

Managing the sustainability of local government services (Report XX: 2019–20)

The department could, where appropriate, provide examples (templates), access to technical expertise and facilitate the development of tools for groups of councils.

8. a set of measures of effectiveness and efficiency to help councils monitor the performance of their services. (Chapter 2).

The department could develop a set of standard measures of councils' common services for reference. It could also facilitate groups of similar councils to share existing resources or coordinate the development of new resources in partnership with existing council networks.

Guidance

Guidance for councils

We developed a range of materials for councils to support them to implement our recommendations.

Appendix C—Prioritising service delivery

Appendix E—Measuring service performance

Appendix F—Allocating corporate overhead costs to services.

Reference to comments

In accordance with s. 64 of the *Auditor-General Act 2009*, we provided a copy of this report to all 77 councils and the Department of Local Government, Racing and Multicultural Affairs. In reaching our conclusions, we considered their views and represented them to the extent we deemed relevant and warranted. Any formal responses from these entities are at Appendix A.



1. Service planning

Introduction

Councils can control or reduce their costs through understanding and actively managing their services. Managing the costs of each service, and adjusting the level of service provided as needed, will help to support financial sustainability.

Councils can incorporate service planning into existing planning documents or stand-alone service plans. Service planning involves identifying the services council provides, the users of the services, assets used to deliver the service, costs to operate, and performance measures.

Effective planning for services requires councils to understand the full costs of their services. The full cost of a service includes operating costs (which relate clearly and exclusively to a specific service) and corporate overhead costs (such as finance and information technology, which are shared between many services).

We examined how well the councils were planning for their services. This included how well they had:

- reviewed their services to understand if they were meeting their community's current and future needs
- identified all the costs (operational and corporate overheads) of delivering the services at the desired level and quality
- set their fees at a level that balanced the community benefit with the funding available from rates
- assessed all new services to identify benefits and risks and consider the whole-of-life costs of any assets needed.

Councils engage in both formal and informal consultations with their communities via correspondence, social media and surveys. Councillors also play an important role engaging with the community on local and regional issues.

Service planning

We found that three of the five councils had effectively developed detailed plans for how they intended to use their resources to deliver services for their communities. These plans included information such as:

- why they were delivering the services
- who used their services
- when customers could access the service
- how much the services cost to operate
- where services were based, or the locations covered
- how they would monitor the contribution of the service to their corporate strategies and community outcomes.

In the three councils with detailed plans, the links were not always clear between their corporate and operational plans and the services the councils delivered.



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The other two councils had some high-level information about their services in their asset management plans. For example, the asset management plans included a listing of the services delivered from each building asset. But the councils did not have enough detail about the costs of delivering their services at the expected service levels.

One council had clearly aligned all its services with its operational plan. This gave management the ability to focus on managing its services and the assets needed to deliver them.

If councils do not have detailed plans for their services, they may not be able to effectively manage them. They may not know if their services are supporting their vision for their communities.

Recommendation

Recommendation to councils

We recommend all councils consider if they include sufficient details about their services within their existing planning documents or consider developing individual service plans.

Details about services should be scaled to the size and complexity of council and include:

- how the service aligns to council's strategy
- the service level (for example, operating hours)
- the assets used to deliver the service
- operational risks for the service
- operating costs and overhead costs.

We have provided an example service plan in Appendix D.

Regular service reviews of community needs

We found none of the councils were regularly reviewing their existing services. They did not formally consult with their communities about the range of services they want now or in the future, or about the level of service the community is prepared to pay for. For example, councils did not formally consult with the community about how many days per week the library should open, even though a significant proportion of library-operation costs are for staff salaries and longer opening hours increase the service cost. Community consultation about the costs of each option and the impact of costs on either fees or rates could help councils to provide the right services at affordable levels.

We found examples of all five councils consulting with their communities about decisions to invest in new or amended assets and services. Four of the five councils had approved, current community engagement strategies or policies. None of the five councils had effective processes to consult with their community on the need for their existing services or the levels at which they should deliver their existing services.

There is a risk that existing services may not be meeting community needs, or that the service levels are wrong (too high or too low). Councils may miss opportunities to achieve cost savings they could redirect to improving or expanding frontline delivery, constraining rate increases, and enhancing overall sustainability.

All the councils had approaches to engage with and consult with their community on emerging issues, new or amended services, and/or projects. For major projects that would deliver new or significantly amended services, councils considered whether community input was either required by legislation or necessary to inform council decisions.



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Case study 1A shows how Noosa Shire Council engaged with the community to get input on a significant redevelopment project. The Park Road boardwalk project involved the replacement of approximately 400 metres of boardwalk from Little Cove beach access to Noosa National Park. The upgrade was to bring the boardwalk up to a standard that could provide for future growth in demand while having minimal disturbance on the adjacent natural area.

Case study 1A Community engagement on project design

Community engagement on the Park Road boardwalk

Background

Noosa Shire Council engaged in extensive community consultation on the Park Road boardwalk upgrade. Council wanted to fully understand the community's needs and the impact of the new infrastructure. It also wanted to demonstrate environmental excellence and innovative construction solutions. The council engaged with Kabi Kabi/Gubbi Gubbi representatives, local environmental groups, and the surfing community, seeking input into how it could incorporate cultural heritage into the design of the upgrade.

Consultation

In October 2017, council approved a community engagement plan that incorporated:

- using the Noosa Have Your Say web platform to survey the community on design considerations
- forming a community reference group to listen to ideas, provide technical details, and facilitate group discussions
- identifying key stakeholders
- organising pop-up events to provide information about the project to the broader community.

Council completed the design work in March 2018 and construction in November 2018.

Results

As part of the design phase, council considered the various materials and long-term sustainability of the service by analysing the whole-of-life costs of various options. The extensive community consultation resulted in high-level community satisfaction.

Conclusion

By engaging with the community on the early design of the project, council was able to design the project to meet the community's expectations. It was also able to use materials that will reduce maintenance costs across the life of the asset and reduce the need to increase rates.

Source: Queensland Audit Office, based on documents from Noosa Shire Council.

Recommendation

Recommendation to councils

We recommend all councils consider if all existing services meet their community's current and future service needs and they deliver them at affordable levels by developing and undertaking regular reviews of existing services.

We have provided an example of a prioritisation tool in Appendix C.



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Budgeting operating costs and overheads

We found all councils effectively identified and included direct operating costs in service budgets. However, three of the five councils did not know the full cost of delivering their services as they did not effectively allocate a reasonable proportion of their corporate overhead costs to their services. One of the three councils assessed that allocating 56 per cent of corporate overhead costs provides sufficient information for decision making. This is lower than the 80 per cent or more allocated by two other councils we consider effective.

Direct operating costs

We found all five councils effectively identified the direct costs of operating their services. They ensured that budgets included employee costs, operating expenses, and depreciation. Four of the five councils had documented budget guidelines or policies for staff on how to develop budgets. This helped those councils to develop their budgets consistently across all the different business units. It also ensured staff treated council-wide costs, such as depreciation and staff on-costs, consistently.

Noosa Shire Council expects staff to build budgets from a zero base (zero-base budgeting). Staff create a new budget each year and support budget lines with evidence of the anticipated expenses and revenue. Zero-base budgeting forces managers to explain how each budget item links to the service and removes funding for items no longer needed. This approach identifies waste and operations that no longer need funding. We do note, however, that this approach is time intensive and may not suit all councils.

At the other councils, staff built their budgets by reviewing the revenue and expenses from previous years and adjusting the figures using a percentage increase or decrease based on a council-wide analysis. We also observed individual services at Whitsunday Regional Council analysing forecast volumes on the impact of service budgets.

Recommendation

Recommendation to councils

We recommend all councils consider whether budget owners develop consistent individual business unit and service budgets by providing documented budget guidelines, templates, and training.

Corporate overheads

We found two councils allocated 80 per cent or more of their corporate overhead costs to their services. This provides a reasonable allocation of corporate overheads and effective costing information.

One council allocated 56 per cent of their corporate overhead costs to their services. They have assessed that this provides materially accurate costing information. However, this does not represent a reasonable allocation of corporate overheads and is lower than the 80 per cent or more allocated by the two councils we consider effective.

Two councils did not allocate sufficient corporate overheads to their services (4 to 22 per cent).

Figure 1A shows the allocation of corporate overheads to services by council. Whitsunday Regional Council and Noosa Shire Council allocated the greatest proportion of their corporate overheads at 95 per cent and 80 per cent respectively.

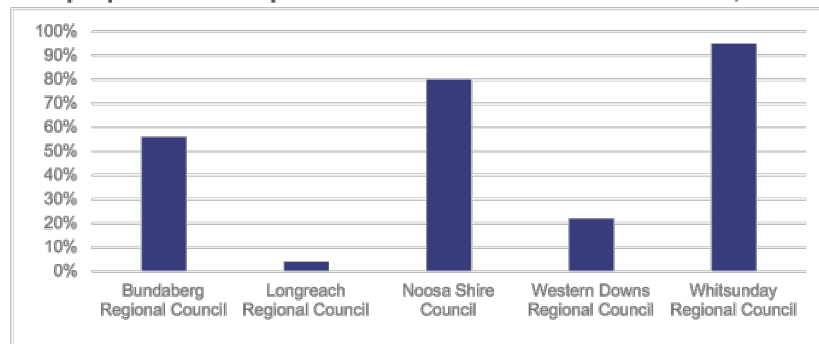


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Not allocating a reasonable proportion of corporate overheads reduces councils' understanding of the full cost of their services. This reduces their capacity to meaningfully compare the costs of their services with other councils and the private sector. It also affects the accuracy of information when councils make decisions to:

- expand or reduce existing services
- outsource services to the private sector
- discontinue unaffordable services that no longer deliver value.

Figure 1A
The proportion of corporate overheads allocated to services, 2018–19



Source: Assembled by Queensland Audit Office from council budget reports.

Two councils excluded governance costs from the corporate overhead costs allocated to services. They considered that the costs of operating the council and the cost of complying with various legislative requirements did not reflect the true cost of delivering its services to the community. The types of governance costs they did not allocate included:

- council management
- salary costs for the Mayor, councillors, and the Chief Executive Officer
- the costs of supporting councillors
- preparing financial statements.

We acknowledge there are some governance costs that would exist for council whether they delivered the services themselves or outsourced all services.

We observed two different approaches to allocating corporate overhead costs.

Some councils allocated corporate overhead costs based on an estimate of how much time corporate staff spent supporting council services. For example, if the finance branch estimated they spent 30 per cent of their time supporting the saleyards, 30 per cent of the finance budget was allocated to the saleyards.

Some councils identified other ways to allocate the corporate overhead costs. A common way to allocate the cost of information technology (IT) overheads was the number of devices used to deliver a service. The more devices (computers, printers, iPads, and servers) needed for a service, the more support the service would need from the IT branch. For example, if the library had 5 per cent of all IT devices across council, the council allocated 5 per cent of the cost of the IT overhead to the library.

We have developed guidance for councils on different methodologies for allocating corporate overheads. Councils should adopt an approach that is scalable to their business. We have provided examples of cost allocation methodologies in Appendix F.



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Recommendation

Recommendation to councils

We recommend all councils consider whether they benchmark their corporate overheads and allocate a reasonable proportion to services by developing and approving a corporate overhead methodology appropriate to the size and complexity of council.

Recommendation to the Department of Local Government, Racing and Multicultural Affairs

We recommend that the Department of Local Government, Racing and Multicultural Affairs supports councils to develop models, benchmarks, and tools that are scalable for differently sized councils to allocate their corporate overheads to their services.

The department could, where appropriate, provide examples (templates), access to technical expertise and facilitate the development of tools for groups of councils.

We have provided examples of cost allocation methodologies in Appendix F.

Fees and charges

Council can fund services from a combination of rates, grants, and fees and charges. Councils set fees and charges based on several factors such as customers' ability to pay, changes in costs, and pricing of similar services. Cost is one element in setting fees and charges. Using the full cost of the service will help inform councils' decisions on fees and charges. Councils can then also understand the effect on the contribution from rates revenue.

We found that three of the five councils did not effectively consider the full cost of their services before setting their fees and charges. This was because they had not allocated a reasonable proportion of corporate overheads for all services.

New services and changes to existing services

We found that all five councils had approaches in place to consider the whole-of-life costs of new assets to deliver new or amended services. Three of the five had formal, documented project decision frameworks to ensure consistency of information on the benefits, risks, and full operating costs of proposed new assets.

Councils with formal project decision frameworks consistently assess proposals for new or renewed assets. Considering the whole-of-life cost of owning the asset and operating the service gives council a full understanding of what it will cost before they decide to build or remodel.

The frameworks we observed included:

- clear governance roles and responsibilities for decision making on the sustainability of council assets and affordability of associated services
- a project management office that provides centralised leadership and coordination of the framework and reporting
- tools and templates for project proposals, transparent reporting, cost management, and performance reporting of projects and programs
- consistent methodologies for the delivery of projects.



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We observed that the frameworks did not align with the councils' community consultation frameworks and policies. There is an opportunity for councils to engage with their communities in the early design stage of projects. This would ensure that services and service levels are based on actual community needs, not on historical levels or instinct.

We observed one example where a council analysed service variations to an existing service. Previously, the council owned but did not operate the Dalby and Chinchilla cinemas. Case study 1B shows how the council considered the costs of the service in its decisions to operate the service.

Case study 1B Considering the full costs of a service

Dalby and Chinchilla cinemas

Western Downs Regional Council owns cinemas in Dalby and Chinchilla. The cinemas contribute to council's strategic priorities of strong economic growth, active vibrant communities and great liveability. Council decided to manage and operate its cinemas in-house from 1 August 2018, rather than continue with private sector operation.

Council did this because they identified from community feedback, declining patronage and a poor range of offerings that the service was not meeting the community's needs. There was a risk that people were leaving the local community to watch movies and spending their time and money away from Western Downs.

The cinemas contribute to the local economy by encouraging residents to support local businesses while attending the movies. Having a local service also encourages a sense of community and liveability.

Decision to change the service

To make this service decision, council undertook a service options analysis to examine the following scenarios:

- continue with the existing third-party operator
- release a new tender for a new third-party operator
- council operating the service.

Council analysed the pros and cons of each scenario, including its financial impact to the community. It decided that although the service was not breaking even, the service had significant benefits to the community. Council brought the operation back in-house to understand the full costs of operating the cinemas. This will give council an opportunity to analyse the operating costs and benefits of the service. It will be able use this information to inform any future decisions to consider outsourcing of the service to a private operator.

Council took over operation of the theatres on 2 August 2018. Council states that revenue for 2018–19 have increased by 12.3 per cent on 2017–18.

Considerations

Council could also consider, where appropriate the:

- depreciation and corporate overhead costs in its options analysis
- impact of varying ticket and kiosk pricing has on patronage and overall affordability of the service.

Source: Queensland Audit Office from council documents.



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Recommendation

Recommendation to councils

We recommend all councils consider whether they make decisions to deliver new services or amend existing services (associated with new major capital projects) with an understanding of the whole-of-life costs and any impact on corporate overheads. Councils could develop their own or adopt an existing project decision framework that links with their community engagement policy.

Councils could develop their own or adopt an existing project decision framework that includes community engagement on the need for and level of new services. They could use the Queensland Treasury Corporation project decision framework to develop their own framework or work together to share existing frameworks.



2. Service monitoring and reporting

Introduction

Measuring performance enables councils to monitor if performance is stable, declining, or increasing. Importantly, this allows councils to take corrective action, prioritise resources to services that are effective and efficient, and consider alternatives for inefficient or ineffective services that are not delivering value to the community or are risking their long-term sustainability.

Measuring performance also gives councils the information they need to prompt a review of costs. Efficiency measures have a strong link to cost management and will tell councils the cost of delivering a unit of the service. Councils can benchmark cost with other councils or operators to understand if the council is spending too much or too little on the service.

Reporting on financial performance

We found that four of the five councils monitored and reported on their budgets at the business unit level. They did not have effective approaches in place to monitor and report on budgets of individual services.

One council had structured its annual operational plan and budget on its services. This council and its senior management had a clear line-of-sight to revenue and expenditure for each council service in the monthly budget reports.

The other councils reported on the budgets of individual business units each month. Council business units may be responsible for delivering multiple services to the community. Monthly reporting on business unit budgets allows councils to hold the managers accountable for any budget variances. However, councils may not see variations in the operating costs of individual services, as under-spends in one service may cancel out over-spends in another.

The risks of not reporting on budgets at the service level are that councils:

- focus on the financial position of the business unit as a group of services
- miss an opportunity to analyse the financial performance of services provided to the community and make changes as necessary
- do not identify underperforming or unaffordable services.

If it is not practical for councils to monitor budgets at the service level every month, then periodic analysis of individual service budgets would help to mitigate risks.



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Reporting on effectiveness and efficiency

We found that the five councils did not have effective processes and systems in place to monitor and report on the effectiveness and efficiency of business units and services. Councils reported internally to management and externally to the community on some measures of effectiveness and efficiency of their services. However, there were gaps in the information as they did not report at least one measure of effectiveness and efficiency for each service.

Many of the measures in council reports focused on the tactical activities of business units rather than on outcomes for the community, supported by effectiveness and efficiency assessments. The community and council require a balance of effectiveness and efficiency measures to adequately assess the performance of services.

When councils use a mix of measures to monitor both the effectiveness and efficiency, they are more able to demonstrate they are using public resources well. This allows senior management and council to intervene and implement corrective action where a service is ineffective or inefficient.

Figure 2A shows our assessment of the performance measures councils use to monitor their services. We reviewed how many measures councils report in the planning documents including operational plans and service catalogues. We found many measures focused on day to day activities (input measures e.g. number of meetings held) and did not provide insights into the effectiveness and efficiency of the service delivery to the community

Figure 2A
Assessment of performance measures in operational plans/service catalogue

Council	Number of activity measures	Number of effectiveness measures	Number of efficiency measures	Number of measures with no data	Number of measures
Bundaberg Regional Council	32	60	0	2	94
Longreach Regional Council	238	114	2	0	354
Noosa Shire Council	12	49	29	0	90
Western Downs Regional Council	57	60	3	0	120
Whitsunday Regional Council	72	27	0	1	100

Note: Councils may report efficiency measures in other documents such as directorate reports however they were not aligned with their operational plans or council services.

Source: Queensland Audit Office.



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Western Downs Regional Council owns and operates the Dalby regional cattle saleyard. The service has been running for over 75 years and is one of Australia’s largest saleyards, with average annual sales of more than 200,000 cattle. Case study 2A shows the value of analysing performance for decision making about services.

**Case study 2A
A cattle saleyard service**

Monitoring the efficient performance of Western Downs Regional Council’s saleyard

Western Downs Regional Council operates the saleyard as a commercial business. It expects to meet its costs from revenue from customers and make a profit.

To determine the prices it charges to its customers, council has developed a 10-year pricing model which is reviewed annually. The pricing model aims to provide an appropriate level of profit or returns over a long period.

Council monitors the service through bi-monthly Saleyard Advisory Committee meetings. The committee reports to council on the performance of the service as well as any operational issues. The committee monitors and reports on the monthly cattle throughput and profitability. But there are no service operational targets, effectiveness measures, or efficiency measures to help inform service decision making. By measuring appropriate efficiency measures, council can make more informed cost decisions and demonstrate the value of its service to the community.

Council could also consider other benefits of a service that brings business into the community when making any future decisions about the value of the service.

Our analysis of the efficiency measures for the service

The key activity to be measured for saleyard efficiency is cattle throughput. Council could report on the efficiency of the saleyard service by reporting on revenue/expense/profit per throughput. This will show areas most affected by throughput changes and can highlight areas of focus for council.

We identified five key financial measures and the average annual movement over the past five years:

- fees and charges—2% increase
- cattle throughput—6% increase
- total revenue—6% increase
- total expenses—6% increase
- net profit—31% increase.

Total expenses on average per annum are increasing in-line with annual average revenue increases over the past five years. The average increase to net profit per annum is 31%. This increase to net profit is primarily due to a 26% increase in throughput levels in the 2018-19 financial year compared with 2017-18.

Year	Revenue per throughput (\$)	Expense per throughput (\$)	Profit per throughput (\$)
2013-14	12.5	8.5	4.0
2014-15	13.5	10.5	3.0
2015-16	14.0	11.0	3.0
2016-17	15.0	13.5	1.5
2017-18	14.5	9.5	5.0

Source: Queensland Audit Office.



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Guidance on measuring performance

Each council has its own approach to measuring performance. None of the councils had frameworks or policies to guide staff on how to develop measures of effectiveness or efficiency.

Taking different approaches to measuring the effectiveness and efficiency of council services reduces councils' ability to compare their services. There is an opportunity for councils to work together and share the workload of developing and testing rigorous measures. A consistent approach could also help all councils to improve the efficiency and effectiveness of their services.

We recognise that the varying size and nature of councils across our vast state means that comparing performance may not always be appropriate. However, councils of similar size and circumstances or within similar geographic regions may find comparisons helpful.

We have developed guidance for councils on how to measure the effectiveness and efficiency of their services. Appendix E outlines the key principles to consider in developing measures of service performance and includes some examples.

Recommendation

Recommendation to councils

We recommend all councils consider whether they collect reliable and accurate information on the effectiveness and efficiency of their services.

Councils could develop a performance monitoring and reporting framework to support both internal management reporting to council and external reports to their communities.

Recommendation to the Department of Local Government, Racing and Multicultural Affairs

We recommend that the Department of Local Government, Racing and Multicultural Affairs support councils to develop a set of measures of effectiveness and efficiency to help them monitor the performance of their services.

The department could develop a set of standard measures of councils' common services for reference. It could also facilitate groups of similar councils to share existing resources or coordinate the development of new resources in partnership with existing council networks.

We have provided guidance for developing measures in Appendix E.



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A. Full responses from entities

As mandated in Section 64 of the *Auditor-General Act 2009*, the Queensland Audit Office gave a copy of this report with a request for comments to all 77 councils and the Department of Local Government, Racing and Multicultural Affairs.

The heads of these organisations are responsible for the accuracy, fairness, and balance of their comments.

This appendix contains their detailed responses to our audit recommendations.

Please use include the line below in the proposed version of the report.

Comments from entities are not provided in the preliminary or proposed version of the report. They are included in the final report.



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Comments received from Director-General, Department of Local Government, Racing and Multicultural Affairs

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Responses to recommendations

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Comments received from Chief Executive Officer, Noosa Shire Council

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Responses to recommendations

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Comments received from Chief Executive Officer, XXXXXXXXX Regional Council

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Responses to recommendations

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Comments received from Chief Executive Officer, XXXXXXXXX Regional Council

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Comments received from Chief Executive Officer, XXXXXXXXX Regional Council

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Comments received from Chief Executive Officer, XXXXXXXXX Regional Council

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B. Council services

Councils deliver a range of different services. They also structure their services in different ways. The following lists the services the five councils deliver to their communities.

Figure B1 lists the 40 services delivered by Bundaberg Regional Council.

Figure B1
Services delivered by Bundaberg Regional Council

Services			
Age Care and Seniors Villages	Disaster Management	Local Laws	Regulated Parking
Airports	Fleet Management	Moncrieff Entertainment Centre	Roads
Animal Control	Footpaths & Network Pathways	Multiplex	Showgrounds and Recreational Precinct
Arts Centres	Governance	Museums & Attractions	State Emergency Services
Caravan and Holiday Parks	Gracie Dixon Respite Centre	Natural Resource Management	Stormwater Drainage
Cemeteries	Hall of Aviation	Neighbourhood Centres	Tourism and Visitor Information Services
Community Care and Support	Health Services	Parks & Open Space	Waste & Recycling
Community Development	Laboratory Services	Planning Development	Wastewater Services
Community Halls & Facilities	Land Protection	Pools	Water Safety & Boating Facilities
Councillors & Executive Offices	Libraries	Racecourse	Water Services

Source: Queensland Audit Office from council plans



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Figure B2 lists the 21 services delivered by Longreach Regional Council.

Figure B2
Services delivered by Longreach Regional Council

Services			
Administration	Child Care	Civil Construction and Maintenance Operations	Commercial Services
Communities	Disaster Management	Economic Development and Tourism	Environmental Health
Financial Accounting	Governance	Human Resources	Leasing and Land Management
Libraries	Local Laws / Rural Lands	Media Relations	Planning and Development
Public Facilities	Regional Coordination	Waste	Water and Sewerage Operations
Wild Dog Exclusion Fence Scheme.			

Source: Queensland Audit Office from council plans

Figure B3 lists the 32 services delivered by Noosa Shire Council.

Figure B3
Services delivered by Noosa Shire Council

Services			
Aged & Disability Support	Beaches & Coastal Foreshores	Canals & Waterways	Cemeteries
Community Development	Cultural Development	Customer Service	Development Services
Disaster Management	Economic Development	Elected Council	Financial & Revenue Services
Fleet	Governance	Holiday Parks	Land & Habitat Conservation
Libraries	Lifeguards	Local Laws & Public Safety	Pathways
Boardwalks & Recreation Trails	People & Culture	Procurement	Public Amenities (Toilets)
Public Health	Public Lighting	Recreation Parks	Road Network
Sport & Recreation	Stormwater Drainage & Flood Mitigation	Traffic & Transport	Waste & Resource Management.

Source: Queensland Audit Office from council plans



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Figure B4 lists the 28 services delivered by Western Downs Regional Council.

Figure B4
Services delivered by Western Downs Regional Council

Services			
Art Galleries	Building and Plumbing Certification	Cemeteries	Cinemas
Commercial Roadworks	Community Housing	Environmental Management	Footpath Mowing
Function Hire Facilities	Gas	Home Care	Internet
Landing Facilities (Airports and Aerodromes)	Libraries	Parks and Gardens	Pest Management including Dog Pounds
Planning and Development Approval	Public Toilets	Quarry and Gravel Pits	Residential Aged Care (Nursing Homes)
Saleyard	Sewerage	Swimming Pools	Transport Services (Roads and Streets)
Visitor Information Services	Washdown Facilities	Waste	Water

Source: Queensland Audit Office from council plans

Figure B5 lists the 15 services delivered by Whitsunday Regional Council.

Figure B5
Service delivered by Whitsunday Regional Council

Services			
Bushfire Management	Caravan Parks	Coastal Management	Collinsville Independent Living Facility
Cultural Heritage	Environmental Health	Environmental Services	Events
Grants	Library Services	Local Law Services	Mosquito Management
NRM Advice to Town Planning	Pest Management	Trade Waste	

Source: Queensland Audit Office from council plans



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C. Prioritising service delivery

We have developed a cost value tool for councils to use. The tool helps councils identify the key priorities for funding allocation. The tool focusses on the services that are in some way optional. It excludes roads, waste collection, water, and wastewater.

The cost value tool helps councils to identify a priority order for service reviews. Service reviews identify the level of service required, including quantity and quality. Service reviews also support the allocation of limited funding and resources to services of most community value.

The five concepts of value included in the tool:

1. Community amenity—45 per cent
This is value obtained from local community use. It considers how the service is used, why it is in place, and the historical value of the service and associated assets. The more links to the local community, the greater the score.
2. Link to strategy—15 per cent
This represents the link between the service delivery and the strategic intent of council. This should include new strategies and business-as-usual activities. The stronger the link, the greater the score.
3. Alternative services—15 per cent
This assesses whether there are similar or partial services delivered elsewhere—from other council services, other government activities, or the private sector. The higher the availability of alternative services, the lower the score.
4. Functionality—15 per cent
This assesses the requirements to operate the service. The assessment includes the required employee skills, the required technology, and the sharing of assets. The more functionality of the operational requirements, the greater the score.
5. Risk—10 per cent
Risks associated with the delivery of the service are assessed to identify those that are desired by council and those that cannot be managed efficiently. The greater the unmanageable risk, the lower the score.

For each identified service, the value rating and cost are included in one of four quadrants. The action to be taken depends on the quadrant.



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The four quadrants are:

Quadrant	Action
1. High value, low cost	This is the preferred service model for sustainability
2. Low value, high cost	These services are the number one priority for a review of service levels or the service as a whole
3. High value, high cost	These services are the number two priority for a review of service levels or the service as a whole
4. Low value, low cost	These services are the number three priority for a review of service levels or the service as a whole

This tool aligns with the long-term financial sustainability of council. The 10-year forecast, and strategic asset-management plans can be aligned to the priority of the services identified in this model. The assets (maintenance and capital spend) and operations linked to high-value services can be prioritised in the long-term forecasting model.

The tool is available on our website [Hyperlink](#)



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D. Example service plan template

Noosa Shire Council uses its service level catalogue to plan its services. The template captures key information on each of its services.



SERVICE LEVEL CATALOGUE

Service Listing <INSERT #> of <INSERT TOTAL>

Service Output	XXXXX <insert brief descriptor of service>	
Service Activity	XXXXX The activities include xxxxxxxxxxxxxxxx	
Responsible Area	Department	Branch
	*Refer to Asset Responsibility Matrix for specific areas of responsibility	
Cost Centres		
Key Statistics		
Legislative responsibility to provide this service		

ACTIVITY		SERVICE LEVEL TARGET
Maintenance [xxxxx more info as necessary to explain what the activity includes xxxxx]		
Availability (delete if not relevant)	Include opening times for example	
Cyclic inspections	May need different headings depending on service – e.g. statutory timelines	
Scheduled work		
Reactive work	Include customer requests here	
Operations [xxxxxx]		

SERVICE DELIVERY MODEL
Can insert text or a table

KEY SERVICE METRICS		
Measure	Metric	Benchmark Comparison
		Maybe use traffic light approach (likely not known at this stage - for future versions)



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PERFORMANCE MEASURE							
Service	Indicator	Performance Measure	Methodology				
	Satisfaction	<p>Suggestion below – needs to be a comparative measure – not a count/metric)</p> <p>Noosa community satisfaction mean rating score compared to the State mean rating score (out of optimum rating of 5).</p>	<p>Community satisfaction mean performance rating from the LGAQ 2019 Community Satisfaction Tracking Survey for Provincial areas for:</p> <p><i>Theme:</i> Community Lifestyle Services <i>Function:</i> Environment Protection & Conservation</p> <p><i>Theme:</i> xxx <i>Function:</i> xxxx</p>				
		<table border="1"> <tr> <td>NSC mean rating (2019)</td> <td>State mean rating (2019)</td> </tr> <tr> <td></td> <td></td> </tr> </table>	NSC mean rating (2019)	State mean rating (2019)			
NSC mean rating (2019)	State mean rating (2019)						

(Use endnotes to provide any explanatory information – e.g. source of info or clarifying remarks)



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E. Measuring service performance

Background

Performance information is a tool for service management and improvement. It supports informed decision making and is an early warning system that enables managers to take preventative action.

Reporting on a range of performance measures to external stakeholders can demonstrate that council is using its resources appropriately and delivering valuable services. Monitoring both effectiveness and efficiency provides a balanced assessment of performance and ensures that any changes in one are not at the expense of the other.

Principles

The Queensland Government's performance management framework identifies general principles for organisations to consider when developing performance measures. A performance measure should be:

- *relevant*—reflect what the council is trying to achieve, not simply what is easy to measure
- *comparable*—with either past periods or similar services in other councils in Queensland and nationally
- *well-defined*—with a clear, unambiguous definition so that data can be collected, and easy to understand and use with minimal explanation
- *prevent unintended consequences*—not encourage unwanted or wasteful behaviour
- *reliable and verifiable*—able to produce accurate data for its intended use, able to be measured consistently, be responsive to change
- *achievable*—stretching and reflecting the council's ambitions for improved standards of public services
- *cost-effective*—in terms of gathering and processing the data.

Monitoring performance is a process of continuous improvement. Performance measures are not set-and-forget, but require continuous monitoring and improvement to inform and drive decision making about the business.

Measuring effectiveness of services

Effectiveness measures monitor the progress of objectives and the outcomes council wants its services to achieve. Users of council services can include individual residents, businesses, or community groups. Effectiveness measures show the impact of the service on the environment, public safety, traffic congestion, and, in some cases, community health outcomes. Effectiveness measures, when considered across all services, can provide an overview of the council's progress in achieving its operational and corporate plan for the community.

Developing effectiveness measures relies on establishing clear objectives for the service and determining what success would look like. It is helpful to:

- specify what the service intends to achieve (the objective)



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- define the target population or client base for the service
- identify the main impacts to users (the outcomes)
- benchmark operations against similar organisations or the private sector (where appropriate).

Effectiveness measures focus on the results achieved, rather than the activities completed or money spent. They can be short term or longer term. Examples of effectiveness measures include:

- participation rates in sports/fitness programs (short-term)
- fitness levels of participants in sport/fitness programs (medium-term)
- proportion of participants in respite services reporting improved health outcomes (long-term)
- number of accidents per kilometre of road by road type (medium-term).

Measuring efficiency of services

Efficiency measures monitor the cost of delivering a service. They provide information about the production of a service with a given level of resources. They are useful in demonstrating a council's relative efficiency in service delivery when compared with benchmarks such as:

- previous results
- internally established goals and targets
- compliance with legislative standards
- generally accepted norms or standards
- results achieved by similar councils.

Efficiency measures focus on the cost of the resources used in dollars per unit. Examples of efficiency indicators include:

- average cost per inspection—\$250 per inspection
- average annual cost per site—\$150 of expenses per site
- average cost per patron (e.g. swimming pool, library or airport)—\$15 per entry to the pool, \$28 per passenger trip, \$35 per member per year
- cost per licence issued—\$50 per licence
- cost per day (e.g. of childcare)—\$110 per day per child.

Note, the figures are indicative only and not based on benchmarks.

Reporting performance

There are different audiences for performance reporting, with different needs, interests, and obligations. Contemporary tools allow users to generate dynamic reports covering a wide range of information.

When developing static reports for different audiences, it is important to consider the types of decisions or interventions they need to make. This will help determine the level of information they need; too much information can be as detrimental to decision making as not enough.



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Internal reports to management

Heads of business units and senior management need to make tactical decisions about service levels, responsiveness, and budget issues. The types of measures best suited include:

- *activity measures*—service instances, number of service recipients, or other activities for the service; these measures demonstrate the volume of work undertaken and have direct links to the service budget
- *cost measures*—the cost of outputs/services produced compared to the budgeted costs or other benchmarks
- *process measures*—throughput, or the means by which council delivers the activity or service, rather than the service itself (e.g. the number of development applications approved); these measures demonstrate how busy the team or business unit is, rather than the effectiveness of the services
- *input measures*—the resources consumed in delivering a service, either as an absolute figure or as a percentage of total resources; these measures may include the funding, number of employees, person days, equipment, and supplies
- *quality measures*—how well a service is fit for its purpose, for example the extent to which outputs conforms to specifications; these measures could include timeliness, accuracy, completeness, accessibility and equity, continuity of supply, and/or seeking feedback on one of these criteria through customer satisfaction or experience surveys.

Internal reports to councillors

Councillors have several responsibilities under the *Local Government Act 2009* (the Act), including ensuring the council discharges its responsibilities, achieves its corporate plan, and objectives, and complies with all laws that apply to local governments.

Councils have a range of financial reporting obligations under legislation. They also need to provide non-financial reports to councillors to allow them to make strategic decisions on the council's performance for the community they represent. The types of measures to help them make these decisions focus on:

- *effectiveness*—achieving key outcomes and benefits of council's services
- *efficiency*—using the lowest level of council resources necessary to deliver services
- *economy*—using resources prudently; considering overall efficient use of resources to deliver effective services will also measure economy.

External reports to the community

Publicly reporting performance information is essential for accountability and transparency. It drives continuous improvement and builds trust and confidence in local government service delivery.

The types of measures that help the community hold council accountable are high-level strategic measures linked to the corporate plan, focussed on the services they receive from council. The measures should focus on the outcome for the end users of services where possible and include:

- *effectiveness*—achieving key outcomes and benefits of council's services
- *efficiency*—using the lowest level of council resources necessary to deliver services
- *economy*—using resources prudently; considering overall efficient use of resources to deliver effective services will also measure economy.



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Resources

There are a range of resources available to councils to support the development of performance management frameworks and examples of specific measures of service performance, including:

- The Queensland Government's *Performance Management Framework Policy*,
<https://www.forgov.qld.gov.au/file/26421/download?token=VYNP8ktHs>
- The Queensland Government's *Developing Performance Information—practical examples*,
<https://www.forgov.qld.gov.au/file/26401/download?token=PEZIH6ZB>
- The Victorian Government's local government performance reporting framework,
<https://www.localgovernment.vic.gov.au/strengthening-councils/performance-reporting>
- The Victorian Government's *Local Government Better Practice Guide—Performance Reporting Framework Indicator Workbook*,
https://knowyourcouncil.vic.gov.au/data/assets/pdf_file/0005/32882/BPG-Performance-Reporting-Framework-Indicator-Workbook-2018-19.pdf



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F. Allocating corporate overhead costs to services

Introduction

To manage ongoing financial sustainability effectively, councils should identify the services they deliver and understand the total cost of delivering them both individually and collectively. Understanding the full cost of delivering a service will help ensure that where possible, costs are appropriately recovered via a user pays mechanism (i.e. fees, charges and recoverable works), competitive neutrality obligations are met for business activities, and the net cost of service delivery to be recovered via rates and charges is fully understood.

Service costing information incorporates all costs of delivering the service. This includes both direct and indirect (or overhead) costs. Councils should use costing systems and budget preparation processes to identify the full cost of delivering each service. A reasonable proportion of indirect costs should be allocated to services.

This document provides principles for the allocation of overhead costs which can be adapted to support the size, systems and capabilities of individual councils.

When choosing an approach to cost allocation, simple approaches which do not require system changes or significant investment in technology are recommended.

Principles of cost allocation

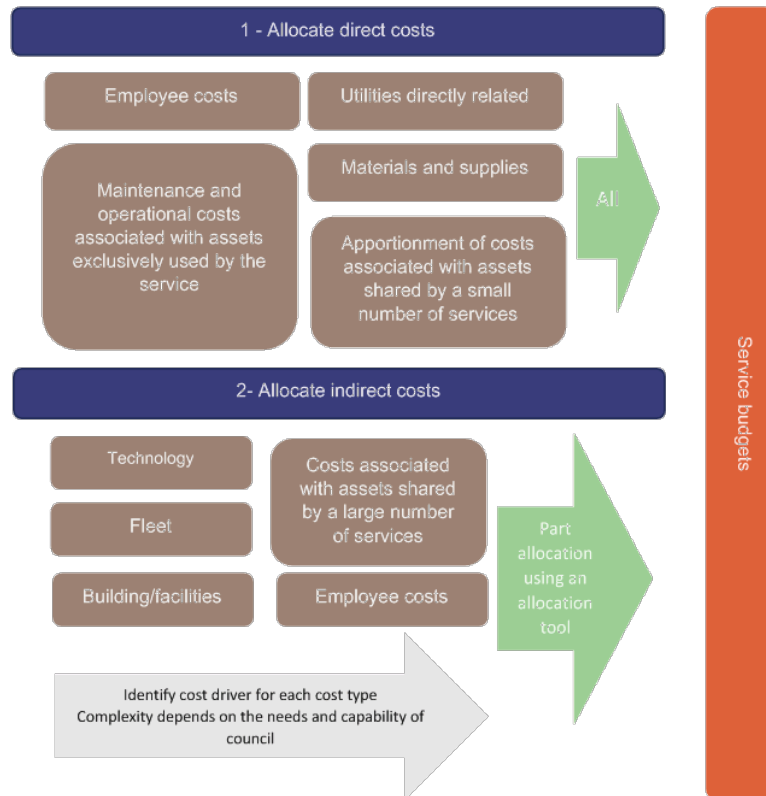
There are three key elements to identify the costs of a council service:

1. Define the service/s to be measured. This can include both internal and external services delivered by council or just external services provided by council.
2. Understand and allocate the direct costs of both internal and external services (i.e. employee costs, materials and services, depreciation).
3. Adopt a methodology for allocating indirect costs to the services. There are varying levels of complexity of internal cost allocation methodologies.



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**Figure F1
Allocation of costs**



Source: Queensland Audit Office

Direct costs

Direct costs are those that can be fully allocated to one service. Direct costs include:

- employee costs attributable to the service
- materials and service costs (including operating and maintenance costs, and utility costs such as electricity, waste and water) attributable to the service
- depreciation expense for single assets used to deliver the service.



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Allocation of costs associated with assets

Each council needs to set its own allocation rules for the costs associated with shared assets. These allocations would be required in situations where shared assets are not hired or costed to the service via internal charging. These costs include depreciation, operations and maintenance. There are three situations that may apply:

1. Exclusive use of an asset by a single service

The depreciation and other costs associated with the asset are included as a direct cost to a service (i.e. swimming pool, road, library).

2. Assets used by a small number of services

Typically, if assets are shared by a small number of services related costs can be directly apportioned to those services. These assets are usually not related to internal overhead activities but may represent specialised or specific assets used directly in the delivery of a service (i.e. a depot facility shared by a water business and also a works department).

An apportionment methodology may include the use of a causal driver associated with the services such as time of use, number of employees, floor space. The causal driver is set as part of the budget process and assessed periodically to ensure it continues to be a suitable driver for allocation.

3. Assets used by many services

If an asset is used by multiple services and the costs are not easily allocated directly (i.e. a council administration building or IT system), the costs associated with the asset are included as an indirect overhead allocation. The allocation methodology applied to other indirect costs will apply.

Executive and governance costs

Councils incur costs relating to executive and compliance functions which are not related directly to service delivery to the community. Council would meet these costs even if they outsourced all functions.

Examples of these costs include:

- council meetings
- councillor and CEO salaries (where they do not directly relate to delivery of a service)
- council election costs
- subscriptions to local authority associations and attendance at conferences and meetings
- preparation and publication of financial statements, budgets and annual reports.

There are two options for how to treat executive and governance costs:

1. Executive and governance costs can be treated as a direct service classification.
2. Deduct the identified executive and governance expenses prior to the allocation of indirect costs. Councils should document the costs they have identified as not relating to service delivery for exclusion from overhead calculations, as well as the reason why these costs are not related to service delivery.

Executive and governance costs should not be used as a balancing item for unallocated overheads.



Indirect (or internal service) costs

Indirect (overhead) costs are all other services that are considered to not provide services direct to the community.

They usually relate to shared costs associated with the delivery of multiple services and council internal activities not able to be easily allocated directly to an external service. Examples include:

- costs for internal council services such as finance, procurement, human resources and payroll, and property services
- information technology
- stores and purchasing
- communications
- customer service
- fleet
- corporate building costs
- depreciation expenses for assets attributable to indirect services.

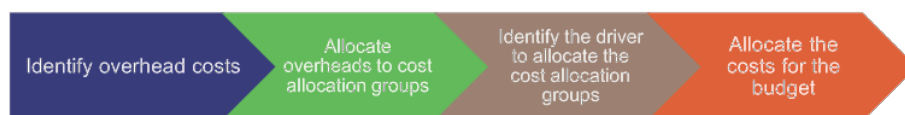
Indirect costs are assigned to services through an allocation approach or methodology. The cost allocation methodology is applied via an overhead cost allocation model.

Steps for allocating indirect overhead costs

Council should establish a methodology for allocating indirect overhead costs. Some of the methodologies are complex and resource intensive. It is important that councils adopt a methodology which is most appropriate for the capability and needs of council and that the costs and benefits of each method are analysed.

The methodology should include the elements in Figure F2.

Figure F2
Steps for allocating indirect overhead costs



1. Identify overhead activities

The first step for any of the allocation methodologies is for councils to identify all of its overhead activities and the associated costs incurred in the delivery of these services. Examples of overhead activities include accounts payable, financial accounting, accounts receivable, payroll, governance, human resources, communications, asset management, insurance etc. Often where overhead activities can be allocated using a similar methodology they can be grouped together for simplicity (i.e. payroll, human resources and training activities).



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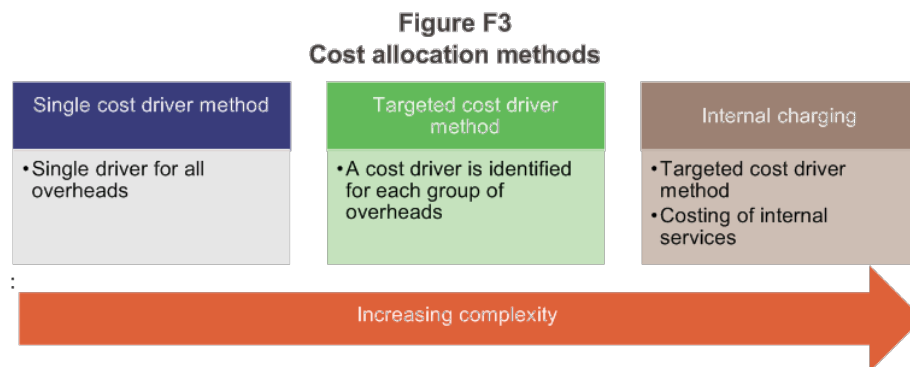
2. Identify the drivers to allocate overhead activity costs

A cost driver is the basis on which the overhead costs are allocated. A cost driver preferably has a cause-effect relationship and it provides the basis for allocation of overheads based on volume or activity. Councils should identify cost drivers that have a relationship to the overhead costs being allocated to ensure that they provide a reasonable reflection of how that overhead activity is being utilised. Examples of cost drivers suitable for councils include employee numbers, equipment/infrastructure use hours, floor space, and number of devices etc.

Councils will need to document the process they have undertaken in determining the cost drivers, as well as the basis for collecting information to apply the drivers across their services (e.g. how they have recorded the number of purchase orders for the allocation of accounts payable overheads).

3. Allocate the overhead costs to services

There are varying methodologies available to allocate the grouped overhead costs to council services. The methodology used should reflect the existing systems of council, availability and capability of resources and the required level of costing precision required. The following three methodologies are common allocation methods, in order of increasing complexity.



4.1 Single cost driver method

Allocation of costs on a single cost driver basis is the simplistic approach to overhead cost allocation. This method uses a single cost-driver to allocate all overhead costs to each council service. Commonly used drivers include number of employees required to deliver the service, or proportion of budgeted expenditure required to deliver the service. Overhead costs are allocated to a service using the following formula:

$$\text{Direct service allocation} = \text{Overhead amount} * \text{Cost driver} / \text{Total cost driver}$$

This allocation method is simple to understand and is not resource intensive to apply. It can be used when there is limited data available and the service cost is not considered material. Councils will need to document the assumptions used in determining the cost-driver.

4.2 Targeted cost driver method

Allocation of costs using a targeted cost driver basis requires councils to identify cost drivers for each overhead activity (or group) they are allocating. This allocation method is more appropriate where council's direct services utilise several internal council services for support. Figure F4 includes some examples of overhead activities and their cost drivers.



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Figure F4
Targeted cost driver examples

Overhead costs	Cost drivers
Human resources, WH&S, payroll tax	full time equivalent employees
Procurement	number of contracts number of purchase orders number of invoices
Finance	proportion of budgeted expenditure estimated per cent of effort
Information technology	number of devices used hours signed into network number of service requests issued
Accommodation, property maintenance, utilities, cleaning	floor space occupied
Asset management (depreciation, consumables, repairs and maintenance)	hours of plant use value of plant used (i.e. differentiate between heavy and light equipment)
Telecommunications	number of devices used

Source: Queensland Audit Office.

The internal support services of council that produce overhead costs to be allocated are also council services, which are necessary for the delivery of council objectives overall. Often costing models allocate costs between internal services prior to distribution to end user / direct services which allows users of these services to assess their efficiency once final costs to be allocated are determined. These costing models become increasingly complex as overhead costs may perform multiple iterations of costs between overhead activities and direct services. For example, information technology costs might be first allocated to human resources, which are then allocated to the external service

4.3 Internal charging

Allocation of costs via the direct charging of goods and/or services between council services is a more complex method that may be used. Unit rates for charging can be derived from activity-based costing or via overhead cost allocation model outputs, which charging based according to actual rather than estimated usage of a particular council good or service

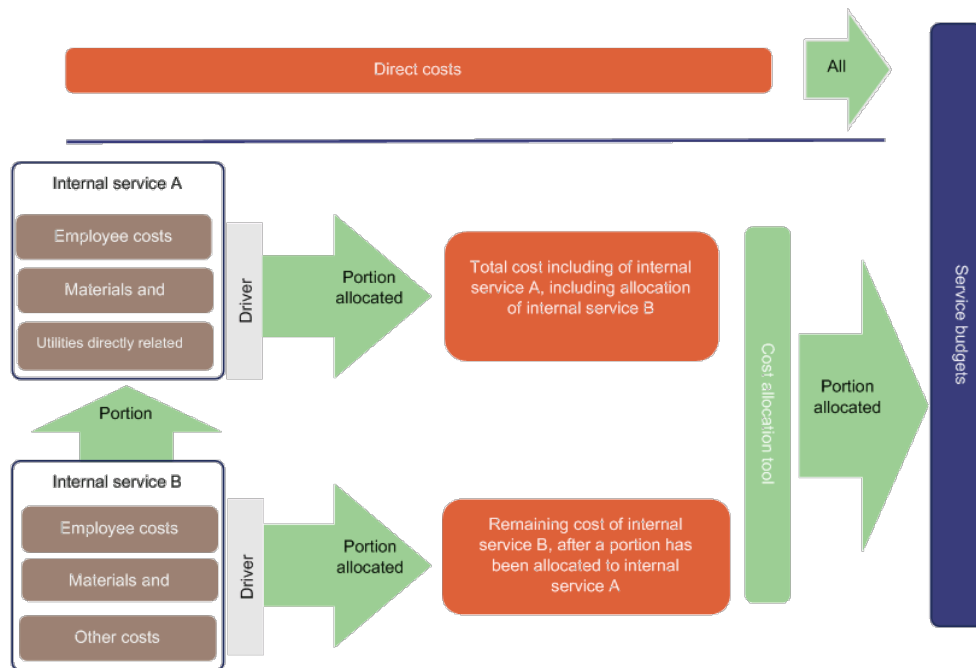
Internal charging is the most complex of the cost allocation methods however provides the greatest level of accuracy when determining cost allocation to end user / direct services



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Figure F5
Example of internal charging model



Source: Queensland Audit Office

Monitoring and reporting of overhead costs

Councils should review their allocation model and methodology on at least an annual basis to ensure that the assumptions and drivers identified are still accurate for determining the cost of delivering each service to the community.

This will assist councils in understanding the costs incurred to deliver services to their local community, as well as identifying whether the fees they charge for these services are appropriate. This is particularly important where the service fee is required to be calculated using full cost pricing principles.

Examples of cost allocations

Single cost driver method

This is an example of allocating \$10 million of indirect costs to all services using a single cost driver method of number of full-time equivalent (FTE) employees.



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Service	Cost driver (# of FTEs)	Proportion of indirect costs	Total indirect costs allocated to the service
Service A	5	33%	\$3.33 million
Service B	10	66%	\$6.66 million
Total	15	100%	\$10.00 million

Targeted cost driver method

In this targeted cost driver example, there are \$10 million of indirect costs comprising \$8 million for corporate costs and \$2 million for Information Communication and Technology (ICT) costs. Council has identified that the most appropriate cost driver to allocate ICT's indirect costs is the number of computers each service uses and the most appropriate method to allocate corporate costs is the number of full-time equivalent employees. Council has 2 services it wishes to allocate these costs to (A and B).

Service	Cost driver (# of FTEs)	Proportion of employee costs to be allocated	Cost driver for IT costs (# of computers)	Proportion of IT costs to be allocated
Service A	5	33%	5	71%
Service B	10	66%	2	29%
Total	15	100%	7	100%

Service	Corporate costs	Information technology costs	Total costs
Service A	\$2.67 million	\$1.43 million	\$4.10 million
Service B	\$5.28 million	\$0.58 million	\$5.90 million
Total	\$8 million [^]	\$2 million [*]	\$10 million

Note: [^] Council identified a total of \$8 million of indirect corporate costs

^{*} Council identified a total of \$2 million of indirect IT costs

Source: Queensland Audit Office.

Case study

The following case study of a council operated childcare service highlights how councils can make cost savings from understanding and analysing corporate overheads.

Key financial considerations:

- budgeted operating expenses \$3.4 million
- there are 24 full-time equivalent staff operating the service (17.56 per cent of total council support staff)
- the centre has 46 ICT devices on site (10.31 per cent of all council devices).



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We used the following cost drivers to allocate the corporate overheads to the childcare service:

- number of full-time equivalent staff to allocate the corporate overheads of enterprise risk, stores and purchasing, and governance.
- number of ICT devices to allocate ICT overheads.

Corporate overhead	Cost driver	Total budgeted cost	Percent of corporate costs for allocation	Corporate overhead costs for allocation
Corporate costs including administration, enterprise risk, stores and purchasing, and governance	Number of full-time equivalent staff	\$5.15 million	17.56%	\$0.90 million
Information Communication Technology	Number of ICT devices	\$1.19 million	10.31%	\$0.12 million
Total corporate costs to be allocated to the service				\$1.02 million

Source: Queensland Audit Office

We estimate that council was previously allocating \$0.06 million of corporate overheads to the service.

By allocating all overheads to the childcare service, expenses increase by \$0.96 million from council's existing budget.



G. Glossary

Term	Definition
Annual operational plan	The annual operational plan for a local government specifies how it will implement its five-year corporate plan during the period of the annual operational plan. The plan must be consistent with its annual budget, and state how it will manage operational risks.
Asset-management plan	The asset-management plan defines the assets that council uses to deliver its services. This is a comprehensive overview of the long-term forecasting of estimated capital expenditure and provides strategic direction for achieving the long-term corporate plan.
Corporate overheads	Corporate overheads are the back-office costs associated with the operations of the council. This encompasses costs relating to human resource, finance, asset management, information technology, fleet and so on. The overheads relate to providing both internal and external council services. When a business allocates overheads to its services, they can accurately understand all the costs of delivering the service. Businesses generally allocate overheads using cost drivers in a corporate overhead model.
Corporate plan	The corporate plan defines the strategic direction and vision of the council for a minimum period of five years. It specifies key performance indicators to measure the council's achievements. This document provides accountability of the council to the local community.
Project decision framework	A framework that guides the governance arrangements (who makes the decisions) and methodology requirements (the information they need) that councils use to make decisions on project concept development, options analysis, feasibility, risks, and benefits. The frameworks typically define the role of a project board and provide tools and templates to ensure consistent analysis of proposed projects. Queensland Treasury Corporation has a project decision framework and tools for councils to adapt and adopt.
Service	A service is a group of actions or effort performed to satisfy a public need or fulfil a public demand. A service aims to provide value to the community. A service can comprise a series of activities and be delivered from an individual or group of assets and resources.
Service plan	A service plan outlines the activities used by council to deliver a service to its community. The service plan includes information on defining service objectives, level of service, department/branch the service is categorised under, cost centres, future demand analysis, risk management, performance metrics, and life-cycle management (assets involved in providing the service). The service plan can be a separate document or form part of other council planning documents (such as the annual operational plan or asset-management plans). There is no legislative requirement for councils to develop service plans.
Sustainability	Sustainability is the view of long-term viability. Councils need to be able to sustain a positive financial position for future generations. Council should have appropriate funds to deliver services that provide economic, environmental, and social benefit to the community. Sustainability is integral as councils have finite resources and need sufficient funds to continue essential operations if financial risks materialise in the event of adverse financial conditions.



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H. Audit objective and methods

Performance engagement

This audit has been performed in accordance with the Standard on Assurance Engagements ASAE 3500 *Performance Engagements*, issued by the Auditing and Assurance Standards Board. This standard establishes mandatory requirements and provides explanatory guidance for undertaking and reporting on performance engagements.

Audit objective

The objective of the audit was to assess whether councils plan and deliver their services to support long-term financial sustainability.

We assessed whether councils:

- develop robust approaches to planning and managing the costs their services
- monitor and report on the costs and effectiveness of their services.

Entities subject to this audit

We selected five councils for detailed review based on the following criteria:

- population size
- proportion of revenue from fees, charges, and rates
- value of fees and charges revenue
- council rates per ratepayer
- mix of services offered.

The councils selected cover five segments identified by the Local Government Association of Queensland: Coastal, Resources, South East Queensland, Rural/Regional, and Rural/Remote.

We conducted the audit at the following councils; Bundaberg Regional Council, Longreach Regional Council, Noosa Shire Council, Western Downs Regional Council, and Whitsunday Regional Council.

We also included the Department of Local Government, Racing and Multicultural Affairs.

Audit approach

Field interviews

We conducted interviews with key council staff, and managers, including:

- Chief Executive Officers, Chief Finance Officers, project managers, and asset/facilities managers
- service managers of council services—including airports, saleyards, libraries, childcare centres, cinemas, quarries, parks and gardens, swimming pools, museums, and cemeteries.



Managing the sustainability of local government services (Report XX: 2019–20)

We consulted with:

- Queensland Treasury Corporation
- Local Government Association of Queensland
- Brisbane City Council and Council of the City of Gold Coast.

Document review

We obtained and reviewed relevant documents and files from the councils within the scope of the audit. We reviewed relevant legislation, organisational planning documents, policies and frameworks, council service plans and reviews, asset-management plans, consultants' reports, project plans, performance reports, and budgets.

Data analysis

We obtained financial and non-financial performance data on selected council services. We analysed if councils were able to demonstrate they were delivering services effectively and efficiently.



IN-CONFIDENCE—SUBJECT TO THE *AUDITOR-GENERAL ACT 2009*

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13.2 DELEGATION MANUAL UPDATE

Author: Executive Manager of Finance and Human Services

Attachments: 1 Delegation Manual - Page 5

PURPOSE (EXECUTIVE SUMMARY)

This report provides Council with a minor update to Council's delegation manual for approval.

BACKGROUND & PREVIOUS COUNCIL CONSIDERATION

Council will recall at the November 2018 meeting it approved a delegation manual which provides autonomy and consistency for staff to undertake their roles. It is imperative to have clarity around what delegations various staff can and cannot undertake. This manual has been developed to assist with this clarity.

As a general rule staff should be empowered to undertake their roles without too many controls. However controls are required to minimise risk. This delegation manual is a control "tool" and it is believed to provide an acceptable balance of autonomy for staff and sufficient control to minimise risks.

The document covers delegation for the following activities;

- Human Resources and Financial
- Contracts and Services
- Legal and Public Relations
- Policy and Procedures
- Complaints

The document is a common tool for the CEO to be able to delegate tasks, but maintain a satisfactory degree of control. The document aims to illustrate the lowest or minimum level at which a delegate can exercise an action in the organisation, however it does not prevent any level higher in the organisation from being the decision maker or delegate.

Council's executive recently discussed a change to one area of the current delegation manual involving the delegated authority for position descriptions. The current delegation manual (page 5 attached) has elements of this activity delegated to Executive Managers and the suggestion is to change this to the CEO for greater control and consistency.

FINANCIAL & RESOURCE IMPLICATIONS

Nil

RECOMMENDATION

That Council approve an update to the Delegation Manual on page 5 for the staff: position descriptions as follows;

Approve changes to existing position descriptions and approve new position descriptions	For all Staff	CEO
Approves changes to existing position titles	For all Staff	CEO



MORNINGTON SHIRE COUNCIL

MORNINGTON SHIRE COUNCIL
 Delegation Manual – Version 1
 20th October 2018

Human Resource Delegations

Staff: Salary, Conditions, Packages and Contracts

Function	Amount and/ or Qualification (Where applicable)	Delegated Authority
Set and approve salaries *	For all staff	CEO
Set and approve salary	For CEO	Council
Set and approve annual salary increments and any higher duties payments *	For all staff	CEO
	For CEO	Council
Approve salary packaging content *	For all staff	CEO
	For CEO	Council
Approve the issue and withdrawal of council cards credit cards and credit limits	For staff under EM	EM
	For EM's	CEO
	For CEO	Council
Approve/sign staff contracts *	For all staff	CEO
	For CEO	Council
Approve conditions of employment *	For all staff and directors	CEO
Appointment of Acting EM	For EM's	CEO
Appointment of Acting CEO	For CEO	Council

*Note: The CEO will require recommendations from EMs

Staff: Position Descriptions

Function	Amount and/ or Qualification (Where applicable)	Delegated Authority
Approve changes to existing position descriptions and approve new position descriptions	For all staff	EM
	For EM's	CEO
	For CEO position	Council
Approve changes to existing position titles	For all staff	EM
	For EM's	CEO
Approve deletion of positions *	For all positions	CEO
Approve a staff member accepting outside employment or consultancies, additional to and separate from their normal duties within council*	For all staff	CEO
	For CEO	Council

13.3 CREDIT CARD POLICY

Author: Executive Manager of Finance and Human Services

Attachments: 1 Credit Card Policy - version 5

PURPOSE (EXECUTIVE SUMMARY)

This report provides an updated and reviewed credit card policy for Council's approval.

BACKGROUND & PREVIOUS COUNCIL CONSIDERATION

Council has a corporate credit facility of \$60,000. Whilst it is important to provide a convenient and efficient method of purchasing, it is equally important to ensure that all transactions adhere to acceptable internal control requirements and Councils statutory Procurement Policy.

The primary changes to this policy are card holder limits due to changes in the organisation chart and position responsibilities.

The changes to the previous policy have been highlighted for Council's ease of approval.

FINANCIAL & RESOURCE IMPLICATIONS

This policy limits the ability of card holders/user from engaging in unauthorised transactions, not inline with Councils existing policies.

RECOMMENDATION

That Council adopt the revised Credit Card Policy as tabled.



**MORNINGTON
SHIRE COUNCIL**

MORNINGTON SHIRE COUNCIL
Credit Card Policy

This an official copy of the **Credit Card Policy** of **Morrington Shire Council**, made in accordance with the provisions of *Local Government Act and Regulations, Public Records Act, Morrington Shire Council's Local Laws, Subordinate Local Laws and current Council Policies.*

Strategic policies are adopted by Council to influence the direction of an issue or assist in the delegated decision making of Council officers. Strategic policies should follow the jurisdiction provided to Council through its Corporate Plan; the **Credit Card Policy** is approved by the Morrington Shire Council for the operations and procedures of Council.

DOCUMENT VERSION CONTROL			
VERSION	DATE	RESOLUTION NO.	DETAILS
V1	30/07/2014	100/2014	Responsible Officer Executive Manager Financial Services Description Strategic Policy
V2	22/11/2016	2016/208	Responsible Officer Executive Manager Financial Services Description Strategic Policy
V3	16/01/2019	2019/13	Responsible Officer Executive Manager Finance and Human Services Description Strategic Policy
V4	21/08/2019	2019/148	Responsible Officer Executive Manager Finance and Human Services Description Strategic Policy
V5	22/1/2020		Responsible Officer Executive Manager Finance and Human Services Description Strategic Policy
			REVIEW
			30/06/2022

**MORNINGTON
SHIRE COUNCIL****MORNINGTON SHIRE COUNCIL**
Credit Card Policy**Policy Statement****Commencement**

The Mornington Shire Council Credit Card Policy will take effect following the adoption of by Council.

1. Purpose

Mornington Shire Council is committed to implementing effective financial controls to minimise the costs and risks associated with purchasing activities.

The purpose of this policy is to set out a framework for the use of Credit Cards including appropriate use and reporting of expenditure.

2. Background

Council currently has a corporate credit facility of \$60,000. Whilst it is important to provide a convenient and efficient method of purchasing, it is equally important to ensure that all transactions adhere to acceptable internal control requirements and Councils statutory Procurement Policy.

3. Policy Statement**3.1 Allocation of Credit Cards**

- a) Credit Cards will be issued to the holder of the positions identified in Appendix 1 – Allocation of Credit Cards, with the limits stated in Appendix 1.
- b) The Chief Executive Officer is authorised to approve the issue of additional Credit Cards to other Employees with a limit not exceeding \$5,000 (each card), provided that the combined limit of Additional Cardholders does not exceed \$60,000. Prior to issuing additional Credit Cards, the Executive Manager Finance and Human Services must review the current corporate credit facility limit and apply for an increase if required.

3.2 Return of Credit Cards

- a) Credit Cards must be returned to the Executive Manager Finance & Human Services as soon as they are no longer required.
- b) Where a Cardholder is leaving Council employment the Credit Card must be returned and the requirements of clause 3.5 d) (receipts, allocations and approvals) satisfied prior to their departure.

3.3 Authorised Transactions

- a) Use of Credit Cards is not a preferred purchasing method and is limited to purchasing of goods and services that cannot be purchased efficiently and cost effectively by other means. Except in an emergency, Credit Cards must not be used where Council purchase orders would be accepted and where use of a purchase order would not incur substantial additional internal or external costs or missed opportunity. Where a credit card is used in emergency situations a written record of the justification for use of the Credit Card must be retained in Council's document records system. The written record must be authorised by the Chief Executive Officer, or where the Chief Executive Officer is the Cardholder, by the Mayor.



**MORNINGTON
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Credit Card Policy

- b) All private expenditure incurred on a Credit Card requires prewritten consent by the Chief Executive Officer, or where the Chief Executive Officer is the Cardholder, by the Mayor. Any private expenditure transactions must be repaid to Council no later than 14 days from the date of the Credit Card statement containing the transaction. If a Credit Card is inadvertently used for a private transaction a written explanation of the circumstances must be retained in Council's document records system. The written record must be authorised by the Chief Executive Officer, or where the Chief Executive Officer is the Cardholder, by the Mayor.
- c) The requirements of Councils Procurement Policy apply to purchases using Credit Cards. Multiple Credit Card transactions (at the same time or over extended periods) must not be used to avoid the need to obtain quotations that would otherwise be required under the Procurement Policy.
- d) Credit Cards may be used for transactions by EFTPOS, telephone or internet provided that a Valid Tax Receipt is obtained for each transaction.
- e) Credit Cards must not be used to obtain cash advances.

3.4 Card User Responsibilities

- a) Card Users are required to complete an Acceptance of Corporate Credit Card Policy form prior to using a Credit Card.
- b) Card Users are responsible for ensuring that Credit Card purchases do not exceed their delegated authority (refer Council's Delegations – Procurement Policy) unless prior approval has been obtained from an Employee with the required delegated authority.
- c) Card Users are required to obtain a Valid Tax Receipt (in addition to a credit card transaction receipt) for every Credit Card transaction.
- d) Card Users are required to complete Credit Card Transaction forms, obtain authorisation from their manager and forward a completed form with a Valid Tax Receipt for each transaction to the card holder within 7 days of the transaction date.

3.5 Cardholder Responsibilities

- a) Cardholders are responsible for complying with any terms and conditions advised to them by the card issuer when receiving the Credit Card, including notification of loss of the Credit Card.
- b) Cardholders are required to complete an Acceptance of Corporate Credit Card Policy form prior to initial issue, and at each re-issue, of a Credit Card.
- c) Cardholders must ensure that the limit on the Credit Card issued to them is not exceeded.
- d) Cardholders are responsible for obtaining a Valid Tax Receipt and Credit Card Transaction form for any transaction where the required documents have not been provided by the Card User.
- e) Cardholders are responsible for Credit Card transactions until a completed and authorised Credit Card Transaction form and Valid Tax Receipt have been provided in accordance with 3.4d).
- f) Cardholders are responsible for security of Credit Cards and for any costs arising from use of a Credit Card where reasonable steps have not been taken to prevent unauthorised use of the Credit Card.
- g) Executive Manager cardholders are authorised to allow other Employees, in which they have direct management over, to use the Credit Card issued to them, however the Cardholder remains responsible for ensuring compliance with this Policy.



**MORNINGTON
SHIRE COUNCIL**

MORNINGTON SHIRE COUNCIL
Credit Card Policy

- h) The Chief Executive Officer and Mayor are authorised to allow Councillors to use the Credit Card issued to them, however the Cardholder remains responsible for ensuring compliance with this Policy.

4. Credit Card Reconciliations

- a) The Finance Department is responsible for the collation and entry of monthly Credit Card statements into the financial system and for informing the Cardholder of any transactions for which Credit Card Transaction forms and/or Valid Tax Receipts have not been received.
- b) Cardholders are required to reconcile and authorise the reconciliation of monthly credit card statements, certifying that all transactions for that month have been authorised in accordance with Council Policies and Budgets.



**MORNINGTON
SHIRE COUNCIL**

MORNINGTON SHIRE COUNCIL
Credit Card Policy

APPENDIX 1 –ALLOCATION OF CREDIT CARDS

This Policy authorises issue of Credit Cards to the holder of the positions and with the limits stated below:

Position

POSITION	CREDIT LIMIT
Mayor	\$5,000
Chief Executive Officer	\$10,000
Executive Manager Finance & Human Services	\$2,500
Executive Manager Technical Services	\$5,000
Housing Manager	\$5,000
Executive Manager Governance & Human Resources	\$5,000
Executive Manager Infrastructure Services	\$5,000
Sport, Recreation & Events Manager	\$5,000
Finance and Administration Manager	\$5,000
Facilities Manager	\$5,000
Information Technology Manager	\$2,500
Human Resources Manager	\$5,000

The Chief Executive Officer may approve issue of additional Credit Cards with a limit not exceeding \$5,000 each card provided that the combined limit of additional Cardholders does not exceed \$60,000, as authorised in clause 3.1b) of this Policy and total card limits remain within the overall facility limit.



**MORNINGTON
SHIRE COUNCIL**

MORNINGTON SHIRE COUNCIL
Credit Card Policy

APPENDIX 2 – ACCEPTANCE OF CREDIT CARD POLICY

ACCEPTANCE OF CREDIT CARD POLICY

Name:

Position:

Acceptance as a Cardholder / Card User (Circle Appropriate Delegate)

I have read and understood the Morningshon Shire Council Corporate Credit Card Policy, in force at the date below, and agree to abide by its requirements as a:

Cardholder / Card User (Circle Appropriate Delegate)

Signature:

Dated:

13.4 EXECUTIVE MANAGER FINANCE AND HUMAN SERVICES MONTHLY REPORT

Author: Executive Manager of Finance and Human Services

Attachments: Nil

PURPOSE (EXECUTIVE SUMMARY)

This report provides Council with an overview of the programs and projects tracking within the Finance and Human Services directorate as at 31st December, 2019. The report is at a high level and is not intended to duplicate matters that Program Managers will cover in their normal quarterly reports.

BACKGROUND & PREVIOUS COUNCIL CONSIDERATION*Facilities Management Program*

- Council's Facilities Manager has resigned, effective 30th December, 2019. The advertising and recruitment processes have progressed during December, with shortlisting finalised. Interviews are scheduled for Tuesday 7th January 2020.
- Council's bakery continues to struggle with the current oven, which is prone to breaking down. It is envisaged a replacement will be required imminently. Council's Facilities Manager is progressing the procurement. Indications are a replacement oven could total \$60,000 (including installation) which may require Council approval as is unlikely to be funded from Council's existing budget.
- Council's kiosk facilities at Lelka Murrin and the Airport are still closed. EOI are being developed to provide Council with an "off-island" solution due to the problems associated with management turnover in the past. EOI's at a local level have not secured a suitable solution, however Council will continue to drive local involvement with any chosen solution.
- As per Council's Corporate / Operational Plan outcome, a local based security service contractor commenced on Friday 27th December, 2019. This met Council's timeframe goal within the plan.

Finance Program

- Council has secured a risk management system from LG Software Solutions. The system is currently being populated with all of Council's risks (strategic and operational). It is envisaged this will be completed in time for Council to meet its Corporate / Operational Plan outcome of an Annual Risk Register reported to Council in April.
- EOI's for outsourced payroll service providers closed during late November. These EOI's are currently being reviewed and analysed. It was envisaged to report this to Council at the January meeting however this has not been possible due to staff leave commitments. It is envisaged a report will be tabled for the February 2020 meeting.
- Council's finance team have been investigating a project management and control system on behalf of the Executive Manager Infrastructure Services. This is to ensure projects are well managed within the organisation and are completed on time and budget. One system has been assessed to assist with this risk and a presentation will be arranged for the Executive team in early January, 2020. The product is developed by LG Software Solutions. This system could address the Corporate / Operation Plan outcome which the EMIS is responsible for, but which the finance team have been eager to assist in driving the project to date.
- Grant Thornton (GT) finalised their initial sustainability reports for Council during the month of December. These are included in another report within the Council agenda. These reports meet the Corporate / Operation Plan outcome of having services reviewed for financial sustainability by 30th June 2020. GT is next due to visit in the week commencing

10th February 2020, to undertake the Warehouse, Workshop and Plant, Airport and Waste Management programs.

Information Technology & Communications Program

- Council is continuing to move all its records to the “cloud” as a risk management initiative. In accordance with the Corporate / Operational Plan outcome this is expected to be completed by the goal of 30th June, 2020.
- Councilwise will be on-site to discuss ITC support agreements from 27th January to 31st January, 2020.

Sport, Recreation & Events Program

- Council’s Sport, Recreation & Events (SRE) Manager has resigned, effective date 17th January, 2020. The advertising and recruitment processes have commenced.
- The plan of rehabilitation for the Council Oval is currently suffering from a lack of water (due to restrictions) and a lack of sand (required to fill the furrows). Due to the resignation of the SRE Manager the day to day management of the oval is likely to revert back to the Technical Services team until a replacement SRE Manager is appointed. There is a plan of management that can be implemented if the water and sand resourcing issues can be overcome.

Work Health & Safety Program

- Work is continuing on the WHS framework and plan as per the Corporate / Operational Plan. This work is being undertaken by Council’s contractor ABW Compliance Consultants. The goal of 30th June 2020 for this outcome is well on track and expectations are that it will be reported to Council within the next quarter. This will create a strong foundation for sustaining the Council’s WHS obligations.
- Council continues to address WHSQ improvement notices issued. The main outstanding issue is chlorine management at the Water Treatment Plant. This is well in hand, with training and gas handling measures being implemented.
- Council had two staff on rehabilitation and return to work measures as at the end of November.
- There were no lost time injury (LTI) reports for November.
- The next site visit is scheduled for 13 – 23 January 2020, which will include fire safety training, induction training, toolbox training and continuation of the risk register and WHS plan. Site Inspections will also be undertaken.

General Matters

- The Mayor and Acting CEO participated in the monthly teleconference catch-up with DG Chris Sarra on Monday 2nd December. Of particular interest was the discussion surrounding the recycling program at Cherbourg and the showcase undertaken by Wujal Wujal at QLD State Parliament House.
- Teleconference with AON representatives (insurance broker) on 5th December, to discuss claims management and risk management projects for Council.
- The Executive Manager undertook the Acting CEO role for a significant period in December. Actual period 8th November to 12th December, excluding 19th – 21st November.
- The Executive Manager had a leave break from 12th December to 16th December (inclusive).
- Teleconference with Councilwise on 18th December, to discuss the progression of future ITC service agreement arrangements as reported to Council in December.

- A Local Disaster Management Group (LDMG) meeting was attended on 19th December, with various community representatives.
- The Executive Manager led the cooking team at the New Years Eve event which was attended by approximately 150 community members, mostly children. He was capably assisted by our Warehouse Manager and Supply Coordinator and many thanks to them both for volunteering their time.
- A number of staff in all programs enjoyed leave absences during the xmas and new year period.

FINANCIAL & RESOURCE IMPLICATIONS

Nil

RECOMMENDATION

That Council receives and notes the report.

13.5 BOAT SAFETY EQUIPMENT

Author: Executive Manager of Finance and Human Services

Attachments: Nil

PURPOSE (EXECUTIVE SUMMARY)

This report provides the results of an investigation into the provision of Boat Safety Equipment at the Council Warehouse. This matter was raised in general business on 11th December, 2019 by Councillors at an informal Council meeting.

BACKGROUND & PREVIOUS COUNCIL CONSIDERATION

The Warehouse Manager and her team have investigated this matter and provide the following information and plan to respond to the request if approved by Council.

As per the QLD regulation below it is recommended stocking the below boat safety equipment at MSC warehouse. Note the stock levels are at a minimum initially to gauge community requirements/usage. Flare kits, EPIRBS and extinguishers will all need to be prepaid prior to ordering due to cost, storage requirements & expiry dates. The warehouse team have also submitted a request in Vendor panel for local suppliers to provide the safety equipment (this expires on the 3rd of January).

As for prepaid safety equipment it will be the same as the private works issues process. See below steps.

- *Warehouse team will source & supply a quotation from the supplier including freight*
- *Warehouse to populate the Private works form with the unit cost of the equipment (this has a 30% mark up for sale of goods to the public)*
- *Private works form is provided to the requestor for immediate payment via EFT or cash*
- *Requestor provides a copy of the receipt to the warehouse team*
- *Warehouse team will commence ordering process*
- *Requestor contacted by the warehouse team when material has arrived*

Equipment	Approx cost	Stock level (initial)	Comments
Adult life jacket	\$13.49	3	
Child life jacket	\$17.99	3	
Sand Anchors	\$35.00	2	
Reef Anchors	\$45.00	2	
Blueline Telescopic paddle	\$34.99	2	
BLA Safety Gas horn cannister	\$20.00	3	
Blueline Marine compass	\$24.49	3	
5 function safety whistle	\$6.49	3	
Coast Safety Bailer kit with V sheet	\$49.99	2	
RFD inshore flare kit	\$74.99	0	Customer must prepay prior to ordering due to expiry dates
EPIRB GPS Rescue ME	\$299.00	0	Customer must prepay prior to ordering due to cost
Quell Marine fire extinguisher	\$39.99	0	Customer must prepay prior to ordering due to expiry dates

The following is a listing of the standard safety equipment for registered boats

Standard safety equipment for registered boats

Equipment	Smooth waters	Partially smooth waters	Beyond partially smooth waters
Must carry the following equipment			
EPIRB or PLB [#]			✓ #
Flares (2 red hand-held and 2 orange smoke)		✓	✓
Fire fighting equipment	✓	✓	✓
Signalling device if operating at between sunset and sunrise (e.g. torch, lantern, glow stick)	✓	✓	✓
V sheet		✓	✓
Lifejacket	✓ Lifejacket level 50, 100, 150, 275 or level 50 special purpose	✓ Lifejacket level 100, 150, 275 or level 50	✓ Lifejacket level 100, 150, 275
Should carry the following equipment			
Anchor	✓ (with cable appropriate for size of vessel)	✓ (with cable appropriate for size of vessel)	✓ (with cable appropriate for size of vessel)
Chart		✓	✓
Compass		✓	✓
Drinking water	✓	✓	✓
Handheld electronic navigation device (if not equipped with a chart and compass)		✓	✓
Oars or paddles (for boats under 6m)	✓	✓	✓
Pumping or bailing equipment	✓	✓	✓

Owners/masters must give each person on board information about where the safety equipment is kept. Lifejackets must be either worn or readily accessible and clearly visible to passengers or their storage location - indicated by a clearly visible sign with a white background marked with the word 'lifejackets' in red letters or vice versa.

* PLBs may be used in the place of an EPIRB by lightweight craft operators only if they comply with [conditions of carriage](#).

Required when operating more than 2 nautical miles outside of smooth waters or partially smooth waters or other waters more than 2 nautical miles from land.

FINANCIAL & RESOURCE IMPLICATIONS

Nil

RECOMMENDATION

That Council approve Boat Safety Equipment being held at the Warehouse on the above basis.

13.6 FINANCIAL REPORT AS AT 31ST DECEMBER 2019

Author: Finance Manager

- Attachments:**
- 1 Financial Statements as at December 2019
 - 2 Capital Budget Summary as at December 2019

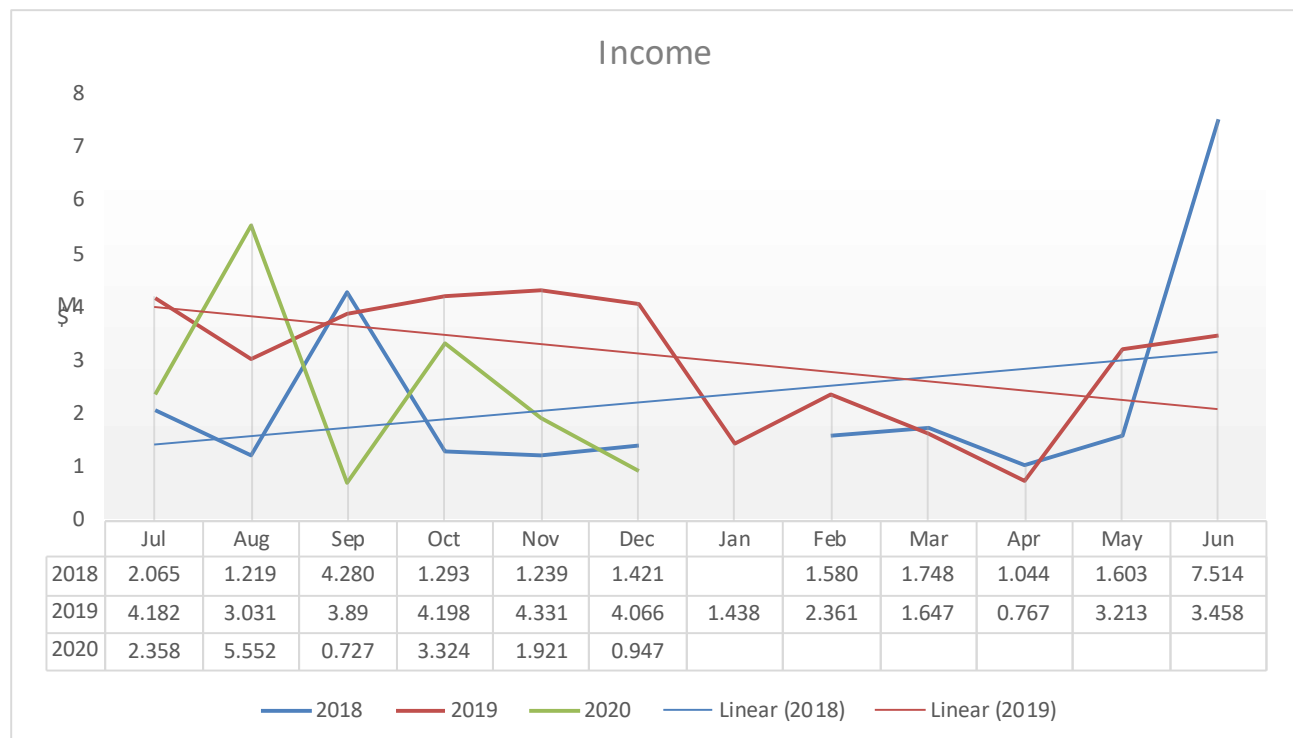
PURPOSE (EXECUTIVE SUMMARY)

This report provides Council with a financial report as required under Section 204 of the Local Government Regulation 2012. The financial report must state the progress that has been made in relation to the local government’s budget for the period of the financial year up to a day as near as practicable to the end of the month before the meeting is held. This report provides the following attachments as supporting information as at 31st December 2019 (i.e. 50.00% through the financial year);

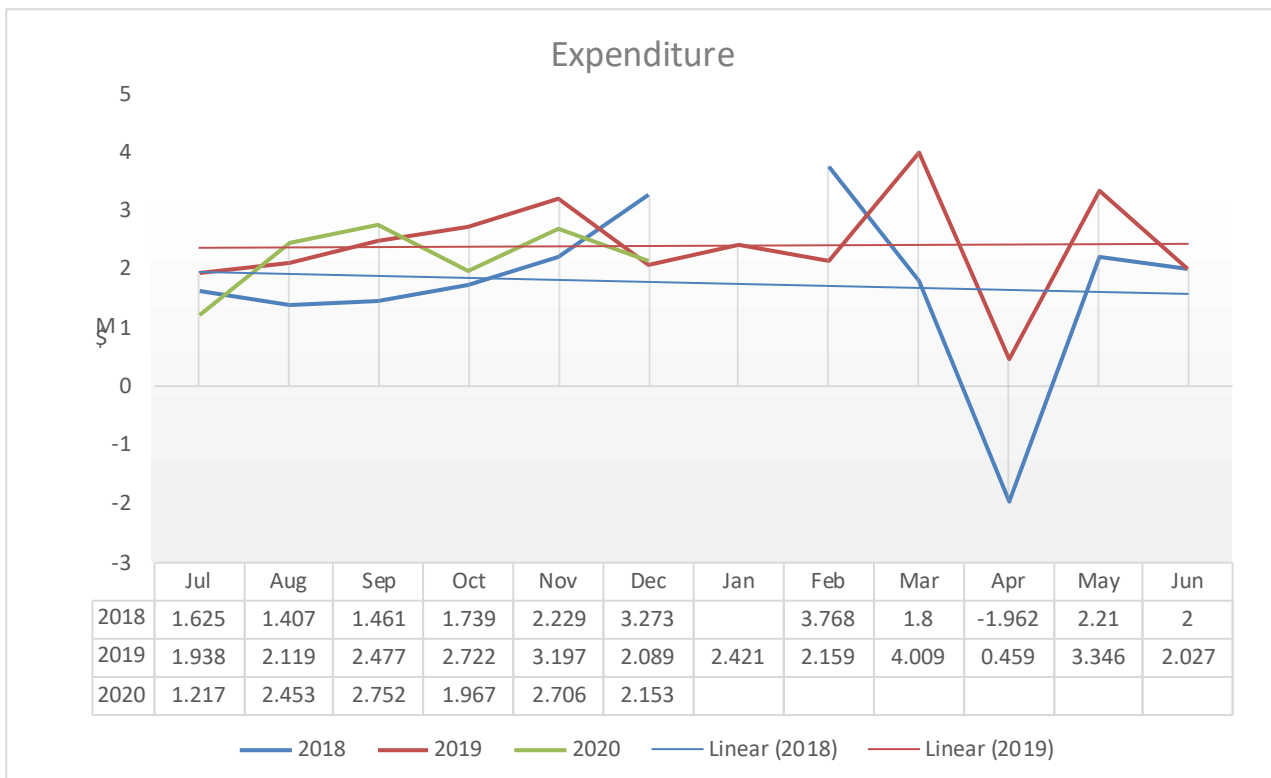
- Statement of Comprehensive Income
- Statement of Financial Position
- Statement of Cash Flows
- Capital Budget Summary

BACKGROUND & PREVIOUS COUNCIL CONSIDERATION

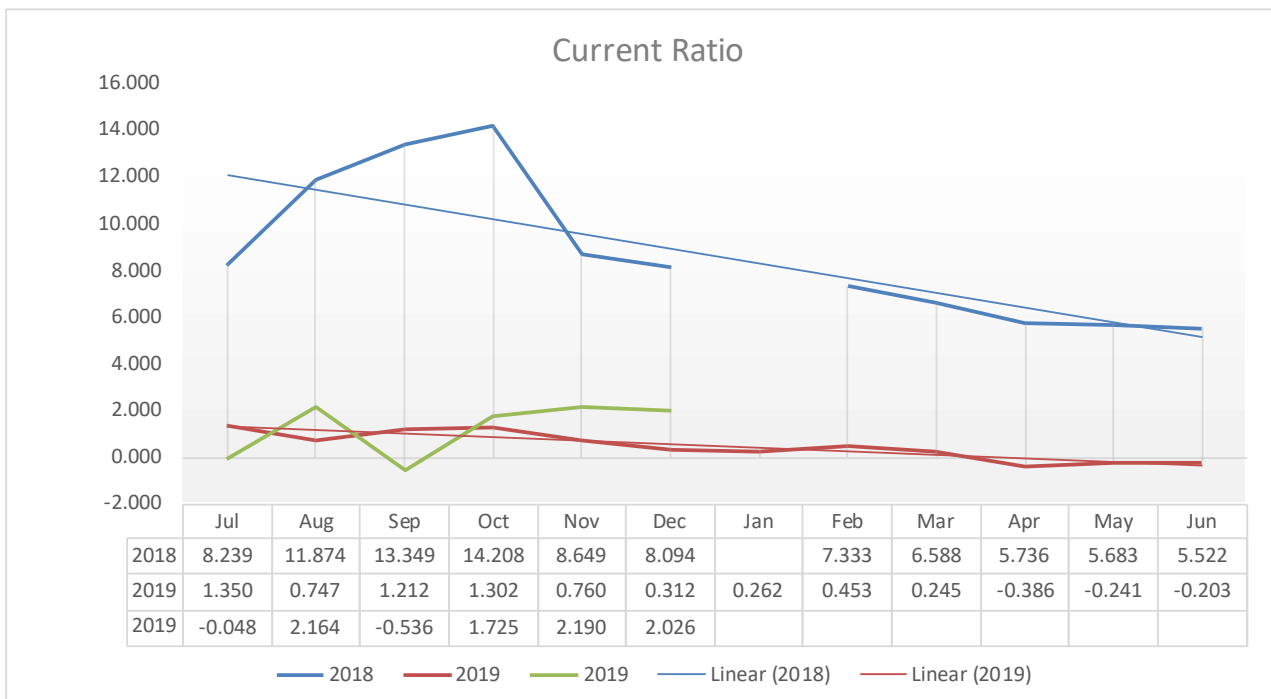
The following graphs illustrate the main points of interest. The data is drawn from the attached documents and comparative information which has been drawn from information presented to council in previous reporting months.



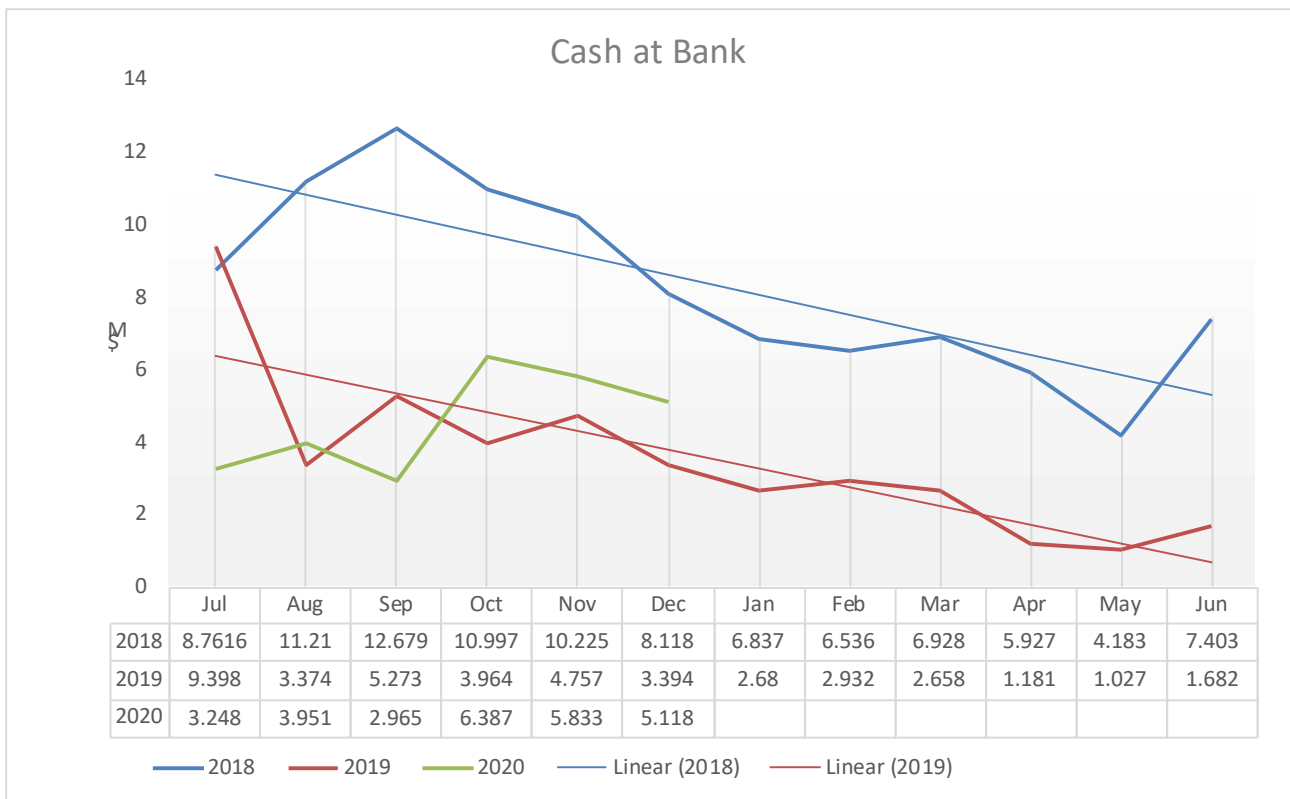
Comment: Total Income at 42% of total budget. Slightly down on budget YTD, predominantly as a result of timing of forecasted capital grants and contributions. Total recurrent revenue is 52% of budget as at 31 December 2019.



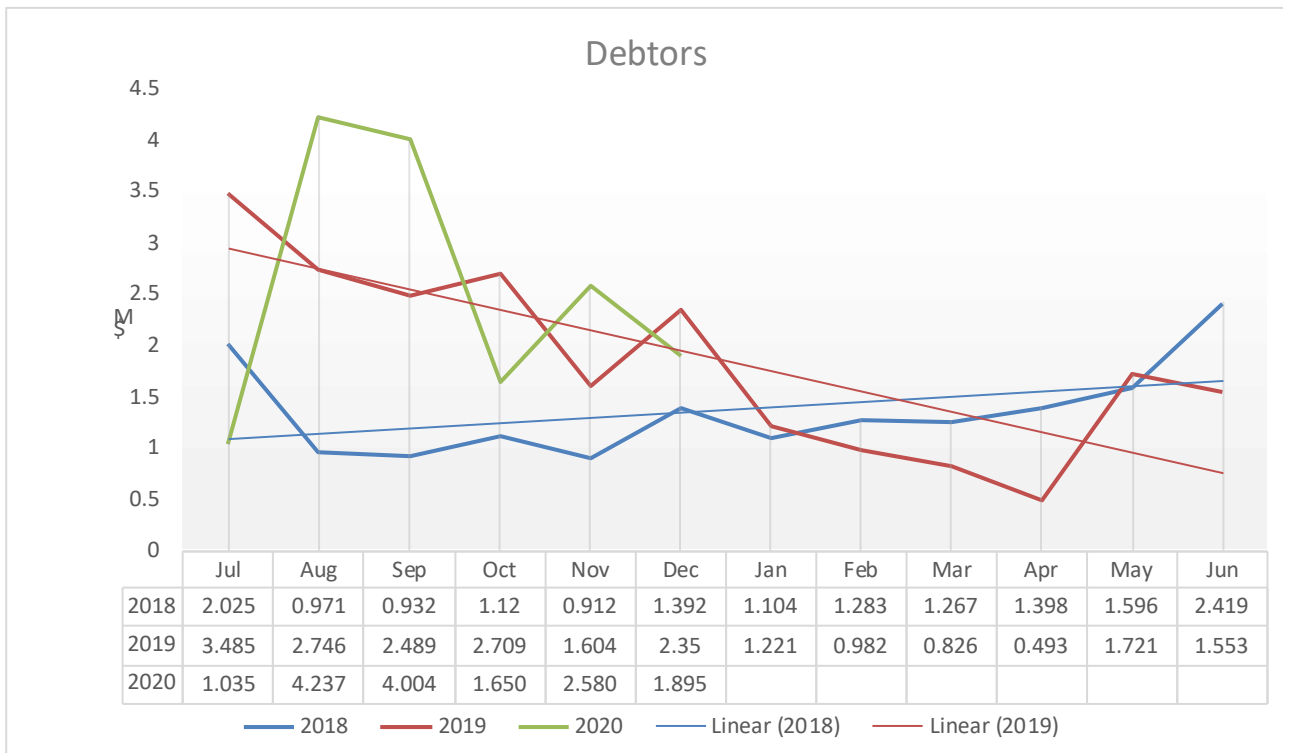
Comment: Expenditure at 53% of total budget and above the current budget. Whilst employee benefits are currently 48% of budget as at 31 December 2019, materials and services are currently at 56% of budget.



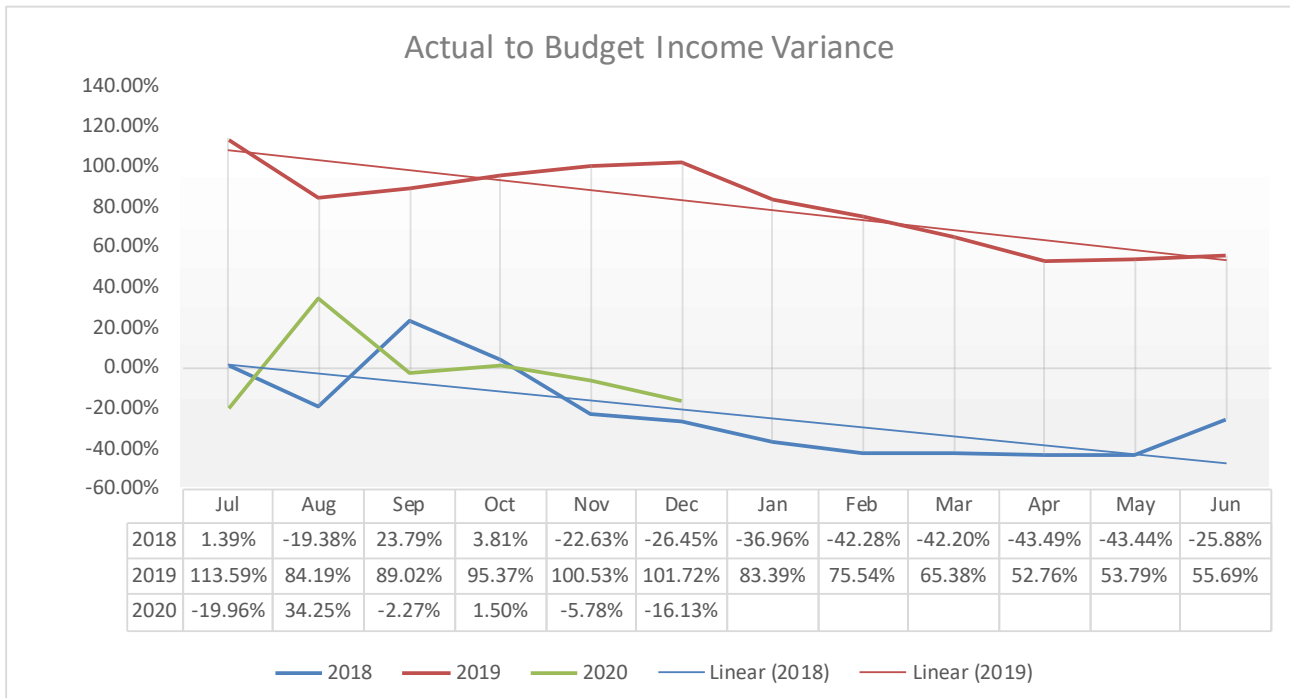
Comment: A current ratio above 1 is considered a minimum. Compared to 2018 this indicator excludes unexpended grant balances and debtors older than 30 days being included from current assets. It is envisaged this indicator will decrease in the later half of the year as Council draws down on the operational assistance grants received.



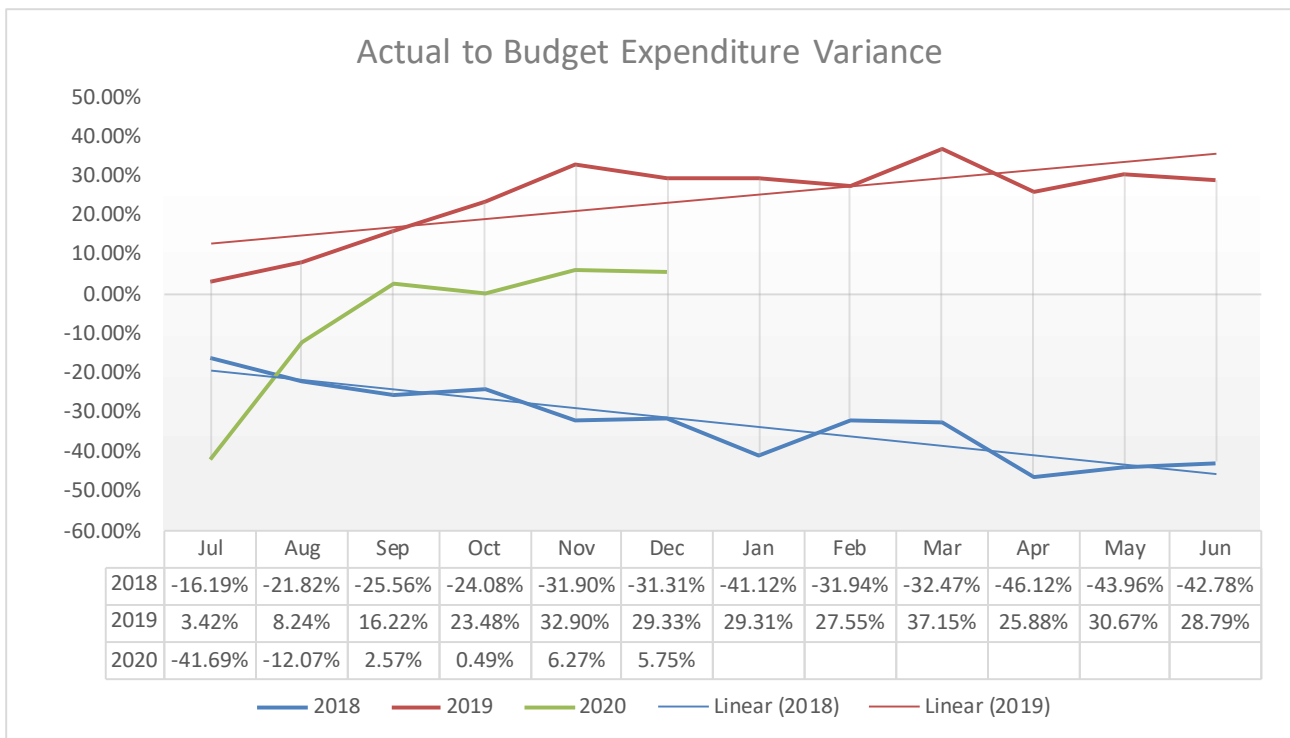
Comment: This graph provides comfort if it is trending upwards. This has slightly decreased in December due to paying of works for capital projects totalling \$692k for the month. When unexpended grants are excluded, Council has a positive cash at bank of \$1.397m. Similar to the current ratio, this is expected to decline in future months as Council draws down on the operational grants.



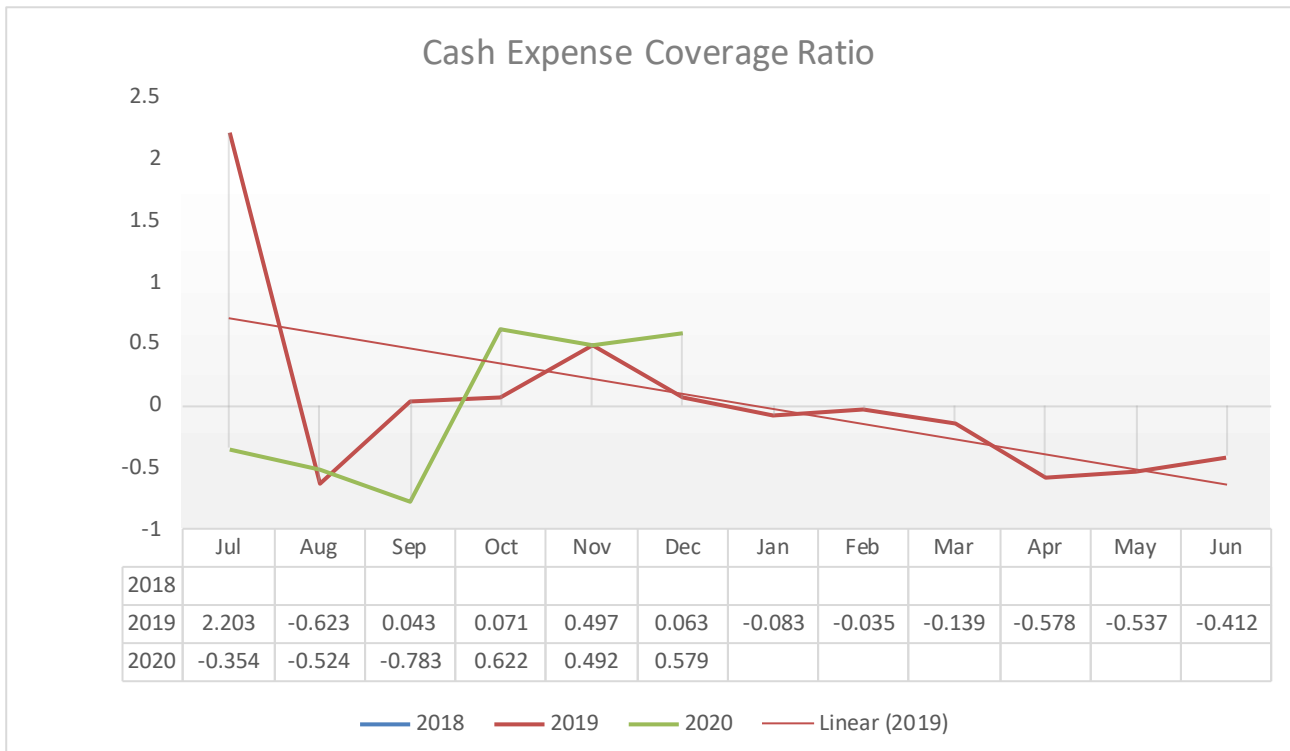
Comment: This graph should be trending downwards from the commencement of each year and has well and truly commenced this trend for 2019/2020. Whilst good progress has been achieved in the collection of council service charge revenue and ongoing housing program works, there are still several general service charges being followed up. Council will refer old accounts not being paid to debt collectors.



Comment: This graph should hover around the 0 +/- 5% trend line. This would represent an organisation on track with budget management and may take years to develop. A large diversion from 0% indicates a poor budget prediction for income by managers. Increased ownership and education measures have been developed as part of this year’s budget process. The Actual to Budget Income variance has just fallen to -16.13% in December 2019, which predominantly is due to timing differences on the forecasting of Capital Grants and Contributions.

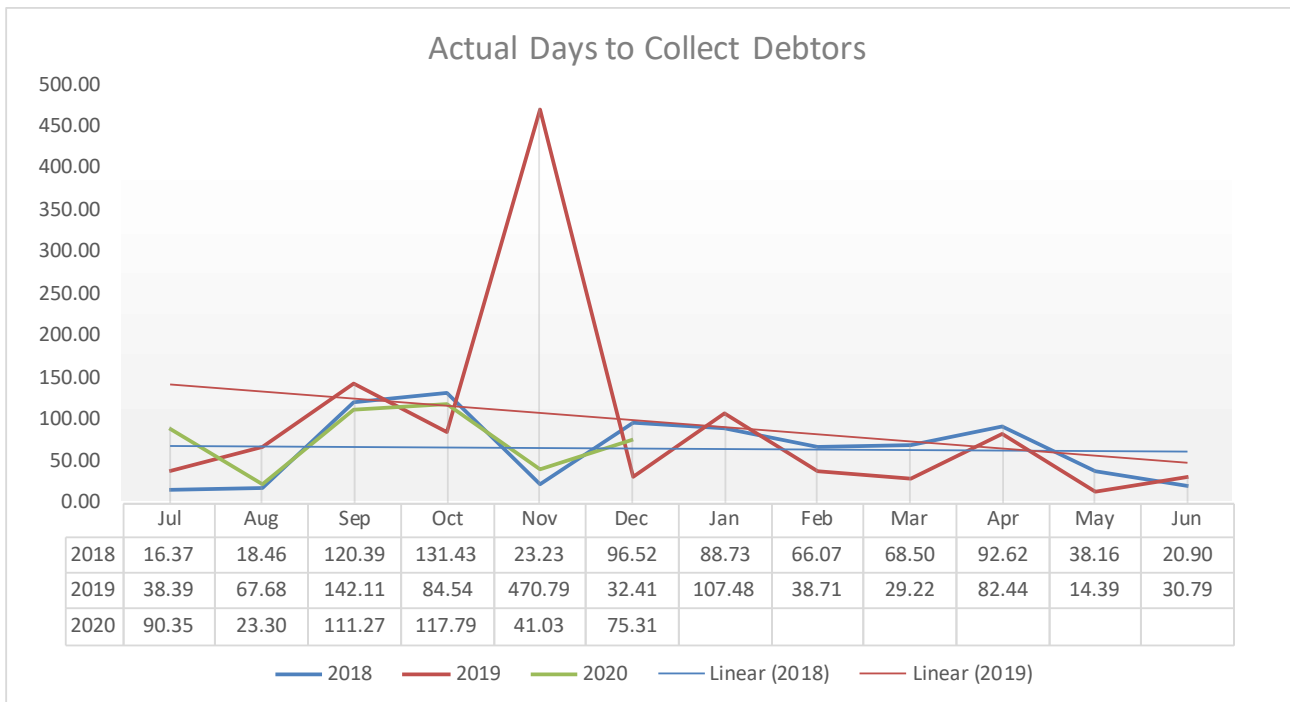


Comment: This graph should hover around the 0 +/- 5% trend-line. This would represent an organisation on track with budget management and may take many years to develop. Current year tracking is higher than budget. The quantity of diversion from 0% illustrates a worrying budget prediction for expenditure by managers. Increased ownership and education measures had been developed during this year’s budget process, which are beginning to take effect. The actual to budget expenditure variance has decreased slightly for the month to 5.75% in December 2019.



Comment: The expense coverage ratio has been included for the first time in 2019/2020 as is considered by QAO as a good indicator of a Council’s short term liquidity. A healthy target as suggested by QAO is between three (3) and six (6). Mornington is one of nine (9) QLD councils

with a cash expense coverage ratio of less than 3 months. This indicator needs to increase and further cost control measures may need to be taken if the ratio does not increase to acceptable levels. This ratio will decrease again as Council draws down on this cash. There is further works being reviewed to reduce operational expenditure, and maximise income opportunities.



Comment: The actual days to collect debtors measures how quickly cash is being collected from debtors. A shorter number of days is preferred, else Council is financing debts of individuals and organisations. Council has implemented an interest charge for overdue debtors. It is hoped this acts as a disincentive for debtors with outstanding debts. A significant reduction in aged outstanding debtors occurred in December with good collections with our housing programs. The actual number of days to collect debtors increased to an average of 75 Days, as the general service charges become due and payable. Some institutions have elected to stage these payments over the course of the year on a quarterly arrangement.

FINANCIAL & RESOURCE IMPLICATIONS

It is noted that the actual to budget income variance had decreased by -16.13%, and the actual to budget expenditure variance had increased by +5.75% indicating a widening gap in the forecasted net result. The increase in the actual to budget income variance is due to timing differences in the forecasting of the capital grants and contributions.

RECOMMENDATION

That Council notes and receives the information in this report.

Mornington Shire Council
Statement of Comprehensive Income
For the month ended 31 December 2019

	ACTUALS 31-Dec-19	ACTUALS/ BUDGET %	ORIGINAL BUDGET 31-Dec-19	ORIGINAL BUDGET 30-Jun-20
Revenue				
Recurrent revenue				
Local Government Levies	2,785,849	83%	1,673,450	3,346,900
Fees and Utility Charges	236,367	42%	279,700	559,400
Rental Income	841,066	50%	834,850	1,669,700
Interest Earned	26,579	13%	100,000	200,000
Sales-Contracts and Recoverable Works	4,484,330	38%	5,842,325	11,684,650
Other Recurrent Income	20,414	8%	125,000	250,000
Grants, Subsidies and Contributions	2,853,832	72%	1,977,150	3,954,300
Total recurrent revenue	11,248,437	52%	10,832,475	21,664,950
Capital revenue				
Capital Grants, Subsidies, and Contributions	3,580,093		6,847,046	13,694,092
Total capital revenue	3,580,093		6,847,046	13,694,092
Total revenue	14,828,530	42%	17,679,521	35,359,042
Capital Income	0	0%	0	0
Total income	14,828,530	42%	17,679,521	35,359,042
Expenses				
Recurrent expenses				
Employee Benefits	3,359,608	48%	3,486,394	6,972,788
Materials and Services	6,855,388	56%	6,085,231	12,170,462
Finance Costs	7,621	34%	11,150	22,300
Depreciation and Amortisation	3,062,172	52%	2,944,750	5,889,500
Total recurrent expenses	13,284,789	53%	12,527,525	25,055,050
Capital expenses				
Capital Expenses	-36,741		0	0
Impairment Losses	0		0	0
Total capital expenses	-36,741		0	0
Total expenses	13,248,048	53%	12,527,525	25,055,050
Net surplus	1,580,482	15%	5,151,996	10,303,992

Mornington Shire Council		
Statement of Financial Position		
For the month ended 31 December 2019		
	ACTUALS	ORIGINAL BUDGET
	31-Dec-19	30-Jun-20
Current Assets		
Cash and cash equivalents	5,118,313	4,768,154
Trade and other receivables	1,895,989	2,222,534
Inventories	750,918	469,406
Other financial assets	208,092	201,047
	<u>7,973,312</u>	<u>7,661,141</u>
	0	0
Total current assets	<u>7,973,312</u>	<u>7,661,141</u>
Non-current Assets		
Other financial assets non-current	5,731,595	6,122,400
Property, plant and equipment	104,144,721	130,371,683
Total non-current assets	<u>109,876,316</u>	<u>136,494,083</u>
TOTAL ASSETS	<u>117,849,628</u>	<u>144,155,224</u>
Current Liabilities		
Trade and other payables	880,352	1,425,036
Provisions	705,845	71,891
Loans	0	235,291
Total current liabilities	<u>1,586,197</u>	<u>1,732,218</u>
Non-current Liabilities		
Provisions	1,219,527	58,952
Loans	0	4,647,649
Total non-current liabilities	<u>1,219,527</u>	<u>4,706,601</u>
TOTAL LIABILITIES	<u>2,805,724</u>	<u>6,438,819</u>
NET COMMUNITY ASSETS	115,043,904	137,716,405
Community Equity		
Asset revaluation reserve	99,160,206	107,141,328
Retained surplus/(deficiency)	15,883,698	30,575,077
Other reserves	0	0
TOTAL COMMUNITY EQUITY	<u>115,043,904</u>	<u>137,716,405</u>

**Mornington Shire Council
Statement of Cash Flows
For the month ended 31 December 2019**

	ACTUALS 31-Dec-19	ORIGINAL BUDGET 30-Jun-20
Cash flows from operating activities:		
Receipts from Customers	9,032,975	15,423,997
Payments to Suppliers and Employees	-11,366,475	-19,065,430
	<u>-2,333,500</u>	<u>-3,641,433</u>
Interest Received	26,579	200,000
Rental Income	577,768	1,614,043
Non-Capital Grants, Subsidies and Contributions	2,849,777	3,954,300
Borrowing Costs	0	-10,300
Net cash inflow (outflow) from operating activities	<u>1,120,624</u>	<u>2,116,609</u>
Cash flows from investing activities:		
Payments for Property, Plant and Equipment	-1,763,615	-18,626,400
Payments for intangible assets	0	0
Proceeds from Sale of Property, Plant and Equipment	0	0
Finance lease Receipts	0	0
Capital Grants, Subsidies and Contributions	3,580,093	13,694,092
Net cash inflow (outflow) from investing activities	<u>1,816,478</u>	<u>-4,932,308</u>
Cash flows from financing activities:		
Repayment of Borrowings	0	5,000,000
	0	-117,060
Net cash inflow (outflow) from financing activities	<u>0</u>	<u>4,882,940</u>
Net increase (decrease) in cash held	2,937,102	2,067,241
Cash at Beginning of Reporting Period	2,181,211	2,700,911
Cash at End of Reporting Period	<u>5,118,313</u>	<u>4,768,152</u>

Capital Budget Summary

Mornington Shire Council
31/12/2019

	Department	Budget	2019	YTD Capital Expenditure	Closing Balance	Committed Exp	Warehouse not posted	Adjusted Total	% of Budget	Grant Received in Previous	Current Year Grant	Total Grant Received	Restricted Funds
Project													
4100 Airport Terminal Building (RAAP)	Airport	1,790,000	1,652,401	117,433	1,769,834	8,500	-	1,778,334	99%	1,883,000	-	1,883,000	104,666
4100 Civic Centre (LGGSP)	Administration	8,862,820	22,875	4,236	27,111	-	-	27,111	0%	-	1,595,308	1,595,308	1,568,196
4100 Cyclone Shelter			11,321	-	11,321	-	-	11,321		-	-	-	-
4100 Dog Pound (W4Q)	Animal Control	472,000	460,334	18,815	479,250	-	-	479,250	102%	424,800	-	424,800	-
4100 Kiosk Upgrade	Lelka Murrin: Kiosk		1,985	720	2,705	-	-	2,705		-	-	-	-
4100 Lelka Murrin Tavern Upgrade (BOR)	Lelka Murrin: Tavern	1,202,500	3,828	127,254	131,082	9,386	57	140,505	11%	500,000	-	500,000	359,495
4100 Places of Refuge (W4Q)		1,430,000	60,847	335,167	396,014	88,098	8,373	482,485	28%	715,000	-	715,000	222,515
4100 Staff Housing Install (W4Q)	Facilities: Residential	358,000	359,750	3,594	363,343	-	163	363,507	101%	322,200	-	322,200	-
4100 Storage Shed Refurb (W4Q)	Housing	340,000	44,904	269,179	314,083	4,587	6	318,676	92%	306,000	-	306,000	-
4100 Warehouse Shelving (W4Q)	Warehouse	210,000	214,897	1,400	216,297	-	-	216,297	103%	189,000	-	189,000	-
4150 Effluent Outflow Pipe (CCIP)	Sewerage Management		276,789	104,884	383,673	-	-	383,673		816,067	-	816,067	432,394
4150 Sewer Pond Desludging (CCIP)	Sewerage Management		-	-	-	-	46	46		-	-	-	-
4150 Sewer Pump Station Upgrade (CCIP)	Sewerage Management		-	-	-	-	-	-		-	-	-	-
4250 Chlorine Hypo Dosing Upgrade (CCIP)	Water Management		-	-	-	-	-	-		60,000	-	60,000	60,000
4450 Airport Safety (RAAP)	Airport	1,210,000	846,545	380,226	1,226,771	750	335	1,227,855	101%	1,117,000	-	1,117,000	-
4450 Basketball Court Fencing			17,844	-	17,844	-	-	17,844		35,000	-	35,000	17,156
4450 Concrete Batch Plant (BOR)	Batching	486,566	484,970	363	485,333	-	-	485,333	98%	369,560	-	369,560	-
4450 Fuel Facility Upgrade (BOR)	Bowser	800,000	917,422	3,561	921,384	-	-	921,384	115%	501,220	-	501,220	-
4450 Service Station Upgrade (BOR)	Workshop and Plant	400,000	431,102	3,340	434,442	-	-	434,442	109%	400,000	-	400,000	-
DRFA - 2019 Event	Roads and Civil		114,446	392,941	507,388	-	-	507,388		35,940	1,428,488	1,464,428	957,040
Capital - Work in Progress			-	-	-	-	-	-		-	-	-	-
Total		17,571,876	5,924,259	1,763,615	7,687,874	111,300	8,980	7,808,154	44%	7,614,787	3,083,796	10,698,583	3,721,463

14 STAFF REPORTS - INFRASTRUCTURE & TECHNICAL SERVICES**14.1 TECHNICAL SERVICES MONTHLY REPORT****Author:** Plumber**Attachments:** Nil**PURPOSE (EXECUTIVE SUMMARY)**

To provide council with an update regarding monthly activities conducted by the Technical Services Department.

BACKGROUND & PREVIOUS COUNCIL CONSIDERATION

Water samples are taken on a daily basis from a number of sample points, throughout the township, to monitor the chlorine residual of the drinking water. Daily clean out of sewer grates at the ponds and monitoring pump stations A, B, and C. Daily maintenance work is being carried out at Clearwater to keep treatment process running efficiently. Maintenance work is being carried out on fire hydrants and valves around the community. We have found that some fire hydrants are not working in their full capacity and repairs for this is underway.

Table 1: Processed water going to community

Month End	Usage in KL	Month End	Usage in KL	Month End	Usage in KL	Month End	Usage in KL
Jan	31,557 KL	April	26,681 KL	July	31,172 KL	Oct	35,171 KL
Feb	27,786 KL	May	26,113 KL	Aug	29,701 KL	Nov	31,852 KL
March	28,355 KL	June	29,779 KL	Sept	33,000 KL	Dec	32,819 KL
Total	87,698 KL	Total	82,573 KL	Total	92,873	Total	99,842

Table 2: Monthly rainfall

Month End	Rainfall	Month End	Rainfall	Month End	Rainfall	Month End	Rainfall
Jan	255 mm	April	40mm	July	1 mm	Oct	3 mm
Feb	82 mm	May	35 mm	Aug	2 mm	Nov	6 mm
March	330 mm	June	1 mm	Sept	1 mm	Dec	120 mm
Total	667 mm	Total	76 mm	Total	4 mm	Total	129 mm

Table 3: Dam capacity values (in %) taken on the last day of each month

Month End	Dam Capacity	Month End	Dam Capacity	Month End	Dam Capacity	Month End	Dam Capacity
Jan	66%	April	100%	July	89%	Oct	69%

Feb	67%	May	98%	Aug	83%	Nov	64 %
March	103%	June	94%	Sept	76%	Dec	64%

PARKS AND GARDENS

Maintenance works has been carried out throughout the community with street cleaning and rubbish remove along fence lines. Also B.A.S work with mow & tidy , tree trimming. A new contract

Stake Holder	Personnel	Signature/ Date
--------------	-----------	-----------------

has been awarded with Air Services contract for site mowing and rubbish removal.

CIVIL

Civil crew have assisted with barge delivery's and have also assisted with Parks & Gardens crew with tree trimming & rubbish removal. Works has also been carried out with Housing with car ports and driveways with rubbish removal.

LANDFILL

The landfill crew are continuing with the three times a week rubbish collection. Two days a week clear landfill/dump.

AIRPORT

Mornington Island Airport has had its annual Aerodrome Technical Inspection and in the report it has been noted that the cross strip has been closed until repairs have been carried out to re-open. During the storms and lightning strikes the landing lights were faulted out, repairs have been carried out but still require more work.

ANIMAL CONTROL

Presentation was given to the December Council meeting by the Animal Control Officer. He has submitted his resignation and left the island. Recruitment processes for a replacement have commenced.

SEWERAGE TREATMENT PLANT

A report is attached to advise Council of the status of the sewerage treatment plant effluent outfall project. *(Please see Attachment 1)*

ICCIP FUNDING

CHLORINE DOSING SYSTEM – There is a requirement for Council to change the existing gaseous chlorine dosing system to liquid chlorine, which includes some building works. This is due to the gaseous chlorine system in place does not comply with WHS and the upgrade is needed to as a priority. Funding has been applied for under the Indigenous Councils Critical Infrastructure Program for \$103,010.60 which when approved will be included in Council's capital budget for 2019 - 2020.

UPGRADE PUMP STATIONS- Upgrade pump stations to include, where necessary, supply and install pumps, gantry trollies valves, pedestal, guide rails, riser pipes with in the well, installation of a flow meter and a upgrade of the electrical component's and connection to council SCADA system. Funding has been applied for under the Indigenous Councils Critical Infrastructure Program for \$200,000.00 which when approved will be included in Council's capital budget for 2019 - 2020.

TITLE:

Progress Report December '19: MISC contract: 2018-002:Design & Construct Repairs to Mornington Is. Effluent Outfall

Client:	Davide Torr Contract Representative MISC	Superintendent's
Project Officer	Tyson van Prooije Project Manager Bluewater Marine Qld.	January 3, 2020
Reviewer	N.A.	

Introduction

The design and construct contract involves the repairs to the Ocean Effluent outfall from the sewerage treatment plant. The progress report provides the client with an overall view of the progress of the project. The contract stages are;

1. Initial Contract administration
2. Survey & Investigation
3. Design
4. Material purchase
5. Prefabrication of anchors and effluent pipe
6. Transport and Site establishment
7. Installation of Effluent Components
8. Contract signing off and demobilization

The QA plan provides client contact points during the contract.

Summary

Contract progress is in the mid stages of Contract stage 7 "Installation of Effluent Components." Diffuser assembly and entire length of subsea Pipeline has been layed with anchors and anodes.

Physical Progress

1. Finished 2nd phase Preliminary Investigation & Survey report
2. Finished anchor fabrication
3. Finished Diffuser & Diffuser anchor
4. Barge sections loaded and freighted to Burketown
5. Anchors loaded and freighted to Burketown
6. Pipe Loaded and freighted to Burketown
7. All equipment and Materials barged to Mornington Island
8. Site set up and establishment
9. Diffuser Block and assembly installed in position
10. Entire length of pipeline layed with anchors/anodes
11. Barge anchored securely for Christmas break

Current And immediate future Activities

Work to be carried out after Christmas Break

- Remove old pipeline section through hard rock and up beach
- Hire MISC 24t excavator to trench section through rocky tidal zone
- Weld final section of Pipe to attach to subsea pipeline to Manhole 3
- Lay pipeline into pre trench with anchors and anodes through rock section and beach.
- Lay pipeline in trench up hill and connect to man hole 3.

Contractual issues

Due to forced time delays from capital works permit investigations, we are now in the summer weather patterns. Seasonal weather changes normal at this time of year have created difficult working conditions. Latent costs will be charged due to bad weather on the following days:

Date	Lost Hours	Weather Conditions	Cost
Saturday 14/12/19	10	25-30km/hr W-NW	\$ 1,329.70
			\$ 1,329.70

Breakdown of cost:

Description	Person/Cost/Day	Person/Cost/Hour
accommodation	\$ 155.00	\$ 15.50
Standby rates	\$ 200.00	\$ 20.00
Food	\$ 60.00	\$ 6.00
	Cost/Day	Cost/Hour
Insurances	\$ 73.08	\$ 7.31

Other Issues

Current Issues are;

Contract documents have not been signed by the Principal.

Community Employment and Training

Interested in Commercial Divers living on the island for casual employment.

Time Performance

Delays (post design review confirmation) have been due to;

Date	Task	Cause	Weeks delay
Sept-Nov	On site installation suspension	MISC investigation of Capital works permit	8 weeks

Progress Payments and Variations Summary

- Third Progress payment has been paid. No outstanding invoices

Quality Assurance and Test Results

- Pipe welding records to be submitted after beach and hill section completed
- Anchor fabrication QA to submitted shortly

Safety Issues

WH&S Notice of Improvement Breach amended. BMQ cleared to continues dive operations.

FINANCIAL & RESOURCE IMPLICATIONS**RECOMMENDATION**

1. That the council note and receive this report.
2. That, subject to funding, Council approves a change to the existing gaseous chlorine dosing system to liquid chlorine including building works as outlined in this report.
3. That, subject to funding, Council approves the upgrade pump stations to including where necessary, supply and install pumps, gantry trollies valves, pedestal, guide rails, riser pipes with in the well, installation of a flow meter and a upgrade of the electrical component's and connection to council SCADA system as outlined in this report.

15 STAFF REPORTS - HUMAN SERVICES**15.1 NEW YEARS EVE EVENT**

Author: Executive Manager of Finance and Human Services

Attachments: Nil

PURPOSE (EXECUTIVE SUMMARY)

To provide Council feedback on the New Years Eve Event from Mornington Island stakeholders and consider any changes for following events.

BACKGROUND & PREVIOUS COUNCIL CONSIDERATION

Council's CEO has sought feedback on the recent event due to the low turnout of the Mornington community (estimates of 150-200 participants with 80-90% being young children under 13 years of age). The event commenced at approximately 5.30pm culminating in a fireworks display at 8.00pm and again at midnight.

PCYC had music and lights running inside the centre and Council had music outside along with a BBQ. Mission Australia arranged face painting activities for the children. Largely the children in attendance were very good, until a small crew starting being unruly, hence the closure of the PCYC. There were also some intoxicated adults in attendance which did give rise for concerns during the evening.

Comments have been received from the following stakeholders;

Council's CEO – Frank Mills

The recent new year's eve was my sixth one on Mornington Island and from my perspective, the fireworks and community celebration held at the community centre (PCYC) was the least impressive and for some reason/s did not capture or engage the majority of the community (other than a significant number of young children).

What this indicates to me, is that collectively we have a lot of work to do in the events management/conduct space. Hence, I am reaching out and seeking your advice, input, feedback and constructive criticism on how we can improve in this space to make sure future events capture the audience intended.

Farrah Linden
Program Manager
Gununa Bidngen Nywerrwe (Mornington Island Women's Place)

I firmly believe that we need a events committee that is made up of dedicated persons and the invite for anyone else who maybe interested in particular days or events be allowed to attend. As long as we have a core group I think this is the way forward.

To me this would include; NAIDOC, Reconciliation Week, Closing the Gap, Memorial, White Ribbon (and any other DV event for which there are many through out the year and with the number of services who work along those lines there should be no excuse for more community awareness/education etc), youth activities and events and so forth

Xmas and New Years activities are definitely included and should be better and more engaging for the whole community but lets face facts – most of the community are partying early so that stops them from coming along. More entertainment maybe required.

Everything is usually planned at the last moment.

Here is a heads up with dates of significant events etc that can be tabled if you want at the council meeting along with this matter

Please note that some dates are a little off due to the new 2020 dates not yet being available but it's a start. Regards,

Harm Singh
Acting Sergeant – Relief Branch Manager PCYC

I was present at the PCYC on NYE until after the midnight fireworks. I have only been here a short few weeks and leave tomorrow, but can provide the following notes and feedback from my observations:

- *During this holiday period I have had very limited PCYC staff (2) – their role is to supervise youth and PCYC activities. They are civilian staff and not Police Officers. My role is also the same (supervise youth and youth activities) including also being responsible for the safekeeping of the PCYC facility and grounds.*
- *Our (PCYC) role is not to supervise adults or to keep public order at events such as this. We as PCYC were willing to help Shane and his fellow volunteering Council colleagues by providing a venue (barbeque at the front of the PCYC) especially given the fireworks are held out on our field, while we held activities for youth within the PCYC facility*
- *Shane and his colleagues did a great job at the BBQ with music outside - we had a great turnout of approx. 200+ people (mix of adults/youth with crowd behaviour seemingly pleasant) at the BBQ between the 6-8pm period; Additionally I had a good crowd of youth inside the PCYC enjoying separate music and lights etc*
- *Unfortunately after the 8pm fireworks the large crowd numbers returned to the BBQ area and started to flow into the PCYC – there were simply far too many people for my limited staff numbers to maintain safety and supervision; additionally I had adults coming inside the PCYC, including some I observed as intoxicated; I was also observing small groups of people loitering and congregating inside venue. The environment I sensed at that time was such that I deemed the risk of public disorder to be far too high in and around the PCYC therefore I made the decision to close the PCYC building itself at approx. 8.30pm*
 - *My feedback here would be if you would like to run a NYE event and festivities that attract and maintain large crowds, sufficient staffing and resources need to be allocated, along with entertainment, events and activities for attendees. By resources I would suggest: More staff running more entertainment/activities; Hiring of security to supervise the event for when the crowds do attend; Requesting Police for a special operation that would be tasked specifically to the event (S/Sgt HILL can advise further – local General Duties Police attended the event but could not remain here continuously as they must maintain Police presence across town)*
- *It was my intention, given crowd numbers and behaviour, to keep the venue open up until the midnight fireworks to allow for youth to stay occupied and enjoy the festivities safely however it is not my responsibility to account for entertainment for adults and the associated public safety requirements that would entail*
- *The BBQ continued for about another half an hour after I closed the PCYC building, and in the interest of public and PCYC safety I maintained my presence outside the facility and assisted Shane with the BBQ. I observed a large amount of the crowd disperse and by approx. 9.45pm I observed there were a small number of well behaved adults and a large number of very young youth so reopened the PCYC to allow for youth to play some sports while awaiting the new year fireworks – I subsequently had a constant stream of youth reattend however my PCYC youth were well behaved and rest of the night was very pleasant. I closed the PCYC just before the midnight fireworks commenced*
- *In summary as a PCYC our role is to provide youth with activities and entertainment, and a safe environment in which to do it – not to run and be responsible for an event for the entire community. Given the staff and resources available, Shane, his colleagues, and my PCYC staff did the best they were able to for this event.*

I hope this feedback helps, if you wish to ask me any specific questions please feel free to email me directly otherwise Darren BLACK will be the new relieving branch manager for any further enquiries, he will arrive here in several days.

Adam Hill
Acting Senior Sergeant – Officer in Charge Mornington Island Police

New Year's was extremely quiet from our perspective. It seemed like a lot of people were not in town. This could explain why numbers were also down at this event.

During our patrols we did have discussions with many families who were aware of the events at the PCYC but preferred to sit at home as a family and watch the fireworks from there.

I acknowledge what Farrah has suggested in relation to a joint committee. This would be great but after my experience at numerous events on the Island it always seems to be the same two or three people that get lumped with the workload of this. Unfortunately a majority of the other organisations shut down over the Christmas and New Year period and all workers leave the island, so I see any committee would fall apart over this holiday period which doesn't help our predicament.

As Harm from the PCYC suggested, there does appear the need to be some type of security / crowd control at the PCYC for a large event like this. From my understanding I thought that there were 4 security officers that were supposed to be in attendance (I thought I saw this on the fireworks plan). I personally didn't see them however this doesn't mean that they were not there. The police do try and attend these events and get involved, as well as providing some type of security presence, however with the importance of performing early intervention in relation to alcohol and a few calls for service that we had we were unable to be at the PCYC at these key times. I believe the efforts of my team here in the early part of the evening went along way to ensuring less incidents and calls for service later in the evening. This has been done in the past, and will be necessary in the future on these particular busy days, so unfortunately we can't guarantee our resources to be at these events all of the time. This perhaps could be an opening for Mr WILSON and his security business when it becomes fully operational?

The police are very supportive of these community events and will provide any assistance we reasonably can to assist and ensure community safety.

FINANCIAL & RESOURCE IMPLICATIONS

The event cost Council in the vicinity of \$27,000 as detailed below, and if held in future with the added costs of security would increase to nearly \$30,000.

Fireworks (including accommodation & flights)	\$24,000.00
BBQ (sausages, burgers, bread, etc)	\$1500.00
Staff time (Sport, Recreation & Events Manager)	\$1100.00
Other Staff (volunteers)	Nil
Security Officers (reqd in future – based on 4)	\$2400.00

The bulk of this cost is for 14 minutes of fireworks. Local Government Council's do provide fireworks display as "public goods" for the community. They do this often on the basis of improving economic activity within the wider community. There is no doubt this works in major metropolitan areas where businesses surrounding the event get a lot of indirect benefit. Sydney City Council estimates their \$7M investment would yield an indirect benefit to other businesses of \$156M.

However for Mornington the benefit cannot be thought of as economic benefit, it arguably is a social benefit. Council should consider whether the cost for the event provides enough social benefit given the low number of community residents in attendance.

RECOMMENDATION

That Council consider the feedback provided and propose any changes for future events.

15.2 COMMUNITY LIQUOR PERMIT (CLP) EVENTS

Author: Sport, Recreation and Events Manager

Attachments: Nil

PURPOSE (EXECUTIVE SUMMARY)

This report provides Council an update on the last CLP event which had an array of issues.

BACKGROUND & PREVIOUS COUNCIL CONSIDERATION*Building Site*

Before the last event commenced there were concerns being aired by the Executive Manager Infrastructure that the venue was not conducive to such an event. His words were "*the building is not certified and is unsafe for public usage*". As the Lelka Murrin facility is a "building site" it should not be utilised for activities that compromise the building site. Whilst this is a different view than presented by other officers previously, the site is certainly a higher risk now that more refurbishment work is being undertaken and as such Council is advised to heed the advice.

Change of Event

Community Liquor Permit event held on the 14th of December 2019. Originally this was to be a small Council staff attendance only. Changing it to a community wide event placed stress higher up the logistics chain in the following ways:

- No store in Cairns carries Bundaberg Mid Strength rum or Jack Daniels One standard in suitable quantities at such notice. These are the two most highly sought drinks but none of the Cairns stores keep great amounts of stock.
- 2 separate stores had to be utilised which caused communication problems with couriers and the stores – Orders of this size go through central corporate in Sydney, however the stores only receive the order, no communication.
- Carpentaria Freight were very accommodating in delaying the truck to leave so that the alcohol pallets (3) could depart.

Summary of the Event

- Approximately 280 people attended over the night, well down on normal but all the school in particular are not on island.
- There were no ejections. I did ban two people from service but they were not ejected.
- The cold room ceased working at 5pm and requires refrigeration specialists who have been booked. It does not work at all currently, therefore there is no cold room in the Tavern.
- Consumption on the night was down as would be expected given the smaller number of attendees.
- I had two new people in the bar, one from Bynoe and Kati from MSC who both worked very well and hard.
- I had to increase the payment to bar staff to \$300 store vouchers as I was struggling to get any interested. I had contacted both Mt Isa and Cairns employment hire agencies who suggested over the phone it would be in the order of \$2500 + flights and accommodation per staff at short notice.
- The youth after the event are a continual problem hassling whom ever is still there.
- There were originally 20 cartons to return, which decreased to 8 after theft.
- No changes are necessary or suggested to the permit itself, but security and safety of the site is a major issue.
- I would suggest we hire two security until midnight for the future and continue with the special service police until all staff have left the premises.

Incidents after the Event

- Just after 11pm on the night of the event approximately 40 youth entered the tavern yard. On trying to lead them away they began to stone me, the largest that hit me was the size of half a brick.
- At the same time another group was able to enter the front kiosk gate by opening the latch bolt – which I thought was secure. I had placed my tray of change on the table in preparation for my exit.
- They made off with approximately \$2000 in small notes and change.
- The police were called immediately, 4 youths later arrested and 2 charged.
- 2 nights later a further group of youths were able to break into the tavern and make off with as many as 250 cans of alcohol. The most disturbing part of this is the door used to make the escape can only be opened with a Master key from the inside or outside. It is not possible to open this door in any other way and it was not left open as I had checked the day before.

Future Events - Issues to be remedied / considered

1. Whilst the site is a “building site”, Council are advised no events should be held.
2. Keys and locks on all doors for the facility will need to be changed due to the concerns over masterkey access.
3. Fencing of the site is likely to be raised for any future permits issued. Whilst the current fencing has been repaired, given the ease with which the complex can be broken into – fencing that increases the control on the environment maybe required.
4. The cold room is being addressed as part of the Lelka Murrin refurbishment.
5. RSA staffing / marshalling has been largely on a volunteer basis to date (albeit some have received vouchers for payment). This is unlikely to continue as it’s the same people each event. Dedicated staff have to be part of future event planning who can undertake these functions as part of their normal duties.
6. Security presence will need to increase for future events (including a few hours afterwards)
7. Children, youths socialising nearby should be considered as to how best to remedy.

FINANCIAL & RESOURCE IMPLICATIONS

Note that it was very difficult to secure staff for the night.

	Expenses		Income
Alcohol	6884.7	Total Eft and Cash	12868
Additional staffing	1800		
Raiders staffing	400		
RSA Training	0		
PCYC Bus and Chairs	0		
Security	1092		
Police	847		
Dan Murphy's Freight	75		
Wristbands	87		

Sausages and meat (taken from surplus for event that did not happen in December)	0		
Bread	500		
Marker Pens	42		
Return Freight	600		
	12327.7		12868
		Profit	540.3

Due to the theft and increase in voucher payments the profit was well down on normal takings.

RECOMMENDATION

That Council provide advice and direction regarding postponing future Community Liquor Permit events until the renovations on Lelka Murrin are complete and the building is licenced and fit for purpose.

16 GENERAL BUSINESS

17 CONFIDENTIAL REPORTS**RECOMMENDATION**

That Council considers the confidential report(s) listed below in a meeting closed to the public in accordance with Section 275 of the Local Government Act 2009:

17.1 December 2019 ordinary meeting of Council confidential agenda items for resolution

This matter is considered to be confidential under Section 275(h) of the Local Government Act, and the Council is satisfied that discussion of this matter in an open meeting would, on balance, be contrary to the public interest as it deals with business for which a public discussion would be likely to prejudice the interests of the local government or someone else, or enable a person to gain a financial advantage.

17.2 Executive Manager of Infrastructure Services - termination of employment

This matter is considered to be confidential under Section 275(a) of the Local Government Act, and the Council is satisfied that discussion of this matter in an open meeting would, on balance, be contrary to the public interest as it deals with the appointment, dismissal or discipline of employees.

17.3 DRFA - Koppens Claim 1

This matter is considered to be confidential under Section 275(e) of the Local Government Act, and the Council is satisfied that discussion of this matter in an open meeting would, on balance, be contrary to the public interest as it deals with contracts proposed to be made by Mornington Shire Council.

17.4 Development Options Analysis - Lots 925 & 926 between Lardil Street and Wengka Street - Mornington Island.

This matter is considered to be confidential under Section 275(g) of the Local Government Act, and the Council is satisfied that discussion of this matter in an open meeting would, on balance, be contrary to the public interest as it deals with any action to be taken by the local government under the Planning Act, including deciding applications made to it under that Act.

17.5 Councillors Fees Overpayment

This matter is considered to be confidential under Section 275(e) of the Local Government Act, and the Council is satisfied that discussion of this matter in an open meeting would, on balance, be contrary to the public interest as it deals with contracts proposed to be made by Mornington Shire Council.

17.6 Disaster Recovery Funding Arrangements - Koppens Developments Pty Ltd - 2019 Claim number 2 for approval.

This matter is considered to be confidential under Section 275(e) of the Local Government Act, and the Council is satisfied that discussion of this matter in an open meeting would, on balance, be contrary to the public interest as it deals with contracts proposed to be made by Mornington Shire Council.

18 NEXT MEETING

19 CLOSURE