His Worship the Mayor
Councillors
CITY OF MARION

NOTICE OF FINANCE AND AUDIT COMMITTEE MEETING

Council Chamber, Council Administration Centre
245 Sturt Road, Sturt

Tuesday, 21 August 2018 04:00 PM

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

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

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

Adrian Skull
Chief Executive Officer

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OPEN MEETING

KAURNA ACKNOWLEDGEMENT

ELECTED MEMBERS DECLARATION (if any)

CONFIRMATION OF MINUTES

Confirmation of the Minutes of the Finance and Audit Committee Meeting held on 29 May 2018

|	
Originating Officer	Manager Corporate Governance - Kate McKenzie
Corporate Manager	Manager Corporate Governance - Kate McKenzie
Report Reference:	FAC180821

RECOMMENDATION:

That the minutes of the Finance and Audit Committee Meeting held on 29 May 2018 be taken as read and confirmed.

ATTACHMENTS:

#	Attachment	Type
1	FAC180529 - Minutes	PDF File

MINUTES OF THE FINANCE AND AUDIT COMMITTEE MEETING

HELD AT THE ADMINISTRATION CENTRE

245 STURT ROAD, STURT

ON 29 MAY 2018

CITY OF MARION
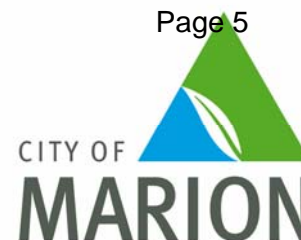
PRESENT
Mr. Greg Connor (Chair), Ms Emma Hinchey, Ms Natalie Johnston and Councillor Telfer

In Attendance

Mr. Adrian Skull	Chief Executive Officer
Mr. Vincent Mifsud	General Manager Corporate Services
Ms Abby Dickson	General Manager City Development
Mr. Tony Lines	General Manager City Services
Ms Kate McKenzie	Manager Corporate Governance
Mr Ray Barnwell	Manager Finance and Contracts
Ms Deborah Horton	Governance Quality Coordinator (Item 7.1, 7.2, 7.3)
Ms Liz Byrne	Manager, Community Connections (Item 7.3)
Ms Cassandra Gannon	Performance & Innovation Leader (Item 7.4, 7.5, F01)
Ms Penny Woods	Deloitte Touch Tohmatsu (Item 7.6)
Ms Iantha Sequeira	Deloitte Touch Tohmatsu (Item 7.6)
Mr Jared Lawrence	KPMG (Item 7.1, 7.2, 7.3)
Mr Ben Wallace	KPMG (Item 7.1, 7.2, 7.3)

1. **OPEN MEETING**

   The meeting commenced at 9.30 am. The Chair welcomed all those present to the meeting.

2. **KAURNA ACKNOWLEDGEMENT**

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

3. **MEMBERS DECLARATION OF INTEREST**

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

   Ms Emma Hinchey declared a perceived conflict of interest regarding the NDIS Internal Audit Report. She is the CEO of Community Support Incorporated who are a Registered NDIS Service Provider and is currently providing support to people in the City of Marion and across the State. She is also a member of the National Disability Services State Committee.

   Mr Greg Connor declared a perceived conflict of interest as he is the Deputy Chair of Bedford Industry. Bedford Industries are also a Registered NDIS Service Provider in supported employment space.

   The Manager Corporate Governance confirmed that members may remain in the room for a perceived conflict of interest and the minutes will reflect how each member voted on the item.

4. **CONFIRMATION OF MINUTES**

   9.32 am Confirmation of the Minutes for the Finance and Audit Committee Meeting held 27 February 2018

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City of Marion Minutes of the Finance and Audit Committee meeting held   *2*
Tuesday 29 May 2018 – Reference Number FAC290518

Moved Councillor Telfer, Seconded Ms Hinchey that the minutes of the Finance and Audit Committee (the Committee) meeting held on 27 February 2018 are confirmed as a true and correct record of proceedings.

Carried Unanimously

5. BUSINESS ARISING

9.34 Review of the Business Arising from previous meetings of the Finance and Audit Committee
Report Reference: FAC290518R5.1

The Committee noted the Business Arising statement and the progress of actions. The Committee requested that the date for the 21 August 2018 meeting be amended in accordance with the previous decision of the Committee.

ACTION – Amend the FAC meeting of 14 August 2018 to 21 August 2018.

6. ELECTED MEMBER REPORT

9.35am Elected Members' Report
Report Reference: FAC290518R6.1

The Committee noted the report. Councillor Telfer raised two items of interest:

1. BMX Project – Council has resolved to investigate a new site at Darlington (located near Hungry Jacks). The currently project for O'Halloran Hill is on hold whilst the new site is being investigated.

2. A fixed loan from 1966 (South West Drainage project) has been finalised, with the final repayment being made in May. The loan was a 53 year term loan that was imposed by the State Government of the day. This debt has now be removed from the financial statements. The Committee recognised the vast difference in financial management today versus 50 years ago.

The Committee noted that the Council has recently adopted a revised Whistleblower Policy and the Procedure for Code of Conduct Complaints for Elected Members. The Committee requested that these documents be tabled at the next meeting as they sit within the Committees Terms of Reference.

ACTION – that the Whistleblower Policy and the Procedure for Code of Conduct Complaints for Elected Members be tabled at the next meeting.

7. REPORTS

The Chair sought leave of the meeting to vary the order of the agenda and bring forward the draft Audit Engagement letter (item 7.6). Leave of the meeting was granted.

9.38am Deloitte Audit Engagement for the Year Ending 30 June 2018
Report Reference: FAC290518R7.6

Ms Penny Wood and Ms Iantha Sequeira from Deloitte Touch Tohmatsu entered the meeting.

Ms Woods introduced Ms Sequeira to the Committee. She has recently joined Deloitte's in Adelaide from the Sydney office after Jason Liu departed. Ms Sequeira will be a key part of the audit team for the City of Marion.

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Tuesday 29 May 2018 – Reference Number FAC290518

Ms Woods highlighted that the engagement letter on page 112 of the agenda outlines the audit scope for the 2017/18 financial year. The audit will focus on revenue, expenditure, non-current assets and internal control assessment.

In accordance with the accounting standards, the internal control assessment will review fixed assets and test the operational effectiveness of these controls.

The Committee queried the recent changes in the accounting standards and if this audit requires preparation for their commencement?

Ms Woods confirmed that there are changes to three accounting standards and two of these will impact the City of Marion in the future.

The standards for leasing will commence 1 July 2019 and a comparison from prior years will be required but this will be managed as part of the 2018/19 year end audit.

The Committee also raised that section 24 of the Terms and Conditions (Governing Law) refers to New South Wales. The Committee suggested that this should reflect South Australia. In the unlikely scenario that Council was involved in a legal dispute with Deloitte, it would be best served in South Australia.

Moved Ms Hinchey, Seconded Ms Johnston that the Finance and Audit Committee:

1. Considered the outline of Deloitte's Audit Plan for the financial year ending 30 June 2018.

2. Notes the scope of the audit to be carried out by Deloitte for the year ending 30 June 2018.

3. Recommends that the section 24 of the Terms and Condition be amended to South Australia Courts not New South Wales.

4. Notes that the Chief Executive Officer will execute the acknowledgement of the engagement letters.

Carried Unanimously

Internal Audit

9.48 am Internal Audit Program 2018/19 scoping documents
Report Reference: FAC290518R7.1

Planning Assessment Scope (Appendix 1)

The Manager Corporate Governance advised the Committee that this Internal Audit is being completed outside of the contract with KMPG, because specialist planning skills are required. It is proposed that Helen Dyer undertake the review as a qualified planner and local government expert. Ms Dyer has completed a previous service review within Development Services. This internal audit will leverage from this previous work Ms Dyer has undertaken at City of Marion (CoM) and focus specifically on development assessment compliance.

The Committee noted the scope and made the following comments:

- Ensure that efforts are not duplicated through the proposed Development Services service review. If the Council determines to progress in 2018/19 with less service reviews, this is one that could be removed from the program.

- Include a review of customer complaints and leverage from these for improvements.

- Ensure that the sample size is adequate.

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It was noted that Ms Dyer commercial information had been removed from the scope but the audit would cost approximately $30k.

Procure to Pay Scope (Appendix 2)

Mr Ben Wallace and Mr Jared Lawrence from KPMG entered the meeting.

Ms Lawrence provided an overview of the scope and noted that the new policy and procedure for contract management was rolled out in 2016. This audit will review the process, risks, internal controls and business efficiency. The audit will also cover data analytics. Consultation will occur with key parts of the business that have high usage of the process and systems.

The Committee noted the scope and recommended that the relationship between petty cash and the online requisition system should be included for review.

Workplace Emergency Management (Appendix 3)

Mr Lawrence provided an overview of the scope noting that this audit would focus on workplace emergency management and include review of Council's 14 sites. The audit will review policies, procedures, how an emergency is triggered and communicated to staff.

The Committee queried if this audit would be better suited as part of the Business Continuity Management Review scheduled later in the audit plan? The Committee also requested that the Internal Auditors ensure that this audit adds value and doesn't duplicate effort already undertaken by staff.

It was noted that the scope currently excludes the 'appropriateness of the plan'. This should be included within the scope as it is important to understand if the plan is suitable for the organisation.

The Committee recommended that this audit be combined with the Business Continuity Management Review and KPMG work with management to scope a different audit from Council's high risk profile.

ACTION – That the Workplace Emergency Management Internal Audit is combined with the Business Continuity Management Audit and a new audit is scoped from Council's high risk profile.

10.07am Internal Audit Program - Implementation of Recommendation
Report Reference: FAC290518R7.2

The Governance Quality Coordinator provided an overview of the report highlighting that one recommendation is outstanding from 2015/16 and the recommendations from the next two (2) financial years (2016/17 and 2017/18) are progressing well.

The Committee noted that there are a number of recommendations relating to ICT initiatives and queried if the organisation has an ICT roadmap. The General Manager Corporate Services confirmed that an ICT Road Map has been developed through the Infrastructure and Strategy Committee, which was subsequently adopted by Council. Management is also progressing with a full business systems review to understand the future system requirements and improvements required for the organisation.

The Committee noted that the Compliance Framework and the Corporate Reporting Framework are being developed. They are inter-related and will be presented to the Committee in August.

The Committee noted the process for amending due dates on recommendations is via the relevant General Manager and then reported to the Committee. An example of an extension is the capital works recommendation as these works won't be realised until June 2019 and an extension on the due date is required.

The Committee agreed to the revised due dates.

ACTION – That a copy of the the ICT Road Map be brought to the next FAC meeting in August.

10.16 am Internal Audit Program 2017/18 Year 1
Report Reference: FAC290518R7.3
NDIS

Mr Ben Wallace from KPMG provided an overview of the report highlighting that a high level market analysis had been completed and the audit report presents a series of options for Council to consider.

The market analysis demonstrates that the number of clients accessing the NDIS will double and hence there will be a demand for more service providers. The increased demand in the southern region is predicted at approximately 2,000 new clients. Within the City of Marion, there is currently around 74 registered providers. It is predicted that the largest service area for growth is assistance with daily life at home.

The three options presented in the report include:

1. CoM to provide no future service associated for the NDIS

2. CoM to be an enabler for the Community to seek out services for the NDIS

3. CoM to be a service provider for the NDIS.

Mr Wallace highlighted there is some merit in Council progressing with option 2 as an enabler/ capacity building role. Council may also consider option 3, however the high level financial assessment has demonstrated that some service providers are making a limited profit margin. If Council wished to progress as a service provider, further financial analysis is critical prior to making any decision.

The Committee noted the report and made the following comments:

- The NDIS has been implemented in some of the other States for the past three to four years and the utilisation rates of plan funds are currently around 60%. The ability of participants to fully utilise their NDIS plans has been poor and therefore dramatically affects the expectation that spending on disability will double.

- There are a number of service providers within the City of Marion and the surrounding Council areas. The risk of clients not being serviced is low. This risk of supply sits with regional and remote areas rather than the metropolitan areas.

- NDIS does not impact on people over 65. The vast majority of figures presented in the report (>90%) relate to services currently being provided under Aged Care funding – which is not affected by the NDIS.

- There is no mention in the report of the Continuity of Support Scheme which is designed to ensure that those over 65 who are ineligible for the NDIS continue to be supported.

- The figures presented in the report (pg 71) do not include overheads, which would need to include all in-kind costs. The overheads would be around 20% which would make profit margins even less.

- Council staff are paid above the award rate, hence it will be difficult for Council to deliver a financially sustainable model. Overheads would need to be less than 9%.

KPMG confirmed that the financial analysis is a high level and is not a detailed analysis.

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The Committee suggested that there seems to be little benefit in progressing with any additional analysis unless Council determines that there is a genuine impact on its residents from the introduction of the NDIS and that there is a requirement for Council to step in to support residents to access appropriate services. The Committee noted that the majority of its current services will continue to be funded by the Commonwealth and are not affected by the NDIS. The Committee noted that there are a number of expert disability advocacy services in place in the State already however their ongoing funding may be in doubt. The Committee suggested that entry into NDIS Service Provision would have a significant cost impact to Council.

The Committee noted that all CoM employees that currently deliver the Home and Community Care (HACC) and Commonwealth Home Support Program (SHSP) are all grant funded. Council provides in kind support for incidentals such as a work station, phone, computer, etc.

As Council is often the first point of contact for residents, the Committee recommended it is best suited to be the 'trusted advisor' to the community. It was noted that the City of Playford is well progressed in this space and Marion could leverage from their experience.

The Committee noted that Council would be discussing the NDIS at an Elected Member Forum later this evening and the outcomes of the audit would be presented. The Committee cautioned the Council about further investment with the NDIS as a service provider and suggested that the best pathway forward is the role of advocacy.

Contractor Management

Mr Lawrence (KPMG) provided an overview of the report highlighting that the previous internal audit completed in 2015 raised a number of policy and procedure weakness that have now been addressed. The Contactor Management Policy was revised and adopted by Council in 2016 as a result of the previous audit.

It was noted that the Contracts Team and WHS Team are working together. The key risk identified related to the lack of hazard and incident reporting by contractors. This was acknowledged and management are progressing with action to rectify this issue.

It was noted that the CoM is transitioning to a new corporate records system and hence some files were missing all required documentation. This will be addressed through the implementation of spot documentation audits.

Mr Lawrence also highlighted that the organisation would benefit from enhancing its risks based approach to contractor management with more effort focused on high value high risk contracts – this approach should be embedded in the Contracts Register. He also recommended that the CoM requires a more sophisticated contracts register rather than the Excel tool that is currently being used.

The Committee noted the report and the good work progressing in contactor management.

<u>Service Reviews</u>

10.59am Service Review Program Update and FY201819 Plan
Report Reference: FAC290518R7.4

The Performance & Innovation Leader provided an overview of the report noting that 12 service reviews have been delivered for the current 2017/18 year. A new plan for 2018/19 has been developed with two options. Option one presents nine (9) service reviews with the intent to use the remainder of the team resources to assist with implementation of recommendations from previous reviews. Option two is to progress with 12 reviews consistent with previous years.

The Committee noted the report and raised that the organisation is at risk of focusing too much effort on the reviews and not enough on the implementation of existing service review recommendations. It is important to quantify with Council what the target areas will be to add

the greatest value. The Committee recommended that Council progress with nine (9) reviews rather than 12. The Committee also recommended that a target be established to reduce the number of outstanding recommendations by a certain percentage. This will provide assurance to Council of a tangible outcome and that resources are being put to good use. It is important that the Council understand and see the tangible outcomes.

The Committee requested that the Service Review program should not duplicate the effort within the internal audit program.

11:08am Service Review – Recommendations – Progress Update
Report Reference: FAC290518R7.5

The Performance & Innovation Leader provided an overview of the report highlighting that all items have now been closed out from the Recruitment Service Review and good progress has been made with the implementation of the Service Review on Customer Service. It was noted that recommendations are not being implemented based on strategic importance and transformational impact. Recommendations are implemented by the teams based on available resources.

The Committee noted the report and requested that the number of actions added and completed, during the period be added to the report and that it also highlight which recommendations will add greater value. This would provide a better understanding regarding how implementation was progressing.

ACTION – the next reporting include the number of actions completed per review.

ADJOURNMENT
The chair sought leave of the meeting for a five (5) minute adjournment. Leave of the meeting was granted.

11.11 am Meeting adjourned
11.16 am Meeting resumed

8. CONFIDENTIAL ITEM

11.17am Service Review – Report – Community Safety Inspectorate
Report Reference: FAC290518F01

Moved Ms Hinchey, Seconded Councillor Telfer that:

Pursuant to Section 90(2) and (3)(a) of the Local Government Act 1999, the Finance and Audit Committee orders that all persons present, with the Abby Dickson, Kate McKenzie, Jason Cattonar, Cass Gannon, Mel Nottle-Justice and Karen Brewster be excluded from the meeting as the Committee receives and considers information relating to the Service Review – Report – Community Safety Inspectorate, upon the basis that the Committee is satisfied that the requirement for the meeting to be conducted in a place open to the public has been outweighed by the need to keep consideration of the matter confidential given the information, relates to personnel matters.

Carried Unanimously

11.17 am the meeting went into confidence

Moved Councillor Telfer, Seconded Natalie Johnston that the Finance and Audit Committee in accordance with Section 91(7) and (9) of the Local Government Act 1999 the

Committee orders that this report, any attachment to this report and the minutes arising from this report having been considered in confidence under Section 90(2) and (3)(a) of the Act except when required to effect or comply with Council's resolution(s) regarding this matter, be kept confidential and not available for public inspection for a period of 12 months from the date of this meeting. This confidentiality order will be reviewed at the General Council Meeting in December 2018.

Carried Unanimously

11.32am the meeting came out of confidence

<u>Corporate & Financial Management</u>

11.32 am Annual Business Plan and Long Term Financial Plan
Report Reference: FAC290518R7.7

The Manager Finance and Contracts highlighted that the Annual Business Plan and Budget had progressed to public consultation with little engagement from the Community. Key aspects of the ABP&B include:

- An increase in employee costs from 2% to 2.3% based on the 31 March 2018 Adelaide CPI increase.

- 19 new initiatives are listed within the ABP&B.

- The key performance indicator for staff retention has been amended and is based on a turnover rate of 90% (Core Target) to 95% (Stretch Target) .

The Committee noted that the changes made to the ABP&B since the FAC meeting in February 2018. The Committee queried if $1.3m for ICT system improvements is enough based on the issues that have been identified. It was noted that the $1.3m had been specifically allocated for the asset management system (majority of the funding), project management software and the data warehouse. Depending on the outcome of the Business Systems Fitness Review (BSFR) being undertaken further budget may be required.

The Committee noted that CoM has met with Civica (major ICT vendor) and they have been put on notice that the Council is currently not happy with the service being provided. A number of other larger Councils are currently using TechnologyOne. This may be an option that Council may consider in the future based on the outcome of the BSFR. It was noted that it would be ideal for the larger Councils in Adelaide to all be on the same systems to enable better information sharing and to promote cross-support.

The Committee noted the chart on page 173 of the agenda and the difficulty in comparing across councils that reflect a different make up of services. Some of the items could potentially be grouped together (i.e. community facilities and library services).

The Committee noted that each Council will have a different mix of what it spends on its services and hence it will be difficult to do a Council to Council comparison.

The Committee made the following recommendations:

- Clearly describe in the ABP document what Council and other parties are contributing to projects. – e.g. southern soccer facility - what is Council's contribution and what is external support.

- Within the environmental scan, separate out the issues and opportunities so they are clearly defined.

- When referring to debt ensure current and future debt is clearly distinguished within the document as forecast borrowings are included but have not yet been realised.

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- It is noted the difficulty in using the average rate as a Council to Council comparator

- a new comparison indicator using the median rate has been included. Ensure that the addition of a new indicator for comparison isn't confusing.

11.50 am Unsolicited Proposals
Report Reference: FAC290518R7.8

The General Manager Corporate Services provided an overview of the report noting that it is not uncommon for Local Government to receive unsolicited proposals.   A recent example within the sector is with the Tea Tree Gully Council where Kaufland Australia Pty Ltd (retailer) approached the Council to purchase 3.5 hectares of community land (currently a reserve).

A draft Policy and Procedure has been developed for the CoM to provide guidance and clear process.   This provides transparency regarding how any unsolicited proposal will be considered and managed.

The Committee agreed that a policy and procedure provides for sound governance and it is important that the policy be flexible for Council to capitalise on opportunities, whilst ensuring sound probity, fairness and equity.

The Committee sought clarification on the following:

- Why would a proposal be considered in confidence in the first instance?

  A proposal may include commercial information or intellectual property that would be considered sensitive.

- What defines an unsolicited proposal?

  It is defined within the procedure as an offer from a potential supplier without an invitation to do so from the City of Marion via its regular procurement processes.

The Committee also made the following comments for consideration prior to the Policy being adopted by Council:

- The policy should reflect appropriate dollar values based on risk. The policy shouldn't apply to low level expenditure.

- Ensure the policy and procedure are aligned to the CoM Procurement and Contractor Management Policy.

- The policy needs to be reflective of more than just services and should include other relevant categories such as capital works and land.

- The policy should have more detail regarding probity and particularly around information supplied to Council that is confidential.

The Committee also requested that its Terms of Reference be amended to reflect the obligations within the Policy.

ACTION: In the next review of the Finance and Audit Committees Terms of Reference, ensure that the requirements within the Unsolicited Proposals Policy are reflected.

Risk Management

12.05pm Annual Business Continuity Plan
Report Reference: FAC290518R7.9

The Manager Corporate Governance provided an overview of the report highlighting that this is the first annual report to the Committee on the activities of Business Continuity Management. Two exercises had occurred in the past 12 months and a further exercise was scheduled for 30 May 2018. The six monthly exercises were contributing to the maturity of the Business Continuity Plan (BCP). It was also highlighted that the BCP has been amended

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Tuesday 29 May 2018 – Reference Number FAC290518

to reflect the Local Government Association (LGA) templates to assist with consistency across the sector. The amendments to the BCP included the introduction of incident levels, re-alignment of roles to standard terminology and introducing a 3rd level of alternative staff.

The Committee congratulated staff on the continuing maturity of the business continuity systems. The Committee queried how the BCP can be accessed within the Council. It was noted that it is electronically available, hard copies are located in relevant office space and managers also carry a USB with the BCP with their security card. The Committee suggested that it is also good practice to have a hard copy offsite.

The Committee also suggested that revision of the BCP should occur more frequently than every four (4) years. The Manager Corporate Governance advised that as the document is tested every 6 months, amendments would occur as required but the formal review is currently completed once during a Council term.

The Committee requested that a one page summary of the business continuity exercise scheduled for 30 May 2018, be provided at the next Committee meeting.

ACTION - a one page summary of the business continuity exercise scheduled for 30 May 2018, be provided at the next Committee meeting.

12.12pm Community Emergency Management Plan
Report Reference: FAC290518R7.10

The Manager Corporate Governance provided an overview of the report highlighting that the Community Emergency Management Plan (CEMP) is a high level document to provide assurance to the control agencies and the community regarding the City of Marion's arrangements in an emergency. It isn't a procedure document but refers to the various other plans (i.e. BCP) for the operational detail. A copy of the CEMP is available to the community on Council's website.

The Committee noted that the CEMP is also aligned to the template documents provided by the LGA to ensure consistency across the sector.

The Committee noted the CEMP and commented that it is a thorough document. The Committee suggested that it would be good to promote the CEMP through social media or maybe via the rates notices mail out.

12.22pm 2018 Corporate Risk Profile
Report Reference: FAC290518R7.11

The Manager Corporate Governance provided an overview of the report highlighting the Council now receives a quarterly report on all the high rated risks. The introduction of this report has been beneficial as it has increased the risk maturity of the organisation with corporate managers reviewing their risks on a more frequent basis. Two high risks have recently been re-rated to medium (WHS Management and Climate Change) as a number of mitigation strategies have now been implemented.

The Committee noted the report and indicated that the quarterly reporting to Council demonstrates good practice. The Committee suggested that some of the wording of the risks may need reworking as they currently present as consequences rather than a risk.

It was also suggested that some risks were similar and could be combined. It was noted that these risks had different risk owners which is why they had been listed separately.

9. ANY OTHER BUSINESS

It was noted that a topic has not been set for the joint forum with the Committee and Council scheduled for August. The Committee suggested the following may be of interest:

- Major Projects
- Risk Profile / Emerging Risks / Risks for this term of Council
- Service Review Assessment
- Insurance Portfolio

The CEO also raised that the employment agreement with the outside workforce was still not complete and the negotiations were proceeding to be difficult. This was progressing to be an increased risk for the organisation.

10. MEETING CLOSURE

The meeting was declared closed at 12.30pm

11. NEXT MEETING

The next meeting of the Finance and Audit Committee is scheduled to be held:

Time: **4.00pm – 6.00pm**
 Date: **21 August 2018**
 Venue: Council Chamber, Administration Building

....
CHAIRPERSON
    /   /

BUSINESS ARISING

Business Arising Statement

Originating Officer	Manager Corporate Governance - Kate McKenzie
Corporate Manager	Manager Corporate Governance - Kate McKenzie
General Manager	General Manager Corporate Services - Vincent Mifsud
Report Reference	FAC180821

REPORT OBJECTIVE

The purpose of this report is to Review the Business Arising from previous meetings of the Finance and Audit Committee Meetings.

RECOMMENDATION

That the Finance and Audit Committee:

> **1. Note the Business Arising Statement.**

Attachment

#	Attachment	Type
1	FAC210818R - 4 Business arising statement	PDF File

CITY OF MARION

CITY OF MARION

BUSINESS ARISING FROM FINANCE AND AUDIT COMMITTEE MEETINGS

AS AT 16 August 2018

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	Date of Meeting	Item	Responsible	Due Date	Status	Completed / Revised Due Date
1.	30 May 2017	**Auditor-General Report – Examination of governance arrangements in local government: February 2017** **Report Reference: FAC300517R8.3** Advise the Auditor-General in writing once all recommendations have been completed.	K McKenzie	Dec 2017	The Compliance Framework is in drafted and listed on the agenda for August 2018	30 June 2018
2.	27 Feb 2018	**Internal Audit – Volunteer Management** Provide the Committee with an update in regards to progressing the recommendations from the Volunteer Management Internal Audit in 6 months.	S Roberts	August 2018	Listed on the schedule for August	August 2018
3.	29 May 2018	**Business Arising Statement** Amend the FAC meeting of 14 August 2018 to 21 August 2018.	K McKenzie		Completed	August 2018
4.	29 May 2018	**Elected Members Report** That the Whistleblower Policy and the Procedure for Code of Conduct Complaints for Elected Members be tabled at the next meeting.	K McKenzie	August 2018	Reports are listed for noting.	August 2018
5.	29 May 2018	**Internal Audit** That the Workplace Emergency Management Internal Audit is combined with the Business Continuity Management Audit and a new audit is scoped from Council's high risk profile.	K McKenzie	October 2018	Discussions have been held with KPMG and ELT regarding the progress of the BCM Audit – this audit is scheduled to occur in early 2019 and will include an element of Workplace Emergency Management. Additionally, an audit is being scoped for tendering which will be completed after the 'Procure to Pay' audit scheduled for October.	

Report Reference: FAC210818R5.1

6.	29 May 2018	**Internal Audit Program - Implementation of Recommendation** That a copy of the the ICT Road Map be brought to the next FAC meeting in August.	J Deally	August 2018	The ICT Road Map is listed on the agenda for August 2018	August 2018
7.	29 May 2018	**Service Review – Recommendations Progress Update** The next report include the number of actions completed per review.	C Gannon	August 2018	Completed	August 2018
8.	29 May 2018	**Unsolicited Proposals Policy** In the next review of the Finance and Audit Committees Terms of Reference, ensure that the requirements within the Unsolicited Proposals Policy are reflected.	K McKenzie	December 2018	The Terms of Reference for the FAC will be reviewed after the Local Government Elections in November 2018.	
9.	29 May 2018	**Annual Business Continuity Plan** A one page summary of the business continuity exercise scheduled for 30 May 2018, be provided at the next Committee meeting.	S Walzcak	August 2018	A one page report is listed on the agenda for 21 August 2018	August 2018

 * completed items to be removed are shaded

SCHEDULE OF MEETINGS 2018

Day	Date	Time	Venue
Tuesday	**27 February 2018**	**9.30am – 12.30 pm**	**Administration Centre**
Tuesday	**29 May 2018**	**9.30am – 12.30 pm**	**Administration Centre**
Tuesday	**21 August 2018**	**4.00 – 6.00 pm** **Followed by** **7.00 – 9.00 pm** **(Joint workshop with Council)**	**Administration Centre**
Tuesday	**2 October 2018**	**9.30am – 12.30 pm**	**Administration Centre**
Tuesday	**11 December 2018**	**9.30am – 12.30 pm**	**Administration Centre**

INDICATIVE AUDIT COMMITTEE WORK PROGRAM - 2018
TUESDAY, 27 February 2018

Topic	Action
Elected Member Report	Communication Report
Draft Annual Business Plan and Budget 2018/19 and Draft Long Term Financial Plan	Review and Feedback
Insurance Review (Confidential)	Review and Recommendation to Council
Internal Audit Program – Scopes, Reviews and Monitoring	Review and Feedback
Service Review Program - Scopes, Reviews and Monitoring	Review and Feedback
Organisational Key Performance Indicators 2018/19	Review and Recommendation to Council

TUESDAY, 29 May 2018

Topic	Action
Elected Member Report	Communication Report
Draft Annual Business Plan and Budget 2018/19 (after public consultation) & Draft Long Term Financial Plan	Review and Feedback
Internal Audit Program – Scopes, Reviews and Monitoring	Review and Feedback
Service Review Program - Scopes, Reviews and Monitoring	Review and Feedback
Corporate Risk Profile	Review and Feedback
Update on Property Internal Audit Review	Information Report
Corporate Reporting Internal Audit Update	Information Report
Annual Report – Business Continuity Program	Information Report

Report Reference: FAC210818R5.1

City of Marion

TUESDAY, 21 August 2018 (Joint Workshop with Council)

Topic	Action
Elected Member Report	Communication Report
Annual Review of WHS Program	Review and Feedback
Draft Compliance Policy and Framework	Review and Feedback
Meeting with Internal auditors in camera	Seeking feedback from Auditors
Internal Audit Program – Scopes, Reviews and Monitoring	Review and Feedback
Update on Internal Audit – Volunteer Management	Information report
Service Review Program – Scopes, Reviews and Monitoring	Review and Feedback
Outcome of Australian Service Excellence Standards Audit	Information Report
FAC Performance Review	Review and Feedback
Joint Workshop with Council	Service Reviews

TUESDAY, 2 October 2018

Topic	Action
Elected Member Report	Communication Report
Independence of Council's Auditor for the year end 30 June 2018	Review and Recommendation to Council
Audited Annual Financial Statements for the year end 30 June 2018	Review and Recommendation to Council
Valuations of Buildings and Assets	Review and Feedback
Investment Performance 2017/18	Noting
Debtors Report	Noting
Meeting with external auditors in camera	Seeking feedback from Auditors
Local Government Risk Services Audit	Review and Feedback
Internal Audit Program – Scopes, Reviews and Monitoring	Review and Feedback
Service Review Program - Scopes, Reviews and Monitoring	Review and Feedback

Tuesday, 11 December 2018

Topic	Action
Elected Member Report	Communication Report
Internal Audit Program – Scopes, Reviews and Monitoring	Review and Feedback
Service Review Program - Scopes, Reviews and Monitoring	Review and Feedback
Work Program and Meeting Schedule 2019	Review and Feedback
Ombudsman SA Annual Report 2017/18	Review and Feedback
Framework and Key Assumptions for preparation of 2019/20 ABP and LTFP	Review and Feedback

CONFIDENTIAL ITEMS

REPORTS FOR DISCUSSION

Elected Member Report

Originating Officer	Manager Corporate Governance - Kate McKenzie
Corporate Manager	N/A
General Manager	General Manager Corporate Services - Vincent Mifsud
Report Reference	FAC180821R01

REPORT OBJECTIVE

Section 4.20 of the Audit Committee Policy states *"where the Council makes a decision relevant to the Audit Committees Terms of Reference, the Elected Member Representative will report the decision to the Audit Committee at the next Committee meeting and provide any relevant context".*

EXECUTIVE SUMMARY

Since the last Finance and Audit Committee meeting on 29 May 2018, Council has held five (5) General Council meetings on 12 June, 26 June, 10 July, 24 July and 14 August 2018. Key items considered by Council include the Annual Business Plan and Budget

RECOMMENDATION

That the Finance and Audit Committee:

1. **notes the report.**

GENERAL ANALYSIS

At these five (5) meetings, the Council made the following decisions that relate to the Finance and Audit Committee Terms of Reference in chronological order:

DISCUSSION

General Council – 12 June 2018

Commercial Development within Regional Centre Zone
Report Reference: GC120618F02
The Council noted a report that an unsolicited proposal for a hotel at 287 Diagonal Road, Oaklands Park that incorporates the existing community facilities had been received. The Council determined to call for an Expression of Interest for the development of 287 Diagonal Road, Oaklands Park (Certificate of Title Volume 5880 Folio 722), potentially incorporating Warracowie Way, as a hotel. Up to $30,000 has been allocated to engage a commercial agent to assist the Expression of Interest process. A report is due back to Council in August/September 2018.

Final Draft Annual Business Plan 2018/19 and Long Term Financial Plan
Report Reference: GC120618R09
Council resolved that the Draft Annual Business Plan 2018/19 be prepared for final consideration at the 26 June 2018 General Council meeting with variations as approved by council on the basis of:

- Average Rate increase of 1.8%
- Minimum Rate of $1,040
- No Maximum Rate is applicable
- Capping set at 12% with a $20 minimum and $200 maximum
- Differential Rate by land use:
  - Commercial   85%
  - Industrial   70%
  - Vacant Land   100%

General Council – 26 June 2018

Potential Property Acquisition at Marino
Report Reference: GC260618F01
Council considered a report about the potential purchase of property at Marino. This report was considered in confidence.

Annual Business Plan 2018/19 and Long Term Financial Plan
Report Reference: GC260618R02
Council adopted the Annual Business Plan and Long Term Financial Plan as presented (with an average rate increase of 1.8%).
Council also adopted the following financial policies:

- Rating Policy
- Treasury Management Policy
- Fees and Charges Policy
- Reserve Funds Policy
- Asset Accounting Policy
- Budget Policy

Valuation – Adoption for 2018/2019 Financial Year
Report Reference: GC260618R03
Council adopted the capital valuations as supplied by the Office of the Valuer-General, (at Supplementary Week 52 dated 25 June 2018), as the Valuations that are to apply to land within its area for rating purposes for the 2018/2019 financial year.

Rates Declaration – 2018/2019
Report Reference: GC260618R04
Council adopted that annual rate declaration in accordance with the requirements of the act and declared the differential general rates according to land use based on Capital Value within the area for the 2018/2019 financial year.

Rate Rebates 2018-19
Report Reference: GC260618R05
Council adopted the schedule of Mandatory Rate rebates and resolved that a discretionary rate rebate of 25% be granted under Section 166(1)(j) of the Local Government Act, 1999 to Foodbank SA on the properties it occupies for the 2018-19 financial year.

Service Review Program Update and FY2018/19 Plan
Report Reference: GC260618R11
Council adopted the Service Review Program for 2018/19 with 9 Services Reviews to be completed and the team to assist with the implementation of recommendations.

Unsolicited Proposals Policy

Report Reference: GC260618R13
Council adopted an Unsolicited Proposals Policy. This Policy had previously been reviewed by the Finance and Audit Committee.

General Council – 10 July 2018

Organisational Policy Review 2018
Report Reference: GC180710R01
The Council adopted the Policy Framework which included a policy review process and four year policy review cycle for all Council policies that do not have a legislatively determined review time-frame. Council also rescinded a number of policies that were either out of date or had been superseded.

Council also adopted a number of Policies including the Asset Management Policy and the Open Space Policy.

Code of Conduct
Report Reference: GC180710F01
Council considered a report regarding a Code of Conduct Matter. This report was considered in confidence.

General Council - 24 July 2018

Community Emergency Management Plan
Report Reference: GC180424R07
Council adopted the Community Emergency Management Plan (CEMP) and this is now publicly available.

Rate Capping - Introduction of the Local Government (Rate Oversight) Amendment Bill 2018
Report Reference: GC180724R12
Council resolved that they supported the Local Government (Rate Oversight) Amendment Bill 2018 and advised the LGA accordingly.

Code of Conduct
Report Reference: GC180724F02
Council considered a report regarding a Code of Conduct Matter. This report was considered in confidence.

General Council – 14 August 2018

Proposed Class Action
Report Reference: GC180814F03

Council considered a report on a potential class action. This item was considered in confidence and requested further information be brought to the 11th September 2018 General Council Meeting.

Code of Conduct
Report Reference: GC180814F04
Council considered a report regarding a Code of Conduct Matter. This report was considered in confidence.

COMMITTEES
The following Committees also met and discussed the following matters relating to the FAC's Terms of Reference:

Infrastructure and Strategy Committee – 5 June, 3 July, 7 August 2018

The Committee discussed various major projects including BMX. The Committee also had various

conversations about economic development, funding strategies for spade ready projects and the Tonsley water agreement.

Urban Planning – no meeting has been held

Nil

Review and Selection Committee – no meeting has been held

Nil

Elected Member Forums

Elected Member Forums have continued to work on various major projects and strategic initiatives.

It is noted that the caretaker period for the Local Government elections is imminent, commencing from Tuesday 18 September. Elected Members are in the completion and accountability role of their term, rather than initiating new commitments and projects for Council.

Compliance Policy and Framework

Originating Officer	Quality Governance Coordinator - Deborah Horton
Corporate Manager	Manager Corporate Governance - Kate McKenzie
General Manager	General Manager Corporate Services - Vincent Mifsud
Report Reference	FAC180821R02

REPORT OBJECTIVE

To provide the Finance & Audit Committee (FAC) with a draft Compliance Policy and Framework for consideration and feedback prior to consultation with the organisation.

EXECUTIVE SUMMARY

A centralised managed compliance program and overarching framework has been identified as an organisational need from previous audits. A draft Compliance Policy (**Appendix 1**) provides for the fundamental governing principles. The draft Compliance Framework (**Appendix 2**) determines the integration of compliance into our activities whilst providing clarity regarding roles and responsibilities.

The framework effectively mirrors (where appropriate) the existing CoM Risk Management Framework.

When implementing the policy and framework, the same processes/tools used to embed risk management across the organisation will be applied. This approach builds from the organisation's current risk management maturity systems already in place. This will save time in delivering the project as staff are familiar with the approach taken and will allow for interaction between compliance and risk.

Learning from experience in implementing risk management systems will also be applied in the quest for innovation and continuous improvement.

RECOMMENDATION

That the Finance and Audit Committee:

> **1. Notes the report**

> **2. Provides feedback regarding the Corporate Compliance Policy (Appendix 1).**

> **3. Provides feedback regarding the Corporate Compliance Framework (Appendix 2).**

DISCUSSION

Compliance Policy (the policy) (Appendix1)
The Compliance Policy (the policy) provides the fundamental governing principles extracted from the nationally accredited Australian Standards that have been divided into three main categories;

- Culture and Commitment – Principles 1 to 5.
    - Combined, these principles set the organisations commitment to compliance by determining the level of compliance to be achieved, resources, risk assessment and tolerance levels.

- Implement – Principles 6 to 9.
    - This is the 'doing' component of the compliance project from implementing processes and systems.

- Monitor and measure – Principles 10 – 11.
  - These principles support the monitoring of the system to ensure results are achieved and where possible, continuous improvement is implemented.

Compliance Framework (the framework) (Appendix 2)
The purpose of the framework is to provide an overall structure for the integration of compliance across the organisation and clarification regarding roles and responsibilities. It builds upon the policy by providing specific and relevant information for each of the principles contained within the policy. The framework currently provides for the same corporate tolerance for compliance as with risk (ie. non-compliance) as they are mutually related.

Compliance – Implementation across the organisation
The overall approach is a decentralised model with each business unit having responsibility for identifying, monitoring, implementing and reporting on its compliance obligations. Staff with supervisory responsibility have obligations to ensure that compliance within their areas of responsibility is being met on a day to day basis. Compliance will be assessed using a risk based approach (via a compliance assessment) and any compliance obligations assessed as high or outside of risk tolerance levels will be monitored via a centralised approach. This approach will provide a holistic and corporate overview of the organisation's compliance responsibilities giving the organisation a higher level of confidence regarding its compliance activities.

To implement the corporate compliance policy and framework, it is envisaged that the same process applied internally to embed risk management (in particular Business Continuity Management) be applied. This approach is prudent as it will save time and costs as staff are familiar with the approach and expectations.

Organisational Culture Impact
A compliance project will involve implementing change to embed compliance throughout the organisation, which may pose unique challenges including the potential of inconsistent awareness of compliance requirements and inconsistent processes/ reporting across the organisation.

CONCLUSION
The Internal Compliance Program provides assurance to Council that the organisation is operating legally and in an efficient and effective matter. It demonstrates the City of Marion's commitment to responsible behaviour, transparency and best practice of good corporate governance.

Attachment

#	Attachment	Type
1	Corporate Compliance Policy - Appendix 1	PDF File
2	Corporate Compliance Framework - Appendix 2	PDF File

Corporate Compliance Policy

1. RATIONALE

The City of Marion operates within a highly legislated and regulated environment. Compliance with these laws, regulations and codes of practice are fundamental to the City of Marion's existence in its provision of services to the local and wider Adelaide community.

2. POLICY STATEMENT

This policy identifies the predominant principles that, when applied, will achieve good compliance outcomes in relation to achieving legal compliance, management oversight, ethical and responsible decision making and to safeguard organisational integrity expected of a local government entity.

3. OBJECTIVES

The objectives of this policy are to define the City of Marion's compliance principles to;

- ensure the City of Marion's legislative responsibilities are legally realised,
- minimise instances of the City of Marion's non-compliance with primary/ secondary legislation, and
- provide clear organisational direction upon the level of compliance to be achieved.

4. PRINCIPLES

11 principles have been identified that when applied, will achieve good compliance outcomes to meet the reasonable expectations of our community (see diagram overleaf). These principles have been extracted from the Australian Standards[1] and will apply to all compliance actions to be implemented across the organisation. They support three distinct stages of the compliance process;

- Culture and commitment – see principles 1 to 5.
- Implement – see principles 6 to 9.
- Monitor and measure – see principles 10 to 11.

5. POLICY SCOPE AND IMPLEMENTATION

This policy applies to all City of Marion staff.

6. DEFINITIONS

Compliance   is the management and discipline of designing and implementing effective steps to ensure that an organisation complies with the laws, regulations and codes of practice relating to its operations.

Compliant   is a desired outcome of meeting legal and regulatory obligations. [2]

7. ROLES AND RESPONSIBILITIES

Corporate Governance is responsible for the implementation and review of this policy (via Corporate Compliance Framework).

8. REFERENCES

- City of Marion Corporate Compliance Framework
- Australian Standards AS ISO 19600:2015.
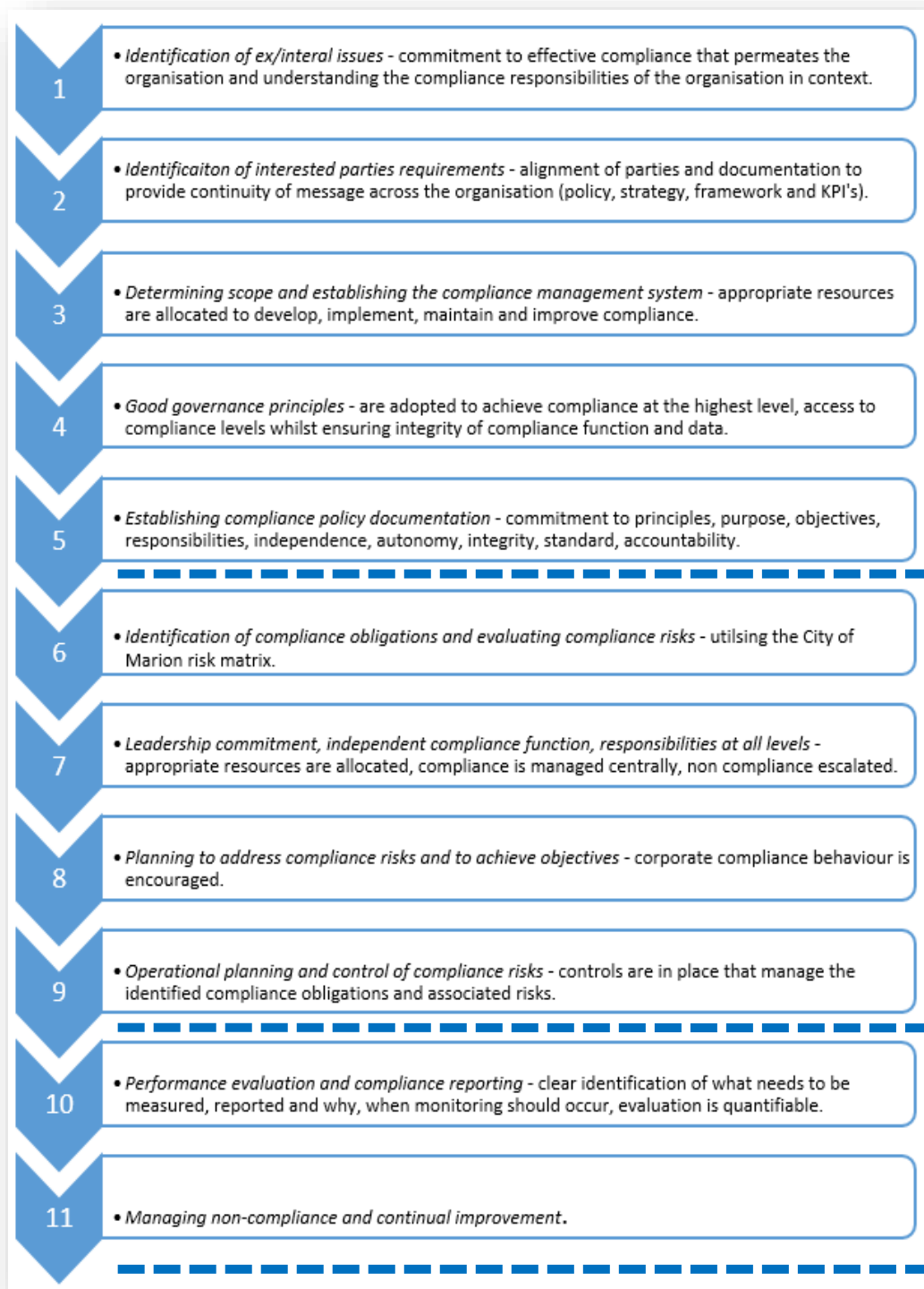- City of Marion Risk Management Framework

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[1] AS ISO 19600:2015

[2] Governance Institute of South Australia 2016, *Meeting Compliance Requirements*, p1 quoting Brian Sharpe, *Australian Legal Compliance: making it work,* 2016.

City of Marion 245 Sturt Road, Sturt SA 5047
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T 08 8375 6600
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www.marion.sa.gov.au

Policy Ref/Security Classification:
Category: Corporate
Owner: Corporate Governance (QGC)
Authorisation Date: FAC180821 (TBC)
Review Date: 2018 - 2022

• City of Marion Risk Management Policy

9. REVIEW AND EVALUATION

This policy will be reviewed once within a term of Council.

1 • *Identificaiton of ex/internal issues* - commitment to effective compliance that permeates the organisation and understanding the compliance responsibilities of the organisation in context.

2 • *Identificaiton of interested parties requirements* - alignment of parties and documentation to provide continuity of message across the organisation (policy, strategy, framework and KPI's).

3 • *Determining scope and establishing the compliance management system* - appropriate resources are allocated to develop, implement, maintain and improve compliance.

4 • *Good governance principles* - are adopted to achieve compliance at the highest level, access to compliance levels whilst ensuring integrity of compliance function and data.

5 • *Establishing compliance policy documentation* - commitment to principles, purpose, objectives, responsibilities, independence, autonomy, integrity, standard, accountability.

Principles 1 – 5
Culture and commitment:
Organisational resources prioritized, risk assessment undertaken which identifies corporate risk tolerance.

6 • *Identification of compliance obligations and evaluating compliance risks* - utilsing the City of Marion risk matrix.

7 • *Leadership commitment, independent compliance function, responsibilities at all levels* - appropriate resources are allocated, compliance is managed centrally, non compliance escalated.

8 • *Planning to address compliance risks and to achieve objectives* - corporate compliance behaviour is encouraged.

9 • *Operational planning and control of compliance risks* - controls are in place that manage the identified compliance obligations and associated risks.

Principles 6 – 9
Implement:
This is the 'doing' component of the compliance project from implementing processes and systems.

10 • *Performance evaluation and compliance reporting* - clear identification of what needs to be measured, reported and why, when monitoring should occur, evaluation is quantifiable.

11 • *Managing non-compliance and continual improvement*.

Principles 10 - 11
Monitor and Measure:
These principles support the monitoring of the system to ensure results are achieved and continuous improvement is implemented.

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Authorisation Date: FAC180821 (TBC)
Review Date: 2018 - 2022

Compliance Framework

Compliance FRAMEWORK

Contents

Introduction

Local Government and thereby the City of Marion (CoM) is governed by various legislation, regulations, standards and policies. The Council operates in an environment where its powers and functions are determined by legislation and in particular, the *Local Government Act 1999*. The Local Government Act requires the CoM to be "responsive to the needs, interests and aspirations of individuals and groups within its community".[1] Within this heavily regulated environment, it is paramount that the CoM is aware of and compliant with the many duties and obligations as legally mandated.

This Framework has been developed to provide assurance to the organisation that its compliance obligations are being met and to support business units for the delivery of their objectives. Compliance should not be considered as a barrier to innovation, but rather a tool for good decision making.

The primary purpose of the CoM Compliance Framework (the Framework) is to define and clarify how the CoM's compliance with legislative provisions will be managed and achieved. The Framework is separated into three (3) sections being:

1. Culture and Commitment
2. Implementation
3. Monitor and Report

It identifies a compliance method to maintain and safeguard a culture of integrity, align with other organisational management processes (ie. risk, financial, environmental, governance, health and safety) whilst avoiding, or at the very least, minimizing instances of the CoM's non-compliance with legislation. This framework should be read in conjunction with the CoM Compliance Policy, Risk Management Policy and supporting documentation.

Purpose

The purpose of this framework includes:

- Providing a documented approach to compliance aligned with AS ISO 19600:2015 (Compliance Standards) and the CoM Risk Management Framework
- Providing assurance that business objectives are being met with legal and ethical standards
- Establishing a risk based approach to compliance
- Defining the roles and responsibilities in relation to compliance activities across the organisation
- Establishing, monitoring and reporting obligations.

Outcomes

The outcomes of this framework are:

- The CoM is committed to a compliance culture that supports business objectives.
- The CoM conducts its business in a legal and ethical manner and thereby increasing public confidence in the CoM's operations.
- The CoM has an effective and responsive compliance management framework.
- Staff are well informed and trained in their compliance obligations.
- The Framework aligns and integrates compliance with organisational risk management tools and processes.

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[1] *Local Government Act 1999* (SA) s 8(b)

What is compliance?

Compliance (also referred to as due diligence) is the management and discipline of designing and implementing effective steps to ensure that an organisation actually complies with the laws, regulations and codes of practice relating to its operations.[2] Being *compliant* is a desired outcome of meeting legal and regulatory obligations.

Approach

This Compliance Framework forms a key part of the organisation's governance structure and contributes good decision making within Council. It is important that compliance is integrated into all activities across the CoM to ensure the Council is delivering on its legal and due diligence obligations. The framework is a decentralised model with each business unit having responsibility for identifying, monitoring, implementing and reporting on its compliance obligations. Staff with supervisory responsibility have responsibility to ensure that compliance within their area of responsibility is being met on a day to day basis.

Compliance will be assessed using a risk based approach (via a compliance risk assessment) and any compliance obligations assessed as high or outside of risk tolerance levels will be monitored via a centralised approach.

Compliance Policy

The Compliance Framework is guided by the Compliance Policy as set/approved by Council.

Compliance Risk Assessment and Risk Tolerance

The risk of non-compliance upon a matter will be analysed in the context of the CoM's objectives, but ultimately, in accordance with Council's risk tolerance level.

The risk tolerance level represents Council's level of risk acceptance with regard to any compliance matter (see risk consequence rating model adopted by the CoM below).

LIKELIHOOD RATING	CONSEQUENCE RATING				
	Insignificant	Minor	Moderate	Major	Severe
Almost Certain	MEDIUM	HIGH	HIGH	EXTREME	EXTREME
Likely	LOW	MEDIUM	HIGH	HIGH	EXTREME
Possible	LOW	MEDIUM	MEDIUM	HIGH	HIGH
Unlikely	LOW	LOW	MEDIUM	MEDIUM	HIGH
Rare	LOW	LOW	LOW	MEDIUM	MEDIUM

Risk Tolerance

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[2] Governance Institute of South Australia, 2016, Meeting Compliance Requirements, p1 quoting Brian Sharpe Australian Legal Compliance: making it work

Roles and Responsibilities

The day-to-day 'ownership' of compliance (including identification, monitoring and reporting) is retained as the responsibility of the individual business unit. The following provides a high-level explanation of roles and responsibilities. Where possible, opportunities to link with/utilise the Risk Working Group will be undertaken.

Council

Council is responsible for adopting and reviewing the Compliance Policy and Framework. This ensures continuity and alignment with the CoM Risk Management Framework.

The effectiveness of the Framework will be monitored via the Finance and Audit Committee (FAC) with any decisions regarding the CoM's compliance tolerance, objectives or performance to remain within Council's ambit. Reports to the Finance and Audit Committee will include the timely reporting of a compliance management system and significant emerging compliance risks.

Finance and Audit Committee (FAC)

As part of its advisory and assurance role to Council, the FAC is responsible for reviewing and monitoring the framework. The FAC will receive an annual compliance report that provides an assessment on the CoM compliance obligations. Any breach or non-compliance of a high risk compliance obligation will be reported to the FAC.

It will also monitor in conjunction with Risk Management processes, any risk associated with complying/non-compliance with legislative provisions.

The FAC provides guidance, support and advice to Council upon reports it receives. This includes advice whether this Compliance Framework and associated documentation is effective and aligned to Council's risk/compliance tolerance level.

Chief Executive Officer (CEO)

Council has overall accountability for the organisation's compliance obligations. The CEO provides leadership and ensures appropriate resourcing and delegations are in place for an effective compliance program. The CEO is responsible for ensuring timely reporting of compliance/non-compliance to the Council and FAC to support a culture of 'no surprises'.

General Managers (GMs and ELT)

GMs individually and collectively (with the CEO as the Executive Leadership Team) oversee strategic compliance systems and have high-level oversight of operational (work area) compliance strategies across their relative portfolios. All GMs are responsible to lead and encourage compliance behaviour to foster an organisational culture of integrity and compliance. All GM's must ensure participation of units within their portfolio in compliance activities.

Senior Leaders– also known as Senior Leadership Team (SLT)

SLT are defined as third level managers with often multiple areas of responsibility. They have oversight of operational (work area) compliance strategies across their portfolios. As individual operational compliance owners, managers oversee operational compliance and implement compliance processes across the span of their responsibility. Managers may delegate compliance activities to Unit Manager level.

Version created: May 2018, last edited 9 July 2018
Version endorsed by Finance & Audit Committee: 21 August 2018 (FAC180821)
Version endorsed by Council:

Leadership Team (LT)

Contribute; implement and lead corporate compliance processes where directed by the relevant GM or SLT.

Management are responsible for;

- Cooperating with and supporting the Quality Governance Coordinator (QGC) and compliance function and encouraging employees to do the same.
- Personally complying and being seen to be compliant with legislation, regulations and other corporate policies, processes and procedures.
- Identifying and communicating compliance risks in their operations.
- Escalating non-compliance matters as soon as they arise and implementing corrective action promptly and efficiently.
- Actively monitor business unit compliance.

Staff

Contribute, implement and adhere to corporate compliance obligations and processes where directed by the relevant GM, SLT or LT. Staff will also be required to;

- Participate in training in accordance with direction.
- Use available compliance resources as established.
- Report compliance concerns, failures and issues as soon as they arise.

Corporate compliance resources

The CoM has experienced staff within Corporate Governance to facilitate a corporate compliance project. In particular, the QGC is responsible for managing the Compliance Framework and liaising with business units. All reporting on this project will be initiated and managed by the QGC.

Process

The Compliance Standards AS ISO 19600:2015 refers to 11 principles to achieve integration of compliance across an organisation (see figure one below).

Version created: May 2018, last edited 9 July 2018
Version endorsed by Finance & Audit Committee: 21 August 2018 (FAC180821)
Version endorsed by Council:

Figure 1 — Flowchart of a compliance management system
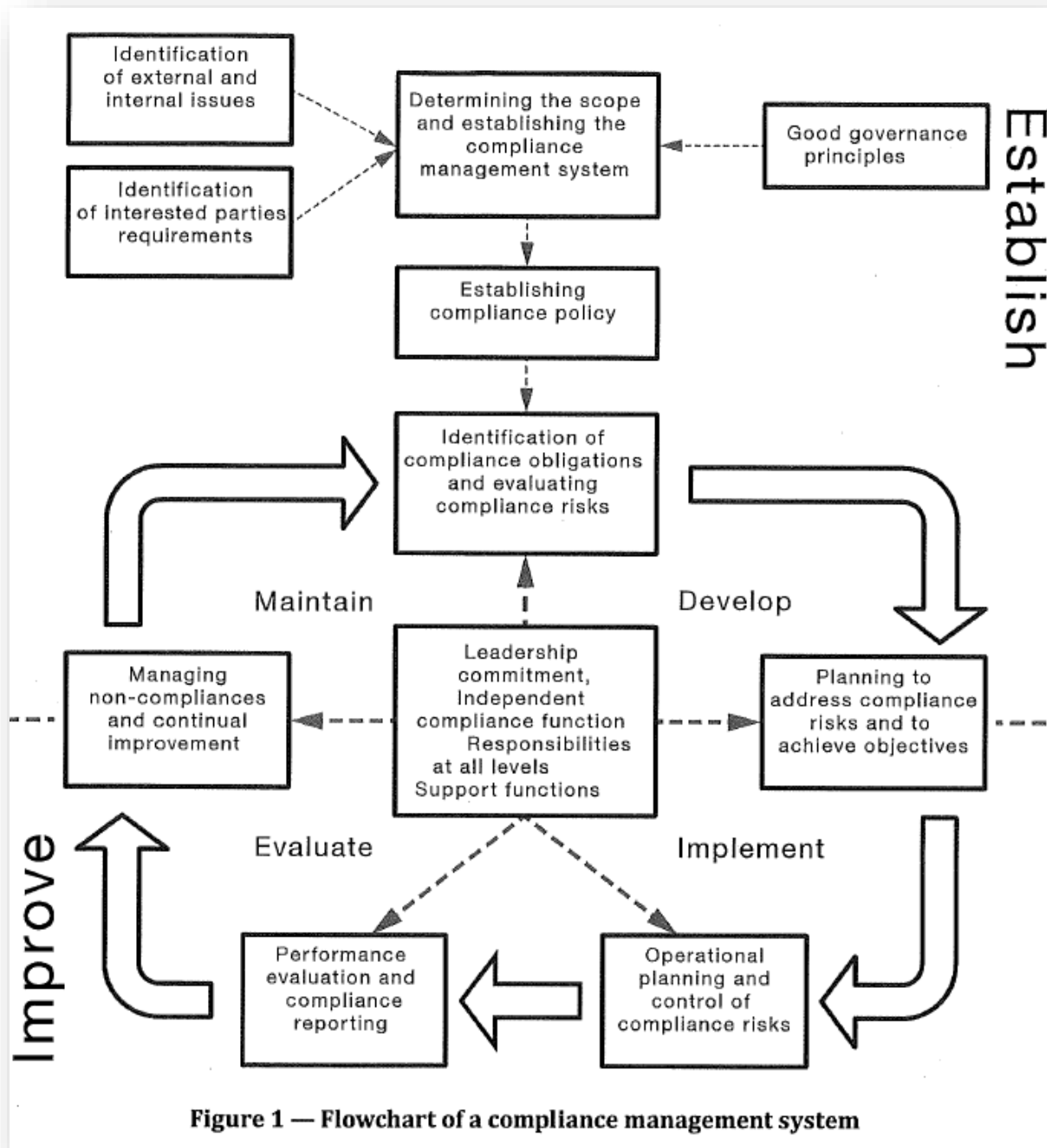
Culture and Commitment
Principle 1 - Identification of ex/internal issues

This requires the CoM to determine external and internal issues related to compliance risks that are relevant to its purpose and directly affect its ability to achieve intended compliance outcomes. This will be a concurrent approach with a comprehensive review of primary legislation and an internal review of compliance functions at each individual business unit/section/division.

Version created: May 2018, last edited 9 July 2018
Version endorsed by Finance & Audit Committee: 21 August 2018 (FAC180821)
Version endorsed by Council:

Principle 2 - Identification of interested parties requirements

Interested parties are identified in relation to the compliance management system and the requirements of those parties in documentation is consistent for continuity of message.

Principle 3 - Determining scope and establishing the compliance management system

This step requires clarifying the organisational parameters to which the compliance management system will operate. Priority will be given to high-risk functions. In addition, compliance commitments should consider;

- Agreements with community groups and government/non-government organisations.
- Obligations arising from contractual arrangements with the CoM.
- Organisational requirements from policy documents or voluntary principles/ codes of practice.
- Relevant industry standards.

Principle 4 - Good governance principles

When developing and implementing the corporate compliance management system, good governance principles to be taken into consideration include;

- Direct access of the compliance function to Executive, FAC and Council.
- Independence of the compliance function.
- Appropriate authority and adequate (technical skills) resources allocated to the compliance function.

Principle 5 - Establishing compliance policy documentation

The compliance policy and documentation should be established in alignment with the organisations values, objectives and strategy and should be endorsed by the governing body. The compliance policy establishes the overarching principles and commitment to action for an organisation to achieve compliance. The policy should not be a stand alone document but should be supported by other documents including frameworks, procedures and processes appropriate to the organisations compliance obligations that arise from its activities.

Implementation

Principle 6 - Identification of compliance obligations and evaluating risks

This identification will require the application of the CoM's risk matrix to make an informed compliance risk assessment.

Causes for and consequences of noncompliance should be clearly identified. Severity of consequences and the likelihood that noncompliance brings including personal and environmental harm, economic loss, reputational harm and administrative liability should be identified. The risk evaluation involves comparing the level of compliance risk found during the analysis process with the level of compliance risk the organisation is able and willing to accept. Based on this comparison, priorities can be set as a basis for determining the need for implementing controls and the extent of these controls.

Principle 7 - Leadership commitment, independent compliance function, responsibilities at all levels and support functions

Effective compliance management systems requires an active commitment from Executive, FAC and Council that permeates the whole organisation. The level of commitment is indicated by the degree with which the following occurs;

- The commitment to compliance is communicated and lead.
- Appropriate resources are allocated.
- The organisation assigns and requires accountability for compliance management.
- Compliance is regularly reported upon and given a level of authority reflecting importance.
- Timeliness of non-compliance issues are escalated.
- Corrective action for non-compliance is taken promptly.
- Regular review of the compliance function is undertaken.
- Compliance performance of the organisation is continually improved.

Principle 8 - Planning to address compliance risk to achieve objectives

Addressing compliance risk will vary across the organisation. This will be assessed by ELT and critiqued by FAC before Council approval. This step requires an assessment of the information garnered at 'Identification of external/internal issues' and subsequent application of the CoM's risk matrix. Careful consideration will be given regarding;

- Ensuring the commiserate level of action to the non-compliance issue.
- Compliance levels are actually reasonable and achieveable.
- How compliance levels will be monitored including what resources will be required and when.

Principle 9 - Operational planning and control of compliance risks

Controls will be put in place to manage the identified compliance obligations and associated risk to achieve desired behaviour. The compliance register will be a point-of-truth for the organisation in determining corporate compliance at a point in time. For the control of the register, the CoM will address;

- Distribution, access, retrieval and use.
- Storage and preservation.
- Version control.

Monitor and Report

Principle 10 - Performance evaluation and compliance reporting

A plan for continual monitoring/reporting will be established which will assess the effectiveness of the compliance management system and the CoM's compliance performance. When determining compliance reporting, the CoM will determine;

- What needs to be measured and why.
- When the monitoring/reporting should be performed.
- The methods for monitoring, measuring and the effectivenes of the compliance management system.
- Measureable indicators to determine/quantifiy performance.

Principle 11 - Managing non-compliance and continual improvement

When managing non-compliance and continual improvement, the CoM will consider;

- The prevention, detection and reduction of compliance matters.
- Integration of actions into the compliance management process.
- Reporting of organisational wide compliance (timeliness and effectiveness).
- Development of measurable indicators to determine/quantifiy performance.
- Any support or training required of staff to achieve compliance tolerances.
- Regulartory authorities informed.
- Notification processes of actual/potential breaches and their escalation.

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Internal Audit Program

Originating Officer	Quality Governance Coordinator - Deborah Horton
Corporate Manager	Manager Corporate Governance - Kate McKenzie
General Manager	General Manager Corporate Services - Vincent Mifsud
Report Reference	FAC180821R03

REPORT OBJECTIVE

To provide the Finance and Audit Committee (FAC) with two (2) draft audit reports and to advise of the status of recommendations from the 2017/18 Internal Audit program.

EXECUTIVE SUMMARY

The FAC was provided with a status report at its previous meeting on 29 May 2018 regarding the City of Marion's Internal Audit Program. It was reported that all five audits for the 2017/18 financial year had commenced in various stages;

- Volunteer management – completed February 2018 (FAC270218R7.2)
- Contractor management – completed May 2018 (FAC290518R7.3)
- NDIS - completed May 2018 (FAC290518R7.3)
- Regulatory – Fines and Enforcement - completed August 2018 (Appendix 1)
- Planning Assessment - completed August 2018 (Appendix 2)

The attached reports (Appendix 1 and 2) complete the 2017/18 program. The recommendations from these reports will continue to be monitored by the FAC. A short summary of the status of recommendations for each audit is provided at Appendix 3.

With the 2017/18 IA Plan now complete, the 2018/19 program will commence, with the following projects and status identified for the FAC;

- Workplace Emergency Management & BCP – to be combined as discussed at May FAC.
- Procure to Pay – Scope completed May 2018 (FAC290518R7.3), commencing Oct '18.
- Customer Experience - scope to be prepared
- IT Cyber Security - scope to be prepared
- Tendering - based on the organisational risk profile. Will follow from the 'Procure to Pay' review. Scope to be prepared.

RECOMMENDATION

That the Finance and Audit Committee;

> **1. Notes this report**
>
> **2. Provides feedback on the following final reports;**
> **1. Regulatory (Appendix 1)**
> **2. Development (Appendix 2)**
>
> 3. **Notes the status of the Internal Audit Program (Appendix 3)**

Attachment

#	Attachment	Type
1	Internal Audit Program - Fines and Enforcement - Appendix 1	PDF File
2	Internal Audit Program - Development Assessment Internal Audit - Appendix 2	PDF File
3	Internal Audit Program Implementation of Recommendations - Appendix 3	PDF File

KPMG

City of Marion

Regulatory Fines & Enforcements Internal Audit Report

August 2018

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In accordance with the 2017-2018 Internal Audit Plan of the City of Marion ("CoM"), an internal audit focusing on regulatory fines and enforcements has been performed. The key aspects of the internal audit are detailed below.

Objective

The objective of the regulatory fines and enforcement internal audit project was to assess the risks and controls associated with the CoM's overall management and administration of fines and enforcement processes, including fines waiving. The focus of this internal audit was in relation to parking expiations, dog expiations and environmental health expiations.

Scope

To address the overall objective above, the scope of the regulatory fines and enforcement internal audit project included consideration of the CoM's overall management framework for managing fines and enforcements, including:

- Policy and procedures in relation to regulatory fines and enforcements
- Overall organisation structure, resources, roles and responsibilities in relation to regulatory fines and enforcements
- Processes for issuing and recording regulatory fines and enforcements
- Processes for appeals and waiving of regulatory fines and enforcements
- Oversight and reporting processes in relation to regulatory fines and enforcements.

Observations and summary of findings

Internal Audit's testing over expiations included testing of a sample of expiations issued and appeals received across different categories for compliance with the CoM's processes and the South Australia Expiation of Offences Act 1996 (the Act). This testing was based on a representative sample of categories of expiations issued (parking-related, dog-related, fire and environmental health) and did not identify any exceptions. The number of findings identified during the course of this internal audit is shown in the table on the following page. A full list of the findings identified, and the recommendations made, is included in this report. Classification of internal audit findings is detailed in Appendix 2 to this report. At the time audit testing was performed, none of the sampled expiations fell in the period post 30 April 2018 and hence the Fines, Enforcement and Debt Recovery Regulations 2018 were out of scope for this engagement.

Positive Observations

A number of positive observations were made during the internal audit which are summarised below:

- The CoM has worked with Civica to develop reports from Authority over expiations issued, appeals made and fines waived. Although, it is noted that this collaboration with Civica also results in an expense and time lag for the CoM to receive this reporting (please see Finding 1).
- The process for issuing infringement notices and the appeals process has been clearly documented with process flows and staff involved and references to the Expiation of Offences Act 1996.

Internal audit findings

Through our discussions with the process owners, documentation review and sample testing performed, Internal Audit identified two findings for the regulatory fines and enforcement internal audit for the CoM. The following table provides a summary our risk rated findings, and the relevant issue owner and target date for implementation.

These findings and recommendations were discussed with CoM Management. Management has accepted the findings and has agreed action plans to address the recommendations.

Critical	High	Moderate	Low	Performance Improvement
-	-	-	2	-

.
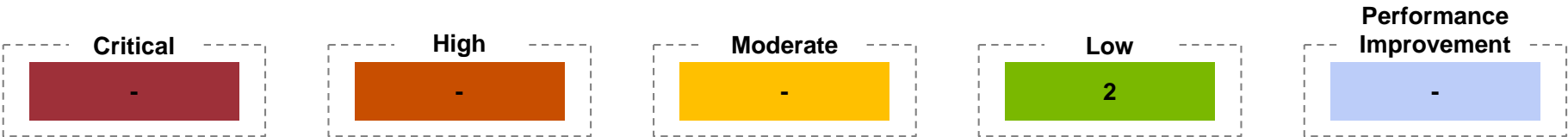
Rating	Ref #	Description	Issue Owner	Target Date
Low	F1	Updates to Authority system result in loss of expiation reporting functionalities	Team Leader Community Safety	30/06/2019
Low	F2	Expiations issued in relation to disability parking were waived by the Business Support Officer	Complete	Validated and completed

The classification of risk ratings in this report are based on the risk ratings documented at Appendix 2.

Background

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Expiations

Across the 2016-2017 financial year there was a total of 6,661 expiations issued, with the majority of expiations related to parking expiations for exceeding the time limit (4,827 expiations issued) and stopping in a bike lane (502 expiations issued). The remaining expiations 1,098 were across all other categories of parking expiations.

6,427 Parking-related expiations | **2** Fire-related expiations

5 Expiations issued under the Food Act | **4** Public Health Act expiations | **223** Dog-related expiations

Fine Revenue

Parking-related fines revenue for the 2016-2017 year totalled $518k, which was an increase from $466k in 2015-2016 and $413k in 2014-2015 respectively. Dog, fire, food and public health revenue are not separate line items in the financial statements, and are materially low in terms of dollar value compared to the dollar value of parking expiations. Parking expiations revenue made up 0.5% of the CoM's total revenue for the 2016-2017 year.

(Bar chart: Fines Revenue)
- 2014-15: $413k
- 2015-16: $466k
- 2016-17: $518k
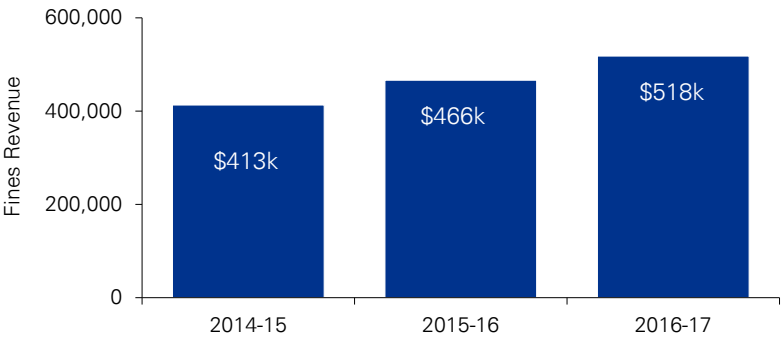
Appeals

A total of 614 appeals were received for the 2016-2017 year which are summarised in the adjacent table (this table does not include food or health expiations as these are managed separately).

While the value of appeals waived was $19.9k, the dollar value of the total expiations issued was $518k. This table shows that appeals are received for only 9% of expiations issued, and of these only a third of these are successfully appealed. The $19.9k value of appeals waived represents only 3.8% of fines revenue from 2016-2017.

Expiation Type	Number of expiations issued	Number of appeals received	Number of appeals waived (successful appeals)	Percent of successful appeals	Value of appeals waived (successful appeals)
Dog-related	223	13	8	62%	$640
Fire	2	2	1	50%	$315
Parking-related	6,427	599	186	31%	$19,004
Total	*6,652*	*614*	*195*	*32%*	*$19,959*

Reporting and oversight

Currently there is limited reporting which can be generated from Authority for parking, dog and fire related expiations issued, expiations appealed and the reason for expiations being appealed (please refer to finding 1). Expiations issued are captured in Authority whereas appeals are recorded in the Customer Events System and require manual updates to the expiation issued in Authority.

Background

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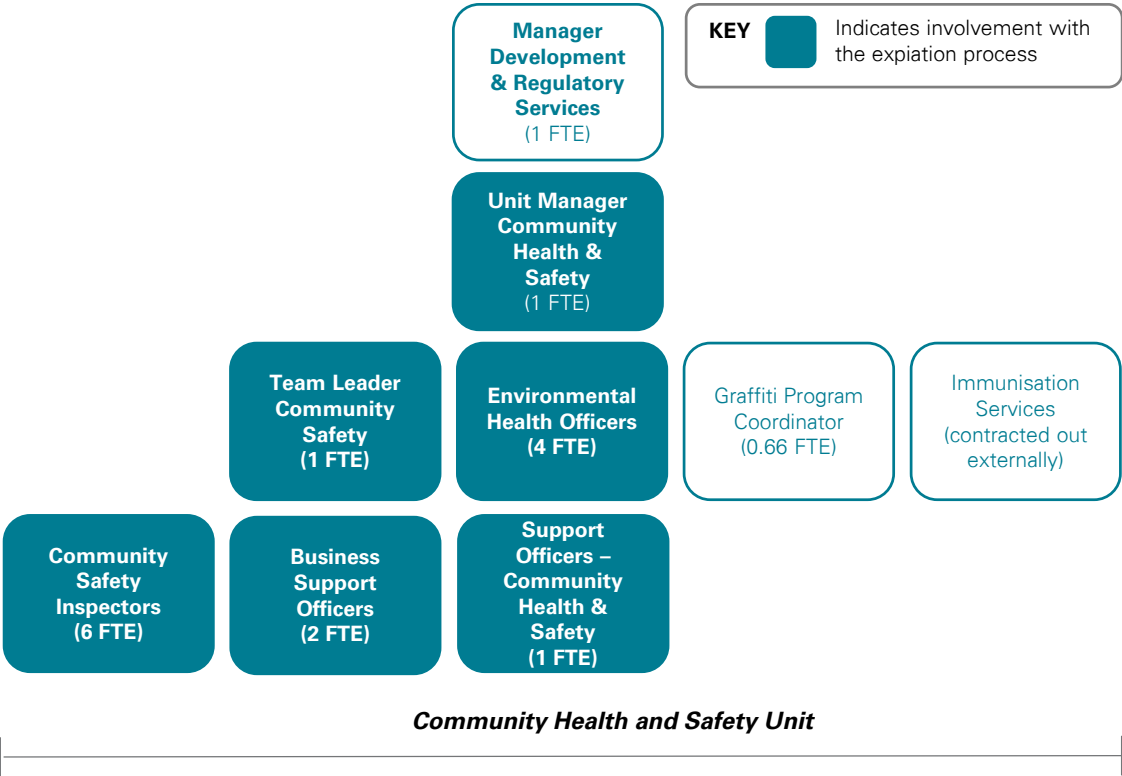| Table of Contents | Executive Summary | Background | Internal Audit Findings | A1: Staff Consultation | A2: Classification of Findings |

Reporting and oversight (continued)

Statistics in relation to expiations and appeals are reported to Council and the Executive Leadership Team on an as requested and required basis, however this required manual work to collate and obtain the data from across each of the systems. For example, in May 2018, statistics regarding expiations issued by the Community Safety Inspectors were reported to Council's Finance and Audit Committee and a copy provided to all Elected Members following a request from the Parking Management and Regulation Service Review.

Expiations issued under the Food Act are mandatorily reported annually to the Minister for Health through SA Health. Although not a mandatory requirement, expiations issued under the Public and Environmental Health Act are reported annually to the Minister for Health through SA Health.

Legislation

The Expiation of Offences Act 1996 and the CoM's Instrument of Delegations under the Expiation of Offences Act 1996 provide the policy and guidance for issuing and appealing expiations. The CoM's Instrument of Delegations under the Expiation of Offences Act 1996 clearly sets out which CoM employees in the Community Safety Inspectorate have authority to issue expiations and withdraw expiations under sections of the Act. In the majority of cases, the Unit Manager has delegation for Environmental Health matters and the Team Leader for community safety inspector matters.

The sample of expiations and expiations withdrawn for testing was chosen and performed prior to 30 April 2018 and hence the Fines, Enforcement and Debt Recovery Regulations 2018 was not considered for testing purposes.

In addition to guidance provided by the Expiation of Offences Act 1996, the CoM has worked on developing a number of process maps which are readily available to staff on the CoM's intranet. These process maps have been built based on the legislation and roles of the Community Safety inspectorate and provide clear guidance to staff for the processes required to be followed.

Policies and Procedures

As noted above, the applicable legislation is in itself the policy and policy framework. In addition, the Community Health and Safety Unit has a number of process maps regarding this which are readily available to staff on the CoM's intranet:

- Infringement Notice - Generation through to Payment
- Issuing Expiations - Environmental Health
- Review of Decision - Expiation Notices (applicable to parking, dog, fire, food and health expiations)
- Dealing with Illegal Parking at Westfield and Castle Plaza
- Dealing with Parking Issues - for School Monitoring
- Residential Parking Permits - Requests for New
- Residential Parking Permits – Reissuing

Sample testing included review of sample items compliance with the above processes. All sample items tested were issued in accordance with the processes, without exception.

Team structure

Fines and expiations are managed predominately by the CoM's Community Health and Safety Unit with environmental health inspections undertaken by the CoM's Environmental Health Officers (see diagram on the right of this page).

Due to the large number of parking-related expiations issued and parking-related appeals received, the majority of the Community Safety Inspectorate's time is spent dealing with parking-related expiations and appeals. Payments of expiations are managed by Customer Service Officers and the Finance team.

As part of the Parking Management and Regulation Service Review undertaken by the CoM in May 2017, the number of full time equivalent (FTE) employees managing the parking and expiations process was benchmarked against seven other councils in South Australia. Although there were some limitations in benchmarking against other councils, the Service Review found the CoM to have the less 'mixed function roles and administration officers' in the community safety team than other comparable South Australian councils.

Manager Development & Regulatory Services
(1 FTE)

KEY — Indicates involvement with the expiation process

Unit Manager Community Health & Safety
(1 FTE)

Team Leader Community Safety
(1 FTE)

Environmental Health Officers
(4 FTE)

Graffiti Program Coordinator
(0.66 FTE)

Immunisation Services
(contracted out externally)

Community Safety Inspectors
(6 FTE)

Business Support Officers
(2 FTE)

Support Officers – Community Health & Safety
(1 FTE)

Community Health and Safety Unit

Process for issuing expiations

The below process flow represents the overall expiations process for the CoM. Where a fine is appealed, after step 5 (infringement notice received by the customer) the appeals process is initiated. Please see over the page for the appeals process (page 7). Please note that this internal audit did not consider payment of expiations (from step 6 onwards) as this was reviewed as part of the 2017 Accounts Receivable Internal Audit. As part of this internal audit a sample of expiations and their related appeals was tested across parking, fire and dogs related expiations from the 2016-2017 year by obtaining the relevant supporting documentation for the initial expiation issued and the subsequent appeal received by the CoM. All sample items tested, selected from the representative population, were issued in accordance with the following outlined procedure, without exception.

Step 1. Expiation issued

Where the infringing vehicle is parked, Community Safety Inspectors issue an expiation notice and leave the notice on the vehicle. The expiation notice includes the notice number, issue date, officer ID, location of the offence, the type of offence, the offence date, expiation fee, total amount payable, due date, vehicle registration number, state, make, model and colour of the vehicle, bill pay code and reference. The expiation notice also states the expiation is issued under the Act and payment is due within 28 days (from and including) the date of the notice unless an arrangement is entered into under Section 9 of the Act. For offences such as stopping in a bus zone or stopping in a bicycle lane, it is not possible to leave the expiation notice on the vehicle due to safety considerations for the Community Safety Inspector.

In such instances the vehicle registration details are collected by the Community Safety Inspector for the Business Support Officer to conduct a vehicle search (step 4 and 5) and create an infringement notice which is mailed to the vehicle owner.

Step 2. and Step 3. Expiations downloaded and extracted

Community Safety Inspectors download their daily expiations issued into PinForce (infringement issuing software) and the following day, the Business Support Officer downloads these expiations from PinForce to Authority.

Step 4. and Step 5. Vehicle search and expiation mail out

Where the expiation cannot be left on the vehicle for safety reasons, or the owner has not paid an expiation on time and a reminder notice needs to be sent, the Business Support Officer conducts a vehicle registration search through Service SA to locate the owner of the vehicle and their address details. Once the vehicle owner's details come back from Service SA, these are downloaded into Authority against the expiation and correspondence relevant to the expiation is generated and sent to the owner of the vehicle.

Step 6. Payment of expiation

Expiations may be paid to the CoM by quoting the infringement ticket number via Australia Post (over the phone, post office or internet), over the phone or in person by Customer Service Officers. These payments are processed by Customer Services Officers through e-services. A customer can also pay online via e-services.
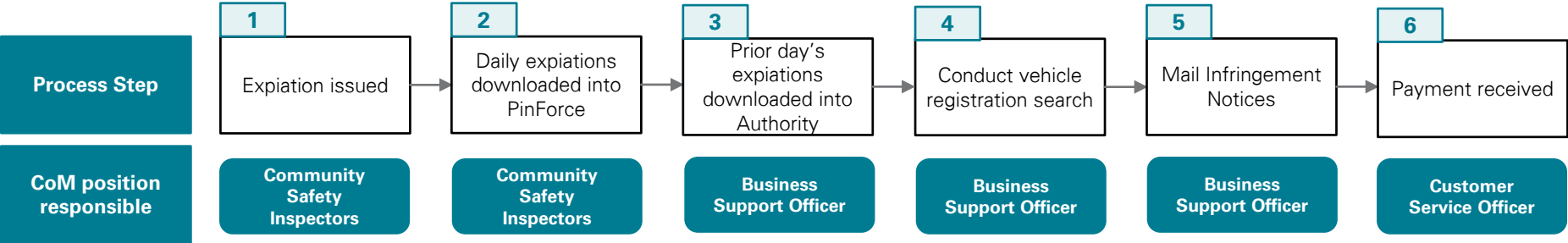
| Process Step	1. Expiation issued	2. Daily expiations downloaded into PinForce	3. Prior day's expiations downloaded into Authority	4. Conduct vehicle registration search	5. Mail Infringement Notices	6. Payment received
CoM position responsible	Community Safety Inspectors	Community Safety Inspectors	Business Support Officer	Business Support Officer	Business Support Officer	Customer Service Officer

Process for appealing expiations

The below process flow represents the overall expiation appeals process for the CoM. The appeals process is initiated after a customer receives an expiation and they want to appeal the infringement notice.

Step 1. Review received

Where a customer disputes the expiation they have received, they must make an appeal in writing. The appeal can be made using the CoM's "Review of Decision Application" form, which can be emailed, scanned or delivered in person to the CoM and received by Customer Service Officers. This information is recorded by the Customer Service team and Records Management Team into the Customer Event System (Events). For all appeals sampled as part of this internal audit, an appeal in writing was sighted. The driver's licence number and date of birth are required to be recorded on this form as well as any substantiation or evidence the customer can provide to support their appeal. For example, if the expiation related to parking in a disabled car park, without a Disabled Persons' Permit displayed, the customer would be required to submit a copy of a valid Disabled Persons' Permit. If the customer who received the expiation notice was not the driver at the time of the offence, they must complete a "Change of Driver" form which is to be witnessed by a Justice of the Peace and provided to the CoM.

Step 2. and Step 3. Document review and decision

The Business Support Officer will review the appeals form and supporting documents. Where information is missing or unclear the customer will be contacted to correct and update the information. The Business Support Officer will make any amendments to the expiation in Authority (for example, noting they have received an appeal) and Events.
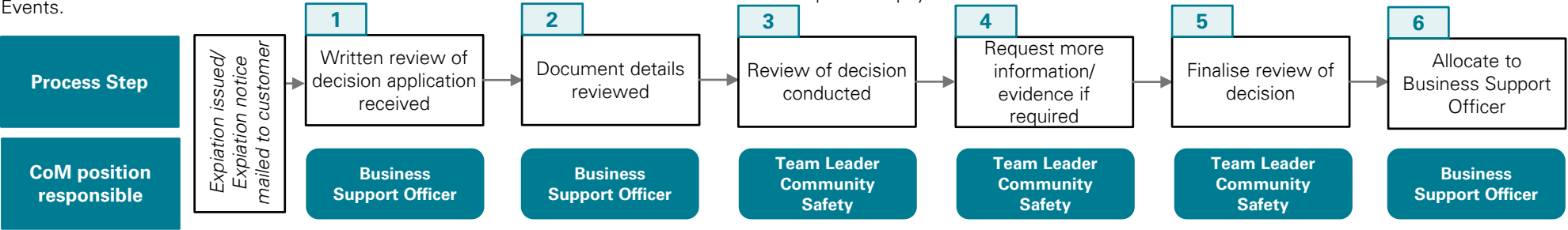
In line with CoM's Instruments of Delegation under the Expiation of Offences Act 1996, the Team Leader Community Safety will then review the appeal and supporting documents and decide whether the expiation falls within the definitions of trifling Sec 4(2) or should be waived under Sec 16 of the Act. In the case of a second appeal, the Unit Manager Community Safety undertakes the second review. For all appeals sampled as part of this internal audit, (selected from the representative population) the appeal decisions were made in accordance with the delegations or acting delegations at the time the decision was made. Refer to Finding 2 for the exception identified as a result of Internal Audit's testing.

Step 4. and Step 5. Request further information and finalise review

If more information is required before the appeal can be withdrawn, the Team Leader Community Safety creates an "action" in Events and documents the reason why the appeal is not accepted and explains what evidence is required before a decision can be made. Once sufficient evidence is obtained and a decision can be made by the Team Leader or the Unit Manager, per the Instruments of Delegations, the expiation is either withdrawn or the appeal is not accepted. The Team Leader or Unit Manager making the decision creates an "action" in Events to note the reason why and the applicable section of the Act why the expiation was withdrawn or the appeal not accepted.

Step 6. Allocate to Business Support Officer

The Business Support Officer will then make amendments to the expiation in Authority to ensure all correspondence is attached and ensure the correct section of the Act the decision was determined under (fine waived/appeal not accepted) is documented in the comments area under the withdrawal code. Where an appeal is not accepted, correspondence is sent to the customer to inform them of the decision and their expiation is payable.

Process Step	Expiation issued/ Expiation notice mailed to customer	1 Written review of decision application received	2 Document details reviewed	3 Review of decision conducted	4 Request more information/ evidence if required	5 Finalise review of decision	6 Allocate to Business Support Officer
CoM position responsible		Business Support Officer	Business Support Officer	Team Leader Community Safety	Team Leader Community Safety	Team Leader Community Safety	Business Support Officer

Finding 1 – Updates to the Authority system results in loss of expiation reporting functionalities

<div style="background-color:green;color:white">Low</div>

Finding(s)

Internal Audit noted through discussions and walkthroughs with the Unit Manager Community Health and Safety, the CoM had invested in working with Civica to develop reports from Authority over expiations and appeals, as a result of an Internal Audit recommendation arising from the 2017 Accounts Receivable Internal Audit.

However it was identified that, when software updates are made to Authority, the integrity of the data is usually not accurate and the data in the reports is compromised. To resolve this issue the CoM should request Civica to develop the reporting capability again, at a cost to the CoM.

In addition, the current reporting functionality of Authority is not optimised and user-friendly to enable the CoM to interrogate and analyse expiation and appeals data. For example, the CoM was unable to provide a full financial year of infringements withdrawn sorted by the reason for withdrawal and the section of the Expiations of Offences Act 1996 under which the expiation was withdrawn.

Risk(s)

When there is a software update to Authority and a subsequent removal of the reporting, this makes it difficult for the CoM to obtain accurate information, analyse expiations and appeals data and is inefficient for reporting purposes. Additionally, the time and cost of implementing the reporting from Authority is wasted.

Responsibility: Luke Manuel, Team Leader Community Safety

Target date: 31/12/2018

Recommendation(s)

It is recommended that the CoM investigate undertaking one or a combination of the following solutions:

- Work with Civica to implement reporting functionalities in Authority that will not be removed with a software update to Authority

- Allocate internal resources to develop reporting functionalities for Authority

- Invest in a different information technology solution than Civica, that has the ability to generate meaningful reporting.

Agreed Management Action(s):

There are a number of initiatives being pursued in the 2018-19 financial year which will address this finding.

Council has funded a data warehouse initiative in 2018-19 Annual Business Plan which will improve the organisation's access to data and better support work areas to monitor performance.

The Community Safety Inspectorate Service Review undertaken in 2018 included the following recommendation:

Develop a comprehensive suite of key metrics and reports that management and Council can use to monitor performance.

Finding 2 – Expiations issued in relation to disability parking were waived by the Business Support Officer

Low

Finding(s)

Internal Audit noted through discussions and walkthroughs with the Business Support Officer, for a period of three months, beginning in June 2017, the Business Support Officer waived expiations in relation to parking in a disabled car park without a Disabled Person's Permit displayed, on receipt of evidence of a valid Disabled Person's Permit. The Business Support Officer waiving these expiations was based on a decision to improve the efficiency of the fine waiving process.

Under the 'Instrument of Delegation under the Expiations of Offences Act 1996', the Team Leader Community Safety Inspectorate has the sub-delegation for the withdrawal of Expiation Notices under section 16(1) of the Expiation of Offences Act 1996 for Community Safety Inspector matters. Hence, when a fine is waived under the Expiation of Offences Act 1996, the Team Leader has delegated authority to withdraw the expiation.

Risk(s)

In the absence of a Team Leader Community Safety waiving the expiations, there exists a risk that the Council has not complied with their Instruments of Delegation under the Expiation of Offences Act 1996. Without Team Leader approval, there is a risk that expiations may be waived when it is inappropriate to do which presents a reputational risk for the City of Marion. Additionally, the council may be forgoing additional fine revenue.

Responsibility: Completed

Target date: Completed

Recommendation(s)

It is recommended that only the Team Leader Community Safety or the Unit Manager Community Health and Safety (in lieu of the Team Leader) has the ability to approve the waiving of expiations under section 16(1) of the Expiation of Offences Act 1996.

Internal Audit notes that as of October 2017, the approval to waive expiations under section 16(1) has returned to the Team Leader Community Safety.

Agreed Management Action(s):

This finding has been closed out by the Unit Manager Community Health and Safety and as such no management action is required.

The table below summarises City of Marion personnel who were involved in discussions and contributed to the findings and actions detailed in this Internal Audit Report.

Name	Title
Sharon Perin	Unit Manager, Community Health and Safety
Luke Manual	Team Leader, Community Safety
Leah Stanfield	Business Support Officer, Community Safety Inspectorate
Karina Fry	Business Support Officer, Community Safety Inspectorate
Ben Burdett	Environmental Health Officer

Appendix 2 – Classification of Findings

The following framework for internal audit ratings has been developed and agreed with City of Marion's Management for prioritising internal audit findings according to their relative significance depending on their impact to the process. The individual internal audit findings contained in reports will be discussed and rated with City of Marion's Management.

Rating	Definition	Examples of business impact	Action(s) required
Extreme/Critical	Issue represents a control weakness, which could cause or is causing severe disruption of the process or severe adverse effect on the ability to achieve process objectives.	• Detrimental impact on operations or functions. • Sustained, serious loss in reputation. • Going concern of the business becomes an issue. • Decrease in the public's confidence in the Council. • Serious decline in service/product delivery, value and/or quality recognised by stakeholders. • Contractual non-compliance or breach of legislation or regulation with litigation or prosecution and/or penalty. • Life threatening.	• Requires immediate notification to the Council Finance and Audit Committee via the Presiding Member • Requires immediate notification to City of Marion's Chief Executive Officer. • Requires immediate action planning/remediation actions
High	Issue represents a control weakness, which could have or is having major adverse effect on the ability to achieve process objectives.	• Major impact on operations or functions. • Serious diminution in reputation. • Probable decrease in the public's confidence in the Council. • Major decline in service/product delivery, value and/or quality recognised by stakeholders • Contractual non-compliance or breach of legislation or regulation with probable litigation or prosecution and/or penalty. • Extensive injuries.	• Requires immediate City of Marion's General Manager notification. • Requires prompt management action planning/remediation actions (i.e. 30 days)

Rating	Definition	Examples of business impact	Action(s) required
Moderate	Issue represents a control weakness, which could have or is having a moderate adverse effect on the ability to achieve process objectives	• Moderate impact on operations or functions. • Reputation will be affected in the short-term. • Possible decrease in the public's confidence in the Council. • Moderate decline in service/product delivery, value and/or quality recognised by stakeholders. • Contractual non-compliance or breach of legislation or regulation with threat of litigation or prosecution and/or penalty. • Medical treatment required.	• Requires City of Marion's General Manager and/or Senior Manager attention. • Requires short-term management action.
Low	Issue represents a minor control weakness, with minimal but reportable impact on the ability to achieve process objectives.	• Minor impact on internal business only. • Minor potential impact on reputation. • Should not decrease the public's confidence in the Council. • Minimal decline in service/product delivery, value and/or quality recognised by stakeholders. • Contractual non-compliance or breach of legislation or regulation with unlikely litigation or prosecution and/or penalty. • First aid treatment.	• Timeframe for action is subject to competing priorities and cost/benefit (i.e. 90 days).

Disclaimers

Inherent Limitations

This report has been prepared as outlined in the Executive Summary of this report. The services provided in connection with the engagement comprise an advisory engagement which is not subject to Australian Auditing Standards or Australian Standards on Review or Assurance Engagements, and consequently no opinions or conclusions intended to convey assurance will be expressed. Due to the inherent limitations of any internal control structure, it is possible that fraud, error or non-compliance with laws and regulations may occur and not be detected. Further, the internal control structure, within which the control procedures that have been subject to the procedures we performed operate, has not been reviewed in its entirety and, therefore, no opinion or view is expressed as to its effectiveness of the greater internal control structure. The procedures performed were not designed to detect all weaknesses in control procedures as they are not performed continuously throughout the period and the tests performed on the control procedures are on a sample basis. Any projection of the evaluation of control procedures to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

We believe that the statements made in this report are accurate, but no warranty of completeness, accuracy or reliability is given in relation to the statements and representations made by, and the information and documentation provided by, City of Marion's management and personnel. We have not sought to independently verify those sources unless otherwise noted within the report. We are under no obligation in any circumstance to update this report, in either oral or written form, for events occurring after the report has been issued in final form unless specifically agreed with City of Marion. The internal audit findings expressed in this report have been formed on the above basis.

Third Party Reliance

This report is solely for the purpose set out in the Executive Summary of this report and for City of Marion's information, and is not to be used for any other purpose or distributed to any other party without KPMG's prior written consent. This internal audit report has been prepared at the request of the City of Marion Finance and Audit Committee or its delegate in connection with our engagement to perform internal audit services as detailed in the contract. Other than our responsibility to City of Marion, neither KPMG nor any member or employee of KPMG undertakes responsibility arising in any way from reliance placed by a third party, including but not limited to City of Marion's external auditor, on this internal audit status report. Any reliance placed is that party's sole responsibility.

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CITY OF MARION
INTERNAL AUDIT DEVELOPMENT
ASSESSMENT (PLANNING)

DRAFT

create • manage • deliver | land • cities • communities

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Introduction

The purpose of this audit was to check the process governance and service levels provided in discharging the Council's development assessment functions pursuant to the *Development Act 1993* and the *Development Regulations 2008* and to provide advice and recommendations with respect to any issues that require attention and an indication of the level of risk associated with each.

Executive Summary

The audit found that the team discharges some of the Council's planning functions and duties really well.

Specifically, the experience at the planning counter and observations of other's experience was that all customers are attended to promptly, and staff are very helpful and generous with information provision and assistance.

The delegated assessment sheets are very comprehensive and provide a good level of detail as to the assessment process, issues of major consideration and reasons as to the decision. Furthermore, the process pathway is able to be ascertained and followed.

Generally speaking, hard copy files are well maintained and are tidy and orderly. The electronic filing system is also well maintained and the more recently introduced sub-folder arrangement makes working through historic files, logical and convenient. The majority of the applications assessed were correct.

Notwithstanding, whilst the department is essentially discharging the Council's planning functions and duties that there are some areas for improvement.

Specifically, the audit found that there is an over-riding culture of regulation. This is manifesting in various ways including multiple requests for further information, the requesting of applications for land use/built form for prior consideration in the event of a land division application being lodged, and the application of 'informal' policies to achieve specific outcomes (i.e. 'requiring' a reduced floor to ceiling height to reduce bulk). It is also evident in some of the communication between some staff and applicants with references to "following procedure" if questioned about actions. The 'internal' policies also use language such as "adherence" to the Development Plan rather than referencing the required "on-balance" assessment required by the legislation.

Some of the actions appear to be beyond that provided for in the *Development Act, 1993,* and all of this results in an unnecessary increase in workload for staff and increased processing times. Whilst many of the applications are processed within the statutory timeframe this nonetheless frequently includes multiple clock stops, some of which it could be contended are applied un-necessarily. Of the 20 files audited, 14 were clearly within timeframes, (one non-complying by a technicality following poor processing), two were clearly out of time, and four difficult to determine but most likely out of time.

There also appears also to be a culture of following 'practice' as distinct from observing process. Whilst the 'practice' largely follows the process, it can become dated and thus variances occur.

This culture of following 'practice' has been evidenced by the way delegations have been used; in cases where the they do not formally exist. It is also evident by the use of the 'informal' policies, the shorthand reference to Development Plan policy in the event of a delegated assessment (i.e. there are few specific references to Objectives and Principles of Development Control for example), and the imposition of numerous conditions on most approvals. The practice of placing land division applications on hold, pending the lodgement and assessment of a land use/built form application is another example of 'practice'.

Seeking a land use/built form application ahead of determining the land division in many instances can have the effect of confusing the land use description as a number of the applications (especially those that will ultimately take form of a detached dwelling, semi-detached dwelling or row dwellings) will be categorised one way ahead of the land division and another way following. There is evidence of applications being processed by the intended description rather than the actual description. This issue came to light in the Paior case, and could be grounds for judicial review. A number of Council's are grappling with this.

There is also a high number of combined land use/built form-land division applications. Historically, the approach would be to run two separate applications through the system concurrently, however increasingly these are being combined. This audit shows a propensity for the combined application, which may be based on the staff's desire to approve the land use/built form first. If this approach is to continue, care needs to be taken to ensure all fees are paid, (in at least one case it appears only the land division fee was paid), the description of the land use/built form is correct for the purposes of the assessment, and the application of conditions is sensible (i.e. in two instances there is an approval for built form and a condition requiring the removal of all buildings and deleterious materials…. prior to Section 51 clearance).

In term of referrals it appears as though these may be done a basis of 'practice' rather than by reference to the Regulation. An example appears to be an automatic referral to the Commissioner for Highways for development on Department of Transport Roads without consideration as to whether or not the function or nature of an access is changed.

The audit also found that the Decision Notification Forms issued include only a generic reference to the reasons for the decision and conditions imposed, as distinct from, applying a discrete and specific reason for each condition.

Applications can have a high number of conditions applied, one of the applications audited included 40 Conditions, notwithstanding the application was "non-complying", this nonetheless is a very high number of conditions. This high use of conditions indicates a 'belts and braces' kind of approach and potentially results in more need for monitoring and enforcement. It is possibly another symptom of the regulatory culture.

The list of standard conditions would benefit from a review and a number could be collapsed or combined, or at least, a combined option should be provided. Some would more appropriately be applied as notes and others as reserve matters, rather than conditions.

Non-complying applications appear to be infrequent and thus there is less familiarity with such. Of those five non-complying files audited (three were identified as having planning issues) one included a problem with the exercise of delegations, the non-complying nature of another was overlooked for some time, and a third was processed without a statement of support or statement of effect delaying the issue of concurrence. The fourth application had been progressed by Council as a building approval only application for some time until it was concluded the land use was not approved and constituted non-complying development. The fifth appears to have not had processing issues.

In terms of the 'internal policies', there appear to be two sets, one that is signed and one (apparently the updated set) that is not signed. Staff seem to refer to both. The policies appear to be agreed by consensus and variously signed by multiple people/positions and none appear to have been presented to the Executive notwithstanding some seek to guide broader Council decision making. Many are variously inappropriate and require review. Reasons for this include:

- They are not formal Development Plan policy and thus whilst purporting to guide development (or interpreting policy) cannot be used in an assessment process (although by default they are);

- They simply promote poor design (low floor to ceiling heights for example is generally rejected as it decreases the amenity of rooms – it would be tolerated to assist with affordability);

- Some appear to be designed simply to reduce the planner's workloads and thus reduce/impact customer service levels;

- One outlines how to deal with a pre-lodgement inquiry suggesting it is not necessary to advise on the importance of any departures from the Development Plan which is not overly helpful;

- Some seem to be interpreting legislation; and

- Some are simply internal procedures not policies.

Council appears to require the payment of a contribution for the replacement of any street tree approved for removal as part of a development application. This is considered appropriate. However, the payment of the fee is required via the assessing officer ahead of granting planning consent. This would be better collected as a separate transaction following any approval granted.

There appears to be some inconsistencies in approaches to assessments, probably due to a variety of factors including experience and exposure. It is considered that the new approach to the allocation of applications whereby the Team Leader undertakes and initial assessment is likely to improve processes by more appropriately matching application complexity to an officer's experience levels. The Development Assessment Group referrals are also seen to be positive in that the staff can debate issues and inform more collective views.

Development Assessment is always evolving due to legislation and Development Plan changes and decisions of the ERD Court. To this end a continuing education focus is required.

Objective

To ascertain the process governance and service levels and any risk associated with the discharge of Council's Development Assessment functions.

Scope/Methodology

To interrogate the performance of Council in the discharge of its Development Assessment function the following methodology was employed:

1. Review of supporting documentation and processes

- Intent:

  » to identity any practices that result in an inherent risk (i.e. out of date procedure manuals, custom and practice followed without review, culture and/or lack of attention to statutory matters); and

  » to identify risk mitigation strategies and changes and improvements required.

- Key methods

  » Identify and review processes around the allocation of applications through discussions with the Manager of the section;

  » Identification of assessment related supporting documents or procedure manuals used within the section and review of such documents for currency, and relevance and consistency with statutory obligations and/or documents;

  » Identification and review of assessment related templates; and

  » Review Standard Conditions.

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2. Application assessment via a review of a random sample of (20) applications.

- Intent:

  » To determine overall 'compliance' (or otherwise) with the *Development Act 1993* and *Development Regulations 2008* against key process elements including description of development, process pathway, categorisation for the purposes of public notification; referrals, fees, time frames, use of delegation (if relevant) or recommendations to a Panel or senior officer (if relevant); and

  » to identify risk mitigation strategies and changes and improvements required.

- Key methods:

  » Understand delegations to staff; and

  » Undertake a review of a random sample of applications by category against key process elements.

3. Performance

- Intent:

  » To determine customer service performance of the division through consideration of the assessment approach and specifically communication with applicants and others, to determine how interactions are managed, questions or feedback responded to and matters resolved or otherwise generally; and

  » to identify risk mitigation strategies and changes and improvements required.

- Key methods:

  » Review of correspondence and communications that occurred as part of the assessment process.

Summary of findings

The key findings by topic are:

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1. Delegations

   » There needs to be a delegation policy pursuant to Section 34(27) (a) of the *Development Act 1993*;

      ▪ The delegations should be reviewed to improve clarity and workability (there are elements to this that could lead to inconsistencies in application of policy);

   » Powers appear to have been exercised beyond delegation; and

   » Staff need to be trained in the exercise of delegations; and

   » A suite of delegations added.

2. Process versus Culture and Practice (Implementation of *Development Act 1993* and *Development Regulations 2008*)

   » Council requires applications for land use/built form to be approved prior to assessing live applications for land division;

   » Requests for Further Information and dealing with applicants;

   » Public notification;

   » Referrals; and

   » Non-complying processes;

3. Internal Policies
4. Conditions and Decision Notification
5. Checksheets
6. Correspondence
7. Lodgement process and fee
8. Payment for Street Tree Removal

Explanation of High/Moderate/Low Risk or Priority 1, 2 or 3

Each issue identified has been categorised as high, moderate or low risk and allocated a corresponding priority for resolution in accord with the following standard basic risk matrix.

	Consequence		
Likelihood	**Minor**	**Moderate**	**Major**
High	Moderate	High	High
Medium	Low	Moderate	High
Low	Low	Low	Moderate

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Audit findings

Finding 1: Delegations (High Risk, Priority 1)

Finding explanation	Recommendation	Agreed Management Action(s)

The *Development Act 1993* requires that the Council delegate its powers and functions to its Council Assessment Panel and/or administration Section 34 (23) (a) and (b), and may make delegations based on classes of development and vary delegations at any time, Section 34 (24)(a) and (b). Section 34 (26) provides that a delegation made under Section 34(23) can be further sub-delegated and Section 34(27) requires the Council to develop a policy that sets out the basis on which delegations pursuant to Section 34(23) are made.
 	
The Council does not appear to have a policy pursuant to Section 34(27).
 	
This potentially leaves Council open to judicial review proceedings and is considered to be a high-level risk.
 	
The delegations appear to require significant review as currently for example:
• there appear to be limited delegations to the General Manager City Development which is limiting in the event that the Manager is unavailable or conflicted;
• planning officers appear to be able to sign off on building assessments; this should be checked to ensure there is no liability attributable to Council;
	1. That Council develops and adopts a policy pursuant to Section 34(27) of the *Development Act 1993.*
	
	2. Review all of the delegations pursuant to the *Development Act 1993* and *Development Regulations 2008* to ensure they:
	  a) Provide all of the required delegations to the required positions
	  b) Provide clarity as to exactly when the delegations can be exercised.
	
	3. Staff are trained in the exercise of delegations
	
	4. Staff should refer to the actual delegations register to ensure the delegation is held.
	
	5. An instrument of delegation should be provided to each member of staff with delegated authority.
	
	6. As assessment should be undertaken by one staff member and delegated authority exercised by another to seek to avoid mistakes.
		The Delegations Policy required under the Development Act will be developed as a priority and staff will be trained as required. The Policy can be developed in the Caretaker Period but can't be adopted by the Council until after the elections. The other delegations will be implemented as required. These recommendations will be progressed by the Manager, Development and Regulatory Services in conjunction with the Governance Department.
		
		Responsible Officer: Manager Development and Regulatory Services
		
		Due Date: November 2018

- no one in the planning department, including the GM seems to have the power to waive fees;
- the delegations from the CAP to staff are complicated to understand and enact. For example, there is a delegation for land division that is based on site area per dwelling type and yet at land division stage the dwelling type may be defined differently to how it would be defined post land division and thus the metrics applying to the delegation may well change. Consequently, the delegations may be different. Furthermore, the judgement is based on 'compliance' with site area alone i.e. not frontage width etc leaving the door open for significant variation between decisions in respect to ostensibly similar applications between the CAP and staff.
- A single staff member is able to assess and approve an application under delegation without review. This has a risk associated with potential mistakes.

The review of 20 files showed:

- The decision to progress to an assessment with respect to a non-complying application not being reported to Council at the following meeting as provided for in the delegations (one instance);
- Two instances of delegations being exercised by positions to which the delegation was not extended;
- Delegation exercised in circumstances that are unclear (i.e. predetermine an application

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will be a row dwelling (ahead of land division) and then approve the application on the basis of a 5% or less variance from the minimum site area, when if the application had been assessed as a residential flat building it would have been in excess of the "allowable" 5% variance); and

- One instance of fees being waived but it does not appear as though this matter is delegated.

Responsibility: Council, upon recommendation of the Manager Development and Regulatory Services in consultation with the General Manager City Development and the Governance Team.

Target date: As soon as possible. Ideally prior to caretaker period or, if this is not possible, at the first working meeting of the new Council in November 2018. Training could commence immediately and can continue through the caretaker period.

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Audit findings

Finding 2: Regard for provisions of *Development Act 1993* and *Development Regulations 2008* (High Risk, Priority 1)

Finding explanation	Recommendation	Agreed Management Action(s)
There appears to be a culture of over-reliance on Council practices and documents, such as the Check sheet, and an under-reliance on referring back to the base documentation i.e. the *Development Act 1993* and the *Development Regulations 2008* and the Development Plan. Staff should be guided by the assessment checklist, but should not be confined by only the headings included. The file cover does prompt consideration of the nature of the development and the category of notification but there appears to be lack of consideration of these issues which is likely due to familiarity. This has the propensity to manifest in a multitude of ways but overarchingly results in assessments not fully following due process. The audit of files highlighted the following specific incidences: 1. Requiring a full land use/built form application prior to consideration of a land division application. There appears to be a general culture of requiring an applicant seeking approval for a land division	7. Staff are to be encouraged to actively reference the legislation and Development Plan in the discharge of the assessment process. 8. Staff are trained to understand the basic allotment metrics to be able to identify those allotments of sizes and dimensions that are known to be suitable for a range of dwellings. 9. The practice of advising applicants that they must make an application for the land use/built form ahead of the consideration of a land division application should be discontinued. 10. Staff should be encouraged to consider the terms of Schedule 8 in making any referrals. 11. Staff should be reminded that an application need only meet the provision of the Development Plan 'On-Balance' to warrant an approval. 12. All staff appraised of recent Court findings. Council's legal firm be engaged to provide some training around best practice approaches to development assessment.	Agree with recommendations. Recommendations 7 – 15 will occur via a team sessions (Most likely a one or two day training workshop). Responsible Officer: Manager Development and Regulatory Services Due Date: December 2018

to make a full application for the land use/built form. The rationale is to ensure that the allotments are suitable for their intended purpose.

Whilst it is important to ensure that the allotments are suitable for their intended purpose, this can be achieved by seeking an indicative floor plan layout, or building envelope.

There are also generic allotment dimensions for which there are a known range of effectively standard dwelling products that will be suitable. For lots exhibiting such characteristics no floor plans should be required.

Seeking a full application is inappropriate and not really enabled by the Act and in any case even once the approval is granted the applicant is under no obligation to act on the approval, rendering this a largely pointless exercise that adds to the staff workload and costs applicant's money by way of fees and charges and potentially consultant's fees.

For dwelling types that require an exclusively held site, such as detached, semi-detached and row dwellings, it is often not possible to determine exclusivity of site in advance of the land division, in this case the definition of the built form is not an accurate reflection of the final intended product. This can result in different metrics being applied to the assessment.

This practice results in a risk of challenge by an applicant (or potentially a third party). This risk is

13. Staff should be reminded of timeframes for an assessment, understanding that multiple clock stops do not meet the intent of the Act. Good practice includes one RFI only and a decision within the required timeframe.

14. Notification should be as per the provision of the Act.

15. Non-complying applications should have a checklist, given they appear to be a category of application of application that is received infrequently.

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real, although considered to be only moderate as most applicants are loathe to "rock the boat" and thus simply acquiesce.

2. Un-necessary referrals.

There appears to be a propensity to make referrals to DPTI for any development on an arterial (DPTI controlled) Road. Schedule 8 provides specific circumstances for such a referral which include development that will change the nature of an access or creates a new access. The audit identified an occurrence of a referral for a replacement dwelling using an existing access. This is not considered to meet the terms of the test for a referral. This was an application made at the behest of Council staff following the placement of a land division application on hold. The land division was properly referred to DPTI for comment. The applicant questioned the need for the second referral asking why the two matters could not be considered concurrently to save him paying two sets of referral fees to achieve an approval for dwellings he clearly stated he had no intention of building.

The response from the officer was to advise the applicant it was "procedure".

The officer attached the relevant section of Schedule 8 in the correspondence and suggested the referral was due to the fact that now two dwellings would use the access point. This was not correct as the second dwelling had a proposed driveway from the side street.

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3. Requiring ("adherence") more than on-balance 'compliance' with the Development Plan.

A number of the files audited included multiple requests for further information. Ideally only one request for further information should be issued.

Furthermore, these RFI's frequently sought to amend the design of modest dwellings. (This appears to be undertaken in line with Council policies that do not form part of the Development Plan. (The issue of "informal" policies will be dealt with as a separate issue)).

4. Public notification

Public notification is required in certain circumstances and the extent of the notification is set out in the legislation. In most instances direct notification is limited to adjoining or adjacent properties, or some other person of a prescribed class. This may include properties across a road etc. Direct notification appears to be undertaken to a wider number of properties. This could leave the Council open to challenge by judicial review.

5. Overlooking the need for a Statement of Effect in respect to an application for non-complying development.

6. Describing applications on the basis of the intended development rather than consulting the actual definitions. This is particularly prevalent with various forms of dwellings and particularly in instances where the legal description is reliant upon exclusivity of site.

7. There appear to be a number of standard practices followed in the assessment and application that to varying degrees diverge from the statutory obligation. This poses a moderate risk to Council.		
Responsibility: Manager Development and Regulatory Services **Target date**: December 2018. Although a moderate risk this is noted as priority 1. This will require ongoing culture building and setting.		

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Audit findings

Finding 3: Internal Policies (Moderate Risk, Priority 2)

Finding explanation	Recommendation	Agreed Management Action(s)
The Planning Department has a number of internal policies. Some of these seek to supplement Development Plan policy which is inappropriate and cannot form part of an assessment. These include policies such as those requiring low floor to ceiling heights to reduce the bulk of buildings and recommending resisting garage and portico only frontages. Many of these policies are implemented through requests for further information as if they have the status of the Development Plan. In practice for these policies to be implemented they should have formed an amendment to the Development Plan via a formal Development Plan Amendment process. There are also policies that seem to be designed to reduce planner's workloads that also reduce customer service and will result in the average ratepayer needing to engage a planning consultant or other professional to assist. There are also policies that seem to interpret and/or supplement legislation. The content of these policies requires review.	16. That the policies be reviewed with a view to retaining only those which are essential with any purporting to supplement Development Plan policy being revoked and the content progressed as a Development Plan Amendment and/or fed into the Code development process. 17. Policies and procedures should be separated and any policies or procedures that impact wider Council operations should be considered by the Executive prior to adoption and implementation.	Agree with Recommendations 16 and 17. These will be implemented as part of the improvement opportunities. Responsible Officer: Manager Development and Regulatory Services Due Date: December 2018

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This is a low risk opening Council to perspective judicial review.

Responsibility: Manager Development and Regulatory Services, General Manager City Development and others as required.

Target date: December 2018. This is a relatively straight forward matter to address.

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Audit findings

Finding 4: Conditions and Decision Notification: (Moderate Risk and Low Risk, Priority 2)

Finding explanation	Recommendation	Agreed Management Action(s)
The list of standard conditions is extensive and if not judiciously applied result in a 'belts and braces' approach to approvals and in some cases ironic, if not potentially conflicting combinations of conditions being applied. It also can result in elements being missed (i.e. the number and variety of landscaping conditions makes it easy to overlook the need for maintenance). In addition, the Decision Notification Form should be revised such that each condition is accompanied by a specific reason for application. This is less than tidy and may well open Council to a judicial review or appeal but the likelihood and consequences are considered moderate and low.	18. The standard conditions be reviewed and revised in light of contemporary planning issues. This might involve collapsing conditions and/or refocussing conditions along with training for staff in the use and application, especially what should be covered by plans and those issues that are better addressed as either reserve matters on conversely advisory notes. 19. The DNF to include reasons for each Condition. Whilst probably a low risk is nonetheless worthy of attention ahead of the review of Conditions if need be, given it does not accord with the legislation.	Agree with Recommendations 18 and 19. These will be implemented as part of the improvement opportunities. Responsible Officer: Manager Development and Regulatory Services Due Date: January 2019
Responsibility: Team leader Planning in conjunction with Manager Development and Regulatory Services **Target date**: January 2019		

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Finding 5: Checksheets (Moderate Risk, Priority 2)

Finding explanation	Recommendation	Agreed Management Action(s)
The check sheets are robust and highly relied upon by Staff. These sheets ensure a comprehensive and consistent process but potentially distract from staff referring to the empirical source documents. The high-level reliance means these sheets must be kept up to date. In addition, it would be helpful for example, to reference the date of the Development Plan applicable. In addition, triggers such as contamination should be reviewed to ensure they do not constrain the assessment inadvertently. The check sheet underpins a robust assessment but tends toward the risk of practice based assessments. This is considered to be a moderate risk.	20. A person be designated to review check sheets quarterly (and immediately following any legislative changes) to maintain currency.	Agree with Recommendation 20. This will be implemented as part of the improvement opportunities. Responsible Officer: Manager Development and Regulatory Services Due Date: December 2018
Responsibility: Team Leader Planning **Target date**: December 2018 and thereafter quarterly.		

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Audit findings
Finding 6: Correspondence (Low Risk, Priority 3)

Finding explanation	Recommendation	Agreed Management Action(s)
Almost all standard correspondence is generic, i.e. "there may be an appeal right", "the matter may be heard by CAP" etc. It is considered that this level of specificity is not providing the best customer service and may well add to staff workloads by inviting enquiry to seek clarification. In instances communication with applicants is less than helpful and somewhat dogmatic. This is probably cultural, reflecting the regulatory approach and one of the 'informal' polices that suggests (in certain cases) staff take a hard-line approach. This is not always conducive to good customer service and/or outcomes. This carries a low risk to Council but will improve customer service.	21. Correspondence is to be reviewed to ensure it is specific and relevant to each particular situation and is designed to be helpful.	Agree with Recommendation 21. This will be implemented as part of the improvement opportunities. Responsible Officer: Manager Development and Regulatory Services Due Date: March 2019
Responsibility: Team Leader Planning **Target date**: March 2019 – low risk		

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Audit findings

Finding 7: Lodgement process and fees: (Low Risk, Priority 3)

Finding explanation	Recommendation	Agreed Management Action(s)
The process for receipting development applications were not completely clear through the audit. In some cases, fees appear to be paid on lodgement and in other cases the request for fees is via an email of varying formality. In most cases the fees were calculated appropriately and receipt numbers indicating payment recorded on file. However, in cases where there is a combined land use and land division application the payment (receipt) of fees occurs potentially to both Council and the State Commission Assessment Panel. In one case, it appears the fees for the land use component were not paid. Cleaner invoicing processes would be beneficial. This is a low risk resulting in lost income to Council. This could nonetheless result in substantial losses depending on the value of the development.	22. The process for receipting development application be reviewed. 23. A formal acknowledgement letter to be developed.	Agree with Recommendations 22 and 23. This will be implemented as part of the improvement opportunities. Responsible Officer: Manager Development and Regulatory Services Due Date: March 2019
Responsibility: Team Leader Planning **Target date**: March 2019 – low risk		

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Audit findings

Finding 8: Payment for a replacement street tree (Low Risk, Priority 3)

Finding explanation	Recommendation	Agreed Management Action(s)
In cases the development of a site is reliant upon the removal of a street tree. This is typically to accommodate a driveway crossover. Street trees are Council's assets and thus the approval of the Council as the owner of the tree is required. There is a Council policy and procedure for dealing with the consequential removal of a street tree. This requires the payment of a fee to cover the costs of a replacement tree. This is considered to be entirely appropriate. However, for delegated decisions the fee typically is required to be paid to the Council as part of the application process and the fee is sought via the planning department prior to approval being granted. It is considered that this could appear to be a payment for an approval. In the event the matter proceeds to the CAP the payment occurs after the Development Plan consent is approved by the CAP. This provides for inconsistency. It is suggested that this would be more appropriately requested and processed via the section of the Council responsible for street trees, separate to the issue of the planning approval.	24. The payment to remove a street tree be transacted outside the development assessment process.	Note this recommendation and this needs to be progressed with the Manager, Engineering and Field Services. Responsible Officer: Manager Development and Regulatory Services Due Date: December 2018

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The risk to Council is considered to be low and is largely a risk to the perception of Council's reputation.		
Responsibility: Manager Development and Regulatory Services in conjunction with the Manager of street trees **Target date**: December 2018 - low risk		

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Internal Audit Program Implementation of Recommendations   **Appendix 3**

2015/16 Program

Project	Findings	On Track	Overdue	Completed	Not Commenced	Comments
Capital Works Program (2015/16)	**8**	1		7		A remaining recommendation (pictured below: Rec 5, low risk) had an initial due date of September 2016 but was extended to June 2018 to allow more time for implementation given its complexity and integration/implementation across the organisation. This action has been progressing through the Asset Management Program and Project Management system. Funding has been made available for a pilot testing phase which is in operation now until 30 June 2018. This system manages projects across the entire organisation including Council's capital works program. Funding for the implementation of a Project Management System for a live phase is in the Draft 2018/19 Annual Business Plan, which Council is currently considering. As a result, the new system is planned to be implemented in the next financial year. This means the recommendation will not be fully realised until 30 June 2019. It is recommended that Marion implements a simple, standardised project management framework which describes key phases that a project must go through. For example purposes only: • Project initiation (asset management plan/ad-hoc) • Project evaluation (concept, feasibility/business case) • Program development (budgeting, prioritisation, programming) • Program/project delivery (procurement, design, construct) • Project completion and handover The project management framework should be designed to accommodate the proposed two-year capital works program, with two key phases including an initial phase where projects are initiated, evaluated and estimated in year one, and procured/built in year two (for example). This recommendation may include leveraging the existing City of Marion S-Guide project management framework, and tailoring and/or implementing across the City of Marion to achieve better consistency and approach to project management. Improved consistency in project management should provide the City of Marion with sustained benefits including reduction and minimisation in carry overs.

2016/17 Program

Project	Findings	On Track	Overdue	Completed	Not Commenced	Comments
Corporate Performance Reporting (2016/17)	4	2		2		Corporate Reporting Policy and Framework have been drafted and circulated to management for comment. The Policy and Framework have been prepared for the 21 August 2018 FAC meeting however, these have been delayed to October 2018 due to the size of the FAC Agenda. These recommendations have been completed.
Accounts Receivable (2016/17)	4		1	3		Revised Sundry Debtors policy has been drafted incorporating different levels of delegation. This will go to ELT for approval and be in operation before 31/12/18 . This is a low risk and the final recommendation for this review.
ICT – Cyber Security Maturity (2016/17)	6	1	1	4		Majority of the audit has been completed. Two recommendations are outstanding. One relates to policies and procedures which are 90% complete. The other recommendation relates to documentation (recovery strategies and contract wording). This is a low risk recommendation.
Policy Review (2016/17)	7			7		The policy review report including a new approach and centralised system, register and scheduling was adopted by Council 10 July 2018.
Property Portfolio Management (2016/17)	7	4		3		Implementation of recommendations has been extended to January 2019. One recommendation is moderate and the others are low risk. The recommendations are well progressed.

2017/18 Program

Project	Findings	On Track	Overdue	Completed	Not Commenced	Comments
Volunteer Management (2017/18)	9	2		7		Two outstanding recommendations – one relating to volunteer code of conduct documentation which is being progressed with the staff Code of Conduct and the development of the Volunteer Marketing Plan which is progressing with the Communications Team. Both items are well progressed.
NDIS (2017/18)	1	1				Report has been discussed with Elected Members at an Elected Member Forum.
Contractor Mgmt (2017/18)	5	3			2	Recommendations are in progress.
Regulatory (2017/18)	2	1		1		Report presented at 21 August 2018 FAC
Planning (2017/18)	24	24				Report presented at 21 August 2018 FAC .

Meeting with the Internal Auditors in Confidence (without management present)

Originating Officer	Manager Corporate Governance - Kate McKenzie
Corporate Manager	Manager Corporate Governance - Kate McKenzie
General Manager	General Manager Corporate Services - Vincent Mifsud
Report Reference	FAC180821R04

REPORT OBJECTIVE

The Finance and Audit Committee Terms of Reference recognises that the Committee will meet with both the external auditor and internal auditor without management at least once per year (clause 4.10). This provides the Committee an opportunity to have a confidential conversation with the Auditors without management present.

The purpose of this report is to exclude the public and staff from the meeting to enable this conversation to occur.

The Chair of the Committee will provide a summary of the discussion to the Manager Corporate Governance to be published in the minutes.

RECOMMENDATION

That the Finance and Audit Committee:

1. **Pursuant to Section 90(2) and (3)(g) of the *Local Government Act 1999,* orders that all persons present, be excluded from the meeting, with the exception of Jared Lawrence and Justin Jamieson from KPMG, as the Finance and Audit Committee meets with Council's Internal Auditors, on the basis that the Finance and Audit Committee is satisfied that the requirement for the meeting to be conducted in a place open to the public has been outweighed by the need to keep consideration of the matter confidential given the information relates to commercial information of the Council.**

2. **Include the following comments within the minutes:**
   -

KPMG Volunteer Audit Report update

Steph Roberts

Originating Officer   Unit Manager Human Resources - Rachel Read

Corporate Manager   Manager Human Resources - Steph Roberts

General Manager   Chief Executive Officer - Adrian Skull

Report Reference   FAC180818R05

REPORT OBJECTIVE

To provide the Finance and Audit Committee with a progress report against actions identified in the KPMG audit of Council's volunteer program.

EXECUTIVE SUMMARY

KPMG undertook an audit of the volunteer program in 2017.   Six findings (two high, one moderate and three low risk) and one performance improvement opportunity where identified. The two highest risks related to the absence of a volunteer strategy and police clearance check policy anomalies.

Significant progress has been made in addressing these findings, with one finding pending, 'finding 6 - lack of a comprehensive Code of Conduct'. 'Expected Behaviours and Corporate Values Guidelines' (Code of Conduct) have been drafted and will apply to all staff and volunteers. These draft Guidelines are expected to be implemented by 31 August 2018.

RECOMMENDATION

That the Finance and Audit Committee:

> **1. Notes this report.**
>
> **2. Provides feedback on Volunteer Management (Appendix 1)**
>
> **3. Provides feedback on Volunteer Management (Appendix 2)**

DISCUSSION

A summary of the progress made in addressing the findings is outlined below while further progress information is provided in Appendix 1 Volunteer Management Internal Audit Report.

In summary:

Finding 1 – Absence of comprehensive volunteer strategy
A volunteer strategy (*Appendix 2*) has been developed and made available to all staff and volunteers. The volunteer strategy has 5 objectives:
1. Increase Diversity and Inclusion through attracting, engaging and retaining a diverse volunteer population
2. Strengthen regulation and risk management to ensure best practice systems and processes are in place to support the safety and wellbeing of our volunteers
3. Increase management and training opportunities to ensure volunteers are aware, competent and feel empowered to undertake their role
4. Integrate, embrace, respect and value volunteering through recognising individual's achievement

and celebrating success, and creating a space for volunteers to feel an important part of our organisation

5. To be an organisation of choice whereby volunteers choose the City of Marion as their preferred organisation

Finding 2 – DCSI clearance checks not required for library volunteers
All DCSI and PRM checks are current. Volunteers whose checks become outstanding will be suspended from duty until these checks are undertaken. A process has been implemented to incorporate DCSI clearance checks for all volunteers.

Finding 3 – Insufficient control environment surrounding volunteer recruitment and screening
A central recruitment process has been developed and implemented, including a central orientation program.

Finding 4 - Incomplete and inaccurate database
Volunteer Managers are now responsible for ensuring the database is accurate and complete. The volunteer database has been updated ensuring accurate and up to date information. Council has introduced ipads to all sites to enable the collection of volunteer hours.

Finding 5 - Lack of formal performance reviews
A performance review system has been developed and implemented.

Finding 6 - Lack of comprehensive code of conduct
Expected Behaviours and Corporate Values Guidelines have been drafted and will apply to all staff and volunteers. The Local Government Code of Conduct does not apply to volunteers.

Performance Improvement Opportunities
A marketing plan has been drafted and is aligned to objective 5 in the volunteer strategy.

This update is to be read in conjunction with the KPMG Audit Report.

The Audit Committee advised Council needs to be considerate of the Fair Work Commission to ensure that volunteers are not undertaking roles that should be paid. The Fair Work Ombudsman advised they are not able to provide support in this area, however, we can advise the City of Marion operates in accordance with the Fair Work Act.

Attachment

#	Attachment	Type
1	Appendix 1 COM_Volunteer Management IA Draft Report July 2018	PDF File
2	Appendix 2 volunteer strategy	PDF File

KPMG

City of Marion

Volunteer Management Internal Audit Report

February 2018

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DRAFT FOR DISCUSSION

2

Executive Summary

Background

The City of Marion (CoM) greatly values the contribution volunteers make to the community and the organisation through their volunteering roles. Volunteering is also aligned with the CoM Strategic Plan 2017-2027, specifically by helping to achieve a more "engaged" community. Volunteering is also an area of focus for the 2018 year, through identifying more innovative volunteer programs and widening the demographic base of current volunteers.

Objective

The objective of the volunteer management internal audit project was to assess the arrangements in place to manage and oversee volunteers working with the CoM. This objective included consideration of volunteer attraction, induction, ongoing management, as well as any opportunities to increase the value attained through the volunteer workforce.

Scope

The scope of this engagement included consideration of the following:

- Overall strategy in relation to volunteers working with the CoM

- Policy and procedure framework pertaining to volunteers

- End-to-end process for volunteer management, including attraction, selection/acceptance, induction, volunteering activities and cessation, with a focus on key risks, controls and any gaps

- Management arrangements in place to oversee volunteers

- Reporting arrangements to be able to readily report on volunteer activities

- Consideration was also given to the overall value achieved through the use of volunteers by the CoM.

Executive Summary

Table of Contents	Executive Summary	Background	Internal Audit Findings	Performance Improvements	A1: Staff Consultation	A2: Benchmarking	A3: Classification of Findings

Snapshot of volunteering in the CoM

Volunteer programs and management

The CoM has 363 active volunteers, who assist with and participate in the following nine volunteer programs:

- Community Bus
- Community Care – Social Support
- Community Care – Home Maintenance
- Community Care – Administration
- Justice of the Peace (JP)

- Graffiti Removal Program
- Libraries
- Youth Development
- Neighbourhood Centres

The CoM has a dedicated Volunteer Development Officer who coordinates volunteer programs at a high-level, while individual programs each have a Volunteer Manager that oversees volunteers within their respective programs.

Potential benefits of volunteering to the community and the CoM

Increased **engagement** from the community

Estimated **$1.1 million** contributed in FY17 by volunteers (41,000+ hours)

Improved ability to focus the CoM's efforts on strategic programs due to **increased resources**

Provides **pathways to employment**, which reduces unemployment within the community

Positive observations

A number of positive observations were made during the internal audit which are summarised below:

- Volunteers interviewed emphasised that they feel valued and supported. This included satisfaction with the **flexibility** of the CoM in that they had the opportunity to find a role that matched their **interests and capabilities**.

- The CoM has recently introduced the **'Smart City' volunteering program**, which will provide for further volunteering opportunities by a wider sector of the Community, whilst also providing for valuable contributions back to the Community.

- The recent introduction of Better Impact, the CoM volunteering system, provides for less administrative effort, reduced paperwork and an **improved controls environment**.

- Overall, feedback from Volunteer Managers was very positive, with all volunteers expressing feeling **supported** by the CoM in the work they are delivering.

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Internal audit findings

Overall, through our discussions with relevant CoM stakeholders, documentation review and sample testing performed, we identified six findings and one performance improvement opportunity for the volunteer management internal audit for the CoM. The following table provides a summary our risk rated findings, and the relevant issue owner and target date for implementation.

Critical	High	Moderate	Low	Performance Improvement
-	2	1	3	1
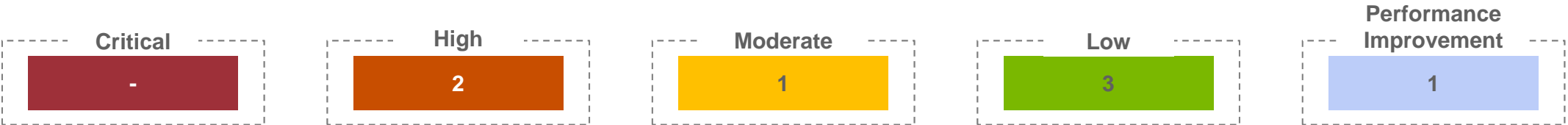
Risk	Ref	Finding	Issue Owner	Target Date
High	F1	Absence of comprehensive volunteer strategy/plan	RR/SR	31/05/18
High	F2	DCSI clearance checks not required for library volunteers	VS	14/03/18
Moderate	F3	Insufficient control environment surrounding volunteer recruitment and screening	VS/RR	31/05/18
Low	F4	Incomplete and inaccurate volunteer database	VS	31/03/18
Low	F5	Lack of formal performance reviews	VS/RR	30/05/18
Low	F6	Lack of comprehensive code of conduct	VS/RR	30/04/18
PIO	P1	Opportunity to improve volunteer marketing efforts	VS/RR	30/06/18

The classification of risk ratings in this report have been agreed with the Finance and Audit Committee and are based on the risk ratings documented at Appendix 3.

Our changing community

Data from the CoM volunteer database was used to provide a snapshot of the demographic and distribution of volunteers across the various volunteer programs, based on available data. The key results from this analysis are shown in the figures and summary below:

Figure 1:   Figure 1 shows the number of new volunteers each year, which shows an overall increasing trend.

Figure 2:   A snapshot of the age demographic of volunteers across the organization demonstrates that the majority of volunteers are over 55, with more than 50% of volunteers over 65.

Figure 3&4: Indicate that the CoM volunteers come from a range of places, both across Adelaide and from across the world.

Our analysis also identified that many volunteers have incomplete records, and are missing details such as age, country of origin, postcode and volunteer program.

Fig 3: No. of volunteers by post code across Adelaide.

Fig 1: No. of new volunteers over the last 10 years, coloured by volunteer program.

Community bus
Community care — administration
Community care — home maintenance
Community care — social support
Graffiti removal
Justice of the peace
Library
Neighbourhood centre
Not specified
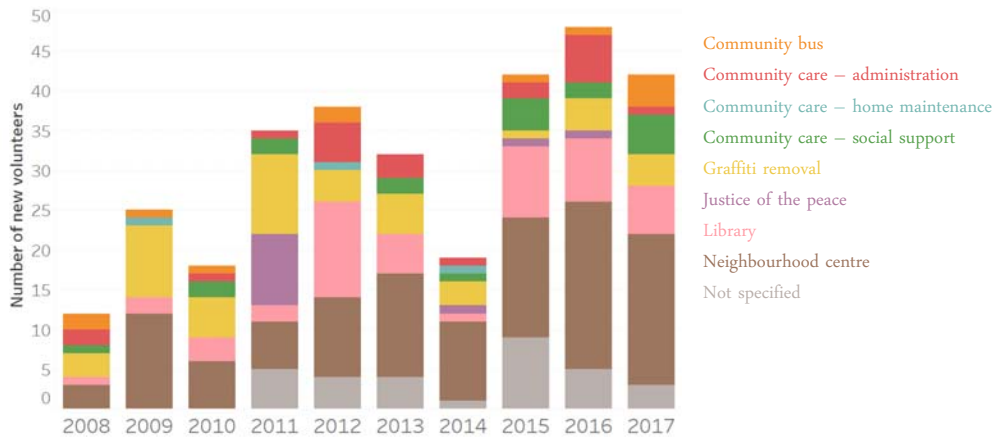
Fig 2: No. of current volunteers by age group.

Age group
- 18-24
- 25-34
- 35-44
- 45-54
- 55-64
- 65-74
- 75-84
- >85

Fig 4: Volunteer countries of origin.

| 1 | 1 | 3 | 1 | 1 | 13 | 1 | 1 | 2 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 3 | 1 | 1 | 1 | 91 |

Table of Contents	Executive Summary	Background	Internal Audit Findings	Performance Improvements	A1: Staff Consultation	A2: Benchmarking	A3: Classification

Finding 1 – Absence of comprehensive volunteer strategy/plan

<div align="right">High</div>

Finding(s)

It was noted that the CoM does not currently have an overarching volunteer strategy or plan that sets out the CoM's vision, strategic objectives (and associated targets) and initiatives with respect to volunteering at the CoM.

Notwithstanding this, we noted that the CoM's volunteer programs broadly aligned with the CoM's Strategic Plan (2017-2027), specifically in relation to an "engaged" community.

We also noted that the CoM has commenced the "Smart City" Volunteering project in July 2017, that aims to further activate volunteers in the community, attracting volunteers with different skills and experience who may not previously have been strong participants in volunteer programs, which is an exciting strategic initiative in the context of the CoM's volunteer environment.

Risk(s)

In the absence of a volunteer strategy, there is a risk that the CoM may not optimize the outcomes and benefits that can be achieved through its volunteer programs and workforce, or that initiatives and programs may not align to its overall strategic direction.

Recommendation(s)

It is recommended that the CoM:

1. Develops a volunteer strategy/plan, taking into account the CoM's Strategy as well as articulating a long-term vision and strategic objectives in relation to its volunteer activities. The volunteer strategy should articulate what the CoM is looking to achieved through its volunteers, key targets and key initiatives which provide a roadmap for how is it going to achieve its objectives – this recommendation should be considered in the context of more than 350 volunteers (current), 41,000 hours and $1.1 million in time value delivered p.a. (e.g. this level of activity/resource warrants a dedicated strategy.

2. Regularly reviews the volunteering strategy, at least on an annual basis, to help ensure that it stays current and to help it to respond to trends and changes in volunteering generally.

Agreed Management Action(s):

Develop Volunteer Management Strategy.

Present Volunteer Management Strategy to the Senior Leadership Team on 26 March for engagement and input.

Finalise Volunteer Management Strategy by 31 May 2018.

Progress

Volunteer Strategy was finalised and launched to the organisation by the CEO as a part of National Volunteer Week May 2018

Responsibility: TBA

Target date: TBA

Internal Audit Findings (continued)

Finding 2 – DCSI clearance checks not required for library volunteers

<div style="background:#c0471b; color:white; text-align:center">High</div>

Finding(s)

It was noted that Department of Community and Social Inclusion (DCSI) clearances are not required for library volunteers.

We understand that currently police clearances and background checks are required, and that Volunteer Program Managers are responsible for ensuring that these checks are completed.

However, consultation with key stakeholders identified that there are likely to be instances where library volunteers have direct interaction with children without supervision from a CoM staff member.

The CoM Volunteer Management Operations Manual specifies, under Volunteer Code of Conduct, *"Volunteer roles that involve contact with children ... will be required to consent to or provide a DCSI clearance"*.

Risk(s)

There is a risk that library volunteers are breaching the Code of Conduct by not providing a DCSI clearance, as a result of Volunteer Managers not enforcing the requirement. More importantly, the CoM is exposed to the risk of inappropriate behaviour by their volunteers.

Recommendation(s)

It is recommended that the CoM:

1. Immediately adjusts their requirements for library volunteers such that the provision of a DCSI clearance is made a mandatory requirement prior to commencing (or continuing) work, and to stand down all volunteers that do have the required clearance (please note that this finding and recommendation was made during this course of this internal audit project).

Agreed Management Action(s):

95% of DCSI and PRM checks are completed. Those staff whose DCSI or PRM Check remains outstanding have been suspended until they undertake the relevant check.

We have emailed relevant information to the CEO, for the Audit Committee, addressing the implementation of DCSI screening for all current library volunteers. This will continue to be a potential risk to our community and Council, if we were not to proceed. * We have since communicated to all Library staff that they are to undertake a DCSI check by 14 March 2018. If they haven't undertaken this by the due date they will be suspended for volunteer duties.

Progress

Library Volunteers have all been processed and finalised, all new Library volunteers must have current DCSI clearances before being placed in their role. Volunteers without these clearances are removed from their roles until this is finalised.

Responsibility: TBA

Target date: TBA

Internal Audit Findings (continued)

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Finding 3 – Insufficient control environment surrounding volunteer recruitment and screening

Moderate

Finding(s)

A number of issues were identified regarding the design and implementation of volunteer screening and recruitment procedures.

Currently, recruitment and screening for all volunteers is completed by volunteer program managers, as outlined in the Volunteer Manual. However, as a result of the decentralised screening practices and limited staff capacity, procedures are being performed inconsistently. This includes reference checking being limited or not carried out due to time constraints. In addition, there is no overarching control to ensure that checks and clearances are being done.

Internal audit also identified that the CoM Volunteer Policy does not require a volunteer to stand down if their clearance expires.

As part of our review, we tested recruitment and induction procedures and assessed the relevant documentation for 20 volunteers. The results of our review identified the following:

1. Three volunteers did not have a DSCI or police clearance form completed prior to commencing volunteering duties. This included two volunteers that did not have a current police and DCSI clearance, and one volunteer whose DSCI/police clearance was sighted by the relevant manager after the volunteer had commenced active duties.

2. For nine volunteers, supporting induction documentation including position description, confidentiality agreement, statement of policies agreement was unable to be provided.

Recommendation(s)

It is recommended that the CoM:

1. Centralises volunteer recruitment responsibilities and gives volunteer recruitment equal importance as hiring of staff members (this will have a resource implication however, it will greatly improve consistency and completeness).

2. Stores documents at a central location, and ensures that volunteer files are given equal importance as staff files.

3. Makes reference checks mandatory, and provides training to relevant staff to emphasis the importance of the checks.

4. Introduces a mandatory induction checklist for all programs, including review of the new volunteer's file for completeness by personnel independent of the volunteer's immediate manager.

5. Defines the responsibility for ensuring checks are complete and up-to-date and empowers the responsible staff member to enforce completion of screening prior to volunteer commencement.

6. Updates the Volunteer Policy to require volunteers to stand down if their required clearances have expired, until such a time as their clearance is renewed.

Agreed Management Action(s):

1. Review in conjunction with the implementation of the Volunteer Management Strategy. Consideration to resourcing.

2. Establish a process to ensure files are created within Better Impact to enable personal and relevant information to be accessible by relevant parties.

3. Review in conjunction with the implementation of the Volunteer Management Strategy.

4. Review in conjunction with the implementation of the Volunteer Management Strategy.

Recommendations from above to be implemented by 31/05/18.

5. Process has been implemented and communicated via email to the Volunteer Managers.

6. The Volunteer Policy will be updated by 30/04/18

Progress

1-5 Processes for recruitment, records, document storage and mandatory checklists completed.

6. The Volunteer Policy has been updated, reflecting the requirement that volunteers be removed from duties if they do not have current clearances or police checks and communicated to relevant staff and the organisation.

*Controls have been introduced to ensure these requirements are completed

Internal Audit Findings (continued)

Table of Contents	Executive Summary	Background	Internal Audit Findings	Performance Improvements	A1: Staff Consultation	A2: Benchmarking	A3: Classification

Finding 3 – Insufficient control environment surrounding volunteer recruitment and screening (continued)

Moderate

Continued from previous page

Finding(s)

3.   One volunteer had an incomplete application form on file
4.   Two volunteers had their position summary signed by the manager after the joining date.

Risk(s)

There is a risk that volunteers are either not appropriate for the role or do not perform it safely as a result of misunderstood requirements or inability. There is also a potential legal risk that the CoM cannot defend itself due to absent documentation if legal action is taken as a result of volunteer misconduct. Lastly, there is a significant reputational risk of an incident were to occur related to a volunteer that did not have all of the required documentation.

Responsibility: TBA

Target date: TBA

Table of Contents	Executive Summary	Background	Internal Audit Findings	Performance Improvements	A1: Staff Consultation	A2: Benchmarking	A3: Classification

Finding 4 – Incomplete and inaccurate volunteer database

<div style="background:green">Low</div>

Finding(s)

During our review, we observed the volunteer database to be incomplete. In some cases, it was found to contain inaccurate data. Specifically, we noted that emergency contact numbers and addresses of 85 volunteers were missing, and that police and DCSI clearance expiry dates were not current (i.e. we were informed that updated clearances had been obtained, but the database had not been updated to reflect this change).

Furthermore, through discussion with relevant personnel, it was noted that there is no standardised system for capturing volunteer hours work across all programs. For example, community centres use timesheets to record hours worked whereas some library staff and volunteers clock in and out. For volunteers in graffiti removal program, hours are recorded on the basis of approximation.

Risk(s)

Incomplete recording of data may result in non-compliance with regulatory requirements. There is a risk that an emergency situation occurs relating to a volunteer for whom emergency contact details are not recorded.

With regard to recording of volunteer hours, in the absence of accurate recording of hours, the figures provided as a part of the CoM Volunteer Program – Annual Report and other in-house reporting may be incorrect. There is also the risk that inaccurate reporting to Centrelink (for applicable participates) may occur.

Recommendation(s)

It is recommended that the CoM:

1. Based on the current data set, reviews all data and identify all gaps. Where the required data is not recorded in the system, the CoM should consider standing down relevant volunteers until the required information is provided and put into the system (in the case of DCSI clearance requirements not being met, there should be mandatory standing down) – In this instance, it is recommended that the system is the source of truth, not disparate records held (or otherwise) across the organisation.

2. Moving forward, requires a staff member to enter volunteer details data into the database, rather than the volunteer. Alternatively, a staff member should check the entries of the volunteer for completeness.

3. Considers timekeeping requirements across all programs and, where applicable, implement improved and standardised approaches to capturing volunteer workforce time.

4. For areas such as graffiti removal where the volunteers don't work on CoMs premises, it is recommended that the volunteer's supervisor be notified through a phone call when the volunteer starts and finishes his/her work which can be entered in the log book. An acknowledgement from the premises owner may also be beneficial in accepting the hours worked.

Agreed Management Action(s):

1. PRM and DCSI process has been implemented.

2. Process will be implemented to ensure that Volunteer Managers are responsible for updating the database.

3. Recommendation sent to CEO, for Audit, specifying ipads to be used at each site to capture this information, along with associated costs.

4. Review process with Graffiti Removal Coordinator and propose a solution that supports this recommendation by 31/03/18.

Progress

2. Controls have been introduced to ensure Better Impact profiles are completed

- Volunteer Managers are now responsible for ensuring the database is accurate and complete

- Volunteer Development Officer audits the database regularly to ensure details are accurate and complete

- Gaps found in database are addressed/updated immediately

3. Better Impact 12 month plan in progress, this is inclusive of the introduction of volunteer self service for the collection of hours for both isolated and staff located on site. Ipads have been supplied for programs on Council sites.

4. Graffiti Removal volunteers have been introduced to the use of timeclock (function of Better Impact). This allows the Coordinator to see who is on duty at any given time and assists with the accurate collection of volunteer hours.

Responsibility: TBA

Target date: TBA

Finding 5 – Lack of formal performance reviews

<div style="background:green">Low</div>

Finding(s)

Through discussions with key stakeholders, it was noted that currently volunteer performance reviews are not being completed, or they are being conducted on a very informal basis not currently in line with the required procedure.

The CoM Volunteer Handbook states that Volunteer Managers are to provide volunteers the opportunity to complete a Volunteer Performance Review each year. These reviews are important for understanding the volunteers role satisfaction, the tasks which they perform, and the volunteers future capacity within the role.

We understand that this is a result of time and resource limitations. However, it is best practice to ensure that performance reviews are performed to ensure that volunteers are working to the standard required for the CoM, and that volunteers have a formal opportunity to provide feedback.

Risk(s)

In the absence of formal performance reviews, the following risks are presented:

• Low quality service to clients/customers

• Low job satisfaction for volunteers

• Lack of volunteer professional development opportunities

Responsibility: TBA

Target date: TBA

Recommendation(s)

It is recommended that the CoM:

1. Develops (and implement) a streamlined performance review process for volunteers. This could include a formal one-year review for volunteers, which evaluates the extent to which the volunteer delivered services in accordance with customer needs and expectations, as well as the training and development needs of the volunteer. In addition, for new volunteers an interim performance review could be introduced at three or six months into their volunteering time (or also at cessation of volunteering as a means for the CoM to continue to capture what is working well and what are the areas for potential improvement).

2. Standardises the volunteer performance review process across all programs (and provided awareness sessions/training for Volunteer Managers).

Agreed Management Action(s):

1 & 2. Review existing performance review process for volunteers and make any necessary enhancements . Implement enhanced process by 30 May 2018.

Progress

Volunteer Personal Development Plan/Review form has been finalised and Volunteer Managers have been trained in the implementation of this process.

*Controls have been introduced to ensure reviews are completed

Finding 6 – Lack of a comprehensive Code of Conduct (particularly in relation to requirements of volunteers)

Low

Finding(s)

The Code of Conduct included in the Volunteer Handbook appeared to be lacking in a number of areas. For example, it does not currently incorporate the core values of CoM, including integrity and respect. Similarly, within the Volunteer Rights and Responsibilities, there is minimal detail about the volunteers' obligations to the CoM. We note however, it does include reference to promoting a positive image, in line with the CoM's culture.

It was also noted that some programs, such as the Glandore Community Centre, have adopted their own, separate Code of Conduct for volunteers to ensure their individual needs are catered to. Whilst this is reasonable it is own right, it further evidences the need to review and strengthen the Code of Conduct to provide a high-quality, fit-for-purpose Code which is consistent across the organisation.

Risk(s)

There is a risk that, should disciplinary action be required against a volunteer for inappropriate behaviour, the CoM does not have sufficient support from their Code of Conduct to enforce the action.

Recommendation(s)

It is recommended that CoM:

1. Reviews the current Code of Conduct, and more broadly the Volunteer Handbook, with the aim of strengthening the Code of Conduct, particularly in relation to the roles, responsibilities and obligations of volunteers. All managers across volunteer programs should be consulted to ensure that the Code of Conduct incorporates the requirements of each program and the CoM as a whole.

Agreed Management Action(s):

1. Review in line with the Local Government Code of Conduct and the Code of Expected Behaviours by 30/04/18.

Progress

Volunteer Handbook and Code of Conduct have been reviewed (April 2018). Currently waiting for the new 'Expected Behaviours and Corporate Guidelines' to be finalised by Executive Leadership Team for insertion.

This will then be provided to all volunteers to acknowledge and sign.

Responsibility: TBA

Target date: TBA

Performance Improvement Opportunities

Table of Contents	Executive Summary	Background	Internal Audit Findings	Performance Improvements	A1: Staff Consultation	A2: Benchmarking	A3: Classification of Findings

Performance Improvement Opportunity 1 – Opportunity to improve volunteer marketing efforts

PIO

Observation(s)

Marketing of CoM volunteering programs

The CoM has recently run a marketing campaign highlighting "champion volunteers", which has been positively received by the community. In addition, various volunteering marketing collateral was noted across CoM premises, advertising volunteering programs and opportunities.

Notwithstanding this, as the CoM looks to increase and broaden its volunteering workforce, there may be an opportunity to better plan and target marketing efforts.

CoM website and social media opportunities

We observed that the volunteer portion of the CoM website is outdated and not particularly user friendly. Links to current volunteering opportunities and activities are listed, but the layout is not very intuitive.

In addition, there is currently limited consideration in relation to the use of social media to market the CoM's volunteer programs, activities and outcomes.

Recommendation(s)

It is recommended that the CoM considers:

1. Developing (and implementing) a high-level marketing plan for volunteer programs which seeks to align marketing with the CoM volunteer strategy and focus marketing efforts on key (prospective) volunteer groups. This marketing plan could include (for example):

   o Developing key messages relating to the volunteering opportunities provided by the CoM, including the outcome and benefits (to all stakeholder groups)

   o Better signage at current Community Centers

   o Increased engagement with community groups such as schools and migrant centre groups.

2. Reviewing and updating the volunteering portion of the CoM website to improve overall functionality/useability for community members. The development of a volunteering "portal" may be beneficial and should be investigated.

3. Investigating the use of social media channels to further promote volunteer opportunities, benefits and outcomes to both current and prospective volunteers (as well as to the broader community).

Any marketing activities related to volunteering should be cognisant of the CoM's broader marketing activities.

Agreed Management Action(s):

1. We have engaged with the Communications Unit in regard to a marketing plan. A marketing plan will be developed once the Volunteer Management Strategy is finalised. To be implemented by 30 June 2018.

2. Review the website and engage with the Volunteer Managers. Recommendations to be made by 30 June 2018.

3. This will form part of the marketing plan, as mentioned above.

Progress

1. Volunteer Marketing Plan has been built into the Volunteer Strategy and drafted, this will be finalised by the 31st July 2018

2. Completed

3. Embedded into marketing plan and Volunteer Strategy

Responsibility: TBA

Target date: TBA

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The table below summarises the CoM personnel who were consulted and contributed to the findings and actions detailed in this Internal Audit Report. In addition, three volunteers were also consulted.

Name	Title
Adrian Skull	Chief Executive Officer
Steph Roberts	Manager Human Resources
Rachel Read	Unit Manager Human Resources
Vanita Schwarz	Volunteer Development Officer
Jill Davies	Coordinator Neighbourhood Centres
Cathlin Day	Coordinator Glandore Community Centre
Cassandra Gibson-Pope	Unit Manager Community Wellbeing
Mark Liebich	Coordinator Community Bus
Liz Byrne	Mananger Community & Cultural Services
Vicki Johnson	Coordinator Graffiti Program
Raelene Govett	Unit Manager Customer Information Department
Dennis Young	Volunteer - Graffiti Removal program
Renya Spratt	Volunteers and Branch Operations Officer - Libraries

Appendix 2 – Benchmarking

The table below benchmarks the CoM with three nearby councils with similar-sized volunteering programs. This information is provided as a reference only, and has been comprised of Councils of a similar size and demographic.

Focus area	Council 1	Council 2	Council 3	City of Marion
Role title and FTE equivalency	Team Leader Community Prosperity, 1.0 FTE	Volunteer Management Officer, 0.8 FTE	Volunteer Service Development Officer, 1.0 FTE	Volunteer Development Officer, 1.0 FTE
Admin support provided	Volunteer Programs Officer, 0.6 FTE	Volunteer Management Support Officer, 0.8 FTE	Administrator, 0.5 FTE	None
Central point of recruitment (incl. screening, referee checks, licence, training, qualification checks)?	Yes, managed by Team Leader Community Prosperity	Yes, managed by Volunteer Management Support Officer. Interviews and referee checks performed by Volunteer Coordinators.	Yes, managed by Volunteer Service Development Officer. Program Coordinators take over at point of placement.	No, all recruitment is managed by Program Coordinators
Management of volunteer records	Volunteer Programs Officer	Corporate records managed by Volunteer Management Officer and Support Officer, Volunteer Coordinators manage all other records	Volunteer Service Development Officer is responsible for ensuring all documentation is completed and retained.	Volunteer Program Coordinators
Use of Better Impact, and if so who administers the database?	Yes, Team Leader Community Prosperity and Volunteer Programs Officer are both responsible for management of database. Volunteer Program Coordinators manage volunteer hours and contact details.	Yes, Volunteer Management Officer and Support Officer have full admin access. All Volunteer Coordinators have access and are expected to maintain hours logged and correct details for volunteers.	Yes, Administrator reviews volunteer application status and assigns roles once documentation is loaded. Volunteer Service Development Officer loads documentation. Volunteer Coordinators are responsible for ensuring personal details are up to date and hours are logged.	Yes, Volunteer Program Coordinators and the Volunteer Development Officer all have responsibility to administer the database.
Number of volunteers	400+	500+	~350	~350

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The following framework for internal audit ratings has been developed and agreed with City of Marion's Management for prioritising internal audit findings according to their relative significance depending on their impact to the process. The individual internal audit findings contained in reports will be discussed and rated with City of Marion's Management.

Rating	Definition	Examples of business impact	Action(s) required
Extreme/Critical	Issue represents a control weakness, which could cause or is causing severe disruption of the process or severe adverse effect on the ability to achieve process objectives.	• Detrimental impact on operations or functions. • Sustained, serious loss in reputation. • Going concern of the business becomes an issue. • Decrease in the public's confidence in the Council. • Serious decline in service/product delivery, value and/or quality recognised by stakeholders. • Contractual non-compliance or breach of legislation or regulation with litigation or prosecution and/or penalty. • Life threatening.	• Requires immediate notification to the Council Finance and Audit Committee via the Presiding Member • Requires immediate notification to City of Marion's Chief Executive Officer. • Requires immediate action planning/remediation actions
High	Issue represents a control weakness, which could have or is having major adverse effect on the ability to achieve process objectives.	• Major impact on operations or functions. • Serious diminution in reputation. • Probable decrease in the public's confidence in the Council. • Major decline in service/product delivery, value and/or quality recognised by stakeholders • Contractual non-compliance or breach of legislation or regulation with probable litigation or prosecution and/or penalty. • Extensive injuries.	• Requires immediate City of Marion's General Manager notification. • Requires prompt management action planning/remediation actions (i.e. 30 days)

Rating	Definition	Examples of business impact	Action(s) required
Moderate	Issue represents a control weakness, which could have or is having a moderate adverse effect on the ability to achieve process objectives	• Moderate impact on operations or functions. • Reputation will be affected in the short-term. • Possible decrease in the public's confidence in the Council. • Moderate decline in service/product delivery, value and/or quality recognised by stakeholders. • Contractual non-compliance or breach of legislation or regulation with threat of litigation or prosecution and/or penalty. • Medical treatment required.	• Requires City of Marion's General Manager and/or Senior Manager attention. • Requires short-term management action.
Low	Issue represents a minor control weakness, with minimal but reportable impact on the ability to achieve process objectives.	• Minor impact on internal business only. • Minor potential impact on reputation. • Should not decrease the public's confidence in the Council. • Minimal decline in service/product delivery, value and/or quality recognised by stakeholders. • Contractual non-compliance or breach of legislation or regulation with unlikely litigation or prosecution and/or penalty. • First aid treatment.	• Timeframe for action is subject to competing priorities and cost/benefit (i.e. 90 days).

Disclaimers

Inherent Limitations

This report has been prepared as outlined in the Executive Summary of this report. The services provided in connection with the engagement comprise an advisory engagement which is not subject to Australian Auditing Standards or Australian Standards on Review or Assurance Engagements, and consequently no opinions or conclusions intended to convey assurance will be expressed. Due to the inherent limitations of any internal control structure, it is possible that fraud, error or non-compliance with laws and regulations may occur and not be detected. Further, the internal control structure, within which the control procedures that have been subject to the procedures we performed operate, has not been reviewed in its entirety and, therefore, no opinion or view is expressed as to its effectiveness of the greater internal control structure. The procedures performed were not designed to detect all weaknesses in control procedures as they are not performed continuously throughout the period and the tests performed on the control procedures are on a sample basis. Any projection of the evaluation of control procedures to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

We believe that the statements made in this report are accurate, but no warranty of completeness, accuracy or reliability is given in relation to the statements and representations made by, and the information and documentation provided by, City of Marion's management and personnel. We have not sought to independently verify those sources unless otherwise noted within the report. We are under no obligation in any circumstance to update this report, in either oral or written form, for events occurring after the report has been issued in final form unless specifically agreed with City of Marion. The internal audit findings expressed in this report have been formed on the above basis.

Third Party Reliance

This report is solely for the purpose set out in the Executive Summary of this report and for City of Marion's information, and is not to be used for any other purpose or distributed to any other party without KPMG's prior written consent. This internal audit report has been prepared at the request of the City of Marion Finance and Audit Committee or its delegate in connection with our engagement to perform internal audit services as detailed in the contract. Other than our responsibility to City of Marion, neither KPMG nor any member or employee of KPMG undertakes responsibility arising in any way from reliance placed by a third party, including but not limited to City of Marion's external auditor, on this internal audit status report. Any reliance placed is that party's sole responsibility.

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Volunteer Strategy 2018 to 2021

Vision: Our volunteers, representing diverse backgrounds and all parts of our community, share a passion to positively affect our community. Our volunteers, who have actively chosen to volunteer at the City of Marion, are recognised and celebrated for their capability, capacity and diversity.

WE LIVE OUR VALUES

Respect
Treating everyone as we want to be treated, where all contributions are valued

Integrity
Fostering trust and honesty in all of our interactions

Achievement
Enhancing our knowledge and performance to reach our shared goals, while being dedicated to supporting one another

Innovation
Encouraging new ideas, and learning from our experience to do things better

OUR COMMUNITY VISION

AWe strive to create an environment where we:	
Objectives	**Key Performance Indicators**
1. Increase Diversity and Inclusion through attracting, engaging and retaining a diverse volunteer population	Volunteer demographic is diverse and continues to offer opportunities that are inclusive of all communities
2. Strengthen regulation and risk management to ensure best practice systems and processes are in place to support the safety and wellbeing of our volunteers	Volunteer Management systems and processes are continuously reviewed and updated to ensure safety and wellbeing of volunteers
3. Increase management and training opportunities to ensure volunteers are aware, competent and feel empowered to undertake their role	Implementation of Training for all volunteer roles within the City of Marion Volunteer programs
4. Integrate, embrace, respect and value volunteering through recognising individual's achievement and celebrating success, and creating a space for volunteers to feel as important part of our organisation	Volunteer Recognition Event and initiatives developed to ensure inclusivity of all volunteers
5. To be an organisation of choice whereby volunteers choose the City of Marion as their preferred volunteer organisation	Volunteers applications continue to grow, volunteers are retained and committed to the City of Marion

Key Focus Areas:				
Increase Diversity and Inclusion	**Strengthen regulation and risk management**	**Increase management and training opportunities**	**Integrate, embrace, respect and value volunteering**	**Become a volunteer organisation of Choice**
Attract, engage and retain younger volunteers	Ensure that all volunteers have the relevant background checks and clearances in place	Ensure volunteers have access to training and information relevant to their volunteering role	Ensure that all volunteers are treated in accordance with our Corporate Values	Our marketing plan will attract Volunteers to the City of Marion with a diverse range of skills and experience
Attract, engage and retain ageing volunteers	Implement best practice recruitment strategies	Undertake an annual Performance Development Plan with each volunteer to ensure they are satisfied with their role and that the required standard of duties is being achieved	Celebrate and reward our volunteers through reward and recognition initiatives and social gatherings to ensure they feel respected and valued	Establish strategic connections with organisations in the community with whom we can partner
Build inclusivity within volunteering in our community	Ensure safety and wellbeing of our volunteers is at the forefront of everything we do	Ensure that volunteers understand and act in accordance with our Corporate Values	Align corporate and volunteering initiatives, policies and procedures, where relevant	Volunteers feel included, valued and understand and agree to the City of Marion Corporate values
Activate opportunities to encourage volunteers with a diverse range of experiences	Ensure we record relevant and up to date information of our volunteers	Review and develop a training needs analysis and plan in line with the changing nature of volunteering and volunteer opportunities	Seek feedback on the volunteer's experience at Marion	A diverse range of opportunities and experiences are available for volunteers. A framework is in place to support leaders capture all potential volunteers

Service Review Program 2018/19 - Progress Update

Originating Officer	Performance & Innovation Leader - Cass Gannon
Corporate Manager	Manager Innovation and Strategy - Fiona Harvey
General Manager	General Manager City Development - Abby Dickson
Report Reference	FAC180821R06

REPORT OBJECTIVE

To provide the Finance and Audit Committee with a progress update on the overall status of the Service Review Program for the 2018/19 financial year.

EXECUTIVE SUMMARY

The Service Review Program 2018/19 is progressing as planned, with six service reviews completed to date. The tracking on the progress of all reviews can be viewed in Appendix 1.

RECOMMENDATION

That the Finance and Audit Committee:

> **1. Notes this report and the Service Review Program 2018/19 - Progress Update - Appendix 1**

GENERAL ANALYSIS

At the 26 June 2018 General Council meeting, Council adopted the proposal for nine service reviews (three less than the City of Marion 2016-2019 Business Plan target) to be undertaken in the 2018/19 financial year. The services identified for review in 2018/19 financial year include:

- Open Space Phase 2 (5 services)
- Records Management (1 service)
- Information and Communication Technology (3 services)

The reduction in the number of service reviews for the year will allow for a redirection of the resources from the Performance and Innovation (P&I) team to support the implementation of 20 existing open actions from previously completed service reviews. The type of open actions that the P&I team will support implementation include:

- Implementing suites of 'Metrics that Matter' as a management tool
- Reviewing and simplifying various cross Council processes
- Establishing targeted Key Performance Indicators
- Undertaking benefits realised reviews post service review

The completion of the service review for Open Space Phase 2 and Records Management (being presented to the Finance and Audit Committee at this meeting, via separate report), results in six reviews completed to date for the 2018/19 financial year.

Liveable: Contributes to the CoM Business Plan 2016-19 'liveable' goal to provide access to housing choice and services for a growing and diverse population

Innovation: Contributes to CoM Business Plan 2016-19 'innovative' goal to have a community that harnesses creativity, research and collaboration to pursue innovative ideas
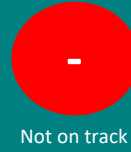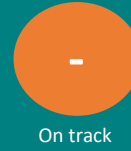
Attachment

#	Attachment	Type
1	Service Review Program 201819 - Progress Update - Appendix 1	PDF File

Service Review Program 2018/19 Progress Update
(FAC180821)

Appendix 1

CITY OF MARION

9
Total service reviews

6
Completed

-
On track

-
Not on track

3
Not commenced

33% 67%
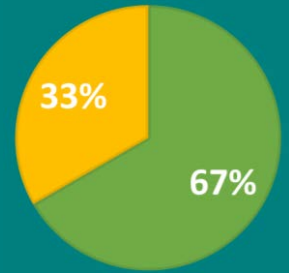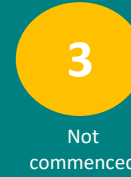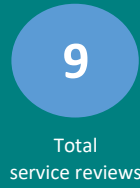
How are we progressing per service review?

= Scope
= Service Review progress
= Service Review Report

= Completed
= On Track
= Not on Track
= Not commenced

Open Space Transformation Phase 2

Services Involved (5)

Irrigation
Playgrounds/furniture and other
Biodiversity and Remnant Vegetation
Tree Planting and Watering
Walkways

FAC171212

100%

FAC180821

Records Management

FAC180227

100%

FAC180821

Information and Communication Technology

Services Involved (3)

Projects and Business Support
Infrastructure
Helpdesk Services

0%

Service Review Program - Recommendations - Progress Update

Originating Officer	Performance & Innovation Leader - Cass Gannon
Corporate Manager	Manager Innovation and Strategy - Fiona Harvey
General Manager	General Manager City Development - Abby Dickson
Report Reference	FAC180821R07

REPORT OBJECTIVE

To provide the Finance and Audit Committee with an overview of the progress of Service Review recommendations at the end of Quarter 4, 2017/18 financial year.

EXECUTIVE SUMMARY

The Service Review Program commenced in 2016/17. Since that time 23 services have been reviewed, including both the Living Kaurna Cultural Centre and Hard Waste Service Reviews, which were undertaken prior to the commencement of the formal Service Review Program. The tracking of progress of open recommendations from these reviews can be found in Appendix 1.

RECOMMENDATION

That the Finance and Audit Committee:

1. **Notes this report and the Service Reviews - Recommendations - Progress Update - Appendix 1**

GENERAL ANALYSIS

As at end of Quarter 4, 2017/18 financial year, the improvements delivered as a result of implementing the service review recommendations are:
- The Public Place Litter and Management of Recycling Depot and Stores service reviews are complete
- Dogs and Cats Online (DACO) has been rolled out
- CoM foyer re-design has gone out to tender
- Staff training on the new report writing software has been completed, and the software has gone live.

A key focus of the Service Review Program for 2017/18 is ensuring that the benefits realised as a result of implementing the recommendations of service reviews can be measured and reported on.

Liveable:	Contributes to the CoM Business Plan 2016-19 'liveable' goal to provide access to housing choice and services for a growing and diverse population
Innovation:	Contributes to CoM Business Plan 2016-19 'innovative' goal to have a community that harnesses creativity, research and collaboration to pursue innovative ideas

Attachment

#	Attachment	Type
1	Service Review – Recommendations – Progress Update - Appendix 1	PDF File

Appendix 1: Service Reviews - Recommendations - Progress Update (Q4, 2017/18 Financial Year)

Service Review	Date Presented at FAC	Recomm.	Total # of Actions	Actions Open	Actions Complete	% of Actions Complete	Benefits Realised to-Date
Hard Waste FAC080316F8.1	8/03/2016	13	13	1	12	92%	An Expression of Interest (EOI) will be released through Tenders SA in July 2018. Interested organisations will be provided a three month window of reply. Should the EOI identify a feasible proposal(s) a report will be developed for Council's consideration.
Living Kaurna Cultural Centre FAC310516R7.11	31/05/2016	7	7	7	0	0%	The Banbabanbalya Agreement has been developed and was considered at a Kaurna Yerta Aboriginal Corporation (KYAC) meeting on 16 June 2018. KYACs lawyer then advised a likely change in the direction of the Agreement, and so the matter was deferred (rather than endorsed) at the General Council Meeting on 26 June 2018. Next steps to be confirmed.
Council Reporting and Elected Member Support FAC151216R7.9	15/12/2016	4	4	1	3	75%	The report template has been revised in association with the software implementation. The report writer's guide has been updated, finalised and communicated with the implementation of the system. Staff training has been completed with one-on-one training available as required. The new software and process is being used for all Council and Committee agendas. Final testing on live minute taking underway to be implemented in August 2018.
Drainage FAC300517R8.6	30/05/2017	7	18	3	15	83%	Report endorsed at Infrastructure and Strategy (I&S) committee 03/07/18 for stormwater management including the Stormwater Management Plan (SMP). An end of FY report was submitted to ELT in July.
Marion Celebrates FAC300517R8.6	30/05/2017	1	5	5	0	0%	Initial discussions underway with the Festival tentatively scheduled for March 2019. Adelaide Fringe are also working through having a Fringe Hub in the Southern Region, which would create a leverage opportunity for both events. Marion Cultural Centre (MCC) and SA Aquatic Centre have also been consulted, as has DPTI regarding any impact Oaklands Crossing works may have.
Parking Management and Regulation FAC300517R8.6	30/05/2017	1	10	1	9	90%	Proactive monitoring and enforcement of school zones and bike lanes is continuing and continues to be evidenced via the Customer Event System. Awaiting a dashboard for data monitoring.
Asset Management FAC150817R8.5	15/08/2017	4	11	5	6	55%	Asset Hierachy being developed based on Australian industry standards (ADAC and ASPEC). This will set the foundation for the new Asset Management ICT system. Generic processes across the asset lifecycle being mapped and endorsed by key leaders.
Roads FAC150817R8.5	15/08/2017	4	4	1	3	75%	Program has been delayed. Analysis to be undertaken in July 2018.

Appendix 1: Service Reviews - Recommendations - Progress Update (Q4, 2017/18 Financial Year)

CITY OF MARION

Service Review	Date Presented at FAC	Recomm.	Total # of Actions	Actions Open	Actions Complete	% of Actions Complete	Benefits Realised to-Date
Maintenance of Council Facilities FAC101017R7.12	10/10/2017	8	26	7	19	73%	Land and Property are undertaking a trial using the Community Maintenance Officer (CMO) to complete small jobs for 3 months. Preliminary KPIs have been developed and work has commenced on reporting. Four contracts have been executed (Fire, Pest Control, Cleaning and Hygiene). Regular meetings are continuing with contractors.
Open Space Phase 1 FAC121217F01 (3 services reviewed)	12/12/2017	2	10	2	8	80%	Daily and monthly performance reporting is now in place and mobility has been rolled out in the field. The reports allow performance visibility of the different teams and areas. Further mobility will be rolled out into the field as part of Phase Two of the review (quotes have been obtained to purchase another eight tablets).
Customer Service FAC270218R7.3	27/02/2018	17	17	12	5	29%	Dogs and Cats Online (DACO) implemented, and team managing peak as per plan. Plans built for process improvement actions post busy period. Foyer refurbishment is at tender. Project completion is aimed for April 2019. Restructure complete with new position recruited and in place. Quality monitoring framework introduced and in place. Monthly dashboard in progress and will be produced by the end of July.
Community Safety Inspectorate FAC29052018F01	29/05/2018	7	25	25	0	0%	On agenda of General Council Meeting scheduled for 14 August 2018.
Total Q4: 14		**75**	**150**	**70**	**80**	**53%**	**Public Place Litter – Complete** **Management of Recycling Depot and Stores (x 2 services) – Complete** **Community Safety Inspectorate - New**
Completed in Q3		**11 Recommendations completed** **Recruitment Service Review closed**					

Key:　On track/in progress
　　　Not started

Service Review - Report - Open Space Operations Transformation Phase 2

Originating Officer	Manager Engineering and Field Services - Mathew Allen
Corporate Manager	Manager Engineering and Field Services - Mathew Allen
General Manager	General Manager City Services - Tony Lines
Report Reference	FAC180821R08

REPORT OBJECTIVE

To provide the Finance and Audit Committee with the final report for the Open Space Operations Transformation Phase 2 service review.

EXECUTIVE SUMMARY

The phase 2 review of the Open Space Operations function has been finalised and can be reviewed in Appendix 1. The report details recommendations, potential savings, costs and proposed changes to maintain and enhance service delivery.

RECOMMENDATION

That the Finance and Audit Committee:

> 1. **Provides comment on the Service Review - Report - Open Space Operations Transformation Phase 2**
>
> 2. **Notes the recommendations identified in the service review**

GENERAL ANALYSIS

The Open Space Operations is a large function with nine defined services, and has been the subject of two service reviews. The first review was tabled with the Finance and Audit Committee in December 2017 and covered tree, reserve, landscape and streetscape maintenance. These services represented around 60% of the cost of the function and 36 Full Time Employee (FTE). The recommendations have been implemented and the project won the LGA Professionals of South Australia Award for Excellence in Strategic Financial Management.

This second review focusses on the remaining services which are provided by 14FTE and currently cost $2.0M per annum. This cost will increase to $2.9M by 2019/20 as a result of the recently approved increase in biodiversity, tree planting and tree-scaping activity. The services are quite diverse in nature and include activities focused on growing the tree canopy across the city, maintaining reserve-based infrastructure assets, preserving remnant vegetation, and maintaining and increasing biodiversity.

This review has the following objectives in relation to the in-scope services:
- Improve service levels, productivity, quality, risk management and customer experience
- Balance programmed and reactive maintenance tasks
- Optimise utilisation of plant and equipment
- Use contracted services effectively
- Increase transparency and implement metrics and reporting to ensure performance is sustained and continuous improvement is possible

Extensive analysis has been undertaken to determine opportunities to improve these services from a customer service, quality and cost perspective.

More than 50 recommendations have been made as a result of this service review. Overall the outcomes of the service review will result in:

- Implementation of optimised route planning and improvements in water truck utilisation.
- $0.25M (40%) reduction in cost of accelerating the tree program mainly due to water truck improvements.
- Roll out of mobility and dashboard reporting.
- Increased work transparency allowing for improved productivity and a reduction of 4 FTE by year 5 through natural attrition, saving $0.34M annually.
- Increase in reserve based assets proactively inspected and repaired.
- Reduction in contractor spend through insourcing and other initiatives to the value of $0.05M per annum.
- A reduction in the need for customers to continue to call

At the end of year 5, Phase 2 savings are projected to be around $0.35M per annum, with tree stock at 42,000 trees and 10% above current planned levels (if tree program savings are reinvested).

The combined recommendations will need to be supported by $0.27M in project spend which includes mobility roll out, some asset replacement and truck modifications. Overall there will be an improvement in the NPV of the operations of $0.5M over 5 years taking into account the investment which will have benefit beyond 5 years.

Importantly, the implementation of the service review will deliver improved use of resources, increased levels of service, reporting and monitoring of service levels, and high quality open space for the community.

Attachment

#	Attachment	Type
1	SR - Open Space Transformation - P2 - Draft Report	PDF File

CITY OF
MARION

SERVICE REVIEW REPORT

Open Space Operations
Transformation
Phase 2

Contents

1. Executive Summary

Open Space Operations (OSO) is significant to the City of Marion and its ratepayers. Comprising 50 FTE, and with a cost to Council of $6.5M annually, OSO maintains the assets most highly valued by the community.

OSO manages nine key services. 4 of these services were subject to the Phase 1 Service Review presented to the Finance and Audit Committee in December 2017. The remaining 5 diverse services have an annual cost of $2M and involve 14 FTE and are the subject of this review. The services include:

1. Tree Planting and Watering,
2. Playground, Furniture and Other Maintenance,
3. Irrigation Maintenance
4. Walkway Maintenance and
5. Sensitive Site Maintenance

Extensive analysis has been undertaken to determine opportunities to improve these services from a customer service, quality and cost perspective.

Key recommendations from this service review will result in:

- Implementation of **optimised route planning** and **improvements in water truck utilisation**. This will allow the planned increase in tree planting to 3,000 trees a year to be watered at minimal incremental cost.

- $0.25M (40%) **reduction in cost** of accelerating the tree program **mainly due to water truck improvements**. Reinvestment of these savings would allow plantings to increase to 4,200 per year (a further 40% increase).

- Complete **roll out of mobility and dashboard reporting** to the remainder of the OSO team, simplifying work dispatch and reducing administration effort.

- **Increased work transparency allowing for improved productivity** and a **reduction of 4 FTE by year 5** through natural attrition, saving $0.34M annually.

- **Increase in reserve based assets proactively inspected and repaired**. Coverage will increase from 20% to close to 100% of assets being inspected at twice annually, minimising risk and increasing the quality of the assets available to the community.

- **Reduction in contractor spend** through insourcing and other initiatives to the value of $0.05M per annum.

- **A reduction in the need for customers to continue to call** by delivering:
  - Programmed maintenance of walkways and laneways
  - Replacement/upgrade of drinking fountains at 6 reserves and ongoing routine inspection of drinking fountains (at a cost of $0.04M)
  - Resolution of drainage issues at Hazelmere Reserve (which have already been completed)
  - Upgrade of the reserve lighting along the Sturt River bikeway which will increase safety and amenity and reduce electricity costs (at an estimated cost of $0.09M)

- **Engagement of our partners** to make recommendations more impactful including engaging Maxima to resource the tree planting program, and accessing the New Venture Institute to devise ways to watering truck design issues and solve high vandalism and graffiti rates at a number of our buildings, reserves and locales.

- **Additional recommendations for further investigation** into structure, greater use of inhouse biodiversity capacity, walkway ownership opportunities and the use of water blasting and moisture sensors to further improve tree planting and watering efficiency.

At the end of year 5, Phase 2 savings are projected to be around $0.35M per annum with tree stock at 42,000 trees and 10% above current planned levels (if tree program savings are reinvested).

The combined recommendations will need to be supported by $0.27M in project spend which includes mobility roll out, some asset replacement and truck modifications. Overall there will be an improvement in the NPV of the operations of $0.5M over 5 years taking into account the investment which will have benefit beyond 5 years. Importantly, the implementation of the service review will deliver improved use of resources, increased levels of service, reporting and monitoring of service levels, and high quality open space for the community.
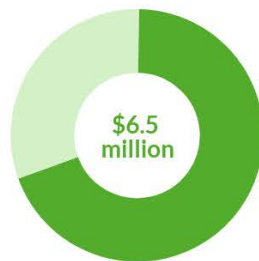
CITY OF
MARION

Service background

comprised of
50FTE

with

14FTE
in scope for this
review

An annual
budget of
$6.5 million

with

$2 million*
in costs for the
services in scope
for this review

**$6.5
million**

Maintaining around...

29,000
street trees

600+ landscaped
traffic devices

3.2 million sq. m
of open space

900 kms
of verge

in scope for this review

over 8,000 reserve
based assets

150
walkways

400+
reserve lights

Planting and
watering 1,400
new street trees
a year

90
playgrounds

90
irrigation
systems
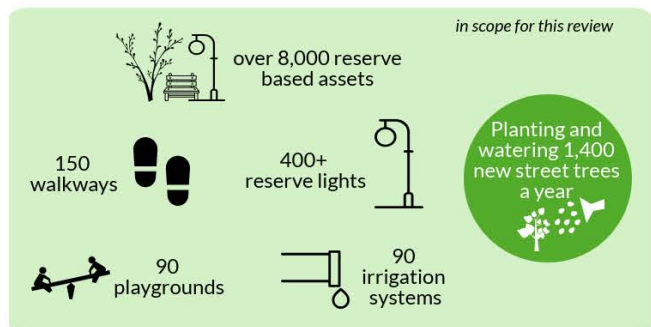
In scope for this review

1. Tree planting and watering

2. Playground, furniture and other maintenance

3. Irrigation maintenance

4. Walkways

5. Sensitive sites maintenance

Analysis undertaken

interviews
and
observations

invoice &
customer
event analysis

optimised
route
planning

asset
management
direction

resource
planning

contract pricing
and outsource
analysis

sampling of prior plantings and
tree stock forecasting

Key recommendations

optimise
water tanker
routes

insource sports
surface auditing and
commence auditing
sport infrastructure

roll out
mobility to
remainder of
open space

implement
productivity
reporting

proactive
inspection and
maintenance
coverage
increasing from
20% to almost
100%

engage
community in
key initiatives

Key outcomes/impacts

More than **50**
recommendations

delivering **$0.35 million**
in savings per annum by year 5

With...

**$0.25
million**

savings in
tree planting
costs

reinvested in increased
plantings by up to
40% to 4,200

**$0.05
million**

savings in
contractor
spend

4FTE

reduction by year 5,
through natural
attrition

It will also deliver...

✓ improved use of resources

✓ increased levels of service reporting

✓ monitoring of service levels

✓ high quality open space for the community

*Will increase to $2.9 million by 2019/20 as a result of an approved increase

2. Overview

The OSO team is a significant contributor to the amenity of the City of Marion. Comprising 50 FTE and with an annual budget of $6.5M, OSO maintain assets that are among those most highly valued by the community.

OSOs operations are vast, maintaining around 29,000 street trees, over 3.2 million square metres of open space, 600+ landscaped traffic devices and 900 kilometres of verge across the city. The team also currently plant and water 1,400 new street trees a year and maintain and repair an extensive number of reserve-based assets including 90 irrigation systems, 90 playgrounds (with more than 1,300 pieces of equipment in them), 150 walkways and 400+ reserve lights.

As OSO is a large function with nine defined services, it has been the subject of two service reviews. The first review was tabled with the Audit Committee in December 2017 and covered tree, reserve, landscape and streetscape maintenance. These services represented around 60% of the cost of the function and 36 FTE. The recommendations have been implemented and the project won the LGA Professionals of South Australia Award for Excellence in Strategic Financial Management.

This second review focusses on the remaining services which are provided by 14 FTE and currently cost $2.0M per annum. This cost will increase to $2.9M by 2019/20 as a result of the recently approved increase in biodiversity, tree planting and tree-scaping activity. The services included are quite diverse in nature and include activities focused on growing the tree canopy across the city, maintaining reserve-based infrastructure assets, preserving remnant vegetation and maintaining and increasing biodiversity.

TABLE 1: Description of services included in the review

Service	Description
Tree Planting and Watering	
Tree planting and watering	• Planting program development • Seasonal planting program including dial before you dig coordination, inspections and mark outs, hole digging and planting out • Watering program for street trees using bulk water trucks
Open Space Infrastructure Maintenance	
Playground, Furniture and Other Maintenance	• Weekly playground inspections to tidy sites and check for hazards • Bi-monthly playground audits required as part of compliance • Ad hoc repairs to playgrounds, furniture and fencing • Graffiti removal where graffiti occurs on reserves • Reserve lighting maintenance
Irrigation Maintenance	• Routine inspection of irrigation systems • Ad hoc repairs to irrigation systems • Monthly manual adjustment of timers on irrigated sites during irrigation season
Walkways	• Weed and overgrowth removal on walkways and laneways in response to requests from the community
Biodiversity and Remnant Vegetation Maintenance	
Sensitive site maintenance	• Maintenance of remnant vegetation sites including weed management • Biodiversity management including management of new plantings of native vegetation on council owned sites • Landscape and mowing maintenance on high profile sites

A detailed description of the services and their current status are included in Attachments A, B and C.

3. Service Review Objectives

The review has the following objectives in relation to the in-scope services:

- Improve service levels, productivity, quality, risk management and customer experience
- Balance programmed and reactive maintenance tasks
- Optimise utilisation of plant and equipment
- Use contracted services effectively
- Increase transparency and implement metrics and reporting to ensure performance is sustained and continuous improvement is possible

4. Analysis Undertaken

A broad range of analysis was undertaken in order to identify opportunities for improving outcomes for the community in relation to the in-scope services.

Interviews and Observation

Review meetings were undertaken with all of the teams involved in the in-scope services to understand existing processes, thoughts on opportunities, concerns with current operations and potential barriers to improvement.

There was an expectation from the team that with greater ability to organise and gain transparency of workload, capacity would be able to be created in the operational repair and maintenance teams. There was also concerns that watering capacity would constrain organisational ability to manage the increase in tree planting planned from 2019/20.

Observation of key processes was also undertaken with oportunity to increase water truck output identified mainly as a result of truck capacity not being fully utilized due to their open top configuration.

Invoice analysis

All invoices paid in 2016/17 were reviewed to determine where opportunities might exist to reduce costs or insource services. Opportunities were identified in relation to the costs of maintaining reserve lighting, insourcing sporting surface inspection and potential insourcing of weed spraying walkways when the current contract is next reviewed.

Customer Events

All customer events related to in scope services were reviewed to understand the root cause of the customer needing to call, to determine any way it could be avoided. This analysis identified asset categories and specific assets that drove a relatively high number of inquiries.

Understanding the cause for the higher levels of inquiries has led to a number of recommendations including implementing programmed maintenance of walkways, review and potential replacement of drinking fountains at a number of sites, replacement of lighting along the Sturt Road bikeway and upgrading drainage at Hazelmere Reserve.

Optimised Route Planning

Route planning optimisation analysis was undertaken for the water trucks. This was used to determine the impact on output if more detailed route planning was undertaken that would allow for drive times between watering sites and refill locations to be minimized. This was done using relatively inexpensive web-based route planning software.

This analysis has demonstrated there is opportunity to increase water truck output, and the existing water trucks should be able to support the more than 100% increase in tree planting planned from 2019/20 as part of the adoption of the Tree Management Framework recommendations. The software will also be used to plan the order of other maintenance tasks included in this review and will be of benefit in the future as it can have wider application across council (ie: hard waste route planning).

Asset Management Direction

Due to the inspection and repair nature of a number of the services included in this review, the Asset Management Team were also interviewed. The Asset Management Team has been mapping asset ownership and has identified a number of gaps associated with the inspection and maintenance of reserve based assets. Analysis has been undertaken to determine whether this activity can be absorbed into the OSO team where inspection is deemed valuable.

In addition, the information collected by the OSO team as part of playground auditing is not currently recorded against the assets themselves and so is not able to be used to inform and optimise asset management and capital replacement programming for the associated assets.

Resource Planning

The capacity at which the teams were working was not known due to paper based systems being used to allocate jobs, with no reporting available on jobs completed or productive time in the field. The leadership group felt there may be capacity in the playground, furniture and irrigation teams in particular.

In order to assess capacity, current activity levels were compiled from the paper records maintained by the team. Tasks were time-trialed to ensure accurate workload forecasts could be built. Additional services potentially able to be managed by the team were also time trialed and workload calculated. Team sizes were realigned in the modelling to ensure inspection tasks are undertaken by a one person team (rather than two) as they are elsewhere in the organisation.

Resource planning confirmed the team will have capacity to absorb additional asset inspection work and associated maintenance and repair activities and FTE savings will also be able to be realised as natural attrition occurs.

Sampling of prior plantings and tree stock forecasting

A tree stock forecast has not been available due to planting survival rates not being known.

Survival rates of trees planted over the 2 prior seasons were assessed through location and observation of 40% of the plantings from these 2 years. Where trees had not survived, the root cause of the loss was also assessed to determine if survival rates could be improved. After tree stock quality (which has been remediated), removal and vandalism were identified as the next highest contributors to tree losses. Tree stock forecasts were then produced, assessing plantings, survival rates of those plantings and tree removals.

Contract Pricing and Outsource Analysis

Key services were compared to outsourced contract rates with our own teams being more affordable than outside providers, providing that target productivity levels are met. This is expected to carry some risk.

While insourcing is the current preferred option for tree planting, to assure the benefits associated with undertaking the work inhouse and to ensure the risk associated with inhouse delivery is warranted, it is recommended the market is tested to see if tree planting contract prices will become more competitive than insourcing costs when planting is tendered in larger quantities than at present.

Benchmarking

Cost benchmarking with other councils was considered but was not possible due to the absence of comparative data on the levels of work actually performed at the City of Marion (which is being addressed through the data capture and reporting recommendations of both Phase 1 and 2 Service Reviews).

Tree watering and survival rates were obtained from other councils however the data returned was not based on empirical evidence and so is not considered useable.

More specific details of the analysis undertaken are included in Attachments A, B and C.

5. Key Findings and Recommendations

More than 50 actions have been identified as a result of this service review. The following key recommendations encapsulate the majority of these actions and result in key impacts including:

- A $0.25M saving relating to the tree planting program that could potentially be reinvested into the tree program lifting plantings to 4,200 per annum from 3,000,
- a reduction of 4FTE and contractor costs of $0.05M delivering $0.35M in savings per annum by Year 5 and
- additional services relating to walkways, water sensitive urban design sites and proactive inspection of a greater proportion of reserve based assets

The key themes around findings and recommendations, and their primary impacts, have been summarized below. Detailed recommendations are included in Attachments A, B and C.

TABLE 2: High Level Findings and Recommendations

Summarised findings	Recommendations
Tree Watering and Planting	
• Ability to increase water truck capacity through modifications and optimised route planning • Ability to work trucks longer by backfilling truck operators during RDOs with other operational staff where there is capacity and through use of overtime or development of a Local Area Work Agreement (LAWA)	• Implement truck modifications and optimised route planning, combined with overtime as planting levels increase, to manage increased plantings with existing trucks
• Tree Inspector workload exceeds capacity during tree planting season which impacts planting productivity • Internally sourced tree planting with dedicated supervisor during planting season can provide lower cost tree planting than contractors provided that productivity levels can be met	• Manage planting season with dedicated supervisor and casual staff to allow focus and capacity to increase tree plantings as well as lower costs per tree
• The process from tree planting program planning to tree planting and creation of new tree assets is very manual, difficult for the team to manage and prone to error	• Implement GIS based tree planting program development as well as mobility to support simplification of planning to planting to asset creation process and to help maintain tree planting productivity through the season
• Arborist spends reasonable time watering trees in holding yard during planting season which will increase as plantings increase	• Implement irrigation solution in holding yard for trees
IMPACT The above recommendations collectively result in a $0.25M saving in the annual cost of accelerated tree planting program. This is a result of increasing the output of the water trucks and having a focussed tree planting team. Alternatively the savings could be reinvested in tree planting, increasing the program planting from 3,000 street trees per annum to 4,200 trees per annum (40% increase).	

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Summarised findings	Recommendations
Open Space Infrastructure Maintenance (including playground, furniture and irrigation maintenance)	

- A number of assets drive relatively high customer event volumes due to higher failure rates suggesting more proactive inspection and maintenance is required
- There is a need to implement greater proactive inspection and maintenance on high risk assets
- OSO is not currently satisfied with the external provider of sporting surface inspection services
- Some assets that have a high deterioration rate could benefit from programmed and proactive maintenance

- Improve inspection and maintenance on drinking fountains, taps, fences and walkways
- Remediate Hazelmere Drainage and reduce community complaints and repeat calls (which has now been completed)
- Replace or upgrade 6 drinking fountains at an estimated cost of $0.04M
- Replace reserve lighting along the Sturt River bikeway to reduce community calls and electricity costs and improve safety at an estimated cost of $0.09M
- Insource inspection of sporting surfaces
- Implement programmed sanding and oiling program on timber furniture

IMPACT

The collective impact of the above recommendations is an annual saving of $18K per annum in sport surface auditing costs, an expected reduction in lighting maintenance and electricity costs of $30K per annum as well as a 40% reduction in the calls received from the community in relation to in-scope services. A number of ageing assets will be replaced and a number of others will be better maintained – all to the community's benefit.

- Manual changeover of timers at each reserve during irrigation system could be replaced by irrigation controller installs being accelerated

- Accelerate roll out of irrigation controllers to reduce manual effort to change timers and reduce risk of major leaks

- Asset inspection uses a team of 2 while it necessitates only one person to complete the work
- Workload analysis shows there is capacity in the irrigation, playground and furniture maintenance teams in part due to specialisation of the teams
- Processes to issue and complete playground inspections and playground, furniture and irrigation repairs are manual and paper based and make it difficult to manage resourcing and productivity
- Asset condition and repair data collected through the existing inspection processes are recorded on paper and not captured against assets and used for capital planning

- Manage inspections with a one person rather than two person crew reducing FTE by 1 on an ongoing basis
- Convert specialist repair crews to general repair crews to allow for greater flexibility and better use of capacity
- Use additional capacity to perform additional (warranted) proactive maintenance and repair work
- Move to one general repair crew for irrigation, playgrounds and furniture over time reducing FTE by 2
- Roll out RAMM to support inspection tasks, better manage productivity and transparency of work completed and to facilitate capture of inspection data against assets to support future capital planning for open space assets

IMPACT

The above increased automation and transparency, and the reorganisation of the team, will provide a reduction of 3 FTE and a saving of $0.21M per annum by year 5. In addition there will be an increase in proactive asset inspection from 20% of OSO assets to close to 100% of assets being inspected at least twice a year at no additional cost to the community. This should see an increase in community safety and amenity.

Completion of the roll out of mobility to all OSO staff will reduce duplicated and manual handling of jobs and will simplify processes for the supervisors and coordinators as well as improving record keeping for playground inspections, reducing risk for the organisation.

Summarised findings	Recommendations
• Graffiti customer events are currently managed by OSO however this results in 35% or more of the events being double handled between OSO and Civil	• Hand over management of graffiti jobs on reserves to Civil graffiti management gang to remove duplicated handling
• Reserve lighting currently is not subject to any replacement planning	• Hand over capital planning for reserve lighting to Open Space Planning to allow for de-duplication of required technical understanding and asset management planning process

IMPACT

Remove double handling on graffiti jobs freeing up capacity in OSO, and improved capital planning for reserve lighting which should result in improved safety and amenity for the community

• Vandalism and damage incidents are higher at some reserves, buildings and locales	• Engage the New Venture Institute to review how we might improve safety and reduce crime at these sites and in these communities

IMPACT

Improved safety and a reduction in graffiti and vandalism calls and costs in these areas

Biodiversity and Remnant Vegetation

• The high profile site round is currently being managed by 0.6FTE where previously it was managed with 1.6FTE	• The high profile site round can be merged with the 1 person round in the Reserve Mowing teams allowing for a permanent reduction in overall FTE requirement by 1FTE

IMPACT

Consolidation of teams will result in 1FTE saving realised through natural attrition and costs of $0.07M

6. Impact

A summary of the recommendations and their impact on the cost and service levels to the community is contained in the table below.

TABLE 3: Scenarios, assumptions and outcomes

Scenario	Overview	NPV $M over 5 Years (change)	Net cost Year 5 $M pa (change)	Customer Events Year 5 000s (change)	Estimated tree stock Year 5 000s (change)
Base Case	Phase 1 with added approved funding of $0.9M per annum following approval of streetscape acceleration, the Tree Management Framework and the Remnant Vegetation Plan approved in 2017/18.	30.9	7.5	3.5	38.4
Improved Operations	As above however with improved operations, resulting in $0.2M per annum lower investment needed in tree planting, reduced FTE through attrition and minor insourcing of some services.	29.9 (1.0F)	7.0 (0.5F)	3.1 (0.4F)	39.0 (0.6F)
Improved operations with benefits reinvested into tree program	As above however tree program savings applied to further acceleration of the tree program, increasing plantings by an additional 1200 trees per annum resulting in annual street tree plantings of 4200.	30.4 (0.5F)	7.2 (0.3F)	3.1 (0.4F)	42.1 (3.7F)

U = Unfavourable F = Favourable

The forecast costs include project spend related to implementation of the recommendations. Additional tablets will need to be leased to finalise the roll out of mobility to the remaining functions. This increase in cost has been factored into the recurrent spend forecast used to determine NPVs above.

TABLE 4: Project spend

$000s	Cost	Basis
Implementation	38	• Project lead and software configuration costs
Equipment modification	25	• Water truck and 3 way tipper modifications to increase capacity
Training	5	• Playground inspection training for 2 more staff
Drinking fountain improvement	36	• Replacement/remediation of 6 drinking fountains subject to high incidence of failure
Reserve lighting replacement	88	• Replacement of 250 lighting heads with LED along Sturt River Bikeway funded through reduced electricity costs • Assumptions as per public lighting business case
Irrigation controllers	72	• Acceleration of installation of 60 irrigation controllers to reduce FTE effort and risk
Tree holding irrigation	5	• Installation of tree watering irrigation in holding yard to remove hour per day hand watering time during tree planting season
TOTAL	**269**	

7. Delivery against objectives

The combined recommendations of the review deliver on its objectives as follows:

TABLE 4: Delivery against objectives

Objective	How delivered
Improve service levels, productivity, quality, risk management and customer experience	• Public liability risk is improved at no additional cost through reorganisation of the teams to undertake programmed inspection and maintenance of more of the open space asset portfolio • Costs reduce by 17% over the next 5 years across the $2.9M cost base for services included in Phase 2 • Service levels, quality and customer experience should improve through assured programmed maintenance and quality auditing and targeted remediation of high contact issues, with a 40% reduction in the ~850 fault related customer requests expected for in scope services
Balance programmed and reactive maintenance tasks	• Increased programmed maintenance on timber assets, walkways, fences, fountains and taps to reduce reactive queries from the community • Replacement of some high maintenance assets that are not currently planned for replacement • Capture of asset inspection data directly against assets in the asset management system allowing for future optimisation of replacement program spending
Optimise utilisation of plant and equipment	• Utilisation of the water trucks will increase without any expected reduction in their resale values as a result
Use contracted services effectively	• Insource of IPOS sports surface auditing • Redirection of public lighting maintenance
Increase transparency and implement metrics and reporting to ensure performance is sustained and continuous improvement is possible	• Transparency and measurement will be further improved with the implementation of programmed maintenance schedules, mobility and reporting, supporting increased productivity • The OSO team will be completely set up with the tools and information to allow them to make further improvements over time • Completion of the roll out of mobility across all of OSO will simplify supervision and management for the team

8. Benefits Realisation

The predicted impact of recommendations on key indicators is included below. It is recommended the monthly reporting dashboards include tracking against these metrics to support the long term realisation of benefits.

It should be noted that as the tree program acceleration will not commence until 2019/20 and the change management involved in the implementation of the recommendations is significant, benefits do not commence in the financial model until the 2019/20 financial year.

FIGURE 1: Key Cost and Service Level Indicators
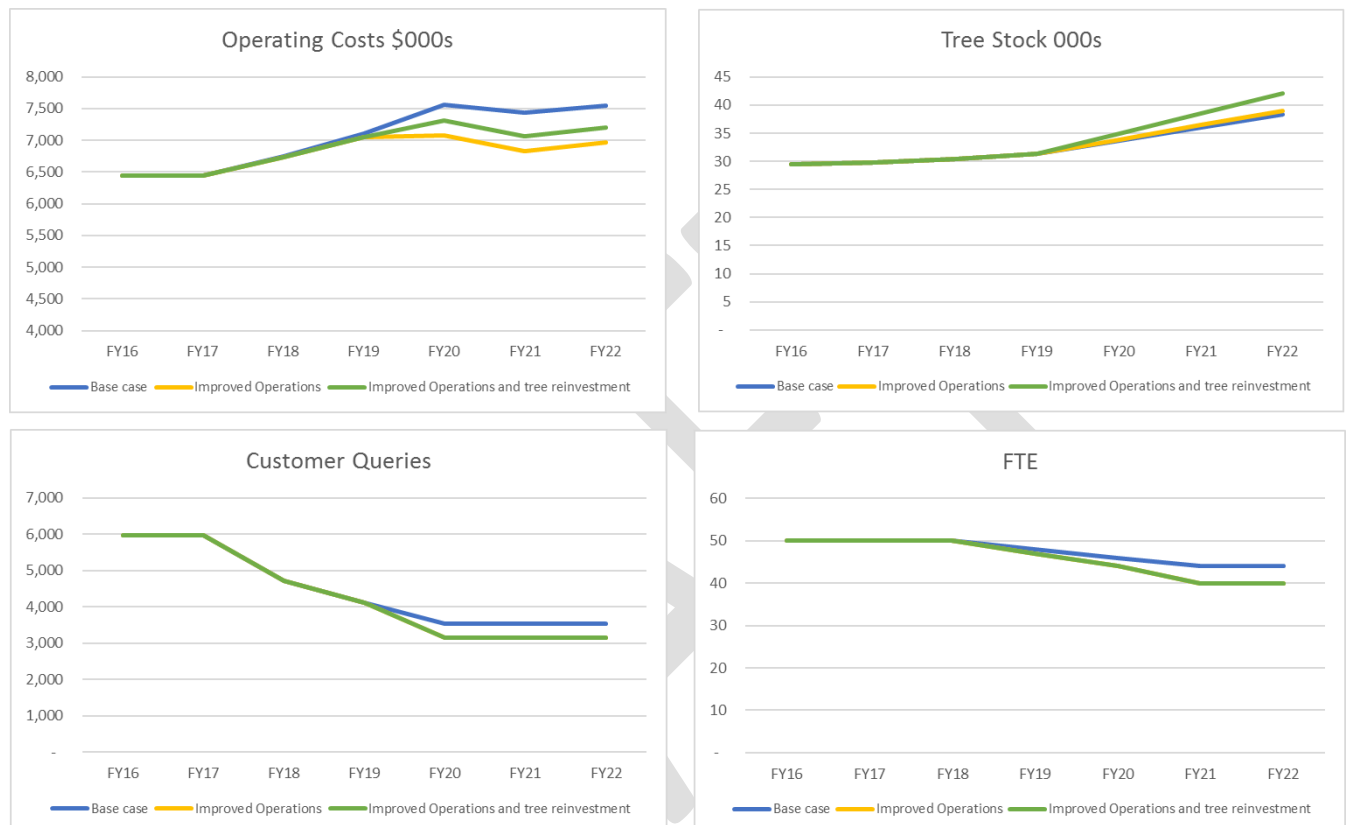
As part of the recent changes to Service Review Management processes, it is expected there will be a formal annual review of OSO against these commitments to ensure benefits are being realised and any remedial action is put in place if required.

9. Consultation and Engagement

Significant consultation has been undertaken with the leadership team, Union and team members including:

- Planning sessions on possible improvement opportunities with the team members impacted by this review
- Fortnightly status updates to the Branch Organiser – Australian Workers' Union
- ECC discussions with union representation and nominated outdoor staff where review progress has been shared
- Specifically organised work group meetings to update teams on progress and gain input
- Regular updates at Work Group Tool Box meetings by the Field Supervisor
- Involvement of team members in the development of the task times used for resource planning in the review
- Discussion of progress at weekly leadership team meetings which include field supervisors and coordinators
- Meeting with the Branch Organiser AWU in early July to specifically review the draft report and provide feedback. The Branch Organiser supported the majority of the review recommendations especially where there are continuous improvements to the service with new technology or improved work practices however, the Branch Organiser and field staff do not support the reduction in FTE's.

Union representation has been invited to attend all meetings where team members have been involved.

There has also been significant engagement with impacted and support divisions across the organisation including Land and Property, Arts and Culture, Human Resources, Asset Management and Civil throughout this review.

10. Implementation Milestones

Key milestones relating to the implementation of the project are included below.

FIGURE 2: Implementation Milestones
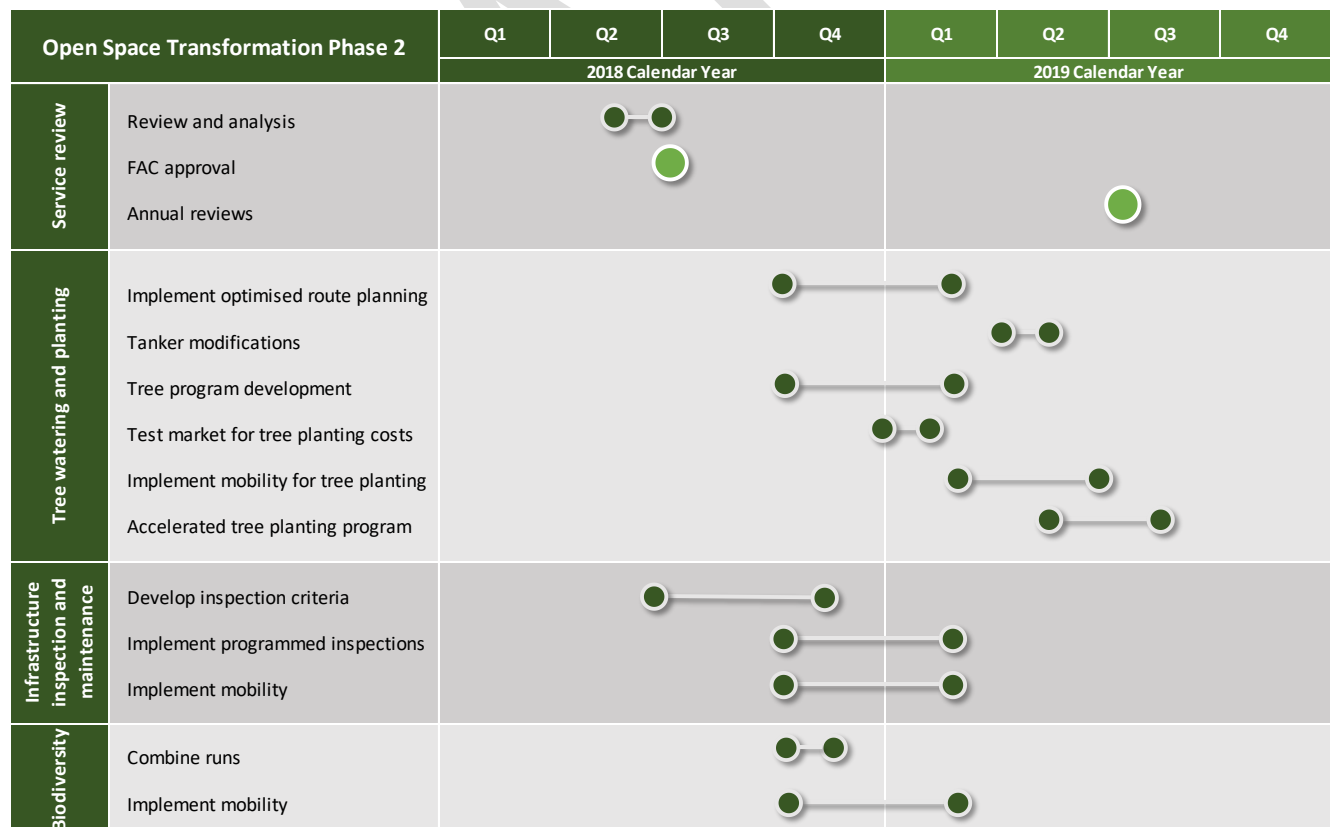
ATTACHMENT A

Tree Planting and Watering

ATTACHMENT A – TREE PLANTING AND WATERING

1. Service Overview

The City of Marion has around 29,000 street trees and currently plants 1,400 street trees per annum to improve tree density for environmental benefits and improvement in amenity. Approximately 200 of those trees relating to individual plantings requested by the community. The remaining trees are planted in selected areas in larger lots to create impact.

Tree planting drives a peak workload for the operations team, with all trees planted between May and August each year.

Development of the Planting Program

The number, location and species of trees to be planted are determined on an annual basis by the Arboriculture Coordinator. This is currently performed through manual review of maps with the program developed as a listing in an excel spreadsheet that takes reasonable manual effort. Development of the program can be difficult and iterative as there may often not be the physical space in a verge to allow for a tree to be planted, or the verge width may restrict the species able to be applied to an area. Other infrastructure works undertaken by council or third parties, and development activity, may impact the ability to plant or may result in damage to or removal of new plantings. Having visibility of all of this information in one data source would greatly support the ability to develop an executable and sustainable program.

Sourcing Tree Stock

The planting programs need to be developed in advance to allow for trees to be ordered in enough time for tree stock to be grown to a suitable age and to ensure it is appropriate quality.

Tree stock quality has been an issue for the city in the past. Changes have been made to tree stock sourcing in the past 2 years which have seen a 7% improvement in the survival rate of trees (75% to 80%).

New trees are brought in to the depot in bulk throughout the season and around an hour a day is spent watering the tree stock to ensure its survival between delivery and planting.

Planting activity and resourcing

Annual planting is coordinated by the Tree Inspector. This is in addition to their full-time role undertaking tree inspections in response to all reactive community requests. The peak workload driven by tree planting results in the inspector being at more than capacity which can impact work flow to the reactive tree maintenance crews.

The Inspector organises "Dial B4 You Dig" assessments and service locations for all planting sites, marking up the final planting locations, as well as sourcing equipment and resources.

Planting the tree involves digging out the location, placement of the tree, backfill of the hole, staking (and applying ties), placement of a watering well around the tree and mulching. Hand digging of the holes is quite physical work and driving stakes into the ground requires reasonable strength. An auger can be used to perform the work where locations indicate services shouldn't be impacted.

The trees are usually planted by a team of 4. The OSO team offers tree planting work to internal staff however only one or two team members generally take the offer up and their substantive roles are backfilled by casuals. The team is then completed with casual labour.

The work undertaken is a mix of hand and machine digging. Productivity can vary significantly depending on the level of organisation and supervision. Newly planted trees are not currently added to the tree asset data in the asset management system as they are planted.

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Tree Watering

Tree watering is considered to be the primary input into ensuring new plantings survive and form appropriately – providing a healthy and well-structured mature tree stock for the longer term.

Once planted, new trees are watered using two 9000L trucks (pictured right) operated by two truck drivers on 9 day fortnights. The expectation is trees are watered weekly during their first year and then fortnightly during summer in their second and third year.

The watering round is based on a paper schedule that is updated annually by the Arboriculture Coordinator. Adherence to the schedule and adequacy of watering is not known as there is currently no way of tracking this. Tree survival rates and reasons for loss have not previously been tracked or measured.

The water used for the trees is recycled water sourced from the Oaklands Wetlands.

Program Cost

The total cost of tree planting and watering has been around $425K per annum (~$305 per tree) for the past three years. This covers the cost of the inspector, the tree, getting it in the ground and its first three years of watering. The outcomes from this investment in the tree planting program are not currently actively monitored as systems and processes aren't in place to be able to track tree planting development and health.

Accelerated Planting Program

Increasing the street tree canopy to improve amenity and provide thermal and environmental benefits to the community is a key priority for Council.

- In late 2017, Council approved an additional $200K in funding for 400 additional streetscape plantings of advanced trees.
- In January 2018, the new Tree Management Framework was approved along with (further) additional budget of $488K to plant an additional 1,600 street trees per annum from 2019/20. It was expected this work would be undertaken by contractors at a similar cost to the current average cost for Council.

Water truck capacity has been expected to be the most significant constraint to accelerating the planting program. CoMs water trucks were replaced in early 2017.   An additional water truck would cost $180K upfront and would need an additional driver at around $70K per annum.

Tracking tree numbers

While RAMM contains data on trees, it is known to be incomplete. The data was collected in 2014/15 however has not been updated as trees are removed and new plantings are added or trees missed in the initial audit are identified. Tree condition is not updated and maintained. During this service review asset details have been updated for trees removed since 2015/16. Trees planted since 2015/16 are currently in the process of being added to the data. Work will also be undertaken to fill in known gaps through spatial analysis.

2. Analysis

Net change in tree stock

Analysis was undertaken to determine forecast tree stock and where improvements could be made to all drivers of the change in tree stock.

Survival rates

As part of the service review, 1,085 (40%) planting locations from the 2015/16 and 2016/17 street tree planting programs were reviewed to determine tree survival rates and also to assess the basis for trees not surviving.

Key findings from this analysis were:

- Improvement in tree stock for the 2017 plantings has resulted in an increase in survival rates from 75% to 80%
- Individual plantings have a greater survival rate than block planted trees inferring where the customer requests a tree – they support looking after it
- Survival rates on trees with water wells are higher than those without
- Tree removal by resident or vandals was a significant contributor to the remaining survival rate gap
- Some tree planting locations appeared to change however there was no record of this
- Some varieties of trees have far lower survival rates than others
- There was significant concern that watering was inadequate however sampling did not indicate this was the case suggesting current watering practices are sufficient

Improving survival rates by 5% at current planting rates would increase tree stock growth by 70 trees a year at current planting rates and 150 trees a year at the new planting rates with a replacement cost of around $30K. The biggest opportunity to improve survival is reduce vandalism and tree guards are seen as a viable solution to this.

Removal rates

Around 900 trees were removed in 2015/16. This has reduced by 44% to an estimated 502 removals in 2017/18. This has occurred through more critical review of tree removals initiated within the arboriculture operations team.

The improvement already achieved in removals represents avoided replacement value of $80K per annum and increases the rate of growth in total tree stock by around 1.5% per annum.

No additional opportunities to reduce removals were identified in the review however ongoing organisational support to retain trees that are not dead, dying or diseased is required for this improved level of removals to be sustained.

Planting Costs

The additional 400 streetscape tree plantings being undertaken in the 2017/18 financial year have been contracted out through competitive tender to Urbanvirons. The contract planting and watering cost provides an outsourcing benchmark cost for the additional street tree plantings to be undertaken in 2019/20 and beyond.

Costs to manage the elevated tree planting internally were developed and compared to the outsourced rates through Urbanvirons. Under the insourcing scenario a dedicated planting program coordinator would be facilitated through backfill of existing supervisor or coordinator roles from within the operations team.

Use of internal supervisory capacity and casual staff and hire equipment for the period is more competitive than outsourced contracts based on the current contract provided that productivity levels of 8 plantings per day per person can be achieved inhouse.

There are some concerns that managing the planting inhouse will be more difficult than managing it through an outsourced contract arrangement. There is also a hypothesis the per unit cost to plant through a contractor would be reduced should a larger volume of work be put to market at the one time.

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It is therefore considered prudent to test the market prior to planting season 2019/20 starting to confirm whether the internal option would be more competitive than a bulk contract rate.

Cost comparisons between current external benchmarks and internal costs to get the trees in the ground are included in the table below:

TABLE 5: Tree planting unit rate comparisons to current outsource rates

Scenario	Supervision	Labour	Locations	Plant and Equipment	Well + stakes + ties	Tree	TOTAL cost/ tree	Saving - 1600 trees	Saving - 3000 trees
Hand Dig Rates									
Bulk outsource model	114					45	**159**	N/A	N/A
Casual peak resources + consultant	40	40	0	5	24	45	**154**	8,512	15,960
Casual peak resources + reallocate resource	22	40	0	5	24	45	**136**	36,912	69,210
Machine Dig Rates									
Bulk outsource peak resources	133					45	**178**	N/A	N/A
Casual peak resources + consultant	40	32	15	8	24	45	**163**	23,712	44,460
Casual peak resources + reallocate resource	22	32	15	8	24	45	**145**	52,112	97,710

Tree Watering Capacity and Costs

Water truck operations were observed and the key observations were:

- Trucks aren't filled to capacity due to spillage from the open top of the truck when ascending and descending hills, increasing the number of returns to the depot a truck needs to perform by around 25%.
- Boom and nozzle control from within the truck can be difficult. Remedying this will increase truck output as well as reducing damage to the trees during positioning the boom.
- Water trucks are mounting and damaging kerbs and footpaths in some instances when tree access is difficult. Nozzle length could be increased to help with this situation.
- Water well capacity determines the dosage rates for trees with some wells resulting in a lower than required dosage rate. Appropriately sized water wells would improve watering effectiveness.
- Flow rates from the truck are high however may create a vortex in the wells that washes mulch and soil away from the root ball of the planting. Modifying the nozzle to allow for more spread water distribution could help with this without significantly changing flow rates.
- Traffic conditions (parked cars and bins etc) also impact ability to access trees.

GPS records were reviewed to understand current stop times per tree as well as other opportunities to support improved truck run capacity.

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Truck capacity was then modelled using route optimization software using the last three year's plantings to assess current potential truck capacity assuming trees are watered as expected for the first three years of their life.

Scenarios were modelled to assess the impact on per tree watering time if individual plantings were not watered with the trucks, and if the full capacity of the trucks was able to be used (ie: put a lid on the tank).

This analysis demonstrated:

- the water trucks have spare capacity at current planting rates if water truck routes are optimised
- there is ability to service the accelerated plantings in the first year without additional cost, by using spare capacity in the playground and irrigation team (see Attachment B) to run the trucks 10 days per fortnight rather than 9 days (noting appropriate licencing would be needed for the back-up drivers etc)
- additional truck capacity will be required in the second and third year of the accelerated program however it could be managed with additional overtime hours for the existing drivers
- using the truck for split shifts is not required
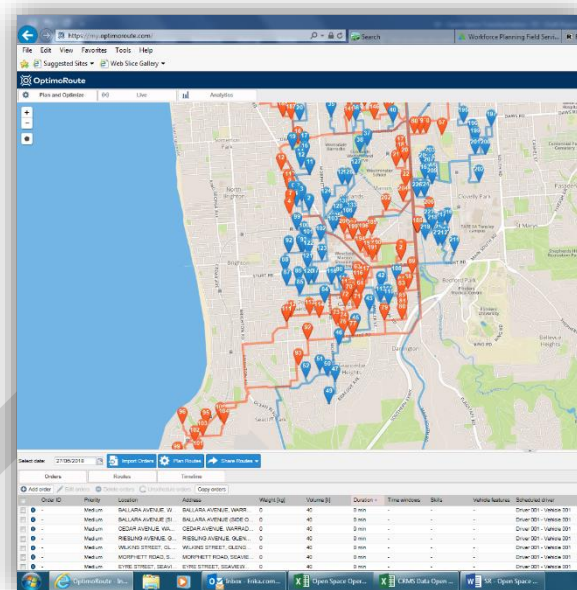
Increasing utilization of the trucks results in a significant reduction in the average cost of the watering tasks and adding to the capacity by using overtime and / or contract resources helps to continue to lower the marginal cost of watering tasks.

TABLE 6: Tree watering cost improvements

Tree watering costs	Current	Improved operations	Improved operations – savings reinvested
Annual street tree planting rate	1,400	3,000	4,200
Total Cost (000s)	$184	$231	$254
Average Cost per tree being watered per annum	**$80.70**	**$35.84**	**$28.76**

Note: there are 3 years of annual plantings being watered in any given year

Tree Watering Frequency

Watering frequency has been defined by the Arboriculture Coordinator. Fortnightly watering in the tree's third year represents an increase in watering from historic practice.

Tree watering practices and associated survival rates were obtained from other councils in an attempt to determine the impact of watering frequency and duration on survival rates however the survival data returned was not based on empirical evidence and so was not considered useable. The practice of watering in the third year is only undertaken by around 25% of councils and whether this was good or bad could not be determined.

Marion appears to have capacity to water into the third year for the next three years without incurring significant additional cost. It is recommended a sub set of plantings are only watered for two years and their survival rate in the third year is compared to those that continue to be watered into the third year to determine whether the third year watering is warranted.

Cost savings and further acceleration of the tree planting program

The use of internally managed casual resources with a dedicated tree planting coordinator during the planting season, and the increased capacity able to be obtained with the current water trucks for marginal cost, will result in the additional 1,600 trees planned from 2019/20 being able to be planted at a cost of $0.28M, and a saving of $0.25M (split $0.05M planting, $0.16M street tree watering and $0.04M streetscape watering).

The savings could be reinvested in further acceleration of the tree planting program which would see an additional 1200 trees planted each year from 2019/20.

3. Overall tree forecast

The combined impact from the many changes in the arboriculture space in recent years (reduced removals, improved tree stock etc shown as the movement between 2015/16 performance and 2017/18 performance in the chart below), the acceleration of plantings (2017/18 performance to Accelerated Planting in the chart below) and the potential impact of this service review means the tree stock which was previously growing at around 1% per annum will now potentially increase at more than 10% per annum.

FIGURE 3: Tree Stock Forecast
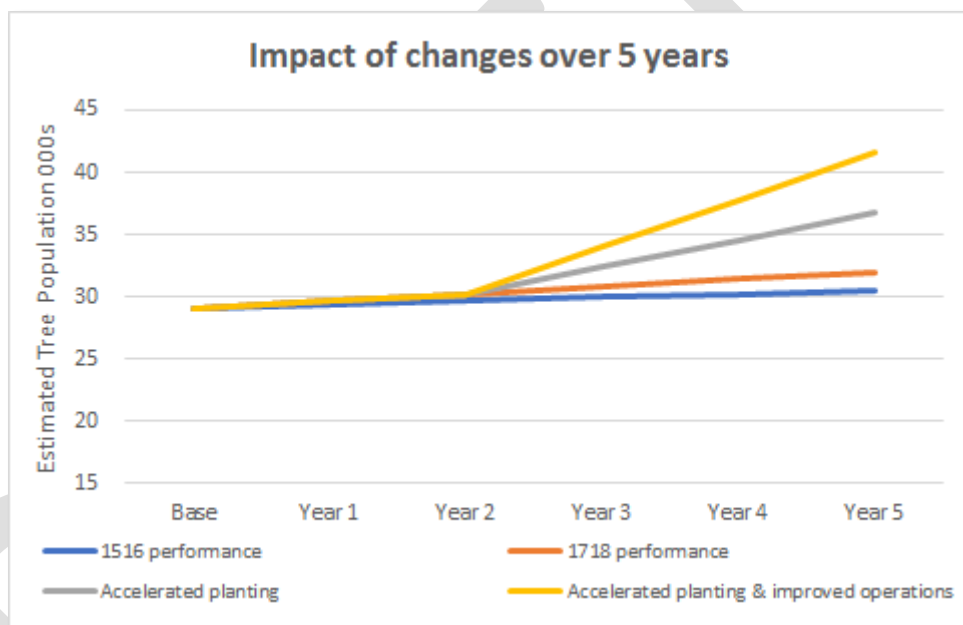
4. Findings and Recommendations

Overall the following recommendations will result in existing water truck capacity to be improved to support the accelerated tree planting program of 3,000 trees per annum at minimal cost. The cost of the planned increase in tree planting will be $0.2M less per annum providing funds to be redirected to other initiatives or alternatively the tree planting program to be further accelerated to 4,200 trees per annum (an further increase of 40%).

TABLE 7: Tree Planting and Watering - Findings and impacts

Summarised findings	Recommendation	Impact
Demand		
• While there is capacity to water plantings for three years, it will cost an additional $78K to do so once the entire program is underway.	• Test whether the third year of watering improves tree survival rate and condition	• Improve on the year 5 position forecast in this review by $80K
Process Optimisation		
• The programming to planting process is currently very manual. Hundreds of dial before you dig locations sought manually. No job dispatch to team and no explicit tracking of job completion. Planting tracked in a spreadsheet. 3% of planned plantings not able to be evidenced in sampling	• GIS based tree planting program to be combined with upload of program into work allocation software to create planting jobs and create assets at planting job completion	• Improvement in survival rate of 3% (45 trees and $7K per annum saved)
• Losses due to theft and removal in high traffic or lower socio economic areas is around 3% of plantings	• Targeted use of tree guards to assess whether theft and removal can be prevented	• Improvement in survival rate of 3% (45 trees and $7K per annum against $7K cost)
Productivity		
• Truck capacity is not fully utilised due to spillage from open top during hill descent / ascent	• Devise a remotely operated lid / valve to allow the tank to be filled and reduce return trips to depot	• 8% reduction in average watering time per tree / increase in truck capacity ($25K allowed for modification cost)
• Capacity could be improved with optimised route planning	• Implement more detailed route planning for trucks and mobile dispatch of individual watering jobs	• Increase watering coverage by 300% while increasing costs by only 40% through greater utilisation of existing assets
• Trucks operated for 9 working days out of 10	• Use capacity in the playground and furniture teams to operate trucks on alternate RDOs and increase capacity at no added cost	
• Capacity is able to be created at low marginal cost by working existing assets longer without impacting likely resale value	• Create capacity for outer years of accelerated program by watering on weekends or with overtime or with casual evening labour	
• Accessibility is an issue due to bin runs and parked cars	• Partner with SOLO to understand rubbish collection program and offset tree watering to improve effectiveness.	

Service Review
Open Space Transformation Phase 2
ATTACHMENT A – TREE PLANTING AND WATERING

Summarised findings	Recommendation	Impact
• Hose length results in potential damage to road infrastructure and flow rates result in exposure of root ball	• Lengthen and modify the hose and nozzle and improve boom control to reduce infrastructure and tree damage during watering	
• Inspector at more than capacity during planting season which results in lower productivity in planting team and slowing productivity in tree maintenance teams if inspection jobs are delayed	• Manage additional plantings in house with dedicated coordinator role during planting season, backfilled from within current supervisory / coordinator group and casual resources • Alternatively go to market and determine if can obtain contract rates equal or more competitive than internal rates	• Planting cost $30 lower per tree allowing for savings of $52K per annum for 1400 additional trees
• Arborist spends 40 minutes to 1 hour per day watering trees in holding yard during planting seasons	• Implement irrigation set up in holding yard for trees	• $5K one off investment which will save around $4.5K per annum in arborist time and will minimise exposure to more watering time as tree planting volumes increase
• Locating utilities and services is complex, time consuming and despite the effort, often not accurate	• Assess alternative methods of excavation that could support removal of locations and risk of hitting services such as hydro jetting	• Reduced costs and risk associated with excavation near services
Automation		
• Coordination of jobs in spreadsheets and the associated low level of visibility of planting jobs make it difficult to manage planting	• Import planting program into RAMM and dispatch jobs to field via RAMM • Automate tree asset creation at completion of planting job	• Reduce data re-entry
• Data on tree stock is not maintained or updated and condition is not recorded when trees are visited	• Migrate all tree management tasks onto RAMM and ensure tree assets are updated at planting, watering and removal. Track tree condition during watering round	• Increase survival rate by responding to asset condition
• Material costings have been based on ad hoc requests for prices. A long term planned program provides the opportunity for better procurement and pricing	• Work with procurement to assess whether there is opportunity to improve costs through structured procurement of wells, stakes and ties, and planned sourcing of casual staff and equipment	• 2.5% improvement in costs across the whole program would be $15K per annum and would plant an additional 100 trees!
Value Add		
• Partnership solution to water truck lid and joystick / boom issues	• Engage with Flinders University or the Innovation Partnership to run and engineering design competition for solution to watering truck capacity issues	• Community engagement and partnership opportunity

Service Review
Open Space Transformation Phase 2
ATTACHMENT A – TREE PLANTING AND WATERING

Summarised findings	Recommendation	Impact
• Partnership solution to resourcing planting program	• Work with unis, TAFE or Maxima to determine whether managed teams are able to be sourced at a lower cost	• Community engagement, partnership, employment training opportunity
• New plantings aren't monitored or assessed and ailing plantings are not tended to	• Water truck drivers to capture planting condition on water runs to trigger remedial or replacement action	• Improvement in survival rate, monitoring of survival rates for no incremental cost

ATTACHMENT B
Open Space Infrastructure Maintenance

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Service Review
Open Space Transformation Phase 2
ATTACHMENT B – OPEN SPACE INFRASTRUCTURE MAINTENANCE

CITY OF
MARION

ATTACHMENT B – OPEN SPACE INFRASTRUCTURE MAINTENANCE

1. Service Overview

Open Space Infrastructure Maintenance includes the following Services:

- Playground, Furniture and Other Maintenance,
- Irrigation Maintenance and
- Walkway Maintenance

The City of Marion has 90 playgrounds that are maintained by the Open Space Operations team. There are also over 500 furniture items recorded at more than 230 reserves across the city that are also currently maintained on a reactive basis by the OSO team. Irrigation is operative at 90 sites and is also maintained by OSO. In addition there are more than 140 recorded walkways and laneways that are maintained on a reactive basis by OSO – when the community calls to have them cleaned up.

Current FTE and work undertaken – playgrounds and furniture

There are currently 5 roles dedicated to playground and furniture maintenance.

- A team of two FTE undertake bi-monthly playground audits to meet compliance requirements and any repairs generated from audits or through requests from the community. Audits involve inspection of equipment in detail to determine any hazards caused by wear and tear, vandalism or corrosion and are undertaken in compliance with *AS 4685.0:2017,* Playground equipment and surfacing – Part 0: Development, installation, inspection, maintenance and operation.
- A team of two FTE undertake reactive repairs on furniture and fencing instigated by the community or other field based staff.
- One FTE undertakes playground inspections on a fortnightly basis to check and tidy Marion's 90 playgrounds. Activities include tidying soft fall and mulch, removing rubbish, glass and debris and level 1 assessment for hazards. This work usually occurs on a weekly basis however has reduced to fortnightly due to injury.

Current FTE and work undertaken – irrigation

There are currently 2 roles dedicated to irrigation inspection and repairs. This team has operated as a team of 1 for some months due to long term illness. The roles perform:

- monthly inspections of the approximately 90 irrigated sites which involves visual inspection of the irrigated area, running each irrigation line on the system to detect sprinkler issues and undertaking any associated repairs (noting more major repairs are currently contracted out),
- manual timer adjustments on a monthly basis during irrigation season to increase and decrease the hours the systems run for (noting that this activity is undertaken remotely on the 30 sites that have TORO SMART irrigation controllers which also allow for rapid leak detection) and
- reactive repairs in response to requests from the community.

Playground Audits

Under AS 4685.0:2017, the City of Marion is required to undertake formal audits of playground equipment every one to three months. These audits are undertaken every two months by OSO with the process run from a paper-based program against which audit outcomes are manually recorded. These audit sheets are scanned and loaded onto COMBI as pdf documents.

Any items to be actioned are manually recorded on customer event cards, returned to the office and entered into the Customer Events system by the Administration Support Officer. Many of the repairs are undertaken at the time of the audit unless parts aren't available.

Data on repairs undertaken or condition assessments made is not currently captured in RAMM against the assets and so is not able to be used for capital planning for open space assets or detecting systemic failures in equipment types etc.

The inspections are undertaken by a 2 person team when other asset inspections undertaken across CoM are performed by a one person team.

Compliance risk

The audits required under AS 4685.0:2017 are relatively simple and clear and able to be undertaken by anyone who has been trained in auditing and inspections. Engineering qualifications are not required.

The compliance risk to council exists in the assurance around the audits being conducted thoroughly and consistently and any identified issues being conclusively remediated in a timely manner.

While the team undertaking audits currently is diligent in maintaining their paperwork, the capture of remediation actions is not systemic and there isn't any testing of quality of the inspections and repairs being undertaken.

Implementation of mobility and field based creation of repair jobs, along with being able to actively determine whether those repair jobs have been completed through reporting and quality auditing, as well as programmed asset inspections, will improve the risk position of the council with regard to playground audits.

Reactive Repairs

Reactive works are also undertaken by the teams in response to community based inquiries. These jobs are printed off of the Customer Events System by the supervisor, handed to the teams, and then manually updated into the Customer Events System by the supervisor when they are completed.

Asset Management Developments

There are a number of emerging themes as the organisation turns to a greater focus on asset management:

- The Asset Management team is working toward identifying an appropriate inspection and maintenance regime for all asset categories.
- The Land and Property team has identified a number of high risk reserve based sporting assets that are tower structures that require a formalized inspection program.
- The Arts and Culture team is also looking to streamline public art inspection and maintenance.

Customer Event data is also highlighting some asset categories having relatively high customer event volumes suggesting focus on improving their condition is required.

As part of the Asset Management work on asset lifecycle, a principle has been agreed that, as long as risk mitigation or asset life extension warrants it, if a site is visited for asset inspection purposes for one asset category, for the sake of efficacy and simplicity all assets on the site should be inspected (subject to the inspector having appropriate qualifications or training to do so).

The OSO team are on all reserves and currently inspect around 30% of the assets on reserves, with around 16% of those inspections formally tracked. There is opportunity to leverage the current inspection visits to improve condition assessment coverage of all reserve assets.

This service review has assessed whether capacity could be created in the playground and maintenance team to accommodate asset audit and inspection at the same time they are performing playground audits.

Assets at Reserves

The Asset Management Team performed a comprehensive audit of open space infrastructure in 2017 and identified thousands of items at reserves ranging from barbeques to bollards to signs. With the exception of playground equipment and sporting surfaces, these items tend to be maintained on a reactive basis, with repairs or maintenance only being undertaken when the community or staff identify and raise an issue for attention via the Customer Events system. All of the reserve based asset categories and their current status and treatment are included below:

TABLE 8: Recorded reserve based assets

Asset	Units	Current Treatment
Playground Equipment	1331 (90 sites)	• Weekly high level inspection and tidy (Level 1) • Bi-monthly compliance audit (Level 2) • Repairs in response to audit outcomes and calls from the community
Reserve Furniture	743	• Repairs in response to calls from the community
Sports infrastructure	315	• No formal inspection in place
Turf sporting surfaces	8	• IPOS consulting routine inspection
Courts	25	• No formal inspection in place
Sports Lights	116	• No formal inspection in place with previous high risk incidents
Soft fall - bark	180 (40 sites)	• Bi-monthly playground compliance audit • Top up performed reactively in response to audit observations
Soft fall - rubber	66	• Bi-monthly playground compliance audit
Taps	271	• Managed reactively – high repair rate at 10% per annum
Fences	690	• Managed reactively – high repair rate at 13% per annum
Artwork	80	• Inspection triggered manually by arts and culture team • Inspection undertaken by Civil and repair various
BBQs	49	• Programmed cleaning • High community focus and high failure rate
Dog bag dispensers	80	• Maintained in response to calls from the community only
Drinking fountains	49	
Other	445	
Bins	307	
Signs	1622	
Bollards	1400	
Reserve Lights	449	
TOTAL	8126	

Service Review
Open Space Transformation Phase 2
ATTACHMENT B – OPEN SPACE INFRASTRUCTURE MAINTENANCE

2. Analysis

Customer Events

All customer event categories not covered by Phase 1 were analysed. More than 800 customer events from 2016/17 were reviewed to determine the root cause for the event and to gain an understanding of how the community view the services provided by OSO. Insight was also provided into some asset condition.

TABLE 9: Open Space Infrastructure related customer events

Sub Category	Internal	External	TOTAL	Drivers
Walkways	9	78	87	• Community driven requests for maintenance at a rate of one request per 2 recorded walkways each year which is quite high
Fencing	47	93	140	• 25% external due to damage and vandalism • 20% due to fence condition • 10% joint fencing requests • 10% due to closers failing
Graffiti Removal	4	41	45	• Externally driven • >30% of jobs need to be referred to Civil – Civil can complete all jobs with existing equipment
IPOS Reports – Turf	12	-	12	• IPOS inspection outcomes – high incidence of audits
Irrigation	56	143	199	• 18% failing taps with repeat calls on unresolved issues • 16% major leaks with repeat calls • 14% timer issues due to batteries • 12% drinking fountain failures 6 sites • 7% Hazelmere dog park drainage issue
Reserve Lighting	6	47	53	• Lights out due to failures and vandalism • Predominance of events along Sturt River to Glengowrie bike path • Majority of lights appear to be owned by SAPN
Playground Audit	36	-	36	• Internally driven repair jobs resulting from inspections
Playground Maintenance	128	42	170	• Majority internally generated from audits • Externally reported items due mostly to damage and vandalism
Reserve Furniture	30	25	55	• Generated via audits with a small amount of calls from the community
Soft fall	27	-	27	• Internally generated from audits
TOTAL	**355**	**469**	**824**	

There are specific opportunities to reduce the need for customers to call by:

• improving inspection and maintenance to improve asset condition for drinking fountains, taps and fences and
• proactively changing timer batteries on irrigation controllers.

Further improvement could be achieved through investment in some specific initiatives such as:

• resolving Hazelmere's drainage issue and
• upgrading lighting along the Sturt River bike path (LED would also provide cost savings).

Further improvement again could be achieved by proactively addressing vandalism and graffiti at a number of sites (see section 2.8 below)

Contractor Cost Analysis

All invoices for Open Space Operations for 2016/17 were reviewed to identify opportunities to insource, absorb work or reduce costs. Opportunities found were as follows:

- $18K spent with IPOS for sports surface auditing which will be able to be performed internally with some set up and
- $30K reserve lighting maintenance with work performed be contractors that could be performed as part of SLUOS maintenance fees already paid to SAPN and reduced through upgrade of the Sturt River Walkway lighting.

Compliance assessment

The playground inspection standard was reviewed to determine whether all requirements were currently being met. 3 yearly attenuation tests on rubber soft fall are not being undertaken on a systemic basis. While soft fall is being assessed as part of the annual inspections undertaken by the Open Space and Recreation Planning team, with any sites identified as needing attenuation testing being reported, there is no programmed attenuation testing of all sites. This needs to be addressed.

Irrigation inspection and resultant repairs

Inspection sheets are maintained for each irrigation inspection round. These detail the outcomes from each inspection. 90 visits are conducted each month with around 13 repair tasks generated on average.

Monthly inspections in irrigation season are due to the need to manually adjust timers at the 60 sites that don't have remote irrigation controllers. This adjustment activity is valuable as it helps manage water costs. It could be facilitated more effectively if more remote controllers were installed on the higher volume sites.

The majority of the investment in this round is in getting the team to each of the sites as the resultant workload is quite minor. When worked up from base principles, overall workload ends up less than 0.5 of an FTE while 2 full time FTE have been dedicated to the task in the past. It should be noted that upgrades to irrigation systems over the past 2-3 years have reduced the maintenance workload as the average age of operating irrigation systems has significantly decreased.

If the need to attend site to manually adjust timers could be removed, the inspection workload could be combined with all other inspection tasks and performed by one person. Fortnightly irrigation inspections could be undertaken by the mowing teams when they attend site. Repairs identified through these inspections could be performed by cross trained maintenance people rather than a dedicated but underutilized irrigation resource.

This would allow for removal of 1 FTE and would create capacity for a dedicated reserve asset inspector performing all audits and inspections of reserve assets. Investing in 40 additional controllers would incur a once off cost of $48K, would allow for the monthly inspections being removed with other potential benefits such as being able to further refine watering regimes and also being able to further minimise risk associated with costly leaks and issues at reserves.

Programmed Maintenance Opportunities – wooden assets

Wooden assets have been identified as having a need for ongoing programmed oiling and sanding due to the high rate of deterioration of timber if not maintained appropriately. Deterioration presents hazards to the community and shortens the life of the asset.

Furniture that is not oiled and sanded periodically is expected to last a maximum of 10 years while maintained assets are expected to have a life of 15 years (source: Asset Inspector Asset Management).

There are more than 500 timber benches and picnic settings and 10 recorded timber swings sets with an expected replacement value of $1.8M across CoM. The Open Space Planning team are also incorporating more and more refined timber assets in their designs, increasing numbers of higher value timber assets (for example the new timber assets at Jervois pictured below).

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To maintain all existing timber assets on an annual basis will cost around $36K per year. This cost will be able to be absorbed with no net increase in cost due to capacity that will be available in the existing playground and furniture teams once their work allocation is planned and managed electronically.

The net increase to the costs of the asset over 15 years is expected to be less than 3% as the additional cost of maintenance will be offset by deferral of replacement of the assets as a result of improved condition.

Programmed Maintenance Opportunities – Walkways

Walkways and laneways are only maintained on a reactive basis. Walkways and laneways receive a relatively high number of calls per asset (one job per asset per year on average). Most of these calls relate to overgrowth, encroachment and weeds.

The recorded 149 walkways and laneways have been inspected as part of this service review and many are overgrown which impedes community access and safety, or they are littered with debris which impacts community amenity (see images below). Programmed inspection and maintenance of these sites should result in a reduction in calls from the community and an improvement in community safety and amenity.

The activity will cost around $20K in resourcing which can be absorbed in existing resourcing levels at no extra cost. It is expected the calls generated by the community will reduce over time offsetting this additional resourcing requirement for the programmed activity in the longer term.
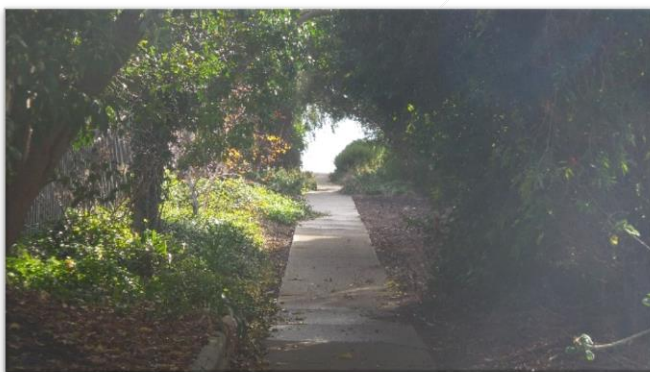
Visual Inspection Walkways

All of the walkways that have been identified were visually inspected for their condition to estimate times to remediate and maintain. As part of this inspection it became apparent:

- A number of walkways were dead ends and appeared to not be a thoroughfare. In some instances this appeared to be encroachment. These should be reviewed to assess whether permits are required or whether they represent land sale opportunities.
- A number of the walkways could have their amenity significantly improved through landscaping.

Programmed Maintenance Opportunities – Soft Fall Replenishment

Playground standards require bark soft fall to be 300mm deep and to not reduce to lower than 200mm deep or 100mm lower than the playground boundary to allow for adequate cushioning and also to ensure trip hazards aren't created.

At present soft fall is replenished on an ad hoc basis in response to playground inspections. A 3 way tipper is used to transport the soft fall. Loads are sub optimal as the jobs are completed on an ad hoc basis and the tipper is not built up at the sides which would allow for bigger loads of soft fall to be transported reducing the number of refill trips required to the depot.

If the tipper is modified and the jobs are programmed then soft fall can be maintained systematically using the same resource allocation as at present resulting in an increase in service levels for the cost of the modifications to the tipper – freeing up further capacity for increased inspection activity (see below).

Resource Planning

Manual job sheets are maintained by the irrigation and playground maintenance teams to record the outcomes of their inspections. These were analysed to determine the volume and nature of tasks that are generated by current irrigation and playground audit and inspection activity.

Time trials were conducted to assess completion times for the key tasks to be performed:

- playground audits
- major repair types (ie: gate closure repair, fence post replacement, swing seat replacement, sprinkler head replacement, irrigation line testing etc).
- walkway maintenance
- programmed soft fall replenishment
- sanding and oiling for programmed timber maintenance

Workloads were also generated for existing tasks as well as the additional tasks of:

- programmed maintenance tasks for soft fall, walkways and wooden furniture
- inspections to cover all reserve assets and not just the playground assets
- inspections for walkways
- maintenance and repair tasks expected from increased inspection activity

This data was used to develop a resource plan for the team to determine capacity. It showed with more programmed activity, greater transparency and targeted expectations of work to be completed, there is capacity to perform all additional tasks with existing resources. Further it is expected that FTE can reduce by 2 FTE over time while still being able to perform the increased inspection activity (with 1 FTE) and maintaining all other programmed and reactive repair work. Based on historic natural attrition trends, the reduction would not be expected to occur until 2020/21.

Vandalism hot spots

25% of the customer events that are generated by the community in relation to these services are caused by graffiti or vandalism. While these events are community driven, and not service driven, they are an indicator of other issues Council may want to address.

Analysis was undertaken across all CoM customer events to detect events triggered by vandalism or graffiti (regardless of the event type or who looks after it). This was done to determine whether there were vandalism hot spots that may benefit from proactive crime prevention strategies, design solutions or community oriented projects.

This analysis highlighted hot spots in the following areas:

- Cove Civic Centre,
- Glandore Community Centre
- Oaklands Skate Park
- Ragamuffin Drive Reserve
- Glamis Avenue, Seacombe Gardens
- Dover Court Dover Gardens
- Branksome Terrace Dover Gardens

Reserve Lighting

The Open Space Operations team currently maintain CoM reserve lighting. Other than its location, it has very similar technical issues and properties to that of public lighting. CoM is currently undertaking a mass upgrade of its public lighting to LED to reduce electricity costs and increase amenity and lighting coverage for the community.

Of the 450 reserve lights, around 250 are located along the Sturt River bikeway and are subject to the highest incidence of community complaint. The lights have been installed for more than 25 years and while the poles have been inspected and their condition is good, the lamps themselves are subject to outages.

Replacement of these lamp heads at a cost of around $350 per light (around $90K) will save around $16K per annum in energy costs and will pay for themselves over 5.5 years. It would also create an opportunity to assess the bike path and determine whether more could be done from a technology perspective to improve community safety and amenity such as the inclusion of sensor activated lights and cameras.

3. Findings and Recommendations

TABLE 10: Playgrounds, Furniture, Irrigation, Walkways and Other - Findings and impacts

Summarised findings	Recommendation	Impact
Customer Demand		
• Customers call to have overgrown walkways managed relatively frequently	• Establish routine maintenance program for walkways	
• Relatively high number of calls for drinking fountains at 6 reserves	• Review drinking fountains and upgrade pressure or replace – add drinking fountains to routine inspections	• Reduced need for the community to call – 40% / 200 reduction in community driven events per annum
• High number of calls in relation to taps	• Add checking taps to inspection round for proactive monitoring	
• Post storm spikes in calls due to timer outages	• Programmed changeover of irrigation controller batteries	
• Multiple calls about Hazelmere Reserve drainage with no resolution	• Resolve drainage issue at Hazelmere	
• High incidence of calls for lighting repairs on Sturt River bikeway. Light poles are in reasonable condition however lighting heads quite old and expected to be due for replacement	• Replace reserve lighting along bikeway with LED	• Reduce electricity costs by $16K per annum with a replacement cost estimated at $88K. Will also provide greater community safety and amenity
Process Optimisation		
• Manual timer change on a monthly basis at 60 irrigated sites through irrigation season	• Roll out irrigation controllers at 40 added sites with 20 remaining sites not warranting hourly manual change each month through irrigation season	• $72K investment to remove the need for monthly site inspections and will mitigate risk of leakage and refine water management
• Irrigation inspections undertaken by resources separate to mowing crews who already attend site	• Incorporate check of irrigation into the maintenance actions for mowing teams, incorporate irrigation check into quality auditing for mowing teams	• Irrigation checks more timely (go to fortnightly from monthly) and capacity created by removing duplication of site attendance
• High job reallocation rates of graffiti jobs on reserves submitted from customer service to Civil who have the equipment to perform all graffiti removal tasks	• Redirect all graffiti jobs received from customer service to Civil for completion to reduce handoffs	• Increase speed to resolve for the community and decrease job reallocations increasing productivity
• Compliance may not be met on attenuation testing of soft fall	• Implement programmed attenuation testing for rubber soft fall	• Improves compliance

Summarised findings	Recommendation	Impact
Productivity		
• Workload modelling demonstrated capacity in playground, furniture and irrigation teams	• Implement field based mobility to increase transparency around work performed and productive time in field	• Reduce FTE by 2 over time through natural attrition and reduce compliance risk through systemic record keeping, reporting and quality auditing
	• Absorb additional tasks required by the community into the team including walkway programmed maintenance, increased asset inspection and maintenance on other resource based assets	• Use some increased capacity to increase asset inspection and program maintenance for no additional cost to the community also improving compliance risk
	• Redirect part capacity to expand inspection of reserve based assets to include those required by Land and Property, Asset Management and Art and Culture at low incremental effort and no incremental cost	
• Inspection of assets undertaken by a team of 2	• Asset inspection to be performed by one person team in line with other inspection roles at council	• Reduce FTE by 1 through natural attrition over time
• Soft fall top ups performed on an ad hoc basis with low capacity truck	• Modify truck to allow for larger loads of soft fall to be taken each trip and program soft fall top ups to increase efficiency of process	• More consistently maintained soft fall for no incremental resource cost and estimated investment of $10K
• High deterioration rates on wooden reserve based assets	• Redirect portion of additional capacity to proactive sanding and oiling program for wooden reserve based assets	• Extend life of wooden assets, lower hazards / community risk at no additional cost to the community
Automation		
• Condition data for playground and other assets is not captured against the assets and so isn't able to be used for trouble shooting or capital planning	• Manage asset inspections, maintenance and repair tasks in RAMM and collect all associated condition and repair data against assets	• Actual field based real time capture of asset condition against assets in RAMM – ability to manage asset replacement
• Manual paper based processes to dispatch jobs to field	• Implementation of mobility for job dispatch and to track completion	• Supports FTE savings above and reduces double handling of jobs
• Irrigation timers changed manually through site visits	• Implement TORO Smart controllers at remaining sites	• Free up capacity (supporting FTE reductions above) and reduce risk associated with undetected leaks
Sourcing		

Summarised findings	Recommendation	Impact
• $18K paid annually to IPOS to review surface condition across 8 sporting field locations. Tasks able to be performed internally	• Use internal inspector to insource IPOS auditing and expand to include all sports surfaces including courts	• $30K in contractor savings per annum
• $30K of electrical repairs undertaken on reserve lights which can be managed through SAPN	• Raise jobs to SAPN first before commissioning private electricians	
Value Add		
• Damage and vandalism relatively high drivers of calls	• Review high incidence sites, buildings and locations to determine whether community oriented or design changes can be implemented to support reduction in crime / damage	• Better communities and lower number of tasks across CoM due to vandalism and graffiti
• Opportunity to use Sturt River bikepath replacement project to improve community safety and amenity	• Review scope of Sturt River bike path to improve amenity and safety, consider SMART solutions and funding	• Improved amenity and opportunity to fund or subsidise replacement of lighting through grants
• Reserve street lighting is not part of any asset management plan and has many parallels with public lighting	• Move asset ownership for reserve lighting to Open Space Planning for public lighting	• Reserve lighting considered as part of an asset management plan and public lighting expertise is shared not duplicated
• Visual inspection of walkways has highlighted a significant number of walkways could be landscaped	• Undertake landscaping program for walkways using capacity available in the maintenance team	• Improved amenity for the community at low marginal cost
• Visual inspection of walkways has shown walkways that don't go anywhere (blocked off at one end)	• Review walkways for those that are not a thoroughfare and determine if there is a land sale opportunity or encroachment to be dealt with	• Potential income for the community and better utilisation of assets

ATTACHMENT C
Biodiversity and Remnant Vegetation

ATTACHMENT C – SENSITIVE SITE MAINTENANCE

1. Service Overview

Sensitive site maintenance has an important role to play in preserving the botanical heritage of the City of Marion. Sensitive site maintenance includes the following activities:

- Remnant vegetation management
- Biodiversity site development and maintenance
- High Profile Site maintenance

The activities result in preservation of remnant vegetation areas that contain self-propagated protected and endangered indigenous plant species. They also support the creation of biodiversity corridors throughout the council area through increased plantings of indigenous species, supporting the ongoing preservation of flora and fauna species native to the area. In addition, they maintain some of the higher profile conventionally landscaped Council properties.

The work undertaken by the team involves:

- Establishing and managing a remnant vegetation plan which sets out the plan to increase indigenous plantings across the city, as well as the plan to maintain and protect the 82 hectares of remnant vegetation at 29 sites across the city.
- Weed control in biodiversity and remnant vegetation areas to ensure inundation by noxious weeds doesn't compromise the indigenous species.
- Planting new areas of indigenous species and increasing the density of plantings in established biodiversity sites using both internal staff and volunteers through a number of partnerships and sources.
- Landscape maintenance to ensure remnant vegetation, biodiversity areas and some of the council's higher profile sites are maintained to be neat and tidy and amenable to the community.

The services involve 5FTE and an annual cost of $0.4M which will increase to $0.7M from 2018/19 as a result of additional funds being applied to biodiversity management following approval of the Remnant Native Vegetation Plan by the council in late 2017.

Cost breakdown

The majority of existing spend is related to staff costs, with contractor costs predominantly related to weed control. The additional $300K approved allows for additional outsourced weed control, management of the Environmental Friends Group, signage and markers, planting projects and some additional training for the inhouse team.

Costs $000s	2016/17	2018/19+	Included
Staff	301	301	• Biodiversity coordinator and 4 FTE
Casual Labour	20	20	• Trainee funded through staff 0.4FTE
Contractors	48	268	• Weed control $160K, site maintenance, fire breaks and programs
Contributions	7	57	• Trees for Life management of friends groups and Bush for Life partnerships
Materials	6	11	• Tree planting materials, signage and markers
Plants	30	45	• Indigenous species for planting
Other	2	12	• Training and program spend
TOTAL	**414**	**714**	• $300K increase approved by council

Service Review
Open Space Transformation Phase 2
ATTACHMENT C – SENSITIVE SITE MAINTENANCE

Current FTE

There are currently 5 FTE allocated to sensitive site maintenance in the budget as follows:

- 1 FTE – Biodiversity Coordinator (BC) responsible for remnant site vegetation and biodiversity planning and planting coordination.
- 2 FTE – two person crew managing biodiversity site maintenance including some weed control, and some biodiversity plantings.
- 2 FTE – a two person crew working on landscaping maintenance of high profile sites which aligns more with reserve maintenance than biodiversity management.

The Biodiversity Coordinator reports directly to the Unit Manager of OSO, while the field based operational teams report in to the Arboriculture and Landscaping Field Supervisor.

Seasonal works

The work undertaken within the sensitive sites function is highly seasonal with changes in work required throughout the year.

- Autumn involves site maintenance including mulching and winter weed control mainly to manage soft weeds such as soursops. Preparation for planting also commences.
- Winter is mainly taken up with planting new sites and increasing the density at existing sites.
- Spring includes site maintenance as the growing season starts additional weed control including hand weeding and brush cutting.
- Workload reduces in summer with fire control being the key area of focus, mulching and some woody weed control can also occur during this time.

Mulching and soft fall spreading are also undertaken by the reactive maintenance crews in the reserve maintenance team and the infrastructure maintenance team. There may be an opportunity to further increase capacity in the team if mulching biodiversity is incorporated into the reactive reserve team's mulch and soft fall program where it may be able to be managed more efficiently.

Specialist skills and the use of contractors

Maintenance of remnant vegetation and biodiversity sites requires a specific skill set including the ability to identify and distinguish plant and weed species and also to understand appropriate use of herbicides.

There is an understanding that only highly trained botanists can perform weed identification in the remnant vegetation sites to a level that ensures protected plants aren't mistakenly eradicated. As a result, there is a preference to have trained contractors undertake weed management in these areas.

Further, some sites such as the Hallett Cove Headland are cliff based and require specialist training and equipment to be able traverse the terrain safely. It isn't considered practical to use internal staff to manage these sites.

2. Analysis

Customer Events

The number of customer events received in relation to biodiversity sites each year is minimal and is not considered an area of opportunity.

Resource planning - Biodiversity

The work group leader for the biodiversity team compiled the list of biodiversity sites, the work to be performed at those sites and the frequency and time required for each visit. Resourcing requirements were assessed using this information. The analysis indicated there is around 45% capacity in the team.

The BC reviewed these work plans and determined the estimated times at site were generous. Due to the workplans being seasonally based, the task times could not be time trialled and tested as with the other services in this review however there is an expectation that capacity may be greater again than the 45%.

Resource planning – High-Profile Sites

The high-profile crew was formed to look after a small number of sites that carry a high profile for council including the council Administration building on Sturt Road. The team is understood to have been formed in response to escalated complaints a number of years ago. The crew consisted of 2 members up until early 2018 when one of the crew members retired. The crew had capacity in their schedule.

Interviews

The Biodiversity Coordinator uses highly qualified contract resources to undertake works due to their technical plant recognition and herbicide handling skills not yet possessed by the inhouse team.

The BC has greater capacity to undertake field-based work now the Remnant Native Vegetation Plan has been completed and priorities have been set for the coming 5 years.

Greater field presence of the BC will help improve the skills of the team which may in turn provide the opportunity for more of the planned contract work to be brought inhouse.

Additionally, capturing plant and weed photos and herbicide instructions against each reserve and making those available to the team in the field through mobility would help improve their knowledge and reduce risk.

Implementing quality auditing would also put in place structured feedback and support skills improvement for the inhouse team.

Invoice analysis

There is currently $48K spent on weed management contractors annually while there is capacity within the inhouse team. This spend will increase to $268K of spend annually in 2018/19. Some of this spend relates to the coastal trail which cannot be undertaken internally due to training and equipment requirements however some of the lower profile sites may be able to have their weed control performed with the inhouse team at no additional cost, reducing costs overall.

Added services

There are a number of Water Sensitive Urban Design sites that now need specialist maintenance. Further, the streetscape projects that are currently being undertaken will also need specialist maintenance. These tasks have not yet been allocated to any of the OSO teams.

Service Review
Open Space Transformation Phase 2
ATTACHMENT C – SENSITIVE SITE MAINTENANCE

3. Findings and Recommendations

Summarised findings	Recommendation	Impact
Customer Demand		
No significant opportunities		
Process Optimisation		
• The BC believes the inhouse team could increase their plant and weed management skills	• Implement quality auditing for biodiversity and remnant vegetation sites	• Implement feedback loop to support improving skills of the inhouse team
• Inhouse team seen to inadequately perform tasks the BC could perform themselves	• BC to undertake planting mark outs	• Reduces double handling and Improves quality of overall outcomes
• BC believes not able to influence improvement in outcomes achieved by the inhouse teams	• Review structure	• Increased confidence in, and utilisation of, inhouse resources by the BC with potential to reduce costs
Productivity		
• The sensitive sites team performs work more aligned to the reserve maintenance team than the biodiversity team	• Combine the sensitive site round with the 1 person high profile site team in the reserve	• Permanent and ongoing reduction of 1 FTE
• The sensitive sites team has been operating as a 1 person team rather than 2 person since early 2018		
• Recently constructed streetscape and Water Sensitive Urban Design (WSUD) sites require specialist maintenance that	• Include WSUD maintenance in biodiversity team schedules	• Additional maintenance services absorbed into existing resourcing and costs
• Contractors are used for wetlands maintenance and some of the capacity in the Biodiversity team may be able to be applied to reducing these external costs	• Review wetlands maintenance tasks in detail with Biodiversity coordinator, supervisor and team and Water Resources Coordinator to determine extent of opportunity	• Potential for additional savings
• Biodiversity time estimates have not been time trialled due to seasonality of work	• Time trials conducted over the coming twelve months with program re-timed and re-set in July 2019	• No quantified benefits however may confirm further capacity available
Automation		
• Team could improve plant and weed identification skills	• Provision of plant and weed images and treatments for each reserve through PocketRAMM on Toughpads	• Increased confidence in, and utilisation of, inhouse resources by the BC with potential to reduce costs

Service Review
Open Space Transformation Phase 2
ATTACHMENT C – SENSITIVE SITE MAINTENANCE

Summarised findings	Recommendation	Impact
• Capacity identified in inhouse team	• Implement program based management and field based job dispatch and reporting	• Increase transparency of productivity • Reduce administration effort
Sourcing		
• Increase in workload following remnant vegetation plan being approved provides an opportunity to go to tender for planned works (where they can't be provided inhouse)	• Formal tender for works required under RNVP with pricing compared to undertaking works inhouse (where appropriate) to ensure best price obtained overall	• May reduce costs from current estimates included in RNVP

Service Review - Report - Records Management

Originating Officer	Performance & Innovation Leader - Cass Gannon
Corporate Manager	Manager Corporate Governance - Kate McKenzie
General Manager	General Manager Corporate Services - Vincent Mifsud
Report Reference	FAC180821R09

REPORT OBJECTIVE

To provide the Finance and Audit Committee with the final report for the Records Management service review.

EXECUTIVE SUMMARY

The review of the Records Management function has been finalised, an overview can be reviewed in Appendix 1 and the final report in Appendix 2. The report details recommendations, potential savings, costs and proposed changes to maintain and enhance service delivery.

RECOMMENDATION

That the Finance and Audit Committee:

> **1. Provides comment on the service review report of Records Management**
>
> 2. **Notes the recommendations identified in the service review**

GENERAL ANALYSIS

The Performance and Innovation Team have worked with the Records Management Team (RMT) to review the service during May and June 2018.

The service review has focused on the identification of opportunities to improve and better support records management throughout the organisation.

Key outcomes of the service review will deliver:
- A refocused service delivery model to lead and facilitate the development of records management strategies across the organisation
- A strategic Records Management Framework to provide direction, guidance and to strengthen the re-focused service delivery model
- A realignment of records management staff resources to maximise efficiencies and focus on strategic records management
- The disposal of archived physical records
- The introduction of fundamental records management practices across the organisation
- A comprehensive suite of key metrics and reports
- The sentencing/re-sentencing of physical records in line with new legislation
- Various improvements to internal systems and processes

The benefits from implementing the recommendations of the service review will lead to greater compliance to legislation obligations, improved service delivery, better use of records management resources, increased accountability and transparency.

Liveable:	Contributes to the CoM Business Plan 2016-19 'liveable' goal to provide access to housing choice and services for a growing and diverse
Innovation:	Contributes to CoM Business Plan 2016-19 'innovative' goal to have a community that harnesses creativity, research and collaboration to pursue innovative ideas
Opportunities:	Various opportunities to improve and better support records management throughout the organisation
Risk Management:	If recommendations are not implemented there is potential risk of non-compliance to legislation under the State Records of SA Act 1997
Industrial Relations:	Consultative process to be undertaken with employees and their representative union to provide an opportunity for employees and their union to have their viewpoints heard and taken into account prior to a decision being made
Additional Resource Impact	Additional short term resource required to support the delivery of recommendations
Timeline	Implementation of the numerous service review recommendations are planned to occur between Sept '18 and Dec '19
Current Budget Allocation	No budget is currently allocated for the implementation of proposed service review recommendations
Proposed Future Budget Allocation:	The cost to implement is estimated at $129,000 (once off) and would be in addition to the current budget allocation

Attachment

#	Attachment	Type
1	Service Review - Report - Records Management - Appendix 1	PDF File
2	Service Review - Report - Records Management - Appendix 2	PDF File

Service review overview

CITY OF MARION

Service purpose

comprises of **3FTE**

Contributing to the management of Council records through...

provision of information

assistance and advice

application of acts, schedules and policies

other expenses

8%

$228,300 annual cost to Council*

92%

salary and wages

Receiving around...

5,715 inbound records per month

62% electronic

35% physical (post)

3% physical (cs counter)

Capturing around...

30% of records

with **67%** deleted or forwarded

with **3%** not recorded

Capturing into...

SharePoint

26%

74%

OpenOffice
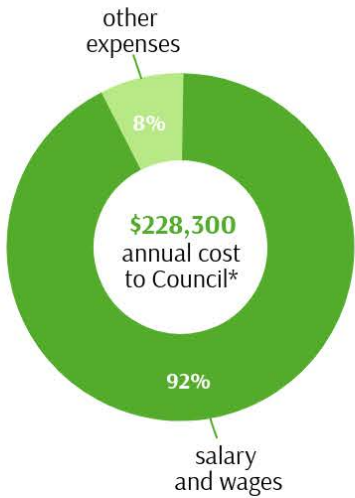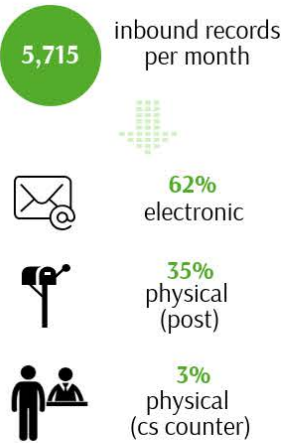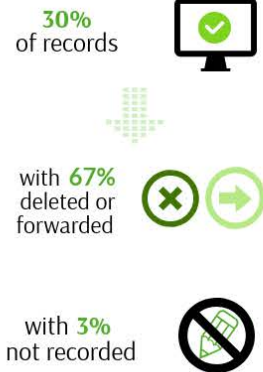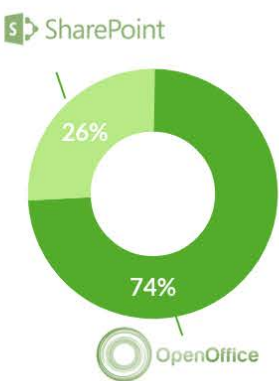
Service review objectives

Establish an appropriate records management internal service delivery model for CoM

Identify opportunities for broader process and system improvements

Assess current compliance with legislative requirements

Analysis approach undertaken

assessment of records management levels across the organisation

review of Acts, policies, procedures and guidelines

gap analysis

consultation with key stakeholders

interviews and observations

analysis of financial, customer request and statistical data

review of the status of archived records

Key recommendations

re-focus the service delivery model

create a Records Management Framework

realign records management staff resources

undertake a records disposal project

introduce fundamental records management practices

implement a suite of key metrics and reports

undertake a records sentencing project

undertake various improvements to systems and processes

Key outcomes/impacts

15 recommendations

$129,000 estimated cost to implement

Implementation will deliver...

✓ compliance to legislation obligations

✓ improved service delivery

✓ better use of records management staff resources

✓ reduction in records stored offsite

✓ increased accountability and transparency

*Based on quarter 3 revised budget - to be finalised

CITY OF
MARION

SERVICE REVIEW REPORT

Records Management

Contents

Executive summary

Background

The City of Marion (CoM) has a dedicated Records Management Team (RMT) to contribute to the efficient and effective management of council records through the provision of information, assistance and advice to the organisation, and the application of the following Acts, schedules and internal policies:

- The State Records Act 1997 (SA)
- Local Government Act 1999 (SA)
- Freedom of Information Act 1991 (SA)
- General Disposal Schedule Local Government Records (GDS 20)
- General Disposal Schedule Digitised Records (GDS 21)
- Records and Information Management Policy 2016 (CoM)
- Elected Member Records Management Policy 2017 (CoM)

Service review objectives and deliverables

As outlined in the scope, the following key areas of priority and opportunity were addressed during the review:

- Establish an appropriate records management internal service delivery model for CoM taking into consideration:

  - The recent and significant technology changes (MS SharePoint and RecordPoint)
  - The required roles, responsibilities, competencies and optimal team structure required
  - The current records management related services delivered by the Information and Communication Technology Team
  - The current provision of Freedom of Information (FOI) requests by the RMT
  - The service delivery models at other councils
  - The status of historical archived records

- Identify opportunities for broader process and system improvements

- Assess current compliance with legislative requirements, including disposal schedules and appropriate system certification

The deliverables of the review were a report with meaningful recommendations (including a recommendation for key performance metrics) and an implementation plan.

Analysis approach

A broad range of analysis was undertaken in order to identify opportunities for improvement, the approaches for the service review involved:

- **Engaging with an external Information Architect** to independently assess the level of records management undertaken across the organisation, using the State Records of South Australia's (SA) Self-Assessment Tool as an aide

- **Reviewing of relevant Acts**, policies, procedures and State Records of SA guidelines

- **Identifying gaps** between CoM performance and State Records of SA guidelines

- **Consulting with key CoM stakeholders** in relation to records management practices

- **Interviewing and observing** the RMT to understand existing processes, thoughts on opportunities and concerns with current operations

- **Conducting 16 staff interviews** across the organisation to understand their experiences with MS SharePoint as a records management tool

- **Conducting 3 interviews with metropolitan Councils** to understand their records management delivery models

- **Reviewing the status of archived records** stored both on and offsite

- **Gathering, consolidating and analysing** financial, Customer Event Requests (CER) and statistical data

Service Review Report
Records Management

CITY OF MARION

Overview of records management at CoM

Records management

What does it mean?
- Maintaining official records in good order and condition

What do we need to do?
- Create, manage, maintain, dispose and store information and records properly
- Enable access to information
- Have a robust Information Governance Framework

Who is accountable?
- RMT
- All CoM staff
- Elected members
- Contractors and consultants

Cost to Council (RMT component)
$228,300 FY1718
(based on quarter 3 revised budget – to be finalised)

- 8% Other expenses $17,200
- 92% Salary and wages $211,100
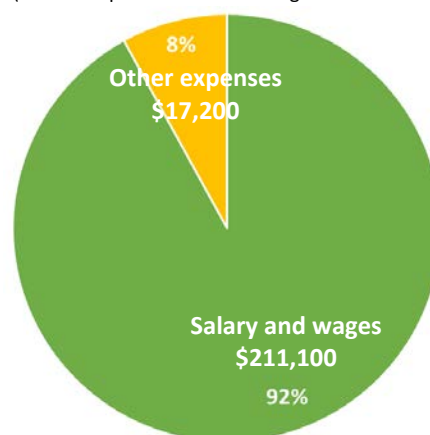
Other expenses details: contractors ($8,700), works comp. insurance ($6,900), corporate wardrobe ($1,200), office stationery and supplies ($300), postage/courier ($100)

Lifecycle of a record

- = Activity (green)
- = Accountable (yellow)

Create/recieve — All
Capture — All
Control — RMT & ICTT
Use — All
Retrieve — All
Archive — CoM staff & RMT
Dispose — RMT
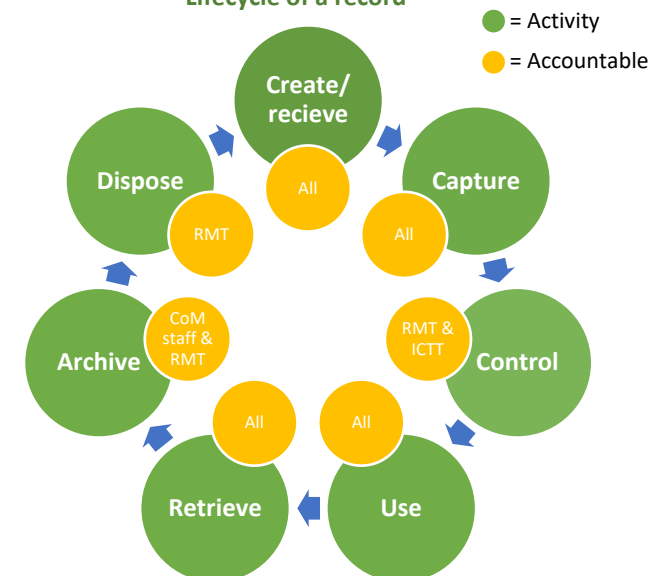
Inbound record statistics (received by RMT)*
(average)

5,715 Inbound records received per month

- **62%** Electronic records (email and fax**)
- **35%** Physical records (post)
- **3%** Physical records (customer service counter)
- **Not recorded** Physical records (internal mail)
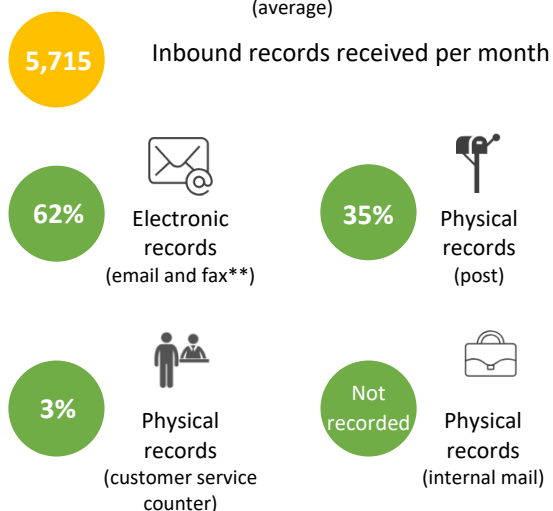
*Based on data from FY1516, FY1617 and FY1718
**Emails and faxes are received via an email, it is estimated faxes received are minimal

Service Review - Records Management - Report

Inbound record capturing details (by RMT)*

- 30% Captured by RMT
- 67% Not captured by RMT**
- 3% Unknown (not recorded)

= Captured by RMT
= Not captured by RMT**
= Unknown (not recorded)
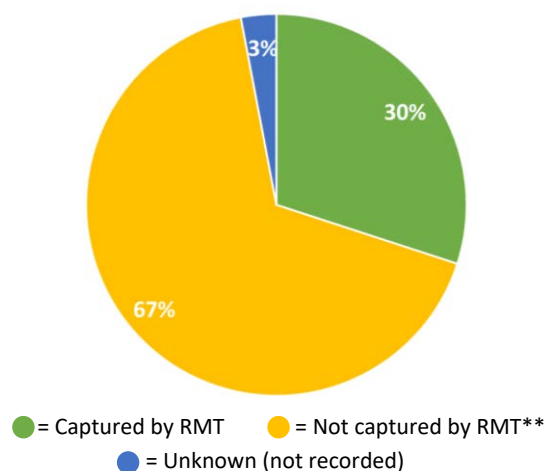
*Based on data from FY1516, FY1617 and FY1718
**Either deleted or forwarded onto another team for self-capturing

Records captured in Open Office CES and MS SharePoint/RecordPoint statistics (by RMT)

= Records captured in CES
= Records captured in SharePoint/RecordPoint
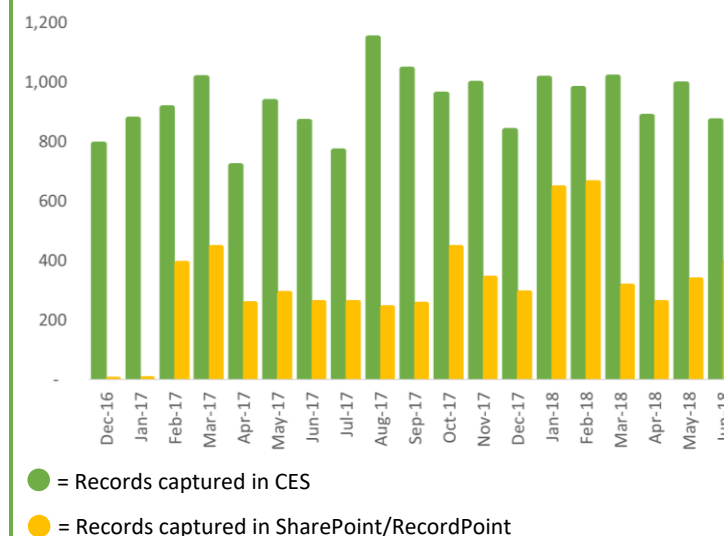
Key recommendations

The service review has identified opportunities to improve and better support records management throughout the organisation. Detailed analysis, findings and estimated costs to support these recommendations are included from page 7 through to 11. For all recommendations, where opportunities for cost sharing exist, there will be investigation at the implementation stage. The 15 key recommendations are highlighted in the table below.

Table 1: Key recommendations

Overall impact on improving the service (if implemented)

High = 4	Medium = 8	Low = 3

No.	Recommendation	Impact	Person responsible	By when
1	**Re-focus the service delivery model** to lead and facilitate the development of records management strategies to support the delivery of effective and compliant records management practices across the organisation*	High	MCG UMG&R	Nov '18
2	**Create a strategic Records Management Framework** to provide direction, guidance and to strengthen the re-focussed service delivery model*	High	MCG UMG&R	Nov '18
3	**Undertake a realignment of records management staff resources** to maximise efficiencies and focus on strategic records management*	High	MCG UMG&R	Nov '18
4	**Undertake a disposal project of archived physical records** stored on and offsite dating back approximately 20 years	High	UMG&R	Jun '19
5 - 6	**Introduce fundamental records management practices** across the organisation including training and awareness programs and monitoring and review plans	Medium (2)	UMG&R	Jun '19
7	**Implement a comprehensive suite of key metrics and reports** that management and Council can use to monitor performance and measure success	Medium	UMG&R P&IL	Jun '19
8	**Undertake a sentencing/re-sentencing project of physical records** stored on and offsite in line with new legislation	Medium	UMG&R	Dec '19
9 - 15	**Undertake various improvements to internal systems and processes** to provide the organisation the tools to fulfil their records management responsibilities	Medium (4) Low (3)	UMG&R UMCS	Dec '19

The cost to implement the recommendations is estimated at $129,000 (once off) and would be in addition to the current budget allocation. The benefits from implementing the recommendations of the service review will lead to greater compliance to legislation obligations, improved service delivery, better use of records management staff resources, reduction in records stored offsite and increased accountability and transparency.

Outsource analysis

The option to outsource elements or the whole of the service was considered, however, was not pursued based on the potential loss of control and ownership of records, the need to provide external access and training to CoM systems and need to redeploy three fulltime staff members. The option to outsource should be revisited in the future (to investigate viability) when staff levels are reduced through natural attrition.

*Industrial awards and enterprise agreements applying to the City of Marion require a consultative process to be undertaken with employees and their representative union where those employees will be impacted by the formulation of plans that have a direct impact on them. This requirement applies where the formulation of plans impacts on the composition, operation, size of the workforce or in the skills required, alteration in the hours of work, the need for retraining or transfer of employees to other work location and the restructuring of jobs.

The purpose of these industrial arrangements is to provide an opportunity for employees and their union to have their viewpoints heard and taken into account prior to a decision being made.

Benefits realisation

It is recommended that there is a Benefits Realisation Review in October 2019 to assess the progress against the recommendations and the impact that the delivery of these have had to ensure that the predicted benefits are being realised. This is in addition to regular reporting to the Executive Leadership Team and Finance and Audit Committee.

Implementation plan

Based on the current reality of the RMT, the implementation of the review recommendations has been distributed over 1.25 years. A high-level timeline is displayed below.

Implementation timeline
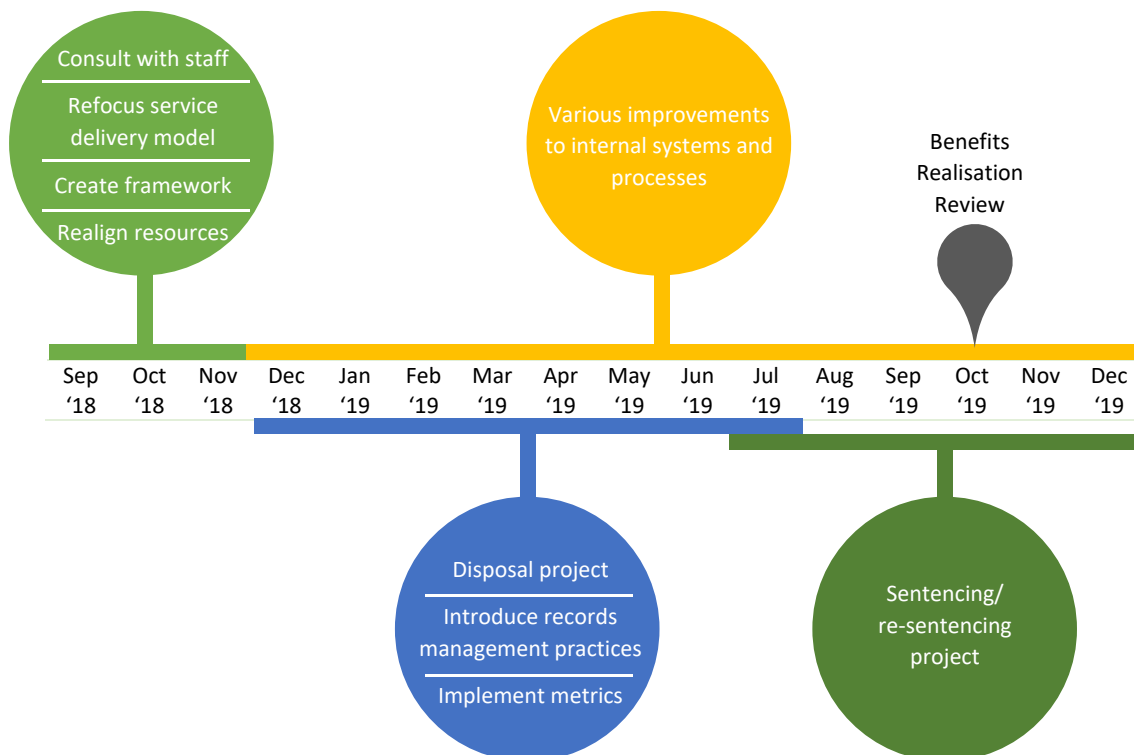
Recommendation 1: Re-focus the service delivery model | High

What is the problem? ❓	How can we address the problem? 💡

• No records management long term and ongoing goals have been developed
 	
• No current plans for records management (activities are adhoc)
 	
• Undefined roles and responsibilities contributing to the lack of ownership and action in respect to certain specialist records management activities
	• By refocusing the current records management service delivery model to:
	  • Lead and facilitate the development of records management strategies
	  • Support the delivery of effective and compliant records management practices across the organisation

What are the benefits? ✓	What approach should be taken? ✖	What is the risk of doing nothing? ⚠

• Supports compliance to legislation obligations
 	
• Supports alignment to best practice standards
 	
• Ensures that records management is governed and planned in a strategic manner
	• Creation of a strategic Records Management Framework and realignment of records management staff resources
	
	Potential costs/savings 💵
	
	Refer to Recommendations 2 and 3
		• Inadequate records management practices may result in non-compliance to legislation under the State Records of SA Act 1997, which may lead to:
		  • Fines, penalties and/or imprisonment
		  • Reputational risk to CoM
		• Non-alignment to State Records of SA best practice standards, which may lead to:
		  • Loss of vital records and corporate history

Person responsible: Manager Corporate Governance, Unit Manager Governance and Records   **By when:** 30/11/18

Recommendation 2: Create a strategic Records Management Framework | High

What is the problem? ❓	How can we address the problem? 💡

• No records management long term and ongoing goals have been developed
 	
• No current plans for records management (activities are adhoc)
 	
• Undefined roles and responsibilities contributing to the lack of ownership and action in respect to certain specialist records management activities
	• By creating a strategic Records Management Framework to:
	  • Provide direction and guidance
	  • Strengthen the re-focused service delivery model
	  • Outline legislative requirements
	  • Prescribe roles and delegate responsibilities
	  • Convey policies and procedures
	  • Outline key metrics

What are the benefits? ✓	What approach should be taken? ✖	What is the risk of doing nothing? ⚠

• Supports compliance to legislation obligations
 	
• Supports alignment to best practice standards
 	
• Ensures that records management is governed and planned in a strategic manner
 	
• Supports recommendation 1
	• Creation by using an additional external staff resource (consultant) and partnership approach with another Council/s
	
	Potential savings/costs 💵
	
	Savings
	
	No direct savings
	
	Cost Risk
	
	$10,000 Availability of consultant
	once off
		• Inadequate records management practices may result in non-compliance to legislation under the State Records of SA Act 1997, which may lead to:
		  • Fines, penalties and/or imprisonment
		  • Reputational risk to CoM
		• Non-alignment to State Records of SA best practice standards, which may lead to:
		  • Loss of vital records and corporate history

Person responsible: Manager Corporate Governance, Unit Manager Governance and Records   **By when:** 30/11/18

Recommendation 3: Undertake a realignment of records management staff resources　　High

What is the problem? ❓

- No current plans for records management (activities are adhoc)
- Undefined roles and responsibilities contributing to the lack of ownership and action in respect to certain specialist records management activities
- Current staff resources do not align with State Records of SA recommended resourcing model
- RMT roles have not been reviewed since recent technology changes

How can we address the problem? 💡

- By undertaking a realignment of records management staff resources to:
  - Maximise efficiencies
  - Ensure the delivery of the re-focused service delivery model
  - Focus on strategic records management
  - Delegate responsibilities
  - Identify suitable resource allocation
  - Eliminate non-core records management activities e.g. FOI processing

What are the benefits? ✔

- Supports compliance to legislation obligations
- Supports alignment to best practice standards
- Establishes a suitable resource allocation
- Supports Recommendation 1

What approach should be taken? ✖

- Realignment of roles with a short term resource through the change management process

Potential savings/costs 💰

Savings

No direct savings

Cost	Risk
Up to $50,000 once off	Failure to meet CoM KPI target regarding employee costs

What is the risk of doing nothing? ⚠

- Inadequate records management practices may result in non-compliance to legislation under the State Records of SA Act 1997, which may lead to:
  - Fines, penalties and/or imprisonment
  - Reputational risk to CoM
- Non-alignment to State Records of SA best practice standards, which may lead to:
  - Loss of vital records and corporate history

Person responsible: Manager Corporate Governance, Unit Manager Governance and Records　　　**By when:** 30/11/18

Recommendation 4: Undertake a disposal project of archived physical records　　High

What is the problem? ❓

- Estimated 1 official disposal project has occurred on physical records in the last 20 years
- 49% (1,180) of record cartons* stored offsite are past their retention date (due for disposal)
- 200+ record items** onsite are ready to be sorted and sentenced for either archiving or disposal
- Legislation for disposal is expected to change significantly on 1/7/19

How can we address the problem? 💡

- By undertaking a disposal project of archived physical records stored on and offsite that are:
  - Past their retention date (due for disposal)

What are the benefits? ✔

- Reduces offsite records management costs
- Supports compliance to legislation obligations
- Eliminates duplication of work when new legislation is issued

Target 🎯

- Dispose of 128 record cartons per month (between 1/9/18 to 30/6/19)

What approach should be taken? ✖

- Undertake project using additional external staff resources (agency staff)

Potential savings/costs 💰

Savings

$3,000 pa (disposal of 1,800 cartons)

Cost	Risk
$30,000 once off	Failure to meet CoM KPI target regarding employee costs

What is the risk of doing nothing? ⚠

- Re-sentencing will be required of all archived records under new legislation

(If records are not resentenced and disposed of appropriately there will be a risk of non-compliance to legislation under the State Records of SA Act 1997)

- Accumulating storage costs
- Extends the search breadth for FOI processing

Person responsible: Unit Manager Governance and Records　　　**By when:** 30/6/19

*Carton capacity ranges between 20 to 40 litres　　**Items include cartons, folders and loose documents

CITY OF MARION

Recommendation 5: Introduce fundamental records management practices across the organisation – training and awareness programs

Medium

What is the problem? ❓

- Most support and advice provided by the RMT is on an adhoc basis
- Official training is not planned for staff other than on an adhoc basis at time of induction
- Contractors, consultants and field based staff who transition or act in administrative roles are not provided official training (unless requested)
- Uncertainty amongst staff on some records management practices

How can we address the problem? 💡

- By introducing fundamental records management practices including:
  - Training and awareness programs

What are the benefits? ✔

- Supports compliance to legislation obligations
- Supports alignment to best practice standards
- Increases organisations education and awareness
- Ensures consistent messaging

Target ◎

- Train all contractors, consultants and required field based staff
- 2 awareness programs per annum

What approach should be taken? ✖

- Introduce practices using existing internal staff resources

Potential savings/costs 💵

Savings

No direct savings

Cost	Risk
No direct costs	Capacity and capability to take ownership and action

What is the risk of doing nothing? ⚠

- Inadequate records management practices may result in non-compliance to legislation under the State Records of SA Act 1997, which may lead to:
  - Fines, penalties and/or imprisonment
  - Reputational risk to CoM
- Non-alignment to State Records of SA best practice standards, which may lead to:
  - Loss of vital records and corporate history

Person responsible: Unit Manager Governance and Records   **By when:** 30/6/19

Recommendation 6: Introduce fundamental records management practices across the organisation – monitoring and review plans

Medium

What is the problem? ❓

- Responsibility for monitoring and review has not been assigned to records management staff
- No evidence of monitoring and reviewing of records management performance across the organisation

How can we address the problem? 💡

- By introducing fundamental records management practices including:
  - Monitoring and review plans

What are the benefits? ✔

- Supports compliance to legislation obligations
- Supports alignment to best practice standards
- Provides opportunity to identify and act on issues

Target ◎

- 4 records management monitoring reviews across the organisation per annum

What approach should be taken? ✖

- Introduce practices using existing internal staff resources

Potential savings/costs 💵

Savings

No direct savings

Cost	Risk
No direct costs	Capacity and capability to take ownership and action

What is the risk of doing nothing? ⚠

- Inadequate records management practices may result in non-compliance to legislation under the State Records of SA Act 1997, which may lead to:
  - Fines, penalties and/or imprisonment
  - Reputational risk to CoM
- Non-alignment to State Records of SA best practice standards, which may lead to:
  - Loss of vital records and corporate history

Person responsible: Unit Manager Governance and Records   **By when:** 30/6/19

Service Review Report
Records Management

Recommendation 7: Implement a comprehensive suite of key metrics and reports `Medium`

What is the problem? ❓

- No evidence of performance metrics in place
- Management have minimal oversight into performance and compliance

How can we address the problem? 💡

- By implementing a comprehensive suite of key metrics and reports that management and Council can use to:
  - Monitor performance
  - Measure success

What are the benefits? ✔

- Provides management oversight into performance
- Provides management oversite into degree of compliance
- Provides opportunity to identify and act on issues
- Provides a valuable insight

What approach should be taken? ✖

- Introduce practices using existing internal staff resources with support from the Performance and Innovation Team

Potential savings/costs 💵

Savings

No direct savings

Cost	Risk
No direct costs	Capacity and capability to take ownership and action
	Dependant on 'Metrics that Matter' initiative being rolled out

What is the risk of doing nothing? ⚠

- Inability to monitor performance
- Inability to monitor degree of compliance
- Inability to monitor success

Person responsible: Unit Manager Governance and Records, Performance and Innovation Leader   **By when:** 30/6/19

Recommendation 8: Undertake a sentencing/re-sentencing project of physical records `Medium`

What is the problem? ❓

- Legislation for retention and disposal is expected to change significantly on 1/7/19
- 30% (720) of record cartons* stored offsite will need to be re-sentenced
- 21% (500) of record cartons* stored offsite have no sentencing applied and will need to be sentenced
- 200+ record items** stored onsite are ready to be sorted and sentenced for either archiving or disposal

How can we address the problem? 💡

- By undertaking a sentencing/re-sentencing project of archived physical records stored on and offsite in line with new legislation

What are the benefits? ✔

- Supports compliance to legislation obligations
- Ensures all records are sentenced to appropriate legislation

Target ◎

- Sentencing of 220 record cartons* per month (between 1/7/19 and 30/12/19)

What approach should be taken? ✖

- Undertake project using additional external staff resources (agency staff)

Potential savings/costs 💵

Savings

No direct savings

Cost	Risk
$22,000 once off	Failure to meet CoM KPI target regarding employee costs

What is the risk of doing nothing? ⚠

- Inadequate records management practices may result in non-compliance to legislation under the State Records of SA Act 1997, which may lead to:
  - Fines, penalties and/or imprisonment
  - Reputational risk to CoM

Person responsible: Unit Manager Governance and Records   **By when:** 30/12/19

*Carton capacity ranges between 20 to 40 litres
**Items include cartons, folders and loose documents

Recommendation 9-15: Undertake various improvements to internal systems and process

No.	Recommendation	What are the benefits?	Target	What are the potential savings and/or costs?	Impact
9	Investigate and pilot dedicated scanning solution that integrates with CoM systems to automate elements of capturing incoming physical records	• Increases productivity • Increases automation (reduces manual work) • Supports compliance to CoM Innovation value	• Reduction in administrative work by 10%/197 hours per annum	No direct savings Costs: Up to $17,000 once off (minimal ongoing costs for consumables)	Medium
10	Investigate and pilot automatic integration of straightforward online requests to Open Office CES	• Increases efficiencies • Increases productivity • Reduces number of emails received by RMT	• Reduction in CER created by RMT by 20%/3,500 per annum	No direct savings Costs: Minimal costs to pilot	Medium
11	Capture all centrally received incoming records (of corporate value) upon receipt (excluding Development Services records*)	• Increases efficiencies • Supports compliance to legislation obligations • Ensures records are appropriately captured and controlled	• Increase in records captured by RMT from 30%/18, 700 to 40%/25,000 per annum**	No direct savings or costs	Medium
12	Work with teams to digitise and dispose physical records of corporate value***	• Reduces the need for offsite storage • Ensures records are appropriately captured and controlled	• Not currently measurable	Savings: Reduces offsite records management costs	Medium
13	Continue to modify Knowledge Base articles in Open Office CES to include records management process (at next review date)	• Increases productivity • Increases ease and accuracy of assigning CER	• Modification of 100 articles by end of 2018 calendar year • Modification of 80 articles by end of 2019 calendar year	No direct savings or costs	Low
14	Introduce new categories to Open Office CES that are required to support records management process	• Increases productivity • Increases ease and accuracy of assigning CER	• Not applicable	No direct savings or costs	Low
15	Improve initial archiving process	• Increases productivity • Reduces double handling	• Not applicable	No direct savings or costs	Low

Person responsible: Unit Manager Governance and Records , Unit Manager Customer Service (10, 13 and 14 only)   **By when:** 30/12/19

* Development Services have their own dedicated Administration Team to support records management

**It would be unwise to capture all records at once i.e. invoices to be captured after an electronic approval solution is embedded throughout the organisation

***Implementing this recommendation would rely upon certification of system compliance (currently awaiting approval from State Records of SA) and may also be affected by expected legislation changes

Acronym list

Acronym	Expansion
CER	Customer Event Request (within Open Office CES)
Open Office CES	Open Office Customer Event System
CoM	City of Marion
EDRMS	Electronic document and records management system
FOI	Freedom of Information
FY	Financial Year
ICTT	Information and Communication Technology Team
RMT	Records Management Team

Glossary

Term	Definition
Capture	Registering a record into a recordkeeping system
Classification	Applying record requirements such as storage needs, security, user permission, etc.
Control	Classifying, sentencing and applying metadata to a record
Knowledge Base article	Knowledge Base articles are within Open Office CES and act as a resource for the Customer Service Team (and others) providing a range of standard scripted responses for customers, based on categories
Metadata	Describes and provides information about the record
MS SharePoint	Microsoft content management and collaboration platform
RecordPoint	Records management solution for SharePoint
Retention period	Minimum periods for which records are to be kept before they are destroyed
Retrieve	Accessing or retrieving a record from a recordkeeping system
Sentencing	Sentencing is the process of determining the disposal action that applies to a record based upon legislative requirements
Use	Using, sharing, editing and/or actioning a record or request

Appendices list

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Appendix 1

Records management self-assessment report

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MARION

The following report utilises the records management self-assessment tool as supplied by State Records of SA to assist an organisation to report on their understanding of their level of records management. The report has been developed by an Information Architect external consultant for the service review and is an independent assessment separate from State Records of SA.

The self-assessment covered six fundamental records management outcomes, the organisation's level of achievement score against each outcome was scaled from adhoc through to best practice as displayed below. Full details and justification of scores are included on pages 18 through to 23.

CoM's overall level of achievement against records management outcomes
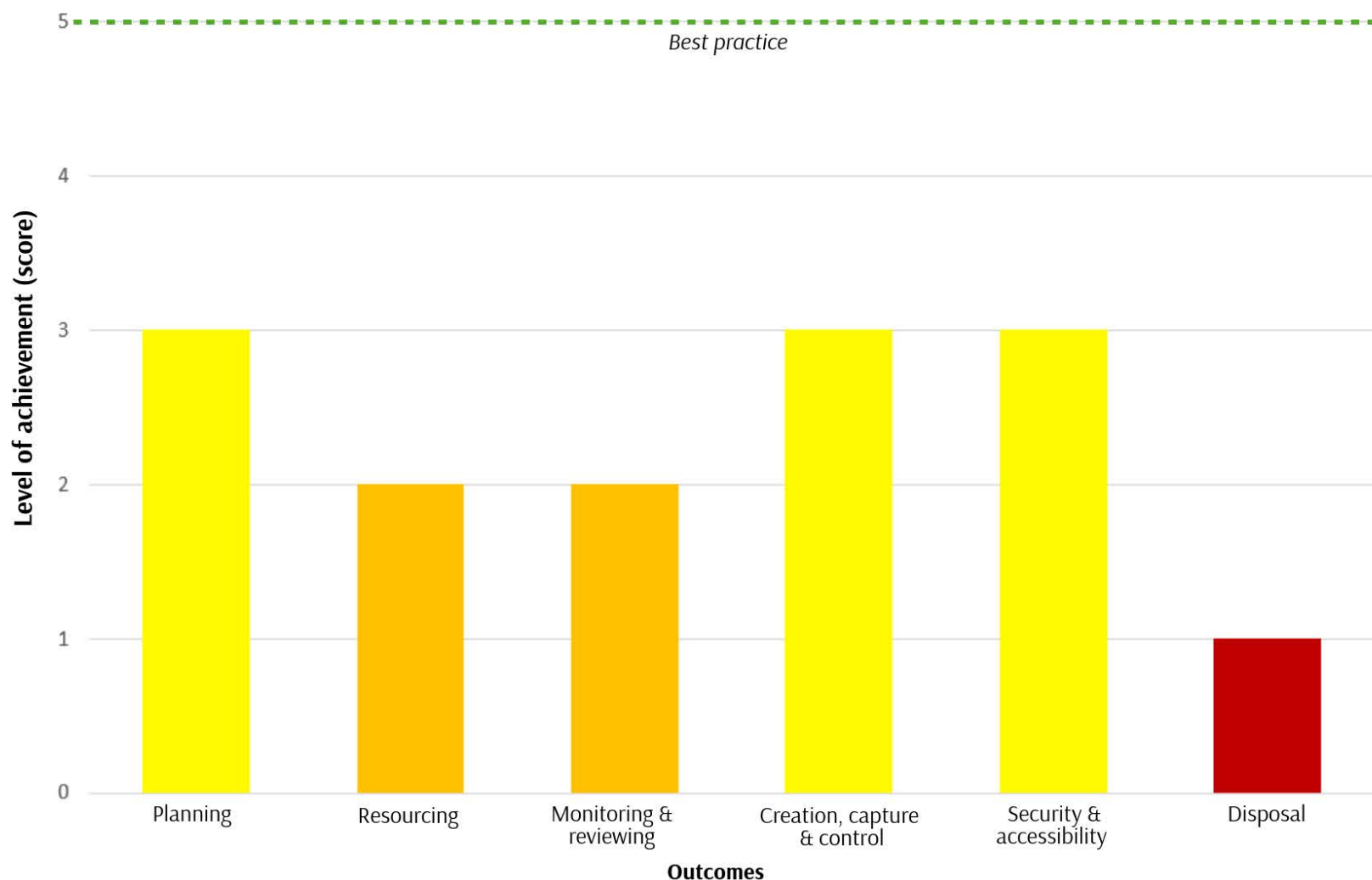
Achievement level legend

Level 5: Best practice ●
The records management program is developed in line with the government's recordkeeping strategy and has been defined for the long term. Regular review and update of the records management program including plans, policies and procedures, enables continuous improvement.

Level 4: Adequate ●
Records management forms part of business planning for the immediate planning period. Disaster planning and risk management for official records is in place. Documented records management plans, policies and procedures have been implemented.

Level 3: Defined ●
There is evidence that records management is considered at business planning stages and responsibility has been assigned. The agency has planned for the implementation of a system/s which manages both electronic and hardcopy records in line with government standards. Records management plans, policies and procedures have been documented.

Level 2: Limited ●
There is evidence that senior management recognise that a strategic approach to records management is necessary. Some planning for records management occurs.

Level 1: Adhoc ●
Planning for records management activities is adhoc or non-existent with only basic awareness of the need for documentation required to support the records management function.

Records management self-assessment report

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Outcome 1: Records management is planned

Records management must be governed and planned in a strategic manner, incorporating the development and implementation of plans, policies and procedures

Level 3: Defined

Current Practice

(why we met the identified assessment level rating)

Practice Gaps

(why we didn't achieve a higher assessment level rating)

Current Practice	Practice Gaps
· Planning, at least adhoc for records management, takes place	· No current plans for records management (activities are adhoc)
· Staff with records management responsibilities demonstrate a basic awareness of documentation required to support the records management function	· Disaster recovery plan indicates records management as non-critical but vital records have not been identified
· Records management forms part of business considerations within the RMT	· Business Continuity Plan summary table identifies records management as non-critical
· Planning for records management activities is encouraged by senior management and is undertaken at a team/operation level	· Risks within risk register have not been addressed with the RMT
· Senior management are aware that records management plans, policies and procedures ought to be developed and implemented	· Management of physical records would appear to be adhoc with no formal register of what records are offsite
· CoM has defined and recorded its key records management risk and appropriate mitigating actions within a risk register	· No physical records are currently being managed or sentenced
· CoM has implemented MS SharePoint and associated RecordPoint which manages electronic records	· Intranet system does not display latest version of Records Management Policy for staff referral
· New and upgraded line-of-business systems are required to include records management functionality as a requirements specifications	· Distribution of the information through the Intranet is not seen as RMT responsibility
· Responsibility for records management planning has been assigned at a senior level within the agency and this is documented within policies and procedures	· Disconnect between creation of policy and responsibility for distribution to staff appear to exist
	· Induction of new staff is adhoc and not a requirement
	· Access requests for systems did in the past request Lotus Notes BluePoint and training was provided by RMT but system training no longer requested only policy training
	· No records management program has been developed in line with the Government's Records Management Strategy defining long term and ongoing records management goals

Records management self-assessment report

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2: Records management is resourced

Agencies must employ skilled and experienced records management staff, allocate appropriate budgets and infrastructure and ensure that staff are provided with records management training appropriate to their responsibilities

Level 2: Limited

Current Practice

(why we met the identified assessment level rating)

Practice Gaps

(why we didn't achieve a higher assessment level rating)

- Staff are appointed whose prime responsibilities include records management

- Training is budgeted for and provided as requested on an adhoc basis

- Senior management seek and act on records management advice where appropriate

- Responsibility for records management resourcing has been assigned at a senior level within the agency, and this is documented within policies and procedures

- Offsite records are handled by a Government approved provider

- Current implementation of MS SharePoint and RecordPoint demonstrate the support of management in respect of records management

- Records management roles have been assigned to 3FTE staff. State records audit of 2012 indicated that resourcing levels commensurate with a medium size agency should be considered.

- Legislative requirements specifically relating to State Records of SA Act 1997 are not included on position profiles except for 2 of the 3 records staff

- Records management training is not planned for staff other than on an adhoc basis at time of induction

- Specific records management training is not scheduled for RMT

- No established succession plans and mentoring programs in place for RMT

- Monitoring, review and update of records management resourcing requirements is undertaken on an adhoc basis

Records management self-assessment report

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3: Records management is monitored and reviewed

Agencies must monitor and review their records management performance in order to ensure progressive improvement. Key performance information must be reported to senior management, who must ensure it is reviewed and acted on regularly

Level 2: Limited

Current Practice
(why we met the identified assessment level rating)

Practice Gaps
(why we didn't achieve a higher assessment level rating)

- CoM carries out irregular, adhoc monitoring and review of records management activities

- Senior management are aware that a monitoring and reporting framework for records management activities ought to be established

- Audit results of 2012 appear to have not been taken into consideration by management in relation to benchmarking and reporting requirements

- Responsibility for records management monitoring and review has not been assigned to staff whose prime responsibilities include records management

- No evidence of monitoring and reviewing of records management plans, policies and procedures occurring

- State Records of SA Self-Assessment survey was completed in 2015, however no action plans appear to have been developed

- No evidence of audit trails or regular system reports provided to senior management regarding records management performance

- No evidence of records management surveys being undertaken annually

- No evidence of benchmarking records management program to the Government's Records Management Framework, in order to maintain best practice

Records management self-assessment report

4: Records are created, captured and controlled
Official records must be created, captured and controlled in accordance with legislative and business requirements

Level 3: Defined

Current Practice
(why we met the identified assessment level rating)

- Creation of records to support continued business delivery occurs in some instances

- CoM has an understanding of the business processes and legislative obligations relevant to creation/capture/control requirements

- Senior management are aware of the need for effective creation and capture of records

- Systems have been implemented to support records creation/capture/control

- CoM has documented records management policies

- The functional classification as applied within the GDS20 is utilised as a Business Classification Scheme and applied in the development of the outcome rules within RecordPoint

- Records in MS SharePoint (subsequently managed by RecordPoint) are captured in line with business and legislative needs

- Induction process includes records management overview

Practice Gaps
(why we didn't achieve a higher assessment level rating)

- Records Management Policy is in effect but adherence to is not monitored

- Audit trails within systems to ensure correct creation/capture/control of records are available to the RMT but are not understood or utilised

- Metadata sufficient for the RMT to sentence records effectively is not available in all cases

- No evidence of policies and procedures relevant to records creation/capture/control being regularly reviewed in consultation with key stakeholders and updated accordingly

- No evidence of Business Classification Scheme being monitored, reviewed and updated as required

Records management self-assessment report

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5: Records are secure and accessible as appropriate

Agencies must ensure that official records are protected from unauthorised or unlawful access, and that measures are in place to prevent loss, damage and destruction. This must be balanced with the need for official records to be readily accessible to authorised persons

Level 3: Defined

Current Practice
(why we met the identified assessment level rating)

Practice Gaps
(why we didn't achieve a higher assessment level rating)

Current Practice	Practice Gaps
· Offsite records are handled by a Government approved provider	· Records Management Policy with reference to records security and accessibility has been approved but adherence to is not monitored
· Security across electronic libraries is managed and set by appropriate levels of management	· No evidence of management and release of personal information being undertaken in line with policies and legislation
· Senior management are aware of the need for records to be managed securely, evidenced through the limited provision of secure storage facilities and system controls	· No evidence that public access determinations are applied to records in custody of State Records of SA for which CoM is responsible
· Senior management comply with Freedom of Information Act 1991 requests by providing access to their records as appropriate	· No evidence of processes in place to enable the administrative release of information where appropriate
· Standard operation procedures have been created to support MS SharePoint	· MS SharePoint, RecordPoint and Open Office CES are yet to receive GDS21 compliant certification
· RecordPoint and Open Office CES have been identified as the systems to house records	· No evidence of policies and procedures relevant to records security and accessibility being regularly reviewed in consultation with key stakeholders and updated accordingly
· Lotus Notes BluePoint legacy records have been migrated to the SharePoint environment and are accessible	
· Usage of MS SharePoint as a collaborative work space has been established	
· Audit information is available for all records stored within the RecordPoint environment	

Records management self-assessment report

6: Records disposal is managed
Official records must be disposed of in accordance with legislative and business requirements

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Level 1: Adhoc

Current Practice
(why we met the identified assessment level rating)

- CoM sentences some records in line with legislative requirements

- CoM carries out records disposal in an unplanned, adhoc manner

- Awareness exists across CoM of the need to sentence and dispose of records

- Records stored within MS SharePoint environment (subsequently managed by RecordPoint) are sentenced based on GDS20

Practice Gaps
(why we didn't achieve a higher assessment level rating)

- Only those records stored within the MS SharePoint environment (subsequently managed by RecordPoint) are sentenced based on GDS20

- Senior management are aware of the requirement and recommendations for disposal outlined following audit but limited resourcing due to absences and no backfilling has precluded the sentencing and disposal of any official records

- No Records Disposal Schedules are applicable to CoM

- No evidence of a documented disposal program including policies and procedures

- No evidence of a maintained list of temporary records which have been destroyed or stored offsite and of permanent records that have been transferred to State Records of SA

- No evidence of appraisal of records being carried out in line with government policy

- No evidence of identification and documentation of records that are not covered by disposal schedules

- No evidence of backlog sentencing being conducted or planned for

- No evidence of routine archiving, sentencing and disposal being undertaken

- Disposal processes within RecordPoint are yet to be initiated

Records management resourcing

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Resourcing history

There are currently 3 full-time roles dedicated to records management at the CoM. The staff members in these roles has operated as a team for approximately 15 years. The RMT is currently situated within the Corporate Governance Department. Prior to this the team sat within the Organisational Excellence Department (2014-2015) and the Information Communication Technology and Knowledge Department (prior to 2014).

Resourcing gap analysis

In addition to the self-assessment, the service review team undertook an activity to extend the evaluation and to further substantiate the recommendations. Using the State Records of SA's Resourcing Guideline and Toolkit as an aide, a gap analysis was undertaken between CoM current arrangements and the suggested arrangements (by State Records of SA). The outcomes of this exercise is displayed below.

Note: Suggested arrangements by State Records of SA are to act as a reference point only, other considerations need to occur when determining resources required to manage records e.g. consideration of number of records created/received/captured and systems available to control official records, etc.

Government of South Australia
State Records

Suggested RMT structure and roles

Records and Information Management Strategist
- Records Manager
  - Records Management Officer
  - Disposal Officer
  - Archivist
    - Records Officer
- EDRMS Coordinator/ Administrator
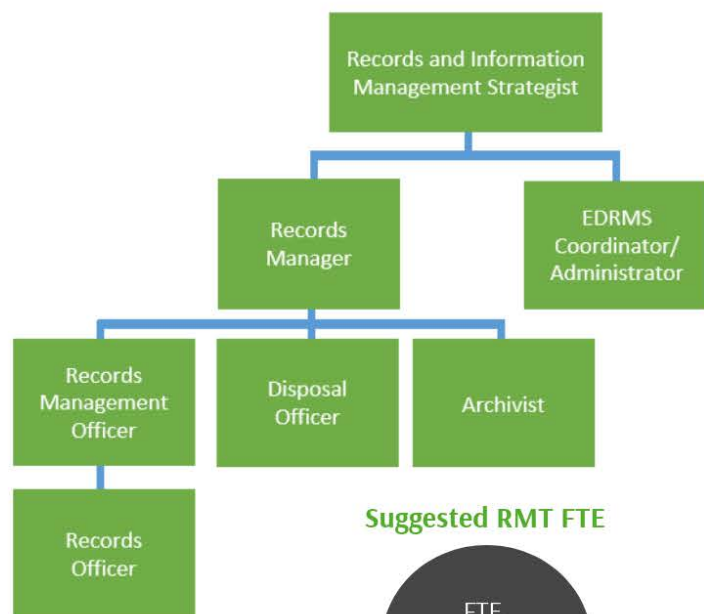
Suggested RMT FTE

FTE
not
specified

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Current RMT structure and roles

Unit Manager
(manages RMT and Governance)
- Records Quality Partner and Accredited FOI Officer
- Records Management Officer
- Records Management Officer

Current RMT FTE

The RMT comprises of **3FTE**

due to staff absences (not backfilled)

RMT has an average availability of **2.39FTE***

*Availability based upon payroll data from FY1516, FY1617 and FY1718 (up to 30 April 2018)

Records management resourcing

Government of South Australia — State Records
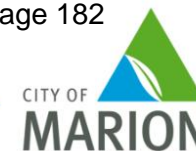
CITY OF MARION

Suggested activities for RMT	Frequency that activities are undertaken by RMT				
	Always	**Often**	**Sometimes**	**Rarely**	**Never**
1. General administrative and filing procedures			●		
2. Capturing and controlling of incoming correspondence	●*				
3. Capturing and controlling of outgoing correspondence					●
4. Performing the search and retrieval of records			●		
5. Sentencing of records against disposal schedules			●		
6. Disposing of official records in accordance with current and approved disposal schedules				●	
7. Transferring inactive records to a storage approved service provider				●	
8. Developing and delivering internal records management training for organisational staff			●		
9. Providing advice and assistance on records management and disposal			●		
10. Providing consultative services to organisation regarding records management practices				●	
11. Interpreting legislation or standards relevant to records management		●			
12. Developing, applying and reviewing procedures, programs and tools to support organisation's records management strategy				●	
13. Identifying of specific or desired performance outcomes				●	
14. Controlling and coordinating the organisation's recordkeeping operations			●		

* RMT only manage certain elements of incoming corporate correspondence

Records management resourcing

Suggested activities for RMT	Frequency that activities are undertaken by RMT				
	Always	**Often**	**Sometimes**	**Rarely**	**Never**
15. Identifying recordkeeping issues and plan for resolution			🟠		
16. Providing strategic and expert advice on EDRMS and records management options				🟠	
17. Providing business and application systems support to the organisation				🟠	
18. Maintaining and administering business information systems		🟠 (RecordPoint)			🟠 (MS SharePoint)
19. Maintaining user manuals, technical documentation, policies and procedures in line with business systems used				🟠	
20. Developing and delivering training programs for organisations use of business systems				🟠	
21. Managing and monitoring contracts for third party vendors					🟠
22. Providing leadership and strategic direction in the management and administration of business systems that support the organisation				🟠	

Records management resourcing

CITY OF
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Main activities undertaken by RMT

During the service review the RMT undertook undertook an exercise to estimate the percent of time they spend on varying activities per day. The activities where most of their time is spent are displayed below.

Note: Records Management Officers job share
Note: Records Quality Partner & Accredited FOI Officer has been on extended leave for 4 months, activities based upon work undertaken since return (June '18)

Records Management Officers
% of activities where time is most spent per day
(estimate)
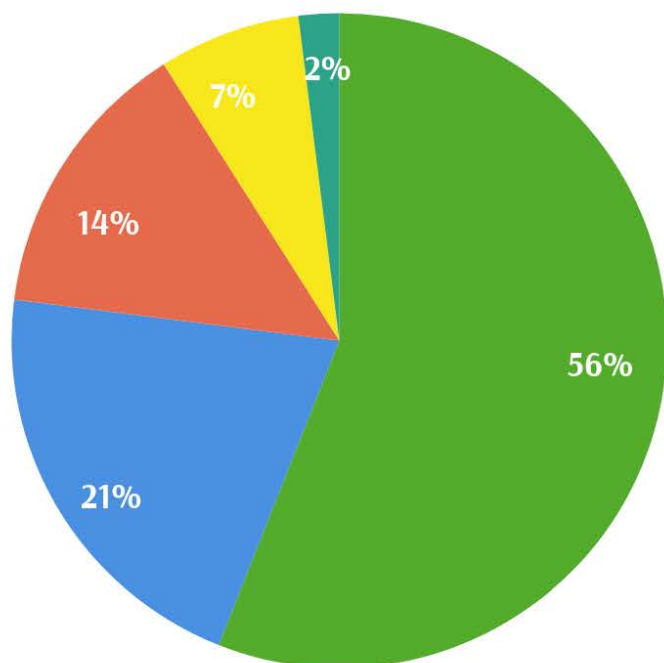
- Allocating, capturing and distributing of inbound electronic records
- Allocating, capturing and distributing of inbound physical records
- Undertaking system administration of RecordPoint
- Sorting, counting and opening of inbound physical mail
- Allocating and distributing of inbound physical records within internal mail satchels

Records Quality Partner & Accredited FOI Officer
% of activities where time is most spent per day
(estimate)
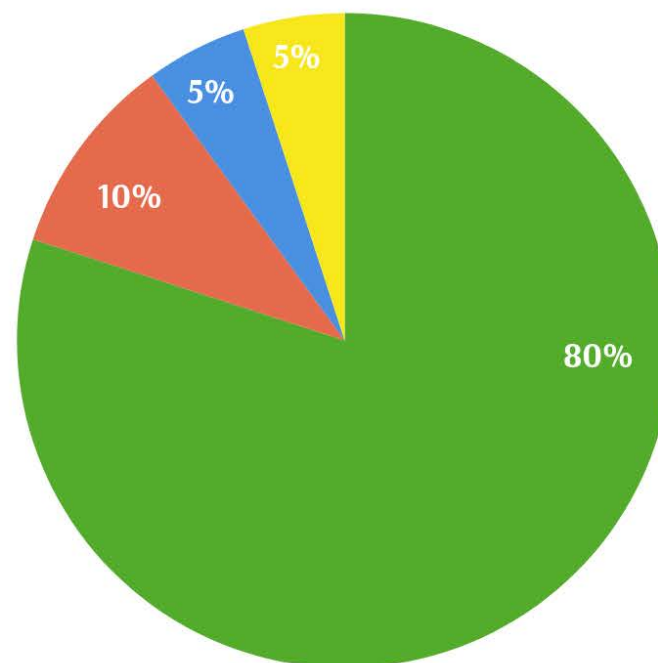
- Processing archiving and arranging storage or disposal
- Undertaking system administration of RecordPoint
- Processing Freedom of Information requests
- Providing support and assistance to the RMO

Records management resourcing

Other Councils resourcing provisions

	ONKAPARINGA	Port Adelaide Enfield	City of West Torrens	TEA TREE GULLY Naturally Better	CITY OF MARION
Organisation structure position	Corporate & City Services Governance Information Governance	Corporate Services Corporate Information Information Management	Corporate & Regulatory Information Services Information Management	Organisational Services and Excellence IT Solutions Business Services	Corporate Services Corporate Governance Records Management
Staff resourcing	**4.8FTE** Team Leader 1FTE Coordinator 1FTE Program Officer 0.8FTE Officer 2FTE	**8.5FTE** Team Leader* 1FTE Research & Officer 1FTE Support Officer 3FTE Support 3FTE Trainee 0.5FTE	**3.5FTE** Team Leader 1FTE Senior Officer 1FTE Officer 1.5FTE	**3.5FTE** Team Leader 1FTE Information Mgmt. Officer 1FTE Information System Admin 1FTE IT Projects Officer 0.5FTE	**3FTE** Records Quality Partner & FOI Officer 1FTE Officer 2FTE
Main activities undertaken by team	Allocating, capturing and distributing of most inbound electronic and physical records Undertaking EDRMS administration, managing architecture of sites, assigning user access and security Developing and delivering training programs for organisations use of the EDRMS and other systems Providing records management advice and support Processing archiving and arranging storage or disposal	Allocating, capturing and distributing of most inbound and outbound electronic and physical records Undertaking EDRMS administration, managing architecture of sites, assigning user access and security Developing and delivering training programs for organisations use of the EDRMS Providing one-to-one records management advice and support	Allocating, capturing and distributing of most inbound electronic and physical records Undertaking EDRMS administration, managing architecture of sites, assigning user access and security Developing and delivering training programs for organisations use of EDRMS Processing archiving and arranging storage or disposal Processing of FOI requests Printing of Council agendas and minutes Undertaking business improvement activities**	Allocating, capturing and distributing elements of inbound physical records*** Undertaking EDRMS administration, managing architecture of sites, assigning user access and security Sorting, counting and opening of inbound physical mail Developing online training programs for organisations use of EDRMS Providing one-to-one records management advice and support Processing archiving and arranging storage or disposal Processing of FOI requests	Allocating, capturing and distributing elements of inbound electronic and physical records Undertaking EDRMS administration (excludes MS SharePoint) Sorting, counting and opening of inbound physical mail Processing archiving and arranging storage or disposal Processing of some FOI requests

*Team Leader has other direct reports that do not deal with records management   ** Team Leader undertakes this activity ***1FTE within Customer Service Team to handle incoming mail

Appendix 3
Records management monitoring and reviewing

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To extend the self-assessment evaluation, an exercise was carried out across the organisation to understand the records management activities that occur including experiences with MS SharePoint and to identify potential improvement opportunities. Sixteen staff interviews were conducted with the findings categorised into various user-type personas as outlined below.

Who are our users?	*Stella* An office based daily user of SharePoint	*Brad* An office based weekly user of SharePoint	*Katey* An office based adhoc user of SharePoint	*Chris* A field based adhoc user of SharePoint	*Doug* An external consultant adhoc user of SharePoint
What do our users need?	I need to **effortlessly** and **consistently** create, store and access records in a **high functioning** system	I need to **easily navigate** through libraries to access and store records and ensure that sensitive records are **confidential**	I need to **easily** search for and locate records on a particular topic having **confidence** that all related records are displayed	I need to **quickly grasp** how to use the system and understand the **relevant libraries** to create, store and access when I undertake an office based acting role or secondment	I need to have **unrestricted access** and **advanced search** capabilities of records, while also having the **capability** to store complex spreadsheets
What are our users pain points?	**Main pain** · System reliability issues **Secondary pain** · Uncertainty that sensitive records can be stored confidentially · Uncertainty on where to store records · Uncertainty on how to locate records · Inability to determine source of truth where multiple records exist · Issues when migrating records from other systems	**Main pain** · Uncertainty on where to store records · Uncertainty on how to locate records **Secondary pain** · Uncertainty that sensitive records can be stored confidentially · Cumbersome layout/navigation	**Main pain** · Lack of SharePoint skills · Uncertainty on how to locate records	**Main pain** · Lack of SharePoint skills · Uncertainty on where to store records · Uncertainty on how to locate records	**Main pain** · Inability to access secured records **Secondary pain** · Inability to store large spreadsheets and those with external links · Inability to search effectively for records · Uncertainty on where to store records
How might we?	How might we ensure that Stella can reliably access MS SharePoint and support her to confidently create, migrate, store and locate records while ensuring that sensitive records are kept confidential?	How might we support Brad to confidently navigate MS SharePoint to locate records and ensure his sensitive records are kept confidential?	How might we ensure that Katey can confidently use MS SharePoint to locate records by topic?	How might we support field based adhoc users, like Chris, to confidently use MS SharePoint when they transition or act in administrative roles?	How might we ensure that Doug can have open access to allow him to confidently locate records with the ability to store complex spreadsheets?

Appendix 4

Records disposal

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To extend the self-assessment evaluation, a status review was undertaken on the physical archived records stored offsite with the storage provider, Iron Mountain. Additionally, a review was undertaken on the physical archived records stored onsite at various CoM locations. The details of these exercises are detailed below.

1 official disposal project has occurred* (2010) on physical records in the last 20 years (estimate)

The legislation for records disposal is under review and is expected to change significantly on 1/7/19.

Any record not disposed of before this date will need to be resentenced

200+ physical items*** are stored onsite ready to be sorted and processed by RMT for either archiving offsite or disposal

Example of physical items stored onsite

2,400 archived cartons** are stored offsite (at Iron Mountain)

Archived physical records status (stored offsite)

- 23%
- 49%
- 7%
- 21%
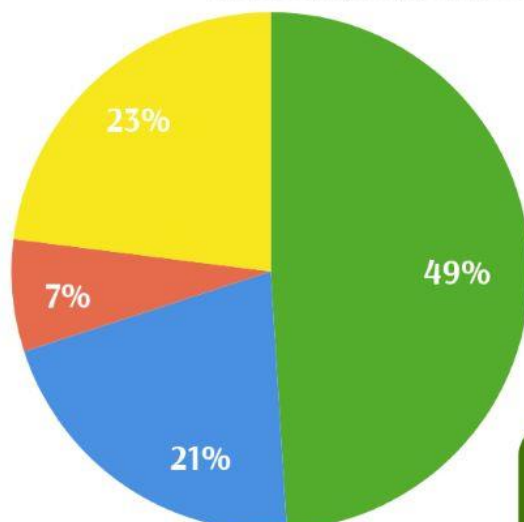
- Past retention date (due for disposal)
- No sentencing applied
- Due for disposal over the next 5 years
- Due for disposal in 5+ years

CoM is currently paying **$3,000** per annum for offsite records that are past their retention date (can be disposed) (estimate)

* 151 cartons were destroyed, however, project was not completed

** Carton capacity ranges between 20 to 40 litres

** Items include cartons, folders and loose documents

Appendix 5

Electronic document and records management systems

In 2016, the CoM commenced using MS SharePoint and RecordPoint technology platforms for centralised document storage and work group collaboration. MS SharePoint acts an enterprise content management system, providing a single access point to information and knowledge sharing. Combined with RecordPoint it supports CoM to maintain a well organised secure set of documents and records. These new systems replaced the Lotus Notes BluePoint electronic document and records management system and network drive storage services. The RMT use these new platforms for records management practices, while also using Open Office CES to record customer queries and requests. The current management responsibilities of these platforms is detailed below.

Management responsibilities of records management platforms

	MS SharePoint	RecordPoint	Open Office CES
System administrator	Information and Communication Technology Team	Records Management Team	Customer Service Team
Record management and disposal	Not applicable (records are stored in RecordPoint)	Records Management Team	Customer Service Team
Support, advice and training	Information and Communication Technology Team CoM Connect Business Champions	Records Management Team Information and Communication Technology Team	Customer Service Team

The Information and Communication Technology Team provides infrastructure, network and technical support for all platforms

Appendix 6
Voice of the Records Management Team

CITY OF
MARION

In the early stages of the review, a consultation session was held with the RMT and management to identify, what they felt was working well, what they would eliminate, and suggestions for improvement. The feedback from this session has been summarised and combined into common themes.

Consultation Session Results (May 2018)

What is working well?

Team dynamics

Improved understanding of RecordPoint

Relationship with ICT

What part of your role would you like to eliminate and why?

Employment mailbox:
· Ongoing system issues with check in/check out functionality
· Some record capture duplication occurs between RMT and HR Team (particularly with internal applications)

Physical mailboxes:
· Checked daily, however on average receive mail once a month

Locked bag:
· Ongoing payment for Australia Post service that has been used intermittently over the past 5 years

What suggestions do you have for improvement and/or innovation?

Varying process improvements opportunities including:
· Renewal of Knowledge Base articles to include information for RMT to allow more efficient and effective assignment of CER
· Reduction of physical folder management
· Archiving process including tracking of box consignment

Consider the best placement within Council for the Freedom of Information Officer role

Additional RecordPoint training for RMT

Consider rotating tasks between all three RMT roles (currently only 2 job share)

Resource to undertake archiving project to sentence and destroy relevant offsite physical records

Various technological opportunities including:
· Improved system speed (to reduce lag between windows)
· Barcode reader for physical records
· Deployment of RecordPoint modules that are not currently in use

Appendix 7
Future state opportunities

In reviewing the existing state of RMT, it is timely to consider emerging trends and opportunities to leverage technology to support transformation and make services more straightforward and innovative. Listed below are some opportunities to factor in technology to transform services and improve service innovation.

● = Current State   ○ = Opportunity

Allocating records using personal knowledge/assumptions → Modify/add Knowledge Base articles in CES to include records management process

Digitising and capturing elements of incoming records of corporate value → Digitise and capture all incoming records of corporate value*

Manual tracking of statistics → Track statistics through software solutions**

Manual processing of straightforward online request → Implement automatic integration of online requests to the CES

Manual processing of straightforward online request → Implement robotic process automation***

Manual processing for capturing incoming physical records → Implement a dedicated scanner solution that integrates with CoM systems to automate elements of capturing physical records

* Incoming records received via corporate email account and post only - excluding Development Services records
** Will require most records to be digitised to occur
*** Robotic process automation was investigated, however, was not pursued in this instance, due to the CES having the capability to automate straightforward online requests

Work Health & Safety - Annual Performance Report 2018

Originating Officer	Unit Manager Risk - Sherie Walczak
Corporate Manager	Manager Corporate Governance - Kate McKenzie
General Manager	General Manager Corporate Services - Vincent Mifsud
Report Reference	FAC180821R10

REPORT OBJECTIVE

The objective of this report is to :
- provide the Finance and Audit Committee with an annual program overview of the 'Think Safe Live Well' - Work Health and Safety (WHS) Management System,
- to seek feedback on key strategies to ensure the City of Marion meets its legal obligations as outlined in the Work Health and Safety Act (SA) 2012, and
- to monitor Council's 2017/18 target of 25% reduction of the Lost Time Injury Frequency Rate (LTIFR) on the previous financial year.

EXECUTIVE SUMMARY

The City of Marion Work Health & Safety Management System (WHSMS) continues to mature, with the aim to promote ownership of responsibilities and processes for health, safety and wellbeing throughout the organisation.

The approach taken has been to provide tools, training and support that enables people to apply WHS principles and practices in all they set out to achieve for the community.

The Think Safe Live Well program's vision aligns with our organisational values and corporate performance indicators. The focus remains on further developing our existing leadership styles, organisational culture and WHS systems by:

- Embedding a culture with safety and the community at the forefront of everything we do
- Developing our people as proactive safety leaders
- Applying WHS systems to our operations with a focus on opportunities for improvement.

The Corporate WHS Performance Indicator for 2017/18 was to achieve 25% or greater reduction to our Lost Time Injury Frequency Rate (LTIFR). As at the 30th June, the LTIFR was 6.2 which demonstrates a 50% reduction from previous year and hence achieves the KPI set by Council.

RECOMMENDATION

That Finance and Audit Committee:

1. **Notes the report and statistical data attached.**

2. **Reviews and provides feedback on the WHS Performance noting initiatives outlined for improving and embedding WHS outcomes.**

DISCUSSION

LGAWCS WHS Action Plan
In 2017, the Local Government Association Workers Compensation Scheme (LGAWCS) and Local Government Association Mutual Liability Scheme (LGAMLS) amalgamated the WHS audit and risk review processes. This replaced the previously separate, annual processes with a biennial, combined process for a collaborative 'Risk Evaluation' to be undertaken incorporating the same audit style approach to WHS. The City of Marion's next audit is scheduled to take place from 10 -12th September 2018.

As a result of the these audits, the City of Marion is required to set an annual action plan which addresses non-conformances. In 2017, Council was successful in closing out 96% of actions from the 2016 Audit. As at 30 June 2018, 53% of actions have been completed. All actions are being monitored monthly and are on track for completion before their due date of 30 September 2018.

The key focus areas for the 2018 action plan have been:

- Improving plant management through review of plant risk assessments, safe operating procedures, emergency instructions, verification of competency and management of heavy vehicle loads.
- Implementation of Skytrust for managing our WHS plan, hazard register, corrective and preventative action register and work area inspections
- Continual improvement of contractor WHS management and the annual WHS management system review.

PERFORMANCE RESULTS
It should be noted that the financial year 2016-17 LTI data was revised in June 2018, following an appeal to the South Australian Employment Tribunal for a Return to Work claim that was originally denied. The tribunal ordered payment of lost time for a work related injury that was originally sustained in March 2017. Subsequently, the LTIFR for FY2016-17 increased from 10.8 to 12.4, which still equates to a 57% reduction, therefore meeting the previous years KPI of a 25% or more reduction.

The FY2017-18 target of less than five LTIs was achieved with only four LTIs recorded to date, which are detailed in Table 4 of Appendix 1. This resulted in an LTIFR of 6.2 equating to the achievement of a 50% reduction in the LTIFR, again meeting the KPI of a 25% or more reduction.

THINK SAFE LIVE WELL WHS MANAGEMENT SYSTEM
Work has continued towards building our WHS management system, particularly identifying our key hazards and high risk areas for priority based system development.
Progress on these critical elements are outlined below:

- Endorsement of a **WHS Plan** (2017-19) which incorporates organisational values.
- Undertaking of a **WHS Management System Review** through the Risk Working Group.
- Development and implementation of **SkyTrust**, a software base WHSMS providing improved access to data that will assist in decision making and resource allocation to reduce risk.
- Review and migration of the organisational **Hazard Register** into SkyTrust.
- Review and migration of the **Corrective & Preventative Action Register** into SkyTrust.
- Pilot program to evaluate the use of SkyTrust for **WHS Contractor Management**
- Development and implementation of a **Safety Observations** program which aims to recognise and reward good work practices and identify solutions for work health & safety risks ultimately improving morale and shift towards a proactive safety culture.
- Ongoing review of **WHS Policies** as scheduled or when required.
- Ongoing embedding **WHS Procedures** through collaboration with relevant work areas.
- Ongoing development of the **Early Return to Work** strategies.
- Continuation of the **WHS Training Program** based on the WHS Training Needs Analysis.
- Ongoing development and testing of **Workplace Emergency Management Plans.**

CONCLUSION

The significant reduction in Lost Time Injuries again during the FY2017/18 reporting period has been a commendable achievement and reinforces the City of Marion's continued commitment to place the community and safety at the forefront of everything we do.

The City of Marion's LTIFR has historically been higher than Group A Councils and for the first time in more than ten years our LTIFR is below our industry counterparts for two consecutive years. This is evidence that with a values based commitment to the health and safety of people and return to work strategies, we can reduce injury, illness and harm.

In the FY2018/19 reporting period, we again aim to reduce harm and achieve Council's KPI of 10% or greater reduction in LTIFR compared to the end of FY2017/18 reporting period.

Legend

1. GAC; Group A Councils - metropolitan councils with more than 300 workers ie Marion, Adelaide, Charles Sturt, Onkaparinga, Playford, Port Adelaide Enfield, Salisbury and Tee Tree Gully
2. LTI; Lost Time Injury - injuries where a whole work day or more has been lost due to a workplace injury
3. LTIFR; Lost Time Injury Frequency Rate - an industry standard measurement tool for measuring LTI's within a given accounting period relative to the number of full-time equivalent workers and the total number of hours worked in the same accounting period which enables comparison to other organisations for the purpose of benchmarking.

Attachment

#	Attachment	Type
1	FAC210818 - WHS Annual Performance Report 2018 – Appendix	PDF File

APPENDIX 1 – FAC210818 WHS Performance Report 2018

The Think Safe Live Well WHS Plan outlines a vision; '***Through our thoughts, work and actions we can all make a difference and reduce harm***'. The Plan's commitments focus on further developing our leadership styles, organisational culture and WHS systems through:
- Safety Leadership
- Hazard Management
- Incident Management
- Continual Improvement

POSITIVE PERFORMANCE INDICATORS

Hazard and Near Miss Reports
Historical statistics inform us that when there is a healthy culture of Hazard/Near Miss Reporting, there is a consequential reduction in injuries to Workers. Hazards and Near Misses are reported to date for this financial year and are outlined in Table 1 and can be compared against those reported last financial year which are outlined in Table 2.

Table 1: Hazard and Near Miss Reports - Financial Year 2017-18

Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Total
21	14	11	9	8	3	5	11	10	16	10	14	**132**

Table 2: Hazard and Near Miss Reports - Financial Year 2016-17

Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Total
10	4	15	13	13	11	3	15	17	3	4	8	**116**

The 132 Hazard and Near Miss Reports represents a 13% increase in reporting over 12 months.

Completion of actions against the LGA Action Plan
Periodically, the LGAWCS conducts an audit to test conformance of Council's WHS Management System against Return to Work SA's Performance Standards for Self Insurers. In response, Council sets an action plan which outlines the commitment to addressing non-conforming elements by October each year and the cumulative performance against this plan is outlined in Table 3.

Table 3: LGAWCS Action Plan – Calendar Year 2018

Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Total
3%	21%	28%	28%	40%	53%					**53%**

Good progress has been made towards completion of identified actions in the LGAWCS Action Plate with 21 (53%) of the 40 identified actions scheduled for completion, being completed to date. (Please note that no actions were scheduled for completion in April hence no movement reported).

The successful close out of the actions outlined in the action plan, results in the receipt of a rebate based on the percentage of completed actions, as outlined in the action plan, to address the non-conforming elements of the audit and the claims history for Council. Table 4 summarises the outcomes of this process in comparison to last year. There has been significant input and effort from many work areas across the organisation in order to achieve significant improvement in the closing out of identified actions.

Table 4: LGAWCS Premiums and Action Plan Results

Year	Premium	Rebate (claims history & actions results)	Special Distribution	Net Cost	Net Rate (as a % of payroll)	Action Plan Results
2017-18	$1,364,259	$390,178	$125,030	$849,051	2.64%	96% Actions Complete
2016-17	$1,296,216	$374,070	$46,608	$875,538	2.87%	100% Actions Complete

Note: The net rate is below the Return to Work SA base industry rate (before discounts) for local government administration of 2.903% in 2016-17 and 2.86% in 2017-18%.

LAG PERFORMANCE INDICATORS

Lost Time Injuries Reported

Lost Time Injuries (LTI's) are those injuries where a whole work day or more has been lost due to a workplace injury. LTI's reported to date for this financial year are outlined in Table 4 and can be compared against those reported last financial year which are outlined in Table 5.

Table 4: Number of LTI's per month - Financial Year 2017-18

Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Total
0	1	0	0	1	0	1	0	1	0	0	0	**4**

Table 5: Number of LTIs per month - Financial Year 2016-17

Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Total
0	1	2	0	1	0	0	1	1	0	2	0	**8**

Individual LTI's reported for 2017/18 are outlined in Table 6 below :

Table 6: Outline of LTI's reported - Financial Year 2017-18

No.	Description of Incident	Mechanism of Injury	Injury Description
1	Trip and fall over chain and post fence	Fall on same level	Left shoulder injury
2	Surged forward as vehicle braked suddenly	Forward motion stopping abruptly	Muscular stress in lower back
3	Operating mower on undulating reserves	Vibration through body	Muscular stress to neck and back
4	Overstretched shoulder whilst pulling branch	Muscular stress	Trauma to muscle/tendon

Lost Time Injury Frequency Rate

Lost Time Injury Frequency Rate (LTIFR), is an indstry standard tool for measuring LTI's within a given reporting period which enables comparison to other organisations. Council's LTIFR is outlined in Figure 1, from the LGA's Member Portal data once claims have been determined and can be measured and monitored against our industry counterparts being the Group A Councils ([1]GaC).

Figure 1: LTIFR compared against Group A Councils
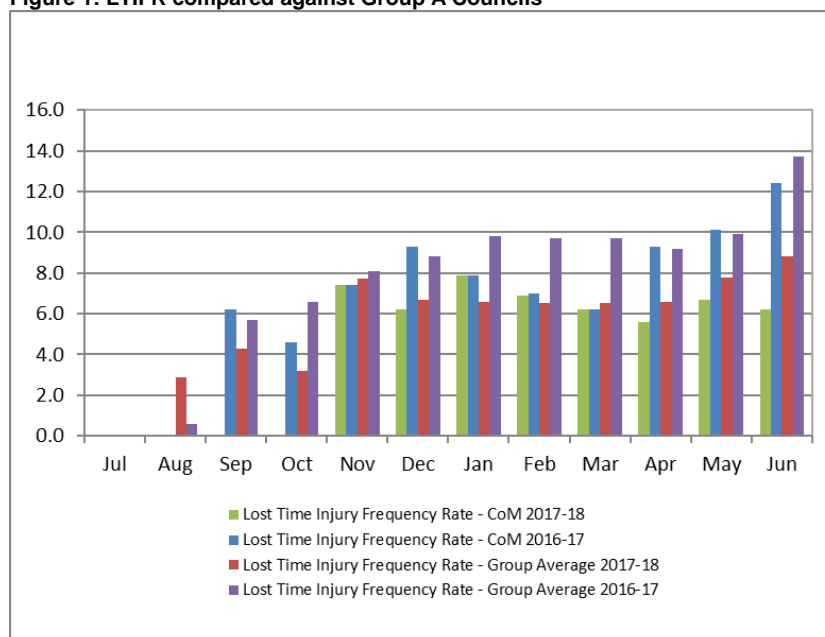
The City of Marion's 2017/18 LTIFR (represented in green) is 6.2. This represents four LTIs recorded and achieves a 50% reduction from the 2016/17 LTIFR of 12.4 (represented in blue). Is is also below the industry comparison 2017/18 LTIFR of 8.8 (represented in red).

Rolling Lost Time Injury Frequency Rate

Rolling LTIFR, outlined with a solid blue line in Figure 3 from internal incident report data, provides analysis of the average LTIFR over the last 12 months. The dotted blue 'median' line tracks the downward trend.

Figure 3: Rolling LTIFR
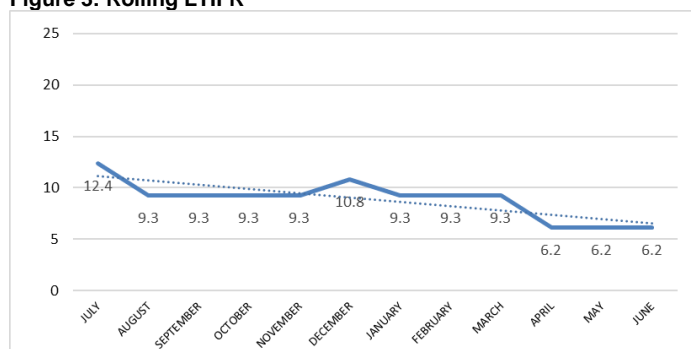
The end of June 2017/18 rolling LTIFR is 6.2, which represents a 50% reduction over 12 months.

Rolling Total Recordable Incident Frequency Rate

Total Recordable Incidents include fatalities, LTI's and incidents resulting in the employee receiving medical treatment and/or is certified as only fit to undertake suitable duties. The Rolling Total Recordable Incident Frequency Rate (TRIFR), outlined with a solid green line in Figure 4 from internal incident report data, provides analysis of the average TRIFR over the last 12 months. The dotted green 'median' line tracks the downward trend.

Figure 4: Rolling TRIFR
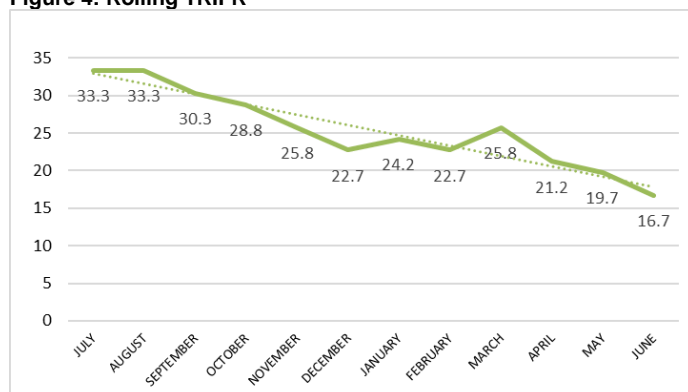
The end of June 2017/18 rolling TRIFR is 16.7 which represents a 50% reduction over 12 months.

Lost Time Injury Duration Rate

The Lost Time Injury Duration Rate (LTIDR), is an industry standard tool for measuring the average days lost from LTI's within a reporting period to enable comparison to other organisations. Council's LTIDR is outlined in Figure 2, data is sourced from the LGA's Member Portal once claims have been determined and can be measured and monitored against our industry counterparts being the GaC.

Figure 2: LTIDR compared against Group A Councils
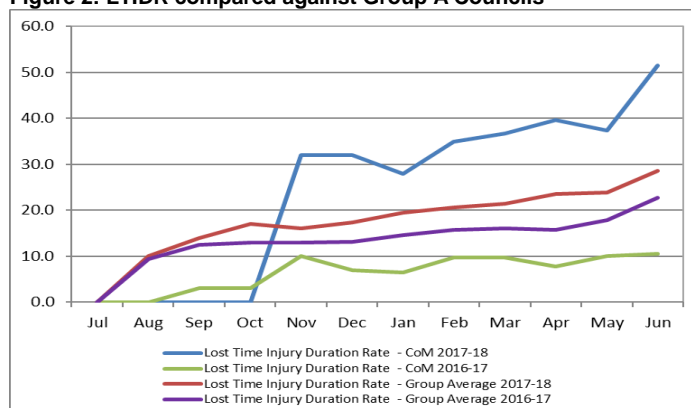
The current LTIDR for the City of Marion is 51.5 which is well above the industry comparison LTIDR rate of 28.6. Historically, we have consistently recorded a lower duration rate than GaCs, however, an LTI sustained in August 2017 required surgery resulting in significant time away from the workplace to enable recovery.

Business Continuity Exercise Report

Originating Officer	Unit Manager Risk - Sherie Walczak
Corporate Manager	Manager Corporate Governance - Kate McKenzie
General Manager	General Manager Corporate Services - Vincent Mifsud
Report Reference	FAC180821R11

REPORT OBJECTIVE

The purpose of this report is to present the Finance and Audit Committee a summary of the outcomes from the recent Business Continuity Exercise held 30 May 2018.

EXECUTIVE SUMMARY

The aim of the Business Continuity program is to provide assurance that the City of Marion is managing its Business Continuity risk, through a Business Continuity Management Policy, Framework and Plan, in alignment with ISO22301 *'Societal security - Business Continuity Management Systems – Requirement and Guidelines'*. To deliver the program, the organisation needs to test the systems and processes to ensure staff are adequately trained and aware of their roles and responsibilities in the event that the Business Continuity Plan is enacted.

The Annual Business Continuity Program report was presented to the Finance and Audit Committee at its meeting 29 May 2018 (FAC290518R7.9). In response, the Committee requested that a one page summary of the business continuity exercise scheduled for 30 May 2018, be provided at the next Committee meeting.

RECOMMENDATION

That the Finance and Audit Committee:

1. Notes the Report

DISCUSSION

In order to test the processes outlined in the recently revised Business Continuity Plan (BCP) and the implementation of the Community Emergency Management Plan (CEMP), the organisation held a BCP exercise on 30 May 2018 based on an earthquake scenario with the aim of testing our internal and external responses.

The exercise objectives included:

- Testing the CEMP and the BCP processes
- Embedding Business Continuity management in our CoM culture
- Enhance the capability of the Incident Management Team
- Checks that activation procedures work
- Exercise IMT communications
- Ensure emergency operations centre accommodation, equipment and systems are appropriate and operational
- Verify that critical activities can be recovered within required time frames and service levels.

The exercise scenario was facilitated by Scott Loechel, Manager, LG Emergency Management Operations from the Local Government Authority, and followed a series of 10 injects each prompting what/when/who/how/where discussion related to:

- Initial and ongoing situational assessments.
- Communications to and from key CoM officers, all staff, Elected Members and the community.
- Local operations in response to dogs roaming at large and multiple calls of trees down.
- Customer service strategies in response to increased call and customer volumes from concerned residents.
- External operations in response to receiving requests for equipment and resources from neighbouring councils.
- Elected member engagement in response to donation requests.
- Volunteer management of CoM Volunteers and potential spontaneous volunteers.
- After-hours operations to ensure community requests for assistance and community safety issues are addressed.

Key findings outlined that there is a strong emergency management / business continuity culture which is continually evolving with an understanding that emergency management, essentially is 'ordinary operations in extraordinary situations'.

The framework to enable this to happen is maturing, with relationships building and communication networks strengthening. Further exercises will be held to add more layers of 'Prevention, Preparedness, Response and Recovery' biannually and in accordance with risk exposures

Key steps identified through the exercise to ensure continued maturity are:

- Improve the Incident Management Team activation communication (SMS) process
- Develop an emergency response Training Needs Analysis and provide training
- Further implementation and communication of the CEMP
- Review and provide recovery strategy training (in collaboration with ICT) with front-line managers.

The progress achieved by the Business Continuity exercise has improved the understanding and capability of the Incident Management Team and tested the key processes outlined in the BCP and the CEMP. It has identified some improvement opportunities which will aim to ensure the successful management of disruptive and emergency events should they occur.

REPORTS FOR NOTING

Australian Services Excellence Standards - Audit Outcome

Originating Officer	Manager Community & Cultural Services - Liz Byrne
Corporate Manager	Manager Community and Cultural Services - Liz Byrne
General Manager	General Manager City Services - Tony Lines
Report Reference	FAC180821R12

REPORT OBJECTIVE

To inform the Finance and Audit Committee about the Australian Service Excellence Standards (ASES) audit undertaken by the City of Marion and the outcome achieved.

EXECUTIVE SUMMARY

The City of Marion receives up to $240,000 per annum of funding from State Government through the Department of Human Services (DHS) to run the Community Hubs Program. The Community Wellbeing business unit manages the funding that delivers a variety of programs primarily through our Neighbourhood Centres.

The Community Hubs agreement was recently extended for a further 3 years, expiry June 2021. As part of this renewal, the City of Marion was required to become accredited in Service Excellence before February 2018.

The City of Marion was independently assessed in February 2018 and achieved 100% for the 98 topics assessed which encompassed Leadership & Management, People, Partnership & Communication and Service Provision. Refer to Attachment 1.

RECOMMENDATION

That the Finance and Audit Committee:

> **1. notes the report.**

GENERAL ANALYSIS

The Australian Service Excellence Standards (ASES) program is specifically designed to develop the capacity of community organisations to strive towards continuous improvement in quality service delivery. Organisations complete self-assessments and an external assessment to achieve this internationally recognised accreditation that lasts for three years.

ASES is based on the following organisational principles:
- customer and outcome focus
- clear direction with accountability
- continuous learning and innovation
- valuing people and diversity
- collaborative work practices
- evidence-based decision making
- social, environmental and ethical responsibility.

Opportunities:	The ASES audit recommended 15 continuous quality improvement (CQI) opportuntities for the City of Marion to focus their attention. Some of these recommendations had already been identified as work area projects.
Organisational Excellence:	ASES is specifically designed to develop the capacity of community organisations to strive towards continuous improvement in quality service delivery.
Additional Resource Impact	In order to maintain this accrediatation resources will be required every 3 years to undertake the coordination of the audit, collation of the self-assessment workbook and liaison with the independent assessors.
Timeline	Every 3 years to maintain level of accredidation.
Proposed Future Budget Allocation:	Approximately $10,000 for independent assessors will need to be budgeted for every 3 years.
Other Funding Sources:	The accreditation will ensure that the City of Marion will continue to receive the $240k per annum DHS funding for the Community Hubs Program.

DISCUSSION

This assessment covered the City of Marion and was a whole of organisation review. It was conducted over three days, in February 2018, with two assessors and was based on the Standards in the Certificate Level of the Australian Service Excellence Standards (ASES). The assessment involved interviews with the CEO, Executive Leadership Team, Senior Leadership Team, unit managers, program managers, coordinators, staff, volunteers, and external stakeholders including consumers.

A desk top review was undertaken prior to the start of the on-site assessment to examine documentary evidence provided in support of the Self-assessment Workbook. The City of Marion website was also a good source of information for the assessment. The Assessment Team also visited five sites to determine compliance with the Australian Service Excellence Standards.

This is the first cycle of assessment for the City of Marion against the ASES Certificate Level Standards.

Excerpt from the final report states:

"The CoM has robust corporate and service governance systems in place. They are commended for their commitment to governance excellence, leadership across local government in South Australia, innovative projects examining the future needs of Marion residents and for their diligent approach to performance monitoring at all levels. All staff demonstrate strong alignment with stated vision and values. Programs and service systems are outcome focused and are built on evidence-based approaches such as community profiling, evaluation and community consultation.

The Assessment Team would like to commend The City of Marion on their quality journey so far. All the requirements for ASES Certificate Level accreditation were met. This is an outstanding result for an organisation undergoing their first cycle of organisational accreditation and indicates effective leadership, high-level quality maturity and embedded CQI processes driving quality across the organisation."

Attachment

#	Attachment	Type
1	ASES Summary Outcome	PDF File

3. Summary Table

Australian Service Excellence Standards External Assessment Report **SUMMARY TABLE** *To be completed by External Assessor*					
Certificate Level	**Number of 'Essential' Requirements**				
Category/Topic	**Max. Achievable**	**Not in Place (NIP)**	**Partly in Place (PIP)**	**Fully in Place (FIP)**	**% Fully in Place**
Leadership & Management					
1. Planning	9			9	100%
2. Governance	25			25	100%
3. Financial & Contract Management	12			12	100%
People, Partnership & Communication					
4. People	17			17	100%
5. Partnerships	6			6	100%
6. Communication	7			7	100%
Service Provision					
7. Service Outcomes	6			6	100%
8. Consumer Outcomes	16			16	100%
TOTAL	**98**			**98**	**100%**

ICT Planning Roadmap - 2018 Update

Originating Officer	Manager ICT - John Deally
Corporate Manager	Manager ICT - John Deally
General Manager	General Manager Corporate Services - Vincent Mifsud
Report Reference	FAC180821R13

REPORT OBJECTIVE

To provide the Finance and Audit Committee (FAC) with details of the annual update to the ICT Planning Roadmap which is a part of the ICT Digital Transformation Plan 2017-2022.

EXECUTIVE SUMMARY

The ICT Digital Transformation Plan 2017-2022 was provided to the Infrastructure and Strategy Committee on 1st August 2017 and to the FAC on 15th August 2017 (FAC150817R8.7). It outlines the vision, strategies, principles and potential technology advancements over a 1 to 5 year operating framework.

The ICT Planning Roadmap component (section 2.4) is updated on an annual basis based on the outcomes of the annual business planning and budget process as well as recognising completed initiatives. The Roadmap assists management with planning and identifying initiatives for inclusion in the budget (next 12 months) and also potential initiatives (2 to 5+ years) for future funding consideration in the Long Term Financial Plan.

The roadmap is a planning tool which proactively guides and drives our ICT technologies to the next level in order to support the aspirations of our Community Vision and the City of Marion (CoM) Strategic Plan 2017-2027.

Attached to this report is:
1. ICT Digital Transformation Plan 2017-2022 with ICT Planning Roadmap 2018 update
2. ICT Planning Roadmap 2018/19 – Summary of Key Projects

RECOMMENDATION

That the Finance and Audit Committee:

1. **Notes the annual update to the City of Marion ICT Digital Transformation Plan and Planning Roadmap.**

Attachment

#	Attachment	Type
1	CoM ICT Digital Transformation Plan 2017-2022with2018RoadmapPDF	PDF File
2	COMICTProgramPlan201819keypro jectsextuse	PDF File

Attachment 1

ICT Digital Transformation Plan 2017-2022

ICT Plan version: 10th August 2017
ICT Roadmap Annual Update: 1st August 2018

Table of Contents

1. The Vision for ICT in City of Marion

1.1 Introduction

This ICT Digital Transformation Plan outlines the vision, strategies, principles and potential technology advancements over a 1 to 5 year operating framework that will take our ICT technologies to the next level to support the aspirations of our Community Vision and the City of Marion (CoM) Strategic Plan 2017-2027.

1.2 Vision for ICT

The vision for ICT in CoM is to enable and improve customer service experience, business performance and residents' quality of life.

1.3 The Future State of ICT

The expectations of increased investment and further transformation in ICT digital services requires a future state capacity and capability within ICT and across the business, which enables moving:

From

To

From	To
Keeping the "lights on"	Proactive, agile and innovative – leading with new ideas
Reactive and stay within its technology boundaries	Smart ICT investment for customer experience
Background and support to business led initiatives	Key enablers of business performance success
Under-investment in technology and processes	Ongoing prioritised plan of funded initiatives
Back office functions and infrastructure	Mobile and online service delivery and support
Local Gov Transaction processing systems	Data planning and data driven reporting & decision making

Figure 1 – Future State

2. ICT Strategy

We continue to modernise our systems and business processes to deliver on our ICT Vision. In the next 5 years, as part of the digital transformation plan, we will focus on the 7 strategic objectives (key results areas) outlined below.

2.1 ICT Strategic Objectives

The strategic objectives or key result areas (KRA's) of the ICT digital transformation plan are listed below and allow grouping of the various potential technology advancements over a 1 to 5 year operating framework detailed later on. The KRA's are:

1   Use ICT to optimise the **Customer Experience** (citizen centric online and face-to-face) for all stakeholders

2   Use ICT to effectively manage and utilise our **Community Assets, Land and Property**

3   Use ICT for **Engagement, Knowledge and Learning** (with staff and community)

4   Use ICT tools, information and location data (GIS) to improve **Business Performance**, efficiency and decision making

5   Maintain and maximise use of **Modern Business Systems** that are integrated, collaborative and connected (using cloud hosted technology where applicable)

6   **Enabling ICT infrastructure and networks** in all locations to connect our people and places (including future developments e.g. Edwardstown Oval, Mitchell Park, BMX complex)

7   Enable **Mobile applications** and online tools/data with **GIS mapping** integration (for efficient delivery of services, smart city application enablement and information anywhere anytime)

To achieve these strategic objectives, we need to embed ICT capability into our business transformation and ensure that ICT strategies and potential initiatives are effectively incorporated into our 3-year business plan goals and annual budget process. The CoM ICT Steering Committee has a role in ensuring appropriate priority, resourcing and funding are committed to the various work area plans.

2.2 ICT Key Result Areas – Strategic Alignment

The CoM 10 year strategies where ICT can be an enabler are shown in Appendix 1. The ICT strategic objectives (KRA's) are aligned broadly to the six themes of the Community Vision -Towards 2040 as follows:

Use ICT to improve our business:

LIVEABLE   **VALUING NATURE**   **ENGAGED**

Use ICT to optimise the **Customer Experience**	Use ICT to manage **Community Assets, Land & Property**	Use ICT for **Engagement & Learning**

Good Governance

Business Performance, efficiency & decision making (using data & GIS mapping)

Maximise use of current ICT tools and systems:

CONNECTED   **PROSPEROUS**   **INNOVATIVE**

Maintain **Modern Business Systems** integrated and connected	**Enabling ICT infrastructure and networks** to connect people & places	Enable **Mobile applications & GIS mapping** integration

Figure 2 – ICT Strategy – 7 Key Result Areas

2.3 ICT Strategy Guiding Principles

These guiding core principles will be adopted when implementing new business solutions. Each project initiative needs to consider how the solution delivers against these strategic principles.

Category	ICT Guiding Principles
Access	1. Allow for secure access *anytime, anywhere, any device* to those who need the information and are authorised and authenticated (including reporting and analytics mobile solutions). 2. There will be a positive and consistent user experience for customer, resident, staff, elected member, volunteer, student and communities interacting online with City of Marion (CoM).
Information and Data Management Plan	3. There will be a 'single point of truth' for all CoM information sources 4. Customer will be uniquely identified across CoM to optimise customer service experience delivery 5. CoM information will be fully integrated and optimal to maximise its value (for ease of access, sharing, reporting and decision making) 6. Information will be captured once at the source with an important focus on data quality and accuracy (particularly names and addresses, and community assets). 7. Ways to reuse data and publish/acquire data sets for public benefit will be explored (including GIS mapping data).
Solution and Benefit Ownership	8. All business solutions will conform to CoM preferred Enterprise Architecture and standards 9. Solutions are fit for purpose, industry proven, integrated for operational efficiency, improve how we work, accessible by mobile workers, positioned for service delivery & supported by Corporate ICT 10. Capability for automated self-service will be provided to ensure human effort is invested efficiently 11. Initiatives will have a Business owner, who is responsible for adequate resource commitment to ensure successful project delivery.
Priority Assessment	12. Business cases are prepared for all ICT-related investments and the associated business benefits are identified and realised 13. Consideration will be given to strategic plan alignment, desirability, feasibility and viability in assessing ICT-related business initiatives 14. The CoM project prioritisation criteria will be used in assessing ICT-related business initiatives for technology implementation risk, complexity and ICT architectural alignment.
Agility and Innovation	15. Seek opportunities to work collaboratively with third parties, partnerships, the university sector and other councils. 16. Seek innovative, flexible and agile quick deployment solutions.

2.4 ICT Digital Transformation Plan Roadmap (2018 update)

ICT Planning Roadmap – Current and Potential ICT Initiatives (August 2018)			
STRATEGIC OBJECTIVE (Key Result Area)	**Current and Next 12 months** (approved in work area plans and budgets)	**Next 2-5 years** (consider in business planning process)	**Next 5+ years** (consider in business planning process)
LIVEABLE			
1. **Use ICT to optimise Customer Experience for all stakeholders**	• Council Facilities online booking requests expansion (web site) • Data Quality review and clean-up of names and addresses enabling effective online customer engagement • Customer relationship management single view of the customer • Hard Rubbish job fulfilment improved processes (mobile tools) • Smart online fees and remote sites payment processing √ Online services development applications tracking improvements for customers √ CoM Online processing for Land Division applications (via EDALA) √ New web site (customer experience and citizen service centric) √ Council Facilities online bookings via Web site √ Online customer service requests lodgement (e.g. trees, graffiti etc.) √ Electronic bill delivery to customers (rates) √ Ticketing system (MCC) √ Online development applications lodgement (Dev Connect) √ Dog and Cat Management Act (use of Government portal)	• Online section 7 certificate search requests • SA Government Planning portal linkages • Community service portal and engagement platform - extensive online self-services (CRM integrated) • Customer needs-based data analytics • Customer "smart" mobile applications • Real time service and facilities information • Smart parking • Cross-council service requests • Complaints Handling System (operational) • Multi-lingual cultural awareness service options	• Customer video conferencing • Open data sharing to the public • Common shared business applications with other councils • Use of Robotics

ICT Planning Roadmap – Current and Potential ICT Initiatives (August 2018)			
STRATEGIC OBJECTIVE (Key Result Area)	Current and Next 12 months (approved in work area plans and budgets)	Next 2-5 years (consider in business planning process)	Next 5+ years (consider in business planning process)
LIVEABLE and VALUING NATURE			
2. **Use ICT to manage Community Assets, Land and Property**	• Expansion of Mobility tools for outdoor workforce (Open Space, Land & Property) • Smart lighting capability (LED upgrades) • Asset data and reporting improvements • Asset Management Systems replacement options evaluation and investigation • Mobile applications assets maintenance, inspections and work order systems (field workers) • Renewables and Energy Efficiency Measures reporting • Building Condition audits √ GPS fleet tracking, optimisation and safety √ Asset Systems review	• Strategic lease and property management system • Facilities, playgrounds and open space usage measurement (sensors) • Smart City applications and data capture • Improved integrated Asset system for maintenance and work order management • Asset utilisation monitoring and management • Improved asset reporting for budgeting, valuations, costings, capital works and renewal planning • Customer Service requests linkages to assets system • Green IT and carbon emissions-related initiatives • Use of drones (legislative requirements)	• Traffic and people movement applications • Real time asset condition monitoring • Smart waste collection schedules • Environment monitoring capability enhancements • "Big data" analytics linked to corporate data warehouse (customer, property, asset etc.)
ENGAGED			
3. **Use ICT for Engagement, Knowledge and Learning**	• Corporate Intranet upgrade (Combi) • Online training, e-learning - video tools (virtual classrooms) • Social media Community focus enhancement (new web site) • Web site and Libraries community learning √ Training Management System	• New ideas tracking and collaboration forums • Social networking internal e.g. Yammer • Engagement with students and universities • Staff Performance Development reviews system improvements (linked to Training Plans) • ICT computer literacy training (outdoor staff) • Virtual Communities and external social networks	• Knowledge Management enhanced intranet / employee portal • Virtual offices (employment and economic hubs) and work from home

ICT Planning Roadmap – Current and Potential ICT Initiatives (August 2018)

STRATEGIC OBJECTIVE (Key Result Area)	Current and Next 12 months (approved in work area plans and budgets)	Next 2-5 years (consider in business planning process)	Next 5+ years (consider in business planning process)
GOOD GOVERNANCE			
4. **Use ICT tools, information and GIS location data to improve business performance, efficiency and decision making (productivity enablers and compliance)**	• Online leave and staff timesheet processing • Business process automation forms and workflow (including finance and procurement) • Enterprise Data Warehouse / BI reporting evaluation project • Project Management Office & Program reporting system • Enhanced workforce and FTE reporting • Data Warehouse data plan management for reporting improvements for Finance and HR (BIS system) • ICT Service Helpdesk system upgrade • Long Term Plan financial modelling tool • Rates modelling system improvements • Contracts Management improved system • Corporate Performance Reporting improvements • Corporate Compliance Framework system improvements (Legal, Policy) • Grant applications and Grant Making administration √ Council agenda and minutes automation √ WHS hazard, risk and incident management √ Vehicle Fleet bookings system renewal √ Monthly KPI reporting for Finance and WHS √ Elected Member Extranet, discussion boards and enhanced search √ Service reviews progress improved reporting	• Data Warehouse reporting improvements for Rates Valuations and Procurement • Advanced analytics and real-time business intelligence (BI) • Stock system • Recruitment / Candidate Management system improvements • Improved Budgeting and Forecasting System • Contractor Compliance Management • Volunteer Management - resource, skills, activity scheduling • Talent and Leadership Management (retention)	• Artificial intelligence in decision making

ICT Planning Roadmap – Current and Potential ICT Initiatives (August 2018)			
STRATEGIC OBJECTIVE (Key Result Area)	**Current and Next 12 months** (approved in work area plans and budgets)	**Next 2-5 years** (consider in business planning process)	**Next 5+ years** (consider in business planning process)
CONNECTED			
5. Maintain and maximise use of Modern Business Systems (integrated, collaborative, connected, and cloud hosted where applicable)	• Business Systems "Fitness" Review project • Contact Centre Unified Communications and telephony enhancements • Continually maintain and renew core business information management systems (including data integration and reporting) • Continually maintain and renew core ICT infrastructure and network services √ New Document and Records Management system consolidation (CoM Connect) √ Fibre data network connectivity and/or WIFI for neighbourhood centres (Glandore, Trott Park, LKCC, Swim Centre) √ Digitisation of historical development applications (from Microfiche) √ Development Services online processing tools √ Business Continuity service availability enhancements √ Leverage National Broadband Network (NBN) rollout (Swim Centre)	• Enterprise whole-of-organisation business systems (medium to long term planned replacement program) • ICT Data network capacity • Cloud computing applications and services • Cloud-based storage (business continuity) • Adelaide GIG City opportunities (gigabit internet for business)	• Full cloud-based infrastructure services
PROSPEROUS and CONNECTED			
6. Enabling ICT infrastructure and networks to connect our people and places	• Investigation of public WIFI options (Smart Cities) • Business growth and engagement opportunities (Web site) • Digital Hub establishment • Enabling technology and fibre data networks in current Strategic Developments (e.g. Edwardstown)	• Enabling technology in future Strategic Developments • Foot traffic monitoring and events attendance feedback • GPS tracking precinct focus	• Voice recognition enabled services

CoM ICT Digital Transformation Plan 2017-2022

ICT Planning Roadmap – Current and Potential ICT Initiatives (August 2018)			
STRATEGIC OBJECTIVE **(Key Result Area)**	**Current and Next 12 months** **(approved in work area plans and budgets)**	**Next 2-5 years** **(consider in business planning process)**	**Next 5+ years** **(consider in business planning process)**
INNOVATIVE			
7. **Enable Mobile applications and online tools/data with GIS mapping integration (efficient service delivery)**	• Ongoing deployment of GIS mobile device and web site map deployments • Increase GIS capabilities organisation-wide • Mobile device printing √ Open Space mobile work orders integrated to Customer Event Requests System (CES) √ GIS system public maps online (GIS Connect) √ Tablet computers (Windows 10+) √ Community Safety mobile applications for staff (environmental health management)	• Mobile forms and business process workflows (including health and job safety) • GIS mapping enhanced functionality and mobility capabilities • GIS new and consolidated datasets • Mobile applications for Development Services field workers • GIS high resolution time lapsed aerial photography	• Wearable internet connected technology (e.g. google glasses) • Assistive Technology smart home design and automation (development services) • 3D printing • Use of virtual reality in development applications and infrastructure planning

Appendix 1. ICT Enablement - CoM 10 Year Strategic Plan

The CoM 10 year strategic plan identifies a number of strategies where ICT can be an enabler. These strategies include:

- We will make our services, facilities and open spaces more accessible
- We will create more opportunities for residents to enjoy recreation and social interaction in our neighbourhood centres, libraries, sports facilities and other Council facilities
- Communities that are safe and inclusive, embracing active living and healthy lifestyles
- We will operate more efficiently and sustainably in terms of energy and water use, using the best technologies and methods to be as self-sufficient as possible
- We will increasingly use data and community responses to understand what our community values and then we will deliver what they want
- We will ensure our community is well informed about the services we provide
- Meaningful opportunities for community engagement, partnerships and co-creation
- We will use the best technology possible to improve efficiency of our operations and delivery of our services
- We will use data to provide evidence for resource allocation relating to our services
- We will use technology and social media to improve our sharing of information
- We will use technology to better engage with our communities, understand their needs and seek their feedback
- A community that harnesses creativity, research and collaboration to pursue innovative ideas
- A city that provides infrastructure and support that enables innovation to flourish
- We will ensure that our development regulation and interaction with businesses allows for a thriving economy, increased visitation and vibrant atmosphere
- We will work with universities, business peak groups, Regional, State and Federal Government to facilitate local economic growth
- We will encourage our residential and business communities to pursue education and training, innovation and local investment
- We will bring people together through networking opportunities to provide more economic opportunities (e.g. business to business, landlord and tenant)
- We will provide more opportunities for use of the internet in public spaces
- A city that supports equitable access to diverse information sources and reliable digital technologies
- To strengthen the foundation of our business through excellent financial management and strong and transparent decision making whilst seeking to become nimbler, adaptive and less risk averse
- Using data and technology to help us set priorities and make decisions, measure our performance against our strategic and corporate priorities and are committed to seeking feedback from our community to strengthen this
- To maximise community value we place strong emphasis on developing delivery models using regional and partnership approaches.

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Appendix 2. ICT Strategy Key Result Areas Overview

Strategic Themes: Information & Communication Technology (ICT)

CoMunity · CITY OF MARION
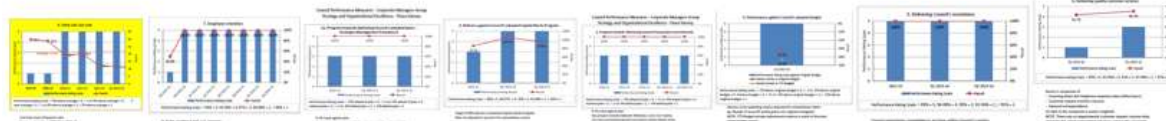
Cascaded Corporate Key Performance Indicators

✓ ICT Service Requests resolution timeframes
✓ Systems availability (unplanned outages)
✓ Customer satisfaction incl. phone support
✓ ICT-related initiatives, business improvements & projects

Team Performance Indicators

Role of ICT: To enable and improve customer service experience, business performance, and residents' quality of life through ICT. With a focus on Good Governance ICT supports over 100 business applications & modules and network services for 345 computer users to achieve the aspirations of the 6 themes in the Community Vision – Towards 2040.

ICT Strategy - Key Result Areas

Maximise use of current ICT tools & systems:

Business as usual (BAU)	Modern Business Systems	Enabling ICT Infrastructure and Networks - Connect our	Mobile applications & GIS mapping integration
- Maximise use of current systems & ICT tools	- Integrated, collaborative & connected	people and places	- Smart service delivery & information anywhere anytime
Good Governance	Connected	Prosperous, Connected	Innovative

Use ICT to improve (our business):

Customer Experience	Manage Community Assets, Land & Property	Engagement, Knowledge & Learning (Staff & Community)	Business performance, efficiency & decision-making (using ICT tools, data & GIS)
Liveable	Liveable, Valuing Nature	Engaged	Good Governance

ICT and Project Governance, Leadership, ICT Skills Development, Support/Resources, ICT Annual Work Area Plan

ICT Planning Roadmap 2018/19 - Summary of Key Projects (indicative timelines)

Attachment 2

ID	ICT Roadmap Project Title	Brief Project Purpose / Benefit	Q1 Jul Aug Sep	Q2 Oct Nov Dec	Q3 Jan Feb Mar	Q4 Apr May Jun	Q5 Jul Aug Sep
1	*Productivity/Enablers/Service*						
3	**Business Systems Fitness Review**	Inform strategy for future systems replacements	━━━━ ICT				
4	**ICT Service Helpdesk system upgrade**	Renew / Replace old Lotus-based system	━━━━ ICT				
5	**Maintain and improve core business information systems (Civica Authority v7 local government system)**	Updated user-friendly platform supporting better reporting , integration and mobile device accesss	━━━━━━━━ ICT				
6	Online leave and staff timesheet processing	Efficiencies and accurate data through removal of paper-based processes	━━━━━━━━━━━ Finance and Contracts				
8	Maintain and improve core business information systems (CoM Connect records and document management)	Ongoing business process workflow and document collaboration automation improvements	━━━━━━━━━━━━━━ ICT				
9	Maintain and improve core business information systems (Customer Service events incl. Hard Rubbish)	Ongoing customer service-based improvements	━━━━━━━━━━━━━━ ICT				
10	Maintain and improve core business information systems (Geospatial mapping)	Ongoing strategic and operational visual map deployments via web and mobile technologies	━━━━━━━━━━━━━━ ICT				
11	Customer relationship management single view of the customer	Solution options investigaton for consolidated systems view of all the services and interactions a client accesses within CoM		━━━ Customer Experience			
12	Council Facilities online booking requests expansion (Phase 2)	Extend the new web site online bookings system	━━━━━━━━━━━━━━ Customer Experience				
13	Enterprise Data Warehouse / Business Intelligence reporting evaluation project	Improved data analytics ("metrics that matter") and reporting capabilities across business information systems	━━━━━━━━━━━━━ Strategy & Innovation				
14	Project Management Office & Program reporting system	Improve oversight, accountabiliy and evaluation of project and program delivery	━━━━━━━━━━━━━━ Strategy & Innovation				
15	Asset Management Systems replacement options evaluation and investigation	Identify replacement systems to improve the maintenance and reporting of assets in accordance with Council's Asset Management Plans	━━━━━━━━━━━━━━				

ICT Planning Roadmap 2018/19 - Summary of Key Projects (indicative timelines)

Attachment 2

ID	ICT Roadmap Project Title	Brief Project Purpose / Benefit	Q1 Jul Aug Sep	Q2 Oct Nov Dec	Q3 Jan Feb Mar	Q4 Apr May Jun	Q5 Jul Aug Sep
16	Online development applications lodgement (Dev Connect)	More efficient and customer friendly approach to lodgement and electronic processing of applications (instead of paper)	▓▓▓▓▓ Development & Regulatory Services				
17	Asset data and reporting improvements	Improve data integration, accuracy and use across the organisation		▓▓▓▓▓▓▓▓▓▓▓▓▓▓ Strategy & Innovation			
18	Smart City applications and data capture	High level plan to guide investigations of Smart City technologies and data	▓▓▓▓▓▓▓▓▓ Strategy & Innovation				
19	Enabling technology and fibre data networks in current Strategic Developments (Edwardstown)	Edwardstown Oval project	▓▓▓▓▓▓▓▓▓▓▓▓▓▓▓▓▓▓▓▓▓▓▓▓▓▓▓▓▓▓				
20	Rates modelling system improvements	Renewal/replacement system for rates modelling	▓▓▓▓▓▓▓▓▓▓▓▓▓▓▓▓▓▓ Finance and Contracts				
22	Contact Centre Unified Communications and telephony enhancements	Renewal/replacement for ageing phone system	▓▓▓▓▓▓▓▓▓▓▓▓▓▓ Customer Experience				
24	Enabling technology and fibre data networks in current Strategic Developments (Admin reception foyer)	Refurbishment of customer service areas at admin incorporating ICT services	▓▓▓▓▓▓▓▓▓▓▓▓▓▓▓▓ Customer Experience				
25	Contracts Management improved system	Improved visibility, reporting and management of contracts	▓▓▓▓▓▓▓▓▓▓▓▓▓▓▓▓ Finance and Contracts				
26	*Regulatory/Legislative/Compliance*						
27	Dog and Cat Management Act	Legislative compliance and use of State Government Portal for dog registrations	▓▓▓ Development & Regulatory Services				
33	Hazard Registers automation (Skytrust system)	Improved visibility and reporting of site hazards	▓▓▓▓▓▓▓▓▓▓▓▓▓▓▓▓ Corporate Governance				
34	*ICT Asset Renewal*						
35	Maintain and renew core ICT infrastructure, network and desktop services (PC desktop devices)	Maintain reliable performing computer equipment (PCs, laptops) at various sites	▓▓▓▓▓▓▓▓▓ ICT				
37	Maintain and renew core ICT infrastructure and network services (cyber security firewall)	Maintain reliable performing network security equipment and software	▓▓▓▓▓▓▓▓▓▓▓▓▓▓▓▓ ICT				

Whistleblower Policy and the Procedure for Code of Conduct Complaints for Elected Members

Originating Officer	Governance Officer - Victoria Moritz
Corporate Manager	Manager Corporate Governance - Kate McKenzie
General Manager	General Manager Corporate Services - Vincent Mifsud
Report Reference	FAC180821R14

REPORT OBJECTIVE

At the General Council Meeting held on 27 March 2018, Council resolved to adopt a revised 'Whistleblowers Policy' and a revised 'Code of Conduct – Procedure for Investigating Complaints' for Elected Members.The purpose of this report is to table these documents as requested by the Finance and Audit Comimttee at the last meeting held on 29 May 2018.

These decisions of Council align to the Audit Committee Terms of Reference.

EXECUTIVE SUMMARY

Whistleblowers Policy

A Whistleblowers Policy forms a key part of an organisations governance framework to ensure that it has the appropriate mechanisms embedded to provide all stakeholders with the appropriate platform on which they can report genuine concerns.

The object of the *Whistleblowers Protection Act 1993* is to facilitate the disclosure, in the public interest, of maladministration and waste in the public sector and of corrupt or illegal conduct generally—

1. by providing means by which such disclosures may be made; and

2. by providing appropriate protections for those who make such disclosures.

The purpose of the Whistleblowers Policy is to provide assurance and encourage all stakeholders including but not limited to community members, elected members, employees and volunteers of the City of Marion to make good faith reports of suspected fraud, corruption, or other improper activities.

The 'Whistleblowers Policy' as adopted by Council on 27 March 2018 is attached as **Appendix 1.**

Code of Conduct – Procedure for Investigating Complaints

The intent of the Code of Conduct for Council Members is that Councils will establish their own procedure for investigating alleged matters under Part 2 of the Code (behavioural matters). Section 2.19 states:

"*A complaint may be investigated and resolved in any manner which that Council deems appropriate in its process for handling alleged breaches of this part. This can include, but is not limited to: a mediator or conciliator, the Local Government Governance Panel, a regional governance panel or an independent investigator.*"

The Procedure provides clarity to Council when determining how to investigate and resolve Code of Conduct complaint for Elected Members.

The procedure, as adopted by Council, provides guidance when Council is required to determine Code of Conduct complaints regarding Elected Member behaviour.

The "*Code of Conduct - Procedure for Investigation Complaints*" as adopted by Council on 27 March 2018 is attached as **Appendix 2.**

RECOMMENDATION

That the Finance and Audit Committee:

      1. Note the '*Whistleblowers Policy*' attached in Appendix 1.

      2. Note the '*Code of Conduct - Procedure for Investigation Complaints*' attached in Appendix 2.

Attachment

#	Attachment	Type
1	FINAL GC270318R14 - Whistleblower Policy	PDF File
2	FINAL GC270318R11 - Code of Conduct - Procedure for investigation complaints	PDF File

1. RATIONALE

1.1 A Whistleblowers Policy forms a key part of an organisations governance framework to ensure that the organisation has the appropriate mechanisms embedded to provide all stakeholder with the appropriate platform on which they can report genuine concerns.

2. POLICY STATEMENT

2.2 The Council is committed to upholding the principles of good governance. The Councils administrative and management practices are aligned with the requirements of the Local Government Act 1999 regarding open, transparent and accountable government. The Council encourages all stakeholder to report and make disclosures that reveal public interest information.

3. OBJECTIVES

3.1 The objectives of this Policy are to ensure that the Council:

3.1.1 Fulfils its obligations and responsibilities under the *Whistleblowers Protection At 1993*

3.1.2 Encourages and facilitates Disclosure of Public Interest Information which may include occurrences of maladministration, corrupt or illegal conduct.

3.1.3 Provides a process by which disclosures may be made so that they are property investigated (*Whistleblower Procedure*)

3.1.4 Provides appropriate protection for those who make disclosures in accordance with the Act

3.1.5 Recognises the need to appropriately support the Whistleblower, the Responsible Officer and, as appropriate, those Public Officers affected by any allegation that affects them.

4. POLICY SCOPE

4.1 This Policy applies to the disclosure and/or reports of public interest information that are made in accordance with the Act. This Policy also complements the reporting framework of the ICAC Act.

4.2 The identity of a Whistleblower will be maintained as confidential in accordance with the Act. Confidentiality will remain in all circumstances, unless the Whistleblower consents to his/her identity being disclosed or, disclosure is otherwise required so that the matter may be properly investigated. The Act does not expressly require any other information relating to a Disclosure (i.e. the nature of the allegations) to be maintained as confidential.

4.3 A Whistleblower may wish to remain anonymous. In the event that an anonymous Disclosure is made, the Whistleblower must ensure that the allegation is sufficiently supported by the provision of necessary details and evidence to enable the matter to be properly investigated. Accordingly, if an allegation is not supported by sufficient evidence it will not be investigated under the provisions of the Act.

4.4 The Act provides immunity from criminal or civil liability for Whistleblowers, and protection for Whistleblowers against victimisation. The Council will take action as appropriate to protect Whistleblowers from victimisation. In the event that a Whistleblower is victimised, the Council will, immediately refer the matter to the SA Police.

City of Marion 245 Sturt Road, Sturt SA 5047
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www.marion.sa.gov.au

Policy Reference:
Category: Legislative
Owner: Manager Corporate Governance
Authorisation Date: 27 March 2018
Review Date: 2021 / 2022

4.5 The Act does not provide any protection to people who knowingly make false disclosures or are reckless as to whether their disclosures are true.

4.6 A person who knowingly makes a false Disclosure or is reckless as to whether the disclosure is true is guilty of an offence and may be prosecuted.

4.7 A Public Officer who knowingly makes a false disclosure, or is reckless as to whether the Disclosure is true, in addition to being guilty of an offence under the Act, may face disciplinary action taken by the Council.

5. DISCLOSURE AND REPORTING

5.1 A Disclosure/Report is to be made to the Responsible Officer. A Whistleblower may alternatively choose to disclose Public Interest Information directly to an Appropriate Authority.

5.2 Nothing in this Policy prevents a person from making a Disclosure to an Appropriate Authority external to the Council (i.e. the Ombudsman or the OPI). This is a choice to be made by the Whistleblower at his/her discretion.

5.3 A Disclosure made to the Responsible Officer may be made in person, by telephone or in writing via the follow means:

- Confidential – Whistleblowers
  PO Box 21
  Oaklands Park SA 5046

- whistleblowers@marion.sa.gov.au

- Manager Corporate Governance (8375 6625)

- Manager Human Resources (8375 6413)

6. ROLES AND RESPONSIBITIES OF THE RESPONSIBLE OFFICER

6.1 The Responsible Officers (pursuant Council's Fraud and Corruption Framework) are:

- Manager Corporate Governance

- Manager Human Resources

6.2 Upon the receipt of a Disclosure, the Responsible Officer will:

6.2.1 undertake a preliminary assessment in accordance Whistleblower Procedure and determine the nature of the Public Interest Information contained within the Disclosure; and

6.2.2 either refer the Disclosure to the Appropriate Authority (where it is appropriate to do so), or proceed with the an investigation process outlined in the Whistleblower procedure.

6.2.3 If the Disclosure relates to the Chief Executive Officer (or a person acting in that position), the Responsible Officer will immediately refer it to the Ombudsman for investigation as the Ombudsman deems appropriate. Alternatively, if the Disclosure relates to Corruption in public administration, the Responsible Officer

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must immediately report the matter to the OPI in accordance with the Directions and Guidelines.

6.2.4 In making any determination under this Policy (i.e. such as to refer a disclosure to the Appropriate Authority or proceed with an assessment or otherwise determining whether to pursue an investigation):

- the Responsible Officer may seek legal advice from Council's Lawyers and/or seek guidance from SAPOL or the Ombudsman in relation to the best course of action to pursue; and

- is authorised to incur costs in accordance with the Council's Budget for this purpose.

6.2.5 In the event that the Responsible Officer determines that the Disclosure warrants further investigation by the Council, the Responsible Officer will appoint an Independent Assessor for these purposes in accordance with the Whistleblower Procedure.

6.2.6 The Responsible Officer will liaise with the Independent Assessor and the Whistleblower in relation to any ensuing investigation process and will ensure that the Whistleblower is provided with adequate support and protection as necessary.

6.2.7 The Whistleblower will be notified of the progress of any investigation by the Responsible Officer and, wherever practicable and in accordance with the law, of the final outcome.

7. DEFINITIONS

7.1 For the purposes of this Policy the definitions outlined in Appendix 1.

8. REFERENCES

8.1 This Policy is to be read in connection and complement the following Council Policies:

- Code of Conduct for Elected Members

- Code of Conduct for Employees

- How We Work Together Policy

- Complaints and Grievances Policy

- Fraud and Corruption Policy and Framework

9. AVAILABILITY AND REVIEW

9.1 This Policy will be available for inspection at the Council's Offices during ordinary business hours and via the Council's website www.marion.sa.gov.au

9.2 Copies will also be provided to the public upon request,

9.3 The Council will review and update this policy no less than every four (4) years in line with the Council's Policy Framework.

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Appendix 1 - Definitions

1. *Act* means the Whistleblowers Protection Act 1993

2. An *Appropriate Authority* that received disclose of public interest information includes:

    2.1   A Minister of the Crown

    2.2   A member of the Police force – where ithe information relates to an illegal activity

    2.3   The Audit-General – where the information relates to the irregular or unauthorised use of public money

    2.4   The Ombudsman – where the information relates to a public officer

    2.5   A Responsible Office – where the information lreates to a matter falling within the sphere of responsibility of the Council or

    2.6   Any other person (such as the Chief Executive Officer) to whom, in the circumstances of the case, it is reasonable and appropriate to make the disclosure

3. *Corruption in public administration* means

    3.1   an offence against Part 7 Division 4 (Offences relating to public officers) of the Criminal Law Consolidation Act 1935, which includes the following offences:

          3.1.2   bribery or corruption of public officers;

          3.1.3   threats or reprisals against public officers;

          3.1.4   abuse of public office;

          3.1.5   demanding or requiring benefit on basis of public office;

          3.1.6   offences relating to appointment to public office.

    3.2   any other offence (including an offence against Part 5 (Offences of dishonesty) of the Criminal Law Consolidation Act 1935) committed by a public officer while acting in his or her capacity as a public officer or by a former public officer and related to his or her former capacity as a public officer, or by a person before becoming a public officer and related to his or her capacity as a public officer, or an attempt to commit such an offence; or

    3.3   any of the following in relation to an offence referred to in a preceding paragraph:

          3.3.1   aiding, abetting, counselling or procuring the commission of the offence;

          3.3.2   inducing, whether by threats or promises or otherwise, the commission of the offence;

          3.3.3   being in any way, directly or indirectly, knowingly concerned in, or party to, the commission of the offence;

          3.3.4   conspiring with others to effect the commission of the offence

4. *Detriment includes:*

    4.1   injury, damage or loss; or

    4.2   intimidation or harassment; or

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      4.3   discrimination, disadvantage or adverse treatment in relation to a person's employment; or

      4.4   threats of reprisal.

5.   **Directions and Guidelines** is a reference to the Directions and Guidelines issued pursuant to section 20 of the ICAC Act, which are available on the Commissioner's website (www.icac.sa.gov.au).

6. **Disclosure** means an appropriate disclosure of public interest information made by the Whistleblower to an Appropriate Authority, including to a Responsible Officer.

    A person makes an *appropriate disclosure* of public interest information if:

    6.1 the person:

        6.1.1   believes on reasonable grounds that the information is true; or

        6.1.2   is not in a position to form a belief on reasonable grounds about the truth of the information but believes on reasonable grounds that the information may be true and is of sufficient significance to justify its disclosure so that its truth may be investigated; and

    6.2 the disclosure is made to an Appropriate Authority.

6   *Employee* refers to all the Council's employees and includes trainees, work experience students, volunteers, and contractors whether they are working in a full-time, part-time or casual capacity.

7   *Fraud* is an intentional dishonest act or omission done with the purpose of deceiving.

8   **ICAC Act** is the *Independent Commissioner Against Corruption Act 2012.*

9   **Immunity** is an undertaking given by the Council (in accordance with the Act) to a Whistleblower in relation to action it does not intend to take against a Whistleblower as a result of receiving an appropriate disclosure of public interest information from the Whistleblower.

10 **Independent Assessor** is the person responsible for investigating, a disclosure made to a Responsible Officer. The Independent Assessor will be appointed by the Responsible Officer on a case-by-case basis (depending upon the nature of the disclosure) in accordance with clause 7.3 of this Policy. The Council may prepare a list of pre-approved persons who may be appointed as an Independent Assessor in any given circumstances, in which case, the Responsible Officer must have regard to this list in appointing the Independent Assessor.

11 **Maladministration** is defined in the *Whistleblowers Protection Act* 1993 to include impropriety or negligence. Section 4 of the *Independent Commissioner Against Corruption Act 2012* defines *Maladministration in public administration* to mean:

  11.2   conduct of a public officer, or a practice, policy or procedure of a public authority, that results in an irregular and unauthorised use of public money or substantial mismanagement of public resources; or

  11.3   conduct of a public officer involving substantial mismanagement in or in relation to the performance of official functions; and

  11.4   includes conduct resulting from impropriety, incompetence or negligence; anD

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11.5   is to be assessed having regard to relevant statutory provisions and administrative instructions and directions.

12 **Misconduct** in public administration defined at Section 4 of the *ICAC Act* means:

12.2   contravention of a code of conduct by a public officer while acting in his or her capacity as a public officer that constitutes a ground for disciplinary action against the officer; or

12.3   other misconduct of a public officer while acting in his or her capacity as a public officer.

12.4   Office for Public Integrity (OPI) is the office established under the ICAC Act that has the function to:

12.5   receive and assess complaints about public administration from members of the public;

12.6   receive and assess reports about corruption, misconduct and maladministration in public administration from the Ombudsman, the Council and public officers;

12.7   make recommendations as to whether and by whom complaints and reports should be investigated;

12.8   perform other functions assigned to the Office by the Commissioner.

13 **Public administration** defined at section 4 of the ICAC Act means without limiting the acts that may comprise public administration, an administrative act within the meaning of the Ombudsman Act 1972 will be taken to be carried out in the course of public administration.

14 *Public interest information* means information that tends to show:

14.1   that an adult person, a Council or other Government Agency, is or has been involved in:

14.1.1 an illegal activity; or

14.1.2 an irregular and unauthorised use of public money; or

14.1.3 substantial mismanagement of public resources; or

14.1.4 conduct that causes a substantial risk to public health or safety, or to the environment; or

14.1.5 that a public officer is guilt of maladministration in or in relation to the performance of official functions.

15 **Public Officer** includes:

15.1 a Council Member; and

15.2 an Employee or Officer of the Council;

16 **Responsible Officer** is a person appointed pursuant to Section 302B of the Local Government Act 1999 who is authorised to receive and act upon public interest information received from a Whistleblower. Each Council must ensure that a member of the staff of the Council (with qualifications prescribed by the Regulations) is designated as a Responsible Officer for the Council for the purposes of the Act.

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17 **Victimisation** occurs when a person causes detriment to another on the ground, or substantially on the ground, that the other person (or a third person) has made or intends to make an appropriate disclosure of public interest information.

18 **Waste** refers to the waste of public resources (including public money), which occurs as a result of the substantial mismanagement, irregular or unauthorised use of public resources.

19 **Whistleblower** is any person who makes an appropriate disclosure of public interest information.

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Elected Member Code of Conduct
Procedure For Investigating Complaints

CITY OF
MARION

1. POLICY

1.1 The Code of Conduct for Council Members is set by regulation and applies to all Elected Members across local government in South Australia. Depending on the nature of an alleged breach of the Code, a matter may be subject to a Council investigation or an investigation by the Ombudsman or Office of Public Integrity (OPI). This procedure applies when the Council receives a complaint against an Elected Member under the Code of Conduct for Council Members as gazetted on 29 August 2013. A copy of the Code is available on the City of Marion's website www.marion.sa.gov.au

2. ALLEGED BREACH

2.1 Breaches of the Code of Conduct may relate to behaviour (in Part 2 of the Code) or misconduct (in Part 3 of the Code). Criminal or corruption matters, which are subject to separate legislation, do not form part of the Code of Conduct for Elected Members but are referred to in the Appendix of the Code of Conduct.

2.2 Where an alleged breach occurs the complainant should report the allegation, in writing to the Chief Executive Officer. The allegation should:

2.2.1 Be specific

2.2.2 Provide as much supporting evidence as possible to assist an investigation

2.2.3 Provide the name of the Elected Member who has allegedly breach the Code.

2.3 Complainants can, at any time, take the alternative option of lodging the complaint with the Ombudsman or Office of Public Integrity (OPI), which will direct the complaint in accordance with the ICAC Act.

2.4 On receipt of a complaint, the CEO will be responsible for advising the Mayor and referring the complaint to Council.

2.5 When no allegations have been substantiated, Council will consider the matter in confidence.

2.6 The Council will consider the matter, in conjunction with legal advice if required, and determine whether the complaint relates to:

2.6.1 Behavioural which falls under Part 2 of the Code

2.6.2 Misconduct which triggers action under Part 3 of the Code, or

2.6.3 Criminal or Corrupt behaviour.

2.7 Complaints relating to misconduct or criminal behaviour must be referred to the appropriate authorities immediately.

2.8 As soon as practical after the receipt of an allegation and prior to the complaint being referred to Council, the Mayor will advise the Elected Member who is the subject of the

complaint and its substance. If the complaint is about the Mayor, the Deputy Mayor will undertake this function.

2.9 A copy of the complaint will be provided to the Elected Member and will also be provided to confidentially Council. This may be done in person, via email and/or a Council report.

3. COMPLAINT ASSESSMENT

3.1 In undertaking the preliminary assessment of a complaint, the Council may have regard to the following considerations:

a) whether the complaint is a "code of conduct complaint",

b) whether the complaint is trivial, frivolous, vexatious or not made in good faith,

c) whether the complaint discloses prima facie evidence of a breach of the code,

d) whether the complaint raises issues that would be more appropriately dealt with by another agency or body,

e) whether there is or was an alternative and satisfactory means of redress available to the complainant in relation to the conduct complained of,

f) whether the complaint is one that can be resolved by alternative and appropriate strategies such as, but not limited to, explanation, counselling, training, informal discussion, negotiation or apology,

g) whether the issue/s giving rise to the complaint have previously been addressed or resolved,

h) whether the conduct complained of forms part of a pattern of conduct,

i) whether there were mitigating circumstances giving rise to the conduct complained of,

j) the seriousness of the alleged conduct,

k) the significance of the conduct or the impact of the conduct for the council,

l) how much time has passed since the alleged conduct occurred, or

m) such other considerations that the Council considers may be relevant to the assessment of the complaint.

4. ALLEGED BREACH UNDER PART 2

Having regard to the seriousness of the allegation and information provided, the Council will:

a) seek to resolve the matter internally, including through conciliation or mediation,
b) refer the matter to an independent person of Council's choice,
c) refer the complaint to the Local Government Governance Panel or
d) dismiss the allegation.

4.1 **Internal Response**

4.1.1 Only matters which are determined to be of a minor nature will be dealt with internally and only with the agreement of the parties.

4.1.2 Council may request that the Mayor facilitate a meeting with the complainant and the Elected Member and may seek mediation and conciliation between the

parties in an attempt to resolve the matter to the satisfaction of all parties. This may be appropriate, for example, where the complainant is also an Elected Member.

4.1.3   The Mayor must ensure that the principles of natural justice and procedural fairness are observed.

4.1.4   Where the matter is resolved by the Mayor to the satisfaction of all the parties the matter will be closed and no further action will be taken. The Mayor will send written confirmation to all the parties confirming that the matter has been resolved and provide report the outcome to a public meeting of the Council if appropriate.

Where the matter cannot be resolved in this manner, it will be referred back to Council for further consideration.

4.1.5   Where the Mayor is the complainant or the subject of the complaint the internal response will be facilitated by the Deputy Mayor or other Elected Member as resolved by Council.

4.1.6   If Council determines to resolve a complaint internally, it must be satisfied that it has all relevant facts have been obtained. If Council has outstanding questions, relating to the matter, these must be addressed prior to finalising the complaint.

4.2   Referral to independent person of Council's choice

4.2.1   A complaint may be referred by Council to an independent person for investigation.

4.2.2   Complaints to an independent person will specify:

- The grounds of the complaint

- Set out the circumstances of the complaint

- Be accompanied by any other material that is available to support the complaint.

4.2.3   The independent person must ensure that the principles of natural justice and procedural fairness are observed.

4.2.4   Following the investigation, a report will be prepared by the independent person and will be provided to Council. The report may recommend to the Council appropriate action in relation to the matter, including the imposition of any of the sanctions available to a Council under clause 2.25 of the Code of Conduct.

4.3   Referral to the Local Government Governance Panel

4.3.1   Complaints referred to the Governance Panel will specify the ground/s of the complaint, set out the circumstances of the complaint and be accompanied by any other material that is available to support the complaint. A copy of the Governance Panel's procedures is available on the Governance Panel webpage on the LGA's website under Rules of Engagement. [www.lga.sa.gov.au]

4.3.2   The matter will be assessed initially by the Panel Manager who will determine the process to be followed and the person who will deal with the matter. The matter may be dismissed if it is frivolous, vexatious, misconceived or lacking in substance.

4.3.3   A complaint that is forwarded to the Governance Panel will be assessed by the Panel Manager in the first instance. The Panel Manager will consider the applicable facts from the material provided and may form a provisional conclusion that further investigation is unnecessary, as it would be unlikely to result in a breach finding. In these circumstances, Council will consider the recommendation from the Panel Manager and determine whether to proceed to a full investigation.

4.3.4   Where a complaint progresses to an investigation, a report will be prepared by the Panel and will be provided to the Council. The report may recommend to the Council appropriate action in relation to the matter, including the imposition of any of the sanctions available to a Council under clause 2.25 of the Code of Conduct.

4.4   Dismiss the allegation.

4.4.1   The Council may choose to dismiss a matter only in the circumstances where it is evident that the complaint is frivolous, vexatious, misconceived or lacking in substance. The Council must provide reasoning for undertaking this action.

5.   REPORTING TO COUNCIL

5.1   At the conclusion of an investigation, Council must resolve if a breach of part 2 of the Code is found, the breach must be the subject of a report to a public meeting of the Council. The Council may, by resolution, take any of the following actions:

5.1.1   Take no action and provide the reasons as to why

5.1.2   Pass a censure motion in respect of the Elected Member

5.1.3   Request a public apology, whether written of verbal

5.1.4   Request the Elected Member to attend training on the specific topic found to have been breached

5.1.5   Resolve to move or suspend the Elected Member from a position within the Council (not including the Members Elected position on Council)

5.1.6   Request the member to repay monies to the Council.

6.   APPEALS

6.1   The Council will not enter into any process of appeal in relation to Part 2 of the Code. If an Elected Member is aggrieved by the process and or outcome, they may refer the matter to the Ombudsman for review.

7.   PART 3 – MANDATORY CODE (MISCONDUCT)

7.1   Any person may report an alleged breach of Part 3 of the Code to the Council, the Ombudsman or Office of Public Integrity. Alleged breaches of this Part made to Council or to the Office of Public Integrity may be referred to the Ombudsman for investigation.

7.2   Under the Code of Conduct, an Elected Member who is of the opinion that a breach of Part 3 of the Code has occurred, or is currently occurring, must report the breach to the Mayor of the Council or Chief Executive Officer, the Ombudsman or the Office of Public Integrity.

7.3   A failure to report an alleged or suspected breach of Part 3 of the Code is in itself a breach under Part 2 of the Code.

7.4   A failure of an Elected Member to co-operate with the Council's process for handing alleged breaches of Part 2 of the Code may be referred for investigation under Part 3.

7.5   A failure of an Elected Member to comply with a finding of an investigation under this procedure may be referred for investigation under Part 3 of the Code.

7.6   Repeated or sustained breaches of Part 2 of the Code by the same Elected Member may be referred, by resolution of the Council, to the relevant authority as a breach of Part 3.

7.7   A report from the Ombudsman that finds a Council Member has breached Part 3 of the Code of Conduct must be the subject of a report to a public meeting of the Council. The Council must pass a resolution to give effect to any recommendations received from the Ombudsman, within two ordinary meetings of the Council following the receipt of these recommendations.

8. CRIMINAL MATTERS – APPENDIX TO THE CODE OF CONDUCT

8.1   The matters within the Appendix to the Code of Conduct are matters for which a criminal penalty applies. These matters must be reported to the Office of Public Integrity. In addition, allegations of a breach of any of the offence provisions in the *Local Government Act 1999* must be reported to the Office of Public Integrity.

8.2   In compliance with the *Independent Commissioner against Corruption Act 2012,* referral of such complaints to the Office of Public Integrity will remain confidential.

9. FURTHER INFORMATION

Adopted by Council:	27 March 2018
Next Review:	November 2019 (within 12 months of general election)
Version:	1.1
Previous Version:	Adopted 24 June 2014
Owner:	Manager Corporate Governance
Applicable Legislation:	Local Government Act 1999 (sections 59-63) Local Government (General) Variation Regulations 2013 Independent Commissioner against Corruption Act 2012
Related Documents:	Code of Conduct for Council Members Directions of Guidelines issued by ICAC
Related Policies:	Caretaker Policy

Tonsley Water Agreement

Originating Officer	Water Resources Coordinator - Glynn Ricketts
Corporate Manager	Manager Engineering and Field Services - Mathew Allen
General Manager	General Manager City Services - Tony Lines
Report Reference	FAC180821R15

REPORT OBJECTIVE

This report provides the Committee with an update on the Council decision (GC140818) to supply treated stormwater from Oaklands into the Tonsley Innovation Precinct. Enwave Tonsley Pty Ltd and Administration have jointly developed a Water Agreement, which is in the process of being executed.

EXECUTIVE SUMMARY

The item 'Tonsley Water Agreement' was adjourned at the 24 July 2018 General Council meeting to enable Administration to:

- commission a 3rd party review of the proposed Water Agreement (Agreement),
- obtain the required environmental approvals from the Department of Environment and Water (DEW) and from Environmental Protection Agency (EPA).

These have been delivered and were presented and accepted by Council on 14 August 2018. Council subsequently endorsed that the CEO sign the Water Agreement to enable Council to sell treated stormwater into the Tonsley Innovation Precinct and beyond into the City of Mitcham (Flinders University Development site).

RECOMMENDATION

That Finance and Audit Committee:

1. Notes the report.

DISCUSSION

The opportunity to partner with a water retailer has previously been reported to Council (GC140317R, GC110417R08 and GC180724). A draft Agreement was presented to Council on 18 July 2018. Council considered the draft Agreement and asked Administration to further understand the risk and opportunities that this proposed draft Agreement presented. Consequently, a detailed 3rd party commercial and legal assessment was undertaken and presented to Council on the 14 August 2018 (report attached). Council endorsed that the CEO sign the Agreement.

CONCLUSION

The supply of treated water into Tonsley will showcase innovation to our community, promote the benefits of recycled water supply, generate a low risk revenue stream, and help enable beneficial environmental, social and recreational outcomes for a significant State development.

Negotiations on the supply of alternative water to the Tonsley site have focussed on environmental risks of supply, prioritising internal demand and the long term incremental economic assessment. Independent reviews of the draft Agreement have been conducted by the Regulator and Council's Lawyers. Consequently the Agreement was endorsed by Council (GC140818).

Attachment

#	Attachment	Type
1	Tonsley Water Agreement	PDF File

CITY OF MARION

Tonsley Water Agreement

Originating Officer	Water Resources Coordinator - Glynn Ricketts
Corporate Manager	Manager Engineering and Field Services - Mathew Allen
General Manager	General Manager City Services - Tony Lines
Report Reference	GC180814R01

REPORT OBJECTIVE

The item 'Tonsley Water Agreement (attached as Appendix 1) was adjourned at the 24 July 2018 General Council meeting to enable Administration to:

- commission a 3rd party review of the proposed Water Agreement (Agreement),
- obtain the required environmental approvals from the Department of Environment and Water (DEW) and from Environmental Protection Agency (EPA).

These have been delivered and are presented below.

EXECUTIVE SUMMARY

This report provides the requested further information, to enable Council to make an informed decision on the supply of Oaklands water into the Tonsley Innovations Precinct. Enwave Tonsley Pty Ltd and Administration have been jointly developing a Water Agreement, which is now considered ready for execution.

In accordance with the *Local Government (Procedures at Meetings) Regulations*, the debate on an adjourned item will resume and continue at the point it was adjourned. *The motion for this item is yet to be Moved or Seconded,* therefore no members have spoken to the item yet.

RECOMMENDATION

That Council:

1. **Notes the report.**

2. **Delegates to the CEO approval to enter into an Agreement with Enwave to sell treated stormwater into the Tonsley Precinct and the proposed Flinders University Development.**

3. **Notes that Administration has now obtained all necessary approvals from the DEW and EPA for the extraction and injection of treated stormwater, up to 700 ML/year.**

DISCUSSION

The opportunity to partner with a water retailer has previously been reported to Council (GC140317R, GC110417R08 ang GC180724). A draft Agreement was presented to Council on 18 July 2018. Council considered the draft Agreement and asked Administration to further understand the risk and opportunities that this proposed draft Agreement presented. Consequently, a detailed 3rd party commercial and legal assessment has now been undertaken.

ESCOSA Review

The draft Agreement presented at GC180724 was sent to ESCOSA for review. The email response from ESCOSA is attached (Appendix 2). ESCOSA has confirmed that "overall the agreement has met the requirements of the Water Retail Code". ESCOSA did suggest two minor amendments for the draft Agreement. One related to notification of out of specification water. This suggestion has not been incorporated into the draft Agreement as Council makes no guarantee on water quality and hence does not propose to monitor delivered water quality for the benefit of Enwave. Enwave will instead monitor received water quality and treat accordingly, at their own expense and risk. The second minor comment related to Council providing reasonable notice period to Enwave under section 8 of the draft Agreement. This relates to access to infrastructure or to do anything necessary to comply with the Agreement or legislation. The Agreement was subsequently amended to incorporate this suggestion.

Legal Review

The draft Agreement was also sent to Council's Lawyers, Norman Waterhouse. Legal officers Mabel Tam and Rebecca McAulay subsequently reviewed the Agreement and provided Council with a report on the key risks and opportunities within the draft Agreement. This report is attached (Appendix 3).

Table 1 below summarises the legal review and Council's and Enwave's response. The draft Agreement has subsequently been updated. (Appendix 4, with tracked changes)

Table 1. 3rd Party Legal Review Recommendations and Responses

	Response
1.1 Limited Control on customers of Enwave	This is covered by the Agreement between Enwave and Renewal SA and more specifically between Enwave and their customers, ESOSCA will regulate consumer protection. Council is not concerned with how the water is used. A schematic of the proposed supply chain has been provided to Council. No change required.
1.2 Reasonable and best Endeavours	There is only one instance of 'Best Endeavours', used in relation to Force Majeure, which should remain.
1.3 Reasonable control of Council	Council understands that what will be deemed "reasonable control" will be decided on the facts of any given situation. No change required.
1.4 Fettering of Council decisions	Agreed, change made to clause 3.7.
1.5 Fees at end of term	Agreed, change made to clause 4.5.
1.6 Adjustments	Agreed, amended to reflect Council to correct the errors within 28 days of notification.
1.7 Variations requiring a deed of variation	Agreed, clause 6.3 amended to be "in accordance with 15.4".
1.8 Exceeding the total volume	Agreed, Clause 6.4 amended to include a possible pricing review for volumes over the Total Volume.
1.10 Reasonable opinion of Council	Accepted "reasonable opinion" will be decided on the facts of any given situation. No change required.
1.12 Priority supply to Enwave as a 3	Council will service internal demand first then Enwave. No change required.

1.9 Clarity of Enwave commitment to infrastructure	The Council infrastructure that needs augmentation from Enwave is clearly defined and set out in the Agreement. No change required.
1.11 Provision of records and charts on measurement	Agreed, clause 8.6.2 amended to have notification within 14 days.
1.13 Mediation limitations	Standard ESCOA clause. No change required.
1.14 Confidentiality	New clauses added as 15.5.
1.15 First right of refusal	Added a new clause (15.6) in addition to first right of refusal to allow novating the Agreement to any future asset owner if Council decides to divest its asset. Clause 1.15 amended to comply with LG Act
1.16 Insurance	Agreed, changed to $20 million and added "the Customer must not unreasonably reject the request."
1.17 Notification of force majeure	Added wording "as soon as practicable of being made aware"
1.18 All that is reasonably necessary	Council understands what will be deemed "reasonably necessary" will be decided on the facts of any given situation. No change required.
1.19 Company Execution clause	Agreement amended as suggested.
1.20 Amendment to supply rates	Annexure A amended to make clear that Supply Rates are part of input costs, and wording added "and at least every 5 years".
1.21 Billing Period	Agreement amended as suggested,
1.22 Volumes of supply	No change needed.
1.23 Mains water back up	Noted, Enwave will need to have alternative options as it will have obligations to supply its own end customers. It is a risk management issue for Enwave and do not see the relevance of this in this supply Agreement. No change required.
1.24 Approvals	No change required. It is up to Council to ensure that it has the requisite licences etc. to enable the supply.
1.25 Easements	Noted outside the scope of the agreement. No change required.
2 Preparation of draft Agreement	No change required.
3 Procurement considerations	Probity was covered off by State Procurement Board and Cabinet. No change required.

Licences

Environmental permits and licences are required to operate an ASR scheme. Council currently holds all required permits and consents to inject and extract the volume required to service our own internal demand, plus some minor 3rd party sales (a Section 128 approval to extract 172 ML per annum). The current and future operating philosophy, which is detailed in the supply draft Agreement with Enwave, is to service our own internal demand first. Enwave would then be a priority third party customer.

In order to increase our licenced capacity to service the maximum proposed harvesting, injection and extraction volumes, licence and permit variations have been applied for. To support the increase, quantitative modelling and environmental risk assessment have been submitted to both the DEW and the EPA. Both regulators have technically assessed the applications and have now consulted with the public. The EPA issued the Works Permit for injection on 18 July 2018 (Appendix 5). DEW support the proposed increase in volumes and has now issued a draft licence (Appendix 6). The original is now 'on the Minister's desk' for signing. The new licences enable us to extract 700 ML per annum, irrespective of injected volumes, further reducing supply risks.

Council already holds a minor retail water licence, issued by ESCOSA to enable the sale of water to Enwave. This licence does not need any variation.

CONCLUSION

The supply of treated water into Tonsley will showcase innovation to our community, promote the benefits of recycled water supply, generate a low risk revenue stream, and help enable beneficial environmental, social and recreational outcomes for a significant State development.

Negotiations on the supply of alternative water to the Tonsley site have focussed on environmental risks of supply, prioritising internal demand and the long term incremental economic assessment. Independent reviews of the draft Agreement have been now conducted by the Regulator and Council's Lawyers. Consequently the draft Agreement is presented for endorsement.

Attachment

#	Attachment	Type
1	GC 140814 Appendix 1 GC180724 - Tonsley Water Agreement	PDF File
2	GC 140818 Appendix 2 ESCOSA Review (1)	PDF File
3	GC 140814 Appendix 3 Normam Waterhouse Review	PDF File
4	GC140818 Appendix 4 Draft Water Agreement tracked changes 090818	PDF File
5	GC 140818 Appendix 5 Works Approval	PDF File
6	GC140818 Appendix 6 DEW S128 Allocation	PDF File

Tonsley Water Agreement

Originating Officer	Water Resources Coordinator - Glynn Ricketts
Corporate Manager	Manager Engineering and Field Services - Mathew Allen
General Manager	General Manager City Services - Tony Lines
Report Reference	GC180724R02

REPORT OBJECTIVE

The purpose of this report is to consider entering into a formal arrangement with Enwave Tonsley Pty Ltd (Enwave) for the bulk supply of treated stormwater from Oaklands Wetland Aquifer Storage and Recharge (ASR) scheme.

RECOMMENDATION

That Council:

1. Notes the report.

2. Notes that Administration is currently pursuing a Department of Environment and Water (DEW) extraction licence upgrade to 700 ML/year, and that not obtaining this or only securing a lower extraction licence is a risk to Enwave and not Council.

3. Delegates to the CEO approval to enter into an Agreement with Enwave to sell treated stormwater into the Tonsley Precinct and the proposed Flinders University Development.

DISCUSSION

The design intent of Oaklands was to provide an opportunity to supply water to 3rd parties (GC270411R05). Both the State and Federal Governments provided funding and a land donation with the knowledge that the site was designed and built to be capable of supplying water to the Tonsley Development and the future development of the Flinders University Site (Section 48 Report, April 2014).

The opportunity to partner with a water retailer has previously been reported to Council (GC140317R and GC110417R08) and has now been through a detailed assessment to understand risk and opportunities.

A Water Supply Agreement has been drafted based on the standard template provided by the Essential Services Commission of South Australia (ESCOSA). A copy of the Agreement is attached in Appendix 1.

The Tonsley Development and State Government Contract

In 2012, Cabinet approved the Tonsley project as a public sector initiative to transform the 61-hectare former Mitsubishi Motors manufacturing site into a mixed-use employment, education and residential community. The project is supporting the transformation of South Australia's manufacturing industry by providing a high quality, people-focussed and knowledge-driven environment.

To meet the approved project objectives for a climate-smart precinct, in September 2016 Renewal SA released an Expression of Interest (EOI) for a renewable energy solution for Tonsley.

From the EOI and a rigorous assessment process, Enwave was selected by Renewal SA as the preferred proponent to deliver a District Energy Scheme (DES) incorporating on-site renewable power generation, battery storage, smart technologies and alternative water supply.

Enwave Tonsley Pty Ltd is a wholly owned subsidiary of Enwave Australia Pty Ltd (formerly known as Brookfield Utilities (Australia) Pty Ltd). Enwave Australia is 100% owned by Brookfield Infrastructure Partners L.P. (listed on the New York and Toronto stock exchanges with a market capitalisation of approximately US $17.7 billion), and has had a long and successful history of owning and operating utility infrastructure assets across the Asia-Pacific region.

Enwave has proposed to build, own and operate a DES and alternative water supply and will draw upon its demonstrated experience in owning and operating similar energy utility services at Sydney Central Park, Sydney Airport as well as numerous international projects. Enwave will deliver a sustainable and integrated solution with the objective of delivering best practice community energy and recycled water infrastructure as Tonsley grows.

Enwave will invest capital of approximately $40 million (including a capital payment of $1 million to Council) over the 50-year period for required battery storage, photovoltaics, smart technologies, future MAB electrical assets, as well as a potential further investment towards future thermal hubs (thermal energy supply network). As a separate proposition, Enwave has also expressed the desire to install a $60 million gas fired peaking Energy plant at Tonsley.

The Minister for Transport, Infrastructure and Local Government signed the Agreement with Enwave on 21 May 2018 (Appendix 2). Consequently Enwave is now seeking to sign all required supply agreements, including the Water Supply Agreement with Council. The Council/Enwave agreement confirms both the supply rate and the capital payments from Enwave to Council, to install two additional Aquifer Storage and Extraction wells at Oaklands Wetlands.

Project Details

Council's distribution network is already connected to the recycled water distribution pipes in Tonsley. Enwave now owns the recycled water, gas and electricity networks within Tonsley. The Water Supply Agreement would be for Enwave to purchase bulk water from Councils' Water Supply Business. Storage and additional treatment is required within the Tonsley precinct to improve water supply and quality. Additional treatment includes chlorine dosing, ultra-filtration and possibly reverse osmosis. Enwave has committed to fund new capital infrastructure for Tonsley as well as Council's infrastructure upgrade at Oaklands Wetland. A project schematic is included in Appendix 3.

Cabinet approval was required for this project. Concerns over a single provider and probity were addressed by Renewal SA. Residents and businesses within the Tonsley Precinct will still have service-provider-of-choice provision for gas and power and can still buy water from SA Water if they so choose. In addition any utility charges need to be at or lower than competition's consumption rates.

Supply and Demand Capability

Stormwater is pumped from the Sturt River for wetland treatment and aquifer storage. The Sturt River is considered a high security supply. Even in an extreme dry winter, the flows are significant. Analysis of flows from a now removed (2009) gauging station in the River, near Sturt Road, showed that for 60% of the time over 4 ML per day flowed past the measuring device. Between the years 1994 and 2009, total average yearly flows exceeded 7000 ML. This period includes the Millennium drought. In addition this analysis is considered very conservative as there is significant stormwater contribution from pipes and drains that run into the Sturt River downstream of where the gauging station was located and upstream of the wetland off-take structure. This includes 2 x 1500 mm box culverts that yield significant volumes from a sub catchment in Mitcham. Therefore, less than 10% of the Sturt River's winter flow is required to service the expected water demand profile.

Two new ASR wells are required to provide operational flexibility and all year round supply capacity. The exact timing of the system augmentation is to be determined (anticipated 2019 and 2023 respectively for

each new well). Enwave has agreed to fund the cost of the two wells (two $500,000 payments, escalated by CPI) and this commitment is captured within the Agreement.

Environmental permits and licences are required to operate an ASR scheme. Council currently holds all required permits and consents to inject and extract the volume required to service our own internal demand, plus some minor 3rd party sales (we have a Section 128 approval to extract 172 ML per annum). The current and future operating philosophy, which is detailed in the supply agreement with Enwave, is to service our own internal demand first. Enwave would then be a priority third party customer.

In order to increase our licenced capacity to service the maximum proposed harvesting, injection and extraction volumes (700 ML per annum), licence and permit variations have been applied for. To support the increase, quantitative modelling and environmental risk assessment have been submitted to both the Department of Environment and Water (DEW) and the Environmental Protection Agency (EPA). Both Regulators have technically assessed the applications and have now consulted with the public. The EPA issued the Works Permit for injection on 18 July. It is anticipated that the extraction licence will be issued shortly, as DEW support the proposed increase in volumes. The new licences would enable us to extract 700 ML per annum, irrespective of injected volumes, further reducing supply risks. Enwave own this risk in the unlikely event that Council is unable to secure the required remaining permit.

Council already holds a minor retail water licence, issued by ESCOSA to enable the sale of water to Enwave. This licence does not need any variation.

The Water Supply Agreement clearly states that Council does not guarantee volumes or water quality. To this end, Enwave will maintain a mains water back-up system in the event of drought, power failures or electrical/mechanical failures and reserves the right to take any water quality. Council will use best endeavours to recommence supply as soon as possible in the event of a breakdown. A balancing storage tank will provide at least 8 hours storage to reduce supply risks.

Financial Analysis

The Water Supply Agreement includes a three tier supply rate structure. Initial volumes will be bought at a higher rate, while higher volumes will be bought at a lower rate, reflecting economies of scale.

During discussions with Enwave the focus was on ensuring our rate payers are not cross subsidising a third party supply. Hence a detailed, 30 year timeline financial model, capturing costs and revenue has been developed. ESCOSA will audit the pricing model.

With no initial upfront or ongoing capital costs to be met by Council, the projected net revenue generated confirms water sales are not subsidised by the ratepayer.

Benefits of Supply

The benefits of supplying treated stormwater are well documented. Fit for purpose water quality is always preferred for public irrigation, toilets, heating and cooling compared to very high quality drinking water. The supply of Oaklands Water into the Tonsley site is one of the criteria for the 6 Star Green Star award.

Current Oaklands Water volumes are well below design intent and operational capacity. In order to maximise the Federal, State and Council investment additional supply volumes are required.

Another exciting opportunity emerging from within Tonsley is the proposed Hydrogen Fuel Plant. This provides Council with a possible unique, closed loop water cycle. Stormwater is discharged from Tonsley, this drains into the Sturt River, where some of it is pumped into the wetlands for treatment. Treated water is then pumped back to Tonsley where some is to be used to create Hydrogen fuel, enabling Council to use this energy source to power its possible future fleet of cars and trucks.

Project Risks

A detailed project risk assessment has been produced (Appendix 5). The risk profile to Council is considered very low due to three main reasons;

- Water Quality supply risk is very low as we are only providing water classified as "Treated Stormwater". Further water quality improvements are the responsibility of Enwave.

- Ability to service water demand is considered, after mitigation, a low risk. Volumes are not guaranteed. Back up mains supply is to be installed. Council's obligation is to use "reasonable endeavours" in the event of a drought, power or mechanical failure.

- Capital funding to install the required 2 new ASR wells is to be provided by Enwave. This provides additional supply risk mitigation, not funded from general reserves.

Timing and Next Steps

In order to complete all due diligence, Enwave require all energy and water agreements to be signed before they can commit any capital contributions to the project. This allows for the investment in the site's infrastructure to commence. Staff from Council, Enwave and Renewal SA are attending regular workshops and meetings with DEW, the EPA, Office of the Technical Regulator, Department of Health and ESCOSA. Multiple Agency meetings are also planned with customers including Flinders University (on campus and within Tonsley), TAFE, Australian Gas Network and PEET (the residential developer).

It is anticipated that additional treatment capacity and the required extra distribution network pipes will be in place by mid-2019, although supply of water for irrigation of the public realm is due to start this coming summer.

CONCLUSION

The supply of treated water into Tonsley will showcase innovation to our community, promote the benefits of recycled water supply, generate a low risk revenue stream, and help enable beneficial environmental, social and recreational outcomes for a significant State development.

Negotiations on the supply of alternative water to the Tonsley site have focussed on environmental risks of supply, prioritising internal demand and the long term incremental economic assessment.

Attachment

#	Attachment	Type
1	Appendix 1 Stormwater Contracts - blank Annexure A - Final	PDF File
2	Appendix 2 - City of Marion Letter - Tonsley District Energy Scheme	PDF File
3	Appendix 3 - Schematic	PDF File
4	Appendix 4 Estimated Demand Profile	PDF File
5	Appendix 5 - Risk Profile	PDF File

DATE

PARTIES

CITY OF MARION ABN 37 372 162 294 of PO Box 21, Oaklands Park SA 5046 (**Council**)

ENWAVE TONSLEY PTY LTD ACN 623 288 175 of Level 22, 135 King Street, Sydney 2000 (**Customer**)

BACKGROUND

A.   Council owns and operates the Oaklands Aquifer Storage and Recharge (ASR) Scheme and Oaklands Wetlands and a distribution network.

B.   The distribution system conveys Treated Stormwater to the Connection Point (as detailed in Annexure D).

C.   Council has agreed to allow the Customer to draw the Treated Stormwater from the Connection Point for use by the Customer on a commercial basis.

D.   The Customer acknowledges that it must use the Treated Stormwater on the terms and conditions of this Agreement.

The parties agree as follows:

1.   **DEFINITIONS**

In this Agreement, unless the contrary intention appears, the following words have the following meaning:

1.1   *Authorised Use* means the use of Treated Stormwater by the Customer to enable provision of recycled water services to the customers at Tonsley and neighbouring sites.

1.2   *Billing Period* means the 12 month period from 1 July to 30 June each year and comprising four quarterly invoicing dates as detailed in Annexure B, provided that:

1.2.1   the first Billing Period will commence on the Commencement Date and end on the next 30 June; and

1.2.2   the last Billing Period will commence on the 1 July preceding the end of the Term and end on the last day of the Term.

1.3   *Commencement Date* means the date of execution of this Agreement.

1.4   *Connection Point* means the outlet flange of the meter installed at the point at which the Pipeline System connects at or near the boundary of the Customer Premises as shown in Annexure D.

1.5   *Council* means the Water Business Unit of the City of Marion, or such other area or department of the City of Marion having responsibility from time to time for the commercial operation of the ASR Scheme and the supply of Treated Stormwater and, where the context permits, includes the employees, contractors or agents of Council.

1.6   ***Customer Premises*** means the recycled water plant owned by the Customer as detailed in Annexure D.

1.7   ***EPA*** means the Environment Protection Authority established under the *Environment Protection Act 1993*.

1.8   ***Expiry Date*** means the 50 years from Commencement Date.

1.9   ***Fees*** means the fees payable by the Customer to Council for the supply of Treated Stormwater under this Agreement, as calculated in accordance with clause 4.1.1.

1.10   ***Force Majeure*** means an event or circumstance:

   1.10.1   which is beyond the reasonable control of a party, including (but not limited to) the following events or circumstances:

      1.10.1.1   acts of God;

      1.10.1.2   earthquakes, flood, storms, tempest, washaways, fire, explosions;

      1.10.1.3   breakages of, or accidents to machinery or equipment;

      1.10.1.4   nuclear accidents, acts of war, acts of public enemies;

      1.10.1.5   riots, civil commotions;

      1.10.1.6   strikes, lockouts, pickets, industrial boycotts, restraint of labour or other similar acts;

      1.10.1.7   shortages of specialist labour, equipment or materials; and

   1.10.2   which prevents that party from complying with any of its obligations under this Agreement; and

   1.10.3   which that party:

      1.10.3.1   did not cause;

      1.10.3.2   cannot control or influence; and

      1.10.3.3   could not have been prevented or avoided by the exercise of due diligence and through prudent management processes, policies and precautions, including the use of alternative resources, the procuring of services from another source and work around plans.

1.11   ***Guidelines*** means the Australian Guidelines 23 for Water Recycling: Managing Health and Environmental Risks (Phase 2): Stormwater Harvesting and Reuse, as updated or replaced from time to time.

1.12   ***Legislation*** includes any Statute or Act of Parliament (whether State or Federal) and any regulation or by-law including by-laws issued by any local government body or authority (including Council in its capacity as such).

1.13 **Minimum Standards** means those minimum health and environment risk standards recommended in the Guidelines for recycled water to be suitable for the Authorised Use.

1.14 **Pipeline System** means the pipeline infrastructure owned by Council, which is connected to the Customers Premises via a master valve.

1.15 **Renewal Term** means the period set out in Annexure E.

1.16 **Statutory Authority** means any government or semi-government authority and any authority created by or under Legislation (including Council in its capacity as such).

1.17 **Supply Rates** means, in relation to a Billing Period, the supply rates determined in accordance with clause 4.3 and Annexure A for that Billing Period.

1.18 **Term** means (as applicable):

1.18.1 the period commencing on the Commencement Date and expiring on either:

1.18.1.1 the Expiry Date; or

1.18.1.2 the expiry of the Renewal Term should the Customer exercise its right of renewal in accordance with clause 7 of this Agreement; or

1.18.2 the period commencing on the Commencement Date and expiring on the date this Agreement is terminated pursuant to clause 12.

1.19 **Total Volume** is the maximum amount of Treated Stormwater the Customer is entitled to draw from Council's Treated Stormwater supply scheme in any Billing Period, being the volume detailed in Annexure C as at the Commencement Date and as determined by clause 6.1 or revised from time to time in accordance with this Agreement.

1.20 **Treated Stormwater** means the rainwater runoff that is harvested and treated by Council at its Oakland site and which is made available for supply via the Pipeline System to the Customer pursuant to this Agreement.

1.21 **Volumetric Usage** refers to the method by which Council measures the readings taken from Council's meter at the Connection Point and thereby calculates the amount of Treated Stormwater drawn by the Customer from the Connection Point over a period of time. The method of measurement is to comply with clause 8.6.1.

2. **INTERPRETATION**

2.1 In this Agreement, unless an alternative meaning is clearly intended:

2.1.1 a reference to this Agreement is a reference to this document and includes all annexures and schedules to this document;

2.1.2   a reference to an Annexure is a reference to an annexure to this Agreement;

2.1.3   a reference to a clause is a reference to a clause in this Agreement;

2.1.4   words beginning with capital letters are defined in clause 1;

2.1.5   a reference to Legislation includes any statutory modification or re-enactment of it or any Legislation substituted for it and all by-laws, regulations, rules, guidelines, codes or directions issued under it;

2.1.6   headings do not affect the interpretation of this Agreement;

2.1.7   if a provision of this Agreement would, but for this clause, be unenforceable:

       2.1.7.1   the provision must be read down to the extent necessary to avoid that result; and

       2.1.7.2   if the provision cannot be read down to that extent, it must be severed without affecting the validity and enforceability of the remainder of this Agreement;

2.1.8   a reference to any party in this Agreement includes that party's executors, administrators, successors and assigns.

2.2   The parties agree that the Background on page 1 of this Agreement is true and correct and forms part of this Agreement.

2.3   Where it is necessary under this Agreement to make a calculation by reference to part of a Billing Period or to a Billing Period which is less than 12 consecutive months, the part or the number of days in that Billing Period (as applicable) will be the portion that the number of whole days in the relevant period bears to 365 (or 366 in a leap year). For clarity, the Total Volume will be reduced pursuant to this clause 2.3 where a Billing Period is less than 12 consecutive months.

3.   SUPPLY OF TREATED STORMWATER

The parties acknowledge and agree that Council:

3.1   will use all reasonable endeavours to supply Treated Stormwater to the Connection Point via the Pipeline System during the Term;

3.2   will, subject to the restrictions otherwise specified in this Agreement, permit the Customer to draw Treated Stormwater from the Connection Point during the Term;

3.3   warrants that the Treated Stormwater will satisfy the Minimum Standards for public restricted use irrigation quality water when drawn at the Connection Point. If the water quality is outside of the Minimum Standards ("out of spec water") due to factors beyond the reasonable control of Council, the Customer may still elect to take the water. If the Customer elects to take the out of spec water, then Council will not be held liable.

3.4   does not give any guarantees as to the quality of the Treated Stormwater once it passes the Connection Point;

3.5   will provide Treated Stormwater at the Connection Point as specified in Annexure C;

3.6   passes to the Customer unencumbered title to all Treated Stormwater upon it being drawn by the Customer at the Connection Point;

3.7   will provide the Customer the required permits to access the Customer's recycled water network under public roads and other Council-controlled areas; and

3.8   will not be responsible for, nor be at risk in respect of, all Treated Stormwater once it passes the Connection Point.

4.   FEES

4.1   Calculation of Fees

4.1.1   Fees will be calculated by Council on a Volumetric Usage basis in accordance with the following formula:

Fees = Supply Rates x Volumetric Usage.

4.1.2   Fees will be invoiced quarterly during the Term on each invoice date of the applicable Billing Period.

4.2   Invoicing and Payment

4.2.1   On each invoice date of a Billing Period, Council will furnish the Customer with an invoice for all amounts payable under this Agreement for the quarter to which that invoice relates, which invoice must include the following information:

4.2.1.1   the total quantity of Treated Stormwater measured as being withdrawn at the Connection Point;

4.2.1.2   the Fees payable;

4.2.1.3   where the invoice is in respect of the last quarter of a Billing Period:

4.2.1.4   the total amount due to Council for the quarter; and

4.2.1.5   the basis of the calculation of the above quantities and amounts.

4.2.2   The Customer must pay all amounts invoiced in accordance with clause 4.2.1 within 30 days after the date of issue of the relevant invoice and in the manner set out in that invoice.

4.3   Supply Rates

4.3.1   The Supply Rates for a Billing Period will be the dollar rate per kL as outlined in Annexure A for water use charge for that Billing Period.

4.4 **Implications of Water Industry Act 2012**

4.4.1 The parties acknowledge and agree that as at the date of this Agreement the Water Industry Act 2012 (SA) (**Act**) has been enacted by Parliament and come into operation.

4.4.2 The Act may impose pricing restrictions and other conditions on the supply of Treated Stormwater by Council as a water industry entity.

4.4.3 If the Act applies to this Agreement then this Agreement will be read and interpreted subject to the provisions of the Act and to the extent to which there is any inconsistency with the provisions of the Act, those provisions will override the terms of this Agreement.

4.5 **Fees at the expiry of the Term**

The Customer acknowledges and agrees that in the event the Customer wishes to exercise its right of renewal in accordance with Clause 7 of this Agreement with Council for the supply of Treated Stormwater upon expiry of the Term, Council may re-set the Supply Rates to apply under such agreement, depending on Council's water pricing policy at the time and subject to the provisions of the Act.

4.6 **Adjustments**

In the event that an error is discovered in the amount shown in any invoice issued under clause 4.2 an adjustment to compensate for such error will be effected in the next invoice.

4.7 **Disputed Amounts**

In the event of a bona fide dispute arising as to the correct amount owing under any invoice issued under clause 4.2.1, the Customer must pay the amount not in dispute in accordance with clause 4.2.2 and, within 10 business days of becoming aware of grounds for a dispute, notify Council in writing of the amount disputed and the grounds for the dispute. Any amount in dispute, and subsequently agreed or determined to be payable by a party, will be due and payable by that party within 14 days after such agreement or determination.

5. **PIPELINE SYSTEM**

5.1 The parties acknowledge that Council has, prior to the Commencement Date, facilitated the construction of the Pipeline System and the Connection Point (or another point as agreed), at Council's cost.

5.2 Ownership of the Pipeline System up to and including the Connection Point is vested in Council.

6. **CUSTOMER'S RIGHTS AND OBLIGATIONS**

The Customer acknowledges and agrees that:

6.1 the Customer, six months prior to each Billing Period, will submit to Council a forecast of the Total Volume for the next thirty Billing Periods. The Customer is

entitled to draw up to and including the Total Volume of Treated Stormwater during any Billing Period;

6.2 the Total Volume is allocated for a single Billing Period and there is no provision for the banking or rollover of water quantities into the next Billing Period;

6.3 the Customer may request in writing a review of the Total Volume at any time during a Billing Period and Council may, at its absolute discretion, revise the Total Volume following such a request;

6.4 Treated Stormwater consumed in addition to the Total Volume without the written approval of Council is unauthorised and restrictions in supply may be imposed by Council for the remainder of the relevant Billing Period;

6.5 The Customer and Council will in collaboration assess the Council's Treated Stormwater system to determine when and if augmentation is required (modelling shows 1st augmentation in 2019 and then 2023) to meet the demands of the Customer. The Customer agrees to fund two separate augmentation works to meet the future demand of the Customer only. The Customer and Council will agree the future timing of each of the augmentation works. The Customer agrees to fund $500,000 (in 2018 dollars, adjusted annually based on the movement of the Adelaide All Groups Consumer Price Index Annual CPI escalation) for each required augmentation works at Oakland Wetlands;

6.6 the Customer will comply with all laws in force in South Australia in respect of the use of the Treated Stormwater, including but not limited to:

6.6.1 complying with the conditions of any approval or consent given in respect of the use of the Pipeline System and the drawing of Treated Stormwater from the Connection Point; and

6.6.2 any Legislation or requirement of any Statutory Authority dealing with the use of the Treated Stormwater by the Customer;

6.7 without limiting any other provision of this Agreement, the Customer must ensure the following conditions are met:

6.7.1 all above ground infrastructure on the Customer Premises is painted with the appropriate colour warning for the use of Treated Stormwater;

6.7.2 identification signs are erected at entrances and at each corner of the Customer Premises painted in accordance with the relevant Guidelines and marked "Warning Treated Stormwater - Do Not Drink!";

6.7.3 identification signs are erected near any holding tank, painted in accordance with the Guidelines and marked "Warning: Treated Stormwater: Do Not Drink: No Swimming!";

6.7.4 hose fittings connected to the Treated Stormwater system are of a different colour to those on the potable water system so that the two are not interchangeable; and

6.8   it must not cause the creation of a cross connection with the potable water supply to the Customer Premises, and must ensure that no such cross connections are created through other plumbing activities; and

6.9   it must not use or allow the Treated Stormwater to be used for any of the following purposes:

6.9.1   drinking, cooking or kitchen purposes;

6.9.2   baths, showers or personal washing;

6.9.3   clothes washing;

6.9.4   swimming pools;

6.9.5   washing, packaging or processing of food for sale or distribution; and

6.9.6   pork production.

7.   RENEWAL

7.1   **Right of Renewal**

7.1.1   If the Customer wishes to renew this Agreement, the Customer must serve a written notice on Council not less than six months before the Expiry Date stating its desire to renew this Agreement for the Renewal Term.

7.1.2   If such notice is given then Council will (subject to clause 7.2) be obliged to renew this Agreement for the Renewal Term on the same terms and conditions as are contained in this Agreement except for the exclusion of this clause 7 and as otherwise set out in this Agreement or required to accurately reflect any change in the customer entity.

7.2   **No Renewal Entitlement**

The Customer will not be entitled to a right of renewal pursuant to clause 7.1 if:

7.2.1   the Customer has been in persistent breach of this Agreement at any time before giving notice of the Customer's desire to exercise the right of renewal (**notice**);

7.2.2   the Customer is in breach of this Agreement at the time of giving the notice; or

7.2.3   the Customer is in breach of or commits any breach under this Agreement after giving the notice but before commencement of the Renewal Term.

7.3   **Supply Rates**

The Customer acknowledges and agrees that Council may re-set the Total Volume and the Supply Rates (as per Clause 4.5) applying for the Renewal Term in accordance with Council policy at the time by providing notice to than effect not less that 30 days prior to the commencement of the Renewal Term.

8. **RIGHTS AND OBLIGATIONS OF COUNCIL**

8.1   Council may enter the Customer Premises after giving the Customer reasonable notice (except in the case of emergency when no notice will be required):

   8.1.1   for the purposes of meter reading, system maintenance and management, auditing of internal pipework and connections as may be required from time to time; and

   8.1.2   to do anything Council must or may do under this Agreement or must do under any Legislation or to satisfy the requirements of any Statutory Authority.

8.2   The Customer acknowledges and agrees that:

   8.2.1   the Pipeline System has been created with the funding support of the Commonwealth and State Governments under various funding agreements with Council; and

   8.2.2   personnel from the relevant funding bodies (**Authorised Persons**) may have need to access the Customer Premises and inspect the works undertaken by Council,

   and the Customer will provide all such reasonable access and assistance requested by the Authorised Persons subject to:

   8.2.3   the provision of reasonable prior notice by the Authorised Persons to the Customer (except where they believe there is an actual or apprehended breach of the law); and

   8.2.4   compliance with the Customer's reasonable security procedures.

8.3   Council will work collaboratively with the Customer to monitor the Total Volume during each Billing Period and will use its reasonable endeavours to:

   8.3.1   notify the Customer if Council considers the Customer's consumption of Treated Stormwater is likely to exceed the Total Volume; and

   8.3.2   give due consideration to the Customer's requests for additional volumes of Treated Stormwater in excess of the Total Volume;

   provided nothing in this clause relieves the Customer from its responsibility to monitor and manage its own consumption of Treated Stormwater through the Connection Point and/or its obligation to request additional volumes of Treated Stormwater if required.

8.4   Council may wholly or partially suspend, interrupt or reduce the supply of Treated Stormwater to the Connection Point:

   8.4.1   if the Customer breaches any provision of this Agreement and such breach remains unremedied for a period exceeding 21 days from written notification of the breach by Council (or such other longer period as Council may grant to the Customer in its absolute discretion);

8.4.2   for repair or routine maintenance of the Pipeline System;

8.4.3   if Council is required to do so by any Statutory Authority (including the Department of Health and the EPA) that has authority to impose such a requirement on Council;

8.4.4   due to circumstances of unusual drought, or any event or cause beyond the reasonable control of Council which precludes Council from supplying the Treated Stormwater under this Agreement; or

8.4.5   if in Council's reasonable opinion, maintenance of that supply would:

8.4.5.1   expose Council or any other Statutory Authority to any risk of loss or damage;

8.4.5.2   place Council in breach of a law in force in South Australia; or

8.4.5.3   give rise to material risk of harm, loss or injury to any person or property;

provided that Council:

8.4.6   will provide reasonable notice to the Customer (except in cases of emergency when no notice is required) of the proposed suspension, interruption or reduction in the supply of Treated Stormwater; and

8.4.7   will, so far as practicable, undertake any maintenance pursuant to this clause at a time least likely to cause inconvenience to the Customer.

8.5   If any of the circumstances in clause 8.4 arise:

8.5.1   Council is not under any obligation to provide the Customer with an alternative source of supply of Treated Stormwater and Council is not liable to the Customer for any losses or costs incurred by the Customer arising from any interruption to the supply of Treated Stormwater under this Agreement; and

8.5.2   the Customer may, during the period of suspension, interruption or reduction temporarily connect to an alternative source of supply of mains water to supply the Customer Premises, provided always that:

8.5.2.1   the connection to the alternative source of supply of mains water is in accordance with the terms and conditions of each party's respective Safety Reliability Maintenance and Technical Management Plan; and

8.5.2.2   the Customer must immediately revert to the use of Treated Stormwater under this Agreement if and when Council resumes supply of Treated Stormwater to the Customer.

8.6   Council will:

    8.6.1   ensure that the meter installed at the Connection Point is operated and maintained in accordance with applicable laws, industry guidelines and practices; and

    8.6.2   upon request, provide the Customer with all records and charts (or copies thereof) relating to the measurement of the Treated Stormwater at the Connection Point for inspection.

8.7   Council will prioritise its Treated Stormwater supply to the preference of its own internal demand first then the Customer over its other customers.

9.   DISPUTE RESOLUTION

9.1   **General**

    9.1.1   A party must not commence arbitration or court proceedings (except for urgent equitable or injunctive relief) in respect of a dispute under this Agreement unless it first attempts to resolve the dispute by negotiation and mediation under this clause.

    9.1.2   A party claiming that a dispute has arisen under this Agreement must give written notice to the other party specifying the nature and details of the dispute.

    9.1.3   On receipt of that notice by the other party, the parties must negotiate in good faith to resolve the dispute.

    9.1.4   If the parties are unable to resolve the dispute within 10 business days, they must promptly refer the dispute to their respective Chief Executive Officers.

    9.1.5   Those persons must meet to resolve the dispute and must be authorised to resolve the dispute.

9.2   **Mediation**

    9.2.1   If those persons described in clause 9.1.4 are unable to resolve the dispute within 10 business days of referral, either party may refer the dispute for mediation under the mediation rules of the Law Society of South Australia Inc to:

        9.2.1.1   a mediator agreed by the parties; or

        9.2.1.2   if the parties are unable to agree a mediator within five business days, a mediator nominated by the President of the Law Society or the President's nominee.

    9.2.2   The role of a mediator is to assist in negotiating a resolution of the dispute. A mediator may not make a decision that is binding on a party unless that party has agreed in writing.

    9.2.3   Any information or documents disclosed by a party under this clause:

        9.2.3.1   must be kept confidential; and

9.2.3.2 may not be used except to attempt to resolve the dispute.

9.2.4 Each party must bear its own mediation costs. The parties must bear equally the costs of any mediator.

9.3 Performance

If possible, each party must perform its obligations under this Agreement during negotiations and mediation proceedings.

10. LIABILITY LIMITATION AND INDEMNITIES

10.1 No Indirect Losses

Neither Council nor the Customer will be liable to the other for any loss of use, revenue or profit or for any special, indirect, incidental, consequential or exemplary damages of any kind, arising from any breach of an obligation under this Agreement, any negligence or duty owed by a party arising out of the respective obligations of the parties under this Agreement or any other cause of action arising out of this Agreement.

10.2 Indemnity

Subject to clause 10.1, the Customer (**Indemnifying Party**) must keep the other party indemnified from and against any costs, loss, expense or liability of any kind suffered or incurred by the other party in respect of any loss of life, personal injury or disability, loss or of damage to property or any other loss arising out of:

10.2.1 any negligence or wrongful act or omission by the Indemnifying Party in connection with or incidental to this Agreement;

10.2.2 any damage to any part of the other party's infrastructure (including, in the case of Council, the Pipeline System and the master valve) and land; or

10.2.3 any breach of this Agreement by the Customer,

except to the extent caused or contributed to by the other party's negligence or default.

11. GST

11.1 GST

11.1.1 In this clause:

11.1.1.1 *GST* means any tax on goods and/or services including any value added taxes, broad based consumption tax, or other similar tax introduced in Australia, including that tax imposed under GST Law;

11.1.1.2 *GST Law* means the *A New Tax System (Goods and Services Tax) Act 1999* and any other Act, Order, Ruling or Regulation which imposes or otherwise deals with the administration of imposition of GST in Australia; and

11.1.1.3 *Supply* and *Supplier* have the meanings given to them in GST Law.

11.1.2 Notwithstanding any other provision of this Agreement, if GST applies to any Supply made by either party under or in connection to this Agreement, the consideration (or payment) provided or to be provided for that Supply will, upon production by the Supplier of an appropriate tax invoice, be increased by an amount equal to the GST liability properly incurred by the party making Supply.

11.1.3 Each party warrants that at the time any Supply is made under this Agreement on which GST is imposed they are or will be registered under the GST Law. If the other party requests written evidence and registration, the first party will properly produce evidence satisfactory to the other party of such registration.

11.2 Supply of Treated Stormwater

11.2.1 It is the intention and understanding of the parties that the supply of Treated Stormwater under this Agreement will be GST-free under section 38-285(1) of the GST Law.

11.2.2 If Council determines that it is liable to pay GST on the supply of Treated Stormwater, the provisions of clause 11.1 shall apply.

12. TERMINATION

12.1 Definitions

For the purpose of this clause 12 an "**Event of Default**" occurs if:

12.1.1 either party breaches any of its obligations under this Agreement and/or their respective Safety Reliability Maintenance and Technical Management Plan; or

12.1.2 this Agreement becomes void or unenforceable as against a party in any material respect as a result of an act or omission by that party; or

12.1.3 any representation or warranty made or given by a party is proved to be false, misleading, deceptive, incomplete or inaccurate in any material respect when it is made.

12.2 Default Notices

If an Event of Default occurs, the non-defaulting party may, unless this Agreement expressly prevents it, give the defaulting party not less than 21 days' notice in writing to make good the Event of Default (**Default Notice**).

12.3 Termination for default

If:

12.3.1 at the expiration of the period allowed in a Default Notice, the Event of Default has not been made good; or

12.3.2 the defaulting party commits repetitive Events of Default relating to the same or substantially the same breach (whether or not any Event of Default is rectified) so that its performance of its obligations under this Agreement is materially affected,

the defaulting party will be conclusively deemed to have committed a material breach of this Agreement and the non-defaulting party may then immediately terminate this Agreement by notice in writing to that effect.

12.4 **Sale of Pipeline System**

If Council wishes to sell the Pipeline System, it shall give the Customer the first right of refusal to purchase on reasonable market terms.

13. **INSURANCE**

13.1 During the Term:

13.1.1 the Customer must, at the Customer's expense, take out public liability insurance for a minimum of $10 million; and

13.1.2 Council may request that the Customer increase the value of their Public Liability Cover at the following intervals:

13.1.2.1 At five yearly intervals from the Commencement date of this agreement,

13.1.2.2 from the date the Customer chooses to exercise its right of renewal under clause 7 of this agreement; and

13.1.2.3 five years from the date the Customer chooses to exercise its right of renewal under clause 7 of this agreement.

13.1.3 Should Council request that the Customer increase the value of the Public Liability cover, the Customer must give the Council's request reasonable consideration.

13.2 The Customer must:

13.2.1 ensure that the policy provides for the payment of the insured amount for any one event and not for the aggregate of claims under the policy;

13.2.2 on demand deliver to Council a copy of the policy of such insurance; and

13.2.3 on demand produce to the Council a copy of the certificate of currency of such insurance.

13.3 The Customer must not do anything which may cause the insurance policy to become ineffective.

13.4 If the Customer does not take out and maintain insurance in accordance with this clause, Council may (but is not obliged to) pay the premium for that insurance. The Customer must, on demand, reimburse Council for the premium payable on that insurance.

14. **FORCE MAJEURE**

14.1 **Effect**

The obligations of a party directly affected by Force Majeure and any corresponding entitlement of any other party will be suspended to the extent and for so long as the performance of the affected party's obligations are prevented or delayed by Force Majeure.

14.2 **Notification**

The affected party must notify the other party if Force Majeure is preventing it from complying with any of its obligations as soon as it becomes aware of Force Majeure.

14.3 **Obligation to Recommence Performance**

The affected party must:

14.3.1 use its best endeavours to work around or overcome the effect of Force Majeure;

14.3.2 keep the other party informed of the continuation and expected duration of Force Majeure and of measures taken to comply with this clause; and

14.3.3 recommence performance of its obligations as soon as possible without delay after Force Majeure has ceased to exist.

15. **MISCELLANEOUS**

15.1 **Governing Law**

This Agreement is governed by the law of South Australia.

15.2 **Further Assurances**

Each party must, at its own expense, do all that is reasonably necessary to give effect to this Agreement.

15.3 **Counterparts**

This Agreement may be executed in counterparts, each of which will be treated as an original, but which will constitute one and the same instrument.

15.4 **Amendments**

No amendment of, nor addition to, this Agreement is binding unless it is in writing and executed by the parties to this Agreement.

SIGNED as an agreement

Signed for **CITY OF MARION** by its
authorised delegate in the presence of:

....
Signature of witness   Signature of authorised delegate

....
Name of witness (print)   Name of authorised delegate (print)

....
Position of authorised delegate

Signed for **ENWAVE TONSLEY PTY
LTD** by its authorised representative:

....
Signature of Duly Authorised Officer

....
Name of Duly Authorised Officer

Annexure A   Supply Rates

Fees will be calculated using the tiered pricing structure outlined in the table below on the (annual) Billing Period Volumetric Usage

Annual Volume of water purchased by Enwave	First 60 ML	Above 60 ML and up to 120 ML	Above 120 ML and up to 180 ML	Above 180 ML
Supply Rates $/kL				
Council prices shown in 2018 dollars | Council Price will be adjusted annually based on the movement of the Adelaide All Groups Consumer Price Index Annual CPI escalation				

ML = mega litres (one million litres of water)
kL = kilo litres (one thousand litres of water)

The above pricing structure will be reviewed periodically in line with reviews under the ESCOSA process or other relevant SA government water policy initiatives. Should higher input costs for supply or higher sell price be allowed, then the Customer will enter good faith negotiations with the Council with a view to amend the Supply Rates.

Annexure B   Billing Period

Commencement Date:	Invoice Details by Scheme
01 July to 30 June	15 October (for the 1 July - 30 September quarter) Volumetric Usage
	15 January (for the 1 October – 31 December quarter) Volumetric Usage
	15 April (for the 1 January – 31 March quarter) Volumetric Usage
	15 July (for the 1 April – 30 June quarter) Volumetric Usage

Annexure C   Total Volume

Total Volume: **Up to a maximum volume of 250 ML pa with a peak instantaneous flow not to exceed 18 L/s**

Annexure D   Customer Premises

ALAWOONA AVE

BRADLEY GROVE

ELEC BOX

COMMS CONDUITS
OVER WATER PIPE

E:277992.237
N:6123282.320

E:277981.049
N:6123281.585

RW

EXIST

AIR VALVE

RW

RW

RW

E:277982.751
N:6123259.247

RW

STARTBORE

RW — RW — RW — RW — RW — RW — RW — RW — RW — RW — RW — RW — RW — RW

E:277898.689
N:6123252.558

RW   RW   BOREEXIT

MAGFLOW

MAGFLOW
ELEC BOX

Notes:	Client :		ORIGINAL DRAWING BY: BA	SCALE: **1:500** @ A3	PROJECT:	SURVEYED AND DRAWN BY
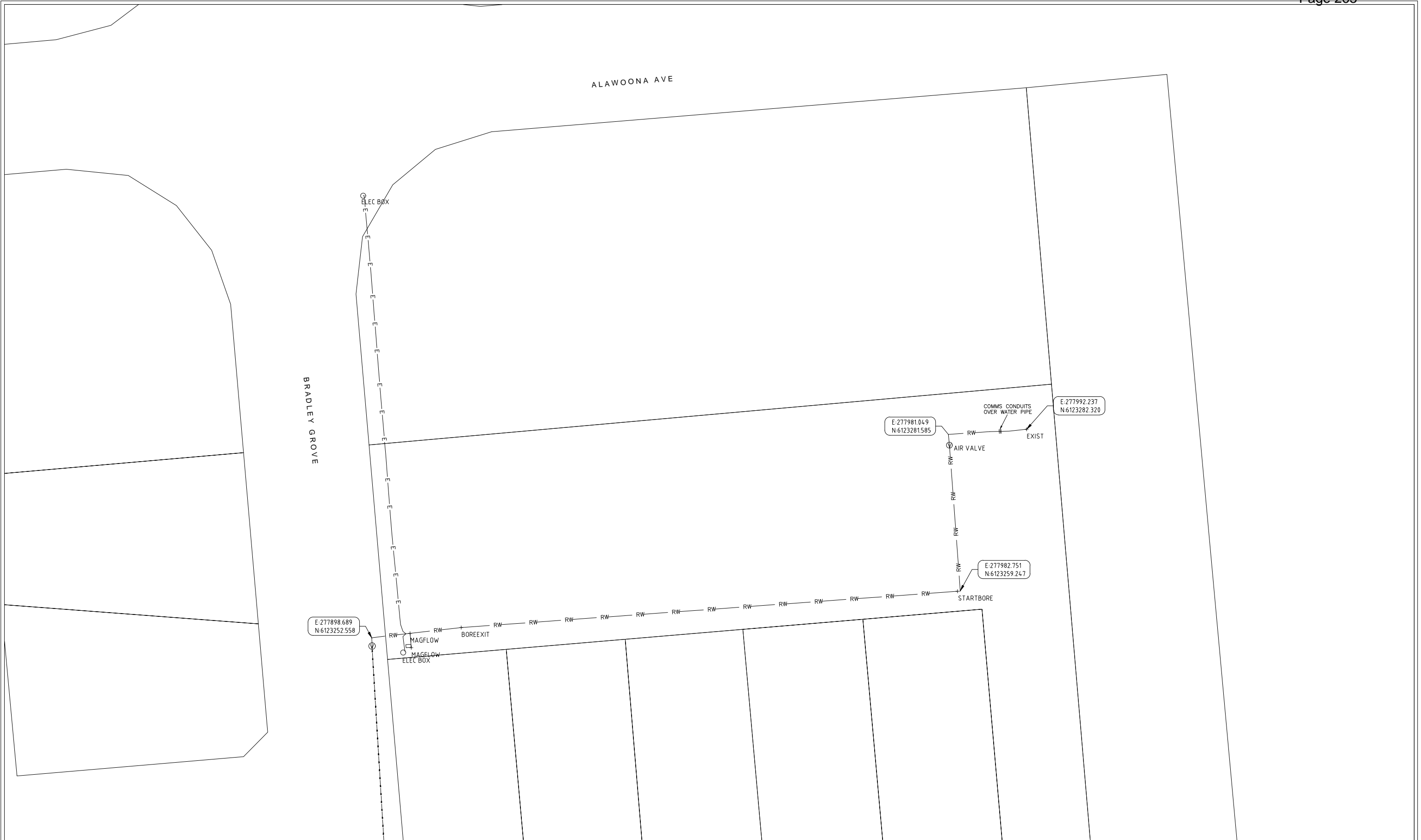
Notes:
Survey supplied to clients specific requirements.
Some information location as indicated by site supervisor.

Client :

ALANO WATER

4B Fisher street
Port Adelaide
SA 5015

ORIGINAL DRAWING BY: BA

LATEST REVISION BY: -

DATA FILE INFORMATION:
-

CO-ORDINATE DATUM: MGA

HEIGHT DATUM: AHD

SCALE: **1:500**   @ A3

BAS JOB No.   J218

DATE OF ISSUE: 12.12.17

Sht 1 of 1   REV: -   -

DRAWING No.

218-121217-001

PROJECT:
**ALAWOONA RESERVE
MITCHELL PARK**

DRAWING TITLE:

RECYCLE WATER MAIN AS CON

SURVEYED AND DRAWN BY

BA Surveys

12 Leah Street
Aberfoyle Park
SA 5159

Tel: 0400 591 061
Email : bas@basurveys.com.au
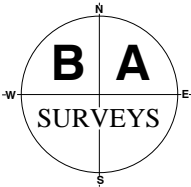
B | A
SURVEYS

Annexure E   Renewal Term

The Renewal Term for this Agreement is: 50 years from the Expiry Date.

RenewalSA
people partnerships progress

Urban Renewal Authority
trading as **Renewal SA**.
Level 9 (West) Riverside Centre
North Terrace, Adelaide SA 5000
GPO Box 698, Adelaide SA 5001
DX: 56502 ABN: 86 832 349 553

T 08 8207 1300
F 08 8207 1301
E renewalsa.info@sa.gov.au
W www.renewalsa.sa.gov.au

Adrian Skull
Chief Executive Officer
City of Marion
PO Box 21 Oaklands Park SA 5046

21 June 2018

Our Ref. A1198801

By email: Adrian.Skull@marion.sa.gov.au

RE: Tonsley District Energy Scheme

Dear Adrian,

On 21 May 2018, the Minister for Transport, Infrastructure and Local Government gave approval for Renewal SA to enter into a Development Agreement with Enwave Tonsley to establish a District Energy Scheme for the Tonsley Innovation District consisting of an electrical embedded network, rooftop solarvoltaics, smart metering, battery storage, electricity supply and recycled water for a 50 year term.

On 15 June 2018, Renewal SA executed the Development Agreement with Enwave Tonsley.

The attached briefing, provides further detail of the District Energy Scheme.

If you have any queries or wish to discuss further, please contact Tonsley Project Director, Vince Rigter via e-mail, Vincent.Rigter@sa.gov.au

Yours sincerely,

Matthew Waltho
Sustainability Manager, Tonsley
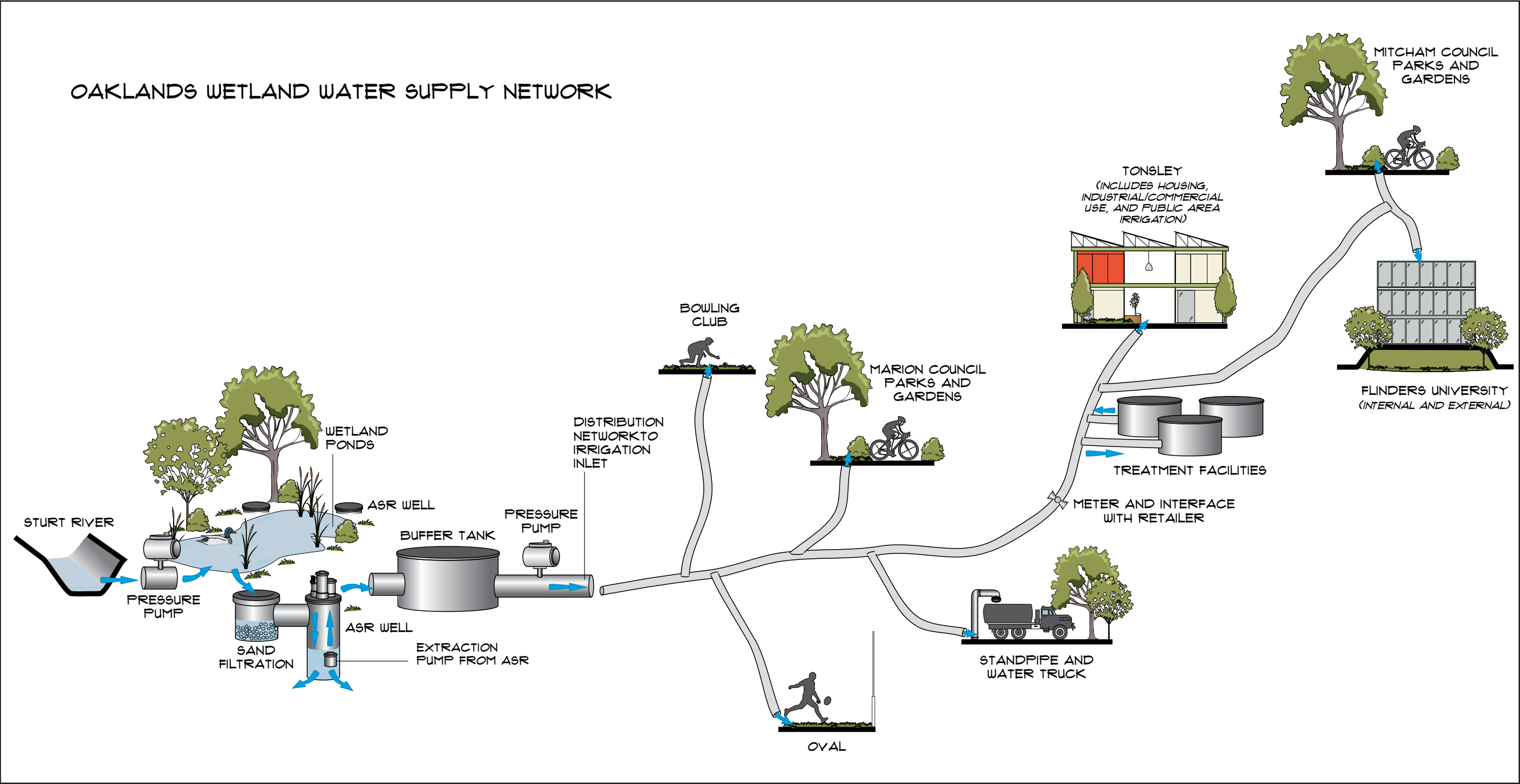
cc.
Vince Rigter, Tonsley Project Director, Renewal SA
Katy Ellens, Tonsley Development Manager, Renewal SA
Glynn Ricketts, Water Resources Coordinator, City of Marion

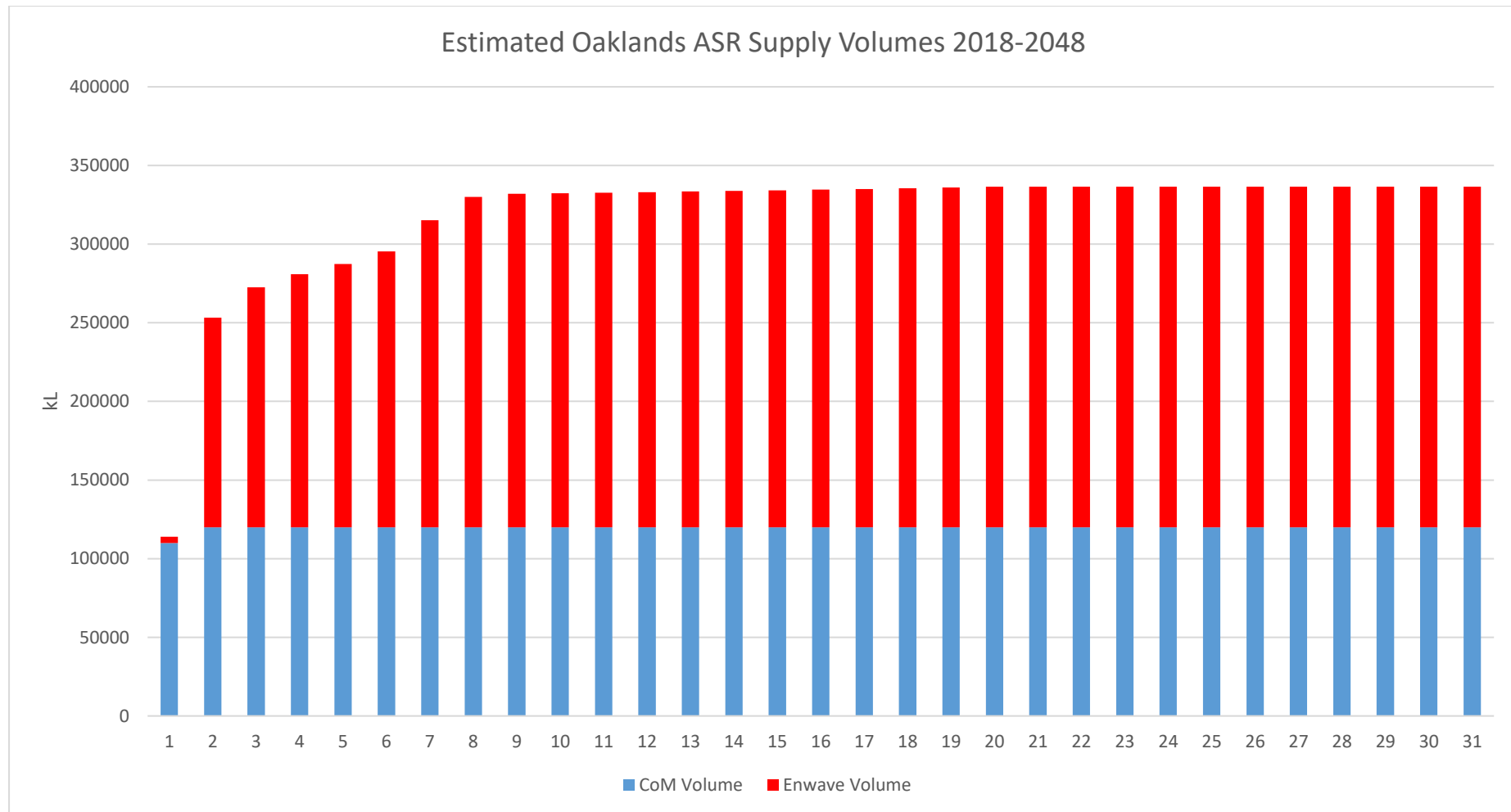Att. Tonsley District Energy Scheme Briefing Paper

Government of
South Australia

Appendix 3

OAKLANDS WETLAND WATER SUPPLY NETWORK

Appendix 4 Estimated Demand Profile

Estimated Oaklands ASR Supply Volumes 2018-2048

Appendix 5

Hazard/Risk	Consequence rating	Mitigation	Residual Risk Profile
Drought/Low rainfall	Moderate	CoM does not guarantee volumes. Mains Water back-up and Environmental Permits not dependent upon injection volumes	Low
Poor Water Quality	Moderate	CoM only provides restricted use irrigation only water quality. Mains Water back-up and Environmental Permits not dependent upon injection volumes, although salt levels expected to increase if higher volumes are extracted over that injected	Low
Failure to comply with Environmental Permits and licence condition	High	Automatic on line monitoring linked to interlocks and failsafe electronic systems. Data logged by Scada. Auto alarm generated. Qualified and competent staff and contractors. Only use accredited laboratories for testing water quality.	Low
Existing pumps may not be able to meet demand	Moderate	Pump capacity is a modular and system is designed to "bolt on additional pumping capacity" Capex is planned in LTFP	Low
Construction cost of two wells exceeds $1.0m:	Moderate.	Current costs informed budget with contingency. Water Business expected to have significant funds, from sales of water	Low

Inability to harvest water from flowing River	High	Additional harvest pump in stores for breakdowns. New harvest pit could be constructed when sand filter is required	Low
Power Failure	Moderate	Non critical supply. 8 hours storage capacity in Tonsley. Volumes not guaranteed, mains water back up supply	Low
Actual revenues are not sufficient to cover costs of capital expenditure in 2034, 2043 and 2048:	Moderate	Exposure is reduced here as revenues are linked to supply volumes. If expected supply volume timelines are not met then extra capital expenditure would also be delayed, reducing the likelihood of potential financial exposure.	Low

Appendix 2 ESCOSA Review (Email)

Hi Glynn,

I have been asked to review and provide feedback on your water agreement with Enwave Tonsley Pty Ltd for the supply of treated stormwater, and whether it meets the requirements of the Water Retail Code.

Overall the agreement has met the requirements of the Water Retail Code. I do however have two suggested amendments for the agreement. I have listed these in the table below.

If you have any questions regarding this feedback please do not hesitate to contact me.

CITY OF MARION DRAFT WATER AGREEMENT – FEEDBACK	
3.	**Supply of Treated Stormwater**
3.3	You have stated "If the water quality is outside of the Minimum Standards ("out of spec water") due to factors beyond the reasonable control of Council, the Customer may still elect to take the water. If the Customer elects to take the out of spec water, then Council will not be held liable". Within this section we would recommend that the agreement clearly outlines what the notification process is for informing the customer of when the water is out of spec. For example: • What details you will provide the customer around how the water is out of spec; • How the customer informs Council that they elect to use the out of spec water; • The Council having a clear and defined period of notice around informing the customer of the out of spec water; and • The customer having a clear and defined period of notice around informing Council that they elect to use the out of spec water. The reasons why we are suggesting this recommendation: • So the customer is making an informed decision around electing to use the out of spec water; • So there is a record of Council informing the customer of the out of spec water; • So there is a record of the customer electing to use the out of spec water; and • The period of notices are clear and well defined.
8.	**Rights and Obligation of Council**

Throughout this section you state that you will give the customer reasonable notice or reasonable prior notice.

We would recommend that these periods of notice be more clear and well defined, so there is no ambiguity in what is reasonable notice. Within the Water Retail Code the period of notice are clear and defined, for example;

8.1 – within the Water Retail Code this reasonable notice is 24hrs.

We would also recommend that you look at this throughout the whole document, so both Council and the Customer clearly understand what their requirement are around periods of notice.

Regards

Rebecca Millwood

Rebecca Millwood
REGULATORY OFFICER

Level 1, 151 Pirie Street Adelaide SA 5000

GPO Box 2605 Adelaide SA 5001

(08) 8466 2298

rebecca.millwood@escosa.sa.gov.au | www.escosa.sa.gov.au

Norman
Waterhouse
SINCE 1920 LAWYERS

3 August 2018

Mr G Ricketts
Water Resources Coordinator
City of Marion
PO Box 21
OAKLANDS PARK SA 5046

Dear Mr Ricketts

Tonsley Water Supply Agreement (Enwave)

We refer to your instructions for us to provide a brief report on the key risks and opportunities in relation to a draft water supply agreement (**Draft Agreement**) for the bulk supply of treated stormwater to Enwave Tonsley Pty Ltd (**Enwave**). We note that the City of Marion (**Council**) has prepared the Draft Agreement, and our instructions are simply limited to the preparation of our report. We have considered the Draft Agreement and draft Committee Report (ISC030718R) (**Draft Committee Report**) you provided by email on 25 July 2018. For ease of reference, we have used defined terms from the Draft Agreement in our report below.

1.   **RISKS AND OPPORTUNITIES**

    1.1   **Limited control on customers of Enwave**

        We note from the Draft Committee Report that the Council intends to enter into a "partnership" with Enwave for the supply of water to the "Tonsley Development" and "Future Development of the Flinders University Site". The Draft Committee Report makes numerous references to earlier Council and/or Committee Reports. We have not been provided with any earlier Council or Committee Reports relating to these sites to appreciate the full context of these references. We have assumed that these prior reports do not contain terms that are contrary or inconsistent with the Draft Committee Report.

        We also assume that Council's use of the term "partnership" in this context does not refer to a partnership in the strict legal sense. We understand that the Draft Agreement forms part of that intended "partnership" framework, but we note it does not oblige Enwave to on-supply water to the "Tonsley Development or the Future Development of the Flinders University Site".

        At clause 1.1, the Draft Agreement defines "Authorised Use" as "*provision of recycled water services to the customers at Tonsley and neighbouring sites*". It is unclear, in the context of the Draft Agreement, whether this means "Tonsley" as a suburb or the project at the former Mitsubishi Motors manufacturing site. It is also unclear what will constitute a "neighbouring site". This uncertainty should be clarified.

In addition, if Council wishes to take the opportunity to oblige Enwave to on-supply the water to the "Tonsley Development" and "Future Development of the Flinders University Site", then the Draft Agreement will require amendment.

1.2 Reasonable endeavours and best endeavours of Council

The Draft Agreement contains various obligations for the Council to use "all reasonable endeavours" (see, for example, clause 3.1), "reasonable endeavours" (see, for example, clause 8.3), and "best endeavours"(see, for example, clause 14.3.1) to effect certain actions or outcomes. Council needs to understand what level of effort is required by Council in order to satisfy these different standards of practice. An obligation to use "best endeavours" obligations, as the term suggests, obviously requires a higher degree of effort than that required by any obligation to use "reasonable endeavours".

An opportunity to manage this differently may be to clearly identify the parameters of the obligations owed under the Draft Agreement (such as in relation to expenditure, disposal of assets, diversion of Council's resources away from its core functions, taking of legal action, and so forth) and/or the inclusion of 'sunset clauses' concerning those efforts.

1.3 Reasonable control of Council

Clause 3.3 of the Draft Agreement provides that Council will not be liable for providing "out of spec water" to Enwave (at the election of Enwave) where the quality of the water has been affected due to factors beyond the "reasonable control of Council". What will be deemed "reasonable control" in any event will turn on the facts of the given situation.

1.4 Fettering of Council decisions

Clause 3.7 provides that the required permits to access Enwave's recycled water network, under public roads, and other Council-controlled areas will be provided to Enwave. The Draft Agreement cannot fetter any of the Council's decision making powers pursuant to its other functions. We do not know what "other Council-controlled areas" comprises, but if this comprises community land then this will require statutory processes to be followed in accordance with the *Local Government Act 1999* (**LG Act**) which cannot be circumvented by the Draft Agreement. The Draft Agreement cannot legally guarantee a favourable determination of such "permits". We recommend the deletion of Clause 3.7.

1.5 Fees at the expiry of the Term

"Term" is defined in clause 1.18.1.2 of the Draft Agreement as including the expiry of the "Renewal Term". Clause 4.5 provides that Council may re-set the "Supply Rates" in the event that Enwave wishes to exercise its right of renewal upon expiry of the "Term". This is incorrect and the trigger should instead be the "Expiry Date" (which is defined in clause 1.8 as "50 years from the Commencement Date").

1.6 Adjustments

Clause 4.6 enables the Council to make an adjustment to compensate for an error discovered in the amount shown in an invoice. The adjustment is to be "effected in the next invoice". Perhaps this can be worded to allow the Council to correct the errors as soon as reasonably practicable.

1.7   **Variations requiring a deed of variation**

The Draft Agreement foreshadows situations where the Draft Agreement may be varied, such as a revision of the "Total Volume" (see, for example, clause 6.3) and pricing structure generally (see, for example, Annexure A which provides "*the above pricing structure will be reviewed periodically in line with reviews under the ESCOSA process or other relevant SA government water policy initiatives*"). However, it is unclear whether such variations must be in writing and executed by the parties pursuant to clause 15.4. The Council may wish to amend Clause 15.4 to include a process for variation.

1.8   **Exceeding the Total Volume**

Clause 6.4 provides that consumption in addition to the "Total Volume", without the written approval of Council, is unauthorised. The Council may wish to require Enwave to pay a higher rate in the event there is unauthorised use.

1.9   **Clarity of Enwave commitment to infrastructure**

The Draft Committee Report suggests that the Draft Agreement contains obligations for Enwave's commitments towards certain infrastructure. Examples of these references in the Draft Committee Report include:

> "...capital payments from Enwave to Council, to install two additional Aquifer Storage and Extraction wells at Oaklands Wetland"

> "Enwave has committed to fund new capital infrastructure for Tonsley as well as Council's infrastructure upgrade at Oaklands Wetland"

> "Enwave has agreed to fund the cost of the two wells and this commitment is captured within the Agreement"

However, the Draft Agreement only deals with this in clause 6.5 in relation to "augmentation" to meet the demands of Enwave. In that clause Enwave agrees to fund two such separate augmentations to the value of $500,000 each (adjusted per indexation). It is not clear to us that the infrastructure and commitments referred to the Draft Committee Report are actually obligations in the Draft Agreement. There needs to be further clarity around Enwave's infrastructure obligations if these are to be enforceable. If these obligations are not absolutely clear, and contained in a contractual arrangement between Enwave and the Council, then these obligations will not be enforceable by Council against Enwave. Additional information including detail regarding timeframes, specifications, use of contracts, and so forth may promote further clarity.

1.10   **Reasonable opinion of Council**

Clause 8.4.5 provides Council with the ability to interrupt or reduce the supply of "Treated Stormwater" to Enwave if in Council's "reasonable opinion" maintenance of that supply would lead to a number of outcomes including: exposure of the Council or any other "Statutory Authority" to risk of loss or damage; placing Council in breach of a law in force in South Australia; or giving rise to a material risk of harm, loss or injury to any person or property. What will be deemed "reasonable opinion' in any event will turn on the facts of the given situation.

1.11 Provision of records and charts on measurement

Clause 8.6.2 requires the Council to provide to Enwave all records and charts (or copies thereof) relating to the measurement of "Treated Stormwater" "upon request". This requires instantaneous production of such material, therefore Council must have this information up to date and readily accessible in order to meet this obligation. If this is not operationally possible, then Council should amend the Draft Agreement so that such information is furnished to Enwave within a stipulated, but reasonable, timeframe.

1.12 Priority of supply to Enwave over other customers

Clause 8.7 of the Draft Agreement provides that Council will preference supply to Enwave over other customers. We do not know whether the Council presently has any such "other customers", but note that any existing, and any future (for the next 100 years), Water Supply Agreements with such other customers must be consistent with this order of preference, otherwise Council may be in breach of its obligations under this Draft Agreement or those Water Supply Agreements with Council's other customers. At face value, this may be a risky provision to include in the Draft Agreement.

1.13 Mediation limitations

Clause 9.2 of the Draft Agreement contains a mediation process for the resolution of disputes. Clause 9.2.2 provides that a "*mediator may not make a decision that is binding on a party unless that party has agreed in writing*". Whilst it is not uncommon for mediations to be non-binding in nature, the lack of any other mandatory "binding" dispute resolution mechanism means that the parties in dispute may then, after exhausting the processes in clause 9, have no further recourse but through litigation. Whether a party will agree to be bound by a decision of a mediator may depend upon the goodwill between the parties at the time, however this can often be low between disputing parties.

1.14 Confidentiality

As a public agency under the *Freedom of Information Act 1991* (**FOI Act**) the Council has obligations to disclosure certain information, subject to applicable exemptions, in the event of an application for access under the FOI Act. The Draft Agreement does not contain any confidentiality clause aimed at ensuring certain information is maintained in confidence under the FOI Act. Whilst an accredited freedom of information officer may consider that any information or documents disclosed under mediation fall within an exemption from the obligation to provide access under the FOI Act, this cannot be guaranteed.

1.15 First right of refusal

Clause 12.4 provides Enwave with a first right of refusal to purchase the Pipeline System from the Council on reasonable market terms, however is otherwise silent on the actual process that the parties are required to follow. For example, it is often the case that a council would first approach the market in order to obtain a market value and would then approach the party with the first right of refusal to purchase at that value pre-determined by the market. Lack of detail concerning the first right of refusal process may lead to potential disputes between the parties. We recommend that the Draft Agreement be amended to provide greater detail around this process.

Further, we have not reviewed Council's policy required under section 49 of the LG Act but understand that this may apply to this Draft Agreement generally (as the contracting out of a service), but also particularly in respect of the first right of refusal (being the sale and disposal of assets). Council should ensure that the Draft Agreement is consistent with any policy of Council under section 49, or any decision that the Council has made under its section 49 policy.

1.16 Insurance

Clause 13 contains provisions concerning the obligation for Enwave to maintain appropriate public liability insurance. We note that the value of insurance is set a minimum of $10 million pursuant to clause 13.1.1. Whilst this is a commercial matter for the Council we note that we ordinarily see councils request an insurance value set at a minimum of $20 million, so the Draft Agreement may not be consistent with the industry in this regard. We recommend that the Council make some industry enquiries as to the appropriate amount.

We also note that whilst the Council has the ability to "request" an uplift in the minimum value of the insurance at set intervals or events under clause 13.1.2, Enwave is not obliged to provide insurance at the uplifted minimum value. Clause 13.1.3 provides that Enwave must "*give the Council's request reasonable consideration*". Therefore, there is a risk that Enwave will not agree to the uplift and then Council is left with insurance set at a minimum of $10 million, which is unlikely to be an adequate value for the entirety of the Term. If the Council is to be afforded the right to request an increase in the insured amount, Enwave should be required to put it into effect.

1.17 Notification of Force Majeure

Council is obliged to notify Enwave "*as soon as it becomes aware of Force Majeure*" that prevents the Council from complying with any of its obligations under the Draft Agreement. This requires the Council to take immediate action. Failure to do so will render the Council in breach of this obligation.

1.18 All that is reasonably necessary

Each party is obliged to "*do all that is reasonably necessary*" to give effect to the Draft Agreement. What will be deemed to be "all that is reasonably necessary" in any event will turn on the facts of the given situation.

1.19 Company execution clause

The execution clause should be amended so that Enwave executes pursuant to Section 127 of the *Corporations Act 2001* (Cth).

1.20 Amendment to Supply Rates

Annexure A provides that "*the above pricing structure will be reviewed periodically in line with reviews under the ECOSA process of other relevant SA government water policy initiative. Should higher input costs for supply or higher sell price be allowed, then [Enwave] will enter into good faith negotiations with the Council with a view to amend the Supply Rates*" [sic]. The proposed methodology for an increase in the Supply Rate is unclear. It is also unclear what is meant by "input" costs. The body of the Draft Agreement contains no provision that specifically provides for the amendment of the Supply Rates (other than at clause 7.3, 30 days prior to the commencement of the Renewal Term). Further, there is no concrete obligation on

Enwave to accept amended Supply Rates. The current wording means there is a risk that the provisions are unenforceable against Enware, as they are not sufficiently clear.

1.21 **Billing Period**

Annexure B contains a table with two columns, the first being "Commencement Date:". However, this column then appears to list what is essentially a financial year, e.g. "01 July to 30 June". "Commencement Date" is a defined term at clause 1.3 meaning "*the date of execution of this Agreement*" and therefore does not make sense in the context of the first column of the table in Annexure B. Column two is entitled "Invoice Details by Scheme" and appears to relate to "Quarterly Billing Periods".

1.22 **Volumes of supply**

The Draft Committee Report provides that the "*Agreement clearly states that the Council does not guarantee volumes*". Is this correct?. Clause 6.1 entitles Enwave to "*draw up to and including the Total Volume of Treated Stormwater during any Billing Period*". Council's ability to suspend, interrupt or reduce the supply of Treated Stormwater is limited to those circumstances outlined in clause 8.4. Clause 8.7 (previously discussed above) is not made subject to Council's exercise of powers under clause 8.4.4 or clause 8.4.5 to expressly cover Council should Council reduce the supply to Enwave to ensure that Council first meets its internal demand for water. This presents a risk for dispute between the parties if supply to Enwave is suspended, interrupted or reduced in favour of satisfaction of Council internal demand first.

1.23 **Enwave maintenance of mains water**

Whilst the Draft Committee Report suggests that "*Enwave will maintain a mains water backup system in the event of drought, power failures or electrical/mechanical failures*" there is no obligation for such in the Draft Agreement. Inclusion of such an obligation in the Draft Agreement is an opportunity for potential reduction of Council's exposure to liability in the event of a suspension, interruption or reduction of supply to Enwave.

1.24 **Water approvals, authorisations, licences**

We have not been provided with the relevant water approvals, authorisations or licences so cannot assess the risk associated with the assertion in the Draft Committee Report that the Council has, or is about to secure, all of the necessary approvals, authorisation or licences required in order for the Draft Agreement to be legally implemented. However, we note that whilst some of these are still pending, the Draft Agreement is not conditional upon the grant of same. Therefore, absent any condition precedent relating to the grant of these approvals, authorisations or licences, the Council would be contractually obliged to supply to Enwave under the Draft Agreement, but would only be able to rely upon clause 8.4.5.2 to circumvent the obligation to supply. Clause 8.4.5.2 provides that Council may suspend, interrupt or reduce supply if in Council's reasonable opinion maintenance of supply would "*place Council in breach of a law in force in South Australia*". We note that the Draft Committee Report also suggests that Enwave is keen to enter into the Draft Agreement as soon as possible and for this reason we would ordinarily expect such a condition precedent to be included in the Draft Agreement as added protection for the Council against the risk that the necessary water approvals, authorisations or licences are not granted, or not granted on terms acceptable, to the Council.

1.25 **Easements**

The Draft Committee Report refers to Council's consideration of the provision of easements to *"enable "smart innovative solutions" to be bolted on as required".* We are unsure as to how, or if, this relates to the content of the Draft Agreement, but assume it instead relates to the modular treatment system and sand filtration units in order to increase the treatment capacity at the Oaklands Wetland in the future and is therefore a matter outside of the context of the Draft Agreement.

2. **PREPARATION OF DRAFT AGREEMENT**

As indicated above, we did not prepare the Draft Agreement or receive instructions to review the mechanics of Draft Agreement. But our consideration of the Draft Agreement and Draft Committee Report for the purposes of the preparation of our report revealed some drafting anomalies that need to be addressed in both the Draft Agreement and the Draft Committee Report. Please let us know if Council would like our assistance to rectify those drafting anomalies.

3. **PROCUREMENT CONSIDERATIONS**

We also note that we have had no involvement in the procurement process that the Council has undertaken in relation to the Draft Agreement nor have we been instructed to advise on that procurement process. However, we note that the Term of the Draft Agreement is very long (up to 100 years) and note that Council will have needed to have consider the arrangement in the Draft Agreement according to the appropriate procurement approval process. We assume that the Council has complied with its procurement process in reaching its decision to enter into discussions with - and with the intention of shortly executing an agreement with – Enwave. Please let us know if Council would like our assistance to review Council's procurement process undertaken in relation to the Draft Agreement.

We trust that this report is of assistance. Please let us know if you require any additional assistance from us in relation to this matter.

Yours faithfully
Norman Waterhouse

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DATE

PARTIES

CITY OF MARION ABN 37 372 162 294 of PO Box 21, Oaklands Park SA 5046 (**Council**)

ENWAVE TONSLEY PTY LTD ACN 623 288 175 of Level 22, 135 King Street, Sydney 2000 (**Customer**)

BACKGROUND

A. Council owns and operates the Oaklands Aquifer Storage and Recharge (ASR) Scheme and Oaklands Wetlands and a distribution network.

B. The distribution system conveys Treated Stormwater to the Connection Point (as detailed in Annexure D).

C. Council has agreed to allow the Customer to draw the Treated Stormwater from the Connection Point for use by the Customer on a commercial basis.

D. The Customer acknowledges that it must use the Treated Stormwater on the terms and conditions of this Agreement.

The parties agree as follows:

1. **DEFINITIONS**

    In this Agreement, unless the contrary intention appears, the following words have the following meaning:

    1.1 *Authorised Use* means the use of Treated Stormwater by the Customer to enable provision of recycled water services to the customers at Tonsley and neighbouring sites.

    1.2 *Billing Period* means the 12 month period from 1 July to 30 June each year and comprising four quarterly invoicing dates as detailed in Annexure B, provided that:

        1.2.1 the first Billing Period will commence on the Commencement Date and end on the next 30 June; and

        1.2.2 the last Billing Period will commence on the 1 July preceding the end of the Term and end on the last day of the Term.

    1.3 *Commencement Date* means the date of execution of this Agreement.

    1.4 *Connection Point* means the outlet flange of the meter installed at the point at which the Pipeline System connects at or near the boundary of the Customer Premises as shown in Annexure D.

    1.5 *Council* means the Water Business Unit of the City of Marion, or such other area or department of the City of Marion having responsibility from time to time for the commercial operation of the ASR Scheme and the supply of Treated Stormwater and, where the context permits, includes the employees, contractors or agents of Council.

1.6   ***Customer Premises*** means the recycled water plant owned by the Customer as detailed in Annexure D.

1.7   ***EPA*** means the Environment Protection Authority established under the *Environment Protection Act 1993*.

1.8   ***Expiry Date*** means the 50 years from Commencement Date.

1.9   ***Fees*** means the fees payable by the Customer to Council for the supply of Treated Stormwater under this Agreement, as calculated in accordance with clause 4.1.1.

1.10   ***Force Majeure*** means an event or circumstance:

    1.10.1   which is beyond the reasonable control of a party, including (but not limited to) the following events or circumstances:

        1.10.1.1   acts of God;

        1.10.1.2   earthquakes, flood, storms, tempest, washaways, fire, explosions;

        1.10.1.3   breakages of, or accidents to machinery or equipment;

        1.10.1.4   nuclear accidents, acts of war, acts of public enemies;

        1.10.1.5   riots, civil commotions;

        1.10.1.6   strikes, lockouts, pickets, industrial boycotts, restraint of labour or other similar acts;

        1.10.1.7   shortages of specialist labour, equipment or materials; and

    1.10.2   which prevents that party from complying with any of its obligations under this Agreement; and

    1.10.3   which that party:

        1.10.3.1   did not cause;

        1.10.3.2   cannot control or influence; and

        1.10.3.3   could not have been prevented or avoided by the exercise of due diligence and through prudent management processes, policies and precautions, including the use of alternative resources, the procuring of services from another source and work around plans.

1.11   ***Guidelines*** means the Australian Guidelines 23 for Water Recycling: Managing Health and Environmental Risks (Phase 2): Stormwater Harvesting and Reuse, as updated or replaced from time to time.

1.12   ***Legislation*** includes any Statute or Act of Parliament (whether State or Federal) and any regulation or by-law including by-laws issued by any local government body or authority (including Council in its capacity as such).

1.13   ***Minimum Standards*** means those minimum health and environment risk standards recommended in the Guidelines for recycled water to be suitable for the Authorised Use.

1.14   ***Pipeline System*** means the pipeline infrastructure owned by Council, which is connected to the Customers Premises via a master valve.

1.15   ***Renewal Term*** means the period set out in Annexure E.

1.16   ***Statutory Authority*** means any government or semi-government authority and any authority created by or under Legislation (including Council in its capacity as such).

1.17   ***Supply Rates*** means, in relation to a Billing Period, the supply rates determined in accordance with clause 4.3 and Annexure A for that Billing Period.

1.18   ***Term*** means (as applicable):

    1.18.1   the period commencing on the Commencement Date and expiring on either:

        1.18.1.1   the Expiry Date; or

        1.18.1.2   the expiry of the Renewal Term should the Customer exercise its right of renewal in accordance with clause 7 of this Agreement; or

    1.18.2   the period commencing on the Commencement Date and expiring on the date this Agreement is terminated pursuant to clause 12.

1.19   ***Total Volume*** is the maximum amount of Treated Stormwater the Customer is entitled to draw from Council's Treated Stormwater supply scheme in any Billing Period, being the volume detailed in Annexure C as at the Commencement Date and as determined by clause 6.1 or revised from time to time in accordance with this Agreement.

1.20   ***Treated Stormwater*** means the rainwater runoff that is harvested and treated by Council at its Oakland site and which is made available for supply via the Pipeline System to the Customer pursuant to this Agreement.

1.21   ***Volumetric Usage*** refers to the method by which Council measures the readings taken from Council's meter at the Connection Point and thereby calculates the amount of Treated Stormwater drawn by the Customer from the Connection Point over a period of time. The method of measurement is to comply with clause 8.6.1.

2.   **INTERPRETATION**

    2.1   In this Agreement, unless an alternative meaning is clearly intended:

        2.1.1   a reference to this Agreement is a reference to this document and includes all annexures and schedules to this document;

2.1.2　a reference to an Annexure is a reference to an annexure to this Agreement;

2.1.3　a reference to a clause is a reference to a clause in this Agreement;

2.1.4　words beginning with capital letters are defined in clause 1;

2.1.5　a reference to Legislation includes any statutory modification or re-enactment of it or any Legislation substituted for it and all by-laws, regulations, rules, guidelines, codes or directions issued under it;

2.1.6　headings do not affect the interpretation of this Agreement;

2.1.7　if a provision of this Agreement would, but for this clause, be unenforceable:

2.1.7.1　the provision must be read down to the extent necessary to avoid that result; and

2.1.7.2　if the provision cannot be read down to that extent, it must be severed without affecting the validity and enforceability of the remainder of this Agreement;

2.1.8　a reference to any party in this Agreement includes that party's executors, administrators, successors and assigns.

2.2　The parties agree that the Background on page 1 of this Agreement is true and correct and forms part of this Agreement.

2.3　Where it is necessary under this Agreement to make a calculation by reference to part of a Billing Period or to a Billing Period which is less than 12 consecutive months, the part or the number of days in that Billing Period (as applicable) will be the portion that the number of whole days in the relevant period bears to 365 (or 366 in a leap year). For clarity, the Total Volume will be reduced pursuant to this clause 2.3 where a Billing Period is less than 12 consecutive months.

3. **SUPPLY OF TREATED STORMWATER**

The parties acknowledge and agree that Council:

3.1　will use all reasonable endeavours to supply Treated Stormwater to the Connection Point via the Pipeline System during the Term;

3.2　will, subject to the restrictions otherwise specified in this Agreement, permit the Customer to draw Treated Stormwater from the Connection Point during the Term;

3.3　warrants that the Treated Stormwater will satisfy the Minimum Standards for public restricted use irrigation quality water when drawn at the Connection Point. If the water quality is outside of the Minimum Standards ("out of spec water") due to factors beyond the reasonable control of Council, the Customer may still elect to take the water. If the Customer elects to take the out of spec water, then Council will not be held liable.

3.4 does not give any guarantees as to the quality of the Treated Stormwater once it passes the Connection Point;

3.5 will provide Treated Stormwater at the Connection Point as specified in Annexure C;

3.6 passes to the Customer unencumbered title to all Treated Stormwater upon it being drawn by the Customer at the Connection Point;

3.7 subject to any applicable Legislation (including the Local Government Act 1999), will provide the Customer the required permits to access the Customer's recycled water network under public roads and other Council-controlled areas; and

3.8 will not be responsible for, nor be at risk in respect of, all Treated Stormwater once it passes the Connection Point.

4. FEES

4.1 Calculation of Fees

4.1.1 Fees will be calculated by Council on a Volumetric Usage basis in accordance with the following formula:

Fees = Supply Rates x Volumetric Usage.

4.1.2 Fees will be invoiced quarterly during the Term on each invoice date of the applicable Billing Period.

4.2 Invoicing and Payment

4.2.1 On each invoice date of a Billing Period, Council will furnish the Customer with an invoice for all amounts payable under this Agreement for the quarter to which that invoice relates, which invoice must include the following information:

4.2.1.1 the total quantity of Treated Stormwater measured as being withdrawn at the Connection Point;

4.2.1.2 the Fees payable;

4.2.1.3 where the invoice is in respect of the last quarter of a Billing Period:

4.2.1.4 the total amount due to Council for the quarter; and

4.2.1.5 the basis of the calculation of the above quantities and amounts.

4.2.2 The Customer must pay all amounts invoiced in accordance with clause 4.2.1 within 30 days after the date of issue of the relevant invoice and in the manner set out in that invoice.

4.3 **Supply Rates**

4.3.1 The Supply Rates for a Billing Period will be the dollar rate per kL as outlined in Annexure A for water use charge for that Billing Period.

4.4 **Implications of Water Industry Act 2012**

4.4.1 The parties acknowledge and agree that as at the date of this Agreement the Water Industry Act 2012 (SA) (**Act**) has been enacted by Parliament and come into operation.

4.4.2 The Act may impose pricing restrictions and other conditions on the supply of Treated Stormwater by Council as a water industry entity.

4.4.3 If the Act applies to this Agreement then this Agreement will be read and interpreted subject to the provisions of the Act and to the extent to which there is any inconsistency with the provisions of the Act, those provisions will override the terms of this Agreement.

4.5 **Fees at the expiry of the Term**

The Customer acknowledges and agrees that in the event the Customer wishes to exercise its right of renewal in accordance with Clause 7 of this Agreement with Council for the supply of Treated Stormwater ~~upon expiry of the Term~~after the Expiry Date, Council may re-set the Supply Rates to apply during the Renewal Term under such agreement, depending on Council's water pricing policy at the time and subject to the provisions of the Act.

4.6 **Adjustments**

In the event that an error is discovered in the amount shown in any invoice issued under clause 4.2 an adjustment to compensate for such error will be effected ~~in the next invoice~~within 28 days of notification or as soon as reasonably practicable.

4.7 **Disputed Amounts**

In the event of a bona fide dispute arising as to the correct amount owing under any invoice issued under clause 4.2.1, the Customer must pay the amount not in dispute in accordance with clause 4.2.2 and, within 10 business days of becoming aware of grounds for a dispute, notify Council in writing of the amount disputed and the grounds for the dispute. Any amount in dispute, and subsequently agreed or determined to be payable by a party, will be due and payable by that party within 14 days after such agreement or determination.

5. **PIPELINE SYSTEM**

5.1 The parties acknowledge that Council has, prior to the Commencement Date, facilitated the construction of the Pipeline System and the Connection Point (or another point as agreed), at Council's cost.

5.2 Ownership of the Pipeline System up to and including the Connection Point is vested in Council.

6. **CUSTOMER'S RIGHTS AND OBLIGATIONS**

The Customer acknowledges and agrees that:

6.1   the Customer, six months prior to each Billing Period, will submit to Council a forecast of the Total Volume for the next thirty Billing Periods. The Customer is entitled to draw up to and including the Total Volume of Treated Stormwater during any Billing Period;

6.2   the Total Volume is allocated for a single Billing Period and there is no provision for the banking or rollover of water quantities into the next Billing Period;

6.3   the Customer may request in writing a review of the Total Volume at any time during a Billing Period and Council may, at its absolute discretion, revise the Total Volume following such a request, in which case the Agreement may be varied in accordance with clause 15.5;

6.4   Treated Stormwater consumed in addition to the Total Volume without the written approval of Council is unauthorised and restrictions in supply may be imposed by Council for the remainder of the relevant Billing Period and if over 250ML is required a price review will be conducted;

6.5   The Customer and Council will in collaboration assess the Council's Treated Stormwater system to determine when and if augmentation is required (modelling shows 1st augmentation in 2019 and then 2023) to meet the demands of the Customer. The Customer agrees to fund two separate augmentation works to meet the future demand of the Customer only. The Customer and Council will agree the future timing of each of the augmentation works. The Customer agrees to fund $500,000 (in 2018 dollars, adjusted annually based on the movement of the Adelaide All Groups Consumer Price Index Annual CPI escalation) for each required augmentation works at Oakland Wetlands;

6.6   the Customer will comply with all laws in force in South Australia in respect of the use of the Treated Stormwater, including but not limited to:

6.6.1   complying with the conditions of any approval or consent given in respect of the use of the Pipeline System and the drawing of Treated Stormwater from the Connection Point; and

6.6.2   any Legislation or requirement of any Statutory Authority dealing with the use of the Treated Stormwater by the Customer;

6.7   without limiting any other provision of this Agreement, the Customer must ensure the following conditions are met:

6.7.1   all above ground infrastructure on the Customer Premises is painted with the appropriate colour warning for the use of Treated Stormwater;

6.7.2   identification signs are erected at entrances and at each corner of the Customer Premises painted in accordance with the relevant Guidelines and marked "Warning Treated Stormwater - Do Not Drink!";

6.7.3   identification signs are erected near any holding tank, painted in accordance with the Guidelines and marked "Warning: Treated Stormwater: Do Not Drink: No Swimming!";

6.7.4   hose fittings connected to the Treated Stormwater system are of a different colour to those on the potable water system so that the two are not interchangeable; and

6.8   it must not cause the creation of a cross connection with the potable water supply to the Customer Premises, and must ensure that no such cross connections are created through other plumbing activities; and

6.9   it must not use or allow the Treated Stormwater to be used for any of the following purposes:

6.9.1   drinking, cooking or kitchen purposes;

6.9.2   baths, showers or personal washing;

6.9.3   clothes washing;

6.9.4   swimming pools;

6.9.5   washing, packaging or processing of food for sale or distribution; and

6.9.6   pork production.

7.   **RENEWAL**

7.1   **Right of Renewal**

7.1.1   If the Customer wishes to renew this Agreement, the Customer must serve a written notice on Council not less than six months before the Expiry Date stating its desire to renew this Agreement for the Renewal Term.

7.1.2   If such notice is given then Council will (subject to clause 7.2) be obliged to renew this Agreement for the Renewal Term on the same terms and conditions as are contained in this Agreement except for the exclusion of this clause 7 and as otherwise set out in this Agreement or required to accurately reflect any change in the customer entity.

7.2   **No Renewal Entitlement**

The Customer will not be entitled to a right of renewal pursuant to clause 7.1 if:

7.2.1   the Customer has been in persistent breach of this Agreement at any time before giving notice of the Customer's desire to exercise the right of renewal (**notice**);

7.2.2   the Customer is in breach of this Agreement at the time of giving the notice; or

7.2.3   the Customer is in breach of or commits any breach under this Agreement after giving the notice but before commencement of the Renewal Term.

7.3 **Supply Rates**

The Customer acknowledges and agrees that Council may re-set the Total Volume and the Supply Rates (as per Clause 4.5) applying for the Renewal Term in accordance with Council policy at the time by providing notice to than effect not less that 30 days prior to the commencement of the Renewal Term.

8. **RIGHTS AND OBLIGATIONS OF COUNCIL**

8.1 Council may enter the Customer Premises after giving the Customer ~~reasonable notice~~24 hours' prior notice (except in the case of emergency when no notice will be required):

8.1.1 for the purposes of meter reading, system maintenance and management, auditing of internal pipework and connections as may be required from time to time; and

8.1.2 to do anything Council must or may do under this Agreement or must do under any Legislation or to satisfy the requirements of any Statutory Authority.

8.2 The Customer acknowledges and agrees that:

8.2.1 the Pipeline System has been created with the funding support of the Commonwealth and State Governments under various funding agreements with Council; and

8.2.2 personnel from the relevant funding bodies (**Authorised Persons**) may have need to access the Customer Premises and inspect the works undertaken by Council,

and the Customer will provide all such reasonable access and assistance requested by the Authorised Persons subject to:

8.2.3 the provision of reasonable prior notice by the Authorised Persons to the Customer (except where they believe there is an actual or apprehended breach of the law); and

8.2.4 compliance with the Customer's reasonable security procedures.

8.3 Council will work collaboratively with the Customer to monitor the Total Volume during each Billing Period and will use its reasonable endeavours to:

8.3.1 notify the Customer if Council considers the Customer's consumption of Treated Stormwater is likely to exceed the Total Volume; and

8.3.2 give due consideration to the Customer's requests for additional volumes of Treated Stormwater in excess of the Total Volume;

provided nothing in this clause relieves the Customer from its responsibility to monitor and manage its own consumption of Treated Stormwater through the Connection Point and/or its obligation to request additional volumes of Treated Stormwater if required.

8.4 Council may wholly or partially suspend, interrupt or reduce the supply of Treated Stormwater to the Connection Point:

8.4.1 if the Customer breaches any provision of this Agreement and such breach remains unremedied for a period exceeding 21 days from written notification of the breach by Council (or such other longer period as Council may grant to the Customer in its absolute discretion);

8.4.2 for repair or routine maintenance of the Pipeline System;

8.4.3 if Council is required to do so by any Statutory Authority (including the Department of Health and the EPA) that has authority to impose such a requirement on Council;

8.4.4 due to circumstances of unusual drought, or any event or cause beyond the reasonable control of Council which precludes Council from supplying the Treated Stormwater under this Agreement; or

8.4.5 if in Council's reasonable opinion, maintenance of that supply would:

8.4.5.1 expose Council or any other Statutory Authority to any risk of loss or damage;

8.4.5.2 place Council in breach of a law in force in South Australia; or

8.4.5.3 give rise to material risk of harm, loss or injury to any person or property;

provided that Council:

8.4.6 will provide reasonable notice to the Customer (except in cases of emergency when no notice is required) of the proposed suspension, interruption or reduction in the supply of Treated Stormwater; and

8.4.7 will, so far as practicable, undertake any maintenance pursuant to this clause at a time least likely to cause inconvenience to the Customer.

8.5 If any of the circumstances in clause 8.4 arise:

8.5.1 Council is not under any obligation to provide the Customer with an alternative source of supply of Treated Stormwater and Council is not liable to the Customer for any losses or costs incurred by the Customer arising from any interruption to the supply of Treated Stormwater under this Agreement; and

8.5.2 the Customer may, during the period of suspension, interruption or reduction temporarily connect to an alternative source of supply of mains water to supply the Customer Premises, provided always that:

8.5.2.1 the connection to the alternative source of supply of mains water is in accordance with the terms and conditions of each party's respective Safety Reliability Maintenance and Technical Management Plan; and

8.5.2.2 the Customer must immediately revert to the use of Treated Stormwater under this Agreement if and when Council resumes supply of Treated Stormwater to the Customer.

8.6 Council will:

8.6.1 ensure that the meter installed at the Connection Point is operated and maintained in accordance with applicable laws, industry guidelines and practices; and

8.6.2 upon request, provide the Customer, within 14 days from such request, with all records and charts (or copies thereof) relating to the measurement of the Treated Stormwater at the Connection Point for inspection.

8.7 Council will prioritise its Treated Stormwater supply to the preference of its own internal demand first then the Customer over its other customers.

9. DISPUTE RESOLUTION

9.1 General

9.1.1 A party must not commence arbitration or court proceedings (except for urgent equitable or injunctive relief) in respect of a dispute under this Agreement unless it first attempts to resolve the dispute by negotiation and mediation under this clause.

9.1.2 A party claiming that a dispute has arisen under this Agreement must give written notice to the other party specifying the nature and details of the dispute.

9.1.3 On receipt of that notice by the other party, the parties must negotiate in good faith to resolve the dispute.

9.1.4 If the parties are unable to resolve the dispute within 10 business days, they must promptly refer the dispute to their respective Chief Executive Officers.

9.1.5 Those persons must meet to resolve the dispute and must be authorised to resolve the dispute.

9.2 Mediation

9.2.1 If those persons described in clause 9.1.4 are unable to resolve the dispute within 10 business days of referral, either party may refer the dispute for mediation under the mediation rules of the Law Society of South Australia Inc to:

9.2.1.1 a mediator agreed by the parties; or

9.2.1.2 if the parties are unable to agree a mediator within five business days, a mediator nominated by the President of the Law Society or the President's nominee.

9.2.2 The role of a mediator is to assist in negotiating a resolution of the dispute. A mediator may not make a decision that is binding on a party unless that party has agreed in writing.

9.2.3 Any information or documents disclosed by a party under this clause:

9.2.3.1 must be kept confidential; and

9.2.3.2 may not be used except to attempt to resolve the dispute.

9.2.4 Each party must bear its own mediation costs. The parties must bear equally the costs of any mediator.

9.3 **Performance**

If possible, each party must perform its obligations under this Agreement during negotiations and mediation proceedings.

10. **LIABILITY LIMITATION AND INDEMNITIES**

10.1 **No Indirect Losses**

Neither Council nor the Customer will be liable to the other for any loss of use, revenue or profit or for any special, indirect, incidental, consequential or exemplary damages of any kind, arising from any breach of an obligation under this Agreement, any negligence or duty owed by a party arising out of the respective obligations of the parties under this Agreement or any other cause of action arising out of this Agreement.

10.2 **Indemnity**

Subject to clause 10.1, the Customer (**Indemnifying Party**) must keep the other party indemnified from and against any costs, loss, expense or liability of any kind suffered or incurred by the other party in respect of any loss of life, personal injury or disability, loss or of damage to property or any other loss arising out of:

10.2.1 any negligence or wrongful act or omission by the Indemnifying Party in connection with or incidental to this Agreement;

10.2.2 any damage to any part of the other party's infrastructure (including, in the case of Council, the Pipeline System and the master valve) and land; or

10.2.3 any breach of this Agreement by the Customer,

except to the extent caused or contributed to by the other party's negligence or default.

11. **GST**

11.1 **GST**

11.1.1 In this clause:

11.1.1.1 *GST* means any tax on goods and/or services including any value added taxes, broad based consumption tax, or other similar tax introduced in Australia, including that tax imposed under GST Law;

11.1.1.2 *GST Law* means the *A New Tax System (Goods and Services Tax) Act 1999* and any other Act, Order, Ruling or Regulation which imposes or otherwise deals with the administration of imposition of GST in Australia; and

11.1.1.3 *Supply* and *Supplier* have the meanings given to them in GST Law.

11.1.2 Notwithstanding any other provision of this Agreement, if GST applies to any Supply made by either party under or in connection to this Agreement, the consideration (or payment) provided or to be provided for that Supply will, upon production by the Supplier of an appropriate tax invoice, be increased by an amount equal to the GST liability properly incurred by the party making Supply.

11.1.3 Each party warrants that at the time any Supply is made under this Agreement on which GST is imposed they are or will be registered under the GST Law. If the other party requests written evidence and registration, the first party will properly produce evidence satisfactory to the other party of such registration.

11.2 Supply of Treated Stormwater

11.2.1 It is the intention and understanding of the parties that the supply of Treated Stormwater under this Agreement will be GST-free under section 38-285(1) of the GST Law.

11.2.2 If Council determines that it is liable to pay GST on the supply of Treated Stormwater, the provisions of clause 11.1 shall apply.

12. TERMINATION

12.1 Definitions

For the purpose of this clause 12 an "**Event of Default**" occurs if:

12.1.1 either party breaches any of its obligations under this Agreement and/or their respective Safety Reliability Maintenance and Technical Management Plan; or

12.1.2 this Agreement becomes void or unenforceable as against a party in any material respect as a result of an act or omission by that party; or

12.1.3 any representation or warranty made or given by a party is proved to be false, misleading, deceptive, incomplete or inaccurate in any material respect when it is made.

12.2 **Default Notices**

If an Event of Default occurs, the non-defaulting party may, unless this Agreement expressly prevents it, give the defaulting party not less than 21 days' notice in writing to make good the Event of Default (**Default Notice**).

12.3 **Termination for default**

If:

12.3.1 at the expiration of the period allowed in a Default Notice, the Event of Default has not been made good; or

12.3.2 the defaulting party commits repetitive Events of Default relating to the same or substantially the same breach (whether or not any Event of Default is rectified) so that its performance of its obligations under this Agreement is materially affected,

the defaulting party will be conclusively deemed to have committed a material breach of this Agreement and the non-defaulting party may then immediately terminate this Agreement by notice in writing to that effect.

12.4 **Sale of Pipeline System**

Subject to any applicable Legislation (including the Local Government Act 1999), Iif Council wishes to sell the Pipeline System, it shall give the Customer the first right of refusal to purchase on reasonable market terms.

13. **INSURANCE**

13.1 During the Term:

13.1.1 the Customer must, at the Customer's expense, take out public liability insurance for a minimum of $120 million; and

13.1.2 Council may request that the Customer increase the value of their Public Liability Cover at the following intervals:

13.1.2.1 At five yearly intervals from the Commencement date of this agreement,

13.1.2.2 from the date the Customer chooses to exercise its right of renewal under clause 7 of this agreement; and

13.1.2.3 five years from the date the Customer chooses to exercise its right of renewal under clause 7 of this agreement.

13.1.3 Should Council request that the Customer increase the value of the Public Liability cover, the Customer must give the Council's request reasonable consideration and such request must not be unreasonably refused.

13.2   The Customer must:

13.2.1 ensure that the policy provides for the payment of the insured amount for any one event and not for the aggregate of claims under the policy;

13.2.2 on demand deliver to Council a copy of the policy of such insurance; and

13.2.3 on demand produce to the Council a copy of the certificate of currency of such insurance.

13.3   The Customer must not do anything which may cause the insurance policy to become ineffective.

13.4   If the Customer does not take out and maintain insurance in accordance with this clause, Council may (but is not obliged to) pay the premium for that insurance. The Customer must, on demand, reimburse Council for the premium payable on that insurance.

14.   **FORCE MAJEURE**

14.1   **Effect**

The obligations of a party directly affected by Force Majeure and any corresponding entitlement of any other party will be suspended to the extent and for so long as the performance of the affected party's obligations are prevented or delayed by Force Majeure.

14.2   **Notification**

The affected party must notify the other party if Force Majeure is preventing it from complying with any of its obligations as soon as practicable of it becomes becoming aware of Force Majeure.

14.3   **Obligation to Recommence Performance**

The affected party must:

14.3.1   use its best reasonable endeavours to work around or overcome the effect of Force Majeure;

14.3.2   keep the other party informed of the continuation and expected duration of Force Majeure and of measures taken to comply with this clause; and

14.3.3   recommence performance of its obligations as soon as possible without delay after Force Majeure has ceased to exist.

15.   **MISCELLANEOUS**

15.1   **Governing Law**

This Agreement is governed by the law of South Australia.

15.2   **Further Assurances**

Each party must, at its own expense, do all that is reasonably necessary to give effect to this Agreement.

15.3 Counterparts

This Agreement may be executed in counterparts, each of which will be treated as an original, but which will constitute one and the same instrument.

15.4 Amendments

No amendment of, nor addition to, this Agreement is binding unless it is in writing and executed by the parties to this Agreement.

15.5 Confidentiality

15.5.1 Subject to clause 15.5.2, each party must keep confidential the terms of this Agreement and all negotiations between it and the other party in connection with, and all information given to it under, this Agreement.

15.5.2 The Customer acknowledges that Council is subject to the Freedom of Information Act 1991 (SA) and that this Agreement or documents relating to this Agreement may become the subject of an application under that Act and access to them may need to be given to a third party in accordance with that Act. Council has no liability to Enwave whatsoever for giving access to a document in accordance with the Freedom of Information Act 1991 (SA).

15.6 Assignment and novation

If Council divests of the Pipeline System to a third party, Council may assign or novate this Agreement to such third party with the Customer's prior consent, which shall not be unreasonably withheld or delayed.

SIGNED as an agreement

Signed for **CITY OF MARION** by its
authorised delegate in the presence of:

....
Signature of witness

....
Signature of authorised delegate

....
Name of witness (print)

....
Name of authorised delegate (print)

....
Position of authorised delegate

Executed by **Enwave Tonsley Pty Ltd** in
accordance with section 127 of the *Corporations Act
2001* (Cth) by:

_____
Director signature

_____
Director/Secretary signature

_____
Director full name
(BLOCK LETTERS)

_____
Director/Secretary full name
(BLOCK LETTERS)

~~**Signed** for **ENWAVE TONSLEY PTY
LTD** by its authorised representative:~~

~~...
Signature of Duly Authorised Officer~~

~~...
Name of Duly Authorised Officer~~

Annexure SAnnexure A Supply Rates

Fees will be calculated using the tiered pricing structure outlined in the table below on the (annual) Billing Period Volumetric Usage

Annual Volume of water purchased by Enwave	First 60 ML	Above 60 ML and up to 120 ML	Above 120 ML and up to 180 ML	Above 180 ML
Supply Rates $/kL	$1.05	$0.85	$0.70	$0.60
Council prices shown in 2018 dollars | Council Price will be adjusted annually based on the movement of the Adelaide All Groups Consumer Price Index Annual CPI escalation				

ML = mega litres (one million litres of water)
kL = kilo litres (one thousand litres of water)

The above pricing structure will be reviewed periodically and at least every 5 years in line with reviews under the ESCOSA process or other relevant SA government water policy initiatives. Should higher input costs (including higher Supply Rates) for supply or higher sell price be allowed, then the Customer will enter good faith negotiations with the Council with a view to amend the Supply Rates.

~~Annexure T~~Annexure B Billing Period

~~Commencement Date:~~ Annual Billing	Invoice Details by Scheme
01 July to 30 June	15 October (for the 1 July - 30 September quarter) Volumetric Usage
	15 January (for the 1 October – 31 December quarter) Volumetric Usage
	15 April (for the 1 January – 31 March quarter) Volumetric Usage
	15 July (for the 1 April – 30 June quarter) Volumetric Usage

~~Annexure T~~Annexure B Billing Period

~~Annexure U~~Annexure C Total Volume

Total Volume: **Up to a maximum volume of 250 ML pa with a peak instantaneous flow not to exceed 18 L/s**

~~Annexure V~~Annexure D Customer Premises

~~Annexure W~~Annexure E Renewal Term

The Renewal Term for this Agreement is: 50 years from the Expiry Date.

~~Annexure W~~Annexure E Renewal Term

EPA

South Australia

Works Approval No. 50499

CORPORATION OF THE CITY OF MARION

237-265 Oaklands Road, OAKLANDS PARK SA 5046 and
120B Hendrie Street, PARK HOLME SA 5043

Environment Protection Authority

APPROVAL NUMBER: 50499

APPROVAL DETAILS

Approval Holder: CORPORATION OF THE CITY OF MARION

Premises Address(es):   237-265 Oaklands Road, OAKLANDS PARK SA 5046
and

120B Hendrie Street, PARK HOLME SA 5043

The Holder is hereby granted an Environmental Authorisation in the form of a Works Approval, subject to the conditions set out in this Authorisation.

PRESCRIBED ACTIVITIES

4(2)(c)   Discharge during the licence period of stormwater to underground aquifers from a stormwater drainage system situated in metropolitan Adelaide—

TERMS OF APPROVAL

Commencement Date: 20 Jul 2018

Expiry Date: 30 Jun 2019

Table of Contents

What is an EPA Works Approval?

A works approval is an environmental authorisation required under Section 35 of the *Environment Protection Act 1993* and is required when works are being carried out for either:

- The construction or alteration to building or structures used for a prescribed activity of significance.
- The installation or alteration of plant or equipment used for a prescribed activity of significance.

What is the purpose of a Works Approval?

It provides an opportunity for the EPA to undertake of an environmental assessment and determine the planning and construction requirements that must be completed prior to the EPA considering a licence application. A works approval is similar to that of a development approval and only required when the requirements of the Development Act 1993 do not apply.

Compliance with the Works Approval

It is serious offence to breach an Environmental Authorisation and could result in a maximum fine of $120,000 for bodies corporate. It is also an offence to provide false or misleading information and can result in a maximum fine of $60,000 for bodies corporate.

The EPA also uses a number of enforcement tools to manage non-compliance with authorisation conditions in accordance with the Compliance and Enforcement Guideline. The EPA can vary the conditions of this authorisation in accordance with section 45 of the Act. This authorisation can be suspended, cancelled or surrendered during the term of the licence in accordance with sections 55 and 56 of the Act.

Incident notification

The Authorisation Holder must report to the EPA (on EPA emergency phone number 1800 100 833) all incidents causing or threatening serious or material environmental harm, upon becoming aware of the incident, in accordance with section 83 of the Act. In the event that the primary emergency phone number is out of order, the Authorisation Holder should phone: (08) 8204 2004.

Responsibilities under Environment Protection Legislation

The Authorisation Holder must be aware of and comply with their obligations under;

- The *Environment Protection Act 1993;*
- The *Environment Protection Regulations 2009;*
- The Environment Protection Policies made under the *Environment Protection Act 1993;*
- The requirements of any National Environment Protection Measure which operates as an Environment Protection Policy under the *Environment Protection Act 1993;*

Public Register Information

The EPA maintains a Public Register that is available to the public. Information maintained includes issued Environmental Authorisations (Licences, Exemptions & Works Approvals), Emergency Authorisations and various submitted Applications. Should the conditions of an Environmental Authorisation require that the Holder submit a report or other information to the EPA, then that submitted information is made available on the Public Register subject to commercial confidentiality. Endorsed Public Register information may be available on the EPA website.

Definitions

Unless the contrary intention appears, terms used in this works approval that are defined in the Act (including any regulations or environment protection policies made pursuant to the Act) have the respective meanings assigned to those terms by the Act.

THE ACT: The *Environment Protection Act 1993*

PREMISES: The whole of the land comprised in Titles Register - Certificate of Title, Crown Lease and Crown Record.

> CR6131/189
> CR5877/926
> CR5754/525

ENVIRONMENTAL HARM: means the same as is defined in section 5 of the Environment Protection Act 1993.

WASTE: As defined under the Environment Protection Act 1993, Waste means -

(a) any discarded, rejected, abandoned, unwanted or surplus matter, whether or not intended for sale or for recycling, reprocessing, recovery or purification by a separate operation from that which produced the matter; or

(b) anything declared by regulation (after consultation under section 5A) or by an environment protection policy to be a waste, whether of value or not.

Acronyms

EPA: means Environment Protection Authority

Conditions of Works Approval

Pursuant to section 40 of THE ACT, a works approval is granted subject to the following conditions:

This Works Approval refers to the Corporation of the City of Marion's application to undertake works to increase the injection capacity of the Oaklands Park Managed Aquifer Recharge Scheme to 700ML per annum

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1 ADMINISTRATION

1.1 ANNUAL RETURN AND PAYMENT OF ANNUAL FEES (W - 4)

For the purposes of section 48(2)(a) of the Act, the date in each year for the lodgement of the Annual Return is no later than 90 days before the anniversary of the grant or renewal of the Works Approval; and

For the purposes of section 48(2)(b) of the Act, the date in each year for the payment of Annual Authorisation Fee is the anniversary of the grant of the Works Approval.

1.2 APPROVAL OF OPERATING PROCESSES (W - 1)

The Works Approval Holder must not undertake changes to operating processes conducted pursuant to the Works Approval at the Premises without written approval from the EPA, where such changes:

1.2.1   have the potential to increase emissions or alter the nature of pollutants or waste currently generated by, or from the prescribed activity; or

1.2.2   have the potential to increase the risk of environmental harm; or

1.2.3   would relocate the point of discharge of pollution or waste at the Premises.

1.3 CHANGE OF LICENSEE DETAILS (W - 2)

If the Works Approval Holder's name or postal address (or both) changes, the Works Approval Holder must inform the EPA within 28 days of the change occurring.

1.4 OBLIGATIONS TO EMPLOYEES, AGENTS AND CONTRACTORS (W - 3)

The Works Approval Holder must ensure that every employee, agent or contractor responsible for undertaking any activity regulated by the Works Approval, is informed as to the conditions of the Works Approval.

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2   CONDITIONS OF WORKS APPROVAL

2.1   CONSTRUCTION OF PROPOSED WORKS (W - 13)

The Works Approval Holder must ensure that the works are undertaken in accordance with the plans and proposals supplied within the works approval application, unless otherwise approved in writing by the EPA.

ATTACHMENTS

There are no documents attached to this licence.

NATURAL RESOURCES MANAGEMENT ACT 2004

Notice of Authorisation to Take Water from the Central Adelaide Prescribed Wells Area

Ref. 255320

PURSUANT to Section 128 of the *Natural Resources Management Act 2004* (the Act), I, David Speirs, Minister for Environment and Water (the Minister) in the State of South Australia and the Minister to whom the Act is committed, hereby authorise the City of Marion ('the water user') to take water from the Central Adelaide Prescribed Wells Area from the prescribed wells specified in Schedule A, for the purpose set out in Schedule B and subject to the conditions specified in Schedule C.

SCHEDULE A

Prescribed Wells

Well unit numbers 6628-26733, 6628-26731, 6628-26735, 6628-26025 and 6628-7944.

SCHEDULE B

Purpose

For irrigation within the City of Marion and commercial use including delivery to the Tonsley Innovation District, in association with the Oaklands Park Managed Aquifer Recharge and Recovery scheme.

SCHEDULE C

Conditions

1. Water may only be taken from the date of publication of this notice until 30 June 2037.

2. A total maximum volume of up to:

    a. 266,000 kilolitres in the 2018-19 water use year (maximum 53,000 kilolitres per annum per well, 5 wells in total), and

    b. 300,000 kilolitres in the 2019-20 water use year (maximum 60,000 kilolitres per annum per well, 5 wells in total), and

    c. 333,000 kilolitres in the 2020-21 water use year, (maximum 56,000 kilolitres per annum per well, 6 wells in total), and

    d. 367,000 kilolitres in the 2021-22 water use year, (maximum 61,000 kilolitres per annum per well, 6 wells in total), and

    e. 400,000 kilolitres in the 2022-23 water use year, (maximum 57,000 kilolitres per annum per well, 7 wells in total), and

    f. 433,000 kilolitres in the 2023-24 water use year, (maximum 62,000 kilolitres per annum per well, 7 wells in total, and

    g. 467,000 kilolitres in the 2024-25 water use year, (maximum 67,000 kilolitres per annum per well, 7 wells in total), and

    h. 500,000 kilolitres in the 2025-26 water use year, (maximum 71,000 kilolitres per annum per well, 7 wells in total), and

    i. 533,000 kilolitres in the 2026-27 water use year, (maximum 76,000 kilolitres per annum per well, 7 wells in total), and

    j. 567,000 kilolitres in the 2027-28 water use year, (maximum 81,000 kilolitres per annum per well, 7 wells in total), and

    k. 600,000 kilolitres in the 2028-29 water use year, (maximum 86,000 kilolitres per annum per well, 7 wells in total), and

    l. 633,000 kilolitres in the 2029-30 water use year, (maximum 90,000 kilolitres per annum per well, 7 wells in total), and

    m. 667,000 kilolitres in the 2030-31 water use year, (maximum 95,000 kilolitres per annum per well, 7 wells in total), and

    n. 700,000 kilolitres in the water use years 2031-32, 2032-2033, 2033-2034, 2034-2035,2035-2036 and 2036-2037, (maximum 100,000 kilolitres per annum per well, 7 wells in total),

may be taken during the period referred to in condition 1 above.

3. The water user must not take water except through a meter(s) supplied, installed and maintained in accordance with the South Australian Licensed Water Use Meter Specification approved by the Minister as may be amended from time to time.

4. Meter readings must be used to determine the quantity of water taken from each well.

5. The water user must measure and record, at least once during each calendar month, at the same time during each calendar month:

    a. meter readings for each of the wells in Schedule A;

    b. extraction volumes; and

    c. groundwater water level and salinity values.

6. The water user must provide the data collected in the form of an annual report in accordance with Condition 5 to the Minister's representative prior to the end of July each year in the form specified by the Minister's representative.

   The form is to be found at:
   http://www.environment.sa.gov.au/files/sharedassets/public/water/managed-aquifer-recharge-annual-reporting-template-multiple-gen.xlsx

7. The water user must comply with all measuring, monitoring and recording requirements as specified in the Managed Aquifer Recharge Risk Management and Monitoring Plan ('the Plan') as approved by the Minister's representative and as amended from time to time; and at the times and in the manner required by the Plan. The Plan must be submitted and approved by no later than 1 January 2019.

8. The water user must notify the Minister's representative immediately if a meter fails to measure or record any quantity of water taken under this authorisation or if there is any reason to suspect that a meter may be defective.

9. The water user must comply with the provisions applying to meters set out in Regulation 14 of the *Natural Resources Management (Financial Provisions) Regulations 2005*. It is an offence to contravene or fail to comply with those provisions.

10. The water user may apply for additional injection/extraction wells for the purpose of managed aquifer recharge provided that such wells are completed in the Tertiary limestone aquifer system only and to be located within Certificate of Titles; Volumes and Folios 5877/926, 5102/220, 5754/525 and 6131/189 ("the additional wells"). For the avoidance of doubt, any additional wells installed do not permit the total annual maximum volume or maximum volume per well as provided for in condition 2 above to be exceeded.

11. The additional wells can only be installed after first obtaining a permit for well construction pursuant to sections 127 and 135 of the Act and as constructed in accordance with the

General Specifications for Well Construction, Modification and Abandonment in South Australia (or any subsequent or related policy), as provided by the relevant authority.

For the purposes of this authorisation:

Water user' means a person who is authorised to take water pursuant to this notice.

'Water use year' means a period of 12 months commencing on 1 July and ending 30 June the following calendar year.

Words used in this authorisation that are defined in the Act shall have the meanings as set out in the Act.

This authorisation will commence on the date below and will remain in effect until 30 June 2037 unless earlier varied or revoked.

Dated: August 2018

DAVID SPEIRS
MINISTER FOR ENVIRONMENT AND WATER

WORKSHOP / PRESENTATION ITEMS

OTHER BUSINESS

MEETING CLOSURE