



AGENDA

Risk Management & Audit Committee Meeting

Friday, 19 April 2024

I hereby give notice that a Risk Management & Audit Committee Meeting will be held on:

Date: Friday, 19 April 2024

Time: 9.00am

**Location: Meeting Room 1 Bidjpidji
Level 1, Civic Centre
Harry Chan Avenue, Darwin**

**Simone Saunders
Chief Executive Officer**

RISK MANAGEMENT & AUDIT COMMITTEE MEMBERS

Chair Roland Chin

Councillor Jimmy Bouhoris

Councillor Brian O'Gallagher

Councillor Ed Smelt

Member George Araj

Member Sanja Hill

Member Joe McCabe

OFFICERS

Chief Executive Officer, Simone Saunders

General Manager Innovation, Alice Percy

A/General Manager Corporate, Alexandra Vereker

Executive Manager Corporate and Customer Service, Chris Kelly

Executive Manager Infrastructure, Nik Kleine

Executive Manager Finance, Irene Frazis

Risk Management Coordinator, Brooke Prince

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1 MEETING DECLARED OPEN AND ACKNOWLEDGEMENT OF COUNTRY**2 APOLOGIES AND LEAVE OF ABSENCE****2.1 Apologies**

THAT the apology from Member [Enter name](#), be received.

2.2 Leave of Absence Granted**2.3 Leave of Absence Requested****3 ELECTRONIC MEETING ATTENDANCE****3.1 Electronic Meeting Attendance Granted**

THAT The Committee note that pursuant to Section 98 (3) of the Local Government Act the following members were granted permission for Electronic Meeting Attendance at this Risk Management and Audit Committee Meeting held on Friday, 19 April 2024:

- Member Joe McCabe
- Member George Araj

3.2 Electronic Meeting Attendance Requested**4 DECLARATION OF INTEREST OF MEMBERS AND STAFF**

Member Roland Chin made the following Declarations (updated 20/10/23):

- A. Treasurer of St John Ambulance Australia (NT) Inc.; Director of SJA (NT) Endowment Company Pty Ltd as trustee for The St John Ambulance (NT) Endowment Trust; Director of St John Ambulance Australia NT Holdings Pty Ltd; St John Ambulance Australia Ltd – Finance, Audit & Risk subcommittee.
- B. President of Chung Wah Society Inc.
- C. Chair of Audit and Risk Committee of Venture Housing Company Limited
- D. Chair of Audit, Risk and Compliance Committee of Charles Darwin University
- E. Tiwi Land Council Audit Committee

Councillor Jimmy Bouhoris made the following Declarations (25/06/21):

- A. Any items relating to PowerWater.

Councillor Ed Smelt made the following Declarations (20/10/2023):

- A. Any items relating to Department of Infrastructure, Planning and Logistics NTG

Member Sanja Hill advised of the following representations (updated 20/10/22):

- A. Currently providing advisory services to NTG, YMCA and MACC

- B. Any items relating to Department of the Attorney-General and Justice NTG

Member Joe McCabe made the following Declarations (20/10/2023):

- A. Any items relating to Alice Springs Town Council

5 CONFIRMATION OF PREVIOUS MINUTES

Risk Management & Audit Committee Meeting - 23 February 2024

6 ACTION REPORTS

6.1 MONTHLY FINANCIAL REPORTS: JANUARY - FEBRUARY 2024

Author: Executive Manager Finance

Authoriser: Acting General Manager Corporate

Attachments:

1. Monthly Financial Report_January 2024 [↓](#)
2. Monthly Financial Report_February 2024 [↓](#)

RECOMMENDATIONS

1. THAT the report entitled Monthly Financial Reports: January – February 2024 be received and noted.

PURPOSE

The purpose of this report is to provide the Monthly Financial Reports to the Risk Management and Audit Committee as requested at the meeting held 17 June 2022.

KEY ISSUES

- At the Risk Management and Audit Committee meeting held 17 June 2022, Council Officers committed to provide to the RMAC Committee the Monthly Financial Reports, as tabled at Ordinary Council.
- Monthly Financial Reports for the months of January 2024 (**Attachment 1**) and February 2024 (**Attachment 2**), are provided.
- Monthly Financial Reports have now been included in the RMAC Report Schedule on an ongoing basis.

<p>DISCUSSION</p> <p>The Monthly Financial Reports are presented to Council at the 2nd Ordinary Council meeting following the period reports relate to and provide a summary and discussion of the financial position of Council for each period. If a Council meeting is not held in a month the report is circulated to Elected Members and placed on Councils website.</p> <p>Summary of key results the period February 2024</p> <ul style="list-style-type: none"> • February YTD 2024 Operating deficit of \$7M against budgeted YTD deficit of \$13M; a favourable variance of \$6M. • The favourable operational variance mainly results from lower than budgeted expenses which includes materials & services, employee expenses and interest expense. • Capital expenditure of \$26.2M against YTD budget of \$32M. • Cash and Investments balance of \$132M; \$74.7M restricted reserve cash and \$37.5M placed against variable loan offsets. 	
<p>PREVIOUS COUNCIL RESOLUTION</p> <p>N/A</p>	
<p>STRATEGIC PLAN ALIGNMENT</p>	<p>6 Governance Framework 6.4 Accountability</p>
<p>BUDGET / FINANCIAL / RESOURCE IMPLICATIONS</p>	<p>Budget/Funding: N/A</p>
<p>LEGISLATION / POLICY CONTROLS OR IMPACTS</p>	<p>Legislation: N/A</p> <p>Policy: N/A</p>
<p>CONSULTATION, ENGAGEMENT & COMMUNICATION</p>	<p>Engagement Level: Inform</p> <p>Tactics: Monthly Financial Reports are provided to Council at the 2nd Ordinary Council meeting for the proceeding period. Monthly Financial Reports are in the Open Agenda for public disclosure.</p>
<p>DECLARATION OF INTEREST</p>	<p>The report author does not have a conflict of interest in relation to this matter.</p> <p>The report authoriser does not have a conflict of interest in relation to this matter.</p> <p>If a conflict of interest exists, staff will not act in the matter, except as authorised by the CEO or Council (as the case requires).</p>

15 RECEIVE & NOTE REPORTS**15.1 MONTHLY FINANCIAL REPORT - JANUARY 2024****Author:** Executive Manager Finance**Authoriser:** Chief Executive Officer**Attachments:** 1. Monthly Financial Report - January 2024 [↓](#)**RECOMMENDATIONS**

THAT the report entitled Monthly Financial Report – January 2024 be received and noted.

PURPOSE

The purpose of this report is to provide a summary of the financial position of Council for the period ended 30 January 2024.

Further, this report and the contents are required to be presented to Council in compliance with the *Local Government (General) Regulations 2021*.

KEY ISSUES

The Monthly Financial Report includes:

- Income Statement, which compares actual YTD income and expenditure against YTD budget.
- Fund Flow Statement (Monthly Operating Position), which outlines the effect on General Funds.
- Statement of Financial Position (Balance Sheet), which outlines what Council owns (assets) and what it owes (liabilities) at a point in time.
- Notes to the Balance Sheet, this includes further details on the Cash Balance, Trade Debtors, Trade Creditors, and a statement on Council's current payment and reporting obligations.
- Investments, which provides details of treasury activities, investments as at 31 January 2024.
- Rates and Receivables Report which provides a summary of outstanding rates and debtors.
- Procurement Reporting, which is a summary of contract variations and exempt procurement.
- Capital Expenditure and Funding, which compares YTD capital expenditure and funding against YTD budget.

Planned Major Projects Capital Works, provides a high-level financial overview of our major projects at a point in time.

DISCUSSION**January 2024 – Year to Date Result**

The year-to-date operating result until 31 January 2024 is a **deficit of (\$5.6M)** compared to a **YTD Budgeted deficit of (\$11.7M)** as highlighted in the table below.

After including capital income, the **Net Surplus is \$3.3M** against the YTD budgeted **deficit of (\$3.1M)**. This has resulted in a favourable **\$6.5M** variance overall (as shown in the income statement).

	Actual	Budget	Variance
	\$'000	\$'000	\$'000
Net Operating Surplus/ (Deficit)	(5,615)	(11,681)	6,066 Favourable

Commentary

The Net Operating Position has a favourable variance to the year-to-date revised budget of \$6.07M. The variance results from lower than budgeted materials and contracts, employee costs, and interest expense, offset by lower than anticipated fees and charges for the period ending 31 January 2024. Please find below additional commentary for the material variances:

Income

Total Operating Income is tracking below budget by \$1.2M.

User Fees & Charges

The unfavourable variance is \$3.2M. This is mainly due to Waste Fees & Charges being under YTD expectations and is offset by a decrease in waste related expenditure.

Interest / Investment Income

The favourable variance mainly relates to the increase in returns received on investments due to the high RBA cash rate and higher cash balances.

Expenditure

Total Expenses are under budget by \$7.3M. This is due to underspends in Materials & Contracts \$5.7M, and Employee Expenses of \$1.5M.

Materials & Contracts

Materials and Contracts expenses has an annual budget of \$63.9M and this incorporates various expenditure types. Combined, this budget line is under budget with a variance of \$5.7M. This largely relates to expenses associated with waste management at Shoal Bay Waste Management Facility (SBWMF), which is partially offset by a reduction in revenue. The favourable variance is currently forecast to become a realised favourable variance and the budget will be adjusted at the 2nd Budget Review.

Other variances mainly relate to timing of programs. A timing variance relates to a budgeted revenue or expense that has not occurred at the time it was expected, but which is still expected to occur within the budget year. That is, the financial transaction will still occur - but just in a different month. With the timing variances there should be no impact on the projected budget.

Employee Expenses

Employee costs report a positive variance to budget of \$1.5M. The variance has slightly decreased from the previous month and will reduce when leave provisioning is adjusted at year end.

Depreciation and Amortisation

Depreciation is over budget by \$1.2M, this is a non-cash expense and will be considered at a future budget review.

Interest Expenses

Interest expenses show a positive variance (\$1.3M) due to loan offsets been utilised against the variable loans and timing of the draw down for loan SBWMF Stage 2 Expansion, Phase 1.

Statement of Fund Flows

The variances are related to a mismatch in the timing of projects and budget profiles, and the reasons described above under operating statement commentary. Purchase of Infrastructure, Property, Plant & Equipment variance relates to timing of capital projects.

Cash and Investments Note A

City of Darwin has achieved 4.84% on weighted average interest rate on its January 2024 cash and investment portfolio of \$92.8M (excluding loan offset \$37.5M). There have been no investment policy breaches in this month.

The Investment Reports include surplus cash funds that are placed against variable loans. These funds are considered 'at call' as they can be accessed in short time frames.

Treasury Comment

The RBA met on 7 December 2023 and there was an increase of 25 basis points in the cash rate target. The RBA board does not meet until 6 February 2024. Term deposit rates are largely inverse, reflecting market expectation that rate cuts will be delivered in the longer term. Any increase/decrease by the RBA will increase/decrease the City of Darwin's interest (borrowing) expenses and increase interest income.

Accounts Receivable (Trade Debtors) Note B

This section considers the receipt timing of Rates collection and any general Debtors outstanding. The report also includes information on aged debtors including general debtors, infringements, and Rates arrears.

Accounts Payable (Trade Creditors) Note C

Accounts Payable owing at 31 January 2024 was \$7.2M at the time of reporting. City of Darwin recognises the liability of invoices once goods are receipted as received.

Other notes to the financial reports

The Council has met its payment and reporting obligations for GST, Fringe Benefits Tax, PAYG withholding tax, superannuation, and insurance for the month of January 2024.

Our internal accounting conventions for monthly reporting currently recognise the Council Rates that are attributable to that month and then progressively throughout the year.

Please note that these reports are unaudited management financial reports. Information contained in the reports was current as at the date of the reports and may not reflect any event or circumstances which occurred after the date the reports were completed.

Procurement Reporting

Under the Local Government (General) Regulations, Council is required to disclose at the next Council meeting and on the City of Darwin website:

- contract variations:

- where a tender was not required, however the total cost exceeds \$100,000, or
- where a contract requiring a tender is varied by 10%.
- exempt procurement greater than \$100,000

Contract Variations

There were no reportable contract variations for January 2024.

Exempt Procurement

There was no reportable exempt procurement for January 2024.

Certification by the CEO to the Council

That, to the best of the CEO's knowledge, information and belief:

- (1) The internal controls implemented by the council are appropriate; and
- (2) The council's financial report best reflects the financial affairs of the council.



CEO Signed

20/02/2024

PREVIOUS COUNCIL RESOLUTION

N/A

STRATEGIC PLAN ALIGNMENT

6 Governance Framework
6.3 Decision Making and Management

BUDGET / FINANCIAL / RESOURCE IMPLICATIONS

N/A

LEGISLATION / POLICY CONTROLS OR IMPACTS

Part 2 Division 7 the *Local Government (General) Regulations 2021* require that a monthly financial report is presented to Council each month setting out:

- (a) the actual income and expenditure of the council for the period from the commencement of the financial year up to the end of the previous month; and
- (b) the most recently adopted annual budget; and
- (c) details of any material variances between the most recent actual income and expenditure of the council and the most recently adopted annual budget.

Regulation 17(5) Part 2 Division 7 the *Local Government (General) Regulations 2021* require that the monthly report must be accompanied by:

- (a) a certification, in writing, by the CEO to the council that, to the best of the CEO's knowledge, information and belief:
 - (i) the internal controls implemented by the council are appropriate; and
 - (ii) the council's financial report best reflects the financial affairs of

Ordinary Council Meeting Agenda

27 February 2024

	<p>the council; or</p> <p>(b) if the CEO cannot provide the certification – written reasons for not providing the certification.</p> <p>The report is compliant with the requirements of the <i>Local Government Act 2019</i> and <i>Local Government (General) Regulations 2021</i>.</p>
CONSULTATION, ENGAGEMENT & COMMUNICATION	N/A
DECLARATION OF INTEREST	<p>The report author does not have a conflict of interest in relation to this matter.</p> <p>The report authoriser does not have a conflict of interest in relation to this matter.</p> <p>If a conflict of interest exists, staff will not act in the matter, except as authorised by the CEO or Council (as the case requires).</p>

Income Statement For the Period Ended 31 January 2024	2023/24						
	January 2024			FY	FY		
	YTD Actual		YTD Revised Budget	Revised Budget	Original Budget		
	\$'000		\$'000	\$'000	\$'000		
Operating Income							
Rates	49,680	69%	49,306	68%	375	84,524	84,524
Charges	1,922	3%	1,704	2%	218	2,438	2,338
Fees and Charges	14,788	21%	18,008	25%	(3,220)	29,432	29,532
Operating Grants and Subsidies	1,939	3%	1,458	2%	480	1,638	6,116
Interest / Investment Income	2,774	4%	1,811	2%	963	3,104	3,104
Other Income	660	1%	696	1%	(36)	2,151	2,151
Total Income	71,763		72,983		(1,220)	123,287	127,764
Operating Expenses							
Employee Expenses	22,068	29%	23,563	28%	1,495	40,324	40,560
Materials and Contracts	34,269	44%	39,929	47%	5,660	63,921	61,477
Elected Member Allowances	373	0%	447	1%	74	795	795
Elected Member Expenses	31	0%	29	0%	(2)	64	64
Council Committee & LA Allowances	3	0%	6	0%	3	10	10
Depreciation, Amortisation & Impairment	20,132	26%	18,914	22%	(1,218)	32,425	32,425
Interest Expenses	502	1%	1,775	2%	1,274	3,948	3,948
Total Expenses	77,378		84,664		7,286	141,487	139,278
Budgeted Operating Surplus/ (Deficit)	(5,615)		(11,681)		6,066	(18,200)	(11,514)
Capital Grants Income	8,935		8,547		388	11,350	952
Net Surplus/(Deficit)	3,320		(3,134)		6,454	(6,850)	(10,562)

Statement of Fund Flows Monthly Operating Position For the Period Ended 31 January 2024	2023/24				
	January 2024			FY	FY
	YTD Actual \$'000	YTD Revised Budget \$'000	Variance \$'000	Revised Budget \$'000	Original Budget \$'000
<u>Funds From Operating Activities</u>					
Net Operating Result from Income Statement	(5,612)	(11,681)	6,069	(18,200)	(11,514)
Add back depreciation (not cash)	20,132	18,914	1,218	32,425	32,425
Add back Other Non Cash Items	0	0	0	904	904
Net Funds Provided (or used in) Operating Activities	14,520	7,233	7,286	15,129	21,815
<u>Less Additional Outflows</u>					
Repayment of borrowings & advances	(3,508)	(3,508)	0	(5,614)	(5,614)
Purchase of Infrastructure, Property, Plant & Equipment	(24,345)	(28,799)	4,454	(46,377)	(19,020)
Total Additional Outflows	(27,853)	(32,307)	4,454	(51,991)	(24,634)
<u>Add Additional Inflows</u>					
Add Capital Grants	8,935	8,547	388	11,350	952
Sale of Infrastructure, Property, Plant & Equipment	55	293	(238)	500	500
Transfers from Reserves	18,090	16,234	1,856	25,012	1,367
Total Additional Inflows	27,080	25,074	2,005	36,862	2,819
Net Increase (-Decrease) in Funds	13,746	0	13,746	0	0

Statement of Financial Position
as at 31 January 2024

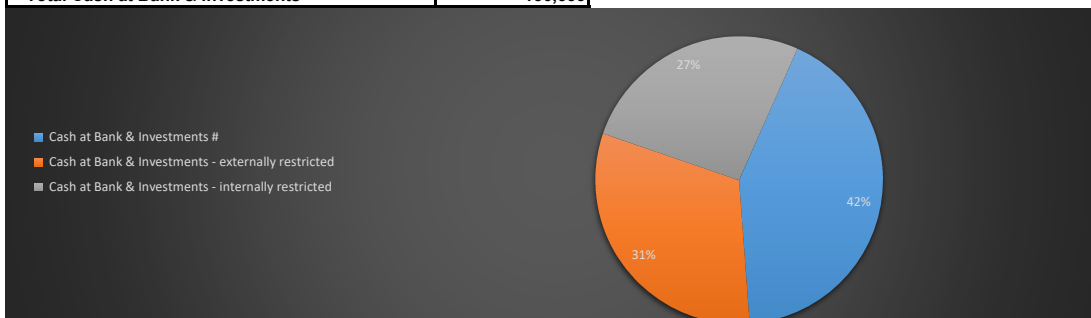
Statement of Financial Position as at 31 January 2024	2023/24			
	January 2024		FY	FY
	Actual \$'000	Note	Revised Budget \$'000	Original Budget \$'000
Current Assets				
Cash at Bank & Investments	55,099	A	18,811	18,811
Cash at Bank & Investments - externally restricted	41,020	A	39,602	39,080
Cash at Bank & Investments - internally restricted	34,517	A	29,000	39,172
Trade & Other Receivables	3,860	B	11,759	11,759
Rates & Charges Receivables	27,157	B	0	0
Inventories	257		300	300
Total Current Assets	161,909		99,472	109,122
Non-Current Assets				
Infrastructure, Property, Plant and Equipment	1,253,231		1,267,733	1,267,733
Lease Right of Use Assets	3,170		0	0
Total Non Current Assets	1,256,400		1,267,733	1,267,733
Total Assets	1,418,310		1,367,205	1,376,855
Current Liabilities				
Trade Payables & Other Payables	7,200	C	18,286	18,286
Accruals	6,893		0	0
ATO & Payroll Liabilities	2	D	0	0
Rates Revenue struck (in advance)	35,313		0	0
Borrowings	1,402		5,451	5,451
Provisions	7,084		7,689	7,689
Lease Liabilities	922		888	888
Total Current Liabilities	58,816		32,314	32,314
Non-Current Liabilities				
Trade & Other Payables	12		0	0
Borrowings	57,820		55,960	55,960
Provisions	54,401		52,738	52,738
Lease Liabilities	2,411		1,254	1,254
Total Non Current Liabilities	114,644		109,952	109,952
Total Liabilities	173,461		142,266	142,266
NET ASSETS	1,244,850		1,224,939	1,234,589
Equity				
Accumulated Surplus	307,185		294,209	294,209
Asset Revaluation Reserve	862,128		862,128	862,128
Other Reserves	75,537		68,602	78,252
TOTAL EQUITY	1,244,850		1,224,939	1,234,589

**Monthly Balance Sheet Report (Notes to the Balance Sheet)
as at 31 January 2024**

Note A. Details of Cash and Investments Held

Investments Report attached, which provides details of treasury activities, investments as at the end of the Month. City of Darwin has achieved 3.34% on weighted average interest rate on its January 2024 cash and investment portfolio of \$130.3M (including \$37.5M Variable Loans Surplus/Offset). There have been no investment policy breaches in this month. The Investment Reports include surplus cash funds that are placed against variable loans. These funds are considered 'at call' as they can be accessed in short time frames.

Cash at Bank & Investments	\$'000
Cash at Bank & Investments #	55,099
Cash at Bank & Investments - externally restricted	41,020
Cash at Bank & Investments - internally restricted	34,517
Total Cash at Bank & Investments	130,635



Cash at Bank & Investments includes Cash on Call of \$37.5M

Note B. Statement of Trade Debtors*	Past Due 1 – 30 Days	Past Due 31 – 60 Days	Past Due 61-90 Days	Past Due 90+ Days	Total *
Rates & Charges Debtors	\$ 23,835,372	\$0	\$0	\$3,321,645	\$27,157,017
Other Trade Receivables and Other Receivables	\$ 2,369,151	\$517,106	\$425,772	\$548,447	\$3,860,477
Total Trade and Other Receivables	\$ 26,204,523	\$517,106	\$425,772	\$3,870,092	\$31,017,494

Note C. Statement on Trade Creditors*	Past Due 1 – 30 Days	Past Due 31 – 60 Days	Past Due 61-90 Days	Past Due 90+ Days	Total*
General Trade Creditors	-\$6,944,411	-\$57,443	-\$186,028	-\$11,817	-\$7,199,699
ATO & Payroll Liabilities	\$0	\$0	\$0	-\$1,971	-\$1,971
Total Trade and Other Payables	-\$6,944,411	-\$57,443	-\$186,028	-\$13,788	-\$7,201,670

Note D. Statement on Australian Tax Office (ATO) and Payroll Obligations

The Council has met its payment and reporting obligations for GST, Fringe Benefits Tax, PAYG withholding tax, superannuation, and insurance for the month of January 2024.

**INVESTMENTS REPORT TO COUNCIL
AS AT
31 January 2024**

Investment and Cash at Call/Offset Distribution by Term to Maturity

Term to Maturity Policy Limits
There have been no breaches in Term to Maturity Policy limits for the month of January 2024

Term to Maturity Category	% of Total Portfolio	Term to Maturity (Policy Max.)	Term to Maturity (Policy Min.)
Less than 1 Year			
Term Deposits	51%		
Business Online Saver Accounts	8%		
Floating Rate Notes	1%		
General Surplus on Variable Loans	31%		
Bonds	2%		
Less than 1 Year Total	92%	100%	30%
Greater than 1 Year less than 3 Years			
Term Deposits	0%		
Business Online Saver Accounts	6%		
Floating Rate Notes	1%		
Bonds	1%		
Greater than 1 Year less than 3 Years Total	8%	70%	0%
Greater than 3 Years			
Term Deposits	0%		
Business Online Saver Accounts	0%		
Floating Rate Notes	0%		
Bonds	0%		
Greater than 3 Years Total	0%	30%	0%
Greater than 5 Years			
Term Deposits	0%		
Business Online Saver Accounts	0%		
Floating Rate Notes	0%		
Greater than 5 Years Total	0%	10%	0%
Total	100%		

Investment Distribution by Portfolio Credit Rating

Portfolio Distribution Credit Rating Limits
There have been no breaches in Portfolio Credit Rating Limits for the month of January 2024

Credit Rating - Maximum Individual Limit	ADI	Counterparty	% of Total Portfolio	Individual Counterparty Limits of Total Investments
AA-	Commonwealth Bank of Australia Ltd	Commonwealth Bank of Australia Ltd	31%	50%
	National Australia Bank Ltd	National Australia Bank Ltd	23%	50%
	Westpac Banking Corporation Ltd	BankSA	0%	50%
	Westpac Banking Corporation Ltd	Westpac Banking Corporation Ltd	33%	50%
	ANZ Banking Group Ltd	ANZ Banking Group Ltd	0%	50%
A+	Northern Territory Treasury Corporation	Northern Territory Treasury Corporation	2%	50%
	Macquarie Bank	Macquarie Bank	1%	30%
BBB+	Suncorp Metway Limited	Suncorp Bank	6%	30%
	Bank of Queensland Ltd	Bank of Queensland Ltd	1%	10%
	Bendigo & Adelaide Bank Ltd	Bendigo & Adelaide Bank Ltd	0%	10%
	Bank of Queensland Ltd	Members Equity Bank Ltd	0%	10%
	Members Banking Group Limited t/as RACQ Bank	Members Banking Group Limited t/as RACQ Bank	1%	10%
BBB	AMP Bank Ltd	AMP Bank Ltd	0%	10%
	Bank Australia Limited	Bank Australia Limited	2%	10%
Grand Total			100%	
Credit Rating - Maximum Portfolio Limit			% of Total	Policy Limit
AAA to AA-			89%	100%
A+ to A-			7%	45%
BBB+ to BBB			4%	30%
BBB-			0%	0%
Total			100%	

INVESTMENT AND CASH AT CALL/OFFSET REPORT TO COUNCIL

AS AT

31 January 2024

Instrument	Institution Category	Counterparty	Maturity Date	Interest Rate	Credit Rating (LT)	Credit Rating (ST)	Inv Type	FRN ONLY (Maturity Date - last pmt)	Principal \$	% Portfolio	
INVESTMENT	MAJOR BANK	ANZ Banking Group Ltd Total	29 March 2024	5.36%	AA-	A1+	FRN	31 March 2028	\$500,000	0.41%	
		ANZ Banking Group Ltd Total							\$500,000	0.41%	
		Commonwealth Bank of Australia Ltd	27 February 2024	5.02%	AA-	A1+	TD		\$1,500,000	1.23%	
		Commonwealth Bank of Australia Ltd	30 April 2024	4.69%	AA-	A1+	TD		\$3,071,360	2.53%	
		Commonwealth Bank of Australia Ltd	21 May 2024	5.41%	AA-	A1+	TD		\$3,122,364	2.57%	
		Commonwealth Bank of Australia Ltd	14 February 2024	4.24%	AA-	A1+	BOND	18 August 2025	\$1,000,000	0.82%	
		Commonwealth Bank of Australia Ltd	13 August 2024	5.09%	AA-	A1+	TD		\$2,000,000	1.65%	
		Commonwealth Bank of Australia Ltd	18 June 2024	5.06%	AA-	A1+	TD		\$2,000,000	1.65%	
		Commonwealth Bank of Australia Ltd	12 November 2024	5.43%	AA-	A1+	TD		\$3,000,000	2.47%	
		Commonwealth Bank of Australia Ltd	18 February 2024	4.95%	AA-	A1+	FRN	18 August 2025	\$1,000,000	0.82%	
		Commonwealth Bank of Australia Ltd	12 April 2024	5.19%	AA-	A1+	FRN	13 January 2026	\$2,000,000	1.65%	
		Commonwealth Bank of Australia Ltd	31 January 2024	3.95%	AA-	A1+	BOS		\$9,344,133	7.69%	
		Commonwealth Bank of Australia Ltd Total								\$28,037,857	23.06%
		National Australia Bank Ltd	27 February 2024	4.96%	AA-	A1+	TD		\$1,014,520	0.83%	
		National Australia Bank Ltd	30 April 2024	4.54%	AA-	A1+	TD		\$1,518,333	1.25%	
		National Australia Bank Ltd	25 June 2024	5.34%	AA-	A1+	TD		\$2,000,000	1.65%	
		National Australia Bank Ltd	25 June 2024	5.50%	AA-	A1+	TD		\$3,142,715	2.76%	
		National Australia Bank Ltd	17 September 2024	5.15%	AA-	A1+	TD		\$2,000,000	1.65%	
		National Australia Bank Ltd	17 September 2024	5.22%	AA-	A1+	TD		\$3,000,000	2.47%	
		National Australia Bank Ltd Total								\$12,675,568	10.60%
		Westpac Banking Corporation Ltd	3 December 2024	1.62%	AA-	A1+	TD		\$2,000,000	1.65%	
		Westpac Banking Corporation Ltd	23 April 2024	4.85%	AA-	A1+	TD		\$2,000,000	1.65%	
		Westpac Banking Corporation Ltd	27 February 2024	5.00%	AA-	A1+	TD		\$1,014,600	0.83%	
		Westpac Banking Corporation Ltd	27 February 2024	4.51%	AA-	A1+	TD		\$2,000,000	1.65%	
		Westpac Banking Corporation Ltd	26 March 2024	5.10%	AA-	A1+	TD		\$4,000,000	3.29%	
		Westpac Banking Corporation Ltd	11 June 2024	5.03%	AA-	A1+	TD		\$2,000,000	1.65%	
		Westpac Banking Corporation Ltd	10 September 2024	5.20%	AA-	A1+	TD		\$2,000,000	1.65%	
		Westpac Banking Corporation Ltd	22 October 2024	5.19%	AA-	A1+	TD		\$3,000,000	2.47%	
		Westpac Banking Corporation Ltd	24 September 2024	5.15%	AA-	A1+	TD		\$2,087,445	1.72%	
		Westpac Banking Corporation Ltd	12 November 2024	5.42%	AA-	A1+	TD		\$3,000,000	2.47%	
		Westpac Banking Corporation Ltd	24 April 2024	4.82%	AA-	A1+	FRN	24 April 2024	\$1,000,000	0.82%	
		Westpac Banking Corporation Ltd	28 January 2025	5.11%	AA-	A1+	TD		\$3,000,000	2.47%	
		Westpac Banking Corporation Ltd Total								\$27,102,045	22.29%
		Northern Territory Treasury Corporation (NTTC)	15 December 2024	1.30%	AA-	A1+	BOND		\$2,000,000	1.65%	
		Northern Territory Treasury Corporation (NTTC) Total								\$2,000,000	1.65%
		MAJOR BANK Total								\$70,315,470	58.02%
		OTHER								\$1,561,169	1.28%
		Bank of Queensland Ltd	12 March 2024	5.05%	BBB+	A2	TD		\$1,561,169	1.28%	
		Bank of Queensland Ltd Total								\$1,561,169	1.28%
		Macquarie Bank	13 February 2024	4.73%	A+	A1	FRN	12 February 2025	\$1,000,000	0.97%	
		Macquarie Bank Total								\$1,000,000	0.97%
		Suncorp Bank	9 April 2024	5.52%	A+	A1	TD		\$1,562,827	1.29%	
		Suncorp Bank	19 November 2024	4.57%	A+	A1	TD		\$2,000,000	1.65%	
		Suncorp Bank	19 November 2024	5.49%	A+	A1	TD		\$3,000,000	2.47%	
		Suncorp Bank	17 April 2024	5.18%	A+	A1	FRN	17 October 2025	\$1,000,000	0.82%	
Suncorp Bank Total								\$7,562,827	6.22%		
Bank Australia Limited	27 February 2024	5.52%	BBB	A-2	FRN	24 November 2025	\$2,000,000	1.65%			
Bank Australia Limited Total								\$2,000,000	1.65%		
Members Banking Group Limited t/as RACQ Bank	26 February 2024	5.88%	BBB+	A2	FRN	24 February 2026	\$1,600,000	1.32%			
Members Banking Group Limited t/as RACQ Bank Total								\$1,600,000	1.32%		
OTHER Total								\$13,723,996	11.44%		
INVESTMENT Total								\$84,039,466	69.46%		
VARIABLE LOAN SURPLUS	MAJOR BANK	Commonwealth Bank of Australia Ltd	31 January 2024	0.00%	AA-	A1+	General Surplus -		\$10,000,000	8.23%	
VARIABLE LOAN SURPLUS	MAJOR BANK	Commonwealth Bank of Australia Ltd Total							\$10,000,000	8.23%	
VARIABLE LOAN SURPLUS	MAJOR BANK	National Australia Bank Ltd	31 January 2024	0.00%	AA-	A1+	General Surplus -		\$14,750,000	12.13%	
VARIABLE LOAN SURPLUS	MAJOR BANK	National Australia Bank Ltd Total							\$14,750,000	12.13%	
VARIABLE LOAN SURPLUS	MAJOR BANK	Westpac Banking Corporation Ltd	31 January 2024	0.00%	AA-	A1+	General Surplus -		\$12,771,703	10.51%	
VARIABLE LOAN SURPLUS	MAJOR BANK	Westpac Banking Corporation Ltd Total							\$12,771,703	10.51%	
VARIABLE LOAN SURPLUS Total									\$37,521,703	30.87%	
Grand Total									\$121,561,169	100%	

N.B.

*INV TYPE - FRN = interest rate is the 'Coupon Margin' established on issue date, this plus 3M BBSW provides the yield for the current coupon period.
 *MATURITY DATE - FRN = the interest coupon payment date not actual FRN maturity date (paid every 91 days).

CBA General Bank Funds	\$8,321,338
NAB General Bank Funds	\$134,667
WBC General Bank Funds	\$278,453
Total Funds	\$130,295,628
Less Variable Loans Offset (Cash on Call)	-\$37,521,703
Total Investment & Cash (less offset)	\$92,773,925

Total Budgeted Investment Earnings	\$2,464,000
Year to Date Investment Earnings	\$2,249,754

Weighted Ave Rate	3.34%
Weighted Ave Rate (excluding Cash on Call)	4.84%
BBSW 90 Day Rate	4.33%
Bloomberg AusBond (Bank Bill Index)	

Trust Bank Account	\$456,989
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Capital Expenditure For The Period Ended 31 January 2024	2023/24			
	YTD Actuals	YTD Revised Budget	YTD Variance	FY Revised Budget Current Financial Year Budget
	\$	\$	\$	\$
TOTAL CAPITAL EXPENDITURE BY ASSET CLASS:				
Capital Work In Progress				
Land - Under Roads	0	0	0	0
Land and Buildings:				
Land and Improvements	0	0	0	0
Buildings	15,226,253	12,272,269	(2,953,984)	19,329,040
Infrastructure:				
Stormwater Drainage	1,911,267	2,280,084	368,817	3,009,253
Transport	4,293,697	4,977,538	683,841	6,651,295
Pathways	403,999	1,020,266	616,267	1,724,435
Public Lighting	325,476	916,805	591,329	2,453,702
Waste Management Infrastructure	854,436	898,937	44,501	1,015,606
Waste Remediation	0	0	0	0
Right Of Use Assets (Leases):				
Leased Land and Buildings	0	0	0	0
Other Leased Assets	0	0	0	0
Plant & Equipment, including Fleet	525,238	2,875,644	2,350,406	6,954,349
Parks & Reserves Infrastructure	799,505	3,450,328	2,650,823	5,029,490
Other Assets	5,600	107,351	101,751	210,184
TOTAL CAPITAL EXPENDITURE	24,345,471	28,799,222	4,453,751	46,377,354
TOTAL CAPITAL EXPENDITURE FUNDED BY*:				
Operating Income	8,185,324	12,039,185	3,853,861	17,421,986
Capital Grants	5,132,893	3,442,713	(1,690,180)	11,385,981
Transfer from Reserves	1,829,817	4,119,887	2,290,070	8,371,950
Borrowings	9,197,437	9,197,437	0	9,197,437
TOTAL CAPITAL EXPENDITURE FUNDING	24,345,471	28,799,222	4,453,751	46,377,354

*YTD Funding of expenditure is assumed to be consumed in line with YTD Capital Expenditure

**Report on Planned Major Capital Works
For The Period Ended 31 January 2024**

Class of Assets	By Major Capital Project	Total Prior Year(s) Actuals \$ (A)	YTD Actuals \$ (B)	Total Actuals \$ (C = A + B)	Total Planned Budget \$ (D)	Total Yet to Spend \$ (E = D - C)	Expected Project Completion Date
Buildings	Casuarina Aquatic & Leisure Centre	9,254,074	14,672,019	23,926,093	27,233,111	3,307,018	31/08/2024
Waste Management Infrastructure	Shoal Bay - Stage 2 Expansion	23,796	9,614	33,410	12,000,000	11,966,590	31/10/2024
Waste Management Infrastructure	Leachate Irrigation System - Shoal Bay (CF)	15,788,400	288,548	16,076,948	16,142,591	65,643	30/06/2023
Waste Management Infrastructure	SBWMF - Stage 3 & 4 Final Cap Design & Construction (CF)	14,970,430	251,243	15,221,673	15,107,000	(114,673)	30/09/2023
Waste Management Infrastructure	Shoal Bay - Leachate Ponds	7,362,783	392,178	7,754,961	7,500,000	(254,961)	30/09/2023
	TOTAL	47,399,482	15,613,602	63,013,084	77,982,702	14,969,618	

Table 4. Member and CEO Council Credit Card Transactions for the Month For the Month Ended 31 January 2024

Cardholder Name: CEO

Transaction Date	Amount \$	Supplier's Name	Reason for the Transaction
		Nil	
Total	-		

Cardholder Name: Lord Mayor

Transaction Date	Amount \$	Supplier's Name	Reason for the Transaction
		Nil	
Total	-		

15 RECEIVE & NOTE REPORTS**15.1 MONTHLY FINANCIAL REPORT - FEBRUARY 2024**

Author: Financial Controller
Executive Manager Finance

Authoriser: Chief Executive Officer

Attachments: 1. Monthly Financial Report - February 2024 [↓](#)

RECOMMENDATIONS

THAT the report entitled Monthly Financial Report – February 2024 be received and noted.

PURPOSE

The purpose of this report is to provide a summary of the financial position of Council for the period ended 29 February 2024.

Further, this report and the contents are required to be presented to Council in compliance with the *Local Government (General) Regulations 2021*.

KEY ISSUES

The Monthly Financial Report includes:

- Income Statement, which compares actual YTD income and expenditure against YTD budget.
- Fund Flow Statement (Monthly Operating Position), which outlines the effect on General Funds.
- Statement of Financial Position (Balance Sheet), which outlines what Council owns (assets) and what it owes (liabilities) at a point in time.
- Notes to the Balance Sheet, this includes further details on the Cash Balance, Trade Debtors, Trade Creditors, and a statement on Council's current payment and reporting obligations.
- Investments, which provides details of treasury activities, investments as at end of month.
- Rates and Receivables Report which provides a summary of outstanding rates and debtors.
- Procurement Reporting, which is a summary of contract variations and exempt procurement.
- Capital Expenditure and Funding, which compares YTD capital expenditure and funding against YTD budget.

Planned Major Projects Capital Works, provides a high-level financial overview of our major projects at a point in time.

DISCUSSION**February 2024 – Year to Date Result**

The year-to-date operating result until 29 February 2024 is a **deficit of (\$7.0M)** compared to a **YTD Budgeted deficit of (\$13.0M)** as highlighted in the table below.

After including capital income, the **Net Surplus is \$1.9M** against the YTD budgeted **deficit of (\$4.4M)**. This has resulted in a favourable **\$6.4M** variance overall (as shown in the income statement).

	Actual	Budget	Variance
	\$'000	\$'000	\$'000
Net Operating Surplus/ (Deficit)	(7,000)	(13,037)	6,037 Favourable

Commentary

The Net Operating Position has a favourable variance to the year-to-date revised budget of \$6.04M. The variance results from lower than budgeted materials and contracts, employee costs, and interest expense, offset by lower than anticipated fees and charges. Please find below additional commentary for the material variances:

Income

Total Operating Income is tracking below budget by \$3.0M.

User Fees & Charges

The unfavourable variance is \$5.1M. This is mainly due to Waste Fees & Charges being under YTD expectations as the volume of material received through Shoal Bay is lower than anticipated. This reduction in revenue is partially offset by a decrease in waste related expenditure.

Interest / Investment Income

The favourable variance mainly relates to the increase in returns received on investments due to the high Reserve Bank of Australia (RBA) cash rate.

Expenditure

Total Expenses are under budget by \$9.1M. This is due to underspends in Materials & Contracts \$6.5M, and Employee Expenses of \$2.2M.

Materials & Contracts

Materials and Contracts expenses has an annual budget of \$63.9M and this incorporates various expenditure types. Combined, this budget line is under budget with a variance of \$6.5M. This largely relates to expenses associated with waste management at Shoal Bay Waste Management Facility (SBWMF), which is offset by a reduction in revenue. The favourable variance is currently forecast to become a realised favourable variance and the budget will be adjusted at the 2nd Budget Review.

Other variances mainly relate to timing of programs. A timing variance relates to a budgeted revenue or expense that has not occurred at the time it was expected, but which is still expected to occur within the budget year. That is, the financial transaction will still occur - but just in a different month. With the timing variances there should be no impact on the projected budget.

Employee Expenses

Employee costs report a positive variance to budget of \$2.2M. This variance is offset in part by increases in contract and other labour sources and the variance will further reduce when leave provisioning is adjusted at year end.

Depreciation and Amortisation

Depreciation is over budget by \$1.2M, this is a non-cash expense and will be considered at a future budget review.

Interest Expenses

Interest expenses show a positive variance (\$1.4M) due to loan offsets been utilised against the variable loans and timing of the draw down for loan SBWMF Stage 2 Expansion, Phase 1.

Statement of Fund Flows

The variances are related to a mismatch in the timing of projects and budget profiles, and the reasons described above under operating statement commentary. Purchase of Infrastructure, Property, Plant & Equipment variance relates to timing of capital projects.

Cash and Investments Note A

City of Darwin has achieved 4.92% on weighted average interest rate on its February 2024 cash and investment portfolio of \$88.8M (excluding loan offset \$37.5M). There have been no investment policy breaches in this month.

The Investment Reports include surplus cash funds that are placed against variable loans. These funds are considered 'at call' as they can be accessed in short time frames.

Treasury Comment

The RBA met on 6 February 2024 and the board decided to leave the cash rate unchanged at 4.35%. The RBA commented "while recent data indicate that inflation is easing, it remains high. The Board expects that it will be some time yet before inflation is sustainably in the target range. The path of interest rates that will best ensure that inflation returns to target in a reasonable timeframe will depend upon the data and the evolving assessment of risks, and a further increase in interest rates cannot be ruled out. The Board will continue to pay close attention to developments in the global economy, trends in domestic demand, and the outlook for inflation and the labour market."

Accounts Receivable (Trade Debtors) Note B

This section considers the receipt timing of Rates collection and any general Debtors outstanding. The report also includes information on aged debtors including general debtors, infringements, and Rates arrears.

Accounts Payable (Trade Creditors) Note C

Accounts Payable owing at 29 February 2024 was \$10.5M at the time of reporting. City of Darwin recognises the liability of invoices once goods are receipted as received.

Other notes to the financial reports

The Council has met its payment and reporting obligations for GST, Fringe Benefits Tax, PAYG withholding tax, superannuation, and insurance for the month.

Our internal accounting conventions for monthly reporting currently recognise the Council Rates that are attributable to that month and then progressively throughout the year.

Please note that these reports are unaudited management financial reports. Information contained in the reports was current as at the date of the reports and may not reflect any event or circumstances which occurred after the date the reports were completed.

Procurement Reporting

Under the Local Government (General) Regulations, Council is required to disclose at the next Council meeting and on the City of Darwin website:

- contract variations:
 - where a tender was not required, however the total cost exceeds \$100,000, or
 - where a contract requiring a tender is varied by 10%.
- exempt procurement greater than \$100,000

Contract Variations

There were no reportable contract variations for February 2024.

Exempt Procurement

There was no reportable exempt procurement for February 2024.

Certification by the CEO to the Council

That, to the best of the CEO's knowledge, information and belief:

- (1) The internal controls implemented by the council are appropriate; and
- (2) The council's financial report best reflects the financial affairs of the council.



CEO Signed

20/03/2024

PREVIOUS COUNCIL RESOLUTION

N/A

**STRATEGIC PLAN
ALIGNMENT**

6 Governance Framework
6.3 Decision Making and Management

BUDGET / FINANCIAL / RESOURCE IMPLICATIONS	N/A
LEGISLATION / POLICY CONTROLS OR IMPACTS	<p>Part 2 Division 7 the <i>Local Government (General) Regulations 2021</i> require that a monthly financial report is presented to Council each month setting out:</p> <p>(a) the actual income and expenditure of the council for the period from the commencement of the financial year up to the end of the previous month; and</p> <p>(b) the most recently adopted annual budget; and</p> <p>(c) details of any material variances between the most recent actual income and expenditure of the council and the most recently adopted annual budget.</p> <p>Regulation 17(5) Part 2 Division 7 the <i>Local Government (General) Regulations 2021</i> require that the monthly report must be accompanied by:</p> <p>(a) a certification, in writing, by the CEO to the council that, to the best of the CEO's knowledge, information and belief:</p> <p>(i) the internal controls implemented by the council are appropriate; and</p> <p>(ii) the council's financial report best reflects the financial affairs of the council; or</p> <p>(b) if the CEO cannot provide the certification – written reasons for not providing the certification.</p> <p>The report is compliant with the requirements of the <i>Local Government Act 2019</i> and <i>Local Government (General) Regulations 2021</i>.</p>
CONSULTATION, ENGAGEMENT & COMMUNICATION	N/A
DECLARATION OF INTEREST	<p>The report author does not have a conflict of interest in relation to this matter.</p> <p>The report authoriser does not have a conflict of interest in relation to this matter.</p> <p>If a conflict of interest exists, staff will not act in the matter, except as authorised by the CEO or Council (as the case requires).</p>

Income Statement For the Period Ended 29 February 2024	2023/24				
	February 2024			FY	FY
	YTD Actual	YTD Revised Budget	Variance	Revised Budget	Original Budget
	\$'000	\$'000	\$'000	\$'000	\$'000
Operating Income					
Rates	56,745 71%	56,349 68%	396	84,524	84,524
Charges	2,156 3%	1,866 2%	290	2,333	2,338
Fees and Charges	15,392 19%	20,490 25%	(5,098)	29,537	29,532
Operating Grants and Subsidies	1,994 2%	1,664 2%	329	1,638	6,116
Interest / Investment Income	3,123 4%	2,069 2%	1,054	3,104	3,104
Other Income	788 1%	774 1%	14	2,151	2,151
Total Income	80,198	83,213	(3,015)	123,287	127,765
Operating Expenses					
Employee Expenses	25,031 29%	27,239 28%	2,208	40,324	40,560
Materials and Contracts	38,336 44%	44,853 47%	6,517	63,921	61,477
Elected Member Allowances	432 0%	463 0%	31	795	795
Elected Member Expenses	0 0%	43 0%	43	64	64
Council Committee & LA Allowances	4 0%	7 0%	3	10	10
Depreciation, Amortisation & Impairment	22,843 26%	21,616 22%	(1,227)	32,425	32,425
Interest Expenses	552 1%	2,029 2%	1,477	3,948	3,948
Total Expenses	87,198	96,250	9,052	141,487	139,279
Budgeted Operating Surplus/ (Deficit)	(7,000)	(13,037)	6,037	(18,200)	(11,514)
Capital Grants Income	8,935	8,619	316	11,350	952
Net Surplus/(Deficit)	1,935	(4,418)	6,354	(6,850)	(10,562)

Statement of Fund Flows Monthly Operating Position For the Period Ended 29 February 2024	2023/24				
	February 2024			FY	FY
	YTD Actual \$'000	YTD Revised Budget \$'000	Variance \$'000	Revised Budget \$'000	Original Budget \$'000
<u>Funds From Operating Activities</u>					
Net Operating Result from Income Statement	(7,000)	(13,037)	6,037	(18,200)	(11,514)
Add back depreciation (not cash)	22,843	21,616	1,227	32,425	32,425
Add back Other Non Cash Items	0	0	0	904	904
Net Funds Provided (or used in) Operating Activities	15,843	8,579	7,264	15,129	21,815
<u>Less Additional Outflows</u>					
Repayment of borrowings & advances	(3,506)	(3,506)	0	(5,614)	(5,614)
Purchase of Infrastructure, Property, Plant & Equipment	(26,165)	(32,038)	5,874	(46,377)	(19,020)
Total Additional Outflows	(29,671)	(35,545)	5,874	(51,991)	(24,634)
<u>Add Additional Inflows</u>					
Add Capital Grants	8,935	8,619	316	11,350	952
Sale of Infrastructure, Property, Plant & Equipment	80	335	(255)	500	500
Transfers from Reserves	18,270	18,012	258	25,012	1,367
Total Additional Inflows	27,285	26,966	319	36,862	2,819
Net Increase (-Decrease) in Funds	13,457	0	13,457	0	0

Statement of Financial Position
as at 29 February 2024

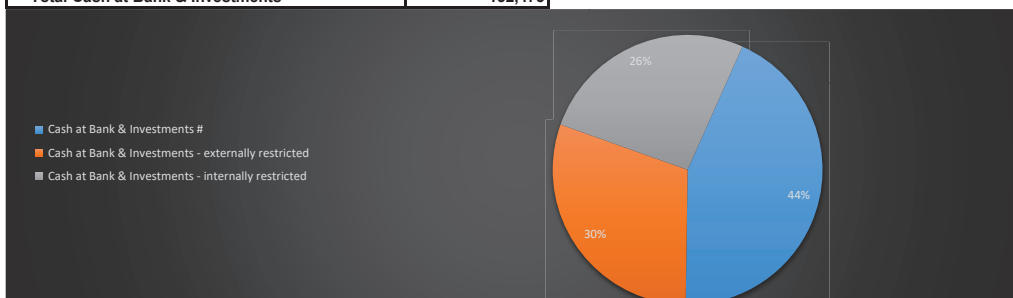
Statement of Financial Position as at 29 February 2024	2023/24			
	February 2024		FY	FY
	Actual \$'000	Note	Revised Budget \$'000	Original Budget \$'000
Current Assets				
Cash at Bank & Investments	57,704	A	18,811	18,811
Cash at Bank & Investments - externally restricted	40,034	A	39,602	39,080
Cash at Bank & Investments - internally restricted	34,735	A	29,000	39,172
Trade & Other Receivables	3,693	B	11,759	11,759
Rates & Charges Receivables	21,878	B	0	0
Inventories	260		300	300
Total Current Assets	158,304		99,472	109,122
Non-Current Assets				
Infrastructure, Property, Plant and Equipment	1,252,284		1,267,733	1,267,733
Lease Right of Use Assets	3,170		0	0
Total Non Current Assets	1,255,454		1,267,733	1,267,733
Total Assets	1,413,758		1,367,205	1,376,855
Current Liabilities				
Trade Payables & Other Payables	10,323	C	18,286	18,286
Accruals	8,071		0	0
ATO & Payroll Liabilities	181	D	0	0
Rates Revenue struck (in advance)	28,250		0	0
Borrowings	1,402		5,451	5,451
Provisions	7,086		7,689	7,689
Lease Liabilities	922		888	888
Total Current Liabilities	56,234		32,314	32,314
Non-Current Liabilities				
Trade & Other Payables	12		0	0
Borrowings	57,822		55,960	55,960
Provisions	54,401		52,738	52,738
Lease Liabilities	2,411		1,254	1,254
Total Non Current Liabilities	114,646		109,952	109,952
Total Liabilities	170,880		142,266	142,266
NET ASSETS	1,242,878		1,224,939	1,234,589
Equity				
Accumulated Surplus	305,981		294,209	294,209
Asset Revaluation Reserve	862,128		862,128	862,128
Other Reserves	74,768		68,602	78,252
TOTAL EQUITY	1,242,878		1,224,939	1,234,589

**Monthly Balance Sheet Report (Notes to the Balance Sheet)
as at 29 February 2024**

Note A. Details of Cash and Investments Held

Investments Report attached, which provides details of treasury activities, investments as at the end of the Month. City of Darwin has achieved 3.4% on weighted average interest rate on its February 2024 cash and investment portfolio of \$126.3M (including \$37.5M Variable Loans Surplus/Offset). There have been no investment policy breaches in this month. The Investment Reports include surplus cash funds that are placed against variable loans. These funds are considered 'at call' as they can be accessed in short time frames.

Cash at Bank & Investments	\$'000
Cash at Bank & Investments #	57,704
Cash at Bank & Investments - externally restricted	40,034
Cash at Bank & Investments - internally restricted	34,735
Total Cash at Bank & Investments	132,473



Cash at Bank & Investments includes Cash on Call of \$37.5M

Note B. Statement of Trade Debtors*	Past Due 1 – 30 Days	Past Due 31 – 60 Days	Past Due 61-90 Days	Past Due 90+ Days	Total *
Rates & Charges Debtors	\$ 18,629,517	\$0	\$0	\$3,248,895	\$21,878,412
Other Trade Receivables and Other Receivables	\$ 1,639,974	\$1,309,821	\$89,425	\$654,164	\$3,693,384
Total Trade and Other Receivables	\$ 20,269,491	\$1,309,821	\$89,425	\$3,903,059	\$25,571,946

Note C. Statement on Trade Creditors*	Past Due 1 – 30 Days	Past Due 31 – 60 Days	Past Due 61-90 Days	Past Due 90+ Days	Total*
General Trade Creditors	-\$10,288,357	-\$17,780	-\$11,650	-\$4,757	-\$10,322,544
ATO & Payroll Liabilities	-\$179,904	-\$345	-\$434	-\$0	-\$180,683
Total Trade and Other Payables	-\$10,468,261	-\$18,125	-\$12,084	-\$4,757	-\$10,503,227

Note D. Statement on Australian Tax Office (ATO) and Payroll Obligations

The Council has the following outstanding payment and reporting obligations: GST Refund of \$416,235, PAYG withholding tax obligation of \$258,387 and Superannuation obligation of \$338,532 for the month of February 2024. PAYG withholding tax and Superannuation were both paid 7 March 2024.

* Please note that these reports are unaudited management financial reports. Information contained in the reports were current as at the date of the reports and may not reflect any event or circumstances which occurred after the date the reports were completed.

Table 4. Member and CEO Council Credit Card Transactions for the Month For the Month Ended 29 February 2024

Cardholder Name: CEO

Transaction Date	Amount \$	Supplier's Name	Reason for the Transaction
21-Feb-24	5.50	Novotel Darwin Atrium Darwin NT	Meeting
1-Feb-24	5.00	ANNUAL FEE	Annual fee credit card
Total	10.50		

Cardholder Name: Lord Mayor

Transaction Date	Amount \$	Supplier's Name	Reason for the Transaction
26-Feb-24	20.00	PAYSTAY SOUTH WHARF	Parking
15-Feb-24	20.00	PAYSTAY SOUTH WHARF	Parking
13-Feb-24	2.00	BGHotels Darwin NT	Surcharge charge
12-Feb-24	213.15	BRAVO PASTA WINE* ME&U DARWIN CITY NT	Food / Beverage (full amount to be charged back to Lord Mayor)
5-Feb-24	148.72	BRAVO PASTA WINE* ME&U DARWIN CITY NT	LGANT meeting
1-Feb-24	5.00	ANNUAL FEE	Annual fee credit card
31-Jan-24	20.00	PAYSTAY SOUTH WHARF	Parking
29-Jan-24	5.00	DARWIN CONVENTION CE DARWIN	Parking
25-Jan-24	20.00	PAYSTAY SOUTH WHARF	Parking
25-Jan-24	5.00	DARWIN CONVENTION CE DARWIN	Parking
Total	458.87		

**INVESTMENTS REPORT TO COUNCIL
AS AT
29 February 2024**

Investment and Cash at Call/Offset Distribution by Term to Maturity

Term to Maturity Policy Limits
There have been no breaches in Term to Maturity Policy limits for the month of February 2024

Term to Maturity Category	% of Total Portfolio	Term to Maturity (Policy Max.)	Term to Maturity (Policy Min.)
Less than 1 Year			
Term Deposits	50%		
Business Online Saver Accounts	8%		
Floating Rate Notes	1%		
General Surplus on Variable Loans	31%		
Bonds	2%		
Less than 1 Year Total	92%	100%	30%
Greater than 1 Year less than 3 Years			
Term Deposits	0%		
Business Online Saver Accounts	6%		
Floating Rate Notes	1%		
Bonds	1%		
Greater than 1 Year less than 3 Years Total	8%	70%	0%
Greater than 3 Years			
Term Deposits	0%		
Business Online Saver Accounts	0%		
Floating Rate Notes	0%		
Bonds	0%		
Greater than 3 Years Total	0%	30%	0%
Greater than 5 Years			
Term Deposits	0%		
Business Online Saver Accounts	0%		
Floating Rate Notes	0%		
Greater than 5 Years Total	0%	10%	0%
Total	100%		

Investment Distribution by Portfolio Credit Rating

Portfolio Distribution Credit Rating Limits
There have been no breaches in Portfolio Credit Rating Limits for the month of February 2024

Credit Rating - Maximum Individual Limit	ADI	Counterparty	% of Total Portfolio	Individual Counterparty Limits of Total Investments
AA-	Commonwealth Bank of Australia Ltd	Commonwealth Bank of Australia Ltd	30%	50%
	National Australia Bank Ltd	National Australia Bank Ltd	26%	50%
	Westpac Banking Corporation Ltd	BankSA	0%	50%
	Westpac Banking Corporation Ltd	Westpac Banking Corporation Ltd	30%	50%
	ANZ Banking Group Ltd	ANZ Banking Group Ltd	0%	50%
A+	Northern Territory Treasury Corporation	Northern Territory Treasury Corporation	2%	50%
	Macquarie Bank	Macquarie Bank	1%	30%
BBB+	Suncorp Metway Limited	Suncorp Bank	6%	30%
	Bank of Queensland Ltd	Bank of Queensland Ltd	1%	10%
	Bendigo & Adelaide Bank Ltd	Bendigo & Adelaide Bank Ltd	0%	10%
	Bank of Queensland Ltd	Members Equity Bank Ltd	0%	10%
	Members Banking Group Limited t/as RACQ Bank	Members Banking Group Limited t/as RACQ Bank	1%	10%
BBB	AMP Bank Ltd	AMP Bank Ltd	0%	10%
	Bank Australia Limited	Bank Australia Limited	2%	10%
Grand Total			100%	
Credit Rating - Maximum Portfolio Limit			% of Total	Policy Limit
AAA to AA-			89%	100%
A+ to A-			7%	45%
BBB+ to BBB			4%	30%
BBB-			0%	0%
Total			100%	

INVESTMENT AND CASH AT CALL/OFFSET REPORT TO COUNCIL
AS AT
29 February 2024

Instrument	Institution Category	Counterparty	Maturity Date	Interest Rate	Credit Rating	Credit Rating (LT) (ST)	Inv Type	FRN ONLY (Maturity Date - last pmt)	Principal \$	% Portfolio
INVESTMENT	MAJOR BANK	ANZ Banking Group Ltd	29 March 2024	5.42%	AA-	A1+	FRN	31 March 2028	\$500,000	0.41%
		ANZ Banking Group Ltd Total							\$500,000	0.41%
		Commonwealth Bank of Australia Ltd	30 April 2024	4.69%	AA-	A1+	TD		\$3,071,360	2.54%
			21 May 2024	5.41%	AA-	A1+	TD		\$3,122,364	2.58%
			13 August 2024	5.09%	AA-	A1+	TD		\$2,000,000	1.65%
			18 June 2024	5.06%	AA-	A1+	TD		\$2,000,000	1.65%
			12 November 2024	5.43%	AA-	A1+	TD		\$3,000,000	2.48%
			12 April 2024	5.25%	AA-	A1+	FRN	13 January 2026	\$2,000,000	1.65%
			19 May 2024	5.18%	AA-	A1+	FRN	18 August 2025	\$1,000,000	0.83%
			18 August 2024	4.24%	AA-	A1+	BOND	18 August 2025	\$1,000,000	0.83%
			5 March 2024	4.35%	AA-	A1+	BOS		\$9,376,428	7.74%
		Commonwealth Bank of Australia Ltd Total							\$26,570,151	21.95%
		National Australia Bank Ltd	30 April 2024	4.54%	AA-	A1+	TD		\$1,518,333	1.25%
			25 June 2024	5.34%	AA-	A1+	TD		\$2,000,000	1.65%
			25 June 2024	5.50%	AA-	A1+	TD		\$3,142,715	2.77%
			13 August 2024	5.10%	AA-	A1+	TD		\$5,000,000	4.13%
			17 September 2024	5.15%	AA-	A1+	TD		\$2,000,000	1.65%
			17 September 2024	5.22%	AA-	A1+	TD		\$3,000,000	2.48%
		National Australia Bank Ltd Total							\$16,661,048	13.93%
		Westpac Banking Corporation Ltd	3 December 2024	1.62%	AA-	A1+	TD		\$2,000,000	1.65%
			23 April 2024	4.85%	AA-	A1+	TD		\$2,000,000	1.65%
			26 March 2024	5.10%	AA-	A1+	TD		\$4,000,000	3.30%
			11 June 2024	5.03%	AA-	A1+	TD		\$2,000,000	1.65%
			10 September 2024	5.20%	AA-	A1+	TD		\$2,000,000	1.65%
			22 October 2024	5.19%	AA-	A1+	TD		\$3,000,000	2.48%
			24 September 2024	5.15%	AA-	A1+	TD		\$2,087,445	1.72%
			12 November 2024	5.42%	AA-	A1+	TD		\$3,000,000	2.48%
			24 April 2024	5.49%	AA-	A1+	FRN	24 April 2024	\$1,000,000	0.83%
			28 January 2025	5.11%	AA-	A1+	TD		\$1,000,000	0.83%
		Westpac Banking Corporation Ltd Total							\$24,087,445	19.90%
		Northern Territory Treasury Corporation (NTTC)	15 December 2024	1.30%	AA-	A1+	BOND		\$2,000,000	1.65%
		Northern Territory Treasury Corporation (NTTC) Total							\$2,000,000	1.65%
	MAJOR BANK Total								\$69,816,646	57.84%
	OTHER	Bank of Queensland Ltd	12 March 2024	5.05%	BBB+	A2	TD		\$1,561,169	1.29%
		Bank of Queensland Ltd Total							\$1,561,169	1.29%
		Macquarie Bank	13 May 2024	5.26%	A+	A1	FRN	12 February 2025	\$1,000,000	0.97%
		Macquarie Bank Total							\$1,000,000	0.97%
		Suncorp Bank	9 April 2024	5.52%	A+	A1	TD		\$1,562,827	1.29%
			19 November 2024	4.57%	A+	A1	TD		\$2,000,000	1.65%
			19 November 2024	5.49%	A+	A1	TD		\$3,000,000	2.48%
			17 April 2024	5.23%	A+	A1	FRN	17 October 2025	\$1,000,000	0.83%
		Suncorp Bank Total							\$7,562,827	6.25%
		Bank Australia Limited	27 May 2024	5.98%	BBB	A-2	FRN	24 November 2025	\$2,000,000	1.65%
		Bank Australia Limited Total							\$2,000,000	1.65%
		Members Banking Group Limited /as RACQ Bank	24 May 2024	5.84%	BBB+	A2	FRN	24 February 2026	\$1,600,000	1.32%
		Members Banking Group Limited /as RACQ Bank Total							\$1,600,000	1.32%
	OTHER Total								\$13,723,996	11.48%
INVESTMENT Total									\$83,542,641	69.32%
VARIABLE LOAN SURPLUS	MAJOR BANK	Commonwealth Bank of Australia Ltd	5 March 2024	0.00%	AA-	A1+	General Surplus - I		\$10,000,000	8.26%
		Commonwealth Bank of Australia Ltd Total							\$10,000,000	8.26%
		National Australia Bank Ltd	5 March 2024	0.00%	AA-	A1+	General Surplus - I		\$14,750,000	12.18%
		National Australia Bank Ltd Total							\$14,750,000	12.18%
		Westpac Banking Corporation Ltd	5 March 2024	0.00%	AA-	A1+	General Surplus - I		\$12,771,703	10.55%
		Westpac Banking Corporation Ltd Total							\$12,771,703	10.55%
	MAJOR BANK Total								\$37,521,703	30.99%
VARIABLE LOAN SURPLUS Total									\$37,521,703	30.99%
Grand Total									\$121,064,344	100%

N.B.

*INV TYPE - FRN = interest rate is the 'Coupon Margin' established on issue date, this plus 3M BBSW provides the yield for the current coupon period.

*MATURITY DATE - FRN = the interest coupon payment date not actual FRN maturity date (paid every 91 days).

CBA General Bank Funds	\$4,832,443
NAB General Bank Funds	\$134,667
WBC General Bank Funds	\$278,453
Total Funds	\$126,309,508
Less Variable Loans Offset (Cash on Call)	-\$37,521,703
Total Investment & Cash (less offset)	\$88,788,205
Total Budgeted Investment Earnings	\$2,464,000
Year to Date Investment Earnings	\$953,121
Weighted Ave Rate	3.40%
Weighted Ave Rate (excluding Cash on Call)	4.92%
BBSW 90 Day Rate	4.34%
Bloomberg AusBond (Bank Bill Index)	

Trust Bank Account	\$456,989
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Capital Expenditure For The Period Ended 29 February 2024	2023/24			
	YTD	YTD	YTD	FY
	Actuals	Revised Budget	Variance	Revised Budget Current Financial Year Budget
	\$	\$	\$	\$
TOTAL CAPITAL EXPENDITURE BY ASSET CLASS:				
Capital Work In Progress				
Land - Under Roads	0	0	0	0
Land and Buildings:				
Land and Improvements	0	0	0	0
Buildings	16,268,404	13,683,623	(2,584,781)	19,329,040
Infrastructure:				
Stormwater Drainage	1,926,633	2,425,917	499,284	3,009,253
Transport	4,557,032	5,312,287	755,255	6,651,295
Pathways	409,256	1,161,099	751,843	1,724,435
Public Lighting	343,299	1,033,471	690,172	2,453,702
Waste Management Infrastructure	1,045,578	922,270	(123,308)	1,015,606
Waste Remediation	0	0	0	0
Right Of Use Assets (Leases):				
Leased Land and Buildings	0	0	0	0
Other Leased Assets	0	0	0	0
Plant & Equipment, including Fleet	587,838	3,683,707	3,095,869	6,954,349
Parks & Reserves Infrastructure	1,021,025	3,686,162	2,665,137	5,029,490
Other Assets	5,600	129,725	124,125	210,184
TOTAL CAPITAL EXPENDITURE	26,164,667	32,038,261	5,873,595	46,377,354
TOTAL CAPITAL EXPENDITURE FUNDED BY*:				
Operating Income	7,967,423	12,914,434	4,947,011	17,421,986
Capital Grants	7,169,988	5,030,524	(2,139,464)	11,385,981
Transfer from Reserves	1,829,817	4,895,866	3,066,049	8,371,950
Borrowings	9,197,437	9,197,437	0	9,197,437
TOTAL CAPITAL EXPENDITURE FUNDING	26,164,665	32,038,261	5,873,596	46,377,354

*YTD Funding of expenditure is assumed to be consumed in line with YTD Capital Expenditure

**Report on Planned Major Capital Works
For The Period Ended 29 February 2024**

Class of Assets	By Major Capital Project	Total Prior Year(s) Actuals \$ (A)	YTD Actuals \$ (B)	Total Actuals \$ (C = A + B)	Total Planned Budget \$ (D)	Total Yet to Spend \$ (E = D - C)	Expected Project Completion Date
Buildings	Casuarina Aquatic & Leisure Centre	9,254,074	15,688,467	24,942,541	27,233,111	2,290,571	31/08/2024
Waste Management Infrastructure	Shoal Bay - Stage 2 Expansion	23,796	107,099	130,895	12,000,000	11,869,105	31/10/2024
Waste Management Infrastructure	Leachate Irrigation System - Shoal Bay (CF)	15,788,400	288,784	16,077,184	16,142,591	65,407	30/06/2023
Waste Management Infrastructure	SBWMF - Stage 3 & 4 Final Cap Design & Construction (CF)	14,970,430	251,243	15,221,673	15,107,000	(114,673)	30/09/2023
Waste Management Infrastructure	Shoal Bay - Leachate Ponds	7,362,783	466,198	7,828,981	7,500,000	(328,981)	30/09/2023
TOTAL		47,399,482	16,801,791	64,201,273	77,982,702	13,781,429	

6.2 REVIEW OF INVESTMENT POLICY

Author: Executive Manager Finance
Authoriser: Acting General Manager Corporate
Attachments: 1. [Investment Policy - Tracked Changes](#) 
2. [Investment Policy - Revised Version](#) 

RECOMMENDATIONS

1. THAT the report entitled Review of Investment Policy be received and noted.
2. THAT the Committee recommends that Council adopts the amended Investment Policy 3301.100.E.R at **Attachment 2**.

PURPOSE

The purpose of this report is to provide the reviewed and updated Investment Policy to RMAC for comment.

KEY ISSUES

- City of Darwin's Investment Policy is due for review in April 2024.
- Officers supplied a copy of the Investment Policy to Arlo Advisory for comment and recommendations.
- Arlo Advisory have proposed three changes to the policy as outlined below.

DISCUSSION

City of Darwin's Investment Policy 0024.100.E.R. is due to be reviewed by April 2024. Council is required to review the investment policy every twelve months. The Investment Policy number has changed to now be Policy 3301.100.E.R and replaces the previous policy.

As part of the review, City of Darwin forwarded the policy to City of Darwin's investment advisor Arlo Advisory to provide comment and recommendations on the policy.

Following discussions with Arlo Advisory there are three recommended changes that have been included in the amended policy which can be followed in **Attachment 2** (tracked changes). These recommended changes are:

A+ to A- Credit Rating increase to 60%

Arlo Advisory recommended increasing the maximum overall exposure for A+ to A- category from 45% to 60% as the current limit is considered overly conservative. The proposed change will raise the risk level of the overall investment policy but remains moderated with exposure to individual institutions limited to 30%.

Exclusion of loan offset accounts/variable loans

City of Darwin has several variable loans in which surplus funds are placed to minimise the servicing costs of the loans. The loans are with domestic major banks and similar to offset accounts, that is, funds can be drawn overnight and at the discretion of City of Darwin. The proposed policy now provides guidance on the surplus funds placed against variable loans by excluding the surplus funds in the individual counterparty limit calculations and portfolio holdings.

Option to divest Floating Rate Notes (FRN) prior to maturity

The current policy prohibits 'an active trading strategy' or in simpler terms enforces a buy and hold strategy. In recent years City of Darwin has pursued favourable floating rate notes (FRN) opportunities as they arise. One of the advantages to FRN's is they reduce interest rate risk in increasing interest rate markets (conversely can be a disadvantage in decreasing interest rate markets) and are liquid in nature. Expanding on the buy and hold strategy allows City of Darwin to convert the instruments for cash flow requirements if needed and realise a capital gain if deemed advantageous to do so. Trading for the purpose of realising a capital gain will only be done on the recommendation of City of Darwin's investment advisor. City of Darwin will not actively buy FRN's or other products with the intention of trading or seeking capital gains.

The final amendment to the policy is superficial in nature, with updates to the formatting and layout to meet the requirements of City of Darwin's style guide. As the policy document number has also been updated for the revised version at **Attachment 2**.

PREVIOUS COUNCIL RESOLUTION

At the 16 May 2023 meeting Council resolved:

RESOLUTION [ORD236/23]

Moved: Councillor Morgan Rickard

Seconded: Councillor Mick Palmer

1. THAT the report entitled Review of Investment Policy 0024.100. E.R be received and noted.
2. THAT Council adopt the amended Investment Policy 0024.100.E.R at Attachment 1.

CARRIED 10/0

STRATEGIC PLAN ALIGNMENT

6 Governance Framework

	6.3 Decision Making and Management
BUDGET / FINANCIAL / RESOURCE IMPLICATIONS	N/A
LEGISLATION / POLICY CONTROLS OR IMPACTS	<p>Legislation: Investment of surplus funds is governed by section 194 of the <i>Local Government Act 2019</i></p> <p>Policy: Once adopted by Council, this amended policy will become a policy of Council.</p>
CONSULTATION, ENGAGEMENT & COMMUNICATION	<p>Engagement Level: Consult</p> <p>Internal: Nil</p> <p>External: City of Darwin's external investment advisor was consulted on this policy and provided recommended amendments.</p>
DECLARATION OF INTEREST	<p>The report author does not have a conflict of interest in relation to this matter.</p> <p>The report authoriser does not have a conflict of interest in relation to this matter.</p> <p>If a conflict of interest exists, staff will not act in the matter, except as authorised by the CEO or Council (as the case requires).</p>



Investment policy

Policy No. 3301.100.E.R

1 Purpose

The Investment Policy establishes the rules City of Darwin adopts in investing funds not required to meet immediate liquidity needs with the exception of trust funds.

This policy is supplemented by Investment Procedures, which are not required to be adopted by Council. The procedures form part of [City of Darwin's](#) internal controls.

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2 Scope

To invest Council's funds with consideration of risk and at the most favourable rate of return available to it at the time for the investment type. While exercising the power to invest, consideration is to be given to preservation of capital, liquidity and the return on investment.

Primary objectives of the policy are to:

- ensure the investment portfolio is structured to provide sufficient liquidity to meet all reasonably anticipated cash flow requirements
- minimise risk of capital losses through prudent management of credit risk, diversification of investments and ensuring investments do not need to be sold in adverse market conditions incurring a capital loss on sale
- earn interest
- ensure that funds are invested in accordance with legislative requirements
- identify the range of approved and prohibited investments
- set boundaries for exposure to the risks associated with investments
- ensure that Council maintains adequate control of its investments
- establish a framework for monitoring investments
- meet, or exceed, an agreed benchmark return appropriate to the risk tolerance of Council on a long-term basis.

Section 194 of the *Local Government Act 2019* (NT) sets out the requirements of Council with respect to an Investments Policy. Specifically, Council may by resolution, adopt a policy for investing money that is consistent with this Act and the Minister's Guidelines

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3 Policy statement

3.1 Legislative framework

Local Government Act

Investment policy - 3301.100.E.R

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Version:	Decision Number:	Adoption Date:	Next Review Date:
10		16 May 2023	16 May 2024

Responsible Officer: [General Manager Corporate](#)

Electronic version current. Uncontrolled copy valid only at time of printing.

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Deleted: 16 May 2023

Deleted: Chief Financial Officer



Section 194(1) of the *Local Government Act 2019* (NT) states that ‘a council may invest money not immediately required for the purposes of the Council’.

Local Government Investment Guidelines

Section 194(3) of the *Local Government Act 2019* (NT) states that ‘a Council may, by resolution, adopt a policy that is consistent with this Act and the Ministers Guidelines’.

Delegation of Authority

In accordance with Section 40(2) of the *Local Government Act 2019* (NT) Council has delegated the authority for implementation of the Investment Policy to the Chief Executive Officer.

In accordance with Section 168 of the *Local Government Act 2019* (NT) the Chief Executive Officer has delegated implementation and management of the Investment Policy, subject to financial limits, to the [General Manager Corporate](#).

This policy is however subject to any instrument of delegation or variation thereto issued from time to time by the Council or Chief Executive Officer.

Prudent Person Rule

The Prudent Person Rule requires officers to exercise the same care, diligence and skill that a prudent person would exercise in managing the affairs of other persons. Acting prudently applies to selecting investments and requires an individual to consider diversification, appropriateness of the product, risk and anticipated return, liquidity, independent financial advice and to have a clear understanding of the product. Under no circumstances, must an individual make an investment for speculative purposes.

Ethics and conflicts of interest

Officers shall refrain from personal activities that would conflict with the proper execution and management of Council’s investment portfolio. This policy requires officers to disclose any conflict of interest to the Chief Executive Officer.

3.2 Authorised investments

Approved investments

Investments are limited to the NT Local Government legal and regulatory requirements including the Minister’s Guidelines. If there is any conflict or contradiction between this policy and the legal

Investment policy - 3301.100.E.R

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10		16 May 2023	16 May 2024

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requirements the legal requirements must prevail. The policy should be amended as soon as practicable after noting that a conflict or contradiction exists.

In addition to the legal requirements and without approval by specific resolution of Council investments are limited to:

- Local/State/Commonwealth Government Bonds, Debentures or Securities
- interest bearing securities issued by an Australian Prudential Regulation Authority, regulated authorised deposit taking institution.

All investments are subject to the Investment Limits stated in this policy.

Mandatory conditions

There are certain mandatory conditions that all investments must comply with:

- all investments must be in the name of City of Darwin. If using the services of an Investment Advisor or Broker, Council must ensure ownership is retained
- all investments must be denominated in Australian dollars
- all investments must be placed through a licensed financial services institution with a current Australian Financial Services Licence issued by the Australian Securities and Investment Commission, unless placed directly with the issuing entity whose interest-bearing securities must be compliant with the investment policy.

Prohibited investments

This policy prohibits any investment carried out for speculative purposes including:

- subordinated bank debt (all bank debt should be senior)
- derivative based instruments
- principal only investments
- standalone securities issued that have underlying futures, options, forward contracts and swaps of any kind
- shares of any kind
- investment denominated in foreign or cryptocurrencies.

3.3 Environmental, social and governance (ESG) investing

Where financial institutions are offering equivalent investment returns with the same or similar credit rating and assessed financial risk and the investment fits within the provisions of this Investment Policy, preference will be given to placing funds with institutions identified as having the higher ESG standards which may include, but not limited to, investing with institutions not financing fossil fuel companies.

Investment policy - 3301.100.E.R

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- Deleted: 16 May 2023
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3.4 Risk Management Guidelines

Council is risk averse; risk aversion is the reluctance to invest in a product with a higher risk compared with a product with lower risk, but possibly lower returns. Risk can never be completely mitigated and no investment is risk free.

This policy outlines the limits on investments that assist in mitigating risk within Council's control without unnecessary detrimental impact on investment returns.

Investments are to comply with the following key criteria:

- Credit Risk – limit overall credit exposure of the portfolio
- Counterparty Credit Risk – limit exposure to individual counterparties/ institutions' risk of default in repayment of interest and/or principal
- Diversification – setting limits to the amounts invested in a particular product (concentration risk), with a particular financial institution or government authority to reduce credit, liquidity and market risks
- Interest Rate Risk – the risk the fair market value of the investment fluctuates significantly due to changes in underlying interest rates
- Liquidity Risk – the risk council is unable to redeem the investment at a fair price within a timely period
- Market Risk – the risk the fair value or trading price of an investment will fluctuate due to changes in market conditions, including but not limited to credit, interest rate and maturity risk
- Maturity Risk – limiting of market and liquidity risk through managing individual investment maturities and timing of investment redemptions on a portfolio basis
- Grant Funding Conditions – conditions related to grant funding available to invest must be complied with.

3.5 Investment limits

Term to maturity

The portfolio is to be invested with the following term to maturity constraints:

Maturity Band	Minimum Portfolio Exposure	Maximum Portfolio Exposure
<1 year	30%	100%
>1 year	0%	70%
>3 years	0%	30%
>5 years	0%	10%

Investment policy - 3301.100.E.R

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Version: [10](#) Decision Number: [10](#) Adoption Date: [16 May 2023](#) Next Review Date: 16 May 2024

Responsible Officer: [General Manager Corporate](#)

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All investments greater than 5 years must be issued by a government entity or carry a long-term rating of AA- or above from S&P (or an equivalent ratings agency) at the point of purchase or be issued by a Major Bank.

All investments rated BBB+ or below by S&P (or an equivalent ratings agency) must not have a maturity greater than 5 years at the point of purchase.

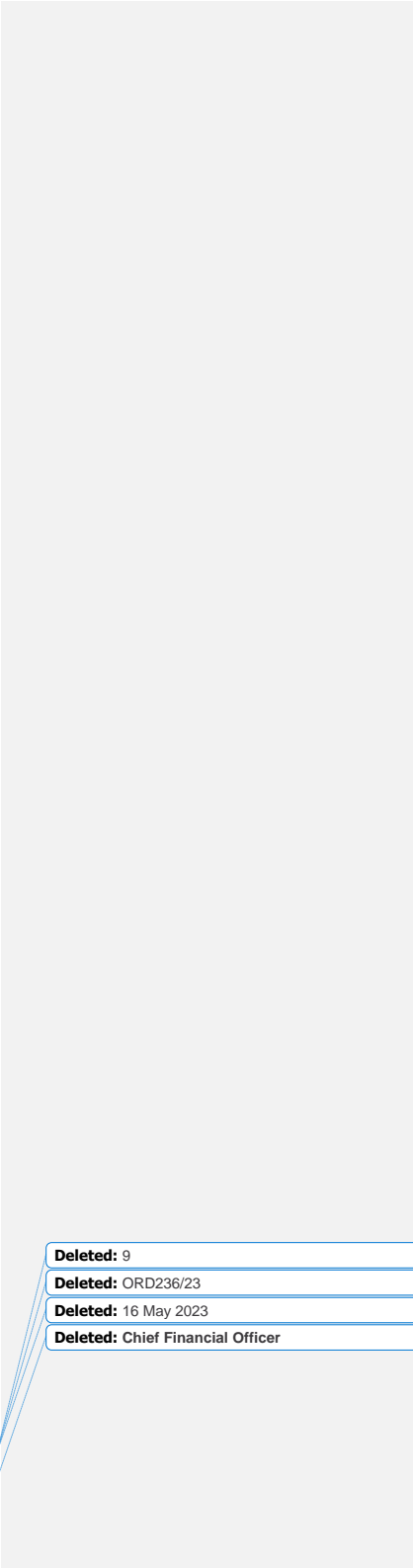
Liquidity requirements

The term of investments must also take into account Council’s long term financial plan and liquidity requirements. The portfolio must be structured so that there are always sufficient funds available to meet weekly operational and capital cash requirements.

Credit ratings

Credit ratings are a guide or standard for an investor, which indicate the ability of a debt issuer or debt issue to meet the obligations of repayment of interest and principal. Credit rating agencies such as Moody’s, Standard and Poor’s (S&P) and Fitch Rating make these independent assessments based on a certain set of quantitative and qualitative assessment criteria.

Ratings in no way guarantee the investment or protect Council against investment losses. The prescribed ratings should not be misinterpreted as an implicit guarantee of the credit worthiness of investments or entities that have such ratings. Even given this challenge, ratings provide the best independent information available as to the credit risk inherent in the investments.



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- Deleted: Chief Financial Officer



The following table provides a comparison of the rating equivalents between the different rating agencies;

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Rating comparison table (credit risk level)	Moody's		Standard & Poor's		Fitch	
	Long term	Short term	Long term	Short term	Long term	Short term
Highest (Minimum Credit Risk)	Aaa	P-1 (Prime-1)	AAA	A-1+	AAA	F1+
Very High (Very Low Credit Risk)	Aa1		AA+		AA+	
	Aa2		AA		AA	
	Aa3	AA-	AA-			
High (Low Credit Risk)	A1	A+	A-1	A+	F1/F1+	
	A2	A		A	F1	
	A3	A-	A-	F2/F1		
Good (Moderate Credit Risk)	Baa1	P-2 (Prime-2)	BBB+	A-2	BBB+	F2
	Baa2	P-3/P-2	BBB		BBB+	F3/F2
	Baa3	P-3 (Prime-3)	BBB-	A-3	BBB-	F3

To limit overall credit exposure of the portfolio, Council has placed the following limits on portfolio credit ratings:

Credit rating (S&P or equivalent)	Maximum total investments
AAA to AA- (or Major Bank Senior Debt) and below	100%
A+ to A-	60%
BBB+ to BBB	30%

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Major Banks for the purpose of this policy are defined as ANZ, CBA, NAB, Westpac and their wholly owned and guaranteed subsidiaries. Council is not permitted to purchase an investment with a credit rating lower than 'BBB'. In the event an investment is rated by S&P and another ratings agency (either Fitch or Moody's) the S&P rating will apply in the first instance to prevent "ratings arbitrage" between ratings agencies.

Policy Breaches & 'Grandfathering'

Investment policy - 3301.100.E.R

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If any investment is made in breach to this investment policy, that instrument will be divested as soon as it is practical (taking into account the costs and benefits of doing so). This will also apply to any investment that is downgraded and as a result no longer falls within the policy guidelines.

Any investment purchased when compliant with the investment policy may be held to maturity or sold as Council believes best, dependent on the individual circumstances, so long as the risk management strategy for the investment is in accordance with the principles of the Investment Guidelines as above, the prevailing legislation and the prudent person principles.

Specifically, Grandfathering will apply to any investment that:

- was made ineligible by a previous change to the external legislation if that change allows for grandfathering
- is made ineligible as a result of a change to this investment policy
- is in breach of the investment policy due to a change of circumstance. (e.g. because the investment has been downgraded or has had its credit rating withdrawn post purchase)
- due to a change of portfolio size or composition (e.g. because the overall portfolio size has decreased and as a result the percentage of total portfolio limit which applies to individual remaining investments increases and therefore causes a breach)".

Individual Counterparty Credit Framework (diversification)

The individual credit guidelines to be adopted will be based on the Standard and Poor’s (S&P) ratings system criteria (or Moody’s / Fitch equivalent if an S&P rating is not available). The maximum available limits in each rating category are as follows:

Credit rating	Maximum individual limit
Federal Government	100%
AAA to AA- (or Major Bank Senior Debt or State or Territory Government)	50%
A+ to A-	30%
BBB+ to BBB	10%

For the purposes of this policy any surplus funds placed against variable loans that are able to be drawn at the discretion of Council are excluded from Councils investment portfolio holdings and individual counterparty limits.

3.6 Administration of Policy

Investment Register

Investment policy - 3301.100.E.R

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Council must keep an up to date Investment Register supported by appropriate documentary evidence for each investment held.

For external audit purposes, certificates must be obtained from the financial institutions confirming the investments held on the Council's behalf as at 30 June each year and reconciled to the Investment Register.

Reporting

A monthly investment report will be provided to Council containing the following:

- list of investments by financial institution
- total cash and investments held
- percentage exposure to individual financial institutions
- adherence to the investment limits set in this policy
- investment portfolio performance against established benchmarks, including budget.

Benchmark

The performance of the investment portfolio shall be compared to the Bloomberg Ausbond Bank Bill Index (Bank Bill Index) as quoted at the end of each month.

Variations to Policy

The Chief Executive Officer is authorised to approve temporary variations to the policy if required by legislative changes. All changes to the policy will be reported to Council within 30 days. All other variations to the policy are required to be authorised by Council.

Investment Procedures

The Investment Procedures supplement this policy and define the procedures that officers must adhere to when managing investments including, but not limited to, authorisation, placement, redemption and reinvestment.

Quotation for Purchase and Sale of Investments

The investing officer must satisfy themselves that they are obtaining a fair market price for all investments made at all times. This may be accomplished by obtaining three (3) independent quotes from reputable market makers where the investment is widely traded or where it is not widely traded by reference to other similar instruments that are traded in the market place.

If this is not possible or impractical, the investing officer can rely on representations made by an Independent Advisor with no conflicts of interest regarding the purchase or sale of the investment.

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For the avoidance of doubt the investing officer must not rely or representations made by the buyer, seller or broker or any other person with a potential conflict of interest or pecuniary interest in the buying or selling transaction.

Investment Strategy

On a monthly basis and in conjunction with this Investment Policy, an Investment Strategy will be formulated and included in the monthly reports from the Investment Advisor, taking into consideration the following:

- council’s cash flow requirements and implications for the portfolio liquidity profile.
- allocation of investment types, credit quality, counterparty exposure and term to maturity
- current and projected market conditions and any likely impacts on relative positioning in terms of the portfolio and any necessary policy implications
- relative return outlook; risk-reward considerations; assessment of the market cycle and hence constraints on risk
- appropriateness of overall investment types for Council’s portfolio
- projected investment portfolio size for the forthcoming year.

Safe Custody

All investments must be settled and held directly in safe custody or via Council’s Austraclear account to be maintained by Council as an associate member of Austraclear and operated by Council’s Austraclear proxy provider.

Investment Advisor

Independent investment advice should be obtained on a regular basis in relation to Council’s policy, strategy and tactics.

The advisor must be an independent person who has no actual or potential conflict of interest in relation to investment products being recommended and is free to choose the most appropriate product within the terms and conditions of the investment policy.

The independent advisor is required to provide written confirmation that they do not have any actual or potential conflicts of interest in relation to the investments they are recommending or reviewing, including that they are not receiving any commission or other benefits in relation to the investments being recommended or reviewed. Any commissions or other fees available to the advisor and which the advisor receives must be rebated in full to Council.

Investment Advisor Performance Assessment

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Investment Advisor performance may be measured annually by returns on the investment portfolio net of fees when compared with likely performance of the investment portfolio without external advice.

The Council can enter into a biennial contractual arrangement with the Investment Advisor with the Council having an option to renew for a further two years.

In renewing the contractual arrangement, the Council should also take into account the risks taken to achieve the returns and any other services the Investment Advisor may provide such as reporting, valuations, assistance with audit requirements, current market information and alerts all of which have an indirect benefit to Council in saving internal resources such as staff time.

Trading Policy

Council will make every effort and will undertake cash flow forecasting to match investment maturities to cash flow requirements to minimise liquidation of investments prior to scheduled maturities and any associated penalties either explicit in the form of break costs or implicit in terms of broker fees, market spreads and potential loss of capital caused by selling at a value less than the ultimate redemption price.

Investments will be acquired with the intention of holding them to maturity, and cash liquidity requirements will be managed to ensure that Council avoids a situation which will require a forced sale of these assets in normal circumstances.

However, if Investment Policy Limits have been breached due to a change in the overall size of the investment portfolio, external or internal changes to investment policy parameters or for any other reason, then investments may be sold prior to maturity. Under these situations Council has the authority to make the necessary arrangements to withdraw from the investment as soon as practicable.

Council may also sell assets prior to maturity in the following circumstances:

- If the asset is liquid, easily tradeable, can be sold without significant loss and was purchased as part of a "liquidity buffer" against the event of unforeseen and unexpected liquidity requirements.
- Securities such as floating rate notes (FRN) and fixed bonds hold an advantage of being "liquid" compared to other complying investments such as term deposits which are illiquid. These securities can be sold to third parties and incur no 'break fees' (unlike term deposits when sold prior to maturity). They are however susceptible to mark-to market valuations so if sold prior to maturity they can incur a capital gain or a capital loss. Notwithstanding that Council will not adopt in an active trading strategy. FRN's can also be sold prior to maturity if it is deemed a beneficial capital gain and only on the recommendation of Councils Investment Advisor.
- If Council judges the asset has deteriorated in credit quality and there is a material risk of further market price deterioration or ultimate default if it continues to held and Council, upon seeking external advice from a competent and reputable advisor, is advised that a sale of the asset is in the best interests of Council for risk management purposes to potentially minimise any future losses.

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Council will not view maximum and minimum allocations in investment categories as ‘target’ allocations. The portfolio should in normal circumstances be operated with a degree of margin around any policy restrictions.”

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 For the avoidance of doubt, Council will not adopt a trading strategy buying and selling assets on broker recommendations for the purposes of enhancing return through the accumulation of capital profits. ¶

Trust Funds

Trust funds are excluded from this policy.

4 Definitions

Counterparty refers to the other individual or institution to an agreement or contract.

5 Legislative References

- Local Government Act 2019 (NT) Part 10.2
- Local Government (General) Regulations 2021 (NT) – Regulation 17
- Guidelines pursuant to the Act, and
- Australian Accounting Standards

6 Procedures / Related Documents

- Procedure - FIN04.01 - Investments End of Month
- Procedure - FIN04.05 - Investments Report to Council
- Procedure - FIN04.07 - New Investments, Rollovers & Redemptions

7 Responsibility / Application

The [General Manager Corporate](#) is responsible for ensuring that this policy is understood and adhered to by all Council staff.

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This policy will be reviewed annually or more often as required.

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Investment policy

Policy No. 3301.100.E.R

1 Purpose

The Investment Policy establishes the rules City of Darwin adopts in investing funds not required to meet immediate liquidity needs with the exception of trust funds.

This policy is supplemented by Investment Procedures, which are not required to be adopted by Council. The procedures form part of City of Darwin's internal controls.

2 Scope

To invest Council's funds with consideration of risk and at the most favourable rate of return available to it at the time for the investment type. While exercising the power to invest, consideration is to be given to preservation of capital, liquidity and the return on investment.

Primary objectives of the policy are to:

- ensure the investment portfolio is structured to provide sufficient liquidity to meet all reasonably anticipated cash flow requirements
- minimise risk of capital losses through prudent management of credit risk, diversification of investments and ensuring investments do not need to be sold in adverse market conditions incurring a capital loss on sale
- earn interest
- ensure that funds are invested in accordance with legislative requirements
- identify the range of approved and prohibited investments
- set boundaries for exposure to the risks associated with investments
- ensure that Council maintains adequate control of its investments
- establish a framework for monitoring investments
- meet, or exceed, an agreed benchmark return appropriate to the risk tolerance of Council on a long-term basis.

Section 194 of the *Local Government Act 2019* (NT) sets out the requirements of Council with respect to an Investments Policy. Specifically, Council may by resolution, adopt a policy for investing money that is consistent with this Act and the Minister's Guidelines

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3 Policy statement

3.1 Legislative framework

Local Government Act

Section 194(1) of the *Local Government Act 2019* (NT) states that 'a council may invest money not immediately required for the purposes of the Council'.

Local Government Investment Guidelines

Section 194(3) of the *Local Government Act 2019* (NT) states that 'a Council may, by resolution, adopt a policy that is consistent with this Act and the Ministers Guidelines'.

Delegation of Authority

In accordance with Section 40(2) of the *Local Government Act 2019* (NT) Council has delegated the authority for implementation of the Investment Policy to the Chief Executive Officer.

In accordance with Section 168 of the *Local Government Act 2019* (NT) the Chief Executive Officer has delegated implementation and management of the Investment Policy, subject to financial limits, to the General Manager Corporate.

This policy is however subject to any instrument of delegation or variation thereto issued from time to time by the Council or Chief Executive Officer.

Prudent Person Rule

The Prudent Person Rule requires officers to exercise the same care, diligence and skill that a prudent person would exercise in managing the affairs of other persons. Acting prudently applies to selecting investments and requires an individual to consider diversification, appropriateness of the product, risk and anticipated return, liquidity, independent financial advice and to have a clear understanding of the product. Under no circumstances, must an individual make an investment for speculative purposes.

Ethics and conflicts of interest

Officers shall refrain from personal activities that would conflict with the proper execution and management of Council's investment portfolio. This policy requires officers to disclose any conflict of interest to the Chief Executive Officer.

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3.2 Authorised investments

Approved investments

Investments are limited to the NT Local Government legal and regulatory requirements including the Minister's Guidelines. If there is any conflict or contradiction between this policy and the legal requirements the legal requirements must prevail. The policy should be amended as soon as practicable after noting that a conflict or contradiction exists.

In addition to the legal requirements and without approval by specific resolution of Council investments are limited to:

- Local/State/Commonwealth Government Bonds, Debentures or Securities
- interest bearing securities issued by an Australian Prudential Regulation Authority, regulated authorised deposit taking institution.

All investments are subject to the Investment Limits stated in this policy.

Mandatory conditions

There are certain mandatory conditions that all investments must comply with:

- all investments must be in the name of City of Darwin. If using the services of an Investment Advisor or Broker, Council must ensure ownership is retained
- all investments must be denominated in Australian dollars
- all investments must be placed through a licensed financial services institution with a current Australian Financial Services Licence issued by the Australian Securities and Investment Commission, unless placed directly with the issuing entity whose interest-bearing securities must be compliant with the investment policy.

Prohibited investments

This policy prohibits any investment carried out for speculative purposes including:

- subordinated bank debt (all bank debt should be senior)
- derivative based instruments
- principal only investments
- standalone securities issued that have underlying futures, options, forward contracts and swaps of any kind
- shares of any kind
- investment denominated in foreign or cryptocurrencies.

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3.3 Environmental, social and governance (ESG) investing

Where financial institutions are offering equivalent investment returns with the same or similar credit rating and assessed financial risk and the investment fits within the provisions of this Investment Policy, preference will be given to placing funds with institutions identified as having the higher ESG standards which may include, but not limited to, investing with institutions not financing fossil fuel companies.

3.4 Risk Management Guidelines

Council is risk averse; risk aversion is the reluctance to invest in a product with a higher risk compared with a product with lower risk, but possibly lower returns. Risk can never be completely mitigated and no investment is risk free.

This policy outlines the limits on investments that assist in mitigating risk within Council's control without unnecessary detrimental impact on investment returns.

Investments are to comply with the following key criteria:

- Credit Risk – limit overall credit exposure of the portfolio
- Counterparty Credit Risk – limit exposure to individual counterparties/ institutions' risk of default in repayment of interest and/or principal
- Diversification – setting limits to the amounts invested in a particular product (concentration risk), with a particular financial institution or government authority to reduce credit, liquidity and market risks
- Interest Rate Risk – the risk the fair market value of the investment fluctuates significantly due to changes in underlying interest rates
- Liquidity Risk – the risk council is unable to redeem the investment at a fair price within a timely period
- Market Risk – the risk the fair value or trading price of an investment will fluctuate due to changes in market conditions, including but not limited to credit, interest rate and maturity risk
- Maturity Risk – limiting of market and liquidity risk through managing individual investment maturities and timing of investment redemptions on a portfolio basis
- Grant Funding Conditions – conditions related to grant funding available to invest must be complied with.

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3.5 Investment limits

Term to maturity

The portfolio is to be invested with the following term to maturity constraints:

Maturity Band	Minimum Portfolio Exposure	Maximum Portfolio Exposure
<1 year	30%	100%
>1 year	0%	70%
>3 years	0%	30%
>5 years	0%	10%

All investments greater than 5 years must be issued by a government entity or carry a long-term rating of AA- or above from S&P (or an equivalent ratings agency) at the point of purchase or be issued by a Major Bank.

All investments rated BBB+ or below by S&P (or an equivalent ratings agency) must not have a maturity greater than 5 years at the point of purchase.

Liquidity requirements

The term of investments must also take into account Council's long term financial plan and liquidity requirements. The portfolio must be structured so that there are always sufficient funds available to meet weekly operational and capital cash requirements.

Credit ratings

Credit ratings are a guide or standard for an investor, which indicate the ability of a debt issuer or debt issue to meet the obligations of repayment of interest and principal. Credit rating agencies such as Moody's, Standard and Poor's (S&P) and Fitch Rating make these independent assessments based on a certain set of quantitative and qualitative assessment criteria.

Ratings in no way guarantee the investment or protect Council against investment losses. The prescribed ratings should not be misinterpreted as an implicit guarantee of the credit worthiness of investments or entities that have such ratings. Even given this challenge, ratings provide the best independent information available as to the credit risk inherent in the investments.



The following table provides a comparison of the rating equivalents between the different rating agencies:

Rating comparison table (credit risk level)	Moody's		Standard & Poor's		Fitch	
	Long term	Short term	Long term	Short term	Long term	Short term
Highest (Minimum Credit Risk)	Aaa	P-1 (Prime-1)	AAA	A-1+	AAA	F1+
Very High (Very Low Credit Risk)	Aa1		AA+		AA+	
	Aa2		AA		AA	
	Aa3	AA-	AA-			
High (Low Credit Risk)	A1	P-2/P-1	A+	A-1	A+	F1/F1+
	A2		A		A	F1
	A3	P-2/P-1	A-	A-	F2/F1	
Good (Moderate Credit Risk)	Baa1	P-2 (Prime-2)	BBB+	A-2	BBB+	F2
	Baa2	P-3/P-2	BBB	A-3	BBB+	F3/F2
	Baa3	P-3 (Prime-3)	BBB-		BBB-	F3

To limit overall credit exposure of the portfolio, Council has placed the following limits on portfolio credit ratings:

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AAA to AA- (or Major Bank Senior Debt) and below	100%
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Major Banks for the purpose of this policy are defined as ANZ, CBA, NAB, Westpac and their wholly owned and guaranteed subsidiaries. Council is not permitted to purchase an investment with a credit rating lower than 'BBB'. In the event an investment is rated by S&P and another ratings agency (either Fitch or Moody's) the S&P rating will apply in the first instance to prevent "ratings arbitrage" between ratings agencies.



Policy Breaches & 'Grandfathering'

If any investment is made in breach to this investment policy, that instrument will be divested as soon as it is practical (taking into account the costs and benefits of doing so). This will also apply to any investment that is downgraded and as a result no longer falls within the policy guidelines.

Any investment purchased when compliant with the investment policy may be held to maturity or sold as Council believes best, dependent on the individual circumstances, so long as the risk management strategy for the investment is in accordance with the principles of the Investment Guidelines as above, the prevailing legislation and the prudent person principles.

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The individual credit guidelines to be adopted will be based on the Standard and Poor's (S&P) ratings system criteria (or Moody's / Fitch equivalent if an S&P rating is not available). The maximum available limits in each rating category are as follows:

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3.6 Administration of Policy

Investment Register

Council must keep an up to date Investment Register supported by appropriate documentary evidence for each investment held.

For external audit purposes, certificates must be obtained from the financial institutions confirming the investments held on the Council's behalf as at 30 June each year and reconciled to the Investment Register.

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Quotation for Purchase and Sale of Investments

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Safe Custody

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Council may also sell assets prior to maturity in the following circumstances:

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in an active trading strategy, FRN's can also be sold prior to maturity if it is deemed a beneficial capital gain and only on the recommendation of Councils Investment Advisor.

- If Council judges the asset has deteriorated in credit quality and there is a material risk of further market price deterioration or ultimate default if it continues to held and Council, upon seeking external advice from a competent and reputable advisor, is advised that a sale of the asset is in the best interests of Council for risk management purposes to potentially minimise any future losses.

Council will not view maximum and minimum allocations in investment categories as 'target' allocations. The portfolio should in normal circumstances be operated with a degree of margin around any policy restrictions."

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4 Definitions

Counterparty refers to the other individual or institution to an agreement or contract.

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Guidelines pursuant to the Act, and

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6 Procedures / Related Documents

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Procedure - FIN04.05 - Investments Report to Council

Procedure - FIN04.07 - New Investments, Rollovers & Redemptions

7 Responsibility / Application

The General Manager Corporate is responsible for ensuring that this policy is understood and adhered to by all Council staff.

This policy will be reviewed annually or more often as required.

Investment policy - 3301.100.E.R

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Version:

10

Decision Number:

Number

Adoption Date:

Next Review Date:

16 May 2024

Responsible Officer: General Manager Corporate

Electronic version current. Uncontrolled copy valid only at time of printing.

6.3 REVIEW OF ASSET MANAGEMENT PLAN - LAND UNDER ROADS

Author: Executive Manager Infrastructure
Assets and GIS Coordinator

Authoriser: Acting General Manager Corporate

Attachments: 1. [Current - Land Under Roads Asset Management Plan](#) ↓
2. [Draft - Land Under Roads Asset Management Plan](#) ↓

RECOMMENDATIONS

1. THAT the report entitled Asset Management Plan – Land Under Roads, be received and noted.

PURPOSE

The purpose of this report is to provide the Draft Asset Management Plan – Land Under Roads for the Risk Management and Audit Committees' consideration.

KEY ISSUES

- In April 2019 Council adopted the Land Under Roads Asset Management Plan **Attachment 1**
- Asset Management Plans are required under the NT *Local Government Act 2019*.
- In February 2023, Staff reviewed Asset Management Plan (AMP) – Land Under Roads.
- The review of Asset Management Plan – Land Under Roads is now complete.

DISCUSSION

The Draft Land Under Roads Asset Management Plan **Attachment 2** has been developed to meet the requirements of the NT *Local Government Act 2019* and clearly states how Council will approach the management of its Land Under Roads assets.

Background

City of Darwin has placed strategic importance on the proper management of its Land Under Roads assets. Council is responsible for over \$44.1 million of Land Under Roads assets that are essential to the delivery of services to meet the needs of the community.

The Land Under Roads Asset Management Plan covers City of Darwin Land Under Roads assets, which are key to the continued provision of several key services built on the land to include:

- Roads
- Verges
- Footpaths
- Traffic Islands

Work has been undertaken to develop a template to update City of Darwin's current asset management plan suite to meet the requirements of the ISO 55000 series of Asset Management Standards. The review of Asset Management Plan – Land Under Roads is now complete and the draft is presented to Council for endorsement.

Material changes to the plan are identified below.

- Updating Asset Management Plan – Land Under Roads to new template.
- Reduction in land area due to the transfer of Beaton Rd Berrimah to the Northern Territory Government.
- The Land Under Road asset was revalued in the 2021/22 financial year.
- There is a reduction in the value of the land from \$52.7M in 2019 to \$44.1M in 2022.

Council Officers plan to recommend that Council adopt the draft Asset Management Plan – Land Under Roads at a subsequent Council Meeting.

PREVIOUS COUNCIL RESOLUTION

At the 30 April 2019 meeting Council resolved:

RESOLUTION ORD041/19

Moved: Alderman Jimmy Bouhoris

Seconded: Alderman Emma Young

1. THAT the report entitled Asset Management Plans – Land, Land Under Roads, Pathways, Parks and Reserves Infrastructure, be received and noted.
2. THAT Council adopt the Asset Management Plans - Land, Land Under Roads, Pathways, Parks and Reserves Infrastructure provided as **Attachments 1, 2, 3 and 4** to the report entitled Asset Management Plans – Land, Land Under Roads, Pathways, Parks and Reserves Infrastructure, noting that they will be updated to reflect the final 2019/20 Long Term Financial Plan.

Carried 13/0

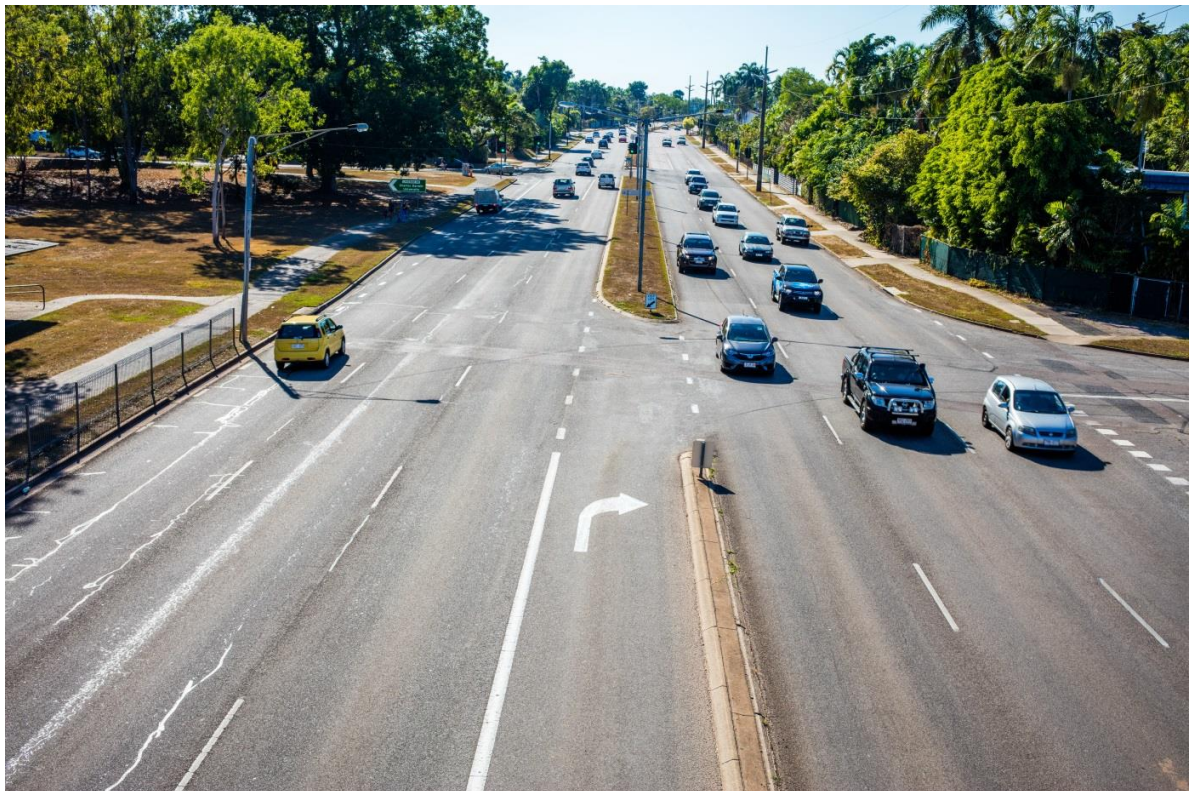
STRATEGIC PLAN ALIGNMENT	1 A capital city with best practice and sustainable infrastructure 1.1 By 2030, a number of strategic infrastructure projects will be developed and delivered
BUDGET / FINANCIAL / RESOURCE IMPLICATIONS	Budget/Funding: N/A Is Funding identified: N/A Existing Position No: N/A Contractor: N/A
LEGISLATION / POLICY CONTROLS OR IMPACTS	Legislation: Asset Management Plans are required under the <i>Local Government Act 2019</i> . Policy: Asset Management Policy Number 055
CONSULTATION, ENGAGEMENT & COMMUNICATION	Engagement Level: Inform Tactics: N/A

	<p>Internal:</p> <p>In preparing this report, the following City of Darwin officers were involved:</p> <ul style="list-style-type: none">• Executive Manager Infrastructure• Spatial Systems Administrator <p>External:</p> <p>In preparing this report, no external parties were consulted.</p>
DECLARATION OF INTEREST	<p>The report author does not have a conflict of interest in relation to this matter.</p> <p>The report authoriser does not have a conflict of interest in relation to this matter.</p> <p>If a conflict of interest exists, staff will not act in the matter, except as authorised by the CEO or Council (as the case requires).</p>



Land Under Roads

Asset Management Plan



Asset Management Plan – Land Under Roads				
Date:	Version:	Revision Date:	Responsible Officer:	Next Review Date:
February 2019	1	Draft for presentation to ELT		
	2	Draft for presentation to Council		
	3	Adopted plan		September 2023

Review Period

Once every 4 years a revaluation and/or change requiring a review and will be in consultation with the key stakeholders outlined in Table 2.3.



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1. EXECUTIVE SUMMARY

Context

This Asset Management Plan (AMP) covers the Land under road Assets for City of Darwin. Land under road assets are key to the continued provision of a number of council services being the roads, verges, footpaths and traffic islands built on the land. This asset covers 8.9 million square meters across the municipality.

Levels of Service

Not applicable for this asset type.

Future Demand

Not applicable for this asset type.

Life Cycle Management

Not applicable for this asset type.

Risk Management

Not applicable for this asset type.

Financial Obligations

Council will manage its financial obligations and requirements for asset capitalisation and depreciation, data management, disposal, revaluation and handling of contributed assets through the various Local Government Acts, standards, policies and procedures.

Financial Summary

Land under roads was last valued at 30 June 2017 at \$52.7 million.

Improvement and Monitoring Plan

The adopted changes to asset management practices place City of Darwin on a positive and sustainable path into the future. Asset management practices, asset hierarchy management, accounting systems, standards and regulations and asset management system will be reviewed in line with the improvement plan.



2. INTRODUCTION

2.1 Background

This AMP has been developed to demonstrate planned management of assets (and services provided from assets), compliance with regulatory requirements, and to communicate funding needed to provide the required levels of service over a 10 year planning period.

The AMP follows the structure for AMPs recommended in Section 4.2.4 of the International Infrastructure Management Manual (IIMM)¹. The AMP is governed internally by City of Darwin's Asset Management Policy No. 055².

The asset covered by this plan is shown in Table 2.1 and all financial figures within this document are represented in millions of dollars.

Land under roads is defined as all land under roadways, and road reserves, including land under footpaths, nature strips and median strips. Assets that sit upon this land are excluded from this AMP as they are accounted for in the appropriate AMP. For example footpaths within the road reserve are accounted for within the Pathways AMP and roads are within the Transport AMP.

Table 2.1: Assets

Asset Category	Area (m ²)/Value in millions of dollars
Land Under Road	8,965,470
Total Value as at 30 June 2017	\$52.7

2.2 Asset Data

Council's Asset Management System, AssetFinda, will store data on the land under road within the Darwin Municipality.

An internal procedure will be provided to relevant officers detailing the requirements for managing and updating the asset data within the AssetFinda system.

2.3 Asset Hierarchy

The land under road data is a single asset representing all land under road. As such a hierarchy is not necessary for this asset class.

Key stakeholders in the preparation and implementation of this AMP are shown in Table 2.3 below.

¹ IPWEA, 2015, Sec 4.2.4, *Example of an AM Plan Structure*, pp 4| 24 – 27

² City of Darwin, 2018, Asset Management Policy No. 055.



Table 2.3: Key Stakeholders

Key Stakeholder	Role in Asset Management Plan
Elected Members	<ul style="list-style-type: none"> Allocate resources to meet City of Darwin's objectives in providing services while managing risks. Ensure City of Darwin is financially sustainable. Endorsement of AMP.
Risk Management and Audit Committee	<ul style="list-style-type: none"> Independent assurance and assistance to Council on Council's risk, control and compliance frameworks, and external accountability.
Executive Leadership Team	<ul style="list-style-type: none"> Endorsed by Executive management. Allocate necessary resources within departments to uphold the implementation of this AMP
Asset Management Team	<ul style="list-style-type: none"> Review of AMP and up keep of associated systems and data.
Corporate and Financial Services	<ul style="list-style-type: none"> Asset Accountant to oversee the input of financial data. Finance Manager to ensure asset revaluations are conducted as required

2.4 Goals and Objectives of Asset Management

City of Darwin provides services to its community, and many services are provided by infrastructure assets. We have acquired infrastructure assets by purchase, by contract, construction by our staff and by donation of assets constructed by developers, the Northern Territory Government and others.

Our goal in managing infrastructure assets is to meet the community's desired level of service in the most cost effective manner for present and future consumers. The key elements of infrastructure asset management are:

- Providing a defined level of service and monitoring performance;
- Managing the impact of growth through demand management and infrastructure investment;
- Taking a lifecycle approach to developing cost-effective management strategies for the long-term that meet the defined level of service;
- Identifying, assessing and appropriately controlling risks; and
- Having a long-term financial plan which identifies required, affordable expenditure and how it will be financed.³

2.5 Plan Framework

The IIMM outlines that there is no single correct way to structure an AMP and many organisations have developed their own⁴. This plan incorporates the IIMM AMP structure⁵ although it has modified elements to suit City of Darwin's asset management position at this point in time.

Key structure of the plan is as follows:

- Levels of service – specifies the services and levels of service to be provided by City of Darwin;
- Future demand – how this will impact on future service delivery and how this is to be met;
- Life cycle management – how Council will manage its existing and future assets to provide defined levels of service;

³ Based on IPWEA, 2015, IIMM, Sec 1.3.1 p 1|8.

⁴ Based on IPWEA, 2015, IIMM, Sec 4.2.4 p 4|33.

⁵ Based on IPWEA, 2015, IIMM, Table 4.2.4 p 4|33.



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- Risk management;
- Financial obligations – financial requirements and standards up-held by Council;
- Financial summary – what funds are required to provide the defined services;
- Monitoring – how the plan will be monitored to ensure it is meeting Council's objectives; and
- Asset management improvement plan.

2.6 Level of Asset Management Plan Maturity

The maturity of an AMP is outlined in Table 2.6⁶.

Table 2.6: Level of AMP Maturity

Level of AMP Maturity	Description
Aware	<ul style="list-style-type: none"> • Stated intention to develop AM plans.
Basic	<ul style="list-style-type: none"> • AM Plans contains basic information on assets, service levels, planned works and financial forecasts (5-10 years) and future improvements. • AM objectives are defined with consideration of strategic context.
Core	<ul style="list-style-type: none"> • Approach to risk and critical assets described, top-down condition and performance assessment, future demand forecasts, description of supporting AM processes, 10 year financial forecasts, 3 year AM improvement plan.
Intermediate	<ul style="list-style-type: none"> • Analysis of asset condition and performance trends (past/future), customer engagement in setting levels of service, decision making/risk techniques applied to major programmes. • Strategic context analysed with risks, issues and responses described. • Evidence of programmes driven by comprehensive decision making techniques, risk management programmes and level of service/cost trade-off analysis.
Advanced	<ul style="list-style-type: none"> • Improvement programmes largely complete with focus on ongoing maintenance of current practice.

This AMP is prepared towards being a 'Core' AMP over a 10 year planning period. It is prepared to meet minimum legislative and City of Darwin requirements for sustainable service delivery and long term financial planning and reporting. Future revisions of this AMP will develop the 'Core' aspects further and aim to move towards being an 'intermediate' AMP once AM processes across the organisation align.

2.7 Community Consultation

Future revisions of the AMP may incorporate community consultation on service levels and costs of providing the service. This will assist Council and the community in matching the level of service desired by the community, service risks and consequences with the community's ability and willingness to pay for the service.

3. LEVELS OF SERVICE

3.1 Levels of Service

Service levels are defined in two terms, community levels of service and technical levels of service.

⁶ IPWEA, 2015, IIMM, Figure 4.2.1 p 4|21



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Community levels of service are a qualitative measure, how the community receives the service and whether the City of Darwin is providing value to the community. Technical levels of service are quantitative measures that allow Council to measure the operational and technical elements of providing a service.

Technical measures relate to the allocation of resources (inputs) required to deliver a service and the actual service activities (outputs) that City of Darwin delivers to best achieve the desired community outcomes.

Community and technical levels of service are not applicable for land under road.

3.2 Customer Research and Expectations

Customer research and expectations for land under road will not be discussed in this AMP as it is more pertinent to discuss this in relation to the assets that sit on or within the land under roads, primarily within the transport, stormwater and pathways AMPs.

3.3 Strategic and Plan Goals

This AMP is prepared under the direction of City of Darwin's vision, mission, goals and objectives as outlined in the Strategic Plan⁷.

Our vision is:

"A tropical, liveable city that creates opportunity and choice for our community"

Our mission is:

"Council will work with the community to maintain and promote the City of Darwin as the tropical capital of the Northern Territory, offering opportunities and a vibrant lifestyle for our residents and visitors"

Relevant strategic goals and outcomes and how these are addressed in this AMP are:

Table 3.3: Strategic Plan Goals and how these are addressed in this Plan

Goal	Outcome	Strategy Relevant to this Plan
Strategic Goal 5: Effective and responsible governance	5.5 Responsible financial and asset management	5.5.1 Manage Council's business based on a sustainable financial and asset management strategy

3.4 Legislative Requirements

City of Darwin has to meet a number of legislative requirements including Australian and State legislation and State regulations. These are outlined in Table 3.4 below:

⁷ City of Darwin, 2012, *Evolving Darwin Towards 2020*, Strategic Plan.



Table 3.4: Legislative Requirements

Legislation	Requirement
Local Government Act (NT) and subordinate legislation	Sets out role, purpose, responsibilities and powers of local governments including the preparation of a long term financial plan supported by AMPs for sustainable service delivery.
Workplace Health and Safety (National uniform legislation) Act	Sets out the rules and responsibilities to secure the health, safety and welfare of persons at work.
All relevant Australian Standards and Codes of Practice	National and international guidance and legislation relating to building design, installation, maintenance, approvals, testing to be applied to assets as required.
Environmental Assessment Act	Outlines legislative requirements in relation to the assessment of the environmental effects of development proposals and for the protection of the environment.
Environmental Offences and Penalties Act 1996	Outlines offences local governments (and other parties) may be liable for where their acts and omissions maybe detrimental to the protection of the environment.
Land Title Act & Regulations	Outlines legislative issues local governments need to consider in relation to land ownership, easements and other purposes that may impact on various assets, such as roads, stormwater and buildings that the local government has under its care and control.
Lands Acquisition Act & Regulations	Outlines legislative issues local governments need to consider in relation to land they own that could be compulsorily acquired by the Northern Territory for the purpose of the provision of essential services and facilities being power (including gas), water, sewerage, road or communication services or facilities to or across the prescribed land, or access to any of them.
National Trust (Northern Territory) Act	Outlines legislative issues local governments need to consider in relation to the impacts that the National Trust (Northern Territory) activities could have on the various assets, such as roads, stormwater, buildings and land that the local government has under its care and control.
Northern Territory Aboriginal Sacred Sites Act	Outlines legislative issues local governments need to consider in relation to the impacts that the Aboriginal Sacred Sites could have on the various assets, such as roads, stormwater, buildings and land that the local government has under its care and control.
Planning Act & Regulations	Outlines legislative issues local governments need to consider in relation to providing for appropriate and orderly planning and control of the use and development of land within the municipality.
Disability Discrimination Act 1992 (DDA)	Outlines legislative issues that make it unlawful to discriminate against a person, in many areas of public life, including: employment, getting or using services and accessing public places within the municipality.
Anti-Discrimination Act 1992	Outlines legislative issues local governments need to consider in relation to building services.

City of Darwin will exercise its duty of care to ensure public safety is in accordance with the infrastructure risk management plan prepared in conjunction with this AMP and are covered in Section 6.

4. FUTURE DEMAND

4.1 Demand and Impact on Assets

Drivers affecting demand include population change, changes in demographics, seasonal factors, vehicle ownership, rates, consumer preferences and expectations, technological changes, cultural shifts, economic factors, tourism changes, agricultural practices, environmental awareness, etc.

Demand impact for land under road will not be discussed in this AMP as it is more pertinent to discuss this in relation to the assets that sit on or within the land under roads, primarily within the Transport, Stormwater, Parks and Pathways AMPs.



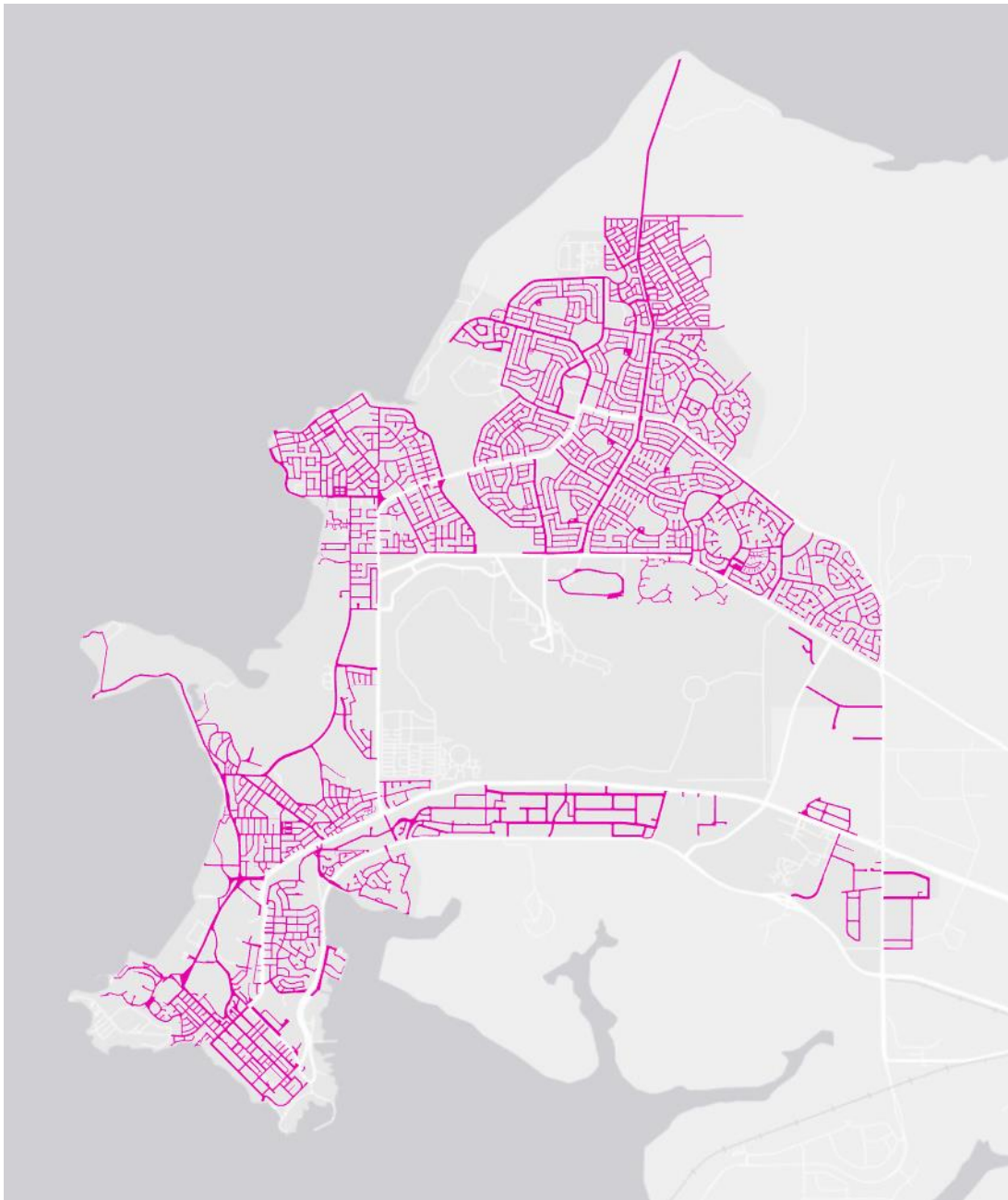
5. LIFECYCLE MANAGEMENT

Lifecycle management details how the City of Darwin plans to manage and operate the assets at the agreed levels of service while optimising lifecycle costs.

5.1 Background Data

Land under roads covers an area of 8,965,470 m² and are illustrated in Figure 1.

Figure 1: Map of Land Under Road



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5.3 Asset Capacity and Performance

Capacity and performance are not applicable for land under roads.

5.4 Asset Condition

Condition is not assessed for land under roads.

5.5 Asset valuations

Land under road was last valued at 30 June 2017 in accordance with the NSW & Victoria accepted methodology (Englobo approach). The approach taken is as follows

- Obtain total unimproved capital (rating) value (UCV) of municipality and divide by total area to obtain UCV per m² value.
- Less 65% adjustment factor for Englobo value
- Less 30% adjustment factor for Access & Carriageway Rights and Infrastructure Assets
- Apply a cumulative discount (95%) to UCV per m²
- Take the UCV per m² after discount and apply to Land under road area to obtain value

Total Unimproved Capital Value (UCV)	\$12,071,411,800
Total Area of lots (m²)	102,671,213
UCV per m²	\$118
Less 95% cumulative discount	\$5.88
Area of land under road	8,965,470
Value land under road	\$52,705,075

5.6 Historical Data

Land under roads was previously valued at 30 June 2014. The area at this time was 8,801,478 and the value was \$51.5 million.

5.7 Operations and Maintenance Strategies

City of Darwin will operate and maintain assets through a scheduled maintenance program to approved budgets in the most cost-efficient manner. The operation and maintenance activities include:

- Review current and required skills base and implement workforce training and development to meet required operations and maintenance needs,
- Review asset utilisation to identify underutilised assets and appropriate remedies, and over utilised assets and customer demand management options,
- Develop and regularly review appropriate emergency response capability,
- Review management of operations and maintenance activities to ensure Council is obtaining best value for resources.



5.8 Operations and Maintenance Plan

Operations are the regular day to day activities undertaken by Council in order to provide a level of service to the community. To be able to deliver these services Council is required to allocate funds for resources such as staff wages, utility consumption, fuel, overheads, etc.

Maintenance may be classified into reactive, planned and specific maintenance work activities. Reactive maintenance is unplanned repair work carried out in response to service requests and management directions.

Planned or scheduled maintenance is repair work that is identified and managed through planned inspections by assessing the condition of the assets through various skilled technicians and via general condition surveys.

For land under roads there are no routine operations and maintenance budget, plan or schedule.

5.9 Operations and Maintenance Schedule

Not applicable.

5.10 Standards and Specifications

Not Applicable

5.11 Summary of Future Operations and Maintenance Expenditures

Not Applicable

5.12 Capital Renewal and Replacement Strategies

City of Darwin will plan capital renewal and replacement projects to meet approved budgets in the most cost-efficient manner and minimise infrastructure service risks by:

- Planning and scheduling renewal projects to deliver the defined level of service in the most efficient manner,
- Undertaking project scoping for all capital renewal and replacement projects to identify:
 - the service delivery 'deficiency', present risk and optimum time for renewal/replacement,
 - the project objectives to rectify the deficiency,
 - the range of options, estimated capital and life cycle costs for each options that could address the service deficiency,
 - and evaluate the options against evaluation criteria adopted by the City of Darwin, and
 - select the best option to be included in capital renewal and replacement programs,
- Using 'low cost' renewal methods (cost of renewal is less than replacement) wherever possible,
- Review current and required skills base and implement workforce training and development to meet required construction and renewal needs,
- Review management of capital renewal and replacement activities to ensure Council is obtaining best value for resources used.

5.13 Capital Renewal and Replacement Plan

Renewal and replacement expenditure is major work which does not increase the asset's design capacity, but restores, rehabilitates, replaces or renews an existing asset to its original or lesser



required service potential. Work over and above restoring an asset to original service potential is an upgrade, expansion or new works.

Renewal and replacement programs are not applicable for land under road.

5.14 Summary of Future Renewal and Replacement Expenditure

Not applicable.

5.15 Capital New and Upgrade Strategies

The City of Darwin will implement the creation of new assets and upgrading of existing assets through projects to meet population growth and community service needs:

- Planning and scheduling capital upgrade and new projects to deliver the defined level of service in the most efficient manner,
- Undertake project scoping for all capital upgrade/new projects to identify:
 - the service delivery 'deficiency', present risk and required timeline for delivery of the upgrade/new asset,
 - the project objectives to rectify the deficiency including value management for major projects,
 - the range of options, estimated capital and life cycle costs for each options that could address the service deficiency,
 - management of risks associated with alternative options,
 - and evaluate the options against evaluation criteria adopted by Council, and
 - select the best option to be included in capital upgrade/new programs,
- Review skills base and implement training and development to meet required construction and project management needs,
- Review capital project management activities to ensure Council is obtaining best value for resources used.

5.16 Capital New and Upgrade Plan

Capital new works create a new asset that did not previously exist, while upgrade works improve an existing asset beyond its existing capacity. They may result from growth, social or environmental needs. Assets may also be acquired at no cost to City of Darwin from land development and other arrangements.

New assets and upgrade/expansion of existing assets will be identified from various sources such as Council and community requests, proposals identified by strategic plans or partnerships with other organisations, and will be incorporated into Council's LTFP

As upgrades to existing assets and in particular the acquisition of new assets is not yet clearly defined, capital expenditure levels will need to be revaluated in future AMP revisions to ensure that they reflect, in particular, new infrastructure as it is accepted and that it is captured in AssetFinda.

Generally new community infrastructure assets will be accepted by Council through developer contribution from subdivisional works. Acceptance of these new assets will be managed through the Design and Development Team and accepted by Council through delegated authority.

Where new or upgraded community infrastructure development is constructed as part of a Council initiative these works will be delivered by the Capital Works Team.

As new assets are transferred to or created by Council they are added to AssetFinda. Upgrades to infrastructure and the creation of new assets are managed through the long term capital works



plan and reflected in Council's LTFFP.

5.17 Summary of Future New and Upgrade Expenditure

Projected new and upgrade asset expenditures are not relevant for this asset class.

5.18 Capital Upgrade and Replacement Disposal Plan

Disposal plans will be identified prior to capital upgrade and replacement projects works commencing and the corresponding assets will be disposed of through AssetFinda. Disposal guidelines are further addressed in section 7.2 below.

No whole land under road assets are identified for disposal at this point in time but will be considered in further revisions.

6. RISK MANAGEMENT

6.1 Critical Service Objectives

Critical service objectives are those services which have a high consequence of failure, but not necessarily a high likelihood of failure. By identifying critical service objectives and critical failure modes, City of Darwin can target and refine investigative activities, maintenance plans and capital expenditure plans at the appropriate time.

Operations and maintenance activities may be targeted to mitigate critical assets failure modes and maintain service levels. These activities may include increased inspection frequency, higher maintenance intervention levels, etc.

No critical asset failure modes have been identified for land under road.

6.2 Risks Assessment

An assessment of risks associated with service delivery from infrastructure assets has identified critical risks that will result in loss or reduction in service from infrastructure assets or a 'financial shock' to City of Darwin. The risk assessment process⁸ identifies credible risks, the likelihood of the risk event occurring, the consequences should the event occur, develops a risk rating, evaluates the risk and develops a risk treatment plan for non-acceptable risks.

Critical risks, being those assessed as 'Very High' - requiring immediate corrective action and 'High' – requiring prioritised corrective action identified in the Infrastructure Risk Management Plan, together with the estimated residual risk after the selected treatment plan is operational are summarised in Table 6.2. These risks have been developed by management and reported to the Risk Management and Audit Committee, and Council.

Table 6.2: Critical Service or Assets at Risk and Treatment Plans

⁸ Infrastructure Department Operational Risk Assessment (Rev 6) June 2017



- 15 -

Service or Asset at Risk	What can Happen	Risk Rating (VH & H)	Risk Treatment Plan	Residual Risk (VH, H, M, L) *
Land Under Road Asset Management	Failure to develop, implement and maintain a corporate asset register <ul style="list-style-type: none"> – Inconsistent and fragmented approach to the collection and storage of asset information 	H	<ul style="list-style-type: none"> – Implementation of the corporate asset register is underway and will provide a central location for data storage 	M

Note * The residual risk is the risk remaining after the selected risk treatment plan is operational.

7. FINANCIAL OBLIGATIONS

This section of the management plan will address obligations and requirements for the capitalisation and depreciation, data management, disposal, revaluation and handling of contributed assets.

7.1 Asset Capitalisation and Depreciation

City of Darwin aims to ensure that the recognition classification and depreciation of assets is consistently applied and in accordance with Australian Accounting Standard AASB1051– Land Under Roads, Australian Accounting Standard AASB116 – Property Plant and Equipment and the Australian Infrastructure Financial Management Guide.

AASB116 states that:

The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if:

- (a) it is probable that future economic benefits associated with the item will flow to the entity; and
- (b) the cost of the item can be measured reliably.

Council's key asset accounting policies are also contained in the Statement of Significant Accounting Policies, which forms Note 1 of the published annual financial statements.

A detailed procedure which outlines the process to be followed when recognising, classifying and depreciating physical non-current assets will be developed.

7.2 Asset Data Management

City of Darwin aims to ensure that the identification and classification of physical non-current assets is consistently applied. This is achieved by identifying all physical non-current assets into one of the categories contained in the asset register.

7.3 Asset Disposal

City of Darwin aims to ensure that the sale and disposal of land and other assets is considered fair and transparent. The disposal of physical non-current assets by City of Darwin is in accordance with Local Government Act and the Ministerial Guidelines. Section 182(1) of the Local Government Act gives Council the power to deal with and dispose of property subject to the Minister's guidelines. Ministerial Guideline 7 describes the authority to dispose of property, methods to be



used, considerations and application of proceeds from sale of assets. Section 187 of the Local Government Act outlines council's authority specifically in regards to closing of roads. The subordinate Local Government (Administration) Regulations further outlines the responsibilities of council in permanently closing a road (Part 6, Section 19). An internal procedure exists which outlines the process to be followed when disposing of Land Under Road. There is currently a single section of Gonzales Road, Stuart Park (approx. 100 square metres) identified for disposal via sale to the adjacent land owner.

7.4 Asset Revaluation

City of Darwin aims to ensure that asset revaluations are carried out consistently and in accordance with Australian Accounting Standard AASB116 – Property, Plant and Equipment (PP&E). AASB116 specifies that Council must value each class of PP&E using either:

- Cost Model – An item of PP&E shall be carried at its cost less any accumulated depreciation and any accumulated impairment losses
- Revaluation Model – An item of PP&E whose fair value can be measured reliably shall be carried at a revalued amount, being its Fair Value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses

Both Cost and Fair Value are defined in AASB116:

- Cost - The amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction.
- Fair Value – The amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

Infrastructure, land and buildings are carried at valuation and revalued on a four year basis. All other non-current assets classes are valued at cost. A detailed procedure which specifies how asset revaluations are performed is will be developed.

7.5 Contributed Assets

City of Darwin aims to ensure that the recognition of contributed assets is performed consistently and in accordance with the Australian Accounting Standard (AAS) AASB116 – PP&E. AASB116 specifies that Council must value each class of PP&E using either the cost model or revaluation model. Under AASB116 the revaluation model is defined as “an item of PP&E whose fair value can be measured reliably shall be carried at a revalued amount, being its Fair Value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses”. A detailed procedure which outlines the process to be followed when recognising physical non-current asset received as contributed assets is will be developed.

8. FINANCIAL SUMMARY

This section contains the financial summary resulting from all the information presented in the previous sections of this AMP. The financial projections will be improved as further information becomes available on future desired levels of service, data captures and revaluations.

8.1 Financial Projections

Not Applicable



8.2 Sustainability

As the AMP matures, we will have better data to show what we spend versus what we need to spend to show any shortfall in funding based on existing assets.

This can only happen once we have accurate condition assessments against a fully known “asset base” and budgeted expenditure is appropriately allocated. This will get re-checked every four years upon asset revaluation.

8.3 Projected Expenditures

All budgets are presented in the LTFP and this is based on Council’s adopted position of funding. These costs are adjusted according to Council’s direction on a yearly basis.

8.4 Funding Strategy

Council intends to move towards a service level based strategy as the AMP process matures. This will then provide more accurate data for funding decisions.

8.5 Valuation Forecasts

Asset values are forecast to increase as additional assets are added to the asset stock from construction and acquisition by Council and from assets constructed by land developers and others and donated to Council.

8.6 Forecast Reliability and Confidence

The expenditure and valuations projections in this AMP are based on best available data. Currency and accuracy of data is critical to effective asset and financial management. Data confidence is classified on a 5 level scale⁹ in accordance with Table 8.6.

Table 8.6: Data Confidence Grading System

Confidence Grade	Description
A Highly Reliable	Data based on sound records, procedures, investigations and analysis, documented properly and recognised as the best method of assessment. Dataset is complete and estimated to be accurate \pm 2%
B Reliable	Data based on sound records, procedures, investigations and analysis, documented properly, but has minor shortcomings, for example some of the data is old, some documentation is missing and/or reliance is placed on unconfirmed reports or some extrapolation. Dataset is complete and estimated to be accurate \pm 10%
C Uncertain	Data based on sound records, procedures, investigations and analysis which is incomplete or unsupported, or extrapolated from a limited sample for which grade A or B data are available. Dataset is substantially complete but up to 50% is extrapolated data and accuracy estimated \pm 25%
D Very Uncertain	Data is based on unconfirmed verbal reports and/or cursory inspections and analysis. Dataset may not be fully complete and most data is estimated or extrapolated. Accuracy \pm 40%
E Unknown	None or very little data held.

The estimated confidence level for and reliability of data used in this AM Plan is shown in Table 8.6.1.

⁹ IPWEA, 2015, IIMM, Table 2.4.6, p 2|71.



Table 8.6.1: Data Confidence Assessment for Data used in this AMP

Data	Confidence Assessment	Comment
Demand drivers	N/A	Nil
Growth projections	N/A	Nil
Operations expenditures	N/A	Nil
Maintenance expenditures	N/A	Nil
Projected Renewal expenses	B	Based on 2017 revaluation
- Asset values		
- Asset residual values	B	Based on 2017 revaluation
- Asset useful lives	N/A	Nil
- Condition modelling	N/A	Nil
New and Upgrade expenditures	N/A	Nil
Disposal expenditures	N/A	Nil
Community levels of service	N/A	Nil
Technical levels of service	N/A	Nil

The overall data confidence level is assessed as “B – Reliable” for data used in the preparation of this AMP.

9. IMPROVEMENT AND MONITORING PLAN

9.1 Status of Asset Management Practices

The current adopted practices place City of Darwin on a maturity path over the next two years to provide a strong and sustainable platform.

9.2 Hierarchy of Asset Management

- All AMPs guided by Policy No. 055 Asset Management Policy.
- AMPs are adopted by Council
- AMPs will have a number of procedures for operations that will be reviewed regularly and amendments approved by the CEO

9.3 Accounting and Financial Systems

- Authority will hold totals for asset classes. AssetFinda will hold the source data.
- Accountabilities are considered within Council's Financial Policies and the AMP.
- In general, works with a value over \$5000 are considered to be capital works.

9.4 Accounting Standards and Regulations

- All relevant Australian Accounting Standards, including;
- AASB 13 Fair value measurement
- AASB 136 Property, plant and equipment
- AASB 1051 Land Under Roads

9.5 Asset Management System

- City of Darwin will use AssetFinda to view and store asset data.



- The linkage between AssetFinda and Authority will be synchronisation of asset data updated by the 7th of every month by the responsible departments.
- Asset Management Procedures will be developed to ensure the correct collection, recording and maintenance of asset data. Audits are also carried out on the data on intervals no less than the defined condition survey intervals. Asset owners are responsible for the maintenance of their data.¹⁰

9.6 Improvement Plan

The asset management improvement plan generated from this AMP is shown in Table 9.6.

Table 9.6: Improvement Plan

Task	Responsibility	Resources Required	Timeline
Scheduled half yearly meetings to ensure accuracy of the AMP	Asset Management Team, COO	Business intelligence tool	Next AMP Review
Any amendments to the AMPs will be forwarded to RMAC for recommendation to Council for adoption.	Asset Management Team, COO	Within existing resources	Next AMP Review
AssetFinda upgrades to be implemented as releases are available.	Asset Management Team	Within existing resources	Next AMP Review

9.7 Monitoring and Review Procedures

This AMP will be reviewed during annual budget planning processes and amended to recognise any material changes in service levels and/or resources available to provide those services as a result of budget decisions.

The AMP will be updated annually to ensure it represents the current service level, asset values, projected operations, maintenance, capital renewal and replacement, capital upgrade/new and asset disposal expenditures and projected expenditure values incorporated into City of Darwin's LTFF. Updated financial information will be included every four years following the revaluation of the asset class.

9.8 Performance Measures

The effectiveness of the AMP can be measured in the following ways:

- The degree to which the required projected expenditures identified in this AMP are incorporated into Council's LTFF.
- The degree to which the 4 and 10 year detailed works programs, budgets, business plans and City of Darwin structures take into account the 'global' works program trends provided by the AMP.
- The degree to which the existing and projected service levels and service consequences (what we cannot do), risks and residual risks are incorporated into the Council's Strategic Plan and associated plans.
- The Asset Renewal Funding Ratio achieving the target of >0.5 (greater than 50% of depreciation either transferred to reserve or expended in the current year)¹¹.

¹⁰ Asset Management Policy No. 055

¹¹ City of Darwin, 2017, *Annual Report*, pp. 38



10. REFERENCES

City of Darwin [Annual Report 2016/17](#)

City of Darwin [Asset Management Policy No. 055](#)

City of Darwin [Long Term Financial Plan](#)

City of Darwin [Municipal Plan 2018/19](#)

City of Darwin [Statement of Significant Accounting Policies Policy No. 022](#)

City of Darwin [Strategic Plan – Evolving Darwin Towards 2020](#)

IPWEA, 2015, 'NAMS.PLUS Asset Management', Institute of Public Works Engineering Australasia, Sydney, <https://www.ipwea.org/communities/assetmanagement/namsplus>

IPWEA, 2015, 'Australian Infrastructure Financial Management Manual (AIFMM)', Institute of Public Works Engineering Australasia, Sydney, <https://www.ipwea.org/publications/ipweabookshop/aifmm>

IPWEA, 2015, 'International Infrastructure Management Manual' (IIMM 5th Edition), Institute of Public Works Engineering Australasia, Sydney, www.ipwea.org/IIMM



11. APPENDICES

Appendix A Glossary

Asset

A resource controlled by an entity as a result of past events and from which future economic benefits are expected to flow to the entity. Infrastructure assets are a sub-class of property, plant and equipment which are non-current assets with a life greater than 12 months and enable services to be provided.

Asset Category

Sub-group of assets within a class hierarchy for financial reporting and management purposes.

Asset Class

A group of assets having a similar nature or function in the operations of an entity, and which, for purposes of disclosure, is shown as a single item without supplementary disclosure.

Asset Condition Assessment

The process of continuous or periodic inspection, assessment, measurement and interpretation of the resultant data to indicate the condition of a specific asset so as to determine the need for some preventative or remedial action.

Asset Hierarchy

A framework for segmenting an asset base into appropriate classifications. The asset hierarchy can be based on asset function or asset type or a combination of the two.

Asset Management (AM)

The combination of management, financial, economic, engineering and other practices applied to physical assets with the objective of providing the required level of service in the most cost effective manner.

Asset Renewal Funding Ratio

The ratio of the net present value of asset renewal funding accommodated over a 10 year period in a long term financial plan relative to the net present value of projected capital renewal expenditures identified in an AMP for the same period [AIFMG Financial Sustainability Indicator No 8].

Capital Expenditure (Renewal, Rehabilitation & Upgrade)

Relatively large (material) expenditure, which has benefits, expected to last for more than 12 months. Capital expenditure includes renewal, rehabilitation, expansion and upgrade. Where capital projects involve a combination of renewal, expansion and/or upgrade expenditures, the total project cost needs to be allocated accordingly.

Capitalisation Threshold

The value of expenditure on non-current assets above which the expenditure is recognised as capital expenditure and below which the expenditure is charged as an expense in the year of acquisition.

Carrying Amount

The amount at which an asset is recognised after deducting any accumulated depreciation / amortisation and accumulated impairment losses thereon.

Component

Specific parts of an asset having independent physical or functional identity and having specific



attributes such as different life expectancy, maintenance regimes, risk or criticality.

Cost of an Asset

The amount of cash or cash equivalents paid or the fair value of the consideration given to acquire an asset at the time of its acquisition or construction, including any costs necessary to place the asset into service. This includes one-off design and project management costs.

Critical Assets

Assets for which the financial, business or service level consequences of failure are sufficiently severe to justify proactive inspection and rehabilitation. Critical assets have a lower threshold for action than noncritical assets.

Current assets

Those assets which the entity either:

- Intends to sell or consume in its normal operating cycle
- Holds primarily for the purpose of trading; or
- Expects to realise the asset within twelve months after the end of the reporting date; or
- Does not have an unconditional right to defer settlement for at least twelve months after the reporting date.

Current Replacement Cost (CRC)

The cost the entity would incur to acquire the asset on the reporting date. The cost is measured by reference to the lowest cost at which the gross future economic benefits could be obtained in the normal course of business or the minimum it would cost, to replace the existing asset with a technologically modern equivalent new asset (not a second hand one) with the same economic benefits (gross service potential) allowing for any differences in the quantity and quality of output and in operating costs.

Depreciable Amount (DA)

The cost of an asset, or other amount substituted for its cost, less its residual value.

Depreciated Replacement Cost (DRC)

The current replacement cost (CRC) of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset.

Depreciation / Amortisation

The systematic allocation of the depreciable amount (service potential) of an asset over its useful life.

Expenses

Decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or increases in liabilities that result in decreases in equity, other than those relating to distributions to equity participants.

Fair Value

The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties, in an arm's length transaction.

Funding Gap

A funding gap exists whenever an entity has insufficient capacity to finance asset renewal and



other expenditure necessary to be able to appropriately maintain the range and level of services its existing asset stock was originally designed and intended to deliver. The service capability of the existing asset stock should be determined assuming no additional operating revenue, productivity improvements, or net financial liabilities above levels currently planned or projected. A current financing gap means service levels have already or are currently falling. A projected financing gap if not addressed will result in a future diminution of existing service levels.

Impairment Loss

The amount by which the carrying amount of an asset exceeds its recoverable amount.

Infrastructure Assets

Physical assets that contribute to meeting the needs of organisations or the need for access to major economic and social facilities and services, e.g. roads, drainage, footpaths and cycleways. These are typically large, interconnected networks or portfolios of composite assets. The components of these assets may be separately maintained, renewed or replaced individually so that the required level and standard of service from the network of assets is continuously sustained. They are fixed in place and are often have no separate market value.

Level of Service

The defined service quality for a particular service/activity against which service performance may be measured. Service levels usually relate to quality, quantity, reliability, responsiveness, environmental impact, acceptability and cost.

Life Cycle Cost *

1. **Total LCC** The total cost of an asset throughout its life including planning, design, construction, acquisition, operation, maintenance, rehabilitation and disposal costs.
2. **Average LCC** The life cycle cost (LCC) is average cost to provide the service over the longest asset life cycle. It comprises average operations, maintenance expenditure plus asset consumption expense, represented by depreciation expense projected over 10 years. The Life Cycle Cost does not indicate the funds required to provide the service in a particular year.

Maintenance

All actions necessary for retaining an asset as near as practicable to an appropriate service condition, including regular ongoing day-to-day work necessary to keep assets operating, e.g. road patching but excluding rehabilitation or renewal. It is operating expenditure required to ensure that the asset reaches its expected useful life.

- **Planned maintenance**
Repair work that is identified and managed through a **Maintenance Management System (MMS)**. MMS activities include inspection, assessing the condition against failure/breakdown criteria/experience, prioritising scheduling, actioning the work and reporting what was done to develop a maintenance history and improve maintenance and service delivery performance.
- **Reactive maintenance**
Unplanned repair work that is carried out in response to service requests and management/supervisory directions.
- **Specific maintenance**
Maintenance work to repair components or replace sub-components that needs to be identified as a specific maintenance item in the maintenance budget.
- **Unplanned maintenance**
Corrective work required in the short-term to restore an asset to working condition so it can continue to deliver the required service or to maintain its level of security and integrity.

Maintenance Expenditure *

Recurrent expenditure, which is periodically or regularly required as part of the anticipated schedule of works required to ensure that the asset achieves its useful life and provides the



required level of service. It is expenditure, which was anticipated in determining the asset's useful life.

Materiality

The notion of materiality guides the margin of error acceptable, the degree of precision required and the extent of the disclosure required when preparing general purpose financial reports. Information is material if its omission, misstatement or non-disclosure has the potential, individually or collectively, to influence the economic decisions of users taken on the basis of the financial report or affect the discharge of accountability by the management or governing body of the entity.

National Asset Management System (NAMS.PLUS)

NAMS.PLUS is subscription-based providing asset-owning councils access to tools & online resources to develop, write and keep their Asset Management Plans up-to-date. NAMS.PLUS is provided by the Institute of Public Works Engineering Australia.

Net Present Value (NPV)

The value to the organisation of the cash flows associated with an asset, liability, activity or event calculated using a discount rate to reflect the time value of money. It is the net amount of discounted total cash inflows after deducting the value of the discounted total cash outflows arising from e.g. the continued use and subsequent disposal of the asset after deducting the value of the discounted total cash outflows.

Operations

Regular activities to provide services such as public health, safety and amenity, e.g. street sweeping, grass mowing and street lighting.

Operating Expenditure

Recurrent expenditure, which is continuously required to provide a service. In common use the term typically includes, e.g. power, fuel, staff, plant equipment, on-costs and overheads but excludes maintenance and depreciation. Maintenance and depreciation is on the other hand included in operating expenses.

Operating Expense

The gross outflow of economic benefits, being cash and non-cash items, during the period arising in the course of ordinary activities of an entity when those outflows result in decreases in equity, other than decreases relating to distributions to equity participants.

Operations, Maintenance and Renewal Financing Ratio

Ratio of estimated budget to projected expenditure for operations, maintenance and renewal of assets over a defined time (e.g. 5, 10 and 15 years).

Non-current asset

All assets other than current assets, including assets held but not traded by a business in order to carry out its activities. Such assets are intended for use not exchange and normally include physical resources such as land, buildings, drains, furniture and fittings.

Rate of Annual Asset Consumption *

The ratio of annual asset consumption relative to the depreciable amount of the assets. It measures the amount of the consumable parts of assets that are consumed in a period (depreciation) expressed as a percentage of the depreciable amount.

Rate of Annual Asset Renewal *

The ratio of asset renewal and replacement expenditure relative to depreciable amount for a period. It measures whether assets are being replaced at the rate they are wearing out with capital renewal expenditure expressed as a percentage of depreciable amount (capital renewal



expenditure/DA).

Recoverable Amount

The higher of an asset's fair value, less costs to sell and its value in use.

Remaining Useful Life

The time remaining until an asset ceases to provide the required service level or economic usefulness. Age plus remaining useful life is useful life.

Residual Value

The estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Risk Management

The application of a formal process to the range of possible values relating to key factors associated with a risk in order to determine the resultant ranges of outcomes and their probability of occurrence.

Service Potential

The total future service capacity of an asset. It is normally determined by reference to the operating capacity and useful life of an asset. A measure of service potential is used in the not-for-profit sector/public sector to value assets, particularly those not producing a cash flow.

Specific Maintenance

Replacement of higher value components/sub-components of assets that is undertaken on a regular cycle including repainting, replacement of air conditioning equipment, etc. This work generally falls below the capital/ maintenance threshold and needs to be identified in a specific maintenance budget allocation.

Sub-Component

Smaller individual parts that make up a component part.

Useful Life

Either:

- (a) the period over which an asset is expected to be available for use by an entity, or
- (b) the number of production or similar units expected to be obtained from the asset by the entity.

It is estimated or expected time between placing the asset into service and removing it from service, or the estimated period of time over which the future economic benefits embodied in a depreciable asset, are expected to be consumed by the Council.

Value in Use

The present value of future cash flows expected to be derived from an asset or cash generating unit. It is deemed to be depreciated replacement cost (DRC) for those assets, whose future economic benefits are not primarily dependent on the asset's ability to generate net cash inflows, where the entity would, if deprived of the asset, replace its remaining future economic benefits.

Source: IPWEA, 2015, Glossary

* Additional and modified glossary items shown





Land Under Roads Asset Management Plan

City of Darwin

DRAFT





ASSET MANAGEMENT PLAN: LAND UNDER ROADS				
Date	Version	Details	Responsible Officer	Next Review Date
May 2019	1	Draft for presentation to SDG	General Manager Engineering and City Services	
May 2019	2	Draft for presentation to Risk management and Audit Committee (RMAC)	General Manager Engineering and City Services	
June 2019	3	Presentation to Council for Adoption	General Manager Engineering and City Services	September 2022
February 2023	4	AMP Update and Revision	Executive Manager Infrastructure	2027/28 FY

Review Period

This Asset Management Plan (AMP) is to be reviewed once every four to five years in line with revaluation commitments under the Australian Accounting Standard AASB 116 and/or where a change requires review in consultation with key stakeholders outlined in Table 2.1.

This AMP forms part of the supporting documents used to inform City of Darwin’s overarching Strategic Asset Management Plan.



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1 EXECUTIVE SUMMARY

1.1 Context

The City of Darwin's Local Government Area covers 112 square kilometres or 11,200 hectares, to include 8.8 million square metres of Land Under Roads across the Municipality.

This Asset Management Plan (AMP) covers the City of Darwin's Land Under Roads asset which are key to the continued provision of several key services built on the land to include:

- Roads
- Verges
- Footpaths
- Traffic Islands

1.2 Levels of service

Not applicable to this asset class.

1.3 Future demand

Not applicable to this asset class.

1.4 Lifecycle management plan

Not applicable to this asset class.

1.5 Risk management

Not applicable to this asset class.

1.6 Financial obligations

City of Darwin will manage its financial obligations and requirements for asset capitalisation and depreciation, data management, disposal, revaluation, and handling of contributed assets through the various Local Government Acts, standards, policies, and procedures.

1.7 Financial summary

Land under roads has a replacement value estimated at \$44.1M as of 30th June 2022.

1.8 Improvement and monitoring plan

The adopted changes made to asset management practices within the City of Darwin to include regular condition audit assessments and revaluations of all major infrastructure are steps towards maintaining



an up to asset register. With the adoption of a new Asset Management Information System (Assetic), placing City of Darwin on a path to a more positive and sustainable asset management future. With practices to be continually revisited in line with ISO55001, to ensure continual improvement and progression is made along the asset management maturity framework.

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2 INTRODUCTION

2.1 Background

This AMP communicates the required management of specific assets and services provided by these assets, compliance with regulatory requirements, and details the required levels of funding to provide the appropriate levels of service over a 10 year planning period.

This AMP follows the structure recommended under Section 2.1.3 of the International Infrastructure Management Manual (IIMM)¹ and is governed and should be read in conjunction with the City of Darwin's Asset Management Policy 055² and other documents contributing to the City of Darwin's Asset Management Strategy, where developed, along with other key planning documents.

The asset covered by this AMP is shown in Table 2.1, with Land Under Roads defined as; all land under roadways, and reserves, including land under footpaths, nature strips and median strips. All assets that sit upon this land are excluded from this AMP and are covered elsewhere. For example, Footpaths within the road reserve are accounted for within the Pathways AMP and Roads within the Transport AMP.

The infrastructure assets included in this plan have a total replacement value of \$44.1M as of the 30th of June 2022.

Table 2.1: Land Under Roads – Summary Table

Asset Class	Area (m2)	Replacement Value (2022)	Accumulated Depreciation (2022)	Written Down Value (2022)	Depreciation Expense
Land Under Roads	8,807,659.36	\$44,130,788.44	\$0	\$44,130,788.44	\$0

¹ Section 2.1.3 of the International Infrastructure Management Manual (IIMM)

² City of Darwin, 2018, Asset Management Policy No. 055.



Key stakeholders in the preparation and implementation of this AMP are shown in Table 2.2.

Table 2.2: Key Stakeholders in the AMP

Key Stakeholder	Role in Asset Management Plan
Lord Mayor & Councillors or Elected Members	<ul style="list-style-type: none"> • Represent needs of community/shareholders. • Allocate resources to meet planning objectives in providing services while managing risks. • Ensures City of Darwin is financially sustainable. • Endorsement of AMP.
Risk Management and Audit Committee	<ul style="list-style-type: none"> • Independence assurance and assistance to City of Darwin on risk, control, compliance frameworks and external accountability.
Chief Executive Officer	<ul style="list-style-type: none"> • Manages strategic planning and direction of the City of Darwin. • Ensures City of Darwin is financially sustainable. • Approve content of AMP.
Executive Management / Asset Management	<ul style="list-style-type: none"> • Strategic Asset Management. • Planning and management of City of Darwin's asset management resources. • Review and revision of AMP.
Corporate	<ul style="list-style-type: none"> • Financial data maintenance and management to include asset revaluations.

2.2 Asset data

City of Darwin's Asset Management Information System (Assetic), will be used to store, manage, and report on land under roads data within the Darwin Municipality. The data is recorded as a single asset representing all land under roads within the Municipality and due to the nature of the asset there is no necessity to store the data within the Assetic system within a hierarchy structure.

An internal procedure detailing the requirements for managing and updating asset data within the Assetic system related to land under roads is available and provided to relevant City of Darwin officers.

2.3 Goals and objects of asset ownership

The City of Darwin exists to provide services to its community, with several City of Darwin departments providing these services including Infrastructure. Infrastructure assets are acquired via purchase, contract, internal construction and through donation of assets constructed by developers, The Northern Territory Government, and others.



City of Darwin's goal for managing infrastructure assets is to meet the defined level of service (as amended from time to time) in the most cost-effective manner for present and future consumers.

The key elements of infrastructure asset management are:

- providing a defined level of service and monitoring performance
- managing the impact of growth through demand management and infrastructure investment
- taking a lifecycle approach to developing cost-effective management strategies for the long-term that meet the defined level of service
- identifying, assessing, and appropriately controlling risks, and
- linking to a Long-Term Financial Plan which identifies required, affordable forecast costs and how funds will be allocated.³

2.4 Plan framework

The International Infrastructure Management Manual (IIMM) outlines that there is no single correct way to structure an AMP and many organisations have developed their own⁴. This plan incorporates the IIMM AMP structure.⁵ Although it has modified elements to suit City of Darwin's asset management position at this point in time.

Key structure of the plan is as follows:

- levels of service – specifies the services and levels of service to be provided by City of Darwin
- future demand – how this will impact on future service delivery and how this is to be met
- life cycle management – how City of Darwin will manage its existing and future assets to provide defined levels of service
- risk management - how City of Darwin will define its risk appetite and/or tolerance in relation to its asset portfolio
- financial obligations – financial requirements and standards up-held by City of Darwin
- financial summary – what funds are required to provide the defined services
- monitoring – how the plan will be monitored to ensure it is meeting Council's objectives; and
- asset management improvement plan.

³ Based on IPWEA, 2015, IIMM, Sec 1.3.1 p 1|8.

⁴ Based on IPWEA, 2015, IIMM, Sec 4.2.4 p 4|33.

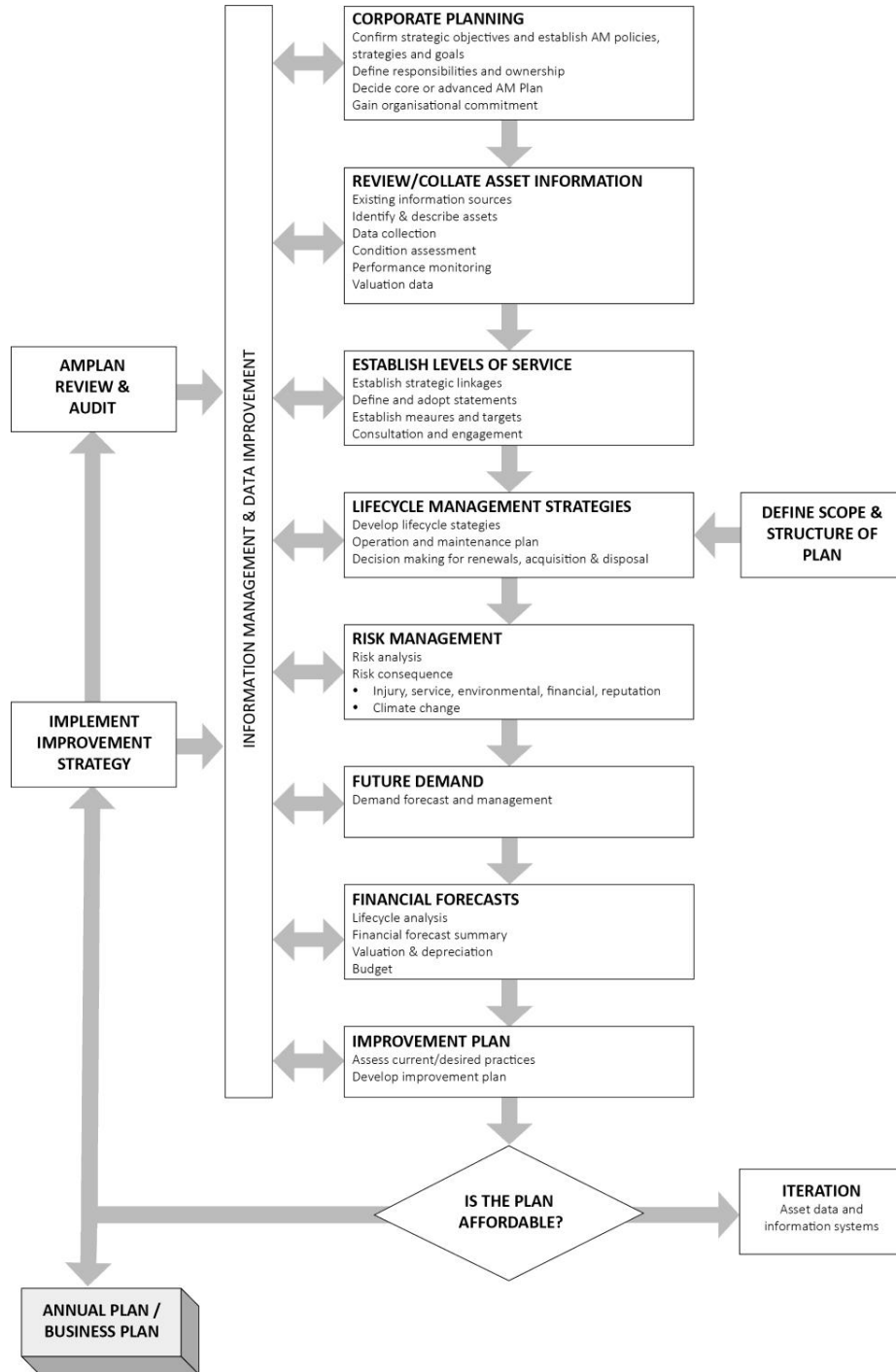
⁵ Based on IPWEA, 2015, IIMM, Table 4.2.4 p 4|33.



A road map for preparing an AM Plan is shown below.

Road Map for preparing an Asset Management Plan

Source: IPWEA, 2006, IIMM, Fig 1.5.1, p 1.11





2.5 Level of asset management maturity

The maturity of an AMP is outlined in Table 2.3.

Table 2.3: Level of AMP Maturity

Level of AMP Maturity	Description
Aware	<ul style="list-style-type: none"> Stated intention to develop AM plans.
Basic	<ul style="list-style-type: none"> AM Plans contains basic information on assets, service levels, planned works and financial forecasts (5-10 years) and future improvements. AM objectives are defined with consideration of strategic context.
Intermediate	<ul style="list-style-type: none"> Manages strategic planning and direction of the City of Darwin. Ensures City of Darwin is financially sustainable. Approve content of AMP.
Advanced	<ul style="list-style-type: none"> Strategic Asset Management. Planning and management of City of Darwin's asset management resources. Review and revision of AMP.

This AMP is prepared towards being a 'Basic' AMP over a 10-year planning period. It is prepared to meet minimum legislative and City of Darwin requirements for sustainable service delivery and long-term financial planning and reporting. Future revisions of this AMP will develop the 'Basic' aspects further and aim to move towards being an 'intermediate' AMP once AM processes across the organisation align.

2.6 Community consultation

Future revisions of the AMP may incorporate community consultation on service levels and costs of providing the service. This will assist Council and the community in matching the level of service desired by the community, service risks and consequences with the community's ability and willingness to pay for the service.



3 LEVELS OF SERVICE

3.1 Levels of service

Service levels are defined in two terms, community levels of service and technical levels of service.

Community levels of service are a qualitative measure, how the community receives the service and whether the City of Darwin is providing value to the community.

Technical levels of service are quantitative measures that allow City of Darwin to measure the operational and technical elements of providing a service.

Technical measures relate to the allocation of resources (inputs) required to deliver a service and the actual service activities (outputs) that City of Darwin delivers to best achieve the desired community outcomes.

Community levels of service are not applicable for land under roads.

3.2 Customer research and expectations

Customer research and expectations for land under road will not be discussed in this AMP as it is more pertinent to discuss this in relation to the assets that sit on or within the land under roads, primarily within the Pathways, Stormwater and Transport AMPs.

3.3 Strategic and corporate goals

This AMP is prepared under the direction of the City of Darwin's vision, mission goals and objectives as outlined in the Strategic Plan⁶

Our vision:

Darwin 2030 – City for People. City of Colour.

Our mission:

We will work with the community and partners, provide leadership, and deliver services that create opportunities to enhance the economic, cultural, and environmental sustainability of Darwin.

Strategic goals have been set by the City of Darwin. The relevant goals and objectives and how these are addressed in this AMP are summarised in Table 3.1.



⁶Strategic Plan Darwin 2030 – City of People. City of Colour.

Table 3.1: Goals and how these will be addressed in this Plan

Goal	Objective	How Goal and Objectives are addressed in the AMP
Strategic Goal 1 - A capital city with best practice and sustainable infrastructure	A number of strategic infrastructure projects will be developed and delivered	Maintenance of existing and future City of Darwin assets to ensure best value for money and utilisation is achieved

3.4 Legislative requirements

There are many legislative requirements relating to the management of assets. Legislative requirements that impact the delivery of the land under roads service include Australian and State legislation and regulations are outlined in Table 3.2.

Table 3.2: Legislative Requirements

Legislation	Requirement
All relevant Australian Standards and Codes of Practice	National and international guidance and legislation relating to building design, installation, maintenance, approvals, testing to be applied to assets as required.
Anti-Discrimination Act 1992	Outlines legislative issues local governments need to consider in relation to building services.
Disability Discrimination Act 1992	Outlines legislative issues that make it unlawful to discriminate against a person, in many areas of public life, including, employment, getting or using services and accessing public places within the municipality.
Environmental Assessment Act 1979	Outlines legislative requirements in relation to the assessment of the environmental effects of development proposals and for the protection of the environment.
Environmental Offences and Penalties Act 1996	Outlines offences local governments (and other parties) may be liable for where their acts and omissions maybe detrimental to the protection of the environment.
Lands Acquisition Act 2013	Outlines legislative issues local governments need to consider in relation to land they own that could be compulsorily acquired by the Northern Territory for the purpose of the provision of essential services and facilities being power (including gas), water, sewerage, road or communication services or facilities to or across the prescribed land, or access to any of them.
Lands Acquisition Regulations 2017	



Legislation	Requirement
Land Title Act 1925	Outlines legislative issues local governments need to consider in relation to land ownership, easements and other purposes that may impact on various assets, such as roads, stormwater, and buildings that the local government has under its care and control.
Land Title Regulations 2015	
Local Government Act (NT) 2019 and subordinate Legislation	Sets out role, purpose, responsibilities, and powers of local governments including the preparation of a Long Term Financial Plan supported by AMPs for sustainable service delivery.
National Trust (Northern Territory) Act 1976	Outlines legislative issues local governments need to consider in relation to the impacts that the National Trust (Northern Territory) activities could have on the various assets, such as roads, stormwater, buildings, and land that the local government has under its care and control.
Northern Territory Aboriginal Sacred Sites Act 1989	Outlines legislative issues local governments need to consider in relation to the impacts that the Aboriginal Sacred Sites could have on the various assets, such as roads, stormwater, buildings, and land that the local government has under its care and control.
Planning Act & Environmental Regulations 2015	Outlines legislative issues local governments need to consider in relation to providing for appropriate and orderly planning and control of the use and development of land within the municipality.
Workplace Health and Safety (National uniform legislation) Act 2011	Sets out the rules and responsibilities to secure the health, safety, and welfare of persons at work.

City of Darwin will exercise its duty of care to ensure public safety in accordance with the infrastructure risk management plan prepared in conjunction with this AMP covered in Section 6.



4 FUTURE DEMAND

4.1 Future demand

Not applicable to this asset class.

4.2 Demand impact

Demand impact for land under roads will not be covered in this AMP as this is more pertinent to be discussed in relation to the assets which sit on or within this asset, primarily within the Parks and Reserves, Pathways, Stormwater and Transport AMPs.

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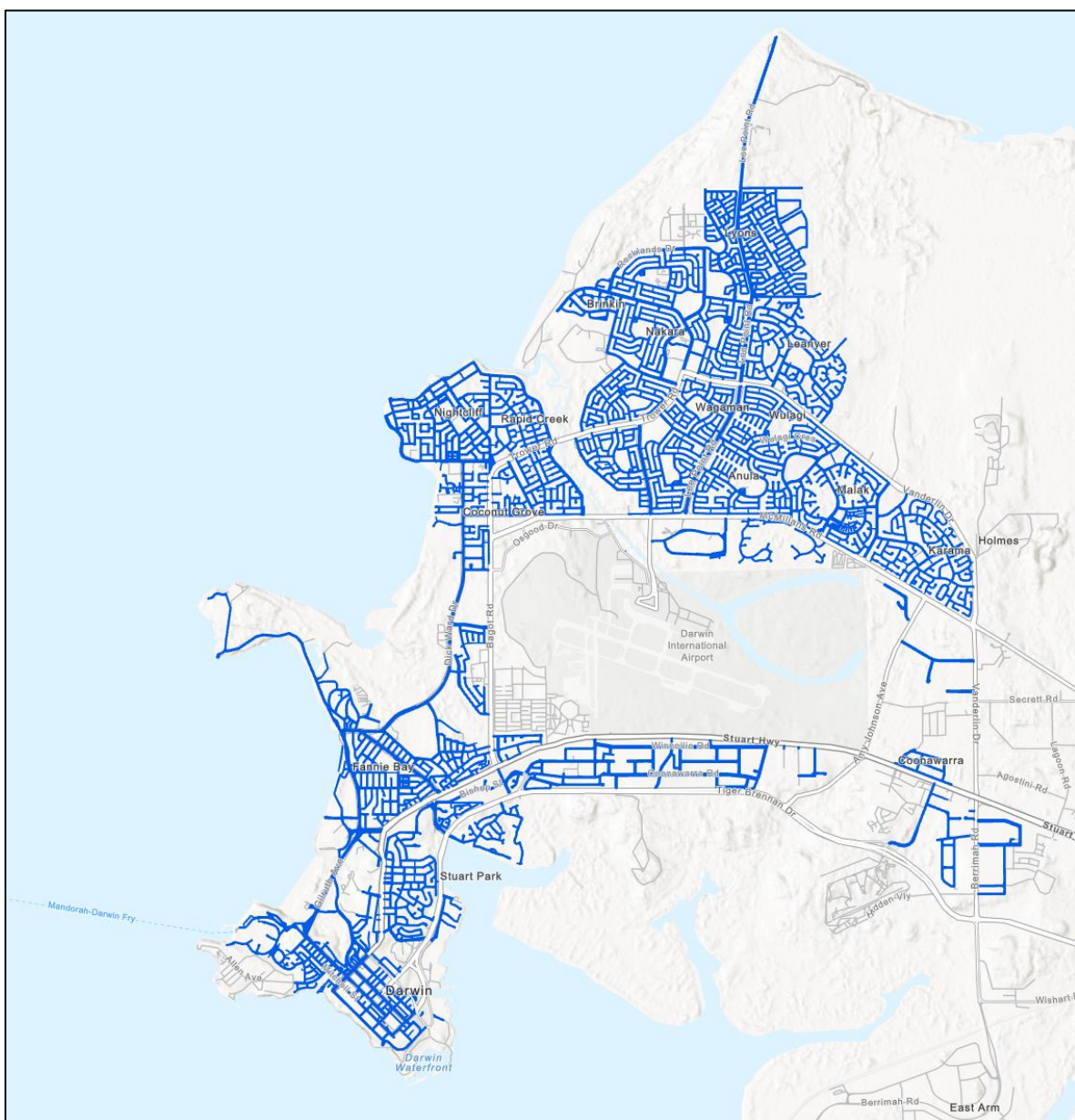
5 LIFECYCLE MANAGEMENT PLAN

The lifecycle management plan details how the City of Darwin plans to manage and operate the assets at the agreed levels of service while managing life cycle costs.

5.1 Background data

Land Under Roads covers an area of 8,807,659.36m² and are illustrated in Figure 1.

Figure 1: Map of Land Under Roads





5.2 Asset capacity and performance

Not applicable to this asset class.

5.3 Asset condition

Condition is not currently assessed for land under roads.

5.4 Asset revaluation

For the purposes of Accounting Compliance (Fair Value) and in accordance with Australian Accounting Standards land under roads was revalued during the 2021/22 Financial Year.

Determining the value of Land Under Roads is different from most other asset classes.

Reasons for this variation include:

- there is seldom an identifiable acquisition cost for Land Under Roads
- it cannot generally be disposed of
- there is usually no readily available market
- there is no income attributable to the road
- potentially other entities and the public also retain rights over such land.

The general acceptable method for determining the value of land under roads is as recommended by the FinPro Technical Committee and is detailed below. This has proven to be the most reliable and cost-effective method and has been in place for almost 15 years.

This method utilises the statutory Site Value as all municipal Councils have a statutory Site Value for each rateable property in their area. This site value figure is a general representation of the land's use and locational attributes. It is also at a particular date and assumes no improvements on the land. Importantly, it is regularly and periodically recalculated on an individual property-by-property basis using the application of specific up-to-date market determined sales data. Reference to a site value rate per square meter (or hectare) will be used to assist in determining the value of Land Under Road.

However, the Site Value rate generally provides a measure of the value of the land in its fully developed and 'subdivided' state. This in itself is not an appropriate measure for the value of Land Under Roads – adjustment needs to be made in order to allow recognition for:

- 1 Englobo Value – in order to represent the establishment cost of roadway land it is more appropriate to reflect the 'raw' or underlying land value in its presubdivided state. As land is set aside for roads and freeways at the presubdivision stage it is at this point that a clear distinction exists between the lands that will be "developed" in the sense of being serviced by infrastructure, zoned, and built on, and those that will remain undeveloped as the site of road and/or other infrastructure assets. Therefore, making adjustments to arrive at an englobo or raw land value represents an appropriate basis upon which to measure the value of roadway land.



- 2 Access rights & private interests - the presence of the rights of access of adjoining owners and the usual rights of carriageway the public possess over roadway land. Subdivided land will contain rights of carriageway over some or all of the roadways they abut. While generally all titles specifically show rights of carriageway over adjoining roads, even where this is not the case the concept of implied easements would apply. Rights of access, implied or otherwise, represent a legally enforceable right and as such confer an interest in the value of the land under the roads to the adjoining property owners. This has to be recognised by way of an adjustment to the raw land value. Similarly, although they are not explicitly recognised as easements, usual rights of carriageway that the public possess over roadway land also fetter and therefore arguably encumber the value of roadway land. Some allowance should also be made for the negative effects of public access rights.

- 3 Other infrastructure assets within roadways - the various services that extend along and under roads and road alignments also need to be acknowledged when valuing land under roads. Hence, the methodology must also take account of the fact that a mixture of infrastructure easements for water, sewerage, drainage, electricity, telecommunications, and gas etc generally encumber roads. Thus, the reporting entities required to account for the value of land under roads (LUR) in this respect do not have the sole controlling interest over roadway land vested to them. The methodology adopted has to make allowance for this fact also.

Therefore, in broad terms the approach / equation that has been developed can be summarised as:

Land Value = Site Value Rate per 2 x LUR m²

Less

Adjustment for Englobo Value

Less

Adjustment for Access & Carriageway Rights

Less

Adjustment for Infrastructure Assets

= Value of Land Under Roads



The Adjustment for:

- *Englobo Value* is set at 70% (the high-range of the recommended vicinity of 60% - 70%) due to the urban environment of the municipality
- *Access & Carriageway Rights* value has been set at 15% for all circumstances as per the recommendations*
- *Adjustment for Infrastructure Assets* value has been set at 10% for all circumstances as per the recommendations*.
- Total discount applied is 95%
- City of Darwin has utilised GIS to determine the area of Land Under Roads, this method has resulted in an area of 8,807,659.36m².

*Recommendations contained within City of Darwin Land Under Roads Fair Value 30th June 2022.

5.5 Asset valuation calculation

The land under roads value has been calculated as follows:

Site Value Rate per 2 x LUR m2 = \$100.21 x 8,807,659.36

Less

Adjustment for Englobo Value \$617,831,038.16

Less

Adjustment for Access & Carriageway Rights \$132,392,365.32

Less

Adjustment for Infrastructure Assets \$88,261,576.88

Table 5.1: Land Under Roads – Summary Table

Asset Class	Area (m2)	Replacement Value (2022)	Accumulated Depreciation (2022)	Written Down Value (2022)	Depreciation Expense
Land Under Roads	8,807,659.36	\$44,130,788.44	\$0	\$44,130,788.44	\$0



5.6 Summary of operations and maintenance

Operations are the regular day to day activities undertaken by City of Darwin in order to provide a level of service to the community. To be able to deliver these services City of Darwin is required to allocate funds for resources such as staff wages, utility consumption, fuel, overheads, etc.

Maintenance may be classified into reactive, planned, and specific maintenance work activities.

- reactive maintenance is unplanned repair work carried out in response to service requests and management directions
- planned or scheduled maintenance is repair work that is identified and managed through planned inspections by assessing the condition of the assets through various skilled technicians and via asset condition surveys.

City of Darwin will operate and maintain assets through a scheduled maintenance program to approved budgets in the most cost-efficient manner. The operation and maintenance activities include:

- review current and required skills base and implement workforce training and development to meet required operations and maintenance needs
- review asset utilisation to identify underutilised assets and appropriate remedies, and over utilised assets and customer demand management options
- develop and regularly review appropriate emergency response capability
- review management of operations and maintenance activities to ensure City of Darwin is obtaining best value for resources.

For land under roads there is no routine operations and maintenance budget for such works.

5.7 Renewal plan

City of Darwin will plan capital renewal and replacement projects to meet approved budgets in the most cost-efficient manner and minimise infrastructure service risks by:

- planning and scheduling renewal projects to deliver the defined level of service in the most efficient manner,
- undertaking project scoping for all capital renewal and replacement projects to identify:
 - the service delivery 'deficiency', present risk, and optimum time for renewal/replacement
 - the project objectives to rectify the deficiency
 - the range of options, estimated capital and life cycle costs for each option that could address the service deficiency
 - evaluate the options against evaluation criteria adopted by the City of Darwin
 - select the best option to be included in capital renewal and replacement programs.
- using 'low cost' renewal methods (cost of renewal is less than replacement) wherever possible



- review current and required skills base and implement workforce training and development to meet required construction and renewal needs
- review management of capital renewal and replacement activities to ensure Council is obtaining best value for resources used.

5.8 Renewal ranking criteria

Asset renewal is typically undertaken to either:

- ensure the reliability of the existing infrastructure to deliver the service it was constructed to facilitate (e.g., replacing a bridge that has a 5 t load limit), or
- to ensure the infrastructure is of sufficient quality to meet the service requirements (e.g., condition of a playground).⁷

It is possible to prioritise renewals by identifying assets or asset groups that:

- have a high consequence of failure
- have high use and subsequent impact on users would be significant
- have higher than expected operational or maintenance costs, and
- have potential to reduce life cycle costs by replacement with a modern equivalent asset that would provide the equivalent service⁸
- renewal and replacement programs are not applicable for land under roads.

5.9 Summary of future renewal costs

Not applicable to this asset class.

5.10 Acquisition plan

Acquisition refers to new assets that did not previously exist or works which will upgrade or improve an existing asset beyond its existing capacity. They may result from growth, demand, social or environmental needs. Assets may also be donated to the City of Darwin.

The City of Darwin will implement the creation of new assets and upgrading of existing assets through projects in follows:

- planning and scheduling capital upgrade and new projects to deliver the defined level of service in the most efficient manner
- undertake project scoping for all capital upgrade/new projects to identify:

⁷ IPWEA, 2015, IIMM, Sec 3.4.4, p 3|91.



- the service delivery 'deficiency', present risk and required timeline for delivery of the upgrade/new asset
 - the project objectives to rectify the deficiency including value management for major projects
 - the range of options, estimated capital and life cycle costs for each option that could address the service deficiency
 - management of risks associated with alternative options, and evaluate the option against evaluation criteria adopted by Council, and
 - the best option to be included in capital upgrade/new programs,
- review skills base and implement training and development to meet required construction and project management needs
 - review capital project management activities to ensure Council is obtaining best value for resources used.

5.11 Selection criteria

Proposed acquisition of new assets, and upgrade of existing assets, are identified from various sources such as community requests, proposals identified by strategic plans or partnerships with others. Potential upgrade and new works should be reviewed to verify that they are essential to the Entities needs. Proposed upgrade and new work analysis should also include the development of a preliminary renewal estimate to ensure that the services are sustainable over the longer term. Verified proposals can then be ranked by priority and available funds and scheduled in future works programmes.

Capital works create a new asset that did not previously exist, while upgrade works improve an existing asset beyond its existing capacity. They may result from growth, social or environmental needs. Assets may also be acquired at no cost to City of Darwin from land development and other arrangements.

New assets and upgrade/expansion of existing assets will be identified from various sources such as Council and community requests, proposals identified by strategic plans or partnerships with other organisations, and will be incorporated into City of Darwin's Long Term Financial Plan (LTFP).

As upgrades to existing assets and in particular the acquisition of new assets is not yet clearly defined, capital expenditure levels will need to be revaluated in future AMP revisions to ensure that they reflect, in particular, new infrastructure as it is accepted and that it is captured in City of Darwin's AMIS, Assetic.

Generally new community infrastructure assets will be accepted by City of Darwin through developer contribution from subdivisional works. Acceptance of these new assets will be managed through the Innovation Hub and accepted by City of Darwin through delegated authority.

⁸ Based on IPWEA, 2015, IIMM, Sec 3.4.5, p 3|97.

Where new or upgraded community infrastructure development is constructed as part of a City of Darwin initiative these works will be delivered by the Corporate Hub.



As new assets are transferred to or created by City of Darwin they are added to Assetic. Upgrades to infrastructure and the creation of new assets are managed through the long term capital works plan and reflected in City of Darwin's LTFP.

5.12 Summary of future acquisition costs

Not applicable to this asset class.

5.13 Disposal plan

Disposal⁹ includes any activity associated with the disposal of a decommissioned asset including sale, demolition or relocation.

Disposal plans will be identified prior to capital upgrade and replacement project works commencing and the corresponding assets will be disposed of through Assetic. Disposal guidelines are further addressed in section 7.2 below.

No whole land under road assets are identified for disposal at this point in time but will be considered in further revisions.

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⁹ Asset Disposal Policy FIN003



6 RISK MANAGEMENT PLANNING

The purpose of infrastructure risk management is to document the findings and recommendations resulting from the periodic identification, assessment and treatment of risks associated with providing services from infrastructure, using the fundamentals of International Standard ISO 31000:2018 Risk management – Principles and guidelines.

Risk Management is defined in ISO 31000:2018 as: 'coordinated activities to direct and control with regard to risk.'¹⁰

Critical service objectives are those services which have a high consequence of failure, but not necessarily a high likelihood of failure. By identifying critical service objectives and critical failure modes, City of Darwin can target and refine investigative activities, maintenance plans and capital expenditure plans at the appropriate time.

Operations and maintenance activities may be targeted to mitigate critical assets failure modes and maintain service levels. These activities may include increased inspection frequency, higher maintenance intervention levels, etc.

No critical asset failure modes have been identified for land under road.

6.1 Critical assets

Critical assets are defined as those which have a high consequence of failure causing significant loss or reduction of service. Land under roads due to the nature of the asset is not identified as a critical asset for the City of Darwin with any failure modes attributes to the asset.

6.2 Risk assessment

An assessment of risks associated with service delivery from infrastructure assets has identified critical risks that will result in loss or reduction in service from infrastructure assets or a 'financial shock' to City of Darwin. The risk assessment process¹¹ identifies credible risks, the likelihood of the risk event occurring, the consequences should the event occur, develops a risk rating, evaluates the risk and develops a risk treatment plan for non-acceptable risks.

Critical risks, being those assessed as 'Very High' - requiring immediate corrective action and 'High' – requiring prioritised corrective action identified in the Infrastructure Risk Management Plan, together with the estimated residual risk after the selected treatment plan is operational are summarised in Table 6.2. These risks have been developed by management and reported to the Risk Management and Audit Committee, and Council.

The risk management process used is shown in Figure 6.2 below.

¹⁰ ISO 31000:2009, p 2

¹¹ Infrastructure Department Operational Risk Assessment (Rev 6) June 2017



It is an analysis and problem-solving technique designed to provide a logical process for the selection of treatment plans and management actions to protect the community against unacceptable risks.

The process is based on the fundamentals of International Standard ISO 31000:2018.

The risk management process used is shown in Figure 6.1 below.

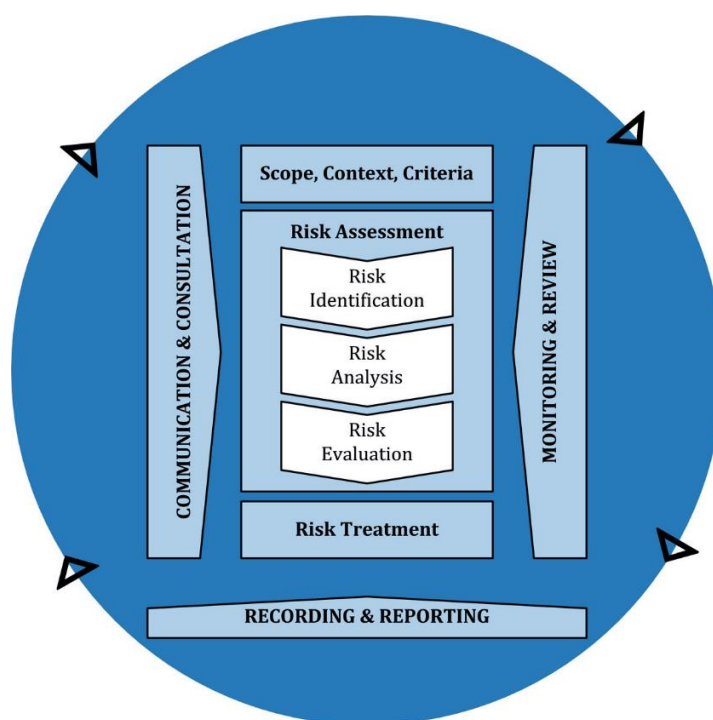


Figure 6.1 Risk Management Process – Abridged

Source: ISO 31000:2018, Figure 1, p9

Table 6.1 Risks and Treatment Plans

Service or Asset at Risk	What Can Happen	Risk Rating (VH, H)	Risk Treatment Plan	Residual Risk *	Treatment Costs
Land Under Roads	Failure to maintain and keep updated a central asset register	H	Maintenance of the central asset register within Assetic.	L	Managed within existing budgets

Note * The residual risk is the risk remaining after the selected risk treatment plan is implemented.



7 FINANCIAL OBLIGATIONS

This section of the management plan will address obligations and requirements for the capitalisation and depreciation, data management, disposal, revaluation and handling of contributed assets.

7.1 Asset capitalisation and depreciation

City of Darwin aims to ensure that the recognition classification and depreciation of assets is consistently applied and in accordance with Australian Accounting Standard AASB1051– Land Under Roads, Australian Accounting Standard AASB116 – Property Plant and Equipment and the Australian Infrastructure Financial Management Guide.

AASB116 states that:

The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if:

(a) it is probable that future economic benefits associated with the item will flow to the entity;

And

(b) the cost of the item can be measured reliably.

City of Darwin's key asset accounting policies are also contained in the Statement of Significant Accounting Policies, which forms Note 1 of the published annual financial statements.

A detailed procedure which outlines the process to be followed when recognising, classifying and depreciating physical non-current assets will be developed.

7.2 Asset data management

City of Darwin aims to ensure that the identification and classification of physical non-current assets is consistently applied. This is achieved by identifying all physical non-current assets into one of the categories contained in the asset register.

7.3 Asset disposal

City of Darwin aims to ensure that the sale and disposal of land and other assets is considered fair and transparent. The disposal of physical non-current assets by City of Darwin is in accordance with Local Government Act and the Ministerial Guidelines. Section 182(1) of the Local Government Act gives City of Darwin the power to deal with and dispose of property subject to the Minister's guidelines.

Ministerial Guideline 7 describes the authority to dispose of property, methods to be used, considerations and application of proceeds from sale of assets. Section 187 of the Local Government Act outlines City of Darwin's authority specifically in regards to closing of roads.



The subordinate Local Government Administration Regulations further outlines the responsibilities of City of Darwin in permanently closing a road (Part 6, Section 19). An internal procedure exists which outlines the process to be followed when disposing of land under road.

7.4 Contributed assets

City of Darwin aims to ensure that the recognition of contributed assets is performed consistently and in accordance with the Australian Accounting Standard (AAS) AASB116 – PP&E. AASB116 specifies that City of Darwin must value each class of PP&E using either the cost model or revaluation model. Under AASB116 the revaluation model is defined as “an item of PP&E whose fair value can be measured reliably shall be carried at a revalued amount, being its Fair Value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses”. A detailed procedure which outlines the process to be followed when recognising physical non-current asset received as contributed assets will be developed.

7.5 Asset valuation

City of Darwin aims to ensure that asset revaluations are carried out consistently and in accordance with Australian Accounting Standard AASB116 – Property, Plant and Equipment (PP&E). AASB116 specifies that City of Darwin must value each class of PP&E using either:

Cost Model – An item of PP&E shall be carried at its cost less any accumulated depreciation and any accumulated impairment losses

Revaluation Model – An item of PP&E whose fair value can be measured reliably shall be carried at a revalued amount, being its Fair Value¹² at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses

Both Cost and Fair Value are defined in AASB116:

Cost - The amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction.

Fair Value – The amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

Infrastructure, land and buildings are carried at valuation and revalued on a four to five year basis. All other non-current assets classes are valued at cost.

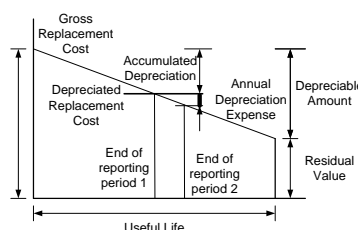
¹² Also reported as Written Down Value, Carrying or Net Book Value.



7.6 Current value

The value of assets included in this AMP are shown below. The assets are valued at fair value at cost to replace service capacity.

Replacement Cost (Current/Gross)	\$44,130,788.4
Depreciable Amount	\$0
Depreciated Replacement Cost ⁸	\$44,130,788.4
Depreciation	\$0



7.7 Valuation forecast

Asset values are forecast to increase as additional assets are added to the asset stock from construction and acquisition by City of Darwin and from assets constructed by land developers and others and donated to City of Darwin.

7.8 Forecast reliability and confidence

The forecast costs, proposed budgets, and valuation projections in this AMP are based on the best available data. For effective asset and financial management, it is critical that the information is current and accurate. Data confidence is classified on a A - E level scale¹³ in accordance with Table 7.1.

Table 7.1: Data Confidence Grading System

Confidence Grade	Description
A. Very High	Data based on sound records, procedures, investigations and analysis, documented properly and agreed as the best method of assessment. Dataset is complete and estimated to be accurate ± 2%
B. High	Data based on sound records, procedures, investigations and analysis, documented properly but has minor shortcomings, for example some of the data is old, some documentation is missing and/or reliance is placed on unconfirmed reports or some extrapolation. Dataset is complete and estimated to be accurate ± 10%

¹³ IPWEA, 2015, IIMM, Table 2.4.6, p 2|71.



Confidence Grade	Description
C. Medium	Data based on sound records, procedures, investigations and analysis which is incomplete or unsupported, or extrapolated from a limited sample for which grade A or B data are available. Dataset is substantially complete but up to 50% is extrapolated data and accuracy estimated $\pm 25\%$
D. Low	Data is based on unconfirmed verbal reports and/or cursory inspections and analysis. Dataset may not be fully complete, and most data is estimated or extrapolated. Accuracy $\pm 40\%$
E. Very Low	None or very little data held.

The estimated confidence level for and reliability of data used in this AM Plan is shown in Table 7.2.

Table 7.2: Data Confidence Assessment for Data Used in AMP

Data	Confidence Assessment	Comment
Demand drivers	N/A	Nil
Growth projections	N/A	Nil
Operations expenditures	N/A	Nil
Maintenance expenditures	N/A	Nil
Project renewal expenditures Asset values	B	Based on 2022 Revaluation Data
Asset residual values	B	Based on 2022 Revaluation Data
- Asset useful lives	N/A	Nil
- Condition modelling	N/A	Nil
New and upgrade expenditures	N/A	Nil
Disposal expenditures	N/A	Nil
Community levels of service	N/A	Nil
Technical levels of service	N/A	Nil

The estimated confidence level for and reliability of data used in this AMP is considered to be B – High.



8 PLAN IMPROVEMENT AND MONITORING

8.1 Status of asset management practices¹⁴

The current adopted practices place City of Darwin on a path to provide a strong and sustainable platform of continued and improved asset management maturity.

8.2 Hierachy of asset management plans

- All AMPs guided by Policy No. 055 Asset Management Policy
- AMPs are adopted by Council
- AMPs will have a number of procedures for operations that will be reviewed regularly, and amendments approved by the CEO.

8.3 Accounting and financial data sources

- Authority System – providing City of Darwin’s capital works programs and operations and maintenance budgets included within the 2021 Long Term Financial Plan
- In general, works with a value exceeding \$5,000 are considered to be capital works.

8.4 Asset management data sources

Asset data stored within the City of Darwin’s Asset Management Information System (Assetic), with Asset Management Procedures in place to ensure the correct data collection, recording and maintenance of asset data. Audits are also carried out on the data on intervals no less than the defined condition assessment intervals. Asset owners are responsible for the maintenance of their data on a continual basis.

8.5 Improvement plan

The City of Darwin is continually striving to towards an enhanced level of asset management maturity and as such the improvement plan generated from this AMP is shown in Table 8.1.

¹⁴ ISO 55000 Refers to this as the Asset Management System

**Table 8.1: Improvement Plan**

Task	Responsibility	Resources Required	Timeline
Scheduled yearly meetings to ensure accuracy of the AMP	Corporate Hub	Within existing resources	Next AMP Review
Revisions to the AMP's will be presented to RMAC for recommendation to Council for adoption	RMAC/Councillors or Elected Members	Within existing resources	Next AMP Review
Continued implementation of the Assetic System across the City of Darwin	Corporate Hub	Within existing resources	Next AMP Review

8.6 Monitoring and reviewing procedures

This AMP will be reviewed during the annual budget planning process and revised to show any material changes in service levels, risks, forecast costs and proposed budgets as a result of budget decisions.

The AMP will be reviewed and updated annually to ensure it represents the current service level, asset values, forecast operations, maintenance, renewals, acquisition and asset disposal costs and planned budgets. These forecast costs and proposed budget are incorporated into the Long-Term Financial Plan or will be incorporated into the Long-Term Financial Plan once completed.

The AMP has a maximum life of 4 years and is due for complete revision and updating within two years of each City of Darwin election.

8.7 Performance measurements

The effectiveness of this AMP can be measured in the following ways:

- the degree to which the required forecast costs identified in this AMP are incorporated into the long-term financial plan
- the degree to which the 1-5 year detailed works programs, budgets, business plans and corporate structures consider the 'global' works program trends provided by the AMP,
- the degree to which the existing and projected service levels and service consequences, risks and residual risks are incorporated into the Strategic Planning documents and associated plans,
- the Asset Renewal Funding Ratio achieving the Organisational target.



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<https://www.ipwea.org/publications/ipweabookshop/practicenotes/pn8>
- ISO, 2014, ISO 55000:2014, Overview, principles and terminology
- ISO, 2018, ISO 31000:2018, Risk Management – Guidelines
- Strategic Plan 2020 – 2030 City of People. City of Colour
- City of Darwin Annual Plan and Budget 2020/21
- City of Darwin Long Term Financial Plan
- City of Darwin Asset Management Policy 055.
- City of Darwin Municipal Plan 2022/23.
- City of Darwin Statement of Significant Accounting Policies Policy No. 022.
- City of Darwin Strategic Plan – Evolving Darwin Towards 2020



10 APPENDICES - Glossary

Asset. A resource controlled by an entity as a result of past events and from which future economic benefits are expected to flow to the entity. Infrastructure assets are a sub-class of property, plant and equipment which are non-current assets with a life greater than 12 months and enable services to be provided.

Asset Category. Sub-group of assets within a class hierarchy for financial reporting and management purposes.

Asset Class. A group of assets having a similar nature or function in the operations of an entity, and which, for purposes of disclosure, is shown as a single item without supplementary disclosure.

Asset Condition Assessment. The process of continuous or periodic inspection, assessment, measurement and interpretation of the resultant data to indicate the condition of a specific asset so as to determine the need for some preventative or remedial action.

Asset Hierarchy. A framework for segmenting an asset base into appropriate classifications. The asset hierarchy can be based on asset function or asset type or a combination of the two.

Asset Management (AM). The combination of management, financial, economic, engineering and other practices applied to physical assets with the objective of providing the required level of service in the most cost-effective manner.

Asset Renewal Funding Ratio. The ratio of the net present value of asset renewal funding accommodated over a 10 year period in a long term financial plan relative to the net present value of projected capital renewal expenditures identified in an AMP for the same period [AIFMG Financial Sustainability Indicator No 8].

Capital Expenditure (Renewal, Rehabilitation & Upgrade). Relatively large (material) expenditure, which has benefits, expected to last for more than 12 months. Capital expenditure includes renewal, rehabilitation, expansion and upgrade. Where capital projects involve a combination of renewal, expansion and/or upgrade expenditures, the total project cost needs to be allocated accordingly.

Capitalisation Threshold. The value of expenditure on non-current assets above which the expenditure is recognised as capital expenditure and below which the expenditure is charged as an expense in the year of acquisition.

Carrying Amount. The amount at which an asset is recognised after deducting any accumulated depreciation / amortisation and accumulated impairment losses thereon.

Component. Specific parts of an asset having independent physical or functional identity and having specific attributes such as different life expectancy, maintenance regimes, risk or criticality.

Cost of an Asset. The amount of cash or cash equivalents paid, or the fair value of the consideration given to acquire an asset at the time of its acquisition or construction, including any costs necessary to place the asset into service. This includes one-off design and project management costs.



Critical Assets. Assets for which the financial, business or service level consequences of failure are sufficiently severe to justify proactive inspection and rehabilitation. Critical assets have a lower threshold for action than noncritical assets.

Current Assets. Those assets which the entity either:

- intends to sell or consume in its normal operating cycle
- holds primarily for the purpose of trading; or
- expects to realise the asset within twelve months after the end of the reporting date; or
- does not have an unconditional right to defer settlement for at least twelve months after the reporting date.

Current Replacement Cost (CRC). The cost the entity would incur to acquire the asset on the reporting date. The cost is measured by reference to the lowest cost at which the gross future economic benefits could be obtained in the normal course of business or the minimum it would cost, to replace the existing asset with a technologically modern equivalent new asset (not a second hand one) with the same economic benefits (gross service potential) allowing for any differences in the quantity and quality of output and in operating costs.

Depreciable Amount (DA). The cost of an asset, or other amount substituted for its cost, less its residual value.

Depreciated Replacement Cost (DRC). The current replacement cost (CRC) of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset.

Depreciation / Amortisation. The systematic allocation of the depreciable amount (service potential) of an asset over its useful life.

Expenses. Decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or increases in liabilities that result in decreases in equity, other than those relating to distributions to equity participants.

Fair Value. The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties, in an arm's length transaction.

Funding Gap. A funding gap exists whenever an entity has insufficient capacity to finance asset renewal and other expenditure necessary to be able to appropriately maintain the range and level of services its existing asset stock was originally designed and intended to deliver. The service capability of the existing asset stock should be determined assuming no additional operating revenue, productivity improvements, or net financial liabilities above levels currently planned or projected. A current financing gap means service levels have already or are currently falling. A projected financing gap if not addressed will result in a future diminution of existing service levels.

Impairment Loss. The amount by which the carrying amount of an asset exceeds its recoverable amount.



Infrastructure Assets. Physical assets that contribute to meeting the needs of organisations or the need for access to major economic and social facilities and services, e.g. roads, drainage, footpaths and cycleways. These are typically large, interconnected networks or portfolios of composite assets. The components of these assets may be separately maintained, renewed or replaced individually so that the required level and standard of service from the network of assets is continuously sustained. They are fixed in place and are often have no separate market value.

Level of Service. The defined service quality for a particular service/activity against which service performance may be measured. Service levels usually relate to quality, quantity, reliability, responsiveness, environmental impact, acceptability and cost.

Life Cycle Cost * .

- 1 **Total LCC** The total cost of an asset throughout its life including planning, design, construction, acquisition, operation, maintenance, rehabilitation and disposal costs.
- 2 **Average LCC** The life cycle cost (LCC) is average cost to provide the service over the longest asset life cycle. It comprises average operations, maintenance expenditure plus asset consumption expense, represented by depreciation expense projected over 10 years. The Life Cycle Cost does not indicate the funds required to provide the service in a particular year.

Maintenance. All actions necessary for retaining an asset as near as practicable to an appropriate service condition, including regular ongoing day-to-day work necessary to keep assets operating, e.g., road patching but excluding rehabilitation or renewal. It is operating expenditure required to ensure that the asset reaches its expected useful life.

- **planned maintenance** - Repair work that is identified and managed through a Maintenance Management System (MMS). MMS activities include inspection, assessing the condition against failure/breakdown criteria/experience, prioritising scheduling, actioning the work and reporting what was done to develop a maintenance history and improve maintenance and service delivery performance
- **reactive maintenance** - Unplanned repair work that is carried out in response to service requests and management/ supervisory directions
- **specific maintenance** - Maintenance work to repair components or replace sub-components that needs to be identified as a specific maintenance item in the maintenance budget
- **unplanned maintenance** - Corrective work required in the short-term to restore an asset to working condition so it can continue to deliver the required service or to maintain its level of security and integrity.

Maintenance Expenditure *. Recurrent expenditure, which is periodically or regularly required as part of the anticipated schedule of works required to ensure that the asset achieves its useful life and provides the required level of service. It is expenditure, which was anticipated in determining the asset's useful life.

Materiality. The notion of materiality guides the margin of error acceptable, the degree of precision required, and the extent of the disclosure required when preparing general purpose financial reports. Information is material if its omission, misstatement, or non-disclosure has the potential, individually or



collectively, to influence the economic decisions of users taken on the basis of the financial report or affect the discharge of accountability by the management or governing body of the entity.

National Asset Management System (NAMS.PLUS). NAMS.PLUS is subscription-based providing asset-owning councils access to tools & online resources to develop, write and keep their Asset Management Plans up-to-date. NAMS.PLUS is provided by the Institute of Public Works Engineering Australia.

Net Present Value (NPV). The value to the organisation of the cash flows associated with an asset, liability, activity or event calculated using a discount rate to reflect the time value of money. It is the net amount of discounted total cash inflows after deducting the value of the discounted total cash outflows arising from e.g. the continued use and subsequent disposal of the asset after deducting the value of the discounted total cash outflows.

Operations. Regular activities to provide services such as public health, safety, and amenity, e.g. street sweeping, grass mowing and street lighting.

Operating Expenditure. Recurrent expenditure, which is continuously required to provide a service. In common use the term typically includes, e.g. power, fuel, staff, plant equipment, on-costs and overheads but excludes maintenance and depreciation. Maintenance and depreciation is on the other hand included in operating expenses.

Operating Expense. The gross outflow of economic benefits, being cash and non-cash items, during the period arising in the course of ordinary activities of an entity when those outflows result in decreases in equity, other than decreases relating to distributions to equity participants.

Operations, Maintenance and Renewal Financing Ratio. Ratio of estimated budget to projected expenditure for operations, maintenance and renewal of assets over a defined time (e.g. 5, 10 and 15 years).

Non-current asset. All assets other than current assets, including assets held but not traded by a business in order to carry out its activities. Such assets are intended for use, not exchange and normally include physical resources such as land, buildings, drains, furniture and fittings.

Rate of Annual Asset Consumption *. The ratio of annual asset consumption relative to the depreciable amount of the assets. It measures the amount of the consumable parts of assets that are consumed in a period (depreciation) expressed as a percentage of the depreciable amount.

Rate of Annual Asset Renewal *. The ratio of asset renewal and replacement expenditure relative to depreciable amount for a period. It measures whether assets are being replaced at the rate they are wearing out with capital renewal expenditure expressed as a percentage of depreciable amount (capital renewal expenditure/DA).

Recoverable Amount. The higher of an asset's fair value, less costs to sell and its value in use.

Remaining Useful Life. The time remaining until an asset ceases to provide the required service level or economic usefulness. Age plus remaining useful life is useful life.



Residual Value. The estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Risk Management. The application of a formal process to the range of possible values relating to key factors associated with a risk in order to determine the resultant ranges of outcomes and their probability of occurrence.

Service Potential. The total future service capacity of an asset. It is normally determined by reference to the operating capacity and useful life of an asset. A measure of service potential is used in the not-for-profit sector/public sector to value assets, particularly those not producing a cash flow.

Specific Maintenance. Replacement of higher value components/sub-components of assets that is undertaken on a regular cycle including repainting, replacement of air conditioning equipment, etc. This work generally falls below the capital/ maintenance threshold and needs to be identified in a specific maintenance budget allocation.

Sub-Component. Smaller individual parts that make up a component part.

Useful Life. Either:

- 1 the period over which an asset is expected to be available for use by an entity, or
- 2 the number of production or similar units expected to be obtained from the asset by the entity.

It is estimated or expected time between placing the asset into service and removing it from service, or the estimated period of time over which the future economic benefits embodied in a depreciable asset, are expected to be consumed by the Council.

Value in Use. The present value of future cash flows expected to be derived from an asset or cash generating unit. It is deemed to be depreciated replacement cost (DRC) for those assets, whose future economic benefits are not primarily dependent on the asset's ability to generate net cash inflows, where the entity would, if deprived of the asset, replace its remaining future economic benefits.

Source: IPWEA, 2015, Glossary

* Additional and modified glossary items shown.

6.4 RISK REVIEW AND ASSESSMENT - APRIL 2024

Author:	Risk Management Coordinator
Authoriser:	Executive Manager Corporate and Customer Services
Attachments:	1. Strategic risk summary ↓
	2. Operational risk summary with high risk detail ↓
	3. WHS risk summary ↓
	4. Project risk summary with high risk detail ↓

RECOMMENDATIONS

1. THAT the report entitled Risk Review and Assessment April 2024 be received and noted.

PURPOSE

The purpose of this report is to provide an update to the Risk Management and Audit Committee (RMAC) on City of Darwin's Risk Management environment, including progress on the implementation of the Camms system.

KEY ISSUES

- Risk maturity across the organisation has grown, with risks across each of the five registers being updated regularly as and when they fall due by responsible officers.
- A copy of the Strategic Risk Summary has been provided as **Attachment 1** to this report.
- A summary of the Operational Risk Summary is also provided as **Attachment 2** and includes risk details for each risk with a residual risk rating of high.
- Progress is underway on an update to terminology used in the WHS risk register and will be implemented ahead of the next RMAC meeting. This will also include consideration for other reporting styles providing clearer risk descriptions in addition to the risk titles.
- Work remains ongoing to roll out the Incident module and is on track for implementation by end of financial year 2024.

DISCUSSION

At the previous RMAC meeting held in February 2024, the Committee was provided an update on the implementation of the Camms Enterprise Risk Management System, encompassing modules for the management of City of Darwin’s risk register, audit programs, incidents, and compliance requirements.

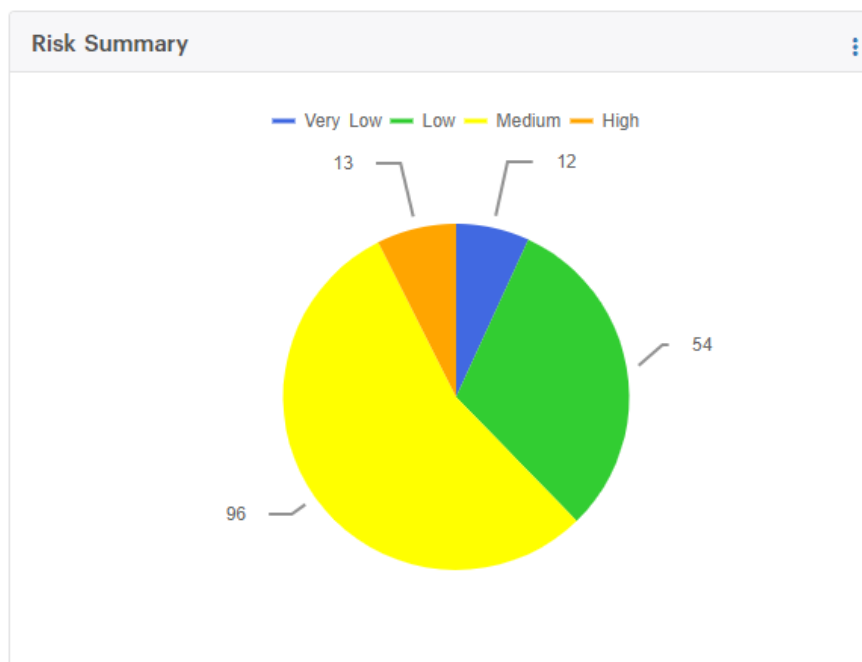
City of Darwin Risk Registers

Development of the operational, project and ICT risk registers remains ongoing and forms part of business as usual in City of Darwin’s journey to risk maturity. The WHS risk register is well developed and is operating as expected. A full review of the strategic risk register is expected to occur in line with a proposed upcoming audit, whereby a comprehensive assessment of the register is to occur in conjunction with the outcomes delivered under the Darwin 2030 Strategic Plan. This will involve RMAC and other stakeholders.

Since the last RMAC meeting all risks were scheduled for review, with the annual review date scheduled for the end of March 2024. The table below outlines the risk review frequency based on the residual risk rating of each risk, with the higher risks requiring a higher frequency of review.

Risk review deadlines and frequency													
Residual risk rating		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Extreme	Monthly												
High	Bi-monthly												
Medium	Quarterly												
Low	Half-yearly												
Very low	Annual												

Across all risk registers and risk types there are a total of 175 active risks. One risk has been made inactive in the most recent reporting period. A summary of the residual risk ratings of across risk types is provided below:



Strategic Risk

A copy of the strategic risk summary is provided as **Attachment 1** to this report, with outcomes of the strategic risk audit to be presented to the Committee once available.

Operational Risk

There have been no significant changes to the operational risk register since the last RMAC meeting.

A risk summary is presented as **Attachment 2** to this report along with a detailed extract of all operational risks with a residual risk rating of high. There are two risks rated high in Finance, and four in Property.

There are several controls currently past their review date, as shown in the document in **Attachment 2**, this is due to a hold being placed on the current review cycle for controls in order to undertake a significant body of work around consolidation and reconfiguration of system controls against Camms. This is anticipated to occur before end of this calendar year.

Camms risk education remains ongoing across the organisation, and work areas are being trained in the system as registers come online. This training is supported by guidance documents which have been prepared and are available for staff to access via the Intranet. Team members can access one-on-one training with the subject matter expert as required. Further, Camms open door meetings have also been scheduled to assist with risk, compliance, and performance reporting education.

Risk workshops are being held in line with operational priorities with the flexibility to reschedule or adapt scheduled workshops to meet organisational needs.

WHS Risk

The WHS Risk Register is fully operational, and risk summary is provided as **Attachment 3** to this report.

Feedback received at the previous RMAC meeting has been taken on board, with progress made towards updating the risk titles to provide a better description of the risk to the organisation. A draft list of titles has been developed, and risks will be updated over the coming period with consideration for some possible system reporting changes which may assist in providing additional description fields against individual risks.

ICT Roadmap Risk

An update on the ICT Roadmap is presented as a separate item on this agenda.

Project Risk

A summary of project risks, grouped by responsibility, is provided as **Attachment 4** to this report.

This document also provides the detailed risk extract for the five risks currently listed as having a high residual risk. There are two risks rated high from the Civic Centre redevelopment project, and the remaining three risks are related to the stage 2 expansion at Shoal Bay Waste Management Facility (SBWMF).

Since the last RMAC meeting a workshop for the implementation of new parking technology was held, with the risk process still underway. A full register is expected to be available at the next RMAC meeting.

Further workshops will be scheduled to finalise SBWMF stage 2 expansion and re-visit the draft SBWMF stage 7 construction register in line with project progress. Likewise, a workshop will need to be scheduled to review risks for the ECM Upgrade 2023 project, and the register for the micro-mobility contract transition 2023 project.

A summary of the individual project registers is provided below:

Projects	Status
Bundilla Beach Master Plan	Risk review complete
Casuarina Aquatic and Leisure Centre redevelopment	Risk review complete
Civic Centre redevelopment	Risk review complete
ECM upgrade 2023	Risk review complete
Micro-mobility contract transition 2023	Finalised, not in Camms
Parking technology upgrade	In draft
SBWMF stage 2 construction	Risk review complete, additional workshops required for status update
SBWMF stage 7 expansion	In draft

Camms Modules

As previously advised to the Committee, implementation of the Strategy, Risk, Audit and Compliance modules is now complete. Notifications and workflows for Audit, Risk, and Compliance are operational, with team members receiving task reminders across these modules.

The implementation of the Incident module remains ongoing, with planned implementation on track for end of financial year 2024.

PREVIOUS COUNCIL RESOLUTION

N/A

STRATEGIC PLAN ALIGNMENT	6 Governance Framework 6.3 Decision Making and Management
BUDGET / FINANCIAL / RESOURCE IMPLICATIONS	N/A
LEGISLATION / POLICY CONTROLS OR IMPACTS	N/A
CONSULTATION, ENGAGEMENT & COMMUNICATION	N/A
DECLARATION OF INTEREST	The report author does not have a conflict of interest in relation to this matter. The report authoriser does not have a conflict of interest in relation to this matter. If a conflict of interest exists, staff will not act in the matter, except as

	authorised by the CEO or Council (as the case requires).
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Heatmap Report

City of Darwin

Camms.

Print Date: 12-Apr-2024

RISK SUMMARY

Strategic Risk

No.	Risk Title	Inherent	Residual	Trend
1	SR - 1 - Be financially sustainable into the long term	High	Low	↔
2	SR - 2 - Develop & facilitate effective relationships & partnerships & manage key stakeholders & their expectations	Medium	Low	↓
3	SR - 3 - Attract, retain and develop our people to our culture	High	Medium	↔
4	SR - 4 - Effectively design & implement fit for purpose contemporary governance practices	Extreme	Low	↓
5	SR - 5 - Prepare for, respond to, and recover from internal/external critical events	High	Very Low	↔
6	SR - 6 - Support the safety & wellbeing of staff and the community	High	Very Low	↔
7	SR - 7 - Operate in compliance with regulatory environment	High	Low	↓
8	SR - 8 - Be innovative with everything it does	High	Very Low	↓
9	SR - 9 - Identify, deliver and maintain the right infrastructure assets	Extreme	Medium	↔
10	SR - 10 - Maintain long term planning and thinking	High	Low	↓
11	SR - 11 - Design, implement & evolve the way that it delivers value to its internal & external customers	Medium	Very Low	↔
12	SR - 12 - Establish itself as a credible government for Darwin	Medium	Low	↔

Camms.

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Heatmap Report

City of Darwin

Camms.

Print Date: 12-Apr-2024

RISK SUMMARY

CORPORATE AND CUSTOMER SERVICE

No.	Risk Title	Inherent	Residual	Trend
27	OR - 18 - Mismanagement of personal information	High	Medium	↔
50	OR - 20 - Mismanagement of privacy issues associated with CCTV infrastructure	High	Medium	↔

FINANCE

No.	Risk Title	Inherent	Residual	Trend
18	OR - 105 - Finance systems and GL structure not meeting needs	Extreme	High	↔
11	OR - 107 - Accounts Payable fraud	Extreme	Very Low	↔
17	OR - 110 - Material mis-statements and qualified accounts	Extreme	Low	↔
44	OR - 111 - Succession and workforce planning	High	High	↔
55	OR - 112 - Role clarity	Medium	Medium	↔
56	OR - 113 - Policies and procedures	Medium	Low	↔
12	OR - 115 - Legislative compliance	Extreme	Low	↔
41	OR - 117 - Loss of revenue	High	Medium	↔
42	OR - 118 - Debt and debtor management	High	Medium	↔

ICT SERVICES

No.	Risk Title	Inherent	Residual	Trend
6	OR - 87 - Information held by City of Darwin not secured	Extreme	Medium	↓
7	OR - 88 - Cyber Attack: Malware, random-ware, hacking, DOS attacks, internal and external threats	Extreme	Medium	↓
8	OR - 89 - Fraud using ICT systems	Extreme	Medium	↔
30	OR - 90 - Inadequate staff education in ICT	High	Medium	↔
9	OR - 91 - Aged ICT infrastructure and software	Extreme	Medium	↔
51	OR - 92 - ICT resourcing and education	Medium	Medium	↓
23	OR - 93 - ICT Disaster Recovery	High	Medium	↓

INFRASTRUCTURE

No.	Risk Title	Inherent	Residual	Trend
37	OR - 96 - Management of internal project communications	High	Medium	↓
20	OR - 97 - Project management procedures, processes, workflows and templates	Extreme	Low	↔
10	OR - 98 - Project budget planning	Extreme	Medium	↔
19	OR - 99 - Project budget management	Extreme	Medium	↔
21	OR - 100 - Unsuitable systems and software	Extreme	Medium	↔
22	OR - 101 - Contractor management	Extreme	Low	↔
43	OR - 102 - Contract management	High	Low	↔
32	OR - 103 - Resourcing and work planning	High	Low	↔
40	OR - 104 - Succession planning	High	Low	↔

INNOVATION AND INFORMATION SERVICES

No.	Risk Title	Inherent	Residual	Trend
48	OR - 19 - Non-compliance with FOI process	High	Medium	↔

OPERATIONS

No.	Risk Title	Inherent	Residual	Trend
58	OR - 1 - Accurate cost capture	Medium	Low	↔
59	OR - 2 - Inadequate corporate systems	Low	Low	↔
29	OR - 3 - Process for staff to have appropriate competencies and qualification	High	Low	↓
57	OR - 4 - Insufficient policies and procedures in operational areas	Medium	Very Low	↓
35	OR - 5 - Ageing workforce	High	Medium	↓

PROCUREMENT

No.	Risk Title	Inherent	Residual	Trend
52	OR - 21 - Inaccurate procurement needs analysis	Medium	Medium	↔
53	OR - 22 - Inadequate Vendor Selection and Management	Medium	Low	↔
54	OR - 23 - Emergency Supply Chain Management	Medium	Medium	↔
38	OR - 24 - Manual procurement process	High	Medium	↔
36	OR - 25 - Fraud and Corruption in Procurement	High	Medium	↔

PROPERTY

No.	Risk Title	Inherent	Residual	Trend
15	OR - 123 - Compliance with legislation	Extreme	High	
46	OR - 124 - Lack of policy and procedures	High	Medium	
39	OR - 125 - Property portfolio not managed effectively	High	High	
13	OR - 126 - Lack of property data and information	Extreme	High	
45	OR - 127 - Disposals and acquisitions not made with highest community and economic benefit	High	Medium	
16	OR - 128 - Non-compliant buildings	Extreme	High	
47	OR - 129 - Security of facilities	High	Medium	
34	OR - 130 - Succession planning and single-point sensitivities	High	Medium	

WASTE MANAGEMENT

No.	Risk Title	Inherent	Residual	Trend
1	OR - 9 - Regulatory non compliance with EPA obligations	Extreme	Medium	↓
2	OR - 10 - Lack of appropriate Waste Service staff	Extreme	Low	↔
3	OR - 11 - Leachate damage to the environment	Extreme	Medium	↔
28	OR - 12 - Contractor provided services	High	Medium	↑
26	OR - 14 - Site Safety	High	Medium	↔
4	OR - 15 - Adequate waste storage capacity	Extreme	Medium	↔
49	OR - 16 - Waste being received that is outside of EPL	High	Medium	↔
5	OR - 17 - Fire at SBWMF	Extreme	Medium	↓
31	OR - 86 - Lightning Strike	High	Medium	↔
24	OR - 94 - Financially unsustainable operation at SBWMF	High	Medium	↓
25	OR - 95 - Emergency Waste Management	High	Medium	↑
33	OR - 120 - Unexploded Ordinances	High	Low	
14	OR - 121 - Weighbridge operations failure	Extreme	Medium	

FINANCE

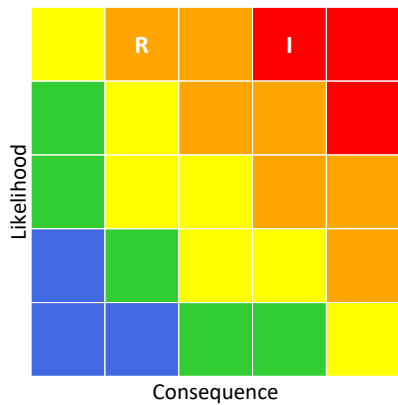
OR - 105 Finance systems and GL structure not meeting needs

Risk Categories: Legal & Compliance, Financial, Information Technology & Communications, Operations/Service Delivery, Reputation & Brand	Responsible Person: IRENE FRAZIS	Secondary Responsible Officers: SHANE NANKIVELL, SIMONE SAUNDERS	Last Reviewed Date: 27 Mar, 2024	Next Review Date: 30 May, 2024
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Organisation > CORPORATE > FINANCE > FINANCE

Risk Detailed Description : Finance systems and GL structure not meeting needs

Individual Heatmap

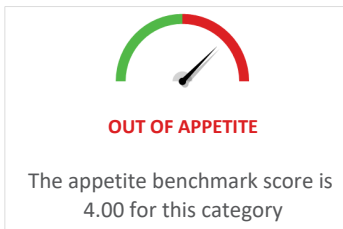


- I Inherent Risk Assessment
- R Residual Risk Assessment

Effectiveness of control

- R Partially Effective

Risk Appetite



Causes

- Operational - Human error
- Operational - Goods receipting not functioning effectively
- Operational - Quantity and value are reversed within the purchasing system
- Operational - Accounts payable workflows disappear without reason
- Operational - Officers not completing goods receipts in a timely manner
- Operational - System function for alternate officers by-passes delegations procedure
- Operational - Purchasing guideline not available
- Operational - End users are not informed and aware of what constitutes good financial practices
- Operational - Large volume of purchasing transactions across the organisation
- Operational - Character limits on first line of purchase transaction
- Operational - AP workflow not built for City of Darwin's current version of Authority
- Operational - Budget managers not understanding City of Darwin general ledger structure
- Operational - Too much freedom for budget managers to amend their program's general ledger structure

Residual Controls

Control Title	Control Owner	Control Owner Rating	Control Next Review Date
Centralised procurement function	CHRISTOPHER KELLY	Partially Effective	30 Jun, 2024
Internal SMEs in Procurement area	CHRISTOPHER KELLY	Partially Effective	30 Jun, 2024
Access to requisitioning module in Authority is not provided until users have completed relevant training	SHANE NANKIVELL	Partially Effective	29 Sep, 2024
Online training in Finance systems	SHANE NANKIVELL	Partially Effective	29 Sep, 2024
General ledger journals	SHANE NANKIVELL	Partially Effective	29 Sep, 2024
Limited access control permissions for Authority	IRENE FRAZIS	Partially Effective	29 Sep, 2024

Consequences

- Volume of data in goods receipting process makes it difficult for users to analyse data effectively
- Creditors miss being paid while responsible officers are on leave due to failures in the AP workflow
- Invoice approval process does not follow the responsible officer's full hierarchy, payments are only approved by the officer with the highest financial delegation required, often leaving supervisors out of the process
- Misstatement of accounts
- Incorrect financial records and history
- Difficulties in detecting fraud
- Invoices paid against incorrect purchase order
- Audit trail for transactions is not easy to follow
- Budget managers manage information in spreadsheets or other tools instead of inside Authority
- Budget managers do not understand the data in the system, or how to access it effectively
- Incorrect payment to suppliers for goods and services
- Ineffective budget management

Residual Controls

Control Title	Control Owner	Control Owner Rating	Control Next Review Date
Chart of Accounts	IRENE FRAZIS	Partially Effective	29 Sep, 2024
Financial delegations for payments and approvals are system controlled based on the Delegations Register	CHRISTOPHER KELLY	Partially Effective	29 Sep, 2024
Delegations Framework	SIMONE SAUNDERS	Mostly Effective	31 Dec, 2023
Fortnightly Accounts Payable Maintenance audit	SHANE NANKIVELL	Partially Effective	28 Sep, 2024
Monthly financial management reports	SHANE NANKIVELL	Partially Effective	28 Sep, 2024
Suitable team structure for the Finance section	IRENE FRAZIS	Partially Effective	28 Sep, 2024
Financial reconciliation reports (incl. but not limited to balance sheet, accounts payable, creditors, goods receipting, rates Valuer General report)	SHANE NANKIVELL	Partially Effective	28 Sep, 2024

Residual Solutions

Risk Action Title	Responsible Officer	Action Status	% Completed	End Date
Create guideline for entering requisitions and purchase orders	IAIN MACPHERSON	Not Started	0	31 May, 2024
Identify any overlaps within the training module for Finance and AP with Procurement training and review training programs	SHANE NANKIVELL	Not Started	0	30 Jun, 2024
Implementation of IT Roadmap	NATALIE WILLIAMSON	In Progress	20	31 Dec, 2026
Irene to meet with Civica regarding requirements for GL restructure for system upgrade	IRENE FRAZIS	Completed	100	29 Mar, 2024

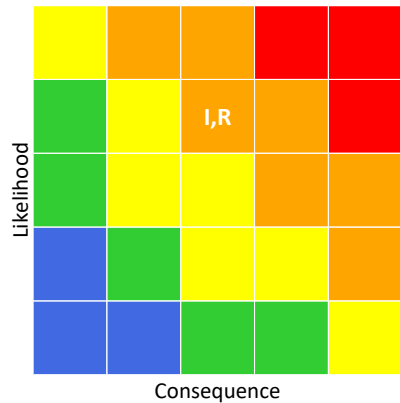
OR - 111 Succession and workforce planning

Risk Categories: Operations/Service Delivery, Legal & Compliance, Reputation & Brand, Work Health & Safety	Responsible Person: IRENE FRAZIS	Secondary Responsible Officers: SHANE NANKIVELL, SIMONE SAUNDERS	Last Reviewed Date: 27 Mar, 2024	Next Review Date: 30 May, 2024
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Organisation > CORPORATE > FINANCE > FINANCE

Risk Detailed Description : Succession and workforce planning

Individual Heatmap

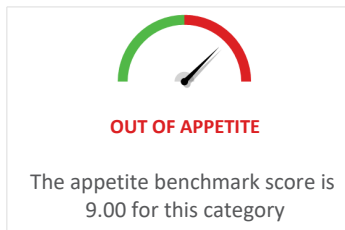


I Inherent Risk Assessment
R Residual Risk Assessment

Effectiveness of control

R Ineffective

Risk Appetite



Causes

- Project - Single point sensitivities
- Operational - Lack of identified back-up resources
- Operational - Failure to understand core role functions and responsibilities
- Operational - Gap identification not undertaken
- Operational - Failure to engage with team members
- Operational - Team structure is not ideal for meeting current operational needs
- Operational - Reactive recruitment
- Operational - Higher duties policy requires employee to be away for more than five days to be entitled to HDA
- Operational - Unable to recruit and retain suitably qualified employees in key roles
- Operational - Insufficient budget
- Operational - Insufficient staff resourcing
- Operational - Insufficient succession planning

Consequences

- Breach of legislation
- Compliance breach
- Loss of key staff
- Increased likelihood of fraud due to lack of system management and controls
- Delays in delivering critical functions
- Failure to keep up with best practice
- Loss of knowledge
- Disengaged workforce, absenteeism, lack of work satisfaction, poor mental health and wellbeing
- Disruption to services
- Increased operational costs
- Increase in costs
- Reduction in scope or service delivery outcomes

Residual Controls

Control Title	Control Owner	Control Owner Rating	Control Next Review Date
Planning and Performance Management Framework	ALEXANDRA VEREKER	Partially Effective	31 Dec, 2023
Restructure service delivery to respond to labour market expectations	LISA SPANN	Partially Effective	30 Sep, 2023
Enterprise Leadership Program	ALEXANDRA VEREKER	Partially Effective	30 Jun, 2023
Dedicated learning and development resources within the organisation	ALEXANDRA VEREKER	Partially Effective	30 Jun, 2023
Learning & Development Framework	ALEXANDRA VEREKER	Partially Effective	30 Jun, 2023
Annual performance reviews and staff training action plans	ALEXANDRA VEREKER	Partially Effective	30 Jun, 2023
Process and procedure manual for Finance related tasks	SHANE NANKIVELL	Partially Effective	29 Sep, 2024

Residual Solutions

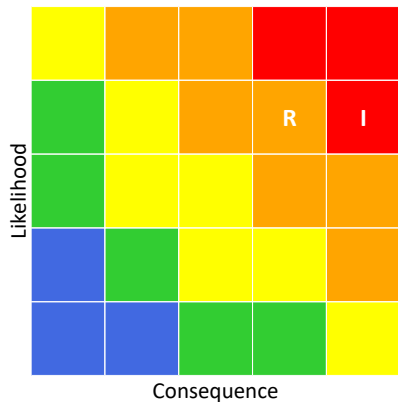
Risk Action Title	Responsible Officer	Action Status	% Completed	End Date
Complete annual PDR process for Finance team (2023)	IRENE FRAZIS	Completed	100	30 Sep, 2023
Identify training needs and opportunities for key Finance staff	IRENE FRAZIS	Not Started	0	29 Feb, 2024
Implement corporate survey action plan	IRENE FRAZIS	In Progress	20	30 Mar, 2024
Implement hot-desking of Finance team members across the organisation	IRENE FRAZIS	Not Started	0	30 Apr, 2024
Recruit to vacant Systems Accountant role	IRENE FRAZIS	In Progress	10	30 Jun, 2024
Review of Finance policy and procedure manual	SHANE NANKIVELL	In Progress	40	31 Dec, 2024
Train Payables Accountant in back-end Authority system management	IRENE FRAZIS	Deferred	80	30 Jun, 2024

PROPERTY

OR - 123 Compliance with legislation

Risk Categories: Legal & Compliance	Responsible Person: EMMA STRUYS	Secondary Responsible Officers: ALICE PERCY, BIANCA ROBINSON	Last Reviewed Date: 28 Jan, 2024	Next Review Date: 30 May, 2024
Organisation > INNOVATION > GROWTH AND DEVELOPMENT SERVICES > PROPERTY				
Risk Detailed Description : Regulatory non-compliance				

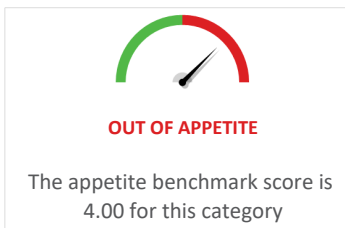
Individual Heatmap



I Inherent Risk Assessment
R Residual Risk Assessment

Effectiveness of control	
R	Ineffective

Risk Appetite



Causes

- Operational - Aged assets
- Operational - Aged leases and licenses
- Operational - Insufficient budget
- Operational - Insufficient, or lack of policy and procedures for property portfolio
- Operational - Lack of building and property data
- Operational - Lack of records of lease agreements and licenses
- Operational - Lack of understanding around legislative requirements and skills to interpret legislation
- Operational - Poor understanding of existing leases
- Operational - Unclear and contradictory property legislation

Consequences

- Impacts to overall asset value and potential re-sale
- Imposition of fines, penalties and other sanctions
- Inability to secure good tenants
- Limits to utilisation of City of Darwin facilities
- Prosecution or litigation
- Reductions to and limitations of income earning potential
- Reputation damage
- Risk of injury or harm to members of the public

Residual Controls

Control Title	Control Owner	Control Owner Rating	Control Next Review Date
Internal property team	EMMA STRUYS	Partially Effective	08 Sep, 2024
Strategic decision-making framework for Property	EMMA STRUYS	Partially Effective	08 Sep, 2024
Strategic property plan 2030	EMMA STRUYS	Partially Effective	08 Sep, 2024
Strategic property review document 2022	EMMA STRUYS	Partially Effective	08 Sep, 2024
Fortnightly operations meetings with Property and Building Services	BIANCA ROBINSON	Partially Effective	08 Sep, 2024
Property register	BIANCA ROBINSON	Partially Effective	08 Sep, 2024

Residual Solutions

Risk Action Title	Responsible Officer	Action Status	% Completed	End Date
Development of Property procedure manual	BIANCA ROBINSON	In Progress	10	30 Jun, 2026
Development of the Property team	EMMA STRUYS	In Progress	10	30 Jun, 2024
Educate staff on property related legislation	ALICE PERCY	Not Started	0	30 Jun, 2025

Risk Action Title	Responsible Officer	Action Status	% Completed	End Date
Implement Strategic Property Plan 2023	EMMA STRUYS	In Progress	1	30 Jun, 2030
Land Acquisitions and Disposal Policy	BIANCA ROBINSON	Completed	100	31 Oct, 2023
Leasing and Licensing Policy	BIANCA ROBINSON	In Progress	40	30 Jun, 2024
Long-Term Leasing Policy	BIANCA ROBINSON	In Progress	1	31 Oct, 2023
Prepare a list of Property related legislation	BIANCA ROBINSON	Not Started	0	30 Jun, 2024
Property team to hold workshops on strategic property plan and framework with key stakeholders	BIANCA ROBINSON	Not Started	0	31 Dec, 2023

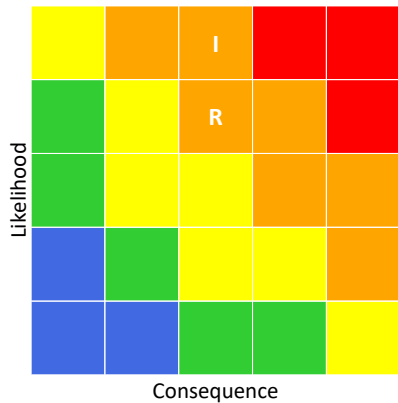
OR - 125 Property portfolio not managed effectively

Risk Categories: Financial, Assets & Infrastructure, Reputation & Brand	Responsible Person: EMMA STRUYS	Secondary Responsible Officers: ALICE PERCY, BIANCA ROBINSON	Last Reviewed Date: 25 Mar, 2024	Next Review Date: 30 Jun, 2024
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Organisation > INNOVATION > GROWTH AND DEVELOPMENT SERVICES > PROPERTY

Risk Detailed Description : Property portfolio not managed effectively

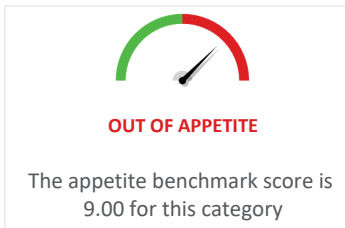
Individual Heatmap



I Inherent Risk Assessment
R Residual Risk Assessment

Effectiveness of control	
R	Partially Effective

Risk Appetite



Causes

- Operational - Insufficient, or lack of policy and procedures for property portfolio
- Operational - Lack of fit-for-purpose property management system
- Operational - Lack of understanding around value of property to the organisation
- Operational - Long-term lease agreements
- Operational - Not managing property on a commercial basis

Consequences

- Loss of income
- Opportunity cost of peppercorn leases against other services
- Over or under-servicing of facilities
- Reductions to and limitations of income earning potential
- Reputation damage
- Risk of injury or harm to members of the public
- Unable to undertake appropriate repairs and maintenance
- Uninformed and/or poor decision-making in asset management and maintenance

Residual Controls

Control Title	Control Owner	Control Owner Rating	Control Next Review Date
Internal property team	EMMA STRUYS	Partially Effective	08 Sep, 2024
Strategic property plan 2030	EMMA STRUYS	Partially Effective	08 Sep, 2024
Strategic decision-making framework for Property	EMMA STRUYS	Partially Effective	08 Sep, 2024
Property register	BIANCA ROBINSON	Partially Effective	08 Sep, 2024

Residual Solutions

Risk Action Title	Responsible Officer	Action Status	% Completed	End Date
Capture of building and asset condition data	BIANCA ROBINSON	Not Started	0	30 Jun, 2026
Implement property management system	EMMA STRUYS	Not Started	0	30 Jan, 2024
Implement routine property inspections	BIANCA ROBINSON	Not Started	0	30 Jun, 2024
Review and renew leases and licenses, including transition to standardised templates	BIANCA ROBINSON	In Progress	50	30 Jun, 2024

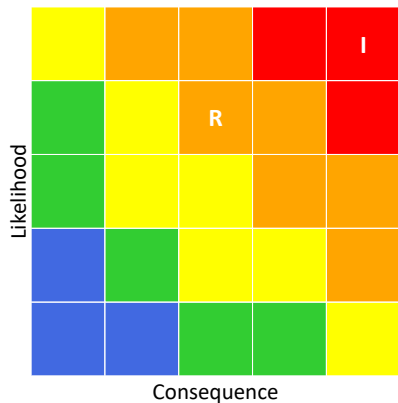
OR - 126 Lack of property data and information

Risk Categories: Financial, Assets & Infrastructure, Legal & Compliance, Operations/Service Delivery, Reputation & Brand, Work Health & Safety	Responsible Person: EMMA STRUYS	Secondary Responsible Officers: ALICE PERCY, BIANCA ROBINSON	Last Reviewed Date: 25 Mar, 2024	Next Review Date: 30 Aug, 2024
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Organisation > INNOVATION > GROWTH AND DEVELOPMENT SERVICES > PROPERTY

Risk Detailed Description : Failure to hold sufficient data and information to make informed decisions regarding property portfolio

Individual Heatmap

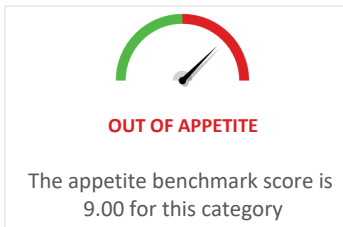


I Inherent Risk Assessment
R Residual Risk Assessment

Effectiveness of control

R Partially Effective

Risk Appetite



Causes

- Operational - Aged assets
- Operational - Asset management system not capturing adequate property data
- Operational - Insufficient, or lack of policy and procedures for property portfolio
- Operational - Insufficient staff resourcing
- Operational - Lack of appropriate skills within specialist teams
- Operational - Lack of communication between teams
- Operational - Lack of fit-for-purpose property management system
- Operational - Lack of identified standards of work
- Operational - Lack of role clarity between Property and other teams
- Operational - Responsibility for property management is split between teams

Consequences

- Building cannot be occupied
- Current condition of buildings and facilities is unknown
- Imposition of fines, penalties and other sanctions
- Inability to manage long-term asset planning for buildings and facilities
- Inability to prioritise tasks
- Ineffective budget management
- Ineffective resource management
- Prosecution or litigation
- Reductions to and limitations of income earning potential
- Reputation damage
- Risk of injury or harm to members of the public
- Unable to determine remaining useful life for building and facility assets

Residual Controls

Control Title	Control Owner	Control Owner Rating	Control Next Review Date
Managed Insurance Portfolio	CHRISTOPHER KELLY	Mostly Effective	30 Jun, 2024
Asset data including condition assessment in Asset Management System	NICHOLAS KLEINE	Partially Effective	30 Jun, 2023
Electronic document and records management system (EDRMS)	BERNADETT HOWISON	Partially Effective	25 May, 2024
Fortnightly operations meetings with Property and Building Services	BIANCA ROBINSON	Partially Effective	08 Sep, 2024
Property register	BIANCA ROBINSON	Partially Effective	08 Sep, 2024
Arrears reporting on property debtors	BIANCA ROBINSON	Partially Effective	08 Sep, 2024
Strategic decision-making framework for Property	EMMA STRUYS	Partially Effective	08 Sep, 2024
Internal property team	EMMA STRUYS	Partially Effective	08 Sep, 2024
Authority financial accounting system	IRENE FRAZIS	Partially Effective	08 Sep, 2024

Residual Solutions

Risk Action Title	Responsible Officer	Action Status	% Completed	End Date
Development of maintenance workflow process for property portfolio	BIANCA ROBINSON	In Progress	10	14 Dec, 2023
Inclusion of maintenance schedules and regimes within the property procedure manual	BIANCA ROBINSON	Not Started	0	30 Jun, 2024
Put existing leasing and licensing agreements into City of Darwin's EDRMS	CRYSTAL HUDSON	Not Started	0	31 Dec, 2024

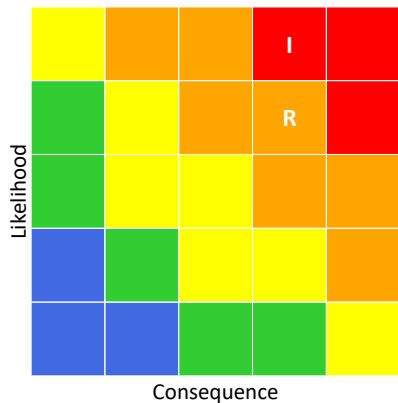
OR - 128 Non-compliant buildings

Risk Categories: Legal & Compliance, Assets & Infrastructure, Financial, Operations/Service Delivery, Reputation & Brand, Work Health & Safety	Responsible Person: EMMA STRUYS	Secondary Responsible Officers: ALICE PERCY, BIANCA ROBINSON	Last Reviewed Date: 25 Mar, 2024	Next Review Date: 30 May, 2024
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Organisation > INNOVATION > GROWTH AND DEVELOPMENT SERVICES > PROPERTY

Risk Detailed Description : City of Darwin buildings and facilities not compliant with current or historical regulations

Individual Heatmap

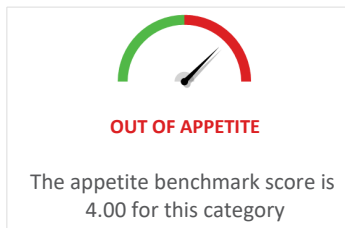


I Inherent Risk Assessment
R Residual Risk Assessment

Effectiveness of control

R Ineffective

Risk Appetite



Causes

- Operational - Management of historical gifted assets
- Operational - Changes to legislation
- Operational - Lack of/or incomplete property related information, data, and certifications
- Operational - Unapproved building works undertaken by tenants
- Operational - Insufficient budget
- Operational - Unclear and contradictory property legislation

Consequences

- Asset funding gaps and limitations
- Building cannot be occupied
- External investigations and audits
- Significant costs for rectification and certification
- Assets continue to deteriorate whilst not in use
- Imposition of fines, penalties and other sanctions
- Increased operational costs
- Increased repairs and maintenance costs
- Loss of grant funding
- Negative media coverage
- Prosecution or litigation
- Reputation damage
- Risk of injury or harm to members of the public

Residual Controls

Control Title	Control Owner	Control Owner Rating	Control Next Review Date
Property related legislation	EMMA STRUYS	Partially Effective	18 Sep, 2024
Property register	BIANCA ROBINSON	Partially Effective	08 Sep, 2024
Fortnightly operations meetings with Property and Building Services	BIANCA ROBINSON	Partially Effective	08 Sep, 2024
Strategic decision-making framework for Property	EMMA STRUYS	Partially Effective	08 Sep, 2024
Strategic property plan 2030	EMMA STRUYS	Partially Effective	08 Sep, 2024

Residual Solutions

Risk Action Title	Responsible Officer	Action Status	% Completed	End Date
Development of maintenance workflow process for property portfolio	BIANCA ROBINSON	In Progress	10	14 Dec, 2023
Development of Property procedure manual	BIANCA ROBINSON	In Progress	10	30 Jun, 2026

Risk Action Title	Responsible Officer	Action Status	% Completed	End Date
Inclusion of maintenance schedules and regimes within the property procedure manual	BIANCA ROBINSON	Not Started	0	30 Jun, 2024
Land Acquisitions and Disposal Policy	BIANCA ROBINSON	Completed	100	31 Oct, 2023

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Heatmap Report

City of Darwin

Camms.

Print Date: 12-Apr-2024

RISK SUMMARY

WHS Risk

No.	Risk Title	Inherent	Residual	Trend
1	WHS - 1 - Incident Management	High	Medium	
2	WHS - 2 - Notifiable Incidents	Extreme	Medium	
3	WHS - 3 - Work Health and Safety Induction	High	Medium	
4	WHS - 4 - Work Health and Safety Training and Development	High	Medium	
5	WHS - 5 - High Risk Construction Activities (require SWMS)	High	Medium	
6	WHS - 6 - Contractor Management	High	Medium	
7	WHS - 7 - WHS Risk Management	Extreme	Medium	
8	WHS - 8 - WHS Strategic Management	High	Medium	
9	WHS - 9 - CEO and Executive WHS Due Diligence	Extreme	Medium	
10	WHS - 10 - WHS Legislative Compliance	Extreme	Medium	
11	WHS - 11 - WHS Responsibilities and Accountabilities	High	Medium	
12	WHS - 12 - WHS Consultation	High	Medium	
13	WHS - 13 - WHS Resources	Extreme	Medium	
14	WHS - 14 - Fitness for Work	Extreme	Medium	
15	WHS - 15 - Exposure to nuisance and hazardous noise levels from work activities.	Extreme	Medium	
16	WHS - 16 - First Aid	High	Medium	
17	WHS - 17 - Hazardous Chemical and Dangerous Goods Management	Extreme	Medium	
18	WHS - 18 - Hazardous Manual Tasks	High	Medium	
19	WHS - 19 - Plant and Equipment	High	Medium	
20	WHS - 20 - Chain of Responsibility - National Heavy Vehicle Legislation	High	Medium	

No.	Risk Title	Inherent	Residual	Trend
21	WHS - 21 - Vehicle Use	High	Medium	
22	WHS - 22 - Working remotely or alone	High	Medium	
23	WHS - 23 - Excavation and Trenching Activities	High	Medium	
24	WHS - 24 - Permit to Work and Plant and Equipment Isolation	High	Medium	
25	WHS - 25 - Event Management	High	Medium	
26	WHS - 26 - Electrical Safety	High	Low	
27	WHS - 27 - Respirable Crystalline Silica	Medium	Low	
28	WHS - 28 - Concrete Pumping	High	Medium	
29	WHS - 29 - Working in the Sun and the Heat	High	Low	
30	WHS - 30 - Emergency Management	High	Low	
31	WHS - 31 - Rehabilitation and Return to Work	High	Medium	
32	WHS - 32 - WHS Culture	Medium	Low	
33	WHS - 33 - WHS Records Management	Medium	Medium	
34	WHS - 34 - Infection Control from exposure to flora, fauna, biological hazards	Medium	Medium	
35	WHS - 35 - WHS Audit, Monitoring and Review	Medium	Medium	
36	WHS - 36 - Public Safety	High	Low	
37	WHS - 37 - Interactions with members of the public - managing difficult customers / members of the public	High	Medium	
38	WHS - 38 - Personal security and safety	Medium	Low	
39	WHS - 39 - Hazardous Weather Conditions	High	Low	
40	WHS - 40 - Biological Hazards and Waste	Medium	Low	
41	WHS - 41 - Cash handling security	Medium	Low	

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Heatmap Report

City of Darwin

Camms.

Print Date: 13-Apr-2024

RISK SUMMARY

COMMUNITY AND REGULATORY SERVICES

No.	Risk Title	Inherent	Residual	Trend
2	PR - 8 - Undefined Scope	Extreme	Very Low	↓
	Project : PRJ-00001-Casuarina Aquatic and Leisure Centre Redevelopment			
3	PR - 9 - Delivering the project within approved budget	Extreme	Low	↓
	Project : PRJ-00001-Casuarina Aquatic and Leisure Centre Redevelopment			
38	PR - 10 - Lifecycle Costs	High	Medium	↔
	Project : PRJ-00001-Casuarina Aquatic and Leisure Centre Redevelopment			
45	PR - 11 - Managing stakeholder expectations in project delivery	Medium	Low	↔
	Project : PRJ-00001-Casuarina Aquatic and Leisure Centre Redevelopment			
44	PR - 12 - Meeting community expectations in project delivery	Medium	Low	↔
	Project : PRJ-00001-Casuarina Aquatic and Leisure Centre Redevelopment			
40	PR - 13 - Meeting strategic objectives under Darwin-2030 plan	Medium	Very Low	↓
	Project : PRJ-00001-Casuarina Aquatic and Leisure Centre Redevelopment			
21	PR - 14 - Quality of internal documentation and communication	High	Low	↔
	Project : PRJ-00001-Casuarina Aquatic and Leisure Centre Redevelopment			
46	PR - 15 - Climate conditions causing significant delay during construction phase	Medium	Low	↓
	Project : PRJ-00001-Casuarina Aquatic and Leisure Centre Redevelopment			
32	PR - 16 - Contractor management	High	Low	↔
	Project : PRJ-00001-Casuarina Aquatic and Leisure Centre Redevelopment			
34	PR - 38 - Effective transition to opening facility	High	Medium	
	Project : PRJ-00001-Casuarina Aquatic and Leisure Centre Redevelopment			

CORPORATE SERVICES

No.	Risk Title	Inherent	Residual	Trend
14	PR - 24 - Undefined scope	Extreme	Medium	
	Project : PRJ-00005-Civic Centre Redevelopment			
4	PR - 25 - Delivering the project within approved budget	Extreme	High	
	Project : PRJ-00005-Civic Centre Redevelopment			
25	PR - 26 - Managing stakeholder expectations in project delivery	High	Medium	
	Project : PRJ-00005-Civic Centre Redevelopment			
26	PR - 27 - Managing community expectations in project delivery	High	Medium	
	Project : PRJ-00005-Civic Centre Redevelopment			
36	PR - 28 - Meeting strategic objectives under 2030 plan	High	Medium	
	Project : PRJ-00005-Civic Centre Redevelopment			
24	PR - 29 - Quality of internal documentation and communication	High	Low	
	Project : PRJ-00005-Civic Centre Redevelopment			
27	PR - 30 - Effective procurement process	High	Medium	
	Project : PRJ-00005-Civic Centre Redevelopment			
28	PR - 31 - Unsuccessful procurement outcome	High	Medium	
	Project : PRJ-00005-Civic Centre Redevelopment			
13	PR - 32 - Unknown site constraints	Extreme	Very Low	
	Project : PRJ-00005-Civic Centre Redevelopment			
5	PR - 33 - Current building at end of useful life and no longer fit for purpose	Extreme	High	
	Project : PRJ-00005-Civic Centre Redevelopment			

DIGITAL INNOVATION

No.	Risk Title	Inherent	Residual	Trend
22	PR - 1 - Failure of new and existing technology <small>Project : PRJ-00002-ECM Upgrade 2023</small>	High	Low	↓
1	PR - 2 - Change management <small>Project : PRJ-00002-ECM Upgrade 2023</small>	Extreme	Low	↔
31	PR - 4 - Cost Mismanagement <small>Project : PRJ-00002-ECM Upgrade 2023</small>	High	Medium	↑
39	PR - 6 - Resourcing <small>Project : PRJ-00002-ECM Upgrade 2023</small>	Medium	Medium	↔
23	PR - 7 - Project Management <small>Project : PRJ-00002-ECM Upgrade 2023</small>	High	Low	↓
35	PR - 35 - Stakeholder management <small>Project : PRJ-00002-ECM Upgrade 2023</small>	High	Low	
30	PR - 36 - Loss of data <small>Project : PRJ-00002-ECM Upgrade 2023</small>	High	Low	

INFRASTRUCTURE

No.	Risk Title	Inherent	Residual	Trend
15	PR - 18 - Defining stakeholder roles and expectations	Extreme	Medium	↓
	Project : PRJ-00006-Bundilla Beach Masterplan			
20	PR - 21 - Undefined land use constraints	High	Low	↓
	Project : PRJ-00006-Bundilla Beach Masterplan			
37	PR - 22 - Developing a Masterplan that compliments existing surrounding land uses	High	Medium	↓
	Project : PRJ-00006-Bundilla Beach Masterplan			
33	PR - 39 - Delivering the project within approved budget	High	Low	
	Project : PRJ-00006-Bundilla Beach Masterplan			
41	PR - 40 - Meeting strategic objectives under Darwin-2030 plan	Medium	Very Low	
	Project : PRJ-00006-Bundilla Beach Masterplan			
42	PR - 41 - Contractor management during design	Medium	Low	
	Project : PRJ-00006-Bundilla Beach Masterplan			
43	PR - 42 - Effective procurement	Medium	Medium	
	Project : PRJ-00006-Bundilla Beach Masterplan			
7	PR - 43 - Undefined scope	Extreme	Low	
	Project : PRJ-00003-SBWMF Stage 2 Expansion			
6	PR - 44 - Delivering the project within approved budget	Extreme	Medium	
	Project : PRJ-00003-SBWMF Stage 2 Expansion			
29	PR - 45 - Lifecycle costs	High	High	
	Project : PRJ-00003-SBWMF Stage 2 Expansion			
19	PR - 46 - Managing Environment & Waste team expectations in project delivery	High	Medium	
	Project : PRJ-00003-SBWMF Stage 2 Expansion			
12	PR - 47 - Quality of internal documentation and communication	Extreme	Low	
	Project : PRJ-00003-SBWMF Stage 2 Expansion			

City of Darwin Heatmap Report

No.	Risk Title	Inherent	Residual	Trend
11	PR - 48 - Seasonal weather impacts during construction Project : PRJ-00003-SBWMF Stage 2 Expansion	Extreme	Medium	
8	PR - 49 - Contractor management Project : PRJ-00003-SBWMF Stage 2 Expansion	Extreme	Medium	
18	PR - 50 - Defence approval of works Project : PRJ-00003-SBWMF Stage 2 Expansion	High	Medium	
9	PR - 51 - Hot spots Project : PRJ-00003-SBWMF Stage 2 Expansion	Extreme	High	
10	PR - 52 - Insufficient airspace Project : PRJ-00003-SBWMF Stage 2 Expansion	Extreme	High	

MARKETING, COMMUNICATIONS AND ENGAGEMENT

No.	Risk Title	Inherent	Residual	Trend
16	PR - 19 - Managing community expectations Project : PRJ-00006-Bundilla Beach Masterplan	Extreme	Medium	↓
17	PR - 23 - Consultation fatigue Project : PRJ-00006-Bundilla Beach Masterplan	Extreme	Medium	↔

CORPORATE SERVICES

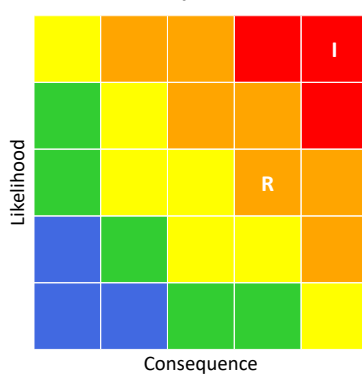
PR - 25 Delivering the project within approved budget

Risk Categories: Financial, Assets & Infrastructure, Information Technology & Communications, Legal & Compliance, Operations/Service Delivery, Reputation & Brand	Responsible Person: LYLE HEBB	Secondary Responsible Officers: NICHOLAS KLEINE,SIMONE SAUNDERS	Last Reviewed Date: 02 Apr, 2024	Next Review Date: 31 May, 2024
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Organisation > CORPORATE > CORPORATE SERVICES > CORPORATE SERVICES

Risk Detailed Description : Delivering the project within approved budget

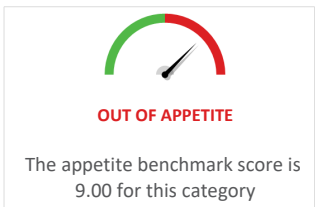
Individual Heatmap



I Inherent Risk Assessment
R Residual Risk Assessment

Effectiveness of control
R Partially Effective

Risk Appetite



Causes

- Project - Competing stakeholder expectations
- Project - Delays in decision-making
- Project - Economic conditions
- Project - Scope creep
- Project - Undefined scope

Consequences

- Breach of legislation
- Delay in project delivery
- Diminishing Council Reserves
- Failure to meet community expectations
- Impacts on existing loans and future borrowing capacity
- Long term viability of managing operational costs
- Low quality goods/services
- Potential to not meet City of Darwin strategic objectives
- Prosecution or litigation
- Reduction in scope or service delivery outcomes
- Reputation damage

Residual Controls

Control Title	Control Owner	Control Owner Rating	Control Next Review Date
Independent quality and cost assurance advice	LYLE HEBB	Partially Effective	23 May, 2024
Internal project management team	NICHOLAS KLEINE	Partially Effective	23 May, 2024
Budget variations for Civic Centre Redevelopment project require Council approval	NICHOLAS KLEINE	Partially Effective	11 Jul, 2024
Active stakeholder engagement on Civic Centre Redevelopment project	LYLE HEBB	Partially Effective	11 Jul, 2024
Defined project budget for Civic Centre Redevelopment	NICHOLAS KLEINE	Partially Effective	06 Jul, 2024
Council owned decision-making in Civic Centre Redevelopment project	NICHOLAS KLEINE	Partially Effective	06 Jul, 2024

Residual Solutions

Risk Action Title	Responsible Officer	Action Status	% Completed	End Date
EOI process for project partnership to determine potential project costs for City of Darwin	LYLE HEBB	In Progress	50	30 Sep, 2024

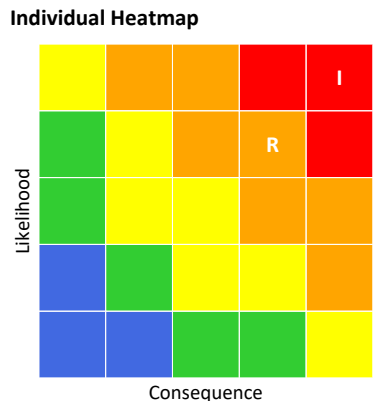
City of Darwin Heatmap Report

PR - 33 **Current building at end of useful life and no longer fit for purpose**

Risk Categories: Assets & Infrastructure, Operations/Service Delivery, Reputation & Brand	Responsible Person: LYLE HEBB	Secondary Responsible Officers: NICHOLAS KLEINE,SIMONE SAUNDERS	Last Reviewed Date: 02 Apr, 2024	Next Review Date: 31 May, 2024
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Organisation > CORPORATE > CORPORATE SERVICES > CORPORATE SERVICES

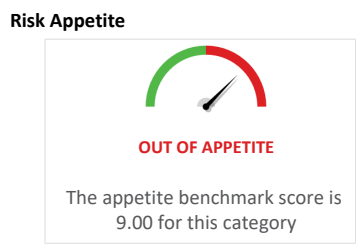
Risk Detailed Description : Current building at end of useful life and no longer fit for purpose



I Inherent Risk Assessment
R Residual Risk Assessment

Effectiveness of control

R Ineffective



- Causes**
- Operational - Building plant at end of life in Civic Centre
 - Operational - Civic Centre building no longer meets operational needs
 - Operational - Design and layout of Civic Centre no longer meets contemporary building standards
 - Operational - Fire panel not compliant with current building standards
 - Operational - Undefined service level for building maintenance

- Consequences**
- Asset funding gaps and limitations
 - Building cannot be occupied
 - Major plant failure
 - Poor customer service outcomes

Residual Controls

Control Title	Control Owner	Control Owner Rating	Control Next Review Date
Inform Council about building condition report outcomes	LYLE HEBB	N/A	
Financial Reserves Policy 0067.100.E.R	IRENE FRAZIS	Partially Effective	17 May, 2026
Building condition report for current Civic Centre prepared and undertaken	LYLE HEBB	Partially Effective	15 Aug, 2024

Residual Solutions

Risk Action Title	Responsible Officer	Action Status	% Completed	End Date
Inform Council about building condition report outcomes	LYLE HEBB	Completed	100	31 Aug, 2023

INFRASTRUCTURE

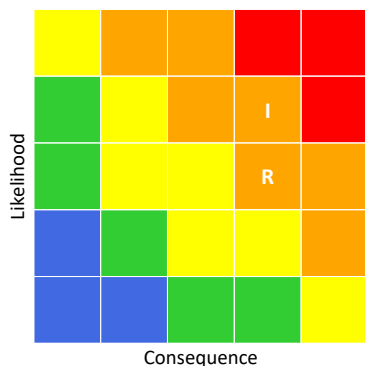
PR - 45 Lifecycle costs

Risk Categories: Operations/Service Delivery, Assets & Infrastructure, Financial, Reputation & Brand	Responsible Person: NICHOLAS FEWSTER	Secondary Responsible Officers: JEDDA BENNETT-KELLAM,NICHOLAS KLEINE,SHANE COLEMAN	Last Reviewed Date: 28 Mar, 2024	Next Review Date: 31 May, 2024
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Organisation > CORPORATE > INFRASTRUCTURE > INFRASTRUCTURE

Risk Detailed Description : Management of lifecycle costs of new infrastructure

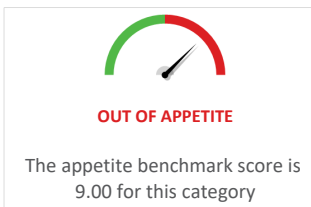
Individual Heatmap



I Inherent Risk Assessment
R Residual Risk Assessment

Effectiveness of control	
R	Partially Effective

Risk Appetite



Causes

- Project - Unanticipated contaminants not being considered in design
- Project - Environmental monitoring
- Operational - Consumption of airspace
- Project - Emerging technologies and changes to best practice
- Project - Budgetary impacts on quality of goods delivered
- Project - Economic conditions
- Project - Misaligned design and equipment choices
- Project - Project control group not having appropriate skills to undertake reviews
- Project - Requirement for project to meet strict budget
- Project - Uncontrollable financial impacts

Consequences

- Reduction in lifespan on airspace
- Disruption to services
- Higher than anticipated fees and charges to recoup operational costs
- Increased operational costs
- Increased repairs and maintenance costs
- Low quality goods/services

Residual Controls

Control Title	Control Owner	Control Owner Rating	Control Next Review Date
Inclusion of defects liability period in SBWMF stage 2 contract	N/A	N/A	
Engagement of waste subject matter expert for project	N/A	N/A	
Project control group (PCG) meetings for SBWMF stage 2	N/A	N/A	

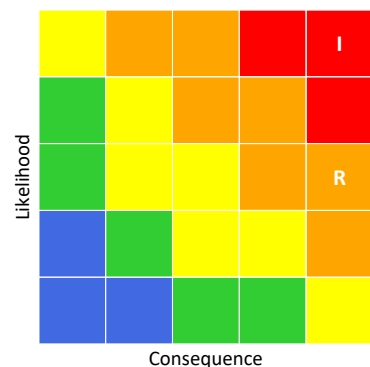
Residual Solutions

Risk Action Title	Responsible Officer	Action Status	% Completed	End Date
Assessment by independent environmental auditor	JEDDA BENNETT-KELLAM	In Progress	30	30 Apr, 2024
Construction approval by NTEPA	JEDDA BENNETT-KELLAM	Not Started	0	31 Dec, 2024
Design approval by NTEPA	JEDDA BENNETT-KELLAM	In Progress	80	30 Jun, 2024
Design to Environmental Management License (EMP)	JEDDA BENNETT-KELLAM	In Progress	30	30 Apr, 2024
Engagement of independent quantity surveyor for SBWMF Stage 2 project	JEDDA BENNETT-KELLAM	Not Started	0	30 Jun, 2024

City of Darwin Heatmap Report

PR - 51	Hot spots			
Risk Categories: Operations/Service Delivery, Environment & Waste, Financial, Legal & Compliance	Responsible Person: NICHOLAS FEWSTER	Secondary Responsible Officers: JEDDA BENNETT-KELLAM, SHANE COLEMAN	Last Reviewed Date: 28 Mar, 2024	Next Review Date: 31 May, 2024
Organisation > CORPORATE > INFRASTRUCTURE > INFRASTRUCTURE				
Risk Detailed Description : Challenges of managing existing hot spots in future site works				

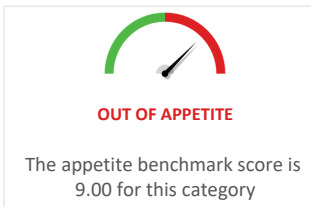
Individual Heatmap



- I** Inherent Risk Assessment
- R** Residual Risk Assessment

Effectiveness of control	
R	Partially Effective

Risk Appetite



Causes

- Environment - Inherent conditions
- Environment - pre-existing hot spots

Consequences

- Reduction in lifespan on airspace
- Environmental impacts
- Project - Design not accepted by regulator
- Project - Increased design complexity in project delivery
- Increase in costs

Residual Controls

Control Title	Control Owner	Control Owner Rating	Control Next Review Date
Heat checks for hot spots at SBWMF	SHANE COLEMAN	Partially Effective	30 Jun, 2023
Environmental monitoring at SBWMF	SHANE COLEMAN	Partially Effective	30 Jun, 2023
Engagement of environmental auditor	N/A	N/A	
Engagement of waste subject matter expert for project	N/A	N/A	
NT EPA Regulations	N/A	N/A	
Project control group (PCG) meetings for SBWMF stage 2	N/A	N/A	

Residual Solutions

Risk Action Title	Responsible Officer	Action Status	% Completed	End Date
Environmental auditor to provide recommended treatments for hot spots	SHANE COLEMAN	In Progress	40	31 May, 2024
Include consideration of current hot spots in design	JEDDA BENNETT-KELLAM	In Progress	40	31 May, 2024

City of Darwin Heatmap Report

PR - 52 **Insufficient airspace**

Risk Categories: Operations/Service Delivery, Environment & Waste, Financial, Legal & Compliance, Reputation & Brand

Responsible Person: NICHOLAS FEWSTER

Secondary Responsible Officers: JEDDA BENNETT-KELLAM, SHANE COLEMAN

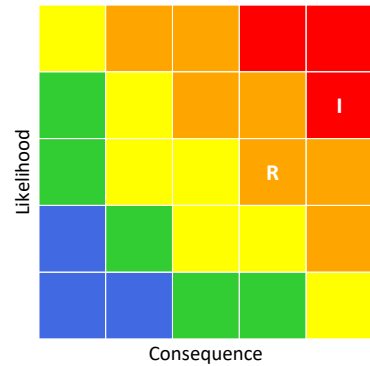
Last Reviewed Date: 28 Mar, 2024

Next Review Date: 31 May, 2024

Organisation > CORPORATE > INFRASTRUCTURE > INFRASTRUCTURE

Risk Detailed Description : Practical completion and regulatory approvals not provided prior to depletion of existing airspace

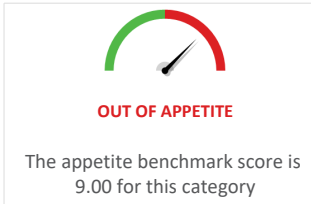
Individual Heatmap



- I Inherent Risk Assessment
- R Residual Risk Assessment

Effectiveness of control	
R	Partially Effective

Risk Appetite



Causes

- Project - Insufficient time to deliver project
- Operational - Consumption of airspace
- Environment - Inherent conditions
- Project - Timing of regulatory approvals in project delivery
- Project - Climate conditions

Consequences

- Reduction in lifespan on airspace
- Unable to accept waste at stage 2 of SBWMF
- Diversion of waste to other general landfill
- Decreased lifespan of general waste
- Poor waste management practices
- Increase to fees and charges for waste disposal
- Delivery of other waste cells is brought forward
- Increased operational costs

Residual Controls

Control Title	Control Owner	Control Owner Rating	Control Next Review Date
Defined project management process	NICHOLAS KLEINE	Partially Effective	15 Jun, 2024
Airspace consideration included in timeframes and planning for project construction	N/A	N/A	
Project control group (PCG) meetings for SBWMF stage 2	N/A	N/A	
Engagement of waste subject matter expert for project	N/A	N/A	

Residual Solutions

Risk Action Title	Responsible Officer	Action Status	% Completed	End Date
Design approval by NTEPA	JEDDA BENNETT-KELLAM	In Progress	80	30 Jun, 2024
Timely procurement process for project construction	JEDDA BENNETT-KELLAM	Not Started	0	01 Oct, 2024

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7 QUESTIONS BY MEMBERS

8 GENERAL BUSINESS

8.1

Common No.

THAT

9 CLOSURE OF MEETING TO THE PUBLIC

THAT pursuant to Section 65 (2) of the Local Government Act and Regulation 8 of the Local Government (Administration) Regulations the meeting be closed to the public to consider the Confidential Items of the Agenda.

RECOMMENDATIONS

That Council considers the confidential report(s) listed below in a meeting closed to the public in accordance with Section 99(2) of the *Local Government Act 2019*:

12.1 ICT Roadmap - Update on Progress

This matter is considered to be confidential under Section 99(2) - 51(c)(iv) 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 information that would, if publicly disclosed, be likely to subject to subregulation 51(3) – prejudice the interests of the council or some other person.

12.2 Shoal Bay Waste Management Facility - Update April 2024

This matter is considered to be confidential under Section 99(2) - 51(c)(iv) 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 information that would, if publicly disclosed, be likely to subject to subregulation 51(3) – prejudice the interests of the council or some other person.

12.3 Audit closing Report 2022/23 Observations Update

This matter is considered to be confidential under Section 99(2) - 51(c)(iv) 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 information that would, if publicly disclosed, be likely to subject to subregulation 51(3) – prejudice the interests of the council or some other person.

12.4 2023/24 Annual Financial Statements - Audit Work Plan

This matter is considered to be confidential under Section 99(2) - 51(c)(iv) 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 information that would, if publicly disclosed, be likely to subject to subregulation 51(3) – prejudice the interests of the council or some other person.

12.5 Unclaimed Money Policy

This matter is considered to be confidential under Section 99(2) - 51(d) 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 information subject to an obligation of confidentiality at law, or in equity.

12.6 Update on Internal Audit - April 2024

This matter is considered to be confidential under Section 99(2) - 51(c)(i) 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 information that would, if publicly disclosed, be likely to cause commercial prejudice to, or confer an unfair commercial advantage on, any person.

12.7 Notification Register - period ending 31 March 2024

This matter is considered to be confidential under Section 99(2) - 51(a) and 51(f) 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 information about the employment of a particular individual as a member of the staff or possible member of the staff of the council that could, if publicly disclosed, cause prejudice to the individual and subject to subregulation 51(2) – information in relation to a complaint of a contravention of the code of conduct.



MINUTES

Risk Management & Audit Committee Meeting

Friday, 23 February 2024

**MINUTES OF CITY OF DARWIN
RISK MANAGEMENT & AUDIT COMMITTEE MEETING
HELD AT THE MEETING ROOM 1 BIDJPIDJI, LEVEL 1, CIVIC CENTRE, HARRY CHAN
AVENUE, DARWIN
ON FRIDAY, 23 FEBRUARY 2024 AT 9.00AM**

PRESENT: Chair Roland Chin, Councillor Jimmy Bouhoris, Councillor Brian O'Gallagher, Councillor Ed Smelt, Member George Araj, Member Joe McCabe

OFFICERS: Alice Percy (A/Chief Executive Officer), Alexandra Vereker (A/GM Corporate), Chris Kelly (Executive Manager Corporate and Customer Service)

APOLOGY: Member Sanja Hill

GUESTS:

Order Of Business

1	Meeting Declared Open and Acknowledgement of Country	3
2	Apologies and Leave of Absence	3
3	Electronic Meeting Attendance	3
4	Declaration of Interest of Members and Staff	4
5	Confirmation of Previous Minutes	5
6	Action Reports	5
6.1	Internal Audit and Assurance Policy and Procedure Review	5
6.2	Review of Risk Management Procedure.....	5
6.3	Risk Review and Assessment - February 2024	6
6.4	Monthly Financial Reports: September 2023 - December 2023.....	6
6.5	Unconfirmed Open Minutes - Information Communication Technology Steering Committee Meeting - 25 October 2023.....	6
7	Questions by Members	6
8	General Business	7
9	Closure of Meeting to the Public	7

1 MEETING DECLARED OPEN

COMMITTEE RESOLUTION RMAC001/24

Moved: Councillor Jimmy Bouhoris

Seconded: Member Joe McCabe

The Chair declared the meeting open at 9.04 am.

ACKNOWLEDGEMENT OF COUNTRY

We the members of City of Darwin acknowledge that we are meeting on Larrakia Country.

We recognise and pay our respects to all Larrakia people, Traditional Owners and Custodian Elders of the past and present.

We support emerging Larrakia leaders now and into the future.

We are committed to working together with all Larrakia to care for this land and sea for our shared future.

CARRIED 6/0

2 APOLOGIES AND LEAVE OF ABSENCE

COMMITTEE RESOLUTION RMAC002/24

Moved: Chair Roland Chin

Seconded: Councillor Jimmy Bouhoris

THAT the apology from Member Sanja Hill be received & noted.

CARRIED 6/0

3 ELECTRONIC MEETING ATTENDANCE

3.1 ELECTRONIC MEETING ATTENDANCE GRANTED

COMMITTEE RESOLUTION RMAC003/24

Moved: Chair Roland Chin

Seconded: Councillor Jimmy Bouhoris

THAT The Committee note that pursuant to Section 98 (3) of the Local Government Act the following members were granted permission for Electronic Meeting Attendance at this Risk Management and Audit Committee Meeting held on Friday, 23 February 2024:

- Member Joe McCabe
- Member George Araj

CARRIED 6/0

3.2 ELECTRONIC MEETING ATTENDANCE REQUESTED

RECOMMENDATIONS

Nil

4 DECLARATION OF INTEREST OF MEMBERS AND STAFF

4.1 DECLARATION OF INTEREST BY MEMBERS

RECOMMENDATIONS

Member Roland Chin made the following Declarations (updated 20/10/23):

- F. Treasurer of St John Ambulance Australia (NT) Inc.; Director of SJA (NT) Endowment Company Pty Ltd as trustee for The St John Ambulance (NT) Endowment Trust; Director of St John Ambulance Australia NT Holdings Pty Ltd; St John Ambulance Australia Ltd – Finance, Audit & Risk subcommittee.
- G. President of Chung Wah Society Inc.
- H. Chair of Audit and Risk Committee of Venture Housing Company Limited
- I. Chair of Audit, Risk and Compliance Committee of Charles Darwin University
- J. Tiwi Land Council Audit Committee

Councillor Jimmy Bouhoris made the following Declarations (25/06/21):

- A. Any items relating to PowerWater.

Councillor Ed Smelt made the following Declarations (20/10/2023):

- A. Any items relating to Department of Infrastructure, Planning and Logistics NTG

Member Sanja Hill advised of the following representations (updated 20/10/22):

- C. Currently providing advisory services to NTG, YMCA and MACC
- D. Any items relating to Department of the Attorney-General and Justice NTG

Member Joe McCabe made the following Declarations (20/10/2023):

- B. Any items relating to Alice Springs Town Council

4.2 DECLARATION OF INTEREST BY STAFF

RECOMMENDATIONS

Nil

5 CONFIRMATION OF PREVIOUS MINUTES

COMMITTEE RESOLUTION RMAC004/24

Moved: Councillor Ed Smelt

Seconded: Councillor Brian O'Gallagher

That the minutes of the Risk Management & Audit Committee Meeting held on 20 October 2023 be confirmed.

CARRIED 6/0

6 ACTION REPORTS

6.1 INTERNAL AUDIT AND ASSURANCE POLICY AND PROCEDURE REVIEW

COMMITTEE RESOLUTION RMAC005/24

Moved: Councillor Ed Smelt

Seconded: Member George Araj

1. THAT the report entitled Internal Audit and Assurance Policy and Procedure Review be received and noted.
2. THAT the Risk Management and Audit Committee endorse the Internal Audit and Assurance Policy at **Attachment 2**.
3. THAT the Risk Management and Audit Committee endorse the Internal Audit and Assurance Procedure at **Attachment 4**.

AMENDMENT

1. THAT the report entitled Internal Audit and Assurance Policy and Procedure Review be received and noted.
2. THAT the Risk Management and Audit Committee endorse the Internal Audit and Assurance Policy at **Attachment 2**, subject to additional commentary to be added on Financial Sustainability and amended timeframe to 24 months for Internal Audit Plan.
3. THAT the Risk Management and Audit Committee endorse the Internal Audit and Assurance Procedure at **Attachment 4**.
4. THAT a report be tabled at RMAC October 2024: Review of Internal Audit Policy and Procedure in alignment with New Global Audit Standards.

CARRIED 6/0

6.2 REVIEW OF RISK MANAGEMENT PROCEDURE

COMMITTEE RESOLUTION RMAC006/24

Moved: Councillor Brian O'Gallagher

Seconded: Councillor Ed Smelt

1. THAT the report entitled Review of Risk Management Procedure be received and noted.
2. THAT the Risk Management and Audit Committee endorse the Risk Management Procedure

at **Attachment 2**.

CARRIED 6/0

6.3 RISK REVIEW AND ASSESSMENT - FEBRUARY 2024

COMMITTEE RESOLUTION RMAC007/24

Moved: Councillor Brian O'Gallagher

Seconded: Councillor Jimmy Bouhoris

1. THAT the report entitled Risk Review and Assessment February 2024 be received and noted.

CARRIED 6/0

6.4 MONTHLY FINANCIAL REPORTS: SEPTEMBER 2023 - DECEMBER 2023

COMMITTEE RESOLUTION RMAC008/24

Moved: Councillor Jimmy Bouhoris

Seconded: Member Joe McCabe

1. THAT the report entitled Monthly Financial Reports: September - December 2023 be received and noted.

CARRIED 6/0

6.5 UNCONFIRMED OPEN MINUTES - INFORMATION COMMUNICATION TECHNOLOGY STEERING COMMITTEE MEETING - 25 OCTOBER 2023

COMMITTEE RESOLUTION RMAC009/24

Moved: Councillor Jimmy Bouhoris

Seconded: Councillor Ed Smelt

THAT the report entitled Unconfirmed Open Minutes – Information Communication Technology Steering Committee Meeting – 25 October 2023 be received and noted.

CARRIED 6/0

7 QUESTIONS BY MEMBERS

RECOMMENDATIONS

Nil

8 GENERAL BUSINESS

RECOMMENDATIONS

Nil

9 CLOSURE OF MEETING TO THE PUBLIC

RECOMMENDATIONS

THAT pursuant to Section 65 (2) of the Local Government Act and Regulation 8 of the Local Government (Administration) Regulations the meeting be closed to the public to consider the Confidential Items of the Agenda.

UNCONFIRMED

RECOMMENDATIONS

That Council considers the confidential report(s) listed below in a meeting closed to the public in accordance with Section 99(2) of the Local Government Act:

12.1 Shoal Bay Waste Management Facility - Update February 2024

This matter is considered to be confidential under Section 99(2) - 51(c)(iv) 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 information that would, if publicly disclosed, be likely to subject to subregulation 51(3) – prejudice the interests of the council or some other person.

12.2 Unconfirmed Confidential Minutes - Information Communication Technology Steering Committee - 25 October 2023

This matter is considered to be confidential under Section 99(2) - 51(c)(iv) 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 information that would, if publicly disclosed, be likely to subject to subregulation 51(3) – prejudice the interests of the council or some other person.

12.3 ICT Roadmap - Update on Progress

This matter is considered to be confidential under Section 99(2) - 51(c)(iv) 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 information that would, if publicly disclosed, be likely to subject to subregulation 51(3) – prejudice the interests of the council or some other person.

12.4 Update on Internal Audit Plan - February 2024

This matter is considered to be confidential under Section 99(2) - 51(c)(i) 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 information that would, if publicly disclosed, be likely to cause commercial prejudice to, or confer an unfair commercial advantage on, any person.

12.5 Corporate Services Quarterly Report - July to September 2023

This matter is considered to be confidential under Section 99(2) - 51(a) and 51(c)(iv) 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 information about the employment of a particular individual as a member of the staff or possible member of the staff of the council that could, if publicly disclosed, cause prejudice to the individual and information that would, if publicly disclosed, be likely to subject to subregulation 51(3) – prejudice the interests of the council or some other person.

12.6 Corporate Services Quarterly Report - October to December 2023

This matter is considered to be confidential under Section 99(2) - 51(a) and 51(c)(iv) 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 information about the employment of a particular individual as a member of the staff or possible member of the staff of the council that could, if publicly disclosed, cause prejudice to the individual and information that would, if publicly disclosed, be likely to subject to subregulation 51(3) – prejudice the interests of the council or some other person.

12.7 Work Health & Safety Quarterly Report: July - September 2023

This matter is considered to be confidential under Section 99(2) - 51(a) and 51(c)(iv) 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 information about the employment of a particular individual as a member of the staff or possible member of the staff of

the council that could, if publicly disclosed, cause prejudice to the individual and information that would, if publicly disclosed, be likely to subject to subregulation 51(3) – prejudice the interests of the council or some other person.

12.8 Work Health & Safety Quarterly Report: October - December 2023

This matter is considered to be confidential under Section 99(2) - 51(a) and 51(c)(iv) 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 information about the employment of a particular individual as a member of the staff or possible member of the staff of the council that could, if publicly disclosed, cause prejudice to the individual and information that would, if publicly disclosed, be likely to subject to subregulation 51(3) – prejudice the interests of the council or some other person.

12.9 Notification Register - period ending 31 December 2023

This matter is considered to be confidential under Section 99(2) - 51(a) and 51(f) 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 information about the employment of a particular individual as a member of the staff or possible member of the staff of the council that could, if publicly disclosed, cause prejudice to the individual and subject to subregulation 51(2) – information in relation to a complaint of a contravention of the code of conduct.

The Meeting closed at 10.47 am.

The minutes of this meeting were confirmed at the Risk Management & Audit Committee held on 19 April 2024.

.....
CHAIR