



**Minutes of the Finance, Risk and Audit Committee
held on Tuesday, 4 June 2024 at 2.00 pm
Council Chamber, Council Administration Centre
245 Sturt Road, Sturt**

PRESENT

Ms Emma Hinchey (Chair)
Ms Nicolle Rantanen
Councillor Jason Veliskou
Councillor Luke Naismith

In Attendance

Chief Executive Officer – Tony Harrison
General Manager Corporate Services – Angela Allison
General Manager City Services – Ben Keen
General Manager City Development – Tony Lines
Chief Financial Officer – Ray Barnwell
Manager Office of the CEO – Kate McKenzie
Unit Manager Governance and Council Support – Victoria Moritz
Acting Unit Manager Strategy & Risk – Sheree Tebyanian
Unit Manager Asset Solutions – Brendon Lyons
Acting Manager Engineering, Assets & Environment – Carl Lundborg
Manager City Activation – Charmaine Hughes
Acting Manager Operations – Renee Pitcher
Unit Manager Open Space Operations – Brett Jaggard

1 Open Meeting

The Chair opened the meeting at 2.00pm.

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 16 April 2024

Report Reference FRAC240604R4.1

Moved Ms Rantanen

Seconded Councillor Naismith

That the minutes of the Finance, Risk and Audit Committee Meeting held on 16 April 2024 be taken as read and confirmed.

Carried Unanimously

5 Business Arising

5.1 Business Arising Statement - Action Items

Report Reference FRAC240604SR5.1

Moved Ms Rantanen

Seconded Councillor Naismith

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 2024 Asset Management Plans - Tranche 2

Report Reference FRAC240604R7.1

The Committee received and provided the following feedback on the Coastal Walkway and Open Space Draft Asset Management Plans (AMP). The Coastal Walkway AMP and Open Space AMP represent Tranche 2 of Council's AMP production for 2024. The remaining 3 (of 9 AMPs in total) will be presented to the FRAC in August as Tranche 3. The purpose of the AMPs is to improve Council's long-term strategic management of assets under Councils control to meet the required levels of service.

Coastal Walkway AMP

Acting Manager Environment, Asset & Engineering introduced the item, and the following discussion was noted:

- A late amendment to the Coastal Walkway AMP was sent to the Committee and includes updates relating to the retiming of Capital renewal budget design costs to be split across multiple years and Capital renewal budget construction costs split into stages and retimed. (The amended version will be made available with the agenda on the City of Marion website).
- The Committee raised concerns about the condition data collected in 2019, noting it's outdated and the need for up to date and accurate data to understand the useful life and replacement timing for assets. Management confirmed there have been significant upgrades to major

sections of the walkway with high-risk structures scheduled for biennial audits. The Committee highlighted the importance of ensuring timely condition audits to allow for more rigorous AMP revisions in the future.

- It was noted that the condition audit data is behind schedule by 12 months, with a Level 2 audit due every four years. The delay in condition audits is being managed with budget provisions, focusing on high-risk structures like bridges, which have a different monitoring program.
- The next audit is scheduled for the first half of the next financial year. The condition audits will inform which sections require renewal and help set a renewal profile for the next revision of the AMP. There are currently three inspections levels ranging from visual inspections twice per year through to structural inspections every four to five years.
- The Committee discussed the impact of climate change on the useful life of the asset. It was noted that climate change considerations are influencing material selection for sustainability and longevity.
- The Committee queried the timing of forecast expenditures. Management gave assurance the funding requirements are aligned with those in the Long-Term Financial Plan (LTFP), with new forecasts, particularly noting the revised timing of funding required to be incorporated into the updated version of the LTFP due for adoption by the Council in June.
- It was noted that asset valuation data will be available by July following an independent valuation being undertaken for the end of financial year. The Committee commented on the amount of data that was not yet available, including the tender expenditure profile. Staff provided assurance this would be received and the document very near complete by July in preparation for public consultation.
- The Committee suggested AMP reports note the alignment of funding in the plan with the LTFP and how the plan is tracking against this, noting if there have been significant changes or otherwise.

2.15pm Councillor Veliskou entered the meeting.

- Management commented on the ongoing work over the next nine months for the Coastal Walkway plan, focusing on service levels and infrastructure. A Level 2 inspection will be conducted across the entire asset to prioritize elements for renewal.
- The Committee suggested identifying contingency needs when the plan is presented, however Management advised they are waiting for inspection results before adding contingency estimates.
- The committee acknowledged the complexity of the document and acknowledged the planned creation of a two-page summary for easier digestion and comprehensive understanding. It was also suggested the 'background' section of the document could be brought forward to aid in the understanding of the AMP.

Open Space Draft AMP

Manager City Activation introduced the item commenting the Open Space Asset Management Plan (AMP) is described as robust, covering a 10-year period with periodic reviews. It details the condition of existing open spaces and outlines maintenance strategies.

The following discussion was noted:

- The Committee questioned how effective the maintenance is from a ratepayer perspective. Management responded that service levels are continuously reviewed, with the defined service level agreements driving responses based on risk and legislative requirements. Customer information and trends are monitored to allocate resources.

- The Committee discussed the asset condition rating, noting 12% of assets lack condition data. Staff noted that new tools including Power BI dashboards will help identify and address data gaps, improving progressively across all AMPs.
- An emphasis was placed on the need for clear service level goals and metrics. The Committee raised a question regarding the plan's effectiveness due to lack of data, and whether it was fit for purpose. Staff confirmed that the plan includes policy, methodology, and service levels to ensure equitable service delivery and recent data confirms that although there is a small percentage of complaints, the data shows teams are servicing the community to a high standard. The Service Level Agreement's (SLA) are continually reviewed and adjusted as required. Despite high service standards, some dissatisfaction is inevitable, however metrics are adjusted based on request data.
- The process of classifying open spaces and the associated service levels were discussed.
- It was noted that 90% of measured assets are in very good condition, meeting or exceeding service levels. Most identified issues relate to signage rather than play equipment.
- Management expressed a strong commitment to maintaining open spaces. There is a focus on efficiency and meeting service needs, extending from playgrounds to the current development of the Marion Cultural Centre Plaza, noting this was a new asset which will be monitored regularly to assess efficiencies in the management of the asset for the best outcomes.
- The Committee suggested a review of both AMP documents for formatting anomalies and again suggested bringing forward the 'background' section of the document to provide readers clarity and understanding. It was also suggested the table in section 2.5.1 *Customer event/notification trends* could show the data side by side for increased clarity and transparency.
- Consistent with the Coastal Walkway AMP, the Committee suggested AMP reports note the alignment of funding in the plan with the LTFP and how the plan is tracking against this, noting if there have been significant changes or otherwise.
- The Committee noted that in-house resource costs might need reconsideration for inclusion in the AMPs for consistency with AMP's that include outsourced design and planning service costs.
- The overall effort and thoroughness of the plan was noted by the Committee, acknowledging the importance of ongoing data analysis review.

2.45pm Councillor Naismith left meeting.

Moved Ms Rantanen

Seconded Councillor Naismith

That the Finance, Risk and Audit Committee:

1. Reviews and provides feedback on the Coastal Walkway and Open Space Draft Asset Management Plans.

Carried Unanimously

2.46pm Councillor Naismith re-entered the meeting

7.2 Draft Annual Business Plan 2024-25 for Finance, Risk and Audit Committee feedback

Report Reference

FRAC240604R7.2

The Chief Finance Officer introduced the item commenting on the consultation process and results included in the report for the Committee. In addition it was highlighted there had been significant work and consultation with Council members to identify potential savings before releasing the plan

for consultation. The final Annual Business Plan 2024-25 is scheduled for endorsement by Council at its meeting on 25 June 2024.

The following feedback was provided by the Committee:

- The Committee noted that a significant amount of feedback focused on cost-of-living concerns, and concerns around the increase in property rates and comment regarding valuations and lack of understanding around the rate in the dollar. The Committee noted the concerns may be arising from a misunderstanding in how property rates are calculated. It was suggested that additional explanatory notes could be incorporated to assist the Community understanding the process.
- High dissatisfaction rates in the results highlighted the need for better communication about how the council spends money and the rationale behind rate increases.
- Management commented that there was an emphasis placed on balancing low rates while maintaining services and infrastructure, highlighting the positive impact on property values.
- Strategies to respond to negative feedback include improving communication via rate publications and social media, ensuring ratepayers feel heard. The committee discussed the importance of continuous sentiment checks to ensure community satisfaction remains steady.
- The Committee expressed concerns around the projected increase in loan funding to \$63 million by 2033/34, seeking more explicit reasoning. The committee acknowledged the importance of presenting financial information transparently, without ambiguous assumptions, and ensuring ratepayers understand the council's efforts to maintain fiscal responsibility while providing essential services. It was suggested that an explanation could be included regarding council's maximum level of debt, potentially including this on the graphs.
- Management explained spikes in the debt profile, attributing them to specific projects within ComBAS, which are also expected to attract grant funding. It was noted that monitoring spending to stay within financial sustainability ratios is crucial.
- The Committee emphasised the need to clearly communicate the debt trajectory and the impact of major projects approved by the council, ensuring they align with long-term financial plans (LTFP).
- The Committee commended staff on the large number of consultation responses in total, noting this was significantly higher than previous years.

Moved Ms Rantanen

Seconded Councillor Veliskou

That the Finance, Risk and Audit Committee:

1. Provide feedback on the Draft ABP and LTFP.

Carried Unanimously

7.3 3rd Budget Review 2023-2024

Report Reference FRAC240604R7.3

The Committee received the 3rd Budget Review for 2023-24 noting it was a good result, briefly commenting on forecast borrowings with a cash position of \$17m forecast for the end of the reporting period. Management acknowledged the feedback and would review how this could be presented better in future reporting.

Moved Councillor Veliskou**Seconded Councillor Naismith**

That the Finance Risk and Audit Committee:

1. Note the 2023-24 3rd Budget Review position

Carried Unanimously**8 Reports for Noting****8.1 Council Member Report****Report Reference** FRAC240604R8.1**Moved Councillor Veliskou****Seconded Ms Rantanen**

That the Finance, Risk and Audit Committee:

1. Notes this report.

Carried Unanimously**8.2 Corporate Risk Report - Quarter 3****Report Reference** FRAC240604R8.2

The Committee received and noted the Corporate Risk Report for Quarter 3 and provided the following discussion:

- The risk activity associated with the Marion Outdoor Pool was discussed in particular the high risk associated with the change rooms for patron safety. It was noted that any issues would be addressed in the upcoming building audit.
- Staff reported an audit by Lifesaving SA indicated a high compliance, with recent scores of 95% overall and 92% in safety, however noted the full audit results are pending. Improvement in compliance can only be achieved through addressing the infrastructure risks associated with the change rooms and noncompliance associated with infrastructure around the height of the pool edging.
- The Committee noted the increased safety ratings could also be attributed to increased responsibility and supervision on caregivers of children.
- The Committee noted the time constraints relating to the annual Fraud questionnaire and sought clarification that the survey had been completed by 30 May as identified. Management confirmed that the survey has closed, and the team are working through the responses. The results will be presented through to the Committee for the next FRAC meeting.
- The Committee queried whether the Resilient South Action Plan was behind schedule. Staff commented this was completed in March and due to the timing of reporting, just missed the risk review cycle. This will be picked up in the next review.

Moved Councillor Veliskou**Seconded Councillor Naismith**

That the Finance, Risk and Audit Committee:

1. Notes the Corporate Risk report

Carried Unanimously

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.

The meeting was declared closed at 3.38pm.

CONFIRMED THIS 13 DAY OF AUGUST 2024

CHAIRPERSON