

**GAWLER RIVER FLOODPLAIN MANAGEMENT AUTHORITY**

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Dear Member,

**NOTICE OF MEETING**

Notice is hereby given pursuant to Clause 6 of the Charter that a meeting for the GRFMA Audit Committee has been called for:

**DATE: Monday 7 February 2022**

**TIME: 1pm**

**PLACE: Virtual Meeting – MS Teams**



David E Hitchcock

**EXECUTIVE OFFICER**



*The Barossa Council*

**Gawler**



## **AGENDA**

### **GAWLER RIVER FLOODPLAIN MANAGEMENT AUTHORITY AUDIT COMMITTEE MEETING**

**Monday 7 February 2022**

**Virtual Meeting – MS Teams**

- 1. Present**
- 2. Apologies**
- 3. Minutes of the Previous Meeting.....Page 3**  
Confirmation of the Minutes of the previous GRFMA Audit Committee meeting held on Monday 22 November 2021.
- 4. Business Arising from the Minutes**
- 5. General Business**
  - 5.1 GRFMA Annual Audit Plan (2022) – Dean Newbery and Partners.....Page 7**
  - 5.2 GRFMA 2021/2022 Budget Review 2.....Page 19**
  - 5.3 2022-2023 GRFMA Business Plan and 2022-2023 Draft Budget.....Page 28**
- 6. Next Meeting**
- 7. Closure**

**Agenda Item:**                   **3**  
**Committee:**                   **GRFMA Audit Committee**  
**Meeting Date:**               **7 February 2022**  
**Title:**                         **Minutes of the Previous Meeting**

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**Recommendation:**

**That the minutes of the previous GRFMA Audit Committee meeting held on Tuesday 23 November 2021 as per copies supplied to members be adopted as a true and correct record of that meeting.**

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See attached minutes.

## MINUTES

### GAWLER RIVER FLOODPLAIN MANAGEMENT AUTHORITY AUDIT COMMITTEE MEETING

9:30am Tuesday 23 November 2021  
Held virtually by video conference

#### 1. Present

- Mr Peter Brass, Independent Member, Chair
- Cr Malcolm Herrmann, Adelaide Hills Council
- Mr Greg Pattinson, City of Playford
- Mr David Hitchcock, Executive Officer

#### 2. Apologies

Nil

#### 3. Previous Minutes – 12 August 2021

**GAC 21/15 Previous Minutes – GRFMA Audit Committee 12 August 2021**

**Moved: Cr M Herrmann**

**Seconded: Mr G Pattinson**

*That the minutes of the previous GRFMA Audit Committee meeting held on Thursday 12 August 2021 as per copies supplied to members be adopted as a true and correct record of that meeting.*

**CARRIED UNANIMOUSLY**

#### 4. Business Arising from the Minutes

Nil

#### 5. General Business

##### 5.1 Discussion with the External Auditor

This item was deferred until 10:00am to facilitate attendance of the Auditor.

##### 5.2 Progress Report GRFMA Annual Business Plan 2021-2022

**GAC 21/16 Progress Report GRFMA Business Plan 2021-2022**

**Moved: Cr M Herrmann**

**Seconded: Mr G Pattinson**

*That the GRFMA Audit Committee receives the progress report of the GRFMA Business Plan 2021-2022.*

**CARRIED UNANIMOUSLY**

### 5.3 GRFMA Budget Review 1

**GAC21/17**      **GRFMA Budget Review 1**  
**Moved:**      **Mr G Pattinson**  
**Seconded:**    **Cr M Herrmann**

*That the GRFMA Audit Committee:*

1. *Notes Nil changes proposed for Budget Review 1; and*
2. *Recommends the document be presented to the GRFMA Board for consideration and adoption.*

**CARRIED UNANIMOUSLY**

### 5.4 Review of GRFMA Policies

**GAC21/18**      **Review of GRFMA Policies**  
**Moved:**      **Mr G Pattinson**  
**Seconded:**    **Cr M Herrmann**

*That the GRFMA Audit Committee:*

1. *Recommends the GRFMA Board initiate a holistic review of all existing GRFMA policies; and*
2. *Develop a Public Interest Disclosure Policy and Fraud and Corruption Prevention Policy and seek appropriate advice for consideration and adoption.*

**CARRIED UNANIMOUSLY**

### Other Business

Members noted the Executive Officer had responded to the Barossa Council query regarding GRFMA Valuation of Assets. The Executive Officer is to provide members with a copy of the response.

### 5.1 In-camera Discussion with the External Auditor

Mr Jim Keogh, Dean Newbery and Partners joined the meeting at 10:00am.

The Executive Officer, Mr David Hitchcock, left the meeting at 10:00am.

Mr Jim Keogh, Dean Newbery and Partners left the meeting at 10:11am.

The Executive Officer, Mr David Hitchcock, rejoined the meeting at 10:12am.

## 6. Next Meeting

March 2022

Date	Audit Committee meeting schedule 2021/2022	Action
March 2021	Annual Budget and Business Plan Review; External Audit Plan and Schedule 2021.	Completed
June 2021	Annual cost estimates and budget variations consideration.	Completed
August 2021	Annual Financial Statements – Audit report; 2020/2021 – Auditor to attend.	Completed Auditor did not attend

<b>Date</b>	<b>Audit Committee meeting schedule 2021/2022</b>	<b>Action</b>
November 2021	<ul style="list-style-type: none"><li>• In-camera discussion with external auditor.</li><li>• Operation of the Regional Subsidiary – Business Plan progress.</li><li>• Annual cost estimates and budget variations consideration.</li></ul>	Completed
March 2022	Annual Budget and Business Plan Review; External Audit Plan and Schedule 2022.	

## **7. Closure**

The Chair thanked the members for their attendance and wished all a safe and happy festive season and closed the meeting at 10:12am.

Chair \_\_\_\_\_ Date \_\_\_\_\_

**Agenda Item: 5.1**

**Committee: GRFMA Audit Committee**

**Meeting Date: 7 February 2022**

**Title: GRFMA Annual Audit Plan (2022) – Dean Newbery and Partners**

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**Recommendation:**

**That the GRFMA Audit Committee receives the Audit Strategy for the year ended 30 June 2022.**

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Dean Newbery and Partners are the appointed external auditor for the GRFMA.

See separate attachment for a copy of the 2022 Annual Audit Plan as provided by Dean Newbery and Partners.

See below for an outline of the proposed audit timing.

**Key Audit Milestones Timeframe**

- Submission of Audit Plan to the Audit Committee February 2022
- Balance Date Audit requirements checklist to be provided to the Authority June 2022
- Balance Date Audit requirements to be provided to auditors July 2022
- Draft financial statements to be provided to auditors July 2022
- Balance Date audit attendance to commence July 2022
- Meet with Audit Committee August 2022
- Audit Report and Independence Declarations to be issued by auditors August 2022



# Gawler River Floodplain Management Authority External Audit Plan

30 June 2022

**Dean**Newbery



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# Foreword

1 February 2022

Mr Peter Brass  
Chair - Audit Committee  
Gawler River Floodplain Management

Dear Mr Brass

We thank you for the opportunity to present to you our Audit Plan for the Gawler River Floodplain Management Authority (the Authority) for the financial year ending 30 June 2022.

Our audit plan is subject to continual review and update as new information and matters arise during the course of the audit. This document is intended for the Authority's Audit Committee and the Authority's Management only.

Our processes and approach to audit matters will continuously be considered and update where required to address any changes to the operating environment, identified risks and findings identified from work completed.

Our Audit Plan is tailored specifically to the Authority and places a high emphasis on communicating all audit matters and findings to you and the Board on a timely basis.

Should you require any further information, please feel free to contact me on the details provided within.

Yours sincerely  
**DEAN NEWBERY**

A handwritten signature in black ink, appearing to read 'JK' with a stylized flourish.

**Jim Keogh**  
Partner

# Key Contacts & Information

Jim Keogh is the Lead Audit Partner appointed to lead the audit team assembled for the engagement. Jim is highly experienced Local Government Audit Partner who has over 30 years experience auditing the Local Government sector.

The Engagement Manager assisting Jim, Whitney Sandow is another key contact for the Authority and will be managing the field work component of the engagement. Jim and Whitney are committed to ensuring that a high quality audit service is provided to the Authority throughout the term of the engagement.



**Jim Keogh**  
**Lead Audit Partner**

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**Whitney Sandow**  
**Engagement Manager**

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# Introduction

## Purpose of this Document

This documents provides an overview of the planned scope and timing of the audit of the financial statements for Gawler River Floodplain Management Authority (**the Authority**) for the financial year ending 30 June 2022.

## Audit Objectives

The objective of the audit process is to undertake the necessary work that will enable us to form an opinion per the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* as to whether:

- the financial report is prepared, in all material respects, in accordance with the Australian Auditing Standards and the *Local Government Act 1999* (the Act) and applicable Regulations.

The financial statements are to be prepared in accordance with the requirement of the *Model Financial Statements* as required by the *Local Government (Financial Management) Regulations 2011*.

All audit procedures have been designed to be carried out by our audit staff to provide us with reasonable assurance that the financial report, as a whole, is free from material misstatement.

## Scope of the Audit

The scope of the engagement per the Act includes the audit of the following:

- The Authority's financial statements for the financial year ending 30 June 2022 which are to be prepared in accordance with the requirements of the Act.

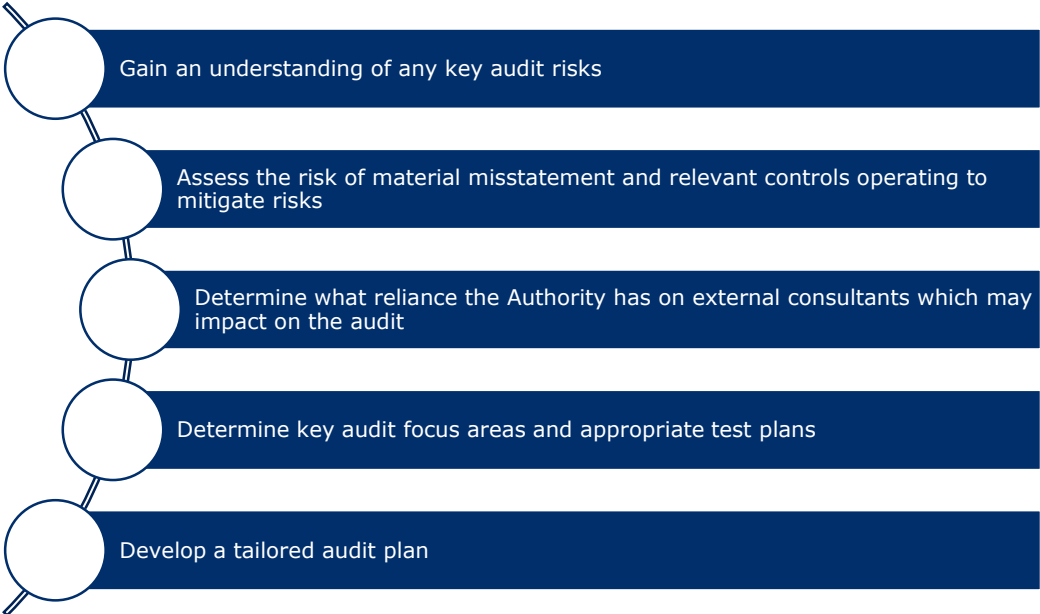
# Audit Strategy

We follow a risk-based approach to audit planning that reflects our overall assessment of the relevant risks that apply to the Authority. This approach ensures that our audit focuses on the areas of highest assessed risk.

Our initial planning of the our audit is based on undertaking the following:



In undertaking the initial audit planning tasks, we aim to achieve the following outcomes:



# Materiality

Auditors use materiality to assist with making a judgement of the amount of work needed to be performed on specific balances and to evaluate the effect of misstatements on the financial report. In considering what could potentially be deemed as material, our audit considers factors which may influence the decisions of intended users and accordingly, both quantitative and qualitative matters are taken into consideration.

Materiality is therefore considered in the context of its potential impact on the decisions of intended users of the financial report if financial information individually or in aggregate was misstated, omitted and/or not disclosed. Materiality is initially calculated at the commencement of the engagement during the planning stage and subsequently, reassessed as additional information is obtained during the audit process up until the time of issuing the audit opinion. As is part of our communication strategy, we will communicate to you any material and, potentially non-material matters that may have other business improvement or governance related benefits, during the course of the audit engagement when matters arise through our audit management reports issued.

# Internal Controls

A key component to the audit work we undertake is gaining an understanding of the internal controls in operation within the business that is relevant to assisting us with our risk assessment procedures. In testing the effectiveness of controls, we gather evidence by employing the following techniques:

- Inspection of systems
- Observation of control operating
- Inquire of control operations results
- Recalculation and/or re-performance of control
- Assess the Authority's risk assessment process

The objective of the test of controls is to obtain evidence as to whether controls operated as intended to mitigate identified risks.

Should we become aware of any significant deficiencies or consider there to be areas where controls could be further strengthened/improved, we will communicate these matters to the Audit Committee and Management.

# Fraud

Our audit is not designed nor intended to detect whether there is any fraudulent activity occurring however, should we become aware of it, we will ensure to report any matters. As part of our audit procedures, we make enquiries of management and those charged with governance to identify any instances of known or suspected fraud.

As part of considering fraud, we also consider the risk of management overrides of controls.

# Key Areas of Audit Focus

## Key Areas of Audit Focus

Based on our existing knowledge of the Authority and the Local Government sector, we have identified the matters we think present the risk to potential material misstatements in the financial report. Our audit procedures are designed to focus our testing and review of controls on these assessed risk areas.

Throughout the engagement, we will continue to monitor and assess our risk assessment to ensure that we factor in any additional testing necessary to consider additional risk areas deemed required to be included in our audit testing.

We have highlighted below the risks we have identified along with our planned approach to respond to those risks as part of the audit work we plan to undertake.

Audit Matter	Audit Approach
Delegation of Authority	Review controls and processes relating to amending changes in authority levels for procurement and EFT payment releases.
ICT Controls	Review controls surrounding system access changes, changes in permission levels, disaster recovery and back-up procedures, data security, remote access and management of key records and documents.
Financial Policies	Key policies and registers are maintained and required policies have been reviewed within required timeframes.
Procurement	Review of internal controls operating around the procurement of goods and services. Substantive testing approach to test that procured goods and services have been conducted in accordance with policies and procedures and in line with adopted budget.
Management override of Controls	This is a risk that is a required presumption under the Australian Auditing Standards. Our procedures will involve a review of internal controls and test for any unusual transactions within our samples to determine if any transactions do not appear to be within normal business parameters.
Capital Works in Progress (WIP)	Correct recording and disclosure of capital works and site repairs and maintenance works – classification between capital and operating expenses.

# Audit Timetable

Our audit timetable has been formulated based on information obtained from Management along with our existing knowledge of the level of work required to be undertaken to form the audit opinion required by the Act.

A summary of our stages of the audit program and expected milestones has been summarised below. Should there be any changes to the expected timetable below, this will be communicated with Management and the Audit Committee.

Key Audit Milestones	Timeframe
Submission of Audit Plan to the Audit Committee	February 2022
Balance Date Audit requirements checklist to be provided to the Authority	June 2022
Balance Date Audit requirements to be provided to auditors	July 2022
Draft financial statements to be provided to auditors	July 2022
Balance Date audit attendance to commence	July 2022
Meet with Audit Committee	August 2022
Audit Report and Independence Declarations to be issued by auditors	August 2022



# Communication Strategy

Our Management Letters/Reports are issued at the conclusion of each audit attendance and we will ensure to provide comments and findings as a result of testing completed on key matters reviewed. Our approach is for our Management Letters/Reports to provide only constructive feedback to any audit findings as required by Australian Auditing Standards.

All Management Letters/Reports will be provided as draft reports to Management for their review and comment prior to issuing a final version.

## External Confirmations

To assist with the gathering of audit evidence necessary to complete the audit, we will be sending the following confirmation requests:

- External bank confirmations for all bank accounts, loans and products (including credit cards)
- Solicitor's representation letter
- Local Government Finance Authority (LGFA) balance confirmations
- External Asset Valuation(s) (where applicable)

## Independence

Our audit is required to be conducted to comply with the following independence requirements:

- *Local Government Act 1999*
- *Local Government (Financial Management) Regulations 2011*
- APES 110 – Code of Ethics for Professional Accountants

As part of our audit procedures, we obtain independence declarations from all engagement staff to confirm that all engagement team members meet the above standards prior to the commencement of working on the engagement. We will annually provide the Authority with confirmation that we have met with our independence requirements as required by the above legislation and standards.

Should any situation arise where we become aware that an issue over our independence, we will communicate this immediately to the Authority's Chief Executive Office and Audit Committee.

We confirm that Dean Newbery has not provided any other services to the Authority as at the time of preparing this Report.

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Dean Newbery

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<b>Agenda Item:</b>	<b>5.2</b>
<b>Committee:</b>	<b>GRFMA Audit Committee</b>
<b>Meeting Date:</b>	<b>7 February 2022</b>
<b>Title:</b>	<b>GRFMA 2021/2022 Budget Review 2</b>

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**Recommendation:**

**That the GRFMA Audit Committee:**

- 1. Notes changes proposed for Budget Review 2.**
  - 2. Recommends the document be presented to the GRFMA for consideration and adoption.**
- 

**Budget Review 2**

*Regulation 9 of Local Government (Financial Management) Regulations 2011 states:*

*'A report showing a revised forecast of its operating and capital investment activities for the relevant financial year compared with the estimates for those activities set out in the budget presented in a manner consistent with the note in the Model Financial Statements entitled Uniform Presentation of Finances'.*

**Budget Review 1 (BR1)**

The Profit and Loss Budget Analysis as at 31 October 2021 identified no material change to the adopted GRFMA 2021-2022 Budget.

There were some minor fluctuations between forecast expenditure / income against actual for the period to 31 October, however in context of the overall 2021-2022 financial year budget estimations, these items did merit change at the time.

**Budget Review 2 (BR2)**

BR2 contains movement in expenditure and income due to commencement of BENPFM Dam repair works and receipt of associated Cash Advance Debenture (CAD) finance from LGFA.

Adjustments have also been made to reflect the cost of completion of the Gawler River Stormwater Management Plan (SMP) and receipt of funding contribution from the Stormwater Management Authority.

In presenting Budget Review 2 information as per Local Government Uniform Presentation of Finances the following adjustments have been made:

- The \$600,000 CAD facility from LGFA is not an income item and is reflected as cash coming in and a liability on the balance sheet.
  - Given the value of the repairs are \$600,000 at this point, it is reflected as a Capital item and reported on the Cash Flow and Balance Sheet.
  - Interest expense (Finance Payments) of the CAD have been nominally calculated at  $\$600,000 \times 3.5\% = 21,000$  and conservatively included at 6 months cost ie \$10,500.
-

- SMP funding of \$70,518 is reflected as income and the adjusted amount of contract consultancy cost of \$167,735 is reflected as expense.
- New expenditure of \$6,560 for the Community Engagement Flood Resilience funding application costs.

### Uniform Presentation of Finances BR2

Operating Revenues	\$332,370
Less Operating Expenses	\$612,810
Operating Deficit	\$(280,440)
Less Capital Outlay	\$600,000
Less Depreciation	(\$321,163)
Net Borrowing	(\$559,277)

The MYOB format for the Profit and Loss Budget Analysis as at 31 January 2022 is presentation of finances on a cash basis.

This format is presented (additionally) in this agenda report to facilitate perusal of individual income and expenditure items not readily available in the uniform presentation format.

Budget Review 2 adjustments also reflected in the separate MYOB format are:

- CAD \$600,000 as income (Finance - LGFA Cash Advance Debenture) and offsetting repair cost of \$600,000 (BENPFMD repairs) as expense.
- SMP payments being \$37,301 and not \$50,000 as forecast = \$12,699. Plus new expenditure of \$6,560 for the Community Engagement Flood Resilience funding application costs.
- Finance payments \$59,500 and Interest costs of \$10,500 are included in the previously budgeted amount of \$70,000 item finance.

This is calculated as MYOB:

- |                        |                    |
|------------------------|--------------------|
| • Total Income         | \$932,370          |
| • Minus total expenses | <u>\$1,272,310</u> |
| • Net loss             | (\$339,940)        |

### Reconciliation of BR2 Result

- |   |             |
|---|-------------|
| • Net Profit / Loss for the Year (MYOB) | (\$339,940) |
| • Add Back Depreciation Expense         | \$321,163   |
| • Add Back Principal Loan Repayments    | \$59,500    |
| • TOTAL                                 | \$40,723    |
| • Loan Borrowings                       | \$600,000   |
| • Cash Used                             | \$559,277   |

The \$339,940 consists of \$321,162 Depreciation (unfunded) and projected general operating loss of \$18,778 (this amount materially results from 30/6/21 EOFY SMP payments being \$37,301 and not \$50,000 as forecast = \$12,699 plus new 2022/23 expenditure of \$6,560 for the Community Engagement Flood Resilience funding application costs.

See attached for:

- Budget Review 2 information as per Local Government Uniform Presentation of Finances
- Profit and Loss Budget Analysis which shows income and expenditure to 31 January 2022

See the chart below which identifies BR2 variations as they appear in the MYOB format.

	<b>Budget Adopted</b>	<b>BR1</b>	<b>BR2</b>	<b>Variation</b>
<b>Account INCOME</b>				
State Grant - SMP	\$0	\$0	\$70,518	Balance of 50% (on SMP completion) Stormwater Management Plan subsidy. Previously paid \$20,000 30/6/2021
Finance - LGFA Cash Advance Debenture			\$600,00	Accounting for CAD provision BRNPFM Dam repairs (\$700,000 is available)
<b>Account EXPENSE</b>				
Gawler River Mk2 Consultancies  Initial Budget - SMP \$50,000 - Strategic Plan \$25,000 - LTFP \$10,000	\$85,000		\$167,735	BR2 SMP total cost \$181,036 Paid in 30/6/2021 \$37,301 Balance for 2022 \$143,735 Strategic Plan \$14,000 LTFP \$10,000 Community Flood Eng \$6,560  \$20,000 cash has been included in the Community Flood engagement application not included in BR2 - review when outcome of application known.
BENPFMD repairs	\$0	\$0	\$600,000	Stage 1 & 2 ex GST

**GAWLER RIVER FLOODPLAIN MANAGEMENT AUTHORITY  
CONSOLIDATED BUDGET 2021/2022 REVIEW 2**

**UNIFORM PRESENTATION OF FINANCES**

2020/2021 FULL YEAR ACTUALS		2021/2022 BUDGET	2021/2022 BUDGET REVIEW 1	2021/2022 BUDGET REVIEW 2
\$		\$	\$	\$
217,344	Operating Revenues	266,652	266,652	332,370
(498,698)	less Operating Expenses	(587,815)	(587,815)	(612,810)
(281,354)	<b>Operating Surplus / (Deficit) before Capital Amounts</b>	(321,163)	(321,163)	(280,440)
	<b>Less Net Outlays in Existing Assets</b>			
-	Capital Expenditure on renewal and replacement of Existing Assets	-	-	600,000
(321,163)	less Depreciation, Amortisation and Impairment	(321,163)	(321,163)	(321,163)
-	less Proceeds from Sale of Replaced Assets	-	-	-
(321,163)		(321,163)	(321,163)	278,837
	<b>Less Net Outlays on New and Upgraded Assets</b>			
-	Capital Expenditure on New and Upgraded Assets	-	-	-
-	less Amounts received specifically for New and Upgraded Assets	-	-	-
-	less Proceeds from Sale of Surplus Assets	-	-	-
-		-	-	-
39,809	<b>Net Lending / (Borrowing) for Financial Year</b>	-	-	(559,277)

**GAWLER RIVER FLOODPLAIN MANAGEMENT AUTHORITY  
CONSOLIDATED BUDGET 2021/2022 REVIEW 2**

**STATEMENT OF COMPREHENSIVE INCOME**

2020/2021 FULL YEAR ACTUALS \$'000	INCOME	2021/2022 BUDGET \$'000	2021/2022 BUDGET REVIEW 1 \$'000	2021/2022 BUDGET REVIEW 2 \$'000
196,235	Subscriptions	266,052	266,052	261,252
20,000	Grants Subsidies and Contributions	-	-	70,518
1,009	Investment Income	600	600	600
100	Other	-	-	-
<hr/>				
217,344	TOTAL REVENUES	266,652	266,652	332,370
<hr/>				
	<b>EXPENSES</b>			
177,535	Materials, Contracts and Other Expenses	266,652	266,652	281,147
-	Finance Costs	-	-	10,500
321,163	Depreciation, amortisation & impairment	321,163	321,163	321,163
<hr/>				
498,698	Total Expenses	587,815	587,815	612,810
<hr/>				
(281,354)	<b>OPERATING SURPLUS/(DEFICIT) BEFORE CAPITAL AMOUNTS</b>	(321,163)	(321,163)	(280,440)
-	Net gain (loss) on disposal or revaluation of assets	-	-	-
-	Amounts specifically for new or upgraded assets	-	-	-
-	Physical resources received free of charge	-	-	-
<hr/>				
(281,354)	<b>TOTAL COMPREHENSIVE INCOME</b>	(321,163)	(321,163)	(280,440)
<hr/>				



**GAWLER RIVER FLOODPLAIN MANAGEMENT AUTHORITY  
CONSOLIDATED BUDGET 2021/2022 REVIEW 2**

**CASH FLOW STATEMENT**

<b>2020/2021 FULL YEAR ACTUALS</b>		<b>2021/2022 BUDGET</b>	<b>2021/2022 BUDGET REVIEW 1</b>	<b>2021/2022 BUDGET REVIEW 2</b>
<b>\$</b>		<b>\$</b>	<b>\$</b>	<b>\$</b>
Inflows (Outflows)		Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)
	<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>			
	<b>RECEIPTS</b>			
199,195	Operating Receipts	266,052	266,052	331,770
1,023	Investment Receipts	600	600	600
	<b>PAYMENTS</b>			
(182,638)	Operating payments to suppliers & employees	(266,652)	(266,652)	(317,714)
-	Finance Payments	-	-	(10,500)
17,580	<b>Net Cash provided by (or used in) Operating Activities</b>	-	-	4,156
	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
	<b>RECEIPTS</b>			
-	Grants specifically for new or upgraded assets	-	-	-
0	Sale of Assets	0	0	0
	<b>PAYMENTS</b>			
-	Capital Expenditure on renewal/replacement of assets	-	-	(600,000)
-	Capital Expenditure on new/upgraded assets	-	-	-
-	<b>Net Cash provided by (or used in) Investing Activities</b>	-	-	(600,000)
	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
	<b>RECEIPTS</b>			
-	Proceeds from Borrowings	-	-	600,000
	<b>PAYMENTS</b>			
-	Repayment of Borrowings	-	-	(59,500)
-	<b>NET CASH USED IN FINANCING ACTIVITIES</b>	-	-	540,500
17,580	<b>NET INCREASE (DECREASE) IN CASH HELD</b>	-	-	(55,344)
151,764	<b>CASH AT BEGINNING OF YEAR</b>	71,248	169,344	169,344
169,344	<b>CASH AT END OF YEAR</b>	71,248	169,344	114,000



**GAWLER RIVER FLOODPLAIN MANAGEMENT AUTHORITY  
CONSOLIDATED BUDGET 2021/2022 REVIEW 2**

**BALANCE SHEET**

2020/2021 FULL YEAR ACTUALS		2021/2022 BUDGET	2021/2022 BUDGET REVIEW 1	2021/2022 BUDGET REVIEW 2
	<b>ASSETS</b>			
	<b>CURRENT ASSETS</b>			
\$		\$	\$	\$
169,344	Cash and cash equivalents	71,248	169,344	114,000
49,278	Trade & other receivables	1,612	49,278	49,278
-	Inventories	-	-	-
<u>218,622</u>	<b>TOTAL CURRENT ASSETS</b>	<u>72,860</u>	<u>218,622</u>	<u>163,278</u>
	<b>NON-CURRENT ASSETS</b>			
-	Financial Assets	-	-	-
21,689,675	Infrastructure, Property, Plant & Equipment	21,368,512	21,368,512	21,968,512
<u>21,689,675</u>	<b>TOTAL NON-CURRENT ASSETS</b>	<u>21,368,512</u>	<u>21,368,512</u>	<u>21,968,512</u>
<u>21,908,297</u>	<b>TOTAL ASSETS</b>	<u>21,441,372</u>	<u>21,587,134</u>	<u>22,131,790</u>
	<b>LIABILITIES</b>			
	<b>CURRENT LIABILITIES</b>			
36,567	Trade & Other Payables	-	36,567	-
-	Borrowings	-	-	-
-	Short-term Provisions	-	-	-
<u>36,567</u>	<b>TOTAL CURRENT LIABILITIES</b>	<u>-</u>	<u>36,567</u>	<u>-</u>
	<b>NON-CURRENT LIABILITIES</b>			
-	Long-term Borrowings	-	-	540,500
-	Long-term Provisions	-	-	-
<u>-</u>	<b>TOTAL NON-CURRENT LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>540,500</u>
<u>36,567</u>	<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>36,567</u>	<u>540,500</u>
<u>21,871,730</u>	<b>NET ASSETS</b>	<u>21,441,372</u>	<u>21,550,567</u>	<u>21,591,290</u>
	<b>EQUITY</b>			
13,189,757	Accumulated Surplus	12,759,399	12,868,594	12,909,317
8,681,973	Asset Revaluation	8,681,973	8,681,973	8,681,973
-	Other Reserves	-	-	-
<u>21,871,730</u>	<b>TOTAL EQUITY</b>	<u>21,441,372</u>	<u>21,550,567</u>	<u>21,591,290</u>

**GAWLER RIVER FLOODPLAIN MANAGEMENT AUTHORITY  
CONSOLIDATED BUDGET 2021/2022 REVIEW 2**

**STATEMENT OF CHANGES IN EQUITY**

<b>2020/2021 FULL YEAR ACTUALS \$</b>		<b>2021/2022 BUDGET \$</b>	<b>2021/2022 BUDGET REVIEW 1 \$</b>	<b>2021/2022 BUDGET REVIEW 2 \$</b>
	<b>ACCUMULATED SURPLUS</b>			
13,471,111	Balance at end of previous reporting period	13,080,562	13,189,757	13,189,757
(281,354)	Net Result for Year	(321,163)	(321,163)	(280,440)
0	Transfer From Reserves	0	0	0
0	Transfer To Reserves	0	0	0
<b>13,189,757</b>	<b>BALANCE AT END OF PERIOD</b>	<b>12,759,399</b>	<b>12,868,594</b>	<b>12,909,317</b>
	<b>ASSET REVALUATION RESERVE</b>			
8,681,973	Balance at end of previous reporting period	8,681,973	8,681,973	8,681,973
0.00	Gain on revaluation of infrastructure, property, plant & equipment	0.00	0.00	0.00
0.00	Transfer to Accumulated Surplus on sale of infrastructure, property, plant & equipment	0.00	0.00	0.00
<b>8,681,973</b>	<b>BALANCE AT END OF PERIOD</b>	<b>8,681,973</b>	<b>8,681,973</b>	<b>8,681,973</b>
<b>21,871,730</b>	<b>TOTAL EQUITY AT END OF REPORTING PERIOD</b>	<b>21,441,372</b>	<b>22,043,187</b>	<b>21,918,290</b>

**Profit & Loss [Budget Analysis]**

July 2021 To June 2022

266 Seacombe Road  
Seacliff Park SA 5049ABN: 12 925 534 861  
Email: [davidehitchcock@bigpond.com](mailto:davidehitchcock@bigpond.com)

	Selected Period	Budgeted	\$ Difference
<b>Income</b>			
Admin of GRFMA			
Member Subscriptions	\$176,052	\$176,052	\$0
Interest LGFA	\$828	\$600	\$228
<b>Total Admin of GRFMA</b>	<b>\$176,880</b>	<b>\$176,652</b>	<b>\$228</b>
Operations Flood Mit Scheme			
Council Subscriptions	\$85,204	\$85,200	\$4
State Grant	\$0	\$70,518	(\$70,518)
Other	\$0	\$600,000	(\$600,000)
<b>Total Operations Flood Mit Scheme</b>	<b>\$85,204</b>	<b>\$755,718</b>	<b>(\$670,514)</b>
<b>Total Income</b>	<b>\$262,084</b>	<b>\$932,370</b>	<b>(\$670,286)</b>
<b>Gross Profit</b>	<b>\$262,084</b>	<b>\$932,370</b>	<b>(\$670,286)</b>
<b>Expenses</b>			
Admin of GRFMA			
Executive Officer Contract	\$31,116	\$55,000	(\$23,884)
Adv, printing, stationery post	\$304	\$1,200	(\$896)
Travelling Expenses	\$128	\$4,000	(\$3,872)
Insurance PL & PI	\$5,050	\$6,732	(\$1,682)
Audit Committee	\$1,300	\$2,600	(\$1,300)
Audit Fees	\$5,188	\$5,500	(\$312)
Bank Fees	\$27	\$120	(\$93)
Legal Fees	\$0	\$2,000	(\$2,000)
Honorarium - Chairperson	\$5,200	\$8,500	(\$3,300)
Other	\$4,839	\$6,000	(\$1,161)
<b>Total Admin of GRFMA</b>	<b>\$53,152</b>	<b>\$91,652</b>	<b>(\$38,500)</b>
Gawler River Scheme Mark 2			
Consultancies	\$96,519	\$174,295	(\$77,776)
<b>Total Gawler River Scheme Mark 2</b>	<b>\$96,519</b>	<b>\$174,295</b>	<b>(\$77,776)</b>
Maint Flood Mitigation Scheme			
BENPFM Dam repairs	\$1,950	\$600,000	(\$598,050)
Maintenance Contractors	\$4,975	\$15,000	(\$10,025)
Property Maintenance	\$60	\$0	\$60
Rates & Levies	\$126	\$200	(\$74)
<b>Total Maint Flood Mitigation Scheme</b>	<b>\$7,111</b>	<b>\$615,200</b>	<b>(\$608,089)</b>
Depreciation			
Depreciation	\$0	\$321,163	(\$321,163)
<b>Total Expenses</b>	<b>\$156,782</b>	<b>\$1,202,310</b>	<b>(\$1,045,528)</b>
<b>Operating Profit</b>	<b>\$105,302</b>	<b>(\$269,940)</b>	<b>\$375,242</b>
<b>Total Other Income</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Other Expenses			
Interest Expense	\$0	\$10,500	(\$10,500)
Other Expense	\$0	\$59,500	(\$59,500)
<b>Total Other Expenses</b>	<b>\$0</b>	<b>\$70,000</b>	<b>(\$70,000)</b>
<b>Net Profit/(Loss)</b>	<b>\$105,302</b>	<b>(\$339,940)</b>	<b>\$445,242</b>

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<b>Agenda Item:</b>	<b>5.3</b>
<b>Committee:</b>	<b>GRFMA Audit Committee</b>
<b>Meeting Date:</b>	<b>7 February 2022</b>
<b>Title:</b>	<b>2022-2023 GRFMA Business Plan and 2022-2023 Draft Budget</b>

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**Recommendation:****That the GRFMA Audit Committee:**

- 1. Notes the report.**
  - 2. Requests the Executive Officer provide the Draft 2022/2023 GRFMA Annual Business Plan and Draft 2022/2023 Budget documents to the 17 February 2022 GRFMA meeting for consideration.**
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**2022/2023 Draft GRFMA Annual Business Plan and Draft 2022/2023 Budget**

The Gawler River Floodplain Management Authority is established by the Constituent Councils as a regional subsidiary pursuant to Section 43 and Schedule 2 of the Local Government Act 1999.

The GRFMA Charter (2020) provides the Authority must prepare a a budget for the forthcoming financial year.

The Budget must:

- deal with each principal activity of the Authority on a separate basis;
- be consistent with and account for activities and circumstances referred to in the Authority's Annual Business Plan;
- be submitted in draft form to each Constituent Council before 31 March for approval;
- not be adopted by the Authority until after 31 May but before 30 September; and
- identify the amount of and the reasons for the financial contributions to be made by each Constituent Council to the Authority.

The Authority shall also have an Annual Business Plan in respect of the ensuing 12 months.

The Annual Business Plan must:

- state the services to be provided by the Authority;
- identify how the Authority intends to manage service delivery;
- identify the performance targets which the Authority is to pursue;
- provide a statement of financial and other resources and internal processes that will be required to achieve the performance targets and objectives of the Authority; and
- specify the performance measures that are to be used to monitor and assess performance against targets.

On the basis of the above report the following information relates to action taken to draft the 2022-2023 GRFMA Annual Business Plan and development of the 2022/2023 draft GRFMA budget.

**2022-2023 GRFMA Draft Annual Business Plan**

The format of the Annual Business Plan has been constructed utilising format of the previous GRFMA Business Plan document plus new content sourced from the draft GRFMA Strategic Plan. Key elements contained in the 2022/2023 draft Annual Business Plan identify:

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## Priority Actions 2022/2023

**Finalise preparation of the Gawler River Stormwater Management Plan.** The Gawler River Stormwater Management Plan will be the key document to assist in determining physical and other works required to reduce the risks and impacts of flooding

**Review, with Constituent Councils and stakeholders, design standards for infrastructure works including costs and benefits.** The default policy position of the Authority has been for a 1 in 100 year design standard. Reviewing that policy position through consideration of the costs and benefits of various design standard scenarios will assist in identifying appropriate standards.

**In conjunction with the Constituent Councils, develop and implement a schedule of flood mitigation infrastructure works for the Gawler River referencing the Gawler River Stormwater Management Plan.** A schedule of works will enable the Authority and Constituent Councils to plan for implementation of the projects and seek funding from the State and Federal Governments.

**Working with the Constituent Councils, develop a framework to clearly articulate the respective roles and responsibilities of the Authority and the Councils and suitable partnering arrangements to maintain a low cost base for the Authority.** Identification of partnering opportunities within the capacities of the Councils (e.g., in relation to monitoring information about climate change and climate change policy, and water policy) in delivering the functions, operations and project management required of the Authority would help to keep the Authority's administrative costs low.

**Continue to advocate for improved governance and funding arrangements for flood avoidance, resilience, and mitigation in South Australia.** With frontline experience the Authority is well positioned to develop a narrative about changes that are required to improve governance and funding arrangements for flood avoidance and mitigation.

The Authority will continue to work with the Department for Environment and Planning, in consultation with Constituent Councils, on implementation and funding arrangements for the State Government funded Gawler River Flood Mitigation Program.

**Assist the Constituent Councils in communicating with general communities and specific interest groups in relation to flood mitigation for the Gawler River.** Communication with communities is likely to be a joint activity between the Constituent Councils and the Authority. This to include, subject to funding, implementation of the Gawler River Flood Disaster Mitigation Program, Community Flood Resilience Project Plan. The 3 year program seeks to provide information, tools, and assistance for the community to learn about flood risk, be aware of what they can do, know how to receive flood warnings, and be prepared to act in the event of a flood.

**Implement the agreed outcomes from Charter Review 2 which was finalised in 2020.** The second stage of reviewing the Authority's Charter was completed late in 2020. Implementation of agreed outcomes from the review will finalise that process.

**Develop fit for purpose risk management, asset management, and long term financial plans.** The Charter requires these plans to be prepared and adopted. All three Plans will assist the Board in decision making and show that risk, asset management, and long term financial planning are being addressed.

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**Maintenance and operations of the scheme during 2022 to 2023 will include:**

Implementation of requirements of the reviewed Operation and Maintenance Manual.

Continuation of the revegetation program around land associated with the Bruce Eastick North Para Flood Mitigation Dam.

Scheduled inspections and environmental management of land associated with the Dam location will be undertaken in accordance with ANCOLD recommendations. Principality Routine (monthly), Intermediate (annually), Comprehensive (every 5 years due 2022/2023).

Completion of identified repairs to the Bruce Eastick North Para Flood Mitigation Dam.

See attached for a copy of the 2022/2023 draft Annual Business Plan.

**2022/2023 Draft Budget**

The scope of the GRFMA Annual Budget is small in comparison to the extensive undertakings by Constituent Councils.

Revenue

Principally the budget revenue is sourced from predetermined “formula based” financial contributions by the six Constituent Councils, opportunistic funding applications and some interest from financial institutions. Recently any shortfalls in income (over expenditure) have been met from reserves.

Charter Review 2

The GRFMA has been undertaking review of its charter and is currently consulting on possible funding model principles that Constituent Councils might utilise in exercise of clause 11.1 and 11.7 of the GRFMA Charter:

*11.1 The contributions of the Constituent Councils shall be based on the percentage shares for capital works, maintenance of assets of the Authority and operational costs of the Authority in accordance with Schedule 1.14 Where the capital and/or maintenance cost exceeds \$1 Million in any given year, Clause 11.7 shall apply*

*11.7 The Authority may enter into separate funding arrangements with Constituent Councils and with any State or Federal Government or their agencies in respect of any project undertaken or to be undertaken by or on behalf of the Authority*

The proposed funding model principles will not apply to the existing funding contributions required pursuant to clause 11.1.

Expenditure

Expenditure is principally budgeted on estimated costs of Executive Management and administrative and governance requirements of the Authority according to its charter. Other costs are incurred with maintenance of the Bruce Eastick North Para River Flood Mitigation Dam site and access.

Historically the most material expenditure has been incurred via consultancies to pursue outcomes envisaged in the Gawler River Mark 2 flood mitigation strategies and capital works associated with Dam infrastructure repairs.

### Operational Contributions

Operational contributions are calculated from the costs reflective of Administration of the GRFMA and general costs for the Gawler River Scheme Mark 2 (does not include capital works or maintenance of Assets) less Bank and other income.

The GRFMA Charter now requires establishment of new management frameworks and plans which include a Strategic Plan, a Long-Term Financial Plan, an Asset Management plan as well as annual budget.

### Other projects.

Provision has also been made for:

- Establishment of the Long-Term Financial Plan and Asset Management Plan (\$10,000 Gawler River Mk2 - Consultancies)
- Provision for feasibility or initial design studies of priority flood mitigation proposals resulting from the completed SMP (\$40,000)
- Provision for two registrations, travel and accommodation to the 2021 Flood Management Australia conference (\$4,000 Administration- travel and accommodation)
- Continuation of external administrative support and external accountancy for model financial statement requirements (\$6,000 Administration - other)

### Budget Outcome Operational

- Administration of the GRFMA \$ 93,720 minus interest income \$600 = 93,120
- Gawler River Scheme Mk2 - Consultancies \$ 50,000
  - Establishment of the Long Term Financial Plan, and Asset Management Plan (\$10,000)
  - Feasibility or initial design studies (\$40,000)

Total operation cost \$143,120 (Member Subscriptions).

### Maintenance Contributions

Maintenance contributions are calculated from the costs reflective of capital works or maintenance works for the Bruce Eastick Flood Mitigation Dam and any approved Gawler River Scheme Mark 2 capital works.

The Authority will continue to work with the Department for Environment and Planning, in consultation with Constituent Councils, on implementation and funding arrangements for the State Government funded Gawler River Flood Mitigation Program.

GRFMA resolution 21/98 provides

*That the GRFMA allocates up to \$100,000 from current GRFMA reserve funds as its contribution to the design development of Project 3 and 4.*

*The final cash contribution amount to be based on an actual scope of works being provided (with cost estimate) to enable a fair and equitable funding split between all government agencies and GRFMA Councils.*

No provision has been made in the 2022/2023 draft Budget for this expenditure: on the principle funds, when authorised by GRFMA, will be sourced from cash reserves at the relevant time.

### Maintenance and operations

Maintenance and operations of the scheme during 2022 to 2023 will include:

- Continuation of the revegetation program around land associated with the Bruce Eastick North Para Flood Mitigation Dam (\$5,000 Maintenance Flood Mitigation Scheme Property Mtce).
- General asset maintenance cost contingency (\$10,000 Maintenance Flood Mitigation Scheme Property Mtce).
- Scheduled inspections and environmental management of land associated with the Dam location will be undertaken in accordance with ANCOLD recommendations. Principality Routine (monthly), Intermediate (annually), Administration (absorbed in Executive Officer contract costs). The next Comprehensive inspection which will be contract costs and due 2022/2023 (every 5 years) (\$10,000).
- Rates and levies, ESL (\$200 Rates and levies)
- Cash Advance Debenture repayments (\$70,000)

### Depreciation of Assets

Currently the GRFMA does not have a formal adopted Asset Management Plan. The amended Charter (1) provides for establishment of an Asset Management Plan. Now scheduled in 2022/2023.

URS Australia Pty Ltd, Dam Designers, have previously advised that a concrete RCC dam wall (as per the Bruce Eastick North Para Flood Mitigation Dam) can be expected to have a life of 80 years after completion.

On that basis the Bruce Eastick North Para Flood Mitigation Dam wall has been depreciated at the rate of 1.25% annually.

Following a revaluation review (2019) of the Bruce Eastick North Para Flood Mitigation Dam depreciation costs for the dam are calculated as \$ 321,163 pa and are not currently funded in the GRFMA budget process.

The Board has undertaken extensive discussion on this matter and resolved the current policy lay on the table pending development of an Asset Management Plan for the Dam.

The net equity share (of annual depreciation costs) of each constituent council is subsequently reflected in the (Financial Statements) Schedule of Constituent Councils interest in net assets as at 30 June each year prepared to meet the requirements of clause 15.5 of the GRFMA charter.

### Budget Outcome

- Maintenance Flood Mitigation Scheme \$25,200
  - Maintenance and inspection \$20,000
  - Rates and levies \$200
- Other expenses \$70,000
  - Interest (finance repayments) Dam repairs - Lower Level Outlet Pipe and Stilling Basin
- Depreciation \$321,163 - unfunded

Total maintenance costs \$ 95,200 (Council Subscriptions)



## Summary

The 2022/2023 draft Budget has been prepared based on comparison with 2021/2022 Budget figures and consideration of other income and cost movements.

Historically costs are calculated utilising the Local Government Price Index as an annual price escalator. The September 2021 quarterly Local Government Price Index is 1.5% and the corresponding CPI equivalent is 2.1%.

A 2% escalator has been applied for 2022/2023.

The draft Budget proposal has been formulated with an inclusive approach to identified service and project requirements for 2022/2023. This has been affected with allocation of capital and maintenance expense estimates.

Revenue requirement calculations for Constituent Council Shares, shown at Table 1, have been based on this inclusive approach. Any budget amendments directed by meeting considerations will subsequently be reflected in the quantum of revenue to be sought from Constituent Councils.

Constituent Council contributions for 2022/2023 total \$238,320 which is a budgeted decrease from \$261,252 in 2021/2022.

A net Operating Loss of (\$321,163) is forecast for 2022/2023. This is the amount of unfunded depreciation. .

See below Table 1 - Constituent Council Shares proposed as per draft 2022/2023 GRFMA Budget and further copy of details of the GRFMA Budget functions which identifies the current 2021/2022 Budget BR2 against Year to Date (31/1/2021) income and expenditure and also the 2022/2023Draft Budget income and expenditure proposals.

See separate attachment copy of GRFMA 2022/2023 budgeted financial statements presented, in a manner consistent with the Model Financial Statements, pursuant to section 123(10)(b) of the Local Government Act 1999.

## Table 1

Constituent Council Shares proposed as per draft 2022/2023 GRFMA Budget - Refer 1.1 Member Subscriptions (\$143,120) and 3.1 Council Subscriptions (\$95,200).

	2021/22	2021/22	2021/22	2022/23	2022/23	2022/23
Council	Operationa	Maint	Total	Operation	Maint	TOTAL
Adelaide Plains Council	29,342	24,623	\$53,965	23,853	27,513	\$51,366
Adelaide Hills Council	29,342	1,474	\$30,816	23,853	1,647	\$25,500
The Barossa Council	29,342	7,387	\$36,729	23,853	8,254	\$32,107
Town of Gawler	29,342	14,774	\$44,116	23,853	16,508	\$40,361
Light Regional Council	29,342	7,387	\$36,729	23,853	8,254	\$32,107
City of Playford	29,342	29,556	\$58,898	23,853	33,025	56,879
Total	\$176,052	85,200	\$261,252	143,120	95,200	\$238,320

Table 2

Constituent Council	Capital Works	Maintenance of Assets	Operational Costs
	Percentage Share	Percentage Share	Percentage Share
Adelaide Plains Council	28.91%	28.91%	16.66%
Adelaide Hills Council	1.73%	1.73%	16.66%
The Barossa Council	8.67%	8.67%	16.66%
Town of Gawler	17.34%	17.34%	16.66%
Light Regional Council	8.67%	8.67%	16.66%
City of Playford	34.68%	34.68%	16.66%
Total	100%	100%	100%

## Gawler River Floodplain Management Authority

# Budget - Functions & Items

### 2022 - 2023

Code	2021-2022			2022-2023		
	Budget		YTD	Budget		

REVENUE

Administration of the GRFMA

1,1	Member Subscriptions	176,052		143,120	
1,3	Interest LGFA	600		600	
1,4	Interest BankSA				
1,5	Other				
	Total	176,652		143,720	

Operations Flood Mitigation Scheme

2,1	Member Subscriptions	85,200		95,200	
2,3	State Grant	70,518			
2,4	Commonwealth Grant	0		0	
2,5	Sale of Land	0		0	
2,6	Other	600,000		0	
	Total	755,718		95,200	

Maintenance Flood Mitigation Scheme

3,1	Council Subscriptions				
3,3	Other				
	Total				

Capital Revenue Flood Mitigation Scheme

4,1	Council Subscriptions	0		0	
4,3	State Grant	0		0	
4,4	Commonwealth Grant	0		0	
4,5	Sale of land	0		0	
4,6	Other	0		0	
	Total	0	0	0	

TOTAL INCOME

932,370		238,920	
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<b>EXPENDITURE</b>		<b>2021-2022</b>		<b>2022-2023</b>	
		<b>Budget</b>	<b>YTD</b>	<b>Budget</b>	
<b>Administration of the GRFMA</b>					
6,1	Executive Officer Contract	55,000		56,400	
6,2	Advt, Print, Stat, Postage	1,200		1,250	
6,3	Travelling Expenses	4,000		4,000	
6,4	Insurance - PL & PI	6,732		6,900	
6,41	Audit Committee	2,600		2,650	
6,5	Audit Fees	5,500		5,600	
6,6	Bank Fees	120		120	
6,7	Legal Advice	2,000		2,000	
6,8	Honorarium Chairperson	8,500		8,700	
6,9	Other	6,000		6,100	
	<b>Total</b>	91,652		93,720	
<b>Gawler River Scheme Mark 2</b>					
9,7	Consultancies	174,295		50,000	
9,8				0	
9,9	EO Supervision			0	
	<b>Total</b>	174,295		50,000	
<b>Maintenance Flood Mitigation Scheme</b>					
10,2	Maintenance Contractors	15,000		25,000	
10,3	BENPFM Dam Maintenance	600,000			
10,31	Rates - GST Free	200		200	
10,4	Depreciation Dam	321,163		321,163	
	<b>Total</b>	936,363		346,363	
	<b>Other Expense Finance</b>	<b>70,000</b>		<b>70,000</b>	
	<b>ALL EXPENDITURE</b>	<b>1,272,310</b>		<b>\$560,083</b>	
	<b>SURPLUS/DEFICIT</b>	<b>(339,940)</b>		<b>(321,163)</b>	

# GRFMA ANNUAL BUSINESS PLAN

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## 2022-2023

### Gawler River Floodplain Management Authority

Constituent Councils:

*Adelaide Hills Council*

*Adelaide Plains Council*

*The Barossa Council*

*Town of Gawler*

*Light Regional Council*

*City of Playford*

# Business Plan 2022-2023

## Gawler River Floodplain Management Authority (GRFMA)

### The Gawler River

The Gawler River is formed by the confluence of the North Para and South Para in the town of Gawler and is located in the Adelaide Plains district of South Australia. The district surrounding the river produces cereal crops and sheep for both meat and wool, as well as market gardens, almond orchards, and vineyards. The farm gate output of the Gawler River floodplain horticultural areas is estimated to be at least \$355 million.

### History

The river is subject to periodic flood events.



#### Desirable Levels of Protection Cost of Flooding

Flood Frequency (ARI)	Estimated Damages
1 in 10	\$15m
1 in 20	\$24m
1 in 50	\$102m
1 in 100	\$182m
1 in 200	\$212m
Average Annual Damage	\$7.40m
Present Value of Damages	\$109m

#### Properties at Risk

Flood Frequency (ARI)	Number of residential properties within each hazard rating			
	Low	Medium	High	Extreme
1 in 50	1056	785	483	236
1 in 100	1559	1451	1179	457
1 in 200	1814	1652	1419	615

## Purpose of the GRFMA

The Gawler River Floodplain Management Authority (GRFMA) was formed as a Regional Subsidiary under Section 43 and Schedule 2 of the Local Government Act 1999 on 22 August 2002. The Constituent Councils are the Adelaide Hills Council, The Adelaide Plains Council, The Barossa Council, The Town of Gawler, Light Regional Council, and the City of Playford.

The Authority has been established for the following purposes:

- to co-ordinate the construction, operation, and maintenance of flood mitigation infrastructure for the Gawler River. This purpose is the core business of the Authority;
- to raise finance for the purpose of developing, managing, and operating and maintaining works approved by the Board;
- to provide a forum for the discussion and consideration of topics relating to the Constituent Council's obligations and responsibilities in relation to management of flood mitigation for the Gawler River; and
- upon application of one or more Constituent Councils pursuant to clause 12.4:
  - to coordinate the construction, maintenance and promotion and enhancement of the Gawler River and areas adjacent to the Gawler River as recreational open space for the adjacent communities; and
  - to enter into agreements with one or more of the Constituent Councils for the purpose of managing and developing the Gawler River.

Numerous factors have a significant influence on the operations of the Authority.

These include:

- Arrangements for managing stormwater in South Australia are very complicated, reflecting incremental changes over time in legislation, guidelines, structures, and funding arrangements. For the Authority, specific concerns are:
  - There is no clear definition of the responsibilities of levels of government for managing stormwater.
  - Floodplain management is not well recognised in the current framework for stormwater management.
  - Responsibilities for different aspects of managing the Gawler River sit with various (mostly SA Government) agencies, yet there is no overarching structure, body, or plan to ensure an integrated approach to managing it.
  - Most of the Gawler River is located on private land (a common situation in South Australia) which restricts the ability of the Authority (and other bodies) to carry out its functions.
  - Most flood management initiatives within the Gawler River catchment and floodplain are beyond the capacity of Constituent Councils to fund and State and Federal Government engagement and funding support will be required before any such initiatives are to be realised.
- The effects of flooding on intensive food production and residential properties on the Northern Adelaide Plains.
- Impacts of climate change on the timing, frequency, and volumes of flows into the River.
- Changes in stormwater flows and the risks of flooding associated with new residential development in the Gawler River catchment.

- The level of community understanding of the risks of flooding withing the entire catchment and how individuals can reduce the risks.
- Signs of growing interest in the concept of water cycle management with greater integration of different aspects of water management, including stormwater and floodwater.
- Differences in perspectives and priorities between upstream and downstream Constituent Councils in relation to beneficiaries, funding arrangements, and priorities.
- The limited resource base of the Authority, which is supplemented on an ad-hoc basis through partnering with Constituent Councils.

## Governance

The Authority is governed by the Board of management. The Board comprises of:

- One independent person, who is not an officer, employee, or elected member of a Constituent Council, to be appointed as the Chairperson of the Board of Management of the GRFMA for a term of two years.
- Two persons appointed from each of the six Constituent Councils (12 members in total). Council appointees comprise of the Council CEO, or delegate and one Elected Member.
- Deputy Board members as appointed by each Constituent Council.

## The Board

The Members of the Board are:

Council	Board Members	Deputy Board Members
<b>Chairperson and Independent Member</b>	Mr Ian Baldwin	
<b>Adelaide Hills Council</b>	Cr Malcolm Herrmann Mr Ashley Curtis	Cr Pauline Gill
<b>Adelaide Plains Council</b>	Cr Terry-Anne Keen Mr James Miller	Cr John Lush Ms Sheree Schenk
<b>The Barossa Council</b>	Mayor Bim Lange Mr Gary Mavrinac	Cr Russell Johnstone
<b>Town of Gawler</b>	Cr Paul Koch Mr Sam Dilena	Cr Kelivin Godstone
<b>Light Regional Council</b>	Cr William Close Mr Brian Carr	Mr Andrew Philpott
<b>City of Playford</b>	Cr Peter Rentoulis Mr Greg Pattinson	Cr Clinton Marsh



A Technical Assessment Panel has been appointed to support the decision-making processes of the Board with delegated powers to provide advice and manage the technical aspects of the design, assessment, and construction of the various parts of the Scheme.

The Members of the Panel are:

- Mr Ian Baldwin, Independent Chair
- Ms Ingrid Franssen, Manager Flood Management, DEWN
- (vacant), SA Water
- Mr Matt Elding, The Barossa Council
- Mr Braden Austin, Playford Council
- Mr David Hitchcock, Executive Officer

An Audit Committee has been appointed to review:

- The annual financial statements to ensure that they present fairly the financial state of affairs of the Board; and
- The adequacy of the accounting, internal control, reporting and other financial management systems and practices of the Board on a regular basis.

The Members of the Audit Committee are:

- Mr Peter Brass, Independent Member and Chair
- Cr Malcolm Herrmann, Adelaide Hills Council
- Mr Greg Pattinson, City of Playford

A suite of policies have been adopted to provide management guidelines for the day-to-day business of the GRFMA. The policies are currently being reviewed in accordance with the established two year periodical review process.

Policies include

- Access to Meetings and Documents
- Internal Review of Decisions
- Procurement and Operations
- Dam Valuation
- Public Consultation
- Treasury Management



Further work is being undertaken to establish and adopt appropriate further policy documents as required (Public Interest Disclose, Fraud and Corruption Prevention etc).

To meet the statutory and operational responsibilities the Authority will maintain appointment of a part time Executive Officer, and an Auditor, on a contract basis.

Dean Newbery and Partners have been appointed as the external auditor until 2023/24.

The Authority is required to hold a minimum of 6 meetings per year and to provide the required Business Plans, Budgets Reports and Audited Statements to its Constituent Councils required by the Charter and Local Government 1999.

The Authority will conduct two reviews each year of its performance against the targets set in this Business Plan that will form part of the report to its Constituent Councils and will be included in its Annual Report.

## Cost of Operations

The scope of the GRFMA annual budget and operations is small in comparison to the extensive undertakings by Constituent Councils.

Principally the budget revenue is sourced from predetermined “formulae based” financial contributions by the six Constituent Councils, opportunistic funding applications and some interest from financial institutions. Recently any shortfalls in income (over expenditure) have been met from reserves.

Expenditure is principally budgeted on estimated costs of executive management and administrative and governance requirements of the Authority according to its charter. Some costs are incurred with maintenance of the Bruce Eastick North Para River Flood Mitigation Dam site and access.

The contributions of the Constituent Councils are based on the following percentage shares for capital works, maintenance of Scheme assets and operational costs of the Authority. (GRFMA Charter Clause 10).

## Constituent Council Shares for Contributions

Constituent Council	Capital Works	Maintenance of Assets	Operational Costs
	Percentage Share	Percentage Share	Percentage Share
Adelaide Hills Council	1.73%	1.73%	16.66%
Adelaide Plains Council	28.91%	28.91%	16.66%
The Barossa Council	8.67%	8.67%	16.66%
Town of Gawler	17.34%	17.34%	16.66%
Light Regional Council	8.67%	8.67%	16.66%
City of Playford	34.68%	34.68%	16.66%
Total	100%	100%	100%

In accordance with the recently revised charter the Authority is now working to finalise the foundation Strategic Plan which is at final draft stage and currently under consultation with Constituent Councils.

The draft Plan is arranged under three themes, each with its own objective, related to the outcomes to be pursued.

**Theme 1: Design, build, and maintain physical flood mitigation infrastructure**

Objective: To have in place an agreed extent of physical flood mitigation infrastructure that is fit for purpose and achieves the targeted levels of performance.

**Theme 2: Develop and evolve key relationships**

Objective: To maintain key relationships that are most important to the Authority achieving its purpose.

**Theme 3: Ensure good governance and ongoing financial sustainability**

Objective: To ensure that the Authority meets legislative requirements and contemporary standards of governance and is financially sustainable for the long term.

## Priority Actions 2022/2023

**Finalise preparation of the Gawler River Stormwater Management Plan.**

The Gawler River Stormwater Management Plan will be the key document to assist in determining physical and other works required to reduce the risks and impacts of flooding

**Review, with Constituent Councils and stakeholders, design standards for infrastructure works including costs and benefits.**

The default policy position of the Authority has been for a 1 in 100 year design standard. Reviewing that policy position through consideration of the costs and benefits of various design standard scenarios will assist in identifying appropriate standards.

**In conjunction with the Constituent Councils, develop and implement a schedule of flood mitigation infrastructure works for the Gawler River referencing the Gawler River Stormwater Management Plan.**

A schedule of works will enable the Authority and Constituent Councils to plan for implementation of the projects and seek funding from the State and Federal Governments.

**Working with the Constituent Councils, develop a framework to clearly articulate the respective roles and responsibilities of the Authority and the Councils and suitable partnering arrangements to maintain a low cost base for the Authority.**

Identification of partnering opportunities within the capacities of the Councils (e.g., in relation to monitoring information about climate change and climate change policy, and water policy) in delivering the functions, operations and project management required of the Authority would help to keep the Authority's administrative costs low.

### **Continue to advocate for improved governance and funding arrangements for flood avoidance, resilience, and mitigation in South Australia**

With frontline experience the Authority is well positioned to develop a narrative about changes that are required to improve governance and funding arrangements for flood avoidance and mitigation.

The Authority will continue to work with the Department for Environment and Planning, in consultation with Constituent Councils, on implementation and funding arrangements for the State Government funded Gawler River Flood Mitigation Program.

### **Assist the Constituent Councils in communicating with general communities and specific interest groups in relation to flood mitigation for the Gawler River.**

Communication with communities is likely to be a joint activity between the Constituent Councils and the Authority. This to include, subject to funding, implementation of the Gawler River Flood Disaster Mitigation Program, Community Flood Resilience Project Plan. The 3 year program seeks to provide information, tools, and assistance for the community to learn about flood risk, be aware of what they can do, know how to receive flood warnings, and be prepared to act in the event of a flood.

### **Implement the agreed outcomes from Charter Review 2 which was finalised in 2020.**

The second stage of reviewing the Authority's Charter was completed late in 2020. Implementation of agreed outcomes from the review will finalise that process.

### **Develop fit for purpose risk management, asset management, and long term financial plans.**

The Charter requires these plans to be prepared and adopted. All three Plans will assist the Board in decision making and show that risk, asset management, and long term financial planning is being addressed.

Maintenance and operations of the scheme during 2022 to 2023 will include:

- Implementation of requirements of the reviewed Operation and Maintenance Manual.
- Continuation of the revegetation program around land associated with the Bruce Eastick North Para Flood Mitigation Dam.
- Scheduled inspections and environmental management of land associated with the Dam location will be undertaken in accordance with ANCOLD recommendations. Principality Routine (monthly), Intermediate (annually), Comprehensive (every 5 years due 2022/2023).
- Completion of identified repairs to the Bruce Eastick North Para Flood Mitigation Dam.

