



Adelaide Hills
COUNCIL

2014/15

Annual Report

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Welcome to our Annual Report for 2014/15.

This report is provided for our customers, be they ratepayers, visitors, government agencies or other interested persons.

The report meets the requirements of the *Local Government Act 1999*, however it is designed to be much more than that!

This is an important document that outlines what we have achieved in 2014/15, how we have performed against our targets, and where we are going as a Council.

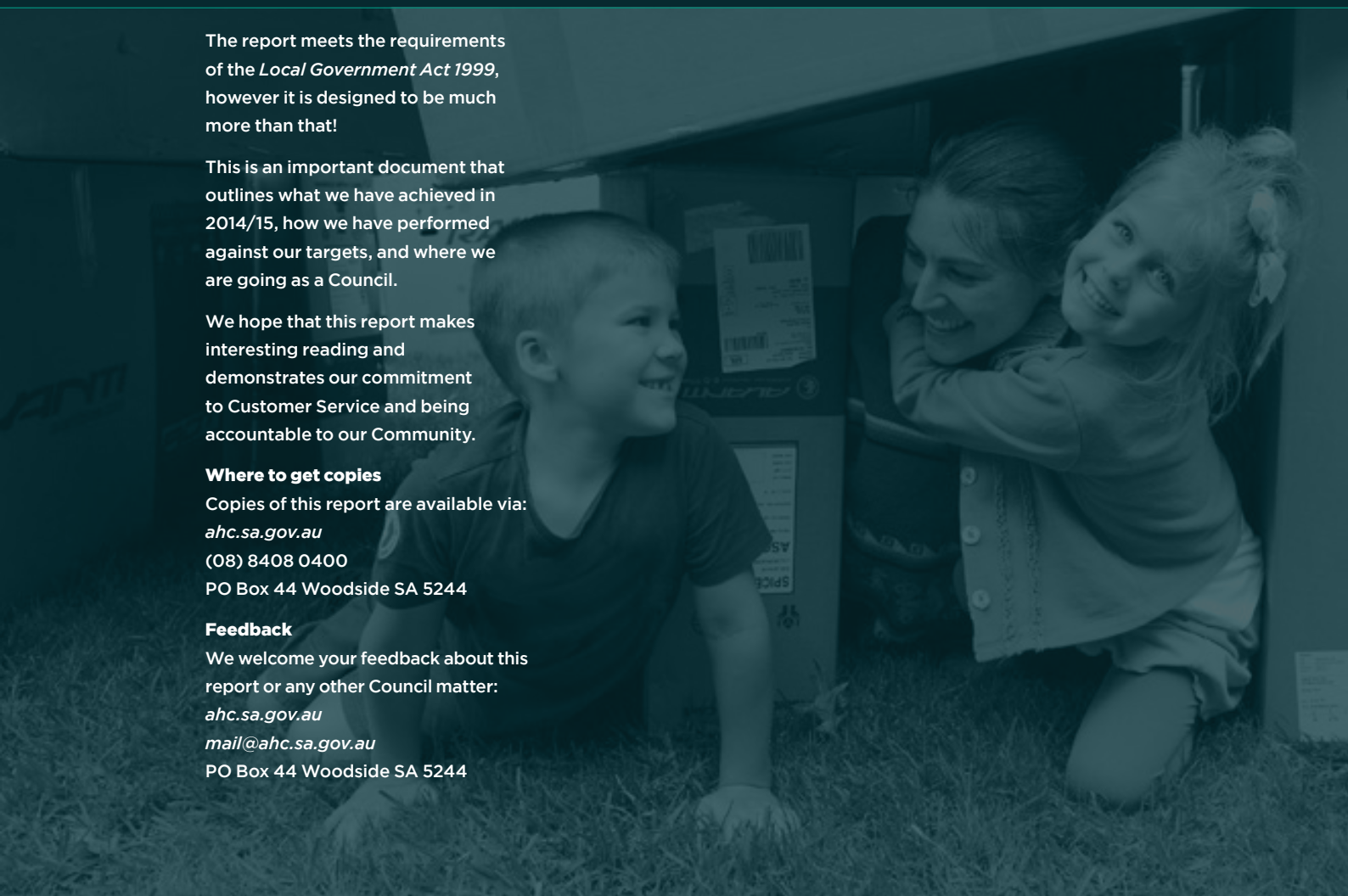
We hope that this report makes interesting reading and demonstrates our commitment to Customer Service and being accountable to our Community.

Where to get copies

Copies of this report are available via:
ahc.sa.gov.au
(08) 8408 0400
PO Box 44 Woodside SA 5244

Feedback

We welcome your feedback about this report or any other Council matter:
ahc.sa.gov.au
mail@ahc.sa.gov.au
PO Box 44 Woodside SA 5244





From the Mayor

Without doubt, this year will be remembered for the Sampson Flat bushfire, which burnt through more than 13,000 hectares of the Adelaide Hills in January.

The scale and impact of the fire had not been seen in the region since the 1983 Ash Wednesday fires. The devastation included the loss of 24 homes in the Council area (including a National Trust of South Australia building), almost 200 outbuildings, numerous vehicles, livestock and animals. The recovery will be a long journey but the devastation highlighted the strength and resilience of this community, a credit to the way they came together and supported each other in the face of adversity.

Despite the financial impact of the Sampson Flat Bushfire, we have demonstrated a responsible approach to managing and maintaining our range of assets and services while committing to another low rate rise.

We progressed a number of strategic projects such as the Adelaide Hills Business and Tourism Centre Masterplan, the District Masterplan and our Community Engagement Framework. In addition, an Economic Development Strategy will be instrumental in informing and

supporting future economic development across the district. It is critical that we provide greater support for our business community as they, and we, look to grow the local economy and create sustainable job opportunities in the region.

We have been actively pursuing the Mt Lofty Ranges UNESCO World Heritage Bid, a strong collaborative project with five other Councils and Regional Development Australia. The listing of the Mount Lofty Ranges working agricultural landscape as a UNESCO World Heritage site will put us on an international platform for the benefit of the region's world-renowned food, wine and tourism industries. The first key goal for this long-term project is to achieve national heritage status.

At the 2014 Local Government elections, we farewelled Council Members Bill Gale, Kate Hosking and Simon Jones, who did not to seek re-election. It was a great privilege to work with dedicated community leaders and I thank them for their

service. In their places, Nathan Daniell and Kirrilee Boyd joined Council for their first term, whilst Val Hall returned after a term's absence. All other sitting members were returned.

With a support of a dedicated and professional team of staff, the Council moves into 2015-16 focussed on implementing a number of key strategies while continuing to identify and meet the changing needs of the community.

It would be remiss of me not to acknowledge and thank the volunteers who dedicate countless hours contributing to Council programs and the greater community. Their commitment is second to none and makes so much of our community work possible.

Bill Spragg
Mayor

From the Chief Executive Officer

People are an organisation's most important asset. With a team that collectively and cohesively works together for our community, it came as no surprise to see the way in which our team responded to the devastating Sampson Flat Bushfire in January.

Staff were involved in assisting the CFS and its dedicated volunteers, helping clear roads, organising the community meetings and advocating for state and federal support. We've also worked with both other levels of government and non-governmental organisations in leading the community recovery. This extremely challenging situation demonstrated the character of our people and reflected our organisation's ongoing commitment to people and leadership development.

Our daily work is complemented by strategic and corporate plan projects. The implementation of our Customer Service Framework is built on our customer service values of being available, helpful, empathetic, responsive and reliable, all of which are fully embraced by our staff. The development and monitoring of service standards across our organisation have further strengthened our service levels and accountability.

The implementation of a Marketing & Communications Plan over this past

year has improved the efficiency and impact of the information we provide to our community. Key outcomes from this plan, such as website improvements and brand development, are nearly complete. We are also excited by the development of our first Economic Development Strategy and Precinct Planning Guidelines that will create even greater support from Council for our communities.

Underpinning these initiatives was the development of our Risk Management Framework, a platform that provides us with the added confidence to create greater opportunities for our community throughout our range of functions and services.

Our focus on continuous improvement and accountability was recognised at the 2015 Local Government Professionals SA Leadership Excellence Awards. The Council won an award for leadership in financial management, for our Benefits Realisation Framework. The framework provides a model for forecasting and

reporting on benefits achieved through business and service improvement initiatives. Planned efficiencies are built into Council's Long Term Financial Plan and accounted for through this model.

Heading into 2015/16 we again developed a budget based on a low rate increase and in line with the Long Term Financial Plan without having to reduce services to our community.

I am extremely proud to lead a team of professional and committed people who are determined to achieve great outcomes for our community. I take this opportunity to thank our people, who together with our Council Members have made this another successful year for our Council and our community.



Andrew Aitken
Chief Executive

About the area

The Adelaide Hills Council district offers a highly appealing rural and township lifestyle, right on the fringe of metropolitan Adelaide.

The Council area is 795 square kilometres with a low population density of 0.5 residents per hectare. The District is primarily a family area with the population concentrated in numerous towns. The towns are located throughout the area along with tracts of native vegetation and the prime agricultural land which creates a unique character loved by the community and tourists alike

The Adelaide Hills has a resident population of 39,873 (ABS ERP 2014). Around 65% of the working population travel outside the area for work or education. Those employed locally work in food, fibre or wine production, tourism, or provide services for the local population.

*2014 – estimated by ABS.



Population
39,873*



Number of Townships
57



Density
50/km² (120/sq mi)



Council Established
1997



Area
795.08 km² (307.0 sq mi)



Sealed Roads (Council)
590kms



Unsealed Roads (Council)
430kms



State Electorates Heysen, Morialta, Kavel, Schubert, Bragg, and Newland

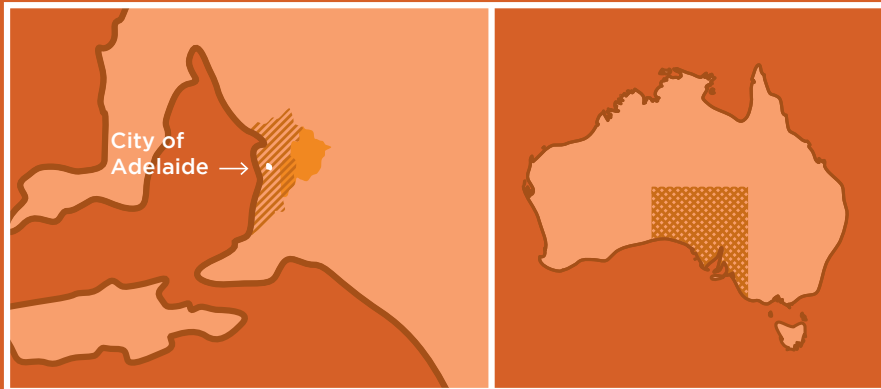


Federal Divisions
Mayo, Sturt, and Wakefield



SOUTH AUSTRALIA

AUSTRALIA



- Adelaide Hills Council Area
- Adelaide Metro Area

- South Australia

The Council district extends from Mt Bold Reservoir in the south to One Tree Hill in the north, and from the Hills Face escarpment in the west to the eastern escarpment of the Mt Lofty Ranges.

Adelaide Hills is a peri-urban area that is part of Greater Adelaide, with close connections to the Adelaide metropolitan area and the hills face suburbs. Over 60% of metropolitan Adelaide's water collection area lies within the district; the rules for maintaining high quality drinking water from this district restrict the capacity for residential and economic growth. The population is expected to increase by only 5.7% to 2026.



The Adelaide Hills' unique characteristics and proximity to metropolitan Adelaide have created many opportunities for tourism and unstructured recreation. There are over 1000 kilometres of roads in the Adelaide Hills: equivalent to the distance from Adelaide to Canberra. These roads carry city residents and visitors on their country getaways as they drive, ride, cycle, and walk to experience the Hills' natural landscapes and iconic towns and villages that drive tourism as a major business. The Adelaide Hills are well known for their natural environment and built character, wineries, eateries and a range of attractions and events.

While the rural and village character of the area remains a traditional constant, the Adelaide Hills is nonetheless undergoing significant change.



While the rural and village character of the area remains a traditional constant, the Adelaide Hills is nonetheless undergoing significant change. Over the past decades the focus on traditional agriculture has reduced as some rural lands have transitioned into boutique industries, wineries or large residential properties. This transition from farming to urban fringe activities has impacted on local employment opportunities, particularly within smaller townships.



Over the past decades the focus on traditional agriculture has reduced as some rural lands have transitioned into boutique industries, wineries or large residential properties.

Like many other urban fringe areas, limited public transport, an aging farm population, a changing agricultural and economic base and difficulties in accessing services have left some people in the area isolated and vulnerable. Nonetheless, the community has exhibited a strong desire, through numerous engagement opportunities, to preserve the hills character as paramount to the way of life within the hills. The challenge for Council and the community is to ensure a balance of competing land uses and in doing so prioritise its effort, resources and finances.

As a Council we are strongly supported by in excess of 250 volunteers who undertake a diverse range of tasks across the organisation. They work in our Libraries, Community Centres, Community Sheds, Community Gardens, Community Transport Program, Positive Ageing centre, Cemeteries, Events and Council Advisory Groups. They do administrative tasks, are JPs, teach, cook, garden, drive buses, lead groups, share skills, read, shelve books and much, much more.



The Adelaide Hills area is also a biodiversity hot spot with numerous threatened species. Many volunteers and Friends of Park Groups devote countless hours to preserving and enhancing the habitat value of these biodiversity hot spots.

The dispersed population is well provided for with numerous facilities and community services including libraries, community centres, recreation facilities and halls.



Ward structure



Mayor

Bill Spragg

Manoah

Councillor Ron Nelson
Councillor Jan-Claire Wisdom
Number of Electors 4,934

Mount Lofty

Councillor Kirrilee Boyd
Councillor Nathan Daniell
Councillor John Kemp
Number of Electors 7,998

Marble Hill

Councillor Ian Bailey
Councillor Jan Loveday
Number of Electors 4,522

Onkaparinga Valley

Councillor Val Hall
Councillor Andrew Stratford
Councillor Lynton Vonow
Number of Electors 6,590

Torrens Valley

Councillor Linda Green
Councillor Malcolm Herrmann
Number of Electors 5,050

From left to right: Val Hall, Malcolm Herrmann, Nathan Daniell, Kirrilee Boyd, John Kemp, Mayor Bill Spragg, Andrew Stratford, Ron Nelson, Ian Bailey, Linda Green, Lynton Vonow, Jan-Claire Wisdom, Jan Loveday.

Delivering on the strategic plan

In December 2013 Council adopted its Strategic Plan 2014-18, *Lofty Aspirations, Sustainable Actions* to provide a focus for Council's service delivery over the next five years.

Vision: Nurturing our unique place and people

To achieve this vision we have prepared the Strategic Plan with an emphasis on community, environment, economy and governance. The long term goals and objectives of the Strategic Plan aspire towards our 20 year vision, and are outlined as follows:

- ***A safe and connected community***
- ***Sustainable natural and built environs***
- ***A prosperous economy***
- ***A recognised leading performer***

To find out more about the Strategic Plan 2014-18 you can access a copy at ahc.sa.gov.au

Discussion on the Strategic Plan's objectives and key achievements attained during 2014/15 follows.

Delivering on the strategic plan

A safe & connected community

As the community of the Adelaide Hills evolves, it is critical for Council to engage with communities, funding bodies, service providers and volunteers in planning the provision of infrastructure, accommodation, community facilities, programs and services so that the communities changing needs are addressed most appropriately.

The needs of older people, young people, families and children require specific focus. Active and involved communities are critical in building community capacity and strength. Our Council district has a strong tradition of volunteering which provides support and social engagement through a range of activities, programs, community events, facilities and projects. Continuing support from council is a high priority and will maximise the potential to build participation, connectedness and collaboration.

Council continues to work towards providing a range of services and programs that are accessible to our diverse community, and are delivered in a coordinated and collaborative manner in partnership with agencies and service providers. Lifelong learning has become

an integral part of our community. Learning opportunities are available at different times and places, and are flexible and diverse to meet the needs of the community. Council will continue to provide, support and promote accessible community centres, libraries and other facilities to engage with all aspects of the community to increase the breadth of knowledge and experience with digital learning and communication. The Adelaide Hills has a vibrant arts community and a culture that supports, promotes and delivers cultural activities, arts and heritage across the region. We will continue to support the growth of the cultural network by facilitating events, providing networking opportunities and promoting achievements.

Learning opportunities are available at different times and places, and are flexible and diverse to meet the needs of the community.

Objectives

- 1** Community needs are addressed through planning for the provision of infrastructure, accommodation, community facilities, programs and services.
- 2** Opportunities exist for the community to participate in programs and activities to connect, engage and collaborate.
- 3** The community will have access to a range of services and programs delivered in a coordinated and collaborative manner, and in partnership with agencies and service providers.
- 4** A strong foundation promoting, supporting and celebrating culture, arts and heritage across the region.
- 5** Communities will have the opportunity to participate in activities that promote and enhance lifelong learning within Council's community centres, libraries and facilities.





Key achievements

SP 1.1.1 Develop and implement a Community Strategy

The Community Strategy has been developed as a guiding document for the provision and implementation of services to assist the community to reside, connect and participate across the Council district. The Strategy will be implemented through a number of Action Plans addressing Volunteering, Reconciliation, Youth, Positive Ageing, Lifelong Learning and HACC programs. The delivery of a range of Community Development programs and services will continue to be implemented in partnership with Government, not for profit and volunteer agencies.

SP 1.1.8 Develop and implement a Regional Public Health Plan

The Regional Public Health Plan is the Council's plan for promoting health and wellbeing in our community. Produced in collaboration with neighbouring Councils, the plan recognises the importance of active lifestyles and the provision of health support services as critical to the region. Our district needs a particular focus on the needs of the ageing and on promoting active lifestyles to address obesity and sedentary lifestyles.

In response, we are giving a range of community programs more focus on movement and fitness, and we are taking those programs out to the areas that need them most. We will continue to advocate for better

provision of health support services in the region and introduce additional community transport options for those who need assistance.

SP 1.2.2 Develop and implement a Volunteer Action Plan

The Council is committed to providing volunteering opportunities and supporting community based volunteering. The Volunteer Action Plan contains a range of actions which give volunteering renewed focus. We have reviewed our structure to ensure that support for the Council's 250+ volunteers is properly resourced. We have commenced a review of Hills Volunteering, a regional partnership which supports volunteer based community groups, with a view to strengthening the community's capacity in this area.

SP 1.4.5 Community initiative to commemorate the World War 1 Centenary

Council led community initiatives to commemorate the WW1 Centenary are continuing in partnership with schools, RSL clubs and groups as well as other members of the community. Following the success of the Poppy Project, held at Anzac this year, other community projects include an upgrade of Nurse Blanche Atkinson's grave at the Stirling cemetery, the establishment of a Bridgewater Memorial at the Bridgewater oval and researching and producing a photographic record of Honour Boards across the Adelaide Hills Council area.

We have recently been successful in securing a State Government grant through the Anzac Centenary fund. These funds will be utilised to continue to engage with the community and the schools across the Council district in the research and documentation of the Honour Board publication.

SP 1.4.4 Review and upgrade program for WW1 Memorials

The district wide WW1 Memorial upgrade project has been planned to run over a five year period with 2014/15 being the third year of the project. During the year we saw a complete rejuvenation to the Uraidla Soldiers Memorial Ground entrance, which



included relocating the main entrance to the grounds, away from the Memorial. This was carried out as part of the refurbishment and to provide safer viewing areas around the Memorial away from traffic. Council provided funding towards the overall project, with most of the works carried out by local contractors, plus voluntary work by the local school children and committee members. The improvements made at the site have now highlighted the importance of the Memorial to the residents in the area.

Bridgewater Primary School staff and students, have been instrumental in seeking Federal Government and Council funding, plus community and corporate donations to create a new Memorial for the town oval grounds. After finalising the location, the new Memorial has been designed to fit the sloping site in such a manner so as to somewhat replicate the difficult conditions experienced by the troops at Gallipoli. The students' interest in the 100th Anniversary of WW1, was sparked by their teacher and the energy shown by the school group so far is impressive. The new Memorial, when completed, will provide an excellent venue for future ceremonies on Anzac and Remembrance Days. There will be landscaped gardens incorporated in the design and areas for quiet reflection for individuals visiting the site in the future.

Other refurbishments to Memorials (landscaping, cleaning and re-lettering) in the Council area have been completed in Basket Range, Birdwood, Norton Summit, Bridgewater, Stirling, & Mylor. A number of new initiatives are also in the planning stages for other townships.

Further highlights

- Black Spot funding enabled the completion of guardrail works on Corkscrew Road Montacute, Guardrails.
- A Positive Aging Plan that enables us to work towards a more age friendly community has been drafted and is to be amended in the light of recent funding opportunities.



- A review of the 2012 Cultural Audit identified a range of cultural development issues such as cultural diversity, aboriginal recognition and creative endeavour which require further development. A Cultural Development function will be developed in 2015/16.
- Adelaide Hills Trail Strategy Implementation Plan - Public consultation commenced at Mount Torrens for one of the trails identified as a high priority in the Adelaide Hills Trail Strategy.
- Following cessation of Federal funding for the Digital Hub at Stirling, Council has built on its success to continue providing learning services through its libraries.
- Joint funding from the Federal Government and Adelaide Hills, Alexandrina and Mount Barker Councils has seen 16 of the eventual 24 sculptures created by international sculptors installed and landscaped, ensuring the Hills Sculpture Trail is well underway for completion in 2015/16.

Planned projects for 2015/16

SP 1.1.9 Build community resilience to recover from emergency situations

SP 1.2.1 Review the existing Sport and Recreation Strategy and Open Space Strategy

SP 1.3.2 Develop a Youth Action Plan

SP 1.4.3 Recognise and promote the Aboriginal culture of the Hills area

SP 1.3.3 Adelaide Hills Trail Strategy Implementation Plan

SP 1.4.4 Review and upgrade program for WW1 Memorials

Delivering on the strategic plan

Sustainable natural & built environs

Sustainable action is vital to providing a viable future for both Council and community. The natural environment is greatly valued in the Adelaide Hills, as is the landscape character of its beautiful mosaic of primary production areas, native vegetation, waterways and iconic villages.

It is crucial to conserve our biodiversity, protect our watershed and minimise the impacts of climate change. Council has a responsibility to manage biodiversity and stormwater on land owned or under our care, and to control and regulate water polluting activities. Our landscape character attracts tourists and provides a sought after lifestyle. In addressing the community's desire to preserve this character and its associated benefits, we seek to balance competing land uses and so prioritise effort, resources and finances. Council also recognises the importance of greener and more active modes of transport that link places and spaces to enable ease of movement between work, home, local activities and facilities within the council district. We are working towards reducing greenhouse gas emissions in excess of State Government targets, and have implemented a greenhouse gas

emissions reduction program including the installation of solar PV panels on Council offices and libraries. Achieving this program will reduce the carbon footprint of the community. Council is leading by example in reducing waste from its facilities, services, activities and programs. As the provider of waste management services, we have incorporated an emphasis on reducing waste to landfill as part of the provision of waste collection and recycling facilities. Important partnership opportunities exist with State Government and other organisations to achieve region-wide environmental objectives.

Recognising the importance of public spaces and facilities for community activity and wellbeing, Council is continuing to consider community needs as we plan for and maintain Council facilities, including community centres and halls.

Objectives

- 1 To have thriving natural systems achieved through environmental stewardship, water balance management and partnerships.
- 2 Our community and Council is well informed on and participates in climate change adaptation, energy efficiency measures and has reduced greenhouse gas emissions in excess of State Government targets.
- 3 Manage waste through increased diversion from landfill and re-use options.
- 4 Well used and maintained facilities that provide a community focus.
- 5 Conservation and enhancement of the district character to maintain the combination of agrarian landscapes, scenic beauty, natural character and iconic villages.
- 6 Encourage safer, greener and more active modes of transport.

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Key achievements

SP 2.3.1 Undertake a review of Wastewater Servicing

The wastewater servicing review project aims to identify the safest, most efficient and effective way of providing services relating to Council's Community Wastewater Management Systems (CWMS). The review of Wastewater Servicing in 2014/15 has focused on maximising reuse and minimisation of environmental harm.

Key outcomes of the review achieved in 2014/15 include finalisation of arrangements for the annual reuse of 20 megalitres of wastewater from Council's Birdwood CWMS, completion of Council's Environmental Improvement Program for the Birdwood CWMS and improvements to the holding capacity of Council's Kersbrook CWMS evaporation lagoons. The focus of the review in 2015/16 will be on identifying and exploring opportunities to achieve efficiencies and improved management of Council's five CWMS networks.

SP 2.3.2 Undertake a review of the Waste Management Strategy

The review of the Waste Management Strategy follows the successful delivery and completion of actions contained in the plan that was first developed in 2011. The review aims to update the strategy to ensure ongoing minimisation of waste to landfill and maximising recycling through the identification of new actions that can be undertaken by Council and the Community.

Review of the Waste Management Strategy has steadily progressed during 2014/15 including the undertaking of a community survey to gauge the level of knowledge relating to waste management and the completion of bin and landfill audits to establish current waste disposal practices. Information from the survey and the audits will be used to inform the revised waste management strategy which is anticipated to be completed in 2015/16 following community engagement and Council approval.

As recognised in the District Masterplan, activity centres and towns within the district are the focus for community. These places need to thrive and continue to provide services and facilities for the local community and visitors.



SP 2.5.1 Undertake a District Master Plan

A key action identified within the Strategic Plan was the preparation of a District Masterplan that would complement the Strategic Plan and be a spatial representation to provide guidance for planning, policy and projects for the next five years.

The District Masterplan provides a framework for identifying district wide connections and linkages. The District Masterplan is intended to be a flexible document responsive to the changing nature of the environment and ongoing preparation of detailed plans and policies. With the overarching imperative to preserve and manage the majority of the Adelaide's water catchment there are unique challenges to ensure that the way of life is maintained within a changing environment. An ageing population, changing climate and adapting agriculture sectors will need to be considered in developing a flexible approach to policies, projects and programs.

A District Masterplan map identifies opportunities for the district. However, this map is an ongoing "work in progress" that requires information from detailed studies to identify further directions and targets. A key action from the report describes a Precinct Planning framework around a 'placemaking' approach for activity centres, towns and places. This technique is a key way for Council to deliver local planning and design, undertake facilitation and identify projects for community benefit. A Precinct Plan Framework has been prepared and implementation will commence in 2016. A review of the Strategic Plan 2014-2018 will also be undertaken in 2015/2016 and the intention is to include the District Masterplan in this process.

SP 2.5.2 Develop a timetable for Precinct Plans and Activity Centres

The aim of this initiative is to develop precinct plans for numerous activity centres and towns within the Adelaide Hills Council district, where a need has been identified. As recognised in the District Masterplan, activity centres and towns within the district are the focus for community. These places need to thrive and continue to provide services and facilities for the local community and visitors. Whilst the Strategic Plan identifies the necessity for precinct planning to be undertaken a well-recognised approach to improve the function of activity centres and towns is placemaking—a collaborative approach between Council and the community.

The rationale behind undertaking placemaking is to make a place function better through involving the community where ideas, focus, values and needs are identified. Whilst improving the function and visual appeal of a place are key placemaking objectives other community benefits are that it brings the community together for a common purpose, increased number of people can be involved in generating ideas and undertaking actions and there is an ongoing sense of ownership and community pride. Placemaking will commence in 2016.

SP 2.3.3 Roll out household food organics mini bins

The Household Food Organic Mini Bin (Kitchen Caddy) project aimed to reduce waste to landfill and increase levels of organic composting. The project involved the supply of kitchen caddies and compostable bags to participating residents allowing them to place food scraps and other compostable material in their green organic wheelie bin for fortnightly kerbside collection.

Supply of the kitchen Caddies has been well received by the community with over 1600 bins being supplied to residents at no charge since August 2013. As a result of this initiative, approximately 160 tonnes of green organic material is now being diverted from landfill per annum and recycled into compost and other garden products.

Further highlights

- Woody weed control program, biodiversity mapping & assessment program & blue marker site review have all been established and now form part of ongoing operations as we continue to build on our data sets
- MOU with NRAMLR has been drafted and is now lodged with DEWNR operational staff for comment prior to next draft
- Biodiversity Advisory Group established to facilitate development and implementation of high priority projects.
- Successful applicants for Green Army round 2 Project in partnership with the Landcare Association of South Australia
- New Vegetation Management Plan for Mylor Parklands , which includes Camp Gooden Heritage Agreement site, developed and implemented
- Develop and implement a Regional Integrated Climate Change Vulnerability Assessment Report - Phase 1 of the project has been completed and Phase 2 has commenced. Phase 2 community engagement will be undertaken in October 2015 and the draft report will be available in March 2016.
- Significant benefits have been achieved from further investment energy saving infrastructure (eg. Solar panels)
- Benefits have been investigated and reviewed in becoming a member of the International Council for Local Environmental Initiatives (ICLEI)
- The consultation and drafting of the Local Area Strategic Bike Plan for the Adelaide Hills district commenced in 2014/15 and the first draft is expected in September 2015. Internal consultation was completed and selected public consultation started on 30 June 2015. Parking facilities for bicycles will be included in the overall Strategic Bike Plan.
- The Water Resources Strategy is in the initial stages of development with research and investigation currently being undertaken.
- Undertake a review of Park-n-Ride facilities - A number of sites have been identified for smaller Park-n-Ride facilities but failed to attract State Government funding as they did not meet the funding requirements at that time. Council will continue to work with State Government to gain assistance with improving the range of informal sites utilised by commuters across the District.

Planned projects for 2015/16

SP 2.5.4 Develop a footpath network plan

SP 2.6.2 Upgrade public transport node facilities ensuring all weather access and DDA compliance

SP 2.6.3 Determine future status of unmade roads and identify those to be retained

SP 2.6.6 Lobby State government for cycle lanes and improved safety

SP 2.6.7 Advocate for innovative transport routes (including Northern rail bypass) and alternative uses for existing rail corridor

Delivering on the strategic plan

Economic development

A strong, diverse and sustainable economy is an essential element in each of the District's local communities. Council understands that building on our strengths in food production, tourism and creativity will be of significant benefit to the whole Hills community.

An Economic Development Strategy which understands external pressures and employs practical economic development methods has been developed to support economic sustainability and growth. This Strategy is based on a detailed Economic Profile which provides an understanding of the local economy in its State and International contexts. The Strategy will be implemented by Council's Economic Development Officer.

To ensure agriculture maintains its local productivity and economic strength, the Hills' highly productive farm land must be protected from local and international impacts and preserved from the impacts of competing uses. Council is undertaking a review of its planning policies for rural areas to strengthen the role and viability of farming and to streamline planning requirements.

Tourism is one of the Adelaide Hills' key areas of economic growth. The area's natural and rural scenery, wineries, food,

and a strong calendar of events provide a strong base for new investment in further tourism development.

The Hills also contains a large number of professionals and creative businesses who can provide support to local businesses and organisations to meet the challenges of changing global markets and opportunities.

In essence, local government has conflicting roles in economic development in that on one hand it regulates and restricts through planning controls, policies and bylaws. On the other hand it provides encouragement for a wide range of business activities and functions. One of Council's intentions is to be more aware of how it can resolve these roles.

Council's economic roles will involve developing existing and potential economic sectors, working through existing business groupings, developing programs to assist economic development, improve Council's lobbying and co-operation roles, and improving branding and marketing.

Objectives

- 1 A strong, diverse and sustainable local economy.
- 2 Protected, enhanced and viable primary production land that continues to be one of the principle food bowls for Adelaide.
- 3 A well-promoted, innovative and sustainable tourism industry which complements the Hills setting.
- 4 Physical and organisational infrastructure network supporting economic activity.

The area's natural and rural scenery, wineries, food, and a strong calendar of events provide a strong base for new investment in further tourism development.



Adelaide Hills is one of six Councils preparing a World Heritage Bid for the Mount Lofty Ranges.

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Key achievements

SP 3.1.1 Prepare an Economic Development Strategy

Council is currently preparing an Economic Development Strategy to establish how it can best support the local economy. The Strategy identifies Council's role and sets out a range of actions it can take to provide practical and relevant assistance to our business community. In short, the Strategy is about providing opportunities for local businesses to be part of building a stronger local economy. The Strategy builds on an Economic Profile of the District's economic and business activity, and consultation meetings held in July. As this is the first time that Council has had a direct role in providing support to the local business community, it is very aware that this Strategy is the start of a longer term conversation. An Economic Development Officer will be appointed shortly to implement this Strategy.

SP 3.1.4 Develop and implement a Master Plan for AHBTC at Lobethal

The Adelaide Hills Business and Tourism Centre (AHBTC) is located in Lobethal in the Adelaide Hills. The AHBTC Masterplan completed during the year addresses the numerous issues and challenges for AHBTC and the Council in ensuring that the site is economically sustainable, preserves its heritage significance, and maintains the benefits of providing local employment and public use areas for both community and visitors. The Masterplan was informed by numerous studies, and by the consultation process with the AHBTC Advisory Group, tenants, Council Members and the local community undertaken from 2013-2015. The Master Plan process and Council resolutions have resulted in a decision to investigate the partial sale of AHBTC and enable investment back into the maintenance, management and development of the site.

During the development of the Master Plan a number of key issues have been identified that must be addressed before any sale can be realised. These include understanding the costs associated with major external infrastructure renewal, contamination and remediation of the site, future direction for the AHBTC Museum and heritage artefacts and separating services such as water, electricity, stormwater and sewer to enable possible division of the site. These issues were being progressed and are scheduled to be completed by January 2016.

SP 3.1.8 Pursue Stage 1 World Heritage Status (National Heritage)

Adelaide Hills is one of six Councils preparing a World Heritage Bid for the Mount Lofty Ranges. This Bid is for a working and evolving agricultural region, and is based on the concept of Systematic Colonisation which drove the formation of South Australia, and how this area has changed through time. The idea of having a World

Heritage status for a working and evolving farming area is new in that it doesn't try to stop change but allows the area to progress as it has over time. The Bid area takes in some of the most productive areas of the State and can bring significant economic development in terms of new markets and tourism. The area of the Bid will be based around the original surveys conducted to make land available for sale. The first step in this process is to gain National Heritage status after which the nomination to UNESCO for World Heritage Status can proceed.

SP 3.2.1 Prepare a Development Plan Amendment to protect farmland and primary production

The Adelaide Hills has some of the best farm land in the State, yet much of this land is being taken out of agricultural production. Council is preparing changes to its rural area planning policies with the intent of "Making Farming Easier", and to secure agriculture in the Hills as an economically, socially and environmentally sustainable activity. Council's Rural Land Management Advisory Committee has hosted nine consultation sessions with agricultural industry groups and rural communities to better understand how agriculture in the Hills works, its main issues, and how it relates to the wider Hills community. These sessions provided essential information to guide the creation of useful and relevant planning policy. A Working Party of local farmers was established to provide informed guidance during this policy development process. Council is using this knowledge to prepare a basis for changing its rural planning policy.



Further highlights

- A broad range of business groups and representatives were engaged in the consultation phase of the Economic Development Strategy.
- A new Economic Development Officer role was established and funded within the 2015/16 Budget.
- Council has continued to support a range of events during the year, such as the TDU, that support local business
- Funding support approaching \$80k (levied through a separate rate) was provided to the Stirling Business Association to promote Stirling as a destination, "The Gateway to the Hills".

Planned projects for 2015/16

SP 3.1.3 Establish a database of local, regional and industry small and home based business groups

SP 3.2.2 Identify appropriate agricultural value-adding activities and on-farm small businesses to improve farm viability

SP 3.2.3 Review the impact of regulation on farm viability and agricultural production

SP 3.4.3 Participate in review of need for an alternative road transport route from South Eastern freeway to Northern industrial hubs

SP 3.1.8 Pursue Stage 1 World Heritage Status (National Heritage)

SP 3.2.1 Progress the Development Plan Amendment to protect farmland and primary production

The Adelaide Hills has some of the best farm land in the State, yet much of this land is being taken out of agricultural production. Council is preparing changes to its rural area planning policies with the intent of "Making Farming Easier", and to secure agriculture in the Hills as an economically, socially and environmentally sustainable activity.

Delivering on the strategic plan

A recognised leading performer

Adelaide Hills Council has a significant role as a leader within its communities. We have both legislative and moral responsibilities to address risks for both the organisation and for the community. These responsibilities must be balanced with proactive Council actions using contemporary business practice.

As Council is responsible for allocating pooled resources and for making decisions on behalf of the entire community, it is critical that the community is engaged in the making of those significant decisions, and is kept aware of Council's actions and activities.

Strategic, practical and focussed internal systems and procedures allow Council to meet legislative and community requirements, to be strong, fair and accountable in all that we do in driving community initiatives or advocating for community benefit. As Council is responsible for allocating pooled resources and for making decisions on behalf of the entire community, it is critical that the community is engaged in the making of those significant decisions, and is kept aware of Council's actions and activities. Council is well aware that the circumstances and situations in which the community is to be informed, consulted, involved, partnered and empowered require clear definition to enable confidence in their decisions and resource allocations.

Council must operate as a sustainable and accountable organisation. To achieve this community resources must be managed in a way that benefits both current and future members of the community. To benefit community wellbeing and the environment, it is important to do more that manage well: positive and measurable improvements must also be achieved. In order to be an organisation that understands its communities, our functions and priorities are to be refined with staff engaged and actively working on priorities that align with Council's strategic objectives.

Objectives

- 1** Our communities are confident, as a result of strong, fair and accountable leadership.
- 2** A stable, sustaining and relevant organisation.
- 3** Our community is informed, consulted and involved in Council business and decision making.
- 4** A sustainable and high performing organisation that achieves its goals and objectives for the benefit of current and future generations.
- 5** An agile, cohesive, customer focussed organisation that provides value for money.



Key achievements

SP 4.2.1 Update the Risk Management Framework

Risk is inherent in all our activities at both corporate and community levels. Risk is not necessarily harmful. It can lead to either a benefit or loss. Risk management is crucial in enabling our organisation achieve its objectives. The Risk Management Framework sets out systems, processes and activities across the council that support the making of decisions that will reduce the impact of risk events on the achievement of our objectives.

Following the adoption of a revised Risk Management Framework by Council in June 2014 the Executive Leadership Team (ELT) determined that there was a need to have a consolidated picture of Council's strategic risk profile. As such the Executive have undertaken assessments of strategic risks throughout the year, and reported these through to the Audit Committee in summary form.

Work on the development of controls and mitigation plans for each of the strategic risks has progressed, and will be regularly monitored throughout 2015/16.

SP 4.3.1 Develop a Community Engagement Framework

The Community Engagement Framework has been developed providing guidance to undertaking engagement both internally and externally across Council. Training on how to use the Framework has commenced and is on-going.

The framework is supported by the Consultation Policy which was recently adopted by Council. These two documents provide the basis for the implementation of engagement processes across a range of community projects.

SP 4.3.3 Develop a Communication and Marketing Plan

The plan was finalised and the high priority actions were carried out. Those included changing the Council's website homepage to be more interactive and informative, reviewing the Council's branding and marketing style and establishing a more efficient and effective advertising approach.

SP 4.5.3 Establish a Customer Service Framework (also in Corporate Plan)

The new Customer Service Framework was completed in June 2014 and is aimed at improving the way we deliver customer service to the community. The Framework was developed in consultation with staff and describes the kind of service that residents and the broader community can expect from us through the development of service values, behaviours and standards. Keeping our community informed and being responsive to enquiries and requests is a key priority for us so we have committed to standard timeframes for key services that we provide.

In implementing the Framework, we have established regular reporting on our performance against the service standards. We have also delivered training to all employees in key customer service competencies as well as undertaken targeted reviews of some of our key customer service processes and systems. A customer survey was also undertaken at the beginning of 2015 to identify ways we can improve the customer experience.

Risk is inherent in all our activities at both corporate and community levels.

Keeping our community informed and being responsive to enquiries and requests is a key priority for us so we have committed to standard timeframes for key services that we provide.

Further highlights

- The 2015/16 Annual Budget was completed with strong alignment to the LTFP for the same year.
- The Consultation Policy has been endorsed by Council and combines the former Consultation and Public Notification Policies
- The Long Term Financial Plan (LTFP) was reviewed to capture the implications of the Sampson Flat Bush Fire in February 2015, with a further review scheduled for completion by December 2015.
- Monitoring of the internal financial control environment to meet new legislative requirements was achieved through the implementation of a system called 'Control Track'.

Planned projects for 2015/16

SP 4.1.1 Establish a Community Leadership Program

SP 4.1.2 Implement a formal and ongoing training program for Elected Members

SP 4.2.2 Undertake a compliance audit and where necessary review policies and procedures, or take action

SP 4.4.2 Review the Long Term Financial Plan (LTFP)

SP 4.4.3 Review Council's Rating Policy

SP 4.5.1 Implement a Leadership & People Development Framework



Organisation structure



Andrew Aitken, CEO



David Waters



Terry Crackett



Deb Richardson



Marc Salver

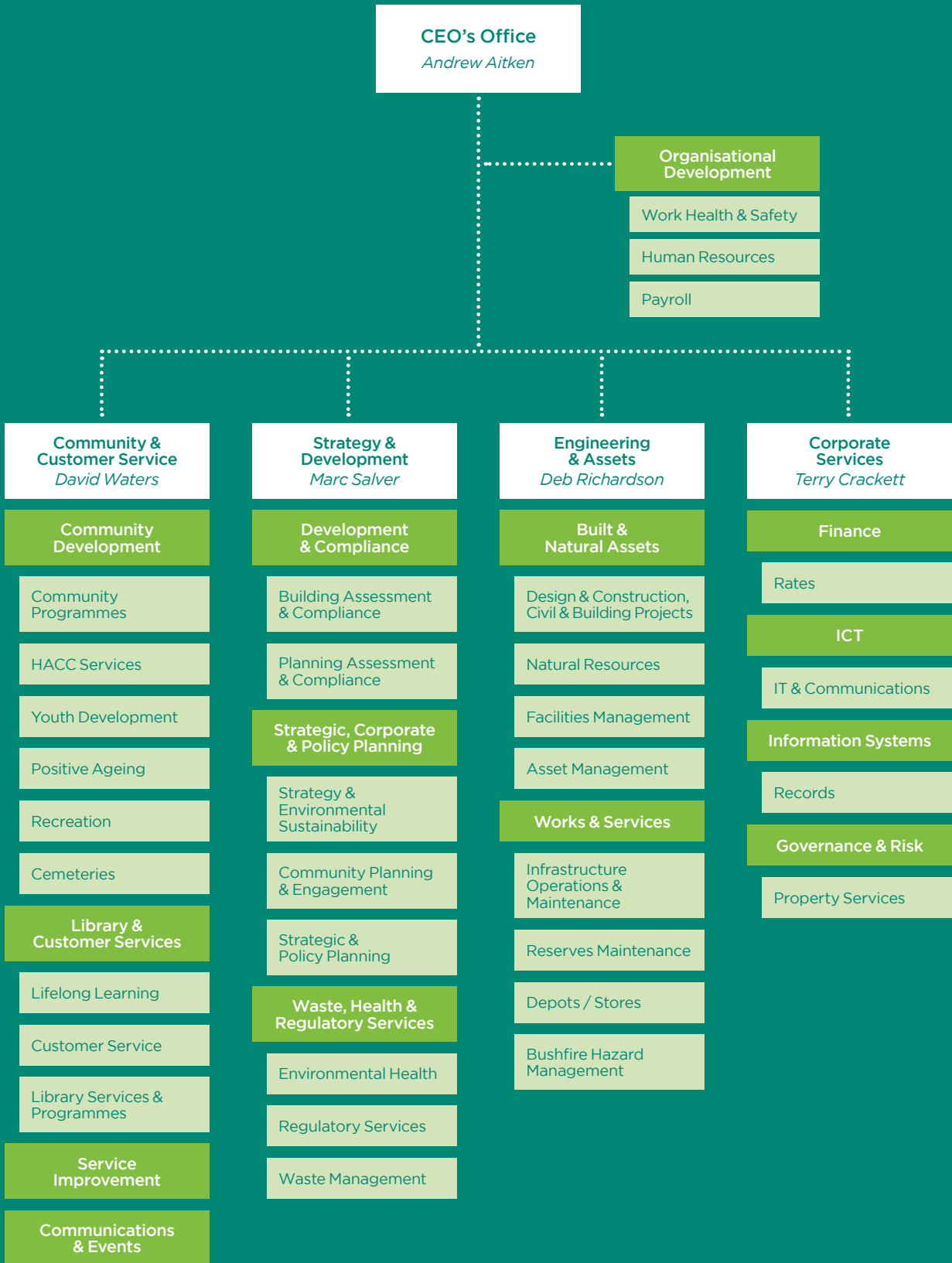
Andrew has over 15 years of management experience in both the local government and private sectors and is a strong advocate for strategic planning, accountable performance and continuous improvement. Achieving high performance through progressive leadership and people development is a key feature of Andrew's leadership style. Developing a culture that prides itself on customer service and delivering value for money to our community is also a high priority.

David has over 10 years' management experience in both state and local government. He has delivered a diverse range of services to metropolitan and regional communities in South Australia and interstate and has a strong background in project management. As a strategic thinker, David has a passion for understanding community needs and finding the most effective way to address them.

Throughout a very diverse and interesting career Terry has gained extensive executive level expertise across a broad range of sectors. This experience has largely been acquired from working within organisations focused on the provision of services to the community, and as such Terry not only values the opportunities such organisations provide, but enjoys working in an environment where his contribution leads to improved community outcomes.

Deb has enjoyed a 20 year career working with communities in a range of roles in local government. She has been responsible for leading the delivery of a variety of services including recreation, community development, urban planning, environmental sustainability and community engagement. Deb is passionate about working with the community to create and provide places and an environment in which people thrive.

Marc's local government career spans over 25 years. He is responsible for the management of the Council's strategic land-use planning functions, development assessment and Waste, Health and Regulatory services. He is committed to ensuring that Council's Development Plan is responsive to emerging issues and that planning and development in the Council area is undertaken in an environmentally sustainable manner, and in accordance with the Council's Development Plan.



As outlined in the Council's Strategic Plan, *Lofty Aspirations, Sustainable Actions 2014-18*, the Council's purpose is to nurture its unique place and people. With this in mind, it has adopted a number of community-focussed objectives, which will be achieved through a range of practical and deliverable actions.

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Delivering on our corporate plan

Out of the Strategic Plan, a Corporate Plan was developed which includes a range of projects focused on a culture of high performance throughout the organisation to best achieve the strategic and operational goals for our community. These essentially inwards facing projects continue the principles of Business Excellence established at Council in recent years, and builds a culture of service excellence, efficiency and continuous improvement.

Fundamentally, as an organisation we strive to:

- Provide value for money to the community
- Innovate and continuously improve
- Communicate and collaborate in a respectful and meaningful way
- Deliver excellent customer service
- Engage with the community and involve them in decision making
- Actively develop our people and leaders
- Create equal opportunity for all

The following information presented provides a status report on the Corporate Plan Projects identified in last year's Annual Business Plan.



Leadership

Corporate values and behaviours were redefined as part of the new Customer Service Framework which was scheduled to be formally received by Council in July 2015. The new values and behaviours have been incorporated into all position descriptions as well as key organisational development processes such as the performance development process. Employees are also encouraged to recognise their peers for demonstrating the values and behaviours through 'service value cards'.

A Leadership Development Framework was developed to cover a range of competencies for those people with responsibility for managing and leading people at Adelaide Hills Council. This forms the basis of leadership development planning and training. The first stages of training began in December 2014.

A review of the Performance and Development Plan was undertaken and a new process, called 4X8, was developed to identify priority goals for individuals and teams, to understand the strategic and corporate plan connections and priorities, to decide on ways for individuals to develop, to increase feedback between employees and leaders and to improve our enjoyment as we work. It involves individual discussions between employee and people leaders and then teams sharing their goals to increase understanding of roles and priorities, reduce duplication of work and encourage teams to work together for joint outcomes and improvements.

Leaders identify and implement opportunities for improvement in major corporate processes and systems. Looking for and seeking opportunities to improve the way we do things is expected of all employees. Part of the 4X8 process is to identify service improvements through the review and improvement of corporate processes, aiming to reduce waste or repetition and to simplify process within the organisation and for those using council services.



Strategy and policy

An Internal Sustainability Group was established in 2013 and has undertaken a number of corporate initiatives including the introduction of mini green organics bins, review of fleet vehicles and introduction of a self-managed waste system.

A simple framework is required to provide a common and consistent basis for each Department to plan its activities and projects on an annual basis. A module has been added to the Strategic Project Reporting Tool which allows each Manager to identify current and planned projects and understand their resource and other requirements for the coming year. A testing schedule for this module is being developed.

A project team has been established to improve Project Management practices across the Council. The Built and Natural Assets team is trialling the use of a framework based on the Project Management Institute's Project Management Body of Knowledge (PMBOK) Guide.



People

The new 4X8 process was introduced in December 2014. The process requires a 6 month plan to be agreed for each individual, and for field roles the goals are team based. Goals are monitored every two months over the 6 month period. Being in the first year of implementation, we are continuing to imbed this process.

An Internal Communications Framework has been developed which outlines the principles and objectives of internal communication, describes key communication channels, and outlines the key strategies and actions we will implement to ensure employees are informed and engaged. The Framework is aimed at improving communication within and between teams, improving dialogue between the organisation and people, empowering people to provide feedback and suggestions and building people's understanding of what the organisation is trying to achieve.

An Employee Opinion Survey was undertaken to gauge perceptions on a number of organisational activities and behaviours. Focus groups were held to seek more specific feedback from employees on key areas were work is continuing, these include - change management - training is being organised; reward and recognition - processes are being reviewed and updated; teamwork - improving cross departmental practices; and diversity - work continues to develop a plan over the coming year.



Key achievements include the realisation of \$234,541 in net recurrent savings which exceeded the target for year.



Partnership and resources

The 5S Framework is continuing to be used to improve workplace organisation. Key achievements for the period include identification of employees who could act as 'champions' and the completion of a 5S Project in the Records Mail room that realised safety benefits through the design and set up of the room and sorting bench as well as improved team morale and productivity savings.



Processes and customer service

A Benefits Realised Framework was established in April 2014 and used throughout the 2014/15 period to report on the financial and non-financial benefits realised through service and continuous improvement. A mid-year progress report was noted by the Audit Committee in November as well as the Annual Benefits Realised Report which was received and noted by the Committee in August 2015. Key achievements include the realisation of \$234,541 in net recurrent savings which exceeded the target for the year.

The overall satisfaction score of 74% was the third highest result of all Councils participating in the survey, which included eight other Councils, mainly from metropolitan Adelaide.



Results

The Customer Service Framework was completed in June and formally received and noted by Council in July. Implementation of the accompanying Action Plan is ongoing but notable achievements include delivery of training in the new framework and key competencies to all Council staff.

The internal IDEAS Database was reviewed and refreshed. It provides a single source repository and prioritisation tool for opportunities for improvement. Prioritisation criteria were streamlined to ensure the most impactful criteria were most heavily weighted.

The Process Improvement framework has been used to undertake team-based problem solving. Achievements include changes to the ordering of field uniforms and personal protective equipment and an increase in payments made to Council on the completion of employee training. These initiatives realised a total over \$14,000 in net recurrent savings and a 'once-off' saving of \$10,000 and were included in the Annual Benefits Realised Report to the Audit Committee. Analysis of the framework was also undertaken with a view to strengthening and further embedding it across the organisation.

A Customer Services Survey was undertaken in February and March 2015 by external consultants and focused on the experience of customers who had had an interaction with Council between December 2014 and March 2015. The overall satisfaction score of 74% was the third highest result of all Councils participating in the survey, which included eight other Councils, mainly from metropolitan Adelaide. Council also scored well on the Net Easy Score which indicates how easy it is to deal with Council and to have a query resolved. The survey also revealed key opportunities for improvement, including ensuring that all queries are resolved and that customer satisfaction does not decrease once a query progresses from the first point of contact.

Breakthrough Projects form part of the Council's overall Service Improvement program, the benefits of which are reported to the Audit Committee. 15 Breakthrough projects were undertaken with the majority completed in the 2014/15 period and three to be implemented in the first quarter of 2015/16. Notable benefits realised from these projects include:

- \$79,471 net recurrent savings through in-sourcing and purchase of a specialised vacuum trailer to manage maintenance of side entry pits
- \$78,000 net recurrent savings through the renewal of multi-function devices (office printers) from a reduction in leasing and 'click-charge' costs
- \$43,500 net recurrent savings through a review of light fleet procurement that resulted in more competitive pricing and a reduction in contractor costs by in-sourcing

Meeting customer service standards

During the current year a new Customer Service Framework was implemented with the primary objective of improving customer service through the development and implementation of service values, behaviours, competencies and standards.

This Framework included a range of service standards that commits Council to specific timeframes and communicates what customers can expect. By measuring performance against standards for the most frequently accessed services, we are able to demonstrate an ongoing commitment to customer service.

Measuring and reporting on performance against the standards within the Framework has been progressed with the June 2015 quarterly results published adjacent.

It is important to note that whilst the establishment of our Customer Services Standards are still within the early stages of development, the Council has sought to set targets that reflect long term desired outcomes, as opposed to a short term targets based on current actual levels. In doing so, the results to the right not only provide an understanding of where we are currently positioned, but help to establish a continuous improvement path for the organisation to focus on. Over the next 12 months it is anticipated that the reporting against these standards will be enhanced to reflect the level of improvement achieved.

Notes to the diagram: **1** Hazard reported was resolved within 1 hour of the target. **2** Most were resolved soon after the target response time. We are working toward achieving better response times to get to these high risk tree issues sooner. **3** Stormwater problems often happen together during big storms and it is a challenge to address them all at once. This target is being reviewed, as is our response process, to ensure the most hazardous situations are addressed first. **4** The number of wasp reports during the year significantly exceeded previous years.

By measuring performance against standards for the most frequently accessed services, we are able to demonstrate an ongoing commitment to customer service.

Rubbish and Recycling

Collect missed domestic bins within 2 days
Volume **185**
Target **95%**
Result **100%**



Illegal Dumping

Remove illegally dumped rubbish from council land within 3 days
Volume **46**
Target **80%**
Result **70%**



Footpaths

Resolve enquiries about low risk footpaths within 20 days
Volume **37**
Target **80%**
Result **73%**



Development

Approve fast track Development Applications within 20 days from lodgement
Volume **45**
Target **80%**
Result **98%**



Community Services

Acknowledge requests for Home and Community Care Services within 4 days
Volume **94**
Target **95%**
Result **100%**



Trees

Resolve high-risk/hazardous trees within 1 day²
Volume **17**
Target **80%**
Result **35%**

Dogs
Attend reports of currently occurring dog attacks within 2 hours
Volume **1**
Target **80%**
Result **100%**



Library
Make the School Holiday program and bookings available 2 weeks before holidays commence
Volume **1**
Target **95%**
Result **100%**



Trees
Resolve enquiries about low risk trees within 20 days
Volume **134**
Target **80%**
Result **71%**



Dogs

Investigate reports of dog attacks that have previously taken place within 1 day
Volume **7**
Target **80%**
Result **100%**



Rates

Process requests for change of address to rates notices within 3 days
Volume **82**
Target **80%**
Result **82%**



Stormwater

Resolve high-risk/hazardous stormwater pits within 1 day³
Volume **8**
Target **80%**
Result **38%**

Food & Health
Investigate and respond to reported food complaints within 1 day
Volume **0**
Target **80%**
Result **No instance**



Roads & Potholes
Resolve high-risk road hazards and potholes within 1 day
Volume **4**
Target **80%**
Result **50%**



Stormwater
Resolve enquiries about low risk blocked stormwater pits within 20 days
Volume **67**
Target **80%**
Result **81%**



Fire

Investigate reports of currently occurring illegal burning within 1 day
Volume **0**
Target **80%**
Result **No instance**



Roads & Potholes

Resolve enquiries about low risk road and pothole repairs within 20 days
Volume **105**
Target **80%**
Result **74%**



Wasps

Investigate and make safe reports of European Wasps within 2 days⁴
Volume **46**
Target **80%**
Result **70%**

Footpaths
Resolve high-risk trip hazard footpaths within 1 day¹
Volume **1**
Target **80%**
Result **0%**



Our customer service values

Our values define the way in which we go about our work. We strive to for a positive supportive organisational culture at Adelaide Hills Council. During 2014/15 Council adopted the following new service based values.

Available

We make it easy for our customers and colleagues to reach us.

Helpful

We are approachable and always willing to assist our customers and each other. We share our knowledge and commit to dealing with our customer queries responsibly.

Empathetic

We listen to the needs of customers and colleagues and appreciate each other's point of view.

Responsive

We are responsive to the needs and requests of our customers and colleagues. We keep them informed at all times so they know what to expect from us.

Reliable

We are honest, accurate and consistent in all that we do.

During 2014/15 we undertook significant internal engagement in the development of the Customer Service Framework and specifically the values and the behaviours. While the framework clearly sets an expectation around service behaviours, standards, competencies and the commitment to customers, it will not in and of itself improve the customer experience. With this in mind, a Customer Service Action Plan has been developed and is now being implemented.

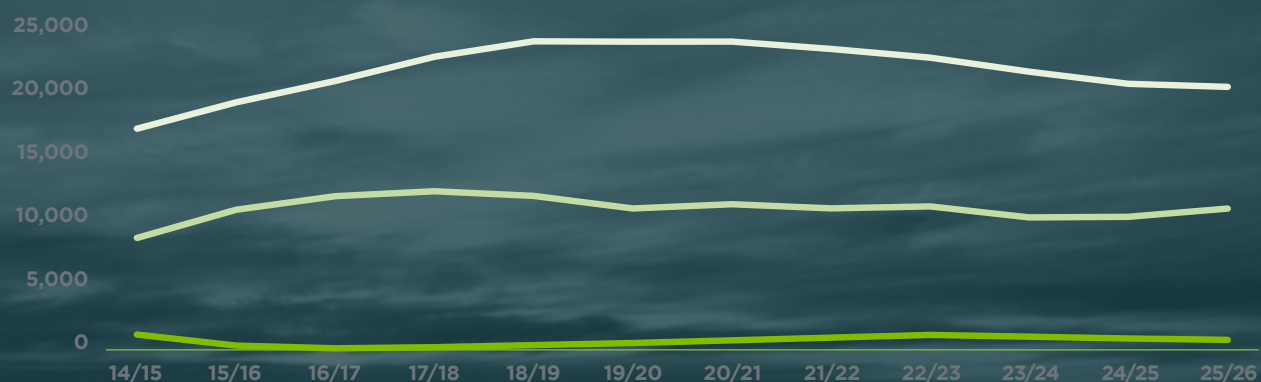
Maintaining financial sustainability

Council regularly updates its Long Term Financial Plan (LTFP) as part of its suite of Strategic Management Plans (which also include the Strategic Plan and the Asset Management Plan), to ensure financial sustainability is maintained.

The LTFP contains estimated financial statements consistent with those in Council's Annual Report for a period of at least ten years and includes estimates of the key ratios, operating surplus, net financial liabilities and asset sustainability. This illustrates the expected long term financial performance of the Council, and hence whether financial sustainability is being achieved.

The LTFP is a constantly evolving document and Council is periodically required to review and amend it to reflect actual results and current budgets. The most recently considered LTFP is based upon rate increases of CPI + 1% for the next ten years to fund additional infrastructure renewal and upgrade works, plus a once off increase of 1% in 2015/16 to provide for a proportion of the costs associated with the Sampson Flat bushfire. This increase will be removed for 2016/17.

In the remaining years of the LTFP, as the level of the operating surplus rises and the level of capital expenditure reduces, the forecast level of debt will return to levels similar to that of the current year.



Debt, capital and operating surplus forecast

- Operating result
- Capital investment
- Borrowings

The level of expenditure on asset renewal and upgrade is projected to grow over the next 6 years of the LTFP as is the level of anticipated debt. In the remaining years of the LTFP, as the level of the operating surplus rises and the level of capital expenditure reduces, the forecast level of debt will return to levels similar to that of the current year. These operating surpluses achieved in the later years of the LTFP will be used to retire debt. This is highlighted in the graph above.

Importantly the LTFP is used to set the context for the development of each year's budget by establishing targets for income and expenditure (including capital) which have been achieved for 2015/16. In achieving these targets there is a level of certainty provided to the community that our financial sustainability will be maintained.

2014/15 financial performance

Operating result

Council has reported a \$1.2m operating surplus for 2014/15. This result, though abnormally high, remains consistent with both the 2014/15 revised budget and Council's Long Term Financial Plan.

The result against forecast was heavily impacted on by the Sampson Flat Bushfire that occurred in January 2015 with a cost of approximately \$700k, and the advance grant revenue received in June 2015 (\$820k) relating to the 2015/16 Financial Assistance Grant (FAG).

The advance payment of the FAG has reduced the level of clarity associated with the operating result within the Financial Statements. Without the additional \$820k taken to revenue (and operating surplus) the underlying Operating Surplus would have been \$332k, which is broadly in line with the projected surplus of \$252k.

The key variations totalling \$900k favourable are listed below.

Item	\$'000 FAV/(UNFAV)
Financial Assistance Grant (early payment)	\$820
Electricity Savings (sustainability initiatives and pricing)	\$65
Domestic waste collection (truck route optimisation)	\$90
Rates (Objections and rebates lower than forecast)	\$40
Fuel (Diesel \$40k and Petrol \$25k)	\$65
Waste (Heathfield transfer station costs)	\$60
Fringe Benefits Tax (FBT abolition of statutory fractions)	(\$30)
End of Year Equity adjustment in East Waste	(\$50)
Sampson Flat Bushfire (finalisation of costs)	(\$65)
Fire Prevention (not SFBF)	(\$30)
Dog Registrations income lower than original forecast	(\$45)
Retirement Village Debenture loan interest (vacancies)	(\$20)
Other (Net)	\$0
TOTAL	\$900

Capital result

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Each year, Council budgets to maintain and renew its portfolio of infrastructure assets with a fair value replacement cost of \$484m, and a carrying value of \$300m, some ten times the general rate revenue raised each year to support it.

For the 2014/15 year there was a favourable capital works variation of \$1.77m which largely related to projects not finalised as at 30 June 2015 (\$1.33m Infrastructure and \$0.44m IT, fleet and Library Furniture). Whilst there were a number of drivers associated with the non-completion of work, the impacts of dealing with the Sampson Flat Bushfire was the primary one. The budget for these projects has been "carried forward" into 2015/16 to enable the works to be completed.

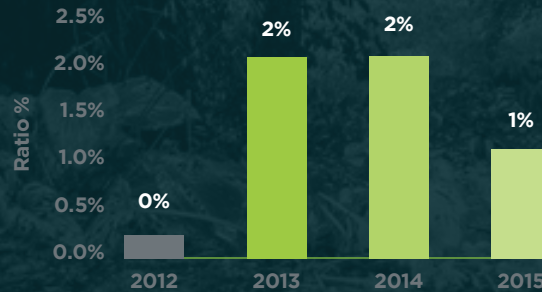
During the year all infrastructure assets on the Current Replacement Cost model were revalued in 2014/15, with Guardrails, Retaining Walls and Street Furniture inspected and their condition assessed, and their remaining live estimates updated accordingly. Previously these assets were revalued according to age.

Stormwater field work that was being undertaken at the start of the 2015/16 year identified approximately \$3m of assets that had previously been expensed, and in discussion with Council's external auditors, it was agreed to recognise these assets given the level of certainty available to support recognition.

During the year, Council provided \$7.4m for depreciation, reflecting the steady growth in the network base as renewals increase, and the reduced volatility in depreciation forecasting following regular revaluation of the infrastructure portfolio. Recognising that some assets have been depreciated down to zero, it is expected that depreciation expenses will increase as the capital renewal program intervenes in consumed assets and renews them.

Key financial indicators

A number of key financial indicators are used to enable an assessment of Council's performance over 2014/15 and alignment with our long term financial plan to ensure financial sustainability.



Indicator 1 Operating Surplus Ratio (Adjusted)

An operating surplus indicates the extent to which operating revenue is sufficient to meet all operating expenses and whether current ratepayers are paying for their consumption of resources. The Operating Surplus ratio expresses the operating surplus as a percentage of rates, net of NRM levy.

A negative ratio indicates the percentage increase in total rates required to achieve a break-even operating result.

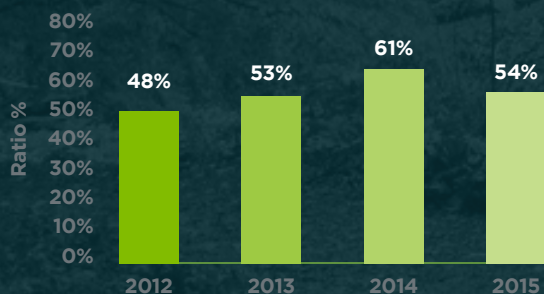
A positive ratio indicates the percentage of total rates available to fund capital expenditure over and above the level of depreciation expense without increasing council's level of net financial liabilities.

Target: **0-10%**

Result: **0.8%**

The ratio indicates the cost of services provided to ratepayers is being met from operating revenues with surplus's being used to fund infrastructure works in line with our Long Term Financial Plan projections. It has been 'adjusted' to remove the impacts of the early payment of 2015/16 Financial Assistance Grants totalling \$820k in order to provide additional clarity.

The result achieved aligned strongly to the revised budget for the year and reflected a moderate 'adjusted' operating surplus of \$333k. Whilst marginally lower than the previous year the outcome remains within the target range.



Indicator 2 Net Financial Liabilities Ratio

Net Financial Liabilities is an indicator of the Council's total indebtedness and includes all of a council's obligations including provisions for employee entitlements and creditors. This ratio indicates the extent to which the net financial liabilities of the Council can be met by the Council's total operating revenue.

Where the ratio is falling, it indicates that the Council's capacity to meet its financial obligations from operating revenues is strengthening. Where the ratio is increasing, it indicates that a greater amount of Council's operating revenues is required to service its financial obligations.

Target: **0-100%**

Result: **54%**

This ratio demonstrates that council's total indebtedness (including borrowings) can be met by our operating revenue.

As can be seen from the following graph the ratio has fallen from that of the previous year, yet original forecasts provided for a marginal increase. This variation is mostly attributable to two factors. Firstly the early payment of 2015/16 Financial Assistance Grants mentioned above, and secondly delays in the completion of some capital works as a result of staff resources being applied to the Sampson Flat Bushfire response.

Indicator 3 Asset Sustainability Ratio

This ratio indicates whether a Council is renewing or replacing existing infrastructure assets at the same rate that its asset management plan requires. The target for this ratio is to be between 90% and 110% in any given year, with 100% on average over five years. This would mean that Council is replacing 100% (or all) of the assets that require renewal.

Target: **90-110%**

Result: **80%**

The result achieved for this measure was below both the target and forecast range and, as highlighted in the graph above suggest a reasonably substantial decline on previous years. The result was driven by a number of factors including the following:

- Delays in the completion of capital works totally \$1.77m occurred as a result of staff resources being applied to the Sampson Flat Bushfire response a mentioned above.
- A review of the way costs have allocated between new and replacement assets has resulted in a much greater proportion being attributable to new assets. The level of total expenditure has however increased over the previous year.

During 2015/16 it is expected that the result for this indicator will return to be within the target range, as incomplete projects from 2014/15 are finalised and asset management plans are updated.

Glossary of terms

AHBTC	Adelaide Hills Business & Tourism Centre	ICLEI	International Council for Local Environmental Initiatives
AMP	Asset Management Plan	ICT	Information & Communication Technology
CEOPRP	Chief Executive Office Performance Review Panel	IS	Information Systems
CBD	Central Business District	JV	Joint Ventures
CPI	Consumer Price Index	KPI's	Key Performance Indicators
CRM	Customer Relationship Management	LTFP	Long Term Financial Plan
CWMS	Community Wastewater Management Systems	MOU	Memorandum of Understanding
CDAP	Council Development Assessment Panel	NDI	Non-Disclosed Information
DDA	Disability Discrimination Act	NRAML	Natural Resources Adelaide & Mt Lofty Ranges
DEWNR	Department of Environment, Water & Natural Resources	PV	Photovoltaic
DPA	Development Plan Amendment	SBA	Stirling Business Association
FAG	Financial Assistance Grant	SP	Strategic Plan
FBT	Fringe Benefits Tax	SPDPC	Strategic Planning & Development Policy Committee
		TDU	Tour Down Under
		WH&S	Work Health & Safety



General governance information

Transparent and accountable governance underpins Council’s business and is important in demonstrating that we are operating in the best interest of our communities.

The processes we employ are open and ethical, adhere to the law and stand up to scrutiny. The following information reports on required governance activity.

Council meetings

Full Council consists of the Mayor and 12 Ward Councillors. Council is the ultimate decision-making body of the organisation.

Council meetings are held on the fourth Tuesday of every month at Stirling and commence at 6.30pm. The Strategic Planning and Development Policy Committee (SPDPC) meetings are held on the second Tuesday of every month at Woodside and also commence at 6:30pm.

Members of the public are permitted to address the Council at any ordinary meeting. 12 ordinary meetings

of Council, 9 meetings of SPDPC and 6 special meetings were held in 2014/15.

Attendance at all Council and Committee meetings by the Mayor and Councillors in 2014/15 is detailed below. As the Council elections were held in November 2014, the list includes both previous and current members.

* Member not appointed to the committee and not required to attend.

Council Member for part period

^ Committee Member for part period

P: Present **A:** Apology

DAP: Development Assessment Panel

SPDPC: Strategic Planning & Development Policy

CEOPRP: CEO Performance Review Panel

	Council		Special Council		SPDPC		Audit Committee		Development Assessment Panel		Special CDAP		CEO Performance Review Panel	
	12		6		9		5		11		1		4	
	P	A	P	A	P	A	P	A	P	A	P	A	P	A
Total Meetings														
Bill Spragg	12	0	5	1	8	1	*	*	*	*	*	*	4	-
Ron Nelson	11	1	6	0	7	2	*	*	*	*	*	*	*	*
Jan-Claire Wisdom	8	4	4	2	7	2	*	*	*	*	*	*	3	1
Ian Bailey	12	0	6	0	6	3	*	*	*	*	*	*	*	*
Jan Loveday [^]	11	1	4	2	5	4	1	-	10	1	1	-	3	1
Kirrilee Boyd [#]	8	0	4	0	5	0	*	*	*	*	*	*	*	*
Nathan Daniell [#]	7	1	3	1	3	2	*	*	*	*	*	*	*	*
John Kemp [^]	12	0	6	0	9	0	4	-	10	1	1	-	*	*
Val Hall [#]	8	0	4	0	5	0	*	*	*	*	*	*		
Lynton Vonow	12	0	5	1	7	2	*	*	*	*	*	*	*	*
Andrew Stratford [^]	12	0	6	0	9	0	*	*	*	*	*	*	1	-
Linda Green [^]	12	0	6	0	9	0	*	*	8	3	1	-	3	-
Malcolm Herrmann [^]	11	1	6	0	9	0	4	-	*	*	*	*	*	*
Kate Hosking ^{# ^}	4	0	0	2	2	2	1	-	*	*	*	*	4	-
Simon Jones [#]	4	0	1	1	2	2	*	*	*	*	*	*	*	*
Bill Gale [#]	3	1	1	1	2	2	*	*	*	*	*	*	3	1

Allowances paid to council members

Council Members are entitled to receive an annual allowance, as determined by the Remuneration Tribunal pursuant to Section 76 of the LG Act for performing and discharging their official functions and duties.

Pursuant to the Remuneration Tribunal's Determination, the following amounts were prescribed for Council Members for 2014/15:

	1 July 2014 to 12 November 2014	13 November 2014 to 30 June 2015
Mayor/Principal Member	\$60,780 per annum	\$61,980 per annum
Deputy Mayor/Chair of Prescribed Committee	\$18,996 per annum	\$19,368 per annum
Other Elected Members	\$15,192 per annum	\$15,495 per annum

In addition to the allowance paid under section 76 of the *LG Act*, Council Members are entitled to receive the following under Council's Council Members Allowance and Support Policy:

- Reimbursement for travelling within the area of Council and child/dependent care expenses associated with attendance at a Prescribed Meeting.
- Reimbursement of other expenses including:
 - » The use of an iPad (or similar tablet computer) and associated software and 3G connection to be used primarily for Council business, such as document management (including Council Agenda and Minutes), communication and research (both Council Workspace and Internet).
 - » A Council email address for Council business
 - » Phone costs - call charges only
 - » Travel - for expenses incurred in travelling to a function or activity on Council business
 - » Conference, Seminar & Training Course Fees and associated Travel expenses

In addition to these, Council has resolved to make available to the Mayor (or Deputy Mayor during the Mayor's absence) the following additional facilities and support to assist them in performing and discharging their official functions and duties:

- A personal computer with the appropriate software at his/her home
- A mobile phone for Council business use
- A motor vehicle for official Council business use.

Council's Development Assessment Panel

The Council's Development Assessment Panel (CDAP) is established under Section 56A of the *Development Act 1993* and comprises three Members of Council plus four independent members (which includes an independent chairperson). Membership at the end of June 2015 is as follows:

- Dr Iris Iwanicki
(Presiding Independent Member)
- Mr Alistair McHenry
(Independent Member)
- Mr Graeme Hopkins
(Independent Member)
- Ms Kathryn Bellette
(Independent Member)
- Cr Linda Green
- Cr Jan Loveday
- Cr John Kemp

The Panel considers development applications (i.e. requests from people wishing to construct buildings or undertake other developments in the area) which cannot be decided upon by staff under delegation. CDAP meetings are held on the first Tuesday of each month at 6.30pm at Stirling.

Eleven ordinary meetings and one special meeting of the Panel were held during 2014/15.

The sitting fees paid to Independent members of the Development Assessment Panel were:

- Independent Presiding Member
\$500 per meeting
- Independent Ordinary Member
\$380 per meeting

Local Government Act Section 41 Committees

The Adelaide Hills Council has three S41 Committees, being the Strategic Planning & Development Policy Committee, the Audit Committee and the CEO Performance Review Panel.

Strategic Planning & Development Policy Committee

The Strategic Planning & Development Policy Committee (SPDPC), formed pursuant to Section 101A of the *Development Act, 1993*, comprises all elected members. The legislated role of this Committee is to develop land-use planning policies and initiate projects for the orderly and sustainable development of the Council district. Membership of this committee comprises all Council Members. Meetings are held on the second Tuesday of each month at 6.30pm.

The Strategic Planning & Development Policy Committee has direct delegation from Council to make decisions on behalf of Council, where the *Local Government Act 1999* allows. Where the committee lacks delegation, the matter is referred to Council for resolution.

Nine ordinary meetings of the committee were held during 2014/15.

There are no sitting fees payable to members of the Strategic Planning & Development Policy Committee.

Audit Committee

The Audit Committee was established by Council in 2005 in accordance with Section 126 of the *Local Government Act 1999*. Adelaide Hills Council established the Audit Committee because it saw the obvious benefits to Council of a committee specifically providing 'oversight' to items such as the budget, annual & quarterly reporting, external & internal audit and the risk management activities of Council.

The Audit Committee comprises five members, three independent members and two Council Members of Council. Membership at the end of June 2015 is as follows:

- Mr Peter Robertson
(Presiding Independent Member)
- Mr Peter Brass
(Presiding Independent Member)
- Mrs Paula Davies
(Independent Member)
- Cr John Kemp
- Cr Malcolm Herrmann

The role of the Audit Committee is to assist Council in the discharge of its responsibilities for financial reporting, maintaining a reliable system of internal controls and risk management, asset management, liaising with the external auditor and fostering the organisation's ethical development.

Five ordinary meetings were held during 2014/15.

The Audit committee has delegated authority to the extent allowed under the *Local Government Act 1999*, to make decisions on behalf of the Council. Where the committee lacks delegation, the matter is referred to Council for resolution.

The sitting fees paid to Independent members of the Audit Committee in 2014/15 were:

- Independent Presiding Member
\$525 per meeting
- Independent Ordinary Member
\$365 per meeting

Chief Executive Officer Performance Review Panel

The Chief Executive Officer Performance Review Panel (CEOPRP) was established as a Section 41 committee on 14 May 2013 to provide advice to Council on matters related to the Chief Executive Officer (CEO) and his performance. This process includes engaging an external consultant to undertake the review the CEO's performance against the position description requirements and the agreed set of key performance indicators for that year. Advice is also received on the remuneration package payable.

Membership as at the end of June 2015 is as follows:

- Deputy Mayor Jan-Claire Wisdom
(Presiding Member)
- Mayor Bill Spragg
- Cr Jan Loveday
- Cr Andrew Stratford
- Paula Davies
(Independent Member)

Four ordinary meetings were held during 2014/15.

The sitting fees paid to the Independent member of the CEOPRP in 2014/15 were:

- Independent Ordinary Member
\$365 per meeting

Agendas and minutes

All Council, Committee & CDAP meeting agendas are placed on public display at least five days prior to the holding of these meetings.

Minutes are placed on display within three days of meetings. Copies of agendas and minutes are available at Council's service centres and libraries and are posted on Council's website: ahc.sa.gov.au

Section 90(2) and 91(7) requirements – confidentiality orders

During 2014/15, 20 issues were considered in closed session, in accordance with Section 90(2) of the *Local Government Act 1999*:

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Date	Council/Committee	Item	Title	Local Govt. Act 1999 Section	S91(7) Status as at 30 June 2015
08/07/14	Council Special	4.4	CEO Review Panel Independent Member & Sitting Fees	90(2)	Released
15/07/14	CEO Performance Review Panel	6.3.1	Appointment of Consultant to facilitate Review	90(3)(d)	S91(7) Remained
22/07/14	Council	18.1	Appointment of Independent Member to AHBTC	90(3)(a)	Released
22/07/14	Council	18.2	Appointment of Independent Member to Audit Committee	90(3)(a)	Released
12/08/14	SPDPC	15.1	Townships & Urban Areas DPA - Seeking Minister's Approval for public consultation	90(2)	S91(7) Remained
26/08/14	Council	18.2	Lobethal Recreation Ground Sports Club Inc Proposal	90(2)	S91(7) Remained
02/09/14	CEO Performance Review Panel	6.1	2013-14 CEO Performance Review	90(3)(a)	Released
02/09/14	CEO Performance Review Panel	6.3	2014-15 CEO Key Performance Indicators	90(3)(a)	Released
02/09/14	CEO Performance Review Panel	6.2	2013-14 CEO Remuneration Review 2014-14	90(3)(a)	Released
09/09/14	Special Council	5.2	CEO Performance Review Panel – 2 September 2014 Meeting Recommendations	90(3)(a)	Released
23/09/14	Council	18.1	Internal Review of Council Decision - Fehring	90(2)(3)(a)	Released
23/09/14	Council	18.2	Appointment of Independent Members to the Adelaide Hills Biodiversity Advisory Group (BioAG)	90(2)(3)(a)	Released
28/10/14	Council	18.1.1	Award of Contract 24/14 Road Reconstruction	90(3)(d)	Released
25/11/14	Council	18.1.1	Primary Production Incentive Grants 2014/15 - Applications & Recommendations	90(3)(b)(d)(i)	Partially released. Partial S91(7) Remained
09/12/14	Council	18.1.1	Australia Day Awards 2015	90(3)	Released
24/03/15	Council	18.1.2	Intersection of Morella Grove & Shannon Road Bridgewater	90(2)	S91(7) Remained
28/04/15	Council	18.1.1	Appointment of Independent Members and Council Members to CDAP	90(2)	Released
26/05/15	Council	18.1.1	Appointment of Independent Members to Bushfire Advisory Group and Sustainability Advisory Group	90(2) 90(3)(a)	Released
26/05/15	Council	18.2.1	Event Opportunity (2015 Santos Tour Down Under)	90(2) 90(3)(j)	S91(7) Remained
09/06/15	Special Council	4.2.1	Regional Kerbside Service Tender and East Waste Membership	90(2) 90(3)(d)	S91(7) Remained

Council advisory groups

Council has the following Advisory Groups, operating under their own Terms of Reference, which have been formed to provide advice and support to Council's administration:

- AHBTC Advisory Group
- Biodiversity Advisory Group
- Bushfire Advisory Group
- Cemeteries Advisory Group
- Property Reference Group
- Rural Land Management Advisory Group
- Social Planning Reference Group
- Sport & Recreation Advisory Group
- Stirling Linear Park Advisory Group
- Sustainability Advisory Group
- The Summit Community Centre Advisory Committee
- Torrens Valley Community Centre Advisory Committee
- Youth Advisory Group

These groups do not report directly to Council.

Council has the following Panels, operating under their own Terms of Reference, which have been formed to provide advice and support to Council's administration:

- Australia Day Awards Panel
- Hills Voice Reference Panel

These panels do not report directly to Council.

Council's representation quota

The Adelaide Hills Council's total representation quota (the number of electors for each Elected Member, including Mayor) is 1 for every 2,238 electors as at 2014/15. The total number of electors is 29,094.

The Adelaide Hills Council's representation quota is comparable with Councils of similar populations:

- City of Holdfast Bay (electors 26,746) = 1:2,057
- Burnside (electors 31,607) = 1:2,431
- City of Unley (electors 26,988) = 1:2,076

Elector representation review

Under Section 12 of the *Local Government Act 1999*, an elector representation review must be conducted at least once in every eight (8) years. Section 12 of the *Local Government Act 1999* has provisions for Electors to make submissions on representations. The next review is scheduled to commence in 2016 for completion by April 2017. In undertaking the review a Representation Options Paper will be prepared. A public notice will notify the community that a representation review is occurring and invite interested parties to make written submissions. Those who make submissions will also have the option of making a presentation to Council or a Committee. A report on the results of the consultation will be prepared to be considered during the decision making process.

Public involvement in Council business

Members of the public may put forward their views to Council on particular issues, in a number of different ways:

Public forum

The Public is allocated a 10 minute segment at each Council and SPDPC meeting to address members with comments or questions.

Representations/deputations

With the permission of the Mayor or Committee Presiding Member, a member of the public can address a Committee or the Council personally or on behalf of a group of residents. Each representation is usually limited to a maximum time of 10 minutes. Persons wishing to access this opportunity are to make prior arrangements through the Mayor's Office on 8408 0438.

Petitions

Written petitions can be addressed to the Council on any issue within the Council's jurisdiction and are presented to the next meeting of Council following their receipt. Council's petitions policy provides guidelines for submitting petitions.

Written requests

A member of the public can write to the Council on any Council service, activity or policy. This can be carried out by post, addressed to the Chief Executive Officer, Adelaide Hills Council, PO Box 44, Woodside, SA 5244, or by Email to mail@ahc.sa.gov.au.

Community consultation

The Adelaide Hills Council consults with local residents on particular issues that affect their neighbourhoods, in accordance with our Public Consultation Policy.

Community forums

Four community forums were held this year (separate from regular Council meetings) with local community groups invited to attend and address Council on new and emerging issues as well as any local issues of concern. In a large peri-urban council area like Adelaide Hills, the holding of these forums in different townships is an important mechanism to provide residents with an opportunity to meet with and present information or concerns to Council. In 2014/15 these forums were held on:

- Tuesday 29 July 2014
at Cudlee Creek
- Tuesday 30 September 2014
at Charleston
- Tuesday 31 March 2015
at Forreston
- Tuesday 30 June 2015
at Basket Range

Public & private development

Residents are notified of development applications requiring public notification in accordance with the *Development Act 1993*. Various types of developments are exempted from public notification by the Development Act. When a development is publicly notified, persons who are entitled to be notified have the opportunity to write to Council expressing their views within the notification period and may ask to address the Council's Development Assessment Panel 'in person' before a decision is made.

Local residents may be consulted on the types of facilities and equipment during the design of infrastructure for public areas, including streetscapes, pursuant to Council's Public Consultation Policy.

Internal review of Council decisions

At the beginning of July 2014 there were two applications for S270 Internal Reviews of a Council Decision that were under review and Council received a further three applications during 2014/15. These five applications considered the rating treatment of a property, actions regarding a dog complaint, approval of a wastewater system, a building inspection and approval of a Development Application. Both decisions regarding the two applications that carried over from 2013/14 upheld the original decision. Of the three applications that were received this year, one application was withdrawn, one is on hold pending review of policy and one was unresolved by the end of June 2015.

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		Full Release	Partial Release	Refused
FOI Requests				
Outstanding from Previous period	0			
New Applications	21			
Total to be processed	21			
Unfinished at the end of Period	1			
Determined	20	12	4	4

Freedom of Information requests

Twenty two requests for information were made under the Freedom of Information Act in 2014/15 which was a significant increase from the eight (8) received in 2013/14. In summary:

Freedom of Information (FOI) applications can be submitted using an FOI Application form, available from the State Records website, Council's website or any of Council's Service Centres. An application fee (in accordance with Council's Fees & Charges Policy) must accompany the application. The State Records website provides detailed information on the FOI process or you can contact Council's FOI Officer.

FOI requests should be forwarded to:

*Freedom of Information Officer
Adelaide Hills Council
PO Box 44
WOODSIDE SA 5244*

The Freedom of Information Statement is reviewed and published annually on our website in accordance with the requirements of the *Freedom of Information Act 1991*.

Amendment to council records

Any member of the public may inspect Council documents relating to their personal affairs by a request under Part 4 Division 2 of the Freedom of Information Act 1991.

A member of the public may then request a correction to any information about themselves that is incomplete, incorrect or misleading, or out-of-date. Access to relevant Council records by a member of the public shall be by completion of a Freedom of Information Request Form. Amendment to any Council records, under this section, shall be requested by completion of a Freedom of Information Amendment of Records Form.

Fraud & corruption prevention

The Adelaide Hills Council is committed to acting in the best interest of the community and to upholding the principles of honesty, integrity and transparency, which are all key components of good governance.

The Council recognises that Fraud and Corruption have the potential to cause significant financial and non-financial harm and that the prevention and control of Fraud and Corruption should feature predominantly within the systems and procedures of a responsible Council.

Council has adopted a Fraud & Corruption Policy and a Whistleblower Policy to assist in meeting its good governance responsibilities. Training relating to the Independent Commission Against Crime was delivered across the organisation to ensure understanding of the obligations and responsibilities of public officers. The training addressed the issues of corruption, misconduct and maladministration in public administration.

Delegations/sub-delegations

The Chief Executive Officer and other officers have the delegated authority from Council (in accordance with Sections 44 and 101 of the Local Government Act 1999) to make decisions on a number of specified administrative and operational matters.

The Register of Delegations reflects the delegated authority from the Council to the Chief Executive Officer (and subsequently any sub-delegations). As a minimum, delegations are reviewed annually. The Delegations Register is available on our website or copies can be viewed at Customer Service Centres located in Stirling and Woodside.

Registers, codes and policies

Documents available for Public Inspection are as follows:

Local Government Act 1999 Registers:

- Section 68 Members Register of Interests
- Section 79 Members Register of Allowances and Benefits
- Section 105 Officers Register of Salaries
- Section 116 Officers Register of Interests
- Section 188 Fees and Charges
- Section 196 Community Management Plans
- Section 207 Community Land
- Section 231 Public Roads
- Section 252 By Laws

Local Government Act 1999 Codes:

- Section 63 Council Member Conduct
- Section 92 Code of Practice for Access to Meetings and Documents
- Section 110 Code of Conduct for Council Employees (Mandatory)
- Regulation 7 Code of Practice for Meeting Procedures

Local Government Act 1999 Statutory Policies:

- Section 48 Prudential Management Policy and procedures
- Section 49 Contracts and Tenders Policy
- Section 50 Public Consultation Policy
- Section 77(1)(b) Council Members Allowance and Benefits Policy
- Section 78 Provision of Facilities and Support for Council Members Policy
- Section 80A Council Member Training and Development Policy
- Section 125 Internal Control Policies
- Section 219 Place and Road Naming Policy
- Section 259 Policy on Order Making
- Section 270 Internal Review of Council Decisions Procedure

Local Government (Elections) Act 1999

- Part 14 Campaign Donation Returns prepared by candidates.

Freedom of Information Act 1991

- Section 9 Information Statement

Council discretionary policies

- Account Reconciliation
- Asset Management
- Buffers – An Essential Part of Rural Planning
- Building & Swimming Pool Inspection
- Capitalised Assets
- Caretaker
- Cat Management
- CDAP Complaints Handling
- Community and Neighbourhood Houses
- Community and Primary Production Grants
- Community Group Use of Photocopiers
- Community Groups Access to Waste Disposal Sites
- Community Information Display
- Complaints Handling
- Development Application Document Reproduction
- Development Application Fee Refunds
- Development Application Fee Waiver
- Development Applications Involving Significant Trees
- Directional Signage
- Disposal of Land
- Disposal of Materials
- Engagement of Management Consultants
- Equitable Commercial Trading Opportunities at Council Operated Events

- Festival and Events
- Floral Tributes for Memorial Services Support – Anzac Day
- Fraud & Corruption Prevention
- Genetically Modified Crops
- Internal Audit
- Kerbside Green Organics Service Implementation
- Keys to the City & Freedom of Entry
- Liquor Licencing
- Management of Built Heritage
- Mayors/Chairpersons Seeking Legal Advice
- Occasional Hiring of Council Meeting Rooms
- Outdoor Dining
- Privately Funded Development Plan Amendments
- Provision of Physical Models for Major Development Proposals
- Public Notification
- Rate Rebate
- Recreational Use Of Council Reserves & Public Space
- Reporting of Offences
- Request for Services
- Risk Management
- Road Rents
- Roadside Trading (Use of Public Road Verges for Business Purposes)
- School Parking & Associated Facilities
- Social
- Sport and Recreation
- Street Lighting
- Transport
- Treasury
- Tree Management
- Volunteers
- Wastewater System Application Fee Refunds
- Whistleblowers Protection

Access to council documents

The policies, codes and registers detailed above are available through Council's Service Centres for inspection and/or purchase by the public (for a fee as set out in Council's Fees & Charges Policy).

Most of these can also be accessed on Council's website ahc.sa.gov.au at no charge.

Community land management plans

The Adelaide Hills Council maintains a register and Community Land Management Plan for all land under its care and control that defines ownership details, location, principal usage, user groups, maintenance requirements, capital replacement criteria and details of equipment or improvements located thereon.

The Community Lands Register lists community lands and does not include any lands revoked or excluded under the *Local Government Act 1999*. A Community Lands Management Plan was adopted on September 2004.

The current version dated January 2010 is available for viewing on Council's website ahc.sa.gov.au.

Competitive tendering

It has been determined that a number of services provided by Council can most efficiently be provided by external contractors.

Where services are outsourced, a tender process is used to achieve best value for Council. Details are included in Council's Contracts and Tenders Policy. In 2014/15, there were 12 services that were subjected to the tender process.

Purchase of local goods and services

When goods and services are required, local suppliers are invited to tender.

All tenders are considered on an equal basis in accordance with the principles of fair trading and the requirements of National Competition Policy and the Trade Practices Act.

National Competition Policy

Council had no significant business activities during 2014/15 relating to the National Competition Policy.

Our people

The success of our organisation is reliant upon having skilled and knowledgeable employees enabling Council to undertake required work and provide services to the community.

We continue to focus on developing service improvement across the organisation, reviewing and refining processes to enable better service to our customers.

At 30 June 2015 Council employed 148.22 full time equivalent staff. Employee turnover was 15.24% which was up from the 12.35% of the previous year.

Performance process

The new process was launched in November 2014.

The process starts with a 6 monthly conversation and goal setting process between the employee and his/her leader. The conversation covers priority work goals, identifying required development, goals to personally improve their service values and behaviours and how they will enjoy their time at work. Progress against the goals is monitored over 2 month periods, including team discussion on the identified priorities. The process is in its infancy and further training is planned to imbed the process across the organisation.

Leadership development Framework

The first training against several elements of the framework was completed in December 2014.

The focus of the training was on understanding their own leadership styles, improving their communication with individuals and teams, developing coaching skills and facilitating team goal conversations.

Equity and diversity

We are committed to providing a workplace that is fair and equitable for all staff.

As an action from our Employee Opinion Survey we sought further feedback from employees on equity and diversity to support the ongoing development of our plan to guide future activities. Work on this is ongoing.

Organisational improvements

Additional work was also undertaken to seek feedback from employees on equity and diversity, which is being used in the formulation of an organisational wide plan; change management practices and impacts, that is informing develop areas for leaders and being used in the preparation of change management training and identifying opportunities to further improve cross functional teamwork, to increase service efficiency to external and internal customers.

Work Health and Safety and Injury Management (WHS & IM)

AHC prides itself in the delivery of a sound Work Health and Safety Management System which has been Safety at work is priority No.1.

Considerable effort is focused on ensuring our safe systems of work are being used and are effective. Ensuring everyone understands their responsibilities in managing health and safety, and that they are adequately training to undertake their work in a safe manner is always a priority.

Wellbeing initiatives such as health assessments, advice on exercise plans and dietary changes and skin checks are utilised by employees and supported by the Local Government Association Workers Compensation Scheme as initiatives to improve the health and wellbeing of employees.

We received 12 workers compensation claims (6 less than last year), 5 were referred for return to work plans. Where employees do have a lost time injury the focus is on returning the employee to the workplace as quickly as possible, which provides the best opportunity for a quick recovery and reduces lost days.

Council members' training & development

The Council is committed to providing training and development activities for its Council Members and recognises its responsibility to develop and adopt a policy for this purpose under the Local Government Act, Section 80A.

Mayor Bill Spragg attended the following:

- National General Assembly of the Australian Local Government Association (June 2015)

Councillor Jan Loveday, Deputy Mayor, attended the following:

- National General Assembly of the Australian Local Government Association (June 2015)

The newly elected Council undertook an induction program which incorporated the mandatory requirements. The induction program was integrated with the monthly developmental training sessions for Council Members and senior staff. Topics included:

- Ipad and Access Key Issue
- Council as a Legal Entity (1)
- Meeting Procedures (2)
- Conflict of Interest (3)
- Code of Conduct (3)
- LGA President's Lunch with Martin Hamilton-Smith
- ICAC Elected Member Breakfast
- Understanding Governmental and Parliamentary Processes (4)
- Relationship Between Council Members and Staff (5)
- Audit Committees
- Financial Management & Reporting (6)
- Planning Legislation
- Records Management including Council Members Rights to Access Information, Privacy and Obligations of Confidentiality.
- Public Speaking Skills for Council Members
- LGAE&T Online Modules - Annual Licence Fee
- LGAE&T Online Module - Financial Management and Reporting
- Communications Plan

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Executive management team arrangements

Council has an Executive Leadership Team that operates under the direction of the Chief Executive Officer.

The Chief Executive Officer and the four Directors have salary packages that incorporate the 9.5% compulsory superannuation and the provision of a motor vehicle for business and private use. Other benefits may include the provision of ICT equipment (a mobile telephone and tablet). Memberships for up to two Professional bodies may be paid. There are no bonuses and no other allowances for the CEO and Directors.

The Salary Register is available at the Stirling office.

Remuneration payable to Council's auditor

Remuneration payable for the annual audit of the Adelaide Hills Council's Annual Financial Statements for 2014/15 was \$21,816. No other remuneration was paid.

Rating information

Rates income accounts for approximately 84% of Council's total income and is used to deliver the services and maintain the infrastructure required by our community.

In the community there is always pressure to provide more services but it is important that this is balanced against the community's ability to pay today and into the future.

Rates are a form of property taxation and property values play an important part in determining how much each individual ratepayer contributes. As it is a system of taxation the rates paid may not directly relate to the services used by each ratepayer. Generally it is assumed the higher the value of the property relative to others in the community the higher the rates paid.

Local Government rates are based on the value of the property and a rate (in the dollar). Under the *Local Government Act 1999* councils may use one of three valuation methodologies:

- Capital value - value of land and all improvements
- Site value - value of land and any improvements which permanently affect the amenity of use of the land, such as drainage works but excluding value of buildings and other improvements, or
- Annual value - valuation of the rental potential of the property.

Council, as with most other metropolitan councils, uses the Capital Value basis. This is because it is a well understood concept as most of ratepayers can relate fairly easily to the market value of their property.

In applying the principles of any taxation it is important that the 5 principles of taxation (equity, benefit, ability to pay, efficiency, simplicity) are balanced against the policy objectives of taxation, which is the need to raise revenue and the effects of the tax on the community.

In the community there is always pressure to provide more services but it is important that this is balanced against the community's ability to pay today and into the future.

Basis of rating

Council applies the same rate in the dollar to all categories of ratepayer, except commercial and industrial ratepayers who pay a 15% premium over residential and primary productions ratepayers. Additionally, those primary production ratepayers genuinely in the business of primary production but not benefitting from a notional capital value for their property can apply for a 10% rebate.

Council has applied an additional separate rate for businesses in Stirling for a number of years. Approximately \$78k was raised in 2014/15 which is distributed to the Stirling Business Association to promote Stirling as a destination, the "Gateway to the Hills".

In addition to this a separate rate was adopted in 2014/15 to provide for the sealing of the northern end of Verrall Road, Upper Hermitage. This rate is levied on those properties that actually use this section of road.

The fixed charge system

The rating system provides for a fixed charge and a rate in the dollar which is applied against the property value. This was set at \$418 for 2014/15.

The fixed charge is generally recognised as a device to enhance equity among ratepayers. It ensures that the services to benefit all properties (or people) are recovered from them equally. It avoids the inherent penalties imposed on the lowest value properties by a minimum rate and on the highest value properties by a variable rate only. Fixed charges are particularly appropriate to (and prevalent in) rural/regional areas like the Adelaide Hills.

Rate capping

Capping limits the increase in rates paid on a principal place of residence to 15% maximum, subject to certain conditions. Each year's annual rates notice includes a rate capping application form, and applications are invited from any eligible ratepayer. *(NB: where recent improvements to a property have exceeded \$20,000 or the ownership/land use has changed, capping is not available. It is intended only to relieve existing ratepayers from sharp upwards capital revaluations outside their control.)*

Rate deferment for retirees

Council's policy on rate deferrals is consistent the *Local Government Act 1999*. It is aimed to alleviate the "asset rich, income poor" scenario which affects many retirees.

Regulation 13A(1) of the *Local Government (General) Regulations 1999*, allows any amount in excess of \$500 to be postponed, but the property must be the home of the qualifying senior, and interest applies on the deferred rates (at 1% over the cash advance debenture rate, calculated monthly)

There is a Seniors Postponement Scheme under Section 182A of the Act which allows ratepayers eligible to hold a State Seniors card to postpone some of the rates on their principal place of residence each year. Council can also allow the postponement of Rates payments under Section 182 if those payments would cause financial hardship.



Basis of rating

Council applies the same rate in the dollar to all categories of ratepayer, except commercial and industrial ratepayers who pay a 15% premium over residential and primary productions ratepayers.

The fixed charge system

The rating system provides for a fixed charge and a rate in the dollar which is applied against the property value. This was set at \$418 for 2014/15.



Rate capping

Capping limits the increase in rates paid on a principal place of residence to 15% maximum, subject to certain conditions.

Rate deferment for retirees

Council's policy on rate deferrals is consistent the *Local Government Act 1999*. It is aimed to alleviate the "asset rich, income poor" scenario which affects many retirees.



Rebate of Rates

The Local Government Act Division 5 requires Council to rebate rates on some land.

Mandatory Rebates

A Mandatory rebate of 100% applies to:

- Land predominantly used for service delivery or administration by a hospital or health centre incorporated under the South Australian Health Commission Act 1976.
- Land containing a church or other building used for public worship, or land used solely for religious purposes.
- Land being used for the purposes of a public cemetery.
- Land (other than land used as domestic premises) owned by, or under the care, control and management of, the Royal Zoological Society of South Australia Inc.

A Mandatory rebate of 75% applies to:

- Land occupied by a government school under a lease or licence & being used for educational purposes.
- Land occupied by a non-government school registered under Part 5 of the Education Act 1972 and being used for educational purposes.
- Land being used by a University or University college to provide accommodation and other forms of support for students on a not-for-profit basis.
- Land predominantly used for service delivery or administration by a community service organisation

as defined under Section s 161(3) & 161(4) of the Local Government Act 1999 (as amended).

- All properties owned by registered community housing associations.

The power to determine applications for mandatory rates rebates is delegated to the Chief Executive Officer, and where a mandatory rebate of 75% applies, Council will not consider any further rebates for that property. If Council is aware of an organisation entitled to a mandatory rebate, and that eligibility is not in doubt for that rebate, then the Chief Executive Officer can grant a rebate without first receiving an application.

Discretionary Rebates

Council has the power (under Section 166 of the *Local Government Act 1999* (as amended)) to grant discretionary rebates as follows:

- The rebate is desirable for the purpose of securing the proper development of the Council area (or part thereof).
- The rebate is desirable for the purpose of assisting or supporting business within the Council area.
- The rebate will conduce to the preservation of buildings or places of historic significance.
- The land being used for educational purposes.
- The land being used for agricultural, horticultural or floricultural exhibitions.
- The land is being used for a hospital or health centre.

- The land is being used to provide facilities or services for children or young persons.
- The land is being used to provide accommodation for the aged or disabled.
- The land is being used for a residential aged care facility approved for Commonwealth funding under the Aged Care Act 1997(Commonwealth) or a day therapy centre.
- The land is being used by an organisation which, in the opinion of Council, provides a benefit to the local community.
- The rebate relates to common property or land vested in a community corporation under the Community Titles Act 1996 over which the public has free and unrestricted access and enjoyment.
- The rebate is considered by Council to provide relief against what would otherwise amount to substantial changes in rates payable by a ratepayer due to changes in the basis or structure of the Council's rates, or a change in the basis of valuation, rapid changes in valuation or anomalies in valuations.
- A liability to pay a rate or charge that is inconsistent with the liabilities that were anticipated by the Council in its annual business plan.
- The power to determine applications for discretionary rebates of rates has been delegated to the Chief Executive Officer.

Applications for a rates rebate must be made in writing and accompanied by the appropriate supporting documentation.

Appendix 1 ***Financial statements***

Year ended 30 June 2015

Adelaide Hills Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Nurturing our unique place and people



Adelaide Hills Council

General Purpose Financial Statements for the year ended 30 June 2015

Certification of Financial Statements

We have been authorised by the Council to certify the financial statements in their final form.

In our opinion:

- the accompanying financial statements comply with the *Local Government Act 1999*, *Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards,
- the financial statements present a true and fair view of the Council's financial position at 30 June 2015 and the results of its operations and cash flows for the financial year,
- internal controls implemented by the Council provide a reasonable assurance that the Council's financial records are complete, accurate and reliable and were effective throughout the financial year,
- the financial statements accurately reflect the Council's accounting and other records.



Andrew Aitken
CHIEF EXECUTIVE OFFICER



Bill Spragg
MAYOR

Date: 28/10/2015

Adelaide Hills Council

Statement of Comprehensive Income for the year ended 30 June 2015

\$ '000	Notes	2015	2014
Income			
Rates Revenues	2a	32,312	31,389
Statutory Charges	2b	911	811
User Charges	2c	1,258	1,175
Grants, Subsidies and Contributions	2g	4,515	3,252
Investment Income	2d	38	41
Reimbursements	2e	307	254
Other Income	2f	321	398
Net Gain - Equity Accounted Council Businesses	19	50	86
Total Income		39,712	37,406
Expenses			
Employee Costs	3a	13,382	12,777
Materials, Contracts & Other Expenses	3b	16,932	16,809
Depreciation, Amortisation & Impairment	3c	7,375	6,952
Finance Costs	3d	859	897
Net loss - Equity Accounted Council Businesses	19	12	227
Total Expenses		38,560	37,662
Operating Surplus / (Deficit)		1,152	(256)
Asset Disposal & Fair Value Adjustments	4	(1,554)	(3,274)
Amounts Received Specifically for New or Upgraded Assets	2g	920	2,055
Net Surplus / (Deficit) ¹		518	(1,475)
Other Comprehensive Income			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Changes in Revaluation - Infrastructure Assets	9a	8,952	11,886
Share of Other Comprehensive Income - Equity Accounted Council Businesses	19	0	58
Total Other Comprehensive Income		8,952	11,944
Total Comprehensive Income		9,470	10,469

¹ Transferred to Equity Statement

Adelaide Hills Council

Statement of Financial Position

as at 30 June 2015

\$ '000	Notes	2015	2014
ASSETS			
Current Assets			
Cash and Cash Equivalents	5a	1,672	714
Trade & Other Receivables	5b	3,866	3,118
Inventories	5d	17	18
Subtotal		5,555	3,850
Non-Current Assets Held for Sale	20	-	400
Total Current Assets		5,555	4,250
Non-Current Assets			
Financial Assets	6a	107	181
Equity Accounted Investments in Council Businesses	6b	1,271	1,279
Infrastructure, Property, Plant & Equipment	7a	300,302	291,097
Other Non-Current Assets	6c	3,124	3,420
Total Non-Current Assets		304,804	295,977
TOTAL ASSETS		310,359	300,227
LIABILITIES			
Current Liabilities			
Trade & Other Payables	8a	8,951	11,033
Borrowings	8b	6,806	9,100
Provisions	8c	1,282	1,180
Subtotal		17,039	21,313
Liabilities relating to Non-Current Assets Held for Sale	20	-	-
Total Current Liabilities		17,039	21,313
Non-Current Liabilities			
Borrowings	8b	10,000	5,000
Provisions	8c	182	150
Total Non-Current Liabilities		10,182	5,150
TOTAL LIABILITIES		27,221	26,463
Net Assets		283,138	273,764
EQUITY			
Accumulated Surplus		132,487	131,046
Asset Revaluation Reserves	9a	148,485	140,440
Other Reserves	9c	2,166	2,278
Total Council Equity		283,138	273,764

The above statement should be read in conjunction with the accompanying Notes and Significant Accounting Policies.

Adelaide Hills Council

Statement of Changes in Equity for the year ended 30 June 2015

\$ '000	Notes	Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	Total Equity
2015					
Balance at the end of previous reporting period		131,046	140,440	2,278	273,764
Restated Opening Balance		131,046	140,440	2,278	273,764
d. Net Surplus / (Deficit) for Year		518	-	-	518
e. Other Comprehensive Income					
- Gain (Loss) on Revaluation of Infrastructure Assets	7a	-	8,952	-	8,952
Other Comprehensive Income		0	8,952	-	8,952
- Other Movements - Library Asset Revaluation Reserve		907	(907)		-
Total Comprehensive Income		1,425	8,045	-	9,470
f. Transfers between Reserves		16	-	(112)	(96)
Balance at the end of period		132,487	148,485	2,166	283,138

The above statement should be read in conjunction with the accompanying Notes and Significant Accounting Policies.

Adelaide Hills Council

Statement of Changes in Equity
for the year ended 30 June 2015

\$ '000	Notes	Asset			Total Equity
		Accumulated Surplus	Revaluation Reserve	Other Reserves	
2014					
Balance at the end of previous reporting period		130,693	128,554	4,048	263,295
Restated Opening Balance		130,693	128,554	4,048	263,295
d. Net Surplus / (Deficit) for Year		(1,475)	-	-	(1,475)
e. Other Comprehensive Income					
- Gain (Loss) on Revaluation of Infrastructure Assets	7a	-	11,886	-	11,886
- Share of Other comprehensive Income - Equity Accounted Council Businesses	19	58	-	-	58
Other Comprehensive Income		58	11,886	-	11,944
Total Comprehensive Income		(1,417)	11,886	-	10,469
f. Transfers between Reserves		1,770	-	(1,770)	-
Balance at the end of period		131,046	140,440	2,278	273,764

The above statement should be read in conjunction with the accompanying Notes and Significant Accounting Policies.

Adelaide Hills Council

Statement of Cash Flows

for the year ended 30 June 2015

\$ '000	Notes	2015	2014
Cash Flows from Operating Activities			
<u>Receipts</u>			
Rates Receipts		32,035	31,052
Statutory Charges		911	811
User Charges		1,258	1,293
Grants, Subsidies and Contributions (operating purpose)		4,518	3,729
Investment Receipts		38	41
Reimbursements		307	274
Other Receipts		2,175	2,333
<u>Payments</u>			
Payments to Employees		(13,397)	(12,733)
Payments for Materials, Contracts & Other Expenses		(20,988)	(16,470)
Finance Payments		(859)	(889)
Net Cash provided by (or used in) Operating Activities	11b	5,998	9,441
Cash Flows from Investing Activities			
<u>Receipts</u>			
Amounts Received Specifically for New/Upgraded Assets		920	2,055
Sale of Replaced Assets		17	795
Repayments of Loans by Community Groups		24	-
Distributions Received from Equity Accounted Council Businesses		58	226
<u>Payments</u>			
Expenditure on Renewal/Replacement of Assets		(5,932)	(12,340)
Expenditure on New/Upgraded Assets		(2,571)	(650)
Loans Made to Community Groups		-	(39)
Capital Contributed to Equity Accounted Council Businesses		(12)	(227)
Net Cash provided by (or used in) Investing Activities		(7,496)	(10,180)
Cash Flows from Financing Activities			
<u>Receipts</u>			
Proceeds from Borrowings		4,935	-
<u>Payments</u>			
Repayments of Borrowings		-	(67)
Repayment of Bonds & Deposits		-	(1)
Repayment of Aged Care Facility Deposits		(154)	(128)
Net Cash provided by (or used in) Financing Activities		4,781	(196)
Net Increase (Decrease) in Cash Held		3,283	(935)
plus: Cash & Cash Equivalents at beginning of period	11	(8,161)	(7,226)
Cash & Cash Equivalents at end of period	11	(4,878)	(8,161)

The above statement should be read in conjunction with the accompanying Notes and Significant Accounting Policies.

Adelaide Hills Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted by Council in the preparation of these consolidated financial statements are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated.

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

This general purpose financial report has been prepared in accordance with Australian Accounting Standards as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and relevant South Australian legislation.

The financial report was authorised for issue by certificate under regulation 14 of the *Local Government (Financial Management) Regulations 2011*.

1.2 Historical Cost Convention

Except as stated below, these financial statements have been prepared in accordance with the historical cost convention.

1.3 Critical Accounting Estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates, and requires management to exercise its judgement in applying Council's accounting policies.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of these Notes.

1.4 Rounding

All amounts in the financial statements have been rounded to the nearest thousand dollars (\$'000).

2 The Local Government Reporting Entity

Adelaide Hills Council is incorporated under the South Australian *Local Government Act 1999* and has its principal place of business at 28 Onkaparinga Valley Road, Woodside 5244. These financial statements include the Council's direct operations and all entities through which Council controls resources to carry on its functions. In the process of reporting on the Council as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

3 Income Recognition

Income is measured at the fair value of the consideration received or receivable. Income is recognised when the Council obtains control over the assets comprising the income, or when the amount due constitutes an enforceable debt, whichever first occurs.

Where grants, contributions and donations recognised as incomes during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the amounts subject to those undischarged conditions are disclosed in these notes. Also disclosed is the amount of grants, contributions and receivables recognised as incomes in a previous reporting period which were obtained in respect of the Council's operations for the current reporting period.

In June 2015 the Federal Government paid Council \$820k of untied grant revenue that is an early payment of the 2015/16 Financial Assistance Grant allocation. This has been recognised as income on receipt, in advance of the year of allocation. Accordingly, the operating results of these periods have been distorted compared to those that would have been reported had the grants been paid in a consistent manner.

The actual amounts of untied grants received during the reporting periods (including the advance allocations) are disclosed in Note 2.

Adelaide Hills Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies (continued)

4 Cash, Cash Equivalents and other Financial Instruments

Cash Assets include all amounts readily convertible to cash on hand at Council's option with an insignificant risk of changes in value with a maturity of three months or less from the date of acquisition.

Receivables for rates and annual charges are secured over the subject land, and bear interest at rates determined in accordance with the Local Government Act 1999. Other receivables are generally unsecured and do not bear interest.

All receivables are reviewed as at the reporting date and adequate allowance made for amounts the receipt of which is considered doubtful.

All financial instruments are recognised at fair value at the date of recognition. A detailed statement of the accounting policies applied to financial instruments forms part of Note 13.

5 Inventories

Inventories held in respect of stores have been valued by using the weighted average cost on a continual basis, after adjustment for loss of service potential. Inventories held in respect of business undertakings have been valued at the lower of cost and net realisable value.

Revenues arising from the sale of property are recognised in the operating statement when settlement is completed.

5.1 Other Real Estate Held for Resale

Properties not acquired for development, but which Council has decided to sell as surplus to requirements, are recognised at the carrying value at the time of that decision.

6 Infrastructure, Property, Plant & Equipment (IPPE)

6.1 Initial Recognition

All assets are initially recognised at cost. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition.

All non-current assets purchased or constructed are capitalised as the expenditure is incurred and depreciated as soon as the asset is held "ready for use". Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including architects' fees and engineering design fees and all other costs incurred. The cost of non-current assets constructed by the Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

6.2 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Council for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life. Examples of capitalisation thresholds applied during the year are given below. No capitalisation threshold is applied to the acquisition of land or interests in land.

6.3 Subsequent Recognition

All material asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. Significant uncertainties exist in the estimation of fair value of a number of asset classes including land, buildings and associated structures and infrastructure. Further detail of these uncertainties, and of existing valuations, methods and valuers are provided at Note 7.

During the year Council's Land assets were revalued according to the State Valuer General's indexation of vacant land valuations in the Council area to 2014. The resulting adjustments to prior year valuations are disclosed in note 7 and in the Statement of changes in Equity.

The initial recognition of previously constructed assets has been included in asset revaluations, as the adjustment records the existence of an asset not previously valued. The affected categories in 2014 were Kerb and Gutter, Guardrail and Retaining walls

Adelaide Hills Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies (continued)

and details of the adjustments applied are disclosed in note 23

6.4 Depreciation of Non-Current Assets

Other than land, all infrastructure, property, plant and equipment assets recognised are systematically depreciated over their useful lives on a straight-line basis which, in the opinion of Council, best reflects the consumption of the service potential embodied in those assets.

Depreciation methods, useful lives and residual values of classes of assets are reviewed annually.

Major depreciation periods for each class of asset are listed below. Depreciation periods for infrastructure assets have been estimated based on the best information available to Council, but appropriate records covering the entire life cycle of these assets are not available, and extreme care should be used in interpreting financial information based on these estimates.

6.5 Impairment

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount (which is the higher of the present value of future cash inflows or value in use).

For assets whose future economic benefits are not dependent on the ability to generate cash flows, and where the future economic benefits would be replaced if Council were deprived thereof, the value in use is the depreciated replacement cost. In assessing impairment for these assets, a rebuttable assumption is made that the current replacement cost exceeds the original cost of acquisition.

Where an asset that has been revalued is subsequently impaired, the impairment is first offset against such amount as stands to the credit of that class of assets in Asset Revaluation Reserve, any excess being recognised as an expense.

6.6 Borrowing Costs

Borrowing costs in relation to qualifying assets (net of offsetting investment revenue) have been capitalised in accordance with AASB 123 "Borrowing

Costs". The amounts of borrowing costs recognised as an expense or as part of the carrying amount of qualifying assets are disclosed in Note 3, and the amount (if any) of interest revenue offset against borrowing costs in Note 2.

7 Investment property

Investment property comprises land &/or buildings that are principally held for long-term rental yields, capital gains or both that is not occupied by Council.

Investment property is carried at fair value, representing an in-house valuation based on a discounted cash flow analysis.

Annual changes in the fair value of Investment Properties are recorded in the Income Statement as part of "Investment Income".

Full revaluations are carried out every three to five years with an appropriate index utilised each year in between the full revaluations.

The last full revaluation for Council's Investment Properties was dated 30/6/2011.

8 Payables

8.1 Goods & Services

Creditors are amounts due to external parties for the supply of goods and services and are recognised as liabilities when the goods and services are received. Creditors are normally paid 30 days after the month of invoice. No interest is payable on these amounts.

8.2 Payments Received in Advance & Deposits

Amounts other than grants received from external parties in advance of service delivery, and security deposits held against possible damage to Council assets, are recognised as liabilities until the service is delivered or damage reinstated, or the amount is refunded as the case may be.

9 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred and are subsequently measured at amortised cost. Any difference between

Adelaide Hills Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies (continued)

the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period to which it relates, and is recorded as part of "Payables".

10 Employee Benefits

10.1 Salaries, Wages & Compensated Absences

Liabilities for employees' entitlements to salaries, wages and compensated absences expected to be paid or settled within 12 months of reporting date are accrued at nominal amounts (including payroll based oncosts) measured in accordance with AASB 119.

Liabilities for employee benefits not expected to be paid or settled within 12 months are measured as the present value of the estimated future cash outflows (including payroll based oncosts) to be made in respect of services provided by employees up to the reporting date. Present values are calculated using government guaranteed securities rates with similar maturity terms.

No accrual is made for sick leave as Council experience indicates that, on average, sick leave taken in each reporting period is less than the entitlement accruing in that period, and this experience is expected to recur in future reporting periods. Council does not make payment for untaken sick leave.

10.2 Superannuation

The Council makes employer superannuation contributions in respect of its employees to the Statewide Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently. No changes in accounting policy have occurred during either the current or previous reporting periods. Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 18.

11 Provisions

Provisions for Reinstatement, Restoration and Rehabilitation

Close down and restoration costs include the dismantling and demolition of infrastructure and the removal of residual materials and remediation and rehabilitation of disturbed areas. Estimated close down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, and are carried at the net present value of estimated future costs.

Although estimated future costs are based on a closure plan, such plans are based on current environmental requirements which may change. Council's policy to maximise recycling is extending the operational life of these facilities, and significant uncertainty exists in the estimation of the future closure date.

12 Leases

Lease arrangements have been accounted for in accordance with Australian Accounting Standard AASB 117.

In respect of finance leases, where Council substantially carries all of the risks incident to ownership, the leased items are initially recognised as assets and liabilities equal in amount to the present value of the minimum lease payments. The assets are disclosed within the appropriate asset class, and are amortised to expense over the period during which the Council is expected to benefit from the use of the leased assets. Lease payments are allocated between interest expense and reduction of the lease liability, according to the interest rate implicit in the lease.

In respect of operating leases, where the lessor substantially retains all of the risks and benefits incident to ownership of the leased items, lease payments are charged to expense over the lease term.

13 Construction Contracts

Construction works undertaken by Council for third parties are generally on an agency basis where the

Adelaide Hills Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies (continued)

third party reimburses Council for actual costs incurred, and usually do not extend beyond the reporting period. As there is no profit component, such works are treated as 100% completed. Reimbursements not received are recognised as receivables and reimbursements received in advance are recognised as "payments received in advance".

For works undertaken on a fixed price contract basis, revenues and expenses are recognised on a percentage of completion basis. Costs incurred in advance of a future claimed entitlement are classified as work in progress in inventory. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

14 Joint Ventures and Associated Entities

Council participates in cooperative arrangements with other Councils for the provision of services and facilities. Council's interests in cooperative arrangements, which are only recognised if material, are accounted for in accordance with AASB 128 and set out in detail in Note 19.

15 GST Implications

In accordance with Urgent Issues Group (UIG) Abstract 1031 "Accounting for the Goods & Services Tax"

- Receivables and Creditors include GST receivable and payable.
- Except in relation to input taxed activities, revenues and operating expenditures exclude GST receivable and payable.
- Non-current assets and capital expenditures include GST net of any recoupment.
- Amounts included in the Statement of Cash Flows are disclosed on a gross basis.

16 New accounting standards and Urgent Issues Group (UIG) interpretations

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2015.

Council has not adopted any of these standards early.

Council's assessment of the impact of these new standards and interpretations is set out below.

Apart from the AASB disclosures below, there are no other standards that are "not yet effective" which are expected to have a material impact on Council in the current or future reporting periods and on foreseeable future transactions.

Applicable to Local Government:

AASB 9 - Financial Instruments (and associated amending standards)

AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement and has an effective date for reporting periods beginning on or after 1 January 2018 (and must be applied retrospectively).

The overriding impact of AASB 9 is to change the requirements for the classification, measurement and disclosures associated with financial assets.

Under the new requirements the four current categories of financial assets stipulated in AASB 139 will be replaced with two measurement categories:

- fair value and
- amortised cost (where financial assets will only be able to be measured at amortised cost where very specific conditions are met).

AASB 15 - Revenue from contracts with customers and associated amending standards

AASB 15 introduces a five step process for revenue recognition with the core principle of the new Standard being that entities recognise revenue so as to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services.

Adelaide Hills Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies (continued)

The changes in revenue recognition requirements in AASB 15 may cause changes to accounting policies relating to the timing and amount of revenue recorded in the financial statements as well as additional disclosures.

The full impact of AASB 15 has not yet been ascertained or quantified.

AASB 15 will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts.

The effective date of this standard is for annual reporting periods beginning on or after 1 January 2017.

AASB 124 - Related Party Disclosures

From 1 July 2016, AASB 124 Related Party Disclosures will apply to Council.

This means that Council will be required to disclose information about related parties and Council transactions with those related parties.

Related parties will more than likely include the Mayor, Councillors and certain Council staff. In addition, the close family members of those people and any organisations that they control or are associated with will be classified as related parties (and fall under the related party reporting requirements).

17 Comparative Figures

To ensure comparability with the current reporting period's figures, some comparative period line items and amounts may have been reclassified or individually reported for the first time within these financial statements and/or the notes.

18 Disclaimer

Nothing contained within these statements may be taken to be an admission of any liability to any person under any circumstance.

Adelaide Hills Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

Note 2. Income

\$ '000	Notes	2015	2014
(a). Rates Revenues			
General Rates			
General Rates		30,235	29,408
Less: Mandatory Rebates		(224)	(228)
Less: Discretionary Rebates, Remissions & Write Offs		(92)	(89)
Total General Rates		29,919	29,091
Other Rates (Including Service Charges)			
Natural Resource Management Levy		810	788
Community Wastewater Management Systems		1,274	1,258
Stirling Business Association Separate Rate		78	76
Total Other Rates		2,162	2,122
Other Charges			
Penalties for Late Payment		195	177
Legal & Other Costs Recovered		36	(1)
Total Other Charges		231	176
Total Rates Revenues		32,312	31,389
(b). Statutory Charges			
Development Act Fees		308	298
Town Planning Fees		130	145
Animal Registration Fees & Fines		328	262
Parking Fines / Expiation Fees		49	13
Other Licences, Fees & Fines		96	93
Total Statutory Charges		911	811
(c). User Charges			
Cemetery/Crematoria Fees		168	124
Community Centres		90	83
Adelaide Hills Business and Tourism Centre (AHBTC)		537	516
Dump Fees		2	3
Rate Searches		57	60
Retirement Villages		337	349
Sundry		67	40
Total User Charges		1,258	1,175

Adelaide Hills Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

Note 2. Income (continued)

\$ '000	Notes	2015	2014
(d). Investment Income			
Local Government Finance Authority		12	13
Banks & Other		10	13
Loans to Community Groups		16	15
Total Investment Income		38	41
(e). Reimbursements			
Private Works		50	38
Other		257	216
Total Reimbursements		307	254
(f). Other Income			
Insurance & Other Recoupments - Infrastructure, IPP&E		12	10
Sundry		309	388
Total Other Income		321	398
(g). Grants, Subsidies, Contributions			
Amounts Received Specifically for New or Upgraded Assets		920	2,055
Other Grants, Subsidies and Contributions		4,515	3,252
Total Grants, Subsidies, Contributions		5,435	5,307
The functions to which these grants relate are shown in Note 12.			
(i) Sources of grants			
Commonwealth Government		3,582	3,109
State Government		1,250	1,562
Other		603	636
Total		5,435	5,307
(ii) Individually Significant Items			
2014/15 Financial Assistance Grant Recognised as Income		1,530	1,017
Additional 2015/16 Financial Assistance Grant Recognised as Income		820	-
Home and Community Care (HACC)		1,006	980
Library Lending Materials		268	269
Upper Torrens Land management Project (UTLMP)		628	798
Road Network Grants		617	590
National Broadband Network		70	193
Mt Lofty Environmental Project		100	100

Adelaide Hills Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

Note 2. Income (continued)

\$ '000	Notes	2015	2014
(h). Conditions over Grants & Contributions			
Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:			
Unexpended at the close of the previous reporting period		-	829
<i>Less:</i>			
<i>Expended during the current period from revenues recognised in previous reporting periods</i>			
Roads Infrastructure		-	(829)
Subtotal		-	(829)
Net increase (decrease) in assets subject to conditions in the current reporting period		-	(829)
(i). Physical Resources Received Free of Charge			

Adelaide Hills Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

Note 3. Expenses

\$ '000	Notes	2015	2014
(a). Employee Costs			
Salaries and Wages		11,991	11,443
Employee Leave Expense		373	277
Superannuation - Defined Contribution Plan Contributions	18	815	748
Superannuation - Defined Benefit Plan Contributions	18	269	275
Workers' Compensation Insurance		357	367
Personal Income Protection Insurance		155	148
Fringe Benefits Tax (FBT)		240	255
Other		47	38
Less: Capitalised and Distributed Costs		(865)	(774)
Total Operating Employee Costs		13,382	12,777
Total Number of Employees (full time equivalent at end of reporting period)		155	161
(b). Materials, Contracts and Other Expenses			
(i) Prescribed Expenses			
Auditor's Remuneration			
- Auditing the Financial Reports		22	24
Elected Members' Expenses		364	360
Election Expenses		42	45
Operating Lease Rentals - Cancellable Leases		296	231
Subtotal - Prescribed Expenses		724	660
(ii) Other Materials, Contracts and Expenses			
Contractors		9,806	9,670
Contributions & Donations		440	419
Energy		628	679
Insurance		505	592
Legal Expenses		126	97
Levies Paid to Government - NRM levy		807	786
Levies - Other		308	247
Parts, Accessories & Consumables		2,311	2,300
Professional Services		124	255
Sundry		1,153	1,104
Subtotal - Other Material, Contracts & Expenses		16,208	16,149
Total Materials, Contracts and Other Expenses		16,932	16,809

Adelaide Hills Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

Note 3. Expenses (continued)

\$ '000	Notes	2015	2014
(c). Depreciation, Amortisation and Impairment			
(i) Depreciation and Amortisation			
- Buildings		865	899
- Stormwater		360	339
- Community Wastewater Management Systems		383	321
- Roads		3,341	3,210
- Bridges		249	236
- Footpaths		309	280
- Retaining Walls		173	195
- Guardrails		109	58
- Kerb & Gutter		368	345
- Traffic Controls		39	37
- Street Furniture		42	43
- Sport & Recreation		294	275
- Playgrounds		45	44
- Cemeteries		33	32
Plant & Equipment		696	585
Furniture & Fittings		69	53
Subtotal		7,375	6,952
Total Depreciation, Amortisation and Impairment		7,375	6,952
(d). Finance Costs			
Interest on Overdraft and Short-Term Drawdown		214	272
Interest on Loans		548	502
Merchant Fees		67	64
Unwinding of Present Value Discounts		-	8
Bank Charges		30	51
Total Finance Costs		859	897

Adelaide Hills Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

Note 4. Asset Disposal & Fair Value Adjustments

\$ '000	Notes	2015	2014
Infrastructure, Property, Plant & Equipment			
(i) Assets Renewed or Directly Replaced			
Proceeds from Disposal		17	495
Less: Carrying Amount of Assets Sold		(1,571)	(3,769)
Gain (Loss) on Disposal		(1,554)	(3,274)
Net Gain (Loss) on Disposal or Revaluation of Assets		(1,554)	(3,274)

Adelaide Hills Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

Note 5. Current Assets

\$ '000	Notes	2015	2014
(a). Cash & Cash Equivalents			
Cash on Hand at Bank		503	371
Deposits at Call - Advance Payment of Financial Assistance Grant		820	1
Short Term Deposits & Bills, etc.		349	342
Total Cash & Cash Equivalents		1,672	714
(b). Trade & Other Receivables			
Rates - General & Other		1,908	1,629
Council Rates Postponement Scheme		20	22
Accrued Revenues		750	328
Debtors - General		490	357
Other Levels of Government		152	155
Goods & Services Tax (GST) Recoupment		202	197
Prepayments		276	412
Loans to Community Organisations		135	85
Subtotal		3,933	3,185
Less: Allowance for Doubtful Debts		(67)	(67)
Total Trade & Other Receivables		3,866	3,118
(c). Other Financial Assets (Investments)			
Nil			
(d). Inventories			
Stores & Materials		17	18
Total Inventories		17	18

Adelaide Hills Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

Note 6. Non-Current Assets

\$ '000	Notes	2015	2014
(a). Financial Assets			
Receivables			
Loans to Community Organisations		107	181
Subtotal		107	181
Total Receivables		107	181
Other Financial Assets (Investments)			
Nil			
Total Financial Assets		107	181
(b). Equity Accounted Investments in Council Businesses			
Gawler River Floodplain Management Authority (GRFMA)	19	393	184
Eastern Waste Management Authority (EWMA)	19	41	42
Adelaide Hills Regional Waste Management Authority (AHRWMA)	19	837	1,053
Total Equity Accounted Investments in Council Businesses		1,271	1,279
(c). Other Non-Current Assets			
(i) Inventories			
Nil			
(ii) Other			
Capital Works-in-Progress		3,124	3,420
Total Other Non-Current Assets		3,124	3,420

Adelaide Hills Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

Note 7a (i). Infrastructure, Property, Plant & Equipment

\$ '000	Fair Value Level	as at 30/6/2014				Asset Movements during the Reporting Period					as at 30/6/2015			
		At Fair Value	At Cost	Accumulated Dep'n	Carrying Value	Asset Additions		WDV of Asset Disposals	Depreciation Expense (Note 3c)	Revaluation Increments to Equity (ARR) (Note 9)	At Fair Value	At Cost	Accumulated Dep'n	Carrying Value
						New / Upgrade	Renewals							
- Land - Community	2	57,206	-	-	57,206	-	-	-	-	-	57,206	-	-	57,206
- Buildings	3	63,209	-	41,037	22,172	-	1,771	(55)	(865)	239	65,402	-	42,154	23,248
- Stormwater	3	32,609	-	8,767	23,842	-	617	(23)	(360)	3,327	37,917	-	10,514	27,403
- Community Wastewater Management Systems	3	18,321	-	6,795	11,526	-	256	-	(383)	151	18,822	-	7,274	11,548
- Roads	3	195,304	-	75,723	119,581	-	3,854	(1,120)	(3,341)	2,600	198,877	-	77,304	121,573
- Bridges	3	15,615	-	6,384	9,231	-	57	(8)	(249)	82	15,778	-	6,667	9,111
- Footpaths	3	11,063	-	4,275	6,788	-	511	(179)	(309)	35	11,199	-	4,354	6,845
- Retaining Walls	3	6,752	-	1,908	4,844	-	141	(21)	(173)	349	6,909	-	1,769	5,140
- Guardrails	3	4,896	-	2,021	2,875	-	259	(4)	(109)	1,403	5,195	-	769	4,426
- Kerb & Gutter	3	28,987	-	14,601	14,386	-	394	(99)	(368)	199	29,573	-	15,061	14,512
- Traffic Controls	3	1,977	-	605	1,372	-	109	(55)	(39)	18	2,018	-	613	1,405
- Street Furniture	3	2,088	-	1,469	619	-	467	(7)	(42)	443	2,562	-	1,081	1,481
- Sport & Recreation	3	14,598	-	7,838	6,760	-	135	-	(294)	87	14,927	-	8,251	6,676
- Playgrounds	3	1,111	-	383	728	-	-	-	(45)	9	1,126	-	434	692
- Cemeteries		3,247	-	1,060	2,187	-	32	-	(33)	10	3,303	-	1,107	2,196
Plant & Equipment		-	10,777	3,995	6,782	7	687	-	(696)	-	-	10,183	5,275	4,908
Furniture & Fittings		-	2,245	2,047	198	-	52	-	(69)	-	-	3,141	1,209	1,932
Total Infrastructure, Property, Plant & Equipment		456,983	13,022	178,908	291,097	7	9,342	(1,571)	(7,375)	8,952	470,814	13,324	183,836	300,302
Comparatives		429,903	14,399	169,218	275,084	591	14,560	(4,069)	(6,952)	11,886	456,983	13,022	178,908	291,097

Adelaide Hills Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

Note 7b. Valuation of Infrastructure, Property, Plant & Equipment & Investment Property

\$ '000

Valuation of Assets

The fair value of assets and liabilities must be estimated in accordance with various Accounting Standards for either recognition and measurement requirements or for disclosure purposes.

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a "level" in the fair value hierarchy as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Refer to Note 7a for the disclosure of the Fair Value Levels of Infrastructure, Property, Plant and Equipment Assets.

Information on Valuations

Certain land, and the buildings and structures thereon, are based on fair value hierarchy level 2 valuation inputs. They are based on prices for similar assets in an active market, with directly or indirectly observable adjustments for specific advantages or disadvantages attaching to the particular asset.

Valuations of Crown land, community land and land subject to other restrictions on use or disposal, shown above as being based on fair value hierarchy level 3 valuation inputs, are based on prices for similar assets in an active market, but include adjustments for specific advantages or disadvantages attaching to the particular asset that are not directly or indirectly observable in that market, or the number and / or amount of observable adjustments of which are so great that the valuation is more fairly described as being based on level 3 valuation inputs.

There is no known market for buildings, infrastructure and other assets. These assets are valued at depreciated current replacement cost. This method involves:

- The determination of the cost to construct the asset (or its modern engineering equivalent) using current prices for materials and labour, the quantities of each being estimated based on recent experience of this or similar Councils, or on industry construction guides where these are more appropriate.
- The calculation of the depreciation that would have accumulated since original construction using current estimates of residual value and useful life under the prime cost depreciation method adopted by Council.

This method has significant inherent uncertainties, relying on estimates of quantities of materials and labour, residual values and useful lives, and the possibility of changes in prices for materials and labour, and the potential for development of more efficient construction techniques.

Adelaide Hills Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

Note 7b. Valuation of Infrastructure, Property, Plant & Equipment & Investment Property (continued)

\$ '000

Valuation of Assets (continued)

Other Information

At 1 July 2004 upon the transition to Australian International Financial Reporting Standards (AIFRS), Council elected pursuant to AASB 1.19 to retain a previously established deemed cost under Generally Accepted Accounting Principles (GAAP) as its deemed cost. With subsequent addition at cost, this remains as the basis of recognition of non-material asset classes.

Upon revaluation, the current new replacement cost and accumulated depreciation are re stated such that the difference represents the fair value of the asset determined in accordance with AASB 13 Fair Value Measurement: accumulated depreciation is taken to be the difference between current new replacement cost and fair value. In the case of land, current replacement cost is taken to be the fair value.

Transition to AASB 13 - Fair Value Measurement

The requirements of AASB 13 Fair Value Measurement have been applied to all valuations undertaken since 1 July 2013 as shown by the valuation dates by individual asset classes.

Adelaide Hills Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

Note 7b. Valuation of Infrastructure, Property, Plant & Equipment & Investment Property (continued)

\$ '000

Valuation of Assets (continued)

Land & Land Improvements

Council being of the opinion that it is not possible to attribute value sufficiently reliably to qualify for recognition, land under roads has not been recognised in these reports

Land - Level 3: Land which is subject to restriction for its use or sale, ie Community Land, or land where there is no active market such as Parks & Gardens or subject to Community Service Obligations. Land assets revaluation was undertaken by Council officers using the Valuer General's values indexed up to 31 January 2014

Buildings

- Council discloses Buildings as a class of Infrastructure Assets for the purposes of AASB 13 Fair Value Measurement and the level of fair value hierarchy to be Level 3, as no relevant observable inputs (Markets) are available.
- Valued by Council Officers at depreciated current replacement cost during the period ended 30 June 2015.
- There were no Assets Valued where it was considered that the highest and best use was other than its current use.
- Based on Australian Bureau of Statistics (ABS) Time Series data, specific for Adelaide.
- Table 17 Output of the Construction industries, Adelaide index numbers for 2015.

Infrastructure

**Roads, Bridges, Footpaths, Retaining Walls, Guardrail, Kerb & Gutter, Traffic Controls, Street Furniture
Stormwater, Community Wastewater Management Systems (CWMS), Sport and Recreation Facilities (S&R)
Playground and Cemeteries**

- Council discloses each of the above as an individual class of Infrastructure Assets for the purposes of AASB 13 Fair Value Measurement, and the level of fair value hierarchy to be Level 3, as no relevant observable inputs (Markets) are available.
- Valuations have been performed by Council Officers at depreciated current replacement cost during the period ended 30 June 2015.
- There were no Assets Valued where it was considered that the highest and best use was other than its current use.
- Valuations are based on Australian Bureau of Statistics (ABS) Time Series data, Tables 17 (Construction Industries) and Table 18 (House Construction and Steel Products Industries) and specific for Adelaide, dated June 2015.

Retaining Walls, Guardrail and Street Furniture

- Field work undertaken on Retaining Walls, guardrail and Street Furniture identified that their remaining lives are longer than previously estimated.

Stormwater

- Early results of field work undertaken after June 2015 is suggesting that there could be a net increase of \$3.3m in Written Down Value (WDV) of unrecorded Stormwater network in 2015/16 year. This adjustment has been disclosed in the Note 7, Balance Sheet and Comprehensive Income Statement for 2014/15.

Plant, Furniture & Equipment and Furniture & Fittings

- Basis of valuation: These Assets are recorded on a Historic Cost basis.

Adelaide Hills Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

Note 8. Liabilities

\$ '000	Notes	2015 Current	2015 Non Current	2014 Current	2014 Non Current
(a). Trade and Other Payables					
Goods & Services		2,059	-	3,946	-
Payments Received in Advance		308	-	349	-
Accrued Expenses - Employee Entitlements		982	-	1,110	-
Accrued Expenses - Other		1,383	-	1,162	-
Aged Care Facility Deposits		4,156	-	4,310	-
Deposits, Retentions & Bonds		1	-	1	-
Other		62	-	155	-
Total Trade and Other Payables		8,951	-	11,033	-
(b). Borrowings					
Bank Overdraft		6,646	-	8,875	-
Loans		160	10,000	225	5,000
Total Borrowings		6,806	10,000	9,100	5,000
All interest bearing liabilities are secured over the future revenues of the Council					
(c). Provisions					
Employee Entitlements (including oncosts)		1,282	82	1,153	98
Future Reinstatement / Restoration, etc		-	100	27	52
Total Provisions		1,282	182	1,180	150

Adelaide Hills Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

Note 9. Reserves

\$ '000	1/7/2014	Increments (Decrements)	Transfers	Impairments	30/6/2015
(a). Asset Revaluation Reserve					
- Land - Community	29,961	-	-	-	29,961
- Buildings	4,749	239	-	-	4,988
- Stormwater	19,479	3,327	-	-	22,806
- Community Wastewater Management S	3,503	151	-	-	3,654
- Roads	55,976	2,600	-	-	58,576
- Bridges	3,550	82	-	-	3,632
- Footpaths	221	35	-	-	256
- Retaining Walls	2,057	349	-	-	2,406
- Guardrails	1,342	1,403	-	-	2,745
- Kerb & Gutter	12,796	199	-	-	12,995
- Traffic Controls	469	18	-	-	487
- Street Furniture	721	443	-	-	1,164
- Sport & Recreation	2,474	87	-	-	2,561
- Playgrounds	55	9	-	-	64
- Cemeteries	2,180	10	-	-	2,190
- Library Assets	907	-	(907)	-	-
Total Asset Revaluation Reserve	140,440	8,952	(907)	-	148,485
Comparatives	128,554	11,886	-	-	140,440

\$ '000	1/7/2014	Tfrs to Reserve	Tfrs from Reserve	Other Movements	30/6/2015
(c). Other Reserves					
Investment in Associates	784	-	(25)	-	759
Community Wastewater Management Systems	993	-	(45)	-	948
Retirement Village Lobethal	26	28	-	-	54
Retirement Village Woodside	227	-	(23)	-	204
Retirement Village Fee Bond	43	-	-	-	43
Torrens Valley Community Centre	94	5	-	-	99
Library	10	-	(4)	-	6
Upper Torrens Land Management Project	95	48	(95)	-	48
Scott Creek Progress Association	6	-	-	-	6
Total Other Reserves	2,278	81	(192)	-	2,166
Comparatives	4,048	41	(1,811)	-	2,278

Adelaide Hills Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

Note 10. Assets Subject to Restrictions

\$ '000	Notes	2015	2014
<p>The uses of the following assets are restricted, wholly or partially, by legislation or other externally imposed requirements. The assets are required to be utilised for the purposes for which control was transferred to Council, or for which the revenues were originally obtained.</p>			
Cash & Financial Assets			
Unexpended amounts received from Federal Government			
Community Wastewater Management Systems Investigations		328	321
Unspent Grants - National Broadband Network		-	349
Total Cash & Financial Assets		328	670

Adelaide Hills Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

Note 11. Reconciliation to Statement of Cash Flows

\$ '000	Notes	2015	2014
(a). Reconciliation of Cash			
Cash Assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:			
Total Cash & Equivalent Assets	5	1,672	714
Less: Short-Term Borrowings	8	(6,646)	(8,875)
Balances per Statement of Cash Flows		(4,974)	(8,161)
(b). Reconciliation of Change in Net Assets to Cash from Operating Activities			
Net Surplus/(Deficit)		518	(1,475)
Non-Cash Items in Income Statements			
Depreciation, Amortisation & Impairment		7,375	6,952
Equity Movements in Equity Accounted Investments (Increase)/Decrease		(38)	83
Premiums & Discounts Recognised & Unwound		-	58
Grants for Capital Acquisitions (Treated as Investing Activity Receipts)		(920)	(2,055)
Net (Gain) Loss on Disposals		1,554	3,274
		8,489	6,837
Add (Less): Changes in Net Current Assets			
Net (Increase)/Decrease in Receivables		(698)	(34)
Net (Increase)/Decrease in Inventories		1	6
Net Increase/(Decrease) in Trade & Other Payables		(1,928)	2,520
Net Increase/(Decrease) in Unpaid Employee Benefits		113	112
Net Increase/(Decrease) in Other Provisions		21	-
Net Cash provided by (or used in) operations		5,998	9,441
(c). Non-Cash Financing and Investing Activities			
Nil			

Adelaide Hills Council

Notes to and forming part of the Financial Statements

for the year ended 30 June 2015

Note 12a. Functions

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 12(b).									
	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS (Operating and Capital)		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	Actual 2015	Actual 2014	Actual 2015	Actual 2014	Actual 2015	Actual 2014	Actual 2015	Actual 2014	Actual 2015	Actual 2014
\$ '000										
Community Development	2,166	2,004	5,587	4,874	(3,421)	(2,870)	1,391	1,358	-	-
Environmental Management	957	940	1,825	1,729	(868)	(789)	881	860	-	-
Governance and Administration	760	753	3,820	3,566	(3,060)	(2,813)	416	406	10,928	9,180
Infrastructure	1,137	723	12,976	13,460	(11,839)	(12,737)	2,748	2,683	299,228	291,047
Land Use and Planning	458	473	1,718	2,043	(1,260)	(1,570)	-	-	-	-
Laws and Enforcement	385	371	345	338	40	33	-	-	-	-
Waste Management	93	49	4,992	4,762	(4,899)	(4,713)	-	-	-	-
Financial Management	33,756	32,093	7,297	6,890	26,459	25,203	-	-	-	-
Total Functions/Activities	39,712	37,406	38,560	37,662	1,152	(256)	5,435	5,307	310,156	300,227

Revenues and expenses exclude net gain (loss) on disposal or revaluation of assets, or amounts received specifically for new or upgraded assets.

Adelaide Hills Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

Note 12b. Components of Functions

\$ '000

The activities relating to Council functions are as follows:

COMMUNITY DEVELOPMENT

Public Order and Safety, Crime Prevention, Other Public Order and Safety, Health Services, Nursing Homes, Preventive Health Services, Other Health Services, Community Support, Elderly Citizens Facilities, Home Assistance Scheme, Other Services for the Aged and Disabled, Child Care Centres, Children and Youth Services, Community Assistance, Community Transport, Family and Neighbourhood Support, Other Community Support, Community Amenities, Bus Shelters, Library Services, Mobile Libraries and Housebound Services, Static Libraries, Other Library Services, Cultural Services, Cultural Venues, Heritage, Museums and Art Galleries, and Other Cultural Services, Customer Service.

ENVIRONMENTAL MANAGEMENT

Agricultural Services, Agricultural Water, Animal/Plant Boards, Landcare, Other Agricultural Services, Other Environment, Natural Resource Management Levy, and Other Environment.

GOVERNANCE AND ADMINISTRATION

Governance, Administration, Elected Members, Organisational Support Services, Revenues, Cemeteries / Crematoria, Employment Creation Programs, Regional Development, Support to Local Businesses, Tourism, and Other Economic Development

INFRASTRUCTURE

Bridges, Footpaths and Kerbing, Roads – sealed, Roads – formed, Roads – natural formed, Roads – unformed, Traffic Management, LGGC – roads (formula funded), and Other Transport, Gravel Pits/Quarries, Private Works, Property Portfolio, Parks and Gardens, Sports Facilities – Indoor, Sports Facilities – Outdoor, Swimming Centres – Outdoor, and Other Recreation. Public Conveniences, Telecommunications Networks, and Other Community Amenities, Stormwater and Drainage, Street Cleaning, Street Lighting, Streetscaping

LAND USE AND PLANNING

Building Control, Town Planning, Clean Air/Pollution Control.

LAWS AND ENFORCEMENT

Dog and Cat Control, Building Control, Town Planning, Clean Air/Pollution Control, Litter Control, Health Inspection, Parking Control, and Other Regulatory Services, Emergency Services, Other Fire Protection, Pest Control – Health, Immunisation.

WASTE MANAGEMENT

Waste Management, Domestic Waste, Green Waste, Recycling, Transfer Stations, Waste Disposal Facility, Other Waste Management, , Sewerage/CWMS

FINANCIAL MANAGEMENT

Accounting/Finance, Payroll, Human Resources, Information Technology, Communication, Rates Administration, Records, Occupancy, Contract Management, Other Support Services, LGGC – General Purpose, and Separate and Special Rates.

Adelaide Hills Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

Note 13. Financial Instruments

\$ '000

Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits

Accounting Policy:

Carried at lower of cost and net realisable value; Interest is recognised when earned.

Terms & Conditions:

Deposits are returning fixed interest rates between 2.5% and 2.5% (2014: 2.5% and 2.75%). Short term deposits have an average maturity of 1 days and an average interest rate of 2.5%. (2014: 1 day and 2.67%)

Carrying Amount:

Approximates fair value due to the short term to maturity.

Receivables

Rates & Associated Charges

(including legals & penalties for late payment)

Note: These receivables do not meet the definition of "financial instruments" and have been excluded from the following disclosures.

Accounting Policy:

Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.

Terms & Conditions:

Secured over the subject land, arrears attract interest of 4.25% (2014: 7.75%). Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Receivables

Fees & Other Charges

Accounting Policy:

Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.

Terms & Conditions:

Unsecured, and do not bear interest. Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries.

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Adelaide Hills Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

Note 13. Financial Instruments (continued)

\$ '000

Recognised Financial Instruments

Receivables

Other Levels of Government

Accounting Policy:

Carried at nominal value.

Terms & Conditions:

Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of State and Federal Governments.

Carrying Amount:

Approximates fair value.

Receivables

Retirement Home Contributions

Accounting Policy:

Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.

Terms & Conditions:

Amounts due have been calculated in accordance with the terms and conditions of the respective legislation.

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Liabilities

Creditors and Accruals

Accounting Policy:

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.

Terms & Conditions:

Liabilities are normally settled on 30 days end of month terms.

Carrying Amount:

Approximates fair value.

Adelaide Hills Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

Note 13. Financial Instruments (continued)

\$ '000

Recognised Financial Instruments

Liabilities

Retirement Home Contributions

Accounting Policy:

To avoid inconvenience when complying with the separate audit requirements imposed by the relevant legislation, amounts are carried at nominal values.

Terms & Conditions:

Pursuant to Commonwealth legislation certain intending residents are required to contribute amounts on an interest free basis. The amounts are subject to certain deductions as prescribed by the legislation, the balance being repaid on termination of tenancy.

Carrying Amount:

Approximates fair value for short tenancies; may be non-materially overstated for longer tenancies.

Liabilities

Interest Bearing Borrowings

Accounting Policy:

Carried at the principal amounts. Interest is charged as an expense as it accrues.

Terms & Conditions:

Secured over future revenues, borrowings are repayable (describe basis); interest is charged at fixed (or variable - describe) rates between 4.25% and 4.25% (2014: 4.75% and 4.75%).

Carrying Amount:

Approximates fair value.

Liabilities

Finance Leases

Accounting Policy:

Accounted for in accordance with AASB 117.

Adelaide Hills Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

Note 13. Financial Instruments (continued)

\$ '000	Due < 1 year	Due > 1 year & 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
2015					
Financial Assets					
Cash & Equivalents	1,672	-	-	1,672	1,672
Receivables	1,460	265	-	1,725	1,460
Other Financial Assets	135	107	-	242	230
Total Financial Assets	3,267	372	-	3,639	3,362
Financial Liabilities					
Payables	8,643	-	-	8,643	8,643
Current Borrowings	6,806	-	-	6,806	6,806
Non-Current Borrowings	-	10,000	-	10,000	10,000
Total Financial Liabilities	15,449	10,000	-	25,449	25,449

\$ '000	Due < 1 year	Due > 1 year & 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
2014					
Financial Assets					
Cash & Equivalents	714	-	-	714	714
Receivables	858	30	-	888	858
Other Financial Assets	18	181	-	199	181
Total Financial Assets	1,590	211	-	1,801	1,753
Financial Liabilities					
Payables	11,033	-	-	11,033	10,684
Current Borrowings	9,100	30	-	9,130	9,100
Non-Current Borrowings	-	5,225	-	5,225	5,000
Total Financial Liabilities	20,133	5,255	-	25,388	24,784

The following interest rates were applicable to Council's Borrowings at balance date:

	30 June 2015		30 June 2014	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Overdraft	4.25%	6,646	4.75%	8,875
Other Variable Rates	4.72%	160	5.90%	225
Fixed Interest Rates	5.68%	10,000	6.75%	5,000
		16,806		14,100

Net Fair Value

All carrying values approximate fair value for all recognised financial instruments. There is no recognised market for the financial assets of the Council.

Adelaide Hills Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

Note 13. Financial Instruments (continued)

\$ '000

Risk Exposures

Credit Risk represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Council is the carrying amount, net of any allowance for doubtful debts. All Council investments are made with the SA Local Government Finance Authority and are guaranteed by the SA Government. Except as detailed in Notes 5 & 6 in relation to individual classes of receivables, exposure is concentrated within the Council's boundaries, and there is no material exposure to any individual debtor.

Market Risk is the risk that fair values of financial assets will fluctuate as a result of changes in market prices. All of Council's financial assets are denominated in Australian dollars and are not traded on any market, and hence neither market risk nor **currency risk** apply.

Liquidity Risk is the risk that Council will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury Management Policy (LGA Information Paper 15), liabilities have a range of maturity dates. Council also has available a range of bank overdraft and standby borrowing facilities that it can access.

Interest Rate Risk is the risk that future cash flows will fluctuate because of changes in market interest rates. Council has a balance of both fixed and variable interest rate borrowings and investments. Cash flow fluctuations are managed holistically in seeking to minimise interest costs over the longer term in a risk averse manner.

Adelaide Hills Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

Note 14. Commitments for Expenditure

\$ '000	Notes	2015	2014
(a). Capital Commitments			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Plant & Equipment		38	2
Other		107	18
		<u>145</u>	<u>20</u>
These expenditures are payable:			
Not later than one year		145	20
Later than one year and not later than 5 years		-	-
Later than 5 years		-	-
		<u>145</u>	<u>20</u>
(b). Other Expenditure Commitments			
Other expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:			
Audit Services		48	60
Waste Management Services		2,620	1,509
Employee Remuneration Contracts		7,871	5,579
		<u>10,539</u>	<u>7,148</u>
These expenditures are payable:			
Not later than one year		4,295	2,722
Later than one year and not later than 5 years		6,244	4,426
Later than 5 years		-	-
		<u>10,539</u>	<u>7,148</u>
(c). Finance Lease Commitments			
Council has no Finance Leases.			

Adelaide Hills Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

Note 15. Financial Indicators

\$ '000	Amounts 2015	Indicator 2015	Prior Periods 2014	2013
---------	-----------------	-------------------	-----------------------	------

These Financial Indicators have been calculated in accordance with *Information paper 9 - Local Government Financial Indicators* prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia.

1. Operating Surplus Ratio

Operating Surplus	<u>1,152</u>			
Rates - General & Other Less NRM levy	<u>31,502</u>	4%	-1%	2%

This ratio expresses the operating surplus as a percentage of general and other rates, net of NRM levy.

1a. Adjusted Operating Surplus Ratio

In recent years the Federal Government has made advance payments prior to 30th June from future year allocations of financial assistance grants, as explained in Note 1. The Adjusted Operating Surplus Ratio adjusts for the resulting distortion in the disclosed operating result for each year.

<u>332</u>			
<u>31,502</u>	1%	2%	2%

2. Net Financial Liabilities Ratio

Net Financial Liabilities	<u>21,576</u>			
Total Operating Revenue	<u>39,712</u>	54%	61%	53%

Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses). These are expressed as a percentage of total operating revenue.

3. Asset Sustainability Ratio

Net Asset Renewals	<u>5,915</u>			
Infrastructure & Asset Management Plan required expenditure	<u>7,375</u>	80%	166%	153%

Net asset renewals expenditure is defined as net capital expenditure on the renewal and replacement of existing assets, and excludes new capital expenditure on the acquisition of additional assets.

Adelaide Hills Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

Note 15. Financial Indicators - Graphs (continued)

<p>1. Operating Surplus Ratio</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2012</td> <td>0%</td> </tr> <tr> <td>2013</td> <td>2%</td> </tr> <tr> <td>2014</td> <td>-1%</td> </tr> <tr> <td>2015</td> <td>4%</td> </tr> </tbody> </table>	Year	Ratio %	2012	0%	2013	2%	2014	-1%	2015	4%	<p>Purpose of Operating Surplus Ratio</p> <p>This indicator is to determine the percentage the major controllable revenue source varies from operating expenditure</p>	<p>Commentary on 2014/15 Result</p> <p>2014/15 Ratio 4%</p> <p>Council reports a 4% ratio, distorted by the early payment of \$820k of the 2015/16 Financial Assistance Grant.</p>
Year	Ratio %											
2012	0%											
2013	2%											
2014	-1%											
2015	4%											
<p>1a. Adjusted Operating Surplus Ratio</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2012</td> <td>0%</td> </tr> <tr> <td>2013</td> <td>2%</td> </tr> <tr> <td>2014</td> <td>2%</td> </tr> <tr> <td>2015</td> <td>1%</td> </tr> </tbody> </table>	Year	Ratio %	2012	0%	2013	2%	2014	2%	2015	1%	<p>Purpose of Adjusted Operating Surplus Ratio</p> <p>This indicator is to determine the percentage the major controllable revenue source (adjusted for timing differences in the Financial Assistance Grant) varies from operating expenditure</p>	<p>Commentary on 2014/15 Result</p> <p>2014/15 Ratio 1%</p> <p>Council's underlying run rate would report an operating surplus of \$333k (\$1,153 - \$820k) after removing the advance FAG grant revenue (see above)</p>
Year	Ratio %											
2012	0%											
2013	2%											
2014	2%											
2015	1%											
<p>2. Net Financial Liabilities Ratio</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2012</td> <td>48%</td> </tr> <tr> <td>2013</td> <td>53%</td> </tr> <tr> <td>2014</td> <td>61%</td> </tr> <tr> <td>2015</td> <td>54%</td> </tr> </tbody> </table>	Year	Ratio %	2012	48%	2013	53%	2014	61%	2015	54%	<p>Purpose of Net Financial Liabilities Ratio</p> <p>This indicator shows the significance of the net amount owed to others, compared to operating revenue</p>	<p>Commentary on 2014/15 Result</p> <p>2014/15 Ratio 54%</p> <p>Council's borrowings have steadily increased over the recent years. This is to be assessed in conjunction with the increases in income and profitability achieved in the same period.</p>
Year	Ratio %											
2012	48%											
2013	53%											
2014	61%											
2015	54%											
<p>3. Asset Sustainability Ratio</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2012</td> <td>134%</td> </tr> <tr> <td>2013</td> <td>153%</td> </tr> <tr> <td>2014</td> <td>166%</td> </tr> <tr> <td>2015</td> <td>80%</td> </tr> </tbody> </table>	Year	Ratio %	2012	134%	2013	153%	2014	166%	2015	80%	<p>Purpose of Asset Sustainability Ratio</p> <p>This indicator aims to determine if assets are being renewed and replaced in an optimal way</p>	<p>Commentary on 2014/15 Result</p> <p>2014/15 Ratio 80%</p> <p>This ratio indicates whether Council is renewing and replacing existing consumed infrastructure at the same rates as they are wearing out. It is affected by the decision whether an improvement is a renewal or new asset. The works undertaken by the Built and Natural Assets team has not changed, but the way that work is disclosed as New or Renewal has.</p>
Year	Ratio %											
2012	134%											
2013	153%											
2014	166%											
2015	80%											

Adelaide Hills Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

Note 16. Uniform Presentation of Finances

\$ '000	2015	2014
<p>The following is a high level summary of both operating and capital investment activities of the Council prepared on a simplified Uniform Presentation Framework basis.</p> <p>All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.</p> <p>The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances.</p>		
Income	39,712	37,406
less Expenses	(38,560)	(37,662)
Operating Surplus / (Deficit)	1,152	(256)
less Net Outlays on Existing Assets		
Capital Expenditure on Renewal and Replacement of Existing Assets	5,932	11,694
less Depreciation, Amortisation and Impairment	(7,375)	(6,952)
less Proceeds from Sale of Replaced Assets	(17)	(795)
Subtotal	(1,460)	3,947
less Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	2,571	650
less Amounts Received Specifically for New and Upgraded Assets	(920)	(2,055)
less Proceeds from Sale of Surplus Assets (including Investment Property & and Real Estate Developments)	-	(149)
Subtotal	1,651	(1,554)
Net Lending / (Borrowing) for Financial Year	961	(2,649)

Adelaide Hills Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

Note 17. Operating Leases

\$ '000

2015

2014

Leases Providing Revenue to the Council

Council owns various buildings, plant and other facilities that are available for hire or lease (on a non-cancellable basis wherever practicable) in accordance with the published revenue policy. Rentals received from such leases are disclosed as rent and hire of non-investment property in Note 2.

(i) Investment Property

Rentals received, and outgoings reimbursed, in relation to Investment Property are also disclosed in Note 2. These lease agreements, all of which are classified as operating leases, are made on a non-cancellable basis wherever practicable

Leases commitments under all non-cancellable lease agreements, including those relating to Investment Property, are as follows:

Not later than one year	181	298
Later than one year and not later than 5 years	318	356
Later than 5 years	-	-
	499	654

Adelaide Hills Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

Note 18. Superannuation

The Council makes employer superannuation contributions in respect of its employees to Statewide Super (formerly Local Government Superannuation Scheme). There are two types of membership, each of which is funded differently. Permanent and contract employees of the South Australian Local Government sector with Salarylink benefits prior to 24 November 2009 have the option to contribute to the Accumulation section and/or Salarylink. All other employees (including casuals) have all contributions allocated to the Accumulation section.

Accumulation only Members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (9.50% in 2014/15; 9.25% in 2013/14). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) Members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2013/14) of "superannuation" salary.

In addition, Council makes a separate contribution of 3% of ordinary time earnings for Salarylink members to their Accumulation account. Employees also make member contributions to the Salarylink section of the Fund. As such, assets accumulate in the Salarylink section of the Fund to meet the member's benefits, as defined in the Trust Deed, as they accrue.

The Salarylink section is a multi-employer sponsored plan. As the Salarylink section's assets and liabilities are pooled and are not allocated by each employer, and employees may transfer to another employer within the local government sector and retain membership of the Fund, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided by AASB 119.32(b), Council does not use defined benefit accounting for these contributions.

The most recent actuarial investigation was conducted by the Fund's actuary, A C Miller, FIAA, of Russell Employee Benefits Pty Ltd as at 30 June 2014. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to Council's contribution rates at some future time.

Contributions to Other Superannuation Schemes

Council also makes contributions to other superannuation schemes selected by employees under the "choice of fund" legislation. All such schemes are of the accumulation type, where the superannuation benefits accruing to the employee are represented by their share of the net assets of the scheme, and no further liability attaches to the Council.

Adelaide Hills Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

Note 19a. Interests in Other Entities

\$ '000

All joint ventures and associates are required to prepare Annual Financial Statements that comply with the SA Local Government Model Financial Statements.

	Council's Share of Net Income		Council's Share of Net Assets	
	2015	2014	2015	2014
Joint Ventures	38	(141)	1,272	1,279
Total	38	(141)	1,272	1,279

(i) JOINT VENTURES, ASSOCIATES AND JOINT OPERATIONS

(a) Carrying Amounts

Name of Entity	Principal Activity	2015	2014
Eastern Waste Management Authority	Waste Management	41	42
Gawler River Floodplain Management Authority	Floodplain Management	394	405
Adelaide Hills Regional Waste Management Authority	Waste Management	837	831
Total Carrying Amounts - Joint Ventures & Associates		1,272	1,278

Eastern Waste Management Authority

Eastern Waste is a regional subsidiary pursuant to S.43 of the Local Government Act 1999. Council has an interest in the assets and liabilities of Eastern Waste. The other member Councils are Norwood, Payneham & St. Peters, Burnside, Mitcham, Campbelltown and Walkerville.

Gawler River Floodplain Management Authority

Gawler River Floodplain Management Authority is a regional subsidiary pursuant to S.43 of the Local Government Act 1999. Council has an interest in the assets and liabilities of Gawler River. Other members are Barossa, Gawler, Light, Mallala and Playford Councils.

Adelaide Hills Regional Waste Management Authority

Adelaide Hills Regional Waste Management Authority is a regional subsidiary pursuant to S.43 of the Local Government Act 1999. Council has an interest in the assets and liabilities of Adelaide Hills Regional Waste Management Authority. Other members are Alexandrina, Mt. Barker and Murray Bridge Councils.

(b) Relevant Interests

Name of Entity	Interest in Operating Result		Ownership Share of Equity		Proportion of Voting Power	
	2015	2014	2015	2014	2015	2014
Eastern Waste Management Authority	14.9%	15.0%	14.9%	15.0%	14.9%	15.0%
Gawler River Floodplain Management Authority	3.1%	2.0%	3.1%	2.0%	3.1%	2.0%
Adelaide Hills Regional Waste Management Authority	36.3%	40.0%	36.3%	40.0%	36.3%	40.0%

Adelaide Hills Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

Note 19a. Interests in Other Entities

\$ '000

(c) Movement in Investment in Joint Venture or Associate

	Eastern Waste Management Authority		Gawler River Floodplain Management Authority	
	2015	2014	2015	2014
Opening Balance	42	(44)	405	352
Share in Operating Result	20	86	(11)	(5)
Share in Other Comprehensive Income	0	-		58
New Capital Contributions	18	-		-
Adjustments to Equity	(39)	-		-
Council's Equity Share in the Joint Venture or Associate	41	42	394	405

	Adelaide Hills Regional Waste Management Authority			
	2015	2014	2015	2014
Opening Balance		-	831	1,053
Share in Operating Result		-	6	(222)
Share in Other Comprehensive Income			-	-
Council's Equity Share in the Joint Venture or Associate			837	831

Adelaide Hills Council

Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

Note 20. Non-Current Assets Held for Sale & Discontinued Operations

\$ '000	2015	2014
(i). Non Current Assets & Disposal Group Assets		
Infrastructure, Property, Plant & Equipment (Morialta Barns)	-	400
Total Non Current Assets & Disposal Group Assets	-	400

Adelaide Hills Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

Note 21. Contingencies & Assets/Liabilities Not Recognised in the Balance Sheet

The following assets and liabilities do not qualify for recognition in the Balance Sheet, but knowledge & is considered relevant to the users of the financial report in making and evaluating decisions about the allocation of scarce resources.

1. LAND UNDER ROADS

As reported in the Financial Statements, Council is of the opinion that it is not possible to attribute a value sufficiently reliably for these assets to qualify for recognition, and accordingly land under roads has not been recognised in the reports. Land acquired for road purposes during the year is initially recognised at cost, but transferred to fair value at reporting date, effectively writing off the expenditure.

At reporting date, Council controlled 1,091 km of road reserves of average width 6.0 metres.

2. POTENTIAL INSURANCE LOSSES

Council is a multi-purpose organisation providing a large range of building, parks infrastructure, playgrounds and other facilities accessible to the public. At any time, it is likely that claims will have been made against Council that remain unsettled.

Council insures against all known insurable risks using a range of insurance policies, each of which is subject to deductible "insurance excesses", the amount of which varies according to the class of insurance.

Council has recognised the potential losses arising from claims known at reporting date based on average historical net cost (including insurance excess) of similar types of claims. Other potential claims not reported to Council may have existed at reporting date.

3. BANK GUARANTEES

Council has guaranteed certain loans and other banking facilities advanced to community organisations and sporting bodies, amounting to \$Nil (2014: \$Nil) at reporting date.

Council does not expect to incur any loss arising from these guarantees.

4. LEGAL MATTERS

Council is the planning consent authority for its area under the Development Act 1993 (as amended). Pursuant to that Act, certain persons aggrieved by a planning decision of the Council may appeal. It is normal practice that parties bear their own legal costs. At the date of these reports, Council had notice of 2 appeals against planning decisions made prior to reporting date. All known costs have been recognised, but the amount of further costs cannot be known until the appeals are determined.

Adelaide Hills Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

Note 22. Events after the Balance Sheet Date

Events that occur after the reporting date of 30 June 2015, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

Council has adopted the date of receipt of the Auditors' Report as the appropriate "authorised for issue" date relating to these General Purpose Financial Statements.

Council is aware of the following "non adjusting events" that merit disclosure;

Early results from field work undertaken after 30 June 2015 suggests that there is a net increase of \$3.3m in Written Down Value (WDV) of unrecorded Stormwater network in the 2015/16 year.

This adjustment has been disclosed in Note 7, Balance Sheet and comprehensive Income Statement for 2014/15

Council is unaware of any material or significant "non adjusting events" that should be disclosed.

Adelaide Hills Council

General Purpose Financial Statements for the year ended 30 June 2015

Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Adelaide Hills Council for the year ended 30 June 2015, the Council's Auditor, BDO Adelaide has maintained its **independence** in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act

This statement is prepared in accordance with the requirements of Regulation 22(3) *Local Government (Financial Management) Regulations 2011*.



Andrew Aitken
CHIEF EXECUTIVE OFFICER



Peter Brass
PRESIDING MEMBER, AUDIT COMMITTEE

Date: 19/10/2015.



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Adelaide SA 5000
GPO Box 2018, Adelaide SA 5001
AUSTRALIA

CERTIFICATION OF AUDITOR INDEPENDENCE

I confirm that, for the audit of the financial statements of Adelaide Hills Council for the year ended 30 June 2015, I have maintained my independence in accordance with the requirements of APES 110 - Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22 (5) Local Government (Financial Management) Regulations 2011.

A handwritten signature in blue ink, appearing to read 'G Edwards', is written over a faint, light blue circular stamp.

Geoff Edwards
Partner

BDO Audit Partnership (SA)
Adelaide, 20 October 2015



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 Fax: +61 8 7324 6111
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 GPO Box 2018, Adelaide SA 5001
 AUSTRALIA

INDEPENDENT AUDITOR'S REPORT TO THE PRINCIPAL MEMBER OF ADELAIDE HILLS COUNCIL

Report on the Financial Report

We have audited the accompanying financial report of Adelaide Hills Council ('the Council'), which comprises the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the certification of the financial statements by the Chief Executive Officer and the Principal Member of the Council.

Council's Responsibility for the Financial Report

The Council's officers are responsible for the preparation of the financial report in accordance with Australian Accounting Standards, the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 and for such internal controls as the Council's officers determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the council's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council's officers, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion the financial report of Adelaide Hills Council presents fairly, in all material respects, the Council's financial position as at 30 June 2015 and of its financial performance for the year ended on that date in accordance with Australian Accounting Standards, the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011.

A handwritten signature in black ink that reads 'BDO'.

BDO Audit Partnership (SA)

A handwritten signature in black ink that reads 'G Edwards'.

Geoffrey Keith Edwards
Director

Adelaide, 29 October 2015

Appendix 2 Subsidiaries

**Adelaide Hills Region Waste
Management Authority**
Annual Report 2014/15

ADELAIDE HILLS REGION WASTE MANAGEMENT AUTHORITY

Annual Report 2014/ 2015



ADELAIDE HILLS REGION WASTE MANAGEMENT AUTHORITY



Cr. Ian Bailey – Chair AHRWMA

The 2014/15 financial year has seen a move to positive growth and improved financial performance for the Authority. This has resulted in an improvement of \$420k in our net financial position and a return to profit. In addition, there have been significant long term benefits achieved for some of our Member Councils as part of a joint Collection Tender process.

The Authority was able to coordinate a joint waste, recyclables and organics collection tender process between some of our Member Councils. This was done to achieve a greater economies of scale which has in turn led to significantly improved collection contract rates and substantial savings for participating Member Councils. This is consistent with the Authority's current vision to achieve "*Sustainable Waste Management through Shared Services*" for its Member Councils.

The Authority welcomed the addition of Peter Brass as its new independent Audit Committee Presiding Member. Peter brings with him a wealth of risk management and audit experience both within state and local government, including other waste authorities. Following on from a recent review of our internal financial controls the Audit Committee will be focusing on ensuring that we have appropriate procedures and policies in place. This will lead up to conducting a statutory compliance review which will be undertaken in the 2015/16 financial year.

The Authority has also commenced a significant review of its Charter. This is to ensure that the Charter reflects the current environment in which we operate and provides certainty and continued benefits for its Member Councils. This review process should be completed in the 2015/16 financial year.

I would like to thank Member Councils for their support of the Authority through what has been a very testing period with increased competition and a legal challenge. Thanks also goes to the Executive Officer and his team for achieving a great result in a difficult environment.

We are looking forward to an exciting period as the Authority continues to pursue opportunities where it can add value to Member Council waste and recycling services.

ADELAIDE HILLS REGION WASTE MANAGEMENT AUTHORITY

THE BOARD

Mount Barker District Council



Lindsay Campbell
Councillor



David Peters
GM Corporate Services



Greg Morrison (Deputy)
Councillor

Alexandrina Council



Madeleine Walker
(Deputy Chair)
Councillor



Simon Grenfell
GM Infrastructure & Environment



Jim Davis (Deputy)
Councillor

Adelaide Hills Council



Ian Bailey (Chair)
Councillor



Marc Salver
Director Strategy & Development



Lynton Vonow (Deputy)
Councillor

Rural City of Murray Bridge



Theo Weinmann
Councillor



Simon Bradley
GM Infrastructure and Environment



Andrew Baltensperger (Deputy)
Councillor

ADELAIDE HILLS REGION WASTE MANAGEMENT AUTHORITY

THE VISION

"Sustainable Waste Management through Shared Services for the communities of Adelaide Hills, Alexandrina, Mt Barker and Murray Bridge".

THE MISSION

- *To meet the Zero Waste SA Resource Recovery Targets across the region where economically and environmentally justified.*
- *To continue to develop and manage the Authority's landfill as an EPA compliant model regional landfill that provides the most cost effective disposal option for Member Councils and commercial customers.*
- *To educate the regional community on responsible waste choices that enhance and maintain their environment.*

THE OBJECTIVES

The Authority's vision and mission will be achieved through five key objectives:

1. To take a leadership role in resource recovery and community education.
2. Responsibly develop and manage the Authority's landfill to be a model regional landfill meeting all legislative requirements and operating benchmarks.
3. Financial sustainability in waste services for Member Councils by pursuing a shared services model.
4. Advocate, research and promote best practice waste management and actively represent Member Councils in all forums.
5. A fully compliant Regional Subsidiary that meets the highest standards in governance, financial and human resource management.

ADELAIDE HILLS REGION WASTE MANAGEMENT AUTHORITY

SUMMARY OF 2014/15

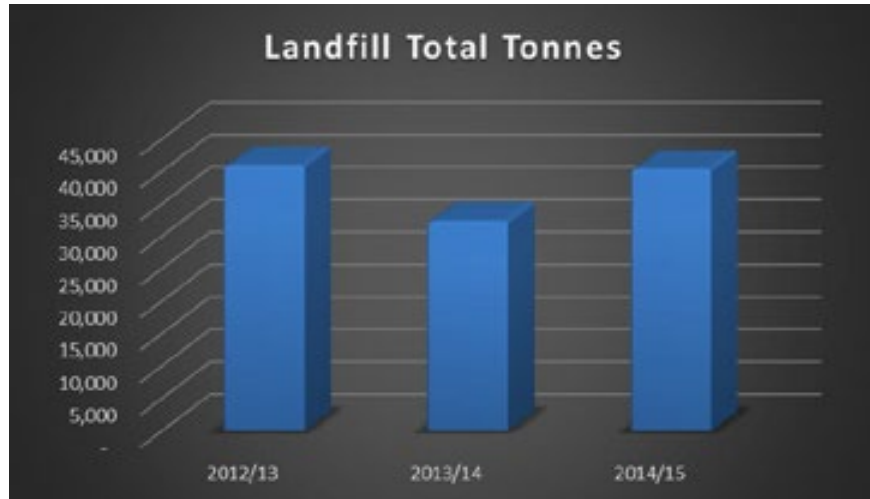
Some of the key activities for this year include:

- Appointed new Audit Committee Chair/Independent Member - Peter Brass.
- Continued legal response to SWR Claim.
- Commenced design of new Brinkley Cell 8/9.
- Completed construction and obtained approval for use of a new leachate pond at the Brinkley Landfill.
- Continued consultancy service role offered and provided to Member Councils.
- Successful tender finalised for combined collection tender contract with participation by Rural City of Murray Bridge, District Council of Mount Barker and Adelaide Hills Council.
- Roll out of Safe Work SA's new transfer station requirements. This has involved designing, manufacturing and installing new boom gate safety barriers to separate customers from potential fall from height risks whilst unloading their vehicles and trailers.
- Authority's crushing plant will have crushed approximately 15,000 tonnes this financial year – we are aiming to grow this to 25-30,000 tonnes per annum.
- The sorting and baling plants, part funded by ZerowasteSA, have to date processed approximately 4,000 tonnes of cardboard, paper and plastics which have been diverted from landfill, baled and supplied into the recyclables market.
- Continuing the implementation of actions from the review of the Authority's current financial controls which was undertaken by UHY Haines Norton.
- Substantial Charter Review underway with assistance from Norman Waterhouse Lawyers.
- A proposal was submitted to operate the Windmill Hill Transfer Station on behalf of Mount Barker District Council.
- There was strong Growth in patronage at Heathfield.
- An extended hours trial is currently underway at the Brinkley Transfer Station.
- There was steady growth in landfill operations achieving favourable revenue of \$177k

ADELAIDE HILLS REGION WASTE MANAGEMENT AUTHORITY

Landfill Operations

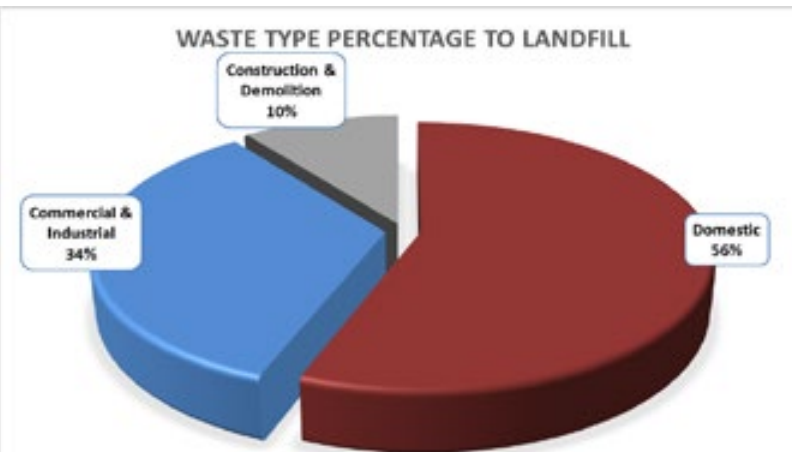
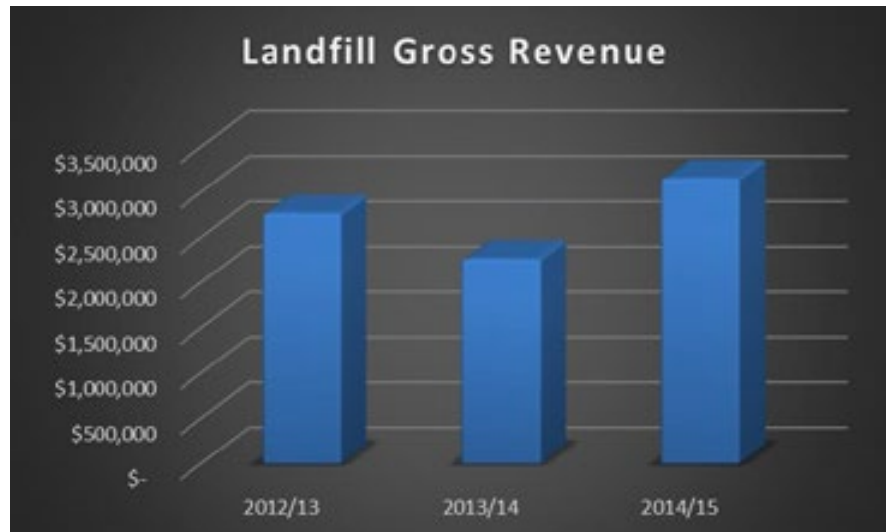
Brinkley Landfill Statistics



With the move to the Brinkley Landfill site and a new operator being established at the Hartley Landfill in February 2013 there has been increased competition for waste streams. This is evident in the 2013/14 financial year where substantial discounts have been offered by the Hartley operators. The Authority has not offered discounts to match the Hartley site but has instead focused on providing quality service and looking at opportunities to value add for customers.

It is important for Local Government that the waste and recycling industry be sustainable both now and into the future.

The increased tonnes in the 2014/15 financial year is a positive indicator for this strategy. We will however continue to monitor the market effects on our longer term planning.



ADELAIDE HILLS REGION WASTE MANAGEMENT AUTHORITY

Transfer Station Operations

The Authority currently manages two transfer stations on behalf of its Member Councils. These sites are the Heathfield Transfer Station which serves the Adelaide Hills Council area with an approximate population of 40,000 people and the Brinkley Transfer Station which serves the Rural City of Murray Bridge area with an approximate population of 21,000 people.



The Heathfield Transfer Station has shown strong customer growth since the Authority commenced operations in 2012. This has been assisted by the continued and consistent use of the facility by the Adelaide Hills Council (AHC) operations area and joint projects to produce quality road base materials from recycled products.

ADELAIDE HILLS REGION WASTE MANAGEMENT AUTHORITY

The Brinkley Transfer Station has shown improved usage in the 2014/15 financial year. The use of the site by the Rural City of Murray Bridges (RCMB) operations area has been inconsistent over recent years which has resulted in fluctuations of site usage.

BRINKLEY TS TRANSACTIONS

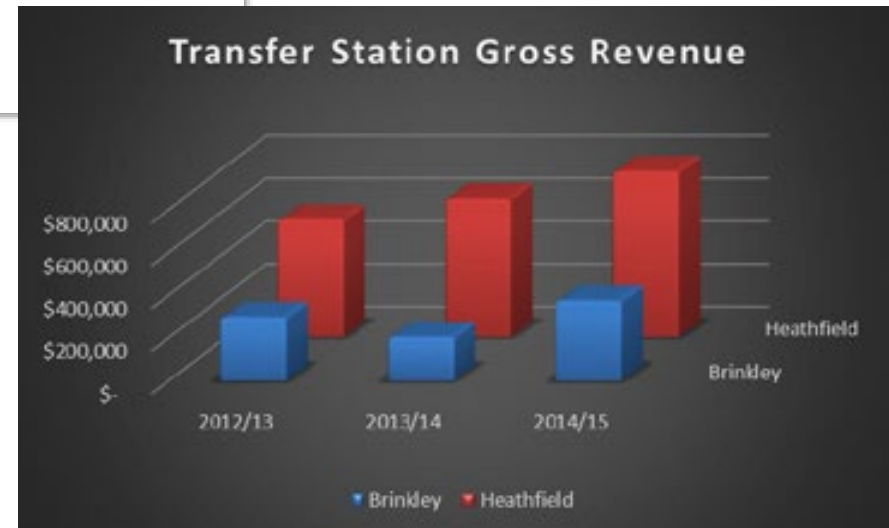


The Authority will continue to focus on expanding the construction and demolition resource recovery operations at the site which should further improve performance of the transfer station.

In addition, there will need to be a more concerted marketing campaign to promote the Brinkley Transfer Station's services.

The Heathfield Transfer Station finished the year with a net loss of approximately \$83,000 compared to its budgeted net loss of \$63,000. This is a good outcome considering the additional expenses that were associated with upgrading the site to comply with new Safe Work SA transfer station requirements. When removing these extraordinary costs, the Heathfield Transfer Station essentially met its budget for the 2014/15 financial year.

The Brinkley Transfer Station was able to return a small profit of \$4,389 for the 2014/15 financial year which was favourable compared to the break-even budgeted target. The favourable net revenue is returned to the Rural City of Murray Bridge.



ADELAIDE HILLS REGION WASTE MANAGEMENT AUTHORITY

Kerbside Waste and Recycling Collections

The Adelaide Hills Region Waste Management Authority employs a Waste Strategy Coordinator on behalf of three of its Member Councils. The Waste Strategy Coordinator manages waste services across the Adelaide Hills Council, the Mount Barker District Council and the Rural City of Murray Bridge.

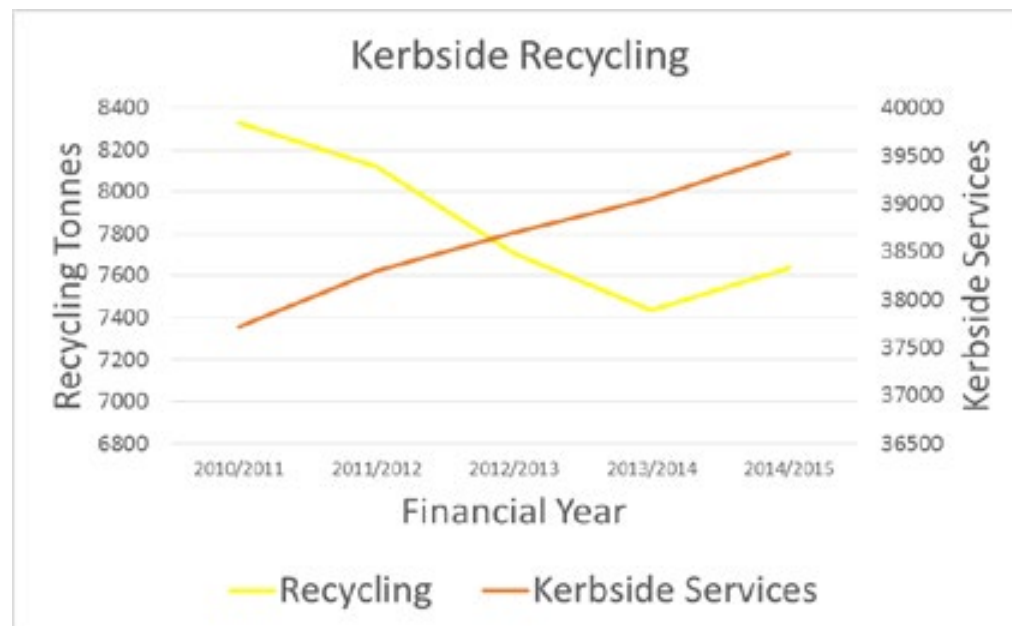
Recycling Service

The amount of recyclables collected through the kerbside service across the three member Councils is 3.7kg per household per week (kg/hh/wk), which is very similar to the previous year. This indicates that the kerbside recycling collection service is being well utilised.

Kerbside recycling tonnage comparisons

Year	Services	Tonnes Collected
2010-2011	37722	8330
2011-2012	38298	8122
2012-2013	38696	7706
2013-2014	39059	7435
2014-2015	39533	7640

Whilst there has been an increase in recyclables collected this year the overall tonnes of recyclables collected are still down in comparison to 2010-2011. This may be due to an initial large uptake following the introduction the new service which also included an education campaign. The Authority will assist in the coordination of a new education campaign to be rolled out in conjunction with the new collection contracts scheduled for commencement in October 2015. The results from future kerbside audits will help us to better understand what underlying factors are at play. These results will be fed into future education programs.



ADELAIDE HILLS REGION WASTE MANAGEMENT AUTHORITY

Waste Service

The amount of waste collected through the kerbside service across the three member Councils is 8.9kg/hh/wk, which is 0.2 kg/hh/wk more than the previous year. The waste disposed to landfill per property has seen slight a reduction over the past five years, from 9kg/hh/wk down to 8.9kg/hh/wk, with the lowest being 8.7kg/hh/wk in 2011/2012 and 2012/2013. Waste production has not exceeded growth, which is positive when considering that the number of products and packaging generated for sale would likely have increased during this time.

Kerbside waste tonnage comparisons

Year	Services	Tonnes Collected
2010-2011	37722	17674
2011-2012	38298	17839
2012-2013	38696	17406
2013-2014	39059	17625
2014-2015	39533	18206

The focus on a new waste and recycling education program, with the introduction of new collection services in October 2015, should lead to a reduction in the kgs per household going to landfill. Future kerbside audits will also assist our understanding of any trends that may be occurring within the makeup of waste going to landfill and whether any changes are required.



ADELAIDE HILLS REGION WASTE MANAGEMENT AUTHORITY

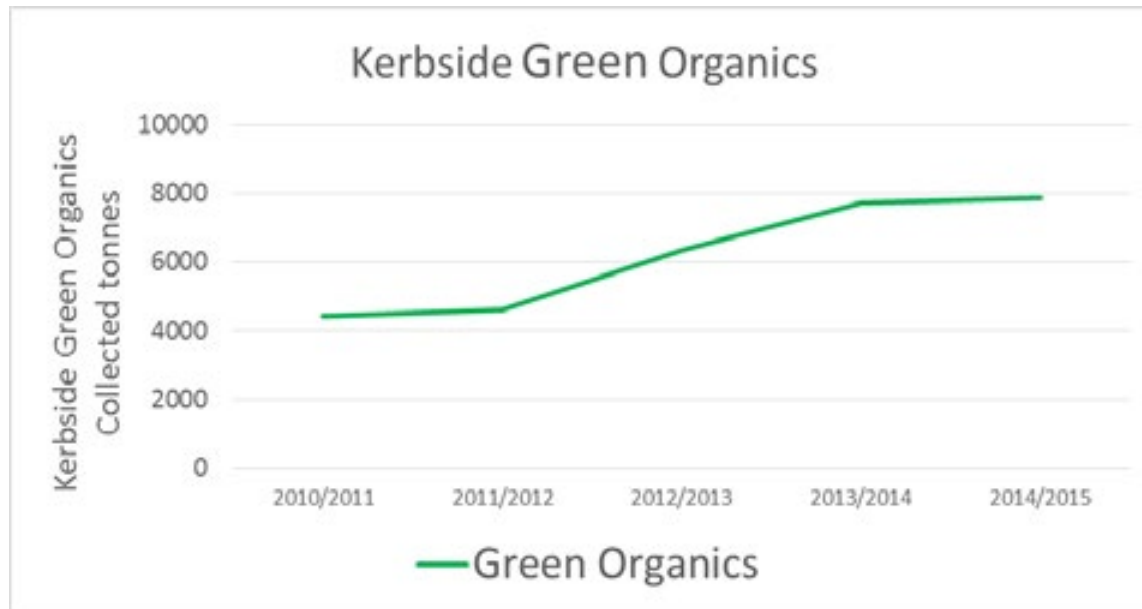
Green Organics Service

Properties within the Township areas of the three Councils are entitled to a green bin service. The details of the number of services within those townships over the past five years is not available. However during 2014-2015 approximately 28,768 properties were entitled to a green bin service. Based on this it can be determined that 5.2kg/hh/wk of green organics are collected.

The table and graph below shows that the amount of green organics collected has increased significantly over the last five years, with the introduction of the kerbside service to townships within the Adelaide Hills Council and the introduction of a complete food scraps collection program across the Mount Barker District Council and an optional program within the Adelaide Hills Council.

Kerbside green organics tonnage comparisons

Year	Tonnes Collected
2010-2011	4430
2011-2012	4624
2012-2013	6360
2013-2014	7718
2014-2015	7850



There has been positive growth in the diversion and collection of Kerbside Green Organics. At 5.2 kg per household per week the average yield is lower than for metropolitan council areas where the average is typically 3 kg higher. This may be due to a higher percentage of residents doing their own composting within the hills areas. More research will be required to assess what the underlying factors are.

ADELAIDE HILLS REGION WASTE MANAGEMENT AUTHORITY

A new Collection contract will commence across the Rural City of Murray Bridge and the Mount Barker District Council and all Councils will now receive a return for their recyclables. A new education campaign will be implemented to further increase the recyclables collected and reduce the contamination rates within the recycling bins. Contamination, as is currently reported by the recycler, is approximately 27%, however detailed kerbside audits will give a better indication of contamination rates in the future.

All three Councils Waste Strategies are in the process of being updated which will provide new direction for waste management services within those Council areas for the next five years.

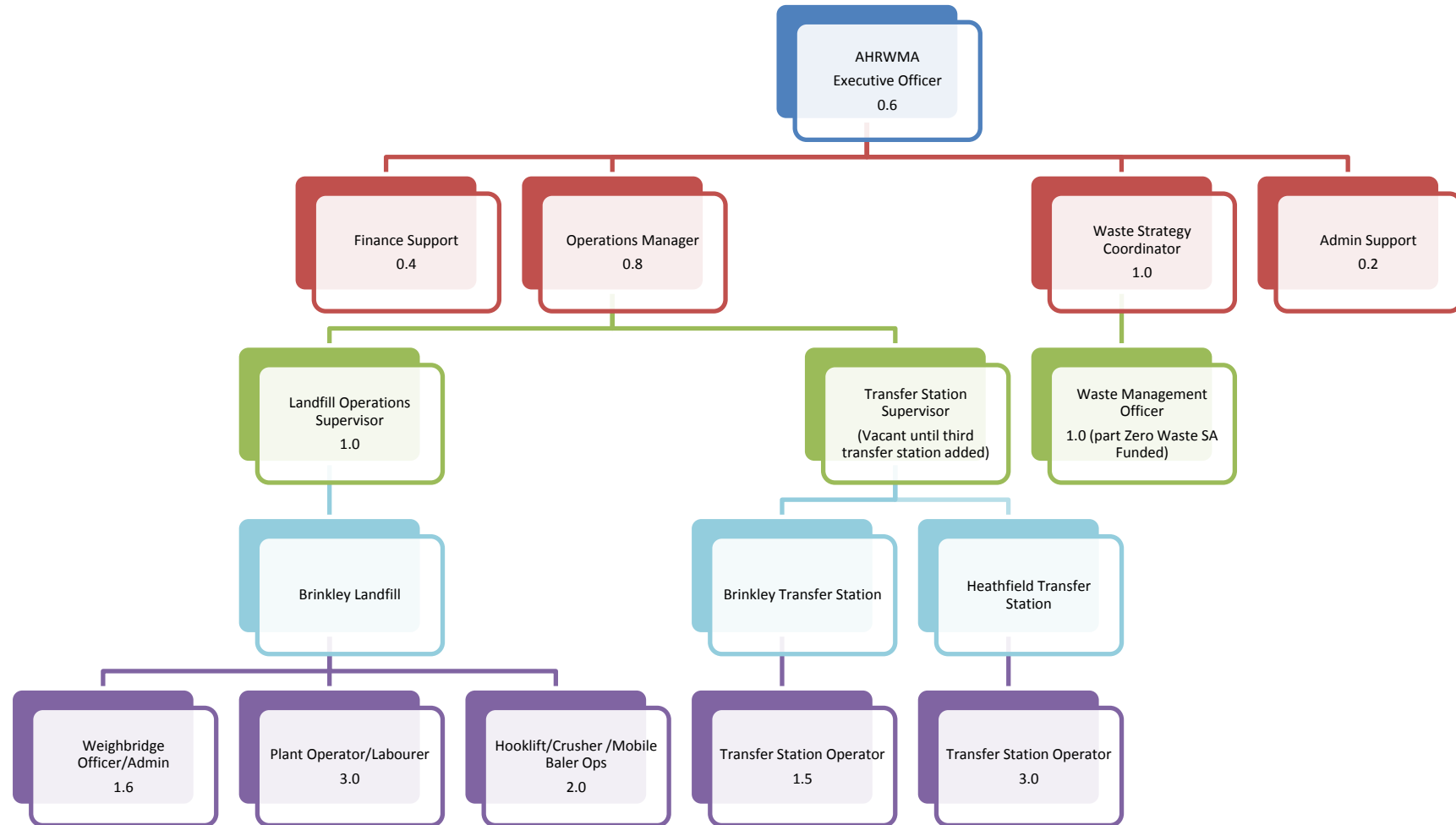
A bin tagging trial program has been completed and a report detailing the outcome of this project will be prepared, which will identify opportunities for using this as an education tool into the future.

The Adelaide Hills Council's 6-month Hard Waste Collection Service is due to commence again in October 2015, this service is currently being provided by Finding Workable Solutions, a not for profit community organisation, and is focuses on the reuse of the hard waste items collected.

The Adelaide Hills Council and the Mount Barker District Council continue to hold free green organics days throughout the year. There are three of these events held each year on a coordinated basis between the two Councils.

ADELAIDE HILLS REGION WASTE MANAGEMENT AUTHORITY

Organisational Chart



ADELAIDE HILLS REGION WASTE MANAGEMENT AUTHORITY

Financial Performance

Profit & Loss [Budget Analysis]

July 2014 To June 2015

	Selected Period	Budgeted	\$ Difference
Income			
Interest	\$1,196	\$0	\$1,196
Landfill Income	\$3,166,970	\$2,989,000	\$177,970
Transfer Station Income	\$1,185,436	\$804,053	\$381,383
AHRWMA Income	\$451,650	\$283,310	\$168,340
Other Income	\$215,363	\$203,000	\$12,363
Total Income	\$5,020,615	\$4,279,363	\$741,252
Expenses			
Human Resources	\$852,582	\$965,730	(\$113,148)
Administration	\$618,376	\$678,038	(\$59,662)
Operations	\$2,829,141	\$2,160,682	\$668,459
Depreciation/Amortisation	\$704,744	\$639,752	\$64,992
Total Expenses	\$5,004,844	\$4,444,202	\$560,642
Net Profit/(Loss)	\$15,771	(\$164,839)	\$180,610

Improvements in Landfill Income have enabled a favourable outcome in our net budget with a small profit of \$15,771 compared to the original budgeted loss of \$164,839.

Our revised Long Term Financial Plan shows the Authority returning to sustained profit in future years.

Adelaide Hills Region Waste Management Authority

General Purpose Financial Reports for the year ended 30 June 2015

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Adelaide Hills Region Waste Management Authority

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2015

	Notes	2015 \$	2014 \$
INCOME			
User charges	2	3,153,995	2,262,588
Investment income	2	1,196	3,242
Other income	2	1,865,424	1,819,189
Total Income		<u>5,020,615</u>	<u>4,085,019</u>
EXPENSES			
Employee costs	3	852,582	840,452
Materials, contracts & other expenses	3	3,415,025	2,979,455
Depreciation, amortisation & impairment	3	704,744	652,737
Finance costs	3	11,504	9,488
Total Expenses		<u>4,983,855</u>	<u>4,482,132</u>
OPERATING SURPLUS / (DEFICIT)		36,760	(397,113)
Asset disposal & fair value adjustments	4	(20,989)	(7,079)
Amounts received specifically for new or upgraded assets	2	-	-
NET SURPLUS / (DEFICIT)		<u>15,771</u>	<u>(404,192)</u>
transferred to Equity Statement			(404,192)
TOTAL COMPREHENSIVE INCOME		<u>15,771</u>	<u>(404,192)</u>

This Statement is to be read in conjunction with the attached Notes.

Adelaide Hills Region Waste Management Authority

STATEMENT OF FINANCIAL POSITION
as at 30 June 2015

	Notes	2015 \$	2014 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5	309,028	192,437
Trade & other receivables	5	477,982	629,817
Inventories	5	6,430	12,689
Total Current Assets		<u>793,440</u>	<u>834,943</u>
Non-current Assets			
Infrastructure, Property, Plant & Equipment	6	3,104,599	3,371,647
Total Non-current Assets		<u>3,104,599</u>	<u>3,371,647</u>
Total Assets		<u>3,898,039</u>	<u>4,206,590</u>
LIABILITIES			
Current Liabilities			
Trade & Other Payables	7	515,049	582,290
Provisions	7	71,891	70,115
Total Current Liabilities		<u>586,940</u>	<u>652,405</u>
Non-current Liabilities			
Borrowings	7	200,000	427,000
Provisions	7	878,994	910,851
Total Non-current Liabilities		<u>1,078,994</u>	<u>1,337,851</u>
Total Liabilities		<u>1,665,934</u>	<u>1,990,256</u>
NET ASSETS		<u>2,232,105</u>	<u>2,216,334</u>
EQUITY			
Accumulated Surplus	8	2,232,105	2,216,334
TOTAL EQUITY		<u>2,232,105</u>	<u>2,216,334</u>

This Statement is to be read in conjunction with the attached Notes.

Adelaide Hills Region Waste Management Authority

STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2015

	Notes	Accumulated Surplus	TOTAL EQUITY
2015		\$	\$
Balance at end of previous reporting period		<u>2,216,334</u>	<u>2,216,334</u>
Net Surplus / (Deficit) for Year		<u>15,771</u>	<u>15,771</u>
Balance at end of period		<u>2,232,105</u>	<u>2,232,105</u>
2014			
Balance at end of previous reporting period		2,620,526	2,620,526
Distribution to Councils		-	-
Net Surplus / (Deficit) for Year		<u>(404,192)</u>	<u>(404,192)</u>
Balance at end of period		<u>2,216,334</u>	<u>2,216,334</u>

This Statement is to be read in conjunction with the attached Notes.

Adelaide Hills Region Waste Management Authority

STATEMENT OF CASH FLOWS for the year ended 30 June 2015

	Notes	2015 \$	2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
<u>Receipts</u>			
Operating receipts		5,536,594	4,183,197
Investment receipts		1,201	7,826
<u>Payments</u>			
Operating payments to suppliers & employees		(4,667,414)	(4,330,162)
Finance payments		<u>(15,805)</u>	<u>(9,488)</u>
Net Cash provided by (or used in) Operating Activities	10	854,576	(148,627)
 CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Receipts</u>			
Amounts specifically for new or upgraded assets		-	-
Sale of replaced assets		20,555	44,902
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(80,994)	(134,861)
Expenditure on new/upgraded assets		<u>(450,546)</u>	<u>(942,934)</u>
Net Cash provided by (or used in) Investing Activities		(510,985)	(1,032,893)
 CASH FLOWS FROM FINANCING ACTIVITIES			
<u>Receipts</u>			
Proceeds from Borrowings		-	427,000
<u>Payments</u>			
Repayments of Borrowings		<u>(227,000)</u>	-
Net Cash provided by (or used in) Financing Activities		(227,000)	427,000
Net Increase (Decrease) in cash held		116,591	(754,520)
 Cash & cash equivalents at beginning of period	10	<u>192,437</u>	946,957
Cash & cash equivalents at end of period	10	<u>309,028</u>	<u>192,437</u>

This Statement is to be read in conjunction with the attached Notes.

ADELAIDE HILLS REGION WASTE MANAGEMENT AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

This general purpose financial report has been prepared in accordance with Australian Accounting Standards as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and relevant South Australian legislation.

The Authority is a Local Government Authority Section 43 Regional Subsidiary under the control of Adelaide Hills Council, Alexandrina Council, The District Council of Mt Barker and Rural City of Murray Bridge.

1.2 Historical Cost Convention

Except as stated below, these financial statements have been prepared in accordance with the historical cost convention.

1.3 Critical Accounting Estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates, and requires management to exercise its judgement in applying the Authority's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of this Note.

1.4 Rounding

All amounts in the financial statements have been rounded to the nearest dollar.

2 The Local Government Reporting Entity

Adelaide Hills Region Waste Management Authority operates as a regional subsidiary pursuant to Section 43 of the Local Government Act 1999 & Section 25 of the Local Government Implementation Act, and has its principal place of business at c/- of The District Council of Mt Barker, 6 Dutton Road, Mt Barker. These financial statements have been prepared for use by constituent Councils of the Authority.

3 Income recognition

Income is measured at the fair value of the consideration received or receivable. Income is recognised when the Authority obtains control over the assets comprising the income, or when the amount due constitutes an enforceable debt, whichever first occurs.

Where grants, contributions and donations recognised as income during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the amounts subject to those undischarged conditions are disclosed in these notes. Also disclosed is the amount of grants, contributions and receivables recognised as income in a previous reporting period which were obtained in respect of the Authority's operations for the current reporting period.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 1 - Significant Accounting Policies (cont)

4 Cash, Cash Equivalents and other Financial Instruments

Cash Assets include all amounts readily convertible to cash on hand at the Authority's option with an insignificant risk of changes in value with a maturity of three months or less from the date of acquisition.

Receivables are generally unsecured and do not bear interest.

All receivables are reviewed as at the reporting date and adequate allowance made for amounts the receipt of which is considered doubtful.

All financial instruments are recognised at fair value at the date of recognition. A detailed statement of the accounting policy applied to financial instruments forms part of Note 11.

5 Inventories

Inventories held in respect of stores have been valued by using the weighted average cost on a continual basis, after adjustment for loss of service potential. Inventories held in respect of business undertakings have been valued at the lower of cost and net realisable value.

6 Infrastructure, Property, Plant & Equipment

6.1 Initial Recognition

All assets are initially recognised at cost. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition.

All non current assets purchased or constructed are capitalised as the expenditure is incurred and depreciated as soon as the asset is held "ready for use". Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including architects' fees and engineering design fees and all other costs incurred. The cost of non-current assets constructed by the Authority includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

6.2 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Authority for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life. Examples of capitalisation thresholds applied during the year are as follows. No capitalisation threshold is applied to the acquisition of land or interests in land.

Office Furniture & Equipment	\$1,000
Other Plant & Equipment	\$1,000
Road Construction & Reconstruction	\$10,000
Paving & Footpaths, Kerb & Gutter	\$2,000

6.3 Subsequent Recognition

Certain asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset.

6.4 Depreciation of Non-Current Assets

Other than land, all infrastructure, property, plant and equipment assets recognised are systematically depreciated over their useful lives in a manner which reflects the consumption of the service potential embodied in those assets.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 1 - Significant Accounting Policies (cont)

Depreciation is recognised on a straight-line basis. Major depreciation periods for each class of asset are shown below. Depreciation periods for infrastructure assets have been estimated based on the best information available to Authority, but appropriate records covering the entire life cycle of these assets are not available, and extreme care should be used in interpreting financial information based on these estimates.

<u>Plant, Furniture & Equipment</u>	
Office Equipment	5 years
Other Plant & Equipment	5 years
<u>Infrastructure</u>	
Unsealed Roads	15 years
Fencing	15 years
Water Tanks	30 years
Litter Fence	5 years
Pumps	5 years
Monitor Bore	10 years
Buildings	20 years
Roads	25 years

Cell construction expenditure for this year has been capitalised and will be amortised over the estimated life of the cell. Any further expenditure on the cell to complete its useful life will be amortised over that remaining life.

6.5 Impairment

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount (which is the higher of the present value of future cash inflows or value in use).

For assets whose future economic benefits are not dependent on the ability to generate cash flows, and where the future economic benefits would be replaced if Council were deprived thereof, the value in use is the depreciated replacement cost. In assessing impairment for these assets, a rebuttable assumption is made that the current replacement cost exceeds the original cost of acquisition.

Where an asset that has been revalued is subsequently impaired, the impairment is first offset against such amount as stands to the credit of that class of assets in Asset Revaluation Reserve, any excess being recognised as an expense.

6.6 Borrowing Costs

Borrowing costs in relation to qualifying assets (net of offsetting investment revenue) have been capitalised in accordance with the allowed alternative treatment in AASB 123 "Borrowing Costs". The amounts of borrowing costs recognised as an expense or as part of the carrying amount of qualifying assets are disclosed in Note 3, and the amount (if any) of interest revenue offset against borrowing costs in Note 2.

7 Payables

7.1 Goods & Services

Creditors are amounts due to external parties for the supply of goods and services and are recognised as liabilities when the goods and services are received. Creditors are normally paid 30 days after the month of invoice. No interest is payable on these amounts.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 1 - Significant Accounting Policies (cont)

7.2 Payments Received in Advance & Deposits

Amounts (other than grants) received from external parties in advance of service delivery, and security deposits held against possible damage to Authority assets, are recognised as liabilities until the service is delivered or damage reinstated, or the amount is refunded as the case may be.

8 Borrowings

Borrowings are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period to which it relates, and is recorded as part of "Payables". Interest free loans are carried at their nominal amounts; interest revenues foregone by the lender effectively being a reduction of interest expense in the period to which it relates.

9 Employee Benefits

9.1 Salaries, Wages & Compensated Absences

Liabilities for employees' entitlements to salaries, wages and compensated absences expected to be paid or settled within 12 months of reporting date are accrued at nominal amounts (including payroll based oncosts) measured in accordance with AASB 119.

Liabilities for employee benefits not expected to be paid or settled within 12 months are measured as the present value of the estimated future cash outflows (including payroll based oncosts) to be made in respect of services provided by employees up to the reporting date. Present values are calculated using government guaranteed securities rates with similar maturity terms.

No accrual is made for sick leave as experience indicates that, on average, sick leave taken in each reporting period is less than the entitlement accruing in that period, and this experience is expected to recur in future reporting periods. The Authority does not make payment for untaken sick leave.

9.2 Superannuation

The Authority makes employer superannuation contributions in respect to its employees to the Local Government Superannuation Scheme. The scheme has two types of membership, each of which is funded differently. The Authority's employees are only members of the accumulated fund.

Accumulated fund members receive both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings in accordance with Superannuation Guarantee Legislation (9.25% in 2013/14; 9% in 2012/13). No further liability accrues to the employer as the superannuation benefits accruing to the employees are represented by their share of the net assets of the Fund.

The Authority also makes contributions to other superannuation schemes selected by employees under the 'choice of fund' legislation. All such schemes are of the accumulated type, where the superannuation benefits accruing to the employee are represented by their share of the new assets of the scheme, and no further liability attaches to the Authority.

10 Construction Contracts

Construction works undertaken by Authority for third parties are generally on an agency basis where the third party reimburses the Authority for actual costs incurred, and usually do not extend beyond the reporting period. As there is no profit component, such works are treated as 100% completed. Reimbursements not received are recognised as receivables and reimbursements received in advance are recognised as "payments received in advance".

11 Joint Ventures and Associated Entities

The Authority does not have or participates in cooperative arrangements with other Councils for the provision of services and facilities.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 1 - Significant Accounting Policies (cont)

12 Leases

The Authority does not have any leases.

13 GST Implications

In accordance with UIG Abstract 1031 "Accounting for the Goods & Services Tax"

- Receivables and Creditors include GST receivable and payable.
- Except in relation to input taxed activities, revenues and operating expenditures exclude GST receivable and payable.
- Non-current assets and capital expenditures include GST net of any recoupment.
- Amounts included in the Statement of Cash Flows are disclosed on a gross basis.

14 Rehabilitation

Expenditures relating to ongoing rehabilitation and restoration reduce any provision previously established.

The Authority annually monitors the liability recorded for landfill rehabilitation and restoration estimates and make adjustment to the liability as required ensuring an accurate projected cost of the liability is showing in the Statement of Financial Position. The Authority will be undertaking further detailed reviews of all rehabilitation and restoration liability costs in future years with the assistance of external consultants to ensure all projected costs have been independently verified.

Adelaide Hills Region Waste Management Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 2 - INCOME

	Notes	2015 \$	2014 \$
USER CHARGES			
Waste disposal fee - Adelaide Hills Council		818,331	721,008
Waste disposal fee - Alexandrina Council		223,370	42,109
Waste disposal fee - District Council of Mt Barker		497,793	453,109
Waste disposal fee - Rural City of Murray Bridge		411,876	352,142
Waste disposal fee - Other Customers		<u>1,202,625</u>	<u>694,220</u>
		<u>3,153,995</u>	<u>2,262,588</u>
INVESTMENT INCOME			
Interest on investments			
Local Government Finance Authority		<u>1,196</u>	<u>3,242</u>
		<u>1,196</u>	<u>3,242</u>
OTHER INCOME			
Consultancy service		38,128	84,069
Waste officer contribution		168,237	144,474
Waste Transfer Station Income		1,185,436	996,923
Waste Transfer Station Management		83,324	246,824
Transport Income		163,272	124,364
Fuel Tax Rebate		40,744	38,393
Machinery Charge Out		134,060	155,905
Recycled Income		12,975	3,878
Sundry		<u>39,248</u>	<u>24,359</u>
		<u>1,865,424</u>	<u>1,819,189</u>

Adelaide Hills Region Waste Management Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 3 - EXPENSES

	Notes	2015 \$	2014 \$
EMPLOYEE COSTS			
Salaries and Wages		644,196	635,310
Employee leave expense		89,710	80,992
Superannuation		65,959	60,879
Workers' Compensation Insurance		18,523	19,133
Other		34,194	44,138
Total Operating Employee Costs		852,582	840,452
Total Number of Employees		10	10
<i>(Full time equivalent at end of reporting period)</i>			
MATERIALS, CONTRACTS & OTHER EXPENSES			
<u>Prescribed Expenses</u>			
Auditor's Remuneration			
- Auditing the financial reports		3,420	3,270
<u>Other Materials, Contracts & Expenses</u>			
Contractors		245,880	276,728
Waste Transfer Station Expenses		907,030	849,451
Repairs and Maintenance		254,819	213,781
Leachate Monitoring/Pumping		1,385	495
Research and Development		6,660	17,883
Administration and Accountancy Service		43,148	45,146
EPA Waste Levy		1,221,150	892,682
EPA Licence Fees		7,741	7,057
Royalty To Landowners/Lease		48,878	62,781
Insurance and Legal		154,213	118,952
Professional Services		362,466	325,173
Parts, accessories & consumables		152,133	161,840
Sundry		6,102	4,216
Subtotal - Other Materials, Contracts & Expenses		3,411,605	2,976,185
		3,415,025	2,979,455

Adelaide Hills Region Waste Management Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 3 - EXPENSES (cont)

	Notes	2015 \$	2014 \$
DEPRECIATION, AMORTISATION & IMPAIRMENT			
Depreciation			
Road Infrastructure		5,534	5,178
Buildings		16,036	14,844
Vehicles		18,510	22,722
Plant & Equipment		273,535	305,623
Landfill Cells		270,694	159,941
Lechate Ponds		6,157	4,464
Landfill Rehabilitation		17,922	59,632
Landfill Cell Capping		96,356	80,333
		704,744	652,737
FINANCE COSTS			
Interest on overdraft and short-term drawdown		11,504	9,488
Interest on Loans		-	-
		11,504	9,488

Adelaide Hills Region Waste Management Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 4 - ASSET DISPOSAL & FAIR VALUE ADJUSTMENTS

	2015	2014
Notes	\$	\$
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT		
<i>Assets renewed or directly replaced</i>		
Proceeds from disposal	20,555	44,902
Less: Carrying amount of assets sold	<u>41,544</u>	<u>51,981</u>
Gain (Loss) on disposal	<u>(20,989)</u>	<u>(7,079)</u>
NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS	<u>(20,989)</u>	<u>(7,079)</u>

Adelaide Hills Region Waste Management Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 5 - CURRENT ASSETS

	Notes	2015 \$	2014 \$
CASH & EQUIVALENT ASSETS			
Cash on Hand and at Bank		299,741	183,907
Deposits at Call		9,287	8,530
		<u>309,028</u>	<u>192,437</u>
TRADE & OTHER RECEIVABLES			
Accrued Revenues		37,000	175,408
Debtors - general		440,982	425,235
Prepayments		-	29,174
		<u>477,982</u>	<u>629,817</u>
INVENTORIES			
Stores & Materials		6,430	12,689
		<u>6,430</u>	<u>12,689</u>

Adelaide Hills Region Waste Management Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 6 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2014 \$				2015 \$			
	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT
Road Infrastructure	-	138,352	(5,603)	132,749	-	138,352	(11,137)	127,215
Buildings	-	284,432	(36,721)	247,711	-	291,938	(52,757)	239,181
Vehicles	-	83,704	(29,693)	54,011	-	86,498	(17,559)	68,939
Plant & Equipment	-	2,213,398	(860,572)	1,352,826	-	2,482,326	(1,118,330)	1,363,996
Landfill Cells	-	1,024,547	(224,840)	799,707	-	1,104,236	(495,534)	608,702
Lechate Ponds	-	89,280	(4,464)	84,816	-	173,938	(10,621)	163,317
Landfill Rehabilitation	-	364,000	(65,840)	298,160	-	424,300	(83,762)	340,538
Landfill Cell Capping	-	503,000	(101,333)	401,667	-	390,400	(197,689)	192,711
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT	-	4,700,713	(1,329,066)	3,371,647	-	5,091,988	(1,987,389)	3,104,599
<i>Comparatives</i>		3,384,700	(703,130)	2,681,570		4,700,713	(1,329,066)	3,371,647

This Note continues on the following page.

Adelaide Hills Region Waste Management Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 6 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT (cont.)

	2014	CARRYING AMOUNT MOVEMENTS DURING YEAR							2015
	\$	\$							\$
	CARRYING AMOUNT	Additions		Disposals	Depreciation	Impairment	Transfers	Net Revaluation	CARRYING AMOUNT
	New/Upgrade	Renewals							
Road Infrastructure	132,749	-	-	-	(5,534)	-	-	-	127,215
Buildings	247,711	7,506	-	-	(16,036)	-	-	-	239,181
Vehicles	54,011	10,265	35,608	(12,435)	(18,510)	-	-	-	68,939
Plant & Equipment	1,352,826	268,428	45,386	(29,109)	(273,535)	-	-	-	1,363,996
Landfill Cells	799,707	79,689	-	-	(270,694)	-	-	-	608,702
Lechate Ponds	84,816	84,658	-	-	(6,157)	-	-	-	163,317
Landfill Rehabilitation	298,160	-	60,300	-	(17,922)	-	-	-	340,538
Landfill Cell Capping	401,667	-	(112,600)	-	(96,356)	-	-	-	192,711
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT	3,371,647	450,546	28,694	(41,544)	(704,744)	-	-	-	3,104,599
<i>Comparatives</i>	2,681,570	942,934	451,861	(51,981)	(652,737)	-	-	-	3,371,647

Adelaide Hills Region Waste Management Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 7 - LIABILITIES

	Notes	2015		2014	
		Current	Non-current	Current	Non-current
TRADE & OTHER PAYABLES					
Goods & Services		437,512		556,425	
Accrued expenses - other		313	-	4,614	-
Other		77,224	-	21,251	-
		<u>515,049</u>	<u>-</u>	<u>582,290</u>	<u>-</u>
BORROWINGS					
Loans		-	200,000	-	427,000
		<u>-</u>	<u>200,000</u>	<u>-</u>	<u>427,000</u>

All interest bearing liabilities are secured over the future revenues of the Authority.

PROVISIONS

Employee entitlements (including oncosts)	71,891	64,294	70,115	43,851
Future reinstatement / restoration, etc	-	814,700	-	867,000
	<u>71,891</u>	<u>878,994</u>	<u>70,115</u>	<u>910,851</u>

Movements in Provisions - 2015 year only (current & non-current)

	Future Reinstatement	Cell Capping
Opening Balance	364,000	503,000
Add Additional amounts recognised	60,300	(112,600)
Add (Less) Remeasurement Adjustments		
Closing Balance	<u>424,300</u>	<u>390,400</u>

Adelaide Hills Region Waste Management Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 8 - RESERVES & EQUITY

DISTRIBUTION SHARE OF SURPLUS/(DEFICIT)

The net surplus for the year has been distributed in proportion to the volumes of waste deposited by each respective constituent council.

	2015	%	2014	%
Volumes of waste dumped (in tonnes)				
Adelaide Hills Council	9,763	36.3%	9,170	40.7%
Alexandrina Council	3,349	12.4%	678	3.0%
District Council of Mt Barker	7,470	27.8%	7,289	32.4%
Rural City of Murray Bridge	6,311	23.5%	5,392	23.9%
	<u>26,893</u>	100%	<u>22,529</u>	100%

Distribution in accordance with the above percentages

	2015	2014
	\$	\$
Adelaide Hills Council	5,725	(164,506)
Alexandrina Council	1,956	(12,126)
District Council of Mt Barker	4,384	(130,958)
Rural City of Murray Bridge	3,706	(96,602)
	<u>15,771</u>	<u>(404,192)</u>

DISTRIBUTION SHARE OF EQUITY

Adelaide Hills Council		
Balance at end of previous reporting period	831,389	1,052,901
Distribution	-	(57,006)
Share of surplus	5,725	(164,506)
Balance at end of period	<u>837,114</u>	<u>831,389</u>
Alexandrina Council		
Balance at end of previous reporting period	229,419	255,371
Distribution	-	(13,826)
Share of surplus	1,956	(12,126)
Balance at end of period	<u>231,375</u>	<u>229,419</u>
District Council of Mt Barker		
Balance at end of previous reporting period	771,871	954,507
Distribution	-	(51,678)
Share of surplus	4,384	(130,958)
Balance at end of period	<u>776,255</u>	<u>771,871</u>
Rural City of Murray Bridge		
Balance at end of previous reporting period	383,655	507,747
Distribution	-	(27,490)
Share of surplus	3,706	(96,602)
Balance at end of period	<u>387,361</u>	<u>383,655</u>
Distribution to Councils	-	-
TOTAL EQUITY AT END OF REPORTING PERIOD	2,232,105	2,216,334

Adelaide Hills Region Waste Management Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 9 - ASSETS SUBJECT TO RESTRICTIONS

The Authority as at 30 June 2015 had no assets subject to restrictions.

Adelaide Hills Region Waste Management Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 10 - RECONCILIATION TO CASH FLOW STATEMENT

(a) Reconciliation of Cash

Cash Assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

	Notes	2015 \$	2014 \$
Total cash & equivalent assets	5	309,028	192,437
Balances per Cash Flow Statement		<u>309,028</u>	<u>192,437</u>

(b) Reconciliation of Change in Net Assets to Cash from Operating Activities

Net Surplus (Deficit)		15,771	(404,192)
Non-cash items in Income Statement			
Depreciation, amortisation & impairment		707,675	652,737
Net increase (decrease) in unpaid employee benefits		22,219	24,212
Grants for capital acquisitions treated as Investing Activity		-	-
Net (Gain) Loss on Disposals		20,989	7,079
		<u>766,654</u>	<u>279,836</u>
Add (Less): Changes in Net Current Assets			
Net (increase) decrease in receivables		151,835	(331,318)
Net (increase) decrease in inventories		6,259	2,219
Net (increase) decrease in other current assets		-	-
Net increase (decrease) in trade & other payables		(67,241)	(99,364)
Net increase (decrease) in other provisions		-	-
Net Cash provided by (or used in) operations		<u>857,507</u>	<u>(148,627)</u>

(c) Non-Cash Financing and Investing Activities

Acquisition of assets by means of:

- Estimated future reinstatement etc. costs		<u>6,300</u>	<u>317,000</u>
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(d) Financing Arrangements

Unrestricted access was available at balance date to the following lines of credit:

Bank Overdrafts	450,000	450,000
Loan Facilities - Outstanding Principle	-	-
Corporate Credit Cards	6,000	6,000

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice, this facility is provided by the Local Government Finance Authority of SA.

Adelaide Hills Region Waste Management Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 11 - FINANCIAL INSTRUMENTS

Recognised Financial Instruments

Bank, Deposits at Call	<p>Accounting Policy: Carried at lower of cost and net realisable value; Interest is recognised when earned.</p> <p>Terms & conditions: Deposits at call have an average maturity of 90 days and an average interest rates of 2.35% (2014: 90 days, 2.50%).</p> <p>Carrying amount: Approximates fair value due to the short term to maturity.</p>
Receivables - Fees & other charges	<p>Accounting Policy: Carried at nominal values less any allowance for doubtful debts.</p> <p>Terms & conditions: Unsecured, and do not bear interest. Although the Authority is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Authority's boundaries.</p> <p>Carrying amount: Approximates fair value (after deduction of any allowance).</p>
Liabilities - Creditors and Accruals	<p>Accounting Policy: Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Authority.</p> <p>Terms & conditions: Liabilities are normally settled on 30 day terms.</p> <p>Carrying amount: Approximates fair value.</p>
Liabilities - Interest Bearing Borrowings	<p>Accounting Policy: Carried at the principal amounts. Interest is charged as an expense as it accrues.</p> <p>Terms & conditions: Secured over future revenues, borrowings are repayable by biannual instalments of principle and interest.</p> <p>Carrying amount: Approximates fair value.</p>
Liabilities - Overdraft	<p>Accounting Policy: Carried at the principal amounts. Interest is charged as an expense as it accrues.</p> <p>Terms & conditions: Secured over future revenues interest is charged at an average variable rate of 4.7%.</p> <p>Carrying amount: Approximates fair value.</p>

Adelaide Hills Region Waste Management Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 11 - FINANCIAL INSTRUMENTS (cont.)

Liquidity Analysis

2015	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$	\$	\$	\$	\$
Financial Assets					
Cash & Equivalents	309,028			309,028	309,028
Receivables	477,982	-	-	477,982	477,982
Total	787,010	-	-	787,010	787,010
Financial Liabilities					
Payables	514,736	-	-	514,736	514,736
Current Borrowings	-	200,000	-	200,000	200,000
Total	514,736	200,000	-	714,736	714,736

2014	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$	\$	\$	\$	\$
Financial Assets					
Cash & Equivalents	192,437			192,437	192,437
Receivables	629,817	-	-	629,817	629,817
Total	822,254	-	-	822,254	822,254
Financial Liabilities					
Payables	577,676	-	-	577,676	577,676
Non-Current Borrowings	-	427,000	-	427,000	427,000
Total	577,676	427,000	-	1,004,676	1,004,676

The following interest rates were applicable to the Authority's borrowings at balance date:

	30 June 2015		30 June 2014	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
	%	\$	%	\$
Overdraft	4.70	200,000	4.75	427,000
Non Interest Bearing	-	514,736	-	577,676
		714,736		1,004,676

Net Fair Value

All carrying values approximate fair value for all recognised financial instruments. There is no recognised market for the financial assets of the Authority.

Risk Exposures

Credit Risk represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Authority is the carrying amount, net of any allowance for doubtful debts. All Authority investments are made with the SA Local Government Finance Authority and are guaranteed by the SA Government. Except as detailed in Notes 5 & 6 in relation to individual classes of receivables, exposure is concentrated within the Authority's boundaries, and there is no material exposure to any individual debtor.

Market Risk is the risk that fair values of financial assets will fluctuate as a result of changes in market prices. All of the Authority's financial assets are denominated in Australian dollars and are not traded on any market, and hence neither market risk nor **currency risk** apply.

Liquidity Risk is the risk that the Authority will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury Policy (LGA Information Paper 15), liabilities have a range of maturity dates. The Authority also has available a bank overdraft that it can access.

Interest Rate Risk is the risk that future cash flows will fluctuate because of changes in market interest rates. The Authority has a balance of both fixed and variable interest rate borrowings and investments. Cash flow fluctuations are managed holistically in seeking to minimise interest costs over the longer term in a risk averse manner.

Adelaide Hills Region Waste Management Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 12 - COMMITMENTS FOR EXPENDITURE

The Authority as at 30 June 2015 had no commitments for expenditure.

Note 13 - OPERATING LEASES

The Authority as at 30 June 2015 had no operating leases.

Note 14 - CONTINGENCIES & ASSETS & LIABILITIES NOT RECOGNISED

The Authority as at 30 June 2015 is a defendant in Supreme Court proceedings in which it is asserted that the Authority made misleading representations at the time that it transferred its interests in the Hartley Landfill to a third party. The Authority is defending the claim and legal costs will continue to be incurred. At this time it is not possible to advise whether the Authority will have any additional financial exposure.

Note 15 - EVENTS OCCURRING AFTER REPORTING DATE

There were no events subsequent to 30 June 2015 that need to be disclosed in the financial statements.

Adelaide Hills Region Waste Management Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 16 - UNIFORM PRESENTATION OF FINANCES

The following is a high level summary of both operating and capital investment activities of the Authority prepared on a simplified Uniform Presentation Framework basis.

All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.

The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances

	2015 \$	2014 \$
Income	5,020,615	4,085,019
less Expenses	<u>4,983,855</u>	<u>4,482,132</u>
Operating Surplus / (Deficit)	36,760	(397,113)
less Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	80,994	134,861
less Depreciation, Amortisation and Impairment	704,744	652,737
less Proceeds from Sale of Replaced Assets	<u>20,555</u>	<u>44,902</u>
	(644,305)	(562,778)
less Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets <i>(including investment property & real estate developments)</i>	450,546	942,934
less Amounts received specifically for New and Upgraded Assets	-	-
less Proceeds from Sale of Surplus Assets <i>(including investment property and real estate developments)</i>	<u>-</u>	<u>-</u>
	450,546	942,934
Net Lending / (Borrowing) for Financial Year	<u>230,519</u>	<u>(777,269)</u>

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ADELAIDE HILLS REGION WASTE MANAGEMENT AUTHORITY**Report on the Financial Report**

We have audited the accompanying financial report of the Adelaide Hills Region Waste Management Authority which comprises the Statement of Financial Position as at 30 June 2015, Statement of Comprehensive Income, Statement of Changes in Equity, Cash Flow statement, a summary of the significant accounting policies, other explanatory notes and the Chief Executive Officer's Statement for the financial year ended on that date.

Chief Executive Officer's Responsibility for the Financial Report

The Chief Executive Officer of the Adelaide Hills Region Waste Management Authority is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), *Local Government Act 1999 and Local Government (Financial Management) Regulations 2011*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud and error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Chief Executive Officer, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for an audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Local Government Act 1999 and Local Government (Financial Management) Regulations 2011* and the Australian professional ethical pronouncements.

Auditor's Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of the Adelaide Hills Region Waste Management Authority as of 30 June 2015, and its financial performance and cash flows for the year then ended in accordance with the *Local Government Act 1999, Local Government (Financial Management) Regulations 2011* and the Australian Accounting Standards (including Australian Accounting Interpretations).

DEAN NEWBERY & PARTNERS
CHARTERED ACCOUNTANTS



SAMANTHA ALLARD
PARTNER

Signed on the 7th day of September 2015,
at 214 Melbourne Street, North Adelaide, South Australia 5006.

Adelaide Hills Region Waste Management Authority

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2015

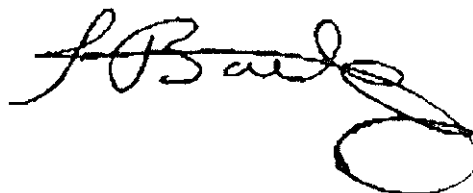
CERTIFICATION OF FINANCIAL STATEMENTS

We have been authorised by Adelaide Hills Region Waste Management Authority to certify the financial statements in their final form. In our opinion:

- the accompanying financial statements comply with the *Local Government Act 1999, Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards.
- the financial statements present a true and fair view of the Authority's financial position at 30 June 2015 and the results of its operations and cash flows for the financial year.
- internal controls implemented by the Authority provide a reasonable assurance that the Authority's financial records are complete, accurate and reliable and were effective throughout the financial year.
- the financial statements accurately reflect the Authority's accounting and other records.



.....
Michael Lorenz
EXECUTIVE OFFICER



.....
Councillor Ian Bailey
CHAIR PERSON

Date: 1/09/2015

**ADELAIDE HILLS REGION WASTE MANAGEMENT
AUTHORITY**

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2015**

CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Adelaide Hills Region Waste Management Authority for the year ended 30 June 2015, the Authority's Auditor, Dean Newbery & Partners Chartered Accountants, has maintained its independence in accordance with the requirements of the Local Government Act 1999 and the Local Government (Financial Management) Regulations 1999 made under that Act.

This statement is prepared in accordance with the requirements of Regulation 16A(2) *Local Government (Financial Management) Regulations 1999*.



Andrew Aitken
CHIEF EXECUTIVE OFFIER
Adelaide Hills Council

Date: 14 July 2015

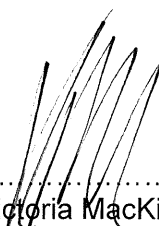
**ADELAIDE HILLS REGION WASTE MANAGEMENT
AUTHORITY**

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2015**

CERTIFICATION OF AUDITOR INDEPENDENCE

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This statement is prepared in accordance with the requirements of Regulation 16A(2) *Local Government (Financial Management) Regulations 1999*.


.....
Victoria MacKirdy
ACTING CHIEF EXECUTIVE OFFICER
Alexandrina Council

Date:

13 / 07 / 2015

**ADELAIDE HILLS REGION WASTE MANAGEMENT
AUTHORITY**

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2015**

CERTIFICATION OF AUDITOR INDEPENDENCE

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This statement is prepared in accordance with the requirements of Regulation 16A(2) *Local Government (Financial Management) Regulations 1999*.



.....
Andrew Stuart

CHIEF EXECUTIVE OFFICER
District Council of Mount Barker

Date: 20/7/15

**ADELAIDE HILLS REGION WASTE MANAGEMENT
AUTHORITY**

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2015**

CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Adelaide Hills Region Waste Management Authority for the year ended 30 June 2015, the Authority's Auditor, Dean Newbery & Partners Chartered Accountants, has maintained its independence in accordance with the requirements of the Local Government Act 1999 and the Local Government (Financial Management) Regulations 1999 made under that Act.

This statement is prepared in accordance with the requirements of Regulation 16A(2) *Local Government (Financial Management) Regulations 1999*.


.....
Michael Sedgman
CHIEF EXECUTIVE OFFICER
Rural City of Murray Bridge

Date: 01.09.2015

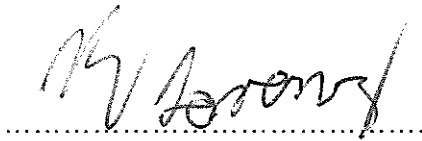
**ADELAIDE HILLS REGION WASTE MANAGEMENT
AUTHORITY**

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2015**

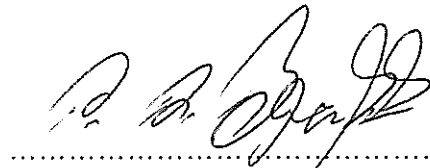
CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Adelaide Hills Region Waste Management Authority for the year ended 30 June 2015, the Authority's Auditor, Dean Newbery & Partners Chartered Accountants, has maintained its independence in accordance with the requirements of the Local Government Act 1999 and the Local Government (Financial Management) Regulations 1999 made under that Act.

This statement is prepared in accordance with the requirements of Regulation 16A(2) *Local Government (Financial Management) Regulations 1999*.



Michael Lorenz
CHIEF EXECUTIVE



Peter Brass
**CHAIR
AUDIT COMMITTEE**

Date: 2/9/15

Certification of Auditor's Independence

I confirm that, for the audit of the financial statements of the Adelaide Hills Region Waste Management Authority for the year ended 30 June 2015, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22 (5) *Local Government (Financial Management) Regulations 2011*.



SAMANTHA ALLARD

Partner

DEAN NEWBERY & PARTNERS
CHARTERED ACCOUNTANTS

Dated this 25th day of August 2015

Appendix 2 Subsidiaries

East Waste
Annual Report 2014/15

Annual Report 2014-2015



EAST WASTE

East Waste provides an environmentally responsible, effective collection and disposal waste and recycling service for its Constituent Councils.



A target of



90%

of all bins are returned upright and lids closed. An industry first.

ANNUAL REPORT 2014-2015

CONTENTS

- 5 Chairman's Report
- 9 About East Waste
- 13 General Manager's Report
- 15 Governance
- 17 Community Satisfaction
- 19 Operations
- 23 Work, Health & Safety
- 27 Financials



We are pleased to report that after extensive research, Adelaide Hills Council resolved to remain a Member Council of East Waste.



 4

years ago GPS Tracking introduced to all collection vehicles.

EAST WASTE INDEPENDENT CHAIRPERSON'S REPORT 2014/15

In this, my third year as the Independent Chair of the East Waste Management Authority, I am very proud to be able to report on an outstanding year for our subsidiary. We have built upon the solid work undertaken in 2013/14 and have grown in our ambition to be a high performing organisation delivering excellent service and good value to our customers and our Member Councils, while providing a quality workplace with high satisfaction levels for our staff.

In his Report, General Manager Adam Faulkner will detail more the recent customer, corporate (Council) and staff satisfaction surveys which support these goals and achievements as well as many other operational matters and successes.

Annual Plan

At the end of last year Adam Faulkner laid out a very ambitious Annual Plan for 2014/15 for East Waste which included the development of a 10 year Business Plan, a Long Term Financial Plan, a Business Continuity Plan, a Risk Management Plan and a number of other strategic and operational initiatives which enhance the effective and efficient business of East Waste. As a Board we are delighted that Adam and his team have delivered on the 2014/15 Annual Plan setting the organisation up for future success. Feedback received over the past year indicates that the collaborative approach taken by East Waste, together with improved communication and extensive consultation undertaken in the development of our future plans has been appreciated by Member Councils.

The 2015/16 Annual Plan was approved by the Board and Member Councils prior to the end of the financial year 2014/15. It identifies 15 priority projects in the coming year and it promises to provide even greater operational efficiencies, increased services to some Member Councils (at their request) and continued strong engagement and communication with Councils.

East Waste will measure our proactivity within the communities of Member Councils and our responsiveness to community demands. Indeed, we aim to exceed community and Member Council expectations in 2015/16.

Performance/Highlights

The Audited Financial Statements for East Waste showed an operating surplus for the year of \$133,426 after distributing an interim dividend to each Member Council. The organisation is in a sound financial position with positive net equity and sound cash reserves.

During the latter part of 2014/15 year East Waste undertook a tender process for recyclables and organics processing which over the coming ten year period will prove to be an excellent outcome for Member Councils. In the future we expect that an approximate savings of \$2 million per year will be achieved by the subsidiary (approximately \$20 million over the 10 year contract periods) which will be returned to Member Councils. The Board have expressed their appreciation to Adam and his team for a great result for all in this negotiation.

Another highlight during 2014/15 was the outcome of a process by the Adelaide Hills Council to consider another opportunity for waste services provision offered to it.



To all the Directors of East Waste I thank you for your guidance, support and commitment to East Waste and most particularly for the many good decisions you have taken over the past year which have played a big part in the subsidiary's success.



🗑️ 2

years ago East Waste and City of Burnside introduced RFID tracking.

We are pleased to report that after extensive research, Adelaide Hills Council resolved to remain a Member Council of East Waste providing stability to the Subsidiary and retaining overheads for other Member Councils. It was cited by the Adelaide Hills Council that the improved operational performance of East Waste, leadership, and improved communication were important factors in its decision to remain as a Member Council.

They have helped to focus the subsidiary on quality, value for money, engagement with our key clients and a mantra of continual improvement and efficiency throughout the East Waste business.

We welcome new Directors Cr Karen Hockley (City of Mitcham) and Cr Graham Webster (Corporation of the town of Walkerville) who are taking up those Director roles as Member Council representatives and will no doubt do a fine job.



Operations Management

In his report Adam has outlined a range of operational matters and achievements which have delivered on our promise to Member Councils. The Board thanks Adam for his excellent leadership of his team and his very thorough and detailed reporting to the Board. To our staff we say thanks and well done on providing our Member Councils with excellent service, improving our efficiencies and in complementing the Member Councils' reputations in each of their communities with high quality delivery of services.

Governance

The Board of East Waste continues to provide valuable professional advice to the General Manager and his team. During 2015 there have been two changes to the composition of the Board.

Mr Matthew Pears (City of Mitcham) and Cr Gianni Busato (Corporation of the town of Walkerville) who have given great service to East Waste have retired from their Director roles in East Waste. We thank them sincerely for their significant contributions over the years.

To all the Directors of East Waste I thank you for your guidance, support and commitment to East Waste and most particularly for the many good decisions you have taken over the past year which have played a big part in the subsidiary's success. We look confidently forward to an even more successful year ahead.

I commend the 2014-2015 East Waste Annual Report to you.



Mr Brian Cunningham
Independent Chairperson



East Waste's primary purpose is to provide effective waste collection services for its Member Councils. The exact nature of the waste collection services are determined independently by each Council to meet the needs of their respective communities.



23,321

tonnes of recyclables
collected in our 6 Member
Councils during 2014/15.

ABOUT EAST WASTE

East Waste is the trading name of Eastern Waste Management Authority (East Waste), which was established in 1928. The Authority is a regional subsidiary of the Adelaide Hills Council, City of Burnside, Campbelltown City Council, City of Norwood, Payneham & St Peters, City of Mitcham, and the Corporation of the Town of Walkerville.

These six Councils are referred to as Member or Constituent Councils of East Waste. East Waste is governed by a Charter pursuant to Section 43 of the Local Government Act 1999 (the Charter).

East Waste is administered by a Board in accordance with the requirements of the Local Government Act, the Charter, and other various policies and codes. The membership of the Board comprises of seven directors – one director appointed by each of the Member Councils, and one independent person who acts as Chair. The Board appoints a General Manager who is responsible for implementing the decisions made by the Board, and running the day-to-day operations of East Waste.

East Waste's primary purpose is to provide effective waste collection services for its Member Councils. The exact nature of the waste collection services are determined independently by each Council to meet the needs of their respective communities.

East Waste operates on a cost share basis between Member Councils. This ensures Councils are not subject to providing varying levels of profit that are required by private sector operators, whilst still benefiting efficiency, buying power and cost effectiveness through East Waste as a service provider. From time to time, East Waste is contracted to provide waste collection services for other Councils (referred to as Client Councils).

The primary advantages from the East Waste delivery model can be summarised as:

- Appropriate economical return from the at cost charging methodology based on GPS cost allocation.
- Enhanced quality of service by measuring and valuing quality capacities as well as financial indicators.
- Flexibility in service delivery allowing responsiveness to emerging community and market demands.
- Aligned values and strategic direction with Member Councils, to protect and promote reputation management.
- Reducing exposure of Member Councils to the commercial profit-driven market.

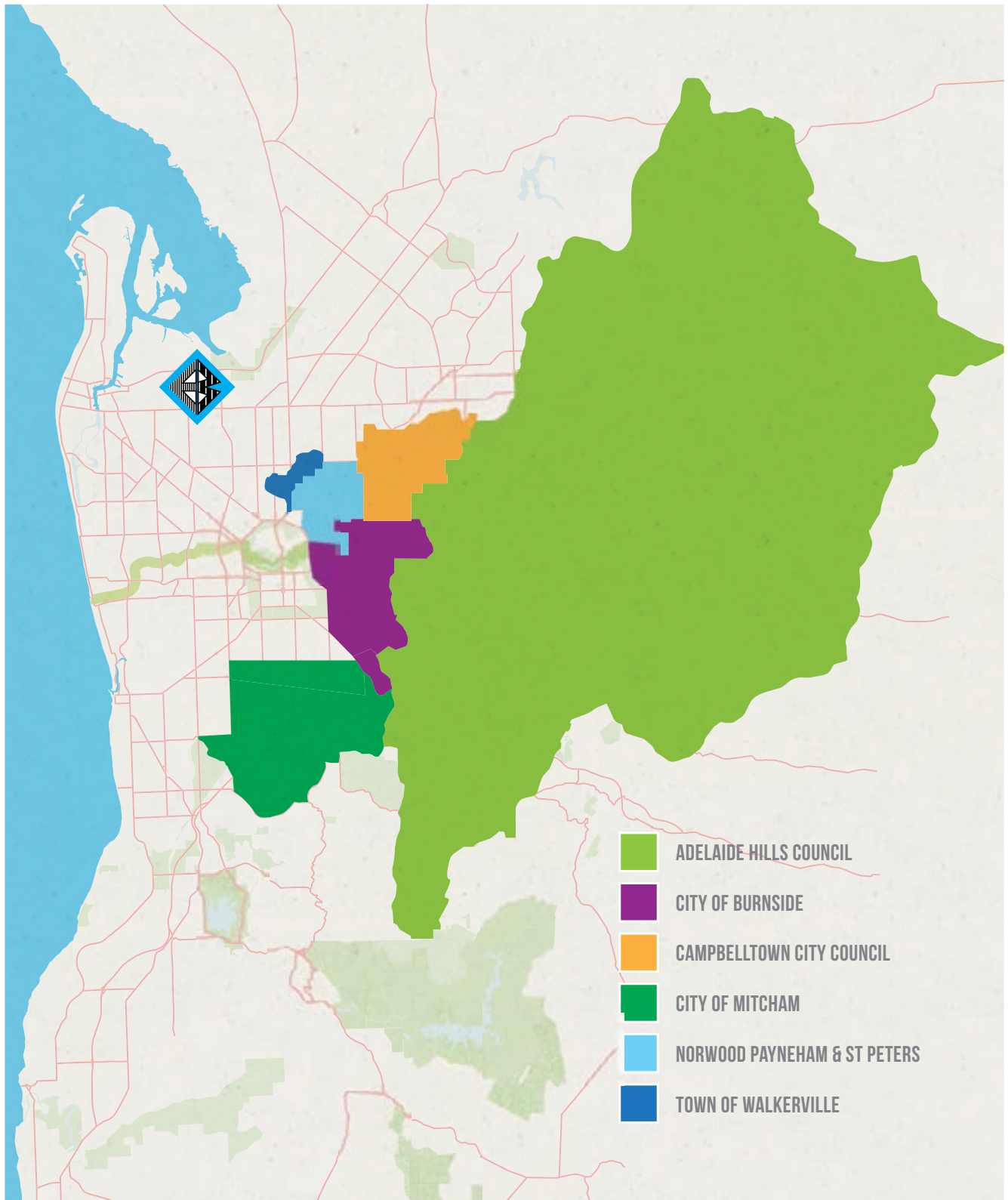
Core Services

East Waste's core business is defined in the Charter as collection, recycling, and disposal of waste produced in the area of one or more of the Member Councils. This core business is undertaken in regard to the following broad understandings:

- Continually operate to the parameters set within the Charter.
- Deliver efficient, effective and value for money services for Member Councils.
- Maintain quality services that are quantified by certain metrics (i.e. >90% of bins returned upright to kerb with lids closed, ensuring any bins that are tipped over are put upright).
- Effective and positive complaint handling and timely resolution of complaints, and;
- Vehicles are clean, maintained and well presented.



EAST WASTE SERVICE AREA



VISION STATEMENT

AT EAST WASTE WE ARE ALL ABOUT...

“Providing a safe, high quality, low cost, waste and resource recovery collection service that responds to our community’s needs, while using innovation and technology to drive efficiencies, reduce cost, and have a minimal impact on the receiving environment”.

AT EAST WASTE WE ARE MOVING TOWARDS...

“Providing flexible and responsive waste and resource recovery collection services that focus on safety, high order recycling, elevated service levels, less vehicle movements, and lower emissions”.

AT EAST WASTE WE CONTRIBUTE TO OUR MEMBER COUNCIL COMMUNITIES BY...

“Providing a responsive and proactive waste and resource recovery collection service that enhances streetscape amenity and assists in promoting a healthy lifestyle”.



Impressively, almost 99% of community members indicated that overall they are either fairly satisfied, very satisfied or satisfied with the collection services provided by East Waste.



Approximately
 **30%**
of Metropolitan Adelaide
is currently serviced by
the East Waste team.

GENERAL MANAGER'S REPORT

East Waste has had another strong year on behalf of its Member Councils and their communities. Utilising its modern fleet of collection vehicles, East Waste provided approximately 160,000 kerbside bin collections each week with little incident. East Waste's internal motto of Repeatable Quality is evident in each bin collection, and each time we have reason to interact with our Member Councils and their community.

Some of the key achievements and accomplishments are detailed in the following report, but it is the effort and attention to detail by the wonderfully dedicated drivers and staff that deserve the majority of plaudit.

Community Satisfaction and Staff Satisfaction Survey

East Waste conducted its first community, Council, and staff satisfaction survey process in 2015. A consultant was engaged to facilitate the confidential process and the results indicated a broad satisfaction with East Waste in terms of reliability, customer service, value for money, and being an employer of choice.

Impressively, almost 99% of community members indicated that overall they are either fairly satisfied, very satisfied or satisfied with the collection services provided by East Waste. When the East Waste Member Councils were asked, over 90% are satisfied with East Waste, while 89% of staff reporting that they are satisfied with their job at East Waste.

The process has provided some valuable information in terms of community, Council and staff sentiment, and I look forward to leading the implementation of the consultants recommendations.

Governance and Strategy

Following a series of consultation sessions, the East Waste 10 Year Business Plan 2015 – 2025 was adopted by the East Waste Board on 11 June 2015. The Business Plan identifies improvements and efficiencies within the core services that East Waste

provides to Member Councils, but also enhanced service levels that are to be investigated at the request of Member Councils and/or the East Waste Board. The strategic document is broken up into priority projects to be delivered in year 1 (Annual Plan), years 1 – 4 (delivery plan) and across the entire 10 year horizon. Accompanying the Business Plan is a 10 Year Long Term Financial Plan which details revenue and expenditure across the planning period, and an Asset Management Plan which documents East Waste's commitment to responsible collection vehicle replacement.

TO COMPLEMENT THE 10 YEAR BUSINESS PLAN, A RISK MANAGEMENT PLAN, FRAMEWORK AND RISK REGISTERS WERE DEVELOPED AND ENDORSED BY THE EAST WASTE BOARD.



Concurrently, a Business Continuity Policy was adopted by the Board, rounding off a strong set of governance and risk mitigation documents that will assist the Subsidiary into the future.

Contracts

By far the largest success story of the 2014/2015 year was the joint procurement of processing contractors for Member Councils recyclables and organics. East Waste facilitated a tendering process that delivered significant financial savings, improved environmental outcomes, and unbudgeted income for Member Councils.

In financial terms, the new long term 10 year Contracts represent approximately \$2M in savings across the Member Councils per annum. On top of this, the types of materials acceptable for recycling have increased, and the additional drop-off facilities have improved East Waste's travel time and productivity. These Contracts are testament to the Subsidiary model and clear indication of the power of joint purchasing.

DURING THE REPORTING PERIOD, EAST WASTE ALSO ENTERED INTO NEW PERFORMANCE BASED CONTRACTS FOR TYRES, BULK FUEL AND GPS TECHNOLOGY.

These service based contracts have saved Member Councils in excess of \$300,000 in year 1, and resulted in significant efficiency and administrative savings.

New Services

City of Burnside resolved in 2015 to have East Waste conduct a 12 month trial of an "at-call" hard waste collection service, while Town of Walkerville requested East Waste provide its street and public place litter bin collection services. This, on top of a full year of Campbelltown City Council's at-call hard waste service, and City of Burnside transitioning their waste management customer service function across to East Waste.

East Waste has shown capacity and capability to deliver these core services to Member Councils, and looks forward to providing the full set of core services to each and every Member Council in the coming years.

As General Manager, I look forward to implementing the 2015/2016 adopted Annual Plan, and delivering the priority projects outlined in the 10 Year Business Plan 2015 – 2025. However, the focus remains on **Repeatable Quality** in the provision of collection services to Member Councils and their community.



Adam Faulkner
General Manager



GOVERNANCE

East Waste is administered by a Board in accordance with the requirements of the Local Government Act, the Charter, and other various policies and codes.

The membership of the Board comprises of seven directors – one director appointed by each of the Member Councils, and one independent person who acts as Chair. The Board appoints a General Manager who is responsible for implementing the decisions made by the Board, and running the day-to-day operations of East Waste. The Board held eight formal meetings (including Special Board Meetings) over the 2014-2015 financial year. The table below details Board Member attendance.

BOARD MEMBER	MEETINGS
Mr Brian Cunningham (Chair)	8 OF 8
Cr Linda Green (Adelaide Hills Council)	6 OF 8
Cr Grant Piggott (City of Burnside)	6 OF 8
Mr Paul Di Iulio Chief Executive Officer (Campbelltown City Council)	4 OF 8
Cr Karen Hockley (City of Mitcham) Appointed to Board 24 November 2014	4 OF 4
Mr Mario Barone Chief Executive Officer (City of Norwood, Payneham & St Peters)	5 OF 8
Cr Graham Webster (Corporation of the Town of Walkerville) Appointed to Board 24 November 2014	4 OF 4
Matthew Pears Chief Executive Officer (City of Mitcham) Served on Board until 24 November 2014	2 OF 3
Gianni Busato Elected Member (Corporation of the Town of Walkerville) Served on Board until 24 November 2014	3 OF 3



Mr Brian Cunningham
Independent Chairperson



Cr. Grant Piggott
City of Burnside



Mr Paul Di Iulio
Chief Executive Officer
Campbelltown City Council



Cr. Graham Webster*
The Corporation of the
Town of Walkerville



Cr. Karen Hockley*
City of Mitcham



Cr. Linda Green
Adelaide Hills Council



Mr Mario Barone
Chief Executive Officer
City of Norwood Payneham
& St Peters



Gianni Busato ^
The Corporation of the
Town of Walkerville

* Appointed 24.11.14.
First meeting attended
January 2015.

^ Served until 24.11.14.



Matthew Pears ^
City of Mitcham



AUDIT AND RISK MANAGEMENT COMMITTEE

In accordance with the requirements of the Local Government Act 1999, East Waste has an established Audit and Risk Management Committee. The functions of the Committee include:

- Reviewing annual financial statements to ensure that they provide a timely and fair view of the state of affairs of the subsidiary;
- Liaise with external auditors; and

- Reviewing the adequacy of the accounting, internal auditing, reporting and other financial management systems and practices of the subsidiary on a regular basis.

The Committee held four formal meetings over the 2014 – 2015 financial year.

The Audited Financial Statements for the year ending 30 June 2015 are provided at page 27.

GOVERNANCE STRUCTURE

The figure below demonstrates the governance arrangements in place to ensure diligent management of East Waste on behalf of the Member Councils.



COMMUNITY SATISFACTION

Good service delivery and customer service are a hallmark of East Waste's services and this was reflected in the feedback from Member Councils. This is very important to the Member Councils and should be seen a high priority at all times.

This includes areas such as:

- Servicing all presented bins, and replacing $\geq 90\%$ upright with the lids closed;
- Ensuring any bins that tipped over are put upright;
- Effective and positive complaint handling and timely resolution; and
- Vehicles are clean and well presented.






To ensure a continued high level of customer service and delivery it is important to understand the needs and requirements of East Waste's Member Councils, constituents and stakeholders. In support of this objective, in the 2014-2015 financial year, East Waste,

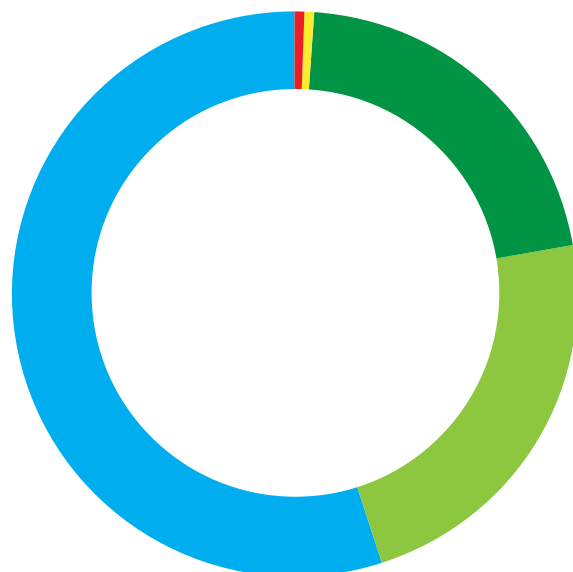
together with an external consultant, developed and disseminated a Customer Satisfaction Survey.

The results of the survey were very positive. Overall, almost 99% of community members indicated that they are either satisfied, fairly satisfied or very satisfied with collection services provided by East Waste. Indeed, the majority of respondents (54.8%) said that they are very satisfied with waste management services.

The following are some highlights from the responses received:

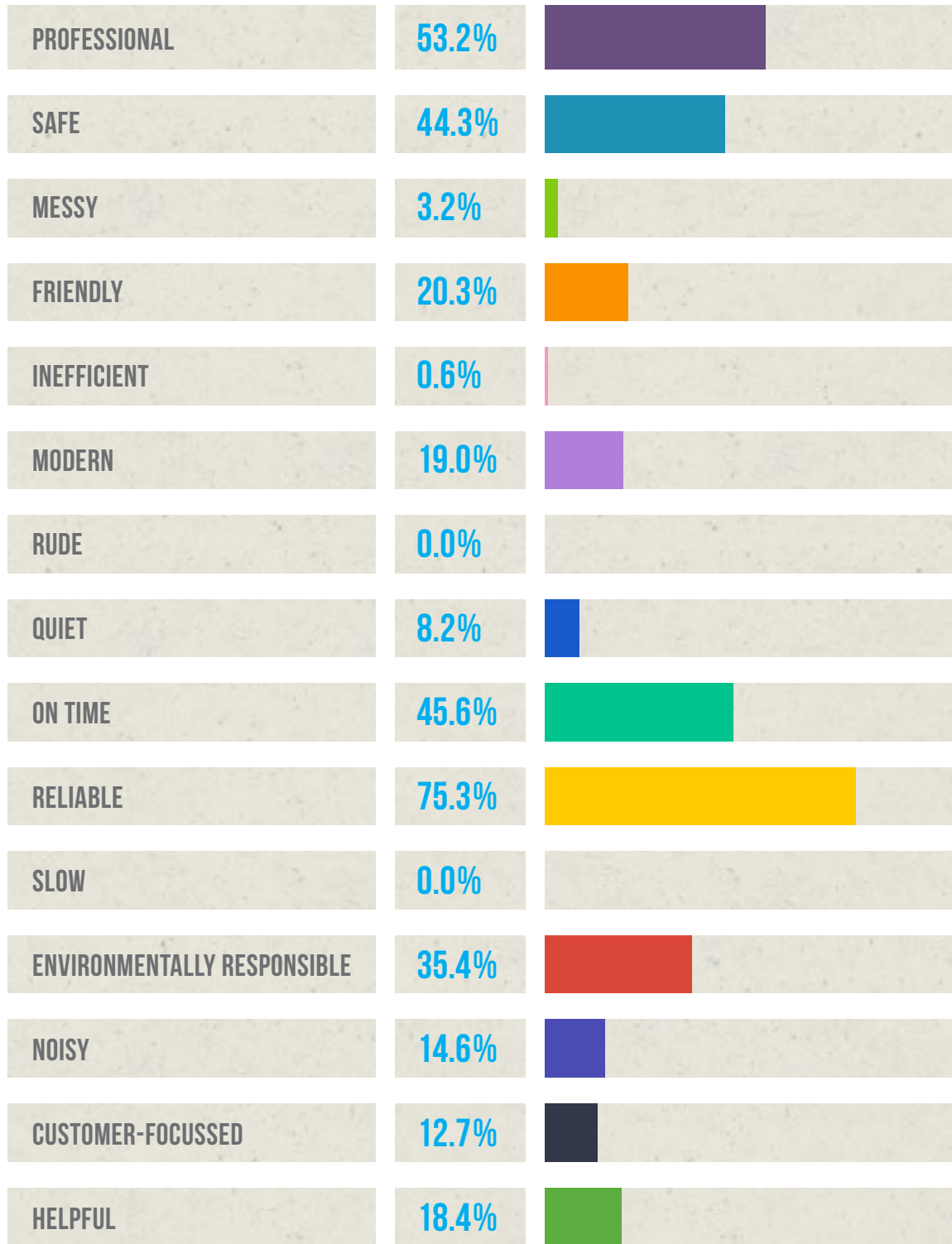
QUESTION ASKED: OVERALL, HOW SATISFIED OR DISSATISFIED ARE YOU WITH ALL OF EAST WASTE'S COLLECTION/WASTE MANAGEMENT SERVICES?

	VERY DISSATISFIED	0.6%
	FAIRLY DISSATISFIED	0.6%
	SATISFIED	21.1%
	FAIRLY SATISFIED	22.9%
	VERY SATISFIED	54.8%



COMMUNITY SATISFACTION

QUESTION ASKED:
WHICH OF THE FOLLOWING WORDS WOULD YOU USE TO DESCRIBE THE SERVICE PROVIDED BY EAST WASTE (SELECT ALL WHICH APPLY)?



OPERATIONS

East Waste has an established purpose built depot and office facilities in Ottoway. This depot comprises office buildings, a wash bay and fully equipped workshop. East Waste operates and maintains a fleet of 38 collection vehicles, and employs 41 permanent staff.

Uniquely, East Waste prides itself on a single quality performance measurement. We aim to return >90% of all bins upright back to the kerb with the lids closed. This repeatable quality is unparalleled in the industry. Day to day vehicle servicing, maintenance and breakdown rectification is undertaken using a combination of internal workshop resources, and external specialised contractors.

Currently East Waste provides a broad range of services to Member Councils. This is summarised in the Services Matrix below. To continue to provide good value and efficiency to Member Councils, it is important to East Waste to offer all of these current services to Member Councils. This table identifies opportunity for efficient and effective service offerings currently available to Member Councils.

COUNCIL	SERVICES										
	Weekly collection of general waste	Fortnightly collection of recyclables	Fortnightly collection of organics	Food waste in organics	"At Call" Hard Waste	Street/Park/Litter collection	Customer service	Bin repairs/maintenance/replacements	GPS tracking	RFID tracking	Education and promotion
Adelaide Hills Council	✓	✓	✓	✓		✓	✓	✓	✓		✓
City of Burnside	✓	✓	✓	✓	TRIAL		✓		✓	✓	✓
Campbelltown City Council	✓	✓	✓	✓	✓		✓	✓	✓		✓
City of Mitcham		✓	✓	✓	✓		✓	✓	✓		✓
City of Norwood, Payneham & SP	✓	✓	✓	✓		✓	✓	✓	✓		✓
Corp Town of Walkerville	✓	✓	✓	✓		✓	✓	✓	✓		✓



TONNAGE DATA

Using a frontline fleet of 29 low emission collection vehicles, in 2013/2014 a total of 98,738 tonnes of household waste and recyclables was collected from East Waste Member Council households.

52,461 TONNES OF THAT WAS SENT FOR RECYCLING AND BENEFICIAL REUSE.

On average, across all the East Waste Member Councils, that represents an impressive 53% diversion from landfill. So over half of all the materials presented by residents in their wheelie bins each week was either recycled to be turned into new packaging materials, or composted into products to improve soil health in South Australia.

While some Member Councils are achieving above 60% diversion, the average rate of 53% is a promising result, but one that our communities can build upon.

A new waste minimisation education and promotion campaign to be rolled out in 2016 will challenge residents to improve recycling rates even more.

There is a definite environmental and financial benefit from separating out household recyclables and organics and placing them responsibly in the correct bin. East Waste, and Member Councils, will continue to strive for best practice in recycling and diversion of resources from landfill.

KERBSIDE TONNES COLLECTED 2013/14	RECYCLABLES	ORGANICS	WASTE
ADELAIDE HILLS COUNCIL	3492	3047	7634
CITY OF BURNSIDE	4389	6028	7596
CITY OF MITCHAM	6291	7977	12496*
NORWOOD PAYNEHAM & ST PETERS	3747	4421	7139
CAMPBELLTOWN CITY COUNCIL	4691	6643	9993
TOWN OF WALKERVILLE	711	1020	1415

*The City of Mitcham manages the collection of waste for its residents.



“AT-CALL” HARD WASTE SERVICE

East Waste currently provides an efficient, cost effective and convenient domestic ‘at-call’ hard waste collection service for two of its Member Councils – Campbelltown City Council and City of Mitcham, utilising a purpose built hard waste collection vehicle.

The ‘at-call’ service is an organised service that allows the resident to utilise the service at a date and time that is convenient for them. Traditional hard

waste collection practices often included a ‘city-wide’ collection on a nominated date, which impacted on the streetscapes of the respective Council area, and provided logistical challenges for the collection employees.

The ‘at-call’ service offers a better public amenity, and better flexibility and responsiveness for the resident.



It's not hard to get rid of hard rubbish.

**Book your free Council collection today.
8347 5170 or eastwaste.com.au**



EAST WASTE



Messenger Press Awareness Campaign

**FOR THE 2014-2015 YEAR,
EAST WASTE UNDERTOOK 3,461 HARD WASTE
COLLECTIONS TOTTALLING 620.75 TONNES ON
BEHALF OF THE CAMPBELLTOWN CITY COUNCIL,
AND 5,252 HARD WASTE COLLECTIONS
TOTTALLING 963.04 TONNES ON BEHALF OF
THE CITY OF MITCHAM.**





In June 2014 the Board recognised Giuliano (Jimmi) Pastro's exceptional and long term contribution to East Waste.

Jimmi Pastro retired from East Waste on 29 July 2014. Jimmi provided 34 years of service to East Waste as a collection driver. Jimmi's contribution to East Waste was significant, and he was thanked by management and staff at a function at the East Waste Depot on Friday 8 August 2014.



46,273

tonnes of waste collected
from our 6 Member
Councils in 2014/15.

WORK, HEALTH & SAFETY

EAST WASTE VALUES SAFETY

For East Waste, safety is more than a policy manual or a training session; it's how East Waste does business. It cannot be denied that it makes good business sense to have management systems that are designed to be suitable to the nature of the business, responsive to the business needs and manage the business' risks as part of 'every-day' operational practices.

East Waste fosters a culture in which safety, health and welfare are top priorities; and where all staff are responsible for looking out for one another. Our commitment to safety and care for fellow employees is aimed at improved business results as well as business continuity and promotion of a safe workplace.

Audit results

East Waste is audited by the Local Government Association Workers Compensation Scheme. This annual audit serves to determine if East Waste is meeting the WHS and Injury Management performance standards for self-insured organisations. During the LGAWCS WHS Key Performance Indicator Audit 2014 545 documents were reviewed in total over a two day period. Eleven (11) elements were chosen to be audited, being a sample across all forty six (46) elements.

AN OUTSTANDING RESULT WAS ACHIEVED BEING AN AUDIT SCORE OF 100 OUT OF 100.

This excellent result ensured East Waste received the maximum possible rebate from the Local Government Workers Compensation Scheme.

The next Audit is due to occur October 2015.



Risk Management Framework

East Waste, in conjunction with an external consultant, has recently completed a Risk Management Framework. The Risk Management Framework includes a Business Continuity Plan and a Risk Management Plan.

The purpose of this Risk Management Framework is to provide Staff and Board Members of the East Waste, guidance in how to manage risk in a consistent and comprehensive way.



Workplace Emergency and Evacuation Plan

East Waste’s Workplace Emergency and Evacuation Plan (WEEP) acts as a reference source of useful emergency-related information for members of the Emergency Control Organisation, being East Waste, and to provide guidance on immediate actions and important considerations in the event of an emergency situation or critical incident occurring on site.

- To facilitate a prompt, decisive, coordinated and appropriate initial response to an emergency
- To provide guidance for controlling or limiting any negative effect that an actual or potential emergency or critical incident could have on the site or surrounding community
- To provide a framework in which key persons can develop the competencies to effectively respond to an on-site emergency
- To provide a mechanism for assuring the continued accuracy and relevance of the Workplace Emergency and Evacuation Plan

East Waste has an Emergency Management Committee which meets bi-annually as part of its commitment to being an Emergency Control Organisation.

THE OBJECTIVES OF THE EAST WASTE’S WEEP IS TO PROVIDE A MECHANISM THAT ENABLES THE ORGANISATION AND ITS OFFICERS TO:



Fatigue Management Policy

A core objective of East Waste's Annual Plan 2014/15 is to ensure Workplace Health and Safety is incorporated into every decision making process that East Waste undertakes. Activities pursued to meet this objective include the development of a Fatigue Management Policy.

The intent of establishing a policy is to reduce risk (further supported by the recent completion of the Risk Management Framework) and embed a:

'SAFETY FIRST' CULTURE AT EAST WASTE.

The Fatigue Management Policy was endorsed by the Board. The key features of the fatigue management policy are;

- For every 8 hours worked a break of 30 minutes is to occur
- A minimum of 12 hours is to expire between finishing work and commencing work
- Outlining strategies East Waste already has in place to address possible fatigue related issues (such as; rest breaks, drug testing, daily vehicle safety check sheets, fatigue management training, gym and the fruit program)



Financial Statement



2014-15
Annual Report



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CERTIFICATION OF FINANCIAL STATEMENTS


EASTERN WASTE MANAGEMENT AUTHORITY INC

CERTIFICATION OF FINANCIAL STATEMENTS

We have been authorised by the entity to certify the financial statements in their final form. In our opinion:

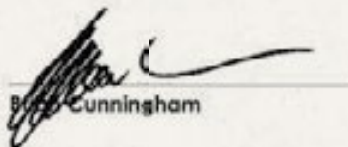
1. The accompanying financial statements comply with the Local Government Act 1999, Local Government (Financial Management) Regulations 2011 and Australian Accounting Standards.
2. The financial statements present a true and fair view of the entity's financial position at 30 June 2015 and the results of its operations and cash flows for the financial year.
3. Internal controls implemented by the entity provide a reasonable assurance that the entity's financial records are complete, accurate and reliable and were effective throughout the financial year.
4. The financial statements accurately reflect the entity's accounting and other records.

General Manager



Adam Faulkner

Chairman



Bill Cunningham

10th September 2015



STATEMENT OF COMPREHENSIVE INCOME AS AT 30 JUNE 2015

	Note	2015 \$	2014 \$
INCOME			
Collection charges	2	13,086,802	14,717,803
Investment income	2	42,728	39,194
Other income	2	878,601	930,966
TOTAL INCOME		<u>14,008,131</u>	<u>15,687,963</u>
EXPENSES			
Employee costs	3	4,837,731	4,745,168
Materials, contracts & other expenses	3	6,879,259	8,310,13
Depreciation, amortisation & impairment	3	1,754,292	2,109,033
Finance costs	3	405,851	385,791
TOTAL EXPENSES		<u>13,877,133</u>	<u>15,550,126</u>
OPERATING SURPLUS / (DEFICIT)		130,998	137,837
Asset disposal & fair value adjustments		7,002	73,549
Income tax equivalent charge		(4,574)	(20,033)
NET SURPLUS / (DEFICIT)		<u>133,426</u>	<u>191,353</u>
<i>Transferred to Equity Statement</i>			
Other Comprehensive Income		-	-
Total Other Comprehensive Income		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME		<u>133,426</u>	<u>191,353</u>

The accompanying notes form part of these financial statements.



STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

	Note	2015 \$	2014 \$
ASSETS			
CURRENT ASSETS			
Cash on hand	4	2,096,194	1,766,027
Trade & other receivables	4	248,589	371,625
Inventories	4	-	4,278
TOTAL CURRENT ASSETS		2,344,783	2,141,930
NON-CURRENT ASSETS			
Property, plant & equipment	5	6,793,005	6,619,596
TOTAL NON-CURRENT ASSETS		6,793,005	6,619,596
TOTAL ASSETS		9,137,788	8,761,526
LIABILITIES			
CURRENT LIABILITIES			
Trade & other payables	6	1,163,066	1,224,141
Borrowings	6	1,099,894	1,617,228
Provisions	6	439,025	258,858
TOTAL CURRENT LIABILITIES		2,701,985	3,100,227
NON-CURRENT LIABILITIES			
Borrowings	6	6,103,149	5,519,620
Provisions	6	55,891	120,360
TOTAL NON-CURRENT LIABILITIES		6,159,040	5,639,980
TOTAL LIABILITIES		8,861,025	8,740,207
NET ASSETS		276,763	21,319
EQUITY			
Retained earnings		276,763	21,319
TOTAL EQUITY		276,763	21,319

The accompanying notes form part of these financial statements.



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2015

	Accumulated Surplus \$	Total Equity \$
Balance at 1 July 2014	21,319	21,319
Comprehensive income		
Net surplus / (deficit) for the year	133,426	133,426
Total comprehensive income for the year attributable to members of the association	<u>133,426</u>	<u>133,426</u>
Contributed equity	<u>122,018</u>	<u>122,018</u>
Balance at 30 June 2015	<u>276,763</u>	<u>276,763</u>
Balance at 1 July 2013	(292,051)	(292,051)
Comprehensive income		
Net surplus / (deficit) for the year	191,352	191,352
Total comprehensive income for the year attributable to members of the association	<u>191,352</u>	<u>191,352</u>
Contributed equity	<u>122,018</u>	<u>122,018</u>
Balance at 30 June 2014	<u>21,319</u>	<u>21,319</u>

The accompanying notes form part of these financial statements.



STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 \$	2014 \$
Cash flows from operating activities			
<i>Receipts</i>			
Operating receipts		14,092,717	15,829,931
Investment receipts		42,728	39,194
<i>Payments</i>			
Finance payments		(405,851)	(320,562)
Distribution to member councils		(4,574)	(20,033)
Operating payments to suppliers & employees		(11,662,367)	(13,803,622)
Net cash provided by (used in) operating activities		<u>2,062,653</u>	<u>1,724,908</u>
Cash flows from investing activities			
<i>Receipts</i>			
Sale of replaced assets		71,455	185,709
Capital contributed by members		122,018	122,018
<i>Payments</i>			
Expenditure on replacement assets		(1,992,154)	(2,299,125)
Net cash provided by (used in) investing activities		<u>(1,798,681)</u>	<u>(1,991,398)</u>
Cash flows from financing activities			
<i>Receipts</i>			
Proceeds from borrowings		1,743,400	2,013,491
<i>Payments</i>			
Repayments of borrowings		(1,677,205)	(2,045,201)
Net cash provided by (used in) financing activities		<u>66,195</u>	<u>(31,710)</u>
Net increase (decrease) in cash held		330,167	(298,200)
Cash on hand at beginning of financial year		1,766,027	2,064,227
Cash on hand at end of financial year		<u>2,096,194</u>	<u>1,766,027</u>

The accompanying notes form part of these financial statements.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

The financial statements cover Eastern Waste Management Authority Inc as an individual entity. Eastern Waste Management Authority Inc is an association incorporated in South Australia under the SA Local Government Act 1999 and has its principal place of business at 1 Temple Court Ottoway SA.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and relevant South Australian legislation.

Except as stated below, these financial statements have been prepared in accordance with the historical cost convention.

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates, and requires management to exercise its judgement in applying the Authority's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of this Note.

The Local Government Reporting Entity

Eastern Waste Management Authority Inc ("The Authority") is a Local Government Authority Section 43 Regional Subsidiary under the control of the City of Burnside, City of Norwood Payneham & St Peters, Campbelltown City Council, Corporation of the Town of Walkerville, City of Mitcham and Adelaide Hills Council. The Charter was reviewed as required by the Local Government Act 1999 and a revised Charter was gazetted on 29 November 2012. The six Member Councils have an equal equity share and the Board comprises a Director from each Council and an Independent Chair appointed by the absolute majority of Member Councils.

Income Recognition

Income is measured at the fair value of the consideration received or receivable. Income is recognised when the Authority obtains control over the assets comprising the income, or when the amount due constitutes an enforceable debt, whichever first occurs.

Cash, Cash Equivalents and other Financial Instruments

Cash Assets include all amounts readily convertible to cash on hand at the entity's option with an insignificant risk of changes in value with a maturity of three months or less from the date of acquisition. All receivables are reviewed as at the reporting date and adequate allowance made for amounts the receipt of which is considered doubtful.

Infrastructure, Property, Plant & Equipment

All assets are initially recognised at cost. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition.

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by the Authority for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life. No capitalisation threshold is applied to the acquisition of land or interests in land.



Infrastructure, Property, Plant & Equipment (Continued)

All material asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. Further detail of existing valuations, methods and valuers are provided at Note 5.

Other than land, all infrastructure, property, plant and equipment assets recognised are systematically depreciated over their useful lives on a straight-line basis which, in the opinion of the Authority, best reflects the consumption of the service potential embodied in those assets.

Depreciation methods, useful lives and residual values of classes of assets are reviewed annually.

The depreciable amount of all fixed assets including building and capitalised lease assets, is depreciated on a straight-line basis over their useful lives commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Plant and Equipment	10% - 20%
Building and other structures	5%- 10%

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When re-valued assets are sold, amounts included in the revaluation relating to that asset are transferred to retained earnings.

Assets that have an indefinite useful life are not subject to depreciation and are reviewed annually for impairment. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount (which is the higher of the present value of future cash outflows or value in use).

For assets whose future economic benefits are not dependent on the ability to generate cash flows, and where the future economic benefits would be replaced if the Authority were deprived thereof, the value in use is the depreciated replacement cost. In assessing impairment for these assets, a rebuttable assumption is made that the current replacement cost exceeds the original cost of acquisition.

Where an asset that has been revalued is subsequently impaired, the impairment is first offset against such amount as stands to the credit of that class of assets in Asset Revaluation Reserve, any excess being recognised as an expense.

Borrowing costs in relation to qualifying assets (net of offsetting investment revenue) have been capitalised in accordance with AASB 123 "Borrowing Costs". The amounts of borrowing costs recognised as an expense or as part of the carrying amount of qualifying assets are disclosed in Note 3, and the amount (if any) of interest revenue offset against borrowing costs in Note 2.



Payables

Creditors are amounts due to external parties for the supply of goods and services and are recognised as liabilities when the goods and services are received. Creditors are normally paid 30 days after the month of invoice. No interest is payable on these amounts.

Amounts received from external parties in advance of service delivery, and security deposits held against possible damage to the Authority's assets, are recognised as liabilities until the service is delivered or damage reinstated, or the amount is refunded as the case may be.

Borrowings

Loans are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period to which it relates, and is recorded as part of "Payables".

Employee Benefits

Liabilities for employees' entitlements to salaries, wages and compensated absences expected to be paid or settled within 12 months of reporting date are accrued at nominal amounts (including payroll based oncosts) measured in accordance with AASB 119.

Liabilities for employee benefits not expected to be paid or settled within 12 months are measured as the present value of the estimated future cash outflows (including payroll based oncosts) to be made in respect of services provided by employees up to the reporting date.

No accrual is made for sick leave as experience indicates that, on average, sick leave taken in each reporting period is less than the entitlement accruing in that period, and this experience is expected to recur in future reporting periods. The Authority does not make payment for untaken sick leave.

The Authority makes employer superannuation contributions in respect of its employees to the Statewide Superannuation Scheme. This particular Scheme has two types of membership, each of which is funded differently. No changes in accounting policy have occurred during either the current or previous reporting periods.

Leases

In respect of finance leases, where the Authority substantially carries all of the risks incident to ownership, the leased items are initially recognised as assets and liabilities equal in amount to the present value of the minimum lease payments. The assets are disclosed within the appropriate asset class, and are amortised to expense over the period during which the Authority is expected to benefit from the use of the leased assets. Lease payments are allocated between interest expense and reduction of the lease liability, according to the interest rate implicit in the lease.

In respect of operating leases, where the lessor substantially retains all of the risks and benefits incident to ownership of the leased items, lease payments are charged to expense over the lease term.

Goods and Services Tax

In accordance with UIG Abstract 1031 "Accounting for the Goods & Services Tax" Receivables and Creditors include GST receivable and payable.

Except in relation to input taxed activities, revenues and operating expenditures exclude GST receivable and payable. Non-current assets and capital expenditures include GST net of any recoupment. Amounts included in the Statement of Cash Flows are disclosed on a gross basis.



Competitive Neutrality

The Authority undertakes commercial (for profit) activities being the collection and disposal of domestic waste on behalf of non member councils. This non core business constitutes a significant business activity of the Authority, as such, for the purposes of the national competition policy, it is an activity to which the principles of competitive neutrality will apply.

The Authority recognises the objective of competitive neutrality as the intention to remove any net competitive advantages from its commercial (for profit) activities. Accordingly, the Authority is implementing principles of competitive neutrality, in particular tax equivalents and debt guarantee fees, where it competes with the private sector.

These tax equivalents include:

- 1.1 payroll tax;
- 1.2 stamp duty;
- 1.3 council rates;
- 1.4 fuel excise;
- 1.5 Work Cover levies;
- 1.6 prevailing commercial interest rates applicable to the purchase of operating plant;
- 1.7 debt guarantee fees, where required;
- 1.8 standard interest rates on borrowings;

The Authority will annually and proportionately disburse to its member councils, the equivalent of all of the costs referred to above together with the equivalent of company taxation on the net profit derived from its commercial (for profit) activities. The disbursements made to the member councils will not and are not intended to be directly or indirectly returned to the Authority.

In bidding for the new commercial (for profit) business activities, the Authority will fully account for all costs including all taxes, licences, fees, charges and guarantees that are applicable to the private sector operating in the same market place, unless all bidders are both equally directed to do otherwise and have the benefit of all exemptions to which the Authority is entitled.

The Authority has obtained and will maintain for its commercial (for profit) activities a prescribed activity license from the Environment Protection Authority for the collection or transport of waste from domestic premises on behalf of non member councils.

Pending Accounting Standards

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2015 reporting period and have not been used in preparing these reports.

- AASB 9 - Financial Instruments
- AASB 13 - Fair Value Measurement
- AASB 116 - Property, Plant & Equipment
- AASB 119 - Employee Benefits
- AASB 137 - Provisions, Contingent Liabilities and Contingent Assets
- AASB 138 - Intangible Assets
- AASB 139 - Financial Instruments: Recognition and Measurement
- AASB 140 - Investment Properties

Standards containing consequential amendments to other Standards and Interpretations arising from the above: AASB 2010-7, AASB 2014-1, AASB 2014-3, AASB 2014-4, AASB 2014-5, AASB 2014-10, AASB 2015-1, AASB 2015-2 and AASB 2015-3.



The Authority is of the view that none of the above new standards or interpretations will affect any of the amounts recognised in the financial statements, but that they may impact certain information otherwise disclosed.

Comparative Information

It has been identified that an amendment to comparative income was required to correct an overstatement of income in the 2013/14 financial year of \$122,018. The Statement of Comprehensive Income and Statement of Cash Flows have been restated to reflect the correct treatment of the overstatement of income.

As a result of the correction to income in the Statement of Comprehensive Income, the revised Operating Result for 2013/14 has changed from a \$259,855 surplus to a \$137,837 surplus.

	Previous 2013/2014	Adjustment	New 2013/2014
STATEMENT OF COMPREHENSIVE INCOME			
Income	15,809,981	<u>(122,018)</u>	15,687,963
<i>Movement in Operating Result</i>		<u>(122,018)</u>	
STATEMENT OF CASH FLOWS			
Operating Receipts	1,846,926	<u>(122,018)</u>	1,724,908
<i>Movement in Operating Cash Flows</i>		<u>(122,018)</u>	
Capital Contributed by Members	-	<u>122,018</u>	122,018
<i>Movement in Investing Cash Flows</i>		<u>122,018</u>	



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

2. INCOME

	2015 \$	2014 \$
Collection Charges		
Household refuse	3,853,511	4,200,218
Administration	202,812	202,812
Green organics	3,089,855	3,689,322
Recyclables	3,910,422	4,172,585
Hardwaste	361,775	198,927
Litter	233,959	188,001
Waste disposal	1,402,234	1,903,576
Recycling	32,234	162,362
	13,086,802	14,717,803
Investment Income		
Bank interest	42,728	39,194
Other Income		
Bin supply	485,995	729,110
Replacement bins	128,471	121,274
Sundry	264,135	80,582
	878,601	930,966



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

3. EXPENSES

	2015	2014
	\$	\$
Employee Costs		
Salaries and wages	3,552,355	3,399,275
Employee entitlements expense	218,599	88,364
Superannuation	278,110	239,935
Workers' compensation insurance	157,318	94,490
Wages casual agency staff	563,945	862,731
Other	67,404	60,373
	<u>4,837,731</u>	<u>4,745,168</u>
Total Number of Employees <i>(Full time equivalent at end of reporting period)</i>	50	45
Materials, Contracts & Other Expenses		
<i>Prescribed Expenses</i>		
Auditor's remuneration		
- Auditing the financial reports	8,000	8,930
Board fees	23,850	17,400
Operating lease rentals	28,233	112,017
	<u>60,083</u>	<u>138,347</u>
<i>Other Materials, Contracts & Expenses</i>		
Contractors	-	119,256
Disposal fees	2,264,004	2,797,188
Dumping fees	343,514	350,568
Energy	25,997	21,903
Fuel, gas & oil	957,456	1,364,524
GPS expenses	36,512	-
Insurance	24,164	16,493
Maintenance	1,522,552	1,751,374
Legal expenses	31,974	14,063
Printing, stationery, postage & courier	33,829	35,749
Promotion & advertising	21,005	13,813
Parts, accessories & consumables	45,799	111,777
Processing costs	40,041	179,150
Professional services	185,164	45,321
Registration & insurance - trucks	260,155	254,359
Telephone	41,688	42,145
Sorting fees	676,537	769,040
Sundry	308,785	285,064
	<u>6,819,176</u>	<u>8,171,787</u>
	<u>6,879,259</u>	<u>8,310,134</u>



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

3. EXPENSES CONTINUED

	2015 \$	2014 \$
Depreciation, Amortisation & Impairment		
<i>Depreciation</i>		
Buildings & other structures	7,163	7,163
Plant & equipment	1,747,129	2,101,870
	<u>1,754,292</u>	<u>2,109,033</u>
Finance Costs		
Bank charges & bill fees	2,214	3,999
Interest on loans	403,637	381,792
	<u>405,851</u>	<u>385,791</u>



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

4. CURRENT ASSETS

	2015 \$	2014 \$
Cash on hand		
Short term deposits	1,452,513	1,311,952
Cash at bank	643,681	454,075
	<u>2,096,194</u>	<u>1,766,027</u>
Trade & other receivables		
Debtors - general	247,599	370,840
Prepayments	990	785
	<u>248,589</u>	<u>371,625</u>
Inventories		
Stores & materials	-	4,278
	<u>-</u>	<u>4,278</u>



During the latter part of 2014/15 year East Waste undertook a tender process for recyclables and organics processing which over the coming ten year period will prove to be an excellent outcome for Member Councils.



29,136

tonnes of organic waste collected for residents in our Member Councils.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

5. INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

2014				
	<i>At Fair Value</i>	<i>At Cost</i>	<i>Acc Depn</i>	<i>Carrying Amount</i>
Buildings & Other Structures	26,732	48,383	(17,549)	57,566
Plant & Equipment	-	19,388,350	(12,826,320)	6,562,030
Total	26,732	19,436,733	(12,843,869)	6,619,596

2015				
	<i>At Fair Value</i>	<i>At Cost</i>	<i>Acc Depn</i>	<i>Carrying Amount</i>
Buildings & Other Structures	26,732	48,383	(24,712)	50,403
Plant & Equipment	-	12,873,515	(6,130,913)	6,742,602
Total	26,732	12,921,898	(6,155,625)	6,793,005

2014 CARRYING AMOUNT MOVEMENT DURING YEAR				
	<i>Carrying Amount</i>	<i>Additions</i>		<i>Disposals</i>
		<i>New/Upgrade</i>	<i>Renewels</i>	
Buildings & Other Structures	57,566	-	-	-
Plant & Equipment	6,562,030	1,992,154	-	(64,453)
Total	6,619,596	1,992,154	-	(64,453)
Comparatives	6,541,665	2,299,125	-	(112,161)

2015 CARRYING AMOUNT MOVEMENT DURING YEAR				
	<i>Depreciation</i>	<i>Writeback</i>	<i>Adjustment</i>	<i>Carrying Amount</i>
Buildings & Other Structures	(7,163)	-	-	50,403
Plant & Equipment	(1,747,129)	-	-	6,742,602
Total	(1,754,292)	-	-	6,793,005
Comparatives	(2,109,033)	-	-	6,619,596



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

6. LIABILITIES

	2015 \$	2014 \$
Trade and other payables		
<i>Current</i>		
Goods & services	745,638	921,814
Accrued charges - employee entitlements	254,976	152,075
Accrued charges - other	157,878	130,219
Other	4,574	20,033
	1,163,066	1,224,141
Borrowings		
<i>Current</i>		
Lease and goods mortgage liability	1,038,885	1,534,378
Loan to repay HLA	61,009	82,850
	1,099,894	1,617,228
<i>Non Current</i>		
Lease and goods mortgage liability	5,654,846	5,010,308
Loan to repay HLA	448,303	509,312
	6,103,149	5,519,620
Provisions		
<i>Current</i>		
Employee entitlements (inc oncosts)	439,025	258,858
<i>Non Current</i>		
Employee entitlements (inc oncosts)	55,891	120,360



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

7. RECONCILIATION TO CASH FLOW STATEMENT

Reconciliation of Cash

Cash Assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

	2015 \$	2014 \$
Total cash & equivalents	2,096,194	1,766,027
Less: short-term borrowings	-	-
Balances per Statement of Cash Flow	<u>2,096,194</u>	<u>1,766,027</u>

Reconciliation of Change in Net Assets to Cash from Operating Activities

Net Surplus / (Deficit)	133,426	191,353
Non-cash items in Income Statement		
Depreciation, amortisation & impairment	1,754,292	2,109,033
Net (gain) / loss on disposals	(7,002)	(73,549)
Changes in Net Current Assets / Liabilities		
Net movement in receivables	123,036	(377,605)
Net movement in inventories	4,278	(1,362)
Net movement in trade & other payables	(61,075)	(202,143)
Net movement in provisions	115,698	79,181
Net Cash provided by (or used in) operations	<u>2,062,653</u>	<u>1,724,908</u>



8. FINANCIAL INSTRUMENTS

All financial instruments are categorised as loans and receivables.

Accounting Policies - Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits

Accounting Policy

Carried at lower of cost and net realisable value; interest is recognised when earned.

Terms & Conditions

Deposits are returning fixed interest rates between 2.00% and 2.05% (2014: 2.75% and 3.25%).

Carrying Amount

Approximates fair value due to the short term to maturity.

Liabilities - Creditors and Accruals

Accounting Policy

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the entity.

Terms & Conditions

Liabilities are normally settled on 30 day terms.

Carrying Amount

Approximates fair value.

Liabilities - Interest Bearing Borrowings

Accounting Policy

Carried at the principal amounts. Interest is charged as an expense as it accrues.

Terms & Conditions

Secured over future revenues, borrowings are repayable; interest is charged at fixed rates between 4.25% and 7.01% (2014: 4.80% and 7.01%).

Carrying Amount

Approximates fair value.

Liabilities - Finance Leases

Accounting Policy

Accounted for in accordance with AASB 117



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Liquidity Analysis

2015	Due < 1 year	Due > 1 year; < 5 years	Due > 5 years	Total	
				Contractual Cash Flows	Carrying Values
Financial Assets					
Cash & Equivalents	2,096,194	-	-	2,096,194	2,096,194
Receivables	248,589	-	-	248,589	248,589
	<u>2,344,783</u>	<u>-</u>	<u>-</u>	<u>2,344,783</u>	<u>2,344,783</u>
Financial Liabilities					
Payables	745,638	-	-	745,638	745,638
Current Borrowings	1,700,074	-	-	1,700,074	1,038,885
Non-Current Borrowings	-	4,974,068	1,510,869	6,484,936	5,654,846
	<u>2,445,712</u>	<u>4,974,068</u>	<u>1,510,869</u>	<u>8,930,648</u>	<u>7,439,369</u>

2014	Due < 1 year	Due > 1 year; < 5 years	Due > 5 years	Total	
				Contractual Cash Flows	Carrying Values
Financial Assets					
Cash & Equivalents	1,766,027	-	-	1,766,027	1,766,027
Receivables	371,625	-	-	371,625	371,625
	<u>2,137,652</u>	<u>-</u>	<u>-</u>	<u>2,137,652</u>	<u>2,137,652</u>
Financial Liabilities					
Payables	921,814	-	-	921,814	921,814
Current Borrowings	2,085,075	-	-	2,085,075	1,617,228
Non-Current Borrowings	-	5,519,620	-	5,519,620	5,519,620
	<u>3,006,889</u>	<u>5,519,620</u>	<u>-</u>	<u>8,526,509</u>	<u>8,058,662</u>

Net Fair Value

All carrying values approximate fair value for all recognised financial instruments. There is no recognised market for the financial assets of the entity.

Risk Exposures

Credit Risk represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Authority is the carrying amount, net of any allowance for doubtful debts. Market Risk is the risk that fair values of financial assets will fluctuate as a result of changes in market prices. All of Authority's financial assets are denominated in Australian dollars and are not traded on any market, and hence neither market risk nor currency risk apply. Liquidity Risk is the risk that the Authority will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury Management Policy (LGA Information Paper 15), liabilities have a range of maturity dates. Interest Rate Risk is the risk that future cash flows will fluctuate because of changes in market interest rates. Most of the Authority's financial instruments - both assets and liabilities - are at fixed rates. Any such variations in future cash flows will not be material in effect on either the Authority's incomes or expenditures.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

9. EXPENDITURE COMMITMENTS

	2015	2014
	\$	\$
Finance Lease Commitments		
Commitments under finance leases at the reporting date are as follows:		
Not later than one year	1,639,065	2,032,673
Later than one year and not later than 5 years	4,525,765	5,090,608
Later than 5 years	1,510,869	1,161,387
Minimum lease payments	7,675,698	8,284,668
Less: future finance charges	(981,958)	(1,147,821)
Net lease liability	<u>6,693,740</u>	<u>7,136,847</u>



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

10. UNIFORM PRESENTATION OF FINANCES

The following is a high level summary of both operating and capital investment activities of the entity prepared on a simplified Uniform Presentation Framework basis.

All Councils in South Australia have agreed to summarise annual budgets and long term financial plans on the same basis.

The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances.

	2015	2014
	\$	\$
Income	14,008,131	15,687,963
<i>less</i> Expenses	<u>13,877,133</u>	<u>15,550,126</u>
Operating Surplus / (Deficit)	130,998	137,837
<i>less</i> Net Outlays on Assets		
Capital expenditure on renewal & replacement of existing assets	1,992,154	2,299,125
Depreciation, amortisation & impairment	(1,754,292)	(2,109,033)
Proceeds from sale of replaced assets	<u>(71,455)</u>	<u>(185,709)</u>
	166,407	4,383
Net Lending / (Borrowing) for Financial Year	<u>(35,409)</u>	<u>133,454</u>



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

11. RELATED PARTY INFORMATION

A new charter for East Waste was gazetted on 29 November 2012. Under this Charter, Directors are not paid by East Waste and the newly appointed Independent Chair is paid by East Waste. The remuneration set by the Board is \$20,000 per annum.

Board Members

Mr. P Dilulio

Appointed to the Board of East Waste for a term of two (2) years from the date of the gazettal of new charter 29 November 2012. Reappointed in December 2014.

Cr G Piggott

Appointed to the Board of East Waste for a term of two (2) years from 17 September 2012. Reappointed in December 2014.

Mr. M Barone

Appointed to the Board of East Waste for a term of two (2) years from the date of the gazettal of new charter 29 November 2012. Reappointed in December 2014.

Cr K Hockley

Appointed to the Board of East Waste for a term of two (2) years from 25 November 2014.

Cr G Webster

Appointed to the Board of East Waste for a term of two (2) years from 24 November 2014.

Cr L Green

Appointed to the Board of East Waste in February 2013. Reappointed in November 2014.

Mr B Cunningham

Appointed as independent chairman of the Board of East Waste in March 2013. Reappointed in June 2015.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

12. KEY MANAGEMENT PERSONNEL

The table below summarises in aggregate the remuneration of all senior management personnel and Board Members of the Eastern Waste Management Authority Inc.

	Salary	Super	Non-Cash	Allowances	ETP	Total
	\$	\$	\$	\$	\$	\$
2015	128,827	13,523	-	12,000	-	154,350
2014	125,240	12,760	-	12,000	-	150,000

Board Member Compensation

Independent Chairperson - \$20,000 (2014: \$4,350)

Independent Audit Committee Members - \$3,850 (2014: \$1,050)



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

13. Highbury Landfill Authority Inc

The Eastern Waste Management Authority, originally known as the East Torrens Municipal Destructor Trust, was established on 19 July 1928 (the name change took place in 1993).

As at 1 July 2004, the Eastern Waste Management Authority comprised 3 member Councils, being the City of Norwood, Payneham and St Peters, the City of Burnside and the Corporation of the Town of Walkerville.

On 5 August 2004, the City of Norwood, Payneham and St Peters, the City of Burnside and the Corporation of the Town of Walkerville established the Highbury Landfill Authority Inc. Its purpose included the facilitation of the closure and the post-closure of the Highbury Landfill site, as well as managing the joint interests and liability of the Councils in relation to the closure of the site.

On 31 December 2004 the property known as the Highbury Landfill site was transferred from East Waste to Highbury Landfill Authority Inc.

On 1 January 2005 the Eastern Waste Management Authority Inc. Charter was amended to include the three new member Councils - the City of Mitcham, the Campbelltown City Council and Adelaide Hills Council.

On 1 January 2005 a loan was created between East Waste and the Highbury Landfill Authority that represented the net value of assets in East Waste prior to 1 January 2005. This was an At Call Loan and interest had been capitalised until the loan was called in by the Highbury Landfill Authority in November 2008. The loan amount was \$873,000 and East Waste borrowed the money from the National Australia Bank with an Interest Only Loan. This loan has now been re-financed through the Local Government Finance Authority, to be repaid in 10 years. The Board of East Waste resolved in February 2010 to charge Member Councils the loan repayments for this loan in their equity percentages as set out in the January 2005 charter.

14. EVENTS OCCURRING AFTER BALANCE DATE

In accordance with AASB 110, there were no events subsequent to 30 June 2015 that need to be disclosed in the financial statements.



CERTIFICATION OF AUDITOR INDEPENDENCE


EASTERN WASTE MANAGEMENT AUTHORITY INC

CERTIFICATION OF AUDITOR INDEPENDENCE


To the best of our knowledge and belief, we confirm that, for the purpose of the audit of the Authority for the year ended 30 June 2015, the Council's Auditor, Dean Newbery & Partners, has maintained its independence in accordance with the requirements of the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22(3) Local Government (Financial Management) Regulations 2011.

General Manager


Adam Faulkner

Presiding Member
Audit Committee


Bryan Cunningham

6th September 2015



East Waste to continue to provide core services to Member Council's, and advise Member Councils of the capacity to deliver the full range of core services which could further drive efficiencies and alignment between Member Councils and East Waste.



56,461

tonnes sent for recycling
and beneficial reuse
during 2014/15.

**It's not hard
to get rid of
hard rubbish.**



Book your free Council collection today.

No need to wait for spring, we collect all year round.

Call 8347 5170 or go online eastwaste.com.au.



Messenger Press Awareness Campaign

WHO IS EAST WASTE?

- A Regional Subsidiary established under the Local Government Act 1999 Six Member Councils.
- Purpose is to collect and dispose/recycle Member Councils wastes and recyclables.
- Provide approximately 180,000 services per week.
- Services approximately 30% of Metro Adelaide.
- Board of Directors & Independent Chairman.
- East Waste has a General Manger and 41 permanent staff members.
- Purpose built depot, fuel supply, self-sufficient workshop and administration centre.

Approximately
 160,000
bins collected per week,
every week, each day
of the week
(bar two).



EAST WASTE

1 Temple Court
Ottoway SA 5013

PO Box 26
Mansfield Park SA 5012

Phone 08 8347 5111

Fax 08 8240 3244

Email east@eastwaste.com

www.eastwaste.com.au



Appendix 2 ***Subsidiaries***

**Gawler River Floodplain
Management Authority**
Annual Report 2014/15

Gawler River Floodplain Management Authority

Annual Report 2014 - 2015

Constituent Councils:
Adelaide Hills Council
The Barossa Council
Town of Gawler
Light Regional Council
District Council of Mallala
City of Playford

Address: 3/58 Charles Street
Unley South Australia 5061
Mobile: 0413 174 222
Email: deangollan@hotmail.com
Website: www.gawler.sa.gov.au/grfma

Gawler River Floodplain Management Authority

Annual Report 2014 – 2015

Chairman's Forward

Progress has been made with the financial assistance of the Stormwater Management Authority in investigating further options for progressing flood protection. Currently a report from Australian Water Environments is under consideration.

The Adelaide and Mount Lofty Ranges Natural Resources Management Board requested that they no longer be responsible for nominating the GRFMA Chairperson. This has required the Authority's Charter to be amended with the Constituent Councils approval. Since acceptance, interest in appointment has been sought and applicants await a decision to the Authority.

Following the 2014 Council elections and staff resignations, four original members have left the Board. To Mayor Hurn, Councillor Brian Thom, Tim Jackson and Ian Baldwin my personal thanks for your input and dedication.

Finally, I register my appreciation of the continued professional input of the Executive Officer, Dean Gollan.

Dr Bruce Eastick AM
Chairman

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 Barossa Council, The Town of Gawler, Light Regional Council, District Council of Mallala and the City of Playford.

The Charter provides that a representative of the Adelaide Mount Lofty Ranges Natural Resources Management Board (AMLRNRMB) is the Chairperson of the Board of Management of the GRFMA. The Charter sets down the powers, functions, safeguards, accountabilities and an operational framework and the Business Plan sets down the operational plan and financial plan to achieve agreed objectives.

The GRFMA has been established for the following purposes:

1. To co-ordinate the construction, operation and maintenance of flood mitigation infrastructure in the Gawler River area (the Floodplain);
2. To raise finance for the purpose of developing, managing and operating and maintaining flood mitigation works within the Floodplain;
3. 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 within the Floodplain;
4. To enter into agreements with Constituent Councils for the purpose of managing and developing the Floodplain.

The Board

The Members of the Board are:

Authority	Board Members	Deputy Board Members
AMLRNRMB	Dr Bruce Eastick AM, Chairman	
Adelaide Hills Council	Mayor Bill Spragg to Oct 2014 Cr John Kemp from Feb 2015 Mr Andrew Aitken, CEO	Mr Marc Salver
The Barossa Council	Mayor Brian Hurn to Oct 2014 Mayor Bob Sloane from Feb 2015 Mr Ian Baldwin	Cr Dave de Vries
Town of Gawler	Cr Brian Thom to Oct 2014 Cr Adrian Shackley from Feb 2015 Mr Henry Inat to Oct 2014 Mr Sam Dilena from Feb 2015	Cr Barry Neylon to Oct 2014 Cr Paul Koch from Feb 2015 Mr Scott Reid
Light Regional Council	Cr William Close Mr Brian Carr, CEO	Mr Andrew Philpott
District Council of Mallala	Cr Ann Picard Mr Charles Mansueto to Aug 2014 Ms Katrina Marton from June 2015	Cr Tom Summerton to Oct 2014 Cr Melville Lawrence from Feb 2015 to June 2015 Mr Gary Mavrinac from Aug 2014
City of Playford	Cr Dino Musolino to Oct 2014 Cr Denis Davey from Feb 2015 Mr Tim Jackson, CEO to June 2015	Mr Harry Pitrans Mr Shaun Kennedy to Oct 2014 Cr Carol Muzyk from Feb 2015

Ordinary meetings of the Board are held bi-monthly on the third Wednesday, except December, which is held on the second Wednesday of the even months commencing at 9.00am.

Meetings are hosted by the Constituent Councils on a rotational roster. Six Board meetings were held during the year as follows:

- | | |
|-------------------------------|-----------|
| - Thursday 21 August 2014 | Gawler |
| - Wednesday 15 September 2014 | Gawler |
| - Thursday 16 October 2014 | Mallala |
| - Wednesday 18 February 2015 | Kapunda |
| - Wednesday 15 April 2015 | Gumeracha |
| - Wednesday 17 June 2015 | Nuriootpa |

Technical Assessment Panel

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:

- Dr Bruce Eastick AM, Chairman
- Dean Gollan, Executive Officer, GRFMA
- Bill Lipp, Principal Stormwater Engineer, Department for Transport, Energy and Infrastructure
- Harry Pitrans, Infrastructure Planner, City of Playford
- Chris Wright, Water Projects Officer, Adelaide Mount Lofty Ranges NRM Board
- Derek Moore, Principal Engineer Dams, SA Water

The Panel held one meeting during the year:

- 12 November 2014

Audit Committee

An Audit Committee has been appointed to review:

- the annual financial statements to ensure that they present fairly the 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 Panel held two meetings during the year:

- 12 August 2014
- 9 October 2014
- 4 May 2015

The members of the Committee are:

- Mr Peter Brass, Independent Member
- Mr Sam Dilena, Town of Gawler
- Cr Des Ellis, Light Regional Council

Executive Officer Performance Review Committee

On 18 February, 2015 a review committee was formed to oversight of the Executive Officer Services Contract, including the annual contract performance review process.

The members of the Committee are:

- Dr Bruce Eastick AM
- Mr Marc Salver, Director, Adelaide Hills Council
- Mr Ian Baldwin, Director, Barossa Council

The Committee held one meeting during the year on 28 April 2015.

Gawler River Flood Mitigation Scheme - Background

The 'Scheme' is described in the 'Gawler River Flood Mitigation Scheme', published by the Northern Adelaide and Barossa Catchment Water Management Board and the Department of Water, Land and Biodiversity Conservation, October 2002. Based on the Gawler River Flood Management Study - Flood Management Plan prepared for The Gawler River Flood Management Working Party, BC Tonkin and Associates, April 1994.

Following the November 2005 flood, the Australian Government, South Australian Government, the six Constituent Councils and the Northern Adelaide Barossa Catchment Water Management Board committed to a funding package totalling \$20 million to implement the Scheme.

The Scheme comprised three parts as follows:

- The construction of a flood mitigation dam on the North Para River near Gawler – the Bruce Eastick North Para Flood Mitigation Dam was completed in December 2007.
- Modifications to the dam wall and spillway of the South Para Reservoir to provide flood mitigation – the modifications reached practical completion in June 2012.
- Construction of levees including the formalization of a controlled parallel flow path together with sensitive vegetation and channel maintenance along the lower reaches of the Gawler River - to be later described as Strategy 6d – this part of the Scheme was abandoned following the findings of the Gawler River Mapping Study in 2008.

In February 2008, the Gawler River Mapping Study was completed to identify the impact of the March 2007 estimates and to identify strategies to mitigate the impact of flooding.

In June 2009, the Board amended the Business Plan to include the preparation of a *Gawler River Flood Mitigation Scheme – Mark Two*, planned to build on the studies of recent years and bring forward strategies that can cost effectively reduce the impact of flooding from the Gawler River. The development of the Mark Two Scheme had been delayed by the need to provide additional funding to complete the modifications to the South Para Reservoir.

Flood Events

4th and 5th September 2010

Heavy rains fell across the catchment, up to 70 mm, estimated to be approximately a 1 in 7 year storm event resulted in strong flows in the North Para River. Water began to rise behind the Bruce Eastick North Para Flood Mitigation Dam on Saturday and at 10.00am on Sunday, reached a maximum height of 70 metres AHD, just below the high-level outlet pipes. Dam waters estimated to be 1.2 Gl extended approximately four kilometres upstream, passed through the low level outlet pipe at a controlled flow, returning to stream level at midday the following day. The real time catchment rainfall, river flow data and height of water in the dam were able to be monitored on the Bureau of Meteorology website.

Both the effect of the dam, and filling the South Para Reservoir, mitigated the flow in the Gawler River that caused flooding of grazing land just east and west of the new Port Wakefield Highway. No property damage was reported.

8th December 2010

Following intense storms in the early hours where several centres recorded 24 hour falls of 70 to 80 mm, that gave rise to strong flows in the North Para River that caused the Bruce Eastick North Para Flood Mitigation Dam to operate for the second time in four months. Water rose to 72.5 m, which caused the two High Level Outlet Pipes to operate for the first time. Dam waters estimated to be 1.8 Gl extended over 4 kilometres upstream passed through the low level outlet pipe at a controlled flow returning to stream level by late the following afternoon.

Had the Bruce Eastick North Para Flood Mitigation Dam not been in place it is estimated that a breakout just west of Bakers Road to the north would have occurred, flooding a number of horticultural properties.

These events confirmed that the dam operated as designed and provided protection by mitigating the peak flow to a level that could be passed by the lower Gawler River, without overtopping the banks causing flooding as was the case in 2005 and 1992.

Minor Works

A replacement Turretfield Flow Gauge Weir has been constructed 800 metres downstream from the dam on the North Para River. The former flow gauge weir just upstream of the dam wall is drowned out in a flood event by the dam waters and has been decommissioned. The replacement weir is smaller in design, gauging flows up to approximately 300 cubic metres per second. This gauge weir downstream of the junction with Walker Creek provides flow data from the western part of the catchment. Data from this flow gauge will be added to the online real time data on the Bureau of Meteorology web site.

Two additional survey monuments have been constructed at the dam site, to provide a total of four monuments to provide a survey base to monitor the deformation stability of the dam wall and spillway. Part of the maintenance program is to periodically survey the structure to ensure that there is no movement. In particular this is performed after major flood or seismic events.

South Para Reservoir Modifications

To further improve protection of the population at Gawler and the downstream floodplain, mitigation works were necessary at South Para Dam.

SA Water was approached by the GRFMA in September 2001, to discuss the implementation of flood mitigation works at the South Para Dam as part of their overall flood mitigation strategies.

Undertaking the flood mitigation works concurrently with a proposed dam safety upgrade was seen as the most economical solution to achieve compliance with ANCOLD guidelines, whilst providing considerable additional benefit to the community. The flood mitigation work involved modifying the existing spillway crest by raising it by 1.57 m. A 10m central slot remained at the original full supply level to provide a 1 in 100 year flood event flood retention capacity. The height of the dam embankment crest was raised 2 m by adding 1 m of additional fill and installing a concrete parapet wall on top to accommodate the resultant increased flood level.

Since that time, SA Water has been working with the GRFMA for the joint development of the South Para Reservoir to improve flood mitigation on the Gawler and South Para rivers, and dam safety improvements for the reservoir itself.

Detailed design work was completed in September 2010 at a total project cost in excess of \$7.5 million excluding GST. The GRFMA portion of the project cost is \$4,013 million. A contract was awarded for the construction of the works on 12 July 2011. Practical completion was achieved on 25 June 2012 and the contract was completed without any variations and on time.

Gawler River Flood Mitigation Scheme Mark Two

The Board considered the best approach to addressing the next stage in its Business Plan, which is the Gawler River Flood Mitigation Scheme Mark Two.

The studies into the flood issues in the region had identified that although the construction of the Bruce Eastick North Para Flood Mitigation Dam and modifications to the South Para Reservoir have been most successful, there remains 3750 properties still at risk of inundation in a 1 in 100 year flood. Options to rectify this situation include the construction of levees at Gawler, Angle Vale, Two Wells and Virginia and the development of additional flood mitigation storage on the North Para River.

Decisions in relation to the best option had to take into account a vast range of issues including accommodating rail and road corridors, cost effectiveness and the most reliable mitigation for these properties. As the variables and consequences of both options are wide-reaching, the Gawler River Floodplain Management Authority decided to engage professionals to investigate the matter further and to provide a Findings Report. The brief for the report was based on a methodology supported by the Department of Planning, Transport and Infrastructure.

Tenders were called for appropriate professionals to provide the Authority with a Findings Report in mid-2014. Australian Water Environments was appointed to this task.

Issues to be covered by this report include a review of the Hydrological Study of the Gawler River Catchment, the possible construction of a second dam on the North Para River and other structural and non-structural options. The report will also determine the optimal level of protection for the Gawler River Floodplain.

A final draft copy of the report was considered by the Board in June 2015 and has been forwarded to Constituent Councils for comment.

The Stormwater Management Authority is providing a grant of \$50,000 towards the cost of the report. The Findings Report should be completed by late 2015.

General

The following Policies have been adopted to provide management guidelines for the day-to-day business of the GRFMA:

- Access to Meetings and Documents
- Consultation
- Dam Valuation
- Internal Review of Decisions
- Operations Manual

All meetings of the GRFMA and its committees are open to the public.

Forum	Total Resolutions for the year	Resolutions to exclude the Public - Sec 90(3)	Purpose	Order for documents to remain confidential - Sec 91(7)	Percentage
Board	54	3	Possible commercial advantage of a person	3	11%
Technical Assessment Panel	-	-	-	-	0%
Audit Committee	14	0	-	-	0%
Executive Officer Performance Review Committee	1	0	-	-	0%

Mr Dean Gollan has been engaged to provide Executive Officer services under a services agreement until 31 December 2016. Mr Gollan has extensive experience in the administration of Councils and regional subsidiaries under the Local Government Act. The GRFMA has no employees and all services are engaged on a contract basis.

GAWLER RIVER FLOODPLAIN MANAGEMENT AUTHORITY

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2015

	Notes	2015 \$	2014 \$
INCOME			
Subscriptions	3	72,501	70,732
Investment income	1(d)	<u>8,859</u>	<u>10,344</u>
Total Income		<u>81,360</u>	<u>81,076</u>
EXPENSES			
Contractual Services	5	216,237	82,868
Depreciation	1(i), 4	231,213	191,510
Other		<u>11,650</u>	<u>8,777</u>
Total Expenses		<u>459,100</u>	<u>283,155</u>
OPERATING SURPLUS / (DEFICIT)		<u>(377,740)</u>	<u>(202,079)</u>
NET SURPLUS / (DEFICIT)		<u>(377,740)</u>	<u>(202,079)</u>
transferred to Equity Statement			
Other Comprehensive Income			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Changes in revaluation surplus - infrastructure, property, plant & equipment		-	2,363,737
Total Other Comprehensive Income		-	2,363,737
TOTAL COMPREHENSIVE INCOME		<u>(377,740)</u>	<u>2,161,658</u>

This Statement is to be read in conjunction with the attached Notes.

GAWLER RIVER FLOODPLAIN MANAGEMENT AUTHORITY

STATEMENT OF FINANCIAL POSITION
as at 30 June 2015

	Notes	2015 \$	2014 \$
ASSETS			
Current Assets			
Cash and cash equivalents		10,636	11,573
Investments	1(d)	201,302	361,201
Debtors - GST		2,026	3,614
Accrued Interest		1,046	2,318
		<u>215,011</u>	<u>378,706</u>
Total Current Assets			
Non-current Assets			
Infrastructure	4	18,497,000	18,497,000
Accumulated Depreciation Infrastructure	1(i), 4	(1,618,213)	(1,387,000)
Land	4	326,364	326,364
		<u>17,205,152</u>	<u>17,436,364</u>
Total Non-current Assets			
Total Assets			
		<u>17,420,162</u>	<u>17,815,070</u>
LIABILITIES			
Current Liabilities			
Trade & other payables		3,180	20,348
		<u>3,180</u>	<u>20,348</u>
Total Current Liabilities			
Total Liabilities			
		<u>3,180</u>	<u>20,348</u>
NET ASSETS			
		<u>17,416,982</u>	<u>17,794,722</u>
EQUITY			
Accumulated Surplus		14,565,172	14,942,912
Asset Revaluation Reserves	1(h), 4	2,851,810	2,851,810
		<u>17,416,982</u>	<u>17,794,722</u>
TOTAL EQUITY			

This Statement is to be read in conjunction with the attached Notes.

GAWLER RIVER FLOODPLAIN MANAGEMENT AUTHORITY

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2015

	Notes	Accumulated Surplus \$	Asset Revaluation Reserve \$	TOTAL EQUITY \$
2015				
Balance at end of previous reporting period		14,942,912	2,851,810	17,794,722
Restated opening balance		14,942,912	2,851,810	17,794,722
Net Surplus / (Deficit) for Year		(377,740)		(377,740)
Other Comprehensive Income				
Balance at end of period		14,565,172	2,851,810	17,416,982
2014				
Balance at end of previous reporting period		15,144,991	488,073	15,633,064
Restated opening balance		15,144,991	488,073	15,633,064
Net Surplus / (Deficit) for Year		(202,079)		(202,079)
Other Comprehensive Income				
Changes in revaluation surplus - infrastructure, property, plant & equipment			2,363,737	2,363,737
Balance at end of period		14,942,912	2,851,810	17,794,722

This Statement is to be read in conjunction with the attached Notes

GAWLER RIVER FLOODPLAIN MANAGEMENT AUTHORITY

STATEMENT OF CASH FLOWS
for the year ended 30 June 2015

	Notes	2015 \$	2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		74,089	158,587
Payments		<u>(245,055)</u>	<u>(174,629)</u>
Net Cash provided by (or used in) Operating Activities		(170,966)	(16,042)
 CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Interest Receipts</u>		<u>10,131</u>	<u>8,026</u>
Net Cash provided by (or used in) Investing Activities		10,131	8,026
 Net Increase (Decrease) in cash held	8.1	(160,836)	(8,016)
 Cash & cash equivalents at beginning of period		<u>372,774</u>	<u>380,790</u>
Cash & cash equivalents at end of period	8.2	<u>211,938</u>	<u>372,774</u>

This Statement is to be read in conjunction with the attached Notes

Gawler River Floodplain Management Authority
Notes to the Financial Statements for the year ended 30th June 2015

1 Statement of Significant Accounting Policies

a) The Local Government Reporting Entity

This general purpose financial report has been prepared in accordance with Australian Accounting Standards as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and relevant South Australian legislation.

The Gawler River Floodplain Management Authority is a Regional Subsidiary under Section 43 and Schedule 2 of the Local Government Act 1999. The Constituent Councils are the Adelaide Hills Council, The Barossa Council, Town of Gawler, Light Regional Council, District Council of Mallala and The City of Playford.

All funds received and expended by the Authority have been included in the financial statements forming part of this financial report.

b) Basis of Accounting

This financial report has been prepared on an accrual basis and is based on historical costs and does not take into account changing money values, or except where specifically stated, current valuation of non-current assets.

c) Employees

The Association has no employees.

d) Investments

Investments are valued at cost. Interest revenues are recognised as they accrue.

e) Cash

For purposes of the statement of cash flows, cash includes cash deposits which are readily convertible to cash on hand and which are used in the cash management function on a day to day basis, net of outstanding bank overdraft.

f) Infrastructure

The Bruce Eastick North Para Flood Mitigation Dam was constructed in 2007. The valuation includes all materials, contractor's costs plus costs incidental to the acquisition, including engineering design and supervision fees and all other costs incurred.

g) Land

The dam land includes the land on which the dam is constructed, rights of way access to the land and 'right to flood' easements over the land upstream from the dam that will be inundated by dam waters for short periods of time during a flood event. The Board valuation was undertaken at 30th June 2011.

h) Revaluation

The Board sought an independent valuation on the 29th May 2014, to be applied as at 30th June 2014, of the Bruce Eastick North Para Flood Mitigation Dam. The Board recognises that the dam is a unique infrastructure. The Board sought the advice of Entura (Hydro Tasmania), who provided a replacement cost valuation based on the actual construction contract costs, including some 'owner's costs' which would be incurred in the event of a replacement being necessary. The estimate of the replacement cost was \$18.497 million at June 2014. In accordance with Accounting Standard (AASB)13 Fair Value Measurement, it is to be noted that valuation has been under level 3 valuation.

Fair value level 3 valuations of buildings, infrastructure and other assets – There is no known market for these assets and they are valued at depreciated current replacement cost. The method involves:

The determination of the cost to construct the asset (or its modern engineering equivalent) using current prices for materials and labour, the quantities of each being estimated based on recent experience of this or similar Councils, or on industry construction guides where these are more appropriate.

The calculation of the depreciation that would have accumulated since original construction using current estimates of residual value and useful life under the prime cost depreciation method adopted by Council.

The method has significant inherent uncertainties, relying on estimates of quantities of materials and labour, residual values and useful lives, and the possibility of changes in prices for materials and labour, and the potential for development of more efficient construction techniques.

i) Depreciation

The depreciation period for the Bruce Eastick North Para Flood Mitigation Dam is based on an expected life of 80 years. Entura advised that the accumulated depreciation should be assessed at \$1.387 million as at June 2014.

j) Revenue

Revenue from the sale of services is recognised upon the delivery of the service to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the rights to receive a dividend has been established.

All revenue is stated net of the amount of goods and services tax (GST).

2 Functions / Activities of the Association

- a) Revenues and expenses have been attributed to the following functions / activities, descriptions of which are set out in Note b.
- b) The activities of the Authority are categorised into the following function / activities:

Administration: The operations of the Authority and its Board

Other Environment: Flood Mitigation

- c) Functions of the Gawler River Floodplain Management Authority (excluding depreciation)

	Revenue			Expenses		Surplus (deficit)
	Year	Grants	Other	Total Revenue	Expenses Total	
Administration	2015		\$64,047	\$64,047	\$59,196	\$4,851
	2014		\$64,215	\$64,215	\$60,485	\$3,730
Other Environment: Flood Mitigation	2015		\$17,313	\$17,313	\$168,691	(\$151,378)
	2014		\$16,861	\$16,861	\$31,160	(\$14,299)
Total	2015		\$81,360	\$81,360	\$227,887	(\$146,527)
	2014		\$81,076	\$81,076	\$91,645	(\$10,569)

3 Subscriptions

The following subscriptions were levied on the Constituent Councils in accordance with Clause 10.2 of the Charter for the year:

Constituent Council	Scheme Works		Maintenance		Operations		TOTALS	
	2015	2014	2015	2014	2015	2014	2015	2014
Adelaide Hills Council			\$ 300	\$292	\$9,198	\$8,974	\$9,498	\$9,266
The Barossa Council			\$1,501	\$1,434	\$9,198	\$9,004	\$10,699	\$10,438
Town of Gawler			\$3,002	\$2,929	\$9,198	\$8,973	\$12,200	\$11,902
Light Regional Council			\$1,501	\$1,465	\$9,198	\$8,973	\$10,698	\$10,438
District Council of Mallala			\$5,005	\$4,883	\$9,198	\$8,974	\$13,979	\$13,857
City of Playford			\$6,004	\$5,858	\$9,198	\$8,973	\$14,977	\$14,831
TOTAL	-	-	\$17,313	\$16,861	\$55,188	\$53,871	\$72,501	\$70,732

4 Non-Current Assets Summary

	Fair Value Level	2014				2015			
		At Fair Value	At Cost	Accum Dep'n	Carrying Amount	At Fair Value	At Cost	Accum Dep'n	Carrying Amount
Land and easements	-	\$326,364			\$326,364	\$326,364			\$326,364
North Para Dam	-								
North Para Dam	3	\$18,497,000		(\$1,387,000)	\$17,110,000	\$18,497,000		(\$1,618,213)	\$16,878,787
Total Infrastructure and Land		\$18,823,364		(\$1,387,000)	\$17,436,364	\$18,823,364		(\$1,618,213)	\$17,205,151
Comparatives		\$15,647,157		(\$383,020)	\$15,264,137	\$18,823,364		(\$1,387,000)	\$17,436,364

	2014 Carrying Amount	Carrying Amount Movements During Year						2015 Carrying Amount	
		Additions		Disposals	Depreciation	Impairment	Transfers		Net Valuation
		New Upgrade	Renewals						
Land and easements	\$326,364							\$326,364	
Infrastructure - North Para Dam	\$17,110,000				(\$231,213)			\$16,878,787	
Total Infrastructure, Property, Plant & Equipment	\$17,436,364				(\$231,213)			\$17,205,151	

Comparatives	\$15,264,137				(\$191,510)			\$2,363,737	\$17,436,364
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5 Contractual Services

Contractual Services involve payments or liabilities for the external provision of services and include (net of GST):

Consultants	2015	2014
Dean Gollan	\$39,001	\$44,034
Pyper Leaker Surveying	\$2,700	\$0
McGees Property	\$2,000	\$0
John Bolton	\$5,800	\$0
Peter Whimpress & Co.	\$250	\$0
IB & CA Sanders	\$5,455	\$0
Mechanical Vegetation	\$1,200	\$0
Enviro Group Pty Ltd	\$3,600	\$4,000
Maloney Field Services	\$7,710	\$12,773
Norman Waterhouse	\$990	\$0
Business Risk A S Solutions	\$1,891	\$1,300
Entura	\$	\$9,000
Australian Water Environments	\$139,859	\$5,286
HLB Mann Judd	\$5,781	\$6,475
TOTALS	\$216,237	\$82,868

6 Comparison of Budget and Actual Results (excluding depreciation)

	2015		2014	
	Budget	Actual	Budget	Actual
Revenue				
Administration	\$66,187	\$63,001	\$64,841	\$64,215
Other Environment: Flood Mitigation	\$0	\$0	\$0	\$0
State Grant	\$71,863	\$0	\$0	\$0
Maintenance	\$17,313	\$17,313	\$16,891	\$16,861
Other Environment: Flood Mitigation Capital				
Total Revenue	\$155,363	\$80,314	\$81,732	\$81,076
Expenditure				
Administration	\$66,175	\$56,306	\$59,350	\$60,485
Other Environment: Flood Mitigation	\$167,651	\$163,773	\$50,000	\$27,059
Maintenance	\$10,000	\$4,917	\$10,000	\$4,101
Other Environment: Flood Mitigation Capital				
Total Expenditure	\$243,946	\$224,996	\$119,350	\$91,645
Surplus (deficit)	(\$88,583)	(\$144,682)	(\$37,618)	(\$10,569)

7 Expenditure Commitment

- i. An agreement has been entered into with Dean Gollan to provide Executive Officer and Supervision of Consultants services to 31 December 2015.

8 Reconciliation Statement of Cash Flows

8.1 Reconcile to operating activities

Net deficit from operations	(\$377,740)
Adjust for non-cash items	
Depreciation	\$231,213
Decrease in Debtors	\$ 2,860
Decrease in Accounts Payable	(\$17,169)
<u>Net Cash decrease from operating activities</u>	<u>(\$160,836)</u>

8.2 Cash and cash equivalents

Balance at bank	\$10,636
Balance at LGFA	\$201,302
<u>Total cash and cash equivalents</u>	<u>\$211,938</u>

CERTIFICATION OF FINANCIAL STATEMENTS

We have been authorised by the Gawler River Floodplain Management Authority to certify the financial statements in their final form.

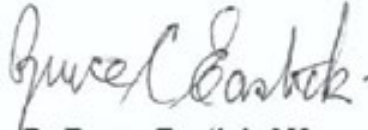
In our opinion:

- o the accompanying financial statements comply with the *Local Government Act 1999, Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards.
- o the financial statements present a true and fair view of the Authority's financial position at 30 June 2015 and the results of its operations and cash flows for the financial year.
- o internal controls implemented by the Authority provide a reasonable assurance that the Authority's financial records are complete, accurate and reliable and were effective throughout the financial year.
- o the financial statements accurately reflect the Authority's accounting and other records.

Date: 22 September 2015



Dean Gollan
EXECUTIVE OFFICER



Dr Bruce Eastick AM
CHAIRMAN

**GAWLER RIVER FLOODPLAIN MANAGEMENT AUTHORITY
INDEPENDENT AUDITOR'S REPORT**

To the constituent councils of the Gawler River Floodplain Management Authority:

We have audited the accompanying financial report of Gawler River Floodplain Management Authority, which comprises the balance sheet as at 30 June 2015, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

Board's responsibility for the Financial Report

The board of the association is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (Including the Australian Accounting Interpretations), the Local Government Act 1999, and the Local Government (Financial Management) Regulations 2011 (Regulations) made under that Act. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the Financial Report that is free from material misstatement, whether due to fraud or error selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Gawler River Floodplain Management Authority, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**GAWLER RIVER FLOODPLAIN MANAGEMENT AUTHORITY
INDEPENDENT AUDITOR'S REPORT (CONTINUED)*****Independence***

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies and the Local Government Act and Regulations.

Auditor's Opinion

In our opinion:

- (a) the financial report presents fairly, in all material respects, the financial position of Gawler River Floodplain Management Authority as at 30 June 2015 and its financial performance and its cash flows for the year then ended; and
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Local Government Act 1999 and Regulations.

HLB Mann Judd
HLB Mann Judd
Chartered Accountants


Corey McGowan
Partner

Adelaide, South Australia
24 September 2015

GAWLER RIVER FLOODPLAIN MANAGEMENT AUTHORITY

Schedule of Constituent Council's Interest in Net Assets as at 30th June 2015

Prepared to meet the requirements of Clause 15.5 of the Charter

“The ‘Schedule of Constituent Councils’ Interests in Net Assets’ will reflect the proportionate contribution each Constituent Council has made to the growth of the net assets of the Authority having regard to the proportionate contribution to subscriptions. The Schedule when updated by the Board at the end of each financial year will reflect the proportionate contribution of each Constituent Council since the commencement of the Authority and once accepted by each Constituent Council will be evidence of the agreed proportion of a Constituent Council's interests in the net assets as at 30 June in that year.”

For the purposes of this Clause all subscriptions by Constituent Councils have been included.

This Schedule has been prepared on the basis that the Authority was ‘wound up’ on 30 June 2015. The value of infrastructure and land as stated in the Audited Financial Statements at 30th June have been included. Grants and contributions from the Commonwealth Government, State Government and Northern Adelaide Barossa Catchment Water Management Board that have contributed to these costs have not been deducted.

Calculation of Net Equity

Assets

Investments / Debtors	\$ 215,011
Infrastructure	\$ 16,878,787
Land	<u>\$ 326,364</u>
	\$ 17,420,162

Less Liabilities

Accounts Payable / Creditors	<u>\$ 3,180</u>
NET EQUITY	\$ 17,416,982

Allocation of Councils Interest in Net Assets

Constituent Councils	Accumulated Subscriptions for Operations to 30 June 2015	Accumulated Subscriptions for Maintenance to 30 June 2015	Accumulated Subscriptions for Scheme Works to 30 June 2015	All Subscriptions to 30 June 2015	Percentage of Contributions to the Total	Council's Interests in Net Assets
Adelaide Hills Council	\$70,626	\$1,503	\$70,988	\$143,117	3.10%	\$539,926
The Barossa Council	\$70,626	\$7,520	\$354,951	\$433,097	9.41%	\$1,638,938
Town of Gawler	\$70,626	\$15,002	\$709,892	\$795,520	17.28%	\$3,009,654
Light Regional Council	\$70,626	\$7,520	\$354,951	\$433,097	9.41%	\$1,638,938
District Council of Mallala	\$70,626	\$25,079	\$1,183,146	\$1,278,851	27.78%	\$4,838,438
City of Playford	\$70,626	\$30,086	\$1,419,763	\$1,520,475	33.02%	\$5,751,088
	\$423,756	\$86,710	\$4,093,691	\$4,604,157	100%	\$17,416,982

Schedule of Constituent Councils' Interests in Net Assets' as at the 30th June 2015 adopted by the Board in accordance with Clause 15.5 of the Charter on 22 September 2015.

GAWLER RIVER FLOODPLAIN MANAGEMENT AUTHORITY

Constituent Councils Adelaide Hills Council
The Barossa Council
Town of Gawler
Light Regional Council
District Council of Mallala
City of Playford

ACHIEVEMENTS AGAINST THE BUSINESS PLAN 2014 – 2017

Plan Adopted	3 rd April 2003
Amended	19 th February 2004
Amended	15 th June 2006
Amended	19 th June 2008
Amended	25 th June 2009
Amended	17 th June 2010
Amended	16 th June 2011
Amended	19 th April 2012
Amended	19 st June 2014
Amended	17 th June 2015

For the Period July 2014 to June 2015

Address: 3/58 Charles Street, Unley, South Australia 5061
Mobile: 0413 174 222
Email: deangollan@hotmail.com

**Gawler River Floodplain Management Authority
Achievements Against the Business Plan 2014 – 2017 for the period July 2014 to June 2015**

Evaluation of Performance against the Business Plan

This Statement of Achievements against the Business Plan will form part of the Key Outcomes Summary to Councils following the meetings at which it is tabled. The Statement will be prepared for the October, February, and June Board Meetings. The June report will form part of the GRFMA Annual Report 2014 - 2015.

Part A: Funding

Performance Targets:	Timings:	To be measured By:	Actual Achievements
Secure Additional Project Funding	June 2009	All Councils, stakeholders and Governments agree to contribute to the project in accordance with the Plan	<input checked="" type="checkbox"/> Scheme Total now \$21,697,377 grants total \$16,879,982
Grant Claims	At all times	Lodge claims monthly for the payment of Commonwealth and State Government Grants.	<input checked="" type="checkbox"/> Claims lodged at the end of the month
Maintain positive Cash Flow	At all times	Positive bank account balances at all times.	<input checked="" type="checkbox"/> Positive cash flow maintained

Part B: Proposed Flood Mitigation Scheme Works

South Para Works			
<p>The South Para Reservoir is under the control and management of SA Water Corporation who have agreed to undertake the required modifications to the South Para Reservoir to provide the required level of flood mitigation capacity as a cost to the Scheme.</p> <p>Dam safety review and design proposal to modify the dam wall and spillway completed September 2005</p> <p>Detailed hydrology study of the catchment using the very latest methodologies let to Department of Transport, Energy and Infrastructure completed March 2007.</p>			
Performance Targets:	Timings:	To be measured By:	Actual Achievements
Detailed design of works	December 2010	Completion of detailed design and tender documents	<input checked="" type="checkbox"/> July 2011 Final approvals granted
Construction of the works	June 2012	Completion of construction	<input checked="" type="checkbox"/> Practical completion achieved June 2012

**Gawler River Floodplain Management Authority
Achievements Against the Business Plan 2014 – 2017 for the period July 2014 to June 2015**

Gawler River Flood Mitigation Scheme – Mark Two

What will the Mark Two Scheme Include? (Note these steps may occur concurrently and not necessarily in the following order)

- One Reconfirm with the Constituent Councils that a 1 in 100 year level of protection is the protection standard that is to be pursued in the development of the Gawler River Flood Mitigation Scheme - Mark Two Strategy. **(Reviewed as part of 'Findings Report')**.
- Two Determine if a second dam on the North Para River is an option. The GRFMA Board has recently accepted a tender for a Findings Report to undertake an assessment to determine if a second dam is required and feasible. **(Reviewed as part of 'Findings Report')**.
- Three The Gawler River Floodplain Mapping Model should be maintained as the reference tool to demonstrate the level of flood protection and validity of design of land proposed for development as part of the approval process. To achieve this, the model should be upgraded to include recent works such as the Northern Expressway works and the additional floodplain mapping completed as part of the Light River Templers Creek Salt Creek Mapping Study by the District Council of Mallala. **(Reviewed as part of 'Findings Report')**.
- Four To further develop the preliminary assessment of possible local area levees prepared in the 2008 Gawler River Floodplain Mapping Study at Gawler, Angle Vale and Two Wells and develop a levee strategy for Virginia to a robust design standard with a staging plan. Undertake a cost benefit study for each stage of the plan. **(Reviewed as part of 'Findings Report')**.
- Five Establish a protocol with the Floodplain Councils that where development of land in areas identified as 'at risk of flooding' is planned to proceed by the implementation of a local area levee that mapping of the proposed levees on the Gawler River Floodplain Mapping Study Model will be required.
- Six Maintain a working relationship with the Australian Rail Track Corporation to ensure that any changes to Railtrack infrastructure of culverts and rail heights are mapped on the Gawler River Floodplain Mapping Study Model to identify any changes to flooding impacts.
- Seven Develop a funding strategy for flood protection that is delivered by local area levees on the questions of who should own and maintain the levees and whether local area levees are regional works that the GRFMA should fund or are they local works that are the responsibility of the local Council.
- Eight Investigate opportunities for funding partners and grants to undertake the necessary assessments and designs.
- Nine The Scheme will also seek to clarify, through the Local Government Association, the policy and legal framework around maintenance of rivers and creeks where those rivers and creeks are part of the regional flood management plan. Under current legislation a landowner is responsible for the condition of a creek or waterway on private land. **(Legal opinion received)**.

Part B: Maintenance of the Scheme

Performance Targets:	Timings:	To be measured By:	Actual Achievements
Six monthly inspection	June and December	Completion of Inspection Report	<input checked="" type="checkbox"/> Dec 2014 and June 2015 – Dam inspections carried out

Gawler River Floodplain Management Authority
Achievements Against the Business Plan 2014 – 2017 for the period July 2014 to June 2015

Part C: Operation of the Regional Subsidiary

Performance Targets:	Timings:	To be measured By:	Actual Achievements
Reports to Stakeholders	Twice yearly	The publication and distribution of a Fact Sheet to all stakeholders and affected landowners.	<input checked="" type="checkbox"/> Newsletter to be forwarded to all stakeholders following completion of Findings Report
	Bi-Monthly	Key Outcomes Summary to be published following each Board Meeting to include a summary of the progress of the development of the Scheme.	<input checked="" type="checkbox"/> Key Outcomes Summary prepared following meetings
Maintain effective Regional Subsidiary	December	The performance of the Executive Officer be reviewed annually	<input checked="" type="checkbox"/> Review conducted in April 2015.
	August	The appointment of Auditor, Bank Operators, levels of insurance, appropriate registrations, delegations and policies be reviewed annually.	<input checked="" type="checkbox"/> Auditor reappointed up to 30 June 2019 <input checked="" type="checkbox"/> Appropriate levels of insurance reviewed in July 2014
Review of the Business Plan	By 31 st March	Review the Business Plan prior to preparing the Budget Forward to the Councils	<input checked="" type="checkbox"/> June 2014 – Business Plan 2014-2017 adopted <input checked="" type="checkbox"/> August 2014 – Achievements against the Business Plan 2013-2014 presented
Annual Budget	By 31 st March, June, October, December	Adopt for consultation forward to Councils Adopt Budget – copy to Councils in 5 days Conduct Budget Reviews	<input checked="" type="checkbox"/> April 2015 – Approved for consultation <input checked="" type="checkbox"/> Budget 2015–2016 adopted at June 2015 Board meeting
Subscriptions	June December	Send half year subscriptions to Council Send half year subscriptions to Council	<input checked="" type="checkbox"/> All first half subscriptions paid <input checked="" type="checkbox"/> All second half subscriptions paid
Report to Constituent Councils	Following each Board meeting By 30 th September	The receipt of the following reports by Councils: <ul style="list-style-type: none"> • Board Meeting Key Outcome Summary • Annual Report including Annual Financial Statements 	<input checked="" type="checkbox"/> Key Outcomes Summary prepared following meetings <input checked="" type="checkbox"/> Annual Report forwarded electronically to Councils on 25 September 2014

Appendix 2 Subsidiaries

**Southern & Hills Local
Government Association**
Annual Report 2014/15



Southern & Hills Local Government Association

Adelaide Hills, Alexandrina, Barossa, Kangaroo Island, Mt Barker, Victor Harbor and Yankalilla



ANNUAL REPORT 2014-2015

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www.shlga.sa.gov.au

About the Southern & Hills Local Government Association region

The Southern & Hills Local Government Association was first formed in July 1969 and is now constituted as a Regional Subsidiary under Section 43 and Schedule 2 of the Local Government Act 1999. Consisting of seven (7) local government Councils:

- Adelaide Hills Council
- Alexandrina Council
- The Barossa Council
- Kangaroo Island Council
- District Council of Mt Barker
- City of Victor Harbor
- District Council of Yankalilla

Collectively these seven (7) Councils have:

- ☑ More than 138,700 people as at 30th June 2014.
- ☑ 7,274 kilometres of local roads of which 2,585 are sealed, 4,440 are formed unsealed and the remaining 249 are unformed.
- ☑ Area consists of 9,658 square kilometres.
- ☑ An ocean coastline of 653 Km.
- ☑ The River Murray and lakes form the southeast boundary of the region.
- ☑ The region has extreme diversity from the foothill suburbs of Adelaide to the isolation of the inaccessible west coast of Flinders Chase National Park.
- ☑ Significant areas within the region are under primary production include highly productive farm, horticulture, viticulture, forestry, fishing and intensive animal keeping enterprises and in the more undulating parts sheep farming, cereal growing and dairying.
- ☑ The region contributed nearly \$3 billion in gross value to the State economy in 2006/07 or 4.4% of gross state product.
- ☑ Much of the area has, (by South Australian standards) a high rainfall.
- ☑ A large part of the area is within the 30 Year Plan for Greater Adelaide.
- ☑ Significant growth pockets both in population and development, placing demands on infrastructure and the natural environment.
- ☑ Projected change in the population to 2026 by approximately 25%.
- ☑ Within the region, Victor Harbor and Goolwa are key retirement destinations.
- ☑ Within the region, The Barossa Valley, The Adelaide Hills, The Fleurieu and Kangaroo Island are all major tourism destinations.
- ☑ Kangaroo Island is a major component of the Australian and SA tourism plan with tourist numbers targeted to double over the next decade.

Office Bearers 2014 – 2015

President	Mayor Ann Ferguson, DC Mount Barker (June 14-Feb 15)	
	Mayor Bill Spragg, Adelaide Hills Council (Feb 15-	
Deputy President	Mayor Jayne Bates, Kangaroo Island Council (June 14-Feb 15)	
	Mayor Keith Parkes, Alexandrina Council (Feb 15-	
Executive Officer	Mr Graeme Martin	
Auditor	Mr Trevor Hirth, FCA, HLB Mann Judd	
Elected under the provisions of the Constitution of the Local Government Association		
Delegate to LGA Board	Mayor Ann Ferguson	
Proxy Delegate to LGA Board	Mayor Jayne Bates, Kangaroo Island Council (June 14-Feb 15)	
	Mayor Keith Parkes, Alexandrina Council (Feb 15-	
Delegates to SAROC	Mayor Ann Ferguson Mayor Bill Spragg Mr Graeme Martin	June 14-Feb 15 Feb 15
Proxy Delegate to SAROC	Mayor Jayne Bates (June 14-Feb 15)	
	Mayor Keith Parkes, Alexandrina Council (Feb 15-	

President's Forward

The 2014-2015 year has been one of change for the Southern and Hills Local Government Association following the Local Government Election in October.

We have sadly seen departures of our some of our region's long serving, well respected and well known Mayors and Councillors but also had the pleasure of welcoming new members to our family.

The 2014-2015 year has seen our energies devoted to the core business of the continuing work of the existing Roads Working Party and the 2020 Transport Plan review, the continuing work to finalise the very comprehensive but hugely important regional plan to comply with the SA Public Health Act and maintaining and reviewing key strategy and performance documents such as the Annual Action Items and Annual Budget.

As in the past once again the key to our future success will be in our continued collegiate co-operation and development of efficient shared services particularly in the face of economic headwinds at regional, state and national level. Financial sustainability and evidence of the value of the organisation will be the key challenges going forward.

We have continued to build our strong relationship with our peak representative body the LGA (SA) and our regional economic development organisation, Regional Development Australia as well as PIRSA and the Natural Resource Management Boards as we confront the many impacting regional issues.

Thank you to outgoing President, Mayor Ann Ferguson who completed her term in February and also thank our Executive Officer, Graeme Martin for his continued support and commitment.

In closing, I once again thank all the member councils for their support, and the ongoing contribution of member Mayors and CEOs.

**Mayor Bill Spragg
President**



The Board

The Board held 6 ordinary bi-monthly meetings, and a Board workshop, during the year. Board Members are generally the Mayor and Chief Executive Officer of each Council. To provide the opportunity for Board Members to gain first hand knowledge of regional issues, meetings are hosted by Member Councils on a rotational basis and were held at:

28 August 2014	–	Victor Harbor
23 October 2014	-	Adelaide Hills
11 December 2014	-	Mt. Barker
20 February 2015	-	Kangaroo Island
17 April 2015	-	Barossa
21 June 2015	-	Alexandrina

Key Issues acted on by the Board included:

- o Continued to work closely with the Adelaide Hills Fleurieu and Kangaroo Island Regional Development Australia Board and with RDA officers to develop the regional China Engagement strategy, the regional Climate Change Adaptation project and a regional workplan in partnership with PIRSA.
- o Continued working with the LGA and the lobbying on the review of the Native Vegetation Council Significant Environmental Benefits (SEB) offset scheme as well as roadside vegetation management and SA Powernetworks tree clearance policy.
- o Developed and completed the final stage two of a regional SA Public Health Plan.
- o Input into the SA State Government Planning Reform project.
- o Completed the updating of the Roads Database component of the regional 2020 Transport Plan and continued the comprehensive review of the Regional Transport Plan.
- o Successfully implemented a new cloud based Xero accounting system.
- o Updating and maintaining of the S&HLGA Website and developing new promotional material.

Regional Consultations and briefings were coordinated to occur on the day of Board meetings. 7 various speakers addressed meetings of the Board and 1 regional workshop was held.

In addition the CEO's group conducted several of their meetings in the morning preceding the Board meeting.

The Board reviewed its achievements to date and developed a new Action Plan for 2014-2015

At the conclusion of the period 2014-2015 the Board completed a review of its Annual Key Actions and its Annual Budget performance.

S&HLGA Roads Working Party

The Working Party, with membership drawn from directors /managers of technical services of Councils and regional managers and infrastructure planners of the Department of Planning, Transport and Infrastructure held its annual meeting in March to review the S&HLGA 2020 Transport Plan (Plan) Roads database priority summary list and to make recommendations on regional priorities for the Special Local Roads Program (SLRP). The work of the committee included:

- Co-ordinate the annual review of HDS Australia Pty Ltd's summary assessment and update of the 2020 Transport Plan Roads Database.
- Co-ordinated and supported the application process of Councils to the SLRP.
- The following projects were recommended, based on the methodology of the Plan and proposed funding under the Special Local Roads Program for 2015 – 2016
 - Rapid Bay – District Council of Yankalilla, Requested Grant \$500,000
 - Ocean Road – City of Victor Harbor, Requested Grant \$979,000

CWMS Group

The S&HLGA Community Waste Water Management Systems (CWMS) User group has been formally constituted with member establishment levies set comprising a base rate plus a percentage based on the number of connections.

Following on the Essential Services Commission of SA (ESCOSA) to review Water Industry reform and the implications of the Water Industry Act 2012, The S&HLGA Council CEO group has been reviewing options for CWMS assets in light of:

- The risk factors and increasingly time and resource consuming compliance regime associated with this critical asset management.
- The opportunity for regional scale
- continued interest from the private sector.

This work will be a regional priority and should continue during the following years along with the recommendations for CWMS owners to seek and implement best practices and efficient maximum return operations.

Regional Papers and Submissions

The following Papers and Submissions have been prepared on behalf of Member Councils during the course of the year:

- To the Senate Select Committee on Wind Turbines on behalf of the S&HLGA region.
- To the State Government SE Asia Engagement Strategy
- To LGA Research & Development Scheme for funding to research a peri-urban Greater Adelaide Region

Task Force and Working Groups

The S&HLGA EO was a member of the following Task Force and Working Groups during the course of the year:

- SA Public Health Plan.
- Regional LGA CEOs group.
- RDA Climate Adaptation working group.
- 2020 Transport Review task force.

Workshops and seminars

The Executive officer represented the member Councils at various workshops and seminars during the course of the year:

- SA Powernetworks Vegetation Management
- Libraries of the Future
- SA State Government Community Cabinet
- LGA Public Health Conference
- Regional Organisations Charters & Levies review

SAROC

The South Australian Regional Organisation of Councils (SAROC) is a Committee of the LGA that focuses on key issues affecting country Councils.

The S&HLGA supports the Governance process by contributing to agenda items for SAROC meetings, the distribution of Key Outcomes Statements of meetings to S&HLGA Board meetings and collegiate support to prepare submissions on behalf of country Councils that included:

- Continuing lobbying and input into the ongoing review of the Native Vegetation Council SEB offsets methodology and calculation
- Continuing lobbying for a more balanced & nationally consistent approach to planning, regulation for rural and regional road safety & speed limits
- Continuing the development of a balanced and consistent community access policy and position to Department of Education sport and recreational facilities.
- Further Input into the development of policy on the use of Council Resources and Council reactions in Emergency response operations post Samson Flat Disaster
- Development of a Mining Engagement Protocol
- Input into the proposed Emergency Service reform of the sector by the state government and the impact into proposed alterations to the Emergency Services levy
- Active lobbying with the State Government on proposed removal of Pensioner & Senior Concessions on rates
- Submission and input into the State Government Expert Panel on Planning Reform
- Input into the development of the LGA Regions Work Plan
- Development of Regional Council Tourism activities and expenditure survey
- Advocating and lobbying Federal Government in the reinstatement of the SA Supplementary Road Fund

LGA Board Committee

S&HLGA President (July 2014 – February 2015), Mayor Ann Ferguson has represented the Southern and Hills Region at the Local Government Association State Board meetings as the region's Delegate, and former Kangaroo Island Mayor, Jane Bates has acted as proxy delegate until February 2015. Mayor Keith Parkes, Alexandrina has filled the proxy position since February 2015.

Resources

The continuation of the capacity building grant from the Local Government Research and Development Scheme has consolidated the capacity of the Executive Officer that has been applied across a range of Association activities during the year.

Part of the additional capacity has supported the administrative processes around the S&HLGA Roads Working Party and the applications to the Local Government Transport Advisory Panel, involvement with SAROC and various reports and submissions throughout the year.

Mr Graeme Martin, Director of Grange Advisors Pty Ltd has provided Executive Officer services to the Association under a contract services agreement for the period 2014 - 2015.

Acronyms

AMLNRNM.....	Adelaide and Mt Lofty Ranges Natural Resources Management Board
CEO.....	Chief Executive Officer
CWMS.....	Community Wastewater Management Systems
DEWNR.....	Department of Environment, Water & Natural Resources
EO.....	Executive Officer
ESCOSA.....	Essential Services Commission of South Australia
LGA.....	Local Government Association
MOU.....	Memorandum of Understanding
NBN.....	National Broadband Network
NRM.....	Natural Resources Management
PIRSA.....	Primary Industries & Regions SA
RDA.....	Regional Development Australia
SAROC.....	South Australian Regional Organisation of Councils
SEB.....	Significant Environmental Benefits
S&HLGA.....	Southern and Hills Local Government Association
SLRP.....	Special Local Roads Program

SUMMARY FINANCIAL STATEMENTS

For the Year Ending 30th June 2015

	2015	2014
	\$	\$
Income		
Subscriptions	107,235	98,423
Operating Grants	88,395	37,225
Investment Income	1,829	1,988
Other	28,282	19,269
	<hr/>	<hr/>
Total Income	225,650	156,905
Expenditure		
Contractual Services	164,320	128,575
Finance Charges	3,121	3,588
Other	14,135	15,790
	<hr/>	<hr/>
Total Expenditure	181,576	147,953
Surplus (Deficit) from Operations	44,074	8,953
	<hr/>	<hr/>
	\$	\$
Current Assets		
Investments	107,772	59,548
Debtors	4,118	3,721
	<hr/>	<hr/>
Total Current Assets	111,890	63,269
Current Liabilities		
Accounts Payable	22,945	18,398
	<hr/>	<hr/>
Total Current Liabilities	22,945	18,398
Net Current Assets	88,945	44,871
	<hr/>	<hr/>
Net Assets	88,945	44,871
	<hr/>	<hr/>
Equity		
Accumulated Surplus	88,945	44,871
Total Equity	88,945	44,871
	<hr/>	<hr/>



SOUTHERN & HILLS LOCAL GOVERNMENT ASSOCIATION

Constituent Councils Adelaide Hills Council
 Alexandrina Council
 The Barossa Council
 Kangaroo Island Council
 District Council of Mount Barker
 City of Victor Harbor
 District Council of Yankalilla

S&HLGA KEY ACTION PLAN

2014 - 2015

Address: 13 Ringmer Dr. Burnside, South Australia 5066
Telephone: (08) 7122 4348
Mobile: 0418 502 311
Email: graeme@shlga.sa.gov.au
Web Site: www.shlga.sa.gov.au

The Business Plan 2013 – 2017 has been prepared in accordance with Clause 18 of the Charter, and to comply with Clause 24 of Schedule 2 of the Local Government Act 1999, was adopted on 21 June 2013. The Business Plan should be read in conjunction with the Budget of each of the Financial Years covered by the plan. These provide the resources for the Plan.

An Annual Key Action Plan is prepared based on a framework of the Business Plan that incorporates the Key Issues identified by the Councils and the Executive Officer in various Board meetings and forums during the preceding period. The Key Action Plan is the framework for review and reporting against the Business Plan.

This report format will facilitate the reviews required by Clause 18.3 of the Charter to be conducted by the Board during the course of the year.

The Executive Officer will report to Ordinary Board meetings against the following criteria

1. To keep maintained the business office of the Authority
2. To prepare the Business Plan, Budgets and reports in a timely manner
3. To liaise with Councils, and Stakeholders to foster the outcomes of the Business Plan
4. To attend all meetings of the Authority, to prepare agendas, minutes and correspondence as required.

AND against recognised and documented success indicators (Key Performance Outcome KPO, Key Performance Indicator, KPI).

Business Plan	Action Plan 2014 - 2015		Success Indicators Action Plan 2014-2015		Achievements
<i>Objective</i>	Key Actions	Performance Targets	KPO	KPI	
<p>1. <i>To provide leadership and advocacy for Member Councils on regional issues.</i></p>	<p>Bi-Monthly Meetings to focus on Local Government issues that support Councils to achieve their Business Plan outcomes by:</p> <ul style="list-style-type: none"> ○ Meetings to include presentations, workshops and forums on Key Issues <p>Respond as necessary to State and Federal Government Policies which impact on the region</p>	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Strategies that give priority to S&HLGA issues <input checked="" type="checkbox"/> Satisfaction data on the meeting format, speakers <input checked="" type="checkbox"/> Number of policy responses 	<p>To maintain a vibrant responsive format for the S&HLGA Board</p>	<p>Key issues are addressed and format of meetings constantly meet the needs of the Association's members.</p>	<p>1. Windfarm submission to Senate Select committee 27/02/2105</p>
<p>2. <i>To promote & market the Southern & Hills Local Government Association</i></p>	<p>Ensure the new website is current and marketed appropriately</p>	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Update the website as required and review 	<p>Maintain an informative, current and appealing S&HLGA website</p>		<p>1. Website overhaul & maintenance 10/03/2015</p>

Business Plan	Action Plan 2014 - 2015		Success Indicators Action Plan 2014-2015		Achievements
Objective	Key Actions	Performance Targets	KPO	KPI	
	To provide sound financial management and manage resources effectively	<input checked="" type="checkbox"/> To prepare annual Budget and review as required <input checked="" type="checkbox"/> Migrate the Financial Accounting to the cloud based Xero System	To manage the financial affairs within budget and to prepare reporting within the required timeframes. Business Plan objectives and actions are addressed.	Budget is maintained and reports meet timelines. Objectives and actions within Business Plan have been addressed meeting agreed to timelines.	1. Xero cloud based accounting commenced 01/7/2014. Carried forward data and budgets completed 2. Actual v Budget performance reviewed each Bi monthly S&HLGA Board meeting. 3. Annual External Audit commenced July 2014 3. Audit completed and Annual Report completed & distributed 10 Sept 2014
	<ul style="list-style-type: none"> ○ CEO's to inform EO of issues for each meeting ○ Stakeholders to inform EO of issues for each meeting ○ Strengthen interaction with State government and opposition MP's 	<input checked="" type="checkbox"/> Maintain the CEO's forum	Management of key stakeholder relationships with the S&HLGA Board	CEO meeting recommendations and feedback. Key Stakeholder feedback and Board satisfaction	1. CEOs pre-board meetings readjusted & reactivated

Business Plan	Action Plan 2014 - 2015		Success Indicators Action Plan 2014-2015		Achievements
<i>Objective</i>	Key Actions	Performance Targets	KPO	KPI	
	<ul style="list-style-type: none"> ○ Regional issues to be raised with LGA through SAROC 	<ul style="list-style-type: none"> ☑ Number of issues raised with LGA / SAROC / Agencies ☑ Number of LGA/SAROC Task groups and Committees involved in 			<ol style="list-style-type: none"> 1. Mining Development Plan protocols R&D application submitted July 25 2. EO workshop - Charters and Levies 24/9/14 3. Regional Road Strategy and collation of regions Transport Plans into one overarching LGA Document 4. Planning Reform Workshop 22/8/14 5. Regional Health issues SAROC 18/03/2015 6. Mining Protocols Working Group April 2015
<p>3. <i>To support sustainable economic, environmental, & social development in the region</i></p>	<p>Environment</p> <p>Liaise with the regions NRM's</p> <ul style="list-style-type: none"> ○ Review current NRM/Council operational plans ○ Partner the RDA in a regional Climate Change Vulnerability Assessment and/or Climate change adaptation study ○ Actively support the region's position in the LGA review of the current NRM model and NVC SEB offset review 	<ul style="list-style-type: none"> ☑ Formal Board Report on existing Operational plan ☑ Regional study report presented to S&HLGA Board 			<ol style="list-style-type: none"> 1. RDA Climate Change workshops 30/7/14, 26/5/15 1. NVC meeting 17/7/14

Business Plan	Action Plan 2014 - 2015		Success Indicators Action Plan 2014-2015		Achievements
<i>Objective</i>	Key Actions	Performance Targets	KPO	KPI	
	research Explore (with the LGA) research and /or pilot programs for the Region.	<input checked="" type="checkbox"/> Successful Research applications or projects facilitated in the region			1. Peri- Urban R&D application lodged 24/7/14
	Health Complete stage 2 of the regional Health Plan in accordance with the State Public Health Plan	<input checked="" type="checkbox"/> Completed Regional Health Plan			1. Stage 1 Background Report completed Dec 2014 2. Stage 2 Draft Directions Report out for consultation 10/03/2015
	Regional Development Support the RDA in all regional economic issues and projects	<input checked="" type="checkbox"/> Regular meetings with the RDA <input checked="" type="checkbox"/> RDA reports to the Board against the agreed KPIs		Key Stakeholder feedback and Council satisfaction	1. SAROC/LGA submissions to Commonwealth Govt on Funding and Board appointments. 2. Submission into State Govt SE Asia Engagement Strategy Sept 2014 3. Electric Vehicle network proposal presented 20/02/2015 4. China-Australia Workshop 18/03/2015

Business Plan	Action Plan 2014 - 2015		Success Indicators Action Plan 2014-2015		Achievements
<i>Objective</i>	Key Actions	Performance Targets	KPO	KPI	
<p>4. <i>To improve infrastructure to meet the community's needs.</i></p>	<p>Transport Continue to manage the S&HLGA Road Works committee and the 2020 Transport Plan.</p> <p>Waste/Water Activate the CWMS user group</p> <p>Support the LGA review of waste levy management and projects and participate in discussions of the creation of a post zero waste entity</p> <p>Telecommunication Lobby for equitable access for the region for digital technology including broadband upgrades and mobile coverage</p>	<p><input checked="" type="checkbox"/> 2015/2016 SLRP funding applications assessed and submitted</p> <p><input checked="" type="checkbox"/> Documented CWMS meetings and outcomes</p> <p><input checked="" type="checkbox"/> Waste management report presented to the Board</p>	<p>Roads Database Report is updated and meeting critical timelines. This provides a reference for the SLRP and other Road and infrastructure recommendations for funding</p> <p>The updated 2020 Transport Study provides the basis of a regional infrastructure plan.</p>	<p>Completed Blackspot submissions and NBN requests</p>	<p>1. RWP meeting to assess Regional priorities for 2015-16 SLRP funding 13/03/2015</p> <p>2. Regional SLRP applications lodged with the LGA 24/04/15</p> <p>1. Reviewed CWMS expenses and account balances 30/7/14</p>

Business Plan	Action Plan 2014 - 2015		Success Indicators Action Plan 2014-2015		Achievements
Objective	Key Actions	Performance Targets	KPO	KPI	
5.	The Executive Officer to work with the Council CEO's, LGA and Key Stakeholders to explore identified opportunities to share resources that will build capacity in the region and its networks	<input checked="" type="checkbox"/> LGA Regional Capacity Building Grant successfully applied for			<ul style="list-style-type: none"> 1. 2013-2014 LGA capacity Grant acquitted 14/8/14 2. 2014-2015 LGA capacity Grant invoiced & received 6/9/2014
	Review the membership base of the S&HLGA and explore the possibility of a Peri Urban Region or identify additional members	<input checked="" type="checkbox"/> Joint S&HLGA and Central Region LGA Research & Development application on an organisational review and investigation of a peri-urban region		<p>LGA grant successful.</p> <p>Issues have been identified, investigations into a Peri Urban Region has been completed and reported back to the LGA, S&HLGA & Central Regions, including recommendations.</p>	<ul style="list-style-type: none"> 1. SAROC/LGA joint study proposed 24/9/14 2. 2015-2016 LGA Outreach Services Funding application successful
	Benchmark and review the Long term financial sustainability of Councils including future growth trends, alternative revenue options and optimal size and boundaries	<input checked="" type="checkbox"/> Workshop participation and Progress and Outcome Reports to the Board		Key Stakeholder feedback and Council satisfaction	<ul style="list-style-type: none"> 1. SA Powernetworks workshop reviewing strategic vegetation management 3/9/2014 2. Future of SA Libraries Visioning workshop 30/9/2014

Business Plan	Action Plan 2014 - 2015		Success Indicators Action Plan 2014-2015		Achievements
<i>Objective</i>	Key Actions	Performance Targets	KPO	KPI	
	Manage S&HLGA Local Government compliance obligations in 2014-2015	<input checked="" type="checkbox"/> Successful election of Office Bearers according to its Charter following Local Council elections <input checked="" type="checkbox"/> Review Charter			1. New S&HLGA President and Deputy elected 20/02/2015 1. Preliminary Charter review with EOs/SAROC 24/9/14 2. Input into LG Act amendments Bill on issues on Training and PD as well as Regional Organisational red tape reduction

27th August 2015

The Board
Southern & Hills Local Government Association
C/-Mr Graeme Martin
13 Ringmer Dr.
Burnside
SA 5066

Dear Board Members

**STATEMENT OF AUDITORS INDEPENDENCE
ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED 30 June 2015**

In accordance with Regulation 22(5) Local Government (Financial Management) Regulations 2011 and the Local Government Act 1999, we confirm that, for the audit of the financial statements of Southern & Hills Local Government Association for the year ended 30 June 2015, we have maintained our independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22(5) Local Government (Financial Management) Regulations 2011.



**HLB Mann Judd
Chartered Accountants**



**Trevor Hirth
Partner**

**Adelaide, South Australia
27 August 2015**

Southern & Hills Local Government Association

Report to the Members of the Board and Audit Committee

Year ended 30 June 2015

■ Your Business | Our Specialty ■

HLB Mann Judd

Accountants | Business and Financial Advisers

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3. Specific matter to be reported to those charged with governance	4
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1. Audit Overview

1.1 Purpose

The purpose of this closing report is to communicate any significant matters arising from our audit with the Board. The matters raised in this report have been discussed with management.

1.2 Scope

We conducted our audit of the financial report of Southern & Hills Local Government Association for the year ended 30 June 2015 in accordance with the terms of our engagement and with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement.

1.3 Status

We have completed the audit including the following which were required in order to finalise the audit:

Matter	Responsibility
Management Representation letter	Pending
Signed Financial Statements for the year ended 30 June 2015	Pending
Statement of Auditors Independence	Completed 27.08.2015
Independent Auditors Report	Pending

1.4 Access and co-operation

We can confirm that we were not restricted in any way from being able to perform our audit and were provided with access to all information when requested. Please express our thanks to the Executive Officer Graeme Martin for his co-operation and assistance.

1.5 Audit opinion

Subject to receiving the signed management representation letter and financial statements, an unqualified audit report will be issued for the year ended 30 June 2015.

1.6 Disclaimer

Other than our responsibility to the Board of Southern & Hills Local Government Association ("the Association") neither HLB Mann Judd nor any member or employee of HLB Mann Judd undertakes responsibility arising in any way from reliance placed by a third party, on this report. Any reliance placed is that party's sole responsibility.

Our report is for the sole use of the Association and is not to be used by any other person for any other purpose and may not be distributed, duplicated, quoted, referred to, in whole or in part, without our prior written consent.

2. Significant Accounting and Auditing Issues

Any matters raised during the course of our audit, were considered and discussed with management and appropriate action was taken by management to resolve any issues.

2.1 Accounting and Financial Statements

We again assisted the Executive Officer with balancing the Cashflow Statement, and assisted with some minor enhancements/corrections to the financial statements for the year ended 30th June 2015. We also acknowledge the improvement in reporting with upgrading to the Xero accounting system.

2.2 Audit Committee and Internal Control

We continue to note that the Minister confirmed by letter on the 27th July 2012 that a further exemption from the requirement to establish an audit committee under Regulation 18 of the Local Government (Financial Management) Regulation 2011 was granted until 30th June 2016.

3. Specific matters to be reported to those charged with governance

3.1 Independence and ethics

All partners and staff on the Southern & Hills Local Government Association ("the Association") audit engagement team have confirmed that they have been independent for the year ended 30 June 2015.

Furthermore, audit engagement team members have confirmed their compliance with the ethical requirements of APES 110 Code of Ethics for Professional Accountants.

Regulation 22(5) of the Local Government (Financial Management) Regulation 2011 required the independent auditor to make a declaration to the Board and Audit Committee Members regarding their independence.

HLB Mann Judd's policies relating to financial interests with audit clients (loans, shares in the client or share investments) are more stringent than the requirements imposed by the regulatory and professional bodies.

Specifically we represent to you:

- There are no business interests between the Association and HLB Mann Judd.
- No portion of fees paid by the company to HLB Mann Judd is paid on a contingency basis.
- There is no litigation between the company and HLB Mann Judd.
- We are satisfied that the policies and procedures we have in place adequately address any conflicts of interest.

3.2 Audit Considerations in relation to Fraud

Under Australian Auditing Standard ASA 240, The Auditors' Responsibility to Consider Fraud in an Audit of a Financial Report, the auditor is responsible for planning and performing the audit to obtain reasonable assurance about whether the financial report is free of material misstatements as a result of fraud or error.

Management have a responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error and for the accounting policies and accounting estimates inherent in the financial report.

While our audit work during the year was not primarily directed towards the detection of fraud, as part of our annual procedures, we consider the following:

- likelihood of material misstatements arising from fraudulent financial reporting or omissions of amounts of disclosures designed to deceive financial statement users; and
- likelihood of material misstatements arising from misappropriation of assets involving theft and embezzlement of assets.

As a result of the above procedures, we have not become aware of any instances of fraud or non compliance with legislative, regulatory or contractual requirements, which have come to our attention during our procedures.

3.3 Other Matters

Apart from any issues detailed in section 2, we confirm that:

- We noted no errors or irregularities that would cause the financial report to contain a material misstatement, and noted no apparent illegal acts.
- There were no difficulties encountered in dealing with management relating to the performance of the audit.
- The accounting policies selected by the Association are appropriate to the particular circumstances of the Association.
- There are no financial report disclosures issues that we wish to bring to your attention.
- We are not aware of any significant unusual transactions in controversial or emerging areas for which there is a lack of authoritative accounting guidance or consensus.
- We are not aware of any material inconsistencies or material misstatements of fact in information accompanying the financial report that have been corrected.
- We are not aware of any significant matters arising during the audit in connection with the Association's related parties

4. Internal Control Findings

As in previous years, during the course of our audit for the year ended 30 June 2015, we obtained an understanding of the Association's internal control structure and procedures sufficient to allow us to determine our audit procedures for the purpose of expressing our opinion on the financial report. We also noted the review of the policy document S&HLGA Operations Manual – Finance Policy in October 2014.

Our consideration of the control structure and procedures would not necessarily disclose all material weaknesses, as our audit is based on selective tests of accounting records and supporting data, and is not intended to provide specific assurance on the internal control structure.

Subject to earlier comments in this report we have not identified any significant matters that warrant the attention of management or the Board in this area.



**TREVOR HIRTH
PARTNER**

3 September 2015

SOUTHERN & HILLS LOCAL GOVERNMENT ASSOCIATION

FINANCIAL STATEMENTS

Statement of Comprehensive Income for the Year Ending 30th June 2015

	Notes	2015 \$	2014 \$
Income			
Subscriptions	1.8	107,235	98,423
Operating Grants		88,395	37,225
Investment Income	1.7	1,829	1,988
Other		28,282	19,269
Total Income		<u>225,650</u>	<u>156,905</u>
Expenditure			
Contractual Services	3	164,320	128,575
Finance Charges		3,121	3,588
Other		14,135	15,790
Total Expenditure		<u>181,576</u>	<u>147,953</u>
Surplus (Deficit) from Operations		<u>44,074</u>	<u>8,953</u>

The above Income Statement should be read in conjunction with the accompanying notes

SOUTHERN & HILLS LOCAL GOVERNMENT ASSOCIATION

Balance Sheet as at 30th June 2015

		2015	2014
	Notes	\$	\$
Current Assets			
Investments		107,772	59,548
Debtors		4,118	3,721
Total Current Assets		111,890	63,269
Current Liabilities			
Accounts Payable		22,945	18,398
Total Current Liabilities		22,945	18,398
Net Current Assets		88,945	44,871
Net Assets	1.4	88,945	44,871
 Equity			
Accumulated Surplus		88,945	44,871
Total Equity		88,945	44,871

The above Balance Sheet should be read in conjunction with the accompanying notes

SOUTHERN & HILLS LOCAL GOVERNMENT ASSOCIATION
Statement of Changes in Equity for the Year Ended 30th June 2015

		2015	2014
	Notes	\$	\$
Accumulated Surplus			
Balance at beginning of period		44,871	35,918
Net Surplus / (Deficit)		44,074	8,953
Balance at end of period		88,945	44,871
Total Equity		88,945	44,871

The above Statement of Change in Equity should be read in conjunction with the accompanying notes

SOUTHERN & HILLS LOCAL GOVERNMENT ASSOCIATION

Statement of Cash Flows for the Year Ended 30th June 2015

	Notes	2015	2014
		\$	\$
Cash Flows from Operating Activities			
Receipts		223,425	176,348
Payments		(177,029)	(164,401)
Interest Receipts		1,829	1,988
		48,225	13,935
Net Cash Provided by (Used in) Operating Activities		48,225	13,935
Net increase in Cash Held		48,225	13,935
Cash at the beginning of the reporting period		59,548	45,613
Cash at the end of the reporting period		107,773	59,548

Reconciliation of Change in Net Assets to Cash from operating activities

	2015
	\$
Net Surplus	44,074
Less	
Net Increase in Debtors	(396)
Add	
Net Increase in Accounts Payable	4,547
	48,225
Net Cash provided by Operating Activities	48,225

The above Statement of cash Flows should be read in conjunction with the accompanying notes

SOUTHERN & HILLS LOCAL GOVERNMENT ASSOCIATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

Note 1 - Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

This general purpose financial report has been prepared in accordance with Australian Accounting Standards as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, interpretations and relevant South Australian legislation

The Southern & Hills Local Government Association is a Regional Subsidiary under Section 43 and Schedule 2 Of the Local Government Act 1999. The Constituent Councils are the Adelaide Hills Council, Alexandrina Council, The Barossa Council, Kangaroo Island Council, District Council of Mt Barker, City of Victor Harbor and District Council of Yankalilla.

All funds received and expended by the Association have been included in the financial statements forming part of this financial report.

1.2 Historical Cost Convention

Except where stated below, these financial statements have been prepared in accordance with the historical cost convention.

1.3 Critical Accounting Estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates, and requires management to exercise its judgement in applying the Authority's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of this note.

1.4 Rounding

All amounts in the financial statements have been rounded to the nearest dollar

1.5 Non Current Assets and Non Current Liabilities

The Association has no non current assets or non current liabilities.

1.6 Employees

The Association has no employees.

1.7 Investments

Investments are valued at cost. Interest revenues are recognized as they accrue.

1.8 Subscriptions

Clause 6 of the Charter of the Association prescribes that subscriptions by Constituent Councils are equal.

Constituent Council Subscription 2015	\$10,250
Constituent Council Subscription 2014	\$10,000

SOUTHERN & HILLS LOCAL GOVERNMENT ASSOCIATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1.9 Income recognition

Income is measured at the fair value of the consideration received or receivable. Income is recognized when the authority obtains control over the assets comprising the income, or when the amount due constitutes an enforceable debt, whichever occurs first.

1.10 Cash

For purposes of the statement of cash flows, cash includes cash deposits which are readily convertible to cash on hand and which are used in the cash management function on a day to day basis.

1.11 New accounting standards for application in future periods

The Australian Accounting Standards Board has issued new and amended Accounting Standards and interpretations that have mandatory application dates for future periods. The organisation has assessed that it is not expected to be materially impacted by those changes.

2 Functions / Activities of the Association

2.1 Revenues and expenses have been attributed to the following functions / activities, descriptions of which are set out in Note 2.2.

2.2 The activities of the Association are categorised into the following broad functions:

Administration: The operation of the Office of the Association and its decision making forums.

Special projects: The research into and implementation of projects prescribed by Acts or regulations or approved by Board decision.

Transport and Communication: The review and implementation of the S&H 2020 Transport Plan.

Note 2.2 Functions / Activities of the Southern & Hills Local Government Association

Administration

Year	Revenue				Expenses		Surplus (Deficit)
	Grants	Other	Total Revenue	%	Expenses Total	%	
2015	88,305	109,341	197,650	87.6%	151,385	83.4%	46,265
2014	37,225	84,180	121,405	77.4%	117,777	79.6%	3,628
Projects							
2015	0	28,000	28,000	12.4%	28,871	15.9%	(871)
2014	0	18,000	18,000	11.5%	22,000	14.9%	(4,000)
Transport and Communication							
2015	0	0	0	0%	1,320	0.7%	(1,320)
2014	0	17,500	17,500	11.1%	8,175	5.5%	9,325

SOUTHERN & HILLS LOCAL GOVERNMENT ASSOCIATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Year	Revenue			%	Expenses		Surplus (Deficit)
	Grants	Other	Total Revenue		Expenses Total	%	
Total							
2015	88,305	137,346	225,650	100.0%	181,576	100.0%	44,074
2014	37,225	119,680	156,905	100.0%	147,953	100.0%	8,953

3. Contractual Services

Contractual Services involve payments or liabilities for the external provision of services and include (net of GST):

		2015	2014
Consultants:	Suter Planners	\$28,000	\$22,000
	Grange Advisors Pty Ltd	\$135,000	\$98,400
	HDS Australia Pty Ltd	<u>\$1,320</u>	<u>\$8,175</u>
	Totals	\$164,320	\$128,575

4. Comparison of Budget and Actual Results

	2015		2014	
	Budget \$	Actual \$	Budget \$	Actual \$
Revenue				
Administration	121,827	147,650	119,257	121,405
Projects	53,000	78,000	20,500	18,000
Transport and Communication	0	0	17,500	17,500
Total Revenue	174,827	225,650	157,257	156,905
Expenditure				
Administration	159,150	151,385	116,933	117,777
Projects	28,000	28,871	30,000	22,000
Transport and Communication	1,200	1,320	17,500	8,175
Total Expenditure	188,350	181,576	164,433	147,952
Surplus (Deficit)	(13,523)	44,074	(7,176)	8,953

CERTIFICATION OF FINANCIAL STATEMENTS

We have been authorised by the Southern & Hills Local Government Association to certify the financial statements in their final form. In our opinion:

- o the accompanying financial statements comply with the *Local Government Act 1999, Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards.
- o the financial statements present a true and fair view of the Association's financial position at 30 June 2015 and the results of its operations and cash flows for the financial year.
- o internal controls implemented by the Authority provide a reasonable assurance that the Association's financial records are complete, accurate and reliable and were effective throughout the financial year.
- o the financial statements accurately reflect the Association's accounting and other records.

Dated 30th August 2015



Graeme Martin
EXECUTIVE OFFICER



Mayor Bill Spragg
PRESIDENT

CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of the Southern & Hills Local Government Association for the year ended 30 June 2015, the Association's Auditor, HLB Mann Judd, 169 Fullarton Rd, Adelaide, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22(3) *Local Government (Financial Management) Regulations 2011*.

Dated 30th August 2015



Graeme Martin
EXECUTIVE OFFICER



Mayor Bill Spragg
PRESIDENT

**SOUTHERN & HILLS LOCAL GOVERNMENT ASSOCIATION
INDEPENDENT AUDITOR'S REPORT**

To the constituent councils of the Southern & Hills Local Government Association:

We have audited the accompanying financial report of Southern & Hills Local Government Association, which comprises the balance sheet as at 30 June 2015, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

Board's responsibility for the Financial Report

The board of the association is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1999, and the Local Government (Financial Management) Regulations 2011 (Regulations) made under that Act. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the Financial Report that is free from material misstatement, whether due to fraud or error selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Southern & Hills Local Government Association, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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**SOUTHERN & HILLS LOCAL GOVERNMENT ASSOCIATION
INDEPENDENT AUDITOR'S REPORT (continued)**

Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies and the Local Government Act and Regulations.

Auditor's Opinion

In our opinion:

- (a) the financial report presents fairly, in all material respects, the financial position of Southern & Hills Local Government Association as at 30 June 2015 and its financial performance and its cash flows for the year then ended; and
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Local Government Act 1999 and Regulations.


HLB Mann Judd
HLB Mann Judd
Chartered Accountants

Trevor Hirth
Trevor Hirth
Partner

Adelaide, South Australia

3 September 2015



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