge claims monthly for the payment of Commonwealth and State Government Grants.	<input checked="" type="checkbox"/> <b>Claims lodged according to grant conditions</b>
Maintain positive Cash Flow	At all times	Positive bank account balances at all times.	<input checked="" type="checkbox"/> <b>Positive cash flow maintained</b>

### Part B: Proposed Flood Mitigation Scheme Works

Gawler River Flood Mitigation Scheme	
One	What will the Mark Two Scheme Include? (Note these steps may occur concurrently and not necessarily in the following order)
Two	Reconfirm with the Constituent Councils that a 1 in 100-year level of protection is the protection standard that is to be pursued in the development of the Gawler River Flood Mitigation Scheme - Mark Two Strategy. N.B. The protection standard does not guarantee full protection for all flood events. <b><i>The Findings Report 2016 advised the 1 in 100 ARI event is considered to be the minimum desirable level of flood protection for new development as well as for much of the existing floodplain development. <u>GRFMA Strategic Plan Priority action 1.2 - Review, with Constituent Councils and stakeholders, design standards for infrastructure works including costs and benefits. The Findings Report 2016 advised enlarging the existing Bruce Eastick North Para Flood Mitigation Dam on the North Para offers the greatest level of protection with least impacts and is rated as the most favoured structural mitigation option. This option deferred pending completion of the Gawler River Storm Water Management Plan. Noting feasibility of raising the height of the Bruce Eastick Dam is still a strategic consideration. <u>GRFMA Strategic Plan Priority action 1.4 – In conjunction with the Constituent Councils, develop and implement a schedule of flood mitigation infrastructure works for the Gawler River referencing the Gawler River Stormwater Management Plan.</u></u></i></b>

12

<b>Gawler River Flood Mitigation Scheme</b>	
Three	The Gawler River Floodplain Mapping Model should be maintained as the reference tool to demonstrate the level of flood protection and validity of design of land proposed for development as part of the approval process. To achieve this, the model should be upgraded to include recent works such as the Northern Expressway works and the additional floodplain mapping completed as part of the Light River Templers Creek Salt Creek Mapping Study by the Adelaide Plains Council. <b>Completed.</b>
Four	To further develop the preliminary assessment of possible local area levees prepared in the 2008 Gawler River Floodplain Mapping Study at Gawler, Angle Vale and Two Wells and develop a levee strategy for Virginia to a robust design standard with a staging plan. Undertake a cost benefit study for each stage of the plan. <b>Will be a consideration of the Gawler River Stormwater Management Plan 2022.</b>
Five	Establish a protocol with the Floodplain Councils that where development of land in areas identified as ‘at risk of flooding’ is planned to proceed by the implementation of a local area levee that mapping of the proposed levees on the Gawler River Floodplain Mapping Study Model will be required. <u>GRFMA Strategic Plan Priority action 1.4 – In conjunction with the Constituent Councils, develop and implement a schedule of flood mitigation infrastructure works for the Gawler River referencing the Gawler River Stormwater Management Plan.</u>
Six	Maintain a working relationship with the Australian Rail Track Corporation to ensure that any changes to Railtrack infrastructure of culverts and rail heights are mapped on the Gawler River Floodplain Mapping Study Model to identify any changes to flooding impacts. <b>Ongoing – new replacement of the rail bridge completed April 2021.</b>
Seven	Develop a funding strategy for flood protection that is delivered by local area levees on the questions of who should own and maintain the levees and whether local area levees are regional works that the GRFMA should fund or are they local works that are the responsibility of the local Council. <b>Will be a consideration of the Gawler River Stormwater Management Plan 2022.</b>
Eight	Investigate opportunities for funding partners and grants to undertake the necessary assessments and designs. <b>Ongoing. GRFMA currently working with Department of Environment and Water on the \$9 Mil Gawler River Flood Mitigation projects.</b> <u>GRFMA Strategic Plan Priority action 2.4 – Proactively pursue governance structures and/or management approaches that bring together the various government agencies involved in water management related to the Gawler River to ensure coordinated action is taken to reduce flood risk, while contributing to greater integration of water management.</u>
Nine	The Scheme will also seek to clarify, through the Local Government Association, the policy and legal framework around maintenance of rivers and creeks where those rivers and creeks are part of the regional flood management plan. Under current legislation a landowner is responsible for the condition of a creek or waterway on private land. <b>Pending finalisation of the review by Department Environment and Water. GRFMA submission provided.</b>

**Part B: Maintenance of the Scheme**

Performance Targets:	Timings:	To be measured By:	Actual Achievements
Six monthly inspection	June and December	Completion of Inspection Report	<input checked="" type="checkbox"/> <b>Routine inspections completed</b>

**Part C: Operation of the Regional Subsidiary**

Performance Targets:	Timings:	To be measured By:	Actual Achievements
Reports to Stakeholders	Bi-Monthly	Key Outcomes Summary to be published following each Board Meeting	<input checked="" type="checkbox"/> <b>Key Outcomes Summary prepared following GRFMA meetings.</b>
Maintain effective Regional Subsidiary	December	The performance of the Executive Officer be reviewed annually Charter Review	<input checked="" type="checkbox"/> <b>Review conducted in December 2021.</b> <input checked="" type="checkbox"/> <b>GRFMA Charter Review( 2nd stage) commenced April 2020 - Materially completed pending finalisation of cost share funding model.</b>
	August	The appointment of Auditor, Bank Operators, levels of insurance, appropriate registrations, delegations and policies be reviewed annually.	<input checked="" type="checkbox"/> <b>New External Auditor appointed 2020 to 2024.</b> <input checked="" type="checkbox"/> <b>Appropriate levels of insurance reviewed in July 2021.</b>
Review of the Business Plan	By 31 <sup>st</sup> March	Review the Business Plan prior to preparing the Budget Forward to the Councils	<input checked="" type="checkbox"/> <b>June 2021 - Business Plan 2021- 2022 adopted.</b> <input checked="" type="checkbox"/> <b>June 2021 - Achievements against the Business Plan 2021 - 2022 presented.</b>



14

Performance Targets:	Timings:	To be measured By:	Actual Achievements
Annual Budget	By 31 <sup>st</sup> March, June, October, December	Adopt for consultation forward to Councils- Adopt Budget – copy to Councils in 5 days- Conduct Budget Reviews	<ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> <b>2022 - 2023 Draft Budget forwarded in March 2022 to consistent councils for consultation.</b></li> <li><input checked="" type="checkbox"/> <b>Budget Reviews 1, 2 and 3 reviewed by GRFMA Audit Committee.</b></li> </ul>
Subscriptions	June December	Send half year subscriptions to Council	<ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> <b>All first half subscriptions paid.</b></li> <li><input checked="" type="checkbox"/> <b>All Second half subscriptions paid.</b></li> </ul>
Report to Constituent Councils	Following each Board meeting By 30 <sup>th</sup> September	The receipt of the following reports by Councils, Board Meeting Key Outcome Summary Annual Report including Annual Financial Statements	<ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> <b>Key Outcomes Summary prepared following meetings.</b></li> <li><input checked="" type="checkbox"/> <b>Annual Report forwarded electronically to Councils.</b></li> </ul>
Governance	Ongoing	Policies and new management framework documents developed and reviewed	<ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> <b>Independent review of all GRFMA policies initiated December 2021.</b></li> <li><input checked="" type="checkbox"/> <b>GRFMA Strategic Plan facilitated and considered at the June 2022 GRFMA Meeting.</b></li> <li><input checked="" type="checkbox"/> <b>Draft Asset Management Plan and Long Term Financial Plans facilitated for adoption June 2022.</b></li> <li><input type="checkbox"/> <b>Charter Review 2 Funding Model not finalised.</b></li> </ul>

15

Performance Targets:	Timings:	To be measured By:	Actual Achievements
Annual Operations		<p>Advocacy for construction of Northern Floodway project</p> <p>Dewatering and repair of the low-level inlet pipe and stilling basin</p> <p>Implementation of the Gawler River Stormwater Management Plan</p> <p>Scheduled inspection</p> <p>Environmental management of land associated with the Dams location.</p> <p>GRUMP decision support tool to manage flood risk</p> <p>Revegetate land zone around the Bruce Eastick North Para Flood Mitigation Dam.</p>	<p><b>Hiatus. Pending completion of the Gawler River Stormwater Management Plan</b></p> <p><input checked="" type="checkbox"/> GRFMA currently working with Department of Environment and Water on the \$9 Mil Gawler River Flood Mitigation projects.</p> <p><input checked="" type="checkbox"/> Major repair works facilitated and completed 30 April 2022.</p> <p><input checked="" type="checkbox"/> Removal of Graffiti and security chains attached to HLOP screens completed November 2021.</p> <p><b>X Delayed from May 2022. Anticipated completion now September 2022.</b></p> <p><input checked="" type="checkbox"/> Completed April 2022.</p> <p><input checked="" type="checkbox"/> Annual land management lease in place.</p> <p><input checked="" type="checkbox"/> Completion March 2022.</p> <p><input checked="" type="checkbox"/> Ongoing.</p>

16

## Financial Statements 2021-22

1. Certification of Financial Statements
2. Financial Statements and Notes
3. Related Parties Disclosures
4. Statement of Auditors Independence
5. Certification of Auditor Independence

17

**GAWLER RIVER FLOODPLAIN MANAGEMENT AUTHORITY  
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2022  
CERTIFICATION OF FINANCIAL STATEMENTS**

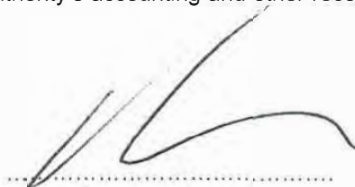
We have been authorised by the Gawler River Floodplain Management Authority Council to certify the financial statements in their final form.

In our opinion:

- the accompanying financial statements comply with the Local Government Act 1999, Local Government (Financial Management) Regulations 2011 and Australian Accounting Standards.
- the financial statements present a true and fair view of the Authority's financial position at 30 June 2022 and the results of its operations and cash flows for the financial year.
- internal controls implemented by the Authority provide a reasonable assurance that the Authority's financial records are complete, accurate and reliable and were effective throughout the financial year.
- the financial statements accurately reflect the Authority's accounting and other records.



David Hitchcock  
EXECUTIVE OFFICER



James Miller  
ACTING CHAIR

18/8/2022

Date

18 Aug - 2022

Date

<b>GAWLER RIVER FLOODPLAIN MANAGEMENT AUTHORITY</b>			
<b>STATEMENT OF COMPREHENSIVE INCOME</b>			
<b>for the year ended 30 June 2022</b>			
	Notes	2022 \$	2021 \$
<b>INCOME</b>			
Subscriptions	4	261,256	196,235
Investment income		1,132	1,009
State Government Grants	3	70,518	20,000
Other Income		100	100
<b>Total Income</b>		<u>333,006</u>	<u>217,344</u>
<b>EXPENSES</b>			
Contractual Services	5	236,420	156,177
Finance Charges		3,275	-
Depreciation	1(h), 10	322,298	321,163
Other		21,831	21,359
<b>Total Expenses</b>		<u>583,824</u>	<u>498,698</u>
<b>OPERATING SURPLUS / (DEFICIT)</b>		<u>(250,818)</u>	<u>(281,354)</u>
<b>NET SURPLUS / (DEFICIT)</b>		<u>(250,818)</u>	<u>(281,354)</u>
transferred to Equity Statement		(250,818)	(281,354)
<b>Other Comprehensive Income</b>		<u>-</u>	<u>-</u>
<b>Total Other Comprehensive Income</b>		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<u>(250,818)</u>	<u>(281,354)</u>

This Statement is to be read in conjunction with the attached Notes.

<b>GAWLER RIVER FLOODPLAIN MANAGEMENT AUTHORITY</b>			
<b>STATEMENT OF FINANCIAL POSITION</b>			
<b>as at 30 June 2022</b>			
	Notes	2022 \$	2021 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	1(d)	126,130	169,344
Trade and Other Receivables		<u>98,664</u>	<u>49,278</u>
<b>Total Current Assets</b>		<u>224,794</u>	<u>218,622</u>
<b>Non-current Assets</b>			
Infrastructure	10	25,920,879	25,329,000
Accumulated Depreciation Infrastructure	1(h), 10	<u>(4,438,623)</u>	<u>(4,116,325)</u>
Land	10	<u>477,000</u>	<u>477,000</u>
<b>Total Non-current Assets</b>		<u>21,959,256</u>	<u>21,689,675</u>
<b>Total Assets</b>		<u>22,184,050</u>	<u>21,908,297</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade & other payables		61,003	36,567
Borrowings		<u>502,136</u>	<u>-</u>
<b>Total Liabilities</b>		<u>563,138</u>	<u>36,567</u>
<b>NET ASSETS</b>		<u>21,620,912</u>	<u>21,871,730</u>
<b>EQUITY</b>			
Accumulated Surplus		12,938,939	13,189,757
Asset Revaluation Reserves	1(g)	<u>8,681,973</u>	<u>8,681,973</u>
<b>TOTAL EQUITY</b>		<u>21,620,912</u>	<u>21,871,730</u>

This Statement is to be read in conjunction with the attached Notes.

<b>GAWLER RIVER FLOODPLAIN MANAGEMENT AUTHORITY</b>				
<b>STATEMENT OF CHANGES IN EQUITY</b>				
<b>for the year ended 30 June 2022</b>				
2022	Notes	Accumulated Surplus \$	Asset Revaluation Reserve \$	TOTAL EQUITY \$
Balance at end of previous reporting period		13,189,757	8,681,973	21,871,730
<b>Net Surplus / (Deficit) for Year</b>		<b>(250,818)</b>	<b>-</b>	<b>(250,818)</b>
<b>Other Comprehensive Income</b>				
Gain on revaluation of infrastructure, property, plant & equipment		-	-	-
<b>Balance at end of period</b>		<b>12,938,939</b>	<b>8,681,973</b>	<b>21,620,912</b>
2021				
Balance at end of previous reporting period		13,471,111	8,681,973	22,153,084
<b>Net Surplus / (Deficit) for Year</b>		<b>(281,354)</b>	<b>-</b>	<b>(281,354)</b>
<b>Other Comprehensive Income</b>				
Gain on revaluation of infrastructure, property, plant & equipment		-	-	-
<b>Balance at end of period</b>		<b>13,189,757</b>	<b>8,681,973</b>	<b>21,871,730</b>

This Statement is to be read in conjunction with the attached Notes

<b>GAWLER RIVER FLOODPLAIN MANAGEMENT AUTHORITY</b>			
<b>STATEMENT OF CASHFLOWS</b>			
<b>for the year ended 30 June 2022</b>			
	Notes	2022 \$	2021 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts		282,547	199,195
Interest Receipts		1,073	1,023
Payments		<u>(237,090)</u>	<u>(182,638)</u>
<b>Net Cash provided by (or used in) Operating Activities</b>	8	<b>46,530</b>	17,580
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<u>Payments</u>			
Expenditure on renewal/replacement of assets	10	<u>(591,879)</u>	-
<b>Net Cash provided by (or used in) Investing Activities</b>		<b>(591,879)</b>	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<u>Receipts</u>			
Proceeds from borrowings		<u>502,136</u>	-
<b>Net Cash provided by (or used in) Financing Activities</b>		<b>502,136</b>	-
<b>Net Increase (Decrease) in cash held</b>		<b>(43,214)</b>	17,580
Cash & cash equivalents at beginning of period		<u>169,344</u>	151,764
<b>Cash &amp; cash equivalents at end of period</b>	8	<b><u>126,130</u></b>	<u>169,344</u>
This Statement is to be read in conjunction with the attached Notes			



**Gawler River Floodplain Management Authority  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2022**

**Note 1 - Statement of Significant Accounting Policies**

**a) The Local Government Reporting Entity**

This general purpose financial report has been prepared in accordance with Australian Accounting Standards as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and relevant South Australian legislation.

The Gawler River Floodplain Management Authority is a Regional Subsidiary under Section 43 and Schedule 2 of the Local Government Act 1999. The Constituent Councils are the Adelaide Hills Council, The Barossa Council, Town of Gawler, Light Regional Council, Adelaide Plains Council and The City of Playford.

All funds received and expended by the Authority have been included in the financial statements forming part of this financial report.

**b) Basis of Accounting**

This financial report has been prepared on an accrual basis and is based on historical costs and does not take into account changing money values, or except where specifically stated, current valuation of non-current assets.

**c) Employees**

The Authority has no employees.

**d) Cash**

For purposes of the statement of cash flows, cash includes cash deposits which are readily convertible to cash on hand and which are used in the cash management function on a day to day basis, net of outstanding bank overdraft.

**e) Infrastructure**

The Bruce Eastick North Para Flood Mitigation Dam was constructed in 2007. The valuation includes all materials, contractor's costs plus costs incidental to the acquisition, including engineering design and supervision fees and all other costs incurred.

**f) Land**

Land includes the land on which the dam is constructed, rights of way access to the land and 'right to flood' easements over the land upstream from the dam that will be inundated by dam waters for short periods of time during a flood event. The Board valuation was undertaken at 30th June 2011. Additional Land surrounding the dam was purchased in 2017/18 and was revalued by Asset Valuation and Consulting Pty Ltd in May 2017 for part lot 750 Kemp Road Kingsford. The next valuation is scheduled to be undertaken in 2022/2023.

**g) Revaluation**

The Board sought an independent valuation to be applied as at 30<sup>th</sup> June 2019, of the Bruce Eastick North Para Flood Mitigation Dam. The Board recognises that the dam is a unique infrastructure. The Board sought the advice of Entura (Hydro Tasmania), who provided a replacement cost valuation based on the actual construction contract costs, including some 'owner's costs' which would be incurred in the event of a replacement being necessary. In accordance with Accounting Standard (AASB)13 Fair Value Measurement, the valuation was undertaken as at 30 June 2019 and recorded as a level 3 restricted asset valuation. The next Valuation is scheduled to be undertaken in 2023/2024.

**Gawler River Floodplain Management Authority  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2022**

*Fair value level 3 valuations of buildings, infrastructure and other assets* – There is no known market for these assets and they are valued at depreciated current replacement cost. The method involves:

The determination of the cost to construct the asset (or its modern engineering equivalent) using current prices for materials and labour, the quantities of each being estimated based on recent experience of this or similar Councils, or on industry construction guides where these are more appropriate.

The calculation of the depreciation that would have accumulated since original construction using current estimates of residual value and useful life under the prime cost depreciation method adopted by the Authority.

The method has significant inherent uncertainties, relying on estimates of quantities of materials and labour, residual values and useful lives, and the possibility of changes in prices for materials and labour, and the potential for development of more efficient construction techniques.

**h) Depreciation**

The depreciation period for the Bruce Eastick North Para Flood Mitigation Dam is based on a straight line depreciation method with an expected useful life of 80 years.

The depreciation period for the Access Road is based on a straight line depreciation method with an expected useful life of 15 years.

**i) Revenue**

The Authority recognises revenue under AASB 1058 Income of Not-for-Profit Entities (AASB 1058) or AASB 15 Revenue from Contracts with Customers (AASB 15) when appropriate.

In cases where there is an 'enforceable' contract with a customer with 'sufficiently specific' performance obligations, the transaction is accounted for under AASB 15 where income is recognised when (or as) the performance obligations are satisfied (i.e. when it transfers control of a product or service to a customer). Revenue is measured based on the consideration to which the Authority expects to be entitled in a contract with a customer.

In other cases, AASB 1058 applies when a not-for-profit (NFP) entity enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives. The excess of the asset recognised (at fair value) over any 'related amounts' is recognised as income immediately, except in the case where a financial asset has been received to enable the authority to acquire or construct a recognisable non-financial asset that is to be controlled by the authority. In this case, the authority recognises the excess as a liability that is recognised over time in profit and loss when (or as) the entity satisfies its obligations under the transfer.

Revenue from the Subscriptions is recognised upon the delivery of the service to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue is stated net of the amount of goods and services tax (GST).

**Gawler River Floodplain Management Authority  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2022**

**j) Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred and are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest rate method.

Borrowings are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period to which it relates, and is recorded as part of "Payables"

**Note 2 - Schedule of Constituent Council's Interest in Net Assets as at 30<sup>th</sup> June 2022  
Prepared to meet the requirements of Clause 15.5 of the Charter**

"The 'Schedule of Constituent Councils' Interests in Net Assets' will reflect the proportionate contribution each Constituent Council has made to the growth of the net assets of the Authority having regard to the proportionate contribution to subscriptions. The Schedule when updated by the Board at the end of each financial year will reflect the proportionate contribution of each Constituent Council since the commencement of the Authority and once accepted by each Constituent Council will be evidence of the agreed proportion of a Constituent Council's interests in the net assets as at 30 June in that year."

For the purposes of this Clause all subscriptions by Constituent Councils have been included.

**Calculation of Net Equity**

**Assets**

Investments / Debtors	\$ 224,794
Infrastructure	\$ 21,482,256
Land	\$ 477,000
	<b>\$ 22,184,050</b>

**Less Liabilities**

Accounts Payable / Creditors	\$ 61,003
Borrowings	\$ 502,136
<b>NET EQUITY</b>	<b>\$ 21,620,912</b>

**Allocation of Councils Interest in Net Assets**

Constituent Councils	Accumulated Subscriptions for Operations to 30 June 2022	Accumulated Subscriptions for Maintenance to 30 June 2022	Accumulated Subscriptions for Scheme Works to 30 June 2022	All Subscriptions to 30 June 2022	Percentage of Contributions to the Total	Council's Interests in Net Assets
Adelaide Hills Council	\$201,424	\$6,352	\$72,462	\$280,238	4.87%	\$1,052,939
The Barossa Council	\$201,424	\$31,813	\$362,879	\$596,116	10.36%	\$2,239,926
Town of Gawler	\$201,424	\$63,586	\$724,666	\$989,676	17.19%	\$3,716,635
Light Regional Council	\$201,424	\$31,813	\$362,879	\$596,116	10.36%	\$2,239,926
Adelaide Plains Council	\$201,424	\$106,079	\$1,207,770	\$1,515,273	26.33%	\$5,692,786
City of Playford	\$201,424	\$127,254	\$1,449,319	\$1,777,997	30.89%	\$6,678,700
	<b>\$1,208,544</b>	<b>\$366,897</b>	<b>\$4,179,975</b>	<b>\$5,755,416</b>	<b>100%</b>	<b>\$21,620,912</b>

Schedule of Constituent Councils' Interests in Net Assets' as at the 30<sup>th</sup> June 2022 adopted by the Board in accordance with Clause 15.5 of the Charter on 18 August 2022.

**Gawler River Floodplain Management Authority  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2022**

**Note 3 - Functions / Activities of the Authority**

- a) Revenues and expenses have been attributed to the following functions / activities, descriptions of which are set out in Note b.
- b) The activities of the Authority are categorised into the following function / activities:

**Administration:** The operations of the Authority and its Board

**Other Environment:** Flood Mitigation

- c) Functions of the Gawler River Floodplain Management Authority (excluding depreciation)

	Year	Revenue		Expenses		Surplus (deficit)
		Grants	Other	Total Revenue	Expenses Total	
Administration	2022	-	\$177,284	\$177,284	\$88,260	<b>\$89,024</b>
	2021	-	\$147,044	\$147,044	\$85,115	<b>\$61,929</b>
Other	2022	\$70,518	\$ 85,204	\$155,722	\$173,267	<b>(\$17,545)</b>
Environment:						
Flood Mitigation	2021	\$20,000	\$ 50,300	\$ 70,300	\$92,421	<b>(\$22,121)</b>
Total	2022	\$70,518	\$262,488	\$333,006	\$261,527	<b>\$71,479</b>
	2021	\$20,000	\$197,344	\$217,344	\$177,536	<b>\$39,808</b>

**Note 4 - Subscriptions**

The following subscriptions were levied on the Constituent Councils in accordance with Clause 10.2 of the Charter for the year:

Constituent Council	Maintenance		Operations		TOTALS	
	2022	2021	2022	2021	2022	2021
Adelaide Hills Council	\$ 1,474	\$ 871	\$29,342	\$24,322	\$30,816	\$25,193
The Barossa Council	\$ 7,388	\$ 4,361	\$29,342	\$24,322	\$36,730	\$28,683
Town of Gawler	\$14,774	\$ 8,722	\$29,342	\$24,322	\$44,116	\$33,044
Light Regional Council	\$ 7,388	\$ 4,361	\$29,342	\$24,322	\$36,730	\$28,683
Adelaide Plains Council	\$24,624	\$14,541	\$29,342	\$24,322	\$53,966	\$38,863
City of Playford	\$29,556	\$17,444	\$29,342	\$24,325	\$58,898	\$41,769
<b>TOTAL</b>	<b>\$85,204</b>	<b>\$50,300</b>	<b>\$176,052</b>	<b>\$145,935</b>	<b>\$261,256</b>	<b>\$196,235</b>

**Gawler River Floodplain Management Authority**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2022**

**Note 5- Contractual Services**

	2022	2021
Executive Officer	\$56,826	\$56,280
Audit Committee	\$2,600	\$2,600
Audit Fees	\$5,188	\$5,000
Legal Fees	\$2,000	\$0
Gawler River Scheme Consultancies	\$159,957	\$84,737
Maintenance Contractors	\$9,849	\$7,560
<b>TOTALS</b>	<b>\$236,420</b>	<b>\$156,177</b>

**Note 6 - Comparison of Budget and Actual Results (excluding depreciation)**

	2022		2021	
	Budget	Actual	Budget	Actual
Revenue				
Administration	\$176,652	\$177,284	\$147,050	\$147,044
Other Environment: Flood Mitigation	\$85,200	\$85,204	\$0	\$0
State Grant	\$70,518	\$70,518	\$20,000	\$20,000
Maintenance	\$0	\$0	\$50,300	\$50,300
Other Environment: Flood Mitigation Capital	\$0	\$0	\$0	\$0
<b>Total Revenue</b>	<b>\$332,370</b>	<b>\$333,006</b>	<b>\$217,350</b>	<b>\$217,344</b>
Expenditure				
Administration	\$94,152	\$88,260	\$88,050	\$85,115
Other Environment: Flood Mitigation	\$15,200	\$10,035	\$97,950	\$7,684
Maintenance	\$168,995	\$163,232	\$100,736	\$84,736
Other Environment: Flood Mitigation Capital	\$635,000	\$591,879	\$0	\$0
<b>Total Expenditure</b>	<b>\$913,347</b>	<b>\$853,406</b>	<b>\$286,736</b>	<b>\$177,535</b>
<b>Surplus (deficit)</b>	<b>(\$580,977)</b>	<b>(\$520,400)</b>	<b>(\$69,386)</b>	<b>\$39,809</b>

**Note 7 - Expenditure Commitment**

- i. An agreement has been entered into with David Hitchcock to provide Executive Officer and Supervision of Consultants services to 31 December 2023.

**Gawler River Floodplain Management Authority  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2022**

**Note 8 - Reconciliation Statement of Cash Flows**

**(a) Reconciliation of Cash**

Cash Assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

	2022	2021
	\$	\$
Total cash & equivalent assets	<u>126,130</u>	<u>196,235</u>
Balances per Cash Flow Statement	<u>126,130</u>	<u>196,235</u>

**(b) Reconciliation of Change in Net Assets to Cash from Operating Activities**

Net Surplus (Deficit)	(250,818)	(281,354)
Non-cash items in Income Statement		
Depreciation, amortisation & impairment	<u>322,298</u>	321,163
	<u>71,480</u>	39,809
Add (Less): Changes in Net Current Assets		
Net (increase) decrease in receivables	(49,386)	(17,127)
Net increase (decrease) in trade & other payables	<u>24,436</u>	(5,102)
<b>Net Cash provided by (or used in) operations</b>	<u>46,530</u>	<u>17,580</u>

**Note 9 - Economic Dependence**

The Gawler River Floodplain Management Authority (GRFMA) was formed as a Regional Subsidiary under Section 43 and Schedule 2 of the Local Government Act 1999 in August 2002, by a Charter that was amended and published in The South Australian Government Gazette on 27<sup>th</sup> February 2020 at page 474.

The Gawler River Floodplain Management Authority (GRFMA) is dependent upon subscriptions levied on the Constituent Councils in accordance with Clause 10.2 of the Charter to fund the construction, operation and maintenance of flood mitigation infrastructure of the Authority which it owns and manages.

Page 10

28

**Gawler River Floodplain Management Authority  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2022**

**Note 10 - Non-Current Assets Summary**

	Fair Value Level	2022				2021			
		At Fair Value	At Cost	Accum Dep'n	Carrying Amount	At Fair Value	At Cost	Accum Dep'n	Carrying Amount
Land and easements	-	\$477,000	-	-	\$477,000	\$477,000	-	-	\$477,000
North Para Dam Access Roads	3	\$84,000	-	(\$19,800)	\$64,200	\$84,000	-	(\$14,200)	\$69,800
North Para Dam	3	\$25,245,000	\$591,879	(\$4,418,823)	\$21,418,056	\$25,245,000	-	(\$4,102,125)	\$21,142,875
Total Infrastructure and Land		\$25,806,000	\$591,879	(\$4,438,623)	\$21,959,256	\$25,806,000	-	(\$4,116,325)	\$21,689,675
Comparatives		\$25,806,000	-	(\$4,116,325)	\$21,169,675	\$25,806,000	-	(\$3,795,163)	\$22,010,937

	2021 Carrying Amount	Carrying Amount Movements During the Year							2022 Carrying Amount
		Additions		Disposals	Depreciation	Impairment	Transfers	Net Valuation	
		New Upgrade	Renewals						
Land and easements	\$477,000	-	-	-	-	-	-	-	\$477,000
Access Roads	\$69,800	-	-	-	(\$5,600)	-	-	-	\$64,200
Infrastructure - North Para Dam	\$21,142,875	-	\$591,879	-	(\$316,698)	-	-	-	\$21,418,056
<b>Total Infrastructure, Property, Plant &amp; Equipment</b>	<b>\$21,689,675</b>	-	<b>\$591,879</b>	-	<b>(\$322,298)</b>	-	-	-	<b>\$21,959,256</b>
Comparatives	\$22,010,837	-	-	-	(\$321,163)	-	-	-	\$21,169,675

**Gawler River Floodplain Management Authority  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2022**

**Note 11 - Financial Instruments**

All financial instruments are categorised as *loans and receivables*.

**Accounting Policies - Recognised Financial Instruments**

<b>Bank, Deposits at Call, Short Term Deposits</b>	<p><b>Accounting Policy:</b> initially recognised at fair value and subsequently measured at amortised cost, interest is recognised when earned</p> <p><b>Terms &amp; conditions:</b> Deposits are returning fixed interest rates between 0.10% and 0.25% (2021: 0.25% and 0.30%).</p> <p><b>Carrying amount:</b> approximates fair value due to the short term to maturity.</p>
<b>Bank, Deposits at Call, Short Term Deposits</b>	<p><b>Accounting Policy:</b> initially recognised at fair value and subsequently measured at amortised cost, interest is recognised when earned</p> <p><b>Terms &amp; conditions:</b> Deposits are returning fixed interest rates between 0.25% and 1.05% (2021: 0.25% and 0.30%).</p> <p><b>Carrying amount:</b> approximates fair value due to the short term to maturity.</p>
<b>Receivables - Fees &amp; other charges</b>	<p><b>Accounting Policy:</b> initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method</p> <p><b>Terms &amp; conditions:</b> Unsecured, and do not bear interest. Although the authority is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Authorities boundaries.</p> <p><b>Carrying amount:</b> approximates fair value (after deduction of any allowance).</p>
<b>Liabilities - Creditors and Accruals</b>	<p><b>Accounting Policy:</b> Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Authority.</p> <p><b>Terms &amp; conditions:</b> Liabilities are normally settled on 30 day terms.</p> <p><b>Carrying amount:</b> approximates fair value.</p>
<b>Liabilities – Interest Bearing Borrowings</b>	<p><b>Accounting Policy:</b> initially recognised at fair value and subsequently amortised cost, interest is charged as an expense using the effective interest rate.</p> <p><b>Terms &amp; conditions:</b> secured over future revenues, borrowings are repayable; interest is charged at fixed or variable rates 2.80%.</p> <p><b>Carrying amount:</b> approximates fair value.</p>

**Liquidity Analysis**

2022	Due < 1 year	Due > 1 year ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
<b>Financial Assets</b>	\$	\$	\$	\$	\$
Cash & Equivalents	126,130	-	-	126,130	126,130
Receivables	98,664	-	-	98,664	98,664
<b>Total</b>	<b>224,794</b>	<b>-</b>	<b>-</b>	<b>224,794</b>	<b>224,794</b>
<b>Financial Liabilities</b>					
Payables	59,003	-	-	59,003	59,003
Borrowings	70,000	287,788	305,058	662,846	502,136
<b>Total</b>	<b>129,003</b>	<b>287,788</b>	<b>305,058</b>	<b>721,849</b>	<b>561,139</b>



**Gawler River Floodplain Management Authority  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2022**

2021	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$	\$	\$	\$	\$
<b>Financial Assets</b>					
Cash & Equivalents	169,344	-	-	-	169,344
Receivables	49,278	-	-	-	49,278
<b>Total</b>	<b>218,622</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>218,622</b>
<b>Financial Liabilities</b>					
Payables	36,567	-	-	-	36,567
<b>Total</b>	<b>36,567</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36,567</b>

The following interest rates were applicable to the Authority's Borrowings at balance date:

	2022		2021	
\$'000	Weighted Av Interest Rate	Carrying Value	Weighted Av Interest Rate	Carrying Value
Variable Interest Rates	2.80%	502,136	-	-
		<b>502,136</b>		

**Risk Exposures:**

**Credit Risk** represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Authority is the carrying amount, net of any impairment. All Authority investments are made with the SA Local Government Finance Authority and are guaranteed by the SA Government. Except as detailed in Notes 5 & 6 in relation to individual classes of receivables, exposure is concentrated within the Authorities boundaries, and there is no material exposure to any individual debtor.

**Market Risk** is the risk that fair values of financial assets will fluctuate as a result of changes in market prices. All of the Authority's financial assets are denominated in Australian dollars and are not traded on any market, and hence neither market risk nor currency risk apply.

**Liquidity Risk** is the risk that Authority will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury Management Policy (LGA Information Paper 15), liabilities have a range of maturity dates.

**Interest Rate Risk** is the risk that future cash flows will fluctuate because of changes in market interest rates. The Authority has a balance of both fixed and variable interest rate borrowings and investments. Cash flow fluctuations are managed holistically in seeking to minimise interest costs over the longer term in a risk averse manner.

**Gawler River Floodplain Management Authority  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2022**

**Note 12 Uniform Presentation of Financial Statements**

The following is a high level summary of both operating and capital investment activities of the Authority prepared on a simplified Uniform Presentation Framework basis.

All Local Government Councils and Authorities have agreed to summarise annual budgets and long-term financial plans on the same basis.

The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Authorities finances.

	2022	2021
	\$	\$
Income	333,006	217,344
Expenses	<u>(583,824)</u>	<u>(498,698)</u>
<b>Operating Surplus / (Deficit)</b>	<b>(250,818)</b>	<b>(281,354)</b>
<b>Less Net Outlays in Existing Assets</b>		
Capital Expenditure on renewal and replacement of Existing Assets	(591,879)	-
Add back Depreciation Amortisation and Impairment	322,298	321,163
Proceeds from Sale of Replaced Assets	<u>-</u>	<u>-</u>
	<b>(269,581)</b>	<b>321,163</b>
<b>Less Net Outlays on New and Upgraded Assets</b>		
Capital Expenditure on New and Upgraded Assets	-	-
Amounts received specifically for New and Upgraded Assets	-	-
Proceeds from Sale of Surplus Assets	<u>-</u>	<u>-</u>
	<b>-</b>	<b>-</b>
<b>Net Lending / (Borrowing) for Financial Year</b>	<b><u>(520,399)</u></b>	<b><u>39,808</u></b>

**Note 13 – Contingencies & Assets & Liabilities not recognised in the Balance Sheet**

There are no contingencies, asset or liabilities not recognised in the financial statements for the year ended 30 June 2022.

**Gawler River Floodplain Management Authority  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2022**

**Note 14 - Events Occurring After Reporting Date**

There were no events subsequent to 30 June 2022 that need to be disclosed in the financial statements.

**Note 15 - Related Parties Disclosures**

**Key Management Personnel**

The Key Management Personnel of the Gawler River Floodplain Management Authority (GRFMA) include the Chairman, Board Members, Deputy Board Members and Executive Officer. In all Key Management Personnel were paid the following total compensation:

	2022 \$	2021 \$
Salaries, allowances & Other	\$65,126	\$65,530
Short Term Benefits		
<b>TOTAL</b>	<b>\$65,126</b>	<b>\$65,530</b>

	Amounts received from Related Party during the financial year 2022 \$	Amounts received from Related Party during the financial year 2021 \$
Adelaide Hills Council	\$32,076	\$12,597
The Barossa Council	\$36,730	\$28,683
Town of Gawler	\$44,116	\$33,044
Light Regional Council	\$36,730	\$28,683
Adelaide Plains Council	\$53,966	\$38,863
City of Playford	\$58,898	\$41,769
<b>TOTAL</b>	<b>\$262,516</b>	<b>\$183,639</b>

The Authority has been established for the following purposes:

1. To co-ordinate the construction, operation and maintenance of flood mitigation infrastructure for the Gawler River. This purpose is the core business of the Authority;
2. To raise finance for the purpose of developing, managing and operating and maintaining works approved by the board;
3. To provide a forum for the discussion and consideration of topics relating to the Constituent Council's obligations and responsibilities in relation to management of flood mitigation for the Gawler River;
4. Upon application of one or more Constituent Councils pursuant to clause 12.4:
  1. to coordinate the construction, maintenance and promotion and enhancement of the Gawler River and areas adjacent to the Gawler River as recreational open space for the adjacent communities: and
  2. to enter into agreements with one or more of the Constituent Councils for the purpose of managing and developing the Gawler River.

**GAWLER RIVER FLOODPLAIN MANAGEMENT AUTHORITY  
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2022**

**CERTIFICATION OF AUDITOR INDEPENDENCE**

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of the Gawler River Floodplain Management Authority for the year ended 30 June 2022 the Authority's Auditor Dean Newbery and Partners has maintained its independence in accordance with the requirements of the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 made under that Act.

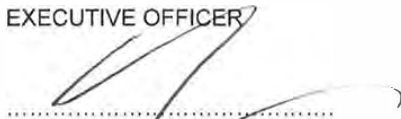
This statement is prepared in accordance with the requirements of Regulation 22(3) Local Government (Financial Management) Regulations 2011.



David Hitchcock  
EXECUTIVE OFFICER



Peter Brass  
PRESIDING MEMBER AUDIT COMMITTEE



James Miller  
ACTING CHAIR GRFMA

18/8/22

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**GAWLER RIVER FLOODPLAIN MANAGEMENT AUTHORITY  
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2022**

**CERTIFICATION OF AUDITOR INDEPENDENCE**

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This statement is prepared in accordance with the requirements of Regulation 22(3) Local Government (Financial Management) Regulations 2011.

DocuSigned by:  
*Andrew Aitken*  
.....DA549899208E47C.....  
Andrew Aitken  
Chief Executive Officer  
Adelaide Hills Council

DocuSigned by:  
*James Miller*  
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James Miller  
Chief Executive Officer  
Adelaide Plains Council

DocuSigned by:  
*Henry Inat*  
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Henry Inat  
Chief Executive Officer  
Town of Gawler

DocuSigned by:  
*Martin McCarthy*  
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Martin McCarthy  
Chief Executive Officer  
The Barossa Council

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*Sam Green*  
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Sam Green  
Chief Executive Officer  
City of Playford

DocuSigned by:  
*Richard Dodson*  
.....E4E718988C4742C.....  
Richard Dodson  
Acting Chief Executive Officer  
Light Regional Council



# GRFMA ANNUAL BUSINESS PLAN

## 2022-2023 Adopted 16/6/2022

### Gawler River Floodplain Management Authority

Constituent Councils:

Adelaide Hills Council

Adelaide Plains Council

The Barossa Council

Town of Gawler

Light Regional Council

City of Playford



2

# Business Plan 2022-2023

## Gawler River Floodplain Management Authority (GRFMA)

### The Gawler River

The Gawler River is formed by the confluence of the North Para and South Para in the town of Gawler and is located in the Adelaide Plains district of South Australia. The district surrounding the river produces cereal crops and sheep for both meat and wool, as well as market gardens, almond orchards and vineyards. The farm gate output of the Gawler River floodplain horticultural areas is estimated to be at least \$355 million.

### History

The river is subject to periodic flood events.



Desirable Levels of Protection Cost of Flooding	
Flood Frequency (ARI)	Estimated Damages
1 in 10	\$15m
1 in 20	\$24m
1 in 50	\$102m
1 in 100	\$182m
1 in 200	\$212m
Average Annual Damage	\$7.40m
Present Value of Damages	\$109m

Properties at Risk				
Flood Frequency (ARI)	Number of residential properties within each hazard rating			
	Low	Medium	High	Extreme
1 in 50	1056	785	483	236
1 in 100	1559	1451	1179	457
1 in 200	1814	1652	1419	615

### Purpose of the GRFMA

The Gawler River Floodplain Management Authority (GRFMA) was formed as a Regional Subsidiary under Section 43 and Schedule 2 of the Local Government Act 1999 on 22 August 2002. The Constituent Councils are the Adelaide Hills Council, The Adelaide Plains Council, The Barossa Council, The Town of Gawler, Light Regional Council, and the City of Playford.

The Authority has been established for the following purposes:

- to co-ordinate the construction, operation and maintenance of flood mitigation infrastructure for the Gawler River. This purpose is the core business of the Authority;
- to raise finance for the purpose of developing, managing and operating and maintaining works approved by the Board;
- to provide a forum for the discussion and consideration of topics relating to the Constituent Council's obligations and responsibilities in relation to management of flood mitigation for the Gawler River; and
- upon application of one or more Constituent Councils pursuant to clause 12.4:
  - to coordinate the construction, maintenance and promotion and enhancement of the Gawler River and areas adjacent to the Gawler River as recreational open space for the adjacent communities; and
  - to enter into agreements with one or more of the Constituent Councils for the purpose of managing and developing the Gawler River.

Numerous factors have a significant influence on the operations of the Authority.

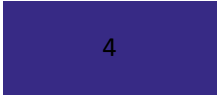
These include:

- Arrangements for managing stormwater in South Australia are very complicated, reflecting incremental changes over time in legislation, guidelines, structures, and funding arrangements.

For the Authority, specific concerns are:

- There is no clear definition of the responsibilities of levels of government for managing stormwater.
- Floodplain management is not well recognised in the current framework for stormwater management.
- Responsibilities for different aspects of managing the Gawler River sit with various (mostly SA Government) agencies, yet there is no overarching structure, body, or plan to ensure an integrated approach to managing it.
- Most of the Gawler River is located on private land (a common situation in South Australia) which restricts the ability of the Authority (and other bodies) to carry out its functions.
- Most flood management initiatives within the Gawler River catchment and floodplain are beyond the capacity of Constituent Councils to fund and State and Federal Government engagement and funding support will be required before any such initiatives are to be realised.





- The effects of flooding on intensive food production and residential properties on the Northern Adelaide Plains.
- Impacts of climate change on the timing, frequency, and volumes of flows into the River.
- Changes in stormwater flows and the risks of flooding associated with new residential development in the Gawler River catchment.
- The level of community understanding of the risks of flooding within the entire catchment and how individuals can reduce the risks.
- Signs of growing interest in the concept of water cycle management with greater integration of different aspects of water management, including stormwater and floodwater.
- Differences in perspectives and priorities between upstream and downstream Constituent Councils in relation to beneficiaries, funding arrangements, and priorities.
- The limited resource base of the Authority, which is supplemented on an ad-hoc basis through partnering with Constituent Councils.

**Governance**

The Authority is governed by the Board of management. The Board comprises of:

- One independent person, who is not an officer, employee or elected member of a Constituent Council, to be appointed as the Chairperson of the Board of Management of the GRFMA for a term of two years.
- Two persons appointed from each of the six Constituent Councils (12 members in total). Council appointees comprise of the Council CEO, or delegate and one Elected Member.
- Deputy Board members as appointed by each Constituent Council.

**The Board**

The Members of the Board are:

Council	Board Members	Deputy Board Members
<b>Chairperson and Independent Member</b>	Mr Ian Baldwin	
<b>Adelaide Hills Council</b>	Cr Malcolm Herrmann Mr Ashley Curtis	Cr Pauline Gill
<b>Adelaide Plains Council</b>	Cr Terry-Anne Keen Mr James Miller	Cr John Lush Ms Sheree Schenk
<b>The Barossa Council</b>	Mayor Bim Lange Mr Gary Mavrinc	Cr Russell Johnstone
<b>Town of Gawler</b>	Cr Paul Koch Mr Sam Dilena	Cr Kelvin Goldstone
<b>Light Regional Council</b>	Cr William Close Mr Brian Carr	Mr Andrew Philpott
<b>City of Playford</b>	Cr Peter Rentoulis Mr Greg Pattinson	Cr Clinton Marsh

A Technical Assessment Panel has been appointed to support the decision-making processes of the Board with delegated powers to provide advice and manage the technical aspects of the design, assessment and construction of the various parts of the Scheme.

The Members of the Panel are:

- Mr Ian Baldwin, Independent Chair
- Ms Ingrid Franssen, Manager Flood Management, DEWN
- (vacant), SA Water
- 1 Consistent Council representative - Vacant ,
- 1 Consistent Council representative Mr Braden Austin, Playford Council
- Mr David Hitchcock, Executive Officer

An Audit Committee has been appointed to review:

- The annual financial statements to ensure that they present fairly the financial state of affairs of the Board; and
- The adequacy of the accounting, internal control, reporting and other financial management systems and practices of the Board on a regular basis.

The Members of the Audit Committee are:

- Mr Peter Brass, Independent Member and Chair
- Cr Malcolm Herrmann, Adelaide Hills Council
- Mr Greg Pattinson, City of Playford

A suite of Policies have been adopted to provide management guidelines for the day-to-day business of the GRFMA. The policies are currently being reviewed in accordance with the established two year periodical review process.

Policies include

- Access to Meetings and Documents
- Internal Review of Decisions
- Procurement and Operations
- Dam Valuation
- Public Consultation
- Treasury Management



Further work is being undertaken to establish and adopt appropriate further policy documents as required (Public Interest Disclose, Fraud and Corruption Prevention etc).

To meet the statutory and operational responsibilities the Authority will maintain appointment of a part time Executive Officer, and an Auditor, on a contract basis.

Dean Newbery and Partners have been appointed as the external auditor until 2023/24.

6

The Authority is required to hold a minimum of 6 meetings per year and to provide the required Business Plans, Budgets Reports and Audited Statements to its Constituent Councils required by the Charter and Local Government 1999.

The Authority will conduct two reviews each year of its performance against the targets set in this Business Plan that will form part of the report to its Constituent Councils and will be included in its Annual Report.

## Cost of Operations

The scope of the GRFMA annual budget and operations is small in comparison to the extensive undertakings by Constituent Councils.

Principally the budget revenue is sourced from predetermined “formulae based’ financial contributions by the six Constituent Councils, opportunistic funding applications and some interest from financial institutions. Recently any shortfalls in income (over expenditure) have been met from reserves.

Expenditure is principally budgeted on estimated costs of executive management and administrative and governance requirements of the Authority according to its charter. Some costs are incurred with maintenance of the Bruce Eastick North Para River Flood Mitigation Dam site and access.

The contributions of the Constituent Councils are based on the following percentage shares for capital works, maintenance of Scheme assets and operational costs of the Authority. (GRFMA Charter Clause 10).

## Constituent Council Shares for Contributions

Constituent Council	Capital Works	Maintenance of Assets	Operational Costs
	Percentage Share	Percentage Share	Percentage Share
Adelaide Hills Council	1.73%	1.73%	16.66%
Adelaide Plains Council	28.91%	28.91%	16.66%
The Barossa Council	8.67%	8.67%	16.66%
Town of Gawler	17.34%	17.34%	16.66%
Light Regional Council	8.67%	8.67%	16.66%
City of Playford	34.68%	34.68%	16.66%
Total	100%	100%	100%

7

In accordance with the recently revised charter the Authority is now working to finalise the foundation Strategic Plan which is at final draft stage and currently under consultation with constituent councils.

The draft Plan is arranged under three themes, each with its own objective, related to the outcomes to be pursued.

**Theme 1: Design, build, and maintain physical flood mitigation infrastructure**

Objective: To have in place an agreed extent of physical flood mitigation infrastructure that is fit for purpose and achieves the targeted levels of performance.

**Theme 2: Develop and evolve key relationships**

Objective: To maintain key relationships that are most important to the Authority achieving its purpose.

**Theme 3: Ensure good governance and ongoing financial sustainability**

Objective: To ensure that the Authority meets legislative requirements and contemporary standards of governance and is financially sustainable for the long term.

## Priority Actions 2022/2023

**Finalise preparation of the Gawler River Stormwater Management Plan.**

The Gawler River Stormwater Management Plan will be the key document to assist in determining physical and other works required to reduce the risks and impacts of flooding

**Review, with Constituent Councils and stakeholders, design standards for infrastructure works including costs and benefits.**

The default policy position of the Authority has been for a 1 in 100 year design standard. Reviewing that policy position through consideration of the costs and benefits of various design standard scenarios will assist in identifying appropriate standards.

**In conjunction with the Constituent Councils, develop and implement a schedule of flood mitigation infrastructure works for the Gawler River referencing the Gawler River Stormwater Management Plan.**

A schedule of works will enable the Authority and Constituent Councils to plan for implementation of the projects and seek funding from the State and Federal Governments.

**Working with the Constituent Councils, develop a framework to clearly articulate the respective roles and responsibilities of the Authority and the Councils and suitable partnering arrangements to maintain a low cost base for the Authority.**

Identification of partnering opportunities within the capacities of the Councils (e.g., in relation to monitoring information about climate change and climate change policy, and water policy) in delivering the functions, operations and project management required of the Authority would help to keep the Authority's administrative costs low.

**Continue to advocate for improved governance and funding arrangements for flood avoidance, resilience, and mitigation in South Australia**

With frontline experience the Authority is well positioned to develop a narrative about changes that are required to improve governance and funding arrangements for flood avoidance and mitigation.

8

The Authority will continue to work with the Department for Environment and Water, in consultation with constituent councils, on implementation and funding arrangements for the State Government funded Gawler River Flood Mitigation Program.

**Assist the Constituent Councils in communicating with general communities and specific interest groups in relation to flood mitigation for the Gawler River.**

Communication with communities is likely to be a joint activity between the Constituent Councils and the Authority. This to include, subject to funding, implementation of the the Gawler River Flood Disaster Mitigation Program, Community Flood Resilience Project Plan. The 3 year program seeks to provide information, tools, and assistance for the community to learn about flood risk, be aware of what they can do, know how to receive flood warnings, and be prepared to act in the event of a flood

**Implement the agreed outcomes from Charter Review 2 which was finalised in 2020.**

The second stage of reviewing the Authority’s Charter was completed late in 2020. Implementation of agreed outcomes from the review will finalise that process.

**Develop fit for purpose risk management, asset management, and long term financial plans.**

The Charter requires these plans to be prepared and adopted. All three Plans will assist the Board in decision making and show that risk, asset management, and long term financial planning are being addressed.

Maintenance and operations of the scheme during 2022 to 2023 will include:

- Implementation of requirements of the reviewed Operation and Maintenance Manual.
- Continuation of the revegetation program around land associated with the Bruce Eastick North Para Flood Mitigation Dam.
- Scheduled inspections and environmental management of land associated with the Dam location will be undertaken in accordance with ANCOLD recommendations. Principality Routine (monthly), Intermediate (annually), Comprehensive (every 5 years due 2022/2023).
- Completion of identified repairs to the Bruce Eastick North Para Flood Mitigation Dam.





# MEMORANDUM

**To** David Hitchcock – GRFMA  
**From** Michael Di Matteo – Water Technology  
**Date** 28 July 2021  
**Subject** Gawler River Flood Mitigation Cost Sharing Model – Northern Floodway Application  
**Our ref** 21030180 M001 Gawler River Mitigation Cost Sharing - Northern Floodway v2

## 1 OVERVIEW

### 1.1 Background and purpose of this study

Water Technology has been engaged by the Gawler River Floodplain Management Authority (GRFMA) to apply the Gawler River Flood Mitigation Cost Sharing Model developed by Water Technology (2021) earlier this year to a case study. The model is based on a number of principals for allocating costs, including:

- Future Cost Avoided
- Water inflow
- Waterway length
- Ability to pay

For the purposes of this study, the Northern Floodway mitigation option (AWE (2017), Tonkin (2018)) was used to demonstrate the cost sharing split for future mitigation works amongst the six (6) Local Government Areas. These include Adelaide Plains Council, Adelaide Hills Council, Barossa Council, City of Playford, Light Regional Council, Town of Gawler.

### 1.2 Scope

The following scenarios for Gawler River flood modelling are considered in this study:

**Baseline scenario:** Without Northern Floodway (without Riverlea Development)

**Mitigation scenario:** With Northern Floodway (without Riverlea Development)

As part of this study, Water Technology carried out flood modelling for both scenarios in order to inform a flood damages assessment. The flood damages savings (baseline damages minus mitigation options damages) evaluated as part of this study, as well as the water inflow, waterway length, and ability to pay values already in the model, were used to estimate the Cost Share for the local government areas.

### 1.3 Limitations

The results for cost sharing are based on a number of assumptions and are provided for demonstration purposes only. The results and flood damages inputs should not be relied upon for decision-making or applied in other studies. Further work is required to refine the weightings, damages assessment and other data used as inputs into the model.



Importantly, the model has been run on the Northern Floodway proposal on the basis it is the only proposal that has the required flood mapping data to enable reasonable consideration of damages that might occur. Inclusion of the Northern Floodway in this model is not an indication that the GRFMA is currently proceeding with the Northern Floodway proposal.

## 2 FLOOD MODELLING

### 2.1 Scenarios

A total of six model runs were performed for this study. These runs are described in Table 2-1.

The Baseline scenario was modelled using a modified MIKE Flood hydraulic model. This model and hydrological inputs was previously used for modelling the Northern Floodway mitigation option (AWE 2016).

The Northern Floodway extent was based on the flood way and levee extents as shown in Tonkin (2018) (purple lines and the yellow dashed lines in Figure 2-1) with additional levee upgrade extending eastwards to between Pederick Road and Winnifred Road (Figure 2-2). The additional levee upgrades were included to mitigate a breakout east of Pederick Road known to occur from previous modelling. The additional levee upgrades were not included in the costing estimates in this study.

Table 2-1 Summary of model runs

Scenario	With Riverlea Development?	With Northern Floodway?	Flood events for damage assessment <sup>1</sup> . (% Annual Exceedance Probability)	Model development required?	Total number of model runs
Baseline	N	N	5, 2, 1	Y	3
Mitigation	N	Y	5, 2, 1	Y	3

1. The 10% AEP event and 0.5% event were not modelled as part of this assessment.

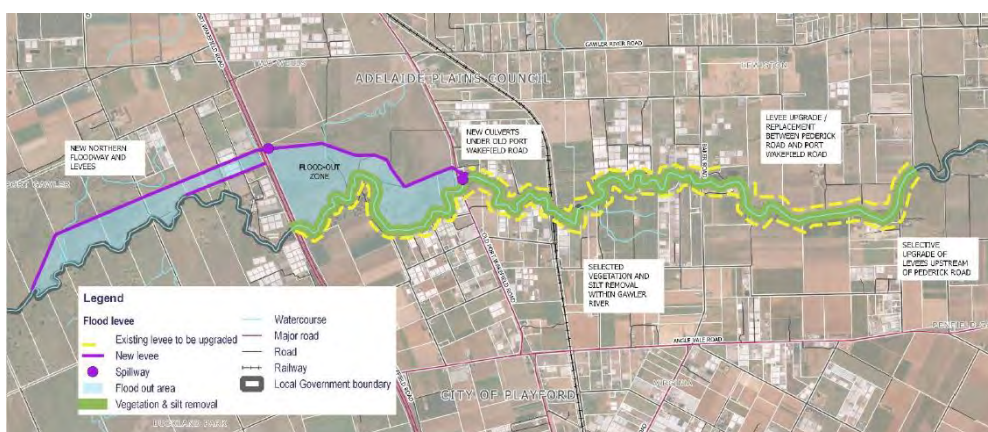


Figure 2-1 Northern Floodway mitigation works (extension of Existing levee to be upgraded to Pederick Road not shown).

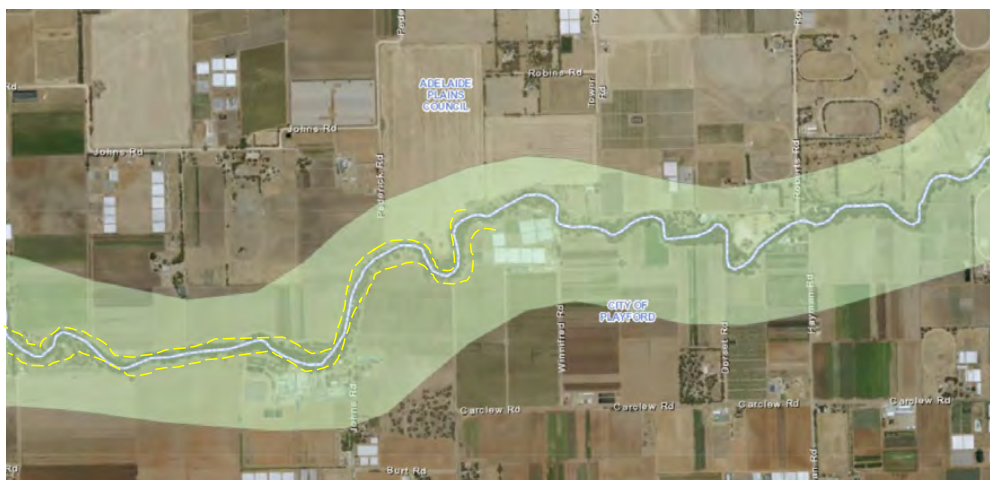


Figure 2-2 Indicative extent of levee upgrade in current study Northern Floodway scenario

2.2 Results

The flood modelling afflux results are provided in Attachment A. The flood mapping extent was compared with previous mapping carried out for the Northern Floodway by AWE (2016). The flood extent was similar to previous studies, except that the breakout east of Pederick Road was managed in the mitigation scenario.

3 GAWLER RIVER FLOOD MITIGATION COST SHARING MODEL

3.1 Overview

The following sections outline background on the Gawler River Flood Mitigation Cost Sharing Model and how it was applied in this study. The model inputs and related assessments are described.

3.2 Background on cost sharing model

Water Technology (2021) prepared a spreadsheet tool to assess the cost sharing split for future mitigation works amongst the six (6) Local Government Areas (Adelaide Plains Council, Adelaide Hills Council, Barossa Council, City of Playford, Light Regional Council, Town of Gawler). The model apportions cost-sharing based on four (4) key principles:

- **Future Cost Avoided** - Monetary value of damage avoided (by the proposed mitigation works) as identified within each council area.
- **Water inflow** - Measurable proportion of volume of water (i.e. m3/s) from each council area based on the whole of catchment (not just upstream of the Gawler River junction as per original model), excluding the area west of Port Wakefield Road.
- **Waterway length** - Gawler River, North Para, South Para. With consideration of order of streams e.g. Gawler River is a Seven Order Stream with North and South Para Rivers being Five or Six Order Streams. Other minor tributaries (lower than Five Order Streams) are not to be included.
- **Ability to pay** - Identify via SA Local Government Grants Commission - Financial Assistance Grant equalisation considerations and allocations in order to determine each Councils ability to pay.





The Future costs Avoided for the Northern Floodway was a key consideration for this study. The remaining principles were kept as the default values in this study.

### 3.3 Flood Damages assessment

A high-level flood damages assessment approach was developed for the purposes of this study. The methodology, assumptions and limitations of the flood damages assessment is provided in Attachment B and inputs into the model are shown in Attachment C.

It should be noted that a review of the flood damages estimate developed in this study were approximately 30% higher than estimated damages in AWE (2016). A sensitivity analysis of the estimated damages for the costing tool was carried out to evaluate the impact of this variance on cost-sharing between councils.

### 3.4 Future Costs Avoided

The estimated damages for the Northern Floodway scenario were subtracted from the Baseline scenario to determine the future costs avoided shown in Table 3-1. The estimated total costs avoided for the 5%, 20% and 1% AEP events is estimated to be \$72 million using the high-level flood damages assessment methodology adopted for this study. The majority of future costs avoided by the Northern Floodway scheme are in the City of Playford area (90%), and the remaining in the Adelaide Plains Council (10%).

Table 3-1 Future costs avoided summary

	Adelaide Hills	Adelaide Plains	Barossa Council	City of Playford	Light Regional Council	Town of Gawler	TOTAL:
Total cost of damages:	Damage in \$	Damage in \$	Damage in \$	Damage in \$	Damage in \$	Damage in \$	Damage in \$
10% AEP	-	-	-	-	-	-	\$0
5% AEP	\$0	\$1,756,390	\$0	\$31,627,227	\$0	\$0	\$33,383,616
2%AEP	\$0	\$3,559,536	\$0	\$16,519,882	-\$756	\$25,835	\$20,104,497
1% AEP	\$0	\$1,660,454	\$0	\$16,893,240	\$5,318	\$29,605	\$18,588,617
0.5% AEP	-	-	-	-	-	-	\$0
<b>TOTAL</b>	<b>\$0</b>	<b>\$6,976,380</b>	<b>\$0</b>	<b>\$65,040,348</b>	<b>\$4,563</b>	<b>\$55,440</b>	<b>\$72,076,731</b>
<b>Percentage of Total</b>	<b>0</b>	<b>10</b>	<b>0</b>	<b>90</b>	<b>0</b>	<b>0</b>	<b>100</b>

1. The 10% AEP event and 0.5% event were not modelled as part of this assessment. The percentage of total allocation of cost of damages savings to each Council may vary when considering damages from these additional events.
2. High-level flood damages assumptions were adopted for this study, for the purposes of demonstrating the cost-sharing tool, and should not be relied upon for other purposes. Further detailed flood damages assessments will be carried out as part of the Gawler River Stormwater Management Plan.

### 3.5 Northern Floodway Cost Estimate

The estimated cost of mitigation works for the Northern Floodway adopted for this study was \$29,027,208. This value was based on previous cost estimates in Tonkin (2019) and AWE (2017) adjusted to 2021\$ values. The CPI index values used for cost adjustment are in Attachment B.

This study used previously available reports mentioned above for the design layout and cost estimate and did not use recent revisions to the costing (which value the project at \$41 M). The selection of flood mitigation costs does not affect the apportionment rate for cost-sharing output by the model, which is the main result that is important for this study.



Table 3-2 Northern Floodway cost estimate assumptions

Item	Cost (2017\$ Million) <sup>1</sup>	Cost (2021\$ Million)
Concept design	0.35	0.37
Detailed design	0.26	0.27
Contractor procurement	0.10	0.11
Construction	9.17	9.72
Land acquisition	11.18	11.86
Sub-total	21.06	22.33
Contingency (30%)	6.32	6.70
Total	27.4	<b>29.0</b>

1. Cost estimates are from Tonkin (2018), which presented estimates developed in AWE (2017).

### 3.6 Water inflow, Waterway length, and Ability to pay

The water inflow and waterway length are fixed inputs for the costing tool (Water Technology 2021). These inputs were not varied for this study.

The Ability to Pay apportionment input was assumed to be equal for all Councils. Further refinement of these values are not likely to influence the final cost-sharing due to the relatively low weighting for this Key Funding Principle.

### 3.7 Weightings

The weightings of the Key Funding Principles adopted for this study are shown in Table 3-3. These are the default values used in Water Technology (2021).

Table 3-3 Weightings for Key funding Principles

Future Costs Avoided	Water Inflow	Waterway Length	Ability to Pay
50%	30%	15%	5%

## 4 RESULTS

The results for the cost-sharing between councils based on the Northern Floodway mitigation option, and preliminary model inputs that may be subject to future changes, are shown in Table 4-1. The weighted proportion of distribution for each funding principle is shown in Table 4-2.

City of Playford is apportioned nearly 50% of the costs of the project, the highest contributor. This is driven by the highest weighting on Future costs Avoided and that the Northern Floodway project mitigates primarily flood damages in the mid- and lower reaches of the Gawler River. City of Playford has high value horticultural land uses within the flood extent protected by the project.

The next highest contributor would be Barossa Regional Council, with 26.5% cost-sharing. The council area has limited Future Costs Avoided by the project, however the share is driven by the relatively high contribution to water inflows from the headwater catchments within the council area.



The lowest contributors to this project would be Town of Gawler and Adelaide Hills Council with 2.8% and 4% contribution, respectively. Both councils have minimal or no Future Costs Avoided due to the project and relatively small water inflow contribution. The contribution is driven primarily by the waterway length within the councils that provide a drainage service for the council areas.

Table 4-1 Cost-sharing for Northern Floodway mitigation option

Local Government Authority	Cost share value (current study)	% of Total
Adelaide Hills Council	\$1,159,728	4.0
Adelaide Plains Council	\$1,866,162	6.4
Barossa Regional Council	\$7,679,954	26.5
City of Playford	\$14,354,807	49.5
Light Regional Council	\$3,159,706	10.9
Town of Gawler	\$806,852	2.8

Table 4-2 Proportion distribution for each funding principle (weighted)

Local Government Authority	Future Costs Avoided	Water Inflow	Waterway Length	Ability to Pay	Total	% of Total
Adelaide Hills Council	0.0	0.2	0.12	0.083	0.4	4.0
Adelaide Plains Council	0.5	0.0	0.08	0.083	0.6	6.4
Barossa Regional Council	0.0	1.9	0.63	0.083	2.6	26.5
City of Playford	4.5	0.1	0.22	0.083	4.9	49.5
Light Regional Council	0.0	0.7	0.33	0.083	1.1	10.9
Town of Gawler	0.0	0.1	0.12	0.083	0.3	2.8
<b>Total</b>	<b>5.0</b>	<b>3.0</b>	<b>1.5</b>	<b>0.5</b>	<b>10.0</b>	<b>100</b>

#### 4.1 Sensitivity analysis

A sensitivity analysis was carried out on the flood damage estimates input for the 5% AEP event. This event was selected because the high-level flood damages estimate carried out for the purposes of this study varied the most for this event from previous studies (AWE 2016). This is likely to disproportionately influence estimated damages, and therefore future costs avoided, within the City of Playford and Adelaide Plains Council due to the flood damages mitigation provided by the project for this event in these areas.

In the sensitivity analysis, the estimated damages for the City of Playford and Adelaide Plains Council areas for the 5% AEP was reduced by 30% (for both Baseline and Northern Floodway scenarios) to test the sensitivity of the costing tool to this value. A discussion of the flood damages assessment sensitivity analysis inputs is in Attachment B.

The results of the sensitivity analysis on cost-sharing is shown in Table 4-3. Reducing the damages for these councils for the 5% AEP resulted in minimal change to the proportion of future costs avoided for the City of



Playford and Adelaide Plains Council with 1% decrease and 6% increase, respectively. This demonstrated that the model is not overly sensitive to the estimated damages approach adopted in this study.

Table 4-3 Comparison of cost-sharing for sensitivity analysis

Local Government Authority	Cost share value (current study)	Cost share value (sensitivity analysis – reduced 5%AEP damages)	Difference
Adelaide Hills Council	\$1,159,728	\$1,159,728	0%
Adelaide Plains Council	\$1,866,162	\$1,969,633	6%
Barossa Regional Council	\$7,679,954	\$7,679,954	0%
City of Playford	\$14,354,807	\$14,249,386	-1%
Light Regional Council	\$3,159,706	\$3,159,854	0%
Town of Gawler	\$806,852	\$808,653	0%

## 5 RECOMMENDATIONS

Water Technology recommends the following future works:

- Present this study to stakeholders highlighting the preliminary nature of the inputs and results, and that this study’s primary purpose is to demonstrate an application of the tool, and not for decision-making
- Seek feedback from stakeholders on what inputs and model functions could be changed for future applications
- Identify additional mitigation options, or combinations of options, and evaluate the Gawler River Flood Mitigation Cost Sharing Model
- Refine the flood damages approach in future applications of the tool (potentially using the approach to be formulated in the Gawler River SMP)
- Refine the Weightings used in the tool. This can be performed through a facilitated workshop to elicit preferences for criteria.

## 6 REFERENCES

AWE (2017) Gawler River 2016 Flood Review Project Report. Prepared for the Gawler River Floodplain Management Authority. Date September 2017.

AWE (2016) A Findings Report for the Gawler River Flood Mitigation Scheme - Mitigations Options Findings. Final Report. Prepared for the Gawler River Floodplain Management Authority. Date March 2016.

Tonkin (2018) Northern floodway Project Prospectus. Prepared for GRFMA June 2018. Ref No. 20180193

Water Technology (2021) Gawler River Mitigation Cost Sharing Model Summary. Prepared for Gawler River Floodplain management Authority. Date 11 March 2021.





## ATTACHMENT A AFFLUX FLOOD MAPS



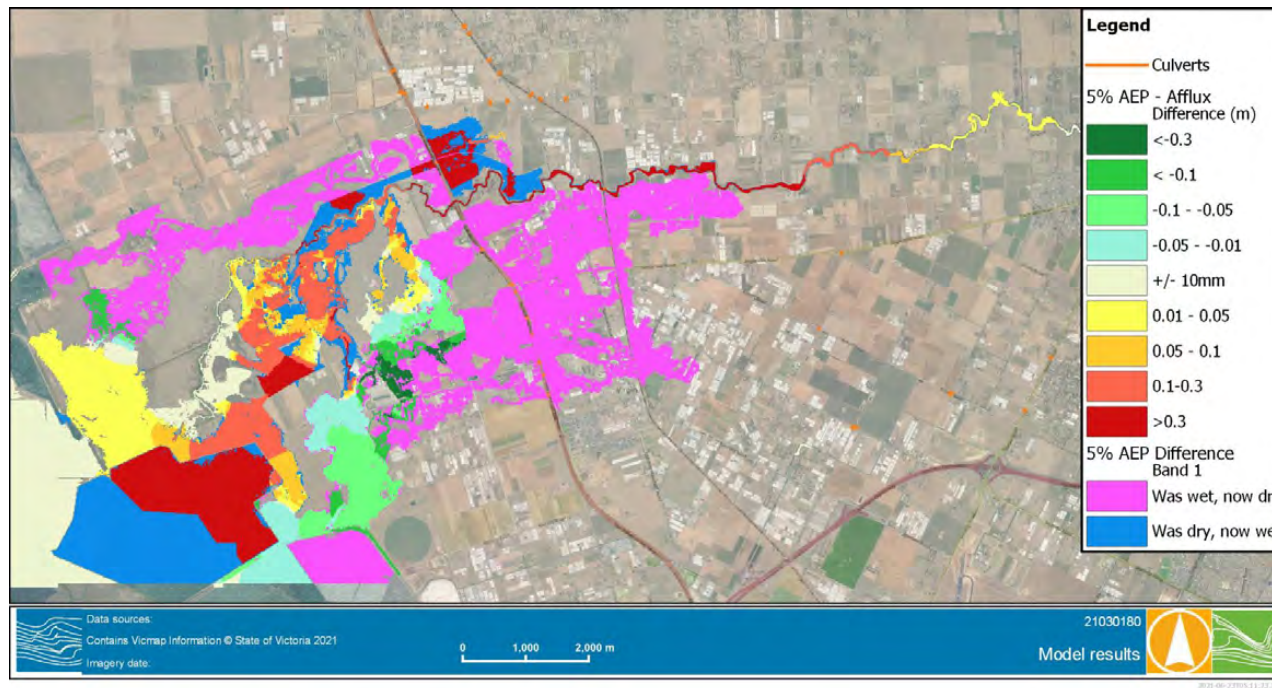


Figure 6-1 Afflux flood map for Northern Floodway (5% AEP)



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WATER, COASTAL & ENVIRONMENTAL CONSULTANTS

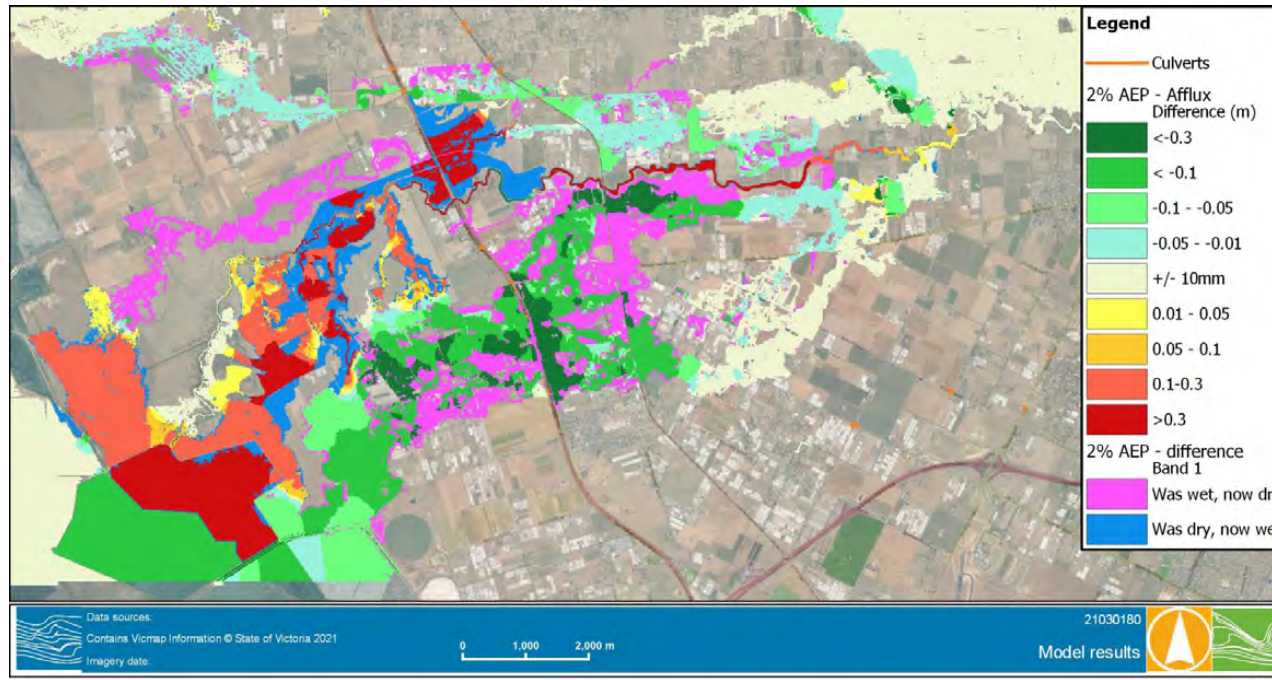


Figure 6-2 Afflux flood map for Northern Floodway (2% AEP)

21030180 M001 Gawler River Mitigation Cost Sharing - Northern Floodway

GRFMA | 23 June 2021  
Gawler River Mitigation Cost Sharing – Northern Floodway





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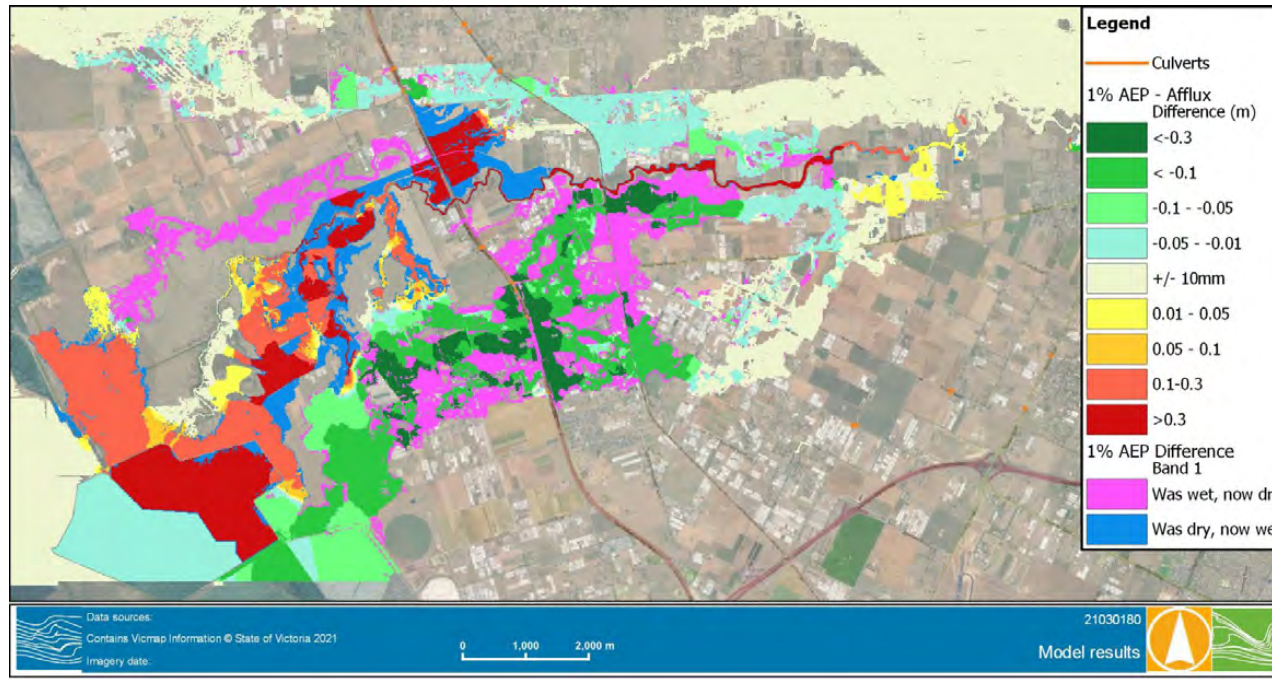


Figure 6-3 Afflux flood map for Northern Floodway (1% AEP)

21030180 M001 Gawler River Mitigation Cost Sharing - Northern Floodway

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Gawler River Mitigation Cost Sharing – Northern Floodway





## ATTACHMENT B FLOOD DAMAGES ASSESSMENT





## 1 METHODOLOGY

A high-level flood damages assessment was carried out for the purposes of this study. 147 different land use types (bases on 2020 land use data, DataSA) were grouped into the categories in Table B-1. The categories matched previously used categories for the Playford SMP.

The land uses were assigned a damage costs/km<sup>2</sup> of flooded land. Costs were adjusted to 2021\$ values using the CPI index shown in Table B-2. Importantly, the following were not considered in the damages estimate:

- Height and duration of inundation
- Intangible damages.

A more detailed flood damages assessment will be carried out as part of the Gawler River Stormwater Management Plan. The assumptions here were considered suitable for the high-level estimates required to demonstrate the cost-sharing tool and should not be relied upon for other studies.

Table B-1-1 Areal flood damage estimate for flooded land used for this study

CATEGORY	COST / KM <sup>2</sup>
COMMERCIAL/INDUSTRIAL	\$ 1,864,137
CROPPING	\$ 38,882
GRAZING	\$ 42,436
GREENHOUSE CROPS	\$ 7,956,473
IRRIGATED OLEAGINOUS	\$ 237,263
IRRIGATED PERENNIAL HORTICULTURE	\$ 1,550,573
IRRIGATED VEGETABLES AND HERBS	\$ 7,325,269
IRRIGATED VINE FRUITS	\$ 522,502
ROADS	\$ 7,630,053
RURAL RESIDENTIAL	\$ 5,134,137
SERVICES	\$ 4,940,721
URBAN RESIDENTIAL	\$ 30,804,824

For determining the cost/km<sup>2</sup>, the following assumptions have been used:

- Assumed 150 buildings per km<sup>2</sup> for commercial/industrial land, with a unit cost of \$12,428/building
- Assumed 150 buildings per km<sup>2</sup> for rural residential land, with a unit cost of \$34,228/building
- Assumed 900 buildings per km<sup>2</sup> for urban residential land, with a unit cost of \$34,228/building
- Assumed unit cost of \$45,780/linear km for flood damaged roads, with assumed road width of 6m
- Assumed unit cost of \$9,881/linear km for flood damaged services, with assumed corridor width of 2m

Table B-1-2 CPI Index

Year	Index
2021	117.9



Year	Index
2020	116.10
2019	115.13
2018	112.8
2017	111.2
2016	109.1
2015	107.7

## 2 RESULTS

The flood damages assessment was carried out by applying the cost / sq.km rate to the area of flooded land for each land use category for the Baseline and Northern Floodway scenarios. Table B-3 shows the flood damages estimate for the Baseline scenario and Table B-4 the results for the Northern Floodway Scenario.

Table B-2-1 Flood damages estimate – Baseline scenario

Local Government Authority Area	5% AEP - Cost	5% AEP - % OF TOTAL	2% AEP - Cost	2% AEP - % OF TOTAL	1% AEP - Cost	1% AEP - % OF TOTAL
ADELAIDE PLAINS COUNCIL	\$7,199,620	15%	\$79,616,230	46%	\$94,582,094	46%
CITY OF PLAYFORD	\$35,772,225	74%	\$62,554,107	36%	\$63,760,656	31%
LIGHT REGIONAL COUNCIL	\$2,341,991	5%	\$13,582,138	8%	\$16,955,247	8%
THE BAROSSA COUNCIL	\$4,170	0%	\$10,400	0%	\$13,199	0%
TOWN OF GAWLER	\$3,054,785	6%	\$18,247,687	10%	\$29,946,806	15%
<b>TOTAL</b>	<b>\$48,372,790</b>		<b>\$174,010,562</b>		<b>\$205,258,001</b>	

Table B-2-2 Flood damages estimate – Northern Floodway scenario

Local Government Authority Area	5% AEP - Cost	5% AEP - % OF TOTAL	2% AEP - Cost	2% AEP - % OF TOTAL	1% AEP - Cost	1% AEP - % OF TOTAL
ADELAIDE PLAINS COUNCIL	\$5,443,230	36%	\$76,056,694	49%	\$92,921,640	50%
CITY OF PLAYFORD	\$4,144,998	28%	\$46,034,226	30%	\$46,867,417	25%
LIGHT REGIONAL COUNCIL	\$2,341,991	16%	\$13,582,894	9%	\$16,949,929	9%
THE BAROSSA COUNCIL	\$4,170	0%	\$10,400	0%	\$13,199	0%
TOWN OF GAWLER	\$3,054,785	20%	\$18,221,852	12%	\$29,917,200	16%
<b>TOTAL</b>	<b>\$14,989,174</b>		<b>\$153,906,065</b>		<b>\$186,669,384</b>	

Table B-5 shows a comparison of the estimated damages for the baseline scenario between the current study and those developed by AWE (2016). The AWE (2016) values have been adjusted to 2021\$ values.



The total damages for the baseline scenario for the current study exceed the estimated damages in AWE (2016) by approximately 30%. The estimated damages for the 1%AEP (1 in 100 year ARI) are comparable to those estimated in AWE (2016). However, the flood damages estimate in this study may overestimate the flood damages for the 5% AEP (1 in 20 year ARI) and the 2% AEP compared with AWE (2016).

Table B-2-3 Comparison of flood damages from the current study and AWE (2016)

Event	AWE (2016) estimate damages (2016\$)	AWE (2016) estimate damages (2021\$)	Current study estimated damages (2021\$)
5% AEP / 1 in 20 Year ARI	24	26	48
2% AEP / 1 in 50 Year ARI	102	110	174
1% AEP / 1 in 100 Year ARI	182	197	205
<b>Total</b>	<b>308</b>	<b>333</b>	<b>428</b>

### 3 SENSITIVITY ANALYSIS OF FLOOD DAMAGES ESTIMATES

For the purposes of this study, as the total flood damages estimate is used in the costing tool, a variance of 30% from previous studies is considered acceptable for the purposes of demonstrating the tool.

However, as the relative variation of the estimated damages is higher for the 5% AEP event, which is the intended level of service to be provided by the Northern Floodway project, this might result in an overestimate of the damages savings for City of Playford where most of the flood damages occur for the 5% AEP flood extent.

A sensitivity analysis for the estimated damages for the 5% AEP event was carried out by varying the inputs into the costing tool for City of Playford. The inputs into the costing for the damages for estimated damages for the 5% AEP event within the City of Playford and the Adelaide Plains Council were reduced by 30% for the both the Baseline scenario and Northern Floodway scenario.

### 4 REFERENCE

AWE (2016) A Findings Report for the Gawler River Flood Mitigation Scheme - Mitigations Options Findings. Final Report. Prepared for the Gawler River Floodplain Management Authority. Date March 2016

21030180 M001 Gawler River Mitigation Cost Sharing - Northern Floodway

GRFMA | 23 June 2021  
Gawler River Mitigation Cost Sharing – Northern Floodway



## ATTACHMENT C COST MODEL INPUTS AND RESULTS





# 1 COST MODEL ANALYSIS

Flood damages estimates Baseline Scenario:							
	BASE CASE 20Y	% OF TOTAL	BASE CASE 50Y	% OF TOTAL	BASE CASE 100Y	% OF TOTAL	
ADELAIDE PLAINS COUNCIL	\$7,199,620		\$79,616,230	46%	\$94,582,094	46%	
CITY OF PLAYFORD	\$35,772,225	74%	\$62,554,107	36%	\$63,760,656	31%	
LIGHT REGIONAL COUNCIL	\$2,341,991	5%	\$13,582,138	8%	\$16,955,247	8%	
THE BAROSSA COUNCIL	\$4,170	0%	\$10,400	0%	\$13,199	0%	
TOWN OF GAWLER	\$3,054,785	6%	\$18,247,687	10%	\$29,946,806	15%	
<b>TOTAL</b>	<b>\$48,372,790</b>		<b>\$174,010,562</b>		<b>\$205,258,001</b>		
Flood damages estimates Mitigation (Northern Floodway):							
	MITIGATION 20Y	% OF TOTAL	MITIGATION 50Y	% OF TOTAL	MITIGATION 100Y	% OF TOTAL	
ADELAIDE PLAINS COUNCIL	\$5,443,230	36%	\$76,056,694	49%	\$92,921,640	50%	
CITY OF PLAYFORD	\$4,144,998	28%	\$46,034,226	30%	\$46,867,417	25%	
LIGHT REGIONAL COUNCIL	\$2,341,991	16%	\$13,582,894	9%	\$16,949,929	9%	
THE BAROSSA COUNCIL	\$4,170	0%	\$10,400	0%	\$13,199	0%	
TOWN OF GAWLER	\$3,054,785	20%	\$18,221,852	12%	\$29,917,200	16%	
<b>TOTAL</b>	<b>\$14,989,174</b>		<b>\$153,906,065</b>		<b>\$186,669,384</b>		

Figure C-1-1 Cost damage estimates for sensitivity analysis

Future costs avoided:							
	Adelaide Hills	Adelaide Plains	Barossa Council	City of Playford	Light Regional Council	Town of Gawler	TOTAL:
<b>Total cost of damages:</b>	<b>Damage in \$</b>	<b>Damage in \$</b>	<b>Damage in \$</b>	<b>Damage in \$</b>	<b>Damage in \$</b>	<b>Damage in \$</b>	<b>Damage in \$</b>
10% AEP							\$0
5% AEP	\$0	\$1,756,390	\$0	\$31,627,227	\$0	\$0	\$33,383,618
2% AEP	\$0	\$3,559,536	\$0	\$16,519,882	-\$756	\$25,835	\$20,104,497
1% AEP	\$0	\$1,660,454	\$0	\$16,893,240	\$5,318	\$29,605	\$18,588,617
0.5% AEP							\$0
<b>TOTAL</b>	<b>\$0</b>	<b>\$6,976,380</b>	<b>\$0</b>	<b>\$65,040,348</b>	<b>\$4,563</b>	<b>\$55,440</b>	<b>\$72,076,731</b>
Percentage of Total	0	10	0	90	0	0	

Figure C-1-2 Future costs avoided for sensitivity analysis

Ability to Pay		
LGA	Ability to Pay	% of Total
Adelaide Hills Council	0.2	16.7
Adelaide Plains Council	0.2	16.7
Barossa Regional Council	0.2	16.7
City of Playford	0.2	16.7
Light Regional Council	0.2	16.7
Town of Gawler	0.2	16.7
<b>Total</b>	<b>1.2</b>	<b>100.0</b>

Figure C-1-3 Ability to pay assumptions for sensitivity analysis

21030180 M001 Gawler River Mitigation Cost Sharing - Northern Floodway





Key Funding Principle						
Future Costs Avoided	Water Inflow	Waterway Length	Ability to Pay			
50%	30%	15%	5%			
		Check	OK			
Proportion distribution for each funding principle (unweighted)						
LGA	Future Costs Avoided	Water Inflow	Waterway Length	Ability to Pay	Total	
Adelaide Hills Council	0.0	0.6	0.8	1.7	3.1	
Adelaide Plains Council	1.0	0.0	0.5	1.7	3.1	
Barossa Regional Council	0.0	6.4	4.2	1.7	12.3	
City of Playford	9.0	0.5	1.4	1.7	12.6	
Light Regional Council	0.0	2.2	2.2	1.7	6.1	
Town of Gawler	0.0	0.2	0.8	1.7	2.7	
Check	OK	OK	OK	OK	OK	
Proportion distribution for each funding principle (weighted)						
LGA	Future Costs Avoided	Water Inflow	Waterway Length	Ability to Pay	Total	% of Total
Adelaide Hills Council	0.0	0.2	0.12	0.083	0.4	4.0
Adelaide Plains Council	0.5	0.0	0.08	0.083	0.6	6.4
Barossa Regional Council	0.0	1.9	0.63	0.083	2.6	26.5
City of Playford	4.5	0.1	0.22	0.083	4.9	49.5
Light Regional Council	0.0	0.7	0.33	0.083	1.1	10.9
Town of Gawler	0.0	0.1	0.12	0.083	0.3	2.8
	5.0	3.0	1.5	0.5	10.0	100
				Check	OK	
Cost of Mitigation Works	Cost Share by LGA Area					
\$ 29,027,208	Adelaide Hills Council	\$ 1,159,728				
	Adelaide Plains Council	\$ 1,866,162				
	Barossa Regional Council	\$ 7,679,954				
	City of Playford	\$ 14,354,807				
	Light Regional Council	\$ 3,159,706				
	Town of Gawler	\$ 806,852				

Figure C-1-4 Summary results for sensitivity analysis

## 2 SENSITIVITY ANALYSIS (FLOOD DAMAGE ESTIMATES)

Flood damages estimates Baseline Scenario:	changed for sensitivity analysis					
	BASE CASE 20Y	% OF TOTAL	BASE CASE 50Y	% OF TOTAL	BASE CASE 100Y	% OF TOTAL
ADELAIDE PLAINS COUNCIL	\$5,039,734	15%	\$79,616,230	46%	\$94,582,094	46%
CITY OF PLAYFORD	\$25,040,557	74%	\$62,554,107	36%	\$63,760,656	31%
LIGHT REGIONAL COUNCIL	\$2,341,991	5%	\$13,582,138	8%	\$16,955,247	8%
THE BAROSSA COUNCIL	\$4,170	0%	\$10,400	0%	\$13,199	0%
TOWN OF GAWLER	\$3,054,785	6%	\$18,247,687	10%	\$29,946,806	15%
TOTAL	\$48,372,790		\$174,010,562		\$205,258,001	
Flood damages estimates Mitigation (Northern Floodway):						
MITIGATION 20Y	% OF TOTAL	MITIGATION 50Y	% OF TOTAL	MITIGATION 100Y	% OF TOTAL	
ADELAIDE PLAINS COUNCIL	\$3,810,261	36%	\$76,056,694	49%	\$92,921,640	50%
CITY OF PLAYFORD	\$2,901,499	28%	\$46,034,226	30%	\$46,867,417	25%
LIGHT REGIONAL COUNCIL	\$2,341,991	16%	\$13,582,894	9%	\$16,949,929	9%
THE BAROSSA COUNCIL	\$4,170	0%	\$10,400	0%	\$13,199	0%
TOWN OF GAWLER	\$3,054,785	20%	\$18,221,852	12%	\$29,917,200	16%
TOTAL	\$14,989,174		\$153,906,065		\$186,669,384	

Figure C-2-1 Cost damage estimates for sensitivity analysis

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Gawler River Mitigation Cost Sharing – Northern Floodway

21030180 M001 Gawler River Mitigation Cost Sharing - Northern Floodway



Future costs avoided:	Adelaide Hills	Adelaide Plains	Barossa Council	City of Playford	Light Regional Council	Town of Gawler	TOTAL:
Total cost of damages:	Damage in \$	Damage in \$	Damage in \$	Damage in \$	Damage in \$	Damage in \$	Damage in \$
10% AEP	-	-	-	-	-	-	\$0
5% AEP	\$0	\$1,229,473	\$0	\$22,139,059	\$0	\$0	\$23,368,531
2% AEP	\$0	\$3,559,536	\$0	\$16,519,882	-\$756	\$25,835	\$20,104,497
1% AEP	\$0	\$1,660,454	\$0	\$16,893,240	\$5,318	\$29,605	\$18,588,617
0.5% AEP	-	-	-	-	-	-	\$0
<b>TOTAL</b>	<b>\$0</b>	<b>\$6,449,463</b>	<b>\$0</b>	<b>\$55,552,180</b>	<b>\$4,563</b>	<b>\$55,440</b>	<b>\$62,061,646</b>
Percentage of Total	0%	10%	0%	90%	0%	0%	100%

Figure C-2-2 Future costs avoided for sensitivity analysis

Ability to Pay		
LGA	Ability to Pay	% of Total
Adelaide Hills Council	0.2	16.7
Adelaide Plains Council	0.2	16.7
Barossa Regional Council	0.2	16.7
City of Playford	0.2	16.7
Light Regional Council	0.2	16.7
Town of Gawler	0.2	16.7
<b>Total</b>	<b>1.2</b>	<b>100.0</b>

Figure C-2-3 Ability to pay assumptions for sensitivity analysis

Key Funding Principle						
Future Costs Avoided	Water Inflow	Waterway Length	Ability to Pay			
50%	30%	15%	5%			
		Check	OK			
Proportion distribution for each funding principle (unweighted)						
LGA	Future Costs Avoided	Water Inflow	Waterway Length	Ability to Pay	Total	
Adelaide Hills Council	0.0	0.6	0.8	1.7	3.1	
Adelaide Plains Council	1.0	0.0	0.5	1.7	3.2	
Barossa Regional Council	0.0	6.4	4.2	1.7	12.3	
City of Playford	9.0	0.5	1.4	1.7	12.5	
Light Regional Council	0.0	2.2	2.2	1.7	6.1	
Town of Gawler	0.0	0.2	0.8	1.7	2.7	
Check	OK	OK	OK	OK	OK	
Proportion distribution for each funding principle (weighted)						
LGA	Future Costs Avoided	Water Inflow	Waterway Length	Ability to Pay	Total	% of Total
Adelaide Hills Council	0.0	0.2	0.12	0.083	0.4	4.0
Adelaide Plains Council	0.5	0.0	0.08	0.083	0.7	6.8
Barossa Regional Council	0.0	1.9	0.63	0.083	2.6	26.5
City of Playford	4.5	0.1	0.22	0.083	4.9	49.1
Light Regional Council	0.0	0.7	0.33	0.083	1.1	10.9
Town of Gawler	0.0	0.1	0.12	0.083	0.3	2.8
	5.0	3.0	1.5	0.5	10.0	100
				Check	OK	
Cost of Mitigation Works		Cost Share by LGA Area				
\$	29,027,208	Adelaide Hills Council	\$ 1,159,728			
		Adelaide Plains Council	\$ 1,969,633			
		Barossa Regional Council	\$ 7,679,954			
		City of Playford	\$ 14,249,386			
		Light Regional Council	\$ 3,159,854			
		Town of Gawler	\$ 808,653			

Figure C-2-4 Summary results for sensitivity analysis

21030180 M001 Gawler River Mitigation Cost Sharing - Northern Floodway

Council Meeting

19 December 2022

# Gawler River Flood Management

Presentation to local government  
July 2022

Cate Hart, Executive Director, Environment Heritage and Sustainability  
Katharine Ward, Project Manager Gawler River Flood Management



Government of South Australia  
Department for Environment  
and Water

# Gawler River catchment

- 1000 km<sup>2</sup>
- North Para River
- South Para River
- Gawler River perched across the North Adelaide Plains
- 3 Aboriginal Nations
- 6 local council areas
- 3 landscape management regions



Government of South Australia  
Department for Environment  
and Water

# History of flooding throughout the catchment



# Strategic fit

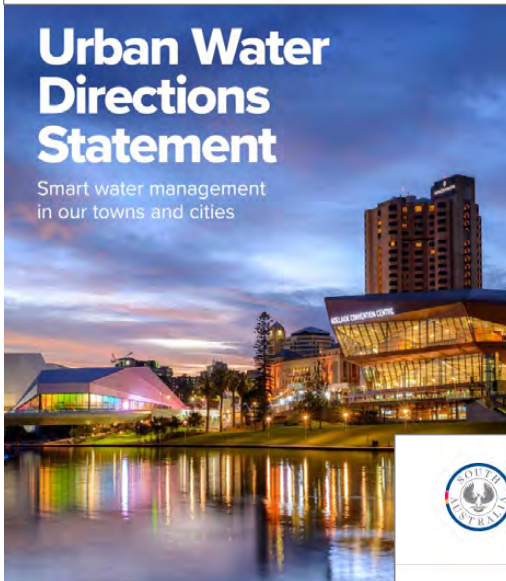
South Australia  
**Local Government Act 1999**

An Act to provide for local government; and for other purposes.



**INDEPENDENT REVIEW  
 OF THE EXTREME  
 WEATHER EVENT  
 SOUTH AUSTRALIA  
 28 SEPTEMBER –  
 5 OCTOBER 2016**

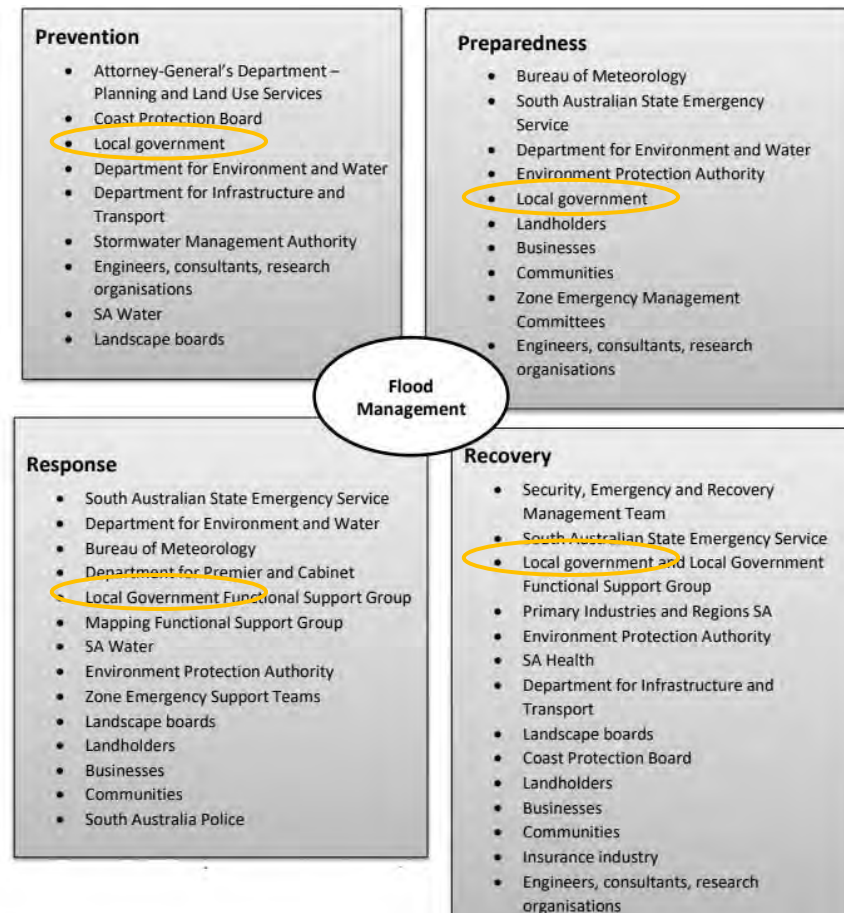
Report presented to the  
 Premier of South Australia



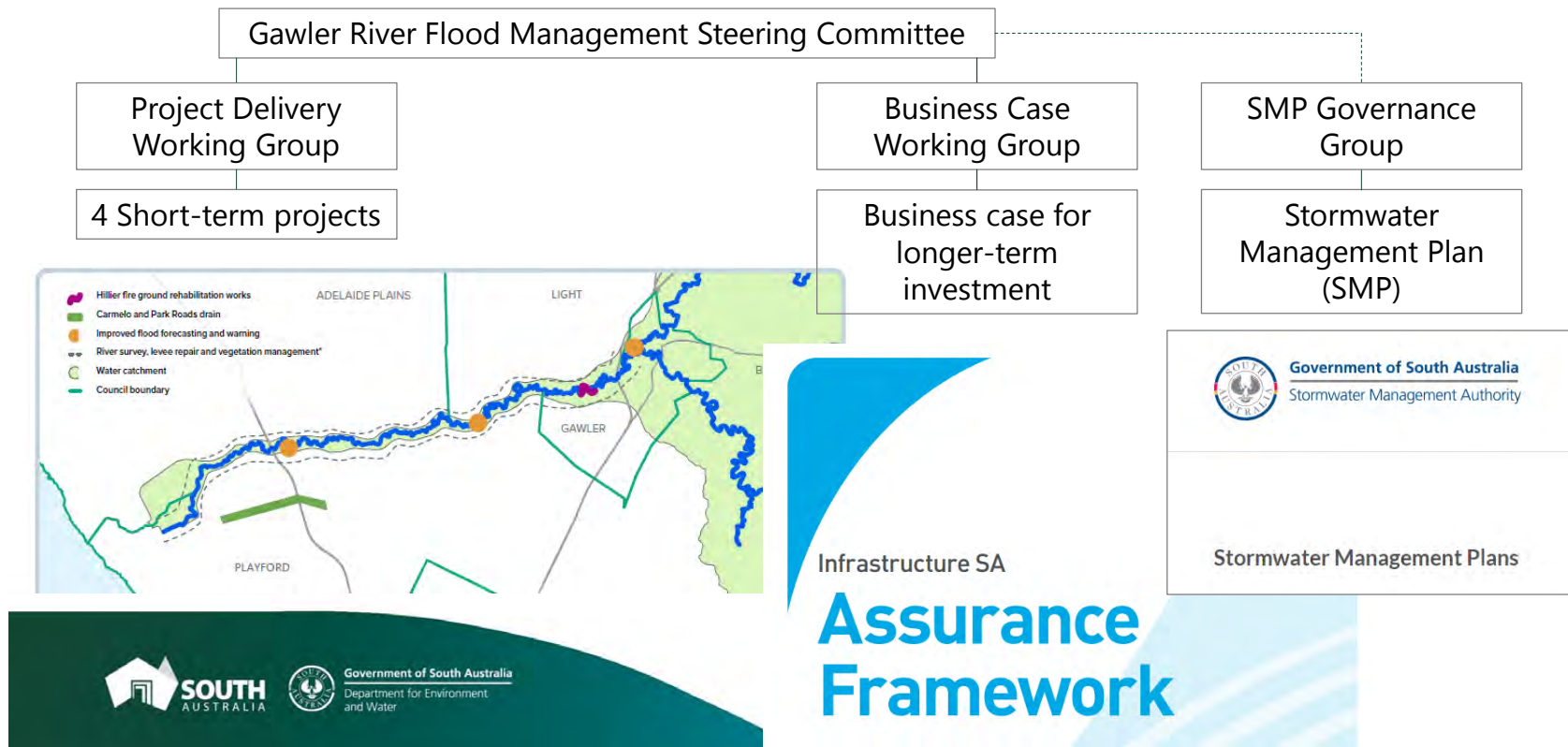
 **Government of South Australia**  
 Stormwater Management Authority

**Stormwater Management Plans**

# Who's involved in flood management



# Gawler River flood management (to 2023)





# Short term projects

1. Hillier fire ground rehabilitation works
2. Carmelo Road drain
3. Improving flood forecasting and warning
4. River survey, levee repair and vegetation management



# Independent advice for the long-term – an opportunity for Gawler River

- Infrastructure SA has been established under the *Infrastructure SA Act 2018*
- Independent advisory body
- Their role is to ensure better planning and more transparent decision-making for critical public infrastructure projects for the state



- Issues lens for better long-term outcomes
- Annual prioritisation for government decisions
- Project assurance



# Planning for longer-term investment

## Challenges

- High rainfall can cause flood waters to breach river banks, causing damage
- Fragmented responsibilities for floodplain management
- Rapid pace of change in areas impacted by flood

## Benefits

- Reduce damage costs and social impacts
- Increase economic growth
- Coordinated and well maintained responses to flood
- Increased community resilience



# Infrastructure SA Assurance Framework

- A process created to review, evaluate and monitor projects from inception to delivery
- Levels of assurance applied are proportionate to risk
  - for Gawler River Flood Management this includes 2 assurance gates initially - an analysis of and shortlisting of options, and a full business case to identify the proposed option
- Assurance reviews are undertaken by independent experts at gateways
- Gate 1, options analysis, was completed in May 2022
  - Amber rating = successful project delivery appears feasible
  - 14 recommendations
- Gate 2, full business case, June 2022 to early-2023



Government of South Australia  
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and Water

# Planning for longer-term investment

## No one solution

- Combination of infrastructure and non-infrastructure likely
- Opportunities to integrate flood management with other water management strategies
- Detailed assessment of benefits and costs, including enviro, social and cultural
- Short-term projects are foundational and may be built on in the longer-term

## Shortlisted options

- North Para flood control dam expansion
- Northern Floodway
- Strategic levees
- Planning controls
- Flood awareness and preparedness campaign



Government of South Australia  
Department for Environment  
and Water

Council Meeting

19 December 2022



Item 6.1 - Attachment 1

Page 142

Council Meeting

19 December 2022



Item 6.1 - Attachment 1

Page 143

**15.2 GAWLER RIVER FLOODPLAIN MANAGEMENT AUTHORITY – OVERVIEW AND RISK ASSESSMENT – REPORT 2****Record Number:** D23/2485**Author:** Chief Executive Officer**Attachments:** 1. Gawler River Floodplain Management Authority – Letter to CEOs Business Case funding request – 15 December 2022 [↓](#) **RECOMMENDATION 1**

“that Council, having considered Item 15.2 – *Gawler River Floodplain Management Authority – Overview and Risk Assessment – Report 2*, dated 30 January 2023, receives and notes the report and in doing so acknowledges that the Chief Executive Officer intends to channel *Gawler River Floodplain Management Authority – Overview and Risk Assessment – Report 2* through Council’s Audit Committee prior to Council considering same at its 27 February 2023 meeting.

**RECOMMENDATION 2**

“that Council, having considered Item 15.2 – *Gawler River Floodplain Management Authority – Overview and Risk Assessment – Report 2*, dated 30 January 2023, acknowledges that a determination regarding the provision of a financial contribution by Council towards the Business Case work being undertaken by the Department for Environment and Water will be made at the 27 February 2023 meeting of Council.”

**Purpose**

The purpose of this report is twofold:-

1. To advise Council Members that the Chief Executive Officer (CEO) intends to table ‘Report 2’ at the February ordinary meeting of Council having firstly channelled this matter through the Audit Committee.
2. To advise Council Members of a request made by the GRFMA Executive Officer in correspondence dated 15 December 2022 regarding the provision of a financial contribution towards the furthering Business Case work being undertaken by the Department for Environment and Water (DEW).

**Background/Discussion**

At the meeting of Council held on 19 December 2022, the CEO tabled a comprehensive report into the GRFMA with extensive material appended to the report providing context, background and relevant policy positions adopted by both Council and the subsidiary. Council, having considered the CEO’s report, adopted the below resolution:-



**RESOLUTION 2022/414****Moved: Councillor Lush****Seconded: Councillor Keen**

***“that Council, having considered Item 16.3 – Gawler River Floodplain Management Authority – Overview and Risk Assessment – Report 1, dated 19 December 2022, receives and notes the report and in doing so acknowledges that the Chief Executive Officer intends to bring back a further report to the 30 January 2023 Meeting of Council which provides for the second element of resolution 2022/326 to be addressed, namely a report identifying risks to Council in either remaining or withdrawing from the subsidiary.”***

**CARRIED**

Council’s Audit Committee plays a pivotal role in advising Council on a raft of matters and, as per its Terms of Reference and clause 2.2.4, the Committee shall:-

- 2.2.4 *understand the business of the Council to appreciate the risks it manages on a daily basis and to ensure that there are appropriate management plans to manage and mitigate identified business risks. This will include insurance matters, financial reporting, legal and regulatory compliance, business continuity, and statutory compliance. This can be facilitated by discussions with the Committee and external auditors and by presentations by management on how business risks are identified and managed.*

In a meeting held with the Audit Committee Chair on 12 January 2023, the CEO proposed that this item would well benefit in being channelled through the Audit Committee prior to Council considering same given the risks and financials at play in responding to resolution 2022/326.

Council Members are therefore advised that a report will be firstly tabled at the Audit Committee meeting scheduled for 13 February 2023 for consideration with resultant recommendations to flow into the 27 February 2023 ordinary meeting of Council. This is considered to be the most appropriate and prudentially sound approach, drawing on the expertise of the Audit Committee prior to Council determining the matter.

On a separate yet somewhat aligned matter, the GRFMA Executive Officer, in correspondence dated 15 December 2022 (**Attachment 1**), has reached out to the six constituent council CEOs requesting their council turn its mind to the allocation of funding to go towards furthering the Business Case work being undertaken by DEW.

While the Executive Officer has requested a response ahead of the 16 February 2023 meeting of the Board, the CEO believes it appropriate to consider this request in conjunction with the broader considerations currently before our Chamber. Further, the CEO has cordially invited the Chair and Executive Officer of the GRFMA to the 30 January 2023 meeting of Council to speak in support of their request.

**Conclusion**

Adoption of the above two resolutions will pave the way for further consideration of these matters by Council at its 27 February 2023 ordinary meeting.

**References**

Council Policies/Plans

*Strategic Plan 2021 – 2024*

Gawler River Floodplain Management Authority  
266 Seacombe Road, Seacliff Park, SA 5049  
Telephone: 0407717368 Email: [davidehitchcock@bigpond.com](mailto:davidehitchcock@bigpond.com)  
Website: [www.gawler.sa.gov.au/grfma](http://www.gawler.sa.gov.au/grfma)

James Miller  
Chief Executive Officer  
Adelaide Plains Council  
2a Wasleys Road  
MALLALA SA 5502  
By email [info@apc.sa.gov.au](mailto:info@apc.sa.gov.au)  
15/12/2022

Dear James

I am writing at the direction of the GRFMA Board seeking council support for financial contribution toward completion of the Business Case to identify a shared vision and objectives to improve flood management in the Gawler River region.

As you may be aware the Department for Environment and Water (DEW), in partnership with the GRFMA, is currently facilitating development of the Business Case and separately the 4 four "no regrets" flood management projects in the Gawler River region.

The GRFMA is also separately facilitating delivery of a Stormwater Management Plan for the Gawler River, due for completion December 2022.

The current inter-governmental project governance arrangements for Gawler River are in place until 30 June 2023.

DEW will continue to provide leadership to progress the 4 specific projects as well as the Business Case as far as possible within this timeframe.

However further work and additional resources will be required to complete the Business Case in the financial year 2023/2024.

The Gawler River Flood Management initiative was included in Infrastructure SA's (ISA) Capital Intentions Statement in 2021 as a priority for business case development. Further work was undertaken in conjunction with ISA, project partners and stakeholders throughout 2021 and 2022 to provide additional information and details regarding the initiative.

The work culminated in DEW completing the ISA Assurance Framework (ISAAF) Gate 1 review in May 2022.

Flooding of the Gawler River has happened on average once every ten years, and the costs of this have been significant. The Gate 1 review found that a number and range of potential future management options have been identified and considered, and that those shortlisted appear to be credible, proportionate and supported.

Reducing the flood risk in the Gawler River region is however complex, and no one option alone may be sufficient.

The Business Case is fundamental to reducing Gawler River flood risk for the longer-term.

Council Meeting

30 January 2023

Significant effort is required to take the options from conceptual ideas to sufficient detail to form a robust case for investment.

The project is currently being progressed toward the ISAAF Gate 2 (a full business case). This includes further investigating:

- Further infrastructure design details
- Full economic analysis including an assessment of the cost-benefit ratio
- Land access arrangements.

DEW is currently facilitating a body of work, at forecast cost \$1.267 Million, to progress the Business Case by 30 June 2023.

A further body of work, with forecast costs of \$600,000 is required to complete the Business Case within the financial year 2023/2024.

DEW have been quite clear on expectation that local government should facilitate funding of the further body of work in 2023/2024 as its contribution to the partnership.

Failure to resource the body of work will ultimately result in demise of the Business Case and with it any immediate opportunity to establish a qualitative approach to flood mitigation infrastructure identification, evaluation, and implementation in the Gawler River region.

Failure to act now will consign this opportunity to a lost opportunity.

The GRFMA is now seeking constituent council support for a collective funding contribution of up to \$600,000, in total, to assist in completion of the Business Case in the financial year 2023/2024.

An investment of \$600,000 will provide return of a completed Business Case at cost of \$1.867 Million. It is proposed constituent council contributions toward the total of \$600,000 would be calculated based on 16.66% each, as provided in the GRFMA charter.

The GRFMA Board would appreciate a formal response from Council, on the funding contribution proposal, by 31 January 2023 to enable consideration in the 2023/2024 draft budget deliberations at the 16/2/2023 GRFMA meeting.

GRFMA Chairperson, Mr. Ian Baldwin, and I, as GRFMA Executive Officer, are available to meet with you to further discuss this proposal. We would also be available to attend Council to speak to the proposal if considered appropriate.

Please find attached the document *Business Case to improve flood management in the Gawler River region* which provides further detail and information.

Yours sincerely



David E Hitchcock - Executive Officer

**Business Case to improve flood management in the Gawler River region.**Background

The Department for Environment and Water, in partnership with the GRFMA, is currently facilitating development of a Business Case to identify a shared vision and objectives to improve flood management in the Gawler River region.

Separately, works are also being undertaken by DEW, GRFMA and constituent councils on four “no regrets” flood management projects in the Gawler River region.

- Project 1 Hillier fire rehabilitation works
- Project 2: Carmelo and Park Roads drain
- Project 3: Improving flood forecasting and warning
- Project 4: River survey, levee repair and vegetation management

The GRFMA, with funding assistance from the Stormwater Management Authority, is also facilitating a Gawler River Stormwater Management Plan (SMP) which will provide an assessment of the catchment and floodplain, flood risk reduction and flood mitigation options.

A draft SMP is expected in December 2022, and this will be an integral input to the Business Case.

Gawler River Flood Management Business Case development

The Gawler River Flood Management initiative was included in Infrastructure SA's (ISA) Capital Intentions Statement in 2021 as a priority for business case development. Further work was undertaken in conjunction with ISA, project partners and stakeholders throughout 2021 and 2022 to provide additional information and details regarding the initiative. The work culminated in DEW completing the ISA Assurance Framework (ISAAF) Gate 1 review in May 2022.

Flooding of the Gawler River has happened on average once every ten years, and the costs of this has been significant. The Gate 1 review found that a number and range of potential future management options have been identified and considered, and that those shortlisted appear to be credible, proportionate and supported. Reducing the flood risk in the Gawler River region is however complex, and no one option alone may be sufficient. The Business Case is fundamental to reducing Gawler River flood risk for the longer-term. Input from local government, including the Gawler River Floodplain Management Authority (GRFMA) and constituent councils, is expected.

Significant effort is required to take the options from conceptual ideas to sufficient detail to form a robust case for investment. The project is currently being progressed toward the ISAAF Gate 2 (a full business case). This includes further investigating:

- Infrastructure design details to confirm technical feasibility and improve confidence in cost estimates
- Planning processes and approvals
- Costs and benefits of options particularly regarding the social and environmental impacts
- Stakeholder perspectives
- Potential to combine management options.

Resolving future funding models remains a high-risk factor for the business case, and this will require addressing while developing the business case.

### **Business Case to improve flood management in the Gawler River region.**

It is anticipated that a draft business case will be prepared by mid-2023, coordinated by the DEW Project Manager, Gawler River Flood Management, and the Business Case Technical Lead (Dryside Engineering).

Work will be required in FY2023/2024 to complete a full business case.

This will include:

- Further infrastructure design details
- Full economic analysis including an assessment of the cost-benefit ratio
- Land access arrangements.

Completion of the Business Case will provide councils with a good basis to seek funding contributions from the state and Commonwealth governments for project delivery.

#### Business Case – work packages being initiated now

A budget of \$1,267,000 (by DEW) is available in FY2022/2023 and will result in:

- Cost and benefit assessment (related to options analysis)
- Modelling flood control dam inundation
- Modelling flow velocity downstream of an expanded flood control dam
- Cultural and environmental investigation of an increased dam inundation area
- Geomorphology investigation downstream of an expanded flood control dam
- Functional design and costing for an expanded flood control dam
- Water supply options from a flood control dam to the Barossa
- Concept design for a floodway levee bank
- Land access arrangements information and regulatory process for levee banks
- Modelling flood risk reduction
- Levee failure risk assessment
- Dam consequence assessment
- Community survey

#### Business Case - what else goes into the business case - commencement post June 2023

- Functional design for floodway levee banks
- Assessment of planning controls
- Further assessment of township levees
- Damages costs assessment
- Benefits assessment
- Full economic assessment
- Community feedback
- Further development of community preparedness option
- Land access arrangements

A local government partner contribution of \$600,000 in FY2023/2024 is now sought to complete the full Business Case post June 2023.

At the conclusion, the Government of South Australia, GRFMA and its constituent councils will be partner-owners of a full business case and all the information behind it.

This will be an important foundation to access funding programmes and partnerships with state and Commonwealth governments and development investors.

Benefits of the Business Case as promoted by Infrastructure SA:

**Business Case to improve flood management in the Gawler River region.**

A formally recognised document that provides

- Rigour and consistency around infrastructure identification, evaluation, and implementation
- An assurance process that comprises a series of point-in-time 'gateway' checks designed to give the South Australian Government early and continuous oversight of risk management and performance, and to provide agencies with support through expert reviewer recommendations when projects experience downside pressures.
- Monitoring delivery performance and measure of actual, final benefits against those assumed when the investment decision was made.

This provides a range of advantages as shown below.

<b>Informed decision making</b>	Greater <b>analytic support for the Government as an investor</b> , before and after an investment decision has been made.
<b>Visibility</b>	Provide <b>transparency</b> over time, cost, quality and scope performance – as well as emerging risks and benefits achieved.
<b>Continuous improvement</b>	Monitoring and reporting allows a <b>lessons learned</b> approach, allowing SA's capital planning and procurement models to be adjusted over time.
<b>Stakeholder confidence</b>	Improve <b>public confidence</b> in government project planning, cost estimates – and in achieving overall value for money.
<b>Effective use of resources</b>	Use a risk based approach orienting higher levels of assurance and resources towards <b>high risk and high priority projects</b> .
<b>Collaboration and co-operation</b>	<b>Sharing of skills, resources, experience and lessons learned</b> within and across the government sector and various portfolios – including where risks are realised.

**Business Case budget forecast**

Description	2022/23	2023/24	Total
Work packages	1,267,000		1,267,000
GRFMA Contribution	42,000		42,000
Additional work		600,000	600,000
GRFMA/Council contribution		600,000	600,000
<b>Total cost</b>	<b>1,267,000 42,000</b>	<b>600,000 600,000</b>	<b>1,867,000 642,000</b>



# Some Considerations of the Proposal by Adelaide Plains Council to Withdraw from the Gawler River Floodplain Management Authority

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**September 2017**

**Prepared by:**

**David Hope**

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**Skilmar Systems Pty. Ltd.**

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*Some Considerations of the Proposal by Council to Withdraw from the Gawler River  
Floodplain Management Authority*

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**Table of Contents**

Executive Summary..... 3

    Concluding Comments..... 4

Background ..... 5

The Gawler River Floodplain Management Authority..... 5

Risk Considerations..... 7

Financial Considerations ..... 10

Appendix 1 – Constituent Councils and Charter of the GRFMA..... 14

    Constituent Councils ..... 14

    Charter of GRFMA..... 14

Appendix 2 – Prodirections Report of February 2000 ..... 28

Appendix 3 – Stylised Extract from AS/NZS ISO 31000:2009 – The Risk Management Process  
..... 40

Appendix 4 - Potential Impact of Northern Floodways works ..... 41

*Some Considerations of the Proposal by Council to Withdraw from the Gawler River  
Floodplain Management Authority*

## Executive Summary

At its meeting of 15 May 2017 Council adopted a Motion without Notice “that Council staff immediately initiate the appropriate procedures to allow Adelaide Plains Council to withdraw from Gawler River Floodplain Management Authority [GRFMA].”

The Gawler River Floodplain Management Authority was created by the constituent councils in response to the need to carry out flood mitigation works in relation to the Gawler River and its upstream tributaries.

The funding formula, after much discussion by the constituent councils, was endorsed by all constituent councils and included in the charter to finalise the discussions and provide certainty into the future, and gazetted on 17 August 2006.

Adelaide Plains Council does not have a risk management plan. Council, in its most recent Strategic Plan adopted on 21 August 2017, recognises the need “...to make appropriate organisational decisions based on risk management principles”.<sup>1</sup> The current proposal to withdraw from the GRFMA exposes Adelaide Plains Council to the following major risks.

1. *GRFMA ceases as an entity, flood mitigation works do not proceed, seriously impacting flood risks.*
2. *Loss of capacity to influence upstream works.*
3. *Adverse impact on the Northern Area Foodbowl.*
4. *Potential Increased costs.*
5. *Adverse Ministerial Response.*
6. *Reputational risk.*

The next major project under planning consideration by the GRFMA is the Northern Flood ways project, estimated at \$27-30 million. The worst case scenario for the contribution required to be made by Adelaide Plains Council is \$4.5 million. At current interest rates (4.65% for a 20-year loan) this would add approximately \$210,000 in interest charges to Council’s annual expenditure, probably over a two year period to allow for construction timing, plus an estimated \$10,000 per year over the life of the works in maintenance after completion of the works. Note that there will also be depreciation charges of approximately \$174,000 per year attributable to Adelaide Plains Council, but those charges are not currently recovered by the GRFMA. Can the additional interest and maintenance charges be accommodated within the parameters of the Council’s current long-term financial plan which shows the Council entering surplus territory in the 2021/22 financial year? Yes, it can, as indicated in Table 3A which shows it will only delay Adelaide Plains Council from achieving a surplus on operations by one financial year.

<sup>1</sup> Adelaide Plains Council (2017), *Our Plan For Adelaide Plains Council: Strategic Plan 2107-2020*, Strategy 4.5.1.8, p.14

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*Some Considerations of the Proposal by Council to Withdraw from the Gawler River  
Floodplain Management Authority*

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However, should GRFMA decide to charge councils for depreciation the impact on the long-term financial plan would extend by a further financial year the time taken to achieve a surplus on operations, as shown in Table 3B.

### **Concluding Comments**

Precipitate action to withdraw from the GRFMA without the identification, investigation, costing and consideration of all the options, particularly the financial and risk elements of those options, does not meet the lightest test of prudent corporate governance. It is almost certain that the Minister for Local Government will require at least this level of information before giving any consideration to a request to withdraw from the GRFMA.

The GRFMA comprises one independent member and two representatives each from the six councils. It is not unlikely that each council may have a different point of view on matters before the GRFMA and this fact is clearly contemplated by Clause 23 (4) of Schedule 2 of the *Local Government Act 1999*. The fact that a council may not be happy with a particular decision of the GRFMA is part of the cut and thrust of the operation of any board. This is no different to the way a council operates. If an elected member's proposal is not supported by a majority of members, it fails. This does not mean that the elected member takes his or her bat and ball and goes home. No, she/he works harder to convince his/her colleagues of the merits of the proposal. And, of course, sometimes comes to the realisation that the proposal is actually not the best solution to the problem!

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*Some Considerations of the Proposal by Council to Withdraw from the Gawler River  
Floodplain Management Authority*

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## Background

At its meeting of 15 May 2017 Council adopted a Motion without Notice “that Council staff immediately initiate the appropriate procedures to allow Adelaide Plains Council to withdraw from Gawler River Floodplain Management Authority [GRFMA].” Although the motion was without notice Council had previously considered legal advice from Kelledy Jones Lawyers on its ability to withdraw from the GRFMA at its meeting of 20 February 2017.

At its meeting of 5 June 2017 the Audit Committee passed the following motion:

"that the Committee, having considered Item 4.1 - Gawler River Floodplain Management Authority – Withdrawal from Regional Subsidiary, dated 5 June 2017 receives and notes the report and in doing so recommends that in order to progress actions associated with Council Resolution 201.7/1.21 the Committee recommends:-

1. That a report be provided to the Council outlining the financial costs and risk associated with proceeding with membership with the GRFMA or alternatively withdrawing from the GRFMA;"

The Council endorsed the Audit Committee resolution at its 19 June 2017 meeting.

Mr David Hope of Skilmar Systems Pty Ltd has been asked to prepare this report in response to the resolution of the Audit Committee.

## The Gawler River Floodplain Management Authority

The Gawler River Floodplain Management Authority was created by the constituent councils in response to the need to carry out flood mitigation works in relation to the Gawler River and its upstream tributaries.<sup>2</sup> Prior to the establishment of GRFMA the constituent councils had received a report from Mr Michael Barry of Prodirections Pty Ltd canvassing the options for facilitating their capacity to have the flood mitigation works carried out and the basis for the councils to fund the works.<sup>3</sup> The report made it clear that the two major beneficiaries of the flood mitigation works would be the City of Playford and Adelaide Plains Council, with the Town of Gawler being a moderate beneficiary. The other three councils received no significant local benefits from the works.

The principles applied to developing a model for cost contributions by constituent councils were:

- Future costs avoided (for reparation of flood damage);
- Size of the Catchment area;

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<sup>2</sup> See Appendix 1 for a listing of the constituent councils and the current charter of the Authority.

<sup>3</sup> See Appendix 2 for the Prodirections report.

*Some Considerations of the Proposal by Council to Withdraw from the Gawler River  
Floodplain Management Authority*

- Watercourse length attributable to each council; and
- Ability to pay.

Implicit in the principles is the premise that the quantum of contributions towards capital works and maintenance should be a consideration of the level of benefits received by each council.

Consultations with Mr Fred Pedler, the original Executive Officer for the GRFMA, have elicited the information that discussions among the councils on the contributions to be made to fund capital works went on for an extended period of time before the funding formula was adopted. Funding of the GRFMA administration is equally shared by the constituent councils, but the funding for maintenance and capital works was largely based on the Prodirections report. Initially, funding was also provided by the Northern Adelaide & Barossa Catchment Water Management Board (NABCWMB).

	<i>Contributions to maintenance costs and capital works</i>				<i>Agreed separately - each council contributes an equal % to administration of GRFMA</i>
	<i>Prodirections report %</i>	<i>Initial Contribution %</i>	<i>Council Relativities</i>	<i>Current Contribution %</i>	
City of Playford	30.0	30.0	34.68	34.68	16.67
Adelaide Plains	25.0	25.0	28.90	28.91	16.67
Town of Gawler	15.0	15.0	17.34	17.34	16.67
The Barossa Council	15.0	7.5	8.67	8.67	16.67
Light Regional Council	10.0	7.5	8.67	8.67	16.67
Adelaide Hills	5.0	1.5	1.73	1.73	16.67
NABCWMB	0.0	13.5	---	---	---
	100.0	100.00	99.99	100.00	100.00
	Note 1		Note 2	Note 4	
			Note 3		
Note 1. The Prodirections report did not consider a contribution by NABCWMB, but on the creation of the GRFMA the NABCWMB was a member and agreed to contribute 13.5% to maintenance and capital works.					
Note 2. On the withdrawal of the NABCWMD from the GRFMA the constituent councils agreed to meet the full cost of maintenance and capital works in the same proportion of contribution they were previously making, maintaining the relative share by each council.					
Note 3. This column provided the percentage contributions that were included in the 2006 amendment to the Charter (Endorsed by DC Mallala on 15 May 2006; Gazetted 17 Aug 2006)					
Note 4. Included in 2011 amendment to Charter (Endorsed by DC Mallala on 26 Sep 2011; Gazetted 25 Oct 2012)					

*Some Considerations of the Proposal by Council to Withdraw from the Gawler River  
Floodplain Management Authority*

**Table 1**

To close the discussions and to avoid doubt in the future, it was agreed that the funding formula should be included in the charter of the GRFMA and this occurred in 2006 when amendments to the charter, which included the funding formula, were endorsed by all constituent councils and gazetted on 17 August 2006.

### **Risk Considerations**

Adelaide Plains Council does not have a risk management plan, although a risk management plan for the then existing stormwater assets was created in 2008. It has never been updated and does not assess the risks of a flooding event. The lack of an up to date risk management plan is a major deficiency in its suite of management plans. While risk management plans are not specifically mentioned in the Local Government Act there are several references to the concept of risk throughout the Act. Indeed, it is difficult to contemplate how effective asset management, business and operational plans can be if they are not created and supported by a well-constructed and regularly reviewed risk management plan. The Australian National Audit Office in its Better Practice Guide on Corporate Governance<sup>4</sup> stresses the importance of risk management in delivering effective outcomes for entities.

*“Entity-wide understanding of the risk management framework and the risk environment will facilitate the sound management of governance arrangements, programs and services.”*

Council itself, in its most recent Strategic Plan adopted on 21 August 2017, recognises the need “...to make appropriate organisational decisions based on risk management principles”.<sup>5</sup>

Adelaide Plains Council’s current knowledge of the flooding risks associated with the Gawler River is almost wholly shaped by the various reports and floodplain maps that the GRFMA have produced over its existence. There is some older information that was derived from the Northern Adelaide & Barossa Catchment Water Management Board.

**Importantly, the cost of the various reports received by the GRFMA has been met equally by the constituent councils.**

The impact on floodplain management is probably still uppermost in elected members minds after the devastating floods of September/October 2016. The lack of a risk management plan for Adelaide Plains Council, consistent with the principles outlined in

<sup>4</sup> Commonwealth of Australia (2014), *Public Sector Governance: Strengthening Performance Through Good Governance*, ANAO

<sup>5</sup> Adelaide Plains Council (2017), *Our Plan For Adelaide Plains Council: Strategic Plan 2107-2020*, Strategy 4.5.1.8, p.14

*Some Considerations of the Proposal by Council to Withdraw from the Gawler River  
Floodplain Management Authority*

AS/NZS ISO 31000:2009,<sup>6</sup> make it difficult for elected members to give careful consideration to the actions that need to be undertaken to mitigate the risks faced by Council and its community from flooding events in the Gawler River.

The current proposal to withdraw from the GRFMA exposes Adelaide Plains Council to the following major risks.

1. *GRFMA ceases as an entity, flood mitigation works do not proceed, seriously impacting flood risks.* It is recognised by all constituent councils that the work of the GRFMA has had a beneficial effect of the management of the Gawler River and that the flood mitigation works, including the Bruce Eastick North Para Flood Mitigation Dam, have resulted in reducing the impact of floods. The advocacy and lobbying activities of the GRFMA have ensured that the partnerships created with other agencies and the grants funding received have minimised the cost to the constituent councils of flood mitigation works. There is ongoing work being undertaken by GRFMA to further enhance flood mitigation and to seek grant funding for the works. If GRFMA ceases to exist because a major stakeholder withdraws then this ongoing effort may well be lost or there may be a significant time delay in achieving further flood mitigation works, resulting in flood damage to property and economic activity, with the potential for loss of life, that might well be avoided.
2. *Loss of capacity to influence upstream works.* The GRFMA is a partnership between the constituent councils. Each council has a voice at the table and contributes both intellectually and financially to the work of the authority. By withdrawing from the GRFMA Adelaide Plains Council will lose its voice at the table and its ability to effectively lobby for flood mitigation works upstream and be involved in the decision-making of the GRFMA. This may have a deleterious effect on the impact of flood mitigation in the Adelaide Plains Council area. Council's Strategic Plan recognises the importance of flood mitigation and the partnership opportunity with GRFMA.<sup>7</sup>
3. *Adverse impact on the Northern Area Foodbowl.* Withdrawing from the GRFMA puts at risk the flood prone areas of Adelaide Plains Council that can facilitate the production of high quality produce that has the potential to contribute to local employment and economic activity. Delays in, or the abandonment, of flood mitigation works in train may result in flooding that severely hampers the capacity of producers. Approximately 13% of the designated Foodbowl is subject to Medium and High flood risk. If the Low risk flood area is included this percentage rises to over 40%. Also at risk is \$20-30 million of upgraded roads. Council's Strategic Plan recognises the importance of supporting the primary production sector as one of its

<sup>6</sup> Appendix 3 outlines the Risk Management Process

<sup>7</sup> Adelaide Plains Council (2017), *Our Plan For Adelaide Plains Council: Strategic Plan 2107-2020*, Strategy 4.4.1.2, pp.12-13

*Some Considerations of the Proposal by Council to Withdraw from the Gawler River  
Floodplain Management Authority*

key strategies.<sup>8</sup> Giving the appearance of not wanting to take effective flood mitigation action will put at risk the likely \$1 billion of investment in farm and production infrastructure, completely at odds with Council's strategic plan.

4. *Potential Increased costs.* Withdrawal from the GRFMA and going it alone may result in very significant increased costs. At present, the six constituent councils share the costs of investigations into appropriate strategies to protect life and property. While flood mitigation works and their maintenance are funded according to an agreed funding model of which Adelaide Plains Council is a major contributor it is also a major beneficiary of those works. Three of the six councils contribute nearly 20% of the cost of flood mitigation works, yet receive little benefit. This is effectively a subsidy from those councils to the three councils receiving the most benefit from the flood mitigation works. If Adelaide Plains Council withdraws from the GRFMA then they will have to carry out investigations, negotiate with the other councils, lobby, liaise and negotiate with other stakeholders and make decisions on actions on flood mitigation potentially without the support of upstream councils and at a greater cost in both time and resources to the flood mitigation process, inhibiting the achievement of strategies in Council's Strategic Plan. More importantly, Commonwealth and State contributions to flood mitigation works are generally based on the whole of the catchment area and all councils being involved in the funding. Withdrawal from the GRFMA could see the City of Playford and Adelaide Plains Council working together, or Adelaide Plains Council alone, on local flood mitigation works without Commonwealth or State funding.

It is also likely that the flood risks will increase, with an attendant increase in potential costs, as farm structures and upgraded roads (gravel to bitumen) increase the area of impervious surface.

5. *Adverse Ministerial Response.* There is no guarantee that the Minister for Local Government will approve an application for withdrawal. It is certain that the Minister will seek the views of the other constituent councils. The other councils are parties to the existing contract that has created GRFMA. They will clearly want to act in the interests of their ratepayers and continuing to fund works that benefit Adelaide Plains Council but not their own ratepayers is unlikely to be their strategy. As mentioned above this action may lead to the dissolution of GRFMA. In this situation a worst case scenario might be the City of Playford developing levees and other flood mitigation works on the south bank of the Gawler River which would have a deleterious effect on the Adelaide Plains Council area subject to flooding which is worse than the current exposure to floods. As a major beneficiary of flood

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<sup>8</sup> Adelaide Plains Council (2017), *Our Plan For Adelaide Plains Council: Strategic Plan 2107-2020*, Strategy 4..2.1.1, pp.8-9



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*Some Considerations of the Proposal by Council to Withdraw from the Gawler River  
Floodplain Management Authority*

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mitigation works for the Gawler River Adelaide Plains Council has a lot to lose if the works are not undertaken because the GRFMA ceases to exist. The recent amendments to the Local Government Act on boundary changes could see disaffected ratepayers having a greater say in moving from Adelaide Plains Council to another council area, affecting the viability of Adelaide Plains Council.

An application unsupported by a clear rationale for withdrawing and effective risk-based plans to address flood risks in a cost-effective manner that offers protection to the Adelaide Plains community is unlikely to receive the support of the Minister. Adelaide Plains Council will then have work to do to re-establish its relationship with the GRFMA and its constituent councils on a sound footing.

6. *Reputational risk.* Council's Strategic Plan is predicated on a vision for a "...proud, prosperous, resilient and cohesive community..." with one of its five strategic focus areas being "Accountable and Sustainable Governance". It states that the Council "...collaborates to deliver sustainable customer focused services and infrastructure".<sup>9</sup> Council's reputation for working collaboratively is at serious risk if it withdraws from the GRFMA. Its reputation will be at risk with the other constituent councils and the local government community at large. More importantly, if it fails its community in the area of protection from flood risks and damages the local economy its reputation with its community will be in tatters. The timing of the Motion without Notice to withdraw from GRFMA could not be worse with the planned investment in the Northern Foodbowl at a critical stage.

As part of any further investigation into the possibility of Adelaide Plains Council withdrawing from the GRFMA there should be a discussion with the LGA Mutual Liability Scheme about the potential increase in insurance premiums because a known risk is not being addressed. There is the potential that Adelaide Plains Council could be open to a class action by ratepayers who are adversely affected by flooding that the Council has not taken steps to mitigate.

### **Financial Considerations**

As mentioned above the constituent councils share equally the administrative costs of the GRFMA and share maintenance and capital costs based on several factors but based on an agreed funding formula, with the councils receiving significant benefits from the works making the largest contributions. For the 2016/17 financial year the contributions were:

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<sup>9</sup> Adelaide Plains Council (2017), *Our Plan For Adelaide Plains Council: Strategic Plan 2107-2020*, pp.5 & 14

*Some Considerations of the Proposal by Council to Withdraw from the Gawler River  
Floodplain Management Authority*

GRFMA	2016/17 Contributions		
	Operations	Maintenance	Total
City of Playford	\$ 9,711	\$ 6,339	\$ 16,050
Adelaide Plains	\$ 9,711	\$ 5,284	\$ 14,995
Town of Gawler	\$ 9,711	\$ 3,169	\$ 12,880
The Barossa Council	\$ 9,711	\$ 1,585	\$ 11,296
Light Regional Council	\$ 9,711	\$ 1,585	\$ 11,296
Adelaide Hills	\$ 9,711	\$ 316	\$ 10,027
	<b>\$ 58,266</b>	<b>\$ 18,278</b>	<b>\$ 76,544</b>

**Table 2**

It is worth noting that the operational and maintenance contributions do not cover the depreciation of the assets of the GRFMA and councils need to plan to be in a position to renew this asset when it reaches the end of its useful life. It also appears that councils have not had to make a capital contribution since 2007.

**It is important to note that three of the six constituent councils receive no significant local benefits yet they still contribute more than 19% towards capital and maintenance costs of flood mitigation works.**

The GRFMA, although it does not have a long-term financial plan, has identified that there are significant flood mitigation works yet to be undertaken. The more immediate of those works is the Northern Floodways project which is estimated at an indicative \$27-30 million dollars. The State has indicated, but not confirmed, that it will contribute \$15 million to the works with a dollar-for-dollar contribution expected from the constituent councils. Work is currently underway to get the Commonwealth involved in the funding of the works, given the promise of the Prime Minister to assist when he visited the flooded areas. This could see the project financed at 1/3<sup>rd</sup> each from the Commonwealth, State and GRFMA councils. The upshot is that there is the potential, worst case scenario, that constituent councils will have to fund \$15 million for the flood mitigation works. Whether the GRFMA will borrow for the council component and bill the councils for the repayments or the councils will borrow the money and make their contribution to the GRFMA has not yet been considered.

For Adelaide Plains Council this would mean a contribution of approximately \$4.5 million allowing a contingency for cost increases. At current interest rates (4.65% for a 20-year loan) this would add approximately \$210,000 in interest charges to Council's annual expenditure, probably over a two year period to allow for construction timing, plus an estimated \$10,000 per year over the life of the works in maintenance after completion of the works. Note that there will also be depreciation charges of approximately \$174,000 per year attributable to Adelaide Plains Council, but those charges are not currently recovered by the GRFMA. Can the additional interest and maintenance charges be accommodated within the parameters of the Council's current long-term financial plan which shows the

*Some Considerations of the Proposal by Council to Withdraw from the Gawler River Floodplain Management Authority*

Council entering surplus territory in the 2021/22 financial year? Yes, it can, as indicated in Table 2 which shows it will only delay Adelaide Plains Council from achieving a surplus on operations by one financial year. And with a modest additional increase in rates of 1.2% in the third and fourth year of the plan a surplus will be achieved on target.

	Current LTFP Operating Surplus/(Deficit)	Additional operating costs - interest and maintenance costs	Adjusted LTFP Operating Surplus/(Deficit)
2017/18	(\$904,042)	\$0	(\$904,042)
2018/19	(\$616,217)	\$0	(\$616,217)
2019/20	(\$548,848)	\$105,000	(\$653,848)
2020/21	(\$370,048)	\$210,000	(\$580,048)
2021/22	\$131,786	\$220,000	(\$88,214)
2022/23	\$325,495	\$220,000	\$105,495
2023/24	\$527,277	\$220,000	\$307,277
2024/25	\$749,090	\$220,000	\$529,090
2025/26	\$990,349	\$220,000	\$770,349
2026/27	\$1,252,487	\$220,000	\$1,032,487

**Table 3A**

However, should GRFMA decide to charge councils for depreciation the impact on the long-term financial plan would extend by a further financial year the time taken to achieve a surplus on operations, as shown in Table 3B.

	Current LTFP Operating Surplus/(Deficit)	Additional operating costs - interest and maintenance costs	Adjusted LTFP Operating Surplus/(Deficit)	Plus: Allocation of depreciation costs	Final adjusted LTFP Operating Surplus/(Deficit)
2017/18	(\$904,042)	\$0	(\$904,042)	\$66,844	(\$970,886)
2018/19	(\$616,217)	\$0	(\$616,217)	\$66,844	(\$683,061)
2019/20	(\$548,848)	\$105,000	(\$653,848)	\$66,844	(\$720,692)
2020/21	(\$370,048)	\$210,000	(\$580,048)	\$240,304	(\$820,352)
2021/22	\$131,786	\$220,000	(\$88,214)	\$240,304	(\$328,518)
2022/23	\$325,495	\$220,000	\$105,495	\$240,304	(\$134,809)
2023/24	\$527,277	\$220,000	\$307,277	\$240,304	\$66,973
2024/25	\$749,090	\$220,000	\$529,090	\$240,304	\$288,786
2025/26	\$990,349	\$220,000	\$770,349	\$240,304	\$530,045
2026/27	\$1,252,487	\$220,000	\$1,032,487	\$240,304	\$792,183
APC's contribution to Bruce Eastick dam depreciation				\$66,844	
APC's contribution to Northern Floodways depreciation				\$173,460	

**Table 3B**

*Some Considerations of the Proposal by Council to Withdraw from the Gawler River Floodplain Management Authority*

Council will be a major beneficiary of the Northern Floodways project<sup>10</sup> and although this report is not the place to do a cost benefit analysis of the project it appears that the benefits for Adelaide Plains Council far outweigh the costs. A report prepared by Australian Water Environments (AWE) on the 2016 Gawler River flood identifies that it is most likely that 211 of the 248 properties that were flooded would be protected from floods exceeding a 1 in 50 year flood event, with a further 10 receiving a reduction in flood levels.<sup>11</sup> The following table, extracted from another AWE report,<sup>12</sup> provides an indication of the cost of potential damages from flooding:

Flood Frequency (AEP)	Estimated Damages
1 in 10	\$15m
1 in 20	\$24m
1 in 50	\$102m
1 in 100	\$182
1 in 200	\$212
Average Annual Damage	\$7.4m
Present Value of Damages*	\$109m

**Table 4**

It also seems obvious that meeting about 15% of the cost of a well-engineered solution over the whole catchment area is a far better proposition than having to fund 50% or 100% of whatever might be achieved downstream if Adelaide Plains Council has to find its own solution to the flood mitigation problem.

A further project for consideration is raising the height of the Bruce Eastick Dam, with the likely cost to be somewhere between \$40 and \$90 million dollars. Perhaps scary numbers, but not requiring immediate funding and providing time to lobby for Commonwealth and State assistance, which will significantly reduce the funding requirement for constituent councils. Again, the cost of those works to councils needs to be weighed against the benefits.

<sup>10</sup> See Appendix 4 for plans showing the benefits of the Northern Floodways project.

<sup>11</sup> Australian Water Environments (February 2017), *Gawler River 2016 Flood Review: Preliminary Report – First Draft*, p.11

<sup>12</sup> Australian Water Environments (March 2016), *A Findings Report for the Gawler River Flood Mitigation Scheme: Mitigation Options Findings*

*Some Considerations of the Proposal by Council to Withdraw from the Gawler River  
Floodplain Management Authority*

## Appendix 1 – Constituent Councils and Charter of the GRFMA

### Constituent Councils

Adelaide Hills Council

Adelaide Plains Council

The Barossa Council

Town of Gawler

Light Regional Council

City of Playford

### Charter of GRFMA

The Charter of the Gawler River Floodplain Management Authority was originally gazetted on 22 August 2002. It has been amended three times:

- As gazetted on 17 August 2006;
- As gazetted on 25 October 2012; and
- As gazetted on 4 June 2015.

Each of the constituent councils passed a motion amending/endorsing the current charter as follows:

Adelaide Hills Council	24 March 2015
<b>Adelaide Plains Council</b>	<b>10 March 2015</b>
The Barossa Council	17 March 2015
Town of Gawler	24 March 2015
Light Regional Council	24 March 2015
City of Playford	28 April 2015

**It must be reviewed in 2019 to meet the provisions of Clause 19 (4) of Schedule 2 of the *Local Government Act 1999*.**

The current text of the charter follows.

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*Some Considerations of the Proposal by Council to Withdraw from the Gawler River  
Floodplain Management Authority*

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**1. ESTABLISHMENT**

The Gawler River Floodplain Management Authority ('the Authority') is established by the Constituent Councils as a regional subsidiary pursuant to Section 43 and Schedule 2 ('the Schedule') of the Local Government Act 1999 ('the Act').

This Charter governs the affairs of the Authority.

**2. CONSTITUENT COUNCILS**

The Authority is established by the City of Playford, District Council of Mallala, Town of Gawler, The Barossa Council, Light Regional Council and the Adelaide Hills Council ('the Constituent Councils').

The Authority is subject to the joint direction of the Constituent Councils.

**3. PURPOSE**

3.1 The Authority has been established for the following purposes:

3.1.1 to co-ordinate the construction, operation and maintenance of flood mitigation infrastructure for the Gawler River. This purpose is the core business of the Authority;

3.1.2 to raise finance for the purpose of developing, managing and operating and maintaining works approved by the Board;

3.1.3 to provide a forum for the discussion and consideration of topics relating to the Constituent Council's obligations and responsibilities in relation to management of flood mitigation for the Gawler River;

3.1.4 upon application of one or more Constituent Councils pursuant to Clause 12.4:

3.1.4.1 to co-ordinate the construction, maintenance and promotion and enhancement of the Gawler River and areas adjacent to the Gawler River as recreational open space for the adjacent communities; and

3.1.4.2 to enter into agreements with one or more of the Constituent Councils for the purpose of managing and developing the Gawler River.

3.2 The Authority is not involved in a significant business activity as defined in the Clause 7 Statement prepared under the Competition Principles Agreement of the National Competition Policy.

**4. THE BOARD—ROLE AND MEMBERSHIP**

4.1 The Authority will be governed by a Board.

4.2 The Board is responsible for the administration of the affairs of the Authority. The Board must ensure insofar as it is practicable, that the Authority observes the objectives set out in this Charter, that information provided to the Constituent Councils is accurate and that Constituent Councils are kept informed of the solvency

*Some Considerations of the Proposal by Council to Withdraw from the Gawler River  
Floodplain Management Authority*

of the Authority as well as any material developments which may affect the operating capacity and financial affairs of the Authority.

4.3 The Board will comprise:

4.3.1 One independent person who is not an officer, employee or elected member of a Constituent Council appointed by absolute majority of the Constituent Councils as the Chairperson for a term of two years and who has expertise in one or more of the following areas:

- (a) environmental management;
- (b) corporate financial management;
- (c) general management; and
- (d) public sector governance.

4.3.2 The Chairperson is, at the expiry of his or her term of office, eligible for reappointment.

4.3.3 Each of the Constituent Councils will appoint two persons to the Board. The Constituent Councils' appointees shall be the Chief Executive Officer of the Constituent Council or his or her nominee plus one elected member of the Constituent Council.

4.3.4 Each Constituent Council may appoint either an Elected Member or a Council Officer as Deputy Board Member who may attend Board Meetings in the place of a Council Board Member who is absent.

4.3.5 The Board may appoint observers to the Board. Such appointees will not be entitled to vote at meetings.

4.3.6 Board members (with the exception of the Chairperson), shall not be entitled to receive a sitting fee.

4.3.7 The Board may pay a sitting fee to the Chairperson in such amount as determined by the Board.

4.4 A certificate signed by the Chief Executive Officer of the appointing Constituent Council will be sufficient evidence of appointment.

4.5 In the absence of the Chairperson, the Board will elect a temporary acting Chairperson from amongst their members.

**5. TERM OF OFFICE—THE BOARD**

5.1 Subject only to the following subclauses, the term of office of each member of the Board, (with the exception of the Chairperson), will be as determined by the Constituent Council responsible for the appointment of the member and the Constituent Councils express a preference that members of the Board are appointed following each election of the Constituent Council for the term of the Council.

*Some Considerations of the Proposal by Council to Withdraw from the Gawler River  
Floodplain Management Authority*

- 5.2 The Board may by a two-thirds majority vote of the members present (excluding the member subject to this clause) make a recommendation to the Constituent Council responsible for the appointment of the relevant member, that the Constituent Council terminate the appointment of the member in the event of:
- 5.2.1 any behaviour of the member which in the opinion of the Board amounts to impropriety;
  - 5.2.2 serious neglect of duty in attending to the responsibilities of a member and/or Chairperson of the Board;
  - 5.2.3 breach of fiduciary duty to the Board;
  - 5.2.4 breach of the duty of confidentiality to the Board or the Constituent Councils;
  - 5.2.5 breach of the conflict of interest rules of the Board; or
  - 5.2.6 any other behaviour which may discredit the Board.
- 5.3 The Board may by a two-thirds majority vote of the members present (excluding the Chairperson) make a recommendation to the Constituent Councils that the appointment of the Chairperson be terminated in the event of:
- 5.3.1 any behaviour of the Chairperson which in the opinion of the Board amounts to impropriety;
  - 5.3.2 serious neglect of duty in attending to the responsibilities of a member and/or Chairperson of the Board;
  - 5.3.3 breach of fiduciary duty to the Board;
  - 5.3.4 breach of the duty of confidentiality to the Board or the Constituent Councils;
  - 5.3.5 breach of the conflict of interest rules of the Board; or
  - 5.3.6 any other behaviour which may discredit the Board.
- 5.4 The Constituent Council which appointed the member whose term of office has become vacant will be responsible to appoint the replacement member.

**6. PROCEEDINGS OF THE BOARD**

- 6.1 Subject only to the extent that they are modified by this clause, the proceedings of the Board will be the same as those for committees of Council as defined in Part 2 of Chapter 6 of the Act and in accordance with the Regulations for 'Other Committees' comprised in Part 2 of the Local Government (Proceedings at Meetings) Regulations 2000.

References in Part 2 of Chapter 6 of the Act to 'the Chief Executive Officer' shall be read as if they were references to the Executive Officer of the Authority and references to 'the Council' or 'the committee' shall be read as if they were references to the Authority.



*Some Considerations of the Proposal by Council to Withdraw from the Gawler River  
Floodplain Management Authority*

To the extent that this Charter and the Act and its associated Regulations are silent, the Board may determine its own meeting procedures.

- 6.2 Subject only to the special provisions of this clause, no meeting of the Board will commence until a quorum of members is present and no meeting may continue unless there is a quorum of members present. A quorum of members will comprise half the members plus one. A time limit of 30 minutes shall apply from the advertised time of the meeting in which to reach a quorum. Failure to reach a quorum within this time limit shall result in a failed meeting.
- 6.3 For the purpose of this clause, the contemporaneous linking together by an audio-visual or other interactive means, but excluding telephones ('telecommunication meeting') of a number of members of the Board provided that at least a quorum is present, is deemed to constitute a meeting of the Board. Each of the Board members taking part in the telecommunications meeting, must be able to hear and be heard by each of the other Board members present. At the commencement of the meeting, each Board member must announce his/her presence to all other Board members taking part in the meeting. A Board member must not leave a telecommunication meeting by disconnecting his/her, audio-visual or other communication equipment, unless that Board member has previously notified the Chairperson of the meeting.
- 6.4 In the event that there is not a quorum present at two consecutive meetings of the Board, then an extraordinary meeting of the Board may be convened in the same manner as for a special meeting (see Clause 6.1), at which the business which was on the agendas for the two previous but failed meetings may be transacted at the extraordinary meeting of the Board where the requirement for a quorum is that there be at least one member representing each of the Constituent Councils in attendance. Decisions made at such a meeting will be binding on the subsidiary and all members of the Board and the Constituent Councils.
- 6.5 Subject only to any specific requirement of this Charter, all matters for decision at a meeting of the Board will be decided by a simple majority of the members present and entitled to vote on the matter. Both members from each Constituent Council present are entitled to vote on a matter. Voting members are entitled only to a deliberative vote. Board members may not vote by proxy.
- 6.6 In the event of equality of votes, the Chairperson will not have a casting vote and the matter will be deemed to have lapsed and may at some later time be reconsidered.
- 6.7 Meetings of the Board will be held at such time and such place as the Board decides subject only to the requirement that there will be at least one meeting in every two calendar months.

*Some Considerations of the Proposal by Council to Withdraw from the Gawler River  
Floodplain Management Authority*

- 6.8 A special meeting of the Board may be held at any time and may be called at the request of the Chairperson or at the written request of six members of the Board representing all of the Constituent Councils.
- 6.9 Notice of all meetings will be given in accordance with the provisions applicable to a committee meeting under Part 2 of Chapter 6 of the Act and the associated Regulations.
- 6.10 Meetings of the Board will be open to the public unless the Board so resolves to exclude the public pursuant to Section 90 of the Act.
- 6.11 All members must keep confidential all documents and any information provided to them in confidence for their consideration prior to a meeting of the Board.
- 6.12 The Board must ensure that accurate written minutes of its proceedings are kept and are produced for verification at the subsequent meeting of the Board.

**7. PROPRIETY OF MEMBERS OF THE BOARD**

- 7.1 The principles regarding conflict of interest prescribed in the Act will apply to all members of the Board as if they were elected members of a Council.
- 7.2 The members of the Board will not be required to comply with Division 2, Chapter 5 (Register of Interests) of the Act.
- 7.3 The members of the Board will at all times act in accordance with their duties of confidence and confidentiality and individual fiduciary duties including honesty and the exercise of reasonable care and diligence with respect to the Board as required by Part 4, Division 1, Chapter 5 of the Act and Clause 23 of Part 2 of Schedule 2.

**8. POWERS**

- 8.1 The Authority is constituted as a body corporate under the Act and in all things acts through the Board.
- 8.2 The Authority has:
- 8.2.1 the power to acquire, deal with and dispose of real and personal property and rights in relation to real and personal property;
  - 8.2.2 the power to compulsorily acquire land in accordance with the Land Acquisition Act 1969, provided that such acquisition is for the purposes of flood mitigation;
  - 8.2.3 the power to sue and be sued in its corporate name;
  - 8.2.4 the power to enter into any kind of contract or arrangement;
  - 8.2.5 the power to return surplus revenue to Constituent Councils in such proportions as the Board considers appropriate at the end of any financial year either by way of cash payment or reduction of annual contribution;
  - 8.2.6 the power to set aside surplus revenue for future capital expenditure;

*Some Considerations of the Proposal by Council to Withdraw from the Gawler River  
Floodplain Management Authority*

- 8.2.7 the power to invest funds and in doing so to take into account Part 4 of Chapter 9 of the Act;
- 8.2.8 the power to establish committees;
- 8.2.9 the power to delegate any function or duty except for the power to compulsorily acquire land as set out in Rule 8.2.2 and except for any of the powers set out in Section 44 of the Local Government Act 1999, (where such powers are applicable to a Subsidiary); and
- 8.2.10 the power to do anything else necessary or convenient for, or incidental to, the exercise, performance or discharge of its powers, functions or duties.
- 8.3 The Authority shall not act outside of the areas of the Constituent Councils without their prior approval that approval shall only be granted upon the basis that the Councils consider it necessary or expedient for the performance of their or the Authority's functions.
- 8.4 The Authority will have a common seal which may be affixed to documents requiring execution under common seal and must be witnessed by the Chairman of the Board and one other Board member.
- 8.5 The common seal must not be affixed to a document except to give effect to a resolution of the Board. The Executive Officer will maintain a register which records the resolutions of the Board giving authority to affix the common seal and details of the documents to which the common seal has been affixed with particulars of the persons who witnessed the fixing of the seal and the date.
- 8.6 The Board may by instrument under seal authorise a person to execute documents on behalf of the Authority. The Executive Officer will maintain a register of such resolutions and details of any documents executed in this way, together with particulars of the person executing the document.
- 9. ADMINISTRATIVE MATTERS**
- 9.1 There will be an Executive Officer of the Authority appointed by the Board on terms and conditions to be determined by the Board.
- 9.2 The Executive Officer will be responsible to the Board:
- 9.2.1 to ensure that the policies and lawful decisions of the Authority are implemented in a timely manner;
- 9.2.2 for the efficient and effective management of the operations and affairs of the Authority;
- 9.2.3 to provide advice and reports to the Board on the exercise and performance of the Authority's powers and functions; and
- 9.2.4 to give effect to the principles of human resource management generally applicable within the local government industry.

*Some Considerations of the Proposal by Council to Withdraw from the Gawler River  
Floodplain Management Authority*

- 9.3 The Executive Officer has such powers, functions and duties prescribed by this clause and as determined necessary by the Board from time to time to ensure the efficient and effective management of the operations and affairs of the Authority.
- 9.4 The Board may employ other officers and it may authorise the Executive Officer to employ such other officers on its behalf as are required for the efficient and effective management of the operations and affairs of the Authority.
- 9.5 The Board may engage professional consultants and it may authorise the Executive Officer to engage professional consultants to provide services to the Authority to ensure the proper execution of its decisions, the efficient and effective management of the operations and affairs of the Authority and for giving effect to the general management objectives and principles of personal management prescribed by this Charter.

#### 10. FINANCIAL CONTRIBUTIONS TO THE AUTHORITY

- 10.1 The contributions of the Constituent Councils shall be based on the following percentage shares for capital works, maintenance of assets of the Authority and operational costs of the Authority.

Constituent Council	Capital Works Percentage Share %	Maintenance of Assets Percentage Share %	Operational Costs Percentage Share %
Adelaide Hills Council	1.73	1.73	16.66
The Barossa Council	8.67	8.67	16.66
Town of Gawler	17.34	17.34	16.66
Light Regional Council	8.67	8.67	16.66
District Council of Mallala	28.91	28.91	16.66
City of Playford	34.68	34.68	16.66
Total	100%	100%	100%

- 10.2 The Board will be responsible to provide the Constituent Councils with sufficient information for each of them to ascertain the level of and understand the reasons behind the funding required in the following financial year. This will be achieved via the business plan and the annual budget.
- 10.3 The Board will determine annually the funds required by the Authority to enable it to function. The Constituent Councils shall contribute the funds requested by the Board, in the annual budget and approved by the Council, and any additional funds that are required for the continuing function of the Authority and approved by the Council, in accordance with Clause 11. The Board must provide full details regarding the need for additional funds to the Constituent Councils.

*Some Considerations of the Proposal by Council to Withdraw from the Gawler River  
Floodplain Management Authority*

- 10.4 The annual contribution will be paid by each Constituent Council in advance by six monthly instalments.
- 10.5 Additional contributions (if any) will be paid by each Constituent Council in the manner and at the time determined by the Board.
- 10.6 The Board is accountable to each Constituent Council to ensure that the Authority functions in accordance with its business plan and approved budgets.
- 10.7 The Board on behalf of the Authority may enter into separate funding arrangements with Constituent Councils and with any State or Federal Government or their agencies in respect of any project undertaken or to be undertaken by or on behalf of the Authority.
- 10.8 Where a Council or Councils enter into an agreement with the Authority under Clause 12.4 of this Charter the subscriptions payable under that agreement shall be additional to the subscriptions payable under this Clause.

**11. BUDGET**

- 11.1 The Authority must prepare a budget for the forthcoming financial year.
- 11.2 The budget must:
- 11.2.1 deal with each principal activity of the Authority on a separate basis;
  - 11.2.2 be consistent with and account for activities and circumstances referred to in the Authority's business plan;
  - 11.2.3 be submitted in draft form to each Constituent Council before 31 March for approval of its contribution for the year;
  - 11.2.4 not be adopted by the Authority until after 31 May but before 30 September;
  - 11.2.5 the adoption of the budget requires a two-thirds majority of the Board members present; and
  - 11.2.6 identify the amount of and the reasons for the financial contributions to be made by each Constituent Council to the Authority.
- 11.3 The Authority must provide a copy of its budget to each Constituent Council within five business days after adoption.
- 11.4 The Authority must reconsider its budget in accordance with Regulation 9 of the Local Government (Financial Management) Regulations 2011.
- 11.5 The Authority must submit to each Constituent Council for approval, any proposed amendment to the budget that provides for an additional contribution by the Constituent Councils.
- 11.6 Where a Constituent Council has failed to approve a draft budget, or an amended budget, and has not served a notice on the Authority in accordance with Clause 20.2

*Some Considerations of the Proposal by Council to Withdraw from the Gawler River  
Floodplain Management Authority*

within two months of the receipt of the draft budget, or amended budget by the Constituent Council, then the approval of the Constituent Council to the draft budget, or amended budget, will be deemed to have been given.

## **12. BUSINESS PLAN**

12.1 The Authority shall have a rolling Business Plan in respect of the ensuing three years.

12.2 The Business Plan must:

12.2.1 state the services to be provided by the Authority;

12.2.2 identify how the Authority intends to manage service delivery;

12.2.3 identify the performance targets which the Authority is to pursue;

12.2.4 provide a statement of financial and other resources and internal processes that will be required to achieve the performance targets and objectives of the Authority; and

12.2.5 specify the performance measures that are to be used to monitor and assess performance against targets.

12.3 Prior to setting the draft budget each year the Authority must review the Business Plan in conjunction with the Constituent Councils. The Business Plan must be updated to ensure it presents a plan for the ensuing three years.

12.4 One or more of the Constituent Councils may request the Authority to undertake a function provided for in Clause 3.1.4 of this Charter, which function is additional to those undertaken by the Authority for all of the Constituent Councils. Where one or more Constituent Councils make a request under this clause, the Constituent Council or Councils must enter into a written agreement with the Authority which commits the Council or Councils to annual subscription amounts and/or an equal percentages of classes of subscription to meet the costs of the Authority in undertaking the additional function and which deals, amongst other things, with the ownership and maintenance of any resultant infrastructure.

## **13. ACCOUNTING**

The Authority must ensure that its accounting records, accounts and financial statements are prepared and maintained in accordance with all relevant Australian Accounting Standards. See Regulations 11 and 12, Local Government (Financial Management) Regulations 2011, in relation to particular accounting practices.

## **14. AUDIT**

14.1 The Authority must appoint an Auditor.

14.2 The Authority must provide its audited financial statements to the Chief Executive Officer of each Constituent Council by 30 September. See Part 6, Local Government

*Some Considerations of the Proposal by Council to Withdraw from the Gawler River  
Floodplain Management Authority*

(Financial Management) Regulations 2011, in relation to the Authority's audit responsibilities.

**15. FINANCE**

- 15.1 The Board must establish and maintain a bank account with such banking facilities and at a bank to be determined by the Board.
- 15.2 All cheques to be authorised must be signed by two members of the Board or one member of the Board and the Executive Officer.
- 15.3 The Executive Officer must act prudently in the handling of all financial transactions for the Board and must provide quarterly financial and corporate reports to the Board and if requested, the Constituent Councils.
- 15.4 The Board will, at the end of each financial year prepare a schedule of assets and liabilities. In addition, the Board must maintain a record to be known as the 'Schedule of Constituent Councils' Interests in Net Assets'.
- 15.5 The 'Schedule of Constituent Councils' Interests in Net Assets' will reflect the proportionate contribution each Constituent Council has made to capital, operations and maintenance to the Authority having regard to the proportionate contribution to subscriptions for each function undertaken by the Authority. The Schedule when updated by the Board at the end of each financial year will reflect the proportionate contribution of each Constituent Council since the commencement of the Authority and once accepted by each Constituent Council will be evidence of the agreed proportion of a Constituent Council's interests in the net assets as at 30 June in that year.
- 15.6 Where there is any dispute as to the Schedule, Clause 20 shall apply.

**16. REPORTS AND INFORMATION**

- 16.1 The Authority must submit its annual report on its work and operations including its audited financial statements, to each Constituent Council before 30 September.
- 16.2 Within two weeks following each ordinary meeting of the Board, the Constituent Councils shall be provided with a Key Outcomes Summary of the meeting that shall include the Achievements Against the Business Plan Report for those meetings that it is received by the Board.
- 16.3 The Board shall report at any other time at the written request of a Constituent Council on matters being undertaken by the Authority. Any such report shall be provided to all Constituent Councils.

**17. ALTERATION TO THE CHARTER**

- 17.1 This Charter may be amended by unanimous resolution of the Constituent Councils.

*Some Considerations of the Proposal by Council to Withdraw from the Gawler River  
Floodplain Management Authority*

- 17.2 The Executive Officer of the Authority must ensure that the amended Charter is published in the *Gazette*.
- 17.3 Before the Constituent Councils vote on a proposal to alter this Charter they must take into account any recommendations of the Board.

#### **18. WITHDRAWAL OF A CONSTITUENT COUNCIL**

- 18.1 Subject to the approval of the Minister, a Constituent Council may withdraw from the Authority by giving not less than six months' notice of its intention to do so to all other Constituent Councils and the Executive Officer.
- 18.2 In any event a withdrawal cannot become effective until 30 June following the expiry of the six months in the preceding subclause. Until withdrawal becomes effective, the Constituent Council proposing withdrawal from the Authority will remain liable for all financial contributions in the remaining period and through its members on the Board, the responsibility of ensuring the continued proper conduct of the affairs of the Authority.
- 18.3 A withdrawing Constituent Council is not entitled to any refunds of any contributions made.

#### **19. ADDITION OF NEW MEMBER**

- 19.1 The Board may consider the addition of a new member to the Authority.
- 19.2 The Constituent Councils must resolve unanimously to approve the addition of a new member to the Authority and must obtain Ministerial approval.
- 19.3 The Charter shall be amended in accordance with the provisions of this Charter to address any new addition.

#### **20. DISPUTES**

- 20.1 In the event of any dispute or difference between the Constituent Councils and the Authority concerning the operations or affairs of the Authority, the dispute process shall be initiated by a Constituent Council serving a notice of dispute on all other Constituent Councils with a contemporaneous copy being served on the Authority. The Constituent Councils:
- 20.1.1 will attempt to settle the dispute or difference by negotiating in good faith;
- 20.1.2 if good faith negotiations do not settle the dispute or difference within one month of the dispute arising then the dispute shall be referred to an expert for determination. The expert shall be a person with the skills and expertise necessary to resolve the dispute and shall be nominated by the President of the Local Government Association of South Australia. The expert is an expert



*Some Considerations of the Proposal by Council to Withdraw from the Gawler River  
Floodplain Management Authority*

and not an arbitrator. The expert's determination shall be final and binding on the Constituent Councils. The costs of the expert will be apportioned and payable in accordance with the expert's determination;

20.1.3 if the dispute is unable to be resolved by the expert within six months then any Constituent Council may request the Minister to dissolve the Authority; and

20.1.4 notwithstanding the existence of a dispute or difference, the Constituent Councils will continue to meet their obligations to the Authority.

20.2 In the event of any dispute or difference between one or more Constituent Councils and the Authority concerning the operations or affairs of the Authority, the dispute process shall be initiated by a Constituent Council, or the Authority, serving a notice of dispute on the Constituent Council or the Authority, as the case may be, with a contemporaneous copy being served on all other Constituent Councils:

20.2.1 will attempt to settle the dispute or difference by negotiating in good faith;

20.2.2 if good faith negotiations do not settle the dispute or difference within one month of the dispute arising then, the dispute shall be referred to an expert for determination. The expert shall be a person with the skills and expertise necessary to examine the issues and shall be nominated by the President of the Local Government Association of South Australia. The expert is an expert and not an arbitrator. The expert's determination shall be final and binding on the Constituent Council and the Authority. The costs of the expert will be apportioned and payable in accordance with the expert's determination; and

20.2.3 notwithstanding the existence of a dispute or difference, the Constituent Councils and the Authority will continue to meet their obligations to each other.

For the purposes of Clause 20.2 'dispute' includes where a Constituent Council has failed or refuses to approve the draft budget advised by the Authority under Clauses 11.2.3 or 11.5.

**20A LIMIT OF LIABILITY**

20A.1 Except insofar as Clause 12.4 applies the liability of a Constituent Council to the Authority is limited to those functions undertaken by the Authority and to which the Constituent Council has made a financial contribution. The liability of a Constituent Council is proportional to the interest of that Council in the net assets of the Authority as determined under Clause 15 of this Charter.

20A.2 The liability of a Constituent Council to the Authority for any function undertaken by the Authority under Clause 12.4 is limited to the requesting Constituent Council or Constituent Councils and as reflected in the agreement entered into with the Authority for those purposes.

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*Some Considerations of the Proposal by Council to Withdraw from the Gawler River  
Floodplain Management Authority*

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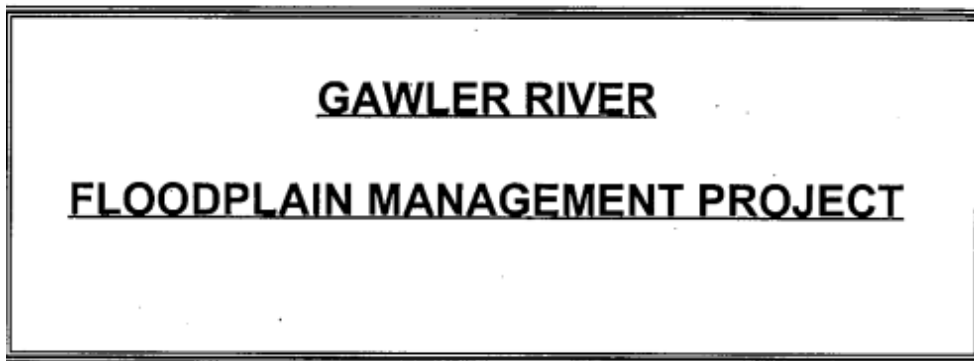
**21. DISSOLUTION OF THE AUTHORITY**

- 21.1 The Authority may be dissolved by the Minister in the circumstances envisaged by Clause 33, Part 2 of Schedule 2.
- 21.2 In the event of there being net assets upon dissolution and after realisation of all assets and meeting all liabilities, the net assets will be distributed to the then Constituent Councils on the basis of their current interest in the net assets of the Authority as determined by Clause 15.
- 21.3 In the event of there being an insolvency of the Authority at the time of dissolution, the then Constituent Councils will be responsible jointly and severally to pay the liabilities of the Authority and between themselves in the proportion of their interest in the net assets last determined under Clause 15.

*Some Considerations of the Proposal by Council to Withdraw from the Gawler River  
Floodplain Management Authority*

**Appendix 2 – Prodirections Report of February 2000**

**NORTHERN ADELAIDE & BAROSSA  
CATCHMENT WATER MANAGEMENT  
BOARD**



**DISCUSSION PAPER**

February 2000  
Prepared by:  
Michael Barry  
Prodirections Pty Ltd

*Some Considerations of the Proposal by Council to Withdraw from the Gawler River  
Floodplain Management Authority*

## 1 INTRODUCTION

This discussion paper outlines the preliminary issues associated with the development of a floodplain management strategy for the Gawler River Catchment.

The project was commissioned by the Northern Adelaide and Barossa Catchment Water Management Board (NABCWMB) with the following terms of reference:

- Research the available legal structures that could be appropriate for the establishment of an entity to manage the flood mitigation strategy, including, but not restricted to the possibility of forming a Regional Subsidiary of Councils pursuant to the Local Government Act, 1999.
- Research and model possible funding arrangements to determine fair and equitable contributions from Councils for contributions to initial capital costs (if any is required) and ongoing maintenance of the strategy.

The report outlines the key issues and options from preliminary consultations with representatives from most of the affected Councils, Board staff and specialists in hydrology, finance and risk management. It was not the purpose of stage 1 of this project to conduct detailed consultation with the affected Councils – rather, it is proposed that the discussion paper itself will constitute a vehicle for those detailed consultations to occur.

The prime purpose of the Discussion Paper is to enable the affected Councils and the Board to consider the options available and hopefully reach consensus about a preferred option. During the process of consultation with Councils the Board will continue to pursue avenues for external funding contributions to the project. However, for the purposes of this paper assumptions have been made about the quantum of external funding (See Sections 8 and 9).

Please also note that the preliminary views expressed do not necessarily reflect the formal considered decision of each Council. Finally, many of the assumptions and propositions contained in this preliminary draft (and especially the hypothetical scenario - Section 9) are **entirely the responsibility of the Consultant** and are included to stimulate discussion and debate.

An earlier draft of this report was presented to the Steering Committee comprised of Council and Board representatives established to investigate the flood plain management issues associated with the Gawler River and helpful comments were received.

*Some Considerations of the Proposal by Council to Withdraw from the Gawler River  
Floodplain Management Authority*

## 2 PROPOSED SOLUTION

After extensive research it is understood that all Councils support the proposed flood mitigation solution as recommended by BC Tonkin & Associates in the 1999 review document completed for the Board. The proposed strategy includes a flood attenuation dam and there appears to be Council support for the option which has no permanent water storage facility. It is not proposed to unnecessarily lengthen this discussion paper by describing the proposed solution and its relative merits as this is extensively documented elsewhere.<sup>1</sup>

## 3 FORMATION OF AN AUTHORITY

It appears that most if not all Councils support the formation of a legal entity to undertake the project and provide for ongoing maintenance as required and all indicated willingness to participate in such an authority subject to the resolution of funding concerns (see below). The formation of a **Regional Subsidiary** pursuant to the Local Government Act 1999 appears to be the preferred option. Regional Subsidiaries (formerly Section 200 Authorities) are the preferred mechanism for such multi-council activities and are common especially for stormwater management and waste management. The key attractive features of a Regional Subsidiary structure for this type of activity are:

- The Local Government Act, 1999, provides an appropriate legal framework to create the entity with powers, functions, safeguards and accountabilities clearly specified in the Charter for the Subsidiary;
- The Subsidiary is **directly accountable** to constituent Councils in relation to performance including financial matters;
- Any contributions from Councils are determined by an agreed "formula" which is specified in the Charter;
- The membership of the Board of the Subsidiary can include non-Council representatives if the Councils agree eg a representative of the NABCWMB, in this instance
- While the Charter for Subsidiary must be approved by the Minister for Local Government (and there are powers for Ministerial investigation in special circumstances), the Subsidiary is a "creature of the constituent Councils".

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<sup>1</sup> In particular, the most recent review distributed to all Councils: BC Tonkin & Associates: Review of the 1994 Flood Management Plan for the Gawler River: August 1999: Ref No 99.0165R-2

*Some Considerations of the Proposal by Council to Withdraw from the Gawler River  
Floodplain Management Authority*

The possible alternative vehicle of establishing a Subcommittee of the Northern Adelaide and Barossa Catchment Water Management Board pursuant to the Water Resources Act [Section 62(2)(m)] is likely to be less preferred from the point of view of Councils. It should be remembered that Catchment Water Management Boards are "instrumentalities of the Crown" and are subject to the "direction and control by the Minister" [Section 55(2) (a) and (c)]. Boards may delegate most of its powers and functions to a Committee it creates (subject to Ministerial approval), but such delegations are "revocable at will" by the Board [Section 66(1)(b)(i) and (3)(d)]. In summary, a specialist Committee created under a Catchment Board has much less independence and autonomy of operation when compared with a Regional Subsidiary.

Notwithstanding the above, the creation of a Committee of the Board under the Act (with or without the support of all the Councils) may need to be considered if agreement cannot be reached about the formation of Regional Subsidiary. However, the nature of any possible authority to be formed is the least contentious aspect of the proposed schema, because Councils are understandably most concerned about the funding issues surrounding the establishment of the flood attenuation infrastructure.

#### 4 FUNDING ISSUES

Predictably, the support of Councils (especially the upstream Councils) to the proposed strategy is significantly constrained by concerns about the method of funding of the scheme. **Clearly the ultimate success of the project will be dependent on the Board's ability to attract significant external funding for the capital works required.**

Reasons cited for the reticence of upstream Councils to make financial contributions to meeting any residual "local government" contribution (ie any shortfall required after external contributions are finalised) include the following:

- Upstream Councils (especially Barossa) have undertaken significant past flood mitigation works in their own areas at their own cost;
- There are competing infrastructure expenditure projects of higher local priority;
- There is a strongly held view that additional contributions to the floodplain management project would be "double dipping" on existing ratepayer contributions through the Catchment Management levy.

While these views have been recognised and understood by the Consultant further work was undertaken by the Consultant on a possible residual cost apportionment model for the consideration of the Board and the Councils.

*Some Considerations of the Proposal by Council to Withdraw from the Gawler River  
Floodplain Management Authority*

## 5 PRINCIPLES OF A COST APPORTIONMENT MODEL

The following principles are proposed for the development of a cost apportionment model assuming that there is a necessity for a residual local government contribution to the floodplain management strategy after other sources of external and Board funding have been exhausted:

### 5.1. Future Costs Avoided

Those Councils with the greatest exposure to flood damage are the greatest financial beneficiaries from the implementation of the strategy because of the avoidance of future flood damage reparation costs. Therefore a funding model should provide a significant "weighting" to this factor in determining Council contributions. The Councils in this category include Mallala and Playford, and to a much lesser extent, Gawler.

### 5.2 Catchment Area

While all Councils may not necessarily agree it appears reasonable that proportion of catchment area by Council should be included in a cost apportionment model on the basis that there is a clear hydrological relationship between catchment area and downstream flooding. This indicator mainly impacts on "upstream" Councils for obvious reasons. However it is suggested that this factor be given a relatively low weighting in comparison with (1) above.

**Table 1 Catchment Area above Gawler Junction Weir (AW505505)**

Council	Catchment Area	% of total Area
The Barossa Council	674 km <sup>2</sup>	63.0 %
DC Kapunda Light	268 km <sup>2</sup>	25.0 %
Adelaide Hills Council	74 km <sup>2</sup>	6.9 %
CT Gawler	3 km <sup>2</sup>	0.3 %
City of Playford	51 km <sup>2</sup>	4.8 %
DC Mallala	0 km <sup>2</sup>	0.0 %
TOTAL	1070 km <sup>2</sup>	100.0 %

Source: DEHAA

### 5.3 Watercourse length

Another possible cost apportionment principle is watercourse length x Council area for obvious reasons. This factor impacts on both upstream and downstream Councils but with a bias towards downstream Councils. The DEHAA source information provides watercourse lengths for both the

*Some Considerations of the Proposal by Council to Withdraw from the Gawler River  
Floodplain Management Authority*

northern and southern banks because the river forms a Council boundary for much of its length. For the purposes of this exercise, the Consultant has added the watercourse length for both banks for each Council to determine the overall percentage. Please note that the definition of "watercourse" for this purpose is only that part of the watercourse named as the "Gawler River".

**Table 2 – Watercourse Length – Only Section named "Gawler River"**

Council	Length of North Bank	% North Bank	Length South Bank	% South Bank	Combined Length	% Combined Length
The Barossa Council	0.0 km	0.0 %	0.0 km	0.0 %	0.0km	0.00%
DC Kapunda Light	17.0 km	39.53 %	0.0 km	0.0 %	17.0km	19.77%
Adelaide Hills Council	0.0 km	0.0 %	0.0 km	0.0 %	0.0km	0.00
CT Gawler	2.9 km	6.75 %	11.0 km	25.58 %	13.9km	16.16%
City of Playford	0.0 km	0.0 %	32.0 km	74.42 %	32.0km	37.21%
DC Mallala	23.1 km	53.72 %	0.0 km	0.0 %	23.1km	26.86%
TOTAL	43.0 km	100.00 %	43.0 km	100.00 %	86.0KM	100.00%

Source: DEHAA

#### 5.4 Ability to Pay

It can also be argued that the revenue capacity of contributing Councils should be taken into account as another balancing factor to account for the different capacities of Councils to raise revenue.

#### Summary

It is suggested that a combination of the above principles/factors, with appropriate differential weightings could be used to come up with a satisfactory apportionment of contributions **subject to reaching agreement about the basic principle that all catchment Councils should contribute to some degree to flood mitigation activities even where the flooding activity may occur outside the geographic area.**

Factual information has been obtained from an independent source (DEHAA) on factors (2) and (3) above. Information could be obtained on (1) and (4) but would be (because of the nature of what is being "measured") much more subjective. It is suggested that these factors be retained as "political balancing" factors to ensure that any final cost apportionment formula is **politically acceptable** to all participating Councils.



*Some Considerations of the Proposal by Council to Withdraw from the Gawler River  
Floodplain Management Authority*

A possible scenario based on an indicative (rather than a scientific) application of the above factors is included in Section 9 of this report.

## 6 ARGUMENTS FOR CONTRIBUTIONS FROM ALL CATCHMENT COUNCILS

Leaving aside the question as to whether some or all of the Catchment Management Levy on ratepayers (currently directed to the Board pursuant to the Water Resources Act) could or should be directed to the Gawler River Floodplain management strategy, there are powerful arguments suggesting that all Councils should contribute **in some way** to problems created elsewhere in the catchment area.

The first is the argument of principle that the catchment should be viewed as a whole and that just as downstream Councils should contribute to works and activities in upstream areas, so should upstream Councils contribute in some way for works necessary for the protection of downstream Councils.

The second is the argument of **future liability**. Regardless of whether individual Councils subscribe to the "catchment principle" outlined above, there is a real risk that in an ever increasingly litigious society that upstream Councils could be joined in negligence claims against Councils for individuals suffering flood damage in the future. Thus there is a potential liability exposure to **all** catchment Councils if a Court could find that, by action or omission, a Council or group of Councils contributed to the damage occurring.

## 7 WHY NOT USE THE CATCHMENT MANAGEMENT LEVY?

There is a view expressed in the local government community in the Gawler River Catchment that the levies collected from ratepayers for the Northern Adelaide and Barossa Catchment Management Board could or should be directed to funding the Floodplain Management Strategy, including the capital works required.

Regardless of the merits of this argument or past understanding and misunderstanding of the role of the Boards between State and Local Government, it is clear that:

- Floodplain management (flood mitigation) is only one aspect of overall catchment management;
- The Board has other local Government stakeholders ("Barker Inlet" Councils) which would no doubt take a dim view of any suggestion of a disproportionate siphoning of Board funds towards Gawler River flood mitigation (For illustrative purposes, the table below demonstrates that

*Some Considerations of the Proposal by Council to Withdraw from the Gawler River Floodplain Management Authority*

the Gawler River catchment Councils areas contributed 37% of the total levies to the Board in 1998-9);

- The current levies collected according to Council area based on capital values (for the NABWCMB) do not correlate with the cost apportionment principles for flood management canvassed in this report eg Mallala contributes 4% of the total contributed by the Gawler River Council areas, whereas it would be a major beneficiary of the proposed flood mitigation solution. The table below demonstrates the total levies collected by Council area for the total catchment and lists the Gawler River catchment Councils separately.

**Table 3 Catchment Levy Contributions x Council Area 1998-9**  
(Total NABCWMB Catchment and Gawler River Councils)

COUNCIL	ALL COUNCILS	GAWLER CATCHMENT ONLY	% GAWLER CATCHMENT ONLY
Barossa Council	\$140,117.11	\$140,117.11	8.28%
Corporation of Gawler	\$104,616.11	\$104,616.11	6.18%
City of Playford	\$295,055.30	\$295,055.30	17.43%
City of Pt Adelaide Enfield	\$13,553.82		
City of Salisbury	\$515,972.15		
City of Tea Tree Gully	\$536,005.20		
Adelaide Hills Council	\$23,298.03	\$23,298.03	1.32%
District Council of Kapunda & Light	\$38,701.96	\$38,701.96	2.11%
District Council of Mallala	\$25,180.32	\$25,180.32	1.49%
<b>Totals</b>	<b>\$1,692,500</b>	<b>\$626,968.03</b>	<b>36.81%</b>

It should also be noted that the Board has recently circulated a paper entitled "Roles and Responsibilities for Floodplain Management" outlining a suggested breakdown of the respective responsibilities of Councils, the Board and other agencies. The paper confirms the role of the Board as "lead agency" in relation to planning, coordination and attracting funding while it is proposed that local government be the "lead agency" for floodplain management measures.

*Some Considerations of the Proposal by Council to Withdraw from the Gawler River  
Floodplain Management Authority*

**8 THE FUNDING PROBLEM**

**8.1 Expected Council Contributions**

One of the major difficulties of the current project is establishing the possible quantum of any required "local government" contribution to implementation of the floodplain management strategy. Understandably, all Councils are cautious about committing to a strategy when the potential financial impact is unknown, but on a worst case, would be in excess of \$6m in capital costs.

The most optimistic view is that all capital costs could be externally funded by State and Commonwealth Government grants. However, the more realistic view is that potential external funding bodies would be seeking "local" contributions.

Therefore, to enable Councils to realistically assess the funding implications for future budgets (and especially the 2000-01 budget year) it is suggested that the Board establish a "target" budget to be reviewed and revised upwards or downwards after the confirmation of external contributions. It is suggested that this approach would at least enable negotiations to proceed dealing with concrete figures rather than some unknown financial exposure.

The following is an example of a possible target budget:

<b>Total Project Costs</b>	<b>\$6.5m<sup>2</sup></b>
<b>External Funds Target</b>	<b>\$4.0m</b>
<b>Board Contribution</b>	<b>\$0.5m</b>
<b>Council Contributions</b>	<b>\$2.0m</b>

It appears to the writer that it is highly desirable that the Board's contribution (in whatever form that is provided) is explicitly identified in the overall project budget to overcome (or at least ameliorate) the concerns of Councils about the role of the Board in relation to floodplain management. It is acknowledged that the level of any contribution from the Board will be a matter of significant debate during the consultation period.

As stated above it should be emphasised that the target figures are for demonstration purposes only and would be revised (hopefully downwards) when external funding sources had been confirmed. The Board will be pursuing confirmation of external funding commitments during the consultation phase of this project.

<sup>2</sup> The Total Project Cost is an estimate only (based on the BC Tonkin report) and can only be confirmed on the completion of a detailed feasibility study

*Some Considerations of the Proposal by Council to Withdraw from the Gawler River  
Floodplain Management Authority*

## 8.2 Funding Package Considerations

Preliminary consultation with the LGA and the LGFA indicate that because the vast majority of required expenditure is for an asset with a very long life it would be both prudent and financially appropriate (in terms of accounting principles) for a new authority to take out a very long term loan to finance any local government contribution. A long term loan, together the opportunity to "lock in" to current low interest rates could significantly ameliorate the immediate financial impact on contributing Councils. The hypothetical example in Section 9 below is based on the assumption that the total amount of the required Council contribution would be borrowed "up front".

However, it should also be noted that the project expenditure will be required in at least three defined stages:

- Preparation of detailed design (say, 2000)
- Land Acquisition (say, 2001)
- Dam Construction and Other Works (say, 2002)

Therefore, it will be possible for any Authority formed to manage the project to forward plan the financial impacts from all contributing sources (including the Board, the Councils and external funding sources). In these circumstances, the authority could choose to take out three smaller loans to fund each stage or to borrow the total amount "up front" to capitalise on current low interest rates. Detailed financial advice on the method of funding could be sought when consensus is achieved on the preferred approach.

The Steering Committee for the project also commented on the need to make provision for ongoing maintenance and depreciation of the asset, although it is understood that this would not be a significant cost or risk because of the nature of the asset.

## 9 A HYPOTHETICAL SCENARIO

Without prejudice to the necessary detailed consultation with Councils, a possible model for cost sharing is outlined below as a "starting point" for negotiations. It should be emphasised that the proposed "starting point" has been entirely devised by the Consultant and is not based on any consultations with the Board or the Councils. The "Consultant's Rationale" column contains his assessment of a possible balancing of the four "cost apportionment principles" outlined in section 5 of this report, and is, as stated throughout this report, highly subjective.

**It is also based on the assumption that all Councils will ultimately agree to contribute in some way, contrary to some currently stated views.**

*Some Considerations of the Proposal by Council to Withdraw from the Gawler River  
Floodplain Management Authority*

The percentages arrived at are subjective applications of the factors outlined in Section 5 of this paper, together with weightings. For example, a significant subjective weighting has been applied to the "future costs avoided" factor, with the two downstream Councils providing 55% of the contribution.

Columns 3 and 4 demonstrate the financial impacts of the hypothetical proportions applied to total loan amounts of \$2m and \$3m accordingly. The figures provided illustrate the annual principal + interest repayments for a 15 year loan at current interest rates, provided by the LGFA. As outlined in Section 8 above, the hypothetical model is based on borrowing the total required contribution "up front", rather than the alternative of staging borrowing to match expenditure demand.

**Table 4 Hypothetical Cost Apportionment**

(Column MB% is the hypothetical percentage apportionment devised by the Consultant)

COUNCIL	MB%	\$2m/15yr per annum	\$3m/15yr per annum	CONSULTANT'S RATIONALE
Playford	30%	\$72,000	\$107,250	<ul style="list-style-type: none"> <li>• Major beneficiary – future costs avoided</li> <li>• 37% of watercourse length</li> <li>• Intensive high value land use adjacent</li> <li>• Capacity to pay</li> </ul>
Mallala	25%	\$60,000	\$89,375	<ul style="list-style-type: none"> <li>• Major beneficiary – future costs avoided</li> <li>• 27% of watercourse length</li> <li>• Relatively lower capacity to pay</li> </ul>
Gawler	15%	\$36,000	\$53,625	<ul style="list-style-type: none"> <li>• Moderate beneficiary – future costs avoided</li> <li>• 16% of watercourse length</li> </ul>
Barossa	15%	\$36,000	\$53,625	<ul style="list-style-type: none"> <li>• 63% of catchment</li> <li>• No significant local benefits</li> <li>• Recognition of past mitigation works</li> </ul>
Kapunda & Light	10%	\$24,000	\$35,750	<ul style="list-style-type: none"> <li>• 25% of catchment</li> <li>• 20% of watercourse length</li> <li>• No significant local benefits</li> <li>• Relatively lower capacity to pay</li> </ul>
Adelaide Hills	5%	\$12,000	\$17,875	<ul style="list-style-type: none"> <li>• 7% of catchment</li> <li>• No significant local benefits</li> </ul>
<b>TOTAL</b>	<b>100%</b>	<b>\$240,000</b>	<b>\$357,500</b>	

As stated above, this distribution is hypothetical and subjective and should serve only as a starting point for discussion.

*Some Considerations of the Proposal by Council to Withdraw from the Gawler River  
Floodplain Management Authority*

**10 DO NOTHING?**

The B C Tonkin report estimates that failure to construct major infrastructure for flood mitigation exposes the community to a flood damage cost of **\$10.6m** in present day value, not including the associated costs and trauma associated with a major flood event.

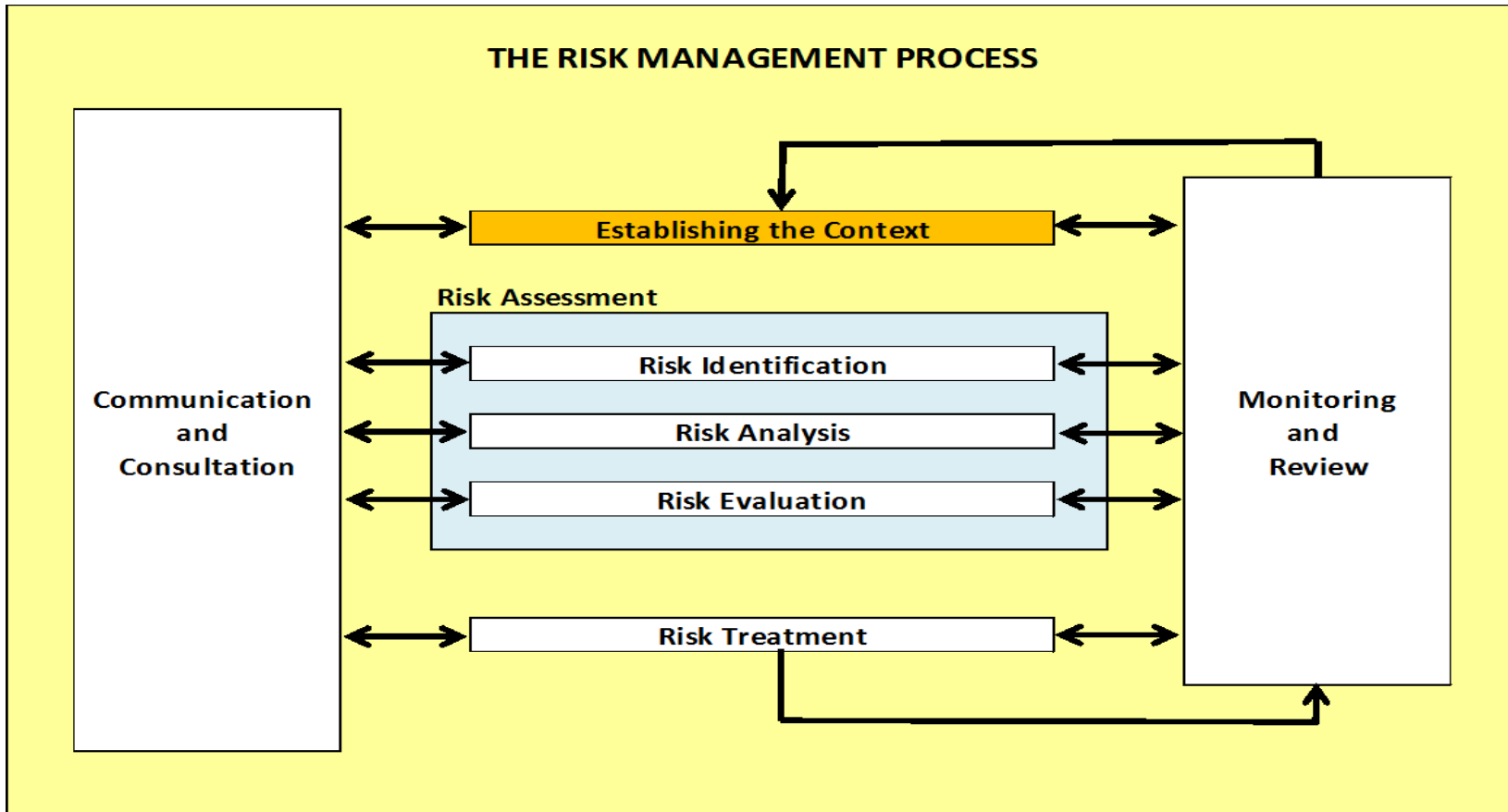
**This estimated flood damage exposure is 75% greater than the estimated cost of construction of the Turretfield dam.**

Furthermore, the existence of a well researched and documented solution, without acting on it, exposes responsible parties to acutely increased risk of successful legal action for negligence when the next major flood event occurs.

Simply put, doing nothing is not a rational option!

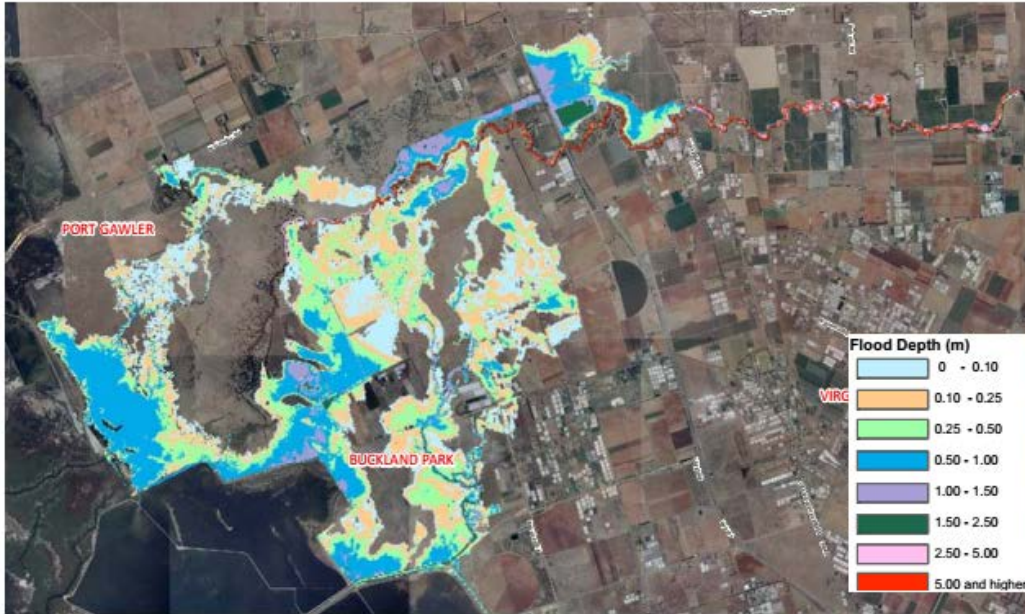
*Some Considerations of the Proposal by Council to Withdraw from the Gawler River Floodplain Management Authority*

**Appendix 3 – Stylised Extract from AS/NZS ISO 31000:2009 – The Risk Management Process**



*Some Considerations of the Proposal by Council to Withdraw from the Gawler River  
Floodplain Management Authority*

**Appendix 4 - Potential Impact of Northern Floodways works**



**FIGURE 4.2 : NORTHERN FLOODWAY FLOOD INUNDATION EXTENT - CURRENT CONDITIONS**



**FIGURE 4.3 : NORTHERN FLOODWAY MITIGATION OPTION INUNDATION EXTENT WITH BUCKLAND PARK DEVELOPED**

These maps are from a report by Australian Water Environments in February 2017 entitled "Gawler River 2016 Flood Review: Preliminary Report – First Draft", refer page 13.





Government  
of South Australia

Your ref: CON17/314-2  
Our ref: eA183010

Mr Tony Flaherty OAM  
Mayor  
Adelaide Plains Council  
PO Box 18  
MALLALA SA 5502

Dear Mayor Flaherty *TONY*

Thank you for your letter of 19 October 2017 seeking my approval for the Adelaide Plains Council (APC) to withdraw from the Gawler River Floodplain Management Authority (the Authority).

You have requested my approval under clause 29 of Schedule 2 of the *Local Government Act 1999* to enable APC to cease to be a constituent council of the Authority.

I note the concerns you have raised regarding APC's ability to meet its funding contribution as provided in the Authority's Charter. I also note the two investigations that APC has initiated to review the current percentage shares for capital works and maintenance of assets of the Authority upon which the constituent councils' financial contributions are based, and to review the impact that the Northern Floodway Report will have on the economic footprint of APC.

I note that APC is in receipt of a prudential report prepared in September 2017 that highlights a number of risks associated with APC's proposed withdrawal from the Authority (the Prudential Report). I am advised that the Prudential Report identifies a number of significant risks to APC should it withdraw from the Authority.

I also note that in response to the Prudential Report, APC's Audit Committee has recommended against withdrawal from the Authority.

To allow me to make an informed decision on whether to grant APC's request to withdraw from the Authority, I require from APC a detailed and supported submission by 31 January 2018.

In addition to matters you consider relevant to your request, I recommend that APC incorporates the information obtained in the two reports referred to above in this submission, and addresses prudential considerations such as those included in the Prudential Report.

Minister for Regional Development  
Minister for Local Government

Level 17, 25 Grenfell Street Adelaide SA 5000 | GPO Box 2557 Adelaide SA 5001 DX 667  
Tel 08 8226 1300 | Fax 08 8226 0316 | [pirsa.MinisterBrock@sa.gov.au](mailto:pirsa.MinisterBrock@sa.gov.au)



2

I note that in requesting to withdraw from the Authority, APC has provided no alternative plan on how it intends to deal with the risk of future flooding events. I consider this a pertinent consideration, and I recommend that APC's submission also includes details as to how the Council intends to deal with the future management of flood risk and liabilities from flood events and other matters currently provided for under the Authority's Charter.


I advise that in addition to APC's submission, I will also seek submissions from the Authority's other constituent councils and Hon Ian Hunter MLC, Minister for Water and the River Murray.

Upon receipt of all submissions, I will give careful consideration to the information provided and the interests of APC, the Authority and all other constituent councils, the region, the community, and other relevant matters, before making a decision on this important matter.

Yours sincerely



Hon Geoff Brock MP  
**MINISTER FOR REGIONAL DEVELOPMENT**  
**MINISTER FOR LOCAL GOVERNMENT**

 December 2017

cc: Mr David Hitchcock, Executive Officer, Gawler River Floodplain Management Authority  
Mr James Miller, Chief Executive Officer, Adelaide Plains Council



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Our Reference: CON17/314-2

19 October 2017

The Hon Geoff Brock MP  
Minister for Local Government  
GPO Box 2557  
ADELAIDE SA 5000

Dear Minister Brock,

**RE: Adelaide Plains Council – Request to Withdraw from the Gawler River Floodplain Management Authority**

Please be advised that Adelaide Plains Council ('APC') is one of six councils comprising the Gawler River Floodplain Management Authority ('GRFMA'); a regional subsidiary created under Section 43 of the *Local Government Act 1999*.

As you would be aware having visited our region during the October 2016 floods, the lower reaches of the Gawler River suffered significant flood inundation during these events. In more recent times the GRFMA, working on behalf of constituent councils, has undertaken an enormous body of work in respect of flood mitigation infrastructure options. One option which is still yet to be formally endorsed by all member councils is the 'Northern Floodway,' estimated to cost \$27 million.

Running concurrent with the flood mitigation option investigations was a concerted focus and push by APC to have the GRFMA Charter reviewed, primarily as it relates to the percentage rate contribution of each member council toward the overall cost of the infrastructure. Presently, APC's contribution pursuant to the Charter is 28.91 percent.

Council has long held the position that with a small ratepayer base comprising only 4,886 rateable assessments and generating \$8.05 million per annum (based on the 2017-18

financial year), our ability to fund what is an exorbitant contribution toward flood mitigation by comparison to other member councils places significant strain on our council and our community. To further illustrate the disparity between member council contributions, as an example, City of Playford’s current percentage rate contribution pursuant to the Charter is 34.68 percent however their ratepayer base comprises some 39,115 rateable assessments which yield \$74.50 million per annum of rateable income. The comparative data paints an alarming picture to APC and its ratepayers from a parity perspective.

Taking the above comparative data into consideration, in the event the Northern Floodway is funded by three tiers of Government (Federal, State and Local), the subsidiary contribution would amount to \$9 million and it is under the current Charter where the comparative disparities are most evident (see table below):-

Council	Charter Percentage and Infrastructure Cost for Northern Floodway	2017/18 Financial Year rate Income	Northern Floodway Contribution as a Percentage of Rate Income
City of Playford	34.68% or \$3.12m	\$74.50m	4.18%
Adelaide Plains Council	28.91% or \$2.60m	\$8.05m	32.33%

In consideration of the above, Council, at its 15 May 2017 Ordinary Meeting, moved the below Motion without Notice:-

*“that Council staff immediately initiate the appropriate procedures to allow Adelaide Plains Council to withdraw from Gawler River Floodplain Management Authority.”*

*CARRIED*

It is important to note that following adoption of the May 2017 resolution, Council then undertook a prudential analysis in relation to the position of Council to initiate the appropriate procedures to withdraw from the regional subsidiary. This body of work was duly commissioned and presented back to Council at the 18 September 2017 Ordinary Meeting following consideration of the same report by Council’s Audit Committee.

Council considered the said report however elected to uphold its position of initiating the appropriate procedures to withdraw and in doing so, further resolved the following:-

*“that Council notes Minute GRB 17/061 from the August 2017 Ordinary Meeting of the Gawler River Floodplain Management Authority (GRFMA), namely:-*

*“The Chair noted it would be opportune to start the consideration process for a GRFMA Charter review and foreshadowed presentation of an agenda report at the next meeting outlining possible terms of reference for a review”.*

*In noting the aforementioned resolution, Council fully supports the notion of commencing a review of the GRFMA Charter at the earliest opportunity.”*

*CARRIED*

While the key concern of APC remains primarily with Council’s limited ability to fund infrastructure associated with the \$27 million Northern Floodway, Council is also extremely cognisant of the fact that until a determination is handed down by you in relation to APC’s request to withdraw, Council is still a constituent council on the subsidiary and remains a voice at the table. To that end, Council has instructed the Chief Executive Officer to undertake separate bodies of work in relation to:-

1. Engaging a suitably qualified financial analyst to undertake a review of APC’s percentage rate contribution as it relates to flood mitigation infrastructure and, factoring in all relevant criteria (particularly comparisons to the City of Playford including capacity to pay) provide a view in respect of what that contribution should be; and
2. Engaging a suitably qualified person to undertake a peer review of the Northern Floodway report and provide a view in respect of the impact this infrastructure will have on the economic footprint of APC. This is a particularly crucial body of work when one considers the impact the Northern Floodway will have on the soon-to-be endorsed Northern Food Bowl Protection Areas (‘Food Bowl’) Development Plan Amendment. Furthermore, this body of work is also likely to highlight the balance of benefits between APC and City of Playford that the \$27 million Northern Floodway will bring to each community.


I envisage these reports will be concluded in the coming months.

In consideration of the above, I, as Mayor of APC, hereby request you, as Minister for Local Government, to formally consider Council’s request to withdraw from the GRFMA and in

doing so, acknowledge Council's limited ability to fund the significant infrastructure burden that would otherwise be placed on this community. In accordance with a resolution of Council from its meeting held on 16 October 2017, I hereby respectfully request a delegation of APC Board Members and Deputy Board Members with you such that Council may fully inform you of its reasons behind determining this position.

Should you require further clarity in relation to this matter, please do not hesitate to contact Mr James Miller, Chief Executive Officer or myself on (08) 8527 0200 or [ceo@apc.sa.gov.au](mailto:ceo@apc.sa.gov.au) .

Yours sincerely,



**Tony Flaherty OAM JP**  
Mayor

CC     APC Chief Executive Officer  
       APC Elected Members  
       APC General Managers  
       GRFMA Chair and Executive Officer  
       Member for Wakefield  
       Member for Taylor  
       Member for Goyder

## 6.2 2023/2024 ANNUAL BUSINESS PLAN, BUDGET AND 2024-2033 LONG TERM FINANCIAL PLAN DEVELOPMENT FRAMEWORK

**Record Number:** D23/4975

**Author:** General Manager - Finance and Business

**Authoriser:** Chief Executive Officer

**Attachments:** Nil

### EXECUTIVE SUMMARY

- The purpose of this report is for the Audit Committee to consider and endorse the framework to be adopted in compiling/updating: -
  - 2023/2024 Annual Business Plan (ABP);
  - 2023/2024 Annual Budget (the Budget); and
  - 2024-2033 Long Term Financial Plan (LTFP).
- The development of the ABP and the Budget will continue to form the platform to position the Council to achieve “Financial Sustainability” that has been the fundamental focus during the preparation of budgets for the last six (6) financial years.
- In the 2023-2032 LTFP adopted by the Council on 28 February 2023, an operating deficit of \$0.073m has been forecast. However, since then the Australian economy has been subjected to various external (war in Ukraine) and internal (floods) shocks which has resulted in the increase of Australian CPI to 7.8% and Adelaide CPI to 8.6% for the year ending 31 December 2022.
- Therefore, financial challenge for the Council is to mitigate the impact of excessive inflation on Council services and manage a significant capital expenditure budget and donated assets while reducing the projected operating deficit overtime, without leaving a financial burden for the future generation (intergenerational equity).
- A well-thought and carefully considered operating deficit (with long term implications analysed and understood) will provide comfort to the community that the Council has a sound financial strategy to meet current/future service demands and capitalise on new growth opportunities.
- Council should/will continue to review its internal operations to identify areas for improvement/productivity gain while addressing resourcing requirements to cater for the substantial developments occurring within the Council district.
- Based on the schedule set out in **Table 2**, it is proposed to release the draft ABP, Budget and LTFP for public consultation on 3 May 2023 with the final adoption of the draft documents to occur at a Special Council Meeting on 10 July 2023 well ahead of the statutory deadline of 15 August.

## RECOMMENDATION

“that the Audit Committee, having considered Item 6.2 – *2023/2024 Annual Business Plan, Budget and 2024-2033 Long Term Financial Plan Development Framework*, dated 13 February 2023, receives and notes the report and in doing so recommends that Council:-

1. Endorse the budget parameters and assumptions set out in Table 1 within this Report for the purpose of preparing the draft 2023/2024 Annual Business Plan, Budget and 2024-2033 Long Term Financial Plan; and
2. Endorse the schedule set out in Table 2 within this Report as the process to be undertaken in the preparation of the 2023/2024 Annual Business Plan, Budget and 2024-2033 Long Term Financial Plan, subject to any date changes that the Chief Executive Officer determines necessary”

## BUDGET IMPACT

Estimated Cost:	Yet to be determined
Future ongoing operating costs:	Yet to be determined
Is this Budgeted?	Not applicable

## RISK ASSESSMENT

### Inflation risk

Due to post-pandemic economic recovery and COVID-19 related supply chain issues, almost all the economies in the world have experienced a significant increase in inflation in recent months. Therefore, similar to 2022/2023 Financial Year, if South Australia continue to face with higher inflation throughout 2023/2024 financial year (higher than 4% forecast in this report), it could potentially increase some of Council’s expenses. It could also lead to increase in overdue rates due to diminishing purchasing power of the ratepayers.

### Interest rate risks

In response to higher inflation, Reserve Bank of Australia has increased its cash rate from historical low level of 0.10% since May 2022 which had a flow on effect on interest expense on Council borrowings. RBA has indicated that they would continue to increase cash rate until inflation is within RBA’s policy target of 2% - 3% range.

### Cyber security

In recent years, Council has made significant investment in upgrading its information technology infrastructure to keep up-to-date with technological advancements that will safeguard its information and systems from potential cyber-attacks. This should continue to be high priority for the Council given recent cyber security breaches reported at commercial, federal and other local government level.



**Occupational Health and Safety Risk**

There can be heavy financial and prosecution penalties applied against Council, if Council has not complied with the requirements of the *Work, Health and Safety Act 2012* (WHS Act) and is found guilty as a result of an incident occurring. Maintenance and replacement of plants and equipment at the right time is crucial in ensuring the health and safety of workers (including contractors, volunteers etc.) and Council meets its due diligence obligations under the WHS Act. When maintenance is no longer effective, Council needs to replace equipment, and factor those costs into the capital budget to fulfil its WHS responsibilities.

**Credit Risk**

The Council currently doesn't have any particular credit risks due to a relatively low level of debt compared to the rates revenue and the assets base. Although Council can borrow money due to its creditworthiness at a very competitive rate, any new long-term borrowings should be restricted to financing new assets or to upgrade existing assets with a clear strategy in focus, and not to finance operating deficits except for short-term cash flow management purposes.

**DETAILED REPORT****Purpose**

The purpose of this report is for the Audit Committee to consider and endorse the framework to be adopted in compiling the 2023/2024 ABP, Budget and the 2024-2033 LTFFP.

**Background**Legislative Requirements

Pursuant to section 123 of the *Local Government Act 1999* (the Act), Council is required to prepare an Annual Business Plan and Annual Budget each financial year Council must adopt its Annual Business Plan and Annual Budget between 31 May and 15 August (except in a case involving extraordinary administrative difficulty).

Section 123(2) of the Act requires that each Annual Business Plan of a Council must-

- a) include a summary of the Council's long-term objectives (as set out in its strategic management plans); and
- b) include an outline of-
  - i. the Council's objectives for the financial year; and
  - ii. the activities that the Council intends to undertake to achieve those objectives; and
  - iii. the measures (financial and non-financial) that the Council intends to use to assess the performance of the Council against its objectives over the financial year; and
- c) assess the financial requirements of the Council for the financial year and, taking those requirements into account, set out a summary of its proposed operating expenditure, capital expenditure and sources of revenue; and
- d) set out the rates structure and policies for the financial year; and
- e) assess the impact of the rates structure and policies on the community based on modelling that has been undertaken or obtained by the Council; and
- f) take into account the Council's long-term financial plan and relevant issues relating to the management and development of infrastructure and major assets by the Council; and
- g) address or include any other matter prescribed by the regulations.

Pursuant to Section 123(3) of the Act, prior to the adoption of the Annual Business Plan and Budget, a twenty-one (21) day public consultation period is required. As per recent amendments made to Schedule 5 of the Act, draft ABP and budget will only be available on Council website during the public consultation period.

At a Council Meeting, post the conclusion of the public consultation period, members of the public can ask questions and make written submissions regarding the draft Annual Business Plan.

## Discussion

### Economic and Fiscal Outlook for Australia

2022/2023 Federal Budget released by the Government in October 2022 states that *'The global economic environment has sharply deteriorated. Inflation has risen rapidly across advanced economies and, in many countries, is at levels not seen in decades. Central banks have lifted interest rates quickly in response, constituting the fastest synchronised monetary policy tightening in the inflation targeting era. The risk of recession across major advanced economies has risen and China's growth outlook has weakened. Australia has withstood the pandemic and global challenges well, but we will not be unaffected, and domestic disruptions including the recent floods will test our resilience further...'*

Australian CPI has increase to 7.8% for the year ending 31 December 2022. Many economists and International Monetary Fund predict that the CPI in Australia probably would have been peaked and it is projected to decline gradually but remains above RBA target level of 2% to 3 % until 2024, subject to significant uncertainty. This signifies that RBA is continue to increase its cash rate until 2024.

### Economic and Fiscal Outlook for South Australia

Local Government Price Index (LGPI) and Adelaide CPI continued to increase throughout the last 12 months as summarised below.

	Dec 21	Mar 22	Jun 22	Sept 22
<b>LGPI</b>				
- Recurrent	2.6%	3.0%	3.8%	4.5%
- Capital	5.6%	8.0%	9.3%	12.1%
- Combined	3.5%	4.5%	5.4%	6.7%
<b>CPI – Adelaide</b>	3.3%	4.7%	6.4%	8.4%

Furthermore, based on the latest ABS data, Adelaide CPI rose to 8.6% for the year ending 31 December 2022.

Mid-Year Budget Review 2022-23 released by the Government of South Australia in November 2022 estimates that for 2023/2024, the Adelaide Consumer Price Index (CPI) would be 4%. The Adelaide CPI is projected to decrease to 2.75% in 2024/2025 and 2025/2026.

### Intergenerational Inequity

The financial challenge for Council and the community is to deliver planned infrastructure renewals in accordance with Council's Asset Management Plan (updated in October 2021) to provide the level

of service expected by the Adelaide Plains community along with new/upgraded assets as envisaged in the updated strategic plan of the Council.

However, such a level of service and new assets comes at a cost and if the current generation of ratepayers do not contribute sufficiently through rates and user charges, Council leaves a legacy of financial burden for future generations.

### The 2023/2024 Annual Business Plan

The Annual Business Plan is Council's statement of its intended programs and objectives for a financial year. It will be developed based on the strategies set out in Council's Strategic Plan 2021-2024 and assets management plans.

### Elements of an Annual Budget

The annual budget of a council incorporates three (3) components of the Council Operations. They are;

- a) Recurrent (day-today) Income and Expenditure;
- b) One-off service initiatives or Operating Projects; and
- c) Infrastructure renewal and new/upgraded assets (Capital Projects).

### Key Budget Influences

#### ➤ **External Budget Influences**

- The Reserve Bank of Australia (RBA) has an inflationary target of between 2.00% and 3.00% per annum. The RBA has indicated that it will continue to increase cash rates until the inflation is within its target range.
- The 2022-23 Federal Budget released in October 2022 predicts that the CPI for Australia would be 3.50% in 2023/2024 though the year to June 2024.
- Australian unemployment is expected to remain under 5% in 2023 and 2024.
- Deloitte Access Economics is predicting that the state's GDP growth will slow to 3.9% in 2022-23 before dropping to just 1% in 2023-24.
- The CPI for South Australia in 2023/2024 is forecast to be 4%.
- Increase in population due to new residents moving in to the Council district. For example, following new rateable properties were created by the Council in recent years: -
  - 2019/2020 Financial Year : 173 + donated assets of \$5.3m
  - 2020/2021 Financial Year : 257 + donated assets of \$5.4m
  - 2021/2022 Financial Year : 146 + donated assets of \$4.7m

- 2022/2023 Financial Year: 78 for the period July-December 2022. (Growth of 1.39%). Similar period last year, it was 83 properties.
- Increased demand for updated IT infrastructure to ensure cyber security, connectivity, data integrity and facilitate work from home due to pandemic related precautions.
- Increase in community demand for new assets such as sealing of unsealed roads and stormwater drainage. For example, following roads have been sealed/will be sealed by the Council by 30 June 2023.

2019/2020	2020/2021	2021/2022	2022/2023
	Shannon Road	Coats Road	Middle Beach Road
	Carslake Road	Wheller Road	Glover Road
		Cheek Road	Buckland Park Road
		Aerodrome Road	
		Barabba Road	

- Assets rationalisation - Potential to engage community organisations and groups to manage community assets (For example Mallala Campground, Parham Campground).
- Adelaide Plains Council population had grown by nearly 5.5% from 2011 to 8,801 in 2016. It is projected to grow by 10,557 persons to a population of 19,358 by 2050 at 1.20% per annum compared to 0.90% for Greater Adelaide.
- The Estimated Resident Population within the district as per Australian Bureau of Statistics is 9,977 as of 30 June 2021;
- Commitments to projects and partnership initiatives continuing over more than one year e.g. Regional Procurement Group, Regional Development Australia Barossa Inc, Central Local Government Region of South Australia and Local Government Association of South Australia.
- Potential flood mitigation works by Gawler River Floodplain Management Authority that is expected to cost a significant amount of money, however the GRFMA’s current policy position is such that no capital costs for the proposed Northern Floodway are borne by constituent councils.

➤ **Internal Budget Influences**

- Cost of maintaining infrastructure assets handed over to the Council from Eden housing development in Two Wells. Budget for next financial year will be developed on the assumption that the new infrastructure will have same service level as previously provided by the developer unless Council decides otherwise.
- Increase in overdue rates (as summarised below) which requires Council to rely on short-term borrowings to delivery its services to the community.
  - 30/06/2020      \$0.810m

- 30/06/2021      \$1.050m
- 30/06/2022      \$0.922m
- 03/02/2023      \$1.012m
- Additional depreciation expenses associated with significant infrastructure spending in 2021/2022 and 2022/2023 Financial Years and significant increase in unit rates since 1 July 2021.
- Increase in salaries/wages as per enterprise bargaining agreement (EBA);
  - From the first full pay period following the 1 July 2023, both inside and outside staff are entitled to a 2% wage increase or a wage increase equal to Adelaide March 2023 Quarter CPI, whichever is the greater.
  - Adelaide CPI is 8.6% for the year ending 31 December 2022.
- Council's long-term financial objective of being financially sustainable by achieving an operating break-even position and the need to exercise prudent financial management practices to ensure financial sustainability.
- Requirements to maintain and improve infrastructure assets to acceptable standards including roads, kerbing, footpaths, Community Waste Management Scheme, storm water drainage, parks and gardens, Council's buildings, plants, machinery, equipment, furniture and fittings in consistent with the Infrastructure and Asset Management Plans.

### ***Key Budget Assumptions and Parameters***

#### **1. Maintaining existing services at current service standards (business as usual)**

The draft 2023/2024 Annual Budget and 2024-2033 LTFP will be prepared based on 'business as usual' assumption, which means that Council will continue to provide the existing services at the current service levels. This is not to say that the existing services that will be continued, will be delivered in the same way, as Council's management is constantly looking for innovative and cost-effective ways of delivering Council services. Accordingly, Council's budget managers will adjust their recurrent budgets for 2023/2024 based on the 2022/2023 budget and year-to-date January 2023 actual performance.

The "business as usual" assumption does not take into account any change in direction or service level in response to community expectations, legislative requirements, changing economic conditions or any changes that Council may wish to make, however the 2023/2024 Annual Budget and LTFP will be adjusted for such changes that are known. Accordingly, following budget parameters and assumptions will be made in preparing draft ABP, Budget and the LTFP.

**Table 1: Budget & LTFP Parameters and Assumptions**

Description	23/24 Budget Assumptions (Year 1)	LTFP Assumptions (Year 2 to 9)
General Rates	To be confirmed following the finalisation of budget. Unlike in previous years, it's difficult to estimate a % increase so early due to high inflation.	3% + 2.75% growth per annum.
CWMS Charge	Mallala & Middle Beach - increase by 5% and 4% respectively.	Mallala and Middle Beach - increase by 5% and 3% respectively p.a.
Waste Collection Levy	To be determined based on expected costs to deliver the program.	3% increase p.a. on 2023/2024 waste charge.
Regional Landscape Levy	To be advised by Northern & Yorke Landscape Board.	3% increase p.a. on 2023/2024 levy.
Statutory/User Charges	Maximum increase of 4%. <i>(to be determined as part of Annual Fees and Charges Review)</i> .	Maximum increase of 3% p.a.
Grants, subsidies and contributions	Will be estimated based on confirmed grant programs such as R2R, FAG, Library Grant & Supplementary Local Grant.	
Employee Costs	As per current EBA. i.e. 2% or Adelaide March Quarter 2023 CPI whichever is greater.	Between 3% to 5% p.a.
Materials, contracts and other	To be confirmed following the finalisation of budget. Unlike in previous years, it's difficult to estimate a % increase so early due to high inflation.	Overall increase of 3% p.a. excluding the cost of waste collection service.
Depreciation	Expected to be 12% based on 22/23 assets revaluation.	Expected to be 3% p.a. based on 23/24 assets revaluation.
Finance Costs	To be determined based on current/new borrowings and average interest rate of 5%.	To be determined based on new borrowings required and average interest rate of between 3% to 5%.
Donated Assets	\$5m worth donated assets to be given to the Council by developers every year.	
Overdue Rates, trade receivable, trade payables and provisions	No significant increase in overdue rates, trade receivable, trade payables and provisions.	
Forecast Price indices	Adelaide CPI 4%	Adelaide CPI 2.75%

## 2. Asset Renewal and Replacement

The Council has in place Infrastructure & Asset Management Plans (I&AMP) that was last updated in October 2021 for each major class of assets. The financial projections to be included in the draft 2023/2024 Budget will be based on the asset renewal and replacement programs as outlined in the I&AMP.

Due to the unique nature of the Council's asset base, the input costs to renew and replace the existing asset base, can be subject to cost escalations which are greater/lower than Adelaide CPI/LGPI.

## 3. New Operating and Capital Projects

New projects, both Operating and Capital, which are to be put forward for consideration by the Council staff and the Elected Members, should be aligned with: -

1. Council's Strategic Management Plan 2021-2024;
2. Infrastructure and Asset Management Plans; and
3. Long Term Financial Plans.

In addition, all new Operating and Capital Projects are to be considered and approved within the constraints of the current Long-Term Financial Plan. New services and one-off projects in excess of the current LTFP are to be funded through rate increases, loan borrowings and grant income or by expenditure savings.

## 4. Carry Forward Projects

Where this financial year Operating Projects are not completed by 30 June 2023 including projects carried forward from 2021/2022 Financial Year, future deficits can eventuate, as the rate revenue is raised in the year as the project is initially approved. As part of the draft Budget, the cost to complete the Operating Projects from prior financial years will be carried forward to the 2023/2024 financial year, however those carried forward projects will be excluded for 2023/2024 rate modelling purpose.

Estimates will be based on the 2022/2023 actual results closer to the adoption of 2023/2024 budget, with the associated operational impacts being recognised separately in the 2023/2024 operating result.

### Budget Timetable

As set out in **Table 2** below, a budget timetable has been drafted to ensure that the Council is in a position to adopt 2023/2024 Annual Business Plan and the Budget at a Special Council Meeting on 10 July 2023. The proposed timetable includes;

- 4 X Information sessions with the Elected Members;



- 3 X Audit Committee meetings;
- 1 X Infrastructure Committee meetings;
- 4 X Council meetings.

Therefore, Council Members will have ample of opportunities to review and ask questions on the draft 2023/2024 ABP, Budget and the 2024-2033 LTFP.

This timeline will also allow Council to approve the budget well ahead of the legislated deadline of 15 August 2022. It will also assist the Council staff to carry out all end of year processing as at 30 June 2022 on time, and plan for the new financial year.

**Table 2 - Key Budget and LTFP Activities**

KEY STEPS	DATES	MEETING
Budget and LTFP process, parameters and objectives are discussed with Elected Members along with potential impact of those parameters.	Monday, 13 February	Information session 1
Budget and LTFP process, parameters and objectives are presented to the Audit Committee for consideration and comment.	Monday, 13 February	Audit Committee meeting at 4.30pm
Budget and LTFP process, parameters and objectives presented to the Council for adoption.	Monday, 27 February	February Council Meeting
Draft Recurrent Budget, Operating Projects and four (4) Year Capital Program and LTFP is discussed with Elected Members.	Monday, 6 March	Information session 2 from 4.30pm to 6.00pm
Infrastructure Committee to consider four (4) year capital renewal program.	Thursday, 16 March	I&E Committee Meeting at 4.30pm
Draft 2023/2024 ABP, budget and 2024-2033 LTFP is presented to the Audit Committee.	Monday, 3 April	Audit Committee meeting at 4.30pm
Draft Recurrent Budget, Operating Projects and four (4) Year Capital Program and LTFP is discussed with Elected Members.	Monday, 17 April	Information session 3 from 4.30pm to 6.00pm
Draft 2023/2024 Fees and Charges are presented to Council.	Monday, 24 April	April Council Meeting
Draft 2023/2024 ABP, budget and 2024-2033 LTFP endorsed for public consultation.	Monday, 24 April	April Council Meeting
21 Days public consultation period begins with advertisement in local newspapers.	Wednesday, 3 May	Public consultation (Start)
Special Council Meeting to receive Public submissions.	TBC	TBC
21 Days public consultation period ends.	Tuesday, 23 May	Public consultation (finish)
Consideration of public submissions by the Audit Committee.	Monday, 19 June	Audit Committee meeting at 4.30pm

Draft 2023/2024 ABP, budget and 2024-2033 LTFP presented to the Audit Committee seeking final endorsement.	Monday, 19 June	Audit Committee meeting at 4.30pm
Recurrent Budget, Operating and Capital Projects Workshop with Council Members.	Monday, 19 June	Information session 4 from 4.30pm to 6.00pm
Public submissions received on the draft 2023/2024 ABP, budget and draft 2024-2033 LTFP are presented to the Council.	Monday, 26 June	June Council Meeting
Adoption of draft 2023/2024 ABP, budget and 2024-2033 LTFP.	Monday, 10 July	Special Council Meeting at 4.30pm

### Conclusion

A well-developed budget framework and timetable will assist Council Members and the management to monitor the progress of the budget process, so that 2023/2024 Budget can be adopted as planned on 10 July 2023.

In order to provide certainty to the community regarding the level and range of services provided by Council, the cost of providing those services, future Council borrowing requirements and general rate rises, Council should ensure that draft budget is compatible with the: -

1. Strategies of Council's Strategic Plan 2021-2024;
2. Draft 2023-2032 Long Term Financial Plan; and
3. Council's Infrastructure & Asset Management Plan.

**References**Legislation

*Local Government Act 1999*

*Local Government (Financial Management) Regulations 2011*

Council Policies/Plans

*Audit Committee Annual Works Program 2021-2022*

*Audit Committee Terms of Reference*

*Asset Management Policy*

*Budget Management Policy*

*Council Vehicle Policy*

*Funding Policy*

*Fixed Assets Accounting Policy*

*Prudential Management Policy*


*Rates Arrears and Debtor Management Policy*

*Treasury Management Policy*

*Long Term Financial Plan 2023-2032 (Updated 28 February 2022)*

*Strategic Plan 2021 – 2024*

*Infrastructure & Asset Management Plans (Updated 25 October 2021)*

**6.3 UPDATE ON AUDIT COMMITTEE ANNUAL WORK PROGRAM 2022/2023****Record Number:** D23/4897**Author:** General Manager - Finance and Business**Authoriser:** Chief Executive Officer**Attachments:** 1. **Audit Committee Annual Work Program 2022/2023 – February 2023 Update** [↓](#) **EXECUTIVE SUMMARY**

- The purpose of this report is to provide the Audit Committee with the progress update on the activities identified in the Audit Committee Works Program for 2022/2023 Financial Year.
- At the meeting held on 8 August 2022, Audit Committee approved its 2022/2023 Works Program.
- Audit Committee received following reports as part of the agenda for the 7 November 2022 meeting.
  - Final audit for 2021/2022 has been completed and draft audited financial statements, audit report on financial statements and internal controls;
  - Information technology update;
  - A report on the review of audited financial results of 2021/2022 against the adopted budget;
  - Review of Risk Management Policy; and
  - A report on the review list of finance-related policies and their currency
- Following reports are provided as part of the agenda for the 13 February 2023 meeting.
  - 2023/2024 Annual Business Plan, Budget and 2024-2033 LTFP development framework and timetable;
  - Review of Credit Card Policy;
  - Review of Disposal of Land and Other Assets Policy;
  - Draft Rating Policy;
  - Review of internal financial controls;
  - Update on overdue Council rates; and
  - Financial Performance for the first six months of the year.

**RECOMMENDATION**

**“that Council, having considered Item 6.3 – *Update on Audit Committee Annual Work Program 2022/2023*, dated 13 February 2023, receives and notes the report and in doing so recommends to the Council that the Council acknowledges the progress made to complete the activities identified for Audit Committee during 2022/2023 Financial Year.”**

**BUDGET IMPACT**

Estimated Cost:	Not applicable
Future ongoing operating costs:	Not applicable
Is this Budgeted?	Not applicable

**RISK ASSESSMENT**

The Audit Committee must ensure that the Annual Work Program addresses the statutory obligations and focuses on the adequacy of the Councils' systems and practices with respect to risk management, financial reporting, the internal control environment and other financial management systems. The ongoing monitoring of the Annual Work Program assist minimisation of exposure to associated risks allowing for adequate resourcing for mitigation strategies by the Council.

## DETAILED REPORT

### Purpose

The purpose of this report is to provide the Audit Committee with the progress update on the activities identified in the Audit Committee Works Program for 2022/2023 Financial Year.

### Background

At its meeting on 8 August 2022, the Audit Committee approved the work program for 2022/2023 Financial Year.

### Discussion

To ensure that the requirements of the Local Government Act 1999 and the Terms of Reference of the Audit Committee are fulfilled, the Audit Committee must develop a Work Program each year.

A regular update on the 2022/2023 Work Program will assist the members of the committee to monitor their planned activities and the **Attachment 1** shows progress to date. Accordingly, agenda of the 7 November 2022 Audit Committee meeting included following reports;

- Draft 2021/2022 audited financial statements, independent audit report on financial statements and internal controls;
- A report on the review of audited financial results of 2021/2022 against the adopted budget;
- Information technology update;
- Review of Risk Management Policy; and
- A report on the review list of finance-related policies and their currency

In addition, following reports are provided as part of the agenda of the 13 February 2023 meeting.

- 2023/2024 Annual Business Plan, Budget and 2024-2033 LTFP development framework and timetable;
- Review of Credit Card Policy;
- Review of Disposal of Land and Other Assets Policy;
- Draft Rating Policy;
- Review of internal financial controls;
- Update on overdue Council rates; and
- Financial Performance for the first six months of the year

**Conclusion**

Since the adoption of the 2022/2023 Annual Works Program, relevant reports have been provided for the consideration by the members of the Audit Committee for the meetings held on 7 November 2022 and 13 February 2023.

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**References**Legislation

*Section 126 of the Local Government Act 1999*

*Local Government (Financial Management) Regulations 2011*

Council Policies/Plans

*Audit Committee Terms of Reference.*

**Audit Committee Annual Work Program 2022/2023**

Activity	Target Meeting	Current Status/Outcome	Action Taken	Date Completed
<b>1. Financial Reporting (LGA – Section 126(4)(a))</b>				
1.1 Ensure that financial information included in following publications for external audiences accurately reflects key accrual based financial information and where appropriate sector-endorsed financial indicators and provide commentary and or recommendation to Council: <ul style="list-style-type: none"> <li>▪ Annual Business Plan;</li> <li>▪ Annual Financial Statements;</li> </ul>	April & June 2023  November 2022 and August 2023	2021/2022 Annual Financial Statements were presented to 7 November 2022 meeting		7 November 2022
1.2 Annual Review of financial performance indicators provided to Council as part of Budget Reviews.	November 2022	An information report was presented to 7 November 2022 meeting		7 November 2022
<b>2. Strategic Management and Annual Business Plans (LGA – Section 126(4)(ab))</b>				
2.1 The Audit Committee should satisfy itself regarding the: <ul style="list-style-type: none"> <li>▪ Review of Strategic Management Plan 2020-2024 for consistency with Council’s long-term financial plan and annual business plan;</li> <li>▪ Review of Long-Term Financial Plan for consistency with its infrastructure and asset management plan (I&amp;AMP);</li> <li>▪ soundness of the I&amp;AMP; e.g. Is it supported by engineering and other professional assessments regarding the condition of Council’s infrastructure assets;</li> </ul>	April & June 2023  April & June 2023			



**Audit Committee Annual Work Program 2022/2023**

<ul style="list-style-type: none"> <li>▪ likely impact on Council’s ongoing financial sustainability of implementation of its suite of strategic management plans;</li> <li>▪ appropriateness of the indicators (financial and other) to measure achievements of the strategic plan and annual business plan.</li> <li>▪ Review of draft Annual Business Plan and Budget before it is released for public consultation</li> </ul>	<p>April 2023</p>			
<p>3. Exercise of Powers under Section 130A (LGA – Section 126(4)(ac))</p>				
<p>3.1 Determine whether a recommendation to the Council is required to request its auditor or some other person to examine and report on any matter considered significant relating to financial management or the efficiency and economy of the management of Council’s resources that would not be addressed or included as part of the annual audit.</p>	<p>Ongoing</p>			
<p>4. Liaising with External Auditor (LGA – Section 126(4)(b))</p>				
<p>4.1 An in-camera meeting with Council’s external auditors during the 2022/2023 financial year to:</p> <ul style="list-style-type: none"> <li>▪ discuss any points of concern raised by the External Auditor in their interim audit;</li> <li>▪ assess the appropriateness of the Council’s response to matters raised in the interim audit;</li> <li>▪ discuss any qualifications raised in the most recent audit or comments made in the accompanying management letter;</li> <li>▪ assess the appropriateness of the Council’s response to matters so raised.</li> </ul>	<p>November 2022 November 2022 November 2022 November 2022</p>	<p>A decision report was presented to 7 November 2022 meeting</p>		<p>7 November 2022</p>



**Audit Committee Annual Work Program 2022/2023**

<ul style="list-style-type: none"> <li>▪ whether an assessment has been undertaken to identify foreseeable events with potentially catastrophic consequences and actions established to minimise their likelihood and effect e.g.</li> <li>✓ whether a business continuity plan has been developed in case of major damage to key Council properties or other (e.g. computer, assets);</li> <li>✓ whether there are significant risks that have been identified by Council’s insurers that have not been reasonably addressed and therefore could jeopardise insurance cover in this regard;</li> <li>✓ adequacy of insurance coverage.</li> </ul>				
<p>5.4 Review of Council’s Risk Management Plan and Strategic Management Plan</p>	<p>June 2023</p>			
<p>5.5 Review the appropriateness of the range and content of Council’s financial policies and practices. Policies due for review are:</p> <ul style="list-style-type: none"> <li>✓ Risk Management Policy</li> <li>✓ Disposal of Land and Other Assets Policy</li> <li>✓ Asset Management Policy</li> <li>✓ Council Vehicle Policy</li> <li>✓ Procurement Policy</li> <li>✓ Credit Card Policy</li> <li>✓ Rating Policy</li> </ul>	<p>November 2022 February 2023 June 2023 June 2023 April 2023 February 2023 February 2023</p>			<p>7 November 2022 13 February 2023  13 February 2023 13 February 2023</p>
<p>5.6 Review list of finance-related policies and their currency</p>	<p>November 2022</p>	<p>An information report was presented to 7 November 2022 meeting</p>		<p>7 November 2022</p>
<p>5.7 Risk Management of Major Projects</p>	<p>Ongoing</p>			

**Audit Committee Annual Work Program 2022/2023**

5.8 Review Information Technology audit reports	Ongoing	An information report was presented to 7 November 2022 meeting		7 November 2022
5.9 Update on Gawler River Floodplain Management Authority	Ongoing			
<b>6. Public Interest Disclosures</b>				
6.1 Review Council’s Public Interest Disclosure Procedure (Last reviewed in February 2019)	June 2023			
<b>7. Reporting</b>				
7.1 Ensure progress of the outstanding Audit Committee resolutions are followed up regularly.	Ongoing			
7.2 Ensure that significant, urgent matters identified through the work program are formally and promptly reported to Council.	Ongoing			
7.3 Report annually to the Council; <ul style="list-style-type: none"> <li>▪ outlining outputs relative to the audit committee’s work program and the results of a self-assessment of performance for the preceding period including whether it believes any changes to its Terms of Reference are appropriate;</li> <li>▪ outlining any identified training needs;</li> <li>▪ Audit Committee Self-Assessment Survey</li> <li>▪ advise on future work program proposals; and invite comment from the Council on all of the above.</li> </ul>	To be confirmed  To be confirmed To be confirmed To be confirmed			

## 6.4 DRAFT RATING POLICY

**Record Number:** D23/4872

**Author:** General Manager - Finance and Business

**Authoriser:** Chief Executive Officer

**Attachments:** 1. Draft Rating Policy  

### EXECUTIVE SUMMARY

- The Purpose of this report is to provide the Audit Committee (the Committee) with an opportunity to review Council's draft Rating Policy (the policy) following a resolution by the Committee at its meeting held on 7 November 2022.
- Council's current Rating Policy has been reviewed and included as part of the 2022/2023 Annual Business Plan and Budget (ABP & the Budget) adopted by the Council on 11 July 2022.
- However, in order to comply with the resolution of the Committee meeting held on the 7 November 2022, standalone policy has been drafted in which most of the clauses are an extract from the 2022/2023 ABP & the Budget.
- It is recommended by Management that the Audit Committee review and make appropriate recommendation to the Council to adopt draft Rating Policy as contained in **Attachment 1** as the 2022/2023 Rating Policy.
- If the Committee and the Council is satisfied with the format and the contents of the draft Rating Policy, it will be updated again in July 2023 as part of 2023/2024 Annual Business Plan and Budget process.

### RECOMMENDATION

**"that the Audit Committee, having considered Item 6.4 – *Draft Rating Policy*, dated 13 February 2023, receives and notes the report and in doing so recommends to the Council that the draft Rating Policy as presented in Attachment 1 to this report, be adopted subject to the following changes:-**

1. 

### BUDGET IMPACT

Estimated Cost:	Not applicable
Future ongoing operating costs:	Not applicable
Is this Budgeted?	Not applicable

### RISK ASSESSMENT

Nil

## DETAILED REPORT

### Purpose

The Purpose of this report is to provide the Audit Committee (the Committee) with an opportunity to review Council's draft Rating Policy (the current policy) following a resolution by the Committee at its meeting held on 7 November 2022.

### Background

Section 123 of the *Local Government Act 1999* requires councils, as part of the Annual Business Plan, to have a rating policy which must be prepared and adopted each financial year in conjunction with the declaration of rates. The Council's power to raise rates and the framework within which the Council must operate is outlined in Chapter 10 of the Act.

At the meeting held on 7 November 2022, the Committee resolved as follows: -

#### 7.4 Update on Finance Related Policies

##### **Committee Resolution**

Moved Deputy Mayor Strudwicke Seconded Mr Fairlie-Jones **2022/063**

***“that Council, having considered Item 7.4 – Update on Finance Related Policies, dated 7 November 2022, receives and notes the report and in doing so resolves to include an annual update of Council's policy review schedule within the Audit Committee Annual Work Program and requests that the Chief Executive Officer bring back to a future meeting of the Committee a;***

- 1. Draft Rates Policy and***
- 2. Draft Fraud and Corruption Prevention Policy.”***

**CARRIED**

### Discussion

Council's current Rating Policy has been included as part of the 2022/2023 Annual Business Plan and Budget (ABP & the Budget) adopted by the Council on 11 July 2022.

However, in order to comply with the resolution 2022/063 of the Committee, standalone policy has been created in which most of the clauses are an extract from the 2022/2023 ABP & the Budget.

It is recommended by Management that the Audit Committee review and make appropriate recommendation(s) to the Council to adopt the draft Rating Policy as contained in **Attachment 1** as the 2022/2023 Rating Policy.

If the Committee and the Council is satisfied with the format and the contents of the draft Rating Policy, it will be updated again in July 2023 as part of 2023/2024 Annual Business Plan and Budget adoption process.

### Conclusion

The purpose of the Rating Policy is to provide a clear understanding of the process for determining rates on an annual basis and to provide guidance that the Adelaide Plains Council adheres to when setting and collecting rates from its community. Rating policy outlines the principles governing: -

- Council's revenue raising powers
- Principles of taxation
- Method used to value land
- Adoption of valuations

- Differential general rates and Fixed charges
  - Service charges
  - Regional Landscape Levy
  - Concessions
  - Payment of rates
  - Payment plans
  - Late payment of rates & debt recovery
  - Remission and postponement of rates
  - Rebate of rates
  - Sale of land for non-payment of rates
- 

## **References**

### Legislation

*Local Government Act 1999*

### Council Policies/Plans

*Rates Arrears and Debtor Management Policy*


*Funding Policy*

*Strategic Plan 2021-2024*

*2022/2023 Annual Business Plan and Budget*

*2023-2032 Long Term Financial Plan*

*Audit Committee Annual Works Program 2022/2023*

	<b>Draft Rating Policy</b>	
	<b>Version Adopted by Council:</b>	TBC
	<b>Resolution Number:</b>	TBC
	<b>Current Version:</b>	V1.0
	<b>Administered by:</b> General Manager – Finance and Business	<b>Last Review Date:</b> 2022  <b>Next Review Date:</b> 2023
<b>Document No:</b> D22/57106	<b>Strategic Objective:</b> Proactive Leadership Strategic and sustainable financial management Proactively engage in Local Government Reform and continuous improvement.	

**1. Objective**

1.1 Section 123 of the *Local Government Act 1999* (the Act) requires Councils, as part of the Annual Business Plan, to have a rating policy which must be prepared and adopted each financial year in conjunction with the declaration of rates. The Council’s power to raise rates and the framework within which the Council must operate is outlined in Chapter 10 of the Act.

1.2 The purpose of this policy is to: -

- provide a clear understanding of the process for determining rates on an annual basis.
- provide guidance that the Adelaide Plains Council adheres to when setting and collecting rates from its community.

**2. Scope**

2.1 Council’s decision regarding its rating is underpinned by:

- accountability and transparency with its community;
- equitable and fair distribution of the general rate responsibility across the whole community; and
- consistency with Council’s strategic and financial direction and budgetary requirements.

2.2 Therefore, this policy outlines the principles governing: -

- Council’s revenue raising powers;
- Principles of taxation;
- Method used to value land;
- Adoption of valuations;



- Differential general rates and fixed charges;
- Service charges;
- Regional Landscape Levy;
- Payment of rates and payment plans;
- Late payment of rates and collection of overdue rates;
- Remission and postponement of rates;
- Rebate of rates; and
- Sale of land for non-payment of rates

### 3. Definitions

**Council** – refers to the Adelaide Plains Council;

**Contiguous land** (adjoining land) are parcels of land which abut (touch) one another or are separated only by certain types of public land. Under section 149 of the Act, for the purposes of rating, land will be considered contiguous where:

- the owner or occupier of all the land concerned is the same;
- all the land is used for the same purpose as defined by the Valuer-General.

Pieces of land will be taken to be contiguous if they abut (touch) one another at any point or if they are separated only by:

- a street, road, lane, footway, court, railway, thoroughfare or travelling stock route;  
or
- a reserve or other similar open space dedicated for public purposes.

**Strategic Documents** – refers to Council’s Strategic Management Plan, Infrastructure and Assets Management Plan and Long-Term Financial Plans

**Single Farm Enterprise** – A single farm enterprise must be comprised of two or more pieces of rateable land, which are farmland and are occupied by the same person or persons.

Section 152 of the Act defines a “single farm enterprise” as:

- a) a land which is used wholly or mainly for the business of primary production as a single enterprise and is occupied by the same person or persons. The land which constitutes the single farm enterprise need not be adjoining parcels of land.
- b) Where the land has upon it a dwelling which is used as a principal place of residence for one of the occupiers, the land with the dwelling must adjoin at least one of the other pieces of land used for the single farm enterprise.

2

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- c) If different persons occupy any of the allotments which constitute the farm, then a single farm enterprise does not exist.

The definition imposes an absolute requirement that all of the occupiers must be the same for all the allotments comprising the single farm enterprise (regardless of who may own the land).

Where multiple dwellings are located on a farming enterprise it will be necessary for Councils to be advised of every occupier in order to assess whether a single enterprise exists.

#### **4. Policy Statement**

##### **4.1 What are Rates?**

- 4.1.1 Rates are levied as a tax on property in accordance with the provisions of the Act. They constitute a system of taxation for Local Government purposes.
- 4.1.2 Rates are not a service or user charge. For example, some property owners may choose to not use the library, but nevertheless make a contribution to the library service through their rates.
- 4.1.3 Because rates are levied on the value of property, those in higher valued properties pay more in rates than those in lower valued properties.

##### **4.2 Strategic Focus**

- 4.2.1 In adopting its rates for the 2022/2023 Financial Year, Council has considered its Strategic Plan 2021-2024, the current economic climate, specific issues faced by the community and the budgetary requirements for the financial year.

##### **4.3 Council's Revenue Raising Powers**

- 4.3.1 The Act provides for a Council to raise revenue for the broad purposes of the Council through a general or differential rate which applies to all rateable land.
- 4.3.2 In accordance with the Act, all land within a council area is rateable, except for land specifically exempt under Section 147 (2) of the Act. This includes;
- unalienated Crown land;
  - land used or held by the Crown or an instrumentality of the Crown for a public purpose (including an educational purpose), except any such land—
    - o that is held or occupied by the Crown or instrumentality under a lease or licence; or
    - o that constitutes domestic premises;

- land (not including domestic or residential premises) occupied by a university established by statute;
- land that is exempt from rates or taxes by virtue of the Recreation Grounds Rates and Taxes Exemption Act 1981;
- land occupied or held by the council, except any such land held from a council under a lease or licence;
- land occupied by a subsidiary where the land is situated in the area of the council that established the subsidiary or a constituent council (as the case may be);
- land occupied or held by an emergency services organisation under the Fire and Emergency Services Act 2005; and
- land that is exempt from council rates under or by virtue of another Act.

4.3.3 The Act provides for rates to be assessed against any piece or section of land subject to separate ownership or occupation and requires that the division of land for the purposes of establishing separate ownership and occupation be made fairly and in accordance with principles and practices that apply on a uniform basis across the area of the council.

#### 4.4 Principles of Taxation

4.4.1 This Policy represents the Council's commitment to balancing the five main principles of taxation:

- **Benefits received** (i.e. services provided, or resources consumed). Reliance on this principle suggests that (all other things being equal) a person who received more benefits should pay a higher share of tax. Ratepayers should receive some benefit from the tax paid, but not necessarily to the extent of tax paid as rates are not a fee-for-service.
- **Capacity to pay**. This principle suggests that a person who has less capacity to pay should pay less; and that persons of similar means should pay similar amounts.
- **Administrative simplicity**. This principle refers to the costs involved in applying and collecting the tax and how difficult it is to avoid. The tax must also be understandable and easy to collect.
- **Economic efficiency**. This refers to whether or not the tax distorts economic behavior. For example, a tax which is designed to change behavior, and the behavior changes, then the tax is considered efficient.
- **Policy consistency**. The principle that taxes should be internally consistent, and based on transparent, and predictable rules.

4

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4.4.2 These principles may be in conflict with each other. Therefore, the Council must strike a balance between the:

- application of the principles of taxation;
- policy objective of levying rates;
- need to raise revenue; and
- the effect of the tax on the community.

4.4.3 The Council has considered each principle when determining its Rating Policy.

#### 4.5 Method Used to Value Land

4.5.1 Pursuant to Section 151 of the Act, Councils may adopt one of three valuation methodologies to value the land in its area. They are:

- **Capital Value** – the value of the land and all of the improvements on the land;
- **Site Value** - the value of the land and any improvements which permanently affect the amenity of use of the land, such as drainage works, but *excluding* the value of buildings and other improvements; and
- **Annual Value** – the valuation of the rental potential of the land.

4.5.2 Local Government reforms passed through SA Parliament will see site value removed as an option from the 2024/2025 Financial Year.

4.5.3 Council resolved to use Capital Value for the purpose of valuing land within the council area for the 2022/2023 Financial Year.

4.5.4 Council considers that this method of valuing land provides the fairest method of distributing the rates across all ratepayers because:

- property value is a good indicator of wealth. Capital Value, which closely approximates the market value of a property, provides the best indicator of overall property value;
- as a measure of wealth, it most closely reflects property owners' capacity to pay; and
- it accords with the taxation principle, that people should contribute to the community social and physical infrastructure, in accord with their capacity to pay, as measured by property wealth.

4.5.5 Site value (value of land only) and annual value (value of rental potential of property) are not considered appropriate for the Council.

#### 4.6 Adoption of Valuations

4.6.1 The Council adopts the Capital Valuations as assessed by the State

5

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Valuation Office, effective at 1 July as the Capital Value of each property.

- 4.6.2 If a ratepayer is dissatisfied with the valuation made by the Valuer-General then they may object to the Valuer-General in writing within 60 days of receiving the first notice of the valuation, explaining the basis for the objection - provided they have not:
- previously received a notice of this valuation under the Act, in which case the objection period is 60 days from the receipt of the first notice; or
  - previously had an objection to the valuation considered by the Valuer-General.
- 4.6.3 The sixty (60) day objection period may be extended by the Valuer-General where it can be shown there is reasonable cause. Contact details to lodge an objection are included on the Rates Notice sent by the Council.
- 4.6.4 The Council has no role in this process. It is also important to note that the lodgment of an objection does not alter the due date for payment of rates. Rates must be paid in accordance with the Rate Notice unless otherwise notified by the Council.
- 4.6.5 If an objection is upheld and a new value issued by the Office of the Valuer General, rates will be adjusted accordingly for the current financial year and an amended rate notice will be issued.
- 4.6.6 Retrospective adjustments will not be made for prior financial years.

#### **4.7 Differential General Rates**

- 4.7.1 Every resident will benefit from the general amenity of the Council area in some way, whether that is at the present time or in the future. The amenity includes the local economy, general Council operations and the option to use Council facilities.
- 4.7.2 However, Council has assessed that the level of differential rating imposed is governed in part by the;
- ability to pay;
  - the potential for income tax deductions; and
  - the perception of accessibility or usability of council services by the residents and consumers.
- 4.7.3 To this end, Council has determined the following.

##### **a) Commercial Properties**

Commercial properties generally have available to them, their employees and customers the same services as other ratepayers. However, in most cases commercial users have a greater impact on the

6

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main services such as road maintenance and generally derive a greater benefit from the services provided. In addition, commercial properties have potential taxation benefits.

**b) Industrial Properties**

Industrial properties generally have available to them, their employees and customers the same services as other ratepayers. However, in most cases industrial users have a greater impact on the main services such as road maintenance and generally derive a greater benefit from the services provided, particularly where, for example, large amounts of raw or unrefined product is delivered to site for processing utilising Council's infrastructure. Similar to commercial properties, industrial properties have potential taxation benefits.

**c) Primary Production Properties**

Primary Production properties tend to be more remote from some of the services provided by Council. In terms of infrastructure adjacent to their properties, they may not have sealed or formed roads, footpaths or street lighting. However, they do have capacity to enjoy the formed roads, footpaths or street lighting and enjoy the same level of amenity as other residents of the Council area. Primary production properties also have potential taxation benefits.

- 4.7.4 Pursuant to Section 153 of the Act, the Council can impose a general rate on all rateable land/or a differential rate based on location of land and/or the use to which the land is put. In applying the equity and benefit principles, the Council will apply a differential rate based on the use of the land.
- 4.7.5 Land use categories as provided in the *Local Government (General) Regulations 1999* (regulation) are used as the basis of Council's general rate calculation.
- 4.7.6 Definitions of land use are prescribed by regulation and are categorised as follows for rating purposes:
- Residential;
  - Commercial – Shop;
  - Commercial – Office;
  - Commercial – Other;
  - Industrial – Light;
  - Industrial – Other;
  - Primary Production;
  - Vacant Land; and,

7

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- Other

- 4.7.7 If a ratepayer believes a particular property has been incorrectly classified as to its land use, then an objection may be made to the Council within sixty (60) days of being notified of the land use classification.
- 4.7.8 It is important to note that the lodgment of an objection does not alter the due date for the payment of rates. Rates must be paid in accordance with the Rate Notice unless otherwise notified by the Council.
- 4.7.9 For the 2022/2023 Financial Year, the Council determined that the following differential rates will be applied to all of its rateable assessments:

Land Use	Differential Rate Cents-in-the-Dollar	Relativity against Residential Rates
Residential, Vacant land & Other	0.0044094	100%
Commercial & Industry	0.0057318	130%
Primary Production	0.0040086	91%

**4.8 Fixed Charge**

- 4.8.1 Section 152 of the Act permits Council to impose a fixed charge. Adelaide Plains Council’s rates are made up of both a fixed charge component and a variable (differential general rates) charge.
- 4.8.2 Council considers it appropriate that all rateable properties make a base level contribution (Fixed Charge) to the cost of providing Council services and to the cost of creating and maintaining the physical infrastructure that supports each property.
- 4.8.3 If two or more pieces of rateable land are *contiguous*, ratepayer may be eligible for a reduction in the fixed charge component of annual rates, meaning you only pay one fixed charge across all applicable properties.
- 4.8.4 Ratepayer will still be required to pay the *variable charge* for each piece of rateable land.
- 4.8.5 If two or more pieces of rateable land within the area of the council constitute a *single farm enterprise*, only one fixed charge may be imposed against the whole of the land.
- 4.8.6 As per the Act, Council is limited to the amount that can be raised by the fixed charge in that it cannot raise more than 50% of its general rate revenue from the fixed charge component.
- 4.8.7 In the 2022/2023 Financial Year, Council adopted a fixed charge of \$123.20. This equates to approximately 6% of general rate revenue.

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#### 4.9 Service Charges

- 4.9.1 Council provides specific services for the benefit of specific properties for which service charges are applied.
- 4.9.2 Services charges may be raised to cover the cost of establishing, operating, maintaining, improving, and replacing such services.
- 4.9.3 Funds raised may not be immediately required until future capital expenditure is necessary for renewing or replacing assets used in the provision of the service. Council imposed the following service charges for the 2022/2023 Financial Year.
- 4.9.4 Community Wastewater Management Scheme (CWMS)
  - 4.9.4.1 Council operates two (2) CWMS in Mallala and Middle Beach under a license from The Essential Services Commission of South Australia (ESCOSA).
  - 4.9.4.2 ESCOSA has determined that the common effluent drainage schemes (i.e. CWMS) that the council provides are a regulated service and as such charges applied by councils are effectively oversighted by ESCOSA.
  - 4.9.4.3 ESCOSA's responsibility is to ensure that councils charge a fair price (that complies with sound economic and equity principles) on an ongoing basis.
  - 4.9.4.4 Councils set their own charges but ESCOSA can provide directions and seeks to be satisfied that prices determined are reasonable and appropriate.
  - 4.9.4.5 In accordance with South Australian and other states commitments, ESCOSA requires that council's pricing methodology is not in conflict with the National Water Initiative (NWI) principles/objectives.
  - 4.9.4.6 All revenue raised from the CWMS service charge must be used to cover the cost to the Council of establishing, operating, maintaining, improving, and replacing (including by future capital works) the CWMS service.
  - 4.9.4.7 The service charge for CWMS is calculated using the Code for Establishing and Applying Property Units for the Imposition of Annual Services Charges for CWMS.
  - 4.9.4.8 In the 2022/2023 financial year, the CMWS service charge for Mallala and Middle Beach is \$692 and \$456 per property unit respectively on all land to which the Council provides or makes available the service.
- 4.9.5 Kerbside Waste Collection and Recycling Charge
  - 4.9.5.1 Council provides a three-bin refuse collection service (Domestic

9

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Waste, Recycling and Organic) within the townships of Mallala, Two Wells and Dublin and a two-bin refuse collection service (Domestic Waste and Recycling) in rural and coastal settlement areas.

4.9.5.2 The service is provided to those ratepayers in Council's area that are able to access the service along the designated collection routes.

4.9.5.3 Where the service is provided to rebated land, a service charge is still levied against the land.

4.9.5.4 Some residents may have to utilise one of the collection points to have their bin emptied as the waste collection truck does not traverse all roads in the district.

4.9.5.5 Those residents are entitled to the following waste levy reductions if the resident's collection point is greater than 500 meters from the access point to their land: -

- If greater than 500 meters but no more than 2 kilometers from the resident's access point to their land, 75% of the annual levy is charged;
- If greater than 2 kilometers but less than 5 kilometers, 50% of the annual levy is charged; and
- If 5 kilometers or more from the resident's access point to their land, no annual levy is charged.

4.9.5.6 The waste levy is *mandatory* for properties located within the townships of Mallala, Two Wells and Dublin.

#### **4.10 Regional Landscape Levy**

4.10.1 The Regional Landscape Levy is a State Government tax which the Council is required to collect under the *Landscape South Australia Act 2019*, in order to make a specified contribution to the funding of the operations of the Green Adelaide Board.

4.10.2 Revenue collected from this levy is not retained by the Council and the Council does not determine how the revenue raised is allocated by the State Government.

4.10.3 The Council's contribution to the Green Adelaide Board is collected from property owners through a separate rate, the Regional Landscape Levy, based on Capital Value. The rate is fixed and calculated to raise the equivalent amount as Council's share to be contributed to the Green Adelaide Board, taking into account any rebates/remissions under Section 159-166 of the Act.

4.10.4 The Regional Landscape Levy is separate to the General Rates levied by the Council.

- 4.10.5 For the 2022/2023 Financial year, the Council will collect \$0.197m for the payment of the State Government Regional Landscape Levy. The Regional Landscape Levy has been set at 0.008204 cents-in-the-dollar against all rateable properties.

#### **4.11 Payment of Rates**

- 4.11.1 Rate Notices are issued to the principal ratepayer either by post or by email to an address nominated by the Principal Ratepayer 30 days prior to the due date of each instalment (unless paid in full by the due date of the first instalment).
- 4.11.2 Council rates will be due in four instalments in the months of September, December, March and June. The exact date that rates fall due are detailed on the Rates Notice. Alternatively, the total outstanding balance of rates may be paid in full at any time.
- 4.11.3 Any ratepayer who may, or is likely to, experience difficulty with meeting the standard instalments due dates can contact the Council's Rates Officer to discuss alternative payment arrangements. Such enquiries are treated confidentially by the Council.
- 4.11.4 Fines and interest are still levied in accordance with the Act while there is an arrears balance.
- 4.11.5 The council provides various methods to enable the payment of rates. which are detailed on the rates notice.

#### **4.12 Payment Plans**

- 4.12.1 If a ratepayer is experiencing difficulties meeting rates payments on time and are experiencing financial hardship, a payment plan can be organised with the ratepayer by the Rates Officer.
- 4.12.2 However, all payment arrangements/plans shall be determined on the merits of each individual case. Recovery action for overdue rates will be suspended whilst the terms/conditions of the payment plan are being met.
- 4.12.3 Each payment plan shall specify the amounts of each regular payment and the dates by which each payment must be made to Council. Payments under a plan should be of regular amounts- and be payable at regular intervals.
- 4.12.4 All payments plans can be approved by the Rates Officer or the equivalent delegate.
- 4.12.5 If ratepayer fails to honour the payment plan or contact Council, the arrangement may be terminated and the full amount of the outstanding rates and charges and accrued interest shall be due and payable immediately.
- 4.12.6 A maximum of three defaults applies for any one financial year. Further action may be taken for recovery of the amount due through Council debt collection agency without further notice to the ratepayer.

#### 4.13 Late Payment of Rates

- 4.13.1 If the Council does not receive quarterly rates instalment in full on or before the due date of the instalment, fines (and interest) will apply in accordance with the provisions of the Section 181 (8) of the Act.
- 4.13.2 When paying online (via Council website, Bpay or Australia Post), ratepayers need to be mindful that it can take up to 72 hours for funds to be transferred to Council.
- 4.13.3 It is the ratepayer's responsibility to ensure payment is received by Council on or before the due date of each instalment.
- 4.13.4 If an instalment of rates is not paid on or before the date on which it falls due, the instalment:
- will be regarded as being in arrears;
  - will incur a fine of 2% as prescribed under Section 181(8)(b) of the Act of the amount of the instalment, applied immediately after the due date of the instalment; and
  - on the expiration of each full month from that date, will incur interest at the prescribed percentage as per the Act of the amount in arrears (including the amount of any previous unpaid fine and including interest from any previous month).
- 4.13.5 The Council will consider applications for remissions of fines in certain extenuating circumstances. A request for waiver of fines should be made in writing, setting out detailed reasons why a fine remission has been requested.
- 4.13.6 Council allows a further two working days after the due date for payment as a grace period. Thereafter late payment fines are applied in accordance with the Act.

#### 4.14 Collection of Overdue Rates

- 4.14.1 Steps will be taken to recover overdue rates including fines and interest as per Council's Rates Arrears and Debtor Management Policy.
- 4.14.2 When Council receives a payment in respect of overdue rates, Council applies the money received as follows:
- **First** – in payment of any costs awarded to, or recoverable by, the Council in any court proceedings undertaken by the Council for the recovery of the rates;
  - **Second** – in satisfaction for any liability for interest;
  - **Third** – in payment of any fine;
  - **Fourth** – in satisfaction of liabilities for rates in the order in which those liabilities arose in payment of rates, in date order of their imposition (starting with the oldest account first).

12

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#### 4.15 Remission and Postponement of Rates

##### 4.15.1 Postponement of Rates - Hardship

Section 182 of the Act permits Council, on the application of the ratepayer, to partially or wholly remit rates or to postpone rates, on the basis of hardship.

Where a ratepayer is suffering hardship in paying rates they are invited to contact Council's Rates Officer to discuss the matter. Such enquiries are treated confidentially by Council.

##### 4.15.2 Seniors Rate Postponement

Section 182A of the Act provides the option for State Senior Card holders to apply to postpone part of their council rates on a long-term basis.

The deferred amount is subject to a monthly interest charge at the prescribed percentage rate), with the accrued debt being payable on the disposal or sale of the property.

Postponement is similar to a reverse mortgage by relying on the equity in the property.

A ratepayer who has a State Seniors Card may apply for postponement of council rates payable on property they own:-

- if it is their principal place of residence; and
- if no other person other than their spouse has an interest as owner of the property; and
- there is appropriate equity in the property.

Further information can be obtained from Council's Rates Officer.

#### 4.16 Rebate of Rates

4.16.1 Section 159 to 165 of the Act requires councils to rebate the rates payable for certain land uses. This includes a 100% rate rebate granted on places of worship, public cemeteries, hospitals and land occupied by universities, and 75% rate rebates have been granted on educational facilities (subject to some qualifications).

4.16.2 Discretionary rebates may be applied by the Council under section 166 of the Act. Council annually considers rate rebates and for the 2022/2023 Financial Year has rebated rates charged to various district community and sporting organisations.

#### 4.17 Sale of Land for Non-Payment of Council Rates

4.17.1 Section 184 of the Act provides that a council may sell any property where the rates have been in arrears for three (3) years or more, and Council has unsuccessfully pursued all reasonable attempts to secure payment.

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4.17.2 Before a Council sells land in pursuance of this section, it must send a notice to the principal ratepayer at the address appearing in the assessment record stating:-

- the period for which the rates have been in arrears; and
- the amount of the total liability for rates presently outstanding in relation to the land; and
- that if that amount is not paid in full within one (1) month of service of the notice (or such longer time as the Council may allow), the Council intends to sell the land for non-payment of rates.

4.17.3 Except in extraordinary circumstances, Council enforces the sale of land for arrears of rates, in accordance with the Local Government Act.

## 5. Related Documents

### *Local Government Act 1999*

Section 133 – Sources of Funds

Section 146-166 – Rates and Charges on Land

Sections 182 and 182A – Remission and postponement of Rates

### *Local Government (Financial Management) Regulations 2011.*

Regulations 5 – Long-term Financial Plans

Regulation 6 – Annual business plans

Regulation 7 – Budgets

### *Local Government (General) Regulations 1999*

### *Landscape South Australia Act 2019*

Local Government Financial Sustainability Paper 20 - Rating and Other Funding Policy Options (Revised August 2020)

Rates Arrears and Debtor Management Policy

Funding Policy

Strategic Plan 2021-2024

Annual Business Plan and Budget

Long Term Financial Plan

Local Government Association's CWMS Accounting Principles - The Costing and Pricing of CWMS

## 6. Records Management

All documents relating to this Policy will be registered in Council's Electronic Document and Record Management System, and remain confidential where identified.

14

Note: Electronic version in Council's Electronic Document Management System is the controlled version. Printed copies are considered uncontrolled.

**7. Document Review**

This Policy will be reviewed annually to ensure legislative compliance and that it continues to meet the requirements of Council, its activities and programs.


**8. Further Information**

Members of the public may inspect this Policy free of charge on Council's website at [www.apc.sa.gov.au](http://www.apc.sa.gov.au) or at Council's Principal Office at:

2a Wasleys Road, Mallala SA 5502

A copy of this Policy may be obtained on payment of a fee.

Any queries in relation to this policy must be in writing and directed to the Chief Executive Officer.

**6.5 POLICY REVIEW – DISPOSAL OF LAND AND OTHER ASSETS POLICY****Record Number:** D23/4885**Author:** General Manager - Finance and Business**Authoriser:** General Manager - Finance and Business**Attachments:** 1. **Marked up Version of the Disposal of Land and Other Assets Policy – Reviewed in February 2023** [↓](#) **EXECUTIVE SUMMARY**

- The purpose of this report is for the Audit Committee to review Council’s Disposal of Land and Other Assets Policy (the policy).
- The Policy was last reviewed in June 2020 and it is therefore timely for a further review to occur.
- The ‘marked up’ Policy has been reviewed internally and also by Council’s legal advisors and is presented at **Attachment 1** to this report.

**RECOMMENDATION**

**“that the Audit Committee, having considered Item 6.5 – Policy Review – Disposal of Land and Other Assets Policy, dated 13 February 2023, receives and notes the report and in doing so recommends to the Council that the revised Disposal of Land and Other Assets Policy as presented in Attachment 1 to this Report, be adopted subject to following changes:-**

1. ”

**BUDGET IMPACT**

Estimated Cost:	Nil
Future ongoing operating costs:	Nil
Is this Budgeted?	Not Applicable

**RISK ASSESSMENT**

The Disposal of Land and Other Assets Policy establishes a framework of broad principles relating to the disposal of identified land and other assets. The Policy will assist in ensuring a consistent, fair and transparent approach is maintained. The value of assets dealt with under this policy will be significant, and there will be community interest in those community assets, in particular land. Without a clear and current policy in place, Council may be exposed to reputational and financial risks in addition to community dissatisfaction.

**DETAILED REPORT****Purpose**

The purpose of this report is for the Audit Committee to consider Council's Disposal of Land and Other Assets Policy and make appropriate recommendations for Council's consideration.

**Background/History**

Council should regularly review its policies to ensure they remain relevant and in line with current legislation and best practice. It is timely that the current policy be reviewed as it was adopted by the Council in June 2020.

**Discussion**

Current policy has been updated with input from relevant staff members to provide clear information to the Council Members, general public and Council staff when disposing Council's land and other assets. Accordingly, following changes have been made;

- a) Inclusion of '*information technology and communication equipment*' under the definition of Minor Plant and Equipment;
- b) Insert a sentence under clause 4.1.3 regarding the need to '*appropriately manages conflicts of interest*' to ensure Ethical Behaviour and Fair Dealing;
- c) Addition of 'Direct Disposal' as a potential option when disposing assets to community organisations;
- d) In clause 6.1.5.3, inserted a sentence about '*engaging the services of a licensed real estate agent or auctioneer in accordance with the Council's Procurement Policy*';
- e) In clauses 6.1.7 and 6.1.8, timeframe for market valuations has been reduced from 12 months to 6 months. If there is too long a timeframe between the valuation and the disposal, there may be a risk that the valuation is not sufficiently up to date;
- f) New clause 6.1.11 has been added to deal with disposals of Land through the grant of a leasehold interest;
- g) Addition of 'Direct Disposal' as a potential option (clause 6.2.3.7) when disposing assets to community organisations;
- h) Clause 7 has been removed as provisions of the clause 6.2 are sufficiently broad;
- i) New clause 7 has been inserted to deal with exemptions from the application of the Policy;
- j) In clause 10, inserted the words "*The Council must record its reasons for using a specific disposal method in the disposal of any Land or Other Asset*" to improve transparency in decisions making process; and



- k) Other minor changes (including formatting) to better reflect Council's updated strategic documents and relevant policies.

**Attachment 1** provides as marked-up version of the reviewed Disposal of Land and Other Assets Policy.

## **Conclusion**

To ensure Council Members and staff understand their obligations with regard to disposal of land and other assets and the importance of a financial transparency, it is suggested that the Audit Committee recommend to the Council to adopt updated policy subject to any amendments that the Audit Committee may wish to make.

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## **References**

### Legislation

*Local Government Act 1999*

### Other

Audit Committee Annual Works Program 2022-2023

	<b>Disposal of Land and Other Assets Policy</b>	
	<b>Version Adoption by Council:</b>	TBC
	<b>Resolution Number:</b>	TBC
	<b>Current Version:</b>	V4
	<b>Administered by:</b> General Manager Finance and Business	<b>Last Review Date:</b> 2022 <b>Next Review Date:</b> 2024
<b>Document No:</b> D22/13911	<b>Proactive Leadership</b>  Strategic and sustainable financial management	

**1. Objective**

- 1.1 The purpose of this Policy is to establish a framework of broad principles relating to the disposal of Land and other Assets. This Policy will assist in ensuring a consistent, fair and transparent approach is maintained when disposing of Council owned Land and other Assets.
- 1.2 This Policy seeks to:
  - 1.2.1 define the methods by which Land and other Assets are disposed of;
  - 1.2.2 demonstrate accountability and responsibility of Council to ratepayers;
  - 1.2.3 be fair and equitable to all parties involved;
  - 1.2.4 enable all processes to be monitored and recorded;
  - 1.2.5 ensure that the best possible outcome is achieved for Council; and
  - 1.2.6 ensure alignment to Council’s Strategic Management Plans.
- 1.3 Section 49 (a1) of the Local Government Act 1999 (the Act) requires Council to develop and maintain policies, practices and procedures directed towards:
  - 1.3.1 obtaining value in the expenditure of public money; and
  - 1.3.2 providing for ethical and fair treatment of participants; and
  - 1.3.3 ensuring probity, accountability and transparency in procurement operations.

**2. Scope**

This Policy relates to the disposal of Council owned Land and other Assets.

In compliance with section 49 of the Act), Council should refer to this Policy when disposing of Land and other Assets.

This Policy **does not apply to** land sold by Council for the non-payment of rates or the disposal of goods which are not owned by Council (such as abandoned vehicles). These are dealt with separately under the Act.

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### 3. Definitions

In this Policy, unless the contrary intention appears, these words have the following meaning.

**Asset** means any physical item that the Council owns and that has at any time been treated pursuant to the Australian Accounting Standards as an 'asset', and includes Major Plant and Equipment and Minor Plant and Equipment. It does not include financial investments or finance related activities, trees or Land.

**Land** includes community land, vacant land, operational land, road reserves, any legal interest in land, and any other land-related assets, including all buildings (community and operational) on Land.

**Major Plant and Equipment** includes all major machinery and equipment owned by the Council. It includes all trucks, graders, other operating machinery, fleet vehicles and major plant items. It does not include Minor Plant and Equipment.

**Minor Plant and Equipment** includes all minor plant and equipment owned by Council. It includes all loose tools, store items, furniture, second hand items removed from Major Plant and Equipment (such as air conditioners, bricks and pavers), surplus bulk items (such as sand and gravel) and all information technology and communication equipment (such as ipad, mobile phones, laptops, computers and excludes leased equipment).

### 4. Policy Statement

4.1 Council must have regard to the following principles in its disposal of Land and Assets:

4.1.1 Encouragement of open and effective competition:

4.1.2 Obtaining Value for Money

a. This is not restricted to price alone. An assessment of value for money must include consideration of (where applicable):

- the contribution to Council's long-term financial plan and strategic management plans;
- any relevant direct and indirect benefits to Council, both tangible and intangible;
- efficiency and effectiveness;
- the costs of various disposal methods;
- internal administration costs;
- risk exposure; and
- the value of any associated environmental benefits.

4.1.3 Ethical Behaviour and Fair Dealing

Council is to behave with impartiality, fairness, independence, openness and integrity in a way which appropriately manages conflicts of interest in all discussions and negotiations.

4.1.4 Probity, Accountability, Transparency and Reporting

4.1.5 Ensuring compliance with all relevant legislation.

### 5. Considerations Prior to Disposal of Land and Assets

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Any decision to dispose of Land and Assets will be made after considering (where applicable):

- 5.1 the usefulness of the Land or Asset;
- 5.2 the current market value of the Land or Asset;
- 5.3 the annual cost of maintenance;
- 5.4 any alternative future use of the Land or Asset;
- 5.5 any duplication of the Land or Asset or the service provided by the Land or Asset;
- 5.6 any impact the disposal of the Land or Asset may have on the community;
- 5.7 any cultural or historical significance of the Land or Asset;
- 5.8 the positive and negative impacts the disposal of the Land or Asset may have on the operations of the Council;
- 5.9 the long-term plans and strategic direction of the Council;
- 5.10 the remaining useful life, particularly of an Asset;
- 5.11 a benefit and risk analysis of the proposed disposal;
- 5.12 the results of any community consultation process;
- 5.13 any restrictions on the proposed disposal;
- 5.14 the content of any community land management plan; and
- 5.15 any other relevant policies of the Council, including its Financial Controls Policy and Prudential Management Policy and strategies.

## **6. Disposal Methods**

### **6.1 Disposal of Land**

- 6.1.1 The Council may resolve to dispose of Land.
- 6.1.2 Where the Land forms or formed a road or part of a road, the Council must ensure that the Land is closed under the *Roads (Opening and Closing Act) 1991 (SA)* prior to its disposal.
- 6.1.3 Where Land is classified as community Land, the Council must:
  - 6.1.3.1 undertake public consultation in accordance with the Act and the Council's public consultation policy.
  - 6.1.3.2 ensure that the process for the revocation of the classification of Land as community Land has been concluded prior to its disposal.
  - 6.1.3.3 comply with all other requirements under the Act in respect of the disposal of community Land.
- 6.1.4 Council will use a disposal method that considers:
  - 6.1.4.1 the number of known potential purchasers of the Land
  - 6.1.4.2 the original intention for the use of the Land
  - 6.1.4.3 the current and possible preferred future use of the Land

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- 6.1.4.4 the opportunity to promote local economic growth and development
- 6.1.4.5 responsibility, operation efficiency and urgency of the disposal
- 6.1.4.6 the total estimated value of the disposal
- 6.1.4.7 easement requirements, access to Land, existing or future infrastructure needs and service authority requirements.
- 6.1.4.8 compliance with statutory and other obligations
- 6.1.5 Council will, where appropriate and through the use of appropriate delegations, dispose of Land through one of the following methods:
  - 6.1.5.1 expressions of interest - seeking expressions of interest for the Land.
  - 6.1.5.2 select tender - seeking tenders from a selected group of persons or companies.
  - 6.1.5.3 open tender or market sale - openly seeking bids through tenders or market sale methods, including public auction by engaging the services of a licensed real estate agent or auctioneer in accordance with the Council's Procurement Policy.
  - 6.1.5.4 by negotiation – with owners adjoining Land or others with a pre-existing interest in the Land, or where the Land is to be used by a purchaser whose purpose for the Land is consistent with the Council's strategic objectives for the Land.
- 6.1.6 Council will not dispose of Land to any Council Member, or employee of the Council who has been involved in any process related to a decision to dispose of the Land and/or the establishment of a reserve price.
- 6.1.7 If Land is to be auctioned or placed on the open market or disposed of by an expression of interest then (unless the Council resolves otherwise) at least one independent valuation must be obtained to establish the reserve price for the Land. The independent valuation must be made no more than 6 months prior to the proposed disposal and must take into account current and future Land zoning.
- 6.1.8 If Land is to be disposed of via a select tender or direct sale, then (unless the Council resolves otherwise) an independent valuation must be obtained to ensure that an appropriate market value is obtained. The independent valuation must be made no more than 6 months prior to the proposed disposal.
- 6.1.9 The Council will seek to dispose of Land at or above current market valuation by whichever method is likely to provide the Council with a maximum return, unless there are reasons for the Council to accept a lesser return which is consistent with the Council's overall strategic direction. These reasons must be documented in writing.
- 6.1.10 If the disposal is not to be on the open market, the disposal should be at or above the current market valuation (with due regard to all associated costs to achieve the transaction or such other amount as the Council resolves).
- 6.1.11 Where the Council proposes to dispose of Land through the grant of a leasehold interest, the Council must have complied with its obligations under the Act, including its public consultation obligations under the Act.

## 6.2 Assets Disposal

- 6.2.1 The sale of Assets (vehicles, major plant and equipment, minor plant, stock and equipment) will be the responsibility of the relevant Council Officer who is responsible

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for those Assets. The Council Officer must hold the necessary delegation of authority. For the purpose of ensuring that Council's Asset Register and Finance and Business Department have accurate data, the Council Officer must notify the General Manager – Finance and Business, in writing, the details of any Asset disposal.

- 6.2.2 The Council will use a method that considers:
- 6.2.2.1 the public demand and interest in the relevant Asset
  - 6.2.2.2 the method most likely to return the highest revenue
  - 6.2.2.3 the value of the Asset
  - 6.2.2.4 the costs of the disposal method compared to the expected returns; and
  - 6.2.2.5 compliance with statutory and other obligations.
- 6.2.3 Council will, where appropriate and through the use of appropriate delegations, dispose of Assets through one of the following methods:
- 6.2.3.1 trade-in – trading in equipment to a supplier
  - 6.2.3.2 expressions of interest – seeking expressions of interest from buyers
  - 6.2.3.3 select tender – seeking tenders from a selected group of persons, community groups or companies
  - 6.2.3.4 public tender – openly seeking bids through tenders
  - 6.2.3.5 public auction – advertisement for auction through the local paper and, where appropriate, a paper circulating in the State, or procuring the services of an auctioneer (Refer to Council's Procurement Policy).
  - 6.2.3.6 destruction – minor plant, stock and equipment which are not cost effective to dispose of are to be destroyed and binned
  - 6.2.3.7 direct disposal - disposing Assets directly to community groups for example due:-
    - The works have been undertaken/Assets installed on land subject to a lease to that community group;
    - The works/Assets have limited if no value to a third party;
    - Disposal of the works/Assets to the community group will mean that Council has no ongoing responsibility for depreciation, maintenance and repair, replacement or insurance, which will be of financial benefit to Council
  - 6.2.3.8 if none of above listed methods are appropriate, it is intended that Council may use another method, provided Council has considered the factors set out in clause 6.2.2 in selecting that method.
- 6.2.4 Preference will be given to community groups for disposal of Minor Plant and Equipment. Where this preference is applied, equipment offered must be serviceable and safe for use.
- 6.2.5 Council will not dispose of Assets to any Council Member or employee of the Council unless the purchase is via a public tender process or a public auction, and the tender submitted or bid made is the highest.

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- 6.2.6 Council will seek to ensure that every opportunity is made to notify the community of the disposal of Assets that are surplus to council requirements and are still serviceable and safe for use.
- 6.2.7 Purchasers of Assets must agree in writing that before purchasing any Asset that no warranty is given by the Council in respect of the suitability and condition of the Asset for the purchaser and that the Council will not be responsible for the Asset in any respect following the sale.

## **7. Exemption from this Policy**

This Policy contains general guidelines to be followed by the Council in the disposal of its Land and Other Assets. There may be circumstances in which disposals pursuant to a tender process will not necessarily deliver the best outcome for the Council, and other market approaches may be more appropriate. In such circumstances, the Council may, by resolution, waive application of this Policy, and pursue a disposal method which will bring the best outcome for the Council. The Council must record its reasons in writing for waiving application of this Policy.

## **8. Work Health Safety**

Council shall ensure the disposal of Assets occurs in line with Plant Procedure requirements.

## **9. Related Documents**

Public Consultation Policy  
Behavioural Standards for Council Members  
Long Term Financial Plan  
Strategic Plan  
Annual Business Plan and Budget

Procurement Policy  
WHS Plant Procedure  
Fixed Assets Accounting Policy  
Internal Financial Controls Policy  
Prudential Management Policy

## **10. Records Management**

All documents relating to this Policy will be registered in Council's Record Management System and remain confidential where identified. The Council must record its reasons for using a specific disposal method in the disposal of any Land or Other Asset.

## **11. Document Review**

This Policy will be reviewed periodically to ensure legislative compliance and that it continues to meet the requirements of Council its activities and programs.

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**12. References**

*Local Government Act 1999*

*Work Health and Safety Act 2012*

**13. Further Information**

Members of the public may inspect this Policy free of charge on Council's website at [www.apc.sa.gov.au](http://www.apc.sa.gov.au) or at Council's Principal Office at:

2a Wasleys Rd, Mallala SA 5502

On payment of a fee, a copy of this policy may be obtained.

Any queries in relation to this Policy must be in writing and directed to the General Manager Finance and Business.

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## 6.6 POLICY REVIEW - CREDIT CARD POLICY

**Record Number:** D23/5367

**Author:** General Manager - Finance and Business

**Authoriser:** Chief Executive Officer

**Attachments:** 1. Credit Card Policy  

### EXECUTIVE SUMMARY

- The Purpose of this report is to provide the Audit Committee (the Committee) with an opportunity to review Council's Credit Card Policy (the current policy) following a resolution by the Committee at its meeting held on 7 November 2022.
- The changes made to the current policy and provided under **Attachment 1** to this report is proposed to add Clause 3.19 which states that Chief Executive Officer's credit card transactions are presented to the Audit Committee on a 6-monthly basis with details such as supplier, amount and description.

### RECOMMENDATION

**"that Council, having considered Item 6.6 – Policy Review - Credit Card Policy, dated 13 February 2023, receives and notes the report and in doing so recommends to the Council that the updated Credit Card Policy as presented in Attachment 1 to this report be adopted subject to following changes:-**

a) **....."**

### BUDGET IMPACT

Estimated Cost:	Not applicable
Future ongoing operating costs:	Not applicable
Is this Budgeted?	Not applicable

### RISK ASSESSMENT

Compliance with this credit card policy will mitigate the financial, security and reputational risks that arise in the use of corporate credit cards and improves transparency with regard to the use of credit card for Council expenses.

## DETAILED REPORT

### Purpose

The purpose of this report is to present Credit Card Policy for review by the Audit Committee and seeking appropriate recommendation to the Council for consideration at the February 2023 Ordinary Council meeting.

### Background

At the Audit Committee meeting held on 7 November 2022, the committee resolved as follows:-

**7.3 Moved Deputy Mayor Strudwicke Seconded Mayor Wasley 2022/062**

***“that the Audit Committee, having considered Item 7.3 – Reporting of Credit Card Transactions, dated 7 November 2022, received and notes the report and in doing so;***

- 1. notes that a report by the Auditor General in 2020 on credit card use at The Coorong District Council recommended that “Council should ... periodically report the CEO’s and Mayor’s credit card transactions to its audit committee” (page 8 of Auditor General’s Report 4 of 2020) and***
- 2. Recommends to Council that it revise its Credit Card Policy to include the reporting of the Chief Executive Officer’s credit card transactions, to the Audit Committee, on a 6-monthly basis and including the details of ‘Supplier’, ‘Amount’ and ‘Description’.”***

**CARRIED**

### Discussion

The proposed changes, provided under **Attachment 1** to this report seek to add clause 3.19 as shown below in line with Audit Committee resolution 2022/062.

*3.19 A report containing the details such as ‘Supplier’, ‘Amount’ and ‘Description’ is presented to the Audit Committee on the Chief Executive Officer’s credit card transactions, on a 6-monthly basis.*

### Next step

If the Audit Committee is satisfied with the proposed changes to the current policy, the **Attachment 1** will be presented to the February Council meeting along with Audit Committee recommendation for consideration and adoption.

Subject to Council approval of the proposed change, Council management wish to provide first 6-monthly report on CEO’s credit card transactions for the period 1 March 2023 to 31 August 2023 to the Audit Committee meeting to be held in November 2023.

**Conclusion**

Credit Card Policy has been reviewed by the management to better reflect resolution 2022/062 of the Audit Committee. It is for the Audit Committee to consider proposed changes to ensure it satisfy the wishes of the Committee and recommend any further amendments to the current policy for consideration by the Council.

**References**Legislation

*Section 124 (Accounting Records to be Kept) of the Local Government Act 1999*


*Section 125 (Internal Control Policies) of the Local Government Act 1999*

Council Policies/Plans

*Procurement Policy*

*Internal Financial Controls Policy*

*Audit Committee Annual Work Program 2022/2023*

 <p><b>Adelaide Plains Council</b></p>	<b>Credit Card Policy</b>	
	<b>Version Adopted by Council :</b> TBC <b>Resolution Number:</b> TBC <b>Current Version:</b> V4	
	<b>Administered by:</b> Chief Executive Officer	<b>Last Review Date:</b> 2023 <b>Next Review Date:</b> 2025
<b>Document No:</b> D22/56983	<b>Strategic Objective:</b> Proactive Leadership Strategic and sustainable financial management Proactively engage in Local Government Reform and continuous improvement.	

**1. Objective**

This Policy provides guidance on how Council’s corporate credit cards are to be allocated, used and administered to ensure that the credit cards assist Council in the delivery of its services while minimising the potential for misuse and fraud.

The use of credit cards to make small value purchases is a cost effective purchasing method. Credit card use therefore improves the efficiency of transactions and reduces the administrative burden on Council employees when spending money on behalf of Council, including those who travel on Council business. In the case of expenditure on travel and entertainment, Council credit cards also reduce the likelihood of personal financial burden.

**2. Scope**

This policy outlines the principles governing the use of Council credit cards and the procedures for the issue and acquittal of credit cards, and extends to Council employees who have the delegated authority to use an Adelaide Plains Council corporate credit card. The cardholder is responsible for the correct use of the card at all times.

No Council credit card may be issued or used except in accordance with this policy.

**3. Specific Provisions / Responsibilities**

Issue of Credit Cards

- 3.1 Council credit cards may be issued only to approved employees on the authority of the Chief Executive Officer (CEO) or in the case of a credit card for use by the CEO, with the approval of the Mayor.
- 3.2 Credit cards are not to be issued to short-term contractors, consultants, or contract personnel who have contracts that provide for them to be reimbursed costs incurred.

## Appropriate Use of Credit Cards and Records Keeping

- 3.3 Only credit cardholders authorised to incur expenditure can approve expenditure on Credit Cards.
- 3.4 Council Credit Cards must not be used to incur personal expenditure, or expenditure on behalf of other organisations, even if the expenditure will be reimbursed at a later date. In the event that a Council credit card is used to pay for personal expenses by accident, the cardholder must reimburse the Council as soon as possible upon being made aware (and in any event, upon receipt of the monthly credit card statement).
- 3.5 The cardholder is the employee whose name appears on the corporate credit card. It is the cardholder's responsibility to adhere to the following:
- ensure use of the credit card is within Council's Procurement policy
  - sign the credit card immediately upon receipt
  - keep the credit card in a secure place
  - keep cardholder and account details up to date
  - retain all original tax invoices, sales vouchers and receipts and register these in Council's Electronic Document and Record Management System.
  - notifying the bank and General Manager – Finance and Business if the card is lost or stolen.
- 3.6 Misuse of a Council Credit Card may lead to the Card being cancelled, and the cardholder may be required to pay restitution to Council and disciplinary action maybe taken against the cardholder.
- 3.7 Cardholders are responsible for the safe custody of credit cards and the security of credit card information, and are trusted to spend Council funds prudently.
- 3.8 Cardholders must retain supporting documentation for all expenses incurred on their credit card and acquit their expenses in accordance with the *Credit Card Receipts Procedure*.
- 3.9 Credit cards may only be used for transactions associated with Council business. Misuse of a Council credit card is in breach of this policy and may result in the cancellation or withdrawal of the card and disciplinary action. Misuse includes, but is not limited to:
- Intentionally using the credit card for a private transaction such as a personal purchase or purchases for the sole benefit of the cardholder;
  - Assigning or transferring the credit card to another person;
  - Using the credit card after the cardholder's employment has been suspended or terminated;
  - Using a Council credit card when they are not the cardholder named on the card and without the named cardholders specific written authority;
  - Not complying with Council's procurement policies;
  - Using the credit card for a transaction in excess of budget or for which there are insufficient funds; and
  - Using the credit card for expenditure not previously approved where prior approval was required – e.g. training or travel-related expenses.

2

**Note:** Electronic version in Council's Electronic Document Management System is the controlled version. Printed copies are considered uncontrolled.

- 3.10 Credit cardholders must return their Council credit card permanently when:
- they leave their employment or engagement with Council, or
  - they no longer require use of a card as part of their duties.
- 3.11 Credit cardholders must return the Council credit card temporarily for safekeeping when:
- their employment with the Council is temporarily suspended pending an investigation.
- 3.12 Council credit cards may be withdrawn or cancelled by the CEO at any time.
- 3.13 Credit limits on Council credit cards is to be a maximum of \$5,000 with each individual limit to be determined by the CEO at the time approval is granted.
- 3.14 Credit cardholders prior to being issued with a Council credit card must sign the Adelaide Plains Council *Credit Cardholder Declaration Form*.
- 3.15 Credit cardholders will not be entitled to any rewards program or access to rewards that may be offered as part of Council incurring expenditure.
- 3.16 It is the responsibility of the credit cardholder to resolve issues of disputed transactions, lost, stolen or replacement cards and immediately report this to the card issuing bank first and advise the General Manager – Finance and Business as soon as practicable thereafter.
- 3.17 Except for the CEO's credit card, and noting that credit cards will generally only be issued to senior management, all of the transactions in monthly credit card statements must be approved by the CEO. With regard to the CEO's credit card, all transactions must be approved by the Mayor.
- 3.18 The approver of credit card transactions is responsible for reviewing and approving all transactions on the credit cards. When reviewing credit card transactions, the approver must consider the appropriateness of expenses and ensure that they comply with Council's *Procurement Policy*.
- 3.19 A report containing the details such as 'Supplier', 'Amount' and 'Description' is presented to the Audit Committee on the Chief Executive Officer's credit card transactions, on a 6-monthly basis.

#### 4. Related Documents

Credit Cardholder Declaration Form

Credit Card Receipts Procedure

Financial Internal Controls Policy

Human Resource Management Policy

Procurement Policy

#### 5. Records Management

All documents relating to this Policy will be registered in Council's Electronic Document and Record Management System, and remain confidential where identified.

3

**Note:** Electronic version in Council's Electronic Document Management System is the controlled version. Printed copies are considered uncontrolled.

**6. Document Review**

This Policy will be reviewed periodically to ensure legislative compliance and that it continues to meet the requirements of Council, its activities and programs.

**7. References**

Section 124 (Accounting Records to be Kept) of the *Local Government Act 1999 (SA)*

Section 125 (Internal Control Policies) of the *Local Government Act 1999 (SA)*

Procurement Policy

Financial Internal Controls Policy

**8. Further Information**

Members of the public may inspect this Policy free of charge on Council's website at [www.apc.sa.gov.au](http://www.apc.sa.gov.au) or at Council's Principal Office at:

2a Wasleys Road, Mallala SA 5502

A copy of this Policy may be obtained on payment of a fee.

Any queries in relation to this policy must be in writing and directed to the Chief Executive Officer.

## 7 REPORTS FOR INFORMATION

### 7.1 COMMITTEE RESOLUTIONS

**Record Number:** D23/4959

**Author:** General Manager - Finance and Business

**Authoriser:** Chief Executive Officer

**Attachments:** 1. Outstanding Audit Committee Resolutions [↓](#) 

#### OVERVIEW

##### Purpose

The purpose of this report is to provide an update to the members of the Audit Committee on the outstanding Committee resolutions yet to be actioned by the Council management.

##### Discussion

Audit Committee resolutions that require actioning by Council management are captured in the Resolution Register and presented to each meeting for the information of the members of the Audit Committee.

One (1) resolution is outstanding from February 2020 Audit Committee meeting which requires Council management to develop: -

- new policy framework in relation to Council's credit card and travel expenditure.

In addition, two (2) resolutions from November 2022 Audit Committee are outstanding in relation to: -

- the accounting treatment of the income and expenditure for the Two Wells Levee; and
- draft Fraud and Corruption Prevention Policy.

#### RECOMMENDATION

**“that the Audit Committee, having considered Item 7.1 – *Committee Resolutions*, dated 13 February 2023, receives and notes the report.”**

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#### References

##### Legislation

N/A

##### Other

Audit Committee Annual Work Program 2022/2023



2020 Audit Committee Resolution Register								
D20/6624								
Meeting Date	Items No.	Title	Resolution Description	Resolution Number	Responsible Department	Status	Comment	Date Completed
10-Feb-20	9.1	Committee Resolution	"that the Audit Committee, recommend to Council that a report be prepared reviewing the adequacy of current Council policies in light of the recent Ombudsman reports on credit card and travel expenditure."	2020/016	Finance and Business/Governance and Executive Office	Ongoing	Progress update was provided to 7 November 2022 meeting. Refer to the agenda item 7.3 titled ' <i>Reporting of Credit Card Transactions</i> '. Council Management will report back to the Committee in relation to the development of a new policy framework, and Resolution 2020/016 will remain 'ongoing' until such time that this body of work is completed.	

2022 Audit Committee Resolution Register								
D20/6624								
Meeting Date	Items No.	Title	Resolution Description	Resolution Number	Responsible Department	Status	Comment	Date Completed
7/11/2022	7.2	Review of Audited Financial Results for 2021/2022 Against Adopted Budget	"that Audit Committee, having considered Item 7.2 – Review of Audited Financial Results for 2021-2022 against Adopted Budget, dated 7 November 2022, receives and notes the report, and in doing so request the Chief Executive Officer bring back a report to the Audit Committee in relation to the accounting treatment of the income and expenditure for the Two Wells Levee."	2022/58	Finance & Business	In progress		
7/11/2022	7.3	Reporting of Credit Card Transactions	"that the Audit Committee, having considered Item 7.3 – Reporting of Credit Card Transactions, dated 7 November 2022, received and notes the report and in doing so: 1. Notes that a report by the Auditor General in 2020 on credit card use at The Coorong District Council recommended that "Council should ... periodically report the CEO's and Mayor's credit card transactions to its audit committee" (page 8 of Auditor General's Report 4 of 2020); and 2. Recommends to Council that it revise its Credit Card Policy to include the reporting of the Chief Executive Officer's credit card transactions, to the Audit Committee, on a 6-monthly basis and including the details of 'Supplier', 'Amount' and 'Description'."	2022/62	Finance & Business	In progress	Refer to the agenda item titled 'Policy Review - Credit Card Policy'	
7/11/2022	7.4	Update on Finance Related Policies	"that Council, having considered Item 7.4 – Update on Finance Related Policies, dated 7 November 2022, receives and notes the report and in doing so resolves to include an annual update of Council's Policy Review schedule within the Audit Committee Annual Work Program and requests that the Chief Executive Officer bring back, to a future meeting of the Committee, a: 1. Draft Rates Policy and 2. Draft Fraud and Corruption Prevention Policy."	2022/63	Finance & Business	In progress	Refer to the agenda item titled 'Draft Rating Policy'. Draft Fraud and Corruption Prevention Policy to be provided to April Audit Committee meeting	

**7.2 UPDATE ON OVERDUE COUNCIL RATES****Record Number:** D23/951**Author:** General Manager - Finance and Business**Authoriser:** Chief Executive Officer**Attachments:** Nil**OVERVIEW**

The purpose of this report is to provide an update to the Audit Committee on the overdue Council rates. At the beginning of the 2022 Financial Year, the overdue Council rates balance was \$0.922m. As at 3 February 2023, Council's overdue rates has increased by \$0.090m to \$1.012m. Among the overdue rates are;

- a) \$0.682m being paid by 336 ratepayers under a payment plan.
- b) The remaining \$0.330m is from property owners who are late payers, which do not have a payment plan or have not paid their rates for some time.

**Table 1: Breakdown of Overdue Rates as at 3 February 2023**

%	Range	Total Outstanding	No of Properties
(6.66)	Over Paid	(67,463)	115
0.00	\$0.1 to \$0.99	16	92
0.42	\$0.99 to \$50	4,241	408
0.20	\$51 to \$100	2,056	27
0.18	\$101 to \$150	1,782	15
0.25	\$151 to \$200	2,558	15
0.39	\$201 to \$250	3,981	18
3.38	\$251 to \$500	34,230	93
4.53	\$501 to \$750	45,817	76
4.17	\$751 to \$1000	42,252	49
6.43	\$1,001 to \$1,500	65,064	53
6.79	\$1,501 to \$2,000	68,762	40
8.83	\$2,001 to \$3,000	89,398	36
12.59	\$3,001 to \$4,000	127,509	37
6.12	\$4,001 to \$5,000	61,937	14
22.75	\$5,001 to \$7,500	230,353	39
14.13	\$7,500 to \$10,000	143,099	17
15.49	Over \$10,001	156,819	12
100.00		1,012,410	1,156

Number of rateable properties across the Council district was 5,602 as of 30 June 2022 and 1,041 ratepayers (excluding ratepayers with negative balance) or 19% of total rateable properties had an overdue rates balance on 3 February 2023. In addition, above table also highlights that;

- a) 58% of overdue rates are receivable from 82 ratepayers;
- b) 5% of overdue rates are applicable to approximately one (1) instalment that is overdue from 668 ratepayers who have an overdue balance of less than \$500.
- c) 9% of overdue rates are applicable to 125 ratepayers with an overdue balance ranging from \$501 to \$1,000
- d) 35% of overdue rates are applicable to 166 ratepayers with an overdue balance ranging from \$1,001 to \$4,000

#### Sale of Properties for non-payment of rates

At the Ordinary Council Meeting held on 27 September 2021, Council resolved in confidence to sell 26 properties under Section 184 of the Local Government Act 1999 for non-payments of rates for more than three (3) year. Total amount due from those 26 properties was \$200,639. As of 3 February 2023:-

- a) Ten (10) ratepayers have paid all the outstanding rates in full;
- b) Eight (8) ratepayers have entered in to a payment plan and therefore Council has not yet commenced S184 proceedings.
- c) S184 proceedings have been commenced through Council's debt collection agency and their lawyers with regard to the remaining eight (8) properties. Among the eight (8) properties are;
  - One (1) Vacant Land;
  - Two (2) Primary Production properties; and
  - Five (5) Residential Properties.

Total amount owing from those 16 Properties is \$136,026 as of 3 February 2023 inclusive of rates instalments became overdue since the Council decision on 27 September 2021.

#### **RECOMMENDATION**

**“that the Audit Committee, having considered Item 7.2 – *Update on Overdue Council Rates*, dated 13 February 2023, receives and notes the report.”**

## References

### Legislation

#### *Local Government Act 1999*

- *Section 181 - Payment of rates – general principles*
- *Section 182 - Remission and postponement of payment*
- *Section 182A - Postponement of rates – Seniors*
- *Section 184 - Sale of Land for non-payment of rates*

### Council Policies/Plans

#### *Rates Arrears and Debtor Management Policy*

**7.3 FINANCIAL PERFORMANCE FOR THE PERIOD JULY-DECEMBER 2022****Record Number:** D23/1546**Author:** General Manager - Finance and Business**Authoriser:** Chief Executive Officer**Attachments:** Nil**OVERVIEW****Adopted Budget for 2022/2023**

Council's *Statement of Comprehensive Income* or Profit & Loss account has two parts:

1. Recurrent Budget Surplus of \$0.095m;
2. Operating Project Budget expenditure of \$0.934m (net of grants);

resulting an operating deficit of \$1.029m for the 2022/2023 Financial Year.

Council also adopted a Capital Budget expenditure of \$8.069m for the 2022/2023 Financial Year, which comprised of;

- new/upgraded capital expenditure of \$3.476m; and
- assets renewal budget of \$4.593m.

**First Budget Update**

Following the First Budget Update in January 2023, it was estimated that an operating deficit of \$1.654m will be reported for 2022/2023 Financial Year which consists of: -

1. Recurrent Budget surplus of \$0.108m;
2. Operating Project Budget expenditure of \$1.762m (net of grants).

The total capital expenditure budget has also been increased by \$1.894m to \$9.963m due to carry over projects from 2021/2022 Financial Year. **Table 1** below shows the value of all the approved projects after First Budget Update.

**Table 1: Value of Projects Budgeted for 2022/2023 Financial Year (\$'Mn)**

	Adopted Budget	Carried Forward	New Expenditure	Discontinued	Q1 Approved Budget
Capital Projects	8.069	1.894	-	-	9.963
Operating Projects	0.934	2.329	0.660	(0.041)	3.882
<b>Total</b>	<b>9.003</b>	<b>4.223</b>	<b>0.660</b>	<b>(0.041)</b>	<b>13.845</b>

As shown in **Table 2** below, the number of new projects approved for 2022/2023 was 71. However, following the First Budget Update, total number of projects earmarked for implementation by 30 June 2023 has been increased to 93.

**Table 2: Number of Projects Approved for 2022/2023 Financial Year**

	Adopted Budget	Carried Forward	New Expenditure	Discontinued	Q1 Approved Budget
Capital Projects	49	9	-		58
Operating Projects	22	8	8	(3)	35
<b>Total</b>	<b>71</b>	<b>17</b>	<b>8</b>	<b>(3)</b>	<b>93</b>

July - December Financial Performance

**Table 3** below shows the Profit and Loss account for the first six (6) months of the 2022/2023 Financial Year. Where there is a favourable budget variance between July-December actual (Column A) and July-December budget (Column B) and it is greater than \$5,000, it is highlighted in green and unfavourable budget variances of greater than \$5,000 are highlighted in red.

**Table 3: Income Statement for the Period 1 July 2022 to 31 December 2022 - \$'000**

Description	A	B	C = A - B	2022/2023 Annual Revised Budget
	YTD December Actual	YTD December Budget	Variance	
<b>Income</b>				
Rates Revenue	12,127	12,102	25	12,145
Statutory Charges	377	297	81	594
User Charges	118	92	26	193
Grants & Subsidies	397	441	(44)	4,387
Interest Income	2	1	1	3
Reimbursements	99	123	(24)	130
Other Income	19	35	(15)	48
<b>Total Income</b>	<b>13,140</b>	<b>13,091</b>	<b>49</b>	<b>17,499</b>
<b>Expenses</b>				
Employee Expenses	3,281	3,347	66	6,866
Material, Contracts & Other Expenses	3,036	3,218	181	8,872
<i>Including legal expenditure</i>	78	101	23	200
Depreciation	1,547	1,547	-	3,144
Interest Expenses	106	136	31	272
<b>Total Expenses</b>	<b>7,970</b>	<b>8,248</b>	<b>301</b>	<b>19,154</b>
<b>Operating Surplus/(Deficit)</b>	<b>5,170</b>	<b>4,843</b>	<b>327</b>	<b>(1,654)</b>

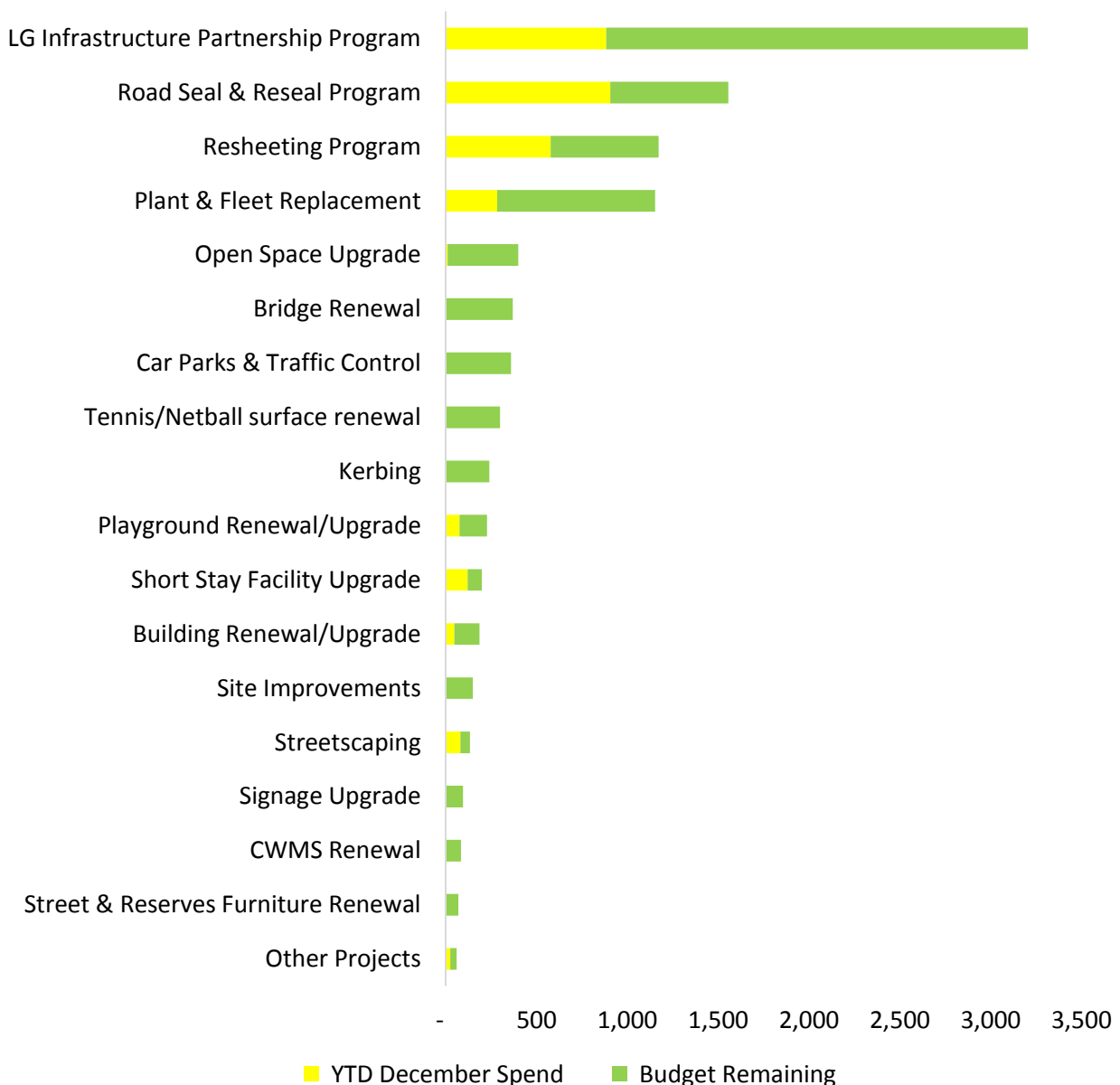
*Note: If actual income is higher than budgeted income, it's considered as a favourable variance. However, if actual expenses are higher than the budgeted expenses, it's considered as unfavourable budget variance.*

The main reason for budget variances is the timing (i.e. actual income/expense occur not in line with timing assumed when preparing the budget) which will resolve itself as the financial year progresses. However, annual budget has been revised for permanent budget variances (i.e. budget variances that are not expected to resolve itself as the financial year progresses) as part of First Budget Update.

Capital Project Progress as at 31 December 2022

At the end of December, \$3.021m has been spent which is 30% of total Capital Project budget of \$9.963m. While some projects are to commence in early 2023, there are no expenses for other Capital Projects as those projects are currently either at planning/tendering stage and financial commitments have been made. **Figure 1** below shows actual capital expenditure from July to December compared to the Q1 revised budget approved by the Council.

**Figure 1: Capital Project Progress (YTD December) - \$'000**

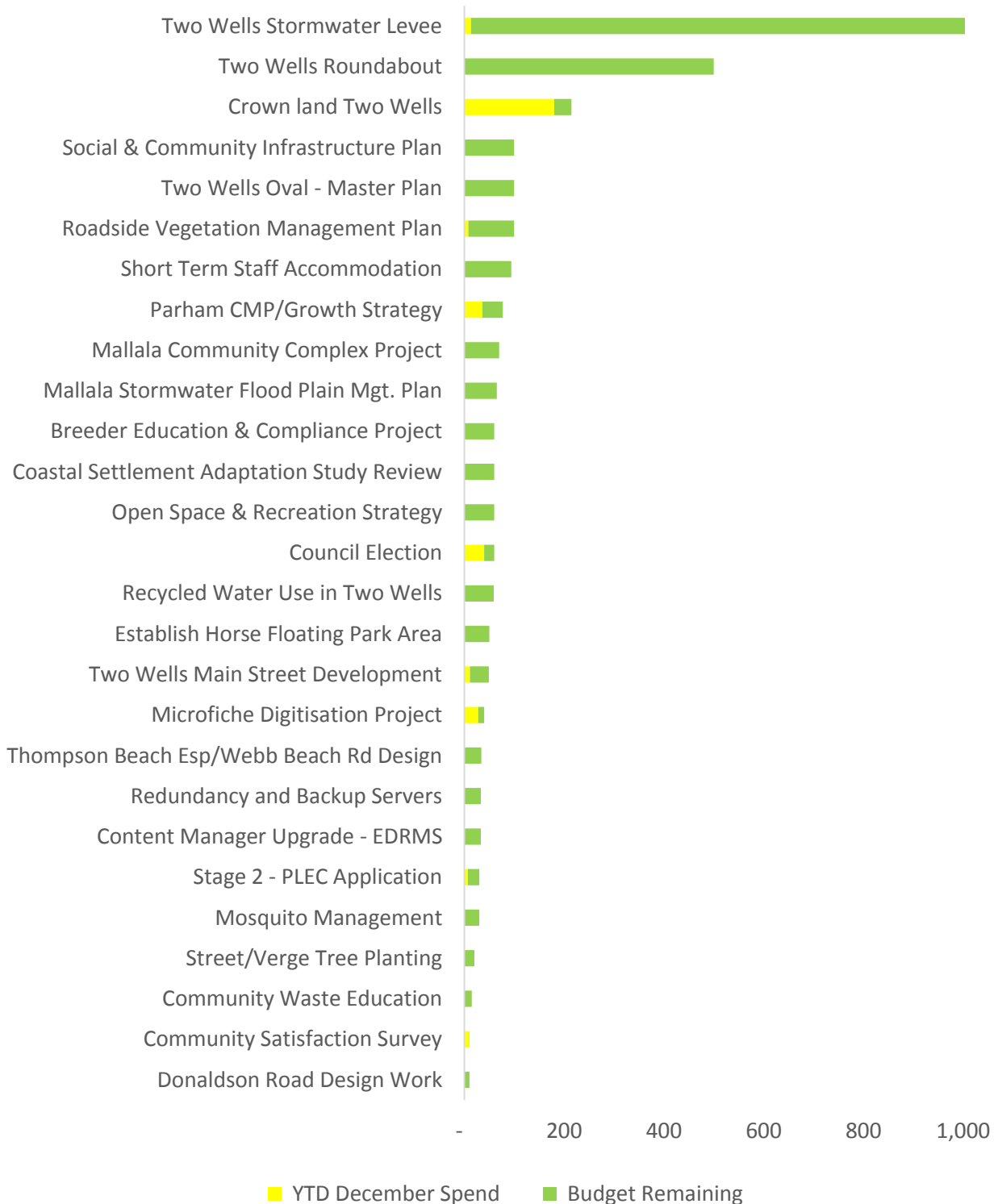




Operating Project Progress as at 31 December 2022

**Figure 2** below shows the progress of the operating project program. At the end of December 2022, Council has spent 9% (\$0.336m) of the Operating Project budget.

**Figure 2: Operating Project Progress (YTD December) - \$'000**



A detailed project progress report will be presented to the March 2023 Council meeting as part of Second Budget Update.

Potential Carry Over Projects to 2023/2024 Financial Year

**Table 4** below shows the summary of projects that could potentially be carry over to 2023/2024 Financial year. Final value of the carry over amount would be confirmed following the finalisation of the 2022/2023 Financial Year accounts in August 2023.

**Table 4: Projects Expected to be carry over to 2023/2024 Financial Year**

<b>Project Name</b>	<b>Budget (\$)</b>	<b>Comment</b>
Establish a horse float parking area in Parham	70,000	Consultation has been undertaken with the community regarding potential locations. At the request of the community another alternative location is being investigated. Delivery of a physical asset this financial year is unlikely and the project will again need to be carried forward.
Undertake Heritage Study - Part 2	27,000	The formal paperwork is with the State Planning Commission seeking approval to consult. The Heritage Sub-Committee is inspecting it on 31 January. Expect permission to commence preparing next stage of paperwork in February/March and commence formal consultation with owners by June.
Two Wells Levee	1,625,088	100% funded by Government grant.
Open Space & Recreation Strategy	60,000	Draft project brief has been prepared but may not commence in this financial year due to workload and other priorities.
Two Wells Oval - Master Plan (Design/Costing/Consultation) includes car park, lighting, cricket nets etc.	100,000	Expected to commence in 2022/2023 but will carry over to 2023/2024. (Seeking grant \$100k to match APC budgeted funds)
Social & Community Infrastructure Plan	100,000	Project brief has been prepared but not yet fully commenced.
Coastal Settlement Adaptation Study Review	60,000	Consultant is yet to be appointed.
Sealing of Middle Beach Road (capital Project)	2,390,000	50% funded under LGIPP. To be completed in Sep 2023

Treasury Management

At the beginning of the 2022/2023 Financial Year, Council had a short-term deposit balance of \$0.109m and short-term borrowings of \$0.996m. As of 31 December 2022, short-term borrowings have increased to \$6.611m while short-term deposits have reduced to \$0.095m.

Interest expenses associated with short-term borrowings for the period July to December 2022 is \$0.106m (for the similar period last financial year, it was \$0.003m).

**RECOMMENDATION**

***“that the Audit Committee, having considered Item 7.3 – Financial Performance for the period July-December 2022, dated 13 February 2023, receives and notes the report.”***

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**References**Legislation

*Nil*

Council Policies/Plans

Budget Management Policy, Treasury Management Policy  
Audit Committee Annual Work Program 2022/2023

## 7.4 REVIEW OF INTERNAL FINANCIAL CONTROLS

**Record Number:** D23/3337

**Author:** General Manager - Finance and Business

**Authoriser:** Chief Executive Officer

**Attachments:** Nil

### OVERVIEW

- A self-assessment of internal financial control was carried out by Council staff using 154 controls that span over seven (7) main categories and 24 processes;
- An overall score of 4.95 (4.65 in April 2021) out of 5.00 has been self-assessed with one (1) financial control requiring improvement.

### RECOMMENDATION

**“that the Audit Committee, having considered Item 8.4 – *Review of Internal Financial Controls*, dated 13 February 2023, receives and notes the report.”**

### Purpose

The purpose of this report is to provide the Audit Committee with the results of the self-assessment of Internal Financial Controls carried out by the Council Management.

### Background

Section 129(1) of the Local Government Act 1999 (the Act) was amended in 2009 to include a new requirement for council’s auditors to undertake an audit of:-

- the controls exercised by the council during the relevant financial year in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities (Section 129(1)(b)); and
- the auditor must provide to the council an audit opinion as to whether the controls audited under subsection (1)(b) are sufficient to provide reasonable assurance that the financial transactions of the council have been conducted properly and in accordance with law (Section 129(3)(b)).

The Better Practice Model – Financial Internal Controls Framework (the Framework) has been developed, for these purposes, by the SA Local Government Financial Management Group and Deloitte, in close co-operation with the SA Local Government Auditor's Group, the Local Government Association of South Australia (LGA), and the Office for State/Local Government Relations.

Council auditors are required to express an opinion each year, on the adequacy of a council's internal financial controls - whether these controls have been ‘sufficient to provide reasonable assurance that the financial transactions of the council have been conducted properly and in accordance with law’.

Council's first self-assessment of Internal Financial Controls was undertaken in 2015 using an excel based spreadsheet. Due to time-consuming nature of such manual assessment, ControlTrack software was purchased by the Council in 2018 to streamline the review of internal controls.

#### September 2018 Self-Assessment

First self-assessment using ControlTrack software was completed in September 2018. The assessment was carried out by Council staff using 118 controls that span over six (6) main categories and twenty-four (24) processes.

An overall score of 4.58 out of 5.00 was recorded with four (4) controls requiring improvements.

#### April 2021 Self-Assessment

Second assessment on ControlTrack was completed in April 2021 with the assessment of 151 core controls. It showed that most of Council's core financial controls are between 'Majority effective' and 'Effective' (an overall score of 4.65) with two (2) financial controls requiring improvements.

#### January 2023 Self-Assessment

Third assessment was commenced in December 2022 and completed in January 2023 with the assessment of 154 core controls across twenty-four (24) processes.

### **Discussion**

To meet the legislative requirements with regard to the implementation of sound internal financial controls, Council management utilised ControlTrack software that was developed based on Better Practice Model – Financial Internal Controls Framework.

For this assessment, 154 core controls have been included for mitigating financial risks outlined in the framework. Initially an assessor was allocated for each control and they were asked to rate the effectiveness of the Council's internal financial controls using the ranking below: -

1. Ineffective;
2. Requires significant improvement;
3. Partially effective;
4. Majority effective; and
5. Effective.

A reviewer was assigned against each control who in most instances was the relevant team leader or manager of the assessor. This reviewer analysed the assessor's rating before determining their own rating and where the rating is 3 or below an action plan was developed/required.

Accordingly, results show that most of Council's controls are between 'Majority effective' and 'Effective' (an overall score of 4.95), but some areas need attention / improvement.

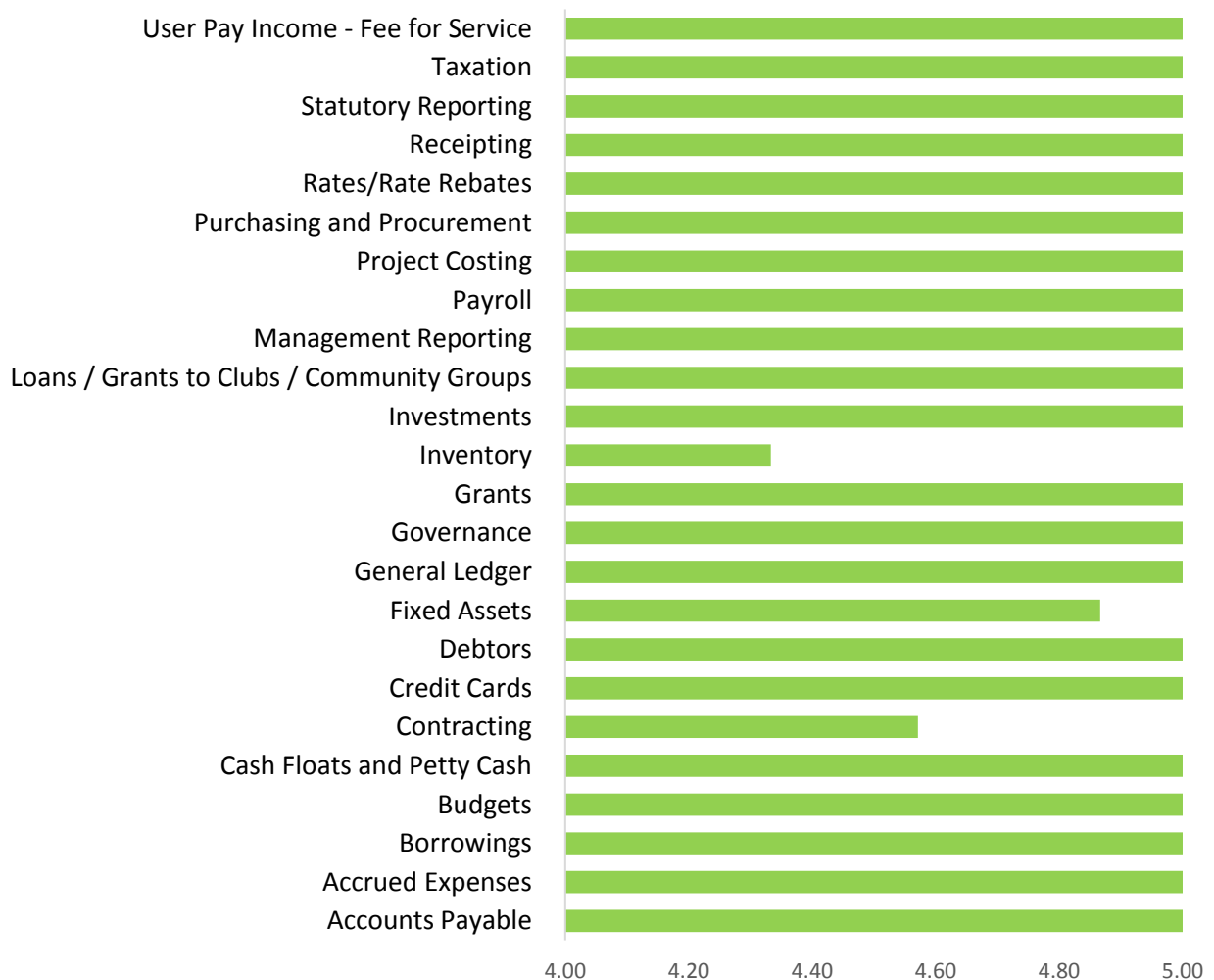
The following graph shows the average score assigned by the assessor/reviewer to each control category. With the exception of 'External Services' all other categories have an average score of above 4.00 (majority effective). This is mainly due to one (1) control requiring improvement which is *'There is a contract management process in place throughout the term of the contract to ensure that supplier/contractor meet their obligations'*

**Figure 1 : Internal Control Category Score**



**Figure 2** below summarises the score of 24 internal financial control processes following December 2022 review and all of the processes have a score of 4.00 or higher.

**Figure 2: Internal Control Process Score**



Internal Controls improvement plan

Council Management has been working on improving its contract management practices and currently working on developing contractor management procedure. With dedicated procurement recourses on board, it is expected that the procedure will be completed by 30 June 2023.

**Conclusion**

Self-assessment of Council's internal financial controls shows that majority of Council's financial controls are between 'Majority effective' and 'Effective' and one (1) control is 'partially effective' that require Council management's attention to strengthen the overall internal financial controls of the Council.

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**References**Legislation

*Section 129 of the Local Government Act 1999.*

Council Policies/Plans

*Internal Financial Control Policy*

Other

Audit Committee Terms of Reference.

LGA Information Paper 21-Internal Financial Controls

Audit Committee Annual Works Program 2022/2023

**8 QUESTIONS WITHOUT NOTICE**

**9 MOTIONS WITHOUT NOTICE**

**10 URGENT BUSINESS**

**11 NEXT MEETING**

**12 CLOSURE**