

Gravel Pit Management Policy and Procedure Manual



Yarriambiack
SHIRE COUNCIL

Gravel Pit Management Policy and Procedure Manual

Yarriambiack Shire Council encourages a working environment which promotes gender equality and models non-violent and respectful relationships.

Contents

1. Principals	3
1.1 Purpose	3
1.2 Objective	3
1.3 Statement.....	3
1.4 Legislative and other compliance standards.....	3
2. Policy Custodian.....	3
3. Treatment of GST	3
4. Materiality.....	4
5. Definitions	4
6. Operational Management Procedure and Guidance	5
6.1 Landowner Engagement.....	5
6.2 Contractual Agreements with Landowners	6
6.3 Quality Testing	7
6.4 Department Approval of Extraction Works	7
6.5 Council Quarry Manager.....	9
6.6 Dispute Resolution	9
6.7 Engaging External Contractors for Stone Extraction Works	9
6.8 Procuring Stone from Third Party Suppliers	10
6.9 Contract Management	10
6.10 Consumption of Stones.....	11
6.11 Closure of a Council Gravel Pit	12
6.12 Rectification Works.....	12
7. Financial Management Procedure and Guidance	12
7.1 Bank Guarantees	12
7.2 Royalties.....	13
7.3 Quarterly Stock Reconciliations.....	13
7.4 Government Agency Reporting	14
7.5 Provision for Rectification Works	14
8. Practical User Guide	15
8.1 Flowchart of operational and financial management procedures	15
9. Consistency with Governance Principles Local Government Act 2020	19
10. Policy Review	20
11. Legislative Context	20

1. Principals

1.1 Purpose

This Policy sets out the requirements for Yarriambiack Shire Council (**Council**) to implement and maintain an effective internal control framework over the operational and financial management of its Gravel Pits to ensure that Council resources are managed in line with Council and community expectation.

1.2 Objective

The objectives of this Policy are as follows:

- Establish a control framework around the operational and financial management of council Gravel Pits to ensure that council resources are used effectively and efficiently.
- Ensure compliance with relevant legislative requirements.
- Achieve high standards of Probity, Transparency, Accountability and Risk Management in relation to the management of Council's Gravel Pits.
- Ensure contracts with landowners are transparent and sufficiently documented to mitigate unforeseen risk to Council; and
- To ensure Council is achieving Value for Money through the management of its Gravel Pits.

1.3 Statement

This Policy encompasses all Council contracted Gravel Pits as well as stones sourced from third party suppliers for Council consumption. Council Staff are not permitted to on sell stones, extracted or otherwise acquired, to willing buyers without the approval of the CEO.

This Policy requires compliance from Councillors, Special Committee Members, Contractors, Consultants, the Chief Executive Officer (**CEO**) and all Council Staff.

1.4 Legislative and other compliance standards

This policy is developed to ensure adherence to the following legislation and best practice guidelines:

- *Mineral Resources Sustainable Development Act 1990 (MRSD Act)*¹.
- *Code Practice for Small Quarries* issued by the Department of Primary Industries, Earth Resources Regulation Branch (**Earth Resources**); and
- *Local Government Act 2020*, specifically section 101 which outlines the principles of sound financial management for local governments.

2. Policy Custodian

The authoriser of this policy is the CEO. Enquiries regarding this policy should be directed to Council's Manager Infrastructure and Works (operational queries) or the Manager Corporate Services (financial queries).

3. Treatment of GST

All monetary values stated in this policy **exclude** Goods and Services Tax (**GST**) except, where specifically stated otherwise.

¹ The MRSD Act is the key legislative framework that regulates extraction industry operations. This standard replaced the *Extractive Industries Development Act 1995* as the Act which governs Extractive Industries.

4. Materiality

This policy refers to Materiality, which is a concept that denotes the level of financial risk the Council is willing to accept on certain transactions or outcomes prior to further procedures or controls being implemented to mitigate the risk to an acceptable level.

For the purposes of this policy, Materiality is deemed to be 1% of the total value of stones on hand or \$10,000, whichever is less.

5. Definitions

Compliant Severity	As defined in section 6.6 of this policy.
Contract Management	The process that ensures both parties to a contract fully meet their respective obligations efficiently and effectively, in order to deliver the business and operational objectives required from the contract. Process will also ensure that Council is consistently achieving Value for Money on its contracts.
Contract	An agreement between two or more authorised persons on behalf of their organisations to perform or not perform a specific act/s that is enforceable by law. A contract may be verbal or written or inferred by conduct. A contract is to be distinguished from a contract pursuant to section 108 of the Local Government Act, as outlined in Council's adopted Procurement Policy.
Contractor	Respondent (person, firm etc.) whose tender/quotation offer has been accepted by the Council with or without modification.
Council Staff	Includes full-time and part-time Council officers, temporary employees, Contractors and consultants while engaged by the Council.
Expression of Interest (EOI)	An invitation for entities to submit an EOI for the provision of the goods, services and works which generally set out in the overview of requirements contained in Council's Procurement Policy and Procurement Management Manual. This invitation is not an offer or a contract.
Extractive Industries	Extractive industries is defined in the Mineral Resources (Sustainable Development) Act 1990 (MRSD) as the extraction or removal of stone from land if the primary purpose of the extraction or removal is the sale or commercial use of the stone, or the use of the stone in construction, building, road or manufacturing works.
Gravel Pit	Refer to the definition of a Quarry
Preferred Supplier	A supplier who has a formal arrangement with Council for being a preferred supplier for goods and/or services. The supplier may be chosen through an EOI process and will provide Council with a price list annually and proof of insurances.
Probity	Upright, honest, proper and ethical conduct and propriety in dealings. It is often also used in government in a general sense to mean good process.
Procurement	Procurement is the whole process of acquisition of external goods, services and works. This process spans the whole life cycle from initial concept through to the end of the useful life of an asset (including disposal) or the end of a service contract.
Quarry	A pit or excavation made in land below the natural surface for the purpose of extracting or removing stone if a primary purpose of the extraction or removal is

	the sale or commercial use of the stone or the use of stone in construction, building, road or manufacturing work.
Quarry Manager	A suitably qualified and experienced member of council appointed by the CEO in accordance with the s77Q Mineral Resources (Sustainable Development) Act 1990.
Quotation	A formal statement of promise (submitted usually in response to a request for quotation) by a potential supplier to supply the goods or services required by a buyer, at specified prices, and within a specified period.
Sites	Refers to a location of a Gravel Pit where Council has: <ul style="list-style-type: none"> • Received and EOI for future extraction works; • Performed site testing for future extraction works; or • Entered into a contract with landowners for future extraction works.
Stone	Stone includes those extracted or purchased by Council, for Council consumption, which include: <ul style="list-style-type: none"> • Sandstone; • Limestone; and • Any other stone consumed in the development or maintenance Council Asset's.
Value for Money	Value for Money in Procurement is about selecting the supply of goods, services and works taking into account both cost and non-cost factors including: <ul style="list-style-type: none"> • Non-cost factors such as fit for purpose, quality, service and support; and • Cost-related factors including whole-of-life costs and transaction costs associated with acquiring, using, holding, maintaining and disposing of the goods, services or works.
Work Authority	Means a Work Authority granted under section 77I of the Mineral Resources (Sustainable Development) Act 1990.
Work Plan	Means a Work Plan lodged under section 77G of the Mineral Resources (Sustainable Development) Act 1990.

6. Operational Management Procedure and Guidance

6.1 Landowner Engagement

Council can engage landowners via the following avenues to obtain Expressions of Interest (EOI) for potential extraction sites:

- Council may hold community meetings to obtain EOI from community members;
- Council may advertise in media for EOI from the community; or
- Council's Manager Infrastructure and Works (or their delegate) can engage directly with landowners where evidence of the land suggests that there may be appropriate stone deposits on site or there is evidence of an old Quarry.

Such procedures will only be carried out where the Council has a need for new extraction sites and the procedure is approved by the CEO.

To document the Council's need for extraction sites, a register is to be maintained by the Manager Infrastructure and Works (or their delegate) that documents the following:

- all current Gravel Pit sites where extraction is currently being performed and the estimated years remaining for the site.
- all current Gravel Pit sites where contracts have been agreed with landowners, however extraction works have not commenced and estimated years remaining for the site; and
- all potential extraction sites where EOI's have been obtained by Council or landowners have been approached by Council's Manager Infrastructure and Works (or their delegate).

This register to be assessed against the Council's future project works to determine whether the identified Gravel Pits appropriate for Councils future needs.

This information is also available on the Victorian Government Resource Rights Allocation and Management (RRAM) portal, with access available to registered staff users.

The register will be maintained along with files for all Gravel Pit sites. These files will contain all information relating to Council's involvement with the sites, including but not limited to:

- Work authorities and licences obtained for extraction approval.
- Contracts entered into with landowners.
- Quality and quantity testing reports.
- Historical records provided by landowners to support claims of old mines.
- Site plans and permits.
- Engineering and rectification plans.
- Correspondence from Earth Resources and other environmental departments.
- Correspondence from WorkSafe authorities, and
- Approval of all rectification works.

6.2 Contractual Agreements with Landowners

Where potential sites for stone extraction have been identified and Council has a need to contract with new landowners, the Manager Infrastructure and Works (or their delegate) are authorised to engage with landowners to confirm if they wish to proceed with site testing.

A contract will be entered into between the landowner and Council outlining Council's responsibilities to the landowner both during and after the site testing has been performed. The contract must be signed by the landowner and the Director Assets and Operations on behalf of Council prior to any Council work being conducted on site (including quality testing of stone).

Subject to the quality test of the land being successful and the Director Assets and Operations approval to proceed with the extraction of stone from the site (refer to section 6.3), the contract will also stipulate the value of Royalties payable to the landowners.

Standard contract templates will be used for entering into contracts with landowners to ensure all terms and conditions of the agreement are consistent across all sites. Any variations to the standard template must be authorised by Council's CEO (subject to the CEO's delegated authority) prior to the contract being signed on behalf of Council.

It is the responsibility of Council's Manager Infrastructure and Works, in consultation with Council's Procurement and Contracts Officer to ensure the template is updated to reflect current legislation. To ensure the standard contract template is maintained with current legislation, the Manager Infrastructure and Works will have the template reviewed by Council's preferred legal advisor every 2 years **or** when there are known changes in the relevant legislation that requires the template to be updated.

6.3 Quality Testing

Once the contract between Council and landowner is signed, the Manager Infrastructure and Works is delegated the responsibility of obtaining quality tests of the site's stone deposits. A third-party supplier will be engaged by Council (at Council's expense) to provide quality testing services. Procuring the services of a third-party service provider will be performed in line with Council's Procurement Policy and Delegation of Authority.

Quality is determined by testing several bore samples taken from the site, which determine the depth and quality of stone deposits. Council relies on the expertise of the third-party suppliers to provide accurate results and therefore decisions as to whether or not to proceed with extraction from the site is based on the outcomes of these reports.

Based on the findings of the quality test, the Manager Infrastructure and Works, in consultation with the Director Assets and Operations will determine whether to proceed with the extraction from the site. This decision will be communicated back to the landowner in writing.

6.4 Department Approval of Extraction Works

Unless a site is deemed exempt under the MRSD Act, Council must hold a Work Authority prior to commencing extraction works on a quarry. The Council's Manager Infrastructure and Works is delegated the responsibility for preparing and submitting the application for a Work Authority with Earth Resources. This may include the preparation of a Work Plan if required under the MRSD Act.

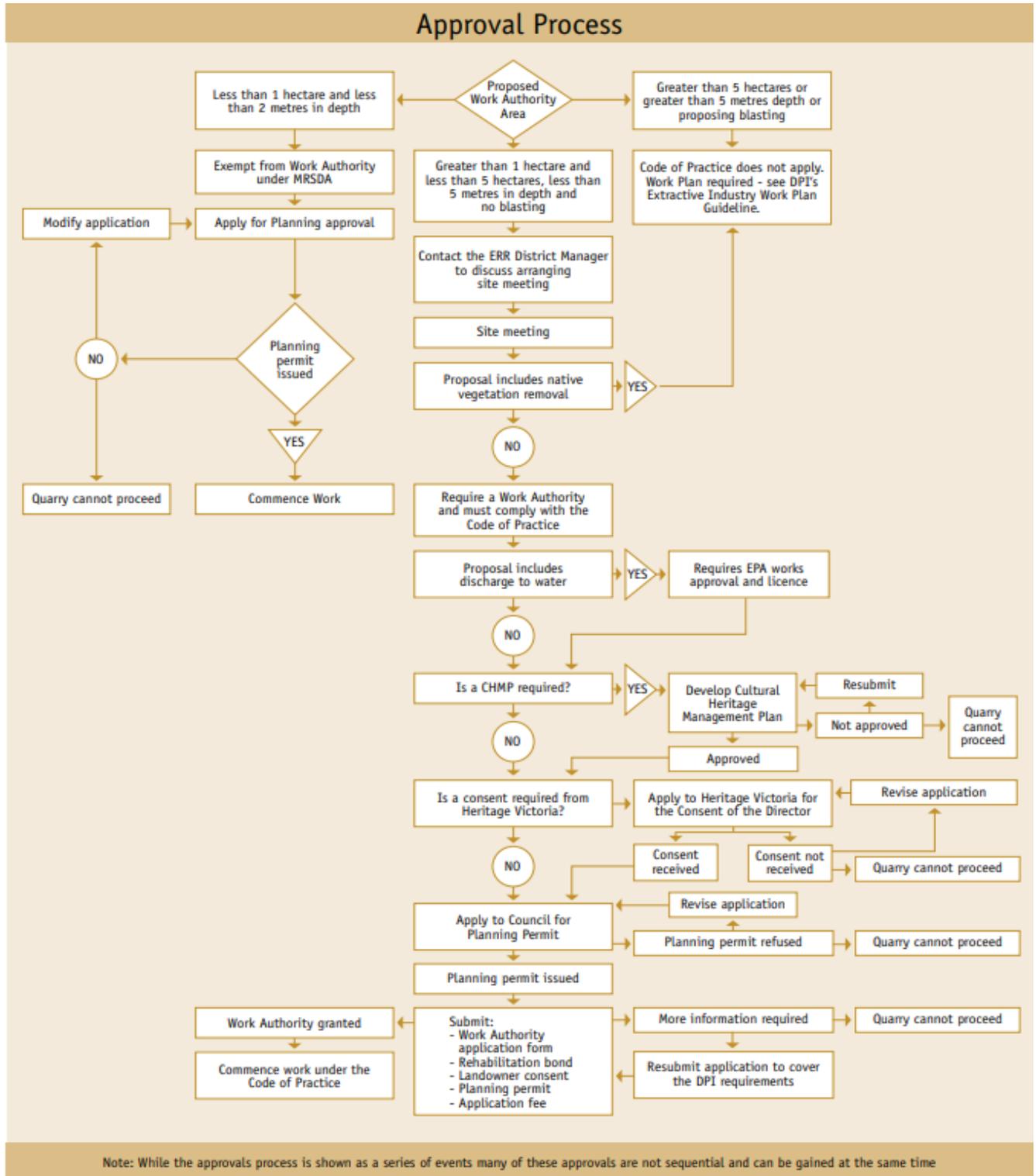
The Manager Infrastructure and Works is authorised to liaise with Earth Resources on behalf Council, which may involve arranging site visits and meetings in relation to the application of the Work Authority.

Refer to **Figure 1**, which outlines the approval process for the Work Authority under the MRSD Act, which Council must follow.

The Quarry Manager² will assist in the preparation of the Work Authority application by engaging engineers to prepare site specifications and plans. A third-party supplier may be engaged by Council (at Council's expense) to provide engineer specifications. Procuring the services of a third-party service provider will be performed in line with Council's Procurement Policy and Delegation of Authority.

Upon the Work Authority being approved, the Quarry Manager is responsible for marking out the site boundaries in accordance with the Work Authority.

² The Quarry Manager may be the Manager Infrastructure and Works, or a Works Supervisor who has completed the Certificate IV in Surface Extraction or equivalent.

Figure³ 1: Quarry Approval Process


³ Figure obtained from the Code of Practice for Small Quarries issued by the Department of Primary Industries, Earth Resources Regulation Branch

6.5 Council Quarry Manager

Section 77Q of the MRSD Act states, *the holder of an extractive industry work authority must not carry out any extractive industry unless the holder has appointed a quarry manager or a person to manage the extractive industry operation.*

To ensure compliance with the MRSD Act, at least one Council staff member ('**Quarry Manager**')⁴ will hold the required accreditations and be suitably experienced to manage Council's extractive operations. The Quarry Manager will be delegated the responsibility of ensuring Council extraction operations are compliant with legislative requirements. This will be achieved by the Quarry Manager performing regular site visits to monitor:

- Compliance with work authorities.
- Compliance with work safety practices.
- Monitoring and resolving disputes and complaints with landowners, and
- Engaging and meeting with relevant legislative representatives, such as Earth Resources or WorkSafe employees.

6.6 Dispute Resolution

It is the responsibility of Council's Quarry Manager to ensure all complaints and disputes with landowners in relation to the Gravel Pits is recorded in accordance with Council's Complaints Handling Policy and Procedure and registered in AssetFinda Customer Request Management System. A Register of Complaints will be maintained from the point at which Council engages with a landowner (prior to signing any agreements) until the end of the contractual arrangement with the landowner **or** Council's decision to not go ahead with the proposed Gravel Pit, whichever occurs first.

As a minimum, the complaint will detail the following items:

- Date of complaint.
- Community Member who raised the complaint with Council.
- Council Staff member who received the complaint.
- The nature of the complaint.
- Resolution of the complaint including any action taken by Council.

All complaints must be reported to the CEO as soon as practicable, in accordance with Council's Complaints Handling Policy.

6.7 Engaging External Contractors for Stone Extraction Works

Extraction services are procured from external Contractors in line with Council's Procurement Policy. Contracts to third party suppliers will be issued for a period of no more than 5 years. This will allow Council an adequate time frame for retesting the market to ensure it's achieving the greatest Value for Money on the contract.

Once a contract has been awarded, it is the responsibility of the Quarry Manager to induct the Contractor to the Gravel Pit sites. Induction processes will address requirements under current extraction licences as well as site safety requirements.

Contractors must provide evidence of appropriate insurance coverage (i.e.: Certificate of Currency) before accessing a site.

⁴ For the purpose of the Policy, Quarry Manager is used to describe the employee accountable for Council's extractive operations. In practice, the actual name of the employee's role may differ.

Council's Manager Infrastructure and Works will provide the Contractor with an estimate of the amount of stones to be extracted and crushed from each of Council's Gravel Pits. These estimates must take into consideration any extraction limitations imposed by the Work Authority, such as maximum quantities of stones that can be extracted in a financial year.

Contractors will invoice Council in line with the requirements outlined in the contract of services. Invoices from Contractors will contain the following information prior to an invoice being processed for payment:

- Contractor Legal Name;
- ABN;
- Invoice Date;
- Invoice Number;
- Purchase Order Number (if provided for purchases outside the scope of the service contract);
- Description of services rendered;
- The quantity of the services rendered (i.e. amounts crushed or labour time);
- Rate for service provided (i.e. \$ per Tonne crushed or \$ per hour labour), and
- Total amounts of any GST

All Contractor invoices are required to be approved in accordance with Council's Procurement Policy and Financial Delegation requirements.

6.8 Procuring Stone from Third Party Suppliers

Council jurisdiction covers an area of 7,158 SQ.KM and as such, Council Gravel Pits may not be located in an area where Council projects are planned.

Where planned projects are not located near a Council Gravel Pit **and** Council would obtain greater Value for Money by purchasing stones from a third party supplier, the Manager Infrastructure and Works is authorised to procure the required stone from local third party suppliers.

Stones procured from third party suppliers will be acquired in accordance with Council's Procurement Policy and Delegation of Authority.

6.9 Contract Management

As outlined in Council's Procurement Policy⁵, the purpose of Contract management is to ensure that the Council, and where applicable its clients, receive the goods, services or works provided to the required standards of quality and quantity as intended by the contract.

Manager Infrastructure and Works (or their delegate) are delegated the responsibility of ensuring that Council has good practices for monitoring and testing contract performance with regards to Council's Gravel Pits. Contract management in relation to the Gravel Pits encompasses contracts with suppliers as well as the landowners.

The Quarry Manager will arrange and carry out the following tests at the frequency specified below:

⁵ Section 9.7 of Yarriambiack Shire Council – Procurement Policy

Test performed	Purpose of Test	Procedure:	Minimum Test Frequency
Review of Machine Hours.	To gain comfort the hours invoiced in a period as services rendered is materially accurate.	Council inspect the opening and closing hours noted on supplier machinery in a given month to ensure the amount of hours invoiced for the period appears reasonable. This test will only be performed where supplier machinery is expected to be located on a Council Gravel Pit site for the entire test period.	Bi-annually.
Stocktake of stones crushed on site.	To gain comfort that the amounts invoiced for crushing services are materially accurate.	Council will inspect the amount of stones on site and will estimate the quantity of stock. Using this estimate, Council will compare the figure to Council's stock reconciliation to determine whether the closing stock figure is materially correct. As Council's stock reconciliation takes into consideration the amounts crushed by the supplier (as noted on the invoice) this will determine whether the supplier's quantity of amounts being crushed is accurate.	Once during the financial year and once at the end of the financial year.
Quality Control testing	To gain comfort that the stones used for Council roads is in accordance with the Road Authority requirements to meet public safety standards.	Council will engage a third party supplier to perform quality testing of stones extracted from Council Gravel Pits and stones acquired from third party preferred suppliers.	2 years⁶ (Council Pits) 12 Months (Preferred Suppliers)

6.10 Consumption of Stones

Stones extracted from Council Gravel Pits are predominately used in the development or maintenance of Council assets. Royalties are paid to landowners based on the quantity of stones removed from the site for these projects, therefore Council drivers are required to record the number of full loads from each site on a daily basis. As each truck's carrying capacity (in Tonnes) is known, the number of loads delivered will determine the quantity of stone removed from the site. The number of loads delivered per day will be documented by Council drivers on delivery dockets, which records the following information about each day's deliveries:

- Type of stone delivered;
- Pick up location (site);
- Job delivery location and Job Number;
- Truck capacity (tonnes)
- The number of loads picked up from Gravel Pit;
- The date of delivery; and
- Total tonnes delivered during the day.

⁶ Note that this test is only for Council gravel pits where the licence for extraction has been approved. For all new and potential Council gravel pits, these will be quality tested prior to the work authority application being processed.

Where a full load is not required for a project, the excess stone will be delivered to an authorised location instructed by the delegated Works Supervisor.

All delivery dockets are to be provided to the Works Supervisor for approval, who will ensure deliveries are consistent with the current projects. The Works Supervisor will then provide all approved delivery dockets to the Corporate Services Department for processing of the royalty payment (refer to section 7.2 –Royalties).

6.11 Closure of a Council Gravel Pit

There are a number of circumstances that may result in Council permanently closing one of its Gravel Pits, including:

- Health and Safety concerns raised by Council Staff or Authorised Agencies, which cannot be rectified by Council.
- Reduction in the quality of the stones extracted, resulting in non-compliance with Road Authority requirements.
- Explicit request from the landowner for all extraction operations to cease (subject to contract considerations and relevant discussions held with Council).
- Purchasing stones from local third-party suppliers is more commercially beneficial and provides greater Value for Money than if Council extracted the stones itself.
- Future demand for stones based on Council’s forecast projects does not support the current number of Gravel Pits under Council management; and
- There is no longer a sufficient supply of stones being extracted from the site.

The Council Quarry Manager and Manager Infrastructure and Works are delegated the responsibility for monitoring these factors to determine whether a Council Gravel Pit should be closed. Where factors indicated that it’s in Council’s best interest to close a Gravel Pit, the Council CEO and Director Assets and Operations is delegated the authority to approve the site’s closure.

6.12 Rectification Works

Once the decision to close a Gravel Pit has been authorised by the CEO or Director Assets and Operations, the Quarry Manager is responsible for notifying the landowner in writing of the circumstances that have led to the decision. Once the landowner has been notified, the Quarry Manager will arrange for rectification works to be carried out on the property in line with the Work Authority (or Work Plan if one was required for the site).

The procurement of goods or services for the purpose of the rectification of the site will be obtained in accordance with Council’s Procurement Policy and any Delegations of Authority.

Once the rectification works have been complete, the Quarry Manager and Manager Infrastructure and Works will contact Earth Resources to arrange an inspection for the purpose of having the rectification works approved in accordance with the Work Authority (or Work Plan if one was required for the site).

7. Financial Management Procedure and Guidance

7.1 Bank Guarantees

A requirement of a Work Authority (once approved) is that Council must hold Bank Guarantees for future rectification works expected to be performed to the landowner’s property. Once a Work Authority application has been submitted with Earth Resources and the acceptance letters have been received, the Manager Infrastructure and Works is required to provide the Manager Corporate Services with a copy of the Rehabilitation Bond letter, which details the amount of the bond required for rehabilitation works.

The value of the bond is to be held as a bank guarantee in the Council’s name. Cancellation of the bank guarantee and the return of funds to the Council’s operational account can

only occur once Earth Resources has approved (in writing) the rectification works for the relevant site.

Only the Manager Corporate Services or the CEO can approve the closure of a bank guarantee facility **or** the payment of funds from a bank guarantee facility to a third party (subject to Council's Delegations of Authority).

7.2 Royalties

Unless otherwise explicitly stated in the Contract with the landowner, royalties will be payable to landowners upon stones leaving the site and will be paid in the manner agreed upon in the contract with the landowner.

Royalties are calculated as follows:

$$\text{Stones removed from site (Tonne)} \times \text{Rate (\$/per Tonne)} = \text{Royalty (\$)}$$

The rate payable for the stones removed from site is included in the standard template to ensure all landowners are paid a consistent rate for stones extracted. The rate as noted in the contract will be fixed over the life of the contract. The contract should state the GST exclusive rate and contain an appropriate clause regarding GST.

Refer to section 6.10 – Consumption of Stones for details on how the total amount of stones removed from Gravel Pits is documented by Council drivers.

In order to process a Royalty payment, the Manager Corporate Services (or their delegate) will provide the royalties calculation per pit, per job, based off the gravel dockets supplied to the Operations Coordinator on a monthly basis. The Operations Coordinator will raise a purchase order for royalties payment to be made to the land owner.

a Purchase Order must be prepared and approved prior to payment occurring. It is the responsibility of the Operations Coordinator (or their delegate) to prepare the Purchase Order, which will detail the following:

- Date of preparation
- Name of the landowner
- Address of the Gravel Pit
- For each delivery of stones from the Gravel Pit:
 - ✓ The Job Number for the Council project where the stones were delivered;
 - ✓ The amount of stones delivered (Tonne);
 - ✓ The stone type (i.e. Limestone or Sandstone);
 - ✓ The rate paid (per Tonne) for stones as per the contract with the landowner;
 - ✓ The total price paid for the delivery of stones excluding GST;
 - ✓ The total price paid for the delivery of stones including GST;

The purchase order is then required to be approved by the Manager Infrastructure and Works prior to being submitted to Corporate Services Department for payment processing.

7.3 Quarterly Stock Reconciliations

At the end of each quarter it is the Corporate Services Department's responsibility to ensure that movements in extracted stones are reconciled to supporting documentation and updated in Council's finance system. This includes agreeing the closing stock balance to stocktake reports (where stocktakes occur at the end of the quarter).

To determine the closing balance of stock at quarter end, the Corporate Services Department will maintain a stock reconciliation for each site, which calculates closing stock (in Tonnes) as follows:

	<i>Opening quantity of stock on site</i>
Add	<i>Quantity of stone extracted</i>
(Less)	<i>Quantity of stone removed</i>
=	<i>Closing quantity of stock on site</i>

The Corporate Services Department will obtain a report from the finance system detailing the total quantity of stones extracted at each site during the period based on Contractor invoices received. The total quantities extracted is then updated in the stock reconciliation.

The stock reconciliation is then provided to Council’s Manager Infrastructure and Works (or their delegate) who collects all of the deliver dockets from Council drivers during each month. The Manager Infrastructure and Works (or their delegate) will update the reconciliation for the quantities of stones removed from each site during a month. The Manager Infrastructure and Works (or their delegate) will then provide the Corporate Services Department a copy of the updated reconciliation and the Corporate Services Department will enter the stock movements into the finance system.

The finance system will then value the stone on hand using an average cost method.

If a stocktake of the stone at a site is performed during month by the Council’s Works Supervisor, the closing stock balance calculated by the Corporate Services Department will be compared to the stocktake results to ensure the two reports are materially consistent. Where the balances of stone between the reports differ materially, further enquires will be made with all parties to determine the cause.

All completed stock reconciliations are to be provided to the Manager Corporate Services for approval once prepared.

7.4 Government Agency Reporting

At the end of each financial year, the Council’s Manager Infrastructure and Works is responsible for lodging with Earth Resources reports detailing the total quantity of stone extracted during the financial year. These reports are lodged to ensure that Council has not exceeded its stone extraction thresholds during a financial year as specified in the site Work Authority.

Council’s Manager Infrastructure and Works is responsible for ensuring that stone is reconciled annually and correctly recorded in Council’s finance system. At the end of the financial year, Council’s Manager Corporate Services will run a report for the Manager Infrastructure and Works detailing the quantities of stones extracted and consumed by Council for lodging with Earth Resources.

7.5 Provision for Rectification Works

At the end of each financial year, Council’s Manager Corporate Services is responsible for ensuring that the provision for rectification works on each site is accurate and based on current variables. The provision for rectification will be calculated using a Discounted Cash Flow (**DCF**) Model, which will discount the estimated future cash outflows for site rectification works to its present value.

The estimated future cash outflows for site rectification works will be reviewed annually by the Manager Infrastructure and Works and the Manager Corporate Services (Principal Accounting Officer) to ensure the estimates are materially correct. Estimates for future works can be obtained through quotes from suppliers or confirmation that previous quotes obtained have not materially altered.

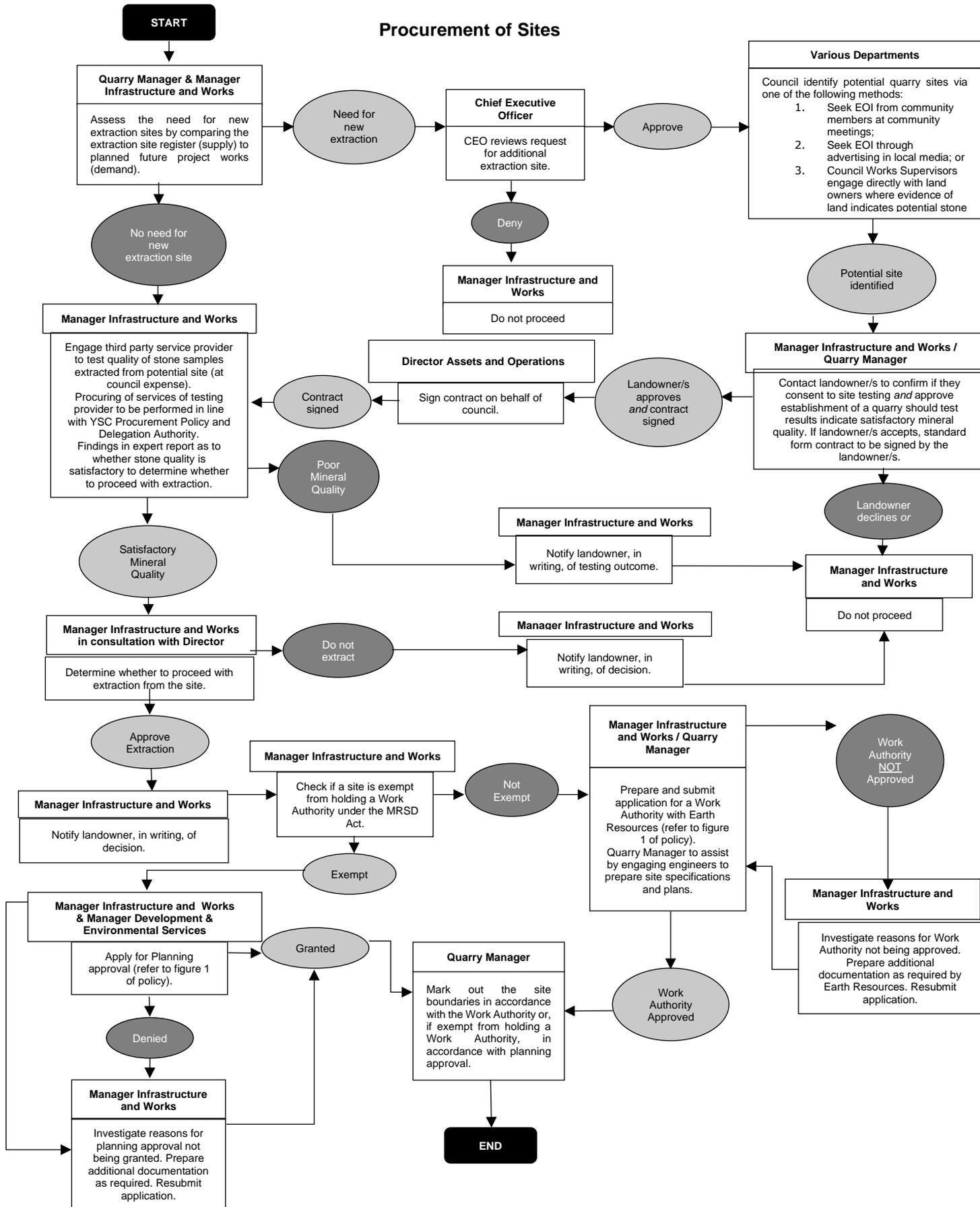
Any written correspondence or support from suppliers will be provided to the Manager Corporate Services to support the estimated input into the DCF model.

Inflation and Discount rates applied in the DCF model will be derived from the Department of Treasury and Finance for the date the model has been prepared.

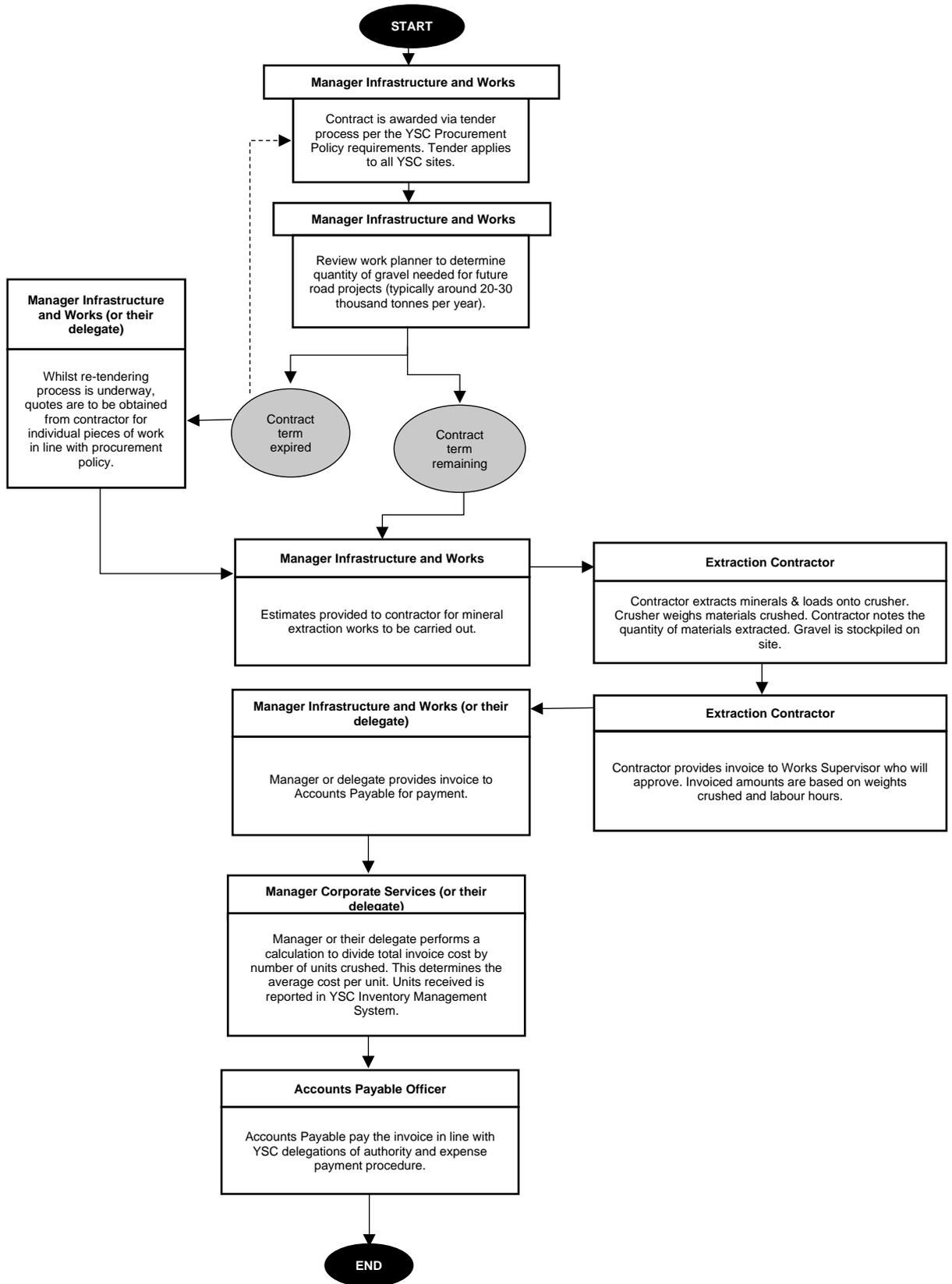
Where a site has been rectified during a financial year, the Manager Corporate Services is responsible for ensuring that the provision for restoration works is removed from Council's financial records once the rectification works are approved by Earth Resources.

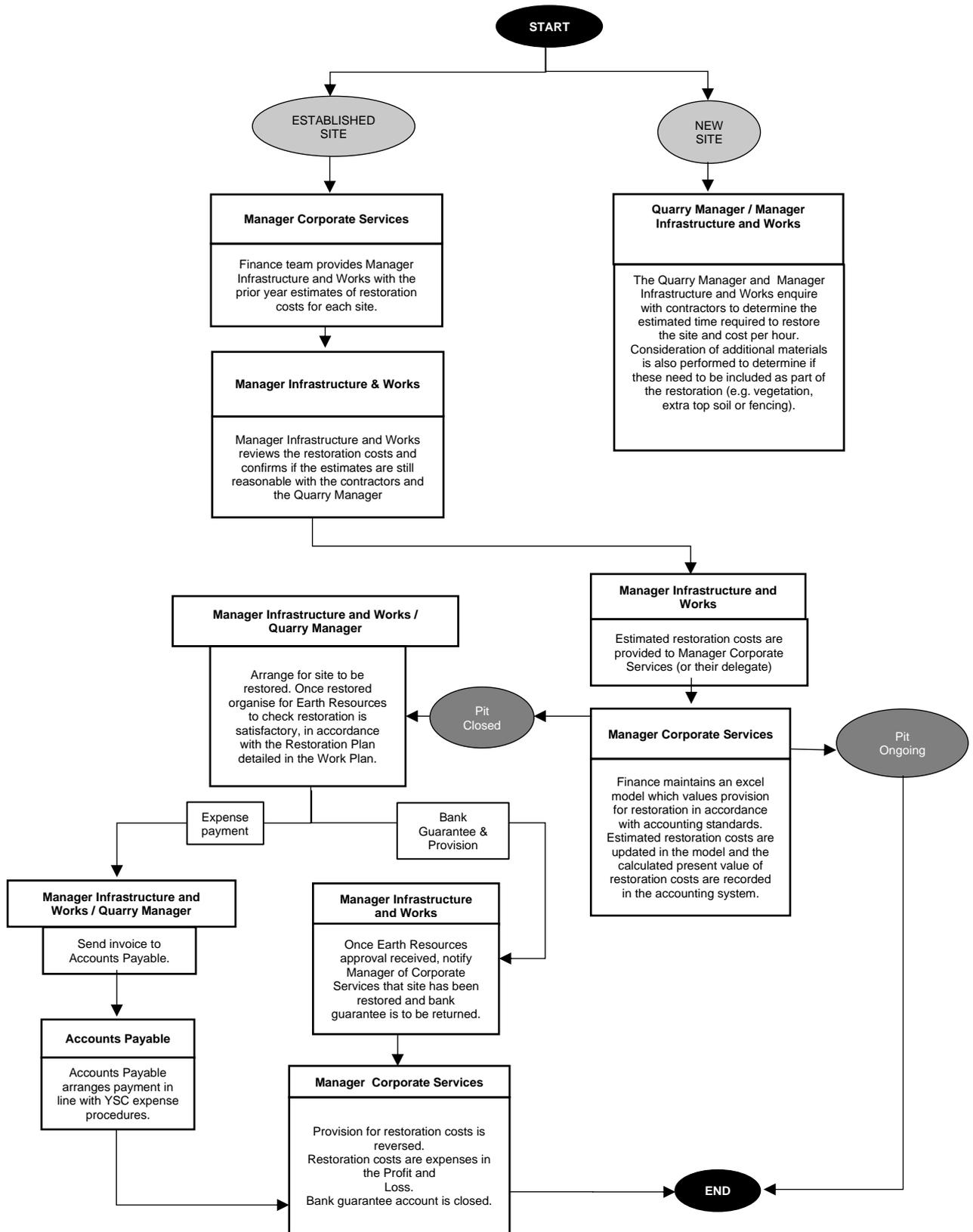
8. Practical User Guide

8.1 Flowchart of operational and financial management procedures



Engaging Contractors & Mineral Extraction



Accounting for Provision for Restoration


9. Consistency with Governance Principles Local Government Act 2020

Governance Principle	Section of policy where covered
(a) Council decisions are to be made and actions taken in accordance with the relevant law;	Section 1.4 Legislative and other compliance standards
(b) priority is to be given to achieving the best outcomes for the municipal community, including future generations;	Section 1.1 Purpose Section 6 Operational Management Procedure and Guidance, includes landowner engagement and Section 7 Financial Management Procedure and Guidance includes provisions for rectification works.
(c) the economic, social and environmental sustainability of the municipal district, including mitigation and planning for climate change risks, is to be promoted;	Section 6 Operational Management Procedure and Guidance Section 7 Financial Management Procedure and Guidance
(d) the municipal community is to be engaged in strategic planning and strategic decision making;	Section 6.1 Landowner Engagement
(e) innovation and continuous improvement is to be pursued;	Section 6 Operational Management Procedure and Guidance, includes quality testing, engaging external contractors for stone extraction and procuring stone from third parties.
(f) collaboration with other Councils and Governments and statutory bodies is to be sought;	Section 1.4 Legislative and other compliance standards
(g) the ongoing financial viability of the Council is to be ensured;	Section 7 – Financial Management Procedure and Guidance
(h) regional, state and national plans and policies are to be taken into account in strategic planning and decision making;	Section 1.4 Legislative and other compliance standards
(i) the transparency of Council decisions, actions and information is to be ensured.	Section 6 Operational Management Procedure and Guidance Section 7 Financial Management Procedure and Guidance

In giving effect to the overarching governance principles, a Council must take into account the following supporting principles—

- (a) the community engagement principles;
- (b) the public transparency principles;
- (c) the strategic planning principles;
- (d) the financial management principles;
- (e) the service performance principles.

10. Policy Review

This policy will be reviewed in conjunction with its associated procedures every three years.

11. Legislative Context

Reference if this policy is required in accordance with legislative requirements.

Council Adopted Policy

Policy Adopted:	Ordinary Meeting 26 February 2020	Item Number 13.6	Page 58
	Ordinary Meeting	Item Number	Page