His Worship the Mayor

Councillors

City of Marion

Notice of Finance, Risk and Audit Committee

Council Chamber, Council Administration Centre

245 Sturt Road, Sturt

Tuesday, 17 December 2024 at 2.00 pm

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

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

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

Tony Harrison
Chief Executive Officer

1 Open Meeting

2 Kaurna Acknowledgement

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

3 Elected Member Declaration of Interest (if any)

4 Confirmation of Minutes

4.1 Confirmation of Minutes of the Special Finance, Risk and Audit Committee Meeting held on 11 November 2024	
Report Reference	FRAC241217R4.1
Originating Officer	Unit Manager Governance and Council Support – Victoria Moritz
Corporate Manager	Manager Office of the Chief Executive – Kate McKenzie
General Manager	Chief Executive Officer – Tony Harrison

RECOMMENDATION

That the minutes of the Special Finance, Risk and Audit Committee Meeting held on 11 November 2024 be taken as read and confirmed.

ATTACHMENTS

1. SFRA C 241111 - Final Minutes [**4.1.1** - 8 pages]

Minutes of the Finance, Risk and Audit Committee held on Monday, 11 November 2024 at 5.00 pm Committee Room 1, Council Administration Centre 245 Sturt Road, Sturt

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PRESENT

Ms Emma Hinchey (Chair)

Mr Josh Hubbard

Councillor Jason Veliskou (from 5.04pm)

Councillor Luke Naismith

In Attendance

Chief Executive Officer - Tony Harrison

Acting General Manager Corporate Services - Megan Bradman

Manager People and Culture – Kate McKenzie

Chief Financial Officer - Ray Barnwell

Unit Manager Governance and Council Support - Victoria Moritz

Mr Tim Muhlhausler - Galpins (online)

1   Open Meeting

The Chair opened the meeting at 5.01pm.

2   Kaurna Acknowledgement

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

3   Elected Member Declaration of Interest (if any)

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

- Nil interests were disclosed.

4   Confirmation of Minutes

4.1 Confirmation of Minutes of the Finance, Risk and Audit Committee Meeting held on 8 October 2024
Report Reference   SFRAC241111R4.1

Moved Mr Hubbard   **Seconded Councillor Naismith**

That the minutes of the Finance, Risk and Audit Committee Meeting held on 8 October 2024 be taken as read and confirmed.

Carried Unanimously

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5 Business Arising

5.1 Business Arising Statement - Action Items
Report Reference   SFRAC241111R5.1

Moved Councillor Naismith   **Seconded Mr Hubbard**

That the Finance, Risk and Audit Committee:

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

Carried Unanimously

6 Confidential Items – Nil

7 Reports for Discussion

7.1 Independence of Council's Auditors
Report Reference   SFRAC241111R7.1

Moved Mr Hubbard   **Seconded Councillor Naismith**

That the Finance Risk and Audit Committee:

1. Notes the statement provided by Council's Auditor attesting to their independence in accordance with the Local Government (Financial Management) Regulations 2011 for the 2023-2024 financial year (Attachment 2).

2. Notes that the CEO will be signing a statement that Council's external auditor Galpins maintained their independence in accordance with the Local Government (Financial Management) Regulations 2011 for the 2023-2024 financial year.

3. Endorses the Chairperson signing a statement that Council's external auditor Galpins maintained their independence in accordance with the Local Government (Financial Management) Regulations 2011 for the 2023-2024 financial year.

Carried Unanimously

7.2 Annual Financial Statements for the year ended 30 June 2024
Report Reference   SFRAC241111R7.2

The Chief Finance Officer introduced the item commenting the 2023-2024 Annual Financial Statements demonstrate Councils continued strong financial position, providing a sound basis for long-term objectives set out in the Strategic Plan. The Annual Financial Statements for the year ended 30 June 2024 have been completed with Council's Auditors indicating they expect to issue an unmodified audit opinion, subject to the satisfactory completion of the following matters:

- A subsequent events review up to the date of the audit opinion
- Receipt of management's signed representation letters.

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Mr Tim Muhlhausler from Galpins was present for the item.

5.07pm Councillor Veliskou entered the meeting

The following discussion was noted by the Committee:

- Auditors confirmed the accuracy of asset revaluation, though notable adjustments to depreciation are ongoing.
- Newly acquired assets worth $23m over recent years will increase future depreciation. It was noted that Asset unit rates are also rising, which will increase future depreciation.
- The Committee discussed the impact on the operating result from the timing of grant payments, with the 2023-24 grants paid in advance in June 2023 and recorded in last year's financial statements. There was no prepayment of grants for this year, creating a $4m gap compared to the prior year.
- The Committee noted the increase in employee expenses, with Management confirming the costs reflecting the impact of recent outdoor agreements. The cost impact was higher than anticipated, with a 10.8% increase, influenced by a CPI catch-up provision in the final year of the agreement. Although significant, it was noted the previous years were sitting at a 3% increase, with the total across the three years averaging similar costs to other Councils. It was also noted that future increases in the outdoor agreement are fixed.
- The asset renewal ratio was discussed with the Committee commenting the ratio of 91% achieved in 2023-2024 meets council's target, showing a continued improvement on the previous years. The Committee noted that although this falls within Councils target, it was still tracking at the lower end of the target. Management confirmed they are continuing to work on this, commenting the civil and capital works carryover was the lowest carryover of unspent funds over the last few years. This demonstrates better planning and appropriate spending of funds.
- The Committee discussed the debt servicing ratio included in the Long-Term Financial Plan (LTFP) which is within a low and manageable range compared to typical council benchmarks. The council's debt ratio remains at the lower end of typical local government thresholds (0-10%).
- The Committee queried when borrowings are projected to begin, with Management commenting this was expected towards the end of this financial year, with continued efforts to manage cash flow tightly until then.
- Councils reserves were discussed, with the Committee commenting that these reserves don't need to be completely backed by cash and that all available cash should be utilised to reduce borrowings whenever possible and appropriate. Management noted there is a commitment to utilise cash to minimise borrowings therefore the reserves won't be fully cash backed.
- The Committee discussed the impact of reallocations from capital to operating budgets (e.g., Cove Sports facility) for operating elements of capital projects and the importance of contingency management.

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- The Committee highlighted the importance of ensuring Council are aware of the key sustainability ratios in future decision making around key projects in the Chamber.
- The Committee queried whether the operating deficit would have any impact on current planned projects. Management confirmed there would be no impact on planned projects, however depreciation will increase moving forward with the impact of revaluations and the increase in future replacement costs . This is captured in the forecasting the LTFP and may have an impact on the operating statement. Planned projects for new upgrades will increase the number of assets and also the cost to maintain / renew / replace.
- The Committee noted in the analytical review appendices that corrections are required to correctly reflect favourable and unfavourable variances.
- The Committee discussed lessons learned through the asset revaluation noting with the implementation of Assetic, the valuations rely on a structured process with refined data with a commitment to annual desktop revaluations to avoid significant adjustments. It was noted that land hadn't been valued since 2018 contributing to the adjustments made.
- The table provided in Note 1 showing the payment of untied financial assistance grants that has varied from the annual allocation was beneficial and useful for the Committee.
- The Committee queried the rationale in relation to 6.2 (aggregated assets) and sought further information on the thresholds. Management commented where the asset formed part of a significant project such as the replacement of LED lighting this would be considered and recognised as an aggregated asset.
- The lifespan of assets was discussed with the Committee querying what these were based on. Management confirmed that these were regularly reviewed in line with data from IPWEA and through our independent asset valuers.
- The Committee suggested if there was an opportunity to use consistent terminology in relation to investment securities and other financial assets this would be beneficial.
- It was noted that only references to relevant amendments from the Accounting Standards (AASB 2022-5) that had impacts on the City of Marion had been mentioned. Mr Muhlhausler confirmed amendments that have no material impact on the organisation and reaffirmed the position held by the organisation would not necessitate a material disclosure with this left to the discretion of Councils.
- The Committee discussed materials, contracts and other expenses in Note 3 and whether sundry expenses could be broken down further. Management commented they would explore how this could be shown going forward.

5.40pm Councillor Naismith left the meeting

- Note 4 in relation to Asset disposal and fair value adjustments was discussed. Management noting the sale of a parcel of land in the prior year had an impact on the comparative net disposal figure. Management further commented with the information now available in Assetic the data will be more accurate. The Committee suggested an additional note highlighting the net value at the time of disposal and identifying what this includes. There may be the

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assumption that we are over valuing assets. Management agreed to add further commentary in the note itself for the final draft.

5.41pm Councillor Naismith re-entered the meeting

- The Committee queried the amount under grants and contributions against Note 8 and whether this was in relation to tied grants. Management confirmed that it relates to tied grants for example the grant received for the Glandore Community Centre being held pending the redevelopment project over the coming year.
- The Committee discussed the Southern Region Waste Resource Authority (SRWRA) Financial Statements noting their financial instruments discussed in their Note 8 had not been reviewed on a regular basis in contradiction to their statement. Management commented there is an ongoing piece of work to be undertaken which has been recognised by SRWRA's auditors and their Audit and Risk Committee.
- Note 6 in the SRWRA accounts in relation to liabilities was discussed with the Committee querying whether this was added by the auditors. Mr Muhlhausler, who is also SRWRA's auditor, confirmed they had requested additional disclosure and are confident that liability will cover likely scenarios. The Committee suggested Management continuing to apply pressure on SRWRA to quantify the required funding.
- The Committee highlighted the importance in Note 7 of splitting the disclosure of level 2 and level 3 assets . Management noted the requirements and were focussed on the accuracy of data in Assetic this year but committed to providing the appropriate disclosure next year.

Moved Councillor Naismith   **Seconded Mr Hubbard**

That the Finance, Risk and Audit Committee:

1. Recommends to Council that the audited Annual Financial Statements for the year ended 30 June 2024, as included at Attachments 3-4, be adopted.

2. Notes Galpin's Audit Completion Report, as included at Attachment 5.

3. Notes the comparative analysis to prior year audited Annual Financial Statements and original adopted 2023-2024 budget (Analytical Review), as included at Attachment 2.

                              Carried Unanimously

Following discussion on the Annual Financial Statements and while the external Auditors were present, the Committee discussed the opportunity to meet without management present in accordance with the Committee's Terms of Reference.

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Moved Mr Hubbard **Seconded Councillor Veliskou**

1. Pursuant to Section 90(2) and (3)(b) of the *Local Government Act 1999*, the Committee orders that the public be excluded from attendance at that part of this meeting relating to Agenda Item *7.4 Annual Financial Statements for the year ended 30 June 2024*, except the following person: Tim Muhlhausler from Galpins, to enable the Committee to meet with Council's External Auditors and consider the Item in confidence on the basis the Committee considers it necessary and appropriate to act in a meeting closed to the public (excepting those persons listed above) in order to receive, discuss or consider in confidence the following information or matter relating to the Item:- Commercial information of a confidential nature (not being a trade secret) the disclosure of which could reasonably be expected to prejudice the commercial position of the Council.

2. Notes the disclosure of this information would, on balance, be contrary to the public interest because it relates to the financial affairs of the Council and information form the external auditors .

3. Determines, on this basis, the principle that meetings of the Committee should be conducted in a place open to the public has been outweighed by the need to keep consideration of the information or matter confidential.

Carried Unanimously

5.46pm the meeting went into confidence

6.14pm the meeting came out of confidence

6.15pm Councillor left the meeting and did not return.

Moved Mr Hubbard **Seconded Councillor Veliskou**

That the following comments be included within the minutes:

- Asset records have improved substantially – a huge improvement.
- Asset reports are easy to follow, well reconciled and well detailed.
- It was noted that the City of Marion was previously one of the most challenging audits for the auditors but is now one of the best audits.
- The auditor noted the current movement in asset valuation, noting that indexation has to happen annually going forwards.
- Noting the capital expenditure seems well balanced in the LTFP.
- Noted that some of the organisations assets useful lives are longer than some other councils.
- Discussed that Council should consider useful life values in terms of asset usability.

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8   Reports for Noting

8.1 Debtors Report
Report Reference   SFRAC241111R8.1

Moved Councillor Veliskou   **Seconded Mr Hubbard**

That the Finance and Audit Committee:

1.   Note this Report.

Carried Unanimously

8.2 Annual Investment Report 2023-2024
Report Reference   SFRAC241111R8.2

The Committee discussed the Annual Investment Report 2023-2024 noting that Council recorded a favourable result against the benchmark indicator. The Committee noted Council has complied with all elements of the Treasury Management Policy and sought clarification on where this function sat within the organisation.

It was noted that Council does not have an offset account as such, however the principles are the same with the aim to utilise cash and defer borrowings as much as possible. The Committee discussed the cash balance and Management commented although this is not kept at $0 it is kept to a minimum.

Moved Mr Hubbard   **Seconded Councillor Veliskou**

That the Finance, Risk and Audit Committee:

1.   Notes the Investment Performance Report 2023-2024.

Carried Unanimously

9   Workshop / Presentation Items - Nil

10 Other Business - Nil

11 Meeting Closure

The meeting was declared closed at 6.20pm.

CONFIRMED THIS 3 DAY OF DECEMBER 2024

_____

CHAIRPERSON

5   Business Arising

5.1 Business Arising Statement - Action Items	
Report Reference	FRAC241217R5.1
Originating Officer	Unit Manager Governance and Council Support – Victoria Moritz
Corporate Manager	Manager Office of the Chief Executive – Sarah Vinall
General Manager	Chief Executive Officer – Tony Harrison

REPORT OBJECTIVE

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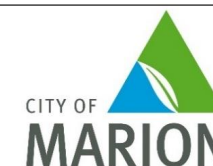
RECOMMENDATION

That the Finance, Risk and Audit Committee:

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

ATTACHMENTS

1.   Business Arising Statement December 2024 [**5.1.1** - 5 pages]

CITY OF MARION

BUSINESS ARISING FROM FINANCE RISK AND AUDIT COMMITTEE MEETINGS

AS AT DECEMBER 2024

	Date of Meeting	Item	Responsible	Due Date	Status	Completed / Revised Due Date
1.	16 April 2024 FRAC240416SR7.7	Draft Annual Business Plan 2024-25 and Long-Term Financial update **Action:** 1. Provide an assessment of all current projects to determine if we are forecasting them to come in over or under budget including any potential carryovers to be presented in Budget Review 3.	Chief Finance Officer	4 June 2024	Budget review 3 - appendix 3 details specific projects noted for retiming and carryover to 2024-25. Having assessed current projects and program spend we are forecasting to come in within existing budget for 2023-24.	Completed
		2. When considering the meeting schedule for 2025, ensure the timing of the meetings allows for the FRAC to review the final draft of the ABP before it is presented to Council for endorsement for Consultation.	Chief Finance Officer / Manager Office CEO	Dec 2024	This will be actioned at the end of the year when the meeting schedule is prepared for 2025. This has been considered and incorporated into the draft schedule for 2025.	Completed.

* Completed items to be removed are shaded

City of Marion
Finance Risk & Audit Committee Action Arising Statement and Work Program - 2024

SCHEDULE OF MEETINGS 2024

Day	Date	Time	Venue
Tuesday	20 February 2024	2pm – 5pm	Administration Centre
Tuesday	16 April 2024	2 pm – 5pm	Administration Centre
Tuesday	4 June 2024	2 pm – 5pm	Administration Centre
Tuesday	13 August 2024	3.00 – 6.00 pm Followed by 6.30 – 8.30 pm (Joint workshop with Council)	Administration Centre
Tuesday	8 October 2024	2 pm – 5pm	Administration Centre
Monday	11 November 2024	5 pm - 6.30 pm	Administration Centre
Tuesday	3 December 2024	2 pm – 5pm	Administration Centre

INDICATIVE COMMITTEE WORK PROGRAM – 2024

Tuesday 20 February   **2.00pm – 5.00pm**

Topic	Description	Staff Responsible
Risk Management Plan, Framework and Strategic Plan review and update	Review & Feedback	S Tebyanian
Tranche AMP 1	* Stormwater * Plant, Fleet and Equipment * Art, Culture and Heritage Committee to provide feedback	M Allen A Allison C Hughes
Council Member Report	Communication Report	T Moritz
Internal Audit - Implementation of Recommendations Q2	Review & Feedback	C Mitchell
Internal Audit Program – scopes and reports	Review & Feedback	K McKenzie
Draft Annual Business Plan 2024-25 and LTFP	Review & Feedback	R Barnwell A Doyle
Corporate Risk Report Q2	Review & Feedback	S Tebyanian
Strategic Risk Register Annual Review	Review & Feedback	S Tebyanian

City of Marion
Finance Risk & Audit Committee Action Arising Statement and Work Program - 2024

Tuesday 16 April 2.00pm – 5.00pm

Topic	Description	Staff Responsible
Council Member Report	Communication Report	T Moritz
Internal Audit - Implementation of Recommendations Q3	Review & Feedback	C Mitchell
Draft Annual Business Plan 2024-25 & LTFP Update	Review & Feedback	R Barnwell A Doyle
Budget Review 2 - 2023-24	Noting	Ray Barnwell
Internal Audit Program – scopes and reports		K McKenzie
IS Strategy Update Annual Report		A Allison

Tuesday 4 June 2.00pm – 5.00pm

Topic	Description	Staff Responsible
Council Member Report	Communication Report	T Moritz
Draft Annual Business Plan 2024-25 - Public Consultation Feedback	Review & Feedback	R Barnwell A Doyle
Tranche AMP 2	* Water Treatment & Resources * Open Space * Coastal Walkway Committee to provide feedback	M Allen C Hughes M Allen
Budget Review 3 – 2023-24	Noting	R Barnwell A Doyle
Annual Report on Business Continuity	Noting – Moved to August meeting	K McKenzie
Corporate Risk Report Q3	Review & Feedback	S Tebyanian
Fraud risk register bi-annual report	Review & Feedback – Moved to August meeting	S Tebyanian

Tuesday 13 August 3.00pm – 6.00pm

Topic		Staff Responsible
Council Member Report	Communication Report	T Moritz
FRAC Annual Report to Council 2023-24	Feedback and consideration of elements for inclusion	T Moritz
Internal Audit - Implementation of Recommendations Q4	Review & Feedback	C Mitchell
Tranche 3 AMP	* Buildings and Structures * Transport Committee to provide feedback	M Hubbard M Allen
Annual Insurance and Claims report	Review & Feedback	S Tebyanian M Frew
Corporate Risk Manager Q4	Review & Feedback	S Tebyanian M Frew

City of Marion
Finance Risk & Audit Committee Action Arising Statement and Work Program - 2024

External Audit 2023-24 – Interim Management report	Review & Feedback	R Barnwell
Annual Report on Business Continuity	Noting	K McKenzie
Fraud risk register bi-annual report		S Tebyanian
Internal Audit Program 2024/25	Review & Feedback	K McKenzie
Internal Audit Program – scopes and reports	Review & Feedback	K McKenzie
Joint Workshop with Council (6.30pm onwards)		

Tuesday 8 October 2.00pm – 5.00pm

Topic	Description	Staff Responsible
Council Member Report	Communication Report	T Moritz
FRAC Annual Report to Council 2023-24	Review and Recommendation to Council	T Moritz
~~Independence of Council's Auditor for the year end 30 June 2024~~	~~Review and Recommendation to Council~~	~~A Doyle~~ ~~R Barnwell~~
~~Audited Annual Financial Statements for the year end 30 June 2024~~	~~Review and Recommendation to Council~~	~~A Doyle~~ ~~R Barnwell~~
~~Investment Performance 2023-24~~		~~J Stewart~~ ~~R Barnwell~~
~~Debtors Report~~		~~M Virgin~~ ~~R Barnwell~~
CoM State of our Assets - annual progress reporting against Asset Management Strategy KPIs		C Johnson B Lyons
2024 Asset Management Plan Tranche 3(b)		B Lyons M Allen

Special Meeting - Monday 11 November 5.00pm – 6.00pm

Topic	Description	Staff Responsible
Independence of Council's Auditor for the year end 30 June 2024	Review and Recommendation to Council	A Doyle R Barnwell
Audited Annual Financial Statements for the year end 30 June 2024	Review and Recommendation to Council	A Doyle R Barnwell
Investment Performance 2023-24		J Stewart R Barnwell
Debtors Report		M Virgin R Barnwell

City of Marion
Finance Risk & Audit Committee Action Arising Statement and Work Program - 2024

Tuesday 3 December 2.00pm – 5.00pm

Topic	Description	Staff Responsible
Council Member Report	Communications Report	T Moritz
Work Program and Meeting Schedule 2025	Review and Feedback	T Moritz
Ombudsman Annual Report	For Noting	A Johnson T Moritz
Internal Audit - Implementation of Recommendations Q1	Review & Feedback	C Mitchell
Framework and Key Assumptions for the preparation of the 2025-26 ABP and LTFP	Review and Feedback	R Barnwell
Budget Review 1 – 2024-25	For Noting	R Barnwell
Corporate Risk report Q1	Review & Feedback	S Tebyanian M Frew

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6   **Confidential Items - Nil**
7   **Reports for Discussion**

7.1 Internal Audit Plan 2023-2025	
Report Reference	FRAC241217R7.1
Originating Officer	Manager People and Culture – Kate McKenzie
Corporate Manager	Manager Office of the Chief Executive - Kate McKenzie
General Manager	Chief Executive Officer - Tony Harrison

REPORT OBJECTIVE

To provide a status report of the progress of the Internal Audit Program for 2023 – 2025 and to seek the Finance, Risk and Audit Committee (FRAC) feedback on the Cloud Vendor & Third-Party Risk Assessment Report and scopes for the Project Management and Assurance Mapping audits.

EXECUTIVE SUMMARY

The City of Marion (CoM) and City of Charles Sturt (CCS) tendered the Internal Audit (IA) Services as a joint tender. KPMG was the successful tenderer and was awarded an initial two-year contract and this followed with a further 2 plus 2 years contract extension. The City of Port Adelaide Enfield (PAE) have also joined the contract. The three Councils worked collaboratively (with KPMG) to develop an IA Plan where some collaborative audits could be completed.

Work is progressing on the 2024/2025 financial year internal audits with a status update provided below.

Attachment 1 – Cloud Vendor & Third-Party Risk Assessment Report

The objective of this audit was to evaluate the third-party risk management processes and to identify and mitigate cyber threats emerging from their relationships with suppliers across the contract lifecycle.   The audit found one high risk, 2 medium risks and 1 performance improvement opportunity.   These findings relate to the management of third-party risks, roles and responsibilities not formally defined, acceptance of extended downtimes and contract management guidelines and plans.

Attachment 2 – Project Management Scope

The objective of this audit is to review the effective implementation of the Project Management Framework (PMF) governing capital delivery and ICT projects, with consideration given to the PMF being contemporary, fit for purpose and aligned to better practice include providing relevant insights from cotemporary organisations.

Attachment 3 – Assurance Mapping Scope

The objective of this audit is to provide an updated assurance map for Marion's sources of assurance across key strategic risks.

Note the Financial Controls audit is currently being discussed, with a draft scope to be presented at the next available FRAC meeting.

2023/24

- **Contract Value for Money Review Q1 (Collaborative) (Completed)**
- **Community Safety Q2 (Attachment 1) (Completed)**
- **Tendering Management (Process and Control) Q3 (Collaborative) (Completed)**
- **Data Governance Q4 (Collaborative) (Completed)**

2024/25

Note: the timing for the first two audits have swapped since the original plan due to resourcing.

- **Cloud Vendor/Third Party Cyber Risk Assessment Q1 (Collaborative) (Attachment 1) - Complete**
- **Project Management Framework Post Implementation Review Q2 (Attachment 2) - scope development**
- **Assurance Mapping Internal Audit Q4 – (Attachment 3) - scope development**
- **Financial Controls Internal Audit Q3 (Collaborative) - scope development**

RECOMMENDATION

That the Finance, Risk and Audit Committee:

1. **Considers and provides feedback on the:**
    a. **Cloud Vendor/Third Party Cyber Risks Assessment Report**
    b. **Project Management Scope**
    c. **Assurance Mapping Scope**

ATTACHMENTS

1. Attachment 1 - Cloud Vendor & Third Party Cyber Risk Assessment - Final Report [**7.1.1** - 23 pages]
2. Attachment 2 - Project Management Framework Draft Scope [**7.1.2** - 4 pages]
3. Attachment 3 - Assurance Mapping Draft Scope [**7.1.3** - 4 pages]

City of Marion

Cloud Vendor & Third-Party Risk Assessment Internal Audit Report

December 2024

Acknowledgement of Country

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

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

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

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

Contents

Executive Summary

In accordance with the 2024/25 Internal Audit Plan for the City of Marion (CoM), a Cloud Vendor / Third-Party Risk Assessment internal audit was performed. The objective, scope and approach for this internal audit are outlined below.

Objective

The objective of this audit was to evaluate the third-party risk management processes implemented by the CoM to identify and mitigate cyber threats emerging from their relationships with suppliers across the contract lifecycle, i.e., pre-contract to post-exit or termination of contract.

Scope

This scope of this engagement included the following:

- Desktop review of policies supporting the management of third-party risks in relation to managing vendor contracts / third-party supplier contracts. This included:
    - Selecting a sample of high-risk vendors and understand their security practices.
    - Evaluating the CoM's procurement terms and conditions on security clauses in vendor contracts.
    - Consideration of the current state of the Council's governance and risk management framework within the context of managing third-party contracts including roles, responsibilities, policies, procedures, and guidance documentation.
    - Understanding ongoing review and compliance practices on vendor contracts and performance.
    - Integration and testing of vendor incident response plans.
- Current management of business relationships and governance framework with vendors to identify opportunities to improve effectiveness in triaging suppliers.
- Current processes supporting the lifecycle from onboarding ICT vendors to departures and contract termination.
- Staff training and awareness initiatives on third-party risks.
- Review of the Council's training module for adequacy of information provided in training on third-party risks.

See **Appendix 1** for full scope of work.

Positive Observations

While acknowledging that there are areas for improvement in how the CoM can mature its approach to third-party risk management of cloud vendor contracts (and governance activities), the following were positive areas noted during our review:

Procedural Guidance for Third-Party Risk Management:

- ✓ The Procurement business unit has developed a comprehensive guide and plan that will support contract managers in managing contract obligations and risks.

Updated Contract Management and Procurement Procedures:

- ✓ The newly endorsed Contract Management, Procurement Governance, Procurement, and Tender Evaluation procedures have been updated to incorporate additional key areas of procurement within the CoM, including cyber contracts.

Technical Expertise of the Information System (IS) Team:

- ✓ Stakeholder meetings have highlighted the IS team's awareness of cyber risks impacting the CoM through the use of cloud services. This team plays a crucial role in reviewing the Cyber Assessments conducted on vendors during the onboarding process and ongoing performance of the cloud vendor.

Vendor Risk Rating and Tiering System:

- ✓ The organisation employs a risk rating system to categorise vendors based on the nature of data within their systems, as well as the potential cost and operational impact (number of users of the system). This tiered approach will enable the CoM to address additional safeguards depending on the risk.

Key Findings and Recommendations

The findings identified during the course of this internal audit are shown below with detailed findings outlined later in this Report. Classification of internal audit findings are detailed in **Appendix 3**. These findings and recommendations were discussed with CoM Management and Management has accepted the findings and has agreed action plans to address the recommendations.

Extreme/Critical	High	Medium	Low	PIO*
-	1	2	-	1

* Performance Improvement Opportunity`

4

Summary of Findings

Internal Audit identified one (1) high, two (2) medium risk-rated findings and one (1) performance improvement opportunity (PIO). The details of the findings are provided in the **Detailed Findings** section of this report. These findings have been individually rated as outlined below. The classification of risk ratings in this report are based on the CoM's risk ratings (as shown in **Appendix 3**).

Risk	Ref	Finding	Issue Owner	Target Date
High	F1	Third-Party Risk management	1. Chief Information Officer 2. Manager Strategic Procurement 3. Chief Information Officer 4. Chief Information Officer 5. Manager Strategic Procurement 6. Chief Information Officer	1. Actioned 2. Actioned 3. 30 June 2025 4. 30 April 2025 5. 30 April 2025 6. 31 May 2025
Medium	F2	Roles and Responsibilities not formally defined	1. Chief Information Officer 2. Chief Information Officer	1. Actioned 2. 31 March 2025
Medium	F3	Acceptance of extended downtimes	1. Chief Information Officer 2. Chief Information Officer 3. Chief Information Officer 4. Chief Information Officer 5. Chief Information Officer	1. 31 March 2025 2. 30 April 2025 3. 30 April 2025 4. 30 April 2025 5. 30 April 2025
PIO	PIO 1	Contract Management Guide and Plan	1. & 2. Manager Strategic Procurement	1. & 2. 30 June 2025

Background

Overview

In recent years, the CoM has increasingly embraced cloud-based software to streamline and enhance its management of critical operations, including finance, customer relations, and asset management. This transition to cloud services offers the promise of improved efficiency, scalability, and cost-effectiveness. However, with these benefits comes the necessity of addressing third-party risk management. As the CoM entrusts sensitive data and essential processes to external cloud service providers, it is vital to implement comprehensive risk management strategies to mitigate potential vulnerabilities and ensure the security and integrity of municipal operations.

The CoM has adopted a range of cloud vendors within their system environment and due to the range of diverse systems and platforms onboarded, the CoM have rated each system based on number of users of the system, as well as the nature of data which is stored within the system. The CoM has five systems which have been deemed high rated:

Customer Relationship Management (CRM) – Salesforce: Selected tender with Salesforce and is widely utilised to manage customer relations.

Property and Rates System – Civica: The CoM has selected Civica as their cloud vendor for a contract term of 5 years.

Asset Management Information System – Assetic/Brightly Software: A selected tender for a platform to manage all assets owned and operated by the CoM.

Finance Information System – Agilyx: Agilyx was selected by a select tender for a period of 3 years, with options to extend for a year, twice.

Payroll and Human Resource Information System (HRIS) – Aurion: An open tender processes was taken to select Aurion.

Procurement of cloud vendors

Business units within the CoM will identify the need for cloud-based systems to improve their day-to-day operations. To address these needs, the Procurement team and the Information Systems (IS) team collaborate and discuss the business unit's needs, leading to the development of a comprehensive scope for a cloud-related tendering process.

Depending on the specific requirements for the cloud system, the tendering process may be categorised as Open, Select or Direct:

- An Open tender is publicly accessible, allowing any vendor to respond.

- A Select tender is limited to a predefined group of providers with proven capabilities.

- A Direct tender involves the direct selection of vendors without an open competition, typically in cases where vendors are pre-qualified or uniquely positioned to meet the requirements.

To ensure that potential vendors possess the necessary controls and security measures for cloud-based systems, the IS team has developed the Third-Party Security Questionnaire (Cloud Vendor). This questionnaire is provided to potential vendors and include questions relating to the vendor's cyber security posture. During the evaluation process, the Procurement and IS teams review responses provided by the vendor and assess the vendor's (and product's) cyber security capability to ensure alignment with the CoM's security requirements – this process seeks to mitigate potential cyber-related risks in cloud vendor solutions. While sampling showed communication between the IS team and the vendor on responses provided in the cyber security questionnaire, it was noted that evidence relating to this internal assessment by the IS team were not available (refer Finding 1 for further details).

Further, a selection panel comprising key stakeholders across the CoM is established to review and discuss tender responses. This panel plays a crucial role in evaluating the technical, including responses to the questionnaire, and commercial aspects of the proposals. This process aims to support the decision-making process with the objective that the selected vendor meets CoM's operational and quality needs while maintaining adequate security and operational recovery measures (including backups).

Background

Management of cloud vendors

The ongoing management of a cloud vendor is governed by the contractual agreement which outlines the obligations and expectations of both parties. For cloud vendors, key obligations often include the requirement for the cloud vendor to complete cyber-related testing on their systems on a periodic basis, availability of a recovery plan in the event of a disruption and data back-up protocols as well as frequent check-ins with the CoM to discuss performance.

While this contractual agreement outlines obligations, there is still a need for a contract owner within the CoM to manage, track, and assess ongoing performance and compliance with effective cyber security practices. However, sample testing and stakeholder meetings highlighted that there is no formal process for handover of the contract from Procurement to a designated party within the user group to manage the contract (please refer Finding 1 for further details). Further, although the IS and Procurement teams assists the business unit in onboarding the cloud vendor, there is no designated party within the business unit/user group to manage the contract (refer Finding 2). As a result, ongoing review of vendor contract compliance and periodic assessments of the risk to the CoM are not being conducted. In addition, while the IS team conducts regular meetings with vendors to assess performance, this is not being governed through a formal process.

Offboarding and Termination

The offboarding of cloud vendors is a critical final step, ensuring that any data stored in the cloud is returned to the CoM and appropriately removed from the cloud vendor's system. However, the CoM has not formally established an offboarding process to be adhered to for offboarding cloud vendors (please refer Finding 1 for further details).

It is noted that the CoM has offboarded minimal cloud vendors historically.

Renewal

The constant evolving cyber security landscape outline the importance for cloud vendors to be frequently reviewed as there is a possibility that the vendor may have altered their operating or control environment.

Prior to renewal of a cloud vendor contract, a formalised review of the cloud vendor's systems, processes, performance and environment will support decision making on the renewal process. However, the renewal process of cloud vendors is undefined within the CoM (refer to Finding 1), including how risks and ongoing performance of the contract are formally assessed prior to confirmation of a renewal.

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Detailed Findings

Risk Rating

High

Finding 1 – Third Party Risk Management

Current State Observations	Recommendations
There is a lack of formalised process, documentation and systems in place to manage the end-to-end third-party risk stemming from cloud vendor contracts. Specifically, across each phase of a contract lifecycle; Internal Audit noted: **Initiation:** • The CoM conducts a tender evaluation process that includes a risk assessment of the vendor – this risk assessment process is facilitated through the use of the Third-Party Security Questionnaire (Cloud Vendor) and reference checking process. While attachments to the contract showcase that the IS team has reviewed the vendor's response to the questionnaire based on evidence of email communication to the vendor to clarify responses, there are no minutes or other documentation that evidence internal review of this questionnaire, including confirmation that CoM has reviewed the linked documents provided by the vendor. • Further, this process does not include formalised consideration of the vendor's financial viability, and the newly endorsed tender evaluation procedure does not outline the requirement to conduct a review on the above. • Sample testing highlighted that there is no established process to handover the management of the contract from Procurement to the respective business unit after the contract has been approved. **Ongoing management:** • There is no formalised contract obligation tracking process to ensure that each cloud vendor is meeting requirements/obligations which were agreed to within the contract. Management have communicated that a tracking register is currently being developed that would support contract obligation tracking. • In addition, on a periodic basis during the life of the contract, the vendor uploads its latest policies, procedures and testing reports, including incident management procedures, cyber incident response plans and SOC 1 and SOC 2 audit reports, to a secure platform that CoM can access and download these documents. However, stakeholder meetings highlighted that this documentation is not being downloaded and reviewed by the CoM for assessment of the associated risks. • The Contract Management Procedure outlines that a Contract Performance Evaluation should be undertaken on a periodic basis. This process was not undertaken for the Agilyx or Salesforce contracts. This evaluation process provides insight on the cloud vendor performance; therefore, absence of this form may limit the CoM in gathering a consistent understanding of cloud vendor performance.	1. Implement a formal process to document internal reviews of the third-party security questionnaire responses, including minutes of meetings and confirmation of reviewed linked documents. 2. As cloud vendor contracts are typically for a longer term and have far reaching impacts on the organisation, the assessment of the long-term financial viability of the vendor should be formalised and assessed during initiation. 3. Develop an obligations register to clearly document key obligations for cloud vendors as well as the CoM. 4. Establish and execute a process to regularly download, review, and assess vendor documentation to ensure ongoing compliance and alignment with the CoM's risk management policies, thus mitigating potential risks from unreviewed vendor changes. To support this process, the CoM should designate a responsible party for each cloud vendor contract.

Risk Rating

High

Finding 1 – Third Party Risk Management (contd.)

Current State Observations	Recommendations
Continued from previous page.	5. Define and implement a formal renewal assessment process that evaluates risks, vendor performance, and compliance before renewing any contracts. Ensure this process is evidence-based and aligned with the CoM's strategic objectives. This should be supported by a standardised review procedure to reassess cloud vendors' current operating environments and suitability before any contract renewal, ensuring that decisions are based on up-to-date and relevant information.

Renewal:

• Similarly, there is no defined process in place for the CoM to conduct a standardised review of the cloud vendor before granting renewals. There is no process to reassess the cloud vendor on their operating environment as well as their suitability, with the CoM relying on the reviews completed as part of the original onboarding.

Termination:

• While contracts reviewed included clauses on transfer of CoM data from the vendor to the CoM at the time of termination, there is no formalised process to ensure that CoM data has been successfully transferred back at the time of contract termination and that the CoM has verified that the cloud vendor has removed that data from its systems.

6. Develop a comprehensive termination framework that governs the completion of all necessary tasks at the end of a contract, including data deletion and transfer. This framework should include clear roles, responsibilities, and a tracking system to confirm task completion.

Potential Risks

• In the absence of documentation detailing reviews conducted during assessment process there is a risk that areas of the Third-Party Security Questionnaire (Cloud Vendor) may not be examined in detail leading to compromised data security and integrity.

• Lack of consistent process in place to ensure each cloud vendor has had the appropriate level of scrutiny upon onboarding as well as throughout renewal periods may pose the risk of onboarding or renewing a cloud vendor that does not have the appropriate cyber security related procedures or practices in place.

• Without a system to track contract obligations, there is a risk that cloud vendors are not being effectively monitored over the course of the contract to ensure compliance with contractual requirements.

• The failure to regularly review vendor-provided documentation (such as policies, procedures, and testing reports) can result in unassessed risks, including vulnerabilities related to incident management and cyber security.

• Lack of formalised termination processes (including designating responsible party within the CoM) may result in cloud vendors having access to Council data post contract periods.

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Risk Rating

High

Finding 1 – Third Party Risk Management (contd.)

Continued from the previous page.

Rec #	Management Action	Responsibility	Target Date
1	Internal reviews of the third-party security questionnaire responses will be documented in future as part of tender evaluation processes, and this will be retained within the evaluation records stored within the Council's record management system.	Chief Information Officer	Actioned
2	As part of standard tender evaluation processes, formal financial checks are only undertaken on high value and/or high-risk contracts where deemed appropriate. Cloud vendor contracts will be considered on the same basis (i.e. not a mandatory requirement in all instances).	Manger Strategic Procurement	Actioned
3	Administration will establish Contract Management Plans (CMP) for IT related contracts, including cloud vendors. The CMP will identify obligations of both parties, including development of a RACI Matrix, to assist in ongoing contract management activities.	Chief Information Officer	30 June 2025
4	To address the gaps identified in the third-party risk management process for cloud vendors, the CoM will establish and execute a robust process to ensure regular downloading, review, and assessment of vendor documentation by the designated IT contract management resource. This initiative will ensure ongoing compliance with the CoM's risk management policies and mitigate risks associated with unreviewed vendor changes.	Chief Information Officer	30 April 2025
5	Administration will implement a revised formal renewal assessment process for all contracts.	Manger Strategic Procurement	30 April 2025
6	We agree on the importance of a termination framework for secure offboarding. Actions will include developing a framework for data transfer, deletion verification, and role assignments, implementing a sign-off process, and creating a task tracking system. Contract clauses will mandate vendor compliance, and periodic reviews of terminated contracts will enhance processes to ensure robust offboarding.	Chief Information Officer	31 May 2025

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Risk Rating

Moderate

Finding 2 – Roles and Responsibilities not formally defined

Current State Observations	Recommendations
Roles and Responsibilities have not been formally defined regarding the management, and key personnel for cloud vendor contracts within the CoM.	1. Document relevant cloud vendor contract administrators in a centralised document to ensure CoM staff have a clear understanding of cloud vendor contract administrators.

Internal Audit noted the CoM Procurement and Contract Procedures outline that a 'Contract Administrator' is to be appointed and has a key role in management of the vendor, however, stakeholder consultations and sample testing outlined that this role was not formally appointed for the Agilyx Cloud Vendor contract.

2. Develop clear roles and responsibilities for business units within the cloud vendor contract lifecycle. This may also include the key roles and responsibilities which the cloud vendor must undertake.

Potential Risks

- Lack of cloud vendor ownership may result in accountability issues and difficulties in management, monitoring as well as transitions if key contract managers within the CoM no longer are employed by the CoM.

- Unclear roles and responsibilities documented and understood within the CoM regarding Cloud Vendor management may cause a mismanagement in the cloud vendor as well as inconsistent management approaches.

Rec #	Management Action	Responsibility	Target Date
1	We agree and will document cloud vendor contract administrators in a centralised register to ensure clarity and accessibility for CoM staff.	Chief Information Officer	Actioned
2	Proposed Contract Management Plans will identify clear roles and responsibilities via a RACI matrix (refer to Management Action for Recommendation 1.3).	Chief Information Officer	31 March 2025

Risk Rating

Moderate

Finding 3 – Acceptance of extended downtimes

Current State Observations	Recommendations
There is currently no formalised acceptance by the CoM of risks relating to extended downtimes of systems operated through cloud vendors. The CoM has developed a Recovery Management Plan (RMP) to outline the process that is to be followed in the event of a downtime for a system. Stakeholder meetings highlighted that, as Salesforce is used across multiple functions of the CoM, there is no single recovery plan in place if Salesforce goes down for an extended period. The IS team has acknowledged that, while remote, there the risk of an extended downtime longer than the established maximum tolerable downtime determined in the business impact analysis. While acknowledging that the CoM has run business continuity testing relating to cloud vendor outages, there is the need to document the assessment carried out and formal acceptance from the Executive Leadership Team (ELT) and/or Council to accept the risk that systems may not be able to be recovered within the maximum tolerable downtime determined in the business impact analysis. <u>Potential Risks</u> • Without ELT approval, there is no formal acknowledgment of the risks associated with extended supplier-induced downtimes. This could leave the CoM potentially vulnerable to significant operational disruptions.	1. Update the RMP to explicitly address the risk of systems not being recoverable within the maximum tolerable downtime. Include scenarios and contingency plans for extended downtimes. Ensure that this information is communicated clearly to all stakeholders, setting realistic expectations for recovery timelines. 2. Alongside Recommendation 1, integrate comprehensive plans for managing extended downtimes into the business continuity framework. 3. Conduct a detailed risk assessment to identify specific systems that may be at risk of exceeding the maximum tolerable downtime and develop additional risk mitigation strategies to address these vulnerabilities. 4. For High-Risk contracts with cloud vendors, based on feasibility, review and strengthen service level agreements with cloud vendors to ensure they adequately address recovery timelines and penalties for non-compliance. 5. Conduct regular testing and simulations of the updated RMP, including scenarios involving extended downtimes, to validate its effectiveness.

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Risk Rating

<mark>**Moderate**</mark>

Finding 3 – Acceptance of extended downtimes (contd.)

Continued from the previous page.

Rec #	Management Action	Responsibility	Target Date
1	The Risk Management Plan (RMP) will be revised to address extended downtime risks and include tailored contingency plans for high-risk systems. Key actions include developing alternate processes, temporary workarounds, and enhanced communication protocols, coupled with targeted stakeholder training. Regular simulations will be conducted to validate the effectiveness of these measures.	Chief Information Officer	31 March 2025
2	We concur and will integrate comprehensive plans for managing extended downtimes into the business continuity framework. This will include detailed procedures, contingency measures, and stakeholder responsibilities to ensure operational resilience during extended disruptions.	Chief Information Officer	30 April 2025
3	We agree and will conduct a detailed risk assessment to identify systems at risk of exceeding maximum tolerable downtime. Additional risk mitigation strategies will be developed to address identified vulnerabilities and ensure continuity.	Chief Information Officer	30 April 2025
4	We agree and will review and enhance service level agreements for high-risk cloud vendor contracts to ensure recovery timelines are adequate and include penalties for non-compliance, where feasible.	Chief Information Officer	30 April 2025
5	We agree and will conduct regular testing and simulations of the updated RMP, including extended downtime scenarios, to validate and enhance its effectiveness.	Chief Information Officer	30 April 2025

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Risk Rating

PIO

PIO 1 – Contract Management Guide and Plan

Current State Observations	Recommendations
There is an opportunity for the CoM to review the Contract Management Guide and Plan to be more effective for readers. The CoM has developed a detailed Contract Management Guide and Plan which walks through key procurement and management processes for general contract management. Whilst this documentation is comprehensive, there is an opportunity to reduce the level of detail to ensure the documentation is concise and easy to read and implement into practice for users. Further, stakeholder consultations has indicated limited knowledge and uptake of the guide and plan, noting that the guide and plan were released in February 2023. The extensive amount of content within the guides and plans may be too exhaustive for contract managers to use and digest and may result in limited uptake.	1. Conduct a comprehensive review of the existing Contract Management Guide and Plan with the aim of simplifying and streamlining the content. Focus on making the documentation more concise and user-friendly while retaining the essential details that ensure compliance and effective contract management processes. To enhance 'buy-in' consult with identified contract managers for cloud vendor contracts. 2. Develop a targeted communication and training plan to reintroduce the revised guide and plan to contract managers of cloud vendor contracts. Emphasise the improvements made and demonstrate how the documentation can assist them in their roles.

Rec #	Management Action	Responsibility	Target Date
1. & 2.	Administration will review and update the existing Contract Management Guide and template Contract Management Plan and undertake relevant communication as part of its implementation.	Manager Strategic Procurement	30 June 2025

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Appendices

1. **Scope of Work**

2. **Stakeholders Consulted**

3. **Classification of Findings**

4. **Disclaimers**

Appendix 1: Scope of Work

In accordance with the 2024/25 Internal Audit Plan for the City of Marion (CoM), a Cloud Vendor / Third-Party Risk Assessment internal audit was performed. The objective, scope and approach for this internal audit are outlined below.

Objective

The objective of this audit was to evaluate the third-party risk management processes implemented by the CoM council to identify and mitigate cyber threats emerging from their relationships with suppliers across the contract lifecycle, i.e., pre-contract to post-exit or termination of the contract.

Scope

This scope of this engagement included the following:

- Desktop review of policies supporting the management of third-party risks in relation to managing vendor contracts / third-party supplier contracts. This included:
  - Select a sample of high-risk vendors and understand their security practices.
  - Evaluate CoM's procurement terms and conditions on security clauses in vendor contracts.
  - Consideration of the current state of the Council's current governance and risk management framework within the context of managing third-party contracts including roles, responsibilities, policies, procedures, and guidance documentation.
  - Understand ongoing review and compliance practices on vendor contracts and performance.
  - Integration and testing of vendor incident response plans.
- Assessment of the current management of business relationships and governance framework with vendors to identify opportunities to improve effectiveness in triaging suppliers.
- Assessment of the Council's current processes supporting the lifecycle from onboarding ICT vendors to departures and contract termination.

- Understand current staff training and awareness initiatives on third-party risks.
- Review the Council's training module for adequacy of information provided in training on third-party risks and provide recommendations for improvement opportunities identified.

Out of Scope

The following areas were considered out of scope:

- Testing of third-party or sampled vendors security controls.
- Initiate or provide advice to management on their decision towards engagement or relationships with third-party vendors.
- Any other items which are not listed in the scope.

Approach

Based on the above scope elements, the approach for the internal audit included the following:

- Gather initial information and kick off the engagement with key stakeholders and agree on requirements.
- Perform a desktop review of relevant documentation and perform a gap analysis against better practice.
- Conduct 3 consultations with the Council with relevant IT and business stakeholders to understand the current third-party risk management processes implemented and how it is aligned with business requirements.
- Conduct 1 consultation with a high-risk vendor to understand current security practices and contractual communication obligations with the CoM.
- Upon consideration of identified issues, prepare a draft report with findings.
- Receive Management comments and issue the final report.

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Appendix 2: Stakeholders Consulted

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

Staff Name	Staff Role
Marcel Althoff	Chief Information Officer
Tony Lines	General Manager City Development
Gavin Black	Senior Project Manager
Jason Spalding	IT Governance and Cyber Security Lead
Adrian Hollins	IT Operations Manager
Prashant Kumar	Procurement Specialist
Angela Allison	General Manager, Corporate Services
Kate McKenzie	Manager, Office of the Chief Executive Officer (previous)

Appendix 3: Classification of Findings

The following framework for internal audit ratings has been developed and agreed with the CoM'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 CoM'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 be Councils issue. • Decrease in the public's confidence in the Councils. • 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 Councils Finance and Audit Committee via the Presiding Member • Requires immediate notification to the Councils 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 Councils General Manager notification. • Requires prompt management action planning/remediation actions (i.e. 30 days)

Appendix 3: Classification of Findings (contd.)

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 Councils. • 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 Councils 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 The competing priorities and cost/benefit (i.e. 90 days).

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Appendix 3: Classification of Findings (contd.)

Risk Assessment Matrix – determine the Level of Risk

Likelihood of Occurrence	Consequence of Occurrence				
	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

Likelihood Criteria	
Almost Certain	The event is occurring now or is almost certain to occur. (Probability >75%)
Likely	The event is likely to occur. (Probability 50- <75%)
Possible	The event may possibly occur. (Probability 25 - < 50%)
Unlikely	The event is unlikely to occur. (Probability 1 - < 25%)
Rare	The event will only occur in exceptional circumstances. (Probability close to 0)

Consequence Criteria (Summarised)	
Insignificant	Physical or other injury requiring First Aid. No impact on wellbeing*. Minor local disruption.
Minor	Physical or other injury resulting or requiring medical attention. Minor temporary impact on wellbeing*. Local and temporary poor morale.
Moderate	Physical or other injury resulting in brief hospitalization / medical treatment (1 day). Significant/medium term wellbeing* or morale morale issues.
Major	Serious injury requiring hospitalisation (2 days or more or re-admission)/ extensive rehabilitation. Long term wellbeing* impact. Entrenched severe morale problems.
Severe	Death or critical injury. Wellbeing* of majority of workforce affected. Loss of a majority of the workforce. Inability to replace critical services.

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Disclaimers

Inherent Limitations

This report has been prepared as outlined in the Scope Section. The services provided in connection with this engagement comprise an advisory engagement, which is not subject to assurance or other standards issued by the Australian Auditing and Assurance Standards Board and, consequently no opinions or conclusions intended to convey assurance have been 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 sample basis. Any projection of the evaluation of control procedures to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

No warranty of completeness, accuracy or reliability is given in relation to the statements and representations made by, and the information and documentation provided by the Council's Management and personnel consulted as part of the process.

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

KPMG is 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.

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

Reference to 'Review' and 'Audit'

Reference to 'Review' and 'Audit' throughout this report has not been used in the context of a review in accordance with assurance and other standards issued by the Australian Auditing and Assurance Standards Board.

Third-Party Reliance

This report is solely for the purpose set out in the Scope Section and for Councils information and is not to be used for any other purpose or distributed to any other party without KPMG's prior written consent.

This report has been prepared at the request of the Council's 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 the Council's, neither KPMG nor any member or employee of KPMG undertakes responsibility arising in any way from reliance placed by a third-party on this report. Any reliance placed is that party's sole responsibility.

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City of Marion

Internal audit project scope:
Project Management Framework Review

October 2024

DRAFT

KPMG

Internal Audit Program 2024/25: Project Management Framework Review

In accordance with the 2024/25 Internal Audit Plan for the City of Marion (CoM), a Project Management Framework Review internal audit is to be performed. The objective, scope and approach for this internal audit are outlined below.

Objective

The objective of this audit will be to review the effective implementation of the CoM's recently implemented Project Management Framework (PMF) governing capital delivery and ICT projects, with consideration given to the PMF being contemporary, fit-for-purpose and aligned to better practice including providing relevant insights from contemporary organisations.

Scope

The scope of this internal audit includes consideration over the following areas:

- Status of agreed Management actions from the May 2022 'Project Management' Internal Audit, including evidence of revised practices in project management approach and documentation.
- Governance structures in relation to project management, including monitoring and reporting mechanisms of relevant governing committees, project sponsors and other key stakeholders.
- Management of the scope, quality and cost of projects, including resourcing, scheduling, budgeting, contingency management, change request management, project decision gateways and approval processes.
- Project and change management considerations with a focus on project risk management practices including the processes to identify, manage and govern risks, issues, controls and mitigating actions (including recording, escalation and approval).
- Project management roles, responsibilities and accountabilities throughout each phase of the project lifecycle, including how key project information is recorded and communicated where accountabilities change.
- Project management training and development materials, including consideration of staff capabilities.

- Processes for project closure and handover of deliverables, including financial closure, post-implementation and contractor performance reviews.
- Benefits realisation processes for projects including the monitoring of benefits from project commencement through to completion for ICT projects.
- Involvement of the Project Management Office to ensure the quality of documentation and adherence to practices as identified above.

Approach

Based on the above scope elements, the approach for the internal audit will include the following:

- Desktop review of relevant documentation and systems in place relating to project management methodologies and processes including selected guidelines, templates and tools.
- Consultations (up to 4 for each project reviewed) with relevant stakeholders to understand current approaches and processes in place for project management.
- Sample testing of 1 ICT and 1 annual program capital works project to assess the application and compliance with the Councils' project management methodology and processes.
- Review of monitoring and reporting activities to relevant governing committees, Project Sponsor and other key stakeholders to assess ongoing reporting of project activities and issue escalation processes.
- Facilitation of a closing meeting to validate risk findings and performance improvement opportunities.

Out of Scope

- Benefits realisation processes for capital projects will be excluded from the internal audit scope.

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Stakeholders

The following Council stakeholders will be consulted as part of the Project Management Framework Review internal audit.

Personnel	Position title
Ben Keen	General Manager, City Development
Karen Blake	Manager, Enterprise PMO
Kate McKenzie	Manager, Office of the Chief Executive

Timing

The proposed timing for the Project Management Framework Review internal audit is for the engagement to commence in October 2024 with a draft report completed for consideration by December 2024.

Resources and Budget

The team members and proposed budget for this engagement are listed below:

- Eric Beere, Partner

- Heather Martens, Director

- Troy Hutson, Technology Risk Project Management Specialist

- Callum Rodgers, Construction Project Management Specialist

- Tom Jaworski, Manager

- Tex Newlyn, Consultant

The budget for the Project Management Framework Review internal audit is $33,171 (exc. GST). We will discuss and agree in advance with Management any time to be incurred that may result in fees exceeding this estimate. Any out-of-pocket expenses incurred will be billed to the CoM at cost.

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Approvals

We are in agreement with the scope for the Project Management Framework Post Implementation Review internal audit.

CoM Internal Audit Engagement Sponsor:	**KPMG Internal Audit Partner:**
Name:	*Name: Eric Beere*
Signed:	*Signed:*
Date:	*Date:*

Disclaimers

Inherent limitations

The services provided in connection with the engagement comprise an advisory engagement which is not subject to assurance or other standards issued by the Australian Auditing and Assurance Standards Board 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 are to be subject to the procedures we perform, will not be reviewed in its entirety and, therefore, no opinion or view is to be expressed as to its effectiveness of the greater internal control structure. The procedures to be performed are 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.

No warranty of completeness, accuracy or reliability can be 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 shall seek to independently verify those sources unless otherwise noted within the report. We are under no obligation in any circumstance to update the 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 the report will be formed on the above basis.

Third party reliance

This scope is solely for the purpose set out above 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. The internal audit report is to be prepared at the request of the City of Marion Audit Committee or its delegate in connection with our engagement to perform internal audit services as detailed in the engagement 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 the internal audit report. Any reliance placed is that party's sole responsibility.

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City of Marion

Internal audit project scope:
Assurance Mapping

December 2024

DRAFT

KPMG

Internal Audit Program 2024/25: Assurance Mapping

In accordance with the 2024/25 Internal Audit Plan for the City of Marion (CoM), an Assurance Mapping internal audit is to be performed. The objective, scope and approach for this internal audit are outlined below.

Objective

The objective of this internal audit is to provide an updated assurance map for the CoM's sources of assurance across the organisation's key strategic risks.

Scope of services

The scope of the Assurance Mapping internal audit will:

- Review risks within the strategic, corporate and fraud risk registers to identify assurance activities.

- Consider the coverage and quality of assurance over key risks, processes and controls. Specifically, this will consider:

  - the various types of assurance undertaken across the organisation

  - the frequency of assurance activity

  - whether or not the assurance is performed by an independent or internal team

  - the nature of the assurance activity itself (e.g. formal testing vs high level review.

- Assess the level of assurance to consider any gaps and areas of under or duplicated assurance.

The risks in scope for this internal audit review include:

- All Strategic Risks (x 10)

- All Fraud Risks with an 'Extreme' Inherent Risk rating (x 1)

- Corporate Risks including:

  - Risks with a 'High' Residual Risk rating (x 3)

  - Risks with an 'Extreme' Inherent Risk rating (x 1)

  - Rapid advancement of AI (x 1)

Approach

The approach for the assurance mapping internal audit project will include:

- Review of the CoM's strategic, corporate and fraud risk registers to inform the refresh of the assurance map.

- Conduct a maximum of eight (8) stakeholder consultations/workshops with Management to discuss the various sources of assurance currently and potentially being utilised by the City of Marion across its 'three lines of defence' model:

  - Line 1 – Line management and process controls.

  - Line 2 – Internal processes and management, independent of the relevant area.

  - Line 3 – Independent sources of assurance e.g. internal and external audit, regulators, etc.

- Consideration of relative ranking and impact of processes to identify areas of assurance that act as critical controls.

- Areas for improvement will be identified and agreed with stakeholders and draft report prepared for Management feedback and comment.

- Development of recommendations to improve assurance throughout the organisation, which considers better practice and other practices of similar organisations.

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Stakeholders

The following CoM stakeholders will be consulted as part of the internal audit:

Personnel	Position title
Tony Lines	General Manager, City Services
Ray Barnwell	Manager, Finance
Kate McKenzie	Manager, People & Culture
Sheree Tebyanian	Acting Unit Manager, Strategy and Risk
Maddie Frew	Acting Manager, Development and Regulatory Services
Sarah Vinall	Manager, Office of the Chief Executive
Colin Heath	UM, Procurement Services
Greg Cansdale	UM, Human Resources
Adrian Hollins	IT Operations Manager
Victoria Moritz	UM, Governance and Council Support
Gary Brinkworth	Manager, Development and Regulatory
Matthew Allen	Manager, Engineering, Assets and Environment
Merran Fyfe	Manager, Community Communications
Brendon Lyons	UM, Asset Solutions
Rebecca Nuemann	UM, Environment Sustainability
Megan Bradman	Manager, Customer Experience and Engagement
Mark Hubbard	Manager, City Property
Doug Hatts	UM, Civil Services

Personnel	Position title
Charmain Hughes	Manager, City Activation
Ben Keen	General Manager, City Development
Karen Blake	Manager, Enterprise Project Management
Damien Garcia	Manager, Operations

Resources and Budget

The team members and proposed budget for this engagement are listed below:

- Eric Beere, Partner
- Heather Martens, Director
- Isabelle McMahon, Senior Consultant

The budget for the Assurance Mapping Review internal audit is $24,775 (exc. GST). We will discuss and agree in advance with Management any time to be incurred that may result in fees exceeding this estimate. Any out-of-pocket expenses incurred will be billed to the CoM at cost.

Timing

The proposed timing for the Assurance Mapping internal audit project is for the project to commence in mid-January 2025 with a draft report completed for consideration by March 2025.

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Approvals

We are in agreement with the scope document for the Assurance Mapping internal audit project.

CoM Internal Audit Project Sponsor:	KPMG Internal Audit Partner:
Name:	*Name: Eric Beere*
Signed:	*Signed:*
Date:	*Date:*

Disclaimers

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7.2 Internal Audit Program - Implementation of Recommendations	
Report Reference	FRAC241217R7.2
Originating Officer	Business Support Officer - Governance and Council Support – Cassidy Mitchell
Corporate Manager	Manager Office of the Chief Executive - Sarah Vinall
General Manager	Chief Executive Officer - Tony Harrison

REPORT OBJECTIVE

To provide the Finance, Risk and Audit Committee (FRAC) with an update of the status of implementation of recommendations from the Internal Audit (IA) program.

EXECUTIVE SUMMARY

The implementation of recommendations from the IA Program is reported and monitored by the FRAC.   The Executive Leadership Team (ELT) completed a review of all recommendations.   The implementation of recommendations are being reported to:
- Not Started
- Progressing
- Behind Schedule
- Complete

The 'Behind Schedule' is any item not completed within the **original due date** tracking. The 'forecasted action completion date' is when the action is expected to be completed.   ELT continue to assess the implementation of the 'older' recommendations and if they remain relevant. Some delays are related to system implementation, competing priorities and managing change across the organisation.

This is the first report generated from the new risk and audit system (Pulse). The system can capture more information than has previously been provided. This means that the Attachment is approximately 50 pages (in comparison to about 18 in previous adgenda's).   Feedback is sought from the Committee regarding how much detail the Committee should like. Attachment 1 has a summary of the status of recommendations for each audit. The relevant outstanding recommendations and agreed actions for items commented on are included in the summary to give context to the comments made against each project.

The implementation of timing for recommendations based on the risk level of the findings are as follows:
- Extreme: within 30 days
- High: 3 months
- Medium: 6 months
- Low or Performance Improvement Opportunity: 12 months

RECOMMENDATION

That the Finance, Risk and Audit Committee:

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

ATTACHMENTS

1.   Internal Audit Q1 [**7.2.1** - 27 pages]

Quarterly Org Review Report

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Internal

Collaborative Contract Management

2.1: Risk Management

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
Ensure that risk assessments are conducted for all contracts and form part of the contract profiling process. Further, ensure that contract risk profiles are dynamically managed, reported and used for informed decision making, throughout the lifecycle of the contract.	2.1.1	Procurement procedures have been endorsed December 2021, which detail the mandatory inclusion of Risk Assessments, as part of the Tender Initiation process. Strategic procurement to ensure risk assessments are completed for each tender, inclusive of recommendations.	High	30/08/2022		+100%	Completed	100%	Incorporated in the new procedures suite.
Contracts with multiple sites or materially different portions of work should have separate risk profiles and risk treatments.	2.1.4	Strategic Procurement to work collaboratively with Risk team to update processes to include risk assessments for each site.	High	30/08/2022		+100%	Completed	100%	As part of the procedures refresh, both the procurement procedure and contract management procedure have been updated to incorporate the requirement of risk assessments for all sites involved. As part of the implementation of the updated procedures, this will be presented to all applicable teams.
Consider the opportunity for the procurement and risk teams to leverage their skill sets, on a risk based approach, beyond their initial input into risk identification as part of the pre-award process, to supporting Contract Administrators within ongoing dynamic risk management across the contract life cycle for priority/higher risk contracts.	2.1.5	Investigation of ability to resource contract management support within Council.	High	30/08/2022	30/06/2025	+10%	Behind Schedule	80%	Have commenced the embedding contract management working group to look at a decentralised approach. Will continue to monitor.

2.2: Financial Management

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
Implement financial management reporting to monitor contract spend profiles against the contract commitment value (original contract and variations) and POs to ensure compliance with procurement thresholds over the contract lifecycle. Further, consider providing this reporting to relevant Committee or governing body, as required.	2.2.1	Ensure implementation of Contracts Module within new Finance System includes elements relating to spend versus contract sum. (implementation due September - November 2021).	Moderate	30/12/2021	30/06/2025	+75%	Behind Schedule	75%	The contract module within the finance system has now progressed to demo environment, with testing to now occur.

2.3: Roles, responsibilities and accountability of Contract Administrators

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
Councils to explore the feasibility of developing a centralised Contractor Management Team. Benefits of this model include:•Effectively managing the capacity, skills and experience of the team.•Ensuring consistency with the application of the new contract management framework.•Managing performance and continuous improvement.	2.3.2	Feasibility study to be undertaken to explore central Contract Management Team.	Moderate	30/12/2022	30/06/2025	+50%	Behind Schedule	50%	Whilst no action has been taken on this item, COM is progressing with an individual approach to Contract Management, via a focused working group. At this point there is no appetite from CCS or PAE to collaborate in this item, as PAE have just approved recruitment of a Contract Management position, solely for work within PAE. The remit of the working group and action to be taken internally.

2.5: Contract Administration

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
Revise relevant policy or procedure(s) to define and implement responsibility for identifying and reporting any relevant declared conflicts of interests, including required mitigating controls, to ensure that Contract Administrators are aware of all declared conflicts for the contracts they are administering.	2.5.1	Undertake review of conflict of interest process and end to end recognition (pre tender and post tender).	Low	30/08/2022		+100%	Completed	100%	Procedures updated to strengthen this aspect. Conflict of Interest officer guideline document also implemented on SharePoint site.
Ensure that there are robust contract extension controls in place to identify contracts up for renewal in a timely manner and ensure adequate governance over delegated approval.	2.5.3	Contracts module within the new finance system to be implemented with alerts around expiring contracts and anniversaries.	Low	30/12/2022		+100%	Completed	100%	Included in the Procurement Oversight Committee remit (as per attached)

2.6: Overarching Governing Body or Committee

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
Consider implementing, on a risk based approach as part of the contract profiling process, a governing body or committee for operational and strategic contracts where there is a significant risk profile to the Councils. Furthermore, ensure regular key contract activity reporting (contract value, number and cost of variations, spend, claims/disputes, etc.) is conducted as required.	2.6.1	Review the potential to create a Contracts Governance Committee to review ongoing contracts and their performance that meet periodically throughout the year.	Low	31/10/2022		+100%	Completed	100%	Procurement Oversight Committee now to be implemented to action this element.

Collaborative Contract Value for Money

1: Nominated contracts VfM testing and observations and opportunities

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
• Monthly spot checks by a Council representative of 2-3 work-sites post completion of work. • Review contract and explore opportunities to revise payment terms for periodic payments	1.1	The cleaning contract will be tendered in the coming months. Spot checks will be inclued in the KPI's and reporting as part of the tender specification. The contract will be created in a manner that balances supplier and council risk and not objectives. Council does not agree that moving away from periodic payments is best practice.	Low	30/06/2024	01/05/2025	+20%	Behind Schedule	80%	Cleaning contract is currently in the tendering phase, with KPIs relating to this included in the tender requirements
• Review and refresh the HSE and Service Quality forms. These audit forms should be completed in full and stored on file.	1.2	Contract owner will be requested to amend the forms and reminder of obligations in relation to completion and retention on file.	Low	31/03/2024	31/03/2025	No Change	Behind Schedule	50%	No action taken this period
Regular reporting to the ELT with specific focus on VfM expected vs achieved outcomes to inform budget and business decisions	1.4	This recommendation will be incorporated into the considerations of the governance committee.	Low	30/06/2024	30/09/2024	+100%	Completed	100%	Procurement Oversight Committee to commence November 2024
Review contracts yearly to idenify VfM optimisation opportunities in the contracts	1.6	Council will consider incorporting this into the remit of the governance committee	Low	30/06/2024	31/12/2024	+100%	Completed	100%	The procurement governance procedure and procurement oversight committee terms of reference include reference to this now being within the remit of this committee. This will now form part of the ongoing contract management requirements.

J1: Gaps over governance and monitoring of strategic contracts

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
Operationalise the implementation of contract value risk categorisation per the new Guide and apply it to the current contract portfolios. We recommend this is supplemented with guidance on the required performance review types (including frequency and reporting lines), administration (plan vs checklist) and introduction of a contract profiling tool to improve consistency of assessment criteria application, quality control and future reference.	J1	Consideration will be given to application of contract categorisation as per the Contract Management guide and the associated Contract Ower required. All new Contracts above $450k will have Contract Management Plans created to provide guidance on requirements	Moderate	30/06/2024	30/09/2024	+100%	Completed	100%	Contract Management Plans now implemented for all contracts in excess of $450k. This has been in place since 1/3/2024.
In relation to lack of oversight by a governance body, Councils to:	J2	Consideration will be given to implementation of a governance committee once the maturity of the contract management function is at an appropriate level.	Moderate	30/06/2024	30/09/2024	+100%	Completed	100%	Procurement Oversight Committee implementation to occur in November to undertake these requirements.
Establish indepdendent governance at each Council to facilitiate communication and oversight over strategic contracts and overall contract portfolio monitoring at the Councils, as well as oversee strategic sourcing activities.	J2.1			30/06/2024	30/09/2024	+100%	Completed	100%	Procurement Oversight Committee to commence in November, as per attached.
Establish a cross-council governance forum or committee with representatives from the each Council to oversee performance of cross-council contracts and panel arrangements, explore further strategic procurement opportunities (renewals and new tenders) and knowledge share on contract management practices.	J2.2	Consideration will be given to implementation of a governance committee aacross the three Councils once the maturity of the contract management function is at an appropriate level.	Moderate	30/06/2024	31/12/2024	No Change	Behind Schedule	0%	No action taken as yet. Focus is currently on the COM Procurement Oversight Committee implementation
As part of standing up independent governance at each Council and a cross-council governance forum, develop respective charters that clearly outline the responsibilities of these governance roles.	J2.3	If the governance committee is formed, a charter will be created.	Moderate	30/06/2024	30/09/2024	+100%	Completed	100%	Procurement Oversight Committee to commence in November

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
Improve awareness at each Council on contract management related policies and procedures, documents (including contract registers and owners) for all Council staff to access, including on-going roll-out of further contract management procedures, tools and templates. This includes further guidance on performance metric development (including VfM priorities) to provide clear measures ongoing performance of the active contracts, including identification and capturing of contract related social benefits.	J3	Continual awareness communications will be implemented to consistent applications and use of central resources.	Moderate	30/06/2024	31/12/2024	+50%	Behind Schedule	50%	Creation of the Embedding Contract Management working group is the start of the process, to be implemented further across the organisation.

J2: Opportunity to uplift contract management documentation

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
Review and update the Guide as per areas identified.	J1	A review of the Contract Management Guide will be undertaken to include the suggested areas as appropriate.	Low	30/06/2024	31/03/2025	No Change	Behind Schedule	0%	No action taken this period.

Collaborative Model Health Check

1: Management Response

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
An action plan with timeframes and resources will be developed for implementation of the recommendations from the internal auditand reported through to the Audit Committees of the three Councils.	1.1	An action plan with timeframes and resources will be developed for implementation of the recommendations from the internal auditand reported through to the Audit Committees of the three Councils.	Moderate	22/05/2022	30/06/2025	No Change	Behind Schedule	25%	Meeting between CoM, CCS and PAE GMs scheduled to review the role PD and progress advertising to fill vacant role.

Collaborative Tendering Management

1: Non-compliance with mandatory evaluation criteria

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
Reviews the current evaluation criteria template and ensures alignment with the mandatory criteria captured within the Procurement Procedure.	1.1	The mandatory evaluation criteria will undergo a refresh as part of the current policy and procedures review.	Moderate	31/10/2024		+100%	Completed	100%	This has now been mandated as per the Tender Evaluation Procedure. Work is continuing to update the TIF, however in the meantime, Strategic Procurement Team will manage the inclusion of this mandatory criteria.
Considers additional upskilling activities to uplift capability of the Procurement Team in assessment of CSR commitments and other sustainability related evaluation criteria.	1.2	Future upskilling and training opportunities will be considered for the Procurement Team.	Moderate	31/10/2024		+100%	Completed	100%	Strengthened focus on this in the tender evaluation procedures. The procurement team are now working with Social Traders as part of the membership to undertake awareness training on how to evaluate these elements.

2: High proportion of purchasing activity via sole sourced procurements

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
Internal Audit recommends the CoM consider expanding the scope of the Procurement Procedure to capture requirements that better align effort from the Procurement Team with the risk profile of the purchasing activity. This may require introducing additional qualitative detail around criteria for completing a Project Risk Assessment.	2.1	The risk assessment process will be updated as part of the current procedures refresh, including a greater focus on the pre-tender Project/Service risk assessment and associated tender evaluation. Where exemptions/sole sourced processes are undertaken, a risk assessment will also be required. The risk assessments will utilise the organisational risk assessment profiling tool currently in place.	Low	30/09/2024		+100%	Completed	100%	Updated and strengthened focus on risk assessments included in the refreshed procurement procedure.

J1: Gaps identified in the procurement risk assessment and reporting processes

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
Project Risk Assessments: •Consider expanding the scope of the Procurement Procedure to capture requirements that better align effort from the Procurement team with the risk profile of the purchasing activity. This may require introducing additional qualitative detail around criteria for completing a Project Risk Assessment.	J1.1	The risk assessment process will be updated as part of the current procedures refresh, including a greater focus on the pre-tender Project/Service risk assessment and associated tender evaluation. Where exemptions/sole sourced processes are undertaken, a risk assessment will be required. The risk assessments will utilise the organisational risk assessment profiling tool currently in place.	Low	30/09/2024		+100%	Completed	100%	Updated as per the procedures refresh.

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
ELT Oversight and Reporting: •The Councils consider introducing a formalised procurement expenditure report on a periodic basis, capturing key tendering data, including the total number and value of procurements by sourcing type, dollar spend per supplier and the number of successful contracts awarded by supplier. To support further Executive oversight of procurement activities, this report could be included for discussion as a standing item in quarterly ELT updates to help facilitate discussion on procurement strategies and trends, such as sole sourced procurements.	J1.2	Regular periodical reporting will be incorporated into the remit of the Procurement Oversight Committee, which will be implemented following the procedures refresh.	Low	30/09/2024		+100%	Completed	100%	Procurement Oversight Committee to commence in November 2024

JPIO1: Opportunity to create guidelines for use of the Light and Heavy Fleet Panel

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
It is recommended the CCS and the CoM finalise the user guidelines for Light and Heavy Vehicle Fleet Panel usage to align purchasing activities with the Procurement Procedure.	J PIO 1.1	The Light and Heavy Fleet User guide will be finalised and implemented to provide guidance in the fleet procurement process.		31/08/2024		+100%	Completed	100%	User guides completed for these panels (as per attached)

JPIO2: Opportunity to uplift the Tender Initiation Form

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
City of Marion (CoM) There is an opportunity for the CoM to include additional criteria within the TIF, including: •Evaluation plan and evaluation criteria, including mandatory and weighted/unweighted criteria. •Contract management team and contract requirements. •The responsibility of the Delegated Authority in approving the TIF, including review and approval of the accurate and suitability of the form.	J PIO 2.1	The Tender Initiation Form will undergo a refresh as part of the current policy and procedures review. This update will be included in the mandatory criteria.		30/09/2024	31/12/2024	+30%	Behind Schedule	50%	TIF updates are still progressing. To be completed by 31/12/2024

PIO1: Opportunity to formalise post-tender Conflict of Interest declarations

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
Internal Audit recommends the CoM consider including a formalised process within the Procurement Procedure for documenting any actual or perceived COIs, prior to commencement of evaluating tender responses.	PIO 1.1	The Conflict of Interest requirements will undergo a refresh as part of the current policy and procedures review.		30/09/2024		+100%	Completed	100%	Included as part of the Procurement and Tender Evaluation procedures. Officer guidelines also implemented on SharePoint site for further guidance.

PIO2: Opportunity to improve timeliness of procurement process

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
Internal Audit recommends the CoM considers expediting the current Tender Assessment Report with recommended supplier through a delegate with appropriate financial authority, rather than the Tender Board.	PIO 2.1	With the proposed implementation of the Procurement Oversight Committee (POC), which will meet periodically, the timelines of available tender recommendation approvals will have a set cadence for the evaluation team and procurement teams. Management does not consider changes to delegations and/or removal of the independent review to be necessary with the POC implementation.		30/09/2024		+100%	Completed	100%	Tender Recommendation reports to be presented to the Procurement Oversight Committee for endorsement, prior to financial delegate sign off.

Cyber Security

1: Presence of shadow IT

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
Identify unapproved SaaS applications by leveraging firewall and web-proxy logs.	1.1	The CoM accepts these recommendations, and will partnet IT Operations with Business Analysts to engage with relevant points of contact in the Council, determine if a business process relies on the software and, if so, determine if IT security controls meet and mitigate the risks.	Moderate	31/12/2026		+5%	Progressing	10%	Software assets are continually being reviewed, the hardware asset management audit has removed unneeded and unused software from CMDB. Continuing to assess applications in preparation for business engagement and review.
Engage with relevant point of contacts in the Council to initiate a security review of unapproved SaaS applications.	1.2	The CoM accepts these recommendations, and will partnet IT Operations with Business Analysts to engage with relevant points of contact in the Council, determine if a business process relies on the software and, if so, determine if IT security controls meet and mitigate the risks.	Moderate	31/12/2026		No Change	Not Started	0%	Action is dependant on item 1.1 (identify applications).
Perform an assessment of the data stored in Monday.com and other unauthorised applications.	1.3	Assessment of data stored in applications will occur in partnership with Business Analysists, and Data Managers	Moderate	31/12/2026		No Change	Not Started	0%	Action is dependent on item 1.1 (software audit), and additionally works with ARB to manage and refine the processes for determining ownership and reduction of shadow IT.

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
Conduct business stakeholder (Council wide) training about the risk & impact of using unauthorised applications and how to get IT's approval for use of new applications/technology.	1.4	Unauthorised applications training will be included in the cybersecurity awareness training.	Moderate	31/12/2023	31/12/2024	No Change	Behind Schedule	50%	No reportable action as yet.

2: Lack of documented operating procedures to manage cybersecurity processess.

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
Include creation of relevant documents as a task in the asset technology onboarding and approval checklist. (this can also be included in the change control tasks)	2.2	We agree with the recommendation to include the creation of relevant documents in the asset technology onboarding and approval checklist, as well as in the change control tasks. We will update our checklists and change processes to include this task.	Low	30/06/2024	31/12/2024	No Change	Behind Schedule	50%	Item held - document creation as part of the Architecture Review Board / ePMO integration is ongoing.
Develop a periodic timetable for document review.	2.4	We agree with the recommendation to develop a periodic timetable for document review. This will help us to ensure that all documents are reviewed and updated regularly. We will develop a timetable and ensure it is adhered to.	Low	30/06/2024	31/12/2024	No Change	Behind Schedule	0%	Action held (behind schedule): Document map created, review of documents and templates relies on Information Security Manual.

J1: Weakness in data leakage prevention measures

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
Explore data leakage prevention toopls as per the scope to prevent intentional and unintentional data loss.	J1.3	The CoM IT cybersecurity staff will investigate automation for the data leakage prevent tools at both the cloud (SharePoint, email) and device (Microsoft Endpoint DLP), with implementation of Microsoft Endpoint for labelled data to be implemented by EOY 2023, and automated classification of unlablled data reivewed and explored within 12 months.	Moderate	1/06/2024	**Pending Data Governance Audit**	+25%	Completed	100%	DLP through the Microsoft implementation is understood and was managed during Proof of Concept. Full implementation relies on the labelling information alongside the Data Governance Framework; Both to Educate employees about the importance of marking appropriate data classification as an interim measure, and conducting an inventory and assessment of all types of data assets to establish the scope of prevention measures. The DLP rules will then be adjusted and created as per the standards defined in the framework and managed through the appropriate tooling. Note: This finding has been held open pending IA review of Data Governance Framework. Now that the IA has been completed and items are tracked under data governance framework, this finding is marked as completed.

J2: Lack of controls to validate the integrity of software patches

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
Update patch management standard to include guidance on trusted sources and integrity validation.	J2.1	Standard to be updated to include guidance.	Low	31/12/2024		+5%	Progressing	55%	Standard is written into the Information Security Manual > System Patching in draft form, noting that untrusted third parties are not to be used. ISM > System Patching to be reviewed and approved by ARB. Application register includes trusted source of patches.
Create a list of trusted sources of patches for all critical ICT assets and perform a gap assessment to identify the improvement measures required.	J2.2	Policy to be updated to include enforcement. A security calendar entry will be created to suppose ongoing verification of systems that are unable to be centrally controlled (Linux servers). Target 3 months.	Low	31/12/2024		+25%	Progressing	50%	Trusted source list defined against entries in the IT Operations Application Register. Primary asset class 2 continues under documentation, has been added to Applications Register with trusted source of inbuilt/vendor.

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
Embed validation of integrity using digital signatures or similar mechanisms in BAU patching process to verify the softare or data is from the expected source and has not been altered.	J2.3	Additional verification of patch integrity will be included in the detective change management solution, providing assertions that patches do not modify system components that are unexpected.	Low	31/12/2024		+5%	Progressing	5%	An explorative change for detective change was made during the quarter, delivering a preliminary analysis of detective change - software source throughout the fleet. It is highly unlikely that this will be successfully completed before due date, and an extension of 6 - 12 months is requested to support correct and successful delivery of the resolution to this audit item.

J3: Weakness in effective ICT asset management

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
Review and update end of life/suppport (EOL/S) details in the Freshservice tool for hardware and software assets. This information avenue can also be utilised for third party contracts, SSL certificates, etc.	J3.2	Attention to the entire asset lifecycle will be given, but particular focus on the end of life and transfer of assets between responsible staff, are likely to have the most focus.	Low	31/12/2023	31/08/2024	+35%	Completed	100%	Final hardware asset audit has been completed. A list of end of life assets was generated for removal as per IT Asset Management project, and tooling was programmed. Unknown asset list shared with entire IS operations team for a month of review. Removal of items completed.

Software assets reviewed for activity, and have been retained for additional future as part of the main IT Asset Management project and processes. |
| Review the assets (endpoints) in the Freshservice tool with the enrolled endpoints in Microsoft Intune and remediate the identified gaps to maintain only operational assets in CMDB. | J3.3 | A dedicated stocktake is proposed for all assets, as staff are known to have items at home to support their "work from home" scenario including printers, displays, laptops and consumables. Initial review of the weakness in this process identified concerns around assets being returned to IT, shadow IT purchases, desk movement, and staff movement between positions. | | 30/06/2025 | | +50% | Completed | 100% | Stocktake complete. Operational assets are automatically synchronised between Intune and CMDB. The Intune system maintains an auto-expiration on non-operational assets to automatically clean this out. |

Data Governance

1: Privacy and Security

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
Enhance protection over data: The CoM to update the Data Governance and Management Framework to define 'high-value' for dataset classification. The CoM to identify 'high-value' and 'sensitive' datasets and conduct a mapping to understand their dataflows, processing, and access within the CoM (and data access by third-party managed systems if applicable). Assess the risks associated with these datasets, and establish protections strategies in-line with existing data security policies. Once the high-value and sensitive data is adequately safeguarded, extend the assessment and risk mitigation efforts to the remaining datasets, creating a comprehensive phased plan. This prioritised approach ensures the most critical data is secured first with ongoing monitoring and review to adapt to the CoM'spriority.	1.1a	Update data governance framework to define high value datasets.	Moderate	31/10/2024		+100%	Completed	100%	Definitions has gone to the DGC for review and approval on 17/09/2024. Changes have been made to the Data Governance and Management Framework on 01/10/2024.

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
Enhance protection over data: The CoM to update the Data Governance and Management Framework to define 'high-value' for dataset classification. The CoM to identify 'high-value' and 'sensitive' datasets and conduct a mapping to understand their dataflows, processing, and access within the CoM (and data access by third-party managed systems if applicable). Assess the risks associated with these datasets, and establish protections strategies in-line with existing data security policies. Once the high-value and sensitive data is adequately safeguarded, extend the assessment and risk mitigation efforts to the remaining datasets, creating a comprehensive phased plan. This prioritised approach ensures the most critical data is secured first with ongoing monitoring and review to adapt to the CoM'spriority.	1.1b	Map high value datasets with Business Analyst support from Information Security.	Moderate	31/12/2024		+10%	Behind Schedule	10%	With the completion of 1.1a, the following datasets have been identified as 'high-value': • Salesforce CRM - CFSuite (Customers, Cases) • Salesforce CRM - Certinia/FinForce (Financial) • Authority (Rates) • NAR (Customers) • Assetic (Assets) • Employee Registers (Employee, Positions) • Orikan/iMaaS (Expiations) • Pulse (Risk) BA support from Information Services is unavailable due to resourcing issues so this action due date will need to be move.
Standardise Access Provisioning Processes: Establish a formal, organisation-wide policy for granting system access to new joiners and employees who have changed roles, with clear guidance for Team Leaders on provisioning access, including mandatory training required on key quality standards to be adhered to prior to granting access to new joiners. This organisation-wide policy should consider access provisioning to high-value datasets and any controls needed to safeguard data within those datasets (e.g. more frequent reviews on data changes made by new joiners for a set period).	1.2	Review current policies and either amend existing or create a new policy to address granting system access to new joiners and employees who have changed roles.	Moderate	31/12/2024		No Change	Not Started	0%	Review of related People & Culture and IS policies should be undertaken to ascertain if a policy change is required or procedures need to be developed to address any potential gaps

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
Guidance on User Access Rights Reviews: Set an organisation-wide standard for user access rights reviews, and where possible, automate the generation of a system report on user rights and activity. A workflow should be developed to facilitate Team Leader's review of user rights and activity over a set period.	1.3	Will implement user access right guidance as well as user access reviews. In addition, this recommendation will be completed alongside the review and uplift of policies.	Moderate	31/12/2024		No Change	Not Started	0%	Resource should be allocated to initially develop a proposal of the scope of the access right guidance and an approach to access reviews. Once agreed, a plan to operationalise user access reviews should be established and include training, change management and potential technical solutions

2: Data Attestation and Controls

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
Strengthen Data Quality Assurance Practices: Formulate business-unit guidance on clear data attestation guidelines and disseminate across business units. To support this initiative, involve key data personnel at business-unit levels in this process.	2.1	Create data quality guidelines and provide training to all business units.	Moderate	31/12/2024		No Change	Not Started	0%	Work not started
Establish Data Quality Practices: Based on value/sensitivity of datasets (and other factors including manual entry of data), establish and mandate routine data quality reviews to ensure accuracy and consistency, with transparent criteria and scheduled intervals.	2.2	Data quality reviews to be established after the sensitive and high value datasets mapping has occurred. The quality review schedule to be created based on these datasets and maintained through Information Security.	Moderate	31/07/2024	31/12/2024	No Change	Not Started	0%	Once the sensitive and high value datasets mapping has occurred scope of potential reviews should be ascertained to enable adequate resourcing and agreement on roles and responsibilities

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
Establish Formal Data Change Management Procedures: Develop and implement a structured process for dataset changes that includes steps for review, approval, and documentation, ensuring data integrity is maintained. This process should involve relevant stakeholders and be overseen by the Data Governance Committee, which also needs to establish a clear reporting and approval mechanism at the organisational level for all changes made to datasets. This will enable better control over dataset alterations and enhance the quality and reliability of information used for decision making and operational activities.	2.3	Develop a process for dataset change (this can occur in collaboration with Change Manager).	Moderate	31/12/2024		+10%	Progressing	10%	Reviewing the IT Systems Change and Release Management Policy and Procedure and assess whether this can be leverage for Data Change or if a new Procedure specific to Data Change need to be develop as an extension/subset of the IT Systems Change and Release Management Policy and Procedure.
Reinforce Data Lineage Documentation Practices: Develop and implement standard procedures for documenting data lineage where applicable, including providing training to data owners (and other data roles) on this procedure.	2.4	Develop a process for documenting data lineage where applicable. This will include training to data owners (and other data roles) on this procedure. This will be based on high value datasets.	Moderate	31/12/2024		+10%	Progressing	10%	Work is in progress to create the framework to capture the data sources and assets in SharePoint that we can then utilise to document the data lineage for the short term. Long Term plan is to utilise the Data Governance tool to document data lineage.

3: Enterprise Information and Data Architecture

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
Data Catalogue: The CoM to complete the data catalogue.	3.1	A data catalogue is being developed with Business Analyst support from Information Security.	Moderate	28/02/2025		+15%	Progressing	15%	Work is in progress by Cathlyn. No BA resource from IS is currently available for support.

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
Expand the Catalogue Coverage: The CoM to Assess the feasibility of including data within third-party managed systems in the data catalogue.	3.2	To expand the data catalogue coverage, completion of the assessment of third party systems with support IS for access. This is considered a lower priority than other recommendations.	Moderate	31/03/2025		No Change	Not Started	0%	Work not started
Mandate Data Dictionaries: Update the Data Management Procedure to include the creation and maintenance of data dictionaries for every dataset. To support this, initiate at the business-unit level and create a standardised data dictionary template to ensure consistency across all business units.	3.3	Following the completion of sensitive and high value datasets mapping, a standard operation procedure will be developed that mandates the development of data dictionaries for high value datasets.	Moderate	31/03/2025		No Change	Not Started	0%	Work not started
Enhancing system integrations: The CoM to review current asset onboarding and offboarding processes in attempt to automate and increase effectiveness.	3.4	Following review of current policies regarding granting of system access to new joiners and employees who have changed roles, investigate feasibility of automation to further enhance system integrations across the CoM.	Moderate	31/03/2025		No Change	Not Started	0%	Agreed action should be scoped out further and discussed further with stakeholders such as People & Culture. There may be opportunity with the upcoming HRIS project

4: Ownership

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
Establish Formalised Data Ownership: Develop and implement a formalised process for documenting and accepting data ownership within the CoM. This process should involve identifying data collected across the CoM, identifying accountable individuals or teams for each dataset or system, linking their roles and responsibilities with accepted data ownership roles (e.g. data steward, data custodian and data owner), documenting their roles and responsibilities, and obtaining formal acceptance from relevant stakeholders. Additionally, provide training to ensure all staff understand their data management responsibilities.	4.1	Data ownership to be formalised across the CoM which includes acceptance and documenting ownership. Education is also to be provided to ensure all staff understand their data management responsibilities. The CoM to document data owners within Data Catalogue.	Low	28/02/2025		No Change	Not Started	0%	Work not started
Formalise the Approach to Data Governance:Formalise the approach to data governance within the CoM by gaining approval from relevant data committees/senior leadership. Establish clear governance structures, processes, and decision-making frameworks to ensure consistent management of data across business units. This includes implementing formal change management procedures to prevent ad hoc decision-making and siloed activities.	4.2	Formalised governance structures, processes, and decision making frameworks to ensure consistent management of data across business units will be achieved through the establishment of the Data Governance Committee.	Low	31/12/2024		+100%	Completed	100%	The Data Governance Committee (DGC) met for their first meeting on 8 August 2024. The DGC Terms of Reference is attached. The Meeting Minutes for the first DGC meeting is attached.

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
Implement Consistent Data Literacy Training: The CoM to consider standardised data literacy training for all new joiners to the CoM by centralising the planning and delivery of relevant training modules. Develop a comprehensive training program that covers data governance principles, policies, and procedures applicable across all business units. Provide ongoing training and support to ensure key data owners and custodians have a consistent understanding of their data responsibilities and relevant processes.	4.3	Work has commenced already and will be incorporated with the uplift of policies. Training program will be developed through the Data Governance Committee in preparation to rollout.	Low	31/12/2024		+35%	Progressing	35%	Training contents have been developed and is being reviewed by the Data Governance Committee. Once approved by the DGC, the training can be embedded into the onboarding training as well as the Data Literacy Training Program. Work is progressing with identifying data owners and data stewards so that targeted training can be delivered to the people in these roles.

PIO1: High-Value Datasets

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
Formalising dataset changes: Formalise a change management process for adjustments to datasets that would impact current reporting. This change management process should include notification of the change to the centralised reporting team and/or Data Governance Committee and formalised review and assessment of the impact of the change.	PIO1.1	Will be considered as part of the development of the new Data Change Management Procedures		31/12/2024		No Change	Not Started	0%	See update in 2.3

PIO2: Operating Charter

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
Update Corporate Risk Register Controls: The CoM to update Risk ID CR0095 to reflect the functioning of the Data Governance Committee as a control for this risk area.	PIO2.1	This work is scheduled as part of the Corporate Risk Review process in Quarter 1 FY2025.		31/10/2024		+100%	Completed	100%	The Risk team met with the relevant stakeholders on the 8th of August 2024 to review the Risk ID CR0095. Part of the review include the addition of the Data Governance Committee as a control for this risk area. CR0095 has now been updated in the Corporate Risk Register.

Stakeholder Management Review

PIO1: Opportunity for integration of a centralised system to support development of relationships with stakeholders

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
Utilise the register as a 'safety net' for leadership staff to periodically assess and ensure the critical stakeholders are recorded and overlaps between business units are identified.	PIO1.2	Further work needs to progress regarding the opportunitiesto use SalesForceas a stakeholder management tool. In the interim, the top 20 key stakeholder map will be produced but this is only a short term measure with a long term approach required.		31/12/2022	30/04/2025	+5%	Progressing	55%	developing the relevant interface for this in Salesforce with internal capability. The draft format has been done (as of 24 Sept) and looking at data migration, then progressing to UTA. Looking to establish governance around how this will be used and when notes are to be added against stakeholder.

Volunteer Management

1: Gaps identified in the retention of volunteer records

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
The CoM reviews the policies and handbook to ensure there is clear documentation on the expectations around record keeping.	1.1	Management agree that these recommendations are achievable. The incoming person to this role (while the present incumbent takes 12 months leave), along with the support of our Volunteer Managers in the business, will review these recommendations and ensure they are implemented.	Moderate	30/09/2023	31/12/2024	+10%	Progressing	85%	The Volunteer Managers Operational Manual continues to be divided into easy to follow guides and includes the importance of, and the procedures for maintaining records. The volunteer managers were trained in records management at a workshop in August 2024.

PIO2: Misalignment between the Volunteer Strategy and the Volunteer Policy and Procedures (the Framework)

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
Internal Audit recommends that the CoM review the Volunteer Strategy objectives and KPIs and ensure supporting policies and procedures sufficiently cover these key areas.	PIO2.1	Management agree that this recommendation is achievable. The incoming person to this role (while the present incumbent takes 12 months leave), along with the support of our Volunteer Managers in the business, will review this recommendation and ensure it is implemented.		30/09/2023	31/12/2024	+10%	Progressing	90%	Over arching Volunteer Policy has been reviewed and amended, awaiting endorsement.

PIO3: Consider the volunteer voice in the design of future programs

Recommendation	Action #	Agreed Management Action	Auditor Risk Rating	Original Action Completion Date	Forecasted Action Completion Date	Quarterly progress	Action Progress	Action Progress %	Action Progress Comments
Internal Audit recommends that the CoM consider the implementation of co-design principles within the process of future improvement or development of the CoM volunteer program/s.	PIO3.1	Management agree that this recommendation is achievable. The incoming person to this role (while the present incumbent takes 12 months leave), along with the support of our Volunteer Managers in the business, will review this recommendation and ensure it is implemented.		31/12/2023	31/12/2024	+15%	Progressing	65%	Co-design principles have been included in the draft three year volunteer program strategy.

7.3 Work Program and Meeting Schedule for 2025	
Report Reference	FRAC241217R7.3
Originating Officer	Unit Manager Governance and Council Support – Victoria Moritz
Corporate Manager	Manager Office of the Chief Executive – Sarah Vinall
General Manager	Chief Executive Officer - Tony Harrison

REPORT OBJECTIVE

To set an annual work program for 2025 for the Finance, Risk and Audit Committee (FRAC) to ensure the Committee addresses the scope of activities identified in the Committee's Terms of Reference. This provides the opportunity to review the program and ensures that the workload of the Committee is planned, managed, and resourced. It allows the Committee to relay the dates and times of the meetings to the community and provides for upcoming business to be dealt with in a timely manner.

EXECUTIVE SUMMARY

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

During 2024, the Committee met on six occasions. The proposed schedule has been based on continuing with six meetings for 2025, however this is at the discretion of the Committee. Consideration could also be given to the holding of the meeting outside of normal business hours; however, care should be taken to avoid City of Marion General Council Meetings and Forums held on Tuesday nights. It is also noted that the Council Assessment Panel meets on Wednesday nights as determined.

A work program and meeting schedule for 2025 satisfying the requirements set out in the Terms of Reference has been compiled in **Attachment 1** for the Committee's consideration. It is noted that some standing reports, will be presented quarterly or as required. The items included on the program are indicative only as items may be added, changed, or moved during the year depending on areas of identified risk.

RECOMMENDATION

That the Finance, Risk and Audit Committee:

1. **Notes the proposed work program for 2025 identified at Attachment 1 to the report.**

2. **Adopts the following schedule of meetings for 2025:**
   a) **Tuesday 18 February 2025 (2pm – 5pm)**
   b) **Tuesday 8 April 2025 (2pm – 5pm)**
   c) **Tuesday 3 June 2025 (2pm – 6pm)**
   d) **Tuesday 12 August 2025 (3pm – 6pm followed by a joint workshop with Council from 6.30pm onwards)**
   e) **14 October 2025 (2pm – 5pm)**
   f) **2 December 2025 (2pm – 5pm)**

ATTACHMENTS

1.   FRAC SCHEDULE OF MEETINGS 2025 [**7.3.1** - 3 pages]

DRAFT SCHEDULE OF MEETINGS 2025

Day	Date	Time	Venue
Tuesday	18 February 2025	2 pm – 5pm	Administration Centre
Tuesday	8 April 2025	2 pm – 5pm	Administration Centre
Tuesday	3 June 2025	2 pm – 5pm	Administration Centre
Tuesday	12 August 2025	3.00 – 6.00 pm Followed by 6.30 – 7.30 pm (Joint workshop with Council)	Administration Centre
Tuesday	14 October 2025	2 pm – 5pm	Administration Centre
Tuesday	2 December 2025	2 pm – 5pm	Administration Centre

INDICATIVE COMMITTEE WORK PROGRAM – 2025

TUESDAY, 18 February 2025

Topic	Action
Council Member Report	Communication Report
Internal Audit - Implementation of Recommendations Q2	Review & Feedback
Internal Audit Program – scopes and reports	Review & Feedback
Draft Annual Business Plan 2025-26 and LTFP	Review and feedback
Corporate Risk Report Q2	Review and feedback
Climate Risk Register	Review and Feedback
Strategic Risk Register Annual Review	Review and Feedback
Risk Management Framework – Opportunities work	Review and Feedback

TUESDAY, 8 April 2025

Council Member Report	Communication Report
Internal Audit - Implementation of Recommendations Q3	Review & Feedback
Draft Annual Business Plan 2025-26 & LTFP Update	Review & Feedback
Budget Review 2 – 2024-25	Noting
Fraud risk register bi-annual report	Review and feedback
Internal Audit Program – scopes and reports	Review & Feedback

TUESDAY, 3 June 2025

Topic	Action
Council Member Report	Communication Report
Draft Annual Business Plan 2025-26 - Public Consultation Feedback	Review & Feedback
External Audit 2024-25 – Interim Management report	Review & Feedback
Budget Review 3 – 2024-25	Noting
Annual Report on Business Continuity	Noting
Internal Audit Program 2025-26	Review & Feedback
Internal Audit Program – scopes and reports	Review & Feedback
Corporate Risk Report Q3	Review and feedback

TUESDAY, 12 August 2025 (Joint Workshop with Council to follow from 6.30pm – 8.30pm)

Topic	Action
Council Member Report	Communication Report
Fraud and Corruption Annual Questionnaire	Review & Feedback
FRAC Annual Report to Council 2024-25	Feedback and consideration of elements for inclusion
Internal Audit - Implementation of Recommendations Q4	Review & Feedback
Annual Insurance and Claims report	Review & Feedback
Corporate Risk Report Q4	Review & Feedback
Joint Workshop with Council (6.30pm onwards)	

TUESDAY, 14 October 2025

Topic	Action
Council Member Report	Communication Report
FRAC Annual Report to Council 2024-25	Review and Recommendation to Council
Independence of Council's Auditor for the year end 30 June 2025	Review and Recommendation to Council
Audited Annual Financial Statements for the year end 30 June 2025	Review and Recommendation to Council
Investment Performance 2024-25	Noting
Debtors Report	Noting
IS Strategy annual progress	Noting

Tuesday, 2 December 2025

Topic	Action
Council Member Report	Communication Report
Work Program and Meeting Schedule 2026	Review and Feedback

Ombudsman Annual Report	For Noting
Internal Audit - Implementation of Recommendations Q1	Review & Feedback
Framework and Key Assumptions for the preparation of the 2026-27 ABP and LTFP	Review and Feedback
Budget Review 1 – 2025-26	For Noting
Corporate Risk report Q1	Review & Feedback

7.4 Q1 Corporate Risk Report 2024-2025

Report Reference	FRAC241217R7.4
Originating Officer	Risk Business Partner - Business Continuity – Kim Strickland
Corporate Manager	Manager Office of the Chief Executive - Sarah Vinall
General Manager	Chief Executive Officer - Tony Harrison

REPORT OBJECTIVE

To provide the Finance, Risk and Audit Commitee (FRAC) with an overview of the City of Marion Corporate Risk Register review for Quarter 1, 2024-25 (1 July to 30 September 2024).

RECOMMENDATION

That the Finance, Risk and Audit Committee:

1. Reviews the Corporate Risk Register Report and provide any feedback.
2. Considers the high risks in **Attachment 1** and provides feedback.

DISCUSSION

Background

During Q1 2024-25, a review was conducted of the council's Corporate risk register, facilitated by Risk Business Partners.

This report captures any changes to existing risks and provides detailed risk templates for "High Risk" at **Attachment 1.**

Other key risk activity

- Opportunity Management

In early September, a series of workshops with Unit Managers and the SLT Managers concluded which helped inform the final draft development of the following assessment tools.

Several draft tools have been developed in consultation with staff. These include:

- Opportunity Matrix: This matrix addresses the six risk categories in Council's RMF - Health, Safety and Wellbeing of our people, Social and Community, Financial, Environment, Business Continuity/Organisational; Reputation and Public Administration
- Likelihood table: Reflects likelihood using opportunity-based language rather than risk-centric (negative) terminology.
- Opportunity Assessment Matrix: Incorporates likelihood and consequence using opportunity language.
- Opportunity Management Tool for New Initiatives: Designed specifically to assess new opportunities.
- Updates to Risk Management Assessment: An enhancement of the current council-endorsed risk assessment to include opportunity management.

These proposed updates to the RMF are currently out for final staff feedback and are scheduled for the FRAC in February 2025.

- Strategic Risk "description" alignment

Council's new Strategic Plan was endorsed in September 2024. The Risk team has reviewed the Strategic Risk descriptions to ensure alignment with the newly endorsed Strategic plan. Throughout this review with SME's and ELT, three new strategic risks were identified.
Further work will need to be done in the next quarterly review to align Corporate risks to the relevant strategic priorities in council's new Strategic Plan.

- Climate Risk Register

The final report from EDGE, the Climate consultancy engaged by City of Marion, was received 10 October 24. This report will inform and finalise the proposed format of council's Climate Risk Register and overall reporting on climate risks.

- Fraud and Corruption Awareness Training

To strengthen fraud and corruption awareness across the organisation training materials have been updated. The existing training pack references outdated standards and aligns with the latest AS 8001:2021 standard. This update includes revised definitions and more detail on external attacks and cyber concerns/risks and has a strong emphasis on a "Fraud and Corruption control system" for better protection. The new training pack will be rolled out across the organisation to ensure comprehensive awareness and compliance.

- Risk Maturity Assessment

KPMG has been awarded a tender to evaluate the City of Marion's current risk management practices and provide an actionable plan to enhance its risk management maturity over two years. The stakeholder engagement component of the project is intended to commence in February 2025.

Fraud Risks

Council's Fraud Risk Register currently identifies 13 Fraud risks, with 8 rated as medium and 5 rated as low. These risks were reviewed in conjunction with the Fraud and Corruption survey completed in June.
All endorsed outcomes and actions from the survey results have been documented in the Pulse Audit module, enabling tracking of progress by action owners to completion.

Analysis of Quarter 1 2024-25 Risk Metrics

The Q1 2024-25 review of the Corporate Risk Register confirmed a total of 101 existing risks.

This quarter identified a "proposed" re-rating of 1 risk from High to Medium, 1 risk from Low to Medium, a new risk, and some risks have been merged. Table 1 illustrates the "current" Residual risk ratings, being 3 high, 71 medium, and 27 low.

Table 1: Quarter 4, 2024-25 Risk Ratings

Inherent Risks

	Insignificant	Minor	Moderate	Major	Severe
Almost Certain	0	2	8	4	3
Likely	0	0	14	21	15
Possible	0	1	10	17	3
Unlikely	0	1	1	0	1
Rare	0	0	0	0	0

Residual Risks

	Insignificant	Minor	Moderate	Major	Severe
Almost Certain	1	1	0	0	0
Likely	0	4	0	3	0
Possible	0	1	18	0	0
Unlikely	1	15	30	10	0
Rare	0	3	8	6	0

Target Risks

63

38

Inherent Risks

LOW, 1, (1%)
MED, 14, (14%)
EXTREME, 22, (22)
HIGH, 64, (63%)

Residual Risks

HIGH, 3, (3%)
LOW, 27, (27%)
MED, 71, (70%)

Target Risks

, 0, (0%)
LOW, 38, (38%)
MED, 63, (62%)

Table 2: **Corporate Risk Register – Comparative outcomes of the last four quarters**
This table illustrates the movement in our risk exposure over the previous 12 months.

	Quarter 2 - 2023/24 October to December			Quarter 3 - 2023/24 January to March			Quarter 4 - 2023/24 April to June			Quarter 1 - 2024/25 July to September			Overall Impact
	Residual High Risk - 4%			Residual High Risk - 4%			Residual High Risk - 4%			Residual High Risk - 4%			Overall Impact
	Inherent	Residual	Target	Inherent	Residual	Target	Inherent	Residual	Target	Inherent	Residual	Target	
Extreme	22	0	0	21	0	0	22	0	0	22	0	0	↔
High	69	4	0	67	4	0	66	4	0	64	3	0	↓
Medium	10	71	63	12	69	63	13	71	64	14	71	63	↔
Low	0	26	38	1	28	38	1	27	38	1	27	38	↔
Total	101	101	101	101	101	101	102	102	102	101	101	101	

1.3 Re-assigned risks

There were no risks re-assigned during the Quarter.

1.4 Re-rated risks

The ELT supported the re-rating of a High risk to a Medium rating.

Risk ID	Risk Description	Owner	Current Risk Rating	Proposed Rating
CR0095	Poor data quality and data governance not supporting informed decision making.	Office of the CEO	**HIGH**	**MEDIUM**

*Refer to detailed High-Risk section of report to see the marked up High -Risk plan **(Attachment 2)**

Rationale to reduce Risk Rating from High to Medium:

During Q1 2024-25 period, a workshop was held by the Risk owner and key stakeholders to review the risk rating aligned to the KPMG Audit results and make a recommendation for a reduction of the risk rating. The main drivers for proposing these changes, are:

- KPMG Internal Audit report findings indicate that any risks associated with data quality and governance are now either Low or Medium.
- IS Strategy has been endorsed and implemented, with an ongoing requirement to continue refining and enhancing core applications
- Data and Analytics Strategy has been endorsed and the implementation is progressing.
- Data Governance Committee, and the Architectural Review Board are now in place.

AND

An increase to MEDIUM for risk CR0091.

Risk ID	Risk Description	Owner	Current Risk Rating	Proposed Rating
CR0091	Unlicensed use of copyright material.	Comms & Marketing	**LOW**	**MEDIUM**

Rationale to increase Risk Rating from Low to Medium: The risk rating has been elevated from low to medium due to potential instances of copyright exposure related to the use of licensed artwork in council publications. A recent review revealed the need to enforce best practices to ensure compliance with the Copyright Act 1968

A review is being underway by Marketing & Communications team into the incident. A review will include:

- A review of the council's Use of Imagery Procedure, to ensure adequately addressed and ensure staff and training of the procedure.
- Audit of councils Register of Artwork/images being used to ensure appropriate permissions are in place for all licensed items.

Council will provide an update on the outcome of review and actions at the next ELT and continue to closely monitor and manage the risk in the meantime.

1.5   New risks

A new risk was identified this quarter:

Risk ID	Risk Description	Owner	Current Risk Rating
CR0112	Failure to manage the ongoing needs of the Marion Water Business	Engineering	**LOW**

Rationale for new Risk:

During Q1 2024-25 the Risk Owner, together with its Risk Business Partner workshopped the items that remain open on the Project Risk assessment to create a Corporate Risk to capture the "ongoing management" of the Water Business.

The Water Business has a long term "Program" of work incorporating multiple "projects", the recent "extension" project is now complete, but a review of the Project Risk Assessment identified that there are risks associated with the ongoing nature of "running" the business, rather than explicitly linked to the further construction or pipeline extensions.

1.6   Merged risks

During the Q4 2023-24 risk review cycle, it was identified that multiple volunteer related risks were very similar in nature. In Q1, 2024-25, a workshop on the following risks was undertaken to assess if they could be merged.

Risk ID	Risk Description	Owner	Current Risk Rating
CR001	Inability to deliver volunteer services to support CoM operations and programs due to low volunteer numbers.	People & Culture	MEDIUM
CR030	Inability to deliver volunteer-supported programs throughout CoM	People & Culture	LOW
The above risks MERGED to make one risk, as below:			
CR001	Inability to effectively deliver volunteer-supported programs throughout CoM	People & Culture	MEDIUM

Rationale for merging the above risks:
These risks were very similar to each other, with both referencing the inability to deliver volunteer supported programs, with one specifically referencing low numbers of volunteers as the risk.

The new "merged risk" states "inability to effectively deliver volunteer supported programs", with one cause captured as "failure to maintain sufficient volunteer numbers". A thorough review of causes, consequences, controls and risk rating was completed to ensure a complete risk, reduced duplication and clarity of the correct rating.

AND

Risk ID	Risk Description	Owner	Current Risk Rating
CR0002	Failure to ensure the safety of volunteers whilst undertaking work in the community.	People & Culture	MEDIUM
CR0106	CoM Workforce don't understand their obligations to provide a child and vulnerable person safe environment.	People & Culture	MEDIUM
All above risks MERGED to make one risk, as below:			
CR0002	Failure to ensure safety of volunteers, their clients, the public and vulnerable people including children.	People & Culture	MEDIUM

Rationale for merging the above risks:
The two risks were similar with both referencing "safety", one specific to "volunteer safety", and one for "children and vulnerable people".

The new "merged risk" covers all groups of people, including "volunteers, their clients, the public and vulnerable people including children". A thorough review of causes, consequences, controls and risk rating was completed to ensure a complete risk, reduced duplication and clarity of the correct rating.

AND

A review of the risks pertaining to event management, revealed the following two risks are closely aligned and mitigations are duplicated. Both risks cover off community and council run events. Further, both risks primarily hinge on councils' strategy, policies and procedures for coordinating and overseeing event hirers/third parties, and overall general event management.

Risk ID	Risk Description	Owner	Current Risk Rating
CR0110	Community run events pose as a liability and reputational risk to Council members	Comms & Marketing	MEDIUM
Above risk MERGED with the risk below:			
CR0103	Ineffective and inconsistent event management across various business areas at the City of Marion	Comms & Marketing	MEDIUM

1.7 Risk Description change

Following a review of CR0073 and CR0074 with the Development & Regulatory team, minor updates have been made to the description of each risk. Effective mitigations remain in place for both risks.

CR0073: The description has been refined to better capture the council's role in not only adopting but also influencing planning and building policy changes, aligning with the expectations of a broader group of stakeholders, including the State Government. While the risk may arise due to directions or delays from the State Government, other factors may include difficulty obtaining consensus among Elected Members, limited budgets and resources, increased team workloads, and a lack of specialised skills across work units. The revised wording clarifies these nuances.

CR0073 update

Previous:	Inability to adopt planning policy changes that reflect contemporary community expectation due to direction or delay from State Government.
Amended to:	Inability to influence and adopt planning and building policy changes that reflect contemporary community/stakeholders' expectations.

CR0074: The description has been broadened to address a wider range of risk causes, moving beyond process and procedural dependencies. Key causal factors now include inadequate staffing levels, failing to keep abreast of legislative changes and ineffective record management. This risk rephrasing emphasizes the need to address the risk comprehensively rather than focusing on a single cause.

CR0074 update

| Previous:	Failure by Development Approval and/or Building Inspection processes and procedures to detect structural or public safety issues or other non-compliance and to apply enforcement/emergency actions.
Amended to:	Failure to detect public safety issues and non-compliances on-site inspections and to take appropriate enforcement action.

1.8   High Risks

Although the Risk Appetite outlined in the RMF outlines varying tolerance levels for specific risk criteria, the reporting structure requires that risks with a current risk rating of Extreme or High are to be reported to the ELT and subsequently, to Council via the Finance, Risk and Audit Committee. There are currently three (3) risks assessed as outside the adopted risk appetite, as outlined in **Table 3 Corporate Risk Register Q1, 2024-25 – Risk Scoring overview**
An excerpt of the Corporate Risk Register, outlining the three (3) currently **high-rated** risks is provided in **Table 4**, which shows the movement in the current risk rating from the last reporting period.
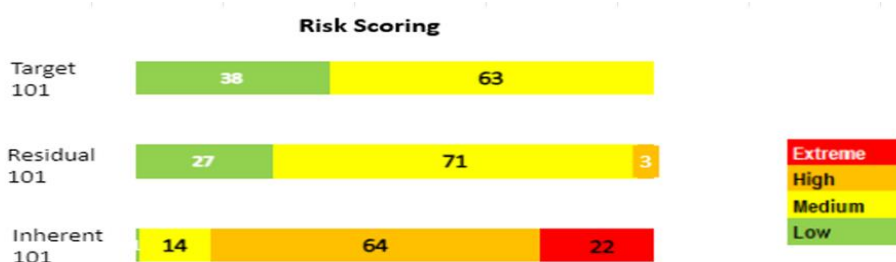
To provide greater detail and context for High rated risks, a High-Risk Plan was developed in collaboration with each of the risk owners for review, validation, and monitoring each quarter. The High-Risk Plan documents provide full details on the risk, background/context, causes, consequences, and any current controls already in place. It then details any planned treatments identified by the risk owners which are anticipated to reduce the risk to within tolerance levels. **Attachment**   **1**.

Table 4: Risks Currently rated as High (or above)
As discussed earlier in the report there are now 3 high risks as CR0095 was re-rated to a medium.

Risk ID	Risk Description	Inherent Risk Rating	Residual Risk Rating	Quarter Movement
CR0026	Injury or damage arising out of a failure of CoM contractors to comply with contract conditions and CoM HSW requirements	High	High	⬌
CR0053	Ineffective & inefficient organisational project and portfolio management/ monitoring to deliver strategic objectives and outcomes	High	High	⬌
CR0058	Failure to identify, assess, and manage climate-related risks and opportunities that affect our operations and community.	Extreme	High	⬌

1.9   External Issues/ Opportunities

Inflation

Consumer Price Index (CPI) results for September 2024 quarter show an annual rise of 2.8%.

This marks one of the lowest annual increases since 2021, bringing inflation back within the RBA's range of 2-3% for the second consecutive month. The CPI for South Australia in the September quarter of 2024 increased by 0.5% compared to the previous quarter, marking a 3.2% rise over the last year.

Key contributors to the annual CPI increase include were Housing (+2.6 per cent), Food and non-alcoholic beverages (+0.6%), and Alcohol and tobacco (+1.3% per cent). Partly offsetting the annual increase was Transport (-3.8 per cent) over the year.

Cost of Living

Recent analyses indicate that lenders have started lowering their mortgage rates based on the expectation the Reserve Bank of Australia will cut interest rates. Canstar has revealed seven lenders cut their fixed loan rates by an average of 0.3% recently, with four banks cutting variable rates. The RBA commentary conflicts with market predictions about rate cuts, stating "underlying inflation is still too high and there will be no cut in the near term."

Volunteers

Community sources highlight a growing shortage of regular, trained volunteers. This decline is attributed to an aging population and a rise in the retirement age, with more people favoring occasional over regular volunteering. This shortfall impacts services like community transport, where staff are often used to fill volunteer shifts. Other state governments in Australia are also considering paid roles for critical services traditionally reliant on volunteers.

Climate Reporting

On 22 August 2024, the Australian Senate passed the **"Climate reporting legislation"**. Reporting will commence from January 2025, for those Entities scoped in Group 1, with Group 2 and 3 entities to follow in July 2026 and July 2027.

A review into the decision for when and how Local governments need to report, with a decision expected in the next 12-18mths. At the City of Marion, the Climate Risk Register is underway.

State seat of Black by-election

The resignation of the MP for the seat of Black will see a by- election in the marginal southern suburbs seat. The by-election will take place on Saturday 16 November 2024.

ATTACHMENTS

1.   Attachment 1 - Q1 Corporate Risk Report 2024 [**7.4.1** - 6 pages]

1. **CR0058: Failure to identify, assess, and manage climate-related risks and opportunities that affect our operations and community.**

Risk Area	Risk Owner Position	Risk Category	Inherent Risk	Residual Risk	Target Rating	Within Tolerance
Environmental Sustainability	Manager Eng, Assets & Environment.	Financial	Extreme	High	Medium	No

Context Background & Env Considerations: Climate change is already affecting aspects of CoM operations including how we undertake business and activities and how we design, build, and refurbish facilities and infrastructure. It is recognised that unless we ensure we have a sound understanding of the projections and impacts of climate change and incorporate this knowledge into the design and management of infrastructure and the mode of delivery of services we risk exposing the community to increased operating costs and a decrease in the utilities of infrastructure and services. Increased extreme weather events will have ongoing impacts to our vulnerable communities.

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

PHYSICAL RISKS AND OPPORTUNTIES There is a risk that extreme weather events, coastal inundation and protracted and enduring changes in weather patterns caused by climate change/global warming will result in an increase in operating costs due to asset damage and accelerated deterioration, damage to Council natural and built environments and an increasing disconnect between Councils capacity to deliver facilities and services and the community's expectations. There may also be physical changes to the environment that have a positive impact such as warmer winter temperatures resulting in less energy consumption for heating and improving vegetation health during winter periods.

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

Risk Detail	
SLT / ELT Owner	Matt Allen/ Ben Keen
Strategic Link	Valuing Nature
Link to Business Plan	Deliver the Resilient South Asset Management Climate Risk Project Deliver the Carbon Neutral Plan
Stakeholders	Organisation-wide
Consultation	Establishment of Climate Risk Working Group (TBC) Climate Risk Governance Assessments
Likely Causes	Approval of at-risk initiatives in areas of known vulnerability Failure to include Climate Change consideration in business activities/operations (inc. events, asset management planning & CapX projects) Inadequate stakeholder engagement- Increasing carbon emissions Lack of climate change awareness / understanding Lack of recognition for climate risk mapping in urban planning (PDI Act) and decision making (climate hazard mapping) Poor inter-departmental collaboration and communication
Consequences	Catastrophic damage to assets and infrastructure and culturally significant sites during extreme weather (e.g. flooding and fire). Increased cost of remedial and mitigation works. Increased difficulty in obtaining insurance cover/increased premiums. Increased difficulty in obtaining loans if financial institutions require evidence of responses to climate change impacts. Increased operating costs. Reduction in useful asset lifecycle. Maladaptation including inappropriate investment in hazard mitigation. Dissatisfied community, damaged reputation. Damage to coastal zone from storm surge.

Controls	Control Owner	Control Effectiveness
Asset and public Liability Insurance	Maddie FREW	Effective
Asset Management Plans	Brendon LYONS	Effective
Carbon Neutral Plan	Rebecca NEUMANN	Effective
Coastal Climate Change Adaptation Plan including baseline monitoring to detect early changes to risk.	Rebecca NEUMANN	Effective
CoM Climate Change Policy	Rebecca NEUMANN	Effective
CoM Strategic Plan and Business Plan includes climate response	Sheree TEBYANIAN	Effective
Energy Efficiency and Renewable Energy Plan	Rebecca NEUMANN	Partially Effective
Environmental awareness training	Rebecca NEUMANN	Effective
Program and schedule of External Education via events, networking, workshops etc.	Rebecca NEUMANN	Effective
Resilient South Regional Climate Action Plan (reCAP)	Rebecca NEUMANN	Effective
Resilient South Regional Climate Partnership (sector agreement)	Rebecca NEUMANN	Effective
Resilient South Regional Coordinator	Rebecca NEUMANN	Effective

Task	Task Owner	Status	End Date
1. Deliver the Coastal Climate Change monitoring program	Rebecca NEUMANN	Progressing	30/06/2025
2. Develop & implement Resilient Asset Management Pilot (RAMP) program	Rebecca NEUMANN	Progressing	30/06/2025
3. Develop Climate Change Risk Register	Kim STRICKLAND	Behind Schedule	30/09/2024

Rationale for Implemented Controls and Planned Treatments 'Behind Schedule'	
Q1 2024-25 updates	Task No.3. The Consultant engaged by CoM delivered their report in mid-October, which is being reviewed by CoM. The reporting findings to be provided at the February 2025 FRAC meeting.

2. **CR0026: Injury or damage arising out of a failure of CoM contractors to comply with contract conditions and CoM WHS requirements.**

Risk Area	Risk Owner Position	Risk Category	Inherent Risk	Residual Risk	Target Rating	Within Tolerance
People & Culture	Manager People & Culture	Health, Safety & Wellbeing of our People	High	High	Medium	No

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

Risk Statement: There is a risk of non-performance of contractors engaged by CoM to undertake high risk Land & Property related activities as a consequence of a failure to effectively apply a rigorous, commercial, and proactive contractor Induction and management process. Which may result in a failure to deliver services within the intended scope, budget, timeframe and to the required standard of safety and legislative compliance, leading to additional operational costs, the potential for injury or harm, litigation, reputational and community relationship degradation.
There is a risk of contractors failing to adhere to CoM WHS performance standards. This risk may be exaggerated when those performance standards are not made clear or understood by various stakeholders (contractors, people engaging contractors, staff, subcontractors etc.).

Risk Detail	
SLT / ELT Owner	Sarah Vinall / Tony Harrison
Strategic Link	Council of Excellence
Link to Business Plan	Develop the City of Marion Building Asset Strategy to meet community, sport and recreation needs.
Stakeholders	SafeWork SA, Community (facility users), Staff (facility users), Council members, Risk Unit, City Activation, Operational Support.
Consultation	Consultation through City Property team meetings and regular engagement with the Risk Team.
Likely Causes	Failure to undertake site inspection and hazard identification prior to commencement of work. Inconsistent / Ineffective WHS induction of contractors Inconsistent application of contract management processes Ineffective monitoring and evaluation of Contractors' WHS practices/performance Ineffective procurement processes that evaluate Contractors' WHS practices/performance
Consequences	Disruption to works impacting CoM & team. CoM exposure to liability Net increase in operating costs Serious injury to Workers, Contractors, or member of Public Officers' exposure to criminal litigation Reputational damaged through adverse media coverage Disruption to works impacting local community.

Control	Control Owner	Control Effectiveness
CoM Insurance	Maddie FREW	Effective
Contract Management Checklist -Contractor Induction/Observation/Monitoring forms are completed for site induction, observation, and monitoring (inc. record keeping)	Mark JENTSCH	Effective
Contract Management Policy & Procedure (inc. Checklist)	Jamie DUNNICLIFF	Effective

Control	Control Owner	Control Effectiveness
Contractor site Induction (inc. handover of CoM Risk assessment plus contractor generated site hazard and risk assessment before commencement)	Mark JENTSCH	Effective
Outcomes from Business SA Audit of CoM Contract Management	Mark JENTSCH	Effective
Procurement Procedure	Jamie DUNNICLIFF	Effective
Tender Evaluation procedure	Jamie DUNNICLIFF	Effective
Contractor Management training and SharePoint site.	Jamie DUNNICLIFF	Effective

Task	Task Owner	Status	End Date
Holistic review of Contractor management across P&C, WHS and Procurement team	Sarah VINALL	Progressing	30/06/2025

Rationale for Implemented Controls and Planned Treatments 'Behind Schedule'	
Q1 2024-25 updates	There are no Tasks Behind Schedule to report on.

3. **CR0053: Ineffective & inefficient strategic project and portfolio management/monitoring to deliver successful objectives and outcomes.**

Risk Area	Risk Owner Position	Risk Category	Inherent Risk	Residual Risk	Target Rating	Within Tolerance
Project Management Office	Manager Enterprise PMO	Business Continuity /Organisational	High	High	Medium	No

Context Background & Env Considerations: The Project Management Office was introduced a number of years ago with a Project Leader and a Project Support Officer. The team developed a Project Management Policy and Framework and implemented CAMMS project management software however, the implementation and uptake of these documents and software solution was inconsistent.

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

Risk Detail	
SLT / ELT Owner	Karen Blake / Tony Harrison
Strategic Link	Council of Excellence
Link to Business Plan	Implement the Project Management Office
Stakeholders	Organisation-wide
Consultation	All Stakeholders
Likely Causes	Inadequate assessment of strategic Project management needs Inefficient adoption of PMO Framework and policies. Lack of consistent Project Management system. Lack of PMO resources Omission of key considerations in project outline e.g.: risk/insurance/WHS/finance/reporting/contracts
Consequences	Poor business/project planning Inability to effectively deliver projects. Assets not being insured. Inadequate staff levels for projects Failure to achieve strategic objectives and identified benefits of the project. Community dissatisfaction

Control	Control Owner	Control Effectiveness
Established a centralised EPMO	Karen BLAKE	Partially Effective
KPMG Internal Audit - Project Management Framework - endorsed	Karen BLAKE	Effective
Monthly financial reporting	Andrew DOYLE	Partially Effective
Monthly Project Control Board meetings (ELT and PMS attend)	Karen BLAKE	Effective
Program Control Board (PCB) in place	Karen BLAKE	Effective
Project Management Framework (endorsed by Council April 2023)	Karen BLAKE	Partially Effective
Prudential management policy	Ray BARNWELL	Effective

Task	Task Owner	Status	End Date
1. Implement interim Project Management system (based on SharePoint proof of concept)	Karen BLAKE	Behind Schedule	30/06/2024
2. Implementation of new Project Management Framework	Karen BLAKE	Behind Schedule	30/06/2024
3. Internal audit on implementation of the new PMF and EPMO	Kate MCKENZIE	Not Started	31/12/2024
4. Training in Project Management System & Templates (tools)	Karen BLAKE	Behind Schedule	30/06/2024

Rationale for Implemented Controls and Planned Treatments 'Behind Schedule'	
Q1 2024-25 updates	Task No.1. Work will continue to progress on SharePoint solution, including review of other systems used by CoM. Revised date 31 March 2025.
	Task No.2. Embedding of the PMF is ongoing. Increased Intranet presence for EPMO including access to templates, the PMF, access to support etc will help to support implementation. Revised date 31 March 2025.
	Task No.4. Implementation of new templates is ongoing as is the training and communication of their use. Revised date 31 March 2025.

CITY OF MARION

7.5 Strategic Risk Register	
Report Reference	FRAC241217R7.5
Originating Officer	Risk Business Partner - Insurance and Claims – Belinda Irvine
Corporate Manager	Manager Office of the Chief Executive - Sarah Vinall
General Manager	Chief Executive Officer - Tony Harrison

REPORT OBJECTIVE

The purpose of this report is to inform the Finance, Risk and Audit Committee with an update of the recent review of the Strategic Risk Register for consideration.

RECOMMENDATION

That the Finance, Risk and Audit Committee:

1. Notes and provides feedback to the Strategic Risk Register.

DISCUSSION

The FRAC last reviewed the Strategic Risk Register (risk register) in February 2024, focussing primarily on the currency of ratings and controls. Since that time, the Executive Leadership Team (ELT), as strategic risk owners, has completed a bi-annual review of the risk register.

This latest review centred on aligning the strategic risks with the newly endorsed Strategic Plan 2024-2034, endorsed by council in September 2024, and identifying any emerging sector-wide risks that could impact council. Throughout this review ELT made amendments to the risk descriptions.

In the City of Marion context strategic risks are defined as "overarching risks identified from our strategic objectives".

Review process

In August 2024, the Strategy and Risk team sent the Strategic Risk Register out to the ELT and assigned the 8 strategic risks across the three General Managers for an individualised review. This approach allowed each General Manager to focus on risks most relevant to their newly structured departments. ELT discussed the risks in detail at their 15 October meeting and recommended the changes at **Attachment 1.**

Sector wide strategic level risks
JLT Public Sector Risk Report 2023-2024 **(Attachment 2)**
JLT Risk Solutions Pty Ltd (a business of Marsh & McLennan Companies) is the appointed Scheme Manager to the Local Government Association Mutual Liability Scheme (LGAMLS). As Scheme Manager, JLT undertake an annual publication of risks faced by local government in Australia, aimed to assist them in shaping their strategic planning and risk frameworks.

JLT have released the 2023-2024 Risk Report, in which they surveyed 219 Local Government CEOs/GM's across the country, to glean insights into the top risks they perceive to be facing Local Government. This resulted in the 12 top risks across Australia as ranked below. It should be noted however, that South Australia's top 5 risks were, financial sustainability; cyber security; assets & infrastructure; people & culture; and ineffective governance.

Risk	Top ranking underlying factor for SA Councils
1. **Financial Sustainability**	Cost shifting from other tiers of Government
2. **Cyber security**	Ability of IT infrastructure/provider to proactively manage cyber security
3. **Assets & Infrastructure**	Capacity to finance asset and infrastructure management
4. **Climate Change**	Assessment of predicted Climate Change impacts on Council business/functions
5. **Disaster and Catastrophe**	Bushfire, flood, cyclones, storm, drought, earthquake, terrorism
6. **People and Culture**	Limited capacity to attract and retain professional staff
7. **Business Continuity**	Destruction of council assets/infrastructure due to natural and other disasters (bushfire, flood, extreme storms, pandemic, drought, earthquake, act of terror etc.)
8. **Ineffective Governance**	Challenges from managing code of conduct and behavioral issues
9. **Statutory/Regulation**	Access to qualified staff
10. **Waste Management**	Balancing community expectations for managing recycling/reuse operations in accordance with regulations
11. **Reputation Risks**	Loss of community trust in council (Council Members)
12. **Liability Claims**	Understanding of council's risk profile and application of the risk management policy and processes

Strategic Risk Register - Other SA councils
CoM reached out to other councils in South Australia and obtained a copy of their Strategic Risk Registers to glean the types / themes of their own strategic risks. Respondents included City of Tea Tree Gully, City of Onkaparinga, City of Playford, City of Gawler and City of Victor Harbor. Listed below are the collective themes of these councils Strategic Risk Register.

Themes of other SA councils included:
- Asset Planning & Management
- Business Continuity
- Changing needs and expectations of residents.
- Climate Change
- Community Development and Growth
- Community Needs and Expectations
- Continued Shifting Responsibilities to local Government
- Corporate Governance and Compliance
- Cyber Security/ Data Protection
- Emergency Management/ Disaster Events
- Environmental impacts
- Financial capacity/impact
- People & Culture
- Policy, Statutory and Legislative Compliance
- Promoting and maintaining cultural identify and heritage
- Relationship engagement (stakeholders, partnerships, community etc).
- Reputation
- Safety

- Services delivery
- Support of New and Existing businesses
- Technological Advances

Review outcome

The final review (**Attachment 3)** resulted in amendments to existing risks and the identification of 3 new risks. The new risks factor in the JLT report and ensure that City of Marion has an adequate list of Strategic risks to cover key aspects of its service provision and operations.

- SR009 Failure to leverage emerging technologies to enable efficient and responsive services.
- SR010 Inability to maintain financial sustainability due to global inflation and cost shifting from other levels of government.
- SR011 Inability to attract and retain skilled staff.

ATTACHMENTS

1. Attachment 1 Strategic Risk Review Oct 2024 (1) [**7.5.1** - 21 pages]
2. Attachment 2 - 2023-24 JLT Public Sector Risk Report [**7.5.2** - 112 pages]
3. Attachment 3 - SRR- proposed risk description amendments and additions - October 2024 [**7.5.3** - 2 pages]

Strategic Risk Register

October 2024 REVIEW

Strategic risks are overarching risks identified from our strategic objectives. These are owned by the Executive Leadership Team and are reviewed bi-annually. Strategic risks may be reflected in organisational documents such as Strategic Management Plan, Annual Business Plan, and Asset Management Plans.

Risk Code	Risk Description	Inherent Risk	Residual Risk	Target Rating	Context Background & Env Considerations	Risk Prediction
SR001	Failure to provide services and attractive and accessible public spaces to meet our community's changing needs **Risk Owner: ELT** **Responsible Officer:** **GM City Development**	**High**	**Medium**	**Low**	The Australian economy is currently being impacted by a number of changes with the impact of increased interest rates, increased utility costs and the uncertainty of increased cost of living. With the increased inflation rate this may impact the council areas economic prosperity as well as community well-being and overall resilience. This coupled with urban infill and ongoing population increase continues to place increasing demand for accessible community facilities and quality formal and informal recreational facilities. The change of community expectations and their perception of governments will place an impetus upon the local government sector to remain flexible at the local level to the changing needs of the community to ensure that it maintains a social license license to operate. Monitoring of the changing community environment is undertaken through community engagement, program/service evaluation and environmental scanning which together inform the Strategic Planning process.	The current external environment is in a period of constant change, with uncertainty surrounding the impact of rising interest rates and overall increased cost of living challenges and how this will play out in the short to medium term. Economic pressures can have impacts to social wellbeing and quality of life within our community. City of Marion has budgets and resources in place to respond to longer term issues, and specific short-term issues where required (e.g., through the Annual Business Plan, 4YBP). It is important to continue to promote define what the "CoM Brand" is, and the benefits our community can expect by engaging with council's community programs and services. Council will be required to remain adaptable in the delivery of services to ensure it is offering services that meet the needs of the community and support social inclusion.

Risk Controls
City of Marion Building Assets Strategy (CoMBAS)
Community Engagement Plan
Disability Access and Inclusion Plan
Environmental Scanning process
Equity Access and Social Inclusion Policy
Long Term Financial Plan
Program Evaluation and customer surveys
Strategic Plan Framework

Related Risks

Risk Code	Risk Description	Inherent Risk	Residual Risk	Target Rating
CR0080	Failure to deliver quality community wellbeing education, engagement, events, and initiatives.	High	Low	Low
CR0033	Provision of library facilities and/or services which are not valued, or are not required by the CoM community	High	Low	Low
CR0001	Inability to effectively deliver volunteer-supported programs throughout CoM	High	Medium	Medium
CR0038	Inability to attract funding to deliver community projects and key strategic outcomes.	High	Medium	Low
CR0040	Inability to deliver key strategic outcomes, manage emerging issues and pursue new opportunities	High	Low	Low
CR0023	Failure to provide a facility that delivers the cultural outcomes and service levels set by the strategic directives CoM	Medium	Low	Low
CR0037	Failure to innovate to meet the changing needs of the City of Marion residents	Medium	Medium	Low

Risk Code	Risk Description	Inherent Risk	Residual Risk	Target Rating	Context Background & Env Considerations	Risk Prediction
SR002	**Failure to identify, assess, and manage climate-related risks and opportunities that affect our operations and community.** **Risk Owner: ELT** **Responsible Officer:** **GM City Services**	**Extreme**	**High**	**Medium**	Local government's role is focused on managing local impacts to avoid maladaptation and to build resilience while ensuring planned responses exist to known hazards and risks. Known climate impacts for the city that have been identified through climate change scenarios are sea level rise, coastal erosion, a drying and warming trend, hotter areas identified on heap maps and increased frequency and intensity of extreme weather events, including floods, storms, and heat waves. Adaptation to climate change requires efforts on a global, national and local scale. Within Council's sphere of influence and control, implementation of policy and initiatives that promote practical action from the community, federal, state and the broader local government sector will enable Council to mitigate its risk exposure. The Resilient South Regional Climate Change Adaptation Plan, a partnership with Cities of Onkaparinga and Holdfast Bay, focuses on adaption to climate change impacts including heat, flood and sea level rise. Council has used study findings in its advocacy and in coastal protection activities. Coastal and flood inundation modelling has been applied in relevant Stormwater Management Planning. Council has made a commitment to set a tree canopy target to reduce the impacts of urban heat. Council works in partnership with other councils and the Green Adelaide Board to deliver a number of initiatives that support community led approaches to climate change adaptation and impact on the environment from current practices.	A Resilient Assets Management Project (RAMP) is currently underway to integrate climate risk into asset management planning which will also aim to include embodied carbon. A climate risk governance assessment and development of a climate risk register is also commencing. The effectiveness of all controls is however dependent on an appropriate policy setting at an international, federal, and state level with community action; failure to act will likely see an increase in the level of risk. The expectation and requirement to evaluate, assess and prepare for climate change impacts is growing, including the need for public reporting and transparency on exposure to climate risk.

Risk Controls
Advocacy
Asset and Public Liability Insurance
Carbon Neutral Plan
Climate Change Policy
Coastal Climate Change
Community Emergency Management Plan
Environmental Induction

Risk Controls
Flood mapping
Program and Schedule of External Education via events, networking, workshops etc.
Resilient South Regional Climate Change Adaptation Plan
Urban Heat mapping

Related Risks

Risk Code	Risk Description	Inherent Risk	Residual Risk	Target Rating
CR0058	Failure to identify, assess, and manage climate-related risks and opportunities that affect our operations and community.	Extreme	High	Medium
CR0059	Negative impacts to the environment due to a failure to recognise and/or respond to environmental impacts due to council operations	Extreme	Medium	Medium
CR0060	Failure to deliver environmental functions that meet community and EM's expectations and environmental need	High	Low	Medium

Risk Code	Risk Description	Inherent Risk	Residual Risk	Target Rating	Context Background & Env Considerations	Risk Prediction
SR003	**Inadequate protection, restoration, and management of our natural environments** **Risk Owner: ELT** **Responsible Officer:** **GM City Services**	**High**	**Medium**	**Low**	The City of Marion has largely been cleared firstly for agriculture and then urban development. Despite this, there are still some important historical remnants of native vegetation. The council's coastline is the most significant and highest quality area of remnant native vegetation, however there are many small patches (relicts) throughout our city that are important to preserve. The State Government have set targets that 60% of all new housing will be built within proximity to current and proposed fixed line (rail, tram) and high frequency bus routes by 2045. The impacts of tree loss will outweigh the planting efforts undertaken by Council. It will be important to consider more investment in future open space provision to ensure that denser communities have opportunities for access to sufficient open spaces. Flexible office/home models of work have meant residents want to explore their local communities more, therefore increasing expectations to ensure that natural assets, including tree canopy and open spaces, are accessible and available within proximity to them. The Environment Policy promotes positive environmental outcomes by protecting existing natural environments and local biodiversity; enhancing the condition and extent of natural environments; avoiding impacts from excessive resource use, waste generation, pollution and pest species; adapting to a changing environment and developing resilience to changes in our climate; and building human connections to the natural world whilst respecting cultural, social and economic values. This informs supporting policies and plans outlined as core and supporting controls.	There are areas currently identified as needing additional open space and areas that need provision of open space protected. The City of Marion has current strategies in place to address these issues long term, hence mitigating the risk long term, however the review of the councils ten-year Strategic Plan will provide a revision of long-term strategies to address the risks to natural assets and protection of natural spaces. The State Planning Commission update to the Greater Adelaide Regional Plan (GARP) is currently in consultation with councils but once endorsed will be a guiding document that will assist council to consider which areas need conservation and protection in consideration of the needs and wants of current and future committees' key issue that council will need to monitor is the future expectation on nature related reporting to measure adequate protection.

Risk Controls
Carbon Neutral Plan
Climate Change policy
Environmental waste and recycling audits
Environment Policy
Environmental Induction & Training (per TNA)

Risk Controls
Environmental Risk Register (SkyTrust)
Environmental Sustainability design guidelines
HSE Committee
Open Space Plan
Planning, Development & Infrastructure Act 2016 (SA) (developers to plant / input to Councils fund to plant)
Remnant Native Vegetation Plan
Sustainable building maintenance guidelines
Tree Management Framework
Waste Management Policy

Related Risks

Risk Code	Risk Description	Inherent Risk	Residual Risk	Target Rating
CR0059	Negative impacts to the environment due to a failure to recognise and/or respond to environmental impacts due to council operations	Extreme	Medium	Medium
CR0060	Failure to deliver environmental functions that meet community and EM's expectations and environmental need	High	Low	Medium
CR0011	Inability to plan and deliver open space and recreation capital projects	High	Low	Low

Risk Code	Risk Description	Inherent Risk	Residual Risk	Target Rating	Context Background & Env Considerations	Risk Prediction
SR004	**Inadequate cyber security controls and practices to protect our systems and data.** **Risk Owner: ELT** **Responsible Officer:** **GM Corporate Services**	High	Medium	Medium	Cyber threats continue to be at the forefront of IS investment to ensure CoM systems are protected from unauthorised access and manipulation. According to the Australian Cyber Securities Centre (Australian Signals Directorate, ASD) Cyber Threat Report 2022-2023 published 14 November 2023 during 2022-23 ASD saw the average cost of cybercrime per report increase 14 per cent (e.g., for a medium business $97,000 per report) and nearly 94,000 cybercrime reports, up 23 per cent. The top three cybercrime types for business during 2022-23 were: * Email compromise (no financial loss incurred) * Business email compromise (BEC) fraud (financial loss incurred) * Online banking fraud. The most common cybercriminal techniques continue to be phishing, ransomware, data-theft extortion, data theft and on-sale, business email compromise and denial of service. A multi-pronged approach across education and awareness, regular audits, and gap analysis against industry standards such as the Essential 8 and ongoing monitoring of system traffic are key elements in the mitigation of this risk.	The cyber threat environment requires ongoing surveillance. The remediation of gaps found in the "Essential 8 Maturity Model to mitigate cyber threats" and other internal audits will aid to protect our systems from disruption and ensure continuity of services to the community. The inherent risk is considered high given the sophistication of the cyber threat industry balanced with the current experience with limited successful attacks on the City of Marion IT environment and the high levels of staff awareness. However, the risk is not anticipated to reduce below medium even with additional mitigation strategies given the ongoing increase in sophistication of those who wish to exploit organisations for personal or reputational gain.

Risk Controls
Alerts and other sources of threat information sourced from: * Updates and analysis from Defender and InsightVM * eMail notifications from vendors (particularly, VMware for VMware ESX and Horizon, and Rapid7 for general security notifications) * Notification from websites, newsletters, and social media such as- * Reddit * ACSC Cyber Security Alerts * IT Brew * IT News Australia
Business Continuity Plan
Cyber Incident Response Plan

Risk Controls
Cyber Security Assurance Policy & Framework
Data Breach response guide issued by the office of Australian Information Commissioner
Disaster Recovery Plan & testing regime
Essential 8 maturity assessments
External Audit and Penetration Tests
ICT Change Advisory Board
Internal Audits
Ongoing awareness and education campaigns including in-house regular phishing exercises.
Performance Operational Review committee reporting
Security Assessment of all new systems
Team of qualified & experienced IS staff

Related Risks

Risk Code	Risk Description	Inherent Risk	Residual Risk	Target Rating
CR0035	Inability to deliver key Council services due to disruption or loss of critical business systems	Extreme	Medium	Medium
CR0036	Cyber Security breach in a CoM system and/or worksite	Extreme	Medium	Medium
CR0042	Inability to access business information	High	Medium	Medium

Risk Code	Risk Description	Inherent Risk	Residual Risk	Target Rating	Context Background & Env Considerations	Risk Prediction
SR005	**Failure to attract and retain businesses which build a thriving economy and promote economic resilience.** **Risk Owner: ELT** **Responsible Officer:** **GM City Development**	**High**	**Medium**	**Medium**	Projects like Tonsley and the now complete Edwardstown Precinct Project continue to play an important role in attracting innovation and technology to the Council area. Globally, the shifting consumer attitude and buyer behavior has been impacting on the retail sector for some time, changing retail landscape with some retail precincts converting to warehousing. The steady increase of inflation as well as increasing interest rates may see a decrease in Local entrepreneurships and new ventures. Council continues to seek opportunities to collaborate with government and businesses to create avenues for new businesses to commence and existing to relocate or establish a presence. Council's Economic Development Policy and associated initiatives will drive the collaborative efforts of Council and is supported by the Cove Business Hub and the Southern Business Partnership and Mentoring Program which aims to assist business success and the retention of businesses in the city.	New businesses will naturally be attracted to the city on the back of the Tonsley and Edwardstown precinct projects. The Southern Business Partnership and Mentoring Program continues to gain positive engagement with business and will assist success and retention of businesses in the city however there is further engagement and consultation required with business to define our business brand/services and ensure alignment to their needs. Future initiatives will require consideration of both economic growth and retaining residents' quality of life.

Risk Controls
Business Growth and Engagement Plan
City of Marion Brand Strategy
Customer Engagement Strategy
Engagement with Renewal SA
Industry Sector Briefings & Business recovery workshops
Liaison State and Commonwealth Governments on key projects that aim to create local job opportunities
Marketing and Communications strategy
Southern Business Partnership and Mentoring Program
Strategic Project / Placemaking Plan

Related Risks

Risk Code	Risk Description	Inherent Risk	Residual Risk	Target Rating
CR0096	Failure to maximise partnerships, business relationships, networks and opportunities for growth and prosperity	High	Medium	Medium
CR0097	Failure to work with Universities, business peak groups, Regional, State and Federal Govt's to facilitate local economic growth and infrastructure.	High	Medium	Medium
CR0098	Failure to activate our city through quality place making initiatives to deliver vibrant and prosperous business precincts	High	Medium	Medium

Risk Code	Risk Description	Inherent Risk	Residual Risk	Target Rating	Context Background & Environmental Considerations	Risk Prediction
SR007	**Inadequate asset management planning that does not ensure the delivery of services that the community values today or creates certainty for the future.** **Risk Owner: ELT** **Responsible Officer:** **GM City Services**	**Extreme**	**Medium**	**Medium**	Asset management is a key current challenge for Local Government where aging assets, availability of resources, inadequate condition assessments, lack of systems and the balancing of service level sustainability and budgets and all noted as key issues. Future challenges are the same plus increasing cost pressures (staff and asset upgrades), change in use of assets, responsibility shifting from other agencies and increase in data standards.	Stage 1 of the new Asset Management System (Assetic) has been implemented as part of the IS program and presents significant opportunities for more efficient asset management planning by using predictive modelling. The City of Marion is working on a Resilient Asset Management Project as part of a collaboration between the Resilient South group of Councils to identify the effects of climate change on assets to build resilience and inform strategic decision making.

Risk Controls
Asset Management Plans - Building and Structures Transport Open Space Artworks, Culture and Heritage Coastal Walkway Water Treatment and Resources Stormwater Fleet, Plant and Equipment
Asset Management Polices/ Procedures /Processes
Asset Management Steering Committee
CoM Assets Strategy (ComBAS)
Civil Works Program
CoM Property and Assets Strategy
Community Facilities Policy
Community Satisfaction Survey

Risk Controls
Disability Access and Inclusion Policy
Land and Property Maintenance schedule
Long Term Financial Plan

Related Risks

Risk Code	Risk Description	Inherent Risk	Residual Risk	Target Rating
CR0101	Failure to strategically manage assets and associated funding, to effectively inform future planning, creation, operations, monitoring, maintenance, renewal, and disposal.	Extreme	Medium	Low
CR0061	Non-compliant, inappropriate, ineffective, and/or substandard design of infrastructure resulting in failed infrastructure	High	Low	Low
CR0025	Failure to maintain Council owned facilities in line with legislative and building requirements.	High	Medium	Medium
CR0082	Lost opportunity or inability to create and renew, Infrastructure assets (roads, drainage, footpaths etc.)	Extreme	Medium	Medium

Risk Code	Risk Description	Inherent Risk	Residual Risk	Target Rating	Context Background & Env Considerations	Risk Prediction
SR008	**Inadequate engagement, collaboration and partnerships with community, government, and private sector partners.** **Risk Owner: ELT** **Responsible Officer:** **GM Corporate Services**	**Extreme**	**Medium**	**Medium**	Community engagement seeks to better engage the community to achieve long-term and sustainable relationships, outcomes, processes, decision-making or implementation. Collaboration and partnerships can deliver many internal and external benefits. They can be an excellent strategy for increasing leadership and communication plus it enhances knowledge of local and sector issues. They can deliver insights that can facilitate 'break-through' thinking in both the community and within Council thus promoting our brand and reputation in the community. Although partnerships can create many benefits, they also present some challenges and risks. Risks are most evident when partners are misaligned in their organisational cultures, priorities and practices. The current control framework is formalised for engagement and collaboration with the community and with other Councils however is informal in relation to engagement and collaboration with government and private sector partners.	Community Engagement is being further strengthened through the Customer Experience Charter and Framework and the implementation of the Marion 100 initiative which aims to have a diverse group of 100 CoM residents engaged to provide feedback, ideas and innovations. Increasing the effectiveness of our collaboration and partnerships aims to ensure delivery of services and facilities that are in line with community expectations and the provision of excellent value to the community, which increases community sentiment whereby ratepayers understand the value of paying rates. Investigation into technology investments will be required to ensure that council can continue to provide efficient service provision. The External Grants Policy and Framework currently being finalised will also streamline our internal processes and create consistency ensuring we are a trusted partner.

Risk Controls
Behavioral Management Standards
Communications Strategy
Community Engagement Framework
Community perception survey
Council Public meetings
Council Website inc. Making Marion
Cross Council Collaboration Framework

Risk Controls
Customer Experience Framework
Marion 100

Related Risks

Risk Code	Risk Description	Inherent Risk	Residual Risk	Target Rating
CR0093	Failure to respond effectively to an incident where there is potential for reputational damage or adverse media.	High	Medium	Low
CR0094	Ineffective and inconsistent strategic marketing and communications to ensure active engagement in services, activities, and events.	High	Low	Low
CR0076	Inability to attract, preserve or meet requirements of external funding for delivery of Community Services (e.g., CHSP, CNDP, Library)	Extreme	Medium	Medium
CR0052	Ineffective relationships between Council members or with Council Administration which does not facilitate or support good decision making.	High	Medium	Medium
CR0092	Damage to the State & Local Government sector reputation impeding on CoM's successful delivery of services to the community	High	Medium	Low
CR0096	Failure to maximise partnerships, business relationships, networks and opportunities for growth and prosperity	High	Medium	Medium

Risk Code	Risk Description	Inherent Risk	Residual Risk	Target Rating	Context Background & Env Considerations	Risk Prediction
SR009	Failure to leverage emerging technologies to enable efficient and responsive services.	**High**	**Medium**	**Medium**	The failure to effectively leverage emerging technologies, particularly artificial intelligence (AI), poses a significant strategic risk. Community expectations are growing toward personalised, real time information services. Governments are increasingly expected to provide paralleled innovations seen in the private sector. This growing expectation for seamless, data-driven, and on-demand access to services has placed significant pressure on council to adopt and integrate emerging technologies into their operations and service delivery models.AI and related technologies offer substantial opportunities for improving decision-making processes, operational efficiency, and community engagement. However, failure to adequately explore, understand, and deploy these technologies could result in several adverse outcomes: **Decreased Operational Efficiency:** AI can optimise routine tasks, automate processes, and enhance service delivery. Without its implementation, council's status-quo approach may result in levels of inefficiency, particularly where there are resource-heavy processes, and as such this may result in council not able to be responsive to the increasing demands from the community. **Missed Opportunities** for Innovation: AI-driven data analytics can offer deeper insights into community needs and predict future trends. A failure to utilise these insights could hinder council from innovating and strategically positioning themselves to address future challenges. **Growing Disconnection with Consumer Expectations**: As consumer preferences for real-time, accessible information grow, failure to meet these expectations could erode community trust. The public may perceive councils as being outdated or slow to respond, leading to dissatisfaction and reduced engagement. **Cybersecurity and Privacy Risks:** Along with the benefits of AI comes the risk of inadequate data governance, cybersecurity breaches, and privacy concerns. Failure to manage these risks could result in reputational damage, legal challenges, and financial losses. A separate strategic risk aims to mitigate these risks. Given the pace of technological change and evolving community expectations, councils must embrace a proactive approach to adopting emerging technologies like AI, ensuring	Presently the inherent risk remains high. Not embracing AI presents several significant risks across various dimensions of business operations, including: Competitive Disadvantage: Companies that fail to integrate AI technologies risk falling behind competitors who leverage AI for operational efficiencies, enhanced customer experiences, and innovative products or services. This could result in market share loss and reduced profitability. **Operational Inefficiencies:** AI-driven automation can streamline processes, reduce human error, and lower costs. By not adopting AI, businesses may experience higher operational costs, slower processes, and less optimal decision-making. **Data Utilization Gaps:** AI allows organizations to extract valuable insights from big data that would be difficult or impossible to uncover through traditional methods. Failing to adopt AI limits the ability to harness data for predictive analytics, customer personalization, and other strategic advantages. **Talent Attraction and Retention:** The demand for AI skills is increasing. Organizations that don't embrace AI may struggle to attract top talent who are eager to work in environments that foster technological innovation. **Cybersecurity Vulnerabilities:** AI is a critical tool for enhancing cybersecurity through threat detection and response. Not utilizing AI in this area may leave organizations more vulnerable to evolving cyber threats, potentially leading to data breaches, financial losses, or reputational damage. **Compliance and Regulatory Risk:** As AI technologies are becoming more integral to various industries, regulatory frameworks are evolving. Not adopting AI could hinder a company's ability to comply with emerging regulations related to data privacy, ethical AI use, and other industry-specific standards. **Innovation Stagnation:** Embracing AI is key to driving innovation. Without it, organizations may miss out on the potential to create new business models, improve products, or offer enhanced services, putting them at risk of stagnation in a rapidly changing market.

| | | | | | their strategies are forward-thinking, adaptable, and aligned with community expectations. A failure to do so would not only limit the council's ability to meet current and future service demands but also pose reputational, operational, and strategic risks. | Overall, the risks of not embracing AI include falling behind competitors, reduced operational effectiveness, missed opportunities, and exposure to emerging regulatory and security threats. |

Risk Controls
Interim Guidelines

Related Risks

Risk Code	Risk Description	Inherent Risk	Residual Risk	Target Rating
CR0111	Rapid advancement of Artificial Intelligence (AI)	High	Medium	Medium

Risk Code	Risk Description	Inherent Risk	Residual Risk	Target Rating	Context Background & Env Considerations	Risk Prediction

| SR010 | Inability to maintain financial sustainability due to global inflation and cost shifting from other levels of government | Medium | Medium | Medium | The annual 2023-2024 JLT Risk Report was released by JLT where they surveyed 219 Local Government CEOs/GMs across the country, to glean insights into the top risks they perceive to be facing Local Government. The Risk of Financial Sustainability remained the #1 risk for LGs for 6 years running, due to significant impact of past events, as well as the interconnectedness of risks, collectively contribute to financial pressure for councils.
In 2023, communities faced financial challenges as high interest rates and inflationary pressures contributed to the increase in the cost of living. At the same time, councils experienced cost pressures due to ongoing disaster recovery efforts and the need to build "resilience."
CoM feel the financial strain with commitment to large capital projects and ongoing cost escalations in construction and labour. The FRAC Committee reviewed CoM's Draft Annual Business Plan and Budget 2024-2025 and Draft Long Term Financial Plan in February 2024, April 2024 and again after public consultation in June 2024, prior to final adoption. Committee highlighted the importance in considering the inflation rate and impact on budgeting and aligning this with Council's strategic goals, along with the importance of community consultation. Further, the Committee reviewed the ESCOSA report, with the outcome that ESCOSA reviewed the City of Marion's financial performance for 2023-24 and assessed it as being at the higher end of sustainable for past, current, and future projections. | CoM with commitment to a large capital program can be impacted by ongoing cost escalations in construction and labour. The FRAC Committee reviewed CoM's Draft Annual Business Plan and Budget 2024-2025 and Draft Long Term Financial Plan in February 2024, April 2024 and again after public consultation in June 2024, prior to final adoption. The Committee highlighted the importance in considering the inflation rate, its impact on budgeting and aligning this with Council's strategic goals, along with the importance of community consultation.

The CoM can and have in the past also been impacted by factors outside of its control such as cost shifting from different levels of government.

The Committee also noted the recent Advice and findings from ESCOSA following their review of the City of Marion's financial performance, processes and systems in place. ESCOSA assessed the CoM as being at the higher end of sustainable for past, current, and future projections. |

Risk Controls
Annual and quarterly budget review process in place
Budget planning framework and procedures
Advocacy through LGA and Council body and LG Financial Mng Group
Adopted KPI of balanced or better funding position annually to ensure long term sustainability
Financial Policy and procedure (reviewed annually)

Risk Controls
Long Term Financial Planning and Modelling

Related Risks

Risk Code	Risk Description	Inherent Risk	Residual Risk	Target Rating
CR0054	Adverse impacts on annual and long-term financial plans	High	Medium	Medium
CR0056	Insufficient level of funds for Operational and Capital Renewal requirements	High	Medium	Medium

Risk Code	Risk Description	Inherent Risk	Residual Risk	Target Rating	Context Background & Env Considerations	Risk Prediction
SR011	Inability to attract and retain skilled staff.	High	Medium	Low	JLT have released the 2023-2024 Risk Report, in which they surveyed 219 Local Government CEOs/GMs across the country, to glean insights into the top risks they perceive to be facing Local Government. Of the top 12 top risks ranked across, People and Culture was ranked #6, and 62% of SA councils identified the limited capacity to attract and retain professional staff as the primary reason. 53% put it down to rapidly rising employment market costs. The JLT reports mentions the inability to attract and retain qualified staff can lead to constant turnover, which disrupts institutional knowledge and continuity. This places undue strain on existing employees, potentially resulting in burnout and decreased morale. The consequence of the inability to attract and retain a qualified workforce impedes day-to-day operations and undermines the capacity to adapt, innovate, continuously improve and thrive in local government. Wage pressure and competing with private sector offerings are a concern, as is the ongoing handling of workers' compensation matters. Competing with wage variations between local government and the private sector will always be challenging, as salaries are determined differently. Private sector wages are often influenced by market demand and competition, leading to potential fluctuations. However, local government wages can be more stable, as they reflect public sector policies and enterprise agreements, which impact salary scales and overall compensation structures. For City of Marion, the lack of qualified resourcing is a contributor to a number of its strategic risks. There are a number of corporate risks which talk to the lack of human resourcing across the organisation, whether it be employees or volunteers. City of Marion faces a very real risk over the next 5-10 years of being unable to deliver core services due to a shortage of skilled staff. Like many councils, we have a workforce demographic which will see a large portion of staff retire in the next 10 years and, with many of these staff undertaking physical work, we face the possibility of increased injuries and workers compensation claims. Cost of living pressures also mean skilled, and specialist individuals are looking for higher salaries in addition to a workplace culture which is enjoyable and productive. Appropriate leadership and developing strategies to obtain, maintain and develop individuals into long-serving employees is more critical than ever.	Presently the inherent risk remains high, particularly in specialist areas where qualified staff are difficult to attract. This includes Planning and Engineering. Additionally, there may be impact on the number of civil workers available as the South Road works roll out over coming years. The inability to simply pay higher remuneration as an attraction strategy means City of Marion needs to think outside the square. Work is currently underway to develop a fit-for-purpose Employee Value Proposition which, when partnered with the Ageing Well program, will build a suite of resources designed to attract and retain. While mitigation strategies will assist with reducing the risk, it is unlikely to reduce below medium given the current external pressures that are beyond our control, e.g. cost of living impacts, and inability to compete with the remuneration on offer in other sectors.

Risk Controls
Training and Professional Development Policy
Recruitment Selection and Appointment Policy and Procedure
GAP Year Program
Talent Attraction strategies managed by Talent Acquisition Partner
Continue to explore opportunities to promote CoM as an employer of choice, e.g. Career Fairs.
Traineeship programs
Renumeration Policy

Related Risks

Risk Code	Risk Description	Inherent Risk	Residual Risk	Target Rating
CR0006	Lack of skill and knowledge of leaders/people to deliver the function of their role.	High	Medium	Low
Cr0007	Difficulty attracting, recruiting and retention of talent	High	Medium	Medium

JLT

JLT Public Sector
Risk Report

JLT Public Sector is your trusted expert in the design and delivery of risk solutions for governments and their communities.

Our solutions are built on knowledge and expertise across advice, protection, claims, risk and insurance service areas and our clients are our number one priority.

Our experience in the sector and in product innovation create risk solutions for stronger local, state and federal governments and more resilient communities for the future.

Acknowledgement of Country

In the spirit of reconciliation, JLT Public Sector acknowledges the Traditional Custodians of country throughout Australia and their connections to land, sea and community. We pay our respect to their Elders past and present and extend that respect to all Aboriginal and Torres Strait Islander peoples today.

"

The events of the past four years are still front of mind as councils continue to rebuild their communities.

GARY OKELY
Head of Public Sector

NOTE FROM GARY OKELY

The JLT Public Sector Risk Report highlights that the experiences of the past four years are still at the forefront of CEOs' and GMs' minds. Many councils are still in the process of recovering and rebuilding their communities.

GARY OKELY
Head of JLT Public Sector, Pacific

WELCOME

The 2023 JLT Public Sector Risk Survey results place a lens on the accumulative effect of key risks that local government encounters, such as assets and infrastructure, climate adaptation, cybersecurity, and human resources. Among these, financial sustainability ranks as the most critical concern.

The responses from councils demonstrate their advanced understanding of risks and the underlying factors associated with them.

There is growing recognition of the elevated importance of cyber risk within local government. As reliance on information technology, sophisticated communication platforms and compliance increases, local government face greater challenges in delivering essential services to the community through virtual platforms and/or advanced technology.

In 2023, communities faced financial challenges as high interest rates and inflationary pressures contributed to the increase in the cost of living. At the same time, councils experienced cost pressures due to ongoing disaster recovery efforts and the need to build "resilience."

The rapidly maturing risk profile of local government has led to a shift in understanding. Instead of addressing individual risks in isolation, councils are adopting a more comprehensive approach. This involves considering systemic risk, risk profiles and the interconnected nature of risks. Additionally, councils are managing the combined attributes of risks, including exposure, vulnerability and impact.

The survey findings indicate that the emergence of People & Culture is a broader "community" risk. This recognition underscores the importance of fostering a local workforce that can actively contribute to community enrichment, prosperity and overall well-being. These factors collectively shape a council's reputation and culture.

The 2023 survey results reinforce the importance of local government building collaborative partnerships with stakeholders, engaging in public/private arrangements, and fostering strong relationships between all levels of government.

Financial sustainability remains the key risk that defines the risk profile of local government. The report offers crucial data and information that can add to conversations within the sector regarding the challenges and opportunities for increased investment in local government sustainability. This information is an essential piece for supporting resilient communities, a healthy economy and workforce, and effectively managing infrastructure and natural environments.

We extend our gratitude to all the CEOs and General Managers who participated in the JLT Public Sector Risk Survey. Your valuable contributions are essential to the creation of the JLT Public Sector Risk Report.

It is with great pleasure that I present to you the JLT Public Sector Risk Report.

AUSTRALIAN LOCAL GOVERNMENT
RISK RANKINGS FROM THE 2023 JLT RISK SURVEY

FINANCIAL SUSTAINABILITY

The significant impact of past events, as well as the interconnectedness of risks, collectively contribute to financial pressure for councils. This, in turn, affects their bottom line and financial sustainability, ultimately impacting their ability to effectively serve their communities.

1

CLIMATE CHANGE

Climate change is increasingly causing physical and transitional risks to councils. These risks result in significant impacts on business and function, and the insufficient disaster recovery costs undermine the ability for Councils and their communities to recover quickly. This in turn leads to councils being unable to satisfy the needs of the community and meet their expectations.
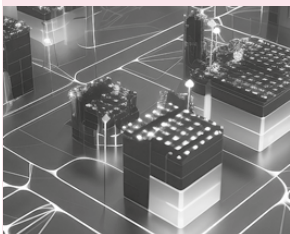
4

DISASTER & CATASTROPHE

The increase and continual impact of disasters such as floods, bushfires and cyclones significantly impact councils. This is being compounded by the effects of climate change. With limited funds provided to Local Government to mitigate the effects of events on their assets & infrastructure, councils remain wary.

5

CYBER SECURITY

The risk of a cyber incident is pervasive across all sectors, including local government. Recognising the potential impact an ICT outage, cyber-attack or ransomware can have on a council and its constituents showcases a growing emphasis on enhancing the protection of systems and data.

2

PEOPLE & CULTURE

Councils continue to struggle with attracting and maintaining professional staff. This is made more challenging as they compete with market costs that their funding from the State and Federal Governments and rates do not provide for. Unsafe workplaces from bullying and harassment from frustrated community members is a rising concern.

6

ASSETS & INFRASTRUCTURE

The breadth, diversity and scale of the Assets & Infrastructure portfolios managed by local government is immense and varied. The capacity to finance building or maintaining Assets & Infrastructure is a significant issue for councils, along with the cost of upgrading or repairing. Over the past two years, inflation has been a considerable impact to maintain or upgrade/replace assets.

3

2

BUSINESS CONTINUITY

Local governments have been significantly affected by business interruptions caused by a range of events, including the many and too-frequent natural disasters of unprecedented severity, the increasing incidents or threats of Cyber-attacks and the continued ripples of the COVID-19 pandemic. These disruptions have had a significant impact on the operations and finances of local government.

7

WASTE MANAGEMENT

Increased expectations to reimagine the waste management process creating better practices and sustainability pose substantial challenges for the public sector, encompassing issues of financial capacity, environmental sustainability, resource allocation and public health as well as high-risk activity with challenges around all aspects of risk, from liability, property, workers and environment.

10

REPUTATION RISKS

Being in touch with community needs and understanding the most effective way to meet these, councils have the challenge of managing community expectations when it comes to the provision of essential services. Further, reputation is closely linked to other key risks which drive community expectations.

11

INEFFECTIVE GOVERNANCE

Operating in an environment of increasing change, councils are being affected by new vulnerabilities and risks. Supply chain issues, inflationary pressures, election cycles, and workforce challenges have placed significant pressure on local governments' workplace culture, internal control environment, and capacity, which if not held together by a strong governance framework, potentially lead to performance and accountability issues.

8

LIABILITY CLAIMS

Understanding councils' risk profile and applying the risk management policy and processes underpin the management of liability claims.

12
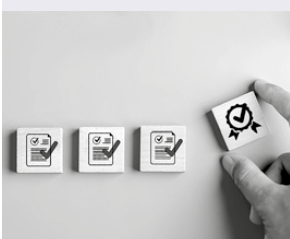
STATUTORY/ REGULATION

Councils face the challenge of managing the multitude of statutory and regulatory requirements placed upon them by State and Federal legislation. They are also a regulator in their own right via local laws, as well as any State and Territory legislative powers that have been delegated to them.

9

TOP **FIVE** RISKS BY STATE

NORTHERN TERRITORY

1. FINANCIAL SUSTAINABILITY
2. BUSINESS CONTINUITY
3. INEFFECTIVE GOVERNANCE
4. ASSET & INFRASTRUCTURE
5. PEOPLE & CULTURE

WESTERN AUSTRALIA

1. ASSET & INFRASTRUCTURE
2. CYBER SECURITY
3. FINANCIAL SUSTAINABILITY
4. CLIMATE CHANGE
5. DISASTER OR CATASTROPHIC EVENTS

SOUTH AUSTRALIA

1. FINANCIAL SUSTAINABILITY
2. CYBER SECURITY
3. ASSET & INFRASTRUCTURE
4. PEOPLE & CULTURE
5. INEFFECTIVE GOVERNANCE

4

QUEENSLAND

1	FINANCIAL SUSTAINABILITY
2	CYBER SECURITY
3	ASSET & INFRASTRUCTURE
4	DISASTER OR CATASTROPHIC EVENTS
5	BUSINESS CONTINUITY

NEW SOUTH WALES

1	FINANCIAL SUSTAINABILITY
2	CYBER SECURITY
3	ASSET & INFRASTRUCTURE
4	DISASTER OR CATASTROPHIC EVENTS
5	CLIMATE CHANGE

TASMANIA

1	CYBER SECURITY
2	BUSINESS CONTINUITY PLANNING
3	DISASTER OR CATASTROPHIC EVENTS
4	CLIMATE CHANGE
5	FINANCIAL SUSTAINABILITY

VICTORIA

1	FINANCIAL SUSTAINABILITY
2	CYBER SECURITY
3	ASSET & INFRASTRUCTURE
4	CLIMATE CHANGE
5	DISASTER OR CATASTROPHIC EVENTS

RISKS BY **REGION**

CAPITAL CITY	METROPOLITAN	REGIONAL CITY
1. Financial Sustainability	1. Cyber Security	1. Financial Sustainability
2. Cyber Security	2. Financial Sustainability	2. Climate Change
3. Climate Change	3. Assets & Infrastructure	3. Assets & Infrastructure
4. Reputation	4. Climate Change	4. Cyber Security
5. Ineffective Governance	5. Ineffective Governance	5. Business Continuity Planning
6. People & Culture	6. People & Culture	6. People & Culture
7. Business Continuity Planning	7. Disaster & Catastrophic Events	7. Disaster & Catastrophic Events
8. Disaster & Catastrophic Events	8. Business Continuity Planning	8. Statutory & Regulatory Requirements
9. Civil Liability Claims	9. Waste Management	9. Ineffective Governance
10. Assets & Infrastructure	10. Reputation	10. Waste Management
11. Statutory & Regulatory Requirements	11. Statutory & Regulatory Requirements	11. Civil Liability Claims
12. Waste Management	12. Civil Liability Claims	12. Reputation

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REGIONAL	RURAL/REMOTE
1. Financial Sustainability	1. Financial Sustainability
2. Cyber Security	2. Cyber Security
3. Assets & Infrastructure	3. Assets & Infrastructure
4. Disaster & Catastrophic Events	4. Disaster & Catastrophic Events
5. People & Culture	5. People & Culture
6. Business Continuity Planning	6. Business Continuity Planning
7. Climate Change	7. Climate Change
8. Ineffective Governance	8. Statutory & Regulatory Requirements
9. Statutory & Regulatory Requirements	9. Ineffective Governance
10. Waste Management	10. Waste Management
11. Reputation	11. Civil Liability Claims
12. Civil Liability Claims	12. Reputation

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EXECUTIVE SUMMARY

Insights from the 2023 JLT Public Sector Risk Survey shed light on the risks that local government face. The survey examined twelve key risks such as Financial Sustainability, the Management of Damaged and Aging Assets and Infrastructure, Climate Change/Adaptation, Cybersecurity and People & Culture. According to the survey results, councils have become increasingly conscious of the collective impact of these risks and the implications for their communities. As a result, Financial Sustainability retains its position as the top-ranked risk, reflecting the heightened awareness of its potential consequences on other risks.

Local governments increasingly rely on information technology and advanced communication platforms to deliver essential services to the community. Due to this, the escalating threat of virtual and social media-related risk remains a significant concern. Recognising the importance of protecting sensitive data and mitigating potential cyber threats reflects the evolving landscape of technology and the need for robust security measures in local government.

The lasting effects of disaster risks and the complicated pathway to recovery continue to shape the risk profile of local government. The domino effect of climate-related risk introduces social/community issues relevant to well-being, health services, chain of supply, cost of living, housing shortage, and financial impost on consumers. These factors collectively influence the financial sustainability of councils, highlighting the complex pathway to recovery and the need for comprehensive risk management strategies.

The growing impact of different risk factors has not only deepened the sector's comprehension of risk but has also prompted a shift in how risk is perceived. Unlike previous years, where the Risk Report primarily focussed on identifying specific risks, this year's results have demonstrated a notable shift towards adopting a more holistic approach to assessing the risk profile. The findings of the survey indicate.

- **Risk versus Impact:** There is an increased focus on managing the combined attributes and domino effect of risk, taking into account exposure, vulnerability and impact, rather than identifying and considering each risk in isolation.

- **Systemic Effects:** there is increased recognition of the impacts of cascading, compounding and concurrent influences or events that create risk. This includes the consequences for funding, resourcing, coordinating and managing these effects.

In order to align with this evolving perspective, the existing strategic, budgetary and operational frameworks used to profile, plan for and manage risks will be adapted. These adjustments are necessary to effectively reflect the evolving risk profile of local government and to foster community trust and resilience.

To better capture the comprehensive nature of this risk, the definition of Human Resources was adjusted to People & Culture. The survey results from 2023 highlight the recognition that People & Culture is an emerging "community" risk emphasising the importance of supporting a local workforce that not only enriches the community but also shapes the culture of the council.

A significant observation regarding this risk is that all states continue to face significant challenges in attracting and retaining skilled staff, a major challenge. With low unemployment rates, the competition with the private sector for key personnel is particularly intense, which is further exacerbated in regional areas. Additionally, as an employer, fostering a strong culture and resilient workforce is essential for a council's operational efficiency and innovation. This approach ensures delivery of functions and services are as per regulatory and statutory requirements.

The survey results also highlight the importance of a council's ability to attract local businesses and employers that align with its social-economic environment. This extends to ensuring job security by attracting individuals who are the right fit for relevant roles.

While 2023 saw a decrease in national disasters compared to the previous years of 2019 to 2022, many areas of Australia continue to face significant challenges due to prolonged recovery efforts and insufficient financial support for rebuilding after floods, bushfires and extreme weather events.

Against the background of local government still managing and/or recovering from COVID-19, the floods that impacted NSW and south-east Queensland in February 2022 provided no reprieve and are noted as the fourth most expensive natural disaster globally that year, with the Insurance Council of Australia recording the floods as the "costliest insured event recorded in Australia".[1]

While Financial Sustainability remains the key risk that defines local government's risk profile, the contribution from Chief Executive Officers/General Managers (CEO/GMs) to the 2023 Risk Survey provides essential and valuable data and information that will contribute to the sectors' conversations regarding the challenges and opportunities for local government sustainability. This information is essential for supporting resilient communities, a healthy economy and workforce, maintaining infrastructure and assets, enhanced investment in mitigating the impact of disaster events and ongoing provision of essential, regulatory and service delivery obligations.

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[1] Insurance Council of Australia, Insurance Catastrophe Resilience report 2022-23

The input from Local Government CEOs and GMs is essential for gaining a comprehensive understanding of the risks they face while supporting their communities. The findings of the 2023 JLT Risk Survey were similar to the previous year's results on a national and regional level.

This year's JLT Risk Report explores the rankings of these risks at the national and state/territory levels. Furthermore, the report provides an in-depth analysis of the rankings, providing valuable insights for the various regions including city, metropolitan, regional city, regional and rural/remote areas.

A new addition to the report is the examination of the outcomes of these risks on councils. As risks continue to evolve, it is important to understand the consequences associated with them. This year, the JLT Public Sector Risk Survey introduced questions about these outcomes, shedding light on how councils and communities are affected beyond the risks themselves.

OVERVIEW
2023

Top two risks - Financial Sustainability & Cyber Security

It is widely acknowledged that the primary reason for Financial Sustainability consistently ranking as the top risk year after year is the significant impact of other risks on the financial stability of councils. This, coupled with the delay in receiving funding support following an event, has a direct impact on the financial sustainability of councils.

Cyber Security and the Breach of Data continue to be a major concern for Local Government. The rapid pace of technological advancement and the ever-evolving tactics of hackers make it challenging for most organisations to keep up. With 83 cyber incidents in the 2022/23 financial year, councils are increasing their knowledge and understanding of this risk to mitigate potential events that could impact them or their community.

The other ten risks

This report highlights the understanding of councils regarding the interconnected nature of risks as well as the potential domino effect they can have on each other. While certain risks may shift in their ranking this year, councils know that any single risk can have a substantial impact on others during an event. The remaining risks are still recognised as significant concerns for councils. Although they are ranked, all of these risks are relevant and rankings reflect their importance at that specific moment in time.

THE MOVEMENT OF RISK
2019-2023

This diagram illustrates the changes in the top five risks from 2019 to 2023, highlighting the shifting nature of these risks. More importantly, the top five risks have shown minimal movement over the past 12 months. Business Continuity dropped out of the top five, while climate change has entered the top five for the first time. This indicates that although there has been a reprieve in catastrophes and disasters over 2023, many councils are still impacted by prior events, and are still actively engaged in recovery and rebuilding efforts. As a result, these risks and vulnerabilities remain a significant concern for Local Government.

	2018	2019	2020	2021	2022	2023
1	Financial Sustainability	Financial Sustainability	Financial Sustainability	Financial Sustainability	Financial Sustainability	Financial Sustainability
2		Cyber Security	Assets & Infrastructure	Cyber Security	Cyber Security	Cyber Security
3			Disaster or Catastrophic	Asset & Infrastructure	Asset & Infrastructure	Asset & Infrastructure
4		Natural Catastrophes	Cyber Security	Disaster or Catastrophe	Business Continuity	Climate Change
5		Climate Change			Disaster or Catastrophe	Disaster or Catastrophe
6	Asset & Infrastructure	Asset & Infrastructure	Business Continuity	Business Continuity	Climate Change	
7	Natural Catastrophes			Climate Change		
8	Cyber Security					
9			Climate Change			

RISK RANKINGS 2018-2023
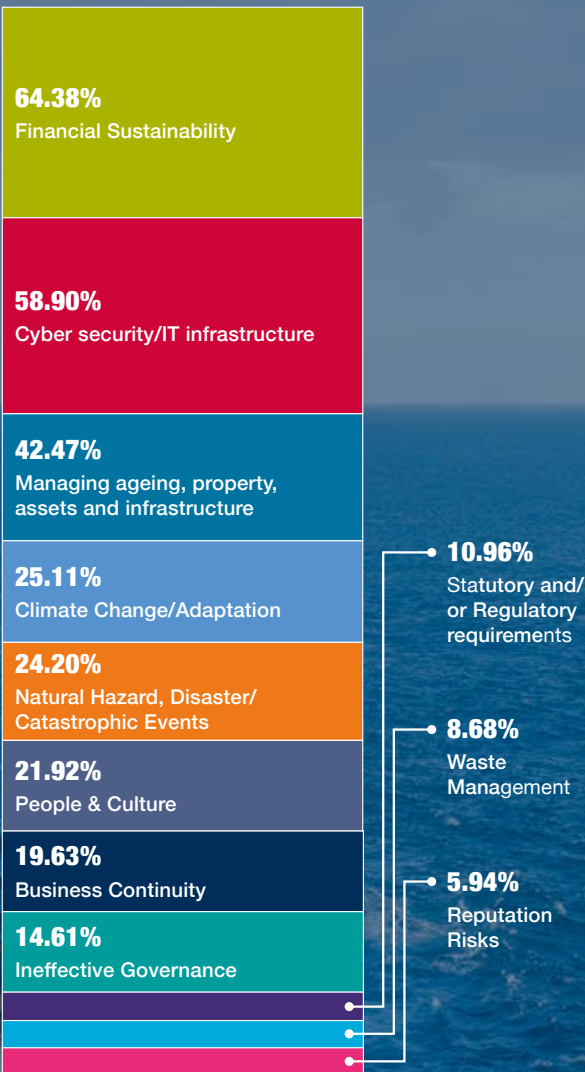
	2018	2019	2020	2021	2022	2023
1	Financial Sustainability	Financial Sustainability	Financial Sustainability	Financial Sustainability	Financial Sustainability	Financial Sustainability
2	Theft, fraud and/or crime	Cyber Security	Assets & Infrastructure	Cyber Security	Cyber Security	Cyber Security
3	Reputation	Reputation	Disaster or Catastrophic	Asset & Infrastructure	Asset & Infrastructure	Asset & Infrastructure
4	Statutory & regulatory Requirements	Natural Catastrophes	Cyber Security	Disaster or Catastrophe	Business Continuity	Climate Change/ Adaptation
5	Environmental Management	Climate Change/ Adaption	Reputation	Reputation	Disaster or Catastrophe	Disaster or Catastrophe
6	Asset & Infrastructure	Asset & Infrastructure	Business Continuity	Business Continuity	Climate Change/ Adaptation	People & Culture
7	Natural Catastrophes	Statutory & Regulatory Requirements	Waste Management	Climate Change/ Adaptation	Statutory & regulatory Requirements	Business Continuity
8	Cyber Security	Ineffective governance	Statutory & Regulatory Requirements	Impact of Pandemic in 2021 & 2022	HR Management	Ineffective governance
9	Business Continuity	Business Continuity	Climate Change/ Adaptation	Statutory & Regulatory Requirements	Waste Management	Statutory & regulatory Requirements
10	Ineffective governance	HR/WHS Management	HR/WHS Management	Ineffective governance	Ineffective governance	Waste Management
11	HR/WHS Management	Environmental Management	Ineffective governance	Waste Management	Reputation	Reputation
12	Errors, omissions or civil liability exposure	Errors, omissions or civil liability exposure	Theft, fraud and crime threats (including social media)	HR/WHS Management	Impact of Pandemic in 2021 & 2022	Civil Liability Claims
13		Theft, fraud and crime	Errors, omissions or civil liability exposure	Civil Liability Claims		
14		Terrorism	Terrorism	Terrorism		

14

THE RANKING OF THE **12 RISKS**

The main reason for Financial Sustainability consistently being ranked as the top risk for councils is the significant impact of other risks on their financial stability.

Cyber security and the vulnerability of IT infrastructure remain major concerns for Local Government. The rapid advancement of technology and the ever-evolving tactics of hackers make it difficult for organisations to stay ahead.

Highest ranking by respondents

64.38%
Financial Sustainability

58.90%
Cyber security/IT infrastructure

42.47%
Managing ageing, property, assets and infrastructure

25.11%
Climate Change/Adaptation

24.20%
Natural Hazard, Disaster/ Catastrophic Events

21.92%
People & Culture

19.63%
Business Continuity

14.61%
Ineffective Governance

10.96%
Statutory and/ or Regulatory requirements

8.68%
Waste Management

5.94%
Reputation Risks

The local government risk environment is continually evolving, presenting local government executives with significant challenges in developing operational and financial plans that can deliver on the council's strategic plan.

With much of the organisation's finances allocated to delivering core council services, it can be difficult for CEO/GMs to ensure that their elected body balances short-term needs and longer-term investments in assets and essential infrastructure.

Financial Sustainability is interconnected with most risks – an underlying factor impacting the mitigation of risks across the spectrum.

With councils managing close to 33% of Australia's public sector-owned assets and infrastructure, the cost and resources required to build and maintain puts much pressure on council balance sheets. Many assets were built post-World War II and are seriously affected by disasters and catastrophes. This means councils can face an uphill battle in managing infrastructure.

1
FINANCIAL SUSTAINABILITY

Since 1999, spending by local government has increased fourfold, with an annual growth rate of 6.7%. In 2018/19 total spending was estimated to be $38.8 billion compared to $8.2 billion in 1994/95. Furthermore, there have been significant changes in where local government expenditure has been directed with changes in environmental protection, recreation, culture and religion.

In the 21st century, the role of local governments has undergone significant changes in response to evolving community needs and the occurrence of cost shifting. Local governments are now responsible for delivering more than 150 services, despite minimal increases in funding to support these additional responsibilities.

Due to limited financial resources, local governments are facing challenges in maintaining their infrastructure. The Australian Local Government Association (ALGA) has highlighted that councils have little ability to upgrade their roads "to modern lane widths, safety standards or load-bearing capacities that cater for higher-productivity freight vehicles, higher traffic volumes, and congestion etc."[2]

In addition to infrastructure, community facilities are aging, and some local government areas are struggling to keep them properly maintained which places additional strain on the already limited resources available to councils.

Further, attaining and maintaining skilled professionals is a continual challenge when competing with the open market employees often move to the private sector. This is also affected by resource shortages such as lack of accommodation, and cost of living along with, the increase in bullying and harassment of staff by the public.

Cybersecurity and ensuring local government's IT infrastructure is safeguarded is paramount. The need to protect the organisation and community from sophisticated and malicious cyber-attacks continues to grow as the risks evolve. The reliance on digital and hybrid working models puts additional pressure on councils due to concerns about the impact on online services.

This report unpacks the underlying reasons why Financial Sustainability again ranks as the leading risk for local governments across Australia. This key element cuts across many other risks recognised in the survey and interconnects with risks, in particular Assets & Infrastructure, Reputation, councils' vulnerability to weather-related events and Human Resources.

Since 2018, Financial Sustainability has been the number one concern for council executives. While councils benefit from relatively stable annual council rates, in the current environment, facing scrutiny from the media and state governments, council rates are increasing at a much lower rate than inflation.

Further, councils face challenges in meeting community expectations in the delivery of not only essential services but also maintaining the attractiveness of community spaces. This is exacerbated by the often disproportionate spread of grant funding across states, as well as metropolitan and regional councils.

	Rank 1		Rank 12
Cost shifting from other tiers of government	76%	23%	1
Insufficient rate revenue (and/or growth) to deliver services	54%	22%	23%
Inadequate government funding/grants	42%	47%	11%
Inflationary pressure	41%	36%	24%
Economic uncertainty	25%	63%	12%
Awaiting funding from disaster relief	21%	39%	40%
Disaster recovery funding arrangement to adequately reimburse council to rebuild damaged assets	19%	55%	26%
Impact of Climate Change and maintaining assets	12%	50%	38%
Other – please specify	5% 19%		77%
Loss of revenue due to impact of catastrophic event/s, business disruption	2 17%		80%
Inadequate insurance protections	2 28%		70%
Lack of awareness and understanding of catastrophic risk exposures	2 1		97%

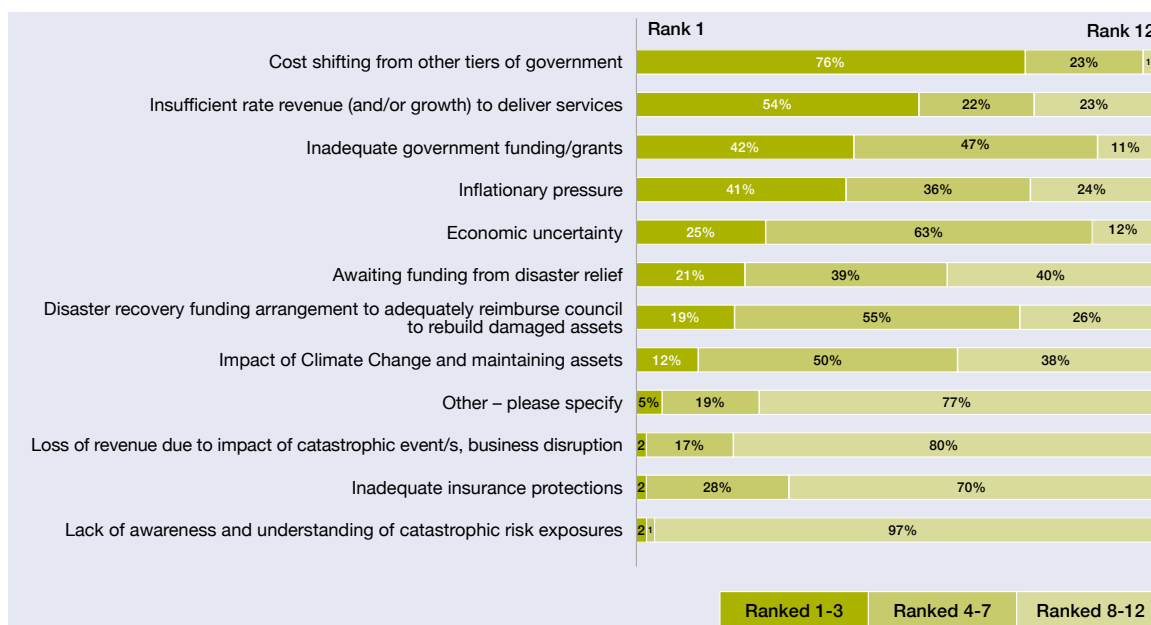| Ranked 1-3	Ranked 4-7	Ranked 8-12

Figure 1: Financial Sustainability, national risk/heat map

64% of councils (nearly one-third of responses) ranked Financial Sustainability as their leading concern. Five of the seven states and territories ranked this risk as their highest risk. Conversely, for metropolitan councils who ranked this as their second highest risk, Cybersecurity was their leading risk at 42% (outweighing Financial Sustainability by 14%).

The management of critical infrastructure passed from state to local governments without adequate funding remains. This has a significant impact on local governments' bottom lines aligning with the leading underlying contributor to this risk. In fact, 75.8% of councils noted cost shifting from other tiers of government impacts their financial sustainability. This issue was ranked number one by metropolitan, regional and remote/rural councils.

Cost shifting from state to local government was again the highest-ranked underlying contributor to Financial Sustainability concerns. Cost shifting comes in many forms. One is the leasing of state-owned assets (like jetties, wharves, and sea walls) to councils that don't have the financial means to maintain or upgrade. The general belief in the community is that it is the council's responsibility to maintain these assets to acceptable levels. When this is not achieved, it creates reputational exposure. In some cases, liability risks arise if an asset fails, causing damage or injury.

Another prominent form of cost or risk shifting from state to local government is regulatory and legislation changes. Often, changes are driven by the state with relatively minor engagement with local government. A legislation change can impact the scope of services that councils might be required to deliver, creating a need for an increase in resources. It can also impact the scope of liability exposure in the event council's breadth of decision-making responsibility is increased without adequate funding.

Top three underlying factors for Financial Sustainability risk by region

CITY
1. Cost shifting from other tiers of government
2. Disaster recovery funding arrangements
3. Awaiting funding from disaster relief

REGIONAL
1. Inflationary Pressure
2. Insufficient rate revenue
3. Economic Uncertainty
4. Cost shifting from other tiers of government

REMOTE/RURAL
1. Cost shifting from other tiers of government
2. Insufficient rate revenue
3. Inadequate government funding/grans

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² Australian Local Government Association, Background on Local Government Funding, 2020

Though council rates provide stable revenue, rising operations costs often mean services that need to be addressed are delivered with minimal budgets that cannot cover the actual costs. Over 54% of respondents noted insufficient rate increases as a serious risk. This is the second highest concern underpinning financial sustainability. However, it is the leading concern for 82.82% of regional city councils.

Many councils are still in the process of rebuilding from disasters that occurred between 2019-2023 and continue to wait for Federal Assistance Grants. As a result, many are forced to utilise their operational and investment funds to rebuild and assist their communities.

It is worth noting, prior to 2014, Financial Assistance Grants were indexed annually. However, the Federal Government discontinued this in 2014. ALGA noted this change has impacted communities estimating the cost to be more than $600 million in services and infrastructure over three years.[3]

There's no doubt that councils are facing significant difficulties contending with the current economic environment. As inflation and interest rates increase, councils are unable to maintain rate increases with inflation. This, coupled with rising construction and material costs and delays due to contractor shortages meant 40% of councils ranked inflationary pressure as the fourth highest risk

Following on from previous years, councils continue to face limitations in how they receive revenue or with delay in funds for recovery. Councils primarily rely on three sources of revenue: taxation, charges/sales of goods and services and grants from federal and state/territory governments. Rural and remote councils will rely heavily on grants as revenue raising is limited.

In the event of a disaster, councils can access Natural Disaster Relief and Recovery arrangements. However, there is often a significant wait period for the funds to come through.

This, along with the significant inflationary issues, continues to place considerable pressure on delivering services and meeting their community's needs.

Many councils across the country have been impacted by fire and floods over the last five years. A common experience they share is the delay in receiving disaster response funding. This, coupled with the inability to progress projects, has an enormous impact on councils and their staff. Community expectations can boil over – and council executives and their elected body may find it difficult to contend with these pressures.

One emerging aspect of Financial Sustainability risk is the economic environment and the current low unemployment rates. Councils find themselves competing with private industry for talent in specialty roles, creating both recruitment and retainment challenges. Regional councils find this particularly difficult due to their limited resources and competition with large industrial and mining companies.

The nationwide housing shortage is another emerging concern. Many respondents noted that insufficient accommodation in regional areas posed a major challenge to securing talent.

Top ranking underlying factors for Financial Sustainability by State/Territory

NSW NT VIC	**Insufficient rate revenue (and/or growth) to deliver functions, services**
QLD SA WA	**Cost shifting from other tiers of government**
TAS	**Disaster recovery funding arrangement to adequately reimburse council to rebuild damaged assets**

Northern Territory

Financial Sustainability is the leading risk for 66% of senior executives in Northern Territory councils. This is 2% higher than the national response rate

Over the years, several costs have shifted from the Federal Government to local governments in the Northern Territory, yet the funding has not shifted. This has placed significant pressure on the territory, with 100% of all respondents noting this as their biggest issue.
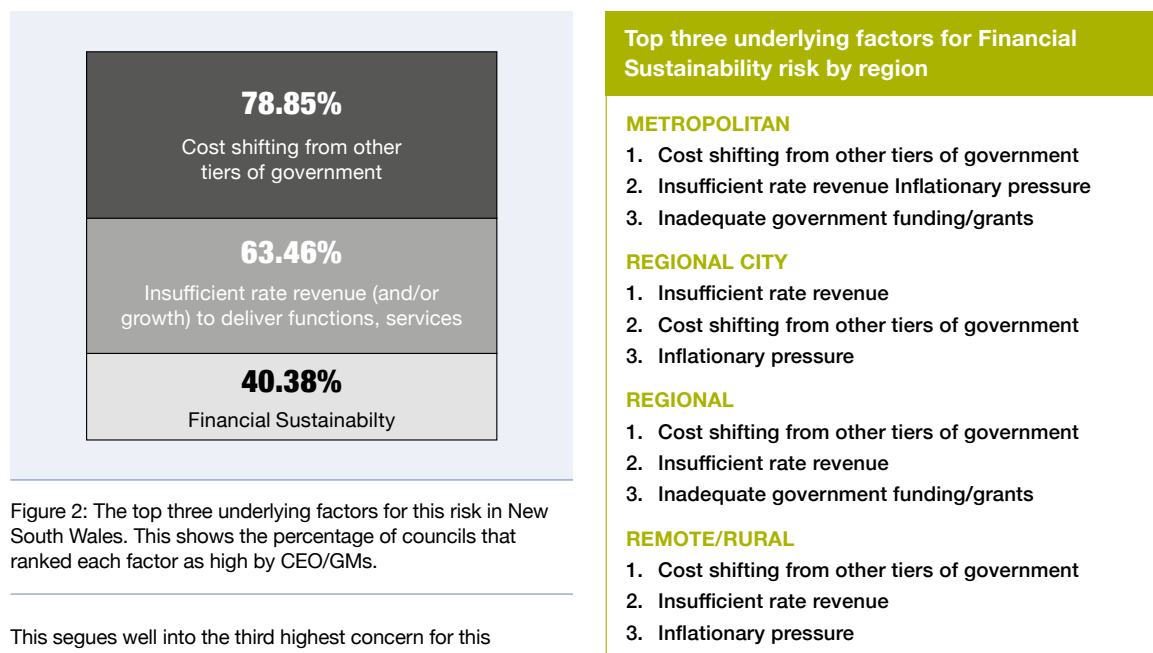
New South Wales

The major factors driving council Financial Sustainability concerns are cost shifting from other tiers of government, insufficient rate revenue and inadequate government funding grants.

Inflationary pressure has exacerbated these over the last 12 months, which analysts forecast will continue in the first two quarters of 2024.

79% of respondents ranked cost-shifting from state and federal levels of government as the leading underlying concern, which is consistent with all states. This was primarily felt by metropolitan, regional and rural/remote councils. Managing ageing assets and infrastructure that has been passed to Councils to manage, along with many local government areas still recuperating after the 2020-2023 events is putting significant pressure on the purse strings.

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[3] Background on Local Government Funding, 2020

All council regions identified insufficient rate revenue as a concern, complicating their ability to deliver functions. Constraints placed on local government's ability to generate revenue through rates make it difficult for councils to run the organisations in a strong position, and little control over grants and funding places further pressure on councils in managing their funding.

78.85%
Cost shifting from other tiers of government

63.46%
Insufficient rate revenue (and/or growth) to deliver functions, services

40.38%
Financial Sustainabilty

Figure 2: The top three underlying factors for this risk in New South Wales. This shows the percentage of councils that ranked each factor as high by CEO/GMs.

This segues well into the third highest concern for this risk in local government: the inadequate government funding from grants. This was strongly felt by metropolitan councils, where 40% of respondents ranked it in the top three places.

Top three underlying factors for Financial Sustainability risk by region

METROPOLITAN
1. Cost shifting from other tiers of government
2. Insufficient rate revenue Inflationary pressure
3. Inadequate government funding/grants

REGIONAL CITY
1. Insufficient rate revenue
2. Cost shifting from other tiers of government
3. Inflationary pressure

REGIONAL
1. Cost shifting from other tiers of government
2. Insufficient rate revenue
3. Inadequate government funding/grants

REMOTE/RURAL
1. Cost shifting from other tiers of government
2. Insufficient rate revenue
3. Inflationary pressure

Queensland

CEO/GMs in Queensland's local government share similar concerns about financial sustainability as the national perspective.

Highest Ranking

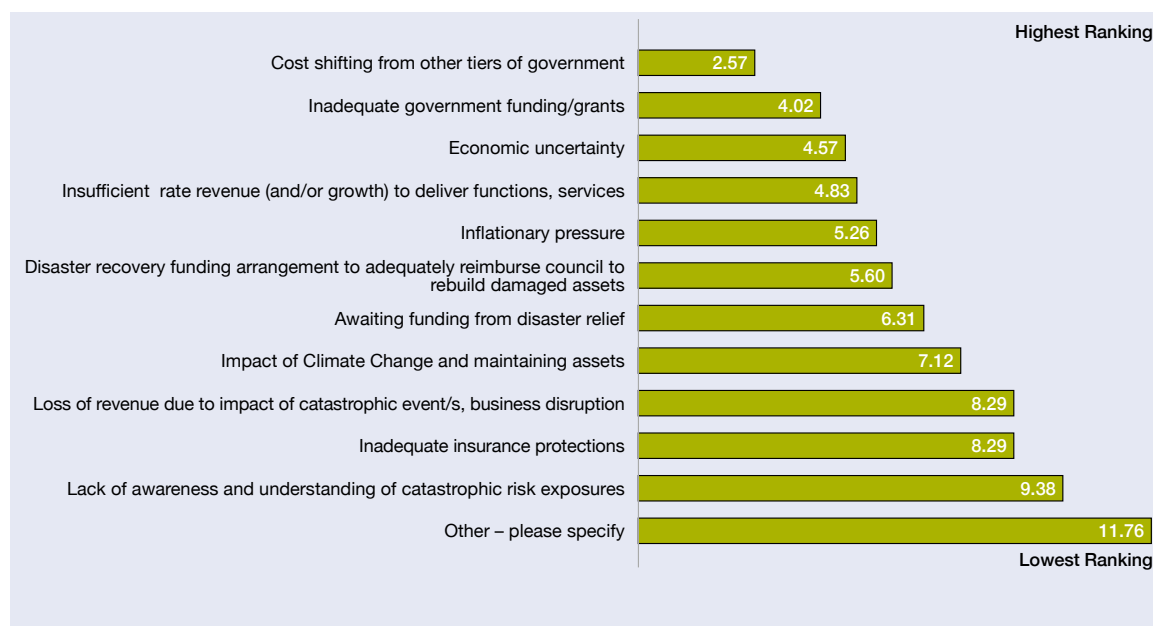| Factor	Value
Cost shifting from other tiers of government	2.57
Inadequate government funding/grants	4.02
Economic uncertainty	4.57
Insufficient rate revenue (and/or growth) to deliver functions, services	4.83
Inflationary pressure	5.26
Disaster recovery funding arrangement to adequately reimburse council to rebuild damaged assets	5.60
Awaiting funding from disaster relief	6.31
Impact of Climate Change and maintaining assets	7.12
Loss of revenue due to impact of catastrophic event/s, business disruption	8.29
Inadequate insurance protections	8.29
Lack of awareness and understanding of catastrophic risk exposures	9.38
Other – please specify	11.76

Lowest Ranking

Figure 2: Financial Sustainability Average Queensland Ranking of underlying factors 1-12

Cost shifting from other levels of government clearly ranked highest. Insufficient financial grant assistance was ranked the second highest concern, with 48% of respondents identifying this as high risk. This contrasts to the national view, in which 54% of CEOs identified insufficient rate revenue as high risk.

This disparity could stem from Queensland not having any rate capping arrangements, as well as underscoring the need for access to financial assistance grants for Councils to maintain services across large distances, exposure to the frequency of natural hazards and disasters, and decentralised settlement patterns.

Top three underlying factors for Financial Sustainability risk by region

METROPOLITAN
1. Inflationary pressure
2. Economic uncertainty
3. Insufficient rate revenue

REGIONAL CITY
1. Cost shifting from other tiers of government
2. Insufficient rate revenue
3. Inadequate government funding/grants government

REGIONAL
1. Cost shifting from other tiers of government
2. Economic uncertainty
3. Inflationary pressure

REMOTE/RURAL
1. Cost shifting from other tiers of government
2. Inadequate government funding/grants
3. Insufficient rate revenue

Tasmania

In Tasmania, Financial Sustainability is not the leading risk for local governments. In fact, it's fifth. Despite this, CEO and GMs were adamant about the underlying issues that affect their financial sustainability.

Out of the seven responding Tasmanian Councils, over 85% ranked cost-shifting from other tiers of government as the leading issue impacting their financial sustainability. Again, this exceeds the national ranking.

In Tasmania, management of building, land and community assets has moved from federal and state governments to local government, and the funding has not matched this shift.

Disaster recovery funding arrangements to be reimbursed for rebuilding/replacement of assets insufficient rate revenue and waiting for disaster relief ranked as equal second among respondents.

Top three underlying factors for Financial Sustainability risk by region

CITY
1. Cost shifting from other tiers of government
2. Disaster recovery funding arrangements
3. Awaiting funding from disaster relief

REGIONAL
1. Inflationary pressure
2. Insufficient rate revenue
3. Cost shifting from other tiers of government

RURAL/REMOTE
1. Cost shifting from other tiers of government
2. Insufficient rate revenue
3. Inadequate government funding/grans

Top three underlying factors for Financial Sustainability risk by region

METROPOLITAN
1. Cost shifting from other tiers of government
2. Inflationary pressure
3. Insufficient rate revenue

REGIONAL CITY
1. Inflationary pressure
2. Cost shifting from other tiers of government
3. Insufficient rate revenue

REGIONAL
1. Cost shifting from other tiers of government
2. Inflationary pressure
3. Insufficient rate revenue

REMOTE/RURAL
1. Cost shifting from other tiers of government
2. Disaster recovery funding arrangements
3. Inadequate Government funding/grants

Western Australia

Western Australian senior executives ranked Financial Sustainability as their third biggest risk overall. While lower than the national view, this is still considerable – especially as its affected by Assets & Infrastructure and Cybersecurity concerns. Similar to other states and territories, 74% of council executives ranked cost shifting from other tiers of government as their leading concern. Local governments bear the costs and liability associated with assets gifted from the State Government. Some examples in the past include contaminated former landfill sites and asbestos-laden buildings.

Inflationary pressure was the second highest-ranked issue for Western Australia, closely followed by insufficient rate revenue. Increasing costs of essential services, infrastructure and labour is leading to significant pressure on local government's financial stability.

With limited avenues of generating revenue, insufficient rate revenue can lead to budget shortfalls within local governments, which impacts the delivery of other essential services offered to ratepayers. Interestingly, many local government elections are won on the promise of no rate changes.

20

Victoria

74% of councils in Victoria view Financial Sustainability as their leading concern. As with most states, Victoria's largest concern underpinning this risk is cost shifting from other tiers of government.

Rate capping in Victoria makes maintaining financial sustainability a constant challenge, especially in a high-inflation environment. Unsurprisingly, Victorian GMs acknowledge the impact on financial sustainability when the ability to increase revenues has a 'handbrake' applied by rate capping.

While not unique to Victoria, the additional demands placed on councils' throughout COVID lockdowns – exacerbated by rate capping and inflation – have resulted in the deterioration of Victorian councils' financial sustainability.

72%

Ranked cost shifting from other tiers of government as the leading contributor to this risk

65%

Ranked insufficient rate revenue (and/or growth) to deliver functions, services as the second highest contributing factor

Top three underlying factors for Financial Sustainability risk by region

CITY
1. Inflationary pressure
2. Insufficient rate revenue
3. Cost shifting from other tiers of government

METROPOLITAN
1. Insufficient rate revenue
2. Insufficient rate revenue
3. Inflationary pressure

REGIONAL CITY
1. Insufficient rate revenue
2. Inflationary pressure
3. Cost shifting from other tiers of government

REGIONAL
1. Cost shifting from other tiers of government
2. Insufficient rate revenue
3. Inadequate Government funding/grants

REMOTE/RURAL
1. Cost shifting from other tiers of government
2. Insufficient rate revenue
3. Inadequate government funding/grants

South Australia

Financial Sustainability continues to be the principal concern of South Australian CEO/GMs. The underlying factors are important to observe including inadequate rate revenue, insufficient government grants, cost and risk shifting from state to local government. This is consistent across all councils. Interestingly, metro and regional councils offer different perspectives on these concerns. Metropolitan councils were consistent with the national perspective – they view inflationary pressures as the principal influencing factor in driving financial sustainability as a risk. Cost shifting from other tiers of government also ranked very high, while insufficient rate revenue ranked third overall. Conversely, regional councils ranked insufficient rate revenue as number one.

Interestingly, inadequate government funding ranked significantly higher with regional councils than metropolitan councils. This is likely because these councils on Financial Assistance Grants (FAGs) are highly dependent to maintain their road networks. Regional councils have much smaller balance sheets despite maintaining enormous road networks. This presents challenges to meeting community expectations, particularly in regional councils with several satellite towns which have competing priorities.

Top three underlying factors for Financial Sustainability risk by region

CITY
1. Economic uncertainty
2. Impact of climate change and maintaining assets
3. Cost shifting from other tiers of government

METROPOLITAN
1. Inflationary pressure
2. Cost shifting from other tiers of government
3. Insufficient rate revenue

REGIONAL CITY
1. Insufficient rate revenue
2. Inadequate government funding /grants government
3. Inflationary pressure

REGIONAL
1. Cost shifting from other tiers of government
2. Inflationary pressure
3. Inadequate government funding/grants

REMOTE/RURAL
1. Cost shifting from other tiers of government
2. Insufficient rate revenue
3. Inadequate government funding/grants

2

CYBER SECURITY

Cybersecurity breaches frequently unfold in the public eye, attracting heavy public scrutiny. Over the last two years, Australia has witnessed notable cyber breaches involving major companies like Optus, Medibank and Latitude Financial.

The intense scrutiny from mainstream and social media platforms presents a complex situation for leaders, who find themselves in the spotlight to address issues, often with limited technical knowledge. They're expected to take responsibility, reassure customers and mitigate financial exposure. Given these pressures, it's understandable that cybersecurity is a critical concern for local government CEOs, ranking it second.

	Rank 1		Rank 12
Ability of IT infrastructure/provider to proactively manage cyber security	72%		27%
Cyber security failure	67%		33%
Ability to respond to a cyber attack	62%		37%
Reliability and integrity of critical IT infrastructure	22%	38%	40%
Key supplier failure/third party contracts	14%	74%	12%
Internal/external theft of information – compliance with data protection and Privacy legislation	13%	26%	60%
Whole of business protection not in place in the case of a cyber event	12%	68%	20%
Internal data fraud/security breach	11%	75%	14%
Disaster recovery plans not incorporating cyber	10%	72%	19%
Employee threat	7%	59%	33%
No or poor policy/processes to mitigate human error, internal deception	6%	35%	59%
Other	3%	56%	41%
No or poor policy/processes to respond to ransom or extortion threats		99%	

Ranked 1-3 | Ranked 4-9 | Ranked 10-13

Figure 3: Cyber Security/IT Infrastructure National heat map.

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Since 2019, cybersecurity has consistently ranked as the second highest concern for CEO/GMs, with only the unprecedented COVID-19 pandemic temporarily pushing it to fourth place in 2020.

This ranking is partly due to the ever-evolving cyber risk landscape and the difficulty local government CEO/GMs face in proactively mitigating the impact of a major cyber event. There is ongoing concern about potential reputational damage and managing community expectations in the event of a significant cyber incident that may compromise private information.

Fortunately, reportable cyber breaches are not as common or severe as one might assume. Between January and June 2023, the Office of the Australian Information Commissioner received 409 notifications, a 16% decrease from 2022.

Furthermore, 63% of data breaches affected 100 people or fewer. Notably, the public sector does not feature among the top five sectors for cyber breaches, which are:

1. Health service providers
2. Finance (including superannuation)
3. Recruitment agencies
4. Legal, accounting & management services
5. Insurance[4]

Cybersecurity concerns are prominent among local government CEOs/GMs. But the most important question is why? Our findings indicate that:

72%
of respondents cited the ability of IT infrastructure/provider to proactively manage cybersecurity as their foremost concern

67%
of respondents cited their council's ability to respond to a cyber-attack as high-risk

61%
of respondents cited cybersecurity failure as high-risk

This shows that the main concerns for managing cybersecurity are the potential failure of current security systems and the ability to respond to a cyber breach appropriately.

Top three underlying factors for Cyber Security/ Data breach risk by region

CITY
1. Ability to proactively manage cyber security
2. Ability to respond to a cyber attack
3. Key supplier failure/third party contracts

METROPOLITAN
1. Cyber security failure
2. Ability to proactively manage cyber security
3. Ability to respond to a cyber attack

REGIONAL CITY
1. Ability to proactively manage cyber security
2. Ability to respond to a cyber attack
3. Cyber security failure

REGIONAL
1. Ability to proactively manage cyber security
2. Ability to respond to a cyber attack
3. Cyber security failure

REMOTE/RURAL
1. Ability to proactively manage cyber security
2. Ability to respond to a cyber attack
3. Cyber security failure

Furthermore, 54% of respondents identify the lack of preparedness and the absence of proactive plans to handle a potential cybersecurity event as their top concern. These concerns include the following areas:

- Ability of IT infrastructure/provider to proactively manage cybersecurity
- Ability to respond to a cyber-attack
- Absence of whole-of-business protection in the case of a cyber event
- Failure to incorporate cybersecurity into disaster recovery plans

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[4] Australian Government, Office of the Australian Information Commissioner

Despite the dynamic, global nature of cybersecurity, several strategies can be implemented to mitigate these concerns. For example, including cyber events into the Council's disaster-recovery plans allows for proactive management of potential cyber breaches. With detailed planning and pre-established response mechanisms, key staff members can be engaged from the outset, ensuring a clear strategy to navigate the cyber breach.

Additionally, a well-defined Cyber Incident Response Plan – that includes relevant expert contact details – can greatly improve councils' ability to respond to a cyber event.

Although risk transfer only constitutes a minor aspect of councils' broader cybersecurity concerns, the program includes an Emergency Incident Response line. This enables the council to access services from specialist IT forensic providers, public relations agencies, IT recovery experts, hardware suppliers and legal advisors, all equipped to help the council manage a cyber In 2023, the Federal Government announced further assistance in their 2023 – 2030 Australian Cybersecurity Strategy, backed by a $587 million funding allocation for various initiatives centred on six key 'cyber shields'.

These initiatives are spread over several 'event horizons' spanning to 2030. The first four shields – and some of the initiatives they cover – are as follows:

1. **Strong businesses and citizens:** Establish no-fault ransomware reporting to share with the business community, establish a Cyber Incident Review Board and streamline reporting processes.

2. **Safe technology:** Streamline appropriate data retention requirements.

3. **World-class threat sharing and blocking:** Establish an Executive Cyber Council.

4. **Protected critical infrastructure:** Strengthen security obligations for managed service providers.

Cybersecurity remains an ongoing risk, increasingly so with advancements in Artificial Intelligence and other machine learning. Despite the burdens this places on local government CEOs/GMs, proactive risk management and support from the Federal Government will help manage this risk effectively within the sector.

Top ranking underlying factors for Cyber Security/ Data Breach by State/Territory

NSW NT SA TA	Ability of IT infrastructure/provider to proactively manage cyber securit
QLD VIC	Ability to respond to a cyber attack
WA	Cyber security failure

New South Wales

In New South Wales, respondents ranked Cybersecurity as their second-highest risk, consistent with the national consensus. There were only slight differences in the medium and low rankings of this risk. Reflecting national views, NSW CEO/GMs identified the ability of their infrastructure/provider to proactively manage cybersecurity as the primary risk. 76% of councils identified it as the highest risk, surpassing the nationwide result of 72%. This is understandable, given the notable cyberattacks on high-profile organisations like Medibank and Optus. Additionally, ongoing global conflicts increase the risk of politically motivated cyberattacks on all government levels.

Following closely, the ability to respond to a cyberattack and cybersecurity failure were ranked as the next highest risk exposures respectively, consistent with the national perspective. Over 59% of respondents considered these two factors together formed the next significant reason for this cybersecurity being a concern.

As noted above, recent attacks on high-profile organisations and ongoing global conflicts have heightened cybersecurity awareness and its importance. This has led councils to scrutinise the effectiveness of their current cybersecurity protocols in protecting against cyberattacks.

Cybersecurity failure was ranked third, with 57% of respondents considering it a serious factor. Once again, Councils from all regions ranked this in either second or third position.

Top three underlying factors for Cyber Security/Data breach risk by region

METROPOLITAN
1. Ability of IT infrastructure/provider to proactively manage cyber security
2. Ability to respond to a cyber attack
3. Cyber security failure

REGIONAL
1. Ability of IT infrastructure/provider to proactively manage cyber security
2. Cyber security failure
3. Ability to respond to a cyber attack

REGIONAL CITY
1. Ability of IT infrastructure/provider to proactively manage cyber security
2. Ability to respond to a cyber attack
3. Cyber security failure

REMOTE/RURAL
1. Ability of IT infrastructure/provider to proactively manage cyber security
2. Cyber security failure
3. Ability to respond to a cyber attack

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Northern Territory

In the Northern Territory, council CEO/GMs ranked Cybersecurity as their fifth-highest risk – compared to national ranking of second.

83% of respondents identified the ability of IT infrastructure/provider to proactively manage cybersecurity as their primary factor for cybersecurity risk. All councils ranked this in their top three concerns.

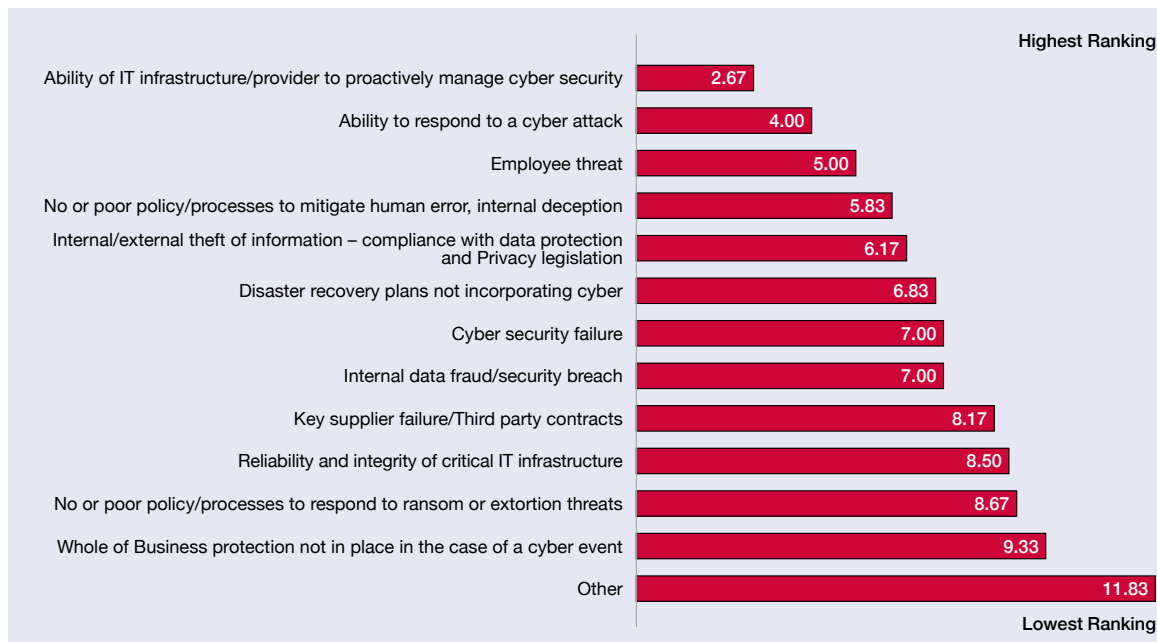Meanwhile, respondents ranked no or poor policy/processes to mitigate human error or internal deception second.

Highest Ranking

Concern	Ranking
Ability of IT infrastructure/provider to proactively manage cyber security	2.67
Ability to respond to a cyber attack	4.00
Employee threat	5.00
No or poor policy/processes to mitigate human error, internal deception	5.83
Internal/external theft of information – compliance with data protection and Privacy legislation	6.17
Disaster recovery plans not incorporating cyber	6.83
Cyber security failure	7.00
Internal data fraud/security breach	7.00
Key supplier failure/Third party contracts	8.17
Reliability and integrity of critical IT infrastructure	8.50
No or poor policy/processes to respond to ransom or extortion threats	8.67
Whole of Business protection not in place in the case of a cyber event	9.33
Other	11.83

Lowest Ranking

Figure 4: Cyber Security/IT Infrastructure, Northern Territory average ranking of underlying concerns 1-13

Tasmania

Tasmania, respondents ranked Cybersecurity risk first, above the national ranking. This is likely because of the state's numerous remote communities that heavily rely on connectivity for delivering goods and services and maintaining supply chains. The relative ease with which cyber threat actors can infiltrate systems elevates the perceived risk within the Tasmanian local government sector.

Nearly 86% of respondents ranked the ability of IT infrastructure/provider to proactively manage cybersecurity as their primary contributing factor for this risk. Rural/remote councils ranked this as their top concern, while metropolitan and regional councils ranked this third.

In TAS, there is a range of cyber risk maturity and confidence among management teams in handling a cyber-incident response plan, as highlighted in the JLT Public Sector 12 Key Controls Report. A possible factor is the lack of scenario planning, which may contribute to the perceived inability to manage an attack. Nonetheless, all councils have access to Emergency Incident Response services within their cyber insurance policies, and increased preparedness for attacks may mitigate these concerns.

Cybersecurity failure and the ability to respond to a cyberattack were ranked as equal second underlying concerns by 71% of respondents. All metropolitan councils considered this as their primary issue, while rural/remote councils placed it fourth

Top three underlying factors for Cyber Security/ Data breach risk by region

METROPOLITAN
1. Cyber security failure
2. Ability to respond to a cyber attack
3. Ability of IT infrastructure/provider to proactively manage cyber security

REGIONAL CITY
1. Internal/external theft of information & compliance
2. Reliability and integrity of critical IT infrastructure
3. Ability of IT infrastructure/provider to proactively manage cyber security

REMOTE/RURAL
1. Ability of IT infrastructure/provider to proactively manage cyber security
2. Disaster recovery plans not incorporating cyber
3. Reliability and integrity of critical IT infrastructure

South Australia

South Australian CEO/GMs share similar concerns with other states regarding the high importance of proactively managing cyber risk, closely followed by the ability to respond effectively.

Recent years have seen SA local governments impacted by cyber events that disrupted services, though data remained uncompromised. Given that council systems store potentially sensitive data, the constant threat of an event impacting councils' reputation looms large.

SA local government entities that are Members of the LGA Asset Mutual Fund benefit from funded Cyber Risk programs, tailored to the organisation's cyber risk maturity. These programs, which have been available for several years, have evolved alongside the maturing cyber environment. Local government's proactive approach to managing cyber risk was recognised in a 2020 Auditor General inquiry into government cyber risk.

82.35%

Ability of IT infrastructure/provider to proactively manage cyber security

58.82%

Ability to respond to a cyber attack

52.94%

Cyber security failure
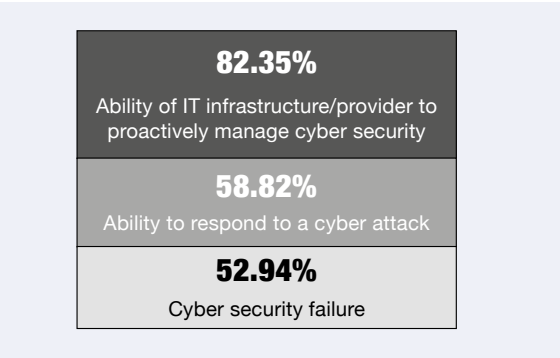
Figure 5: The top three underlying factors for this risk in South Australia. This shows the percentage of councils that ranked each factor as high by CEO/GMs.

Top three underlying factors for Cyber Security/ Data breach risk by region

CITY
1. Ability of IT infrastructure/provider to proactively manage cyber security
2. Ability to respond to a cyber attack
3. Internal data fraud/security breach

METROPOLITAN
1. Cyber security failure
2. Ability of IT infrastructure/provider to proactively manage cyber security
3. Key Supplier failure/Third party contracts

REGIONAL CITY
1. Ability of IT infrastructure/provider to proactively manage cyber security
2. Cyber security failure
3. Ability to respond to a cyber attack

REGIONAL
1. Ability of IT infrastructure/provider to proactively manage cyber security
2. Ability to respond to a cyber attack
3. Cyber security failure

REMOTE/RURAL
1. Ability of IT infrastructure/provider to proactively manage cyber security
2. Reliability and integrity of critical IT infrastructure
3. Key Supplier failure/Third party contracts

Queensland

Queensland council CEO align with the national perspective on Cybersecurity risk, identifying the same three risks by a significant margin. However, nuances exist in their focus: Queensland CEOs emphasise their own capability to respond to cyberattacks or cybersecurity failures more than the national trend, which tilts towards risks linked to ICT service providers' failures.

Despite these ranking variations, the uniform concern across CEOs about these risks (in contrast to risks like legislative compliance, data theft or critical infrastructure service failures) indicates Queensland councils will prioritise cybersecurity risk controls similarly to other Australian local governments.

Top three underlying factors for Cyber Security/Data breach risk by region

METROPOLITAN
1. Cyber security failure
2. Ability to respond to a cyber attack
3. Whole of business protection not in place in the case of a cyber event

REGIONAL CITY
1. Ability of IT infrastructure/provider to proactively manage cyber security
2. Cyber security failure
3. Ability to respond to a cyber attack

REGIONAL
1. Ability to respond to a cyber attack
2. Cyber security failure
3. Ability of IT infrastructure/provider to proactively manage cyber security

REMOTE/RURAL
1. Ability of IT infrastructure/provider to proactively manage cyber security
2. Ability to respond to a cyber attack
3. Cyber security failure

Victoria

In Victoria, Cybersecurity was ranked as the second leading risk by 65% of respondents, consistent with the national perspective.

Despite Victorian councils experiencing few incidents in the past five years, these events have not been adequate to thoroughly test their incident response plans. 65% of respondents placed the ability of IT infrastructure/providers to manage cybersecurity as the second most significant underlying concern is the ability to respond to a cyber-attack, with 72% ranking it first. This stems from the perceived lack of preparedness of councils nationwide.

Developing a cyber emergency incident response plan – while daunting – is the next crucial step for Victorian councils in strengthening their first lines of defence and enhancing their overall cyber resilience.

Top three underlying factors for Cyber Security/ Data breach risk by region

CITY
1. Ability of IT infrastructure/provider to proactively manage cyber security
2. Key Supplier failure/Third party contracts
3. Ability to respond to a cyber attack

METROPOLITAN
1. Ability of IT infrastructure/provider to proactively manage cyber security
2. Cyber security failure
3. Ability to respond to a cyber attack

REGIONAL CITY
1. Ability to respond to a cyber attack
2. Cyber security failure
3. Ability of IT infrastructure/provider to proactively manage cyber security

REGIONAL
1. Ability to respond to a cyber attack
2. Ability of IT infrastructure/provider to proactively manage cyber security
3. Cyber security failure

REMOTE/RURAL
1. Ability to respond to a cyber attack
2. Ability of IT infrastructure/provider to proactively manage cyber security
3. Cyber security failure
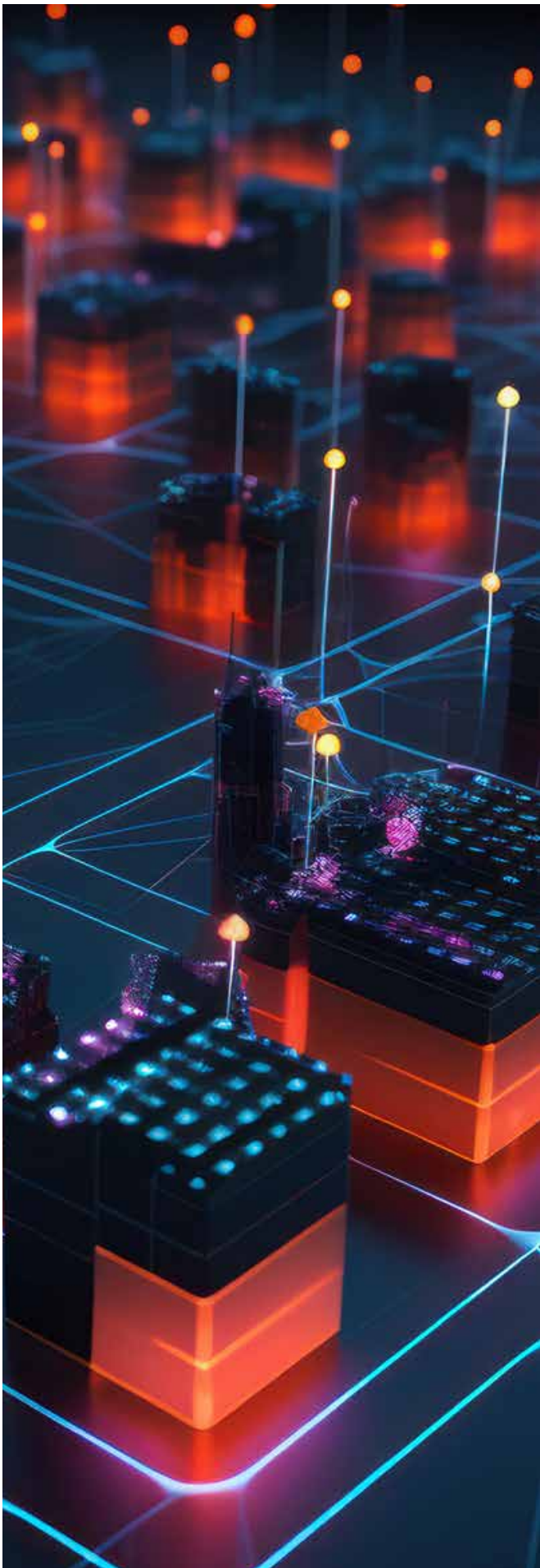
Western Australia

Nearly 43% of Western Australian respondents ranked Cybersecurity as their second highest risk, consistent with the national ranking.
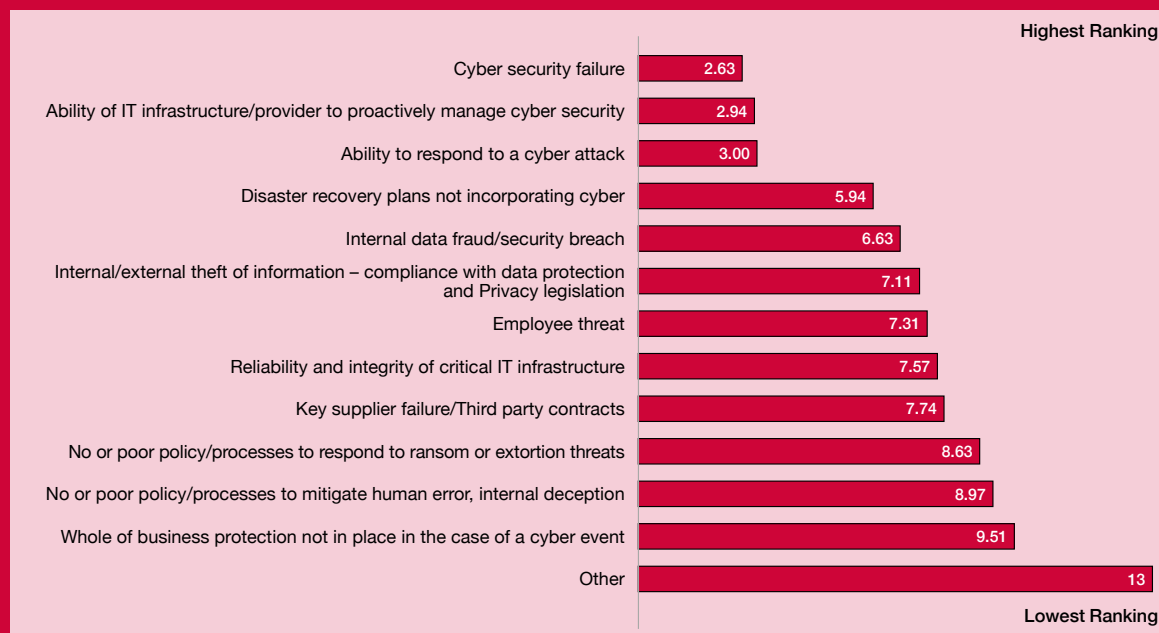
Highest Ranking

Factor	Value
Cyber security failure	2.63
Ability of IT infrastructure/provider to proactively manage cyber security	2.94
Ability to respond to a cyber attack	3.00
Disaster recovery plans not incorporating cyber	5.94
Internal data fraud/security breach	6.63
Internal/external theft of information – compliance with data protection and Privacy legislation	7.11
Employee threat	7.31
Reliability and integrity of critical IT infrastructure	7.57
Key supplier failure/Third party contracts	7.74
No or poor policy/processes to respond to ransom or extortion threats	8.63
No or poor policy/processes to mitigate human error, internal deception	8.97
Whole of business protection not in place in the case of a cyber event	9.51
Other	13

Lowest Ranking

Figure 6: Cyber Security/IT Infrastructure, Western Australia average ranking of underlying factors 1-13

Cybersecurity failure is the leading underlying concern for this risk, with nearly 83% ranking it first. All responding regions ranked this concern in their top two positions.

The prominence of Cybersecurity as a critical risk for WA stems from the escalation of cyber threats, the potential economic impact of cyber-attacks, concerns about data breaches, and the imperative to safeguard critical infrastructure. The increased sophistication of cybercriminals affecting individuals, businesses and local governments alike shows that WA is equally at risk.

74% of respondents cited the ability to respond to cyber-attacks as their second most pressing concern. While most regions placed this issue in their top three concerns, regional city councils ranked it sixth

The ranking of the ability to respond to a cyber-attack as a leading concern underscores its importance in minimising impact and mitigating further damage. An effective response is crucial for containing and mitigating attacks involving breach identification, system restoration and preventative measures for future incidents.

For local governments in WA, a robust incident response capability with clear procedures, trained personnel, and appropriate technologies to detect, respond, and recover from cyber incidents is vital. The ability to respond effectively demonstrates a proactive approach to cybersecurity and enhances the state's overall resilience.

The lower ranking of the ability to respond to a cyber-attack by regional city councils could stem from several factors, such as limited resources and awareness and education as well as challenges in collaborating and information sharing, particularly during cyber incidents.

The emphasis of Cybersecurity as a significant risk in WA reflects its increasing relevance in today's digital landscape.

Top three underlying factors for Cyber Security/ Data breach risk by region

METROPOLITAN
1. Cyber security failure
2. Ability to respond to a cyber attack
3. Whole of business protection not in place in the case of a cyber event

REGIONAL CITY
1. Ability of IT infrastructure/provider to proactively manage cyber security
2. Cyber security failure
3. Ability to respond to a cyber attack

REGIONAL
1. Ability to respond to a cyber attack
2. Cyber security failure
3. Ability of IT infrastructure/provider to proactively manage cyber security

REMOTE/RURAL
1. Ability of IT infrastructure/provider to proactively manage cyber security
2. Ability to respond to a cyber attack
3. Cyber security failure

Effective response to cyber-attacks is key to mitigating damage and protecting critical infrastructure. The lower priority given by regional councils may be influenced by limited resources and gaps in cybersecurity awareness and education. For WA stakeholders, prioritising cybersecurity and fostering collaboration are essential steps to boost the state's resilience against cyber threats.

3 ASSETS & INFRASTRUCTURE

Local government owns and maintains an enormous network of Assets and Infrastructure, which require significant resources to oversee – with funding often beyond what councils can generate through rates. The challenge of managing critical assets and infrastructure is at the forefront of CEO/GMs minds, with Assets & Infrastructure placing third again in the Risk Report.

Local governments own and control an immense and diverse range of assets and infrastructure portfolios. The Australian Local Government Association (ALGA) estimates that councils collectively manage $524 billion of assets and infrastructure[5]. As these estimates are being reviewed, it is anticipated that this value is considerably larger due to several factors. These influences include the significant population growth driven by international, interstate and regional migration, surging inflation and natural disaster repair and replacement programs across large areas of the country following widespread flooding during successive La Nina conditions over recent years.

The national portfolio's increase in size and value can be attributed to various factors. This includes the heightened focus by many Councils on asset identification and management planning due to a focus on data quality by state governments and insurers. These entities require accurate geolocation of assets in high-risk areas to be overlayed with fire and flood mapping. Additionally, state governments will build or provide key assets for councils, who commence contracts with the State agency and become responsible for maintaining the assets. Examples of such assets include jetties, wharves and seawalls.

In numerous instances, the grants provided by the State Government for ongoing maintenance are insufficient.

This is a critical issue in particular for small communities, who may be highly dependent on tourism and the jetty serves as a key feature.

Community expectations are crucial in managing council assets and infrastructure. They can influence the supply of new community facilities and infrastructure, maintaining and managing portfolios in an appropriate and fiscally responsible way, and planning for the renewal or decommission when assets reach the end of life. This issue is exacerbated in regional councils, which may result in multiple smaller council areas merging with smaller communities that expect strong maintenance of community assets. For example, small community hall even where they are infrequently used.

The primary concern for CEO/GMs is maintaining roads and its substantial associated costs. Road maintenance costs constitute a significant portion of councils' overall operational budget. Local government often faces media scrutiny about potentially dangerous roads, which influences community expectations. Councils depend on Commonwealth Government Financial Assistance Grants to fund this maintenance effectively, making it highly contentious between state and local government bodies who are all fighting for their fair share of the grant funding.

The Assets and Infrastructure Risk Heat Map (Figure 7) further illuminates the underlying risk profile for assets and infrastructure risks, highlighting the interconnections between assets and infrastructure risks and other significant risks that are faced by Councils.
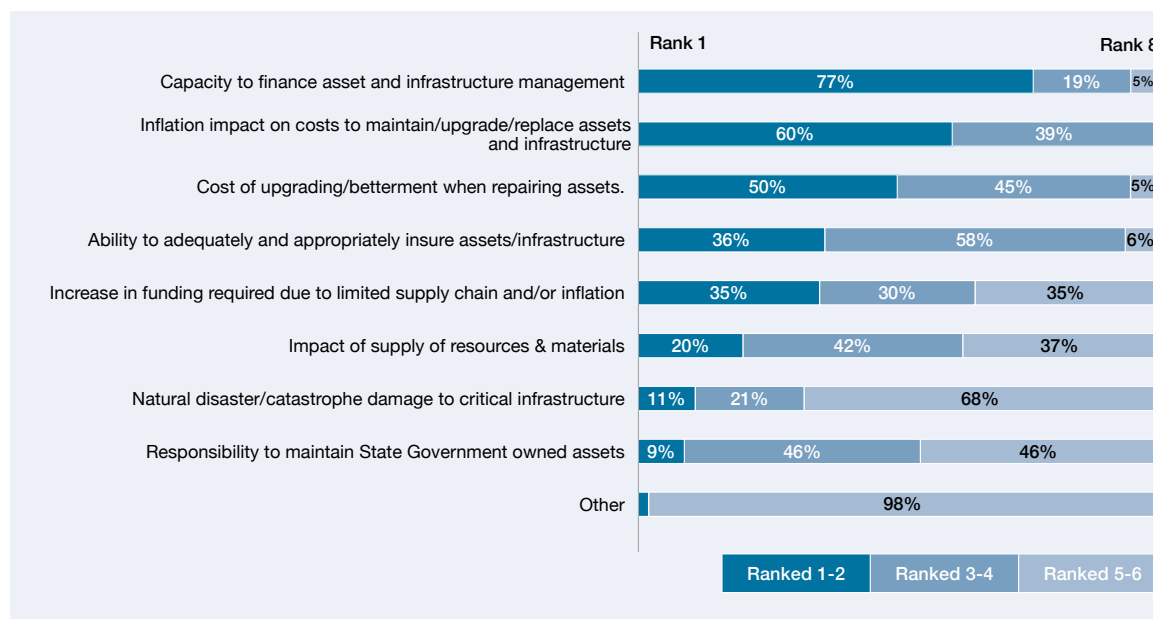

Figure 7: Management of and/or damage of property, Infrastructure and Asset risk national heat map

Perhaps the strongest interrelationship is with Financial Sustainability as over 75% of respondents identify the capacity to finance assets and infrastructure maintenance as a high-risk factor. Over half the respondents identified both funding for betterment and upgrades and the impact of inflation as key factors for this risk. Additionally, supply and supply-chain-related risk were also prominent concerns for most respondents; issues which have implications from a financial sustainability perspective. These responses were generally consistent across states, regions and local government areas.

These concerns likely reflect the shortfall in local government funding to manage existing, renewed or replaced assets and infrastructure that are nearing or at its end of life. This shortfall in funding is a key risk driver and amplifies the existing substantial vertical fiscal imbalance between the three levels of government. Despite local government receiving only 3.5% of revenue, councils retain responsibility for 30 to 40% of the total public asset base. This underlines the importance of enhanced collaboration among all levels of government to prioritise improved funding arrangements that will support asset and infrastructure management.

30

According to a recent report by The Grattan Institute [5], requisite funding from the Commonwealth and State Governments has steadily declined. Since 1995, local governments have been left with the impossible task of maintaining and improving the quality of road infrastructure. The Institute's calculations indicate that local governments require an additional $1 billion annually, consistently, through programs such as Roads to Recovery and Financial Assistance Grants. This funding is necessary to address the fundamental causes of this problem

It is imperative to prioritise access to funding for infrastructure repair and improvements after disaster events. The aim is to reduce vulnerability and enhance resilience in the face of an increasingly significant disaster risk profile and related impacts of climate change. Regardless, community expectations and the principles of good governance would expect assets are fit for purpose into the future and that all tiers of government collaborate to deliver resilient and long-term sustainability in assets and infrastructure management. Local governments possess invaluable experience, local knowledge and critical perspective enabling them to play their part.

Safe, efficient and reliable road infrastructure supports economic activity and fosters prosperity. It's critical that all levels of government work together to improve the quality of road networks as we pursue a strong and resilient national economy.

Top ranking underlying factors for Cyber Security/Data Breach by State/Territory

NSW QLD SA TAS VIC WA	Capacity to finance asset and infrastructure management	NT	Cost of upgrading/betterment when repairing assets

Top three underlying factors for Management of Assets & Infrastructure by region

CITY
1. Cost of upgrading/better of assets
2. Capacity to finance Assets & Infrastructure management
3. Impact of supply of resources & materials

METROPOLITAN
1. Cyber Inflation impact on costs to maintain/upgrade/replace
2. Capacity to finance Assets & Infrastructure management
3. Cost of upgrading/better of assets

REGIONAL CITY
1. Capacity to finance Assets & Infrastructure management
2. Cost of upgrading/better of assets
3. Inflation impact on costs to maintain/upgrade/replace

REGIONAL
1. Capacity to finance Assets & Infrastructure management
2. Cost of upgrading/better of assets
3. Inflation impact on costs to maintain/upgrade/replace

REMOTE/RURAL
1. Capacity to finance Assets & Infrastructure management
2. Cost of upgrading/better of assets
3. Impact of supply of resources & materials

Northern Territory

In the Northern Territory, one-third of respondents ranked the management or damage of Assets & Infrastructure as the fourth highest risk, which is only one point below the national ranking.

The cost of upgrading or the betterment when replacing an asset – and the capacity to finance Assets & Infrastructure management – were equally ranked as the primary reason for this risk, with 83% considering this the leading concern. Like other states, factors such as inflation and supply constraints may contribute to these concerns' high rankings. This connects to the impact of resources and materials supply, which was rated as the second underlying concern (50% of respondents regarded it as a significant issue). In the Northern Territory, as Northern Queensland and Western Australia may experience, the distance and, in some cases, the remoteness may exacerbate delays and further compound these challenges.

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[5] Grattan Institute Potholes and pitfalls: how to fix local roads 2023
[6] ALGA (2021) National State of the Assets Report

New South Wales

NSW CEO/GMs ranked the management of ageing assets & infrastructure third – aligning with the national ranking. Nearly 40% of respondents cited it as a high risk.

The leading reason for this risk, as identified by over 86% of respondents, is the capacity to finance Assets & Infrastructure management. Factors such as limited supply, resource constraints and funding challenges, including competing with other states for grants, contribute to this concern. Furthermore, the frequency of events that impact councils, sometimes occurring multiple times, further exacerbates the issue.

In NSW, the risk associated with managing Assets & Infrastructure is particularly pronounced, as it's ranked as the first or second highest concern across all regions. This risk is intensified by the disparity in financial resources available to regional, rural, and remote councils compared to metropolitan counterparts.

Additionally, funds must be allocated to repair the continued road damage in these areas, leaving limited resources for essential upgrades and business-as-usual projects. Furthermore, 67% of respondents ranked the cost of upgrading or betterment when replacing an asset as the second highest reason for this high-risk scenario. Factors such as ageing assets, heritage issues and the lack of support funding from higher levels of government contribute to these significant costs for councils.

In NSW, the cost of upgrades is a top concern for regional city, regional, rural and remote councils, while metropolitan councils ranked it fourth. This difference in ranking can be attributed to the limited funding options available to regional areas compared to their metropolitan counterparts. Furthermore, the extensive damage to roads in these regions leads to a diversion of funds towards repairs, leaving fewer resources for asset upgrades and maintenance.

88.46%
Capacity to finance asset and infrastructure management

42.31%
Cost of upgrading/betterment when repairing assets

26.92%
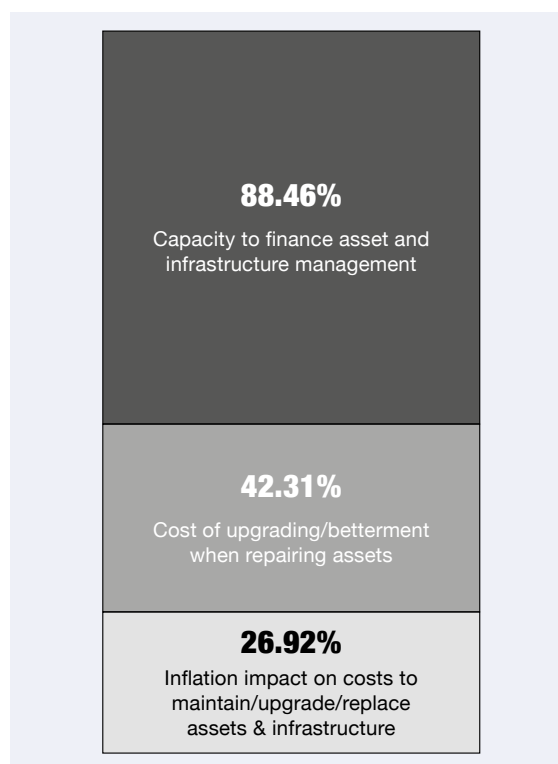Inflation impact on costs to maintain/upgrade/replace assets & infrastructure

Figure 8: The top three underlying factors for this risk in New South Wales. This shows the percentage of councils that ranked each factor as high by CEO/GMs.

Top three underlying factors for Management of Assets & Infrastructure by region

METROPOLITAN

1. Capacity to finance asset & infrastructure management
2. Inflation impact on costs to maintain/upgrade/replace assets & infrastructure
3. Ability to adequately and appropriately insure assets/infrastructure

REGIONAL CITY

1. Cost of upgrading/betterment when repairing assets
2. Capacity to finance asset & infrastructure management
3. Inflation impact on costs to maintain/upgrade/replace assets & infrastructure

REGIONAL

1. Capacity to finance asset and infrastructure management
2. Cost of upgrading/betterment when repairing assets
3. Impact of supply of resources & materials

REMOTE/RURAL

1. Capacity to finance asset and infrastructure management
2. Cost of upgrading/betterment when repairing assets
3. Inflation impact on costs to maintain/upgrade/replace assets & infrastructure

Queensland

In Queensland, the capacity to finance Assets & Infrastructure management emerged as the most significant factor to the local government portfolio. This was closely followed by the impact of inflation on maintenance, upgrades and replacements. Nationally, the cost of betterment when repairing assets rated as the second highest factor, with 60% of CEOs considering it a high-risk factor for Assets & Infrastructure. In Queensland, however, this was identified as the fourth highest risk, with 45% of CEOs regarding it as a high concern.

Top three underlying factors for Management of Assets & Infrastructure by region	
METROPOLITAN	**REGIONAL**
1. Significant increase in funding required due to limited supply chain/ inflation	1. Capacity to finance asset and infrastructure management
2. Inflation impact on costs to maintain/upgrade /replace assets & infrastructure	2. Cost of upgrading/betterment when repairing assets.
3. Ability to adequately and appropriately insure assets/infrastructure	3. Impact of supply of resources & materials
REGIONAL CITY	**REMOTE/RURAL**
1. Significant increase in funding required due to limited supply chain/inflation	1. Inflation impact on costs to maintain/upgrade/replace assets & infrastructure
2. Capacity to finance asset and infrastructure management	2. Impact of supply of resources & materials
3. Inflation impact on costs to maintain/upgrade /replace assets & infrastructure	3. Cost of upgrading/betterment when repairing assets

Tasmania

In Tasmania, GMs ranked Assets & Infrastructure sixth, with 14% of respondents ranking this equally to negligence caused by civil liability claims, statutory and/or regulatory requirements and waste management. This ranking differs from the national ranking, where Assets & Infrastructure is ranked third.

| Top three underlying factors for Management of Assets & Infrastructure by region |
|---|
| **METROPOLITAN** |
| 1. Cost of upgrading/betterment when repairing assets. Cyber security failure |
| 2. Inflation impact on costs to maintain/upgrade/ replace assets & infrastructure |
| 3. Capacity to finance asset and infrastructure management |
| **REGIONAL** |
| 1. Cost of upgrading/betterment when repairing assets. Cyber security failure |
| 2. Significant increase in funding required due to limited supply chain and/or inflation |
| 3. Capacity to finance asset and infrastructure management |
| **REMOTE/RURAL** |
| 1. Capacity to finance asset and infrastructure management |
| 2. Natural disaster/catastrophe damage to critical infrastructure |
| 3. Ability to adequately and appropriately insure assets/infrastructure |

86%

Ranked the capacity to finance asset and infrastructure management as the leading underlying factor

57%
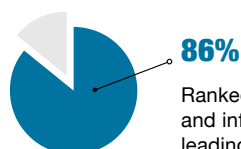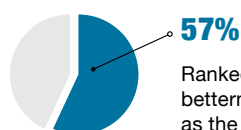
Ranked the cost of upgrading/ betterment when repairing assets as the leading underlying factor

Nearly 86% of respondents identified the capacity to finance Assets & Infrastructure management as the leading reason for this risk. This concern was particularly prominent among rural/remote councils, while metropolitan and regional councils ranked this as their third highest concern. This indicates the divide in resources between these groups, given the geographic distances and sparse communities existing in regional areas. Nearly 56% of GMs ranked the cost of upgrading or betterment when repairing assets as the second highest reason for this risk. It should be noted that metropolitan and regional councils ranked this as the leading reason while rural and remote councils ranked this factor eighth.

South Australia

In line with the national ranking, 44% of respondents ranked Assets & Infrastructure as the third highest risk
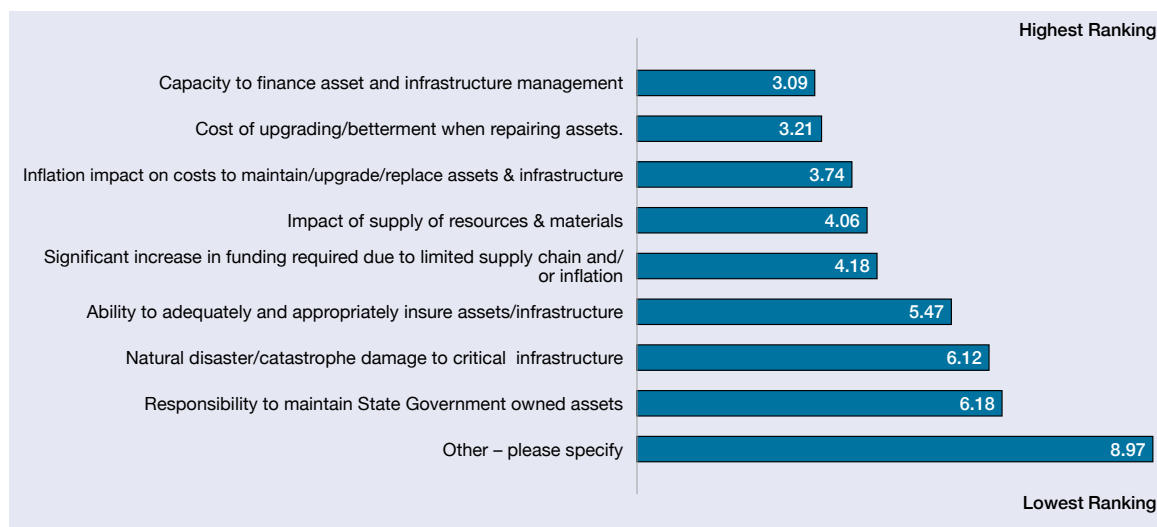

Figure 9: Management of and/or damage to property, infrastructure & assets average ranking in SA of underlying factros

The capacity to finance Assets & Infrastructure management was considered the primary concern underlying this risk, with 67% of respondents ranking it as the leading issue. This result was unsurprising as councils have expressed significant challenges with cost-shifting and applying adequate investment in maintaining and replacing critical infrastructure. While the state constructed many of these assets, they are expected to be maintained by local government. Common examples include jetties, wharves and sea walls. This issue was prominently ranked number one in regional city, regional and rural/remote areas. The concern is worsened for regional councils with lower revenue and capital works budgets, even though in many cases they may have substantial assets in need of upgrades or replacements.

The cost of upgrading or betterment when repairing assets was ranked as the second highest reason for this risk by nearly 56% of CEO/GMs. Unsurprisingly, the cost of repairing assets ranked highly, considering the predominantly fixed income and very limited funding to facilitate major maintenance works. This risk is closely interconnected with the number one overall risk: Financial Sustainability.

Top three underlying factors for Management of Assets & Infrastructure by region

CITY
1. Impact of supply of resources & materials
2. Inflation impact on costs to maintain/upgrade/ replace assets & infrastructure
3. Cost of upgrading/betterment when repairing assets

METROPOLITAN
1. Significant increase in funding required due to limited supply chain and/or inflation
2. Inflation impact on costs to maintain/upgrade/ replace assets & infrastructure
3. Cost of upgrading/betterment when repairing assets

REGIONAL CITY
1. Cost of upgrading/betterment when repairing assets
2. Inflation impact on costs to maintain/upgrade/ replace assets & infrastructure
3. Capacity to finance asset and infrastructure management

REGIONAL
1. Capacity to finance asset and infrastructure management
2. Cost of upgrading/betterment when repairing assets
3. Significant increase in funding required due to limited supply chain and/or inflation

REMOTE/RURAL
1. Capacity to finance asset & infrastructure management
2. Impact of supply of resources & materials
3. Inflation impact on costs to maintain/upgrade/ replace assets & infrastructure

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Victoria

Aligned with the national ranking, 74% of respondents ranked Assets & Infrastructure as the third leading risk.

Like many other states, the capacity to finance Assets & Infrastructure management was ranked as the leading reason for this risk by 86% of respondents. This concern consistently ranked in the top three across all responding regions, with metropolitan, regional city and regional councils ranking this as their number one concern. Victorian councils have significant asset portfolios that they are either directly responsible for or are required to manage and maintain on behalf of the state government. Many of the assets and infrastructure are ageing and require committed annual funding to restore and maintain them.

The cost of upgrading or betterment when repairing assets was considered the second highest reason for this risk by 67% of CEO and GMs. This concern consistently ranked in the top three places by respondents, which is unsurprising considering the financial sustainability aspect.

Top ranking underlying factor for Managing Assets & Infrastructure risk by region

CITY

1. Cost of upgrading/betterment when repairing assets
2. Significant increase in funding required due to limited supply chain and/or inflation
3. Capacity to finance asset and infrastructure management

METROPOLITAN

1. Capacity to finance asset & infrastructure management
2. Inflation impact on costs to maintain/upgrade/ replace assets & infrastructure
3. Ability to adequately and appropriately insure assets/infrastructure

REGIONAL CITY

1. Capacity to finance asset and infrastructure management
2. Cost of upgrading/betterment when repairing assets
3. Ability to adequately and appropriately insure assets/infrastructure.

REGIONAL

1. Capacity to finance asset and infrastructure management
2. Cost of upgrading/betterment when repairing assets
3. Inflation impact on costs to maintain/upgrade/replace assets & infrastructure

REMOTE/RURAL

1. Cost of upgrading/betterment when repairing assets
2. Capacity to finance asset and infrastructure management
3. Impact of supply of resources & materials

Western Australia

In Western Australia, 57% of respondents ranked Asset & Infrastructure as their leading risk. This percentage is higher than the national ranking of third.

71% of respondents ranked the capacity to finance Assets & Infrastructuremanagement as the main reason for this risk. The budgetary constraints on local government can have a massive implication on their Assets & Infrastructure. In recent years, cyclones have posed challenges in restoring assets, as there have been difficulties in obtaining resources to complete repairs and claims.

In rural areas, local government is responsible for increasingly diverse infrastructure networks that were previously run by other tiers. Most rural councils will continually discuss the ageing infrastructure predominantly on heritage sites, especially regarding issues on how to maintain such an old property.

Nearly 66% of respondents ranked the impact of inflation on maintenance, upgrade and replacement of Assets & Infrastructure as the second most significant factor contributing to this risk. As WA competes with other states, the mining industry and the export trade, industries have the opportunities to earn higher profits, thereby leaving the local government adversely affected.

Top three underlying factors for Management of Assets & Infrastructure by region

METROPOLITAN

1. Inflation impact on costs to maintain/upgrade/ replace assets & infrastructure
2. Capacity to finance asset and infrastructure management
3. Significant increase in funding required due to limited supply chain and/or inflation

REGIONAL CITY

1. Capacity to finance asset and infrastructure management
2. Inflation impact on costs to maintain/upgrade/ replace assets & infrastructure
3. Cost of upgrading/betterment when repairing assets

REGIONAL

1. Cost of upgrading/betterment when repairing assets
2. Inflation impact on costs to maintain/upgrade/ replace assets & infrastructure
3. Significant increase in funding required due to limited supply chain and/or inflation

REMOTE/RURAL

1. Capacity to finance asset and infrastructure management
2. Cost of upgrading/betterment when repairing assets.
3. Significant increase in funding required due to limited supply chain and/or inflation

4
CLIMATE CHANGE

Three-quarters of Australian councils have set or are in the process of developing community emissions reduction targets in alignment with the 2015 Paris Agreement. These councils are committed to achieving net zero emissions, the target limit for mitigating climate change risks.

Councils recognise that investing in local clean energy solutions creates new jobs, delivers more affordable energy, improves housing and increases our climate change resilience. However, despite tangible reductions achieved in Europe and the United States[7], greenhouse gas emissions in Australia have continued to increase.

Greenhouse gas emissions have already resulted in major changes in our atmosphere. These have amplified extreme weather events and caused significant impacts on ecological systems and processes, urbanisation, planning, chain of supply, health and wellbeing, economy and social structures.[8]

The World Economic Forum, The Global Risks Report 2024 supports this, noting, 'countries are grappling with the impacts of record-breaking extreme weather, as climate-change adaptation efforts and resources fall short of the type, scale and intensity of climate-related events already taking place."[9]

The 2023 JLT Risk Survey results indicate that councils share a common stance on climate change. This links with their assessment that predicting climate change impacts on council business and functions is difficult. In fact, 79.45% of councils listed this as their primary underlying concern for climate change risk.

According to a 2021 survey by the Australian Local Government Association (ALGA), the most common barrier for local government in addressing emissions reduction is a lack of funds.

As climate change related extreme weather-related hazard events become more frequent and unpredictable, a council's ability to lead its community to quick recovery is significantly diminished. Current disaster recovery funding arrangements designed to respond rather than mitigate the risk of future climate/extreme weather scenarios demonstrate this.

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[7] Friedlingstein, P. et al. (2023). Global Carbon Budget 2023.
[8] Australian Climate Service. (2023). A changing climate.

[9] World Economic Forum, The Global Risks Report 2024,

In the 2023 JLT Public Sector Risk Survey, council CEOs/GMs ranked Climate Change as the fourth highest risk, narrowly surpassing Disaster & Catastrophic events by 0.91%.

This placement is understandable given increasing global focus and effort on decarbonisation and the strong link between climate change, increased natural hazard weather events and disasters.

Moreover, our survey data show that 48.4% of respondents are concerned that disaster recovery funding arrangements are insufficient to build back better and adequately support more resilient communities.

These issues underscore the importance of identifying, understanding and mitigating interrelated risks that influence via the domino effect other critical risks like financial sustainability and assets and infrastructure.

31.51% of councils cited inadequate capacity or capability to develop strategic plans, risk reduction frameworks and financial budgets to mitigate and adapt to the risk of climate change as contributing factors to this risk.

As current emissions continue to increase and cause major changes in our atmosphere and weather patterns, responding to climate change requires serious, measurable and collective action around the globe.

Many Australian councils are adopting and encouraging emission reduction targets and renewable energy goals often making tangible inroads to decarbonise operations.[10] Such actions include investing in energy efficiency and building sustainability, deploying local renewable energy supported by battery storage, investing in public transport, mitigating emissions from landfill and sewage treatment, incorporating emissions considerations in fleet procurement and offsetting residual emissions.

Councils can become leaders in their communities by facilitating local decarbonisation action. Common approaches include setting community-based emission reduction targets, advocating for policy change and amending planning instruments and building codes as well as collaborating with businesses, community groups and other levels of government to leverage and support local action and innovation.

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[10] Ironbark Sustainability and ICLEI – Local Governments for Sustainability Oceania, Australian Local Government Climate Review 2021 and Climate Council 2023 Tracking Progress: 2022 Snapshot of Council Action on Climate Change

However, while Councils can play their part in reducing emissions, the consequences of past, current and anticipated future emission scenarios mean that climate change will increasingly impact councils and their communities into the future. Because of this, establishing and undertaking disaster risk profiling that considers vulnerability, hazard and exposure to climate change remains a key priority for councils.

Additionally, councils must account for reviewing and amending planning schemes, planning policies, infrastructure design standards and building codes. They also need to embed climate change considerations into several structures, including strategic and operational asset planning and management; proactive planning for resilience in disaster preparedness; and recovery including parks, reserves, streetscapes and urban forestry.

Climate change mitigation and adaptation is both risky and costly with significant implications for councils and their communities. Many of these risks are highly interconnected with other risks identified in this report, as illustrated in the Risk Heat Map below.

Top ranking underlying factors for Climate Change by State/Territory

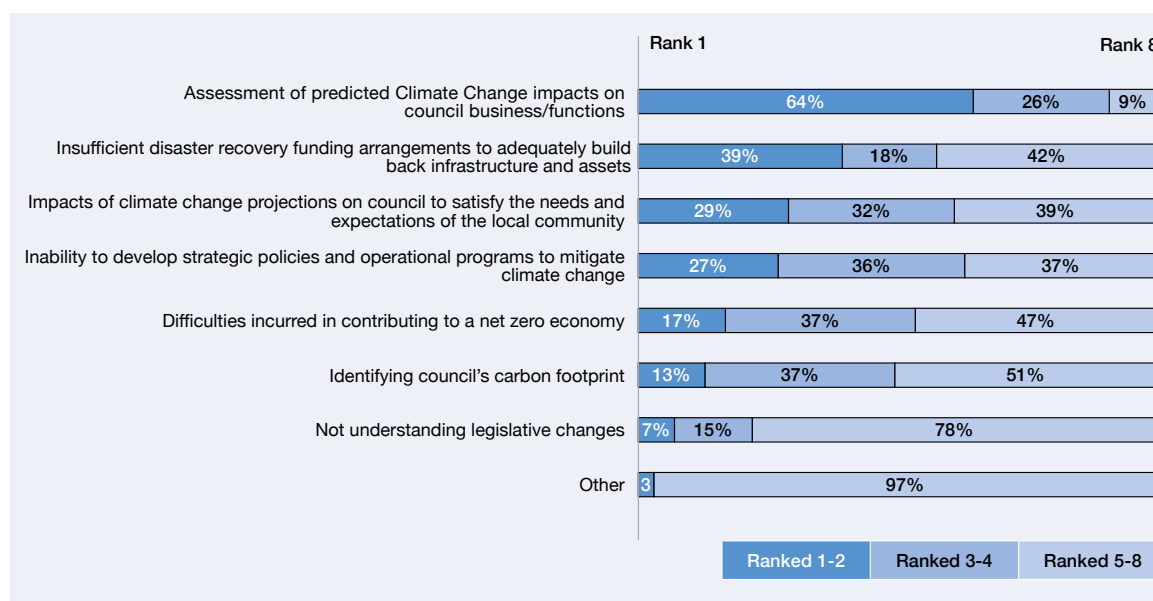| NSW NT QLD SA TAS VIC WA	Assessment of predicted Climate Change impacts on Council business/functions

Figure 10: Climate change and/or adaption national heat map

Top three underlying factors for Climate Change/ Adaption by region

CITY
1. Assessment of predicted climate change impacts on council
2. Impacts of climate change projections on council & ability to meet community expectations.
3. Difficulties incurred in contributing to a net zero economy

METROPOLITAN
1. Assessment of predicted climate change impacts on council
2. Impacts of climate change projections on council/ meet community expectations.
3. Insufficient disaster recovery funding

REGIONAL CITY
1. Assessment of predicted climate change impacts on council

2. Insufficient disaster recovery funding
3. Impacts of climate change projections on council/ meet community expectations

REGIONAL
1. Assessment of predicted climate change impacts on council
2. Insufficient disaster recovery funding
3. Difficulties incurred in contributing to a net zero economy

REGIONAL/RURAL
1. Assessment of predicted climate change impacts on council
2. Insufficient disaster recovery funding
3. Difficulties incurred in contributing to a net zero economy

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Victoria

Victorian CEOs ranked Climate Change in fourth, equalling the national ranking. 60% of CEOs ranked the assessment of predicted climate change impacts on councils' business and functions as the leading concern underpinning this risk. This is likely due to Victoria's diverse topography and climate change's increasing pace.

Financial constraints on Victorian councils due to rate capping leave them with few alternatives to manage the rapid environmental change. This reason ranked in the top two positions by all represented regions.

Second were two equally placed concerns: insufficient disaster recovery funding arrangements to adequately build back better and more resilient infrastructure and assets that can withstand future climate scenarios, and the impact of climate change projection on councils' business/functions and ability to satisfy the local community's needs.

Insufficient disaster recovery funding arrangements to adequately build back better and more resilient infrastructure and assets that can withstand future climate scenarios was ranked in the top three places in regional city, regional and remote/rural areas.

This shows that limited revenue growth restricts councils' ability to implement proactive strategies for addressing climate change.

Top three underlying factors for Climate Change/Adaption by region

CITY

1. Assessment of predicted Climate Change impacts on council business/function
2. Immature/inability/or not sure how to develop strategic policies and operational programs to mitigate and adapt to climate change
3. Not understanding legislative changes due to predicted climate change impacts

METROPOLITAN

1. Assessment of predicted Climate Change impacts on council business/function
2. Impacts of climate change projections on council/meet community expectations.
3. Insufficient disaster recovery funding arrangements to adequately build back better and more resilient infrastructure and assets

REGIONAL CITY

1. Assessment of predicted Climate Change impacts on council business/functions
2. Insufficient disaster recovery funding arrangements to adequately build back better and more resilient infrastructure and assets
3. Impacts of climate change projections on council/meet community expectations

REGIONAL

1. Insufficient disaster recovery funding arrangements to adequately build back better and more resilient infrastructure and assets
2. Impacts of climate change projections on council/meet community expectations
3. Assessment of predicted Climate Change impacts on council business/function

REMOTE/RURAL

1. Assessment of predicted Climate Change impacts on council business/function
2. Immature/inability/or not sure how to develop strategic policies and operational programs
3. Insufficient disaster recovery funding arrangements to adequately build back better and more resilient infrastructure and assets

New South Wales

In New South Wales CEO/GMs ranked Climate Change fifth, just one point lower than the national ranking. 63% of respondents noted the unpredictability of climate change and its impact on Council business and functions as the leading contributing factor to this risk.

Severe and unforeseen natural events have impacted several regions over the past few years in which local governments and communities could not be prepared for. The Northern Rivers, for example, has experienced a series of unpredictable and devastating events, including storms, floods and bushfires.

The frequency and severity of these events have made it challenging for the community to anticipate and prepare for the impacts of these events. Residents have faced the difficult task of recovering from one disaster only to be struck by another, leaving them with little time to catch their breath and rebuild. These repeated and unpredictable events have devastated the region.

The 2022 Central NSW floods have had similar effects. The town of Forbes prepared for a one-in-100-year event but was instead impacted by a one-in-500-year event.

Though these floods were expected and planned for, no one predicted their magnitude.

Following this, 44% of respondents cited insufficient disaster recovery funding arrangements as a major concern. Current funding will not adequately build back better, nor will it fund building more resilient, climate-proof infrastructure and assets.

For example, Northern Rivers Councils have only received remediation works in 2024 for floods that occurred in 2021. Despite this, councils have made every effort to manage recovery efforts with their own funds. However, limited cash flow and the difficulty of repairs make true recovery challenging.

Lack of funds, construction resources, supplies, human resources and trades has a profound impact on communities. Without these critical resource efforts, councils face continued difficulties that hamper their ability to respond and support affected communities effectively.

Top three underlying factors for Climate Change/Adaption by region

METROPOLITAN

1. Assessment of predicted Climate Change impacts on council business/function
2. Difficulties incurred in contributing to a net zero economy
3. Impacts of climate change projections on council/ meet community expectations

REGIONAL CITY

1. Assessment of predicted Climate Change impacts on council business/functions
2. Insufficient disaster recovery funding arrangements to adequately build back better and more resilient infrastructure and assets
3. Impacts of climate change projections on council/ meet community expectations

REGIONAL

1. Assessment of predicted Climate Change impacts on council business/function
2. Impacts of climate change projections on council/ meet community expectations.
3. Difficulties incurred in contributing to a net zero economy

REMOTE/RURAL

1. Insufficient disaster recovery funding arrangements to adequately build back better and more resilient infrastructure and assets
2. Assessment of predicted Climate Change impacts on council business/function
3. Difficulties incurred in contributing to a net zero economy

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Queensland

Queensland CEOs in line with the national perspective cited the assessment of predicted impacts on council business and functions as their leading underlying concern for climate change by a significant margin. This was followed by insufficient disaster recovery funding to build back better and more resilient infrastructure capable of withstanding future climate scenarios.

The consistency between Queensland CEOs and their counterparts nationally demonstrates the need for prioritisation of support, investment and resilience building by the Commonwealth and states. These efforts must aim address local vulnerabilities and increase local response capacity and capability, with the ultimate goal of ensuring councils can help their local communities adapt to climate change's impact.

40

26.19%
Difficulties incurred in contributing
to a net zero economy

38.10%
Insufficient disaster recovery funding
arrangements to adequately build
back infrastructure and assets

71.53%
Assessment of predicted
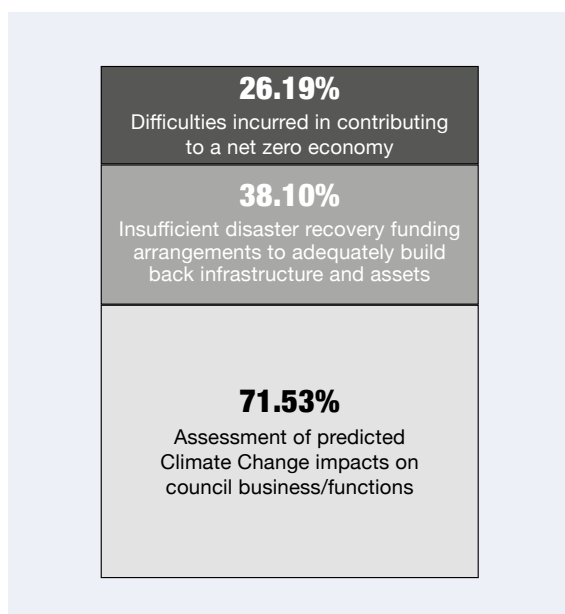Climate Change impacts on
council business/functions

Figure 11: The top three underlying factors for this risk in Queensland. This shows the percentage of councils that ranked each factor as high by CEOs.

Top three underlying factors for Climate Change/Adaption by region

METROPOLITAN
1. Assessment of predicted Climate Change impacts on council business/function
2. Identifying council's carbon footprint to respond to community expectations
3. Impacts of climate change projections on council/ meet community expectations

REGIONAL CITY
1. Insufficient disaster recovery funding arrangements to adequately build back better and more resilient infrastructure and assets
2. Assessment of predicted Climate Change impacts on council business/functions
3. Impacts of climate change projections on council/ meet community expectations

REGIONAL
1. Assessment of predicted Climate Change impacts on council business/function
2. Difficulties incurred in contributing to a net zero economy
3. Insufficient disaster recovery funding arrangements to adequately build back better and more resilient infrastructure and assets

REMOTE/RURAL
1. Assessment of predicted Climate Change impacts on council business/function
2. Insufficient disaster recovery funding arrangements to adequately build back better and more resilient infrastructure and assets
3. Not understanding legislative changes due to predicted climate change impacts

Tasmania

Tasmanian respondents ranked Climate Change fourth, equal to the national ranking.

Over 85% of respondents ranked the assessment of predicted climate change impacts on councils' business and functions as the primary contributing factor for this risk. In seaside councils managing coastal erosion, this concern poses a serious threat. Discussions are taking place at the State level to address this issue and find solutions.

As the young, climate-conscious generation become eligible voters, climate change must be prioritised in policy. This concern was ranked in the top two positions across all regions.

Next was the impact of climate change projection on councils' business/functions and ability to satisfy the needs of the local community. This concern was ranked 57% of CEO/GMs. Metropolitan and rural/remote councils placed this in the top two positions.

Top three underlying factors for Climate Change/Adaption by region

METROPOLITAN
1. Assessment of predicted Climate Change impacts on council business/function
2. Impacts of climate change projections on council/ meet community expectations
3. Insufficient disaster recovery funding arrangements to adequately build back better and more resilient infrastructure and assets

REGIONAL
1. Assessment of predicted Climate Change impacts on council business/function
2. Identifying council's carbon footprint to respond to community expectations
3. Not understanding legislative changes due to predicted climate change impacts (Development and Planning legislation, Emergency Management processes, budget impact on assets/infrastructure)

RURAL/REMOTE
1. Impacts of climate change projections on council/ meet community expectations
2. Assessment of predicted Climate Change impacts on council business/function
3. Not understanding legislative changes due to predicted climate change impacts

Northern Territory

In the Northern Territory, CEOs ranked Climate Change considerably lower at ninth, compared to the national ranking of fourth.
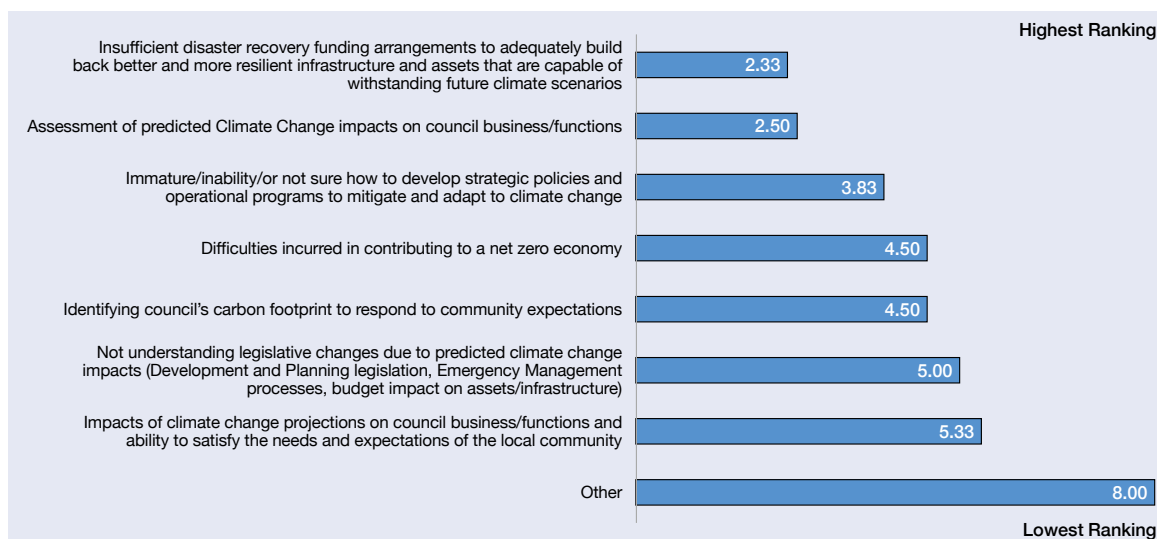
Figure 12: Climate change and/or adaption average ranking of underlying factors 1-8

This difference may be due to their focus on addressing ongoing short-term challenges and/or given the NT's familiarity with extreme weather and catastrophic events that infrastructure and communities are resilient.

When reviewing the underlying reasons for this risk, 66.6% of respondents equally ranked the following two factors as the underlying reasons for this risk. The assessment of predicted climate change impacting on councils' business

and functions was one of the concerns, along with insufficient disaster recovery funding arrangements to adequately build back better and more resilient infrastructure and assets that can withstand future climate scenarios.

The assessment of predicted climate change impacts on councils' business function was within the top two ranking for all councils. However, insufficient disaster recovery funding ranked in the top two for municipal and regional councils.

Western Australia

Western Australian council CEO/GMs placed the Climate Change risk fourth, in line with the national ranking
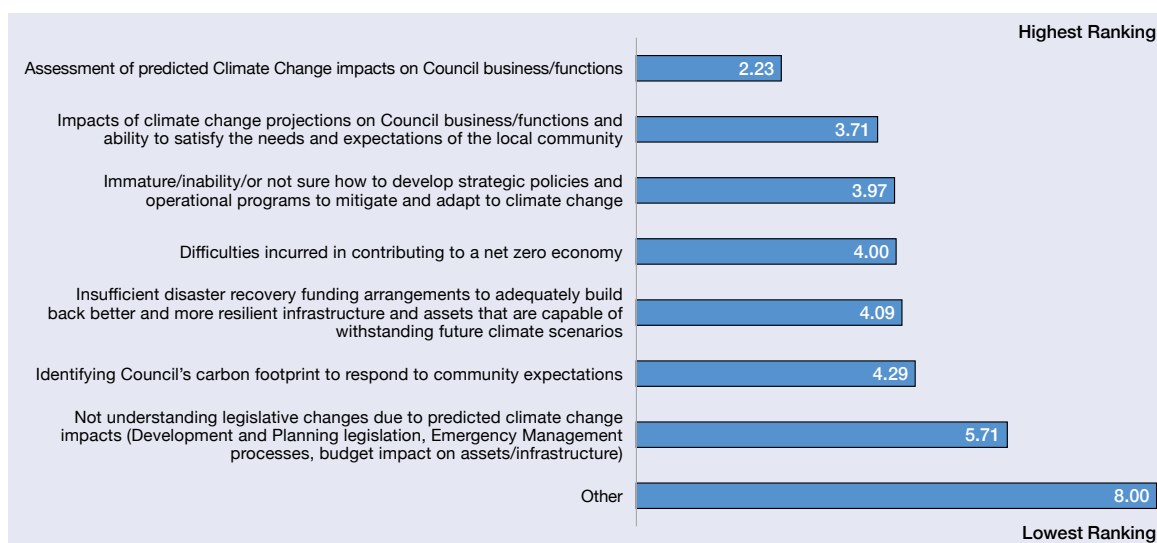
Figure 13: Climate change and/or adaption average ranking of underlying factors 1-8

42

60% of respondents noted the assessment of predicted climate change impacts on councils' business and functions as the leading concern for this risk. This reason was the highest ranking across all responding regions.

This ranking is critical considering WA's vulnerability to climate change, environmental and ecological risks, and the potential economic and social repercussions. Local government must prioritise strategies to address these risks and ensure their community's resilience and sustainability.

37% of respondents ranked insufficient disaster recovery funding arrangements to adequately build back better and more resilient infrastructure and assets that can withstand future climate scenarios as the second most concern.

The underlying factor of insufficient disaster recovery funding arrangements for building resilient infrastructure and assets was ranked in the top three positions by metropolitan, regional, and rural/remote councils. This is likely due to WA's vulnerability to climate change-related natural disasters, limited recovery resources and budgets, and Council's understanding that resilient buildings are critical for ensuring their community's long-term sustainability and safety.

Climate change and its impacts on councils' business and functions are significant concerns for WA local governments. Assessing predicted climate change impacts and sufficient funding arrangements for disaster recovery and resilience building are crucial for addressing these risks. It is vital that WA local governments prioritise climate change adaptation and mitigation strategies to protect their communities and ensure their sustainable future.

South Australia

South Australian CEO/GMs ranked Climate Change as the sixth highest risk. This is relatively close to the national placement of fourth.

The assessment of predicted climate change impacts on councils' business and functions was ranked as the leading concern underpinning climate change, with over 61% of respondents placing it first.

Climate data and projections are key to assessing climate risk impact on councils' business and functions. With accurate data, councils can undertake accurate risk assessments, identify the impacts and develop risk management strategies to reduce exposure to liability risk.

The second most significant concern underpinning climate change was difficulties incurred in contributing to a net zero economy, as ranked by 38% of respondents. This was ranked in the top two positions across all regions.

South Australian councils are working towards a net zero economy, with notable progress in some areas. However, with Financial Sustainability as the top risk in the JLT Risk Report, this objective faces significant challenges.

Top three underlying factors for Climate Change/Adaption by region

CITY

1. Impacts of climate change projections on council/ meet community expectations.
2. Assessment of predicted Climate Change impacts on council business/function
3. Difficulties incurred in contributing to a net zero economy

METROPOLITAN

1. Impacts of climate change projections on council/ meet community expectations.
2. Assessment of predicted Climate Change impacts on council business/function
3. Insufficient disaster recovery funding arrangements to adequately build back better and more resilient infrastructure and assets

REGIONAL CITY

1. Assessment of predicted Climate Change impacts on council business/functions
2. Insufficient disaster recovery funding arrangements to adequately build back better and more resilient infrastructure and assets
3. Inability to develop strategic policies and operational programs to mitigate and adapt to climate change

REGIONAL

1. Assessment of predicted Climate Change impacts on council business/function
2. Insufficient disaster recovery funding arrangements to adequately build back better and more resilient infrastructure and assets
3. Difficulties incurred in contributing to a net zero economy

REGIONAL/RURAL

1. Assessment of predicted Climate Change impacts on council business/function
2. Identifying Council's carbon footprint to respond to community expectations
3. Difficulties incurred in contributing to a net zero economy

5

DISASTER & CATASTROPHE

Unpredictable weather-related events and their profound impact on communities remain at the forefront of local government executives' agendas. Natural catastrophes/disasters and climate change consistently rank among the top three to five risks faced.

Unpredictable weather-related events and their profound impact on communities remain at the forefront of local government executives' agendas. Natural catastrophes/disasters and climate change consistently rank among the top three to five risks faced.

Australia continues to experience increased weather-related catastrophes, including extreme storm events, bushfires and floods. These are occurring with unprecedented frequency and severity and are exacerbated by unpredictable weather patterns.

82.65% of CEOs/GMs identified these extreme, unpredictable climate-related events as the leading contributing factor to the Disaster & Catastrophe risk.
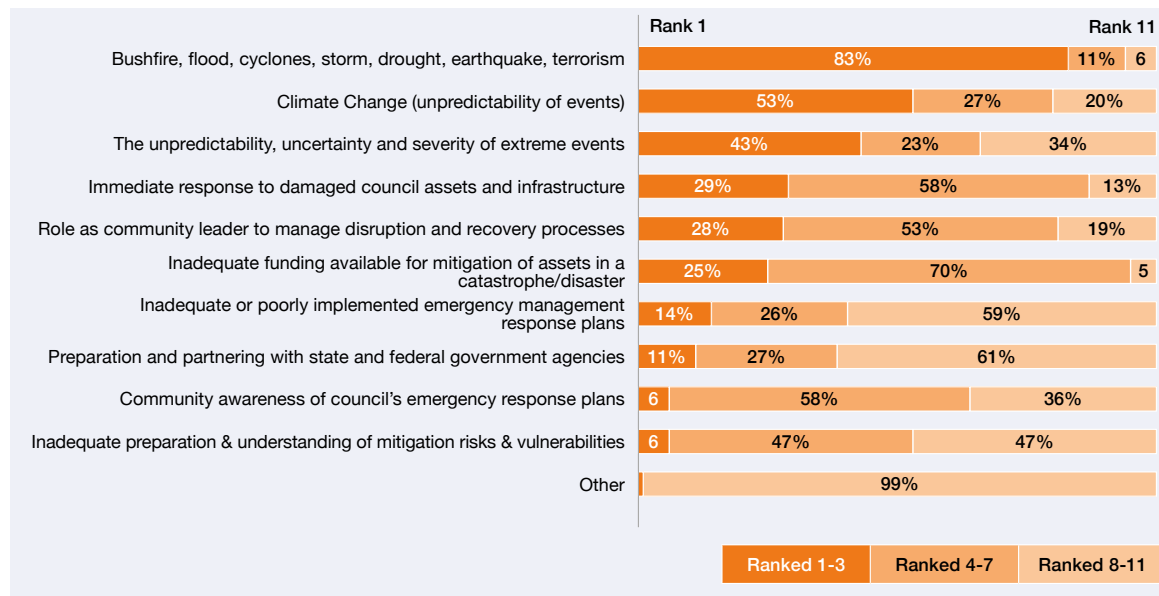
Figure 14: Disaster or Catastrophic Events National Risk Heat Map

This aligns with the 2024 World Economic Forum Global Risk Report findings, where world leaders ranked Extreme Weather events as the second most significant short-term risk (under two years) and the top risk over a longer term (10-year horizon).

In fact, 66% of respondents in this report identified Extreme Weather as the foremost global crisis risk, with El Niño's warming phase projected to intensify and persist into 2024.

Figure 15: Global risks ranked by severity over the short and long term
Source: World Economic Forum, Global Risks Perception Survey 2023-2024

Figure 16: Current risk landscape
Source: World Economic Forum, Global Risks Perception Survey 2023-2024

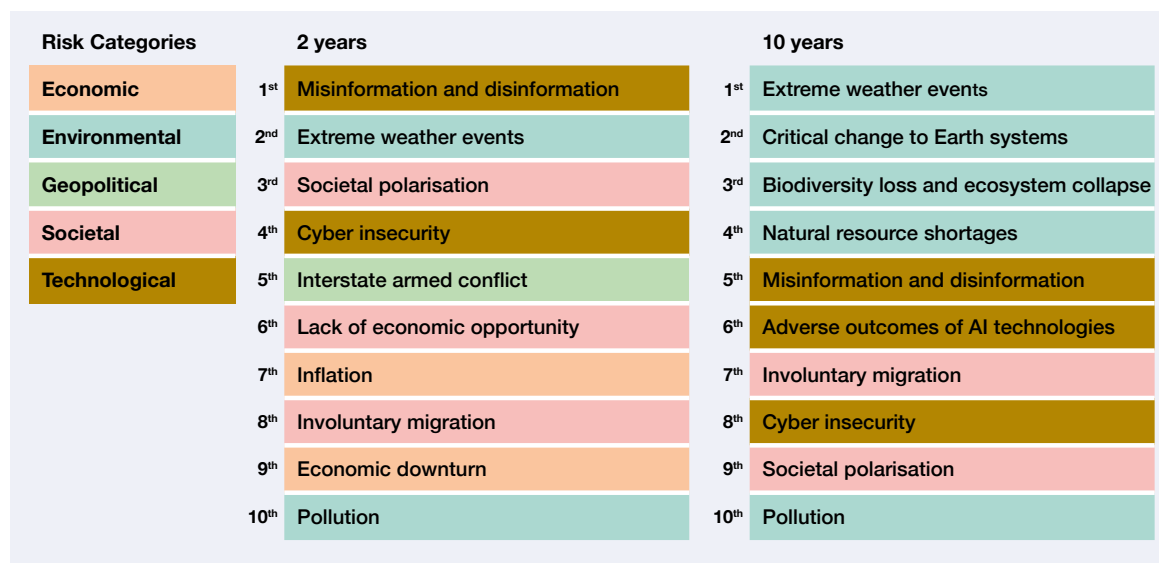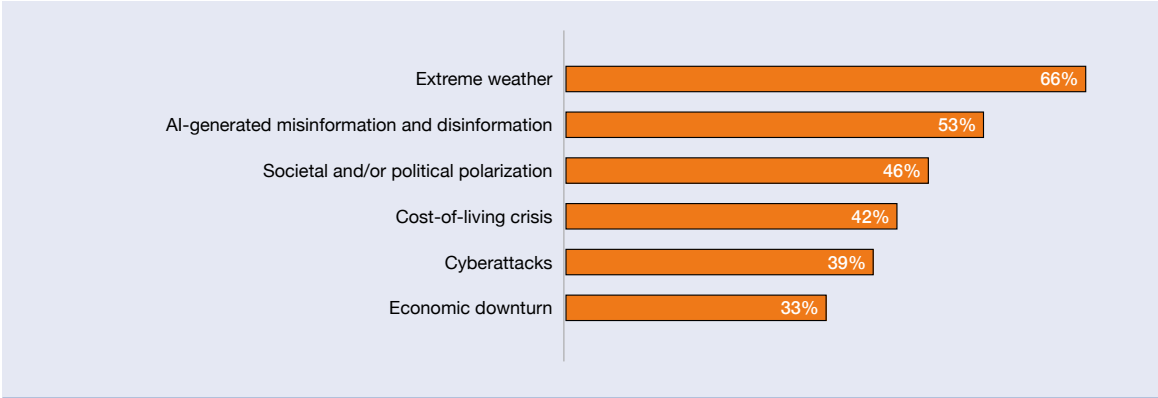This finding aligns with the 2023 Allianz Risk Barometer,[13] which identified the major global business risks across 94 countries. Australia was the only country that rated Natural Catastrophes as its leading risk, followed closely by Business Interruption and Climate Change.

The Allianz Risk Barometer Global, Corporate & Specialty listed the top three risks in Australia as:

1. Natural catastrophes ↑

2. Business interruption ↓

3. Climate change ↑

Natural catastrophes are the new top risk, driven by events such as flooding, which resulted in the country's most costly natural catastrophes in 2022.

The findings from the Public Sector Survey aligns with the trend over the past five years, marked by high costs from such events. The Insurance Council of Australia reported the 2022 New South Wales/Southeast Queensland flood as the second largest insured event, with over 240,000 claims totalling $6 billion. This includes $3.4 billion in home property, $710 million in home contents and $304 million in personal motor claims.

These figures highlight the interconnected nature of the risks outlined in this report, emphasising Financial Sustainability as the leading risk.

When combining the high and medium priority rankings, 94.52% of councils consider the immediate response to damaged council assets and infrastructure as the most pressing underlying concern. This further underscores the link between catastrophic events, assets & infrastructure and the associated management and repair costs.

These findings highlight other concerns like the 'protection gap' – the discrepancy between total and insured losses. Low insurance coverage in communities and high hazard levels ensures disaster risk and business continuity, risks remain key priorities for local government. This protection shortfall presents insurers with an opportunity to bridge the gap, contributing to more resilient communities in vulnerable regions in the future.

The national rankings of the top three factors contributing to this risk show minimal regional differences.

Regions hit by disasters and catastrophes in the past five years may have at least one distinct factor, yet Climate Change consistently ranks second following specific events affecting metropolitan, regional city, regional and remote/rural communities, reflecting the significant impact these areas have faced.

The impact of natural disasters on local government owned or controlled assets is significant. Local governments are crucial in assisting communities post-disaster. Although government funding for roads and infrastructure repairs may be available to councils, accessing and consistently allocating them is challenging. Moreover, securing contractors for timely repairs is difficult in the current environment. This situation complicates meeting and managing community expectations.

To address these challenges, the Australian Government's National Action Plan, supported by the National Disaster Resilience Strategy, advocates for building resilience as the key solution to lessen the impacts of disaster risk.

Although local governments are increasingly overwhelmed by the capacity and capability to respond and recover from unprecedented natural hazards, the urgency to bolster national-level resilience appears to be diminishing. For 537 councils, response strategies under the National Action Plan must vary to align with local needs and state/national priorities, crucially evolving over time as natural hazards occur.

As these events become more frequent, local governments face increasing pressure to prioritise disaster risk investment despite other priorities. Such informed investment decisions aim to mitigate the impact of natural hazards on communities.

It's clear that more effective, efficient investment enhances the ability to measure and monitor Australia's resilience. And when applied with certainty, this approach promotes better governance and informed decision-making – and attracts targeted investment.

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[13] Allianz Risk Barometer 2023, Natural catastrophes, business interruption and climate change are top business risks in Australia 2023

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Measuring resilience is complex due to the varied challenges natural hazards pose to all stakeholders, including households, communities, organisations, businesses, insurers and local, state and national governments. Plus, resilience levels fluctuate with the changing impact of disasters, the effectiveness of mitigation investment, shifting vulnerabilities, and the varying resources available to respond.

Measuring national resilience against disaster risk reveals the competing interests of communities, local, state, national government, national security and national sustainability. It also offers evidence to question the protection gap, the assumed 'adequacy' of protection, and 'insurance' accessibility and availability. A detailed national understanding of Australia's strengths and vulnerabilities will enable timely and decisive action to prepare for future crises, whatever they may be.

To June 2024, 34 councils have participated in the National Local Government Vulnerability Program which collaborates across all levels of government and is fundamental to the National Action Plan.

Through this program, JLT has collected risk and profile data to develop and apply suitable risk transfer solutions that mitigate disaster impacts on built, natural, community/ social and financial environment in a form that enables better informed decision for disaster risk reduction investments.

Participating councils gain valuable insights into their vulnerability profile with access to national data sorted by council and region acquiring harmonised information that informs and strengthens community resilience.

Responding to the assumptions of adequate levels of protection and the accessibility and availability of insurance for disaster risk, insurance in its traditional form falls short, as cost and limited availability of 'solutions' drive consumers away from the market. This leads to more challenging responses for governments, councils and communities to natural hazards/disaster events.

A Community Catastrophe Mutual (CCM) a financial model where a local government area or region partners with its community, other government levels and the insurance sector could be an alternative solution.

Insurers continue to advocate strongly for mitigation measures that systemically reduce disaster risk, enabling balanced downward pressure on insurance premiums. Reducing disaster risks and costs requires collaboration, effective long-term planning and measured investment to better protect Australians.

A CCM model could be a viable solution, provided it meets local environments, expectations and specific community needs. It must also provide sustainable and financially stable disaster risk protection.

Having insights into each council's vulnerability profile shapes each council's strategic, financial and risk reduction planning. In line with the objectives of the National Action Plan, Strategy and Risk Reduction framework, all levels of government will utilise the NLGVP data for coordinated and better informed decision-making, ensuring investments in disaster risks are made effectively and efficiently.

This will bolster Australia's resilience, fostering a culture where all community members can access safety, assurance and prosperity.

Top ranking underlying factors for Disaster or Catastropic Event by State/Territory

NSW NT QLD SA VIC WA	Bushfire, flood, cyclones, storm, drought, earthquake, terrorism
TAS	Climate Change (unpredictability of events)

Top three underlying factors for Disastster/ Catastrophic Event by region

CITY
1. Inadequate funding available for mitigation of assets in a castrophe/disaster
2. Climate Change (unpredictability)
3. Bushfire, flood, cyclones, storm, drought, earthquake, terrorism

METROPOLITAN
1. Bushfire, flood, cyclones, storm, drought, earthquake, terrorism
2. Climate Change (unpredictability)
3. Unpredictability/uncertainty and severity of extreme events

REGIONAL CITY
1. Bushfire, flood, cyclones, storm, drought, earthquake, terrorism
2. Climate Change (unpredictability)
3. Immediate response to damaged council assets/ infrastructure

REGIONAL
1. Bushfire, flood, cyclones, storm, drought, earthquake, terrorism
2. Climate Change (unpredictability)
3. Unpredictability/uncertainty and severity of extreme events

REMOTE/RURAL
1. Bushfire, flood, cyclones, storm, drought, earthquake, terrorism
2. Climate Change (unpredictability)
3. Community awareness of council's emergency response plans

New South Wales

New South Wales respondents ranked the Disaster & Catastrophe risk fourth, one point higher than the national ranking. This is unsurprising, considering the events the state has faced over the past five years.
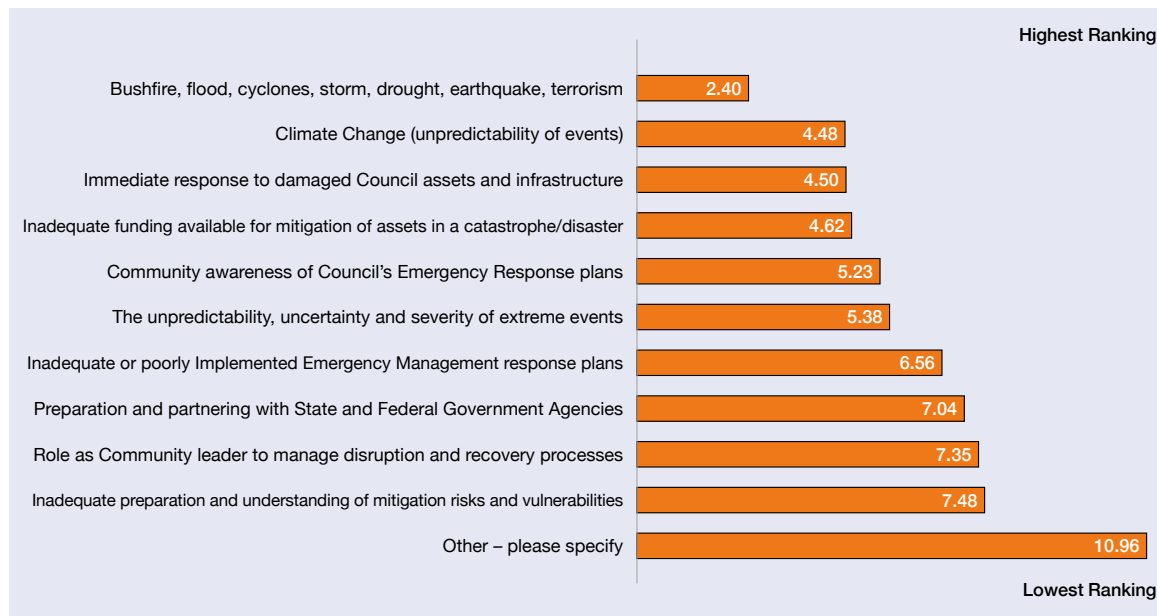

Figure 17: Disaster/Catastrophic Event Average Ranking for New South Wales of underlying factor 1-11

In line with the nationwide view, NSW council executives raised the threat of natural hazards like bushfires, floods, cyclones and storms as their primary concern.

This was especially true for regional councils, where 83% ranked it as a major concern compared to 60% of metropolitan councils. The frequent and severe storm-related flood events in the Northern Rivers and the Central West regions in recent years are likely to blame for this discrepancy.

50% of councils across the state identified climate change as a major concern, in line with the nationwide result. This highlights that many councils view climate change as the driving force behind rising natural catastrophic events. Climate change is viewed as an ongoing threat that could escalate the frequency and severity of these events.

Meanwhile, 40% of respondents raised the unpredictability, uncertainty and severity of extreme events as a major concern. This was slightly higher than the nationwide response of 39%.

Lack of funding poses a constant challenge for NSW councils, closely following this concern. 38% of NSW councils cite potential inadequate funding availability for disaster mitigation as a major threat, surpassing the national average of 32%.

This minor difference may be because some NSW councils received delayed and insufficient funding to assist with mitigating assets after catastrophes.

The rising frequency and severity of natural events in recent years has significantly impacted many NSW councils, heightening concerns about climate change and the potential lack of funds for mitigating assets after future catastrophic events.

Top three underlying factors for Disastster/ Catastrophic Event by region

METROPOLITAN
1. Bushfire, floods, cyclones etc.
2. Unpredictability, uncertainty and severity of extreme events
3. Climate Change

REGIONAL CITY
1. Bushfire, floods, cyclones etc.
2. Climate Change
3. Unpredictability, uncertainty and severity of extreme events

REGIONAL
1. Bushfire, floods, cyclones etc
2. Inadequate funding available for mitigation of assets
3. Climate Change

REMOTE/RURAL
1. Bushfire, floods, cyclones etc
2. Climate Change
3. Inadequate funding available for mitigation of assets

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Northern Territory

This year, the Northern Territory ranked Disaster & Catastrophe tenth.

The ranking of concerns can be influenced by recent events or experiences in the Northern Territory. While some NT communities have been impacted by recent significant events such as floods and cyclones, they have not had catastrophic impacts to NT Councils therefore it's natural for CEOs to have other leading concerns.

It is important to note that risk rankings can fluctuate annually and by regions, influenced by each area's unique context, experience, and priorities. These significantly shape the perception of various risks

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Queensland

Queensland respondents ranked Disaster & Catastrophe as the fourth highest risk, one point higher than the national ranking.

Queensland's Disaster & Catastrophe risk perspective aligns with the national view, prioritising the risk from exposure to natural or man-made hazards, followed by climate change impacts and the predictability of extreme events.

Interestingly, 92% of CEOs identified exposure to natural or manmade hazards as a high risk in Queensland compared with 82% of CEOs nationally, likely reflecting the state's higher frequency and exposure to natural disaster events in recent years.

Top three underlying factors for Disastster/ Catastrophic Event by region

METROPOLITAN
1. Climate Change
2. Bushfire, floods, cyclones etc.
3. Unpredictability/uncertainty and severity of extreme events

REGIONAL CITY
1. Bushfire, floods, cyclones etc.
2. Immediate response to damaged council assets & infrastructure
3. Inadequate funding available for mitigation of assets

REGIONAL
1. Bushfire, floods, cyclones etc
2. Climate Change
3. Unpredictability/uncertainty and severity of extreme events

REMOTE/RURAL
1. Bushfire, floods, cyclones etc
2. Community awareness of council's emergency response plans
3. Unpredictability/uncertainty and severity of extreme events

South Australia

South Australian CEO/GMs shared similar concerns as their interstate counterparts with the risk of bushfire, flood and the impact of extreme weather events as their principal concern. South Australia experienced significant bushfire events in 2020/21 on Kangaroo Island, Adelaide Hills and the South East region.

The River Murray floods in 2022/23 served as a stark reminder of the significant impact that flooding events can have on communities. These floods highlighted assets and infrastructure vulnerability and Council's exposure to such risks.

Managing community expectations after these bushfire and flooding events proved challenging. CEO/GMs reported that both private property and business owners were deeply affected by these events, particularly on Kangaroo Island and in the towns impacted by the River Murray flooding which rely heavily on tourism adding urgency and pressure to the recovery and restoration of critical assets and infrastructure. As such, meeting the expectations of the community, especially in terms of recovery and reinstatement efforts thats became a critical focus for councils in these areas.

Interestingly, SA regional CEO/GMs ranked the ability for councils to respond immediately to address damaged assets and infrastructure equally to council's exposure to extreme weather events. This highlights the dual challenge councils face in securing adequate funding and mobilising resources for the recovery process.

Top three underlying factors for Disastster/ Catastrophic Event by region

CITY
1. Inadequate funding available for mitigation of assets
2. Immediate response to damaged council assets & infrastructure
3. Inadequate or poorly implemented emergency response plans

METROPOLITAN
1. Bushfire, floods, cyclones etc.
2. Climate Change (unpredictability)
3. Unpredictability, uncertainty and severity of extreme events

REGIONAL CITY
1. Immediate response to damaged council assets and infrastructure
2. Bushfire, floods, cyclones etc
3. Climate change (unpredictability)

REGIONAL
1. Bushfire, floods, cyclones etc
2. Inadequate funding available for mitigation of assets
4. Climate change (unpredictability)

REMOTE/RURAL
1. Bushfire, floods, cyclones etc
2. Unpredictability, uncertainty and severity of extreme events
3. Climate Change (unpredictability)

Victoria

28% of Victorian CEO/GMs ranked Disaster & Catastrophe as a leading risk for their councils, placing it fifth, matching the national ranking.
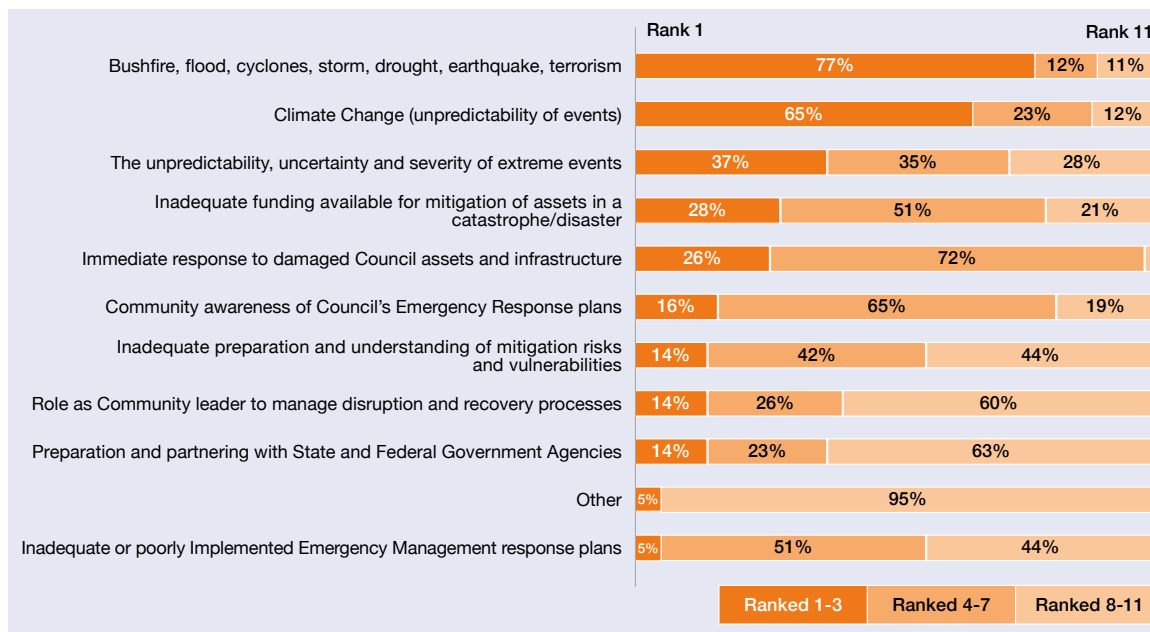

Figure 18: Disaster or Catastrophe Event, Victoria Risk Heat Map

This ranking likely follows the catastrophic flooding event in regional Victoria in 2022 and the extensive bushfire disaster that preceded it. Victoria's natural risk profile is particularly prone to bushfire and flooding events, though concern levels for these risks can vary by location, particularly among metropolitan councils.

Over 76% of respondents ranked bushfires, floods, cyclones as their primary concern for this risk. This ranking is likely linked with the second and third ranked concerns, with 65% of respondents ranking Climate Change as the second most pressing issue, followed by 37% who are concerned about the unpredictability, uncertainty and severity of extreme events.

Nearly 35% of respondents ranked the unpredictability of extreme events as a medium risk, nearly equal to the highest-ranking position. The summer of 2023/24 has proven the unpredictable nature of Victorian weather, with extreme heat, storms, flash-flooding and even a mini tornado affecting the state.

Interestingly, metropolitan councils ranked the unpredictability of natural events and climate change as their leading concern for this risk closely followed by bushfires, floods and cyclones etc. 90%-100% of regional city, regional and remote/rural regions ranked this as their leading concern.

Top three underlying factors for Disastster/Catastrophic Event by region

CITY

1. Inadequate funding available for mitigation of assets
2. Climate Change (unpredictability)
3. Unpredictability/uncertainty and severity of extreme events

METROPOLITAN

1. Unpredictability/uncertainty and severity of extreme events
2. Climate Change (unpredictability)
3. Bushfire, floods, cyclones etc

REGIONAL CITY

1. Bushfire, floods, cyclones etc
2. Climate Change (unpredictability)
3. Immediate response to damaged council assets and infrastructure

REGIONAL

1. Bushfire, floods, cyclones etc
2. Climate Change (unpredictability)
3. Inadequate funding available for mitigation of assets

REMOTE/RURAL

1. Bushfire, floods, cyclones etc
2. Climate Change (unpredictability)
3. Unpredictability/uncertainty and severity of extreme events

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Tasmania

Disasters & Catastrophes ranked third among risks, with over 42% of Tasmanian CEO/GMs prioritising it.

In Tasmania, all respondents cited climate change and natural disasters such as bushfires, floods, cyclones as equal leading concerns for this risk, underscoring the acute awareness and vulnerability to weather-related perils. The island's unique natural environment contributes to an extremely high risk of bushfires and flooding in specific areas.
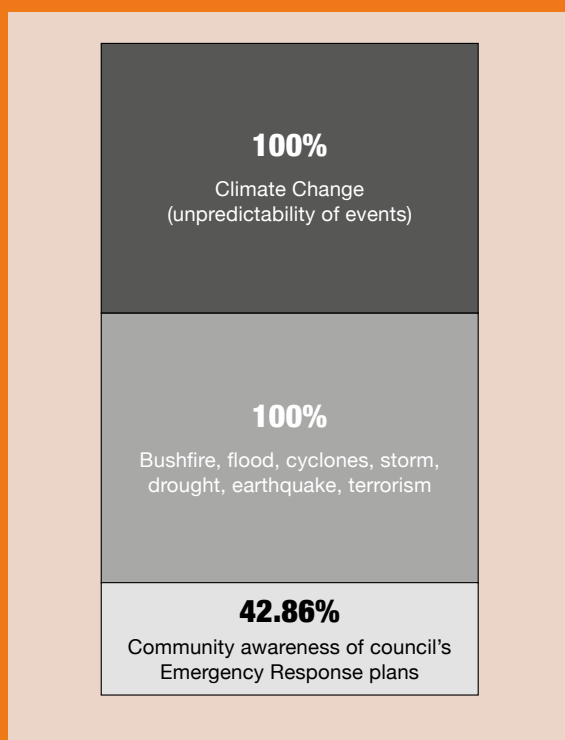

Figure 19: The top three underlying factors for this risk in Tasmania. This shows the percentage of councils that ranked each factor as high.

Top three underlying factors for Disastster/ Catastrophic Event by region

METROPOLITAN
1. Climate Change (unpredictability)
2. Bushfire, floods, cyclones etc.
3. Unpredictability/uncertainty and severity of extreme events

REGIONAL
1. Unpredictability/uncertainty and severity of extreme events
2. Climate Change (unpredictability)
3. Bushfire, floods, cyclones etc

REMOTE/RURAL
1. Climate Change (unpredictability)
2. Bushfire, floods, cyclones etc
3. Community awareness of council's Emergency Response plans

Western Australia

Western Australia aligned with the national ranking, placing Disaster & Catastrophe in fifth position, with 28% of respondents citing it as their leading risk. Meanwhile, 77% of respondents identified bushfires, floods, cyclones as the leading concern for this risk.

Regional city councils ranked this issue second, and regional and remote/rural councils ranked it as their top concern.

Natural disasters are becoming more frequent, reducing the recovery, planning and preparation time between incidents. This issue affects all WA local governments, but remote/rural councils are particularly susceptible to natural hazards (like bushfires, floods and cyclones) due to their geographical location and closeness to natural environments.

Resource availability also plays a crucial role. While all regional councils face challenges in resource allocation, larger regional centres often have better access to emergency services, funding and support from higher government levels. This improves their ability to manage and respond to disasters, resulting in less concern than rural areas with more limited resources and support.

Beyond the Disasters & Catastrophes concern, 51% of respondents identified climate change as their second highest concern, highlighting a direct link between these risks. Climate change exacerbates the frequency and intensity of natural disasters, a critical issue for WA local governments facing more frequent bushfires and coastal erosion due to rising sea levels.

Almost 49% of respondents identified community awareness of the council's emergency response plans as a leading concern, especially in regional and remote areas, where it was ranked among the top three concerns.

Local governments in these areas face distinct challenges in promoting community awareness of emergency response plans. Factors such as vast geographic distances, dispersed populations, limited resources, and unreliable internet and phone systems complicate effective communication with the community.

Top three underlying factors for Disastster/ Catastrophic Event by region

METROPOLITAN
1. Unpredictability/ uncertainty and severity of extreme events
2. Climate Change (unpredictability)
3. Bushfire, floods, cyclones etc.

REGIONAL CITY
1. Climate Change (unpredictability)
2. Bushfire, floods, cyclones etc
3. Inadequate funding available for mitigation of assets

REMOTE/RURAL
1. Bushfire, floods, cyclones etc
2. Climate Change (unpredictability)
3. Community awareness of council's emergency response plans

REMOTE/RURAL
1. Bushfire, floods, cyclones etc
2. Climate Change (unpredictability)
3. Community awareness of council's emergency response plans
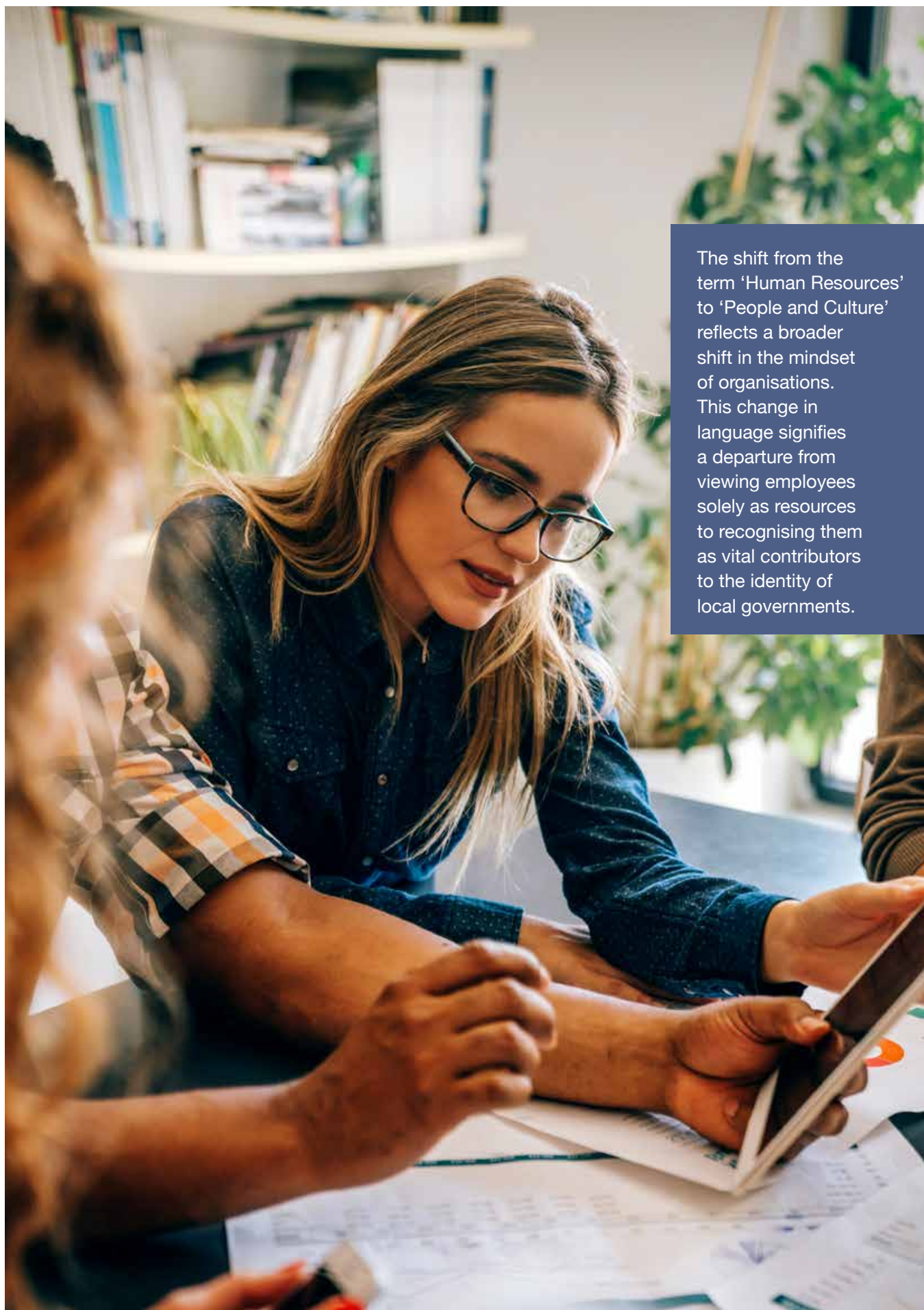
The shift from the term 'Human Resources' to 'People and Culture' reflects a broader shift in the mindset of organisations. This change in language signifies a departure from viewing employees solely as resources to recognising them as vital contributors to the identity of local governments.

6 PEOPLE & CULTURE

People and Culture represents a commitment to fostering an inclusive and collaborative workplace. It acknowledges that individuals are integral to driving innovation and a positive organisational ethos. This rebranding reflects a modern perspective on work, is aligned with the terminology used in the private sector and emphasises valuing individuals.

Despite ranking fifth, People and Culture has progressed two places. Councils have recognised the connection between their human resources and the culture of the organisation, which intertwines with many other risks.

When a significant event occurs, employees are stretched to their capacity to manage operational requirements while either preparing or recovering from the event. How this is addressed can impact the reputation and governance for a council and this therefore demonstrates the importance of People and Culture in supporting the workforce. Councils that have a strong culture and resilient workforce unsurprisingly can move past a significant event and resume normal operations sooner.

There were two main underlying issues identified within People and Culture, with their perceived importance varying between metropolitan and regional local governments. Metropolitan councils expressed their primary concern for their limited capacity to attract and retain professional staff. Meanwhile, regional areas noted managing a remote workforce as the number one challenge, with attracting staff followed closely behind.

Figure 20: People & Culture National Risk Heat Map

The limited capacity to attract and retain professional staff, coupled with inadequate employee numbers, can profoundly impact local government. This shortfall can jeopardise operational efficiency, hindering the completion of tasks and projects.

The inability to attract and retain qualified staff can lead to constant turnover, which disrupts institutional knowledge and continuity. This places undue strain on existing employees, potentially resulting in burnout and decreased morale. The consequence of the inability to attract and retain a qualified workforce impedes day-to-day operations and undermines the capacity to adapt, innovate, continuously improve and thrive in local government.

With heightened expectations on working from home, there are unique challenges in managing a remote workforce. Maintaining team cohesion, monitoring productivity and addressing communication gaps become more complex. Balancing flexibility with accountability is crucial, as is providing adequate support to ensure employee wellbeing and sustained performance in a virtual work landscape. Employers must also accommodate for the services that are not always available in remote communities. As such, transparent processes in managing these risks will contribute to a more resilient workforce and cultivate a positive relationship between leaders and employees.

Interestingly, the underpinning factor of rapidly increasing employment market costs and compliance with employee work, health and wellbeing regulations ranked similarly across all regions. Wage pressure and competing with private sector offerings are a concern, as is the ongoing handling of workers' compensation matters.

Competing with wage variations between local government and the private sector will always be challenging, as salaries are determined differently. Private sector wages are often influenced by market demand and competition, leading to potential fluctuations. However, local government wages can be more stable, as they reflect public sector policies and enterprise agreements, which impact salary scales and overall compensation structures.

Efficiently handling workers' compensation claims in Australia continues to be essential for both employers and employees. It guarantees prompt and equitable assistance for injured workers, supporting their recovery. Sound management minimises financial strain on councils by returning injured workers earlier and improving the sense of belonging. Several studies have shown that prioritising and valuing injured workers has a significant impact in decreasing in return-to-work timeframes.

By viewing these concerns holistically, we can see how ineffective People and Culture is one of the greatest risks moving forward and this is reflected in the higher ranking this year. Appropriate leadership and developing strategies to obtain, maintain and develop individuals into long-serving employees is more critical than ever.

Top ranking underlying factors for People & Culture by State/Territory

Region	Factor
NSW QLD SA VIC WA	Limited capacity to attract and retain professional staff
NT	Inadequate employee numbers
TAS	Compliance with employee health, safety and wellbeing regulation

Top three underlying factors for People & Culture by region

CITY
1. Rapidly rising employment market costs
2. Limited capacity to attract and retain professional staff
3. Compliance with employee health, safety & wellbeing regulation

METROPOLITAN
1. Rapidly rising employment market costs
2. Compliance with employee health, safety & wellbeing regulation
3. Limited capacity to attract and retain professional staff

REGIONAL CITY
1. Inadequate employee numbers
2. Limited capacity to attract and retain professional staff
3. Rapidly rising employment market costs

REGIONAL
1. Limited capacity to attract and retain professional staff
2. Inadequate employee numbers
3. Rapidly rising employment market costs

REMOTE/RURAL
1. Limited capacity to attract and retain professional staff
2. Inadequate employee numbers
3. Compliance with employee health, safety & wellbeing regulation

Queensland

Like the rest of Australia, Queensland councils are struggling to attract and retain employees. In comparison to the national view, a larger percentage of CEOs ranked the top two risks to People and Culture as high or medium risk. This suggests that Queensland's employment market may be more challenging than other states.

Indeed, addressing these risks in the context of local government is incredibly complex. Successfully navigating these challenges will require sustained focus, innovation and state government support.

Top three underlying factors for People & Culture by region

METROPOLITAN
1. Limited capacity to attract & retain professional staff
2. Workplace safety – protection from community & the psychological impact
3. Compliance with employee health, safety and wellbeing regulation

REGIONAL CITY
1. Inadequate employee numbers
2. Workplace safety – protection from community and the psychological impact inadequate employee numbers
3. Limited capacity to attract & retain professional staff

REGIONAL
1. Limited capacity to attract and retain professional staff
2. Inadequate employee numbers
3. Compliance with employee health, safety and wellbeing regulation

REMOTE/RURAL
1. Inadequate employee numbers
2. Limited capacity to attract and retain
3. Managing staff productivity and performance

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Northern Territory

In the Northern Territory, CEOs ranked People and Culture as the fifth risk, which is one point above the national ranking.

Figure 21: People & Culture Average Ranking of underlying factors in Northern Territory 1-10

The leading reasons for this risk were inadequate employee numbers and limited capacity to attract and retain professional staff. In fact, 83% of respondents ranked these as the top concerns.

When comparing the rankings between capital cities and regional councils, inadequate employee numbers were graded first or second by capital cities, while regional cities positioned this sixth.

Capital cities ranked limited capacity to attract and retain employees eighth while regional city and regional councils placed this second.

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Tasmania

In Tasmania, People and Culture was not considered a high risk, ranking eleventh compared to its sixth national ranking.

The reasons behind this risk in Tasmania include compliance with employee health and wellbeing regulations, rapidly rising employment market costs and the challenges of managing a remote workforce with increased expectations of workplace flexibility arrangements. These three factors ranked equally as the top reasons agreed upon by 57% of respondents. It is worth noting that the medium to low rankings for these reasons were the same.

Nearly 43% of respondents ranked inadequate employee numbers as the second highest concern underpinning this risk. This was cited as a leading concern for metropolitan councils equalling the three above concerns. It was also ranked first by regional councils. However, it didn't receive a high ranking by rural and remote councils, indicating a sound medium ranking.

These results underscore the challenges encountered by Tasmanian councils in attracting and retaining quality staff. Tasmania has been a 'confined talent pool' for many years, and considering the cost-of-living crisis, councils have struggled to match the private sector to secure high level talent.

Top three underlying factors for People & Culture by region

METROPOLITAN
1. Inadequate employee numbers
2. Rapidly rising employment market costs
3. Compliance with employee health, safety and wellbeing regulation

REGIONAL
1. Rapidly rising employment market costs
2. Limited capacity to attract and retain professional staff
3. Inadequate employee numbers

REMOTE/RURAL
1. Compliance with employee health, safety and wellbeing regulation
2. Challenges of managing a remote workforce with increased expectation of WFH arrangements
3. Rapidly rising employment market costs

New South Wales

Among New South Wales respondents, People and Culture ranked sixth – agreed upon by 21% of respondents and aligned with the national ranking.

Nearly 60% of respondents identified the limited capacity to attract and retain professional staff as the primary reason for this risk. Many councils operate under stringent budgets, which impacts their ability to offer competitive remuneration compared to other tiers of government or the private sector.

In rural areas, the situation is further complicated by the shortage of specialised positions. Rural workers often need to wear multiple hats and adopt various responsibilities, which can be daunting to candidates and deter them from working in regional locations.

Local government's political nature can present challenges for individuals from corporate backgrounds who are unfamiliar with the unique processes and requirements involved. Furthermore, it's not always perceived as exciting or rewarding compared to other sectors. This perception can be influenced by negative portrayals in the media or on social media platforms. It is important to note that these impressions do not always reflect the reality of working in local government.

In metropolitan, regional and rural/remote areas, this issue ranked second, while in regional cities it ranked fifth. Typically, regional city councils are large enough to attract public sector candidates, but not enough corporate talent. They strike the right balance of incorporating a greater job scope and remuneration compared to city, regional and rural councils.

Regional cities can often access quality health and education services and are close to airports and other essential facilities. This allows residents to enjoy the benefits of city life while living in a quieter environment. It also provides great flexibility for professionals to travel to major cities for work or personal reasons.

This issue was closely followed by rapidly rising employment market costs, which nearly 56% of respondents ranked second.

Top three underlying factors for People & Culture by region

METROPOLITAN

1. Rapidly rising employment market costs
2. Limited capacity to attract and retain professional staff
3. Compliance with employee health, safety and wellbeing regulation

REGIONAL CITY

1. Rapidly rising employment market costs
2. Compliance with employee health, safety and wellbeing regulation
3. Inadequate employee numbers

REGIONAL

1. Limited capacity to attract and retain professional staff
2. Inadequate employee numbers
3. Rapidly rising employment market costs

REMOTE/RURAL

1. Limited capacity to attract and retain professional staff
2. Rapidly rising employment market costs
3. Inadequate employee numbers

Victoria

In Victoria, nearly 14% of CEO/GMs ranked this risk seventh, which is lower than the national ranking of sixth.

58% of respondents identified the limited capacity to attract and retain professional staff as the primary reason for this risk. This reason was ranked the highest by regional and rural/remote councils. Metropolitan and regional city councils ranked this third, while capital city councils placed it ninth. This might reflect the COVID-19 sea or tree change that many Victorians made. Now, several years on, evidence reveals growth is declining in regional areas as many people return to metropolitan hubs.

Nearly 49% of CEO/GMs ranked inadequate employee numbers as the second highest concern. This issue was particularly significant in regional city and regional councils, where they ranked highly. The other regions placed this in the middle.

This further supports the notion that councils' financial stability is hindering their ability to attract and retain staff in a highly inflationary environment. The private sector has been offering higher wages for a while. Yet many councils particularly regional ones do not have the resources to compete for talent.

46% of respondents ranked compliance with employee health, safety and wellbeing regulations, as well as rapidly rising employment market costs as equal third reasons for this risk. All regions ranked these two concerns in the top five. These results indicate the increasing burden of employee mental health related complaints and wellbeing issues since the COVID-19 pandemic. These are major issues in the WorkSafe claims within the sector and we're likely to see increases in these issues by approximately 40% across local government for many years.
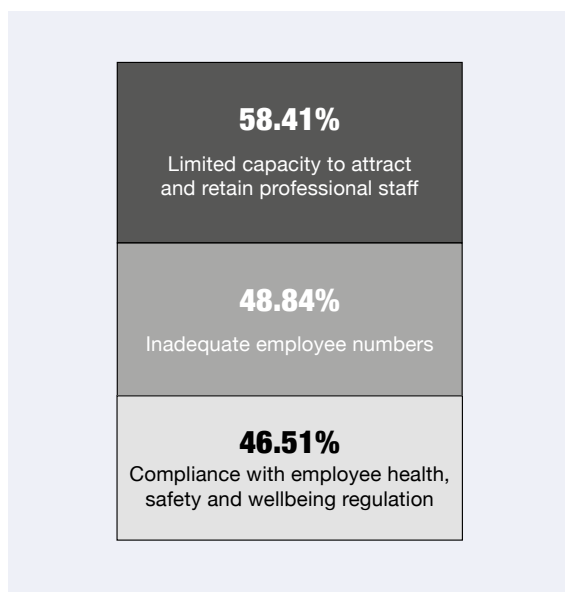
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Figure 22: The top three underlying factors for this risk in Victoria. This shows the percentage of councils that ranked the respective factor as high.

Top three underlying factors for People & Culture by region

CITY

1. Rapidly rising employment market costs
2. OHS & PWHS fines & penalties
3. Compliance with employee health, safety and wellbeing regulation

METROPOLITAN

1. Workplace safety – protection from community & the psychological impact
2. Compliance with employee health, safety and wellbeing regulation
3. Limited capacity to attract and retain professional staff

REGIONAL CITY

1. Inadequate employee numbers
2. Challenges of managing a remote workforce with increased expectation of WFH arrangements
3. Limited capacity to attract and retain professional staff

REGIONAL

1. Limited capacity to attract and retain professional staff
2. Inadequate employee numbers
3. Compliance with employee health, safety and wellbeing regulation

REMOTE/RURAL

1. Limited capacity to attract and retain professional staff
2. Rapidly rising employment market costs
3. Compliance with employee health, safety and wellbeing regulation

Western Australia

28% of respondents ranked People and Culture in sixth position, aligning with the national ranking.

The survey results revealed that the limited capacity to attract and retain professional staff is a leading concern for local government CEOs in Western Australia, with 65% ranking it as the top issue. This challenge arises from factors such as competition for talent, limited resources, geographic location, workload demands, limited training opportunities and work perceptions. These factors make it difficult for local governments to attract and retain skilled professionals, leading to challenges in delivering effective services and implementing projects.

The concern of inadequate employee numbers is particularly pronounced in regional and rural/remote local governments. This is attributed to factors such as a limited pool of professionals, geographic isolation, lack of infrastructure, limited professional development opportunities and challenges in maintaining work-life balance. To tackle these issues, we need targeted strategies, including offering competitive remuneration, providing professional development opportunities, improving infrastructure and highlighting the unique benefits of working in regional and rural/remote areas.

In summary, the challenges in attracting and retaining professional staff pose a risk to the people and culture of WA local governments. Factors such as limited capacity, competition for talent, limited resources, geographic location, workload demands, and negative perceptions contribute to this risk. Inadequate staffing levels can lead to decreased productivity and service delivery delays. To mitigate this risk, local governments need to offer competitive remuneration, implement targeted recruitment strategies, invest in professional development, address work-life balance and promote the positive aspects of working in the public sector. These measures will help ensure a skilled and engaged workforce to effectively serve the community.

Top three underlying factors for People & Culture by region

METROPOLITAN

1. Workplace safety – protection from community & the psychological impact
2. Rapidly rising employment market costs
3. Compliance with employee health, safety and wellbeing regulation

REGIONAL CITY

1. Managing staff productivity & performance
2. Rapidly rising employment market costs
3. Workplace safety – protection from community & the psychological impact

REGIONAL

1. Limited capacity to attract and retain professional staff
2. Inadequate employee numbers
3. Managing staff productivity & performance

REMOTE/RURAL

1. Limited capacity to attract and retain professional staff
2. Inadequate employee numbers
3. Rapidly rising employment market costs

South Australia

In South Australia, 34% of CEOs/GMS ranked People and Culture as the fourth highest risk two points above the national ranking. Among the respondents, 62% identified the limited capacity to attract and retain professional staff as the primary reason for this risk. This concern was placed in the top two positions by all regions in South Australia.

	Rank 1		Rank 10
Limited capacity to attract and retain professional staff	62%	35%	3
Inadequate employee numbers	59%	35%	6
Rapidly rising employment market costs	53%	32%	15%
Challenges of managing a remote workforce with expectation of WFH	41%	41%	18%
Compliance with employee health, safety and wellbeing regulation	35%	59%	6
Managing staff productivity and performance	24%	74%	3
Workplace safety – protection from community & the psychological impact	15%	56%	29
Managing Workers' Compensation Claims	6	41%	53%
OHS & PWHS Fines & Penalties (not meeting compliance)	3	24%	74%
Other	3	3	94%

Figure 23: People & Culture South Australia risk heat map

Additionally, nearly 59% of CEOs/GMs ranked inadequate employee numbers second. This was the leading reason for rural/remote councils, as other states placed it in the top four positions.

According to the Australian Local Government Association's 2022 report on Workplace Skills & Capability, South Australian executives identified the key drivers of skills shortages as:

- Pandemic border closures and the subsequent impact on skilled workers
- Depth of the labour market and Local Government competing for talent with the private industry
- Budgetary constraints
- Lack of employment opportunities for spouses in regional areas
- Providing fixed-term contracts, with applicants seeking longer-term security
- Challenges of competing against major infrastructure projects for labour.

Rapidly rising employment market costs was cited as the third factor underpinning this risk, as determined by 53% of respondents. South Australian regional councils were heavily impacted by the strong performance of the mining and agriculture sectors, resulting in losing key staff to the private industry. Councils have struggled to compete with salaries in the private sector. It's also been difficult to secure affordable housing to attract candidates to regional areas.

7

BUSINESS CONTINUITY PLANNING

Over the past year, the world has faced a multitude of challenges, with some disruptions occurring simultaneously, leaving organisations and communities with little time to recover. Local government in Australia also felt the weight of these difficulties.

Spurred by various events, councils experienced substantial business interruptions. These included post-COVID19 events, the succession of severe and frequent natural disasters and escalation in incidents or threats of cyberattacks. Many councils faced these tragic events from 2021 to 2023. The disruptions greatly impacted local government authorities operations and finances.

Seemingly distant global events (e.g. supply chain and geopolitical events) have also impacted Australian businesses and communities, including those in regional areas. These events placed additional pressure on councils, resulting in their inability to deliver services.

The most direct impact on local government has been financial. Every disaster or interruption changes priorities, with resources being redirected towards repairs and recovery efforts. As local government's main source of income is continuously strained due to dealing with disruption shocks the gap between what can be accomplished and what needs to be done widens.
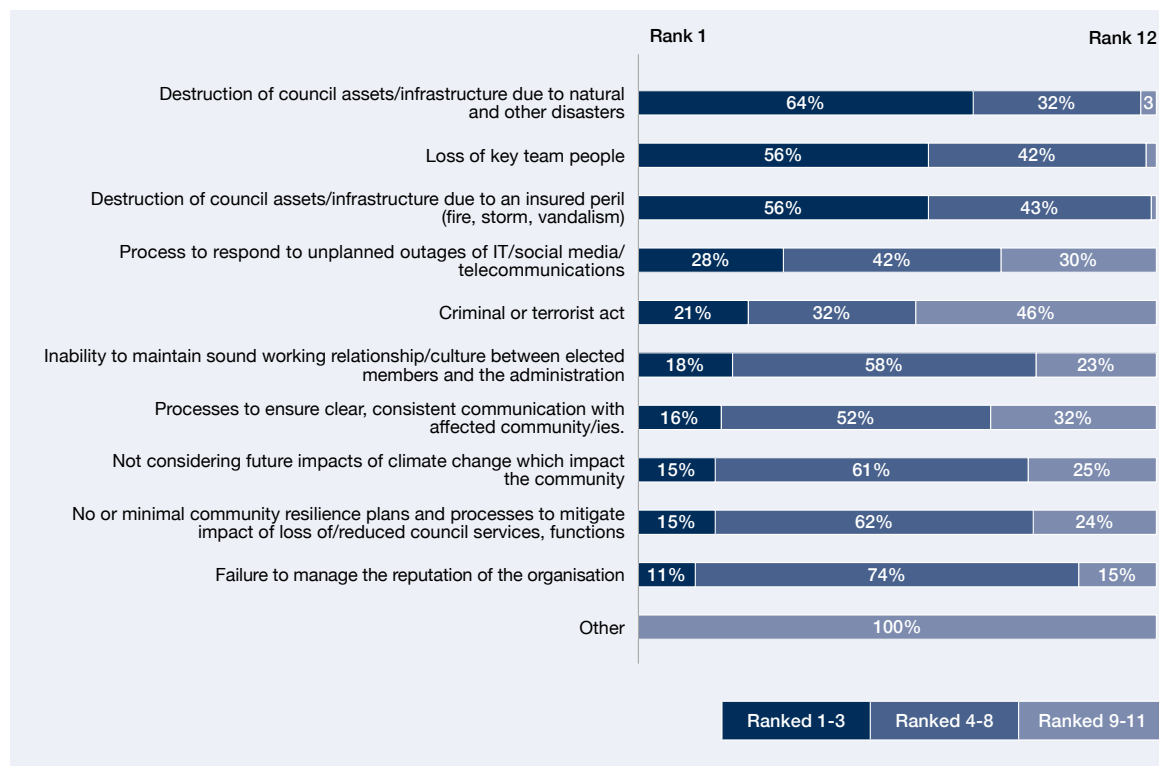
Figure 24: Business Continuity Planning National Risk Heat Map

Since 2018, natural disaster impacts have consistently ranked among the top five concerns. This is attributed to the compounded natural disaster events (e.g. bushfires, severe storms and floods) occurring in the same regions – sometimes within days of each other. In the 2023 Risk Survey, this disruption ranked as the top business continuity planning risk at 26.48%.

The financial cost associated with disaster events amounts to billions of dollars, and the visible remnants of these events can be observed in assets waiting repair or replacement. In addition to the monetary costs, there is also the immeasurable emotional and wellbeing tax on communities, families and individuals, which will have enduring effects for years to come.

The Loss of Key People ranks as the second highest factor for business continuity planning. Although this aspect is experienced by all organisations and businesses, the survey results indicate that regional councils regard it as the leading factor (21%) impacting their business continuity capabilities.

The above concerns directly effect the business continuity capability on various levels. They range from losing key people, which compromises effective decision-making and resourcing, to losing premises to operate from. While organisations have adapted and perfected the working-from-home arrangements, many essential council services rely on specific facilities to deliver what are often critical services such as water, sewer and waste management.

The lessons learned from the impact of COVID-19 have prompted organisations to embrace a more agile approach. As a result, information technology experts have furnished councils with an unprecedented level of workforce flexibility. This advancement has alleviated concerns councils may have regarding certain operations, as many can be swiftly restored through remote working arrangements.

However, technology cannot solve every business continuity impact nor costs of rebuilds or repairs from asset destruction. Understandably, financial sustainability is the leading national concern.

60

In an uncertain situation like a disaster event, it is essential to have the right individuals with the necessary expertise to plan and strategise a path towards recovery.

It is considered best practice for organisations to proactively plan for such events to minimise the impact. This involves having a documented framework and set of recovery strategies and operational workarounds that are sound, current, reliable and logical. These plans need to provide clear guidance and high-level strategies that are dynamic enough to be effectively implemented in any major circumstance. A well-crafted business continuity plan can provide the right framework for decision-making and instil confidence in people by establishing a structured approach. This can only be achieved if the framework is effective, fit for purpose and involves the active participation and commitment of the organisation's top management.

To address the concern of the potential loss of key people, councils can implement practical measures to create redundancy within the organisation. Strategically, organisations should ensure there are alternate personnel who can step into key decision-making roles in the event of a major disruption. Operationally, councils can create redundancy by ensuring that all critical business services have sufficient personnel who are cross-skilled and qualified to assume other positions. Additionally, documenting clear recovery strategies for these personnel will further enhance preparedness and resilience.

Implementing a well-structured business continuity management framework and ensuring personnel are well-trained and are confident to step into their assigned roles. This will ensure an effective and timely recovery from a major disruption, significantly minimising its impact. When an organisation demonstrates this level of resilience, it not only instils confidence in its people but also the trust of the community it serves.

The level of complexity, frequency and severity of disruptions have become commonplace. Considering this, it is more important than ever for organisations to recalibrate and plan for a new comprehensive approach to managing significant disruptions. This approach should be holistic and consider the new scale of 'worst case' scenarios and provide an efficient and effective method for responding and recovering from major complex disruptions. Additionally, it must prioritise collaboration, which involves working closely with state and federal levels of government, the community, the private sector, and neighbouring councils. This unified effort will help develop broader recovery plans, secure funding and implement measures that will support their communities.

Top ranking underlying factors for Business Continuity by State/Territory

NSW QLD SA VIC	Destruction of council assets/infrastructure due to natural and other disasters (bushfire, flood, extreme storms, pandemic, drought, earthquake, act of terror etc.)
NT WA	Loss of key team people
TAS	Destruction of council assets/infrastructure due to an insured peril (fire, storm, vandalism)

Top three underlying factors for Business Continuity Planning by region

CITY
1. Destruction of council assets/infrastructure due to disasters
2. Loss of key team people
3. Destruction of council assets/infrastructure due to an insured peril

METROPOLITAN
1. Loss of key team people
2. Destruction of council assets/infrastructure due to disasters
3. Destruction of council assets/infrastructure due to an insured peril

REGIONAL CITY
1. Destruction of council assets/infrastructure due to disasters
2. Destruction of council assets/infrastructure due to an insured peril
3. Loss of key team people

REGIONAL
1. Loss of key team people
2. Destruction of council assets/infrastructure due to disasters
3. Destruction of council assets/infrastructure due to an insured peril

RURAL/REGIONAL
1. Destruction of council assets/infrastructure due to disasters
2. Destruction of council assets/infrastructure due to an insured peril
3. Loss of key team people

New South Wales

In the rankings, NSW placed Business Continuity Planning in seventh position, which is consistent with the national level ranking. Although only 21% of respondents viewed it as a high risk, it is important to highlight that nearly 54% considered it as a medium risk.
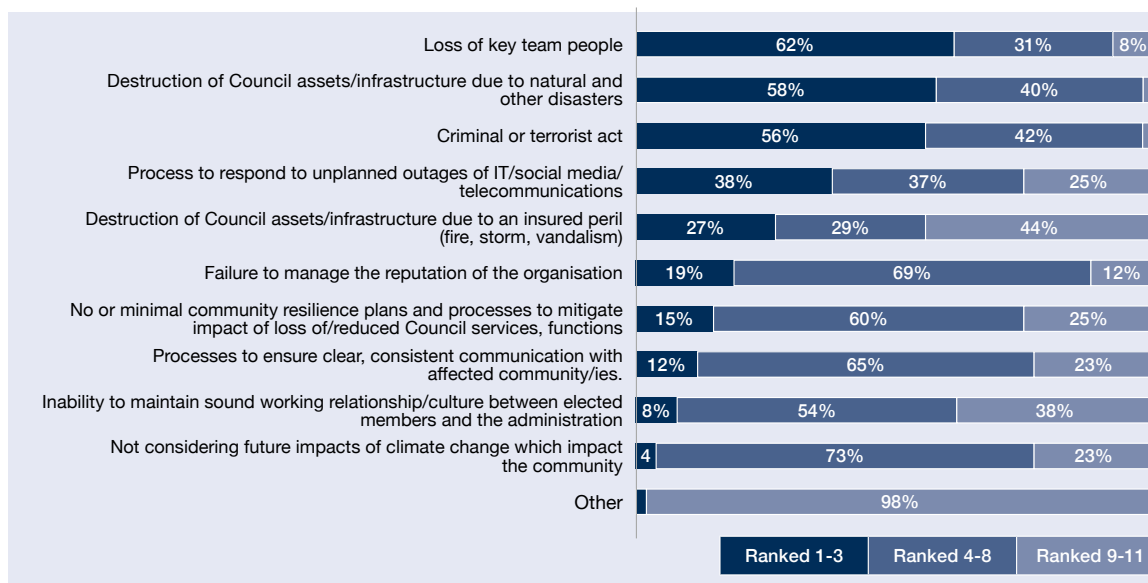
Figure 25: Business Continuity Planning NSW Risk Heat Map

Nearly 62% of respondents identified the destruction of council assets as the primary factor for this risk. This factor was particularly prominent in metropolitan, regional, and remote/rural areas.

The lack of preparedness and the outdated nature of existing assets, which were not designed to withstand the disasters of the 21st century, is a growing concern for councils. It is necessary to futureproof these assets, but this comes with significant costs that need to be allocated appropriately. Retrofitting older assets, particularly those with heritage listing, presents challenges in NSW, as it is difficult to strike a balance between heritage requirements with the needs of business continuity planning.

While councils demonstrate competence in emergency preparation and response, there may be a lack of comprehensive plans in place. It is crucial to focus on prevention and proactive measures. Additionally, it is also important to consider the other risks that contribute to business continuity, as it is not solely about the Business Continuity Plan itself.

Many councils have assets located in flood-prone or bushfire-prone areas, which further complicates the management of council services and land.

58% of respondents identified the loss of key personnel as a significant contributing factor to the management of business continuity. This concern was particularly notable in metropolitan, regional, and remote/rural councils, where it ranked among the top two concerns.

Whilst experiencing a disaster, the loss of key personnel can have a substantial impact. Local Emergency Management Officers (LEMOs) and council staff involved in business continuity planning may also be responsible for managing local emergencies. The unavailability of key staff during an event can impede response efforts. Also, the rotation of staff and the ongoing need to train and maintain their present

additional challenges, as continuity may be disrupted when new personnel join the organisation.

The adoption of communication tools like Zoom has enhanced communication capabilities, and councils are embracing these opportunities to strengthen their business continuity efforts.

Top three underlying factors for Business Continuity Planning by region

METROPOLITAN
1. Destruction of council assets/infrastructure due to an insured peril
2. Loss of key team people
3. Process to respond to unplanned outages of IT/social media/telecommunications

REGIONAL CITY
1. Destruction of council assets/infrastructure due to disasters
2. Destruction of council assets/infrastructure due to an insured peril
3. Criminal or terrorist act

REGIONAL
1. Loss of key team people
2. Destruction of council assets/infrastructure due to disasters
3. Failure to manage the reputation of the organisation

REMOTE/RURAL
1. Destruction of council assets/infrastructure due to disasters
2. Loss of key team people
3. Destruction of council assets/infrastructure due to an insured peril

62

Queensland

In Queensland, Business Continuity Planning was ranked fifth, which is two points higher than the national ranking of seventh.

The most significant factor for business continuity in Queensland is the damage to infrastructure or assets from natural hazards or insured perils such as a fire, storm or vandalism event. This is due to the frequency of disasters that have impacted Queensland councils in the past five years, where many councils have struggled to recover before another event occurred.

This factor is followed by the loss of key personnel. This reason was consistent with the national view, emphasising the fundamental similarities between council operations and business interruption risk in an event.

Top three underlying factors for Business Continuity Planning by region

METROPOLITAN

1. Destruction of council assets/infrastructure due to natural and other disasters
2. Process to respond to unplanned outages of IT/ social media/telecommunications
3. Loss of key team people

REGIONAL CITY

1. Destruction of council assets/infrastructure due to natural and other disasters
2. Destruction of council assets/infrastructure due to an insured peril
3. Process to respond to unplanned outages of IT/ social media/telecommunications!

REGIONAL

1. Destruction of council assets/infrastructure due to natural and other disasters
2. Destruction of council assets/infrastructure due to an insured peril
3. Loss of key team people

REMOTE/RURAL

1. Destruction of council assets/infrastructure due to natural and other disasters
2. Destruction of council assets/infrastructure due to an insured peril
3. Loss of key team people

Northern Territory

In the Northern Territory, Business Continuity Planning was ranked as the second highest risk by 37% of CEOs. This is five positions higher than the national average. Operating in a lean environment poses a challenge for most NT councils. Despite this, councils remain committed to maintaining business continuity, and take pride in their ongoing response to disruptive events.

The primary factor contributing to this ranking is the loss of key personnel, with 83% of respondents ranking it as their top concern. This result was particularly pronounced among regional councils, where 100% of respondents ranked it as their number one concern.

Tasmania

Business Continuity Planning was ranked second with 71% of councils considering it as the second leading risk for the state. This significant risk for the state could be attributed to the challenges faced by councils in accessing trades and reinstating services. While planning efforts are robust, the difficulty lies in obtaining the necessary resources to support when an event occurs, and rebuilding becomes necessary.

The above is reinforced by the fact 100% of respondents placed the destruction of council assets or infrastructure due to insured peril as the leading reason for this placement. As mentioned earlier, the lead times for trades and resources can extend beyond three years before rehabilitation works can begin, and this effects business continuity planning for future events. Regardless of the region of the council, all ranked this between first and third.

Furthermore, nearly 86% of respondents noted the destruction of council assets or infrastructure due to a natural or other disaster as an underlying factor for this risk. Once again, councils from different regions ranked this in the top three further reinforcing why they had ranked BCP in second position.

Top three underlying factors for Business Continuity Planning by region

METROPOLITAN

1. Destruction of council assets/infrastructure due to natural and other disasters (bushfire, flood, extreme storms, pandemic, drought, earthquake, act of terror etc.)
2. Destruction of council assets/infrastructure due to an insured peril (fire, storm, vandalism)
3. Loss of key team people

REGIONAL

1. Destruction of council assets/infrastructure due to natural and other disasters (bushfire, flood, storms, pandemic, drought, earthquake, act of terror etc.)
2. Processes to ensure clear, consistent communication with affected community/ies. Integrity of current business continuity plan and process
3. Destruction of council assets/infrastructure due to an insured peril (fire, storm, vandalism)

REMOTE/RURAL

1. Criminal or terrorist act
2. Destruction of council assets/infrastructure due to an insured peril (fire, storm, vandalism)
3. Failure to manage the reputation of the organisation

100%

Ranked the destruction of council assets/ infrastructure due to an insured peril as the highest contributing factor to this risk

86%

Ranked the destruction of council assets/ infrastructure due to an insured peril as the second highest contributing factor to this risk

Victoria

In Victoria, CEOs ranked Business Continuity Planning in eighth position, one point lower than the national ranking. 63% of respondents identified the destruction of council assets and infrastructure caused by natural and other disasters as the leading underlying reason for this risk. This concern was ranked as the first or second reason by all councils except for city councils. The specific reasons for city councils not ranking this as high could vary and may be influenced by factors such as different risk profiles or a greater focus on other aspects of business continuity.

While destruction of council assets & infrastructure from natural and other disasters was the leading factor, 53% of CEOs/GMs identified the destruction caused by insured perils as the second-highest contributing factor. This reason consistently ranked between first and third by all councils except for city councils. Again, the specific reasons for city councils ranking this differently could vary and may be influenced by factors such as different risk profiles or a greater emphasis on other aspects of business continuity.

The loss of key team members was identified as a contributing factor to this risk. It ranked third across the state, with all councils placing it between first and fourth. The positioning of this factor may be influenced by the relative importance placed on other risks or the perception that other factors have a more significant impact on business continuity.

It is important to note that the rankings and reasons presented are derived from the responses of the CEOs/GMs in the survey and may vary depending on the specific circumstances and priorities of each council.

Top three underlying factors for Business Continuity Planning by region

CAPITAL

1. Not considering future impacts of climate change which impact the community
2. Process to respond to unplanned outages of IT/social media/telecommunications
3. Loss of key team people

METROPOLITAN

1. Destruction of council assets/infrastructure due to an insured peril
2. Destruction of council assets/infrastructure due to natural and other disasters
3. Loss of key team people

REGIONAL CITY

1. Loss of key team people
2. Destruction of council assets/infrastructure due to natural and other disasters
3. Destruction of council assets/infrastructure due to an insured peril

REGIONAL

1. Destruction of council assets/infrastructure due to natural and other disasters
2. Not considering future impacts of climate change which impact the community
3. Destruction of council assets/infrastructure due to an insured peril

REMOTE/RURAL

1. Destruction of council assets/infrastructure due to natural and other disasters
2. Destruction of council assets/infrastructure due to an insured peril
3. Not considering future impacts of climate change which impact the community

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South Australia

Among South Australian CEO/GMs, Business Continuity was ranked seventh by 14% of respondents, with nearly 65% ranking it as medium risk.

The primary factor contributing to this ranking is the destruction of council assets or infrastructure caused by natural and other events, as identified by nearly 59% of respondents. This concern was consistently ranked as either first or second across all regions represented in the survey. These rankings can be attributed to the significant impact of flooding and storm-related events that occurred in South Australia during the 2022/23 period.

The Loss of Key People was ranked equally with the Destruction of Council Assets or Infrastructure as significant contributing factors to the risk of business continuity. This concern was ranked as either first or second by all council regions.

The destruction of Council Assets or Infrastructure due to an Insured Peril was ranked second, with 41% of councils listing this as a primary concern for this risk. This ranking was primarily supported by capital city and regional city councils. However, when considering the combined high and medium risks, this concern becomes more prominent across all regions.

Top three underlying factors for Business Continuity Planning by region

CAPITAL

1. Failure to manage the reputation of the organisation
2. Destruction of council assets/infrastructure due to an insured peril
3. Loss of key team people

METROPOLITAN

1. Loss of key team people
2. Destruction of council assets/infrastructure due to natural and other disasters
3. Not considering future impacts of climate change which impact the community

REGIONAL CITY

1. Loss of key team people
2. Destruction of council assets/infrastructure due to natural and other disasters
3. Destruction of council assets/infrastructure due to an insured peril

REGIONAL

1. Loss of key team people
2. Destruction of council assets/infrastructure due to natural and other disasters
3. Inability to maintain sound working relationship/ culture between elected members and the administration

REMOTE/RURAL

1. Destruction of council assets/infrastructure due to natural and other disasters
2. Loss of key team people
3. No/minimal community resilience plans and processes to mitigate impact of loss of/reduced council services, functions

Western Australia

In Western Australia, Business Continuity was ranked ninth among other risks by CEO. The leading factor driving this ranking was loss of key people with 70% contributing to this ranking.

Highest Ranking

Factor	Value
Loss of key team people	2.54
Destruction of Council assets/infrastructure due to natural and other disasters (bushfire, flood, extreme storms, pandemic, drought, earthquake, act of terror etc.)	3.03
Destruction of Council assets/infrastructure due to an insured peril (fire, storm, vandalism)	3.49
Inability to maintain sound working relationship/culture between elected members and the administration	5.51
Failure to manage the reputation of the organisation	6.14
Process to respond to unplanned outages of IT/social media/telecommunications	6.29
Processes to ensure clear, consistent communication with affected community/ies. Integrity of current business continuity plan and process	6.80
Not considering future impacts of climate change which impact the community	7.06
No or minimal community resilience plans and processes to mitigate impact of loss of/reduced Council services, functions	7.06
Criminal or terrorist act	7.09
Other	11

Lowest Ranking

Figure 26: Business Continuity Planning WA Risk Heat Map

The loss of key people within local governments in WA during a disruption can impede continuity, decision-making, relationships, and expertise. It is crucial for councils to have succession planning strategies in place to mitigate the impact and ensure the continuity of essential services.

The findings also revealed that the destruction of council assets and infrastructure due to disasters and the destruction of council assets and infrastructure due to an insured peril are closely aligned risks for WA local governments. These risks share the potential to impact service delivery, financial stability, public safety, and community well-being. In both scenarios, there is a loss or damage of critical assets and infrastructure, which can result in service disruptions, economic consequences, compromised public safety, and reduced community resilience. While disasters may encompass a broader range of perils, including uninsured events, the risks associated with the destruction of assets and infrastructure in both cases require similar mitigation strategies. These strategies include disaster preparedness, risk assessment, contingency planning, and investment in infrastructure resilience.

Business Continuity Planning is a key risk for local governments in WA, as it can lead to disruptions in essential services, financial stability, public safety, and community wellbeing. This risk can occur from various events, such as disasters, the loss of key people, and the destruction of assets and infrastructure. To mitigate these risks local government need to prioritise business continuity planning, including risk assessment, emergency response strategies, succession planning, infrastructure resilience, and resource allocation, to ensure the continuity of essential services and minimise the impact of potential risks.

Top three underlying factors for Business Continuity Planning by region

METROPOLITAN
1. Loss of key team people
2. Process to respond to unplanned outages of IT/social media/telecommunications
3. Destruction of council assets/infrastructure due to natural and other disasters

REGIONAL
1. Loss of key team people
2. Destruction of council assets/infrastructure due to natural and other disasters
3. Destruction of council assets/infrastructure due to an insured peril

REGIONAL CITY
1. Destruction of council assets/infrastructure due to natural and other disasters
2. Destruction of council assets/infrastructure due to an insured peril
3. Inability to maintain sound working relationship/ culture between elected members and the administration

REMOTE/RURAL
1. Destruction of council assets/infrastructure due to natural and other disasters
2. Destruction of council assets/infrastructure due to an insured peril
3. Loss of key team people

8

INEFFECTIVE GOVERNANCE

Governance encompasses the system by which an organisation is controlled and operated, and the mechanisms put in place to ensure accountability of the organisation and its people.[14]

Good governance embraces strong ethics, practical and robust risk management, a compliance culture, good decision-making and transparency. Australian communities expect local governments to adhere to these standards.

Australian local governments, like all organisations, are operating in an increasingly interconnected and rapidly advancing technological environment. While this brings many opportunities, it also brings new vulnerabilities and risks.[15]

Nationwide supply chain issues, inflationary pressures, election cycles and workforce challenges further compound the challenges local governments face. Without strong governance frameworks, this can place significant pressure on local governments' workplace culture, internal control environment and capacity, potentially leading to performance and accountability issues.
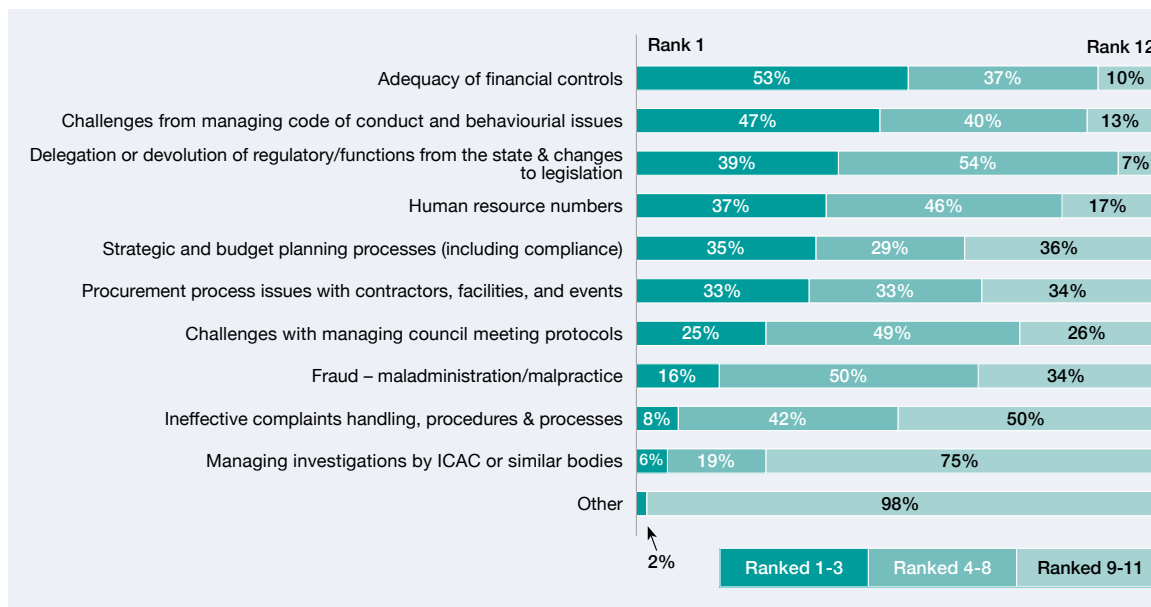
Figure 27: Ineffective Governance National risk heat map

In 2023, local government CEOs/GMs provided valuable insights into ineffective governance. The Risk Heat Map above highlights these national results.

Over 50% of respondents considered the adequacy of financial controls as their primary underlying concern for Ineffective Governance. This sheds some light on the driving forces behind the foremost risk overall, Financial Sustainability.

In order to effectively manage this critical risk due to financial controls, elected members and leaders of local government need to take a strategic approach to their organisation's financial sustainability framework. This involves ensuring all strategic planning, budgeting and corporate planning activities are considered within the context of long-term financial sustainability

Over 46% of respondents considered challenges from managing elected members and/or employee behaviour/misconduct as a high risk. This aligns with the continued increase in claims in areas like public and professional liability, councillors and officers, and fidelity/crime covers.

These findings highlight the ongoing need for these risk coverage solutions in these areas and emphasise the importance and ongoing need for strong and practical councillor and employee induction programs and ongoing code of conduct training. Additionally, the elected member position's political nature and ongoing reform by all state governments have an impact on on integrity-related matters.

The 2024 Edelman Trust Barometer results show an increase in public trust in the Australian Government (without distinguishing each level of government. An increase that brings it to a neutral position of 50%.[16]

Other factors contributing to Ineffective Governance are the delegation/devolution of regulatory or other functions from the state (noted by 38% of respondents) and changes to legislation and human resource numbers (noted by 35% of respondents).

These two risks play a key role in accelerating governance risk for local governments. These concerns place additional pressures on local government's lean operating environment – many of which are already operating beyond capacity due to labour market challenges.

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[14] Governance Institute of Australia: What is governance? (governanceinstitute.com.au).
[15] International Risk Governance Council: What do we mean by 'Risk Governance'? - IRGC
[16] Edelman Trust Barometer, Australia Report. 2023

The fifth contributing factor to Ineffective Governance is the strategic and budget planning processes (including compliance), noted by 34% of respondents. These legislative processes have been implemented to better support local government's ability to mitigate key risks associated with financial sustainability and improve governance. This is crucial, as many local governments operate in such a lean operating environment with human resource constraints, making compliance with these processes a risk in itself.

The concern of procurement process issues with contractors, facilities and events, was classified as an impacting factor by 32% of respondents, while an additional 32% considered it a medium concern. These results highlight the continued importance of ensuring these fundamental processes are right, ensuring all sourcing and delivery of services are carried out transparently and effectively. This is paramount in the current environment and will contribute to improving and maintaining trust in government.

Failing to adhere to legislation and community expectations and neglecting the necessary due diligence in sourcing and delivering services, can expose local governments to various risks. These can include liability claims, financial losses, and significant damage to their reputation.

Across the country, many respondents identified the above six underlying concerns of Ineffective Governance as substantial issues. This indicates that, despite the differences in state legislation and regulatory bodies across the country, the principles of good governance apply nationally and should be a strategic priority for all local governments.

An effective elected member group and executive leadership team that establishes a positive tone at the top can greatly contribute to addressing this risk. By investing in governance-related training, process mapping, and internal audit, these leaders can provide valuable support to the organisation. This approach will help effectively manage and combat the overall impact of this risk.

Top ranking underlying factors for Ineffective Governance by State/Territory

NSW NT QLD TAS VIC WA	Adequacy of financial controls
SA	Challenges from managing code of conduct and behaviourial issues

Tasmania

Ineffective Governance was placed tenth in Tasmania, two points lower than the national ranking. Respondents ranked it only in the medium to low level.

Nearly 72% of respondents noted the adequacy of financial controls as the leading contributor to Ineffective Governance. This was especially true in metropolitan and rural areas. Concern around employee numbers was ranked second by 52% of respondents.

Top three underlying factors for Ineffective Governance risk by region

CITY
1. Adequacy of financial controls
2. Challenges from managing code of conduct/ behavioural issues
3. Challenges with managing council meeting protocols

METROPOLITAN
1. Adequacy of financial controls
2. Challenges from managing code of conduct/ behavioural issues
3. Procurement process issues with contractors/ facilities/events

REGIONAL CITY
1. Adequacy of financial controls
2. Strategic and budget planning processes
3. Challenges with managing council meeting protocols

REGIONAL
1. Adequacy of financial controls
2. Challenges from managing code of conduct/ behavioural issues
3. Human resource numbers

RURAL/REGIONAL
1. Adequacy of financial controls
2. Challenges from managing code of conduct/ behavioural issues
3. Human resource numbers

Top three underlying factors for Ineffective Governance risk by region

METROPOLITAN
1. Adequacy of financial controls
2. Challenges with managing council meeting protocols
3. Human resource numbers

REGIONAL
1. Strategic and budget planning processes (including compliance)
2. Delegation or devolution of regulatory or other functions from the state and changes to legislation
3. Human resource numbers

REMOTE/RURAL
1. Adequacy of financial controls
2. Human resource numbers
3. Strategic and budget planning processes (including compliance)

South Australia

South Australian council CEO/GMs ranked Ineffective Governance fifth which was a slight move upward on the 2021 survey. 53% of respondents cited challenges associated with managing elected member code of conduct and behavioural issues as a leading contributing factor to Ineffective Governance. Regional and rural areas ranked this contributing factor the highest at 71% and 88%, respectively.

A significant contributing factor negatively impacting councils' ability to meet legislative requirements was the inability to resource key roles, particularly for regional councils.

Interestingly, managing code of conduct and behavioural issues was equally ranked with adequate staff resourcing. This suggests that these contributing factors are seen as equally important to effective governance. Councils have indicated that along with staff resourcing, attracting and retaining talent is a major challenge, with private sector competition and escalating wages a key factor.

Adequate financial controls follow closely behind these concerns. This aligns with the importance of ensuring proper financial management within organisations to maintain effective governance and mitigate risks.

52.94%
Challenges from managing code of conduct and behavioural issues

52.94%
Human resource numbers

41.18%
Adequacy of financial controls

Figure 28: The top three underlying factors for this risk in South Australia. This shows the percentage of councils that ranked the respective factor as high.

Top three underlying factors for Ineffective Governance risk by region

CAPITAL

1. Challenges from managing code of conduct and behavioural issues
2. Ineffective complaints handling, procedures & processes
3. Delegation or devolution of regulatory or other functions from the state and changes to legislation

METROPOLITAN

1. Procurement process issues with contractors, facilities, and events
2. Challenges from managing code of conduct and behavioural issues
3. Delegation or devolution of regulatory or other functions from the State and changes to legislation

REGIONAL CITY

1. Strategic and budget planning processes (including compliance)
2. Challenges with managing council meeting protocols
3. Procurement process issues with contractors, facilities, and events

REGIONAL

1. Challenges from managing code of conduct and behavioural issues
2. Adequacy of financial controls
3. Challenges with managing council meeting protocols

RURAL/REGIONAL

1. Human resource numbers
2. Strategic and budget planning processes (including compliance)
3. Delegation or devolution of regulatory or other functions from the state and changes to legislation

70

Northern Territory

Northern Territory council CEOs placed Ineffective Governance in third position which is higher than the national average of eighth (noting only six NT councils participated in the survey).
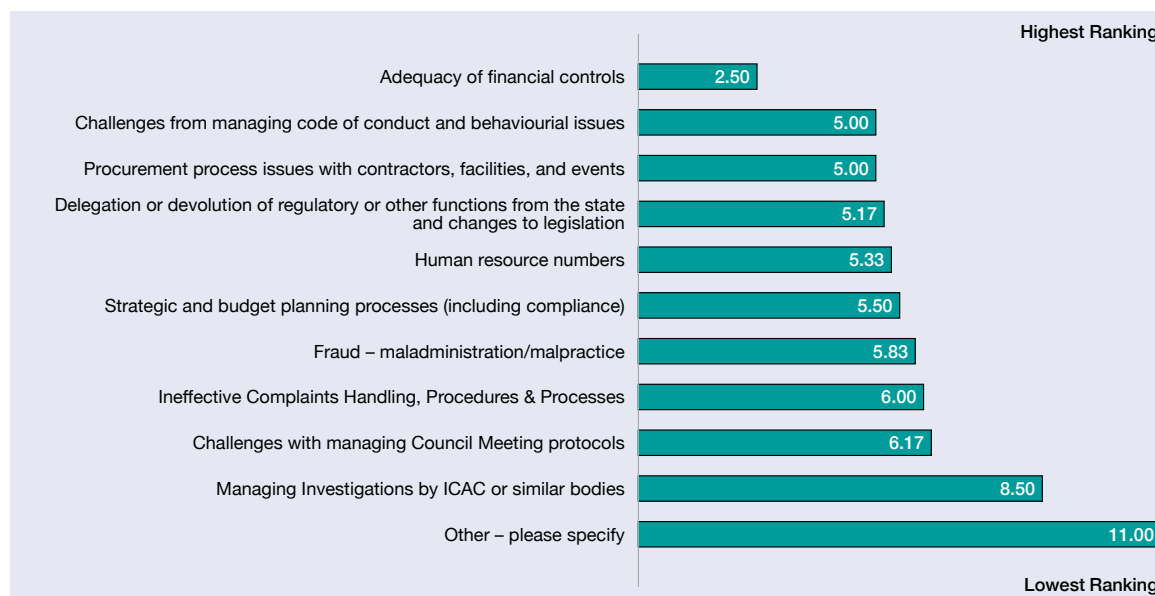
Figure 29: Business Continuity Average Ranking of Northern Territory underlying factors

This placement may be attributed to the NT's limited human resources along with NT councils also managing increasing governance requirements and associated governance costs.

66% of respondents cited the adequacy of financial controls as their leading contributing factor to Ineffective Governance, likely due to complex management controls.

Interestingly, the NT and QLD ranked issues procuring contractors, facilities and events higher than all other states.

. . . .

New South Wales

While Ineffective Governance is not identified as a leading risk for councils in New South Wales, the underlying issues are well recognised.

The JLT Public Sector Risk Survey found 57% of NSW respondents highlighted the adequacy of financial controls as their leading contributing factor to Ineffective

Governance. 50% of respondents noted challenges in managing the code of conduct and behavioural issues with employees and councillors as a major concern.

Metropolitan and regional city councils identified challenges of managing a code of conduct as their primary concern, while regional and rural councils expressed greater concern with the adequacy of financial controls.

Top three underlying factors for Ineffective Governance risk by region

METROPOLITAN

1. Challenges from managing code of conduct and behavioural issues
2. Adequacy of financial controls
3. Challenges with managing council Meeting protocols

REGIONAL CITY

1. Challenges from managing code of conduct and behavioural issues
2. Challenges with managing Council Meeting protocols
3. Adequacy of financial controls

REGIONAL

1. Adequacy of financial controls
2. Challenges from managing code of conduct and behavioural issues
3. Procurement process issues with contractors, facilities, and events

REMOTE/RURAL

1. Adequacy of financial controls
2. Delegation or devolution of regulatory or other functions from the state and changes to legislation
3. Challenges from managing code of conduct and behavioural issues

Victoria

In Victoria, CEO/GMs are more concerned about Ineffective Governance than the national ranking, 23% of Victorian respondents ranked it sixth, compared to the national ranking of eighth.
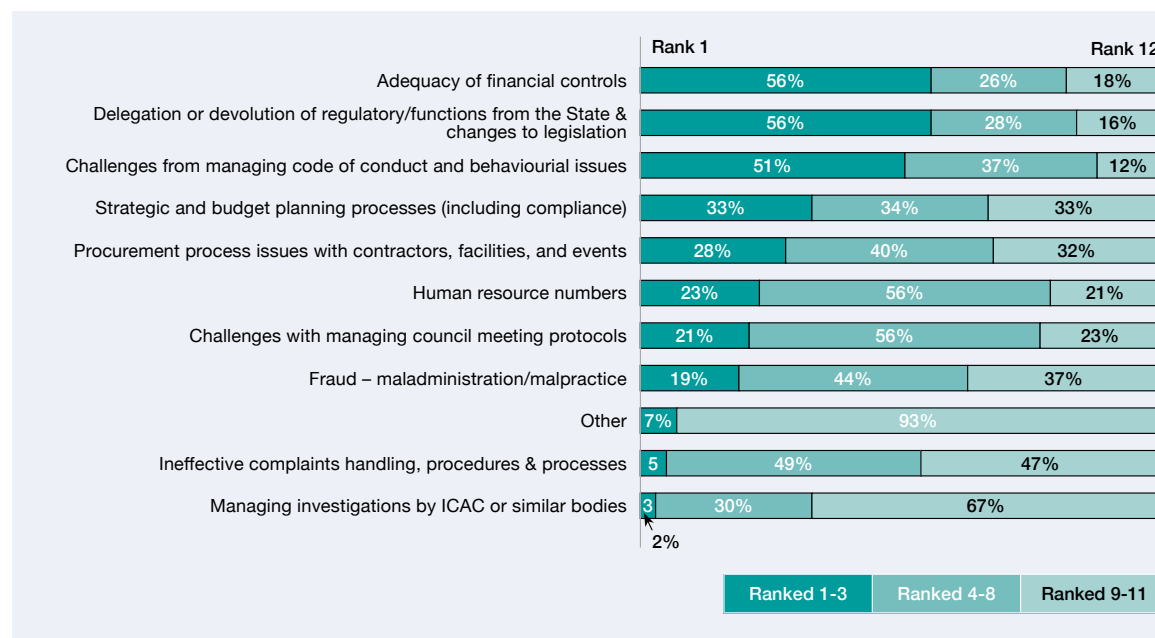
Figure 30: Ineffective Governance Victoria Risk Heat Map

Like other states and territories, 56% of respondents cited the adequacy of financial control as their leading contributing factor, tied for first place with devolution of regulatory and other functions due to state and changes to legislation. This factor is ranked as the highest by 75% of metropolitan councils and 63% of regional councils, indicating that these regions are more impacted by this issue.

51% of respondents ranked challenges in managing code of conduct and behavioural issues as their second highest contributing factor to Ineffective Governance. This concern was ranked higher in regional city, regional and rural councils.

Top ranking underlying concern for Ineffective Governance risk by region

CAPITAL

1. Strategic and budget planning processes
2. Adequacy of financial controls
3. Managing investigations by ICAC or similar bodies

METROPOLITAN

1. Delegation or devolution of regulatory or other functions from the state and changes to legislation
2. Adequacy of financial controls
3. Procurement process issues with contractors, facilities, and events

REGIONAL CITY

1. Challenges from managing code of conduct and behavioural issues
2. Human resource numbers
3. Challenges with managing council meeting protocols

REGIONAL

1. Delegation or devolution of regulatory or other functions from the state and changes to legislation
2. Challenges from managing code of conduct and behavioural issues
3. Fraud – maladministration/malpractice

REMOTE/RURAL

1. Adequacy of financial controls
2. Challenges from managing code of conduct and behavioural issues
3. Delegation or devolution of regulatory or other functions from the state and changes to legislation

Queensland

In Queensland, CEOs identified issues procuring contractors, facilities and events as their leading contributing factor to ineffective governance. This differs from the national view, which identifies the adequacy of financial controls first.

Nationally, only 33% of respondents identified procurement issues as high-risk to governance – far below code of conduct issues, delegation or devolution from the state, human resources and strategic and budget planning processes.

Top three underlying factors for Ineffective Governance risk by region

METROPOLITAN
1. Human resource numbers
2. Procurement process issues with contractors, facilities, and events
3. Delegation or devolution of regulatory or other functions from the state and changes to legislation

REGIONAL CITY
1. Strategic and budget planning processes (including compliance)
2. Delegation or devolution of regulatory or other functions from the state and changes to legislation
3. Procurement process issues with contractors, facilities, and events

REGIONAL
1. Delegation or devolution of regulatory or other functions from the state and changes to legislation
2. Strategic and budget planning processes (including compliance)
3. Procurement process issues with contractors, facilities, and events

REMOTE/RURAL
1. Adequacy of financial controls
2. Challenges from managing code of conduct and behavioural issues
3. Procurement process issues with contractors, facilities, and event

Western Australia

Western Australian council CEO/GMs ranked Ineffective Governance tenth, two points lower than the national ranking. Effective governance is a strong focus for WA governments; however, the number and demographic of survey responders have led to a lower ranking.

Again, as with most states and territories, WA respondents' primary concern is the adequacy of financial control, with 54% placing this first. Metropolitan (72%) and rural/remote councils (60%) ranked this as the first concern. Rural/regional and metropolitan were the primary responders to this question.

48% of CEO/GMs ranked challenges in managing code of conduct and behavioural issues as their second highest concern. This was particularly noted by metropolitan (54%) and regional councils (66%), indicating a significant concern across these areas.

In WA, the booming resource sector in regional areas poses a challenge to local governments. In some areas, the fierce competition for a limited talent pool leads to inflated wages, making attracting and retaining employees challenging. Accommodation shortages compound this issue.

Top three underlying factors for Ineffective Governance risk by region

METROPOLITAN
1. Adequacy of financial controls
2. Challenges from managing code of conduct and behavioural issues
3. Procurement process issues with contractors, facilities, and events

REGIONAL CITY
1. Strategic and budget planning processes (including compliance)
2. Delegation or devolution of regulatory or other functions from the state and changes to legislation
3. Adequacy of financial controls

REGIONAL
1. Human resource numbers
2. Challenges from managing code of conduct and behavioural issues
3. Challenges with managing council Meeting protocols

RURAL/REGIONAL
1. Adequacy of financial controls
2. Human resource numbers
3. Delegation or devolution of regulatory or other functions from the state and changes to legislation
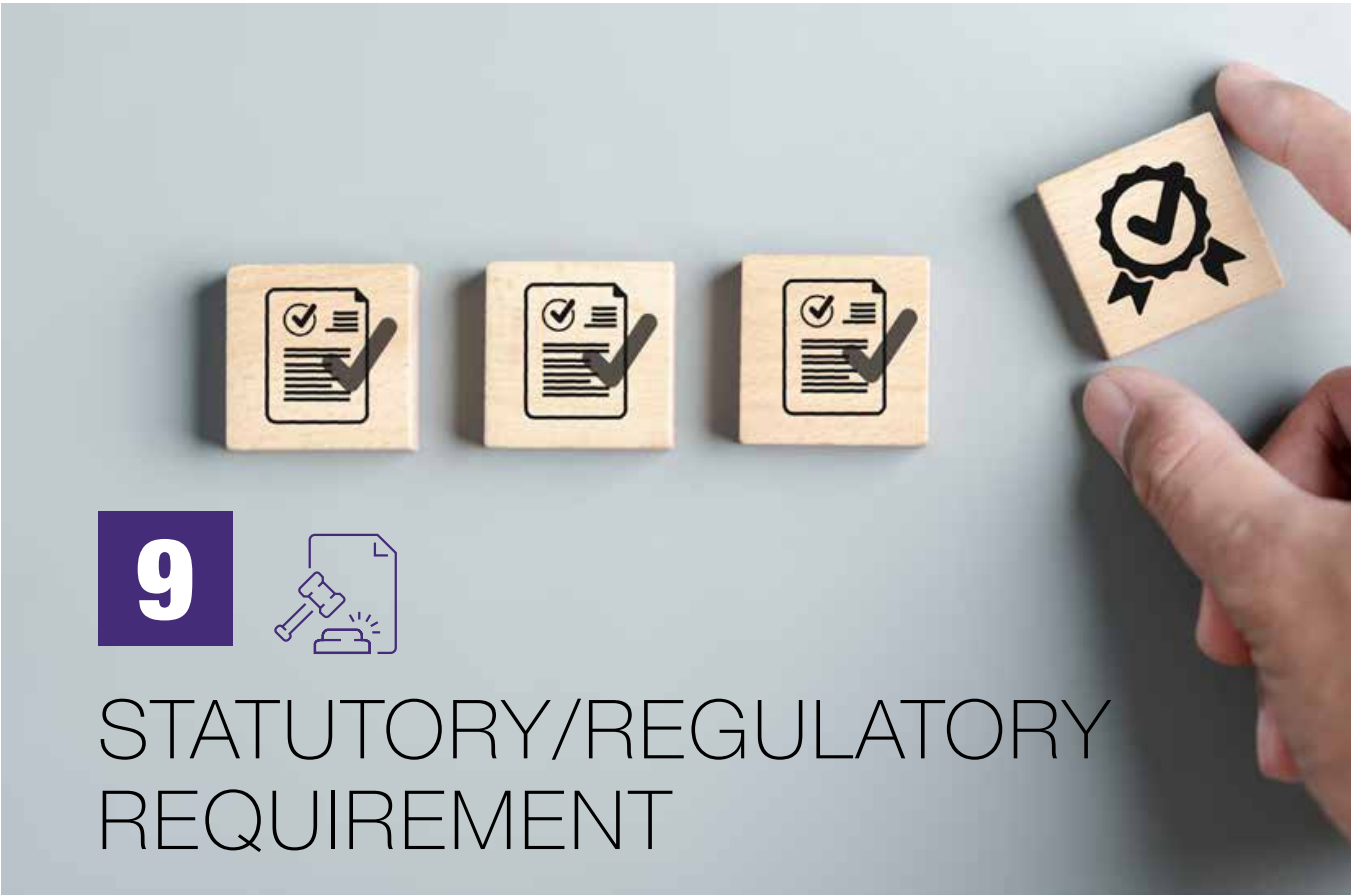
9 STATUTORY/REGULATORY REQUIREMENT

Australian local governments face the complex and dynamic task of managing numerous statutory and regulatory requirements mandated by State and Federal legislation. They must also act as regulators themselves through local laws and exercise delegated powers from state/territory government agencies in areas like waste management and environmental management.

	Rank 1		Rank 8
Access to qualified staff	70%		30%
Changes in legislation/its application to shifting regulatory requirements	57%		43%
Lack of local government-specific resources/systems	45%		55%
Changes to planning regulations or other functional requirements	27%		73%
Other	99%		

Ranked 1-2	Ranked 3-4	Ranked 5
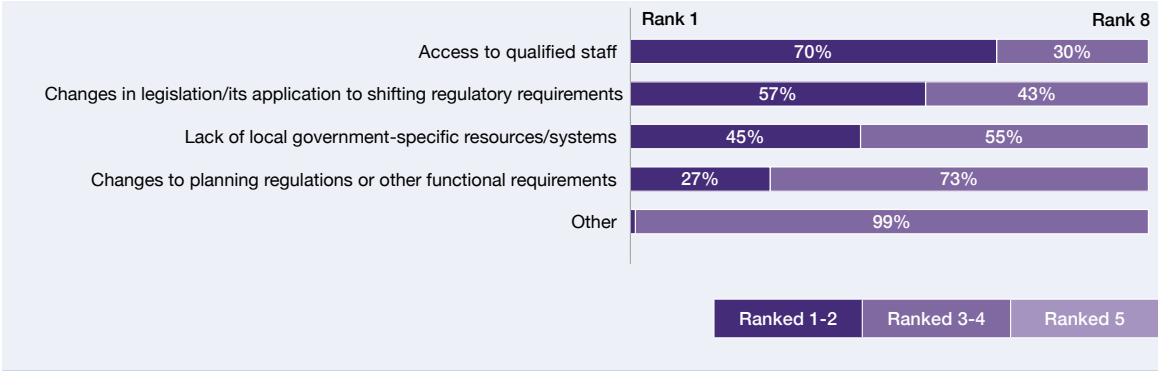
Figure 31: Inability for council to meet increased statutory and/or regulatory requirements National Risk Heat Map

This delegation of power has risen in recent years due to cost-shifting policy priorities from higher levels of government. Consequently, local governments often have to accomplish more with limited resources.

Australian communities rightfully expect their local governments to operate in compliance with legislative obligations and to regulate in a consistent, fair and transparent manner. However, in the current environment, this has become increasingly complex and costly for local governments. As the range of services provided by local governments continues to expand, so does the risk of non-compliance.

Organisations urgently require robust and accurate compliance functions.[17] Although the need for these functions is clear and appropriate, the capability to meet them in the current climate poses a challenge for many organisations.

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[17] Thomas Reuters Regulatory Intelligence, 2023 Cost of Compliance Report.

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According to the JLT Public Sector Risk Survey, more than 70% of respondents identified access to qualified staff as a significant issue for this category. This is unsurprising as local governments across the country face fierce competition for talent from the private industry. Regional areas that compete with large mining and agricultural firms and lack secure accommodation for prospects find accessing quality staff more challenging. Over 57% of respondents considered changes in legislation or its application to shifting regulatory requirements to be a concern. Additionally, more than 44% considered the lack of local government-specific resources/systems to meet regulatory requirements a high risk.

Top three underlying factors for Statutory/regulatory requirement risk by region

CITY
1. Changes in legislation or its application to shifting regulatory requirements.
2. Access to qualified staff
3. Changes to planning regulations/other functional requirements

METROPOLITAN
1. Changes in legislation or its application to shifting regulatory requirements.
2. Access to qualified staff
3. Changes to planning regulations/other functional requirements

REGIONAL CITY
1. Changes in legislation or its application to shifting regulatory requirements.
2. Access to qualified staff
3. Lack of local government specific recourses/systems to meet requirements

REGIONAL
1. Access to qualified staff
2. Changes in legislation or its application to shifting regulatory requirements.
3. Lack of local government specific recourses/systems to meet requirements

RURAL/REGIONAL
1. Access to qualified staff
2. Changes in legislation or its application to shifting regulatory requirements.
3. Lack of local government specific recourses/systems to meet requirements

These results highlight the ongoing challenges faced by local governments in Australia. The competition for qualified staff, coupled with the need to adapt to evolving regulatory landscapes, poses significant hurdles.

The lack of dedicated resources and systems tailored to local government further compounds the risk. Addressing these issues will ensure effective governance and compliance within local government organisations. This aligns with the sixth-ranked risk of People & Culture, which specifically addresses the challenges of attracting and retaining professional staff. These risks are clearly depicted in he accompanying heat map.

For regional and remote local governments, accessing qualified staff to manage these risks was considered an even higher risk by many respondents. This underscores the significant challenge smaller and more remote communities face in addressing their staffing needs.

Failure to comply with statutory requirements and to appropriately regulate local government obligations can have significant consequences, including:

- **Risk of harm to the workplace and community:** Non-compliance can lead to unsafe working conditions and potential harm to employees and the community at large.

- **Reputational damage:** Failure to meet regulatory obligations can tarnish the council's reputation, eroding public trust and confidence.

- **Environmental harm:** Inadequate regulation and non-compliance can result in environmental damage, such as pollution or improper waste management, impacting ecosystems and natural resources.

- **Financial loss via litigation, fines and penalties for non-compliance:** Non-compliance can lead to legal action, resulting in costly litigation, fines and penalties imposed by regulatory authorities.

Amid ongoing nationwide legislative reform and labour market challenges, this risk will continue to accelerate this year and into the next. In response, local governments must adopt a risk-based approach. This means seeking support where necessary from external experts, leveraging internal audit planning to focus on key high-risk areas, and investing in staff professional development and technology systems to support and improve the council's compliance management framework.

The rise in statutory and regulatory compliance risk corresponds with the increase of claims in the Public and Professional Liability, Council and Officers, and Fidelity/Crime covers highlighting the importance of this risk transfer mechanism to local governments.

Local governments can position themselves to effectively manage the increasing risk of statutory and regulatory requirements this year and beyond. But it's a long game of strategic investment in things like:

- Investment in development and or review of Compliance Management Framework aligned to ISO 37301
- Organisational development programs
- Management commitment and accountability
- Relevant systems
- Ongoing professional development
- Robust internal audit functions
- Practical enterprise risk management

Top ranking underlying factors for Statutory/regulatory requirements by State/Territory

NSW NT QLD SA TAS VIC WA	Access to qualified staff

Victoria

Only 4% of Victorian respondents ranked the inability of councils to meet increased statutory and/or regulating requirements as a high risk, placing it ninth, consistent with the national ranking.

65% of CEO/GMs ranked access to qualified staff as the leading contributing factor for this risk. Staff turnover in Victorian councils is significant and, unfortunately, is gathering momentum as councils compete with the private sector's higher salaries.

This competition has changed the profile of candidates attracted to the sector, especially in regional areas where it's a top concern for all, except capital city councils, which placed it second to last.

53% of respondents identified changes in legislation or its application to shifting regulatory requirements as the second leading reason for this risk, with significant regional variations. Capital city, regional city and regional councils ranked it among the top two concerns, whereas metropolitan and rural/remote councils ranked it as their second to last concern.

Top three reasons underpinning statutory and regulating requirements by region

METROPOLITAN
1. Changes in legislation/shifting regulatory requirements.
2. Changes to planning regulation/function requirements
3. Lack of LG-specific resources/systems

REGIONAL
1. Lack of LG-specific resources/systems
2. Access to qualified staff
3. Changes in legislation/shifting regulatory requirements

REMOTE/RURAL
1. Lack of LG-specific resources/systems
2. Access to qualified staff
3. Changes to planning regulation/function requirements

Western Australia

19% of Western Australian respondents viewed council's inability to meet increased state and/or regulatory requirements as high risk, placing it seventh, two points below the national ranking.

65% of CEO/GMs identified access to qualified staff as the number one contributing factor for this risk. This is unsurprising, given Western Australia's extremely tight labour market.

As of December 2023, Western Australia's unemployment rate was 3.8%. Meanwhile, the underemployment rate sits at 5.9% - slightly lower than the national average of 6.6%. This, coupled with the strongest participation rate of any of the states at 69.3%, indicates an incredibly tight employment market.

Regional councils in particular struggle to find appropriately qualified staff, ranking this concern second. In contrast, metropolitan organisations rank it as their second last concern. The disparity is unsurprising given the skills needed and labour market data.

Regional and rural WA experience even tighter labour markets, with the employment rate ranging from 81.7% to 79.6%, and the unemployment rate between 2.7% and 3.2%. To attract talent, regional councils are innovating, offering competitive packages that may include housing, fly-in/fly-out options, health and wellbeing benefits and generous leave policies.

Nearly 64% of respondents expressed concern over legislation changes or its application to shifting regulation requirements. WA local governments have experienced considerable legislative change in the past year, with significant further changes anticipated.

These adjustments introduce new or modified requirements, where non-compliance can lead to penalties or legal consequences. Regional councils feel the pressure acutely, struggling to allocate resources like time, staff and funding to meet new standards. This can strain their operational efficiency, budget planning and increase the risk of compliance issues.

Top three underlying factors for Statutory/ Regulatory Requirement risk by region

METROPOLITAN
1. Access to qualified staff
2. Changes in legislation/shifting regulatory requirements
3. Changes to planning regulation/function requirements

REGIONAL CITY
1. Changes in legislation/shifting regulatory requirements
2. Access to qualified staff
3. Changes to planning regulation/function requirements

REGIONAL
1. Changes in legislation/shifting regulatory requirements
2. Access to qualified staff
3. Lack of LG-specific resources/systems

REMOTE/RURAL
1. Access to qualified staff
2. Lack of LG-specific resources/systems
3. Changes in legislation/shifting regulatory requirements

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New South Wales

All metropolitan and regional councils in New South Wales ranked most contributing factors influencing their ability to meet increased statutory and/or regulating requirements as medium to high.

50% of metropolitan councils and 30.77% of regional councils ranked access to qualified staff as their leading concern contributing to statutory and regulatory compliance risk. Staff turnover and the ability to attract and retain qualified staff continue to impact councils across New South Wales.

38.46% of regional councils ranked lack of local government-specific resources/systems to meet regulatory requirements as a contributing factor to this risk, compared to 10% of metropolitan councils. This discrepancy highlights the differing challenges regional and metropolitan councils face.

Councils across NSW face challenges arising from changes in legislation or its application to shifting regulatory requirements. This is a concern for 23.08% of regional councils and 20% of metropolitan councils, indicating its significance as an underlying issue.

Furthermore, 20% of metropolitan councils compared with 7.69% for regional councils identified changes to planning regulation or other functional requirements as a contributing factor.

These findings demonstrate the shared compliance and regulatory challenges NSW councils face, while also pinpointing some variations between metropolitan and regional councils. Addressing these issues requires a comprehensive approach that includes attracting and retaining qualified staff, allocating resources for local government-specific needs and adapting to evolving legislative and regulatory landscapes.

Top three underlying factors for Statutory/ Regulatory Requirement risk by region

METROPOLITAN
1. Access to qualified staff
2. Changes in legislation/shifting regulatory requirements
3. Lack of LG-specific resources/systems

REGIONAL CITY
1. Access to qualified staff
2. Changes in legislation/shifting regulatory requirements
3. Lack of LG-specific resources/systems

REGIONAL
1. Access to qualified staff
2. Lack of LG-specific resources/systems
3. Changes in legislation/shifting regulatory requirements

REMOTE/RURAL
1. Access to qualified staff
2. Changes in legislation/shifting regulatory requirements
3. Lack of LG-specific resources/systems

81%
Ranked the leading factor in NSW as access to qualified staff

56%
ranked changes in legislation/its application to shifting regulatory requirements as the second highest contribute to this risk
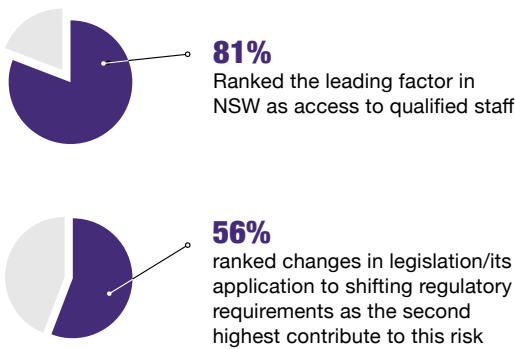
Northern Territory

The inability of councils to meet increased statutory and regulatory requirements was not ranked highly by Northern Territory CEOs. In fact, they placed this risk 11th, two points lower than the national ranking.

That said, 100% of respondents ranked access to qualified staff as the leading factor for this risk. This may be because of several factors specific to the region. For example, the NT faces challenges in attracting and retaining qualified staff due to its remote location, small local talent pool, and competition from other levels of government and industries. This has a negative impact on NT councils' ability to effectively manage compliance and regulatory requirements.

The lack of local government-specific resources and systems to meet regulatory requirements was ranked as the second reason for this risk, with 66% of respondents identifying it as a concern. This suggests NT councils struggle with securing the necessary resources and systems to meet the specific regulatory requirements for local government operations. Challenges might stem from limited funding, increasing obligations, or a lack of specialised expertise in the region. This shortfall in resources and systems can hinder NT councils' ability to manage compliance and regulatory obligations effectively, thereby exacerbating the overall risk.

Queensland

In Queensland, 71% of CEO considered legislation changes as the highest risk to meeting their statutory and regulatory requirements.
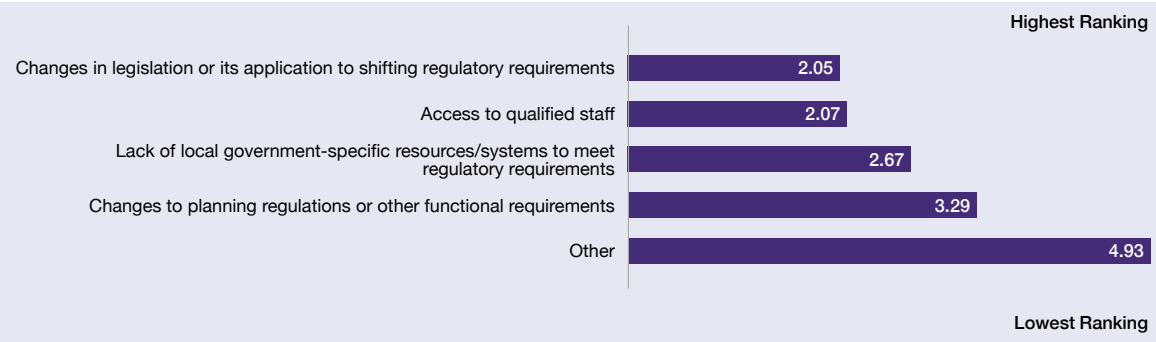
Figure 32: Inability for council to meet increased statutory and/or regulatory requirements Average Ranking of Queensland underlying factors

This concern significantly surpasses issues related to access to qualified staff, ranked by 60%, and the availability of local government-specific resources and systems, ranked by 50%.

This contrasts with the national view where 70% of CEO/GMs noted access to qualified staff as the biggest contributing factor for risk, with legislation changes following at 57%. This difference underlines the need for legislators to be aware of and support ongoing investment in governance by councils.

Top three underlying factors for Statutory/Regulatory Requirement risk by region	
METROPOLITAN 1. Changes in legislation/shifting regulatory requirements. 2. Lack of LG-specific resources/systems 3. Changes in planning regulation/functional requirements	**REGIONAL** 1. Changes in legislation/shifting regulatory requirements. 2. Lack of LG-specific resources/systems 3. Access to qualified staff
REGIONAL CITY 1. Changes in legislation/shifting regulatory requirements. 2. Lack of LG-specific resources/systems 3. Access to qualified Staff	**REMOTE/RURAL** 1. Access to qualified staff 2. Changes in legislation/shifting regulatory requirements. 3. Lack of LG-specific resources/systems

Tasmania

In Tasmania, 14% of respondents ranked the inability of councils to meet increased statutory and/or regulatory requirements placing it in eighth. This was one point higher the national ranking.

57% of respondents identified the lack of local government-specific resources/systems to meet regulatory requirements as the primary contributor to this risk.

Regional and rural/remote councils expressed greater concern for this reason, while metropolitan councils ranked it third. This underscores the challenges councils face particularly in regional and rural areas in securing the right resources and systems for effective compliance with local government regulation. This lack of resources and systems can hinder their ability to fulfil obligations and manage complex regulations.

A 2023 local government review recommended merging 12 state councils into seven to improve per capita resourcing.

Approximately 43% of respondents equally ranked access to qualified staff, changes in legislation or its application to shifting regulatory requirements and changes to planning regulations or other functional requirements as the second highest contributing factors.

Regional data analysis revealed that metropolitan councils are primarily concerned about legislation changes or shifting regulation requirements, while regional and rural/remote councils were more concerned about accessing qualified staff.

57.14%
Lack of local government-specific resources/systems to meet regulatory requirements

42.86%
Access to qualified staff

41.18%
Changes in legislation or its application to shifting regulatory requirements

Top three underlying factors for Statutory/Regulatory Requirement risk by region

METROPOLITAN
1. Changes in legislation/shifting regulatory requirements.
2. Changes to planning regulation/function requirements
3. Lack of LG-specific resources/systems

REGIONAL
1. Lack of LG-specific resources/systems
2. Access to qualified staff
3. Changes in legislation/shifting regulatory requirements

REMOTE/RURAL
1. Lack of LG-specific resources/systems
2. Access to qualified staff
3. Changes to planning regulation/function requirements

Figure 33: The top three underlying factors for this risk in Victoria. This shows the percentage of councils that ranked the respective factor as high.

South Australia

In South Australia (SA), executives identified access to qualified staff as the primary contributing factor to statutory and regulatory risk. A significant 76% of participants considered this to be a high-risk factor. 47% of respondents considered both changes in legislation/risk shifting and lack of local government-specific resources/systems as high-risk factors. These challenges are widely recognised by local governments and have been exacerbated post-pandemic.

Councils require experienced risk and governance staff to effectively navigate the local government regulatory environment. And yet, attracting and retaining specialist staff is a key challenge for SA local governments. Councils often compete with private industry for talent, making it difficult to secure the necessary expertise.

The 2022 Local Government Workforce Skills and Capability Survey, commissioned by the LGASA, revealed that 84% of SA Councils had some critical skills shortages. This was a 45% increase on the 2018 report.

The survey identified several key specialist roles that were particularly affected, including IT, engineering, urban and town planning and human resources. 47% of SA respondents were investigating or engaging in shared services for governance, compliance and environmental and planning roles.

Top three underlying factors for Statutory/Regulatory requirements risk by region

CAPITAL
1. Changes in legislation/shifting regulatory requirements
2. Access to qualified staff
3. Lack of LG-specific resources/systems

REGIONAL
1. Access to qualified staff
2. Changes in legislation/shifting regulatory requirements
3. Lack of LG-specific resources/systems

METROPOLITAN
1. Access to qualified staff
2. Lack of LG-specific resources/systems
3. Changes to planning regulation/function requirements

RURAL/REGIONAL
1. Access to qualified staff
2. Lack of LG-specific resources/systems
3. Changes in legislation/shifting regulatory requirements

REGIONAL CITY
1. Changes in legislation/shifting regulatory requirements
2. Access to qualified staff
3. Lack of LG-specific resources/systems

10 WASTE MANAGEMENT

The increased expectations to reimagine the waste management process to create better practices and sustainability continue to pose substantial challenges for the sector. These challenges encompass issues of financial capacity, environmental sustainability, resource allocation and public health. In some local government areas, Councils are exposed to these changes across its functions as a waste authority, recycler and a producer of waste. Waste management is a high-risk activity with challenges around all aspects of risk, from liability, property, workers, and the environment.

The Federal Government is committed to improving waste management across the country. To do this, it has introduced three initiatives:

1. A national target to reduce landfill waste by 80% by 2030

2. A ban on waste plastic, paper, glass and tyre exports

3. A strategy to significantly enhance Australia's ability to produce and sell high-value recycled commodities

Infrastructure development to support these initiatives is progressing, though slower than expected. This may raise the risk of stockpiling and redirection to landfill.

Australia's population is experiencing continuous growth, leading to evolving waste streams. Additionally, the rapid pace of technology enhancements has introduced new types of waste such as electronic and hazardous materials.

In 2023, local governments' risk sentiment towards Waste Management remained mostly unchanged. 96% of respondents cited financial capacity, mitigation and waste disposal methods, and evolving community expectations as the most significant risks to sustainable waste management.

Lower national risk averages are noted against compliance and regulation suggesting local governments continue to have challenges in managing evolving regulatory environments and exposure to long-tail risks from historic waste management practices.

Interestingly, whilst cost pressure and financial sustainability dominates as the primary national risk, state-level trends vary.

Councils in NSW and Victoria place the circular economy in its top three concerns. Meanwhile, Western Australia and Victoria stand out as the only states where assessing and monitoring environmental risk does not rank within the top three exposures.

Queensland largely mirrors national trends but places greater emphasis on the macro environment. And the Northern Territory considers monitoring environmental pollution and improper disposal as its most significant exposure concerns.

Top ranking underlying concerns by state

NSW NT SA	Balancing community expectations for managing recycling/reuse operations in accordance with regulations
QLD VIC WA	Cost and ability to effectively manage waste
TAS	Environmental land/air/water management and compliance

The move towards a circular economy puts short-term pressure on financial resources and councils' ability to adapt. After all, this shift necessitates infrastructure and customer offering updates.

	Rank 1		Rank 13
Cost and ability to effectively manage waste	60%	37%	3
Ability to assess and mitigate the environmental risks and impacts	47%	49%	4
Balancing community expectations for managing recycling/reuse operations	46%	50%	4
Inflationary pressure on costs and overheads for waste management services	44%	37%	19%
Ability to monitor improper waste disposal to measure impacts	31%	61%	8%
Complex and competitive market conditions	23%	57%	20%
Environmental land/air/water management and compliance	16%	50%	34%
Managing community expectations	15%	27%	58%
Managing environmental impacts	5	5	90%
Risks of harm to people or the environment	4	11%	85%
Other	4		96%
Management of injury to workers during handling of waste onsite/offsite	8%		89%
Policy and procedures for managing recycling operations	8%		89%

Ranked 1-3	Ranked 4-7	Ranked 8-13

Figure 34: Waste Management National Risk Heat Map

Shifting Waste Management trends in Australia and globally

1. Alternative to landfill disposal: Stricter regulations and higher handling fees are driving national and international demand for waste managers to find alternatives to landfill disposal.

At the same time, there's competing pressure to invest in improved landfill practices. Local government entities are exploring Waste-to-Energy (WTE), recovery and reuse options to control operational costs and generate revenue.

This shift is supported by the Federal Government's commitment to boost renewal energy, as announced at the COP28 summit. Therefore, careful balancing of landfill improvements and transition efforts is critical.

2. Innovation: Technological advancements like smart waste bins, recycling robots and e-waste kiosks show the potential to revolutionise waste management practices.

Investment in smart infrastructure is increasing across the sector, with the growing use of artificial intelligence, analytics and cameras to analyse waste items. Transitioning to electric fleets and enhancing material extraction from electronics is also on the rise.

New technology also brings new risks, particularly in data management, cybersecurity, system security and increased e-waste.

3. Transportation: Legacy collection fleets pose serious sustainability challenges, particularly in reaching carbon targets.
Transitioning to suitable fuels and vehicles is crucial. However, implementing such changes involves capital risk, operational risks and uncertainties.

4. Shifting towards electrical or biofuel: Electric or biofuel waste fleets introduce different characteristics and requirements than traditional fuel systems.
This shift may result in increased maintenance, repair and supply costs. Careful consideration and planning are necessary to mitigate these risks and ensure a smooth transition to more sustainable waste management practices.

5. Transition waste: Transition waste, such as WTE residual waste, could also pose a challenge for transportation and supply chain routes. Careful assessment of supply chain dependencies, pollution and emergency response is required.

6. Greenwashing: Greenwashing is when entities make sustainability declarations without basis. Recently, we've seen increased litigation and regulatory action against greenwashing. While local governments don't fall within the bounds of the Corporation Act, liability may arise from Australian consumer Law, which states that when a local government involves itself in trade or commerce, it is prohibited from engaging in misleading or deceptive conduct. Misstatements in publications of de-carbonisation plans or climate change initiatives linked to funding may fall within this exposure area.

7. Changes in climate: Changing climate conditions in Australia continue to pose risks to waste management activities across production local governments must address risks from bushfires, flood, land use planning and buffer zones, and increased demand and dependency risks posed by natural disasters. The National Waste Report 2022 reported that 2020-21's major weather events produced 181,000 tonnes of disaster waste. Managing such disaster waste must also contend with increased asbestos contamination (for example, Tweed Shire Council collected 1,440 tonnes of ACM following the flood in early 2022). Enhanced regulatory management could improve tracking from source to disposal but may lead to higher costs and the risk of illegal disposal.

Waste Management risk drivers

Local governments have strong incentives to adopt and evolve to ensure efficient management of waste to accommodate changing waste streams and meet community expectations. This will require careful consideration across the following key areas of change:

- **Exposure:** Business interruption and supply chain exposure, along with challenges accessing capital and social governance, the costs of managing non-revenue-generating legacy landfills, and an increased dependency on one or two private sector operators, are significant concerns.

- **Partnerships:** Private and Public Partnerships (PPP) are expected to grow and evolve, changing the dynamic and potentially leading regional amalgamation of waste management due to increased operating costs.

- **Operations:** As new technology and automation gain popularity, worker safety, liability, and property exposures will change, as well as staff retention and training.

- **Digitisation:** IT dependency, cyber and data security, and WTE operations being classified under critical infrastructure provisions represent significant issues.

Continued investigation and investment in WTE solutions, recycling hubs and regional waste facilities is crucial to ensure a resilient transition to the Federal Government's waste management objectives.

Top ranking underlying factors for Waste Management by state/territory

NSW NT SA	Balancing community expectations for managing recycling/reuse operations in accord with regulations
QLD VIC WA	Cost and ability to effectively manage waste
TAS	Environmental land/air/water management and compliance

Top three underlying factors for Waste Management risk by region

CITY
1. Ability to monitor improper waste disposal
2. Balancing community expectations for managing recycling/reuse operations
3. Complex/competitive market conditions for waste collection

METROPOLITAN
1. Cost & ability to effectively manage waste
2. Inflationary pressure on costs/overheads for waste management
3. Balancing community expectations for managing operations

REGIONAL CITY
1. Ability to assess and mitigate the environmental risks/impacts
2. Cost & ability to effectively manage waste
3. Inflationary pressure on costs/overheads for waste management

REGIONAL
1. Cost & ability to effectively manage waste
2. Balancing community expectations for managing recycling/reuse operations
3. Ability to assess and mitigate the environmental risks/impacts

RURAL/REGIONAL
1. Cost & ability to effectively manage waste
2. Ability to assess and mitigate the environmental risks/impacts
3. Balancing community expectations for managing recycling/reuse operations

Victoria

Victorian senior council executives placed Waste Management in twelfth position two points lower than the national ranking.

Nearly 70% of respondents identified the cost and ability to effectively manage waste relevant to Council areas as the leading contributing factor to this risk. This was the highest-ranked reason for all regions except for capital city councils, who ranked this 12th out of 13.

Complex and competitive market conditions for waste collection, disposal, recycling and reuse procurement processes was ranked as the second concern by 46% of respondents. Unlike regional city councils, capital, metropolitan and regional councils ranked this issue in their top three concerns.

This discrepancy is mainly because regional areas often manage waste internally, whereas most metropolitan councils seek external assistance to collect and process waste, facilitated by their higher population density

Top three underlying factors for Waste Management risk by region

CITY
1. Complex and competitive conditions for collection, disposal, recycling and reuse
2. Managing community expectations for councils to manage environmental responsibilities
3. Ability to monitor improper waste disposal

METROPOLITAN
1. Cost and ability to effectively manage waste
2. Complex and competitive market conditions for waste collection
3. Inflationary pressure on costs and overheads for waste management services

REGIONAL CITY
1. Cost and ability to effectively manage waste
2. Ability to assess and mitigate the environmental risks and impacts of waste disposal methods
3. Environmental land/air/water management and compliance

REGIONAL
1. Cost and ability to effectively manage waste
2. Complex and competitive conditions for collection, disposal, recycling and reuse
3. Inflationary pressure on costs and overheads for waste

RURAL/REGIONAL
1. Cost and ability to effectively manage waste
2. Inflationary pressure on costs and overheads for waste
3. Balancing and mitigating the environmental risks and impacts of waste disposal methods

New South Wales

20% of metropolitan councils in New South Wales identified inflationary pressure as high risk, compared to 15% of regional councils. Both areas ranked the impact of inflation on waste management operations as medium risk, with very few regional councils identifying inflation as low risk.

40% of metropolitan councils rated waste management as high risk due to complex and competitive market conditions for waste collection, disposal, recycling and reuse procurement processes relevant to all aspects of contractual arrangements.

Regional councils shared similar concerns, with 30.77% of respondents identifying the same challenges facing local government.

30% of metropolitan councils and 30.77% of regional councils ranked the ability to assess and mitigate the environmental risks and impacts of waste disposal as a leading concern.

Both metropolitan and regional councils showed similar levels of risk maturity in managing work health and safety (WH&S) concerns. 70% of metropolitan councils considering this low risk, and 53.85% of regional councils agreed. However, 7.59% of regional councils identified WH&S exposure as medium risk.

For 10% of metropolitan councils, the cost and effectiveness of waste management are major concerns, compared to 30% of regional councils. Climate change poses ongoing operational challenges for waste management, with fires and flood increasing operational costs for councils.

Top three underlying factors for Waste Management risk by region

METROPOLITAN
1. Balancing community expectations for managing recycling/reuse operations
2. Complex and competitive market conditions for waste collection, disposal, recycling and reuse
3. Inflationary pressure on costs and overheads for waste management services

REGIONAL CITY
1. Ability to assess and mitigate the environmental risks and impacts of waste disposal methods
2. Inflationary pressure on costs and overheads for waste management services
3. Cost and ability to effectively manage waste

REGIONAL
1. Balancing community expectations for managing recycling/reuse operations in accord with regulations
2. Ability to assess and mitigate the environmental risks and impacts of waste disposal methods
3. Cost and ability to effectively manage waste

RURAL/REGIONAL
1. Cost and ability to effectively manage waste
2. Balancing community expectations for managing recycling/reuse operations in accord with regulations
3. Ability to assess and mitigate the environmental risks and impacts of waste disposal methods

Northern Territory

Respondents ranked the cost and ability to effectively manage waste relevant to council area as the second highest contributing factor. In fact, 66% of respondents ranked this as a high risk.

Interestingly, only regional city councils and regional councils ranked this in their top two positions. Metropolitan councils ranked this as medium. Assessing and mitigating the environmental risks and impacts of waste disposal methods was ranked equal second.

This concern was the primary contributing factor in capital city and regional city councils, and it was ranked third by regional councils.

Highest Ranking

Factor	Average Ranking
Balancing community expectations for managing recycling/reuse operations in accord with regulations	2.5
Cost and ability to effectively manage waste relevant to your Council area	2.83
Ability to assess and mitigate the environmental risks and impacts of waste disposal methods,	3.67
Ability to monitor improper waste disposal to measure contamination, greenhouse gas emissions, habitat loss and health impacts for wildlife	4.00
Environmental land / air / water management and compliance	5.33
Complex and competitive market conditions for waste collection, disposal, recycling and re-use Procurement processes relevant to all aspects of contract arrangements	6.50
Inflationary pressure on costs and overheads for waste management services	6.50
Managing community expectations on Council's ability to manage its environmental responsibilities	7.00
Managing environmental impacts on human health risk (pollution, leaching, tainted waterways) emanating from waste site/s	9.50
Management of injury to workers during handling of waste onsite/offsite	9.67
Risks of harm to people or the environment arising from waste facilities/activities	9.83
Policy and procedures for managing recycling operations	10.67
Other	13.00

Lowest Ranking

Figure 35: Waste Management Average Ranking of Northern Territory underlying factors

Tasmania

14% of Tasmanian council senior executives ranked Waste Management as high risk, placing it ninth, one spot higher than the national ranking.

57% of respondents ranked environmental land/air/water management, compliance and ability to assess and mitigate the environmental risks, and impact of waste disposal methods, as their leading contributing factors.

Nearly 43% of respondents ranked the costs and ability to effectively manage waste relevant to council areas. The wide geographic spread of councils and small population bases across many municipalities increase waste management costs.

Top three underlying factors for Waste Management risk by region

CAPITAL

1. Complex and competitive conditions for collection, disposal, recycling and reuse
2. Managing community expectations for councils to manage environmental responsibilities
3. Ability to monitor improper waste disposal

METROPOLITAN

1. Cost and ability to effectively manage waste
2. Complex and competitive market conditions for waste collection
3. Inflationary pressure on costs and overheads for waste management services

REGIONAL CITY

1. Cost and ability to effectively manage waste
2. Ability to assess and mitigate the environmental risks and impacts of waste disposal methods

3. Environmental land/air/water management & compliance

REGIONAL

1. Cost and ability to effectively manage waste
2. Complex and competitive conditions for collection, disposal, recycling and reuse
3. Inflationary pressure on costs and overheads for waste

REMOTE/RURAL

1. Cost and ability to effectively manage waste
2. Inflationary pressure on costs and overheads for waste
3. Balancing and mitigating the environmental risks and impacts of waste disposal methods

Western Australia

20% of Western Australian respondents ranked Waste Management as a considerable risk, placing it eighth, two points higher than the national ranking

Highest Ranking

Factor	Value
Cost and ability to effectively manage waste relevant to your Council area	3.34
Balancing community expectations for managing recycling/reuse operations in accord with regulations	3.66
Ability to assess and mitigate the environmental risks and impacts of waste disposal methods	3.86
Ability to monitor improper waste disposal to measure contamination, greenhouse gas emissions, habitat loss and health impacts for wildlife	4.69
Inflationary pressure on costs and overheads for waste management services	4.91
Environmental land / air / water management and compliance	6.20
Complex and competitive market conditions for waste collection, disposal, recycling and re-use Procurement processes relevant to all aspects of contract arrangements	6.29
Managing community expectations on Council's ability to manage its environmental responsibilities	6.66
Managing environmental impacts on human health risk (pollution, leaching, tainted waterways) emanating from waste site/s	8.63
Policy and procedures for managing recycling operations	9.63
Management of injury to workers during handling of waste onsite/offsite	10.11
Risks of harm to people or the environment arising from waste facilities/activities	10.37
Other – please specify	12.66

Lowest Ranking

Figure 36: Waste Management Average Ranking of Western Australia underlying factors

In Western Australia, 57% of council senior executives ranked the cost and ability to effectively manage waste relevant to Council areas as the leading underlying concern. Metropolitan and regional councils ranked this as their leading reason, whereas regional city and rural/remote councils considered it a lower concern.

Recent significant population growth, particularly in urban areas, has led to increased waste production and the demand for waste management services across the state. This places stress on existing infrastructure and resources.

Metropolitan councils face the challenge of finding suitable sites for new landfills, prompting the sector to adopt alternative waste management strategies. This transition requires substantial investment and introduces greater risk, as waste managers store and process greater volumes of complex waste, like mineral-rich batteries.

For 51% of respondents, the ability to assess and mitigate the environmental risks and the impact of waste disposal methods was the second highest contributing factor. This is understandable, as waste management carries higher risks than many other industries and local government services.

Recent major incidents in Western Australia have increased awareness of these risks and their potential long-term negative impacts on local communities, environments and industries.

Moreover, as WA waste managers transition to new processes particularly those involving mineral-rich waste and energy generation they face a steep learning curve to understand new risk exposures and implement suitable controls.

These concerns are more pronounced for regional city, regional and rural/remote councils, as their challenges are compounded by geographic size, limited resource availability and the difficulty of securing skilled workers.

Top three underlying factors for Waste Management risk by region

METROPOLITAN

1. Cost and ability to effectively manage waste
2. Inflationary pressure on costs and overheads for waste management services
3. Balancing community expectations for managing recycling/reuse operations in accord with regulations

REGIONAL CITY

1. Ability to assess and mitigate the environmental risks and impacts of waste disposal methods
2. Environmental land/air/water management & compliance
3. Management of injury to workers during handling of waste onsite/offsite

REGIONAL

1. Cost and ability to effectively manage waste
2. Ability to assess and mitigate the environmental risks and impacts of waste disposal methods
3. Balancing community expectations for managing recycling/reuse operations in accord with regulations

REMOTE/RURAL

1. Ability to assess and mitigate the environmental risks and impacts of waste disposal methods
2. Balancing community expectations for managing recycling/reuse operations in accord with regulations
3. Ability to monitor improper waste disposal to measure contamination etc

Queensland

In Queensland, financial challenges were identified as the most pressing risks for effective waste management, with 76% of council senior executives citing costs as a high concern, followed by inflationary pressures, which were rated as high by 52%.

Nationally, cost was still the highest risk but cited by only 60% of council senior executives. The impacts of inflation fell to fourth, with 44% identifying this as a high risk.

Queensland councils are likely to prioritise financial considerations in evaluating their waste management programs and risk controls. It is unclear whether this is due to decentralised settlement patterns, demographic changes or underlying system and regulatory framework.

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South Australia

8% of senior council executives in South Australia ranked Waste Management as high risk, placing it in eleventh position, one spot lower than its national ranking.

59%
Noted balancing community expectations for managing recycling/reuse operations as the leading issue for this risk

53%
Noted cost and ability to effectively manage waste as the second leading reason for this risk

Nearly 59% of council senior executives ranked balancing community expectations with regulation compliance in managing recycling/reuse operations as the primary contributing factor to this risk. This remains consistent with national responses.

Capital city, metropolitan and regional councils ranked this as a leading contributing factor. Regional city and rural/remote councils ranked this as the fourth contributing factor.

Council senior executives ranked cost and ability to effectively manage waste relevant to council area, along with inflationary pressure on costs and overheads for waste management services, as the joint second highest contributing factor for this risk.

Inflationary pressure was a major concern for metropolitan, regional city and rural/remote councils, ranking third highest. City and regional councils ranked this issue in fourth and fifth position.

City, regional city, regional and rural/remote councils ranked the cost and ability to effectively manage waste relevant to council's area within the top three positions as a high concern. In contrast, metropolitan ranked this in fifth position.

Policy and procedures for managing recycling operations ranked the lowest on the South Australia heat map. This indicates that councils have appropriate controls in place to address liability exposures.

Legacy landfill sites and new developments pose risks for South Australian councils.

Top three underlying factors for Waste Management risk by region

CITY
1. Balancing community expectations fo r managing recycling/reuse operations
2. Managing community expectations on Councils ability to manage its environmental responsibilities
3. Monitoring the diverse environmental waste mediums

METROPOLITAN
1. Balancing community expectations for managing recycling/reuse operations
2. Inflationary pressure on costs and overheads for waste management services
3. Complex and competitive conditions for collection, disposal, recycling and reuse

REGIONAL CITY
1. Inflationary pressure on costs and overheads for waste management services
2. Cost and ability to effectively manage waste
3. Environmental land/air/water management & compliance

REGIONAL
1. Balancing community expectations for managing recycling/reuse operations
2. Ability to assess and mitigate the environmental risks and impacts of waste disposal method
3. Cost and ability to effectively manage waste

REMOTE/RURAL
1. Cost and ability to effectively manage waste
2. Ability to assess and mitigate the environmental risks and impacts of waste disposal methods
3. Inflationary pressure on costs and overheads for waste management services

11

REPUTATION RISK

Reputation remains a prominent risk for local government CEO/GMs. As the government level closest to communities, councils are in touch with community needs and often know the best way to meet those needs. Nonetheless, this comes with the challenge of managing community expectations around providing essential services.

CEOs and GMs often encounter a significant challenge when it comes to the breadth of services that councils deliver, especially considering the finite financial and human resources available when managing an extremely broad portfolio. This challenge becomes even more pronounced for smaller regional councils. Merged councils that have limited funds to allocate across multiple towns face an even greater challenge, often having to navigate the prospect of capped rates.

Like last year's results, executives identified their ability to administer governance effectively as their most significant contributor to Reputation risk. This is closely followed by a loss of community trust in council executives and elected bodies. Prominent issues that contribute to this risk include governance failures in procurement, discharging duties, and elected member behaviour.
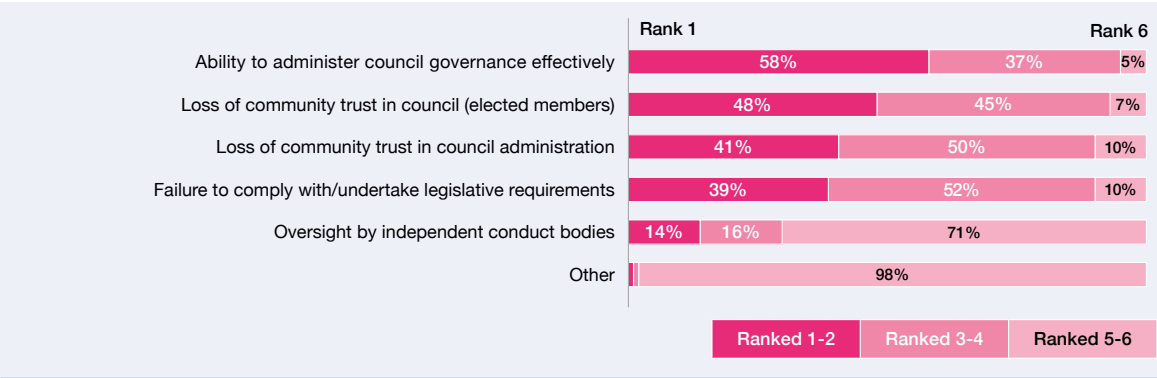

Figure 37: Reputation as Local Government National Risk Heat Map

Like many risks, reputation is closely interconnected with other key risks for the sector. One such risk that local government faces is ineffective governance, which ranked number 11 this year. High-profile issues that attract media attention, such as disputes among elected member, electoral procedure errors and controversial planning decisions, all have the potential to adversely affect the reputation of the council.

Another risk closely connected to this is assets & infrastructure, ranking third this year. As previously mentioned, it can be challenging to meet community expectations regarding the management and maintenance of critical infrastructure and community recreation spaces. In many instances, Councils are responsible for maintaining key assets that are owned by the state government such as jetties, wharves and sea walls. Due to limited funds, council's reputation is often impacted when such infrastructure fails.

The graphic below highlights several reputation risk drivers for organisations.
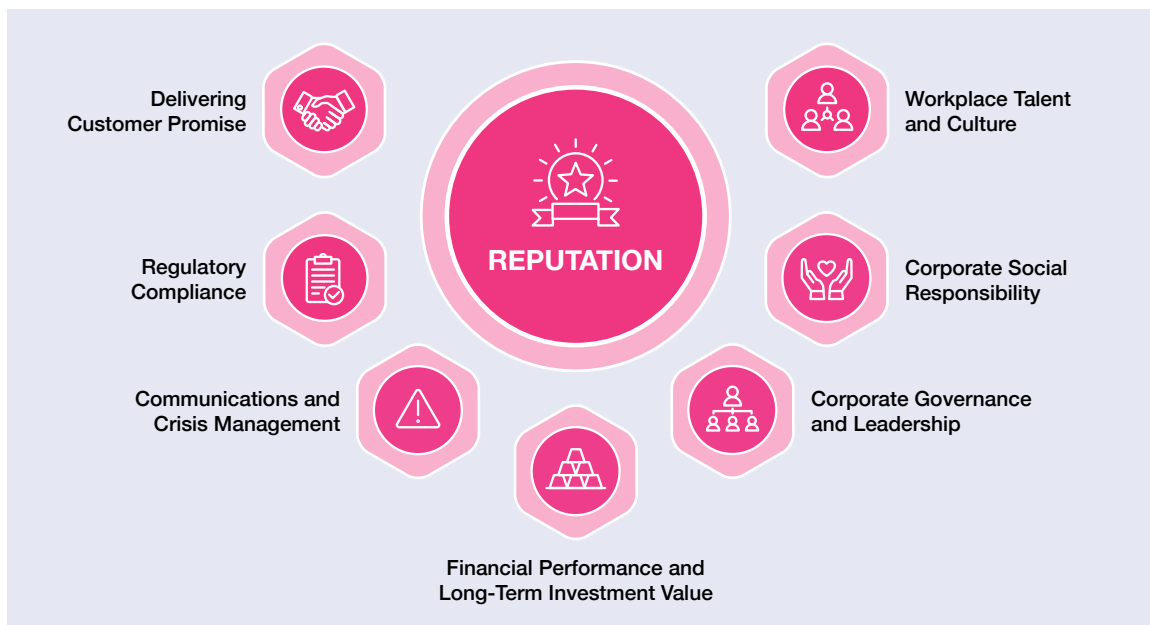
Reputation plays a critical role in building public trust, attracting investment, retaining talent and fostering community engagement.

The biggest drivers of reputational risks have been perceived to be related to governance practices, ethics and integrity of local government. In fact, 57% of respondents ranked their ability to administer council governance effectively as the most significant issue underpinning their reputation.

Interestingly, larger metropolitan councils ranked this contributing factor lower than smaller regional and remote councils (albeit slightly). This suggests that resource constraints and difficulties in attracting and retaining talent may be potential contributors to the perception of its significance within councils.

The governance implications that arise from the involvement of councils in such a wide range of activities are significant. It is important to note governance is a response that is influenced by the organisation's operating environment. This places even greater strain on already limited resources and capacity.

Furthermore, councils are often the central institution in their communities. This high degree of visibility and expectation can increase their reputation risk.

Changing community and other stakeholder expectations introduces an additional dimension to the consideration of these issues. In recent years, there has been a growing awareness and an increase in social activism around

Environmental, Social and Governance ESG issues. As the closest level of government to the community and subject to established statutory governance regimes, councils already were and are at the forefront of many of these issues.

The evolution of public values in ESG matters undoubtedly pose challenges to existing council governance mechanisms and add additional pressure on already limited council resources. Councils are faced with the task of meeting the changing demands and expectations of their constituents to adapt to these public values.

This once again highlights the interconnectedness among various significant risks councils encounter, with ongoing financial sustainability challenges being one of the most notable. These challenges have the potential to result in complex, compounding and cascading consequences.

In addition to their ability to effectively administer governance, respondents identified a loss of community trust in the council (and elected members) as the next most significant risk to reputation.

Trust serves as the foundation on which thriving communities and effective local governments are built. It is the social contract between elected representatives and their communities and is crucial for developing public policy and delivering community services.

According to a recent Edelman survey, Australian government is less trusted than businesses.
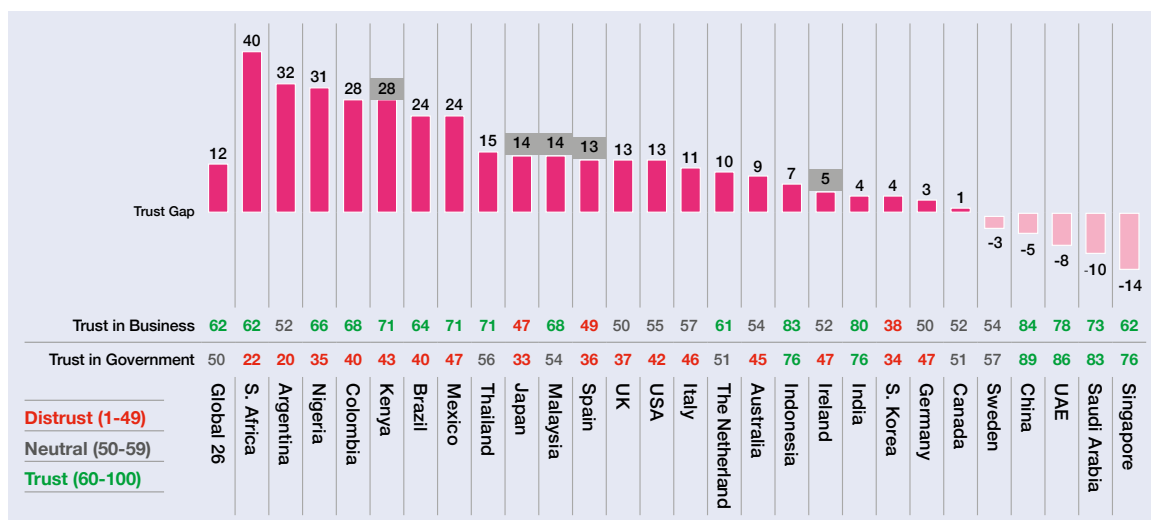
Figure 38: Government Less Trusted than Business

This trust gap has obvious implications for government reputations – and reinforces respondents' view on this risk. Despite these results, local government is generally perceived as more trustworthy than the State and Federal Governments.

The following elements can help secure public trust:

- **Demonstrating competence:** The organisation's ability to demonstrate competence and deliver on promises.

- **Demonstrating empathy:** The organisation's empathy demonstrated toward the community showcasing that the council does more than serve its own agenda.

- **Demonstrating integrity:** The organisation shows integrity by representing the community's interests and acts in alignment with its stated values and commitments, even when no one is watching.

While councils have been actively advocating for and addressing the needs of their communities, there have also been notable instances in the past 12 months where councils have been placed into administration or had elected representatives dismissed. These occurrences serve as a confirmation that the risk of losing trust and the subsequent impact on reputation is not unfounded or unrealistic.

As councils strive to meet their community's evolving needs and expectations, they must continue to ask: 'Do our actions enhance or erode trust?'

Prioritising actions and implementing structures and mechanisms that enhance trust ensures that councils can effectively serve their communities, make informed decisions and build a strong reputation. This creates a growth and prosperity environment.

Top ranking underlying factors for Reputation by State/Territory

NSW NT QLD TAS VIC WA	Ability to administer council governance effectively
SA	Loss of community trust in council (elected members)

Top three underlying factors for Reputation risk by region

CITY
1. Loss of community trust in council administration
2. Loss of community trust in council (elected members)
3. Ability to administer council governance effectively

METROPOLITAN
1. Loss of community trust in council (elected members)
2. Ability to administer council governance effectively
3. Loss of community trust in council administration

REGIONAL CITY
1. Ability to administer council governance effectively
2. Failure to comply with/undertake legislative requirements
3. Loss of community trust in council (elected members)

REGIONAL
1. Ability to administer council governance effectively
2. Loss of community trust in council (elected members)
3. Loss of community trust in council administration

REMOTE/RURAL
1. Ability to administer council governance effectively
2. Failure to comply with/undertake legislative requirements
3. Loss of community trust in council (elected members)

90

New South Wales

Social media has increased public awareness, making it easier for the public to scrutinise their local government. Communities are eager to judge poor decision-making or conduct that falls short of their expectations.
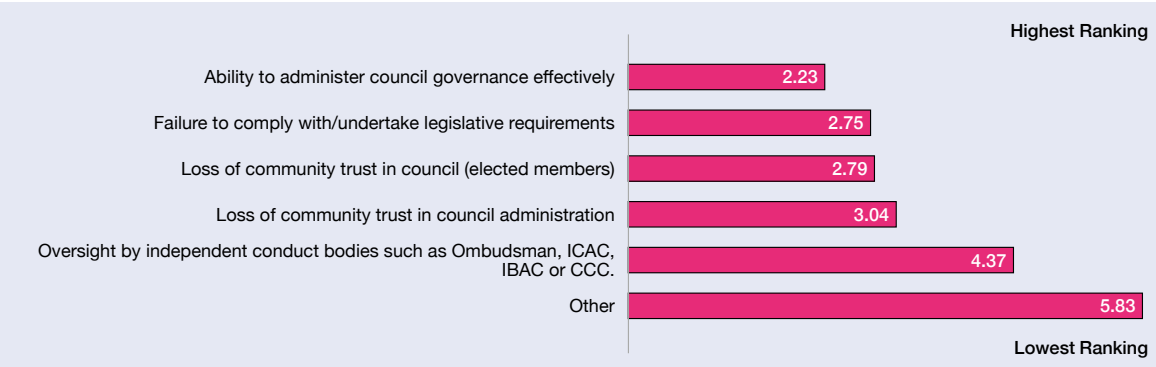

Figure 39: Reputation as Local Government Average Ranking of New South Wales underlying factors

Unfortunately, loss of community confidence can lead to lasting voter backlash, making forgiveness challenging. Such a loss of trust often leads elected officials and executives to potentially act ultra-conservatively, wary of their future tenure.

A council that lacks respect also tends to discourage community-minded individuals from running for election, as they fear facing distasteful sentiments even before making a decision to run.

Over 30% of all CEO/GMs have been displaced in NSW following the local government elections after COVID-19. This resourcing 're-correction' endured for nearly 18 months, and management continuity versus effective government suffered considerably during this time.

Top three underlying factors for Reputation risk by region

METROPOLITAN
1. Ability to administer council governance effectively
2. Failure to comply with/undertake legislative requirements
3. Loss of community trust in council (elected members)

REGIONAL
1. Ability to administer council governance effectively
2. Failure to comply with/undertake legislative requirements
3. Loss of community trust in council administration

REGIONAL CITY
1. Loss of community trust in council (elected members)
2. Ability to administer council governance effectively
3. Failure to comply with/undertake legislative requirements

REMOTE/RURAL
1. Ability to administer council governance effectively
2. Failure to comply with/undertake legislative requirements
3. Loss of community trust in council (elected members)

Queensland

In Queensland, the view on reputational risk was consistent with the national perspective. However, there is more concern about the ability to administer council governance effectively.

Over 40% of CEO/GMs ranked this as their leading underlying factor to local government's reputation. The national ranking is 30%.

Contrastingly, loss of trust in elected members was ranked higher nationally (29%) than in Queensland (26%).

It is anticipated that there will continue to be a strong focus on supporting and improving governance in Queensland as a means to manage reputational risk

Top three underlying factors for Reputation risk by region

METROPOLITAN
1. Loss of community trust in council administration
2. Loss of community trust in council (elected members)
3. Ability to administer council governance effectively

REGIONAL CITY
1. Ability to administer council governance effectively
2. Loss of community trust in council (elected members)
3. Loss of community trust in council administration

REGIONAL
1. Ability to administer council governance effectively
2. Failure to comply with/undertake legislative requirements
3. Loss of community trust in council (elected members)

RURAL/REGIONAL
1. Ability to administer council governance effectively
2. Failure to comply with/undertake legislative requirements
3. Loss of community trust in council administration

Victoria

Reputation was ranked tenth in Victoria, one point higher than the national ranking. This suggests that it remains a considerable risk for councils.

60%
Attribute the ability to administer council governance effectively for this risk

53%
Attribute the loss of community trust in council (elected members) for this risk
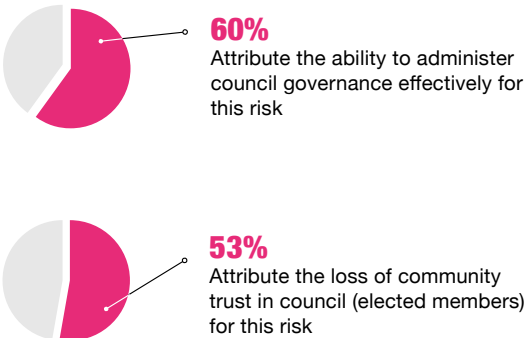
Consistent with other states and territories, the survey results indicate that 60% of respondents ranked the ability to administer council governance effectively as the primary reason for this risk. This factor was ranked first by all council regions, except for capital city councils, where it was ranked fifth.

53% of respondents cited loss of community trust in council elected members as their second-most concern. All regions ranked this in the top two places, except for regional city councils, which ranked it fourth.

This may stem from the potential loss of community trust in the council administration and elected members, which may lead to communication breakdowns, diminished confidence in decision-making, and a negative perception of the council's ability to serve effectively.

Top three underlying factors for Reputation risk by region

CITY
1. Loss of community trust in council administration
2. Loss of community trust in council (elected members)
3. Oversight by independent conduct bodies

METROPOLITAN
1. Loss of community trust in council (elected members)
2. Loss of community trust in council administration
3. Ability to administer council governance effectively

REGIONAL CITY
1. Loss of community trust in council administration
2. Ability to administer council governance effectively
3. Failure to comply with/undertake legislative requirement

REGIONAL
1. Loss of community trust in council (elected members)
2. Loss of community trust in council administration
3. Ability to administer council governance effectively

RURAL/REGIONAL
1. Ability to administer council governance effectively
2. Loss of community trust in council (elected members)
3. Failure to comply with/undertake legislative requirements

Northern Territory

In the Northern Territory respondents ranked Reputation twelfth, one point lower than the national average.

66% of respondents ranked the ability to administer council governance effectively as their leading contributing factor. This was closely followed by the loss of community trust in council administration and the loss of community trust in elected members (50%).

These rankings could be attributed to the Northern Territory's current lower human resource capacity. Councils in the Northern Territory are also managing the increasing governance requirements and the associated costs.

Western Australia

The ability to administer council governance effectively is a reputational risk for Western Australian local governments, affecting public trust, compliance with regulations, ethical conduct, stakeholder relationships, and the media and public perception.

The results indicated that while all regions ranked administering council governance effectively as the leading reason, regional councils ranked this slightly lower. In Western Australia, both metropolitan and regional councils face this factor, however, the higher public visibility, complex decision-making, greater financial resources, and higher expectations placed on metropolitan local governments may contribute to higher reputational risk compared to regional local governments.

The loss of community trust in council administration and elected members poses a critical challenge, undermining local government's legitimacy, accountability, and transparency, reducing public participation and engagement. It also damages its reputation and impacts effective governance and service delivery. Restoring and maintaining this trust is essential for effective governance and service.

Despite ranking eleventh, reputational risk remains a considerable concern. Local governments need to mitigate this risk through implementing strategies that safeguard their reputation through clear communication, ethical conduct, stakeholder engagement, and transparency. Through proactive reputation management, local governments in Western Australia can ensure their ongoing effectiveness in serving the community and cultivating public trust.

Top three underlying factors for Reputation risk by region

METROPOLITAN
1. Loss of community trust in council administration
2. Ability to administer council governance effectively
3. Loss of community trust in council (elected members)

REGIONAL CITY
1. Ability to administer council governance effectively
2. Failure to comply with/undertake legislative requirement
3. Loss of community trust in council administration

REGIONAL
1. Loss of community trust in council administration
2. Loss of community trust in council (elected members)
3. Failure to comply with/undertake legislative requirement

RURAL/REGIONAL
1. Ability to administer council governance effectively
2. Failure to comply with/undertake legislative requirements
3. Loss of community trust in council (elected members)

South Australia

South Australian CEO/GMs ranked reputation ninth, higher than the national ranking of eleventh.

61% of CEO/GMs cited the Loss of Community Trust in Council Elected Members as their leading concern. This is closely followed (53%) by the Loss of Trust in Council Administration.

All participating councils ranked these two contributing factors in their top three positions. Metropolitan councils ranked oversight by independent conduct bodies such as the ombudsman, ICAC, etc. as their second-most reason, however, other councils did not cite this as a major concern.

Top three underlying factors for Reputation risk by region

CITY
1. Loss of community trust in council administration
2. Loss of community trust in council (elected members)
3. Oversight by independent conduct bodies.

METROPOLITAN
1. Loss of community trust in council (elected members)
2. Oversight by independent conduct bodies
3. Loss of community trust in council administration

REGIONAL CITY
1. Loss of community trust in council administration
2. Ability to administer council governance effectively
3. Loss of community trust in council (elected members)

REGIONAL
1. Loss of community trust in council (elected members)
2. Loss of community trust in council administration
3. Ability to administer council governance effectively

REMOTE/RURAL
1. Ability to administer council governance effectively
2. Failure to comply with/undertake legislative requirements
3. Oversight by independent conduct bodies

Tasmania

Tasmanian respondents ranked Reputation last, consistent with the national ranking.

Highest Ranking

Ability to administer council governance effectively	2.14
Loss of communtiy trust in council (elected members)	2.43
Loss of community trust in council administration	2.71
Failure to comply with/undertake legislative requirements	3.43
Oversight by independent conduct bodies such as Ombudsman, ICAC, IBAC or CCC.	4.17
Other	5.57

Lowest Ranking
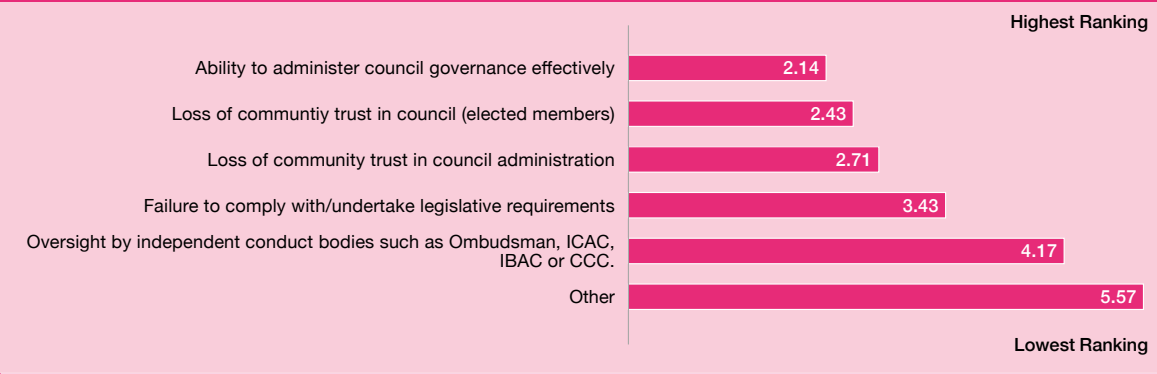
Figure 40: Reputation as Local Government Average Ranking of Tasmania underlying factors

83% of respondents cited the ability to administer council governance effectively as the leading reason for this risk. All represented regions placed this first.

Additionally, 50% of respondents ranked the loss of community trust in council administration and the loss of community trust in council elected members as their second-most reason for this risk. This may stem from the risk of the community losing trust in the administration and elected members, which can lead to communication breakdowns, diminished confidence in decision-making and a negative perception of the council's ability to serve effectively.

Top three underlying factors for Reputation risk by region

METROPOLITAN
1. Ability to administer council governance effectively
2. Loss of community trust in council administration
3. Failure to comply with/undertake legislative requirements

REGIONAL
1. Ability to administer council governance effectively
2. Loss of community trust in council (elected members)
3. Oversight by independent conduct bodies

REMOTE/RURAL
1. Ability to administer council governance effectively
2. Oversight by independent conduct bodies
3. Loss of community trust in council administration

12 LIABILITY CLAIMS

NEGLIGENCE GIVING RISE TO CIVIL LIABILITY CLAIMS AGAINST COUNCIL

Gone are the days of 50c per litre fuel or 30c ice cream. The cost of living has significantly increased over the past decade, rising by 23.4%. This upward trend has continued in the past year with a notable increase of 5.1%. The rise of living costs has impacted various sectors – and claims costs have been no exception.

	Rank 1		Rank 7
Ability to discharge a reasonable duty of care to the public to avoid negligence claims for injury/loss	76%		24%
Ability to apply policy and implement procedures	64%		36%
Understanding of council's risk profile and risk management policy and processes	56%		44%
Ability to undertake due diligence when administering statutory/ regulatory responsibilities	53%		47%
Understanding and implementing council's regulatory requirements	30%		70%
Understanding the risk associated with providing professional advice	21		79%
Other		100%	

| Ranked 1-2 | Ranked 3-4 | Ranked 5-8 |

Figure 41: Negligence giving rise to civil liability claims against council National Risk Heat Map

According to the Australian Prudential Regulation Authority claims cost increases in the liability sector 'have been higher than general inflation'.[18] Several factors contribute to the significant increase in claim costs, including but not limited to 'higher claimant demands and media scrutiny, as well as legal and litigation expenses and rising medical bills'.[19]

[18, 19] Pugh, Insurance News, The pain and perils of public liability

On top of the cost of liability claims increasing, the frequency of claims has also risen. Australia has become one of the most litigious countries globally when it comes to personal injury and damages claims.[20] In fact, New South Wales ranks as the second most litigious region behind California in the USA.[21]

We can only speculate as to why Australia has become more litigious. For example, individuals struggling in the cost-of-living crisis may be seeking compensation through legal means. Plaintiff law firms may also contribute to the rise of litigation as they become more active.

Liability claims against councils have ranked as the eleventh highest risk to local government in Australia. This placement support the overall trend of increased litigation and highlights the importance of effectively managing this risk for councils. It is interesting to note that 29.68% of Australian councils identified 'understanding of council's risk profile and application of the risk management policy and processes' as the highest issue concerning liability claims.

Consequently, data analysis and AI technology may escalate in severity and frequency, as these tools can instantaneously review claims-related data points and analyse them to indicate a claim. Looking forward, this proactive approach will be essential to understanding claims risk across Australia.[22] To effectively understand their risk profiles and subsequently apply their risk management policies effectively, it is critical for councils to accurately record all claims data. When councils access accurate data, it can be determined where their major risks lie and subsequently, which areas the council should focus on to apply their risk management policies. For example, with accurate data, we may find a significant influx of tree limb claims from a particular area within a council municipality. This data can help council identify the high-risk area and move it to the risk management action for tree management. Risks for each council will be unique and we suspect the risk profile of metropolitan councils will differ from regional councils. Emerging AI technologies will help councils manage and analyse their risk profiles and take steps to minimise liability exposure.

The top concern underlying liability claims subcategories across Australia is being able to deter liability claims and the 'ability to discharge a reasonable duty of care resulting in fewer injuries.' Another factor is 'the ability to apply policy and procedures in accordance with the strategic plan.'

For instance, in one state, most liability claims arose from trip and fall incidents. For councils to effectively discharge a reasonable duty of care and apply policy and procedure effectively, it is essential councils adhere to statutory and common law obligations in their respective state. If councils adhere to the required inspections, repairs, intervention levels or other state-determining factors, this will prevent claims incidents from occurring and/or provide better protection as it improves the prospects of successfully defending any claim.

Nationally, understanding the risk associated with providing professional advice' ranked as a low concern, with only 3.2% of councils considering it their greatest risk. Councils should monitor and review this factor further. The pandemic's aftermath poses an increased risk for professional indemnity claims due to inflationary pressures with rising legal defence costs and higher settlements.

Independently, liability claims present a high-level risk. It is also important to consider their intersection with other major risks. Through examining the top risks such as Cybersecurity/IT Infrastructure, Natural Hazard, Disaster/Catastrophic events and Managing Ageing, Assets and Infrastructure, it is clear that these risks can result in claims when inadequately managed.

While claims are inevitable, some are also preventable. With councils involved in various activities, it is unrealistic to wholly eliminate the risk of losses or damages. However, by implementing a robust risk management regime, many claims can be avoided.

Top ranking underlying factors for Negligence giving rise to civil liability claims

NSW WA	Ability to apply policy and implement procedures in accordance with the strategic plan
NT	Ability to undertake due diligence when administering statutory/regulatory responsibilities including administration of code of conduct
QLD TAS VIC	Ability to discharge a reasonable duty of care to the public to avoid negligence claims for injury/loss
SA	Understanding of council's risk profile and application of the risk management policy and processes

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Top three underlying factors for Liability Claims risk by region

CAPITAL
1. Understanding of council's risk profile and application of the risk management policy and processes
2. Understanding the risk associated with providing professional advice
3. Ability to undertake due diligence when administering statutory/regulatory responsibilities

METROPOLITAN
1. Ability to discharge a reasonable duty of care to the public to avoid negligence claims for injury/loss
2. Ability to apply policy and implement procedures in accordance with the strategic plan
3. Ability to undertake due diligence when administering statutory/regulatory responsibilities

REGIONAL CITY
1. Ability to discharge a reasonable duty of care to the public to avoid negligence claims for injury/loss
2. Ability to apply policy and implement procedures in accordance with the strategic plan

3. Understanding of council's risk profile and application of the risk management

REGIONAL
1. Ability to discharge a reasonable duty of care to the public to avoid negligence claims for injury/loss
2. Ability to apply policy and implement procedures in accordance with the strategic plan
3. Ability to undertake due diligence when administering statutory/regulatory responsibilities

REMOTE/RURAL
1. Ability to discharge a reasonable duty of care to the public resulting in injury/loss claims of negligence
2. Ability to apply policy and implement procedures in accordance with the strategic plan
3. Understanding of council's risk profile and application of the risk management

New South Wales

CEO/GMs ranked negligence giving rise to civil liability claims against councils as their lowest risk. Nearly 79% of respondents cited the ability to discharge a reasonable duty of care to the public to avoid negligence claims for injury/loss.

Factors that contribute to this concern include:

- **Volume of people:** In metropolitan areas, the higher population density increases the potential for incidents and claims.

- **Funding pitfalls:** Councils struggle to address all risks due to limited resources. This raises the need for councils to prioritise risks.

The ability to apply policy and implement procedures in accordance with council's strategic plan ranked closely as a contributing factor to this risk. It was the second highest concern, as determined by 75% of respondents. This reason was ranked second in all regions except metropolitan councils who regarded it as their leading concern. For councils, this demonstrates their competing issues – especially in cases where there are larger populations and workplaces.

Top three underlying factors for Liability Claims risk by region

METROPOLITAN
1. Ability to discharge a reasonable duty of care to the public to avoid negligence claims for injury/loss
2. discharge a reasonable duty of care to the public resulting in injury/loss claims of negligence
3. Ability to undertake due diligence when administering statutory/regulatory responsibilities

REGIONAL CITY
1. Ability to discharge a reasonable duty of care to the public to avoid negligence claims for injury/loss
2. Ability to apply policy and implement procedures in accordance with the strategic plan
3. Ability to undertake due diligence when administering statutory/regulatory responsibilities

REGIONAL
1. Ability to discharge a reasonable duty of care to the public to avoid negligence claims for injury/loss
2. Ability to apply policy and implement procedures in accordance with the strategic plan
3. Ability to undertake due diligence when administering statutory/regulatory responsibilities

REMOTE/RURAL
1. Ability to discharge a reasonable duty of care to the public to avoid negligence claims for injury/loss
2. Ability to apply policy and implement procedures in accordance with the strategic plan
3. Understanding of council's risk profile and application of the risk management

Northern Territory

Northern Territory CEO ranked the risk of negligence giving rise to civil liability claims against councils eighth, which is 4 points higher than the national ranking of twelfth.

83% of respondents noted the leading reason for this risk as the ability to discharge a reasonably duty of care to the public to avoid negligence claims for injury/loss. This could be attributed to the remote, challenging environment and resourcing issues that councils face in the Northern Territory. Furthermore, there can be multiple stakeholders in the delivery of infrastructure, facilities and services to the community.

The above contributes to the next factor leading to this risk. The ability to undertake due diligence when administering statutory/regulatory responsibilities, including the administration of the code of conduct, ranked as the second reason by 66% of respondents.

Top three underlying factors for Liability Claims risk by region

CAPITAL CITY
1. Understanding of council's risk profile and application of the risk management policy and processes
2. Understanding and implementing council's regulatory requirements
3. Understanding the risk associated with providing professional advice

METROPOLITAN
1. Understanding of council's risk profile and application of the risk management
2. Ability to undertake due diligence when administering statutory/regulatory responsibilities
3. Ability to apply policy and implement procedures in accordance with the strategic plan

REGIONAL CITY
1. Understanding of council's risk profile and application of the risk management
2. Understanding the risk associated with providing professional advice
3. Ability to discharge a reasonable duty of care to the public to avoid negligence claims for injury/loss

REGIONAL
1. Ability to discharge a reasonable duty of care to the public resulting in injury/loss claims of negligence
2. Understanding of council's risk profile and application of the risk management policy and processes
3. Ability to discharge a reasonable duty of care to the public to avoid negligence claims for injury/loss

REMOTE/RURAL
1. Understanding of council's risk profile and application of the risk management
2. Ability to apply policy and implement procedures in accordance with the strategic plan
3. Ability to discharge a reasonable duty of care to the public to avoid negligence claims for injury/loss

South Australia

South Australian respondents ranked the risk of negligence giving rise to civil liability claims as their lowest risk, supporting the national ranking.

79% of respondents cited the leading reason for this risk as understanding the council's risk profile and application of the risk management policy and processes. There is 100% council membership in South Australia's liability and workers' compensation schemes. The workers' compensation scheme operates in accordance with stringent licencing requirements and conditions. However, lines can blur on the difference between compliance and liability, leading to a higher awareness of this issue.

61% of respondents ranked the ability to discharge a reasonable duty of care to the public to avoid negligence claims for injury/loss as this risk's second concern. Regional councils brought this ranking to second, with regional city and rural/remote councils placing this third. It was ranked fourth by city and regional councils. This situation could impact the claims experience of the Council. If Council respondents do not submit a significant number of claims, it is possible that claims may no longer be considered a high priority risk. In SA, all councils benefit from three statutory immunities:

1. **Section 42 of the Civil Liability Act:**
   For example, council isn't liable because of failing to repair/renew roads, footpaths and associated infrastructure.

2. **Section 245 of the Local Government Act:**
   Council isn't liable for the loss or damage caused by street trees.

3. **Section 244 of the Local Government Act:**
   Council, as the occupier of community land (e.g. parks and reserves), is only liable by consequence of a wrongful act.

These three immunities will impact councils liability claims.

Tasmania

14% of Tasmanian respondents ranked the risk of negligence giving rise to liability claims seventh. This placement is five positions above the national ranking. This risk also ranked equally with Managing Ageing, Property Assets and Infrastructure. These two risks are connected in Tasmania as councils have a statutory defence under sub-section (4) of Section 21 of the Local Government (Highways) Act 1982. Council is not liable for any loss or damage unless they had conducted works and caused the damage.

With ongoing ageing assets and infrastructure, it becomes necessary to conduct required works. If these works are not carried out, it can expose council to liability.

All CEO/GMs ranked the ability to discharge a reasonable duty of care to the public to avoid negligence claims for injury/loss as the leading factor for this risk.

When determining whether council has breached this duty, council can usually rely on section 28 of the Civil Liability Act 2002 (Tas). This places a reasonable constraint on the financial resources available to councils. Given the current economic climate and increasing inflation, it would be more challenging for councils to allocate and manage their resources effectively. 71% of respondents ranked understanding the council's risk profile and application of the risk management policy and processes as the second highest reason for this risk.

> **Top three underlying factors for Liability Claims risk by region**
>
> **METROPOLITAN**
> 1. Ability to discharge a reasonable duty of care to the public to avoid negligence claims for injury/loss
> 2. Understanding of council's risk profile and application of the risk management policy and processes
> 3. Ability to undertake due diligence when administering statutory/regulatory responsibilities
>
> **REGIONAL**
> 1. Understanding of council's risk profile and application of the risk management
> 2. Ability to discharge a reasonable duty of care to the public to avoid negligence claims for injury/loss
> 3. Ability to apply policy and implement procedures in accordance with the strategic plan
>
> **REMOTE/RURAL**
> 1. Ability to discharge a reasonable duty of care to the public to avoid negligence claims for injury/loss
> 2. Understanding of council's risk profile and application of the risk management policy and processes
> 3. Understanding the risk associated with providing professional advices

Victoria

Victorian respondents ranked the risk of negligence giving rise to civil liability claims eleventh. This position is one spot higher than the national ranking of twelfth.

74% of CEO/GMs ranked the ability to discharge a reasonable duty of care tot eh public to avoid negligence claims for injury/loss as the leading reason for this risk. In Victoria, councils must inspect, repair and maintain their footpaths and roadways under section 40 of the Road Management Act 2004. This requirement has made councils be proactive in their inspection and intervention regimes. If councils choose not to adhere to requirements, this can increase the risk of claims due to negligence.

Regional city, regional and rural/remote councils ranked the above as their highest contributing factor to this risk. This risk is likely higher in regional councils as they have less resources and often, more rural trees or infrastructure which makes inspection regimes more onerous. Capital city and metropolitan cities placed this reason third and fourth. This is likely due to having more resources. It is easier to address issues such as tree management and inspections as they have fewer in these areas. Metropolitan councils have a higher foot traffic which creates greater risk for trip and fall claims. However, with a higher population and smaller area, there are less areas to 'inspect' and more people to notify councils of a potential risk.

The second highest reason for this risk was the equal importance placed on the ability to apply policy and implement procedures in alignment with the council's strategic plan, as well as the diligent administration of statutory/regulatory responsibilities, including the enforcement of the Code of Conduct. In Victoria, councils have 'Road Management Plans' under the Road Management Act 2004. Applying these policies and procedures is essential for defending negligence claims.

Regional city, regional and remote/rural councils ranked the ability to apply policy and implement procedures in accordance with council's strategic plan in the top three places. However, this ranked lower for city and metropolitan councils, which is likely due to more resources and a bigger municipality, making inspection and intervention targets easier to achieve than in regional locations.

City and metropolitan council ranked undertaking due diligence when administering statutory/regulatory responsibilities including administrating the code of conduct highly, while other regions ranked this lower.

Top three underlying factors for Liability Claims risk by region

CAPITAL

1. Ability to undertake due diligence when administering statutory/regulatory responsibilities including administration of code of conduct
2. Understanding the risk associated with providing professionals advice
3. Understanding of council's risk profile and application of the risk management policy and processs

METROPOLITAN

1. Ability to undertake due diligence when administering statutory/regulatory responsibilities including administration of code of conduct
2. Ability to discharge a reasonable duty of care to the public to avoid negligence claims for injury/loss
3. Understanding of council's risk profile and application of the risk management policy and process

REGIONAL CITY

1. Ability to discharge a reasonable duty of care to the public to avoid negligence claims for injury/loss

2. Ability to apply policy and implement procedures accordance with the strategic plan
3. Ability to undertake due diligence when administering statutory/regulatory responsibilities including administration of code of conduct

REGIONAL

1. Ability to discharge a reasonable duty of care to the public to avoid negligence claims for injury/loss
2. Ability to apply policy and implement procedures accordance with the strategic plan
3. Understanding of council's risk profile and application of the risk management policy and process

REMOTE/RURAL

1. Ability to discharge a reasonable duty of care to the public to avoid negligence claims for injury/loss
2. Ability to undertake due diligence when administering statutory/regulatory responsibilities including administration of code of conduct
3. Ability to apply policy and implement procedures accordance with the strategic plan

Western Australia

Respondents ranked the risk of negligence giving rise to civil liability claims twelfth, equalling the national placement.

77% of respondents attributed the ability to apply policy and implement procedures in accordance with the strategic plan as the leading reason for this risk. Their liability risk management maturity has grown in recent years, increasing awareness of the potential risks and controls. This response reflects the sector's deep understanding of knowledge, resources and process implementation gaps to ensure they meet the strategic plan's requirements. This concern ranked highest in metropolitan, regional and rural/remote regions. However, it ranked much lower in regional cities, with the response linked to the level of exposure. Offering a range of services, metropolitan councils have dense populations with high demands and expectations. This mix can lead to increased liability exposures. Rural/remote councils share a similar problem, and often, they fill a community need when it is unaddressed by the state government or commercial market. They venture into non-traditional areas such as housing, medical services and even supermarkets. An unfamiliarity with these services coupled with the difficulty of having insufficient resources and being remote all provides challenges to implementing liability risk controls.
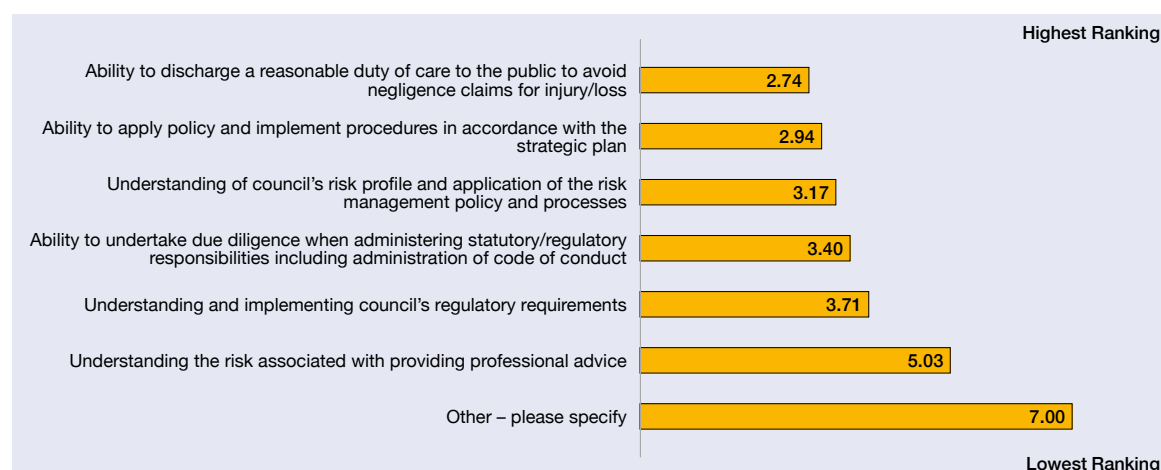
Figure 42: Negligence giving rise to civil liability claims Western Australia underlying factors Western Australia underlying factors

These contributors, particularly the tension between community expectations and limited resources, also account for respondents' concern about their ability to discharge a reasonable duty of care to the public to avoid negligence claims for injury/loss. 65% of respondents ranked this factor as the second highest reason behind this risk.

100

Top three underlying factors for Liability Claims risk by region

METROPOLITAN
1. Ability to apply policy and implement procedures accordance with the strategic plan
2. Ability to discharge a reasonable duty of care to the public to avoid negligence claims for injury/loss
3. Understanding of council's risk profile and application of the risk management policy and process

REGIONAL CITY
1. Ability to discharge a reasonable duty of care to the public to avoid negligence claims for injury/loss
2. Understanding of council's risk profile and application of the risk management policy and process
3. Understanding and implementing council's regulatory requirements

REGIONAL
1. Ability to apply policy and implement procedures accordance with the strategic plan
2. Ability to undertake due diligence when administering statutory/regulatory responsibilities including administration of code of conduct
3. Ability to discharge a reasonable duty of care to the public to avoid negligence claims for injury/loss

REMOTE/RURAL
1. Ability to apply policy and implement procedures in accordance with the strategic plan
2. Ability to discharge a reasonable duty of care to the public to avoid negligence claims for injury/loss
3. Ability to undertake due diligence when administering statutory/regulatory responsibilities including administration of code of conduct

Queensland

In Queensland, respondents ranked the risk of negligence giving rise to liability claims eleventh, one point above than the national ranking of last (eleventh).

88%
Attribute the ability to discharge a reasonable duty of care to the public to avoid negligence claims for injury/loss as their leading factor for this risk

67%
Ability to apply policy and implement procedures in accordance with the strategic plan factor for this risk

88% of respondents identified the leading factor underlying this risk as the Ability to discharge a reasonable duty of care to the public to avoid negligence claims for injury/loss. This reason placed in the top two by all regions.

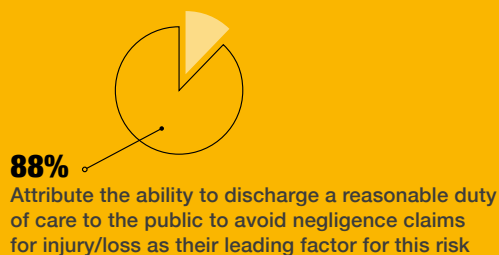66% of CEO/GMs ranked the ability to apply policy and implement procedures in accordance with council's strategic plan as the second highest reason for this risk. Regional and remote/rural councils placed this reason second while metropolitan and regional cities ranked it fourth.

Top three underlying factors for Liability Claims risk by region

METROPOLITAN
1. Ability to undertake due diligence when administering statutory/regulatory responsibilities
2. Ability to discharge a reasonable duty of care to the public to avoid negligence claims for injury/loss
3. Understanding and implementing council's regulatory requirements

REGIONAL CITY
1. Ability to discharge a reasonable duty of care to the public to avoid negligence claims for injury/loss
2. Understanding of council's risk profile and application of the risk management
3. Ability to undertake due diligence when administering statutory/regulatory responsibilities

REGIONAL
1. Ability to discharge a reasonable duty of care to the public to avoid negligence claims for injury/loss
2. Ability to apply policy and implement procedures in accordance with the strategic plan
3. Ability to undertake due diligence when administering statutory/regulatory responsibilities

REMOTE/RURAL
1. Ability to discharge a reasonable duty of care to the public to avoid negligence claims for injury/loss
2. Ability to apply policy and implement procedures in accordance with the strategic plan
3. Ability to undertake due diligence when administering statutory/regulatory responsibilities

OUTCOMES OF
THE RISKS

This year, for the first time since the inception of the JLT Public Sector Risk Report and JLT Risk Survey, we surveyed CEOs and General Managers to gain insight into their concerns regarding the outcomes of the identified risks. After the general survey on the 12 risks, we asked participants to rank their top choices for specific outcomes.

	Rank 1		Rank 8
Housing availability & cost of living pressures	79%	15%	6%
Investment in community assets	48%	38%	14%
Response to emergencies/weather events	26%	33%	41%
Socioeconomic concerns	19%	39%	42%
Impact from infectious diseases/pandemic	11%	23%	66%
Social impacts – community services eg: food & shelter	9%	22%	69%
Instability in the pacific region – eg: interest rates	8%	30%	62%

Ranked 1-2   Ranked 3-4   Ranked 5-8

Figure 43: Concern for Potential Outcomes from the Risks National Heat Map

THE KEY RISK INDICATOR REPORT **METHODOLOGY**

The 2023 JLT Risk Survey was conducted between September and October of 2023. A total of 219 CEOs and GMs from rural/remote, regional, metropolitan, and city councils participated in the questionnaire.

Survey Approach

The survey offers insights from CEOs and General Managers of local government regarding their perception of 12 key risks. It provides respondents with the opportunity to rank their risks in a more specific manner. Initially, each risk was ranked based on the level of concern.

Respondents are specific in their ranking of their risks. The first question asks respondents to rank each risk in order of concern.

CEOs/GMs then ranked the underlying factors in order of concern from highest to lowest.

The following explanation illustrates this approach using example rankings.

Risk Category:

Reputation

	HIGH	MEDIUM	LOW
	Ranked 1-2	Ranked 3-4	Ranked 5-6
Ability to administer council governance effectively	58%	37%	5%
Loss of community trust in council (elected members)	48%	45%	7%
Loss of community trust in council administration	41%	50%	10%
Failure to comply with/undertake legislative requirements	39%	52%	10%
Oversight by independent conduct bodies	14%	16%	71%
Other	1%	1%	98%

If we take the reputation risk category as an example, the highlighted row above sums to 100% and shows a breakup of all the risks ranked high.

To ascertain the highest rank risk, the rankings are divided into high, medium and low.

Sample: Reputation

HIGH	MEDIUM	LOW
Ranked 1-2	Ranked 3-4	Ranked 5-6

The following example looks at Reputation and shows the underlying factors and how they ae ranked. You can see in this example that 58% of respondents ranked ability to administer council governance effectively and 5% ranked this factor as low.

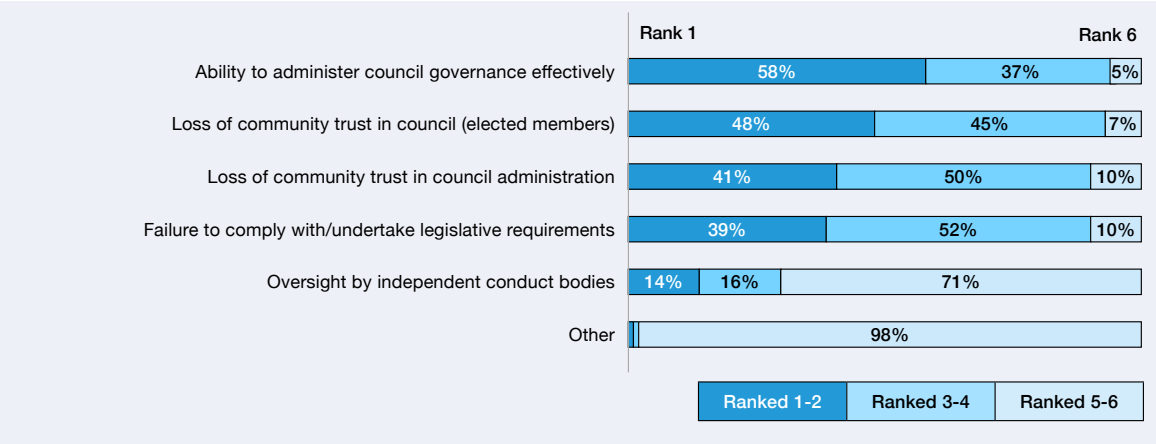|	Rank 1		Rank 6
Ability to administer council governance effectively	58%	37%	5%
Loss of community trust in council (elected members)	48%	45%	7%
Loss of community trust in council administration	41%	50%	10%
Failure to comply with/undertake legislative requirements	39%	52%	10%
Oversight by independent conduct bodies	14%	16%	71%
Other			98%

Ranked 1-2	Ranked 3-4	Ranked 5-6

Whilst the above showcased the ranking of high, medium and below, the following table demonstrates the underlying factors average ranking. In the following table, you note that the 'Ability to administer council governance effectively' is ranked highest with an average ranking is 2.37.

When we look at the third and fourth rankings, Loss of community trust in council administration and Failure to comply with/undertake legislative requirements, we can see the rankings are 2.88 and 2.91. This means when we average out all the rankings the responders placed these two underlying factors for Reputation and they averaged out to be fairly close.

Survey Respondents

The 2023 JLT Public Sector Risk Survey saw the participation of 219 local government CEOs and General Managers. Representatives came from all states and the Northern Territory, representing metropolitan, city, regional, regional city and rural/remote communities.

Participants were asked to rank 12 risks from highest to lowest, providing further insight into the factors behind each risk.

State representation nationally

The 2023 Risk Survey had 219 respondents representing 40.73% of council CEO/GMs. Of this representation of State responses is in Figure 42
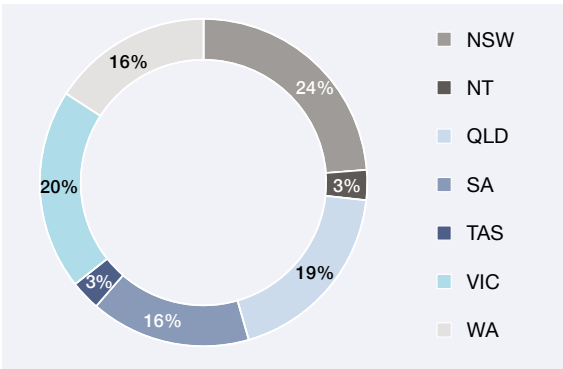
Figure 42: State Representation in JLT Public Sector Risk Survey

NSW 24%
NT 3%
QLD 19%
SA 16%
TAS 3%
VIC 20%
WA 16%

Regions

The representation within these charts consider small populations in remote Australia through to densely populated cities. Remoteness is based on the level of access to services. The following provides the breakdown of councils by region.

Region	No. of Councils
Regional City	22
Rural/Remote	75
Regional	67
Metropolitan	51
Capital City	4
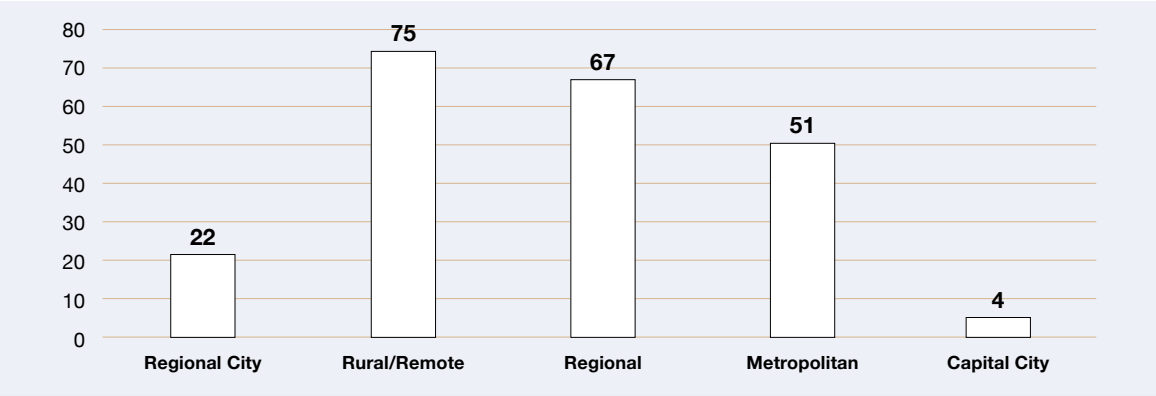
No. of Councils by Region Type

2018-2023
MOVEMENT OF RISKS OVER THE PAST SIX YEARS

	2018	2019	2020	2021	2022	2023
1	Financial Sustainability	Financial Sustainability	Financial Sustainability	Financial Sustainability	Financial Sustainability	Financial Sustainability
2		Cyber Security	Assets & Infrastructure	Cyber Security	Cyber Security	Cyber Security
3			Disaster or Catastrophic	Asset & Infrastructure	Asset & Infrastructure	Asset & Infrastructure
4		Natural Catastrophes	Cyber Security	Disaster or Catastrophe	Business Continuity	Climate Change
5					Disaster or Catastrophe	Disaster or Catastrophe
6	Asset & Infrastructure	Asset & Infrastructure	Business Continuity	Business Continuity		
7	Natural Catastrophes					
8	Cyber Security					
9	Business Continuity	Business Continuity				

GLOSSARY

Business Continuity		Business continuity planning and community disruption
Climate Change/Adaption		Climate Change and/or Adaptation
Cyber		Cyber security/IT infrastructure
Financial Sustainability		Financial Sustainability
Ineffective Governance		Ineffective governance
Assets & Infrastructure		Managing aging, property, assets, and infrastructure
Disaster & Catastrophic		Natural Hazard, Disaster/Catastrophic Events
Liability Claims		Negligence giving rise to civil liability claims
People & Culture		People & Culture
Reputation		Reputation as a local government and with the community
Statutory and/or Regulatory requirements		Statutory and/or Regulatory requirements
Waste Management		Waste Management

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Strategic Risk Register – 15 October 2024 ELT Endorsed AMENDMENTS AND ADDITIONS

Blue font denotes the amendments made or new risks added.

Risk ID	Current	Revised	New Risk Theme	Strategic Plan Link
SR001	Inadequate recognition of and provision of services in response to the community's changing social health, cultural diversity, environmental and economic conditions.	Failure to provide services and attractive and accessible public spaces to meet our community's changing needs."	Community Development	Our Organisation O5.3 Liveable L2
SR002	Inappropriate response to, or preparation for, climate change impacts.	Failure to identify, assess, and manage climate-related risks and opportunities that affect our operations and community.	Climate change	Sustainability S3
SR003	Inadequate protection of natural assets and provision of natural spaces	Inadequate protection, restoration, and management of our natural environments.	Natural Environment	Sustainability S1
SR004	Inadequate protection of technology and data.	Inadequate cyber security controls and practices to protect our systems and data.	Cyber Security	Our Organisation O5.1
SR009	**New Risk**: Failure to leverage emerging technologies to enable efficient and response services.		Technology	Our Organisation O5.2
SR005	Inability to attract and retain businesses which build a thriving economy and promote economic resilience.	Failure to attract and retain businesses which build a thriving economy and promote economic resilience.	City Branding / Community Identity	Community C2.4
SR006	Failure to activate and maintain vibrant and attractive community places.	**Merge with SR001 and SR006 has been archived**	n/a	n/a

SR007	Asset management planning not supporting community needs.	Inadequate asset management planning that does not ensure the delivery of services that the community values today or create certainty for the future.	Assets and Infrastructure	Our Organisation O1.2
SR008	Inadequate engagement, collaboration and partnerships with community, government and private sector partners.	No changes supported- revert to original risk.	Engagement	Community C4
SR010	**New Risk:** Inability to maintain financial sustainability due to global inflation and cost shifting from other levels of government.		Financial Sustainability	Our Organisation O4
SR011	**New Risk:** Inability to attract and retain skilled staff.		People and Culture	Our Organisation O3

7.6 Framework and Key Assumptions for the preparation of the 2025-2026 ABP and LTFP	
Report Reference	FRAC241217R7.6
Originating Officer	Chief Financial Officer – Ray Barnwell
Corporate Manager	N/A
General Manager	General Manager Corporate Services – Tony Lines

REPORT OBJECTIVE

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

- The proposed framework in setting the 2025-2026 Annual Business Plan (ABP) & Long-Term Financial Plan (LTFP) including a review of financial parameters and key budget assumptions.
- The associated risks with the proposed framework and key budget assumptions.

EXECUTIVE SUMMARY

The annual business planning and budgeting process for the development of Council's upcoming 2025-2026 Annual Business Plan (ABP) and Long-Term Financial Plan (LTFP) has recently commenced.

Prior to the preparation of the next iteration of Council's LTFP and 2025-2026 ABP as part of the Annual Business Planning process, the FRAC's feedback is sought on the proposed framework, key assumptions and risks outlined in this report.

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

Considering the key assumptions and parameters at this early stage will help to inform and support the development of a high-level draft budget, the first iteration of which will be presented to Council Members at the Council Member Planning Day currently scheduled for 18 January 2025.

RECOMMENDATION

That the Finance, Risk and Audit Committee:

1. **Provide feedback on the proposed framework, key assumptions, and associated risks in setting the Annual Business Plan for 2025-2026 and the Long-Term Financial Plan.**

2. **Provide feedback on the Environmental Scan (Attachment 3) as input into the Draft ABP 2025-2026 and draft LTFP.**

DISCUSSION

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

The proposed framework for 2025-2026 is based on the framework included in Council's adopted 2024-2025 ABP and LTFP as detailed below:

Framework:

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

- Maintain, on average, a break-even or better funding (cash) position over the Long-Term Financial Plan.
  Comments: No Change Proposed

- Address issues arising and opportunities identified from internal audit reviews, service reviews and business excellence assessments.
  Comments: No Change Proposed

- Continue to improve the maintenance of assets in accordance with Council's Asset Management Plans, with a priority on maintenance before renewal, and renewal before new when it is cost effective to do so.
  Comments: No Change Proposed

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

- Council only approve new Major Projects where it has the identified funding capacity to do so.
  Comments: No Change Proposed

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

Key Assumptions

In developing the Draft LTFP and Draft ABP 2025-2026, the following key assumptions and variables are proposed:

Services Levels – Where changes to service delivery are prioritised and approved by Council subject to financial capacity, these changes will be incorporated into the 2025-2026 Budget and LTFP. Where no other endorsement exists, service delivery levels will be maintained at current levels.

Rates – It is proposed to provide high-level rate modelling options to Council at the January 2025 Planning Day as part of the budget planning process. As in the past, this will be centered on long term financial sustainability by seeking to achieve a breakeven or better cash position for 2025-2026 while adopting and maintaining a LTFP that ensures Council operates in a financially sustainable manner.

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

Council has continued to adopt an appropriate rating strategy over the past number of years including a required increase in average rate increase in 2024-2025 of 4.8 per cent, a rate which is in lines with annual Adelaide CPI to June quarter 2024 of 4.5 per cent, but a rate increase appropriate to manage escalating costs and inflationary pressures being experienced.

Council's currently adopted LTFP has factored a forecast increase in average rates for 2025-2026 of 4.3 per cent (**Attachment 2**). The most recent Adelaide Annual CPI (year to September 2024) was 3.2 per cent, lower than the 4.5 per cent annual rise in the June 2024 quarter.

The table below demonstrates Council's focus on an appropriate rating strategy with the forecast reduction in average rate increases over the coming 3 years to then remain steady over the remainder of the LTFP.
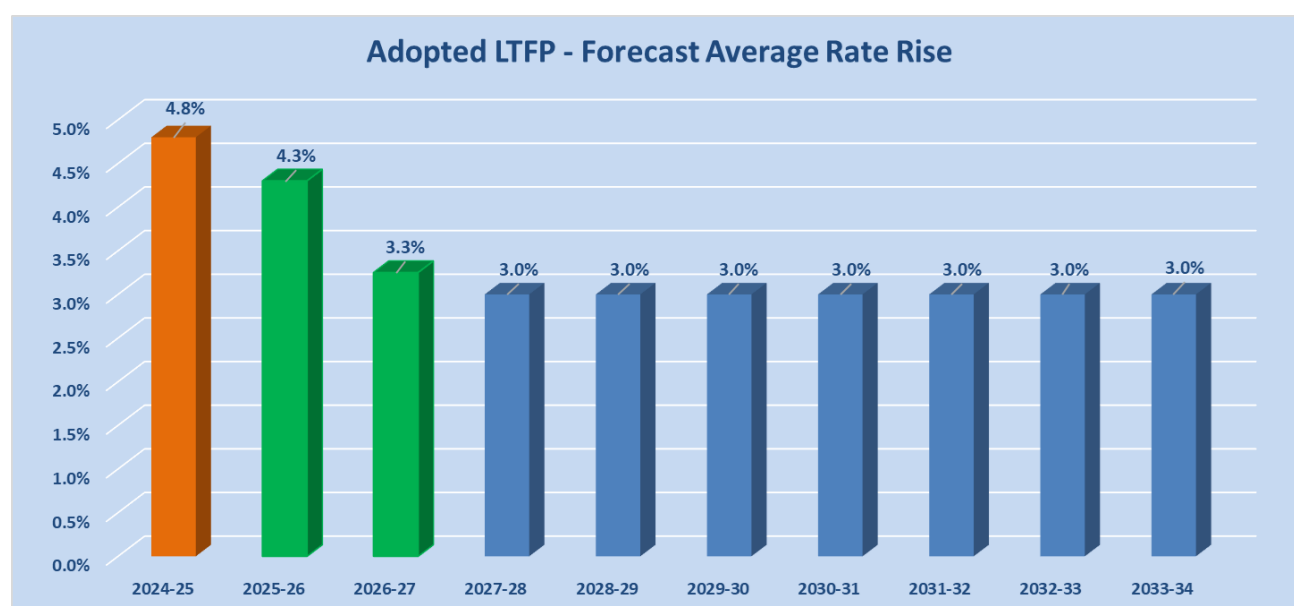
The above rating strategy is closely aligned to the forecast RBA targeted inflation with commentary following the most recent release on 5 November noting *'Inflation has fallen substantially since the peak...[but] underlying inflation in the September quarter is still too high. Underlying inflation is expected to be at the top of the target range of 2 to 3 per cent by the end of 2025.'*

A number of rating models, which will be closely aligned to the table above, will be developed for the Council Planning Day in January 2025.

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

Indexation – The 2025-2026 budget will be based on forecast expenditure levels indexed to reflect current cost pressures and future anticipated costs including the consideration of major contract price escalation and other market pressures. (*Note Adelaide Year on Year CPI to September 2024 being 3.2% - the 2nd highest of all capital cities*).

With CPI expected to remain at the higher end of the RBA inflation target of 2–3% the currently adopted LTFP has factored this higher indexation over the coming years before reverting back to a longer term forecast of 2.5% from 2028-2029 onwards.

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

Comment:
The City of Marion is still experiencing price escalation and difficult market conditions. *These conditions will need to be recognised in developing the 2025-2026 ABP and LTFP as these cost pressures may well continue to impact future planned capital programs and projects.*

Indexation beyond 2025-2026 will be aligned to the Reserve Bank's projected inflation estimates in the medium and longer term, with the following exceptions;

Employee Costs – will be increased in alignment with Council's Enterprise Agreement provisions. The current Indoor Workforce Enterprise Agreement will cease in June 2025 and negotiation for a new agreement will commence shortly. In addition, any costs relating to Council approved staff resources to meet operational requirements or Council endorsed new initiatives will be incorporated into the ABP and LTFP. Higher inflation and the ongoing tight labour market is expected to translate into moderately stronger wages growth over time and forecast employee costs in the LTFP will accommodate these expected conditions. The last scheduled annual increase of 0.5% to the Superannuation Guarantee will also be incorporated into the LTFP.

Comment:
In the current market conditions the attraction of appropriately skilled resources while it has improved somewhat is still proving challenging. Any new projects and initiatives will need to carefully consider resource capacity and requirements in the development of the 2025-2026 draft ABP.

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

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

Non-recurrent Costs / Revenues – An adjustments schedule has been developed to account for any future variations in operating activities (e.g. an adjustment is made for election expenses to reflect that they only occur once every 4 years). Adjustments will be made to remove any 2024-2025 one-off expenditure amounts and to account for any future variation in operating activities or contract renewals.

Capital Grants, Subsidies and Monetary contributions – will reflect tied monies forecast to be received in relation to the purchase/construction of new assets and will be budgeted in accordance with information known at the time of preparing the final ABP 2025-2026 and LTFP.

Comment:
The impact of the attraction of grant funding and the resource requirements to deliver identified projects and initiatives will be monitored and considered in the development of the 2025-2026 ABP and LTFP.

Commonwealth and State Government Stimulus / Election funding – Council will continue to seek and optimise the opportunity to leverage any State and Federal stimulus funding provided to the sector. It should also be noted Federal and State Government funding attracted throughout the 2022 elections supports major infrastructure initiatives continuing in 2024-2025.The impact of the attraction of this funding and the resource requirements to deliver identified projects and initiatives will be considered in the development of the Draft 2025-2026 ABP and LTFP.

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

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

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

Risks for consideration in developing the 2025-2026 ABP and LTFP
In considering future rating models and budget development there are numerous risks with the potential to influence the outcomes that affect Council's LTFP. The following key risks fall into this category:

- Inflationary Pressures - Although a 4.8% increase in average rates forecasts a financially sustainable position for 2024-2025 the current inflationary phase in the economic climate is continuing and exposes council to risk. Some projects and programs may deliver outcomes that will place additional pressure on the budget.

- Maintaining an appropriate rating strategy - Council will continue to monitor the appropriateness of forecast rate increases in the LTFP. Council's forecast rates assume an average rate increase reflective of the RBA targeted CPI throughout the 10-year term of the LTFP. This strategy must however be sustainable and balanced with the real cost of service provision, capital maintenance and service demand from the community.

- Unfunded and unprioritised initiatives – Will need to be prudently assessed with appropriate due diligence and in a disciplined manner to ensure Councils long term financial sustainability is preserved.

- Changes to Local Government funding programs and potential risk in relation to cost shifting from the Federal and State Government to Local Government.

- Asset renewal and infrastructure management may present challenges that will need to be addressed. Council's LTFP currently indicates there is sufficient funding to meet the renewal requirements of its Asset Management Plans, however timing of funds and works for different asset classes will be refined with annual iterations of the asset management plans that further inform the LTFP.

- Employee Costs – As noted above Council's indoor Enterprise Agreement is set to expire on 30 June 2025. In addition, the impact on resource requirements to deliver grant-funded projects and other significant initiatives will need to be carefully monitored in the development of the 2025-2026 ABP.

- Competing priorities and community expectations - A number of infrastructure projects received Federal and State funding in 2022 are continuing delivery in 2025-2026. It is crucial that further aspirational strategic projects are prudently assessed with appropriate due diligence and in a disciplined manner to ensure Council's long-term financial sustainability is preserved and resource capability is applied to new projects and considered alongside other priorities.

Environmental Scan

An environmental scan is undertaken periodically as part of the Annual Business Planning process to identify and analyse critical issues and opportunities through application of the PESTLER framework (Political, Economic, Social, Technological, Environmental, Legal and Relationships). A detailed review is provided in **Attachment 3**.

The scan was developed with senior staff in October 2024 and several risks and opportunities were identified and will being considered through the development of the 2025-2026 ABP, including:

Federal Election Opportunities and Associated Risks
The Federal election, anticipated in the first half of 2025, presents a strategic opportunity for the Council to leverage election commitments to advance its priorities. Historically, partnership funding from the Federal Government follows a 50:50 cost-sharing model.

However, there is a potential risk that Federal commitments may be allocated to projects not aligned with the Council's LTFP or other strategic frameworks. Such scenarios could place Council in a challenging position, as strong community expectations may arise for Council to accept grant funding and support projects outside its planned strategic direction. Furthermore, there is also a risk that partnership funding does not adequately match the whole life costs on assets requiring additional funding from council.

To mitigate this risk, the Mayor has actively engaged with prospective candidates to advocate for the Council's pipeline of projects. This proactive approach ensures that the Council's strategic priorities are well-communicated and considered during the election period.

Federal Policies and funding are available for Housing affordability and urban planning
There is a Federal Government commitment to delivering more housing across the nation via funding opportunities for planning and projects with the goal to build more dwellings to alleviate the housing crisis in Australia. Council has expressed an appetite to explore this further. There are examples of councils in South Australia who have delivered projects in this space with strong community outcomes including greater affordable housing options.

Continued Focus on Ongoing Efficiencies
As in prior years there will continue to be a strong focus on identifying on-going efficiencies during the preparation of the 2025-2026 ABP. Council services will be reviewed during the preparation of the 2025-2026 ABP and any areas where further efficiency and effectiveness savings are identified through Business Service Reviews will be incorporated into the development of the 2025-2026 ABP and LTFP.

ATTACHMENTS

1.   Attachment 1 - Planning and Budgeting Process and Timelines [**7.6.1** - 2 pages]
2.   Attachment 2 - LTFP Funding Statement 2024-2034 [**7.6.2** - 1 page]
3.   Attachment 3 - Environmental Scan [**7.6.3** - 14 pages]

Annual Business Plan 2025-2026 - Planning and Budgeting Process and Timelines

Stage	Focus	Timing
1	Staff analysis of planning inputs – Research and Engagement for the Environmental Scan, committed projected/program and required labour budgets.	Oct 2024 to Jan 2025
2	**Finance Risk & Audit Committee** Feedback on the proposed framework, assumptions and associated risks in setting the Annual Business Plan for 2025-2026 and the Long-Term Financial Plan	3 Dec 2024
3	**Council Member Planning Day** • Presentation of High Level 1st Draft 2025-2026 Budget and LTFP model • Agree key assumptions, parameters and rate modelling options for further consideration • Consideration of unfunded initiatives, new priority initiatives • LTFP aligned with set parameters, Council resolutions and prioritised new activities.	Planning Day 18 Jan 2025
4	**Finance Risk & Audit Committee** Update provided on Development Draft Annual Business Plan & LTFP, Framework and Assumptions – FRAC feedback sought prior to Public Consultation	18 Feb 2025
5	**Council Member Forum** • Update on Rating data 2025-2026, Rates discussion, 2025-2026 Priority projects confirmation • Draft Annual Business Plan and Comprehensive Draft Budget	Mar 2025
6	• Set Tentative Rates • Set draft priority projects list for consultation	Mar 2025 to Apr 2025
7	**Council Members:** Endorse and Adopt - Draft 2025-2026 Annual Business Plan for Community Consultation	22 Apr 2025
8	**Community Consultation period (Min. 21 Days)**	Apr 2025 to May 2025
9	• Final Rates Discussion • Final Project Priority considerations	May 2025 to Jun 2025

10	**Council Members:** Community Consultation Feedback presented to Council Final Draft Annual Business Plan and LTFP with any final amendments to be brought to Council for Adoption	27 May 2025
11	**Finance Risk & Audit Committee** Update on Community Consultation Feedback	3 Jun 2025
12	**Council Adopt - 2025-2026 Annual Business Plan and LTFP**	24 Jun 2025

City of Marion
10 Year Financial Plan for the Years ending 30 June 2034

FUNDS STATEMENT	2024/25 $'000	2025/26 $'000	2026/27 $'000	2027/28 $'000	2028/29 $'000	2029/30 $'000	2030/31 $'000	2031/32 $'000	2032/33 $'000	2033/34 $'000
Rates Indexation	4.80%	4.30%	3.25%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Income										
Rates	94,823	99,917	104,229	108,464	112,867	117,445	122,205	127,155	132,301	137,651
Statutory Charges	2,738	2,820	2,905	2,985	3,059	3,136	3,214	3,295	3,377	3,461
User Charges	4,164	4,289	4,418	4,539	4,653	4,769	4,888	5,011	5,136	5,264
Grants, Subsidies and Contributions	9,174	9,398	9,629	9,846	10,049	9,800	10,045	10,296	10,554	10,818
Investment Income	300	300	300	300	300	300	300	300	300	300
Reimbursements	1,020	1,051	1,082	1,112	1,140	1,168	1,198	1,228	1,258	1,290
Other Income	668	688	708	728	746	765	784	803	823	844
Net gain - equity accounted Council businesses	645	664	684	705	726	748	770	793	817	842
Total Income	**113,533**	**119,127**	**123,956**	**128,679**	**133,541**	**138,131**	**143,405**	**148,880**	**154,566**	**160,470**
Expenses										
Employee Costs	46,610	48,216	49,663	51,153	52,687	54,268	55,896	57,573	59,300	61,079
Materials, Contracts & Other Expenses	45,378	46,098	47,951	48,756	49,993	51,225	53,052	53,817	55,185	56,543
Depreciation, Amortisation & Impairment	21,100	21,944	22,822	23,735	24,684	25,672	26,699	27,767	28,877	30,032
Finance Costs	359	1,083	1,929	2,633	2,433	2,353	2,265	2,033	1,794	2,383
Total Expenses	**113,447**	**117,341**	**122,365**	**126,277**	**129,798**	**133,517**	**137,912**	**141,190**	**145,157**	**150,038**
Operating Surplus	**86**	**1,786**	**1,590**	**2,402**	**3,742**	**4,614**	**5,492**	**7,691**	**9,409**	**10,432**
Operating Surplus Ratio	*0.08%*	*1.50%*	*1.28%*	*1.87%*	*2.80%*	*3.34%*	*3.83%*	*5.17%*	*6.09%*	*6.50%*
Amounts Received Specifically for New or Upgraded Assets	2,642	8,232	3,891	1,952	5,142	4,898	2,042	2,589	18,859	19,476
Net Surplus / (Deficit) for the Year	**2,728**	**10,018**	**5,481**	**4,355**	**8,884**	**9,511**	**7,535**	**10,279**	**28,269**	**29,909**
Capital (Balance Sheet) and Reserve Movements										
Capital Expenditure	(34,802)	(51,644)	(40,369)	(23,224)	(33,481)	(33,297)	(26,999)	(30,048)	(70,093)	(75,978)
Loan Repayments (External)	(657)	(1,809)	(2,635)	(3,456)	(3,656)	(3,620)	(3,997)	(4,225)	(4,466)	(4,344)
Funds from Replaced Asset Disposal	353	320	100	766	847	454	525	1,580	1,117	1,597
New Loan Borrowings (External)	9,500	16,600	15,400	-	2,250	2,200	-	-	14,550	15,100
Net Transfers (to)/from Reserves	2,473	5,275	(75)	(1,375)	1,225	(75)	(2,975)	(4,525)	2,625	4,575
Total Capital (Balance Sheet) and Reserve Movements	**(23,133)**	**(31,258)**	**(27,579)**	**(27,289)**	**(32,815)**	**(34,339)**	**(33,446)**	**(37,217)**	**(56,267)**	**(59,050)**
Net Result (including Depreciation & Other non-cash items)	**(20,406)**	**(21,240)**	**(22,097)**	**(22,935)**	**(23,930)**	**(24,827)**	**(25,911)**	**(26,938)**	**(27,999)**	**(29,141)**
Add back Depreciation Expense (non-cash)	21,100	21,944	22,822	23,735	24,684	25,672	26,699	27,767	28,877	30,032
Less Other Income (non-cash)	(645)	(664)	(684)	(705)	(726)	(748)	(770)	(793)	(817)	(842)
Cash Budget Surplus	**49**	**40**	**41**	**95**	**28**	**97**	**18**	**36**	**62**	**49**

City of Marion Environmental Scan

Components (PESTLER)	Themes for consideration	Emerging Opportunities	Emerging issues (risks if applicable)	Time frames for action			Actions (for short term actions where applicable)
				Short term 12-24 months	Medium 2-4 years	Long term 5-10 years	
Political							
	Aged Care Reforms	Opportunity to undertake an audit to confirm that CoM complies with the reforms due to be enacted in 2025.		X	X		
	Housing policy	Federal Government commitment to building more dwellings to alleviate the housing crisis in Australia via Funding opportunities available for housing provision to do planning work and projects.

Opportunity for Councils to provide housing provision, this will be discussed at the IEC in November 2024. Potential for council to explore a housing project development to alleviate housing affordability. | Housing activity is likely to be challenging due to economic pressures including inflation, current interest rate hikes, cost of building, and shortage of workers and materials shift which may exacerbate as further developments are approved.
Potential that further housing will also exacerbate existing issues including congestion, parking, stormwater and services and compete with open space provision.

Approval processes will aim to bypass Council assessment controls, meaning limited influence in outcomes in some cases.
affordability issues in the community will remain an issue.
Community concerns with revocation of community land. | X | X | | Exploring appetite for council having a role in housing provision including reviewing case studies of other locations (IEC) November. Ensuring that whatever occurs in this space has strong community discussion and engagement. |
	State seat- Black	Bi-election 18 November won by Labor Party. Opportunity to engage with the new MP to understand priorities for the southern seat.	Time taken to establish relationships and understand priorities of the new MP.	X			
	Council's new Strategic Plan- shared use of our facilities	Consolidate sites- multi purpose, refreshing staff on the principles in CoMBAS around the multi use options for assets and ensuring the internal planning is collaborative.		X			
	Bushfire zones	To inform and educate the community once changes are enacted. There are some areas of the council that will shift from medium to high risk.	Proposed Statewide Bushfire Hazard Code Amendment identifies new High risk bushfire zones in the council area. There was a lot of feedback on the modelling they were using and there is a revision underway, yet to be finalised.	X			Amendment due to be finalised in Q4 this year.
	Migration- intrastate, interstate and overseas	The City of Marion has experienced increasing arrivals of migrants from India, China and Nepal. A Multicultural Plan in development will assist in understanding the needs of our diverse community.	Potential increases to the general population include greater demands for services.
Change in government policy - for example introduced cap on student visas may have flow on impacts to our local economy.	X			
	Greater Adelaide Regional Plan	Councils can modify the Regional Plan by Councils allowing better alignment with strategic directions if key targets are met. This gives councils more control over location changes.

Opportunity to investigate precinct structure plans for precincts across the city, consider code amendments. incorporate GARP (Greater Adelaide Regional Planning), local living and flexibly designed spaces. Additionally, there is potential to enhance tree canopy, walkability, and cycling infrastructure, while reducing car use, with access to grant funding. | Housing, employment land and tree canopy targets will be applied to each LGA with reporting mechanisms. Increased housing densities and building heights may raise community concerns. Adequate infrastructure investment is essential to meet growing demands. Urban infill may worsen parking and congestion issues impacting perceptions of suburban liveability, with limited planning controls available. | X | X | X | Develop a Spatial Growth Plan over the next 12 - 18 months, engaging the community and Council Members to guide growth.

Develop Structure Plans for growth corridors, though it's lower priority.
A strategic land review and additional resources will be needed, potentially leading to a New Initiative with workforce allocation to be assessed. |
| | Planning and Design Code | State Government implementing the recommendations of the Expert Panel into the Planning and Design Code and planning system. May improve some processing tasks, and allow additional timeframes for assessments.

Increased consultation for neighbours in some assessments. | Potential for some additional complexities in processing and assessments and additional CAP reports due to consultation changes. Possible resourcing implications for planning team. | X | X | | |

City of Marion Environmental Scan

Components (PESTLER)	Themes for consideration	Emerging Opportunities	Emerging issues (risks if applicable)	Time frames for action			Actions (for short term actions where applicable)
	Animal Management	A new 5-year Animal Management plan has been recently adopted by Council. New RSPCA constructed on Majors Rd resulting in updated facilities for animal impounding and closer travel for collecting your pet. 10 year animal impounding service agreement with RSPCA finalised.	Inability of the RSPCA to take in animals due to external issues, i.e. disease, bushfires etc.	X	X		Council has written to the State Govt to advocate for impounding facilities to be developed across the state.
	Tram grade separation project	City of Marion and West Torrens to advocate for appropriate traffic outcomes to mitigate traffic congestion. The project has identified public realm opportunities. Opportunities to trial 'pocket parks' in identified locations	Impacts to local residents and traffic management Costs to council are currently not understood.	X			Engineering and City Development to collaborate further to look at opportunities.
	Code Amendments	Code Amendments to respond to GARP outcomes following strategic investigations. Housing Diversity Code Amendment by State.	Increasing number of State Code Amendments means we will need to be ready to respond and advocate for changes that are not desirable to our community. Aspects affecting residential policy and amenity in particular. Others include Bushfire Hazard Mapping and Flooding which are due to be released in the next 12 months. Private Code Amendments may be submitted for key locations by developers who may be trying to push GARP outcomes before Council is ready to deal with this.	X	X	X	Have a strategic growth plan in place to provide clear direction to what and where we want to see things change, and influence the Regional Plan. Ensure Concept Plans are put into the Code for key sites.
	Boundary realignment	The Seacliff Development Group have agreed to submit their own proposal to initiate a boundary realignment so that their site is fully contained within the City of Marion. A decision is imminent. The private development project is currently progressing.	Risk that the land may not be retained within the council area as part of commission enquiry process. Depending on the commission outcomes there may be potential financial implications, positive or negative to council. Potential hidden costs may be the additional streetscape which may be potentially offset the costs over time.	X			
	North -South Corridor	Council could consider leveraging state and federal investment to renew community facilities near the corridor. The project offers a chance to review urban spaces, traffic management, and open space, while enhancing amenities. Grant funding and improved assets like Flinders Greenway present opportunities for advocacy on South Road outcomes. Business attraction and state government advocacy can boost growth in the council area. The corridor, identified in GARP, opens potential partnerships with neighbouring councils for "neighbourhood hubs." Advocacy for state government design outcomes, green infrastructure, and an agile CoMBAS document is key. Opportunity to review procurement strategies for long-term contractor security on council's projects as there may be a shortage of skilled contractors to	Impact on the council's prosperous vision that aims to be a diverse economy that attracts investment and jobs. Some businesses have relocated out of the area. Financial impact - loss of business rates and loss of local economy jobs. Community unrest with the final plans not being released to the public as yet despite the project starting. Negative growth on rate payer base. Zoning - residential and commercial impacts. Potential displacement of traffic due to traffic lane restrictions on South Road. Tunnels Overlay Code Amendment being led by the state government will somewhat restrict development opportunities on portions of South Road. Council's availability to access external skilled workers to support council's capital works programs may be on this project may be limited by this project and other large infrastructure projects.	X	X	X	State Government are doing a study on movement and access, Cities of Marion and Mitcham are involved as a stakeholder. Proactive business retention and attraction. Council has a seat in a working group as part of the North South Corridor. Plans will be presented to council to comment and review.
	Neighbourhood Centres	Consider expanding DHS funding, or other suitable program or service funding, if this is made available.	From 1 July 2023 NHC incurred a reduction of state contribution by $180k per annum (approx. 60% reduction). This reduction has seen an adjustment in services managed within the NHC recurrent budget and this adjustment is now within BAU for NHC.	X	X		
	Positive Ageing and Inclusion funding/reforms	Opportunities to partner with other organisations should Government funding be rediverted to the private sector/other Government agencies. Continue dialogue with the relevant Government departments and advocating for older residents. Intergenerational opportunities. Encouraging opportunities for active ageing and adaptive activities.	Changes to funding models that impact service areas that receive state or fed funding (e.g. PAI, NHC, Library), specifically information regarding Support At Home model is starting to become known but are not yet finalised (e.g. standards, auditing requirements and potential Unit Costings) making planning for this model challenging at this stage (Oct 2024). Once more information is known future models can be mapped based on Unit Costings and expected outputs.	X			Watching brief until more information can be provided by the State Government in 2023/24.

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Components (PESTLER)	Themes for consideration	Emerging Opportunities	Emerging issues (risks if applicable)	Time frames for action			Actions (for short term actions where applicable)
	Libraries	State Government implementing the recommendations of the Expert Panel into the Planning and Design Code and planning system. May improve some processing tasks, and allow additional timeframes for assessments. Increased consultation for neighbours in some assessments.	The State Government offered a 4 Year Library funding agreement negotiated by the LGA and the Libraries Board in 21/22. Funding was renewed without CPI indexation for the term of the agreement (5 years). If this continues in the next agreement, this will start to have a larger impact to council budgets as Marion will need to fund the gap not covered by State Govt funding or reduce service levels. Funding agreements for 25/26 are not yet known, but it is clear that council will need to reduce forecasted income from State Government Funding which will have an impact to our bottom line (which council will be expected to cover the shortfall on).	X			Advocate to LGA around Library Funding and watching brief until more information can be provided by the State Government in 2025/26.
	Climate	Preparing for the impacts of climate change (heat, sea level rise, flooding, fire) and transitioning to a climate resilient future through reductions in greenhouse gas emissions and understanding risks, opportunities and and responses. The federal government and all states and territories have now committed to emissions reduction targets. * Federal Government: net zero by 2050 * State Government: 50% by 2030 and net zero by 2050. * City of Marion Carbon Neutral Plan 2020-2030 aims to reduce carbon emissions from Council operations by 2030. New 2024 National Construction Code includes significant increases to minimum Green Star energy efficiency rating (SA legislation has been introduced to exempt SA from this higher standard).	Extreme weather- heavy rainfall events are becoming more intense and expected to increase in the future. (State of the Climate 2022 report). Climate fuelled extreme weather is compounding costs for councils including mounting damage to council owned assets, rising insurance premiums and increasing liability risks. (citiespowerpartnership.org.au). The Intergovernmental Panel on Climate Change (IPCC) finalised Synthesis Report for the Sixth Assessment Report in March 2023. The report states that "Climate change impacts and risks are becoming increasingly complex and more difficult to manage." Demand in the construction sector is set to increase up to 2030. An increase in pollution and waste is likely. Life cycle and disposal of solar panels. Mandatory disclosure of climate-related risks emerging through finance industry. High likelihood for mandatory disclosure of climate-related risk for public sector. South Australian State Government in the process of identifying climate risk across SA state public sector.	X	X	X	New Resilient South Regional Climate Action Plan 2024 – 2029 identifies opportunities for City of Marion to respond effectively and efficiently to climate change with actions prioritized through the recently developed. City of Marion new 2024 Climate Risk Governance Assessment identifies need for further inclusion of climate risk in finance reporting. City of Marion Organisation Climate Risk Assessment to be completed at end of 2024.
	Elections- Federal	Significant funding pledged to complete strategic priorities. Marginal seat of Boothby provides opportunity. Regional collaboration, planning and master planning.	New resources- staffing and financial input- will be required to deliver more work to the community. Future price escalation may not be accounted for in grant support.	X			Report to council outlining impact to projects. The development of key project shovel ready for next election cycle. Advocacy Planning
	Funding opportunities	Emerging sports funding provides an opportunity to expand sporting clubs and female participation. Strategic land acquisition. Community facilities and programs, green energy sources, RAP initiatives, investment in employment. NS Corridor city shaping. Council to agree on a key project list that sets the prioritisation for funding.	Resource pressure - ensuring we have resource capacity, including ability to match the funding. Relinquishing of State Government responsibilities to local government without associated funding. Risks that state government may not have the funds to continue high grant rounds.	X			Planning for works in 2024/25 major works, capital works and maintenance by 2023, BAMP to be completed by 2024. Includes sport and rec and building and sites.
	Community Hubs	Council has endorsed a new priority around developing community hubs. Opportunity to consider a resource to support a social needs analysis.	Cost of undertaking the work would require specialist technical skills in via a consultant to help deliver a plan.	X			
Economic				**Short term 12-24 months**	**Medium 2-4 years**	**Long term 5-10 years**	
	Election cycle- Federal	That council will receive co-partnership funding on strategic projects, thereby reducing the reliance on rate payers to fund projects.	Risk that council will receive funding for items that are not strategic and a 50% or more contribution will be expected that is not provisioned for in the LTFP. New projects have ongoing whole of life costs that will have a significant impact on council's finances.	X			A list of election priorities was provided to the Mayor in July 2024. The Mayor undertakes lobbying efforts on behalf of council to promote priorities with MP's.

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Components (PESTLER)	Themes for consideration	Emerging Opportunities	Emerging issues (risks if applicable)	Time frames for action			Actions (for short term actions where applicable)
	Contractor Availability	Time the completion of design work to support tendering and contractor award activities to occur earlier.	There are risks of contractor unavailability due to the significant volume of Federal and State government projects including North South Corridor, Housing and other commercial projects in the private sector. A skills shortage is known and there is a risk of project delays or some organisations choosing not to tender for council projects, this is already being seen with landscaping tenders, it has not yet flowed down to the construction space. It is unclear if there is impact in the civil space as yet.	X			reserve upgrade design timing is being reviewed to align appropriately with the tender period to ensure that City of Marion work is considered early in the financial year rather than later.
	Partnering with the education department- sports facilities	partnering model with schools (providing operational funding) to support the use of sports on their grounds	potential risks- staff capacity to service the relationships, contracts/management agreements to match or secure life of investment. Council buy in is also an area to be further developed and work with the education department.	X	X		To be addressed through the Sport and Recreation Plan.
	Future grant funding	Opportunities to progress council's strategic themes and enhance Liveability for the community. Allocated resource to advocate and coordinate. Having shovel ready projects.	State and federal will identify projects that aren't on our strategic plan e.g. COMBAS.	X			Council to review options to assign Federal funding to capital works projects and transfer internal budget to the KMCC project.
	Inflationary pressures	Cross- council procurement opportunities to increase bargaining power along with utilising the LGA procurement services to ensure that council is capitalising on delivering the most cost efficient services.	Time required for inflation to reach target levels - forecast of underlying inflation to hit the target band in Q1 2025.	X			
	Energy sector	Opportunities for all levels of Government to look at efforts to assist people to reduce their power consumption and implement innovations such as community batteries programs and solar technologies. Council's electricity contract recently renewed. Advancements in community battery technologies may evolve to allow council to explore this for its own assets. Shine Hub	Power prices are expected to increase. Contract recently signed until 30/06/25 for Council's electricity provider. Price increase due to 100% renewables. Edwardstown battery and community renewables investigation through Carbon Neutral Plan. Some initiatives may conflict with regulations outlined in GARP, i.e. increased canopy cover, offloading of batteries...	X			Likely to be embedded as part of the Resilient South action plan that includes household solar batteries, business supports and community level batteries to support low socio-economic areas.
	Cost of living crisis	Libraries and community centres to review services to cater to community needs as a result of the cost of living crisis. Impacts felt on several levels, rates, sports (participation) and flow on impacts of stressed households. PAI received 10% (n= 103) of Hardship applications over 23-24 for a fee waiver across for the client contributon across services. The reasons include: decisions for services v paying essential medicines and GP appointments since the abolishment of bulk billing across GP practices and increased costs to fund essential energy bills (heating and cooling for physical wellbeing, cooking ,connectivity to power phones, TVs and computers, and lighting to see for safety at home) and increased rents.	Disposable income reduced as households grapple with rising costs in fuel, food, energy costs, rising interest rates and general inflation across a range of sectors that has flow on impacts to general prices across goods and services. Greater reliance on community centres to service residents in extreme weather events such as heatwaves, likely to see visitation in community facilities being linked to access to cooling. Cost of living likely to see changes in behaviour. Changes to workforce structure is also impacting WFH patterns, with community sites providing accessible and suitable WFH option to reduce costs on households. Number of borrowers at risk of mortgage stress has reached levels not seen since the 2008 financial crisis (Roy Morgan 2023). In 2021, 24.4% of the City of Marion's total households were classed as low-income (earning less than $800 per week before tax) compared to 23.5% for Greater Adelaide (ABS 2021). 9 City of Marion suburbs fall under the South Australian average on the SEIFA – index of disadvantage (ABS 2021). Housing Increase in requests for services by people age 65 (ineligble for CHSP funding)	X			Potential for support workshops to help people mitigate the cost of living crisis. Improving partnerships with crisis support agencies/potential for onsite attendance to support community needs. Courses are run thorugh community centres around based on community need *(fuelled by cost of living pressures), CV resume classes, financial management, yoga classes etc
	Sporting club and community facility energy reduction	Council may be in a position to support facilities and sporting clubs to provide solar co-contribution, reducing sporting club's overall operation costs.	Experiencing high energy costs.	X			How are we innovative in our approach to stand out for funding? WAP to help identify opportunities to utilize this funding. Early advocacy strategy - going to SLT with brief and have pitch document prepared. Role clarity required.

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Components (PESTLER)	Themes for consideration	Emerging Opportunities	Emerging issues (risks if applicable)	Time frames for action			Actions (for short term actions where applicable)
	Rising interest rates	N/A	Increasing inflation will result in higher interest rates exacerbating financial stress in the community.	X			
	Business attraction/support	Council has an opportunity to broaden funding to attract new business to the area, expand on the efforts of work in Edwardstown undertaken in previous years, increase mentoring, and expand business hubs (also forecast to be exacerbated by cost of living prices), opportunities to partner to install a community battery to reduce power costs for the business community. Opportunities for regional partnerships. GARP - consolidate land capacity and opportunities to support investment and jobs. Review of the Encroachment Policy to be proactive to assist businesses. Opportunities to connect with state government to get better data around the businesses entering the CoM in order to provide early support.	Risks of inaction as further relocation of businesses out of the council area. Other councils may pitch investors which may attract investors/businesses to other council areas. Risks to local jobs and flow on impacts to the local economy.	X			Currently profiling and segmenting the business community to develop a strategy.
	Household debt	Provide opportunities for developing financial literacy, new skills or to improve employment opportunities at our Community Centres. Low cost options for families.	Household liabilities may have an impact on people's capacity to pay household utilities including rates. Also impacts capacity to operate utilities (e.g. heating and cooling) when required (e.g. in heat waves), therefore impacting living conditions of residents.	X	X	X	
	Project impacts	Opportunity for council to review and prioritise future projects to combat inflationary costs and align with future strategies. Collaborating with other councils to align tender periods where possible. Negotiating with funding bodies re. appropriate timelines. Understanding the required timeframes for delivering a concept design and how fits with COMBAS. Two stage tender process as preferred tender method.	Inflationary costs are still impacting the cost of projects, skilled worker shortages and contractor availability are key issues. Lag times between tender time frames and 'onboarding' of contractors to deliver work. Availability of contractors and internal resources. Any future projects will need to be funded through borrowings.	X			Manager Strategic Procurement Services will put forward a report to council to outline the current market status, impacts to projects, delivery time frames, inflationary costs etc. Proactive procurement plan.
	Unemployment	Job reskilling, work skills services has been identified as a core need based on the community needs analysis and is being provided by the City of Marion. Collaboration with local university's and industries to understand pressure points from skills and industry perspective.	Lack of skills or availability across our industry sectors.	X			Potential to offer employment skills programs (resume writing, interview skills etc) in NHC & Libraries.
	Skilled labour shortages	Migration back to pre-Covid levels which provides a greater pool of talent that may address skills shortages facing certain sectors including IT and construction.	Risks that council's project pipeline may be disrupted due to changes in staff and intellectual property departing the workplace. Built environment and planning - currently no university degree offered in SA.	X	X		
	Property market	The opportunities for increased housing choice in the Planning Development & Infrastructure Act may alleviate some of the current demand stress. Two key developments- Tonsley and Oaklands green provide options for affordable housing. GARP - urban infill and design code. Residents moving from eastern suburbs. Gentrification of Marion.	Anecdotal feedback from the Community Connections teams is that there has been some movement of residents out of the council area due to the housing affordability crisis. High-interest rates may deter or inhibit some from entering the housing market. Quality housing and sustainability of building materials, energy efficiencies and detailing into future. Gentrification of Marion.	X			
	Industry impacts	Opportunity to establish new timing for when projects are tendered (Q4 of the financial year for the ensuing period, where possible.) Opportunities to utilise procurement panels to benefit from price capping options.	High demand in the construction industry along with supply shortages is resulting in inflated project costs and delayed time frames. A lack of resourcing in the sub-contractor market & financial viability poses risks. Engineers, trades sector are impacted	X	X		Revised internal capital works forward planning to ensure that council is in a position to tender at an early stage in the new financial year. Increased emphasis on supplier engagement and progress updates with the contractor. Recent training with project managers has reinforced this approach.
	Revenue Raising- reducing the reliance on rate payers	Commercial opportunities to lease out CoM assets for companies in order to generate income for council	Once infrastructure is in place, it's hard to remove.	X	X		City Property to review

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Components (PESTLER)	Themes for consideration	Emerging Opportunities	Emerging issues (risks if applicable)	Time frames for action			Actions (for short term actions where applicable)
	Supply chain / Circular Economy	Where applicable potential to procure materials locally and reducing carbon footprint. Circular economy. Potential risks associated with the supply chain which will see inflationary costs, interest rate increases on liabilities, staff cost increases etc. Has improved in some areas but is still ongoing. Timber better.	Shortages on materials and labour. High costs on materials.	X			Council has utilised the LGA's procurement services to access streamlined and aggregated procurement arrangements. City of Marion undertake an external audited health check of suppliers before a contract is awarded.
	Cardboard & paper export bans		Federal government proposed paper and cardboard export ban coming into effect in 2024 and flow on effect of potential rate increases for residents. Changes to operating recycling infrastructure will be required to meet new specifications. Proposed new recycling tax from July 1, 2024.	X			
Social				**Short term 12-24 months**	**Medium 2-4 years**	**Long term 5-10 years**	
	Emerging sports trends	Pickleball is one of the world's fastest growing sports. Emerging from Europe, growth is being seen across the USA and UL. Within Australia the Pickleball Association had a 99.7% growth within 12 months. A pickleball court is a smaller version of a tennis court and due to this it promotes people across all ages to play. The cost of courts is around $45k and there are 30 school venues who have modified existing school courts to cater for the sport.	Potential that non planning for emerging sports will require heavier financial investment down the track. (Council is developing a Sports and Recreation Strategy that should identify the placement of this and other emerging sports).	X			To be picked through the Sport and Rec planning, needs to be picked up in the tennis and netball strategy.
	State Transport Plan	State Government published Transport Plan is in development	The Vision should elevate public and active transport to the same level, if not higher priority over, private transport, otherwise it will not deliver a different approach to transport needed for a city that is growing and densifying. This is not just about sustainability, but as much about liveability, and productivity, and speaks much more strongly to the Greater Adelaide Regional Plan				Consultation underway with councils on the State Transport Strategy.
	Community Expectations/sentiment	Continuing to further promote City of Marion assets including incorporating new project opening activation events to engage the community and increase brand awareness of the range of new initiatives. Marion 100 is to increase engagement across broader diversity. Increased engagement and empowerment in civic priorities/processes.	Community Feeback often includes requests for services council already delivers. This indicates a need to continually invest in innovative ways to access communities through various communication platforms.	X			Continuing to monitor community expectations. Ensuring that the City of Marion is marketing its key brand attributes - assets and services to balance community expectations.
	Homelessness	Opportunities to greater understand the prevalence of homelessness in the community and the role State Government is taking to address issues across the LGA. 349 people were reported as homeless on Census night in 2021 across the City of Marion (ABS). This definition also includes those living in severely crowded dwellings or temporarily lodging with other households. Proactive planning for affordable housing options. Opportunities to address this through housing partnerships and to strengthen advocacy with key partners (i.e. Renewal SA)	Affordable housing options. Risks that communities may not be satisfied with project outcomes Data recently sent from Housing SA states that across 2023-24 - 1,089 people sought homelessness support within the CoM. Most were female (57%), 26% were 15 years and under, 18% were young people aged 18 to 24 years, 27% were aged 25 to 39 years, 22% were 40 to 54 years and 7% were 55+ years. This shows that there is a real need to support younger adults and children with homelessness.	X	X		
	Community wellbeing	Opportunity for increased social planning to implement strategic outcomes in order to review relevant community data that can inform service delivery and support grant applications. Health Promotion campaigns supported by Preventive Health SA	Risks of not reviewing data may mean council is not responsive to emerging needs or major shifts in the community	X			Business case to be put forward to EBC - significant gap in ability to plan and respond to community changes.

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Components (PESTLER)	Themes for consideration	Emerging Opportunities	Emerging issues (risks if applicable)	Time frames for action			Actions (for short term actions where applicable)
	Community Health and food security	A new tool called Hunger Map has been developed which uses ABS statistics to predict food demand to postcode level. (there is a cost to access this) Opportunity to continue to measure food security within our community mapping surveys, link in with the survey that was conducted last year, to be able to compare datasets in the future.	Risks of food insecurity and poorer community health with some residents at risk of not maintaining recommended fruit and vegetable consumption due to rising prices across fresh food. CoM partnered with Onkaparinga and Adelaide University to undertake a city-wide 12 question survey that asked questions around food insecurity. Data showed that CoM households (~527) 10% were marginally food secure, 17.4% were moderately food secure and 11.9% were severely food insecure. However, those families with children were hit harder than those without, 11.2% were marginally food secure, 16.8% were moderately food insecure and 24.8% were severely food insecure. Those that were hardest hit with food insecurity were younger residents, Aboriginal & Torres Strait Islander people, those that had children, were divorced / separated / widowed, those that were unemployed, on low income or received support payments.	X			Results from current (mid 2023) survey re food insecurity can assist in this space - CoM survey, analysed by Adelaide University. Data to provide guidance on areas of deficiency to ensure effective partnering between community and providers.
	Balancing a concern around urban infill with the need for affordable housing stock	For increased education about the need for infill and the policy. Creation of design guidelines to improve outcomes	There is a perception that councils approve housing without adequate parking.				Design guidelines
	Community safety	CCTV, lighting and placemaking to enhance feelings of community safety particularly in areas of increased crime across the city. A focus here will support mobility for ageing residents	Risks of inaction impact feelings of Liveability in the community. Continued prevalence of graffiti on private property and limited council authority to remove/improve. SAPOL's role vs Council's role, potential clarity of roles and need for SAPOL liaison.	X			CCTV. Consider expansion of graffiti program including increased budget for fence painting of private land.
	Public health	Partnering with local, state or national community service organisation to deliver programs. Funding increased from Federal Government towards mental health support - LG may be able to access this directly or via partnerships.	As changes in health occur within the community (e.g. mental health and isolation) there may be an increased expectation on council and public facing staff as to what support can be provided. 34.6% of City of Marion residents have at least one long-term health condition (ABS 2021). In Morphettville and Oaklands Park, over 14% of the population have a mental health condition (ABS 2021).	X			
	Community club impacts	Continue to support clubs.	Reduction in participation and volunteering due to people not having money to pay to participate. (Discretionary expenditure).	X			
	Population growth	City of Marion is growing above the rate of Greater Adelaide at approximately 1% annually. Opportunities for precinct planning to look at the future needs of the community. Opportunity to encourage more people to move to online channels when they interact with us. CRM provides this opportunity. Opportunities to attract young people and families to stay in the CoM. Increase in	Lack of future planning may result in decreased liveability due to poor provision in services. Balancing the increase in ratepayers with the ability to deliver services. Social changes to urban infill.	X	X		Precinct Planning to be suggested as a project for the Draft 4 Year Business Plan.
	Immigration/new residents	New arrivals can help shape the city.	Reliance on community services and Community Centres that require an increase in service levels.				
	Ageing population	An aging population driven by improved life expectancy and low fertility (Australian Intergenerational Report 2021) presents opportunities for intergenerational programs and social connectivity. Collaboration with aged care providers and a social needs analysis can guide advocacy, social programs, infrastructure, and resources to better support this cohort	Community expectations for services and infrastructure will rise with increasing mobility challenges and a growing aging population. Marion has a higher proportion of residents over 85 (2.9% vs. 2.6% for Greater Adelaide), with an 80+ population expected to grow 78% by 2051. Aging facilities and limited large sites add to the challenge, as Australia's 65+ population is projected to reach 23% by 2060, up from 10% in the 1980s. Facility planning requires consideration of the future needs of the community.	X	X	X	A motion of notice was raised in October 24 that priority be allocated in the 2025/26 budget for the removal of all trip hazards on pavements within 50 meters of the main entrances of approximately 20 Aged Care Facilities in the City of Marion.

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Components (PESTLER)	Themes for consideration	Emerging Opportunities	Emerging issues (risks if applicable)	Time frames for action			Actions (for short term actions where applicable)
	Transport trends	77% of residents travel outside of the council area for work (ABS 2021). Opportunities to advocate for better public transport and invest in walking and cycling paths to encourage behaviour changes for improved community health and wellbeing. Advocate for improved connectivity within council's existing transport/bus	Potential increase in deterioration of our transport assets. Pressure on road networks due to new projects, more staff working in offices seeing more vehicles on the road. More cars per household (ABS 2021)	X	X		Review key plans and develop an advocacy Plan Advocate to State Government on the necessity for a social needs analysis (opportunity for this work to be undertaken if council employs a social planner)
	Business community	Opportunities to work with the business community and undertake a greater level of analysis to ensure there is a strong rationale that selected projects truly reflect community and business needs. Social needs analysis.	Risks of not doing so are that council deliver projects not in line with community needs, future needs or expectations and are potentially under-utilised or not built fit for purpose.	X			
	Literacy rates	Literacy rates - year 12 attainment rates have improved to 60.3% in 2021, compared to 54.2% in 2016 for residents aged over 15 years, greater than Greater Adelaide at 57%. Opportunities to bring literacy opportunities to targeted suburbs with lower literacy.	The Australian Early Development Census notes children in Seacombe Gardens and Sturt being 8% below the Australian average on the 'Language and Cognitive Skills' Domain, with 74% developmentally on track vs the Australian av. of 82.6%, and 11.7% developmentally vulnerable vs 7.3% for Australia.	X			
	Shifting demographics	ABS Stats 2021; Greater number of empty nesters and retirees (50 to 69) 11.8% compared to 11.2% for Greater Adelaide. Increases in 5-14, 30-44 and 65-79 age groups, in the area since 2016, reflective of baby boomers and their subsequent families.	Government support for people aged 50 to 65 is minimal. PAI funding supports people over 65.	X			
	Kaurna	Investigation of cultural mapping, building of relationships, mapping of song lines and connection to country. Connecting and listening to local Kaurna from the local community and building of relationships. Better partnering is required to progress new projects (particularly those funded)	Unawareness of sites that haven't been identified.	X			
	Increasing requests by developers to review trees	Increasing requests by developers to assess regulated trees and explore options	balancing service provision with promoting development.	X			
	Volunteering	Skilled volunteering opportunities. Meet and greet volunteers pilot Customer Service at admin. Short term volunteering and episodic volunteering	With 60% of baby boomers at retirement age, volunteer numbers have declined, worsened by COVID-19 impacts and reduced confidence. Graffiti removal and community bus programs face recruitment challenges. Volunteer fatigue and aging populations affect club and facility management, with new volunteer intake lagging behind exits. Older volunteers often have health concerns, and staff occasionally fill gaps to maintain services	X			Volunteer coordinator meets with relevant teams monthly to monitor and enact a contingency plan.
Technological				**Short term 12-24 months**	**Medium 2-4 years**	**Long term 5-10 years**	
	Artificial Intelligence	There are opportunities to use AI to support the review of assets and services.	Governance, understanding and education and infrastructure are areas that need to be understood. The systems are not yet set up to support the infrastructure.	X	X		

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Components (PESTLER)	Themes for consideration	Emerging Opportunities	Emerging issues (risks if applicable)	Time frames for action			Actions (for short term actions where applicable)
	Digital Literacy/inclusion-Community	Continue to strengthen our digital literacy support to staff.	Resources to deliver digital literacy programs are not available (with the exception of support from records)				
		through community services, and seek to enhance digital access where possible, including the potential of new developments providing Wi-Fi (Oaklands Green) and enact council's digital inclusion policy. To engage with residents through VR - consultation and engaging with the community.	At a community level there is an increasing divide- inequitable access to Wi-Fi technology, however noting those unable to access data in households is decreasing year on year but access issues in some pockets of the community due to costs. https://www.digitalinclusionindex.org.au/ Digital inclusion index shows Marion is slightly behind neighbouring councils.	X			CoM implemented free community WIFI recently at Oaklands Wetlands. Further initiatives in the open space are being investigated at other Sport and Rec facilities.
	Spatial Mapping	From the Strategic Level down to Development Application is now digital. Council to develop spatial plans, FTE may be required to develop these further.	Cost not budgeted and expertise. Some community members may not be digitally literate.	X	X	X	Technology and Expertise inherent in the Dev & Reg team.
	Coastal mapping/trees & urban heat mapping.	State Government considering managing coastal mapping for the State thereby reducing the requirement for council to source it.		X			
	Scenario modelling	Capacity within new Asset Management to undertake scenario modelling to assist with future planning.		X			
	Cyber- security	The 'essential 8' mitigation strategies are designed to protect organisations and achieve a 'managed and measurable status' in line with the legislated Protective Security Policy Framework. Whilst council does is not required to comply to the framework, there are opportunities to develop maturity across all 8 strategies. A range of security steps are continuing to be implemented across the organisation to integrate information security into key processes and procedures.	Likelihood of compromise by not developing greater maturity. Cyber security targeted attacks are increasing towards people working from home through 'spear fishing' campaigns that aim to steal user details. Exploitation of the pandemic environment targeted at individuals and businesses has increased.	X	X		Ongoing capability and vulnerability assessments will be carried out. Continued implementation of the essential 8 mitigation strategies into key processes and procedures. Review of technology to enable effective change control, and security analysis.
	Emerging technology	Any emerging technologies that are utilised need to be considered in relation to the digital/data literacy of the organisation. Power BI dashboards have made data accessible to leaders. AI (Artificial Intelligence) has potential to lead to automation and time saving. Improved connective placemaking opportunities with emerging technology	There is a risk that as systems are rolled out staff are not trained or equipped with the skills to utilise the technology.	X	X		As the DTP rolls out it is expected that digital literacy training will be improved.
Legal				**Short term 12-24 months**	**Medium 2-4 years**	**Long term 5-10 years**	
	Gender Equality Bill	Proposed Bill by State Government.	resourcing to support reporting requirements that may require reports to be tabled with the Minister. Practicalities are not yet understood.	X			
	Freedom of Information requests	Opportunities to tidy our current tech systems (improve our current information structures) to enable searches to be conducted efficiently.	Legacy systems don't enable an easy search of information. Requests are becoming more complex with greater information required. New systems required to 'fix' legacy systems are costly and expensive.	X			
	SAPN policies regarding street trees under powerlines	Retaining canopy cover and greening.	Tree removal in streets. SAPN species list does not align with some of the tree plantings by council, any removal will reduce canopy cover.	X			The sector is working with SAPN to discuss this policy.
	Defibrillator- new laws requiring councils to provide them,		Council are legally required to provide D-fibs, there are ongoing operational costs associated with this which have not typically been budgeted for. Risk on council if D-fibs are not operational if required.	X	X		Grant funding available for councils.

City of Marion Environmental Scan

Components (PESTLER)	Themes for consideration	Emerging Opportunities	Emerging issues (risks if applicable)	Time frames for action			Actions (for short term actions where applicable)
	Community Engagement reforms- awaiting advice from State Government	Update the community engagement framework to reflect the proposed State Government charter and underlying policy. The framework provides greater rigour as to how council engages with the community. Still with LG Minister for consideration.	Non-compliance with legislative requirements under the LGA Act 1999. Potential exposure to legal liability.	X			
	Aged Care Standards / Aged Care reforms	Aged Care Quality Standards have been reviewed and announced, and sector reform changes to impact service delivery requirements are now underway re announcements. More information regarding Support At Home will be forthcoming in 2024 and 2025. Internal audits to better understand needs of future models.	Governance obligations may have adverse impacts due to staff resourcing and administration costs of adhering to the standards, this needs to be considered when assessing COMs position regarding future delivery of CHSP / Support at Home in the future.	X			
	Shift towards appeal becoming judicial reviews under the PDI Act 2016	Emphasised on improved decision making to eliminate risk	Cost and resources and potential reputational risks.	X			
Environmental				**Short term 12-24 months**	**Medium 2-4 years**	**Long term 5-10 years**	
Field River	Short-term weather outlook	Spring 2024 in SA has been drier than average, with low rainfall and soil moisture. Water storages are at 50%, below the national average. Summer rainfall is expected to be above average, but both spring and summer temperatures, day and night, are likely to exceed average levels. .	Low soil moisture Increased change of extreme heat events Increase risk of low establishment of new plantings in Spring. Summer rain might help though. Need to watch forecasts.	X			Weather suggests that additional watering for new plantings might be needed over spring and summer due to low winter rainfall and low soil moisture. Planning for extreme heat responses in spring and summer might be need.
	Long-term climate outlook	Increasing temperatures, declining rainfall, more extreme weather events (droughts, heavy rainfall, and fire risk), rising sea levels, and changes to oceans (warming and acidification) are key climate challenges.	Understanding physical impacts of climate change on council services, our community and our environment.	X	X	X	Organisational climate risk assessment due late 2024. Resilient South Resilient Asset Management Project (RAMP) aiming to identify climate risk in council assets.
	Climate change response	Embed climate resilience and sustainability in council operations and support community efforts. With rising expectations, focus on carbon reporting, including scope 3 emissions, is crucial. Key resources include the Strategic Plan 2024-2029, Climate Change Policy, Carbon Neutral Plan, ESD Guidelines, and Resilient South Regional Climate Action Plan 2024-2029.	On 22 August 2024, the Federal Government mandated climate reporting for large companies following international standards. State legislation is in progress, and local government reporting in SA is expected soon, following global trends. State Government mandatory reporting legislation is also in progress. There is no current mandatory requirement for local government reporting in South Australia, however this is expected in the near future based on international trends.	X	X	X	New City of Marion 2024 Climate Risk Governance Review identifies likely requirements for future reporting. LGA has developed training and guidelines to support councils with climate risk awareness and future reporting requirements.
	Trees, greening and urban infill	New tree protection laws released in SA planning system. Opportunities to expand tree planting for aesthetics and urban heat mitigation. Marion leverages robust greening data (Forestree, State Urban Heat Mapping). Marion provided input on the Draft Urban Greening Strategy, with the final version expected by early 2025. New SA tree protection laws introduced.	Stormwater infrastructure struggles with increased runoff, raising flooding risks. Urban infill challenges include congestion, loss of tree canopy, reduced community cohesion, and waste impacts. Rising expectations for green spaces and open space pressures. Conflict between trees and powerlines limits canopy expansion, presenting an opportunity for collaboration with the State Government and SAPN.	X	X	X	
	Urban Heat	"New Trees Asset Management Plan focuses on urban cooling, heatwave preparation for vulnerable communities, workforce planning for extreme heat, and post-construction environmental impacts. Includes innovation in heat, stormwater, and solar solutions."	During sustained days of hot weather, there are well recognised health impacts for the community and outdoor workforces. Many chronic health conditions are worsened during extreme and sustained heat and there is a strong correlation to increased mortality rates and heat. With the expected increase in urban heat due to climate change, the services required from council to support vulnerable members of the community may increase. Sustained and extreme heat will also impact the ability of council to deliver services through the outdoor workforce.	X	X	X	Planned communications response with links to resources for the community about being Healthy in the Heat (SA Health resources). Extended opening hours for council certain council facilities (TBC by Community Connections and City Property) Hot weather policy for council workforce.

City of Marion Environmental Scan

Components (PESTLER)	Themes for consideration	Emerging Opportunities	Emerging issues (risks if applicable)	Time frames for action			Actions (for short term actions where applicable)
	EVs	Increasing interest in supporting community and council EV transition. Increased need / interest for EV charging at council sites (community and council use).	Need for clarity in role of council in providing / enabling community EV infrastructure.	X			Ongoing discussion with council members on EV charging stations.
	Waste	"Marion is exploring weekly organics and fortnightly landfill collections, aligning with the State's waste discussion paper and circular economy principles. New single-use plastic laws are in place, with growing community demand for soft plastic recycling and a facility planned for Kilburn."	Proposed changes to waste legislation that impacts kerbside collection	X			
	Solar and all-electric homes	Increased interest in support to community in transition to all electric homes.

Council running Sustainable Solar Savings Scheme with Shine hub to promote solar and batteries.

Council promotion of rebates (REPS) and information services to assist community | Increasing complexity of electricity market and retailing and confusing for community

Lack of community awareness of financial support programs.

Community concern around health impacts from wood smoke and gas also driving moves to electric homes.

New gas connections are being banned for major developments. | X | X | | Investigation of council rebates and education program to supplement state and federal government schemes. |
| | Biodiversity | New City of Marion Biodiversity Plan.

New State Biodiversity Act to be development. Discussion paper released by State Government.

Nature Positive movement continuing to increase at National and international level with new legislation likely to require a net biodiversity benefit for new development.

Biodiversity Sensitive Urban Design (BSUD) is increasing design focus being promoted activity through SA State Government and VIC Government. | Lack of protection for biodiversity on private land continues to threaten remnant biodiversity in City of Marion (metro Adelaide excluded from current native vegetation legislation)

Increasing state and federal government funding for projects can lead to additional future requirements for council maintenance. | X | | X | Implementation of Biodiversity Plan

Ongoing advocacy for better biodiversity protection laws in metropolitan Adelaide |
| | Hydrogen | South Australia is becoming a leader in hydrogen energy, using it's renewable resources for green hydrogen production. Major projects like the Hydrogen Hub at Whyalla and export facilities aim to position the state as a global hydrogen exporter. Hydrogen blending in the gas grid and trials in transport also reflect efforts to integrate hydrogen into the local energy system and reduce fossil fuel reliance.

There are hydrogen trial sites in Tonsley area. | Hydrogen presents risks related to flammability, storage challenges, leakage, energy-intensive production, limited infrastructure, and potential water usage concerns, all of which require careful management for safe and sustainable use. | | | X | |
	Regenerative design	Frameworks that consider continuous renewal of evolving socioecological systems, regenerative design works toward renewal-focused solutions to realise net-positive impacts, considering the interconnectedness of environment, equity, and health.				X	
	Community sentiment	Opportunities to connect closer with the community to educate and promote on council's greening initiatives.	There is strong community interest in trees and greening that may not be met by Council's delivery programs.	X	x	X	Development of new Environmental Sustainability Plan
Relationships				Short term 12-24 months	Medium 2-4 years	Long term 5-10 years	

City of Marion Environmental Scan

Components (PESTLER)	Themes for consideration	Emerging Opportunities	Emerging issues (risks if applicable)	Time frames for action			Actions (for short term actions where applicable)
	Relationships with Governments, service providers, private partners	Strengthen relationships with government partners is critical given the cross section of state government work occurring in the council area.	Ineffective stakeholder engagement may not achieve strategic outcomes desired by council.	X			
	First Nations	RAP has been endorsed by council on 27 August, and by Reconciliation Australia on 2nd October 2024.	Ability of key staff to concentrate time will be a challenge given the expectation of First Nations communities to liaise with senior decision makers.	X			The General Manager City Activation is the delegated staff contact.
	Cross council collaboration	Information sharing, procurement and shared resources provides an ability to reduce council's cost of service delivery. Shared resources agreements.	Collaboration can inhibit projects from being delivered in a timely manner particularly where it requires one council to develop further in service/technology maturity before a project can advance. Need a driver for cross council collaborative opportunities.	X			

Microforces

				Short term 12-24 months	Medium 2-4 years	Long term 5-10 years	
Service delivery							
	Council Member/staff relationships	Opportunities to enhance current processes to ensure that communications between Council Members and staff are streamlined thereby creating timely responses and efficiencies.	Potential inefficiency where multiple teams may be contacted				A mid-term refresher with council Members will discuss these points.
	Funding allocations within the business	Opportunities for council members to have greater awareness of impacts of new projects on whole of life costs, asset management impacts, open space maintenance etc, roads and footpaths. Opportunities to define asset management more clearly scope, quality and then cost can be defined within an asset management within a defined band ranging from high medium to low	The rising costs associated with asset management underscore the importance of accurately understanding the true expenses required for future maintenance and replacement as assets age. Additionally, when new assets are developed to higher standards or larger scales, it is essential that the original proposals explicitly account for the ongoing costs of maintaining and replacing these enhanced assets. This approach ensures greater transparency and fosters informed decision-making regarding asset lifecycle planning.		X		Business process manuals are in development for Transport (that forms the largest proportion of the $ value of the asset portfolio), Asset Steering Committee to determine how this work is allocated. Work to be done with Council Members around impacts of adding new assets, understanding on impacts of decisions to other assets within council's portfolio.
	Administration Building upgrade	Upgrade of site will provide a contemporary and enhanced working environment	Minor disruption to working spaces. A plan will be developed to assign staff to other worksites throughout the upgrade.	X			
	Future service levels	Service level reviews to ensure council is allocating appropriate staff resourcing to meet its legislative service requirements	Cost of the review and time involved may be an impact If this work is not done, there is a risk that council may not have full clarity on how it's services are performing.	X			
	CoMBAS	outcomes out of GARP will inform the future direction of ComBAS.					
	Project prioritisation	Opportunities for a review by council to consider prioritisation of any new aspirational ideas for later years.		X			
	Climate impacts on the workforce	Increased rainfall/heatwaves impacts on workforce, schedules and budgets and overall staff wellbeing. The Resilient South Asset Management Project will support opportunities to review data.	Potential impacts to budgets, schedules and staff wellbeing	X			
	Ongoing operating costs of projects	Opportunities to enhance internal processes to ensure ongoing costs of a new asset are captured and managed within the teams.	Risks that certain assets or open spaces may not be maintained in line with community expectations and levels of service. EPMO will support this.	X			The senior leadership team will be doing a review of their forward works in December and outlining requirements.
	Staff resources	Opportunities to review council's capacity to deliver on future works. Commitment to a pipeline of projects and services to match existing staff levels. Investment of	A finite set of resources to deliver the same or higher volumes of work is likely to result in extended carry overs across future periods. Burnout and fatigue are likely which has impacts to wellbeing and absenteeism / turnover.	X			The senior leadership team will be doing a review of their forward works in December and outlining requirements.

City of Marion Environmental Scan

Components (PESTLER)	Themes for consideration	Emerging Opportunities	Emerging issues (risks if applicable)	Time frames for action			Actions (for short term actions where applicable)
	Asset Management	AMIS will provide greater capability to optimise our assets and services. A planned focus. Level and location/timing of investment. Council Members to be upskilled around the impacts of not maintaining assets	Continued impact of devaluation/ageing assets. Generational facility expectations. Risk that existing assets are not managed in line with service levels The current tool 'Predictor' may not deliver what was expected. This will make t challenging to use as a business tool for decision making, sensitivity testing will take time and requires more resourcing, expertise and governance set up required. .	X			ELT will raise these issues with Council Members to elevate their understanding.
	Open Space provision	State Government currently providing funding towards land acquisition. Opportunities to ensure that holistic solutions are provided around not only open space but consider open space in precinct planning	Identified areas of low open space provision in the north of the council area compared to the south. Lack of open space provision in the north of the city.	X			Land acquisition strategy.
	Strategic reviews	The City of Marion Building Asset Strategy (COMBAS) has identified future needs. Events strategy.	Ability to maximise opportunities for predesign and design fees required to be grant application ready.	X			
	Project Management maturity	Internal Audit looking at EPMO provides opportunities to increase maturity.		X			
	Data Maturity	The roll out of the Data Analytics project will increase the level of maturity and governance of data.	The timeliness of the project due to the roll out of other systems which are key dependencies.	X	X		Whilst a cross council approach was originally anticipated, the CoM are now proceeding with this as a standalone priority to ensure that the project can be delivered in a timely manner. The project is likely to take up to 2 years to allow for the implementation of other systems.
Workforce				**Short term 12-24 months**	**Medium 2-4 years**	**Long term 5-10 years**	
	Succession Planning and identification of critical roles	To review critical roles that require professional credentials to ensure business continuity should a staff member resign.	Without this, there is a risk of a legislated skills shortage if succession plans for critical roles are not understood.	X			
	Psychosocial safety	Education and awareness on the psychosocial risks across the organisation.	Increase in claims if we are not educated, increased staff turnover. Mental Health is costing the economy $900m annually in absenteeism and staff presenting to work but not productive. Productivity Commission 2020 (latest report)	X	X		A body of work is being undertaken to review the psychosocial risks prevalent for CoM, a number of projects will be delivered in 2025 in order to manage hazards and risks associated with psychosocial safety. Wellbeing and health promotion to increase engagement and work culture.
	Enterprise Bargaining Agreement	While the process can be complex, a well-negotiated EBA can yield significant strategic, operational, and cultural benefit.	Potential operational and strategic risks posed through the negotiation process that are typical of any EB agreement.	X			
	Work from home trends	Trends towards returning to the office growing (KPMG surveyed Ceo's 80% believe that WFH will be gone in three years). Opportunities for CoM to review staff sentiment towards hybrid model and leverage this as a key employment benefit.	Any changes should be balanced with evidence that WFH is reducing productivity.	X	X		
	IT integration	Better planning to look at the whole enterprise needs in relation to new systems	systems rolled out may not suit all end users or talk to other systems.	X			
	IT Strategy	The IS Strategy includes a series of projects to help improve productivity across the business and help enable outstanding community experiences when dealing with the CoM.	Risks include a number of projects that require further funding by the council that factors the integration of specific projects.	X	X	X	
	Change fatigue	Opportunity to review the number of projects being delivered holistically and apply change management broadly across all projects. Have applied PROSCI ADKAR change management	Due to competing communications across a number of priorities staff may not engage with the change management messages and feel disengaged from the 'bigger picture' of what is being delivered.	X			
	Workload impacts	Can be delivered as part of a larger workforce plan.	Ambitious projects being delivered in several areas simultaneously which may impact business productivity and operations broadly. Risks of staff burnout and dissatisfaction.	X			

City of Marion Environmental Scan

Components (PESTLER)	Themes for consideration	Emerging Opportunities	Emerging issues (risks if applicable)	Time frames for action			Actions (for short term actions where applicable)
	Future workforce needs	Opportunity to take a more holistic and strategic approach to management of the City of Marion's workforce.	Constraints of the Enterprise agreements to provide flexibility. Ageing workforce due to ageing population. Skilled labour. Sector wide salaries have shifted in recent years.	X			
	Workforce turnover	Organisational renewal and the ability to refresh skill sets.	Loss of corporate knowledge and efficiency.	X			Monitoring turnover rates and employee exit survey results.
	Retention of talent	Opportunities to provide career pathways and opportunities for staff to broaden their skill sets. Ensuring we remain flexible with a place of work policy and other work place benefits to ensure we are remaining competitive with the market.	Potential to lose the best talent, intellectual capital, and low morale of staff. Loss to private sector/SAG/FED. Being competitive in the market re. salary/conditions comparative to other councils over the last 2 years there has been an increase in salaries across the sector due to factoring of CPI.	X			Workforce strategy underway EB agreement for Administration staff set to commence.
	Digital Literacy	Implementation of new systems creates opportunities to build employee capability and skills.	Baseline capability contributes to missed opportunities to leverage systems and business improvement. There is a risk that if staff are not engaged in the journey they may resist the change, or that we end up with a greater divide between those that are digitally literate and those that are not. There are currently some cohorts of staff who are not proficient in essential IT systems.	X			Training needs analysis to identify requirements
	Volunteer attraction & retention	Opportunity to further engage and attract skilled volunteers to the organisation.	Not all programs and opportunities have been reopened for volunteering, and individual choices in the way 'spare' time is spent has changed (e.g. post COVID personal evaluations). Some staff are now fulfilling typical volunteer vacancies due to a shortage of	X			
	Employment market	Increasing number of high profile organisations trialling the 4 day work week also drives changes in the employment market. Flexible working conditions.	Risk of not attracting appropriately skilled talent and meeting industry expectations around remuneration.	X			
	Possible gender pay gap	Identify services where there is a gender pay discrepancy.		X	X		

CITY OF MARION

8 Reports for Noting

8.1 Annual Ombudsman Report 2023-24	
Report Reference	FRAC241217R8.1
Originating Officer	Unit Manager Governance and Council Support – Victoria Moritz
Corporate Manager	Manager Office of the Chief Executive – Sarah Vinall
General Manager	Chief Executive Officer - Tony Harrison

REPORT OBJECTIVE

The purpose of this report is to provide information on complaints received by the Ombudsman SA regarding the City of Marion during the 2023/24 financial year.

EXECUTIVE SUMMARY

Each year, after the Ombudsman SA released their Annual Report, a report is presented to the Finance, Risk and Audit Committee that reports on all complaints made about the City of Marion to the Ombudsman's office in that financial year. The Ombudsman's Annual Report recorded 22 complaints relating to the City of Marion for 2023/24. This is a decrease on the 2022/23 recorded complaint number of 38.

In addition to complaints to the Ombudsman's office, three (3) requests were received direct to the City of Marion to conduct an internal review of a decision in accordance with the City of Marion Complaints and Grievance Policy. These are referred to and known as 'Section 270 Reviews' as the right is provided via this clause of the *Local Government Act 1999.*

RECOMMENDATION

That the Finance, Risk and Audit Committee:

1. **Notes the report.**

DISCUSSION

In 2023/24 the Ombudsman's office received 1,108 complaints regarding local government and closed out a total of 1,076 complaints. Of these complaints, 22 related to the City of Marion. The table below details the previous data over the last five financial years for comparison. It is noted that no matters relating to the City of Marion progressed to a full investigation under Section 25 of the Ombudsman Act.

Financial Year	Complaints Received by the Ombudsman	Complaints relating to City of Marion
2023/24	1,108	22
2022/23	1,023	38
2021/22	921	30
2020/21	892	25
2019/20	947	41

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

Complaints Received and Completed

Local government

Summary tables
1 July 2023 - 30 June 2024

Complaints received and completed

Council	Received	%	Completed	%	Population 30 June 2023	Received / 10,000 pop	Completed / 10,000 pop
Adelaide Hills Council	37	3.34%	38	3.53%	41,842	8.84	9.08
Adelaide Plains Council	10	0.90%	9	0.84%	10,932	9.15	8.23
Alexandrina Council	37	3.34%	38	3.53%	30,323	12.20	12.53
Barunga West Council	7	0.63%	7	0.65%	2,680	26.12	26.12
Berri Barmera Council	11	0.99%	12	1.12%	10,730	10.25	11.18
Campbelltown City Council	23	2.08%	22	2.04%	57,160	4.02	3.85
City of Adelaide	104	9.39%	100	9.29%	27,901	37.27	35.84
City of Burnside	20	1.81%	19	1.77%	47,444	4.22	4.00
City of Charles Sturt	55	4.96%	52	4.83%	127,440	4.32	4.08
City of Holdfast Bay	15	1.35%	15	1.39%	38,766	3.87	3.87
City of Marion	22	1.99%	22	2.04%	98,493	2.23	2.23
City of Mitcham	59	5.32%	58	5.39%	69,542	8.48	8.34
City of Mount Gambier	10	0.90%	10	0.93%	27,846	3.59	3.59
City of Norwood, Payneham & St Peters	22	1.99%	21	1.95%	39,312	5.60	5.34
City of Onkaparinga	78	7.04%	78	7.25%	180,865	4.31	4.31
City of Playford	37	3.34%	33	3.07%	107,069	3.46	3.08
City of Port Adelaide Enfield	42	3.79%	39	3.62%	138,585	3.03	2.81
City of Port Lincoln	7	0.63%	5	0.46%	15,018	4.66	3.33
City of Prospect	15	1.35%	16	1.49%	23,137	6.48	6.92
City of Salisbury	28	2.53%	29	2.70%	149,214	1.88	1.94
City of Tea Tree Gully	36	3.25%	33	3.07%	103,685	3.47	3.18
City of Unley	26	2.35%	26	2.42%	39,929	6.51	6.51
City of Victor Harbor	26	2.35%	24	2.23%	16,869	15.41	14.23
City of West Torrens	84	7.58%	83	7.71%	64,519	13.02	12.86
Clare and Gilbert Valleys Council	8	0.72%	7	0.65%	9,405	8.51	7.44
Coorong District Council	2	0.18%	2	0.19%	5,612	3.56	3.56
Copper Coast Council	16	1.44%	16	1.49%	15,951	10.03	10.03
Corporation of the City of Whyalla	6	0.54%	7	0.65%	21,902	2.74	3.20
Corporation of the Town of Walkerville	7	0.63%	7	0.65%	8,420	8.31	8.31
District Council of Ceduna	4	0.36%	5	0.46%	3,717	10.76	13.45
District Council of Cleve	7	0.63%	6	0.56%	1,757	39.84	34.15
District Council of Coober Pedy	6	0.54%	6	0.56%	1,550	38.71	38.71
District Council of Elliston	2	0.18%	2	0.19%	1,041	19.21	19.21
District Council of Grant	2	0.18%	3	0.28%	9,044	2.21	3.32

Council	Received	%	Completed	%	Population 30 June 2023	Received / 10,000 pop	Completed / 10,000 pop
District Council of Karoonda East Murray	8	0.72%	5	0.46%	1,016	8.84	49.21
District Council of Kimba	2	0.18%	1	0.09%	1,059	9.15	9.44
District Council of Lower Eyre Peninsula	1	0.09%	1	0.09%	6,154	12.20	1.62
District Council of Loxton Waikerie	10	0.90%	4	0.37%	11,897	26.12	3.36
District Council of Mount Remarkable	4	0.36%	4	0.37%	2,897	10.25	13.81
District Council of Orroroo/Carrieton	1	0.09%	1	0.09%	889	4.02	11.25
District Council of Peterborough	4	0.36%	4	0.37%	1,683	37.27	23.77
District Council of Renmark Paringa	4	0.36%	4	0.37%	10,107	4.22	3.96
District Council of Robe	10	0.90%	15	1.39%	1,603	4.32	93.57
District Council of Streaky Bay	4	0.36%	4	0.37%	2,278	3.87	17.56
District Council of Tumby Bay	3	0.27%	4	0.37%	2,906	2.23	13.76
District Council of Yankalilla	9	0.81%	9	0.84%	6,100	8.48	14.75
Kangaroo Island Council	7	0.63%	9	0.84%	5,125	3.59	17.56
Light Regional Council	9	0.81%	10	0.93%	16,616	5.60	6.02
Mid Murray Council	19	1.71%	19	1.77%	9,496	4.31	20.01
Mount Barker District Council	27	2.44%	25	2.32%	42,297	3.46	5.91
Naracoorte Lucindale Council	0	0.00%	1	0.09%	8,928	3.03	1.12
Northern Areas Council	6	0.54%	6	0.56%	4,667	4.66	12.86
Port Augusta City Council	6	0.54%	6	0.56%	14,420	6.48	4.16
Port Pirie Regional Council	6	0.54%	5	0.46%	17,602	1.88	2.84
Regional Council of Goyder	4	0.36%	3	0.28%	4,132	3.47	7.26
Roxby Council	0	0.00%	1	0.09%	4,113	6.51	2.43
Rural City of Murray Bridge	16	1.44%	14	1.30%	22,901	15.41	6.11
Southern Mallee District Council	4	0.36%	4	0.37%	2,012	13.02	19.88
The Barossa Council	9	0.81%	7	0.65%	26,268	8.51	2.66
Town of Gawler	14	1.26%	16	1.49%	26,789	3.56	5.97
Wakefield Regional Council	3	0.27%	2	0.19%	6,958	10.03	2.87
Wattle Range Council	8	0.72%	7	0.65%	12,257	2.74	5.71
Yorke Peninsula Council	39	3.52%	35	3.25%	12,040	8.31	29.07
Total	1,108	100.00%	1,076	100.00%	1,832,910	6.05	5.87

In addition to complaints to the Ombudsman's office above, three (3) requests were received direct to the City of Marion to conduct an internal review decision in accordance with the Council's Complaints and Grievance Policy.

These complaints related to the following:

Description	Finding	Outcome
Jasmin Avenue - request to remove tree	No error found in council officers decision making process and consultation process	Tree has not been removed
Noisy dog complaint	Matter not pursued	N/A
Landlord consent to remove significant trees	Complaint lodged within financial year but not finalised	Not yet determined

The full Ombudsman Annual Report for 2023/24 can be found on the Ombudsman SA website:

[Ombudsman SA Annual Report 2023/24](#)

ATTACHMENTS

Nil

8.2 Council Member Report	
Report Reference	FRAC241217R8.2
Originating Officer	Unit Manager Governance and Council Support – Victoria Moritz
Corporate Manager	Manager Office of the Chief Executive - Sarah Vinall
General Manager	Chief Executive Officer - Tony Harrison

REPORT OBJECTIVE

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

RECOMMENDATION

That the Finance, Risk and Audit Committee:

1. **Notes this report.**

DISCUSSION

Council Member Representative – Councillor Luke Naismith and Councillor Matt Taylor

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

Special General Council Meeting – 15 October 2024

SRWRA Board Meeting 19 August 2024 – Constituent Council Information Report
Council received and noted the SRWRA constituent report from the meeting held on 19 August 2024 in accordance with Section 4.5.2 of the SRWRA Charter.

Q4 Corporate Risk Report
Council noted the Corporate Risk Report for quarter 4. It was noted that the Q4 review of the Corporate Risk Register confirmed a total of 102 existing risks. There were no changes to the residual high risks since the last quarter. This quarter identified a re-rating of 1 risk from Low to Medium, and identified 1 new risk.

Finance Report – August 2024
Council received the Finance report for August 2025 highlighting key financial information including that Council currently has a net operating surplus result of $4.852M before capital revenues, against a year to date forecast operating surplus budget of $6.975M. The 20242025 annual budget forecasts a net cash surplus of $49,000. The actual to budget position reveals that the Capital Renewal Budget is on track to be spent

Monthly Work Health and Safety Report

Council received the Monthly Work Health and Safety Report noting City of Marion has not incurred a lost time injury for 213 days. This is reflected in the 12-month rolling Lost Time Injury Frequency rate which demonstrates a steady low rate. The incidence of lost time and medically treatable injuries is in decline from a rolling 12-month peak of 30.5 total reportable injuries per million hours worked in January 2023 to the current 9.9 total reportable injuries per million hours worked.

General Council Meeting – 22 October 2024

**Southern Soccer Facility Pitch 4 – Additional Funding (*Confidential)*

Section 270 Review – Decision of Council to support the removal of trees at 262 Sturt Road
Council endorsed the report from Norman Waterhouse Lawyers regarding the S270 review. Overall, the Review has determined that the decision of Council to provide landlord support for the removal of the significant trees was lawful. The decision merely represented the Council's consent as the owner of the Land to the trees being removed. However, the removal of the Trees still required approval under the Planning, Development and Infrastructure Act 2016. If that approval was not given, the Trees would not be able to be removed notwithstanding the decision of Council.

Asset Management Plans – final endorsement
Council endorsed the City of Marion Open Space AMP and the City of Marion Coastal Walkway AMP and requested administration to prepare a public and detailed response to the issues raised by the public during the consultation process.

Asset Management Plans – endorsement for public consultation
Council endorsed the Draft Water Treatment and Resources AMP and the Draft Transport AMP for public consultation. Council also noted that the final Transport AMP following consultation will seek additional funding to be incorporated into the next iteration of the Annual Business Plan and Long-Term Financial Plan.

Finance Report – September 2024
Council received the Finance Report for September 2024 highlighting key financial information including Council currently has a net operating surplus result of $6.989M before capital revenues, against a year to date forecast operating surplus budget of $8.164M. The 2024-2025 annual budget forecasts a net cash surplus of $49,000.

Monthly Work Health and Safety Report
Council received and noted the monthly Work Health and Safety Report. It was noted that City of Marion is maintaining zero lost time injuries for the current financial year. There has been a substantial increase in non-injury (report only) incidents over September 2024. Coupled with low injury data, this may be considered as an improved reporting culture.

SRWRA Board Meeting 23 September 2024 – Constituent Council Information Report
Council received and noted the SRWRA constituent report from the meeting held on 23 September 2024 in accordance with Section 4.5.2 of the SRWRA Charter.

Committee Structure and Council Member Representatives for various positions 2024-2025
Council appointed the following Councillors to the Finance, Risk and Audit Committee for a term commencing 30 November 2024 and concluding 30 November 2025:
- Councillor Naismith
- Councillor Taylor
- Councillor Mates as Proxy Member

SRWRA – Council Representatives

FRAC241217 - Finance, Risk and Audit Committee - 17 December 2024

Council appointed Councillor Taylor as Council representative on the Board of the SRWRA and noted that the position held by Council's current representative, the Chief Finance Officer will conclude on 30 November 2024. The other positions remain unchanged.

Special General Council Meeting – 19 November 2024

Marino Hall Financial Requirements (*Confidential)*

Appointment of Independent Member – Finance, Risk and Audit Committee *(held in confidence until successful applicants were advised)*

Council appointed Paula Davies for a term commencing 1 December 2024 – 30 November 2027 and Meliss Oors-L'Estrange for a term commencing 1 December 2024 – 30 November 2026 as Independent Member to the Finance, Risk and Audit Committee.

General Council Meeting – 26 November 2024

Annual Financial Statements for the year ended 30 June 2024
Council received and adopted the City of Marion audited Annual Financial Statements for the year ended 30 June 2024 and the Southern Region Water Resource Authority (SRWRA) 2023-2024 audited Annual Financial Statements. Council noted the comparative analysis to prior year audited Annual Financial Statements and original adopted 2023-2024 budget (Analytical Review) as well as the Galpins Audit Completion Report.

Finance, Risk and Audit Committee Annual Report to Council 2023-2024
Council received and noted the Finance Risk and Audit Committee Annual Report to Council for 2023-2024 and noted this will be included in the City of Marion Annual Report.

City of Marion Annual Report 2023-2024
Council received and adopted the City of Marion Annual Report and summary for 2023-2024 noting the final City of Marion Financial Statements for 2023-2024 will be included in the final published version, along with the Finance, Risk and Audit Committee Annual Report. The Final Annual Reports will be published on the City of Marion website and distributed in accordance with legislation.

Community Grants 2024-25 Round 1
Council received a report and recommendation from the Community & Youth Grants Committee regarding grant allocations for the Community Grants Round 1 2024-2025. The Community and Youth Grants Committee reviewed all eligible applications and recommended that Council fund $46,227 to 11 organisations, and to carry forward $3773 to Round 2 Community Grants 2024-2025. Council endorsed the recommendation without amendments.

Youth Grants 2024-25 Round 1
Council received a report and recommendation from the Community & Youth Grants Committee regarding grant allocations for the Youth Grants Round 1 2024-2025. The Community & Youth Grants Committee reviewed all eligible applications and recommended that Council fund $40,857 to 5 organisations, and to carry forward $19,143 to Round 2 Youth Grants 2024-2025. Council endorsed the recommendation without amendments.

Management Plans – final endorsement
Council received and endorsed the City of Marion Buildings and Structures Asset Management Plan. The Buildings and Structures AMP was reviewed and endorsed by the FRAC on 13 August

2024 to take to General Council seeking endorsement to take to public consultation. Council endorsed the Buildings and Structures AMP for public consultation on 24 September 2024. Feedback from the public consultation process, including Council Member feedback, was considered and minor amendments have been made to the AMP where relevant. Participants' contributions have been acknowledged and responded to by the asset owner.

1st Budget Review 2024-2025
The financial results for the 1st Budget Review for 20242025 were presented and Council adopted the revised budgeted statements including the Income Statement, Balance Sheet, Statement of Changes in Equity and Statement of Cash Flows. 2. Council further Noted the identified savings of $903k for 2023-2024 year following the completion of the audited Annual Financial Statements will be utilised to reduce future borrowings.

Monthly Work Health and Safety Report
Council noted the Monthly Work Health and Safety Report. It was noted that City of Marion recorded a Lost Time Injury (LTI) on 24 October 2024. Prior to this incident, CoM had recorded 265 days without a LTI.

Annual Investment Report 2023-2024
Council noted the Investment Performance Report 2023-2024 which had previously been considered by the FRAC at its meeting of 11 November 2024.

General Council Meeting – 10 December 2024

Tonsley Unsolicited Proposal *(Confidential)*

Asset Management Plans – Final Endorsement
Council received and endorsed the City of Marion Transport Asset Management Plan and the City of Marion Water Treatment and Resources Asset Management Plan. Council also Endorsed the allocation of an additional $3.589m identified in the Transport Asset Management Plan into the next Long-Term Financial Plan currently being prepared.

SRWRA Board Meeting 18 November 2024 - Constituent Council Information Report
This Standing Report was presented to Council for noting and follows each SRWRA Board meeting to provide an update of matters considered by the SRWRA Board.

Monthly Work Health and Safety Report
Council received and noted the Monthly Work Health and Safety Report. The report highlighted that the City of Marion has experienced a Lost Time Injury resulting from a lower back muscle strain, however, Rolling Total Reportable Injuries continue to decrease.

ATTACHMENTS

Nil

8.3 1st Budget Review 2024-2025

Report Reference	FRAC241217R8.3
Originating Officer	Unit Manager - Finance Partnering & Rates – Heath Harding
Corporate Manager	Chief Financial Officer – Ray Barnwell
General Manager	General Manager Corporate Services – Tony Lines

REPORT OBJECTIVE

The purpose of this report is to provide the financial results for the 1st Budget Review for 2024-2025. The budget review is a revised forecast of the original 2024-2025 budget and as such any savings identified for 2024-2025 during budget reviews will not be confirmed until the projects are completed and/or the financial statements are prepared, inclusive of accruals, and audited at the end of the financial year.

EXECUTIVE SUMMARY

The completion of the 1st Budget Review has identified a favourable net cash adjustment of **$395,385.** Adding this to the original budget surplus of $49,051 forecasts a revised full year cash surplus of **$444,436**.

The 2024-2025 1st Budget Review adjustments can be attributed to the following:

Cash Statement Reconciliation	$	$
Original Budget Cash Surplus		**49,051**
1st Budget Review Adjustments		
Add Favourable		
Additional Grants Commission Funding	403,871	
Forecast Local Roads and Community Infrastructure Grant	317,326	
Coach House Rehabilitation & Warriparinga Bridges Grant	691,509	
Positive Ageing & Inclusion Grant	89,863	
Savings in Building Maintenance Contractors	94,584	1,597,153
Less Unfavourable		
Labour resourcing (partially offset by grant funding and contractor reduction)	698,314	
Increase in Insurance Premiums	124,792	
Maintenance contracts for Streetscape & Reserve upgrades	180,103	
Other various net unfavourable adjustments	142,559	1,145,768
Total 1st Budget Review Adjustments		**451,385**
Revised 2024-2025 Cash Surplus(Deficit) before Council Resolutions		**500,436**
Less Council Resolutions funded from Rates		
GC240312R11.5 - Cove Community Garden Fence	40,000	
GC240423R12.6 - Community Event Fund	16,000	**56,000**
Revised 2024-2025 Cash Surplus		**444,436**

RECOMMENDATION

That the Finance, Risk and Audit Committee:

1. **Notes the 1ˢᵗ Budget Review position**

GENERAL ANALYSIS

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

The original 2024-25 budget was developed within the context of a long term framework to achieve a balance between meeting the objectives of the Strategic Plan and attaining financial sustainability in the long term.

FRAMEWORK

This budget review continues the focus on achieving the framework set by Council when developing the 2024-25 budget, this being:

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

DISCUSSION

Cash Position

The completion of the 1ˢᵗ Budget Review has identified a favorable net cash adjustment of **$395,385**. Adding this to the original budget surplus of $49,051 forecasts a revised full year cash surplus for the 2024-2025 year of **$444,436**.

The 2024-2025 1ˢᵗ Budget Review adjustments can be attributed to the following:

Cash Statement Reconciliation	$	$
Original Budget Cash Surplus		**49,051**
1st Budget Review Adjustments		
Add Favourable		
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Savings in Building Maintenance Contractors	94,584	1,597,153
Less Unfavourable		
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Less Council Resolutions funded from Rates		
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GC240423R12.6 - Community Event Fund	16,000	**56,000**
Revised 2024-2025 Cash Surplus		**444,436**

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

The 1st Budget review for 2024-2025 is based upon actual results to the end of October 2024 and forecast to June 2025. In accordance with the Local Government (Financial Management) Regulations 2011 a revised budgeted income statement, balance sheet, statement of changes in equity and statement of cash flows are provided in the attachments to Attachment 2.

Operating Position

The 1st Budget Review – 2024-2025 forecasts an operating deficit of $3.972m, adjusted from an operating surplus of $0.086m in the original adopted annual budget for 2024-2025. The revised forecast operating deficit is predominantly in relation to the impact of funded carryovers from 2023-2024 of $3.128m, the reclassification to operating expenditure from capital projects of $0.316m and a revised forecast increase in depreciation of $0.498m following the revaluation of assets as part of the annual financial statements for 2023-2024.

Capital Works Budget

The 1st Budget Review forecasts capital expenditure increasing by $11.867m from $34.802m to $46.669m (Renewal $16.729m, New $29.940m).

Capital Works	$'000	$'000
Original Budget		34,802
Capital Works Projects Carried over from 2023-2024 (including grant funded)	12,843	
Reclassification from capital to operating expenditure *	(316)	
Other minor adjustments	(660)	11,867
1st Budget Review Capital Works		46,669

* No cash impact. Relates to accounting classification only

Borrowings

The 1st Budget review forecasts new borrowings of $10.486m for 2024-25 bringing the forecast borrowings at June 2025 to $11.587m. As at 30 June 2024 the City of Marion had a Cash at Bank balance of $28.431m along with access to a short-term debt facility, if required. These cash balances have been quarantined to fund carried over project fund requirements and other liabilities such as grants previously paid in advance which may required during the current financial year.

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

Reserves

The 1st Budget Review reports a net allocation from Reserves as part of the first budget review process of $14.975m.

Labour Budgets

Overall labour budgets have been realigned with actual results for 2023-24 with a forecast increase of 3.8% on prior year requiring a $0.698m adjustment to costs bringing the total labour budget to $47.308m. This increase is partially offset by increases in grant funding and reduction in contractor expenditure totalling $0.184m.

Depreciation

The depreciation budget for 2024-2025 increased by $498,344 in the 1st Budget Review to $21.598m, predominantly due to the revaluation of assets as part of the annual financial statements for 2023-2024.

Funds Carried Over from 2023-24 to 2024-25

Following the completion of the 2023-2024 Annual Financial Statements the total funding being carried over from 2023-2024 into 2024-2025 and future years is $21.643m.

A breakdown of the Grants & Carry Overs at 30th June 2024 is shown below:

Capital Project Carryovers	
Capital Works - Capital Program	2,746,819
Capital Works - Grant Funded	6,949,122
Total Capital Project Carryovers (excluding Grant Funded)	**9,695,941**
Operating Carryovers	
Grant Funding	264,882
Other Operating	1,816,593
Total Operating Carryovers	**2,081,475**
Total Carryovers	**11,777,416**
Transferrred to Reserve during 2023-2024 Budget Reviews	
Capital Works - Capital Program	2,007,395
Capital Works - Grant Funded	7,727,555
Operating - Grant Funded	70,704
Operating	59,511
Total Carryovers identified during Budget Reviews	**9,865,165**
Total Carryover Budgets for 2023-2024	**21,642,581**

| Carryover Analysis 2023-2024	
Capital Works Carryovers (Council Funded)	**2,746,819**
Vehicle Replacement Program	995,289
Retaining Wall - Cove Road Marino	850,000
MCC Plaza Development	275,637
Building Security System Upgrade	127,828
Mitchell Park Neighbourhood Centre Building Renovations	107,502
Bridge - Jacobs Street	84,490
Marion Outdoor Pool Chlorine Dosing Upgrade	83,805
Capella Reserve Dog Park	81,880
Trott Park Neighbourhood Centre Electrical Trenching	50,000
Car Park - Alawoona Reserve	47,406
Bowden Grove Drain - Oaklands Park	15,855
Smart Cities Parking	11,677
Public Art Projects	5,250
City Services Electricity Upgrade	5,100
Administration Building Electricity Upgrade	5,100
Grant Funded Capital Projects	**6,949,122**
Marino Hall Upgrade	1,889,709
Raglan Avenue Streetscape	1,720,257
Cove Sports Club Upgrade	1,255,308
Seacliff Golf Club Pumps to Tank Project	829,970
Other Grant Funded Capital Projects	527,181
Alawoona Streetscape & Reserve	423,247
Seacliff Golf Club Clubroom Upgrade	303,450
Grant Funded Operating Projects	**264,882**
Coastal Monitoring Program	60,343
Resilient South Climate Partnership	55,889
Other Operating Projects	148,650
Other Operating Projects (Council Funded)	**1,816,593**
Digital Transformation projects	971,366
Cleaning of side entry pits	109,222
Stormwater Master Plan	60,000
Other Operating Projects	676,005
Projects retimed during 2023-2024	**9,865,165**
Total Carryovers from 2023-2024	**21,642,581**

The current status of capital works program budgets carried over from 2023-2024 ($2.747m) as at the 10th November 2024 is provided below:

Category	# Projects	Budget	Completed	Remaining
Infrastructure	4	997,751	818,403	179,348
Land & Property	6	379,335	161,032	218,303
Open Space Planning	1	81,880	-	81,880
Other	4	1,287,853	632,437	655,416
Total	15	2,746,819	1,611,872	1,134,947

These works are expected to be completed by the 30th June 2025.

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

Council Funded Capital Works Carryover History (excluding grant funded works)
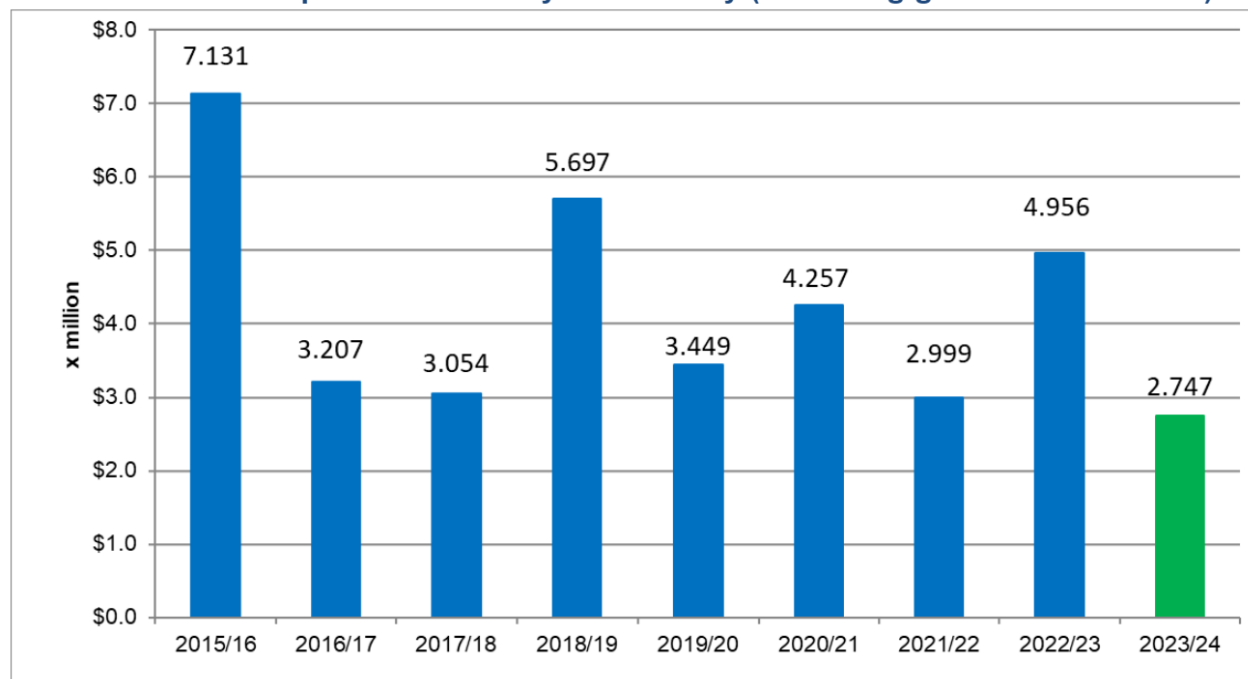
Detailed graphs of the overall Capital Works Projects by Asset Category are provided in Attachment 4.

These graphs depict the overall spending profile for 2023-2024 which resulted in a net underspend of $0.190m (0.7%) against budget for 2023-2024.

2023 – 2024 Year End Identified Cash Surplus/Savings

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

Our independent audit of the financial statements for the year ended 30th June 2024 has been completed and surplus/savings of $0.903m have been identified. These identified Savings/Surplus will be used in place of forecast loan funding during 2024-2025.

ATTACHMENTS

1. Attachment 1 - GC241126 - 1st Budget Review 2024-2025 [**8.3.1** - 1 page]
2. Attachment 2 - GC241126 - 1st Budget Review 2024-2025 [**8.3.2** - 7 pages]
3. Attachment 3 - GC241126 - 1st Budget Review 2024-2025 [**8.3.3** - 1 page]
4. Attachment 4 - 2023-2024 Final Capital Works Graphs [**8.3.4** - 5 pages]

Budgeted Funding Statement Year to Date 2024-2025	YTD Actual (31 Oct 2024) $'000	2024-2025 1st Review Budget $000's
OPERATING REVENUE		
Rates	31,481	94,784
Statutory Charges	1,007	2,743
User Charges	1,048	4,107
Operating Grants and Subsidies	5,912	10,318
Investment Income	142	300
Reimbursements	364	1,131
Other Revenues	212	928
Share of Profit - Equity Accounted Investments	-	645
	40,166	**114,956**
OPERATING EXPENSES		
Employee Costs	15,050	47,308
Contractual Services	10,855	34,377
Materials	1,466	6,553
Finance Charges	-	359
Depreciation	7,033	21,598
Other	3,130	8,733
	37,534	**118,928**
Operating Surplus/(Deficit) before Capital revenues	**2,632**	**(3,972)**

Add

(a)	**Capital Revenue**		
	Capital Grants and Contributions	739	4,975
	Physical Resources received free of charge	-	-
	Asset disposal and fair value adjustments	-	-
Equals	**Net Surplus/(Deficit) resulting from operations**	**3,371**	**1,003**
Add	Depreciation	7,033	21,598
	(Gain)/Loss on disposal of assets	-	-
	Share of Profit SRWRA	-	(645)
Equals	**Funding available for Capital Investment expenditure**	**10,404**	**21,956**
	Capital		
Less	Capital Expenditure - Renewal	2,375	16,728
Less	Capital Expenditure - New	5,113	29,941
Add	Capital - proceeds from sale of assets	175	353
Equals	**Net Overall funding Surplus/(Deficit)**	**3,091**	**(24,361)**

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

	LOANS		
	Loan Principal Receipts (Net)	-	10,486
	Loan Receipts from Sporting Clubs (Net)	-	-
Less	Loan Principal Payments	-	657
	Loan funding (Net)		**9,829**
	Movement in level of cash & accruals		
(b)	Cash Surplus/(Deficit) funding requirements	3,028	443
	Reserves Net transfer to/(transfer from)	63	(14,975)
	Cash/Investments/Accruals Funding	**3,091**	**(14,532)**
Equals	**Funding Transactions**	**(3,091)**	**24,361**

CITY OF MARION Revised Budgeted Funding Statement 2024-2025				
	Budget Original $000's	Carryovers $000's	2024-2025 1st Review $000's	Revised Budget $000's
OPERATING REVENUE				
Rates	94,824	-	(40)	94,784
Statutory Charges	2,738	-	5	2,743
User Charges	4,164	-	(57)	4,107
Operating Grants and Subsidies	9,174	69	1,075	10,318
Investment Income	300	-	0	300
Reimbursements	1,020	-	111	1,131
Other Revenues	668	122	138	928
Share of Profit - Equity Accounted Investments	645	-	-	645
	113,533	**191**	**1,232**	**114,956**
OPERATING EXPENSES				
Employee Costs	46,610	-	698	47,308
Contractual Services	30,533	3,128	716	34,377
Materials	6,460	-	93	6,553
Finance Charges	359	-	-	359
Depreciation	21,100	-	498	21,598
Other	8,385	-	348	8,733
	113,447	**3,128**	**2,353**	**118,928**
Operating Surplus/(Deficit) before Capital rev's	**86**	**(2,937)**	**(1,121)**	**(3,972)**
Add				
(a) **Capital Revenue**				
Capital Grants and Contributions	2,642	2,293	40	4,975
Physical Resources received free of charge	-	-	-	-
Asset disposal and fair value adjustments	-	-	-	-
Equals **Net Surplus/(Deficit) resulting from operations**	**2,728**	**(644)**	**(1,081)**	**1,003**
Add Depreciation	21,100	-	498	21,598
(Gain)/Loss on disposal of assets	-	-	-	-
Share of Profit SRWRA	(645)	-	-	(645)
Equals **Funding available for Capital Investment exp**	**23,183**	**(644)**	**(583)**	**21,956**
Capital				
Less Capital Expenditure - Renewal	15,314	1,765	(351)	16,728
Less Capital Expenditure - New	19,488	11,078	(625)	29,941
Add Capital - Proceeds from Sale of Assets	353	-	-	353
Equals **Net Overall funding Surplus/(Deficit)**	**(11,266)**	**(13,487)**	**393**	**(24,361)**

APPENDIX 2

CITY OF MARION Revised Budgeted Funding Statement 2024-2025				
	Budget Original $000's	Carryovers $000's	2024-2025 1st Review $000's	Revised Budget $000's
Funding transactions associated with accomodating the above net overall funding deficit (or applying the net overall funding surplus) are as follows:				
LOANS				
Loan Principal Receipts (Net)	9,500	-	986	10,486
Less Loan Principal Payments	657	-	-	657
Loan funding (Net)	**8,843**	**-**	**986**	**9,829**
Movement in level of cash & accruals				
(b) Cash Surplus/(Deficit) funding requirements	49	-	394	443
Reserves Net (transfer to/(transfer from)	(2,473)	(13,487)	985	(14,975)
Cash/Investments/Accruals Funding	**(2,424)**	**(13,487)**	**1,379**	**(14,532)**
Equals **Funding Transactions**	**11,266**	**13,487**	**(393)**	**24,361**

APPENDIX 2

CITY OF MARION Budgeted Income Statement	Actual 2023-2024 $000's	1st Review 2024-2025 $000's
OPERATING REVENUE		
Rates	89,976	94,784
Statutory Charges	2,400	2,743
User Charges	4,164	4,107
Operating Grants and Subsidies	6,004	10,318
Investment Income	1,246	300
Reimbursements	741	1,131
Other Revenue	1,118	928
Net Gain - Equity Accounted Council Businesses	770	645
TOTAL OPERATING REVENUE	**106,419**	**114,956**
OPERATING EXPENSES		
Employee Costs	45,567	47,308
Contractual Services	31,813	34,377
Materials	7,001	6,553
Finance Charges	150	359
Depreciation	21,594	21,598
Other Expenses	7,751	8,733
TOTAL OPERATING EXPENSES	**113,876**	**118,928**
Operating Surplus/(Deficit) before Capital Revenues	**(7,457)**	**(3,972)**
CAPITAL REVENUES		
Capital Grants, Subsidies and Monetary Contributions	7,976	4,975
Physical resources received free of charge	1,002	-
Asset disposal and fair value adjustments	(4,677)	-
Net Surplus/(Deficit) resulting from Operations	**(3,156)**	**1,003**

Financial Indicators

To assist Council in meeting its objective of financial sustainability, a series of financial indicators endorsed but the Local Government Association are provided. The following table provides a matrix of indicators of the 2024-2025 1st Budget Review and compares the forecast results against the target rate.

Key Ratios	Target	2024-2025 Forecast
Operating Surplus Ratio	**0 - 10%**	**-3.45%**

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

Target :	Average between 0-10% over each consecutive 5-year period
Comment :	Positive ratio indicates that Council has sufficient operating revenue to cover operational expenses
	The average Operating Surplus over the past five years is 0.1%.

Key Ratios	Target	Forecast
Net Financial Liabilities Ratio	**0 - 50%**	**27.14%**

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

Comment :	This result indicates Council's Financial Liabilities are forecast to exceed its Financial Assets.
	This ratio falls within the target range. Council's capacity to meet its financial obligations remains strong

Key Ratios	Target	Forecast
Debt Servicing Ratio	**0 - 5%**	**0.89%**

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

Comment :	This ratio falls within the target range and indicates Council has a low debt holding and is well positioned for future borrowings outlined in the Long Term Financial Plan

Key Ratios	Target	Forecast
Asset Renewal Funding Ratio	**90 - 110%**	**100%**

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

Comment :	The ratio can vary from year to year dependant on the renewal capital expenditure. Council's Long Term Financial Plan is set to achieve an average Asset Renewal Funding Ratio of 100% over the next three years

CITY OF MARION Budgeted Statement of Cash Flows	Actual 2023/2024 $000's	1st Review 2024/2025 $000's
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts	113,345	114,311
Payments	(97,093)	(97,330)
NET CASH PROVIDED BY OPERATING ACTIVITIES	**16,252**	**16,981**
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts		
Loans Received	-	10,486
Payments		
Principal	(929)	(657)
Repayment of Finance Lease Liabilities	(1)	-
Repayment of Bonds & Deposits	-	-
NET CASH (USED IN) FINANCING ACTIVITIES	**(930)**	**9,829**
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipts		
Capital Grants/Subsidies & Contributions/Investments	6,301	4,975
Sale of surplus assets	828	353
Sale of replaced assets	251	-
Distributions from Equity Accounted Investments	-	-
Payments		
Expenditure on New/Upgrade and Renewal of Assets	(37,372)	(46,669)
NET CASH (USED IN) INVESTING ACTIVITIES	**(29,992)**	**(41,341)**
NET INCREASE/(DECREASE) IN CASH HELD	(14,670)	(14,531)
CASH AT BEGINNING OF REPORTING PERIOD	28,431	13,761
CASH AT END OF REPORTING PERIOD	**13,761**	**(770)**

CITY OF MARION Budgeted Statement of Changes in Equity		
	Actual 2023-2024 $000's	1st Review 2024-2025 $000's
ACCUMULATED SURPLUS		
Balance at beginning of period	434,637	440,335
Net Surplus/(Deficit)	(3,155)	1,003
Adjustments	-	-
Transfers from Reserves	8,853	15,033
Transfers to Reserves	-	(58)
Balance at end of period	**440,335**	**456,313**
ASSET REVALUATION RESERVE		
Balance at beginning of period	711,329	893,903
Net change this year	182,574	-
Balance at end of period	**893,903**	**893,903**
OTHER RESERVES		
Balance at beginning of period	28,778	19,925
Net change this year	(8,853)	(14,975)
Balance at end of period	**19,925**	**4,950**
Total Reserves	913,828	898,853
TOTAL EQUITY	**1,354,163**	**1,355,166**

CITY OF MARION Budgeted Statement of Financial Position	Actual 2023-2024 $000's	1st Review 2024-2025 $000's
CURRENT ASSETS		
Cash & Cash Equivalents	13,761	(770)
Receivables	6,531	6,531
Inventory	600	600
TOTAL CURRENT ASSETS	**20,892**	**6,361**
CURRENT LIABILITIES		
Trade & Other Payables	17,534	17,534
Provisions	7,134	7,134
Borrowings	310	657
Lease Liabilities	-	-
TOTAL CURRENT LIABILITIES	**24,978**	**25,325**
Net Current Assets/(Liabilities)	**(4,086)**	**(18,964)**
NON-CURRENT ASSETS		
Investment in SRWRA & Council Solutions	9,271	9,916
Infrastructure, Property, Plant & Equipment	1,328,046	1,352,764
Other Non-Current Assets	23,080	23,080
TOTAL NON-CURRENT ASSETS	**1,360,397**	**1,385,760**
NON-CURRENT LIABILITIES		
Provisions	700	700
Borrowings	1,448	10,930
Lease Liabilities	-	-
TOTAL NON-CURRENT LIABILITIES	**2,148**	**11,630**
NET ASSETS	**1,354,163**	**1,355,166**
EQUITY		
Accumulated surplus	440,335	456,313
Asset Revaluation Reserves	893,903	893,903
Other Reserves	19,925	4,950
TOTAL EQUITY	**1,354,163**	**1,355,166**

| 2023/2024 Capital Carryover Listing			
Project Name	Carryover	Works in Progress / Not Started	Details
Bowden Grove Drain - Oaklands Park	16,219	WIP	Works in progress at 30th June and completed in July
Retaining Wall - Cove Road Marino	850,000	NS	Delays encountered due to scope of work and issues with design requirements
Car Park - Alawoona Reserve	47,406	WIP	Works in progress at 30th June, related to the Alawoona Streetscape and Reserve upgrade, completed in August
Bridge - Jacobs Street	84,490	WIP	Work in progress at 30th June and completed in July
Vehicle Replacement Program	995,289	WIP	Balance of 2023/24 fleet renewal program following supplier delays and uncertainty on delivery
Car Parking Program	11,677	WIP	Delays in project completion
MCC Plaza Development	275,637	WIP	Works in progress at 30th June, budget spread over two financial years and completed in October
Capella Reserve Dog Park	81,880	NS	Works deferred to 2024/25 due to higher than expected cost from tender process. Works now aligned to reserve upgrade in 2024/25
Public Art Projects	5,250	NS	Budget allowance for artwork at Marion Basketball Stadium
Mitchell Park Neighbourhood Centre Building Renovations	107,502	NS	Works delayed pending decision on use of the facility
Building Security System Upgrade	127,828	WIP	Works in progress as 30th June, to be completed in the first half of 2024-2025
Marion Outdoor Pool Chlorine Dosing Upgrade	83,805	WIP	Works in progress at 30th June with work being completed in between seasons. Works completed in September
City Services Electricity Upgrade	5,100	WIP	Design works in progress at 30th June for project to be delivered in 2024/2025
Administration Building Electricity Upgrade	5,100	WIP	Design works in progress at 30th June for project to be delivered in 2024/2025
Trott Park Neighbourhood Centre Electrical Trenching	50,000	NS	Works discovered in May then delays encountered with SAPN
Capital Works Carryovers	**2,747,183**		

Road Reseal

Monthly Comment

All projects in this program are complete.
Total underspend on Road Reseal works in 2023-2024 was $75,923.
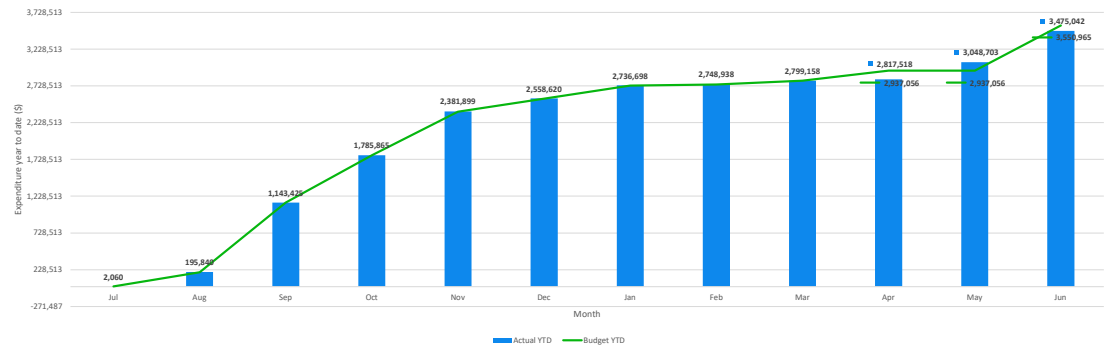
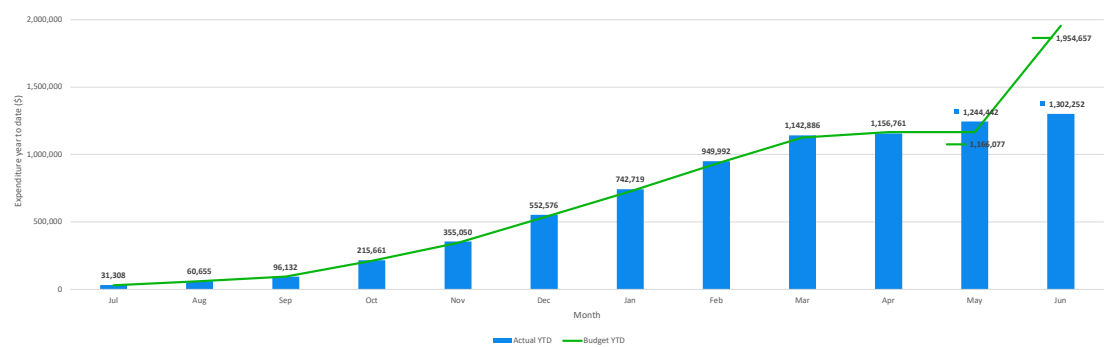**Kerb and Water Table**

Monthly Comment

Kerb and Water Table and Kerb Ramp program is complete and on budget.
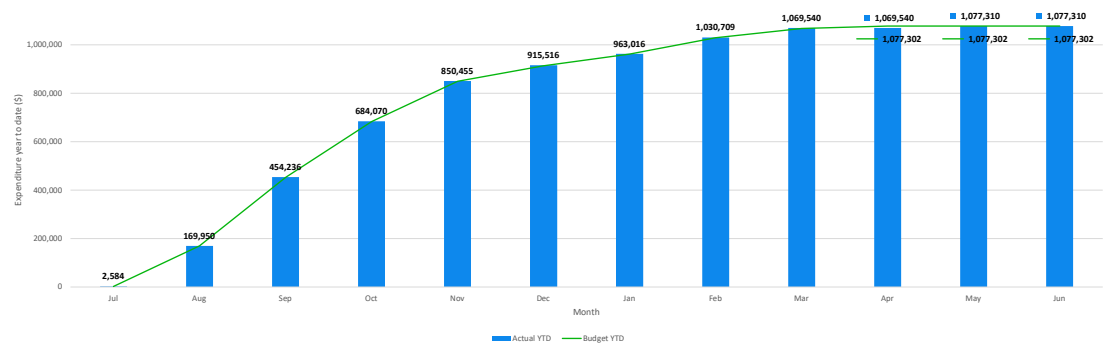
New Footpath Construction

Monthly Comment

Program is 67% complete. Works for the Cove Road Marino Retaining Wall will be carried over to 2024-2025 ($765,000).
Total overspend on New Footpath Construction works in 2023-2024 was $112,595.

Renewal Footpath Construction

Monthly Comment

Renewal Footpath Construction program is complete for 2023-2024.
Total underspend on Renewal Footpath Construction for 2023-2024 was $173,268.
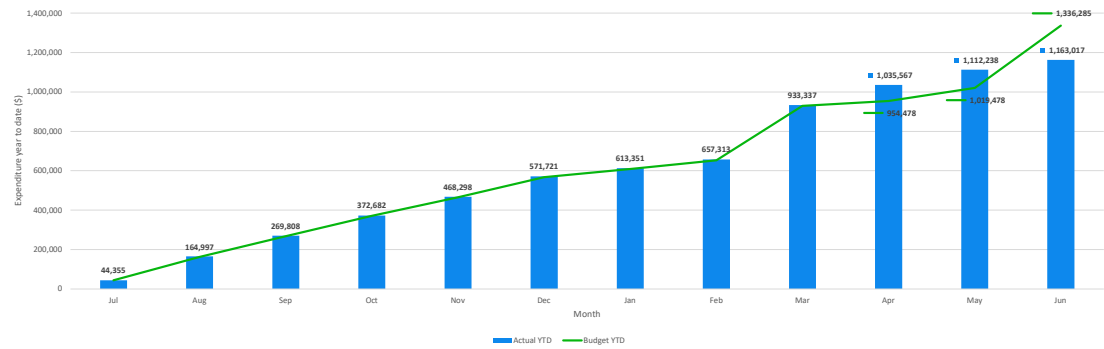
Transport

Monthly Comment

Program is 88% complete. Works for Jacobs Street Bridge & the Flinders Bikeway were in progress at end of year, the remaining works will be carried over to 2024/25 ($66,450).
Total underspend on Transport works in 2023-2024 was $18,522.
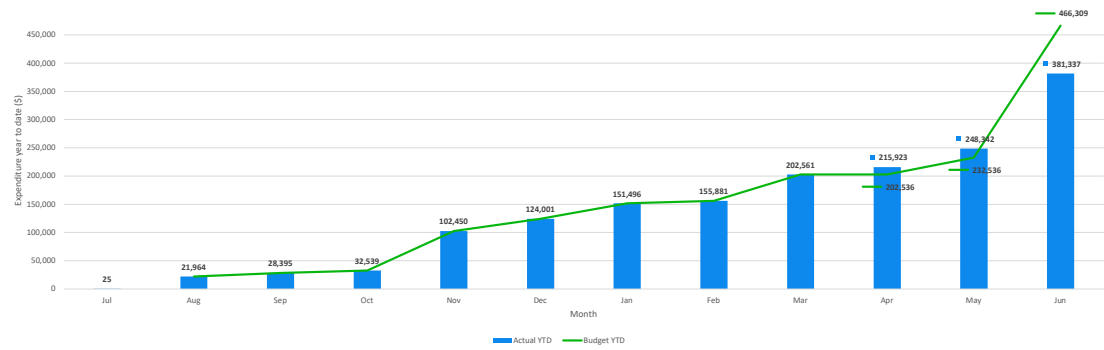
Car Parks

Monthly Comment

48% of programmed works were complete as at end of year. Works for Alawoona Reserve & Smart Cities Parking were in progress at end of year, the remaining works will be carried over to 2024-2025 ($59,083).
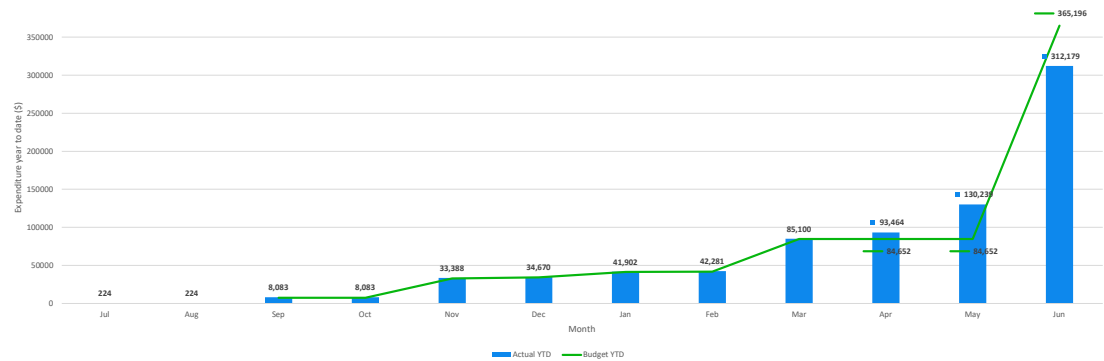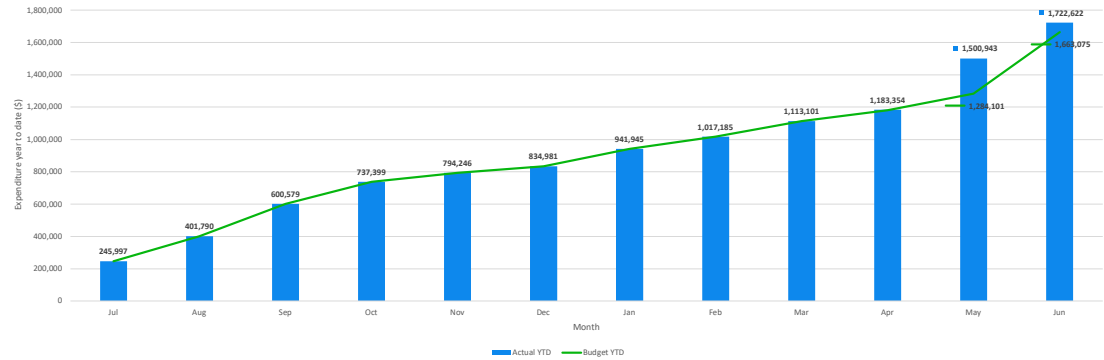
APPENDIX 4

Drainage

Monthly Comment

Program is 88% complete. Works for Bowden Grove Drain were in progress at end of year, the remaining works will be carried over to 2024/25 ($15,855).
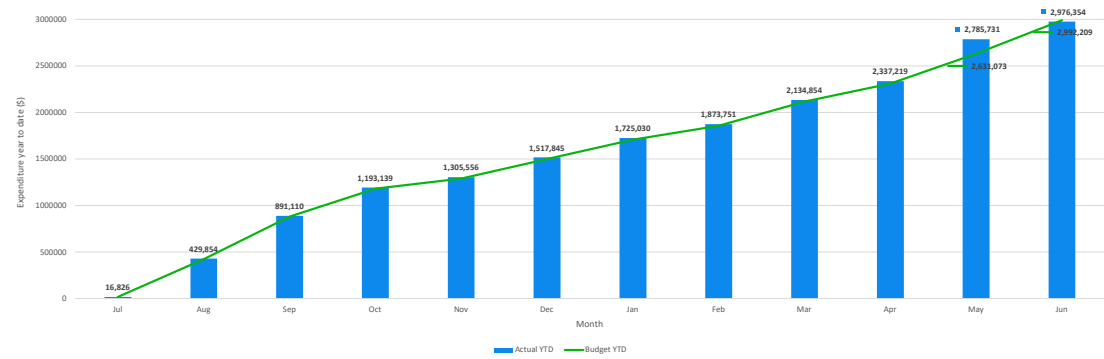
## Street Trees

Monthly Comment

Program is complete with 4,518 against a target of 4,300 trees from the Tree Planting and Advanced Tree Planting Program planted.
Street Trees program is complete for 2023-2024. Total overspend on Street Trees in 2023-2024 was $59,547.

Streetscapes

Monthly Comment

Program is 49% complete. Works Alawoona Avenue Streetscape were in progress at end of year, Works on Raglan Avenue have been deferred. The remaining budgets will be carried over to 2024/25 ($1,990,072).
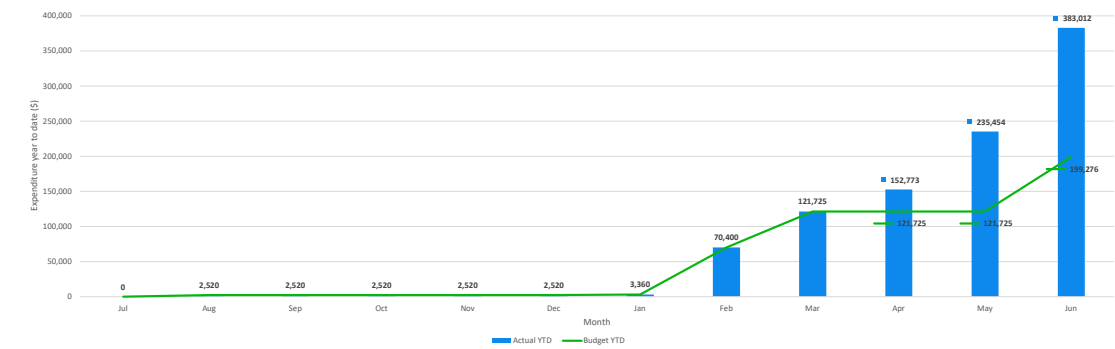Total overspend on Streetscape projects in 2023-2024 was $73,421.
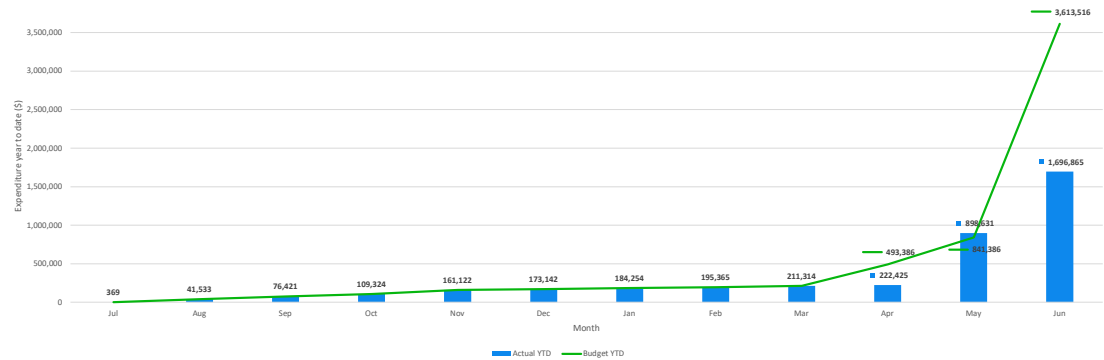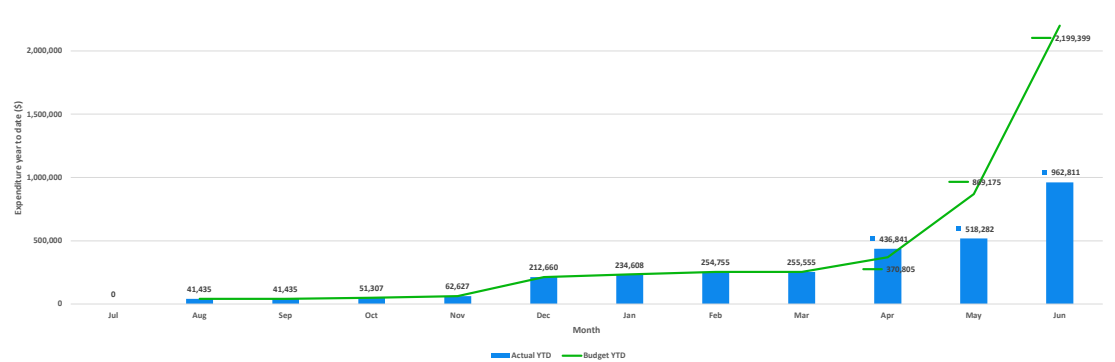
Irrigation

Monthly Comment

Program is complete. Total overspend on Irrigation projects in 2023-2024 was $183,736.


Wetlands

Monthly Comment

Program is 56% complete. Works on the Golf Park Pipes to Tank were in progress at end of year, the remaining funds are to be carried over to 2024-2025 ($829,970).
Total underspend on Wetlands projects in 2023-2024 was $406,618.

Open Space Developments
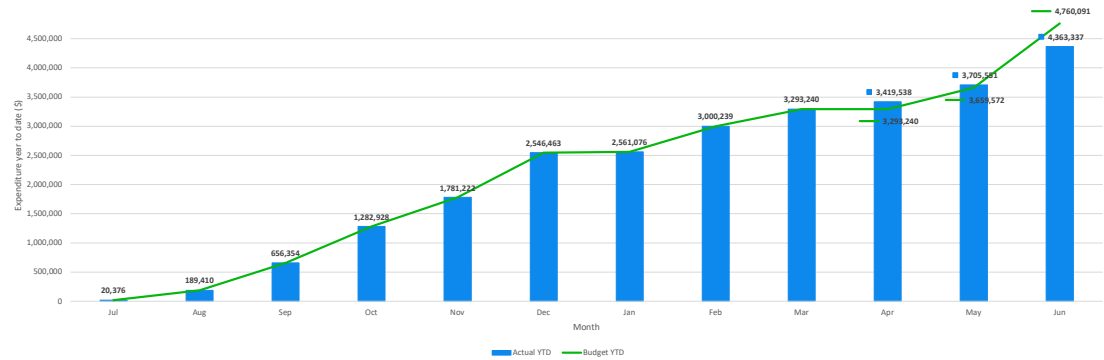
Monthly Comment

Program is 90% complete. A number of projects in this project were in progress at end of year, the remaining works will be carried over to 2024-2025 ($500,023).
Overall overspend on Open Space Development projects in 2023-2024 was $72,090
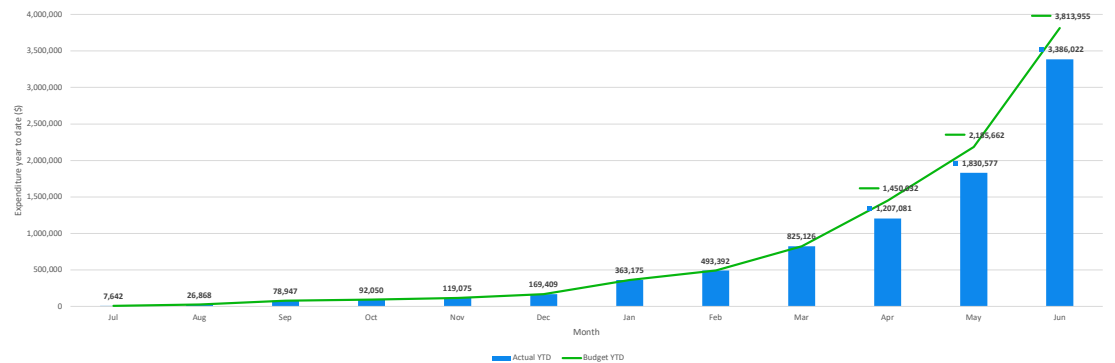
Building Upgrades

Monthly Comment

93% of programmed works were complete as at end of year. A number of projects including Building Security System Upgrade, Marion Outdoor Pool Chlorine Dosing Upgrade, City Services Electricity Upgrade, Admin Building Electricity Upgrade and Trott Park Neighbourhood Centre Electrical Trenching are being carried over to 2024-2025 ($379,335).
Overall underspend on Building Upgrades in 2023-2024 was $17,419.

Month	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Actual YTD	20,376	189,410	656,354	1,282,928	1,781,223	2,546,463	2,561,076	3,000,239	3,293,240	3,419,538	3,705,581	4,363,337
Budget YTD										3,293,240	3,659,572	4,760,091

9 Workshop / Presentation Items - Nil

10 Other Business

11 Meeting Closure

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