

CONFIDENTIAL REPORT

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REPORT FOR:	Council		
MEETING DATE:	10 March 2026		
REPORT FROM:	Director Infrastructure		
REPORT TITLE:	Confidential Report - Parks, Gardens and Footpath Maintenance Contract Review		
FILE NAME:	F23/113	RECORD NO:	AR26/10401

STRATEGIC PLAN SUB GOAL/S
4.1 Sustainable & effective maintenance, management & enhancement of the city's existing infrastructure assets.
5.1 Effective management & maintenance of the city's unique natural & built environment.
6.2 Optimise the use & management of the council's financial & physical resources.

PURPOSE

The existing contractor, PW and MK Solomon, for parks, gardens and footpath maintenance services has indicated that they no longer wish to enter into a new contract for these services after September 2026.

The purpose of this report is to present the rationale, benefits, costs, and implementation approach for bringing parks, gardens and footpath maintenance services in-house to improve service quality, responsiveness, cost stability, and environmental stewardship.

This report amends the superseded Confidential Report AR26/4693 with additional material.

RECOMMENDATION

Council:

1. Transition of parks, gardens and footpath maintenance services from a contracted service model to an in-house operational model and authorise the necessary staff recruitment and equipment acquisitions noted in this report as part of the transition.
2. Authorises the Chief Executive Officer to increase the overall full time equivalent (FTE) count of Council by five (5) FTE.
3. Notes the draw down on the accumulated interest on Council's Cash Reserves to facilitate the purchase of new plant and equipment associated with the in-house provision of parks, gardens and footpath maintenance across parks, road verges, and natural areas, inclusive of stump grinding and open drain maintenance as noted in this report.

BACKGROUND

Council currently utilises an external contractor to perform parks, gardens and footpath maintenance across parks, road verges, medians, and natural areas.

This model was originally adopted in 2011 (Contract AR11/17745) and last renewed in 2019 (AR19/4385), to reduce staffing and equipment needs. Over time, however, contract costs have increased, service quality has been inconsistent, and Council's ability to respond quickly to changing conditions and community concerns has been limited.

In 2019 a report (AR19/279) was presented to Council *"to communicate and provide a recommendation to Council for the ongoing management of recreational spaces with the Port Augusta Community"*. This report recommended that Council *"endorses ongoing outsourcing of turf and open space maintenance and undertaking a competitive tender process for the maintenance of turf, open space, footpaths and verge areas in accordance with a technical management plan"*.

Annual contract escalations, change orders related to weather and growth conditions, and increased administrative oversight have reduced the effectiveness of the contracted service model.

DISCUSSION

Current State

Council currently relies on one external contractor for parks, gardens and footpath maintenance across parks, road verges, and natural areas. In addition, the same contractor has been engaged to undertake additional works associated with tree stump grinding and open drain maintenance by quotation rather than under a contract.

While this approach reduced internal staffing requirements, it has resulted in several ongoing challenges:

- Rising annual contract costs, driven by labour, fuel, and insurance increases
- Inconsistent service quality, including missed or delayed mowing cycles
- Limited flexibility to respond promptly to weather events, safety concerns, or community requests
- Reduced control over environmental practices and land-management standards
- Reliance on one contractor to provide a wide range of services to management and maintain our open space areas.

These issues have contributed to complaints, heightened administrative oversight, and elevated operational risk.

With the intended withdrawal of services by the current contractor, it is prudent for Council to review its service delivery options to ensure the continued effective management of its open space areas.

Service Provision Options

Option 1: Continue Contracted Services

At the time of the 2019 report, the contract for parks, gardens and footpath maintenance services was valued at \$473,093.72 per annum, which included an additional "turf management plan and associated technical report" valued at \$20,000 per annum.

The 2019 report noted that bringing the service in-house would require \$1,181,200.68 in the first year, with the caveat that:

"Resource costs are considered conservative on the basis of like-for-like resource numbers and structure of the incumbent contractor. It is likely that less experienced staff may not be as efficient. Further, should an increase in standard be desired, additional resources will be required to achieve an alternative outcome."

The 2019 report concluded that, at that time and assuming capital purchase of equipment would need to be funded by rates, outsourcing remained the most cost-effective delivery model.

While these findings were relevant in 2019, updated analysis and revised financial modelling suggest that the conclusions may no longer hold true, due to changes in service requirements, operational knowledge, and cost structures.

Since 2019 additional related services have been performed by the contractor, increasing the overall 'contracted spend' associated with the delivery of parks, gardens and footpath maintenance services. These additional services include stump grinding (currently \$39,005.12) and open drain maintenance (currently \$115,000 every five years or \$23,000 per annum).

Key Assumptions from the Previous Report

1. Purchase of Equipment

The 2019 proposal assumed a once-off capital purchase of \$795,000, factored entirely into the first-year costs. This high upfront expense contributed to the assessment that in-house delivery was financially unsound. Current proposals account for alternative funding options of these assets, significantly reducing first-year financial impact on Council's financial position.

2. Depreciation

The previous report did not recognise depreciation as an expense, instead considering only maintenance and repair costs. Depreciation of contract-owned plant and equipment was embedded in contractor pricing and not separately recorded in Council's financial system. Current modelling includes depreciation for Council-owned equipment, providing a more accurate representation of ongoing operational costs.

3. Service Levels

The 2019 report noted that any increase in service levels would require additional resources. Regardless of whether the service is outsourced or in-sourced, changes to service levels will impact costs. For modelling purposes, additional resource requirements for the current service provision have been held constant in both scenarios to ensure a fair comparison.

Option 2: In-House Service Model

Analysis of existing expenditure indicates that the current contracted service model no longer provides a cost-effective approach to parks, gardens and footpath maintenance. Continued reliance on contractors is expected to further escalate costs and limit opportunities for service improvements.

The re-introduction of an in-house service will enable Council to:

- Maximise control, accountability, and long-term cost stability
- Improve environmental and service outcomes
- Retain contractors for specialty work with the view to transition knowledge to internal staff over time.
- Develop internal capacity

The provision of in-house parks, gardens and footpath maintenance will enable:

1. Better service quality and consistency

- Council crews understand problem areas and are able to respond accordingly.
- Fewer missed mowings, scalping, or inconsistent work.
- Easier to maintain consistent standards across parks and open spaces.

2. Faster response to community needs

- Crews can respond quickly to complaints, weather events, or special requests.
- No need to wait for contractor availability or amend contracts.
- Easier to prioritise safety issues (sight lines, fire risk, pests).

3. Cost stability over time

- Contract prices often increase annually due to fuel, labour, and insurance.
- In-house costs are more predictable once equipment and staffing are in place.
- Eliminates contractor profit and change-order costs.

4. Improved accountability and oversight

- Direct supervision allows immediate correction of issues.
- Performance managed daily, not just through contract metrics.

- Clear ownership when work is not done or standards are missed.

5. Equipment and asset control

- Council owns and maintains mowing equipment.
- Equipment can be used flexibly for other maintenance tasks.
- Maintenance schedules align with actual field conditions.

6. Environmental and land-management goals

- Easier to implement:
 - Native grass and pollinator strategies
 - Reduced mowing zones
 - Erosion control and soil health practices
- Contractors may prioritise speed and cost over ecological outcomes.

7. Integration with other maintenance work

- Crews can combine mowing with:
 - Streetscape renewal projects
 - Open space renewal projects
 - Weed and invasive species control
- Reduces duplication and site visits.

8. Workforce investment and community presence

- Creates local jobs with institutional knowledge.
- Staff develop pride and stewardship of public spaces.
- More visible presence builds public trust.

Service Levels.

It is not proposed to change the current levels of service afforded by the current contract arrangements, noting that watering and irrigation repairs associated with open space areas is currently undertaken by Council staff. This is not proposed to change.

Whilst additional watering of open space areas has been conducted by Council in response to adverse weather conditions, this has not resulted in any changes to the frequency of operations undertaken by the contractor except as an agreed variation (and additional cost) to the contract.

Labour Relations and Staffing Considerations

The proposed transition to in-house mowing and open space management services has been reviewed for potential labour relations impacts. The work to be insourced aligns with classifications currently represented by the Australian Services Union and the Australian Workers Union and is consistent with Council's existing maintenance and operations functions.

The proposed staffing model will enable Council to:

- Build institutional knowledge of Council-owned open spaces
- Improve service reliability and accountability
- Maintain flexibility through seasonal operational adjustments
- Enhance consistency, quality, and timeliness of mowing services
- Increase responsiveness to safety, weather, and public concerns
- Achieve long-term cost control and predictability
- Strengthen environmental and land stewardship practices
- Improve accountability through direct supervision

Existing Contract Employees

It is not proposed to directly engage the contractor's staff or acquire any plant or machinery owned by the contractor. However, preliminary approaches from the contractor's staff indicate that several contractor employees are interested in applying for positions with Council should the service be brought in-house.

All new positions will be subject to Council's standard recruitment, hiring, and training processes, ensuring consistency with existing workforce policies and operational standards.

CONFIDENTIALITY PROVISIONS

The Council is satisfied that, pursuant to Section 90(3)(b) of the Act, the information to be received, discussed or considered in relation to this agenda item is information the disclosure of which could reasonably be expected to confer a commercial advantage on a person with whom the Council is conducting, or proposing to conduct, business, or to prejudice the commercial position of the Council, and would, on balance, be contrary to the public interest, and should be considered under confidential provisions.

In addition, the public interest in public access to the meeting has been balanced against the public interest in the continued non-disclosure of the information. The benefit to the public at large resulting from withholding the information outweighs the benefit to it of disclosure of the information. The Council is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed in the circumstances because the disclosure of information provided by or to a person on a confidential basis would have a negative impact on funding discussions.

Having considered this agenda item in confidence under Section 90(2) and (3)(b) of the Local Government Act 1999, the Council, pursuant to Section 91(7) of that Act orders that report (AR26/4693), discussions and minutes be retained in confidence for a period of 12 months and that this order be reviewed every 12 months.

RISK MANAGEMENT

RISKS

While the transition of parks, gardens and footpath maintenance services from a contracted provider to an internally delivered service presents some risks, the major risks have been identified, and appropriate mitigation measures are in place.

Risk	Mitigation
Costs	
Operational consumables may vary over five years	<i>An escalation allowance of 8% has been included in forward estimates to account for potential increases in consumable costs</i>
Capability & skills gaps	
Transition from contractor to in-house staff may create short-term capability gaps	<i>Several existing contractor employees have expressed interest in employment with Council. All positions will follow standard recruitment and training processes. Additional staff will be cross-trained to provide support during staff shortages.</i>
Operational disruption	
Service may be affected by staff absences, industrial action, mechanical failure, or weather	<i>Preventative maintenance programs for new equipment will minimise downtime; many risks are unavoidable and affect both internal and external models.</i>

Risk	Mitigation
Management & governance Shift from contract oversight to direct supervision	
Legal, compliance & risk transfer Contractors currently absorb regulatory, staffing, or liability risks	
Opportunity cost Managing operations internally may divert senior staff from strategic activities	
Resource availability Expected staff and/or plant equipment not available at commencement of service.	

Senior resources are in place to oversee operational staff and manage day-to-day operations.

Council's governance frameworks cover workplace relations, industrial instruments, public liability, and work health and safety obligations.

Council already maintains operational oversight; additional resources will enable faster, more effective response to issues without reliance on contractor negotiation.

*The necessary plant and equipment required for the service can be sourced and are available, meaning there would be no delays or issues in acquiring the necessary resources for the transition.
Once the Council makes the decision to bring the service in-house, recruitment can begin promptly with timing for employment aligned with the end of the current contract.*

1: Financial/Budget

FINANCIAL

Operations associated with the management and maintenance of open spaces is currently accounted for within relevant operational expenses.

Council currently allocates \$1,076,827 to the management and maintenance of open spaces, inclusive of stump grinding and open drain maintenance. It is anticipated that this allocation will rise to \$1,114,516 (or 3.5%) as part of the FY26/27 budget deliberations, noting turf management services are provided by a third party through the current contractor. It is anticipated that turf management will continue to be provided by that third party.

Current Out-Sourced Model

External contracts are subject to a number of variables that are often outside Council's control, including:

- Annual contract cost escalation, typically ranging from 5–10% per year
- Change orders arising from weather events, growth surges, or additional acreage
- Administrative time required to manage contracts and resolve performance disputes

Council is not privy to the payments made by the Contractor to its employees and is therefore unable to comment on individual remuneration arrangements. Council's contracts require that all employees

engaged in the delivery of contracted services are remunerated in accordance with applicable legislation and relevant industrial instruments.

Since 2019, the cost of these services has increased from \$473,093.72 to \$967,722.80 per annum (2025 calendar year), representing a 206.5% increase. This excludes additional expenditures of \$39,000 for stump grinding, \$20,000 for turf maintenance, and \$115,000 for open swale drainage maintenance occurring once every five years (refer **Table 1**).

Council does not have a dedicated Contracts Administrator that oversees the current contractor compliance. Administrative oversight of the contract is undertaken by various staff members within Council's existing limited resources, as part of their broader responsibilities.

Council relies on a combination of internal resources and external contractors to respond to weather events, depending on the nature and extent of the event. Where an event impacts an area or service defined within the contract, Council is required to engage the Contractor in accordance with the contractual arrangements.

As the contract is a fixed-price service agreement that requires the Contractor to deliver only the services specified within the agreed schedule, it does not obligate the Contractor to undertake weather-related response activities beyond the defined scope within the fixed price. Where additional services are required outside the contracted scope (for example, increased mowing frequency), variation pricing must be negotiated and agreed prior to the Contractor undertaking the additional works.

Separate arrangements for the provision of stump grinding and open swale maintenance have been negotiated independently to the contract but are included in the overall comparison as the same contractor is involved and any transition of services would require consideration as to how these services are also provided to our community.

Transitioning these services in-house provides Council with greater cost certainty, operational control, and efficiency, while mitigating the financial volatility and administrative burden associated with external contracts.

Table 1 – Current Contract Costs

Contracted Services amount	
	Annual fee (inc GST)
Mowing Slashing Weed Control	\$222,351.36
Parks Gardens Oval Maintenance	\$684,387.44
Top Dressing	\$60,984.00
Stump Grinding	\$39,005.12
Contracted Advice (specialised turf management)*	\$20,000.00
Contracted Service - open drain maintenance**	\$23,000.00
Total#	\$997,235.90
2026/27 Contract escalation (8%)	\$79,778.87
Total	\$1,077,014.77

* Specialised services provided by third party

** 5 yearly works - \$115,000 amortised over 5 years with escalation

Excludes \$52,492.02 as a disputed invoice. Rises to \$1,049,727.92 inf disputed invoice is included as worst case scenario.

As Council does not have a dedicated Contracts Administration role, where service delivery failures occur, increased administrative oversight is required. This results in existing staff being reassigned to investigate and respond to customer complaints, and to undertake heightened monitoring of contract performance to ensure service levels are achieved, detracting from the provision of services to other areas of responsibility.

Proposed In-House Model

The transition of parks, gardens and footpath maintenance services from a contracted model to in-house provision will result in increased personnel-related costs, including salaries, benefits, and depreciation. These costs are fully offset by a corresponding reduction in contracted service expenditure.

Key benefits of in-house service delivery include:

- Direct daily oversight and immediate issue resolution
- Crews familiar with specific sites, hazards, and seasonal maintenance patterns
- Flexibility to adjust mowing frequency in response to weather and growth conditions
- Integration with long-term backlog and renewal programs, enabling more strategic maintenance planning

Over time, in-house service delivery is expected to provide greater cost stability and predictability compared to ongoing annual contract escalation. Additionally, services currently provided by external contractors—such as stump grinding, turf maintenance, and open swale maintenance—can also be efficiently performed by in-house teams, further increasing operational control and value-for-money.

Financial Assumptions

The following assumptions have been accounted for a financial comparison of in-house v contracted services over the period 2026/27 to 2030/31

- 3.5% wage increase per annum for Council staff
- 12% superannuation for Council staff
- 3.5% depreciation increase
- 8% contract and consumables increase (noting regional contract increases are slightly higher so this is considered conservative)
- 10-year loan repayment period
- 5.10% loan interest rate

Operational Budget

Operational budgets, including the cost of those services provided under contract, form part of the budget information provided to Councillors during annual budget deliberations. Advice received from the current Contractor has presented an opportunity for Council to review the current service delivery model and consider how the service is provided and the associated budget allocation, noting these agreements are based on ad-hoc service provision by direct quotation rather than as a contracted service.

The provision of in-house services will require additional internal staffing to support mowing and open space management operations.

Existing Council operational staff are already fully engaged in renewal works across Council. Reallocation of existing staff to provide an equivalent in-house service, inclusive of stump grinding and open drain maintenance would require:

- a significant review of the provision of other asset renewal programs and increased response time frames for customer requests for repairs to assets.
- retraining and certification of existing employees to operate different machinery.
- reduced service levels while existing employees transitioned to new roles.
- possible loss in personnel and/or staff morale resulting from role changes.

This would likely result in delays in implementing the in-house service and reduced services to the community, increasing community frustration.

The proposed team of competent and suitably trained staff comprises:

- 1 x Leading Hand
- 4 x Municipal Employees

The required number of trained and competent staff has been determined through an analysis of current service levels, operational demands, total acreage, mowing frequency, equipment capacity, and seasonal maintenance needs, ensuring service delivery is maintained without compromise.

The associated increase in operational expenditure for salaries and wages is \$509,588 for 2026/27. These costs are fully offset by a corresponding reduction in contracted service expenditure, ensuring a neutral net impact on Council's overall budget while enabling greater control, flexibility, and service reliability.

Capital Expenditure

Capital expenditure will be required for the purchase of additional mowing and maintenance equipment, including mowers, trailers, and associated support equipment (refer **Table 2**).

To minimise annual budget impacts and maintain financial sustainability, it is proposed that funding for this additional equipment be managed through loan borrowings, with costs spread over multiple financial years. This approach aligns expenditure with the useful life of the assets, avoids significant upfront capital outlay, and supports the efficient transition to an internally delivered service model.

The purchase of the equipment is necessary as part of the proposed transition to ensure community expected levels of service are maintained during the transition of service from contractor provided service to an in-house provided service. The minimum plant and equipment required to undertake these services at the conclusion of the current contract are shown in Table 2.

Table 2 – Plant and Equipment

Proposed Purchases	Capital	Depreciation
1 x Utes	\$50,000.00	\$6,000.00
2 x Ride On Real Mowers	\$160,000.00	\$13,750.00
2 x Walker Mowers	\$100,000.00	\$8,750.00
1 x Poisoning Set Up ATV	\$120,000.00	\$19,000.00
2 x Slasher Mowers Front Deck (Autonomous)	\$80,000.00	\$6,250.00
2 x Blowers	\$800.00	\$400.00
2 x Whipper Snippers	\$1,400.00	\$700.00
2 x Trailers To Suit Plant	\$20,000.00	\$2,250.00
2 x Small Trucks	\$240,000.00	\$15,000.00
1 x Sharpener Machine	\$2,800.00	\$1,400.00
1 x Seed Spreader Blec Disc Seeder	\$21,000.00	\$4,200.00
1 x De-Thatcher Interchangeable Reels	\$1,266.00	\$253.20
1 x Stump Grinder Rayco & Carlton	\$37,400.00	\$7,480.00
1 x Liquid Fertiliser Tank	\$10,000.00	\$2,000.00
New Purchases (total)	\$844,666.00	\$87,433.20
Existing Equipment		
1 x Fertiliser Spreader		\$2,500.00
1 x Coring Machine 7521 Vertidrain		\$9,373.20
1 x Scarifier		\$3,600.00
4 x Radios In-Vehicle + Aerials		\$834.40
Exiting Equipment (total)		\$16,307.60

Total Depreciation	\$103,740.80

Possible purchase of existing Contractor Equipment

Council is required to follow strict procurement requirements when purchasing plant and equipment. The purchasing of second equipment presents several risks and concerns:

1. Warranty & Liability

- Used machinery often:
- Has limited or no warranty
- Has unknown wear or hidden defects
- Carries higher maintenance risk

If the machinery fails and causes damage or injury, Council could face legal liability.

2. Asset Lifecycle & Budgeting Policies

Council has in place a Plant and Equipment Asset Management Plan, that:

- Assumes predictable lifespan and depreciation
- Proposes budgets based on long-term replacement cycles

Used equipment will disrupt that financial planning.

3. Audit & Accountability Requirements

Council is a publicly accountable body. Auditors may question:

- Why used equipment was chosen
- Whether it represents best value
- Whether proper procurement processes were followed

4. Safety & Compliance Standards

Council must comply with:

- Workplace health and safety laws
- Environmental standards
- Emission regulations

Older equipment may not meet current safety or emissions standards.

It is not proposed to purchase any of the existing equipment owned by the current contractor due to the risks and concerns associated with the purchase of second-hand equipment of this nature.

Depreciation

The acquisition of new plant and equipment is expected to increase Council's depreciation expense by \$87,433 per annum, based on an assumed escalation rate of 3.5% (refer **Table 2**). Existing plant and equipment currently owned by Council are already accounted for within current depreciation schedules.

For completeness and transparency, the total depreciation expense of \$103,740.80 has been included in the financial comparison (refer **Appendix B**). This increase is fully offset by a corresponding reduction in contracted service expenditure, resulting in no net adverse impact on Council's overall financial position.

Capital Budget

Option 1 – Use of Cash Reserves

Council has accumulated some \$17,913,565.64 in cash reserves associated with a backlog of asset renewal and associated interest payments. The backlog renewal works noted in the Four-Year Works Program 2025/26-2028/29 report (AR25/64687) indicated that the renewal expenditure required to undertake the renewal program over that four-year period (excluding asset renewal for 2025/26) was \$16,100,000.

Since 1 July 2024 Council has accrued \$1,191,563.48 in interest payments up to 3 February 2026 at a current interest rate of 3.9%. Allocation of \$850,000 of that accumulated interest towards capital purchase of plant and equipment noted in Table 2 would result in the current balance (as of 3 February 2026) from \$17,913,565.64 to \$17,063,565.64 (refer **Table 3**).

Based on current interest rates and the anticipated draw down by the backlog renewal program, is it expected that a balance of \$2,180,381 could remain as of 30 December 2029 if no further draws-downs are undertaken.

Table 3 – Cash Reserves

		2025/26	2026/27	2027/28	2028/29
Renewal Backlog allocation	\$ 16,100,000				
Renewal Backlog draw down		-\$ 45,381	\$ 4,040,081	\$ 5,083,504	\$ 7,021,796
Cash balance at 1 July FY	\$ 17,913,566	\$ 17,958,947	\$ 13,918,866	\$ 8,835,362	\$ 1,813,566
Interest		\$ -	\$ 700,399	\$ 570,151	\$ 366,815
Cash balance at 30 June FY		\$ 17,958,947	\$ 14,619,265	\$ 9,405,513	\$ 2,180,381
Interest (Annualised) at 30 June		\$ 700,399	\$ 570,151	\$ 366,815	

Assumed interest rate 3.90%

A comparison of the costs associated with the provision of all the services provided by the current contractor, excluding the funding of capital equipment from existing cash reserves, is attached (refer **Attachment A**).

Option 1 is **recommended**.

Option 2 – Loan Borrowings

To ensure a transparent and conservative assessment of the costs associated with the provision of the whole of the services provided, loan servicing costs of \$121,125 per annum associated with the purchase of the required capital equipment (refer **Table 4**) have been incorporated into an alternative fiscal comparison (refer **Appendix B**). This comparison maintains the integrity of the comparison as an alternative service provider would need to factor into their costs the purchase such equipment.

Advice from the Essential Services Commission of South Australia (ESCOSA) has indicated that Council is currently considered 'potentially unsustainable'.

Council's current debenture with SAFA ends in 2030.

Recent advice from SAFA indicates that, given Council's current rating from ESCOSA and its substantial cash reserves, it is unlikely to approve an extension to the debenture past 2030. This would result in Council having to seek financing from other financial institutions at a higher interest rate that it could achieve through SAFA.

While this financing approach aligns repayment obligations with the useful life of the assets, avoids significant upfront capital outlay and preserves Council's cash reserves position it presents a financial risk to Council.

Option 2 is **not** recommended.

Option 3 – Reduction in new/upgrade works allocation

Council has in the past, allocated \$400,000 annually budget to new/upgrade works within the transport asset base. This allocation is to enable improvements to our existing transport network (such as DDA compliant pram ramps, school crossings, gaps in footpath connectivity) allowing Council to continue to address ongoing Disability Discrimination Act (DDA) compliance issues across its transport assets.

Allocating this funding to the purchase of plant and equipment will negatively affect the community's ability to fully access the transport system in the period 2026/27 to 2028/29. It's crucial that the funds remain dedicated to infrastructure upgrades that directly benefit those who are mobility impaired.

Option 3 is **not** recommended.

Table 4 – Loan Calculations

Loan Calculation			
Loan Amount		\$850,000.00	new equipment costs
Yearly Rate		5.10	%
Periods per year		12.00	months
Rate per year		0.43	%
Payment periods		1.00	annually
Total Loan duration		10.00	years
Number of periods		120.00	
Future Value		0.00	
Type		0.00	
Principle		\$0.00	remaining
Interest		\$361,250.00	total
	principal	\$85,000.00	Per annum
	interest	\$36,125.00	Per annum
Total Annual Payments		\$121,125.00	
Total Loan repayable		\$1,211,250.00	

Long-Term Financial Plan

Should Council choose the finance the purchase of equipment through interest generated on the cash holding, meaning no financing were required, there would be an annual decrease in cost, and this would reduce pressure on forecast rate increases of CPI + 4%. In year 5, the saving of approx. \$221,000 would represent a saving of c. 1.45%.

Should Council choose to finance the purchase of equipment via cash reserves the impacts on the Long-Term Financial Plan (LTFP) are minimal and would be unlikely to change the impact on rate payers. In year 5, the saving of nearly \$100,000 would represent a small saving of c. 0.66%.

Long-Term:

- Stable and predictable operating costs
- Reduction in contract expenditures
- Potential net savings over a 3–5-year period (refer **Appendix A and B**).

Specific budget impacts will be addressed through the annual budget process.

While initial startup costs are anticipated, the in-house model is expected to achieve cost neutrality or savings over a 3–5 year period through:

- Elimination of contractor profit margins
- Reduced change orders
- Improved operational efficiency

Funding will be incorporated through the annual budget process and subject to Council approval.

Bringing this service in-house is expected to have an increasing net positive impact on Council's overall finances over the forthcoming 5-year time horizon (refer **Appendix A**).

Budget impacts

Based on these assumptions bringing this service in-house is expected to have a net positive impact on Council's overall finances in 2026/27 FY (refer **Appendix A**).

Taking the funding of capital purchases through a long-term loan in line with private equity plant purchases, it is expected that there would be a net positive impact on Council's overall financial position in early 2028/29 FY (refer **Appendices B and C**).

Financial Summary

Having regard to Council's current fiscal position and the impact on Council's Long-Term Financial Plan, it is proposed that the purchase of new capital equipment be funded through interest generated by Council's current cash reserves set aside to fund the four-year backlog renewal program. This would remove interest payments of approximately \$121,125 from the financial comparison of the external and internally provided service (refer **Appendix A**), without adversely impacting on Council's ability to fund its renewal backlog.

Bringing parks, gardens and footpath maintenance in-house represents a planned, sustainable investment in Council's long-term service delivery.

- Operational expenditure: \$509,588 per annum for staff, offset by reduced contracted service costs over a 5-year period.
- Depreciation: Increase of \$87,433 per annum (total \$103,740.80 included in comparison), offset by reduced contractor expenditure over a 5-year period.

2: Legal

The current contract expires on 30 September 2026. Council has no obligation to renew this contract or call for tenders to engage a new contractor under the existing contracted service provisions or an expanded service list to include those additional services currently being provided (stump grinding and open drain maintenance).

There is also no obligation for the current contractor to tender for works nor provide Council with any prior notice of not tendering.

3: Environment

Transitioning this service to an in-house model presents the Council with significant strategic advantages:

- Empowering sustainable landscaping:
Greater control over the implementation of reduced-mow areas, native plantings, and pollinator zones, aligning with environmental and biodiversity goals.
- Enhanced safety and risk management:
Improved oversight of fire risks and sightlines, ensuring public spaces are safer and better maintained.
- Strengthening community trust:
A visible, accountable in-house team fosters public confidence and demonstrates the council's commitment to high-quality service delivery.
- Operational Flexibility

The utilisation of internal resources provides Council with a high degree of operational flexibility, enabling the dynamic allocation and reprioritisation of resources in response to changing service demands and environmental conditions.

This contrasts with the current contract, which is bound to a predetermined schedule of works and defined scope of services that operate largely independent of fluctuating factors such as adverse weather events and increased rainfall.

This approach positions the council to deliver more effective, environmentally responsible, and community-focused services.

SUMMARY

This report recommends transitioning parks, gardens and footpath maintenance services and other associated services from contracted providers to an in-house delivery model at the conclusion of the current contract with PW and MK Solomon.

Should Council resolve to continue the outsourcing of these works an Open Tender will be called to deliver these services in accordance with Council's *Procurement Policy*, noting the current value of this current contract exceeds the threshold for open tender and would require endorsement of any preferred contractor to be apportioned by Council.

It is expected that conclusion of an open tender process will not be concluded until August 2026, with a report to Council in September 2026. With the current tender expiring in September 2026 and the existing contractor 'retiring' this would effectively 'lock' Council into accepting a tender as there would be insufficient time for Council to reconsider alternative service delivery options.

Transitioning parks, gardens and footpath maintenance services in-house will improve service quality, responsiveness, accountability, and environmental stewardship while providing long-term financial stability and aligns with Council priorities related to fiscal responsibility, public safety, and community appearance.

Analysis indicates that in-sourcing will improve service quality, responsiveness, accountability, and long-term cost stability while better supporting environmental stewardship and community expectations. While there are upfront staffing and equipment investments, these costs are offset over time by reduced contract escalation, improved productivity, and integrated maintenance efficiencies.

This proposal re-establishes an in-house parks, gardens and footpath maintenance program that will improve service quality, accountability, and cost stability while reducing long-term reliance on contracted services.

Overall, the transition ensures:

- Greater service control and flexibility
- Preservation of institutional knowledge
- Cost efficiency compared with ongoing contract escalation
- Alignment of expenditure with asset life and long-term financial planning

Stan Robb
24/02/2026

Attachment A - 5-year cost comparison – cash funded capital purchases

Provider	Tasks	2026/27	2027/28	2028/29	2029/30	2030/31
Council	Staff	\$509,588.00	\$527,423.58	\$545,883.41	\$564,989.32	\$584,763.95
	Plant and Equipment - increased depreciation	\$103,740.80	\$107,371.73	\$111,129.74	\$115,019.28	\$119,044.95
	Consumables	\$350,000.00	\$378,000.00	\$408,240.00	\$440,899.20	\$476,171.14
	Contracted Advice (specialised turf management)*	\$20,000.00	\$21,600.00	\$23,328.00	\$25,194.24	\$27,209.78
		\$983,328.80	\$1,034,395.31	\$1,088,581.14	\$1,146,102.04	\$1,207,189.82
	Capital Purchases - funded from existing cash reserves	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Annual Cost	\$983,328.80	\$1,034,395.31	\$1,088,581.14	\$1,146,102.04	\$1,207,189.82
	Cumulative	\$983,328.80	\$2,017,724.11	\$3,106,305.25	\$4,252,407.30	\$5,459,597.12
Contract	Mowing Slashing Weed Control	\$222,351.36	\$240,139.47	\$259,350.63	\$280,098.68	\$302,506.57
	Parks Gardens Oval Maintenance	\$684,387.44	\$739,138.44	\$798,269.51	\$862,131.07	\$931,101.56
	Top Dressing	\$60,984.00	\$65,862.72	\$71,131.74	\$76,822.28	\$82,968.06
	Stump Grinding	\$39,005.12	\$42,125.53	\$45,495.57	\$49,135.22	\$53,066.04
	Contracted Advice (specialised turf management)*	\$20,000.00	\$21,600.00	\$23,328.00	\$25,194.24	\$27,209.78
	Contracted Service - open drain maintenance**	\$23,000.00	\$24,840.00	\$26,827.20	\$28,973.38	\$31,291.25
	Annual Cost	\$1,049,727.92	\$1,133,706.15	\$1,224,402.65	\$1,322,354.86	\$1,428,143.25
	Cumulative	\$1,049,727.92	\$2,183,434.07	\$3,407,836.72	\$4,730,191.58	\$6,158,334.82
Annual Variance		\$66,399.12	\$99,310.85	\$135,821.50	\$176,252.81	\$220,953.43

Includes dumping fees, registration and insurance, fuel, oils, herbicides, fertilisers, seeds, pesticides, etc

* Specialised services provided by third party

** 5 yearly works - \$115,000 amortised over 5 years with escalation

Attachment B - 5-year cost comparison – loan funded capital purchases

Provider	Tasks	2026/27	2027/28	2028/29	2029/30	2030/31
Council	Staff	\$509,588.00	\$527,423.58	\$545,883.41	\$564,989.32	\$584,763.95
	Plant and Equipment - increased depreciation	\$103,740.80	\$107,371.73	\$111,129.74	\$115,019.28	\$119,044.95
	Consumables [#]	\$350,000.00	\$378,000.00	\$408,240.00	\$440,899.20	\$476,171.14
	Contracted Advice (specialised turf management)*	\$20,000.00	\$21,600.00	\$23,328.00	\$25,194.24	\$27,209.78
		\$983,328.80	\$1,034,395.31	\$1,088,581.14	\$1,146,102.04	\$1,207,189.82
	Capital Purchases - annual loan repayments over 10 years	\$121,125.00	\$121,125.00	\$121,125.00	\$121,125.00	\$121,125.00
	Annual Cost	\$1,104,453.80	\$1,155,520.31	\$1,209,706.14	\$1,267,227.04	\$1,328,314.82
	Cumulative	\$1,104,453.80	\$2,259,974.11	\$3,469,680.25	\$4,736,907.30	\$6,065,222.12
Contract	Mowing Slashing Weed Control	\$222,351.36	\$240,139.47	\$259,350.63	\$280,098.68	\$302,506.57
	Parks Gardens Oval Maintenance	\$684,387.44	\$739,138.44	\$798,269.51	\$862,131.07	\$931,101.56
	Top Dressing	\$60,984.00	\$65,862.72	\$71,131.74	\$76,822.28	\$82,968.06
	Stump Grinding	\$39,005.12	\$42,125.53	\$45,495.57	\$49,135.22	\$53,066.04
	Contracted Advice (specialised turf management)*	\$20,000.00	\$21,600.00	\$23,328.00	\$25,194.24	\$27,209.78
	Contracted Service - open drain maintenance**	\$23,000.00	\$24,840.00	\$26,827.20	\$28,973.38	\$31,291.25
	Annual Cost	\$1,049,727.92	\$1,133,706.15	\$1,224,402.65	\$1,322,354.86	\$1,428,143.25
	Cumulative	\$1,049,727.92	\$2,183,434.07	\$3,407,836.72	\$4,730,191.58	\$6,158,334.82
Annual Variance		-\$54,725.88	-\$21,814.15	\$14,696.50	\$55,127.81	\$99,828.43

Includes dumping fees, registration and insurance, fuel, oils, herbicides, fertilisers, seeds, pesticides, etc

* Specialised services provided by third party

** 5 yearly works - \$115,000 amortised over 5 years with escalation

Attachment B - Breakeven point with loan funded capital purchases

