



Adelaide Hills  
COUNCIL

2015/16

Annual Report



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Cover photo: Darren Clements.



# ***Welcome to our Annual Report for 2015/16.***

This publication is provided for our customers: ratepayers, visitors, government agencies and other interested people.

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 achieved in 2015/16, how we have performed against our targets, and our future direction as a Council.

We hope that this report makes interesting reading and demonstrates our commitment to Customer Service and accountability to our communities.

## **Where to get copies**

A digital copy of this report is available at [ahc.sa.gov.au](http://ahc.sa.gov.au)

Or request a copy by contacting us  
**(08) 8408 0400**  
**PO Box 44 Woodside SA 5244**  
**[mail@ahc.sa.gov.au](mailto:mail@ahc.sa.gov.au)**

## **Feedback**

We welcome your feedback on this report or any other Council matter  
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**[mail@ahc.sa.gov.au](mailto:mail@ahc.sa.gov.au)**  
**PO Box 44 Woodside SA 5244**

## ***From the Mayor***

**As we reflect on the year, it's easy to see that our community has come a long way in building resilience following the Sampson Flat Bushfire.**

The devastation will never be forgotten but our communities have demonstrated the power of a connected and supportive community, showing their strength in coming together, rebuilding and looking to the future.

We again facilitated numerous consultations on strategic plans and projects and it's great to see the high level of community participation, in particular around the Annual Business Plan and new Strategic Plan.

As part of the Annual Business Plan and Budget consultation, we were particularly interested in gauging community support for a Council contribution to work with the State Government to extend the Amy Gillett Bikeway from Mt Torrens to Birdwood and beyond. With clear community support for this project, we committed to contribute up to \$500,000 to get the Bikeway finished.

Later this year, we will have a new Strategic Plan – a bold and aspirational framework to guide our work over the coming years. Working with our communities to achieve some of our goals will be an important part of our future and I take this opportunity to encourage you to have your say and help inform the future of your Adelaide Hills.

People who live, work, study and play in the Adelaide Hills give purpose to our work but we couldn't achieve everything we do without the valuable time of dedicated

volunteers. We are blessed to have one of the highest levels of community based volunteering in the nation, and vibrant business and residential communities who are passionate about their place. I thank all of our communities for their participation, leadership and passion – it's what makes your Adelaide Hills a place for everyone.

We progressed a number of strategic projects over the year including the implementation of an Economic Development Strategy and a developing a Reconciliation Action Plan. These are two important projects that will influence much of our work in the future. Economic Development is particularly high on the regional agenda, and the Council must play a vital role in supporting our small and micro businesses for sustainable growth and creating job opportunities.

Here in the Hills, we sure know how to host events. We again embraced an international spotlight during the UCI Santos Tour Down Under in January 2016. While professional cyclists made their way through our district over four stages, we were thrilled to host a five-lap stage finish in Stirling, and our local businesses and communities certainly showed the world what our region can offer. The Mt Torrens community were also excited to be the focus for an impressive stage of cycling during the Santos Women's Tour.

Australia Day is another important date on the events calendar and this year was no exception. An impressive number of people attended various community events throughout the district. I was proud to present our Australia Day Awards and introduce our newest citizens at a ceremony on the Coventry Library lawns in Stirling.

We now look forward to another busy year, particularly with some significant consultation around the Elector Representation Review. This is an important opportunity to have a say in how you are represented by the Adelaide Hills Council, with a goal of ensuring fair and equitable representation for all.

People are our greatest asset and our performance over the past year has been testament to the cohesive and collaborative nature of our team. I extend my personal thanks to our committed and passionate Council Members, staff, volunteers and communities – together we make the Adelaide Hills the envy of the world!



**Bill Spragg**  
Mayor



# ***From the Chief Executive Officer***

The 2015/16 year featured a number of achievements for the Adelaide Hills Council. I'm pleased to note that we achieved our financial targets as outlined in the 2015/16 budget, and in doing so achieved efficiency targets that allowed new priority areas to be resourced.

This year, in line with strategic priorities, we appointed a Sport and Recreation Officer, an Economic Development Officer and a Community Cultural Development Officer while still keeping expenditure within the Long Term Financial Plan's forecast. Likewise, we were able to strengthen our information and communication technology and information systems capabilities to help deliver services to the community in the most efficient way possible.

We recognise that both structured and unstructured recreation are important factors to health and wellbeing and we are now able to work with community groups, government and other stakeholders to enhance opportunities for active lifestyles in the Hills. We're developing a new Sport and Recreation Strategy and have started working with the State Government on making the Adelaide Hills an international mountain biking destination.

We want our local businesses to thrive and prosper, and we are now better positioned and committed to facilitate sustainable growth and creating job opportunities.

We understand that there are barriers to cultural diversity in our district and our community cultural development function enables us to understand these and work toward making the Hills a more inclusive place. We've also developed the Council's first Reconciliation Action Plan as a sign of our commitment to recognising and respecting the region's first people.

We have demonstrated our continued focus on customer service, community engagement and communication by adopting more communication channels and enhancing our customer relationship management system. We have started an innovative program of 'customer experience' training across our entire workforce to ensure we understand things from our customers' perspective in all aspects of our work. It's another way of demonstrating our service values of being available, helpful, responsive, reliable and empathetic.

As an organisation, we want to lead by example with environmental sustainability. We reviewed our vehicle fleet and have replaced most vehicles with lower emission models, including a number of hybrid electric vehicles. An energy efficiency audit of our facilities took place and we implemented a system to monitor electricity use at all of our sites, which will help identify opportunities to reduce consumption. We've also started identifying local actions under the Regional Climate Change Adaptation Plan.

Implementation of new digital communication channels has and will continue to play an important part of our customer experiences. Early results show that our community is embracing new technology and it is a space we must be more active in. Social networks also give us an insight into our customers and an ability to see our district through the eyes of residents and visitors alike.

With community participation, we started developing a new and aspirational Strategic Plan that will help us focus our efforts on new and emerging priorities. Successful implementation can only come through collaboration with the community and other stakeholders. I look forward to the plan being adopted later in 2016 and continuing to work with our Council Members, staff and communities to deliver on our goals.

Our staff were proud to be able to assist other Councils in responding to the devastating Pinery Fire in November 2015. We were able to share the knowledge gained through our response to the earlier Sampson Flat Bushfire.

I must take this opportunity to thank our dynamic and innovative staff and volunteers and our dedicated Council Members. I am proud to work as part of a collaborative and enthusiastic team of people who are passionate about the community.



**Andrew Aitken**  
Chief Executive Officer

# About the area

The Adelaide Hills Council area offers an appealing rural and township lifestyle, on the fringe of metropolitan Adelaide.

The District is primarily a family area with the population concentrated in 57 townships and settlements. The towns are located throughout the area along with tracts of native vegetation and prime agricultural land which creates a unique character loved by our communities and visitors alike.

The Adelaide Hills has a resident population of 40,031 (2015 ABS estimate) with around 65% of its working population travelling outside the area for work or education. Those employed locally work in food, wine or fibre production, tourism, or provide services for the local population.



**Population**  
40,031\*



**Median Age**  
42 (39 Greater Adelaide)



**Number of Townships**  
57



**Number of Dwellings**  
15,284



**Density**  
50/km<sup>2</sup>



**Council Established**  
1997



**Area**  
795.08 km<sup>2</sup>



**Sealed Roads (Council)**  
590kms



**Unsealed Roads (Council)**  
430kms

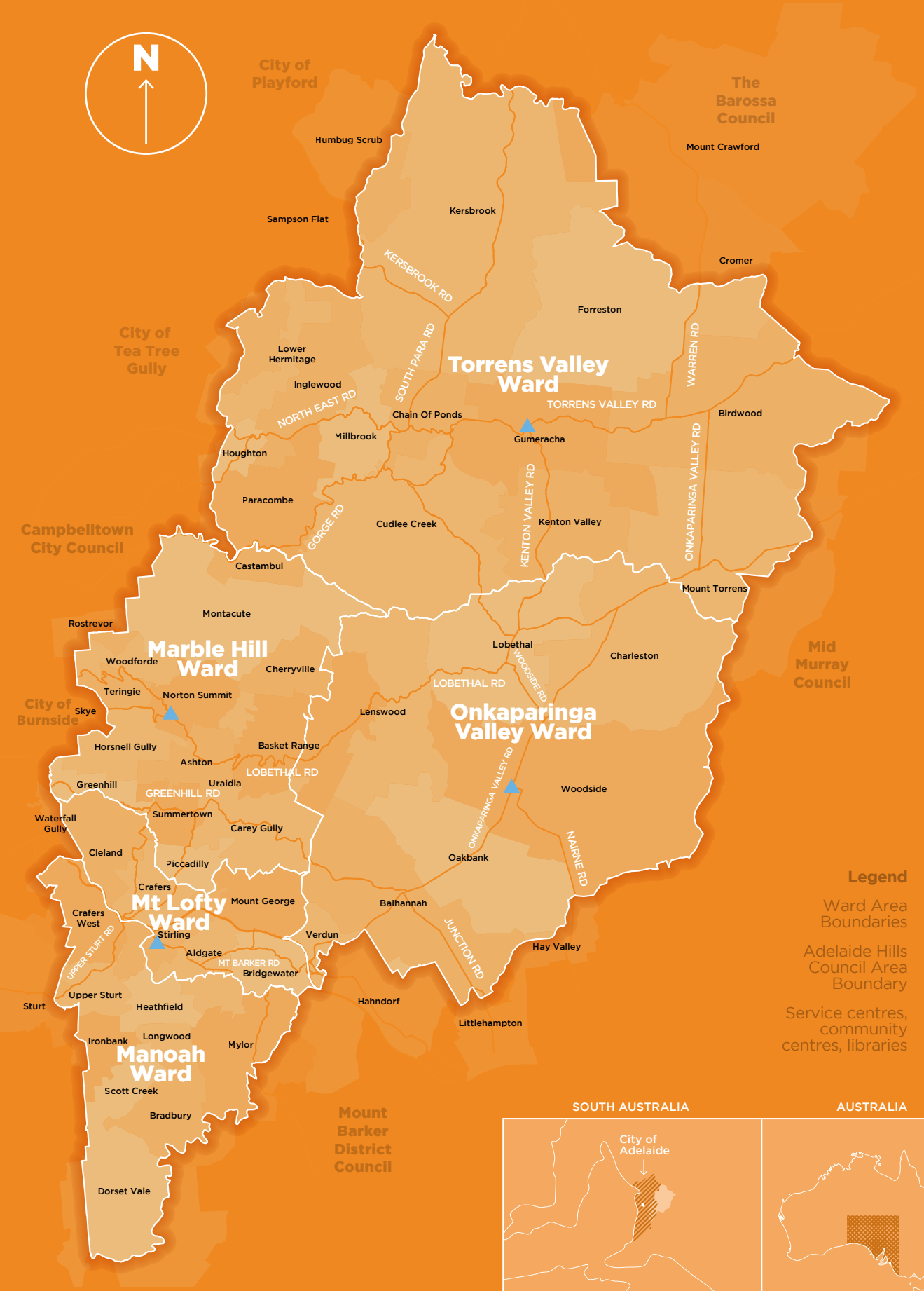


**State Electorates** Heysen, Morialta, Kavel, Schubert, Bragg, Newland



**Federal Divisions**  
Mayo

\*2015 — estimated by ABS.

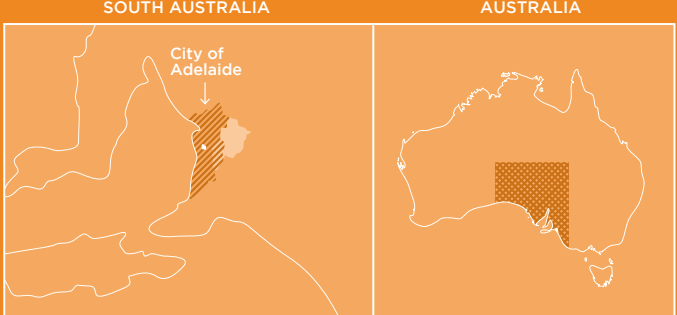


**Legend**

Ward Area Boundaries

Adelaide Hills Council Area Boundary

Service centres, community centres, libraries



Adelaide Hills Council Area  
Adelaide Metro Area

South Australia



## Our 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 areas and 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% by 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 other 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 experiencing continuous change.*



While the rural and village character of the area remains a traditional constant, the Adelaide Hills is nonetheless experiencing continuous change. Over the past decades, the focus on traditional agriculture has reduced as some rural lands have transitioned into boutique industries, wineries or residential properties. This transition from farming to urban fringe activities has impacted 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 residential properties.*

Like many other urban fringe areas, limited public transport, an ageing 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 continues to demonstrate 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 a large number of volunteers who undertake a diverse range of tasks across the organisation. They work in our libraries, community centres, community sheds and gardens, community transport program, Positive Ageing Centre, cemeteries, events and advisory groups. They carry out administrative tasks, are JPs, teach, cook, garden, drive buses, lead groups, share skills, read, shelve books and much more. Importantly, they share their passions and are inspired to help others and give so generously to their communities.



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 4,822

## **Mount Lofty**

Councillor Kirrilee Boyd  
Councillor Nathan Daniell  
Councillor John Kemp  
Number of Electors 7,946

## **Marble Hill**

Councillor Ian Bailey  
Councillor Jan Loveday  
Number of Electors 4,319

## **Onkaparinga Valley**

Councillor Val Hall  
Councillor Andrew Stratford  
Councillor Lynton Vonow  
Number of Electors 6,519

## **Torrens Valley**

Councillor Linda Green  
Councillor Malcolm Herrmann  
Number of Electors 4,829

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***

Our Strategic Plan *Lofty Aspirations Sustainable Actions* provides a focus for the Council's service delivery over the period 2014–2018. A new Strategic Plan is being developed and will be adopted in late 2016.

*Vision: Nurturing our unique place and people*

To achieve this vision, the Strategic Plan has an emphasis on community, environment, economy and leadership. The short to medium term actions in the Strategic Plan support the following long term goals:

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

You can access a copy of the Strategic Plan 2014-18 at [ahc.sa.gov.au](http://ahc.sa.gov.au)

## *Delivering on the strategic plan*

### *A safe and connected community*

As the community of the Adelaide Hills evolves, it is critical for us 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 important in building community capacity and strength. Our 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.

We continue 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.*

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

## 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 Hills 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.







Above: Community champions were acknowledged in the recovery of the Sampson Flat Bushfire.

## Key achievements

### SP 1.1.9 Build community resilience to recover from emergency situations

Following the Sampson Flat bushfire of January 2015, the Council worked with government and non-government agencies to help the affected communities recover. As the recovery process developed, activities focussed on building resilience against future emergencies were incorporated. These included establishing a community leader forum, facilitating a community led bushfire readiness community signage strategy and creating a number of new community-run programs which establish connections between community members. The Council continues to support and facilitate the CFS Community Fire Safe Program.

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

We allocated resourcing to recruiting a Sport and Recreation Planner, who commenced a two-stage review of the Sport and Recreation Strategy. The first stage involved engagement with sport and recreation stakeholders and the broader community to determine what issues were important and need to be addressed in the new strategy. The new plan will be finalised with a second stage of consultation in mid-late 2016.

### SP 1.3.1 Develop a Positive Ageing Action Plan

Census data suggests that people tend to leave the Adelaide Hills as they age. We successfully applied for State Government funding to develop an Age Friendly Community Plan, which involved an audit of what challenges and opportunities exist to overcome, where possible, the barriers to people ageing in the district. The process also involved awareness training for Council Members and staff. The new plan will be finalised in late 2016.

### SP 1.3.3 Adelaide Hills Trail Strategy implementation plan

The Trail Strategy was used to identify candidate trail works for the 2016/17 budget. Of note, we undertook community consultation on part funding an extension of the Amy Gillett Bikeway to connect Mt Torrens with Birdwood and beyond. As a result, the Council resolved to contribute up to \$500,000 to this project and will seek State Government support for the remainder of the cost.

Council also undertook investigations into the construction of the Mount Torrens Walking Loop, including trail delineation, storm water works, fencing, marker posts and signage. With designs now completed, construction for these works is scheduled for completion in 2016/17.

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

We commenced a program of cultural awareness training across both the elected body and staff as a first step toward developing meaningful initiatives to recognise and promote Aboriginal culture. Aboriginal cultural content in our programs was increased with, for example, a basket weaving workshop run by Aboriginal women, held across the district's community centres. In late 2016, the Council will consider adopting its first Reconciliation Action Plan and will support Indigenous Literacy Day.

### SP 1.4.4 Review and upgrade program for World War 1 memorials

Our ANZAC Centenary program of upgrading war memorials across the district continued. Support was also provided to restore a number of honour boards in the custody of groups across the district and the Council produced a publication, *Honour Boards of the Adelaide Hills*, which serves as a lasting record of these important memorials across the district. A very special ongoing project is the development of a new war memorial at Bridgewater. This project was initiated by Bridgewater Primary School students and is expected to be finished before ANZAC Day in 2017.

## Further highlights

- Black Spot funding was used to address run-off road crash risks along Stock Road, Mylor and Corkscrew Road, Montacute.
- We flew the Rainbow Flag for the first time during the 2015 Feast Festival to support the LGBTQI community and promote a welcoming and socially inclusive community that does not discriminate based on sexuality or gender identity.
- A Community Cultural Development function was established to progress strategic initiatives around the arts, heritage and cultural diversity.
- The last of the three Adelaide Hills Sculpture Symposia was held in April 2016. The final 10 sculptures will be installed in late 2016, completing the Hills Sculpture Trail across the Adelaide Hills Council, Alexandrina, and Mt Barker council districts.



- We hosted another successful Santos Tour Down Under stage finish at Stirling, bringing around 30,000 people to the township for the event.
- New community event guidelines and a toolkit were introduced, enabling community groups to better design events to meet contemporary event management expectations.

## Planned projects for 2016/17

**SP 1.1.2** Review the Council's role in operating retirement villages and investigate options for supported housing.

**SP 1.1.6** Identify and address road safety blackspots

**SP 1.1.7** Undertake a library services review

**SP 1.1.11** Review the Asset Management Plans

**SP 1.2.1** Finalise the Sport & Recreation Strategy review

**SP 1.2.5** Implement a new grants giving approach and management system

**SP 1.3.2** Develop a Youth Action Plan

**SP 1.4.3** Adopt and implement a Reconciliation Action Plan

## *Delivering on the strategic plan*

### *Sustainable natural and built environs*

Sustainable action is vital for a viable future for both the Council and the 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. We have a responsibility to manage biodiversity and stormwater on Council managed land and to 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. We also recognise 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 our carbon footprint and encourage the broader community to do likewise.

We are leading by example in reducing waste from 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, we continue 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.**



## Key achievements

### SP 2.1.1 Develop and implement a Water Resources Strategy

A draft Water Resources Strategy was developed. This strategy will drive more efficient use of water across the Council's operations, including park irrigation and workplace use.

### SP 2.1.2 Implement the Biodiversity Strategy

Implementation of the Biodiversity Strategy progressed in 2015-16 with the following key highlights:

- Expansion of the roadside marker scheme, which highlights and protects roadside areas containing significant native vegetation.
- Development of a roadside weed control program in partnership with the Department for Environment, Water and Natural Resources.
- Expansion and additional Council support funding toward the Bush for Life Program, to include an additional 17 sites which are to be focussed on the Sampson Flat fire scar.
- Development of vegetation management plans for Kersbrook Stone Reserve, Stone Quarry Reserve, Lobethal Bushland Park and Lenswood Recreation Park.
- Continued emphasis on woody weed control in Council reserves, with environmental and bushfire management outcomes.

### SP 2.1.5 Inform the community on the benefits of using local provenance flora species

We produced a landscape guidelines brochure (available on the web) which offers the community information on indigenous local provenance plants suitable for landscaping and the wildlife benefits from each species.



### SP 2.5.4 Develop a footpath network plan

A methodology has been developed to help prioritise new footpath proposals based on user origin and destination, adjacent traffic volumes, a safety analysis and topography. The new approach has been used to inform the 2016-17 budget setting process. A footpath network plan will be produced in 2016-17 by applying the methodology to roads across the district.

### SP 2.6.2 Upgrade public transport node facilities ensuring all weather access and disability accessibility

Upgrades were carried out at popular bus stops in Bridgewater and Aldgate (four in total). In all cases, shelters were installed and contemporary accessibility standards achieved. These upgrades are aimed at removing barriers to people using public transport.

### SP 2.6.6 Lobby State Government for cycle lanes and improved safety

We collaborated with the Department for Transport, Planning and Infrastructure to identify potential new projects across the region and made a number of applications to the State Cycling Black Spot Program. We are hopeful of meaningful progress in this space in 2016-17.

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

Property owners who occupy adjacent unmade road reserves under licence from the Council have been asked about their interest in the land. Around 180 now require follow up and this work will progress in 2017.

### SP 2.6.7 Advocate for innovative transport routes (including the Northern rail freight bypass)

The northern rail freight bypass was the subject of ongoing dialogue between Council, government staff, politicians and Regional Development Australia. As part of the 2016-17 budget setting process, we are committed to part-funding a study into the feasibility of a northern rail freight bypass.



## ***Further highlights***

- Implemented compliance actions for water Council bore use in line with the Water Allocation Plan
- Developed a draft Climate Change Adaptation Plan for the Adelaide Hills, Fleurieu Peninsula and Kangaroo Island Region and commenced the development of local adaptation actions.
- Audited the Stirling Office and Library for energy efficiency (specifically air-conditioning) with remedial actions to be taken in 2016-17.
- Carried out an investigation into the feasibility of carbon neutrality. In response, it was determined to include an action in the new Strategic Plan to strive toward carbon neutrality and to encourage the community to do likewise.
- Purchased *Trellis* (data monitoring computer program) to enable analysis of electricity, water and fuel usage data.

## ***Planned projects for 2016/17***

**SP 2.1.1** Adopt a water resources strategy

**SP 2.2.6** Reduce greenhouse gas emissions for Council activities

**SP 2.3.2** Review the Waste Management Strategy

**SP 2.5.3** Undertake precinct planning

**SP 2.6.11** Energy efficient vehicle fleet





## *Delivering on the strategic plan*

### *A prosperous economy*

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 significantly benefit the broader 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.

To ensure agriculture maintains its local productivity and economic strength, the Hills' highly productive farmland 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 natural and rural scenery, wineries, food, and calendar of events provide a strong base for new investment in further tourism development.

The Hills also boast a large number of professionals and creative enterprises 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 by-laws, and on the other hand it provides encouragement for a wide range of business activities and functions. One of our intentions is to be more aware of how we can resolve these roles.

Our economic roles will involve developing existing and potential economic sectors, working through existing business groupings, developing programs to assist economic development, improve our 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 natural and rural scenery, wineries, food, and a strong calendar of events provide a strong base for new investment in further tourism development.*





## Key achievements

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

A database of all business owners based on ABN information was created and all operators were invited to subscribe to receive regular updates and information from the Council's Economic Development Officer. Over 200 operators have so far subscribed and a regular e-newsletter will commence in the second half of 2016.

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

Progress continued on the Primary Production Lands Development Plan Amendment. This process will involve identifying value-adding and on-farm business activities and determine ways they can be more easily activated by primary producers through planning reform.

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

The Productivity Commission was due to release its draft report on Regulation of Australian Agriculture in July 2016. The draft report will be reviewed in relation to impacts of Local Government regulation and possible reform opportunities for Council to consider. The final report is expected to be handed to the Commonwealth Government in late 2016.

### SP 3.4.3 Participate in a review of the need for a heavy vehicle transport route from the South Eastern Freeway to industrial hubs in the district

We worked closely with the State Government, Regional Development Australia and other stakeholder groups on heavy vehicle transport routes in the region. During the federal election campaign in June, the Government announced that, if re-elected, it will fund road upgrades to enable B-Double access from the South Eastern Freeway to the light industrial precinct in Lobethal.

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

We collaborated with other regional partners to move this project toward the point where a submission for National Heritage status can be made. This is a necessary precursor to any World Heritage bid. The focus in 2015-16 was on building stakeholder awareness and preparing for a National Heritage application in early 2017.



### ***Further highlights***

- A new Economic Development Officer role was established.
- An implementation plan was developed for the Economic Development Strategy
- The Council again facilitated a range of major events bringing tourists to the district including the Santos Tour Down Under, Groovin the Moo music festival and the Classic Adelaide Rally. In 2017, we hope to bring the Adelaide Fringe Festival to the Hills.
- A review of the separate rate and funding allocation to the Stirling Business Association took place in collaboration with the Association.

### ***Planned projects for 2016/17***

**SP 3.1.1** Implement the Economic Development Strategy

**SP 3.1.8** Pursue World Heritage Status - lodge bid for National Heritage status

**SP 3.3.2** Branding and marketing the Hills - reviewing the role and function of Adelaide Hills Tourism

**SP 3.3.5** Support, facilitate and promote major and unique events



# *Delivering on the strategic plan*

## *A recognised leading performer*

We play a significant role as a leader within our communities. We have both legislative and ethical responsibilities to address risks for both the organisation and for the community. These responsibilities must be balanced with proactive actions using contemporary business practice.

*As we are responsible for allocating pooled resources and making decisions on behalf of the community, it is critical that community is engaged in the making of those significant decisions, and is aware of our actions and activities.*

Strategic, practical and focussed internal systems and procedures allow us 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 we are responsible for allocating pooled resources and making decisions on behalf of the community, it is critical that community is engaged in the making of those significant decisions, and is aware of our actions and activities. We know 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 decisions and resource allocations.

We 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 than 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 our 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 4.1.1 Establish a Community Leadership Program

The model of a Community Leadership Program was developed by learning from other councils that have successfully established comparable initiatives. The Community Leadership Program will commence with a series of masterclasses in late 2016, which will be open to all members of the community who consider themselves, or have the potential, to be in community leadership roles.

### SP 4.4.3 Review Council's Rating Policy

The Rating Policy review commenced in late 2015, with the Council ultimately resolving to increase the proportion of rates received through the fixed charge component of rates from 2016-17. The increase, which is offset by a lower 'rate in the dollar' charge for the variable component, means all properties will be levied a base amount which better reflects the cost of core services provided to all ratepayers.

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

Council Members as a group benefited from a range of training and professional development workshops throughout the year, with topics including:

- Long term financial planning
- Fraud prevention and ICAC
- Records and information management
- Aboriginal cultural awareness
- Conflict of interest legislation changes
- Media liaison and management
- Equity and diversity

Individual Council Members also attended various sessions with the Local Government Association, including training for those on Audit Committees. A range of conferences have also been attended.

### SP 4.5.1 Implement a Leadership and People Development Framework

Progress continued on implementing the leadership and people development framework. The workforce 4x8 program and the leadership development activities are discussed later in this report.

## Further highlights

- A review of the Strategic Plan commenced, with completion due in October 2016.
- With partnering councils in the East Waste Regional Subsidiary, we put the recyclables waste stream processing out to competitive tender. The result of this process is that we now receive a dividend for recyclables rather than having to pay for it to be received and processed.
- An online engagement portal was pilot tested as part of the Strategic Plan review project. This tool was well received and engagement levels were higher for this project than previous experience using traditional engagement methods.
- The octennial Elector Representation Review commenced.
- A new policy was developed to establish an approach to informal council gatherings and workshops.

## Planned projects for 2016/17

### SP 4.1.1 Community Leadership Program - implement

### SP 4.1.7 Consider performance assessment models

### SP 4.2.7 Review approach to procurement

### SP 4.3.1 Community Engagement Framework - introduce contemporary online engagement approach

### SP 4.3.4 Reconciliation Action Plan

# A new strategic plan

In late 2015, the Council started a review of its Strategic Plan *Lofty Aspirations, Sustainable Actions*. It resolved to develop a new plan containing high level aspirational objectives and ambitious goals around four key priority areas:

- 1. People and business prosper**
- 2. Places for people and nature**
- 3. Activities and opportunities to connect**
- 4. Exploring ideas and working with others**

Development of the new plan progressed along a three stage community engagement process.

## **Stage 1 Discover** (early 2016)

The community was asked to identify issues of importance around the four key priority areas.

## **Stage 2 Discuss** (mid 2016)

The most popular themes coming out of Stage 1, and other issues considered important to the Council, were put back to the community for discussion and development of strategies.

## **Stage 3 Decide** (Aug–Sep 2016)

The draft new Strategic Plan was put out to consultation.

The Council adopted the new Strategic Plan in October 2016. As a result, new strategic priorities will be identified for the 2017/18 budget and business planning cycle. The 2016/17 Annual Report will therefore report primarily on achievements under the current plan, but also on early achievements under the new plan.

# Organisation structure

## Andrew Aitken, CEO



Andrew has almost 20 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 an equitable and diverse culture that prides itself on customer service and delivering value for money to the community is also a high priority.

## David Waters



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.

## Marc Salver



Marc's local government career spans over 25 years, and five continents. He values teamwork and has a passion for strengthening the integrity of

planning, environmental health and regulatory processes. He is committed to delivering excellent customer service, ensuring the Council's Development Plan is responsive to emerging needs and that development in the district is done in an environmentally sustainable way.

## Peter Bice



Peter has been integral to successful organisational change and community outcomes in a Local Government context for

nearly 20 years. He believes the synergy between people and process is fundamental to quality service provision and project delivery. He uses his strong focus on informed, strategic and sustainable decision-making to guide asset development and maintenance operations.

## Terry Crackett



Throughout a very diverse and interesting career, Terry has gained extensive executive level experience across a broad range of sectors.

This has largely been acquired from working within organisations providing services to the community. Terry not only values the opportunities such organisations provide, but also enjoys working in an environment where his contribution leads to improved community outcomes.



**CEO's Office**

*Andrew Aitken*

**Organisational Development**  
*Megan Sutherland*

Work Health & Safety

Human Resources

Payroll

**Community & Customer Service**  
*David Waters*

Community Planning & Engagement

Communications & Events

Service Improvement

**Community Development**  
*Rebecca Shepherd*

Community Programs

Home & Community Support

Youth Development

Positive Ageing

Community Cultural Development

Volunteering

**Library & Customer Service**  
*Dee O'Loughlin*

Customer Service

Library Services & Programmes

Digital Literacy

**Strategy & Development**  
*Marc Salver*

Economic Development

Strategic & Policy Planning

**Development & Compliance**  
*Deryn Atkinson*

Building Assessment & Compliance

Development Assessment & Compliance

**Waste, Health & Regulatory Services**  
*John McArthur*

Environmental Health

Regulatory Services

Waste Management

**Engineering & Assets**  
*Peter Bice*

Sport & Recreation

Sustainability

Place Making

**Built & Natural Assets**  
*Mark Buckerfield*

Design & Construction, Civil & Building Projects

Natural Resources

Asset Management

**Works & Services**  
*Chris Janssan*

Infrastructure Operations & Maintenance

Reserves Maintenance

Depots & Stores

Bushfire Hazard Management

**Corporate Services**  
*Terry Crackett*

**Finance**  
*Paul Francis*

Rates

**ICT**  
*James Sinden*

IT & Communications

**Information Systems**  
*Matt Strapps*

Records

**Governance & Risk**  
*Lachlan Miller*

Performance Reporting

**Property Services**  
*Natalie Westover*

Property Services

Cemeteries & Retirement Villages

Building Management

Facilities Management

# ***Delivering on our corporate plan***

In 2014 a Corporate Plan was developed that includes a range of projects focussed on developing a culture of high performance within the organisation. This is critical to enabling us to achieve strategic and operational goals for the community.

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 equity of opportunity for all.



## **Leadership**

Our Executive Leadership Team participated in a development program aimed at improving communication within and across departments, improving accountability and enhancing decision making. The team meets formally once a week and communicates outcomes of each meeting to the whole workforce. The team adopted a deliberate approach to ensuring time is allocated appropriately to:

- Developing the organisation and the workforce
- Monitoring and managing work health and safety
- Exploring new ideas and trends
- Monitoring organisational performance
- Considering governance related matters such as policy reviews and Council reports.

A number of the Executive participated in a work shadowing program with senior leaders at the Department of Education and Child Development. This program gave participants an opportunity to experience leadership in another sector and collaborate on problem solving with people outside their industry.

Leaders at all levels are responsible for fostering a culture of continuous improvement within the organisation. A Customer Experience Program was commenced in 2016 which involves leaders understanding and supporting their teams to examine organisational processes from a customer perspective. Importantly, this approach applies equally for internal and external customer 'journeys'. This program will continue in 2016/17.

Senior staff are regular participants in programs and seminars established by Local Government Professionals South Australia, and a number of Directors are active in the General Managers/Directors Network.



## **Strategy and policy**

The internal Sustainability Group, established in 2013, continued to identify ways the organisation can lead by example with environmental sustainability. Key achievements include:

- Desk waste has been significantly reduced through the introduction of mini-desktop bins and self-management of waste
- We replaced a number of fuel powered vehicles with hybrid petrol-electric alternatives
- A water resources management plan is being developed

An organisational wide project reporting system was introduced which facilitates regular and consistent reporting on both capital works and operational projects. This enables early intervention when projects are slipping behind schedule or stretching budgets.

The budget setting process for 2016/17 incorporated a new mechanism for nomination and evaluation of candidate projects, which enabled proposals across a range of portfolios to be considered against each other on merit. Public safety, alignment with strategic objectives and legislative compliance were high priority criteria when evaluating projects.

As discussed earlier in this report, in 2016 we commenced review of our Strategic Plan.







## People

This year saw the first full year of the new 4x8 staff development process. 4x8 involves staff developing agreed goals on a six monthly basis in conjunction with their people leader. Then, every eight weeks, each person considers and shares four step-goals with their team. As a result, team members have a better awareness of their colleagues' work and collaborate more to get things done.

The Internal Communications Framework, developed in 2015, saw a number of new initiatives rolled out to improve communication across the workforce. An internal newsletter, Hills Hoist, is produced monthly and weekly updates from the Executive Leadership Team are issued. Internal communication is focussed on:

- developing a shared understanding of the Council's strategic direction
- informing the whole workforce about key information that the community may need to know
- sharing successes and celebrating achievements.

We have a strong track record of providing a safe working environment for our people and we are proud of achievement in this space. Complacency is not an option, and we constantly strive to improve our safe work culture.

Our Employee Opinion Survey showed marked improvements from the previous year, especially in employees' perceptions of leadership, customer service commitment and general enjoyment at work. The focus of the response to the survey is on enhancing communication about our strategic direction and increasing accountability.



## Partnership and resources

We continue to lead the way in finding ways to partner with other organisations to do things better and more efficiently for the community.

We worked with other partnering councils in the East Waste Regional Subsidiary to find a commercial operator who would provide a return for processing domestic recyclable waste, rather than councils having to pay for it to be processed.

We worked with East Waste to find a local site for storing waste collection vehicles, thus reducing travel time and cost for waste collection.

We established Hills Connected Consortium, a collaboration between Adelaide Hills Council and independently run community centres at Mt Barker and Aldgate, to identify and address gaps in community service provision across the region. The consortium received government funding to assist – something unlikely to have been possible if each party attempted this task alone.

Other examples of collaborations with other partners and councils include:

- Adelaide Hills International Sculpture Symposium
- Regional Health Plan (via the Southern and Hills Local Government Association)
- Climate Change Adaptation Plan
- Adelaide Hills Tourism (with Mount Barker District Council).





## **Processes and customer service**

This year we improved a number of processes to enhance service delivery and achieve efficiencies. These include:

- Moving toward a proactive zoned approach to infrastructure asset maintenance
- Introducing a system to monitor electricity usage, which will ultimately lead to reductions in consumption and greater opportunities for competitive procurement
- Improving management of Name and Address Registers across the organisation to avoid duplication and improve the integrity of the data
- Improving the process to refer planning applications to other teams to reduce time and rework
- Reviewing after-hours call-out procedures to utilise on-call staff in a manner which minimises call out costs
- Plant and equipment procurement.



## **Results**

We commenced the development of a suite of corporate and societal indicators. Corporate indicators, like financial performance and workplace injury data, will be used to monitor the success of the organisation's operation while societal indicators, like literacy levels and employment rates, help us keep abreast of what societal issues need to be addressed. These will be reported on regularly at Council Meetings and trends will be used to prioritise improvements in business operations and to focus our programs and activities for the community.

Efficiency initiatives identified during the year using our Benefits Realised Framework, delivered savings from the recurrent operating budget of \$301,000. Over the last five years \$880,000 has been saved from the recurrent operating budget and has allowed the Council to resource new and emerging issues such as economic development, cultural development and sport and recreation while keeping costs within the Long Term Financial Plan forecasts.

A customer experience survey was not carried out in 2015/16, but the results from the April 2015 survey were used to develop a customer experience improvement program.

*Over the last five years \$880,000 has been saved from the recurrent operating budget and has allowed the Council to resource new and emerging issues such as economic development, cultural development and sport and recreation while keeping costs within the Long Term Financial Plan forecasts.*

# ***Meeting customer service standards***

The Customer Service Framework commits us to specific timeframes for the most frequently accessed services, and establishes what customers can expect.

Measuring performance against these standards demonstrates our ongoing commitment to customer service and highlights opportunities for further improvement. In the current year, enhancements have been made to improve the reporting mechanism and reflect changes to service delivery with the annual results published adjacent.

\*Revised service standard for community services replacing previous HACC standard



Measuring performance against these standards demonstrates our ongoing commitment to customer service and highlights opportunities for further improvement.

**Rubbish and Recycling**

Collect missed domestic bins within 2 days  
Volume **596**  
Target **95%**  
Result **100%**  
Last year **100%**



**Illegal Dumping**

Remove illegally dumped rubbish from council land within 3 days  
Volume **139**  
Target **80%**  
Result **79%**  
Last year **70%**



**Footpaths**

Resolve enquiries about low risk footpaths within 20 days  
Volume **72**  
Target **80%**  
Result **84%**  
Last year **73%**



**Planning**

Approve fast track Development Applications within 20 days from lodgement  
Volume **85**  
Target **80%**  
Result **92%**  
Last year **98%**



**Community Services**

Process Community Centre enquiries within 3 days\*  
Volume **4110**  
Target **80%**  
Result **100%**  
Last year **100%**



**Trees**

Resolve high-risk/hazardous trees within 1 day  
Volume **79**  
Target **80%**  
Result **92%**  
Last year **35%**

**Dogs**  
Attend reports of currently occurring dog attacks within 2 hours  
Volume **0**  
Target **80%**  
Result **No instance**  
Last year **100%**



**Library**  
Make the School Holiday program and bookings available 2 weeks before holidays commence  
Volume **3**  
Target **95%**  
Result **100%**  
Last year **100%**



**Trees**  
Resolve enquiries about low risk trees within 20 days  
Volume **417**  
Target **80%**  
Result **88%**  
Last year **71%**



**Dogs**

Investigate reports of dog attacks that have previously taken place within 1 day  
Volume **8**  
Target **80%**  
Result **92%**  
Last year **100%**



**Rates**

Process requests for change of address to rates notices within 3 days  
Volume **314**  
Target **80%**  
Result **81%**  
Last year **82%**



**Stormwater**

Resolve high-risk/hazardous stormwater pits within 1 day  
Volume **11**  
Target **80%**  
Result **100%**  
Last year **38%**

**Food & Health**  
We will investigate and respond to reported food complaints within 1 day  
Volume **9**  
Target **80%**  
Result **100%**  
Last year **No instance**



**Roads & Potholes**  
Resolve high-risk road hazards and potholes within 1 day  
Volume **8**  
Target **80%**  
Result **100%**  
Last year **50%**



**Stormwater**  
Resolve enquiries about low risk blocked stormwater pits within 20 days  
Volume **207**  
Target **80%**  
Result **75%**  
Last year **81%**



**Fire**

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



**Roads & Potholes**

Resolve enquiries about low risk road and pothole repairs within 20 days  
Volume **242**  
Target **80%**  
Result **80%**  
Last year **74%**



**Wasps**

Investigate and make safe reports of European Wasps within 2 days  
Volume **42**  
Target **80%**  
Result **49%**  
Last year **70%**

**Footpaths**  
Resolve high-risk trip hazard footpaths within 1 day  
Volume **2**  
Target **80%**  
Result **50%**  
Last year **0%**



# ***Our customer service values***

Our values define the way in which we go about our work. We strive for a positive supportive organisational culture at Adelaide Hills Council.

## ***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 2015/16 we continued to implement the Customer Service Action Plan which is designed to improve the customer experience and embed the service values, behaviours, standards and competencies across Council. Highlights include:

- the introduction of the My Local Services App to allow customers to raise customer requests using their smartphone
- enhancements to our case management process and Customer Relationship Management software
- commencement of a training program to better understand and improve customer journeys and the overall customer experience.

# *Maintaining financial sustainability*

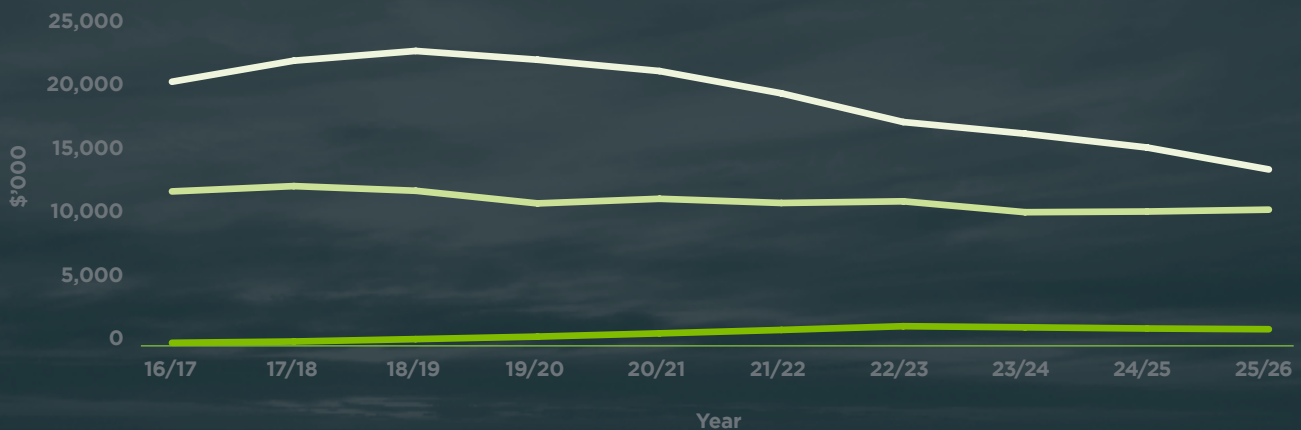
Council regularly updates its Long Term Financial Plan (LTFP) as part of its suite of Strategic Management Plans (which also include the Strategic Plan and the Asset Management Plan), to ensure financial sustainability is maintained.

The LTFP contains estimated financial statements consistent with those in the 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 our expected long term financial performance, 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 seven years to fund additional infrastructure renewal and upgrade works.



*In achieving these targets there is a level of certainty provided to the community that our financial sustainability will be maintained.*



### **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 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 reduce. These operating surpluses achieved in the later years of the LTFP will be used to retire debt.

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 2016/17. In achieving these targets there is a level of certainty provided to the community that our financial sustainability will be maintained.

# 2015/16 financial performance

## Operating result

Council has reported a \$323,000 operating deficit for 2015/16 (\$1,152,000 Surplus for 2014/15). This result, although unusually low, remains consistent with both the 2015/16 revised budget and the Long Term Financial Plan.

The result against forecast was heavily impacted on by the advance \$820,000 grant revenue received in June 2015 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. Should the grant have been received during the 2015/16 financial year, a surplus would have been achieved.

The key variations between the reported operating deficit of \$323,000 and the budgeted operating surplus of \$316,000 are listed below.

Item	\$'000 FAV/(UNFAV)
Financial Assistance Grant (payment received in 2014/15)	\$(820)
Rebate received from Domestic Waste Contractor	\$209
Rates (Objections and rebates lower than forecast)	\$120
Interest on debentures fully drawn down	\$(111)
Fringe Benefits Tax (FBT)	\$(34)
Other differences	\$(3)
<b>TOTAL</b>	<b>\$639</b>

## Capital result

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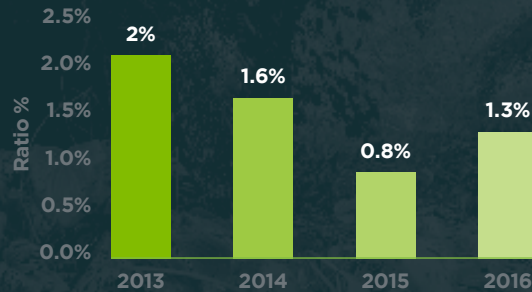
Each year, we budget to maintain and renew our portfolio of infrastructure assets with a fair value replacement cost of \$488m, and a carrying value of \$299m, some ten times the general rate revenue raised each year to support it.

For the 2015/16 year there was a favourable capital works variation of \$3.49m which largely related to projects not finalised as at 30 June 2016 (\$2.71m Infrastructure and \$770,000 IT, fleet, plant and equipment). During the year all infrastructure assets on the Current Replacement Cost model were revalued according to age.

In 2015/16, we provided \$7.6m for depreciation, reflecting the steady growth in the network base as renewals increase, and the reduced volatility in depreciation forecasting following regular revaluation of all infrastructure portfolio. Recognising that some assets have been depreciated down to zero, it is expected that depreciation expense will increase as the capital renewal program intervenes and consumed assets are renewed and start depreciating again.

# Key financial indicators

A number of key financial indicators were used to enable an assessment of our performance over 2015/16 and alignment with its 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 revenue required to achieve a break-even operating result. A positive ratio indicates the percentage of total revenue available to fund capital expenditure over and above the level of depreciation expense without increasing our level of net financial liabilities.

Target: **0-10%**

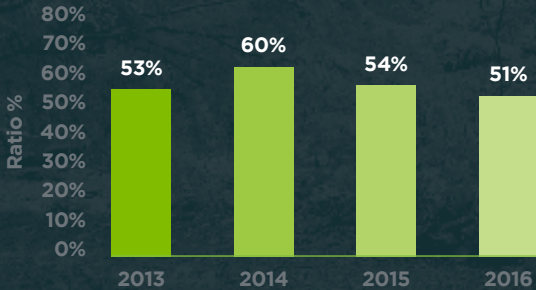
Result: **1.3%**

The ratio indicates the cost of services provided to ratepayers is being met from operating revenues with surpluses being used to fund infrastructure works in line with our Long Term Financial Plan projections.

It has been adjusted to remove the impact of the early payment of the Financial Assistance Grants (\$820,000) in June 2015 in order to provide additional clarity and a better representation of the underlying result.

The result aligned strongly to the revised budget for the year and reflected a modest 'adjusted' operating surplus of \$497,000.





## **Indicator 2** **Net Financial** **Liabilities Ratio**

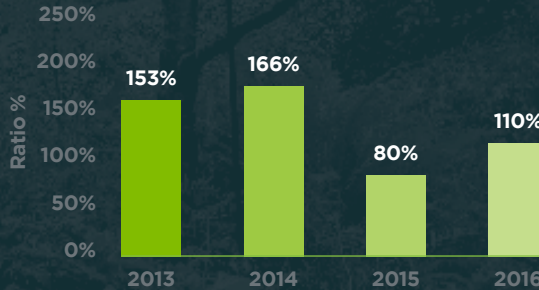
Net Financial Liabilities is an indicator of our total indebtedness and includes all of our obligations including provisions for employee entitlements and creditors. This ratio indicates the extent to which the net financial liabilities can be met by our total operating revenue.

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

Target: **0-100%**

Result: **51%**

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



## **Indicator 3** **Asset Sustainability** **Ratio**

This ratio indicates whether we are renewing or replacing existing infrastructure assets at the same rate that the 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 we are replacing 100% (or all) of the assets that require renewal.

Target: **90-110%**

Result: **110%**

Council continues to renew and replace existing consumed infrastructure assets at an accelerated rate to improve the condition of the portfolio of assets as a whole.

# Glossary of terms

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



# *General governance information*

**Transparent and accountable governance underpins our 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. Twelve ordinary meetings of Council, 11 meetings of SPDPC and four special meetings were held in 2015/16.

Attendance at all Council and Committee meetings by the Mayor and Councillors in 2015/2016 is detailed below.

	Council		Special Council		SPDPC		Audit Committee		Development Assessment Panel		Special CDAP		CEO Performance Review Panel	
	12		4		11		5		11		2		3	
	P	A	P	A	P	A	P	A	P	A	P	A	P	A
<b>Total Meetings</b>														
<b>Councillor</b>														
Bill Spragg	12	0	4	0	9	2	*	*	*	*	*	*	2	1
Ron Nelson	10	2	3	1	10	1	*	*	*	*	*	*	*	*
Jan-Claire Wisdom	10	2	4	0	11	0	*	*	*	*	*	*	3	0
Ian Bailey <sup>^</sup>	11	1	3	1	9	2	*	*	*	*	*	*	1	0
Jan Loveday	11	1	4	0	9	2	*	*	11	0	2	0	3	0
Kirrilee Boyd	9	3	4	0	10	1	*	*	*	*	*	*	*	*
Nathan Daniell	10	2	3	1	8	3	*	*	*	*	*	*	*	*
John Kemp	12	0	4	0	11	0	4	1	11	0	2	0	*	*
Val Hall	11	1	4	0	9	2	*	*	*	*	*	*	*	*
Lynton Vonow	11	1	4	0	11	0	*	*	*	*	*	*	*	*
Andrew Stratford <sup>^</sup>	12	0	4	0	11	0	*	*	*	*	*	*	1	1
Linda Green	12	0	4	0	10	1	*	*	10	1	2	0	*	*
Malcolm Herrmann	11	1	4	0	9	2	5	0	*	*	*	*	*	*

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

<sup>^</sup> Committee Member for part period

**P:** Present **A:** Apology

**DAP:** Development Assessment Panel

**SPDPC:** Strategic Planning & Development Policy

**CEOPRP:** CEO Performance Review Panel



## 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 *Local Government Act 1999* (the 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 2015/16:

	1 July 2015 to 12 November 2015	13 November 2015 to 30 June 2016
Mayor/Principal Member	\$63,600 per annum	\$64,324 per annum
Deputy Mayor/Chair of Prescribed Committee	\$19,875 per annum	\$20,100 per annum
Other Elected Members	\$15,900 per annum	\$16,080 per annum

*Note: in accordance with the Act, the allowance is adjusted annually to reflect changes in the Consumer Price Index.*

Council's prescribed committees are the Strategic Planning and Development Policy Committee, and Audit Committee.

In addition to the allowance paid under section 76 of the *Local Government Act 1999*, 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), 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 and 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:

- personal computer with the appropriate software at his/her home
- mobile phone for Council business use
- 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 Council Members plus four independent members (which includes an independent chairperson). Membership at the end of June 2016 is as follows:

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- 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 Stirling and commence at 6:30pm.

Eleven ordinary meetings and one special meeting of the Panel were held during 2015/16.

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 1999 Section 41 Committees

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

### Strategic Planning and Development Policy Committee

The Strategic Planning and Development Policy Committee (SPDPC), formed pursuant to Section 101A of the *Development Act 1993*, comprises all Council 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. Meetings are held on the second Tuesday of each month at Woodside and commence at 6:30pm.

SPDPC 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.

Eleven ordinary meetings of the committee were held during 2015/16.

The presiding member for SPDPC was:

- Cr John Kemp, 1 July 2015 to 23 November 2015
- Cr Linda Green, 24 November 2015 to 30 June 2016

There are no sitting fees payable to members of the Strategic Planning and 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 and quarterly reporting, external and internal audit, and the risk management activities of Council.

The Audit Committee comprises five members, three independent members and two Council Members.

Membership at the end of June 2016 is as follows:

- Mr Peter Brass  
(Presiding Independent Member)
- Mr Peter Robertson  
(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 2015/16.

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 2015/16 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/her 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 2016 is as follows:

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

Three ordinary meetings were held in 2015/16.

The presiding member receives an allowance equivalent to that received by Chairs of Prescribed Committees in accordance with Council's Allowances and Benefits Policy.

The sitting fee paid to the Independent member of the CEOPRP in 2015/16 was:

- Independent Ordinary Member  
\$365 per meeting

## Informal Gatherings

Open and transparent Council meetings underpin representative democracy and ensure public confidence in Council's decision-making processes.

Informal gatherings, such as workshops, briefings and professional development sessions, provide a valuable opportunity to enhance the decision-making processes by providing opportunities for Council members to become better informed on issues and seek further clarification. Council holds informal gatherings involving Council Members or members of S41 Council Committees twice per month. It uses workshops, briefings and professional development sessions to provide training and to enable Council and Committee Members to better understand an issue or explore a topic in an informal environment. Workshops are not used to make decisions. All decision making is conducted at Council and S41 Committee meetings.

The dates and venues for regular workshops and professional development sessions are publically documented in agendas for Ordinary Council Meetings. Workshops and briefings held since the inception of Council's Informal Gathering Policy on 1 April 2016 have included:

- Strategic and budget planning
- Primary Production Lands DPA Statement of Intent
- Age Friendly Community
- Update on regional subsidiary matters
- Interim findings from consultation on the Annual Business Plan and Budget
- Unsealed Roads policy development
- Aboriginal Recognition and Reconciliation
- Briefing on potential development

The professional development sessions are reported under Council Member Training and Development.

All informal gatherings held since 1 April 2016 have been closed to the public.

## Agendas and minutes

All Council, Committee and 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 five days of meetings. Copies of agendas and minutes are available at Council's service centres and libraries, and can be downloaded from [ahc.sa.gov.au](http://ahc.sa.gov.au)

## Section 90(2) and 91(7) Requirements – confidentiality orders

During 2015/16, 19 issues were considered in closed session, in accordance with Section 90(2) of the *Local Government Act 1999*.

Date	Council/Committee	Item	Title	Local Govt. Act 1999 Section	S91(7) Status as at 30 June 2016
09/06/15	Special Council	4.2.1	Regional Kerbside Service Tender and East Waste Membership	90(2) 90(3) (d)	Released
28/07/15	Council	18.1.1	Appointment of Independent Member to AHBTC	90(2) 90(3)(a)	Released
25/08/15	Council	18.1.1	Appointment of Independent Members to Sport & Recreation Advisory Group	90(2) 90(3)(a)	Released
08/09/15	Special Council	4.1.1	East Waste Facilities	90(2) 90(3) (d)	Released
08/09/15	Special Council	4.2.1	Bradbury CFS Land Transfer	90(2) 90(3) (d)	S91(7) Remained
22/09/15	Council	19.1.1	Acquisition of Land adjoining Checker Hill Road Kersbrook to open as Road	90(3) (d)	Released
22/09/15	Council	19.2.1	Townships & Urban Areas Development Plan Amendment - seeking Minister's consent for Public Consultation	90(3) (m)	Released
27/10/15	Council	19.1.1	Supply & Placement of Bituminous Products	90(2) 90(3) (b)	Released
24/11/15	Council	19.2	CEO Performance Review Panel 18 November 2015 Meeting Recommendations	90(3)(a)	Released
19/01/16	Council	19.1	Appointment of Gawler River Floodplain Management Authority Chairperson	90(2) 90(3)(a)	Released
22/02/16	Audit Committee	7.2	IT Security Audit	90(3)(e)	S91(7) Remained
23/02/16	Council	19.1	Sale of Land for Non-Payment of Rates	90(2) 90(3)(i)	S91(7) Remained
22/03/16	Council	17.1.2	Question without notice	90(2) 90(3) (b)	S91(7) Remained
22/03/16	Council	19.1	AHBTC Divestment Strategy	90(2) 90(3) (b)	Partially released. Partial S91(7) Remained
22/03/16	Council	19.2	Land Acquisition Colonial Drive Norton Summit	90(2) 90(3) (b)	S91(7) Remained
12/04/16	SPDPC	16.1	Proposal for a Privately Funded DPA	90(3) (d) (m)	Partially released. Partial S91(7) Remained
12/04/16	SPDPC	16.2	Gawler River Floodplain Mitigation Options	90(3) (b) (h)	Partially released. Partial S91(7) Remained
24/05/16	Council	19.1	Event Opportunity	90(2) 90(3)(j)	S91(7) Remained
24/05/16	Council	19.2	Land at Houghton Request to Purchase	90(2) 90(3) (b)	S91(7) Remained

During 2015/16, nine items were released in full, three were partially released and seven fully remained in confidence, in accordance with Section 91(7) of the Act.

## 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 and Recreation Advisory Group
- Sustainability Advisory Group
- 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 Council Member including Mayor) is 1 for every 2,370 electors as at 2015/16. The total number of electors is 28,435.**

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

- City of Holdfast Bay (electors 27,206) = 1:2,267
- City of Norwood Payneham and St Peters (electors 25,096) = 1:1,930
- Burnside (electors 31,741) = 1:2,264
- City of Unley (electors 27,290) = 1:2,274

## Elector Representation Review

An Elector Representation Review is held to examine fundamental aspects of a Council's composition and ward structure. It ensures that voters have equitable representation quotas. The review follows a formal process under Section 12 of the *Local Government Act 1999* and must be conducted at least once in every eight years. Section 12 of the *Local Government Act 1999* has provisions for electors to make submissions on representations.

Adelaide Hills Council formally commenced an Elector Representation Review in April 2016 with the review due for completion by April 2017. In undertaking the review, a Representation Options Paper has been prepared in readiness for the first six week stage of consultation during September and October 2016. 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. A preferred option will be selected and a second consultation will occur over a three week period to gauge the community's views on this structure.

## 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 ten minute segment at each Council and SPDPC meeting to address the 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 ten 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 about 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](mailto:mail@ahc.sa.gov.au)

## Community consultation

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

## Community forums

Six community forums were held this year (separate from Ordinary 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 2015/16 these forums were held:

- **Tuesday 30 June 2015** at Basket Range
- **Tuesday 29 September 2015** at Balhannah
- **Tuesday 17 November 2015** at Heathfield
- **Wednesday 17 February 2016** at Mt Torrens
- **Tuesday 29 March 2016** at Rostrevor
- **Tuesday 31 May 2016** at Lenswood

## Public and 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 2015 there were two applications for S270 Internal Reviews of a Council Decisions that were under review and Council received a further one application during 2015/16. These three applications considered a wastewater system approval, development application document reproduction and the lack of prosecution under the *Dog and Cat Management Act 1995*. Both decisions regarding the two applications that carried over from 2014/15 upheld the original decision. The application that was received this year was unresolved by the end of June 2016.

## Freedom of Information requests

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**Eleven requests for information were made under the Freedom of Information Act 1991 in 2015/16 which was a decrease from 22 in the previous year; but an increase from the eight received in 2013/14.**

		Full Release	Partial Release	Refused
<b>FOI Requests</b>				
Outstanding from Previous period	0			
New Applications	11*			
Total to be processed	10	8	1	1
Unfinished at the end of Period	0			
Determined	10	8	1	1

\* One Freedom of Information Request was withdrawn.

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 and 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 and 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 and Corruption Policy and a Whistleblower Policy to assist in meeting 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 and sub-delegations

**The Chief Executive Officer and other officers have the delegated authority from Council (in accordance with Section 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 on our website or copies can be viewed at the 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 90(8)** Informal Council Gatherings
- **Section 123** Rating 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 and 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
- Debt Recovery (including CWMS Hardship Policy)
- Delegations Policy for the Determination of Development Applications by CDAP
- 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
- Festival and Events
- Flags
- Fraud and Corruption Prevention
- Genetically Modified Crops
- Internal Audit
- Kerbside Green Organics Service Implementation
- Keys to the City and Freedom of Entry
- Liquor Licencing
- Management of Built Heritage
- Mayors/Chairpersons Seeking Legal Advice
- Minor Grants
- Occasional Hiring of Council Meeting Rooms
- Outdoor Dining
- Petitions
- Privately Funded Development Plan Amendments
- Provision of Physical Models for Major Development Proposals
- Rate Rebate
- Records and Information Management
- Recreational Use of Council Reserves and Public Space
- Reporting of Offences
- Request for Services
- Risk Management
- Road Rents
- Roadside Trading (Use of Public Road Verges for Business Purposes)
- School Parking and Associated Facilities
- Social
- Sport and Recreation
- Street Lighting
- Transport
- Treasury
- Tree Management
- Tributes for Commemorative Services
- Volunteers
- Wastewater System Application Fee Refunds
- Whistleblowers Protection

## Access to council documents

The policies, codes and registers detailed 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 and Charges Policy).

Many of these can also be accessed on Council's website [ahc.sa.gov.au](http://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.

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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 in September 2004. The current version dated January 2010 is available for viewing on Council's Website [ahc.sa.gov.au](http://ahc.sa.gov.au) Council will be reviewing the Community Land Management Plans during 2016/17.

## 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 2015/16, there were 18 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 1974*.

## National Competition Policy

Council had no significant business activities during 2015/16 relating to the National Competition Policy.

## Our people

**The success of any organisation is reliant upon having 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 for our customers.

At 30 June 2016, Council employed 173 full time equivalent staff. Employee turnover was 7.89% which was significantly reduced from 15.24% the previous year.

## Performance

**Performance discussions that include goals focused on work priorities, service improvement, personal development and service values, continue to be undertaken every six months, with team progress discussions scheduled every two months.**

Training needs were identified for both People Leaders and employees to improve the way the meetings were being held and achieve best value for the employee and the organisation. Training of all People Leaders and their teams was undertaken in 2015.

Service improvement is regularly discussed and promoted by our leaders with teams being involved in initiatives such as customer experience training and process improvement.

## Leadership development

**The Executive Leadership Team has been committed to a development program aimed at practical application of information and models to enable increased resilience; to create a greater culture of accountability; to further develop clarity in communication; to expand decision making ability; to improve individual, team and organisational success; and to highlight and encourage leading by example.**

All People Leaders participated in training to develop their understanding and role of fair treatment, bullying and grievance resolution processes. People Leaders have an important part to play in developing their teams by ensuring behavioural expectations are clear and regularly communicated and that action to address any inappropriate behaviour it taken as it arises.

## Equity and diversity

**Council continued implementing initiatives in the area of recruitment and fair treatment at work.**

Three key procedures were updated: fair treatment, bullying and grievance resolution. These documents work in partnership to empower employees to hold conversations with others when they feel another person has acted inappropriately. The focus of the Grievance Resolution Procedure is to have a one-on-one conversation in the first instance and to seek help as needed. Resolution of a matter at the earliest opportunity is key to building and maintaining a strong positive culture. All employees were trained in the requirements of these procedures.

Our recruitment processes were also reviewed as we worked in partnership with the National Disability Recruitment Coordinator (NDRC). The review identified a number of opportunities for Council to improve the delivery of our recruitment process for inclusivity; advertising, disability support, interviewing and support, website information and external support service access. As a result of this review we advertise our positions through a number of Disability Employment Service (DES) providers, have updated our interview processes for all people attending interviews and provide support, as needed, for candidates attending. A Reasonable Adjustment Procedure has been drafted detailing support available to be an accessible and inclusive workplace, enabling people with disability to fully participate in the workplace. We have more work to complete to update our website to clearly communicate how we include and encourage those with disability to apply for positions and to finalise the procedure.

## Organisational improvements

**An organisational change process has been developed, with a suite of documents to support People Leaders to clearly communicate required information to stakeholders. The documents are being trialled through a number of change processes, with a view to undertake training of the new process during 2016/17.**



## Work Health and Safety and Injury Management

**Leadership continually raises the profile of safety being a priority through team and organisational employee meetings.**

Executive and senior leadership meetings have a focus on safety concerns, improvements and new initiatives at weekly and monthly meetings. Employees are encouraged to remain vigilant in managing their safety and the safety of those around them. Our Health and Safety Committee, meeting every second month plays a key role in overseeing Council's safety processes, receiving updates on key measures and seeking management support on matters that require additional attention or for new initiatives. Key activities undertaken for this year include:

- Review of key procedures including Consultation and Communication, Noise Management and Plant and Equipment;
- Created a new process, the WHS Managers Checklist, requiring quarterly action and reporting on WHS activities and close out of corrective actions;
- Reviewed and developed an onsite assessment process to review environmental factors on worksites;
- Undertook a chemical audit to review and improve management of these items;
- Implemented a new chemical register with risk assessments being undertaken; and
- Completed a new WHS Improvement Plan for 2016-2018, with key programs identified for that period.

We received 12 workers compensation claims (same amount as last year); 11 were referred for return to work plans and one continued normal work. Where employees 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 recovery and reduces lost days.

## Council Member training and development

**The Adelaide Hills Council is committed to providing training and development activities for Council Members and recognises the responsibility to develop and adopt a policy for this purpose under Section 80A of the *Local Government Act 1999*.**

**Mayor Bill Spragg attended**

- LGA Mayor and Chairperson Residential (July 2015)
- LGA Conference (October 2015)
- National General Assembly of the Australian Local Government Association (June 2016)

**Councillor Jan Loveday, Deputy Mayor attended**

- LGA Conference (October 2015)

**Councillor Linda Green, Presiding Member SPDPC attended**

- National General Assembly of the Australian Local Government Association (2016)

Monthly professional development training sessions have been held for Council Members and senior staff. The dates and venues for these sessions are publically documented in agendas for Ordinary Council meetings. Some Council Members also attended sessions held by the LGA. Training topics included:

- Long-term Financial Planning
- Customer Service
- Whistleblowing, Fraud Prevention and ICAC Reporting
- Records and Information Management for Council Members Procedure
- Strategic Planning
- Conflict of Interest - New provisions
- Aboriginal Awareness
- Aboriginal Recognition and Reconciliation
- Media Awareness
- Equity and Diversity
- Leadership
- LGAE&T Online Module 1 - Introduction to Local Government
- LGAE&T Online Module 2 - Legal Responsibilities
- LGAE&T Online Module 3 - Council and Committee Meetings
- Audit Committees

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## Executive Leadership Team arrangements

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

The Chief Executive Officer and four Directors have salary packages that incorporate the 9.5% compulsory superannuation and may include 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 Chief Executive Officer and Directors.

The Salary Register is available at the Stirling office.

## Remuneration payable to Council's auditor

**Remuneration expense for the annual audit of the Adelaide Hills Council Annual Financial Statements for 2015/16 was \$37,000.**

**No other remuneration was paid.**

# Rating Information

Rates income accounts for approximately 85% of Council's total income and is used to deliver 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) in addition to a fixed charge. 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 ratepayers can relate fairly easily to the market value of their property.

In applying the principles of any taxation it is important that the five principles of taxation (equity, benefit, ability to pay, efficiency and 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 \$86,000 was raised in 2015/16 which is distributed to the Stirling Business Association for promoting Stirling as a destination, the 'Gateway to the Hills'.

In addition to this, a separate rate was adopted in 2015/16 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 \$433 for 2015/16.

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. Annual rates notices include 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 South Australian 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 \$433 for 2015/16.



#### 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 1999* 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 and 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 2016

# Adelaide Hills Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2016

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*Nurturing our unique place and people*



## Adelaide Hills Council

### General Purpose Financial Statements for the year ended 30 June 2016

### 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 2016 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 Spring  
MAYOR

Date: 25 OCTOBER 2016

## Adelaide Hills Council

Statement of Comprehensive Income  
for the year ended 30 June 2016

\$ '000	Notes	2016	2015
<b>Income</b>			
Rates Revenues	2a	33,811	32,312
Statutory Charges	2b	956	911
User Charges	2c	1,345	1,258
Grants, Subsidies and Contributions	2g	2,789	4,515
Investment Income	2d	58	38
Reimbursements	2e	259	307
Other Income	2f	462	321
Net Gain - Equity Accounted Council Businesses	19	176	50
<b>Total Income</b>		<b>39,856</b>	<b>39,712</b>
<b>Expenses</b>			
Employee Costs	3a	14,228	13,382
Materials, Contracts & Other Expenses	3b	17,283	16,932
Depreciation, Amortisation & Impairment	3c	7,561	7,375
Finance Costs	3d	883	859
Net loss - Equity Accounted Council Businesses	19	224	12
<b>Total Expenses</b>		<b>40,179</b>	<b>38,560</b>
<b>Operating Surplus / (Deficit)</b>		<b>(323)</b>	<b>1,152</b>
Asset Disposal & Fair Value Adjustments	4	(1,106)	(1,554)
Amounts Received Specifically for New or Upgraded Assets	2g	2,868	920
<b>Net Surplus / (Deficit) <sup>1</sup></b>		<b>1,439</b>	<b>518</b>
<b>Other Comprehensive Income</b>			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Changes in Revaluation Surplus - I,PP&E	9a	2,683	8,952
Share of Other Comprehensive Income - Equity Accounted Council Businesses	19	4	0
<i>Amounts which will be reclassified subsequently to operating result</i>			
Nil			
<b>Total Other Comprehensive Income</b>		<b>2,687</b>	<b>8,952</b>
<b>Total Comprehensive Income</b>		<b>4,126</b>	<b>9,470</b>

<sup>1</sup> Transferred to Equity Statement



## Adelaide Hills Council

## Statement of Financial Position

as at 30 June 2016

\$ '000	Notes	2016	2015
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	5a	617	1,672
Trade & Other Receivables	5b	2,981	3,866
Inventories	5d	7	17
<b>Total Current Assets</b>		<b>3,605</b>	<b>5,555</b>
<b>Non-Current Assets</b>			
Financial Assets	6a	74	107
Equity Accounted Investments in Council Businesses	6b	1,245	1,271
Infrastructure, Property, Plant & Equipment	7a	298,542	296,579
Other Non-Current Assets	6c	3,935	3,124
<b>Total Non-Current Assets</b>		<b>303,796</b>	<b>301,081</b>
<b>TOTAL ASSETS</b>		<b>307,401</b>	<b>306,636</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade & Other Payables	8a	8,583	8,951
Borrowings	8b	3,582	6,806
Provisions	8c	1,481	1,319
<b>Total Current Liabilities</b>		<b>13,646</b>	<b>17,076</b>
<b>Non-Current Liabilities</b>			
Borrowings	8b	10,000	10,000
Provisions	8c	253	145
<b>Total Non-Current Liabilities</b>		<b>10,253</b>	<b>10,145</b>
<b>TOTAL LIABILITIES</b>		<b>23,899</b>	<b>27,221</b>
<b>Net Assets</b>		<b>283,502</b>	<b>279,415</b>
<b>EQUITY</b>			
Accumulated Surplus		135,298	133,930
Asset Revaluation Reserves	9a	146,002	143,319
Other Reserves	9c	2,202	2,166
<b>Total Council Equity</b>		<b>283,502</b>	<b>279,415</b>

## Adelaide Hills Council

Statement of Changes in Equity  
for the year ended 30 June 2016

\$ '000	Notes	Asset			Total Equity
		Accumulated Surplus	Revaluation Reserve	Other Reserves	
<b>2016</b>					
<b>Balance at the end of previous reporting period</b>		133,930	143,319	2,166	<b>279,415</b>
a. Adjustments (Correction of Prior Period Errors - Stormwater)	23a	-	-	-	-
b. Adjustments (Changes in Accounting Policies)	23b	-	-	-	-
c. Adjustments (Changes in Accounting Standards)	23c	-	-	-	-
<b>Restated Opening Balance</b>		<b>133,930</b>	<b>143,319</b>	<b>2,166</b>	<b>279,415</b>
d. Net Surplus / (Deficit) for Year		1,439		-	<b>1,439</b>
e. Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a	-	2,683	-	<b>2,683</b>
- Share of OCI - Equity Accounted Council Businesses	19	4	-	-	<b>4</b>
<b>Other Comprehensive Income</b>		<b>4</b>	<b>2,683</b>	<b>-</b>	<b>2,687</b>
<b>Total Comprehensive Income</b>		<b>1,443</b>	<b>2,683</b>	<b>-</b>	<b>4,126</b>
f. Transfers between Reserves		(75)		36	<b>(39)</b>
<b>Balance at the end of period</b>		<b>135,298</b>	<b>146,002</b>	<b>2,202</b>	<b>283,502</b>

## Adelaide Hills Council

Statement of Changes in Equity  
for the year ended 30 June 2016

\$ '000	Notes	Asset			Total Equity
		Accumulated Surplus	Revaluation Reserve	Other Reserves	
<b>2015</b>					
<b>Balance at the end of previous reporting period</b>		131,046	140,440	2,278	<b>273,764</b>
a. Adjustments (Correction of Prior Period Errors)	22a	1,443	(5,166)	-	<b>(3,723)</b>
<b>Restated Opening Balance</b>		<b>132,489</b>	<b>135,274</b>	<b>2,278</b>	<b>270,041</b>
<b>d. Net Surplus / (Deficit) for Year</b>		518	-	-	<b>518</b>
<b>e. Other Comprehensive Income</b>					
- Gain (Loss) on Revaluation of I,PP&E	7a	-	8,952	-	<b>8,952</b>
- Other Movements - Library Asset Revaluation Reserve		907	(907)	-	-
<b>Other Comprehensive Income</b>		907	8,045	-	<b>8,952</b>
<b>Total Comprehensive Income</b>		<b>1,425</b>	<b>8,045</b>	-	<b>9,470</b>
<b>f. Transfers between Reserves</b>		16	-	(112)	<b>(96)</b>
<b>Balance at the end of period</b>		<b>133,930</b>	<b>143,319</b>	<b>2,166</b>	<b>279,415</b>

## Adelaide Hills Council

### Statement of Cash Flows for the year ended 30 June 2016

\$ '000	Notes	2016	2015
<b>Cash Flows from Operating Activities</b>			
<b>Receipts</b>			
Rates Receipts		34,175	32,035
Statutory Charges		956	911
User Charges		1,345	1,258
Grants, Subsidies and Contributions (operating purpose)		2,834	4,518
Investment Receipts		58	38
Reimbursements		259	307
Other Receipts		3,134	2,175
<b>Payments</b>			
Payments to Employees		(13,272)	(13,397)
Payments for Materials, Contracts & Other Expenses		(20,660)	(20,988)
Finance Payments		(883)	(859)
<b>Net Cash provided by (or used in) Operating Activities</b>	11b	<b>7,946</b>	<b>5,998</b>
<b>Cash Flows from Investing Activities</b>			
<b>Receipts</b>			
Amounts Received Specifically for New/Upgraded Assets		2,868	920
Sale of Replaced Assets		18	17
Repayments of Loans by Community Groups		85	24
Distributions Received from Equity Accounted Council Businesses		167	58
<b>Payments</b>			
Expenditure on Renewal/Replacement of Assets		(8,355)	(5,932)
Expenditure on New/Upgraded Assets		(421)	(2,571)
Loans Made to Community Groups		-	-
Capital Contributed to Equity Accounted Council Businesses		(224)	(12)
<b>Net Cash provided by (or used in) Investing Activities</b>		<b>(5,862)</b>	<b>(7,496)</b>
<b>Cash Flows from Financing Activities</b>			
<b>Receipts</b>			
Proceeds from Borrowings		-	5,000
Proceeds from Aged Care Facility Deposits		85	-
<b>Payments</b>			
Repayments of Borrowings		(28)	(65)
Repayment of Bonds & Deposits		-	-
Repayment of Aged Care Facility Deposits		-	(154)
<b>Net Cash provided by (or used in) Financing Activities</b>		<b>57</b>	<b>4,781</b>
<b>Net Increase (Decrease) in Cash Held</b>		<b>2,141</b>	<b>3,283</b>
plus: <b>Cash &amp; Cash Equivalents at beginning of period</b>	11	<b>(4,974)</b>	<b>(8,257)</b>
<b>Cash &amp; Cash Equivalents at end of period</b>	11	<b>(2,833)</b>	<b>(4,974)</b>



## Adelaide Hills Council

### Notes to and forming part of the Financial Statements for the year ended 30 June 2016

#### Note 1. Summary of Significant Accounting Policies (continued)

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* dated.

##### 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 income in a previous reporting period which were obtained in respect of the Council's operations for the current reporting period.

In recent years the payment of untied financial assistance grants has varied from the annual allocation as shown in the table below:

	Cash Payment Received	Annual Allocation	Difference
2013/14	\$896,910	\$1,725,640	-\$828,730
2014/15	\$2,349,053	\$1,520,880	+\$828,173
2015/16	\$696,644	\$1,512,372	-\$815,728

Because these grants are untied, the Australian Accounting Standards require that payments be recognised upon receipt. Accordingly, the operating results of these periods have been distorted compared to those that would have been reported

## Adelaide Hills Council

### Notes to and forming part of the Financial Statements for the year ended 30 June 2016

#### Note 1. Summary of Significant Accounting Policies (continued)

had the grants been paid in the year to which they were allocated.

The Operating Surplus Ratio disclosed in Note 15 has also been calculated after adjusting for the distortions resulting from the differences between the actual grants received and the grants entitlements allocated.

#### 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.

##### 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

##### 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.

Asset Type	Capitalisation Threshold
Buildings	\$5,000
Retirement Villages	\$2,000
Street Furniture	\$1,000
All other Infrastructure Assets	\$5,000
Plant & Equipment	\$1,000
Furniture & Fittings	\$1,000

##### 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

## Adelaide Hills Council

### Notes to and forming part of the Financial Statements for the year ended 30 June 2016

#### Note 1. Summary of Significant Accounting Policies (continued)

detail of these uncertainties, and of existing valuations, methods and valuers are provided at Note 7.

##### 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.

##### *Plant, Furniture & Equipment*

Office Equipment	5 to 10 years
Office Furniture	10 to 20 years
Vehicles and Road-making Equip	5 to 8 years
Other Plant & Equipment	5 to 15 years

##### *Building & Other Structures*

Buildings – masonry	50 to 100 years
Buildings – other construction	20 to 40 years
Park Structures – masonry	50 to 100 years
Park Structures – other construction	20 to 40 years
Playground equipment	5 to 15 years
Benches, seats, etc	10 to 20 years

##### *Infrastructure*

Sealed Roads – Surface	15 to 25 years
Sealed Roads – Structure	20 to 50 years
Unsealed Roads	10 to 20 years
Pavement & formation	60 to 600 years
Bridges – Concrete	80 to 100 years
Paving & Footpaths, Kerb & Gutter	80 to 100 years
Drains	80 to 100 years
Culverts	50 to 75 years
Flood Control Structures	80 to 100 years
Dams and Reservoirs	80 to 100 years
Bores	20 to 40 years
Reticulation Pipes – PVC	70 to 80 years
Reticulation Pipes – other	25 to 75 years
Pumps & Telemetry	15 to 25 years

##### 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 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.

###### 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 Council

## Adelaide Hills Council

### Notes to and forming part of the Financial Statements for the year ended 30 June 2016

#### Note 1. Summary of Significant Accounting Policies (continued)

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

#### 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 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.

##### 9.2 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.

#### 10 Provisions

##### 10.1 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.

#### 11 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.



## Adelaide Hills Council

### Notes to and forming part of the Financial Statements for the year ended 30 June 2016

#### Note 1. Summary of Significant Accounting Policies (continued)

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.

- 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.

#### 12 Construction Contracts

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

#### 13 Equity Accounted Council Businesses

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.

#### 14 GST Implications

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

- Receivables and Creditors include GST receivable and payable.

#### 15 New accounting standards and UIG interpretations

In the current year, Council adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. The adoption of the new and revised Standards and Interpretations has not resulted in any material changes to Council's accounting policies.

Adelaide Hills Council has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective with the exception of AASB 2015-7 *Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities*. Generally Council applies standards and interpretations in accordance with their respective commencement dates. The retrospective application of AASB 2015-7 has exempted Council from the disclosure of quantitative information and sensitivity analysis for some valuations categorised within Level 3 of the fair value hierarchy.

At the date of authorisation of the financial report, AASB 9 *Financial Instruments* and AASB 2015-6 *Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities* are the only new accounting standards with a future application date that are expected to have a material impact on Council's financial statements.

From 1 July 2016 AASB 124 *Related Party Disclosures* will apply to Council, which means that Council will disclose more information about related parties and transactions with those related parties.

AASB 9, which replaces AASB 139 *Financial Instruments: Recognition and Measurement*, is

## Adelaide Hills Council

### Notes to and forming part of the Financial Statements for the year ended 30 June 2016

#### Note 1. Summary of Significant Accounting Policies (continued)

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effective for reporting periods beginning on or after 1 January 2018 and must be applied retrospectively. The main 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 and financial assets will only be able to be measured at amortised cost where very specific conditions are met.

As a result, Council will be required to measure its financial assets at fair value. There will be no financial impact on the consolidated financial statements.

Council is still reviewing the way that revenue is measured and recognised to identify whether AASB 15 Revenue from Contracts with Customers will have a material impact. To date no impact has been identified.

AASB 15 is effective from 1 January 2018 and will replace AASB 118 Revenue, AASB 111 Construction Contracts and a number of Interpretations. It contains a comprehensive and robust framework for the recognition, measurement and disclosure of revenue from contracts with customers.

Other amended Australian Accounting Standards and Interpretations which were issued at the date of authorisation of the financial report, but have future commencement dates are not likely to have a material impact on the financial statements.

The amended Australian Accounting Standards and Interpretations which were issued at the date of authorisation of the financial report, but have future commencement dates are not likely to have a material impact on the financial statements.

#### 16 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.

#### 17 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 2016

## Note 2. Income

\$ '000	Notes	2016	2015
<b>(a). Rates Revenues</b>			
<b>General Rates</b>			
General Rates		31,639	30,230
Less: Mandatory Rebates		(217)	(224)
Less: Discretionary Rebates, Remissions & Write Offs		(109)	(92)
<b>Total General Rates</b>		<b>31,313</b>	<b>29,914</b>
<b>Other Rates (Including Service Charges)</b>			
Natural Resource Management Levy		836	810
Community Wastewater Management Systems		1,283	1,274
Verrall Road Separate Rate		5	5
Stirling Business Association Separate Rate		86	78
<b>Total Other Rates</b>		<b>2,210</b>	<b>2,167</b>
<b>Other Charges</b>			
Penalties for Late Payment		186	195
Legal & Other Costs Recovered		102	36
<b>Total Other Charges</b>		<b>288</b>	<b>231</b>
<b>Total Rates Revenues</b>		<b>33,811</b>	<b>32,312</b>
<b>(b). Statutory Charges</b>			
Development Act Fees		307	308
Town Planning Fees		134	130
Animal Registration Fees & Fines		354	328
Parking Fines / Expiation Fees		47	49
Other Licences, Fees & Fines		114	96
<b>Total Statutory Charges</b>		<b>956</b>	<b>911</b>
<b>(c). User Charges</b>			
Cemetery/Crematoria Fees		173	168
Community Centres		103	90
Adelaide Hills Business and Tourism Centre (AHBTC)		478	537
Dump Fees		7	2
Rate Searches		61	57
Retirement Villages		333	337
Sundry		190	67
<b>Total User Charges</b>		<b>1,345</b>	<b>1,258</b>

## Adelaide Hills Council

### Notes to and forming part of the Financial Statements for the year ended 30 June 2016

#### Note 2. Income (continued)

\$ '000	Notes	2016	2015
<b>(d). Investment Income</b>			
Local Government Finance Authority		11	12
Banks & Other		34	10
Loans to Community Groups		13	16
<b>Total Investment Income</b>		<b>58</b>	<b>38</b>
<b>(e). Reimbursements</b>			
Private Works		21	50
Other		238	257
<b>Total Reimbursements</b>		<b>259</b>	<b>307</b>
<b>(f). Other Income</b>			
Insurance & Other Recoupments - Infrastructure, IPP&E		13	12
Sundry		449	309
<b>Total Other Income</b>		<b>462</b>	<b>321</b>
<b>(g). Grants, Subsidies, Contributions</b>			
Amounts Received Specifically for New or Upgraded Assets		2,868	920
Other Grants, Subsidies and Contributions		2,789	4,515
<b>Total Grants, Subsidies, Contributions</b>		<b>5,657</b>	<b>5,435</b>
The functions to which these grants relate are shown in Note 12.			
<b>(i) Sources of grants</b>			
Commonwealth Government		2,039	3,582
State Government		3,008	1,250
Other		610	603
<b>Total</b>		<b>5,657</b>	<b>5,435</b>
<b>(ii) Individually Significant Items</b>			
2015/16 Financial Assistance Grant Recognised as Income		697	1,530
Additional 2015/16 Financial Assistance Grant Recognised as Income		-	820
Home and Community Care (HACC)		859	1,006
Library Lending Materials		279	268
Upper Torrens Land Management Project (UTLMP)		466	628
Road Network Grants		2,614	617
National Broadband Network		-	70
Mt Lofty Environmental Project		100	100
Sampson Flat Bushfire Grant		112	-



## Adelaide Hills Council

### Notes to and forming part of the Financial Statements for the year ended 30 June 2016

#### Note 2. Income (continued)

\$ '000	Notes	2016	2015
<b>(h). Conditions over Grants &amp; Contributions</b>			
Nil			
<b>(i). Physical Resources Received Free of Charge</b>			
Nil			

## Adelaide Hills Council

### Notes to and forming part of the Financial Statements for the year ended 30 June 2016

#### Note 3. Expenses

\$ '000	Notes	2016	2015
<b>(a). Employee Costs</b>			
Salaries and Wages		12,712	11,991
Employee Leave Expense		341	373
Superannuation - Defined Contribution Plan Contributions	18	937	815
Superannuation - Defined Benefit Plan Contributions	18	239	269
Workers' Compensation Insurance		329	357
Personal Income Protection Insurance		188	155
Fringe Benefits Tax (FBT)		284	240
Other		39	47
Less: Capitalised and Distributed Costs		(841)	(865)
<b>Total Operating Employee Costs</b>		<b>14,228</b>	<b>13,382</b>
Total Number of Employees (full time equivalent at end of reporting period)		173	155
<b>(b). Materials, Contracts and Other Expenses</b>			
<b>(i) Prescribed Expenses</b>			
Auditor's Remuneration			
- Auditing the Financial Reports		37	22
Elected Members' Expenses		392	364
Election Expenses		45	42
Operating Lease Rentals - Cancellable Leases		270	296
<b>Subtotal - Prescribed Expenses</b>		<b>744</b>	<b>724</b>
<b>(ii) Other Materials, Contracts and Expenses</b>			
Contractors		9,936	9,806
Contributions & Donations		562	440
Energy		576	628
Insurance		629	505
Legal Expenses		209	126
Levies Paid to Government - NRM levy		826	807
Levies - Other		330	308
Parts, Accessories & Consumables		2,605	2,311
Professional Services		160	124
Sundry		706	1,153
<b>Subtotal - Other Material, Contracts &amp; Expenses</b>		<b>16,539</b>	<b>16,208</b>
<b>Total Materials, Contracts and Other Expenses</b>		<b>17,283</b>	<b>16,932</b>

## Adelaide Hills Council

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2016

## Note 3. Expenses (continued)

\$ '000	Notes	2016	2015
<b>(c). Depreciation, Amortisation and Impairment</b>			
<b>(i) Depreciation and Amortisation</b>			
- Buildings		786	865
- Stormwater		352	360
- Community Wastewater Management Systems		392	383
- Roads		3,612	3,341
- Bridges		250	249
- Footpaths		298	309
- Retaining Walls		106	173
- Guardrails		103	109
- Kerb & Gutter		405	368
- Traffic Controls		39	39
- Street Furniture		59	42
- Sport & Recreation		300	294
- Playgrounds		46	45
- Cemeteries		31	33
Plant & Equipment		718	696
Furniture & Fittings		64	69
<b>Subtotal</b>		<b>7,561</b>	<b>7,375</b>
<b>Total Depreciation, Amortisation and Impairment</b>		<b>7,561</b>	<b>7,375</b>
<b>(d). Finance Costs</b>			
Interest on Overdraft and Short-Term Drawdown		165	214
Interest on Loans		607	548
Merchant Fees		70	67
Bank Charges		37	30
<b>Total Finance Costs</b>		<b>883</b>	<b>859</b>

## Adelaide Hills Council

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2016

## Note 4. Asset Disposal &amp; Fair Value Adjustments

\$ '000	Notes	2016	2015
Infrastructure, Property, Plant & Equipment			
<b>(i) Assets Renewed or Directly Replaced</b>			
Proceeds from Disposal		18	17
Less: Carrying Amount of Assets Sold		(1,124)	(1,571)
<b>Gain (Loss) on Disposal</b>		<b>(1,106)</b>	<b>(1,554)</b>
<b>Net Gain (Loss) on Disposal or Revaluation of Assets</b>		<b>(1,106)</b>	<b>(1,554)</b>

## Adelaide Hills Council

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2016

## Note 5. Current Assets

\$ '000	Notes	2016	2015
<b>(a). Cash &amp; Cash Equivalents</b>			
Cash on Hand at Bank		259	503
Deposits at Call - Advance Payment of Financial Assistance Grant		-	820
Short Term Deposits & Bills, etc.		358	349
<b>Total Cash &amp; Cash Equivalents</b>		<b>617</b>	<b>1,672</b>
<b>(b). Trade &amp; Other Receivables</b>			
Rates - General & Other		1,539	1,908
Council Rates Postponement Scheme		25	20
Accrued Revenues		569	750
Debtors - General		280	490
Other Levels of Government		107	152
Goods & Services Tax (GST) Recoupment		133	202
Prepayments		275	276
Loans to Community Organisations		83	135
<b>Subtotal</b>		<b>3,011</b>	<b>3,933</b>
Less: Allowance for Doubtful Debts		(30)	(67)
<b>Total Trade &amp; Other Receivables</b>		<b>2,981</b>	<b>3,866</b>
<b>(c). Other Financial Assets (Investments)</b>			
Nil			
<b>(d). Inventories</b>			
Stores & Materials		7	17
<b>Total Inventories</b>		<b>7</b>	<b>17</b>



## Adelaide Hills Council

### Notes to and forming part of the Financial Statements for the year ended 30 June 2016

#### Note 6. Non-Current Assets

\$ '000	Notes	2016	2015
<b>(a). Financial Assets</b>			
<b>Receivables</b>			
Loans to Community Organisations		74	107
<b>Total Receivables</b>		<b>74</b>	<b>107</b>
<b>Other Financial Assets (Investments)</b>			
Nil			
<b>Total Financial Assets</b>		<b>74</b>	<b>107</b>
<b>(b). Equity Accounted Investments in Council Businesses</b>			
Gawler River Floodplain Management Authority (GRFMA)	19	562	393
Eastern Waste Management Authority (EWMA)	19	25	41
Adelaide Hills Regional Waste Management Authority (AHRWMA)	19	658	837
<b>Total Equity Accounted Investments in Council Businesses</b>		<b>1,245</b>	<b>1,271</b>
<b>(c). Other Non-Current Assets</b>			
<b>(i) Inventories</b>			
Nil			
<b>(ii) Other</b>			
Capital Works-in-Progress		3,935	3,124
<b>Total Other Non-Current Assets</b>		<b>3,935</b>	<b>3,124</b>

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2016

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

\$ '000	Fair Value Level	as at 30/6/2015					Asset Movements during the Reporting Period						as at 30/6/2016				
		At Fair Value	At Cost	Accumulated		Carrying Value	Asset Additions		WDV of Asset Disposals	Depreciation Expense (Note 3c)	Adjustments & Transfers	Revaluation Increments to Equity (ARR) (Note 9)	At Fair Value	At Cost	Accumulated		Carrying Value
				Dep'n	Impairment		New / Upgrade	Renewals							Dep'n	Impairment	
- Land - Community	2	57,206	-	-	-	57,206	-	-	-	-	1,481	-	58,687	-	-	-	58,687
- Buildings	3	65,402	-	42,154	-	23,248	-	357	-	(786)	-	202	66,328	-	43,307	-	23,021
- Stormwater	3	32,751	-	9,071	-	23,680	-	577	(9)	(352)	-	137	33,505	-	9,472	-	24,033
- Community Wastewater Management Systems	3	18,822	-	7,274	-	11,548	-	49	-	(392)	-	67	18,980	-	7,708	-	11,272
- Roads	3	198,877	-	77,304	-	121,573	-	4,352	(881)	(3,612)	-	1,882	203,291	-	79,974	-	123,317
- Bridges	3	15,778	-	6,667	-	9,111	-	128	-	(250)	-	142	16,152	-	7,021	-	9,131
- Footpaths	3	11,199	-	4,354	-	6,845	-	705	(45)	(298)	-	40	11,900	-	4,653	-	7,247
- Retaining Walls	3	6,909	-	1,769	-	5,140	-	78	-	(106)	-	30	7,027	-	1,885	-	5,142
- Guardrails	3	5,195	-	769	-	4,426	-	575	-	(103)	-	26	5,799	-	876	-	4,923
- Kerb & Gutter	3	29,573	-	15,061	-	14,512	-	79	(49)	(405)	-	84	29,704	-	15,484	-	14,220
- Traffic Controls	3	2,018	-	613	-	1,405	-	-	-	(39)	-	8	2,030	-	656	-	1,374
- Street Furniture	3	2,562	-	1,081	-	1,481	-	104	(3)	(59)	-	9	2,664	-	1,134	-	1,530
- Sport & Recreation	3	14,927	-	8,251	-	6,676	-	243	-	(310)	-	39	15,258	-	8,609	-	6,649
- Playgrounds	3	1,126	-	434	-	692	-	-	-	(46)	-	4	1,133	-	483	-	650
- Cemeteries	3	3,303	-	1,107	-	2,196	-	-	-	(31)	(1,481)	13	1,841	-	1,144	-	697
Plant & Equipment		-	10,398	5,275	-	5,123	1,112	-	(601)	(718)	-	-	-	10,230	5,314	-	4,916
Furniture & Fittings		-	2,926	1,209	-	1,717	70	-	-	(54)	-	-	-	3,211	1,478	-	1,733
<b>Total Infrastructure, Property, Plant &amp; Equipment</b>		<b>465,648</b>	<b>13,324</b>	<b>182,393</b>	<b>-</b>	<b>296,579</b>	<b>1,182</b>	<b>7,247</b>	<b>(1,588)</b>	<b>(7,561)</b>	<b>-</b>	<b>2,683</b>	<b>474,299</b>	<b>13,441</b>	<b>189,198</b>	<b>-</b>	<b>298,542</b>
<b>Comparatives</b>		<b>451,817</b>	<b>13,022</b>	<b>177,465</b>	<b>-</b>	<b>287,374</b>	<b>7</b>	<b>9,342</b>	<b>(1,571)</b>	<b>(7,375)</b>	<b>-</b>	<b>8,952</b>	<b>465,648</b>	<b>13,324</b>	<b>182,393</b>	<b>-</b>	<b>296,579</b>

## Adelaide Hills Council

### Notes to and forming part of the Financial Statements for the year ended 30 June 2016

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

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\$ '000

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##### 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 being 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 2016Note 7b. Valuation of Infrastructure, Property, Plant & Equipment &  
Investment Property (continued)

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**\$ '000**

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## Valuation of Assets (continued)

**Other Information**

At 1 July 2004 upon the transition to AIFRS, Council elected pursuant to AASB 1.19 to retain a previously established deemed cost under GAAP as its deemed cost. With subsequent addition at cost, this remains 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.

## Adelaide Hills Council

### Notes to and forming part of the Financial Statements for the year ended 30 June 2016

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

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\$ '000

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##### 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 2016.
- 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, specific for Adelaide.
- Table 17 Output of the Construction Industries, Adelaide index numbers for June 2016.

##### 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 2016.
- 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 2016.

##### **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 suggested 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 was disclosed in the Note 7, Balance Sheet and Comprehensive Income Statement for 2014/15.
- The final results of the Stormwater field work after June 2015 further identified a net decrease of \$3.7m in Written Down Value (WDV) of recorded Stormwater network not belonging to Council. This adjustment is disclosed in Note 7, Balance Sheet and Comprehensive Income Statement for 2015/16.
- 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 2016.

##### **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 2016

## Note 8. Liabilities

\$ '000	Notes	2016 Current	2016 Non Current	2015 Current	2015 Non Current
<b>(a). Trade and Other Payables</b>					
Goods & Services		2,025	-	2,059	-
Payments Received in Advance		193	-	308	-
Accrued Expenses - Employee Entitlements		1,727	-	982	-
Accrued Expenses - Other		295	-	1,383	-
Aged Care Facility Deposits		4,041	-	3,956	-
Deposits, Retentions & Bonds		1	-	1	-
Rates - General and other (credit balances)		200	-	200	-
Other		101	-	62	-
<b>Total Trade and Other Payables</b>		<b>8,583</b>	<b>-</b>	<b>8,951</b>	<b>-</b>
<b>(b). Borrowings</b>					
Bank Overdraft		3,450	-	6,646	-
Loans		132	10,000	160	10,000
<b>Total Borrowings</b>		<b>3,582</b>	<b>10,000</b>	<b>6,806</b>	<b>10,000</b>
All interest bearing liabilities are secured over the future revenues of the Council					
<b>(c). Provisions</b>					
Employee Entitlements (including oncosts)		1,455	120	1,282	82
Future Reinstatement / Restoration, etc		26	133	37	63
<b>Total Provisions</b>		<b>1,481</b>	<b>253</b>	<b>1,319</b>	<b>145</b>

## Adelaide Hills Council

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2016

## Note 9. Reserves

\$ '000	1/7/2015	Increments (Decrements)	Transfers	Impairments	30/6/2016
<b>(a). Asset Revaluation Reserve</b>					
- Land - Community	29,961	-	-	-	29,961
- Buildings	4,988	202	-	-	5,190
- Stormwater	17,640	137	-	-	17,777
- Community Wastewater Management Systems	3,654	67	-	-	3,721
- Roads	58,576	1,882	-	-	60,458
- Bridges	3,632	142	-	-	3,774
- Footpaths	256	40	-	-	296
- Retaining Walls	2,406	30	-	-	2,436
- Guardrails	2,745	26	-	-	2,771
- Kerb & Gutter	12,995	84	-	-	13,079
- Traffic Controls	487	8	-	-	495
- Street Furniture	1,164	9	-	-	1,173
- Sport & Recreation	2,561	39	-	-	2,600
- Playgrounds	64	4	-	-	68
- Cemeteries	2,190	13	-	-	2,203
<b>Total Asset Revaluation Reserve</b>	<b>143,319</b>	<b>2,683</b>	<b>-</b>	<b>-</b>	<b>146,002</b>
<b>Comparatives 2014/15</b>	<b>135,274</b>	<b>8,952</b>	<b>(907)</b>	<b>-</b>	<b>143,319</b>

\$ '000	1/7/2015	Tfrs to Reserve	Tfrs from Reserve	Other Movements	30/6/2016
<b>(c). Other Reserves</b>					
Investment in Associates	759	-	(28)	-	731
Community Wastewater Management Systems	948	-	(192)	-	756
Retirement Village Lobethal	54	26	-	-	80
Retirement Village Woodside	204	3	-	-	207
Retirement Village Balhannah	-	7	-	-	7
Retirement Village Fee Bond	43	-	-	-	43
Torrens Valley Community Centre	99	18	-	-	117
Library	6	11	-	-	17
Upper Torrens Land Management Project	48	-	(48)	-	-
Scott Creek Progress Association	6	-	-	-	6
Environmental Fund Reserve	-	232	-	-	232
Significant Trees Reserve	-	6	-	-	6
<b>Total Other Reserves</b>	<b>2,167</b>	<b>303</b>	<b>(268)</b>	<b>-</b>	<b>2,202</b>
<b>Comparatives 2014/15</b>	<b>2,278</b>	<b>81</b>	<b>(192)</b>	<b>-</b>	<b>2,167</b>

## Adelaide Hills Council

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2016

## Note 10. Assets Subject to Restrictions

\$ '000	Notes	2016	2015
<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>			
<b>Cash &amp; Financial Assets</b>			
Nil			
<b>Unexpended amounts received from Federal Government</b>			
Community Wastewater Management Systems Investigations		335	328
<b>Total Cash &amp; Financial Assets</b>		<b>335</b>	<b>328</b>

## Adelaide Hills Council

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2016

## Note 11. Reconciliation to Statement of Cash Flows

\$ '000	Notes	2016	2015
<b>(a). Reconciliation of Cash</b>			
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	617	1,672
Less: Short-Term Borrowings	8	(3,450)	(6,646)
<b>Balances per Statement of Cash Flows</b>		<b>(2,833)</b>	<b>(4,974)</b>
<b>(b). Reconciliation of Change in Net Assets to Cash from Operating Activities</b>			
<b>Net Surplus/(Deficit)</b>		<b>1,439</b>	<b>518</b>
Non-Cash Items in Income Statements			
Depreciation, Amortisation & Impairment		7,561	7,375
Equity Movements in Equity Accounted Investments (Increase)/Decrease		48	(38)
Grants for Capital Acquisitions (Treated as Investing Activity Receipts)		(2,868)	(920)
Net (Gain) Loss on Disposals		1,106	1,554
		<b>7,286</b>	<b>8,489</b>
<b>Add (Less): Changes in Net Current Assets</b>			
Net (Increase)/Decrease in Receivables		870	(698)
Change in Allowances for Under-Recovery of Receivables		37	-
Net (Increase)/Decrease in Inventories		10	1
Net (Increase)/Decrease in Other Current Assets		(74)	-
Net Increase/(Decrease) in Trade & Other Payables		(453)	(1,928)
Net Increase/(Decrease) in Unpaid Employee Benefits		211	113
Net Increase/(Decrease) in Other Provisions		59	21
<b>Net Cash provided by (or used in) operations</b>		<b>7,946</b>	<b>5,998</b>
<b>(c). Non-Cash Financing and Investing Activities</b>			
Nil			

## Adelaide Hills Council

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2016

#### 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 2016	Actual 2015	Actual 2016	Actual 2015	Actual 2016	Actual 2015	Actual 2016	Actual 2015	Actual 2016	Actual 2015
<b>\$ '000</b>										
Community Development	2,282	2,166	6,160	5,587	(3,878)	(3,421)	1,432	1,391	-	-
Environmental Management	596	957	1,062	1,825	(466)	(868)	566	881	-	-
Governance and Administration	707	760	4,116	3,820	(3,409)	(3,060)	572	416	8,859	10,057
Infrastructure	392	1,137	14,949	12,976	(14,557)	(11,839)	3,087	2,748	298,542	296,579
Land Use and Planning	483	458	1,881	1,718	(1,398)	(1,260)	-	-	-	-
Laws and Enforcement	544	385	1,129	345	(585)	40	-	-	-	-
Waste Management	222	93	5,243	4,992	(5,021)	(4,899)	-	-	-	-
Financial Management	34,630	33,756	5,639	7,297	28,991	26,459	-	-	-	-
<b>Total Functions/Activities</b>	<b>39,856</b>	<b>39,712</b>	<b>40,179</b>	<b>38,560</b>	<b>(323)</b>	<b>1,152</b>	<b>5,657</b>	<b>5,435</b>	<b>307,401</b>	<b>306,636</b>

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



## Adelaide Hills Council

### Notes to and forming part of the Financial Statements for the year ended 30 June 2016

#### Note 12b. Components of Functions

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\$ '000

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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 2016

#### 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 1.875% and 2.375% (2015: 2.5% and 2.5%). Short term deposits have an average maturity of nil (0) days and an average interest rate of 2.375% (2015: 1 day and 2.5%).

##### 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 7.00 % (2015: 7.25%). 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 2016

#### Note 13. Financial Instruments (continued)

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\$ '000

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#### 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 day from 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 2016

## Note 13. Financial Instruments (continued)

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 \$ '000
 

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**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 on agreed terms; interest is charged at fixed rates between 4.6% and 6.25% (2015: 4.6% and 6.25%).

**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 2016

## Note 13. Financial Instruments (continued)

\$ '000	Due < 1 year	Due > 1 year & 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
<b>2016</b>					
<b>Financial Assets</b>					
Cash & Equivalents	617	-	-	617	617
Receivables	1,009	16	-	1,025	1,009
Other Financial Assets	83	74	-	157	-
<b>Total Financial Assets</b>	<b>1,709</b>	<b>90</b>	<b>-</b>	<b>1,799</b>	<b>1,626</b>
<b>Financial Liabilities</b>					
Payables	8,394	-	-	8,394	8,390
Current Borrowings	3,582	16	-	3,598	3,582
Non-Current Borrowings	-	10,000	-	10,000	10,000
<b>Total Financial Liabilities</b>	<b>11,976</b>	<b>10,016</b>	<b>-</b>	<b>21,992</b>	<b>21,972</b>
<b>2015</b>					
<b>Financial Assets</b>					
Cash & Equivalents	1,672	-	-	1,672	1,672
Receivables	1,460	265	-	1,725	1,460
Other Financial Assets	135	107	-	242	230
<b>Total Financial Assets</b>	<b>3,267</b>	<b>372</b>	<b>-</b>	<b>3,639</b>	<b>3,362</b>
<b>Financial Liabilities</b>					
Payables	8,643	-	-	8,643	8,643
Current Borrowings	6,806	-	-	6,806	6,806
Non-Current Borrowings	-	10,000	-	10,000	10,000
<b>Total Financial Liabilities</b>	<b>15,449</b>	<b>10,000</b>	<b>-</b>	<b>25,449</b>	<b>25,449</b>

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

	30 June 2016		30 June 2015	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Overdraft	3.75%	3,450	4.25%	6,646
Other Variable Rates	4.37%	132	4.72%	160
Fixed Interest Rates	5.68%	10,000	5.68%	10,000
		<b>13,582</b>		<b>16,806</b>

**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 2016

#### Note 13. Financial Instruments (continued)

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\$ '000

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##### 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 2016

#### Note 14. Commitments for Expenditure

\$ '000	Notes	2016	2015
<b>(a). Capital Commitments</b>			
<b>Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:</b>			
Plant & Equipment		9	38
Other		594	107
		<u>603</u>	<u>145</u>
<b>These expenditures are payable:</b>			
Not later than one year		603	145
		<u>603</u>	<u>145</u>
<b>(b). Other Expenditure Commitments</b>			
<b>Other expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:</b>			
Audit Services		30	48
Waste Management Services		-	2,620
Employee Remuneration Contracts		7,187	7,871
		<u>7,217</u>	<u>10,539</u>
<b>These expenditures are payable:</b>			
Not later than one year		1,860	4,295
Later than one year and not later than 5 years		5,357	6,244
		<u>7,217</u>	<u>10,539</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 2016

## Note 15. Financial Indicators

\$ '000	Amounts	Indicator	Prior Periods	
	2016	2016	2015	2014

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	(323)			
Total Operating Revenue	39,856	(1%)	3%	(1%)

*This ratio expresses the operating surplus as a percentage of total operating revenue.*

**1a. Adjusted Operating Surplus Ratio**

In 2014/15 the Federal Government has made advance payment prior to 30th June from the 2015/16 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.

The amount of the Financial Assistance grant received in advance in 2014/15 was \$820k.

	497			
	39,856	1%	1%	2%

**2. Net Financial Liabilities Ratio**

Net Financial Liabilities	20,227			
Total Operating Revenue	39,856	51%	54%	60%

*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	8,337			
Infrastructure & Asset Management Plan required expenditure	7,561	110%	80%	166%

*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 2016

### Note 15. Financial Indicators - Graphs (continued)

<p><b>1. Operating Surplus Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2013</td> <td>2%</td> </tr> <tr> <td>2014</td> <td>-1%</td> </tr> <tr> <td>2015</td> <td>3%</td> </tr> <tr> <td>2016</td> <td>-1%</td> </tr> </tbody> </table>	Year	Ratio %	2013	2%	2014	-1%	2015	3%	2016	-1%	<p><b>Purpose of Operating Surplus Ratio</b></p> <p>This indicator is to determine the percentage the operating revenue varies from operating expenditure</p>	<p><b>Commentary on 2015/16 Result</b></p> <p><b>2015/16 Ratio -1%</b></p> <p>Council reports a -1% ratio, again distorted by the early payment in 2014/15 of \$820k of 2015/16 Financial Assistance Grant (FAG). In 2015/16 Council received \$820k less than the allocated FAG grant revenue because it was received in the previous year.</p>
Year	Ratio %											
2013	2%											
2014	-1%											
2015	3%											
2016	-1%											
<p><b>1a. Adjusted Operating Surplus Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2013</td> <td>2%</td> </tr> <tr> <td>2014</td> <td>2%</td> </tr> <tr> <td>2015</td> <td>1%</td> </tr> <tr> <td>2016</td> <td>1%</td> </tr> </tbody> </table>	Year	Ratio %	2013	2%	2014	2%	2015	1%	2016	1%	<p><b>Purpose of Adjusted Operating Surplus Ratio</b></p> <p>This indicator is to determine the percentage the operating revenue (adjusted for timing differences in the Financial Assistance Grant) varies from operating expenditure</p>	<p><b>Commentary on 2015/16 Result</b></p> <p><b>2015/16 Ratio 1%</b></p> <p>Were it not for the short payment of the FAG grant in 2015/16, Council's underlying Operating Surplus would have been \$497k, (-\$323k + \$820k). The associated ratio would have been +1%.</p>
Year	Ratio %											
2013	2%											
2014	2%											
2015	1%											
2016	1%											
<p><b>2. Net Financial Liabilities Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2013</td> <td>53%</td> </tr> <tr> <td>2014</td> <td>60%</td> </tr> <tr> <td>2015</td> <td>54%</td> </tr> <tr> <td>2016</td> <td>51%</td> </tr> </tbody> </table>	Year	Ratio %	2013	53%	2014	60%	2015	54%	2016	51%	<p><b>Purpose of Net Financial Liabilities Ratio</b></p> <p>This indicator shows the significance of the net amount owed to others, compared to operating revenue</p>	<p><b>Commentary on 2015/16 Result</b></p> <p><b>2015/16 Ratio 51%</b></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 %											
2013	53%											
2014	60%											
2015	54%											
2016	51%											
<p><b>3. Asset Sustainability Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2013</td> <td>153%</td> </tr> <tr> <td>2014</td> <td>166%</td> </tr> <tr> <td>2015</td> <td>80%</td> </tr> <tr> <td>2016</td> <td>110%</td> </tr> </tbody> </table>	Year	Ratio %	2013	153%	2014	166%	2015	80%	2016	110%	<p><b>Purpose of Asset Sustainability Ratio</b></p> <p>This indicator aims to determine if assets are being renewed and replaced in an optimal way</p>	<p><b>Commentary on 2015/16 Result</b></p> <p><b>2015/16 Ratio 110%</b></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 %											
2013	153%											
2014	166%											
2015	80%											
2016	110%											

## Adelaide Hills Council

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2016

## Note 16. Uniform Presentation of Finances

\$ '000	2016	2015
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.		
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.		
Income	39,856	39,712
<i>less</i> Expenses	(40,179)	(38,560)
<b>Operating Surplus / (Deficit)</b>	<b>(323)</b>	<b>1,152</b>
<i>less</i> <b>Net Outlays on Existing Assets</b>		
Capital Expenditure on Renewal and Replacement of Existing Assets	8,355	5,932
<i>less</i> Depreciation, Amortisation and Impairment	(7,561)	(7,375)
<i>less</i> Proceeds from Sale of Replaced Assets	(18)	(17)
<b>Subtotal</b>	<b>776</b>	<b>(1,460)</b>
<i>less</i> <b>Net Outlays on New and Upgraded Assets</b>		
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	421	2,571
<i>less</i> Amounts Received Specifically for New and Upgraded Assets	(2,868)	(920)
<i>less</i> Proceeds from Sale of Surplus Assets (including Investment Property & and Real Estate Developments)	-	-
<b>Subtotal</b>	<b>(2,447)</b>	<b>1,651</b>
<b>Net Lending / (Borrowing) for Financial Year</b>	<b>1,348</b>	<b>961</b>

## Adelaide Hills Council

### Notes to and forming part of the Financial Statements for the year ended 30 June 2016

#### Note 17. Operating Leases

\$ '000	2016	2015
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##### 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

Nil

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

Not later than one year	147	181
Later than one year and not later than 5 years	116	318
Later than 5 years	-	-
	<b>263</b>	<b>499</b>

## Adelaide Hills Council

### Notes to and forming part of the Financial Statements for the year ended 30 June 2016

#### Note 18. Superannuation

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\$ '000

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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 2015/16; 9.50% in 2014/15). 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 2014/15) 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 2016

#### 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	
	2016	2015	2016	2015
Joint Ventures	(48)	38	1,245	1,272
<b>Total</b>	<b>(48)</b>	<b>38</b>	<b>1,245</b>	<b>1,272</b>

#### (i) JOINT VENTURES, ASSOCIATES AND JOINT OPERATIONS

##### (a) Carrying Amounts

Name of Entity	Principal Activity	2016	2015
Eastern Waste Management Authority	Waste Management	25	41
Gawler River Floodplain Management Authority	Floodplain Management	562	394
Adelaide Hills Regional Waste Management Authority	Waste Management	658	837
<b>Total Carrying Amounts - Joint Ventures &amp; Associates</b>		<b>1,245</b>	<b>1,272</b>

##### 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 Floodplain Management Authority. 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	
	2016	2015	2016	2015	2016	2015
Eastern Waste Management Authority	16.7%	14.9%	16.7%	14.9%	16.7%	14.9%
Gawler River Floodplain Management Authority	3.3%	3.1%	3.3%	3.1%	3.3%	3.1%
Adelaide Hills Regional Waste Management Authority	35.9%	36.3%	35.9%	36.3%	35.9%	36.3%

## Adelaide Hills Council

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2016

## 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	
	2016	2015	2016	2015
Opening Balance	41	42	394	405
Share in Operating Result	(1)	20	(8)	(11)
Share in Other Comprehensive Income	6	0		-
New Capital Contributions	18	18		-
Distributions Received				-
Adjustments to Equity	(39)	(39)	176	-
<b>Council's Equity Share in the Joint Venture or Associate</b>	<b>25</b>	<b>41</b>	<b>562</b>	<b>394</b>

	Adelaide Hills Regional Waste Management Authority	
	2016	2015
Opening Balance	837	831
Share in Operating Result	(141)	6
Share in Other Comprehensive Income	(2)	-
New Capital Contributions		-
Distributions Received		-
Adjustments to Equity	(36)	-
<b>Council's Equity Share in the Joint Venture or Associate</b>	<b>658</b>	<b>837</b>

## Adelaide Hills Council

### Notes to and forming part of the Financial Statements for the year ended 30 June 2016

#### Note 20. Contingencies & Assets/Liabilities Not Recognised in the Balance Sheet

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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 (2015: 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 8 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 2016

#### Note 21. Events after the Balance Sheet Date

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Events that occur after the reporting date of 30 June 2016, 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.

Accordingly, the "authorised for issue" date is 25th October 2016.

#### **Storms - September 2016**

**During September 2016 heavy rainfall caused localised flooding and wash-aways in many locations within the Council district. In addition the associated strong winds brought down a large number of trees and caused other storm related damage. Whilst the full financial impact of these events is yet to be fully assessed, a section of Montacute Road, Montacute with a current written down value of \$817k will need to be replaced. As a result of this replacement this asset will be impaired during the year ending 30 June 2017.**

#### **Adelaide Hills Regional Waste Management Authority (AHRWMA)**

**As at 30 June 2016 an equity accounted Council business (AHRWMA) is a defendant in Supreme Court procedures in which it is asserted that the AHRWMA made some misleading representations at the time that it transferred its interests in the Hartley Landfill to a third party. The AHRWMA is defending the claim and legal costs will continue to be incurred. At this time it is not possible to advise whether the AHRWMA will have any additional financial exposure.**

## Adelaide Hills Council

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2016

## Note 22. Equity - Retained Earnings and Revaluation Reserves Adjustments

\$ '000	2016	2015
<b>(a). Correction of Error/s relating to a Previous Reporting Period</b>		
<p>Stormwater field work completed during the 2015/16 year has determined that Stormwater assets previously recorded as being owned by Adelaide Hills Council are understood to be owned by other parties.</p> <p>The affected Stormwater assets have a Current Replacement Cost (CRC) of \$5,166k, Accumulated Depreciation of \$(1,443)k and a Written Down Value (WDV) of \$3,723k</p> <p><b>In accordance with AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors, the above Prior Period Errors have been recognised retrospectively.</b></p> <p><b>These amounted to the following Equity Adjustments:</b></p>		
- Adjustments to Opening Equity - 1/7/14 (relating to adjustments for the 30/6/14 reporting year end and prior periods)	(3,723)	-
- Adjustments to Closing Equity - 30/6/15 (relating to adjustments for the 30/6/15 year end)	-	-
<b>Total Prior Period Adjustments - Prior Period Errors</b>	<b>(3,723)</b>	<b>-</b>

Adelaide Hills Council

General Purpose Financial Statements  
for the year ended 30 June 2016

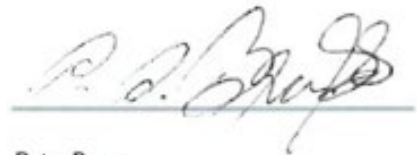
Certification of Auditor Independence

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 2016, 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: 4 OCTOBER 2016,





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AUSTRALIA

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

### **Report on the Financial Report**

We have audited the accompanying financial report of the Adelaide Hills Council ("the Council"), which comprises the statement of financial position as at 30 June 2016, 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 company'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 the Adelaide Hills Council presents fairly, in all material respects, the Council's financial position as at 30 June 2016 and 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 blue ink, appearing to read 'G K Edwards', is written above the printed name.

**BDO Audit Partnership (SA)**

A handwritten signature in blue ink, appearing to read 'G K Edwards', is written above the printed name.

G K Edwards  
Partner

Adelaide, 26 October 2016



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## INDEPENDENT ASSURANCE REPORT ON THE INTERNAL CONTROLS OF THE ADELAIDE HILLS COUNCIL

We have audited the compliance of Adelaide Hills Council ("the Council") with the requirements of Section 125 of the *Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2015 to 30 June 2016 have been conducted properly and in accordance with law.

### The Council's Responsibility for the Internal Controls

The Council is responsible for implementing and maintaining an adequate system of internal controls, in accordance with Section 125 of the *Local Government Act 1999* in relation to Internal Controls to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and incurring of liabilities have been conducted properly and in accordance with law.

### Our Responsibility

Our responsibility is to express a conclusion on the Council's compliance with Section 125 of the *Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities have been conducted properly and in accordance with law in all material respects. Our engagement has been conducted in accordance with applicable Australian Standards on Assurance Engagements ASAE 3100 Compliance Engagements, issued by the Australian Auditing and Assurance Standards Board, in order to provide reasonable assurance that, the Council has complied with Section 125 of the *Local Government Act 1999* in relation only to the Internal Controls specified above for the period 1 July 2015 to 30 June 2016. ASAE 3100 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies. Our procedures included assessing the controls of the Council based on the criteria in the Better Practice Model—Internal Financial Controls, specifically:

1. Obtaining an understanding of controls in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities
2. Evaluating management's assessment of these controls
3. Assessing the risk that a material weakness exists
4. Testing and evaluating the design and implementation of controls on a sample basis based on the assessed risk

These procedures have been undertaken to form a conclusion as to whether the Council has complied in all material respects, with the Section 125 of the *Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities have been conducted properly and in accordance with law, for the period 1 July 2015 to 30 June 2016.



### **Inherent Limitations**

Because of the inherent limitations of any compliance procedure, it is possible that fraud, error or non-compliance may occur and not be detected. A reasonable assurance engagement is not designed to detect all instances of non-compliance with Section 125 of the *Local Government Act 1999* in relation to the Internal Controls specified above, as the engagement is not performed continuously throughout the period and the procedures performed in respect of compliance with Section 125 of the *Local Government Act 1999* in relation to the Internal Controls specified above are undertaken on a test basis.

The conclusion expressed in this report has been formed on the above basis.

### **Independence**

In conducting our engagement, we have complied with the independence requirements of the Australian professional accounting bodies.

### **Conclusion**

In our opinion, the Council has complied, in all material respects, with Section 125 of the *Local Government Act 1999* in relation to Internal Controls established by the Council in relation to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities have been conducted properly and in accordance with law for the period 1 July 2015 to 30 June 2016.

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

**BDO Audit Partnership (SA)**

A handwritten signature in blue ink that reads 'G K Edwards'.

G K Edwards  
Partner

Adelaide, 26 October 2016



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AUSTRALIA

## CERTIFICATION OF AUDITOR INDEPENDENCE

I confirm that, for the audit of the financial statements of the Adelaide Hills Council for the year ended 30 June 2016, 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 light blue rectangular background.

G K Edwards  
Partner

**BDO Audit Partnership (SA)**

Adelaide, 26 October 2016

# ***Appendix 2 Subsidiaries***

**Adelaide Hills Region Waste  
Management Authority**  
Annual Report 2015/16



ADELAIDE HILLS REGION WASTE MANAGEMENT AUTHORITY

# *Annual Report 2015/2016*



**Adelaide Hills**  
COUNCIL



**MOUNT BARKER**  
DISTRICT COUNCIL



## ADELAIDE HILLS REGION WASTE MANAGEMENT AUTHORITY



Cr. Ian Bailey – Chair AHRWMA

The 2015/16 financial year has included abnormal expenses due to an ongoing legal dispute, unfortunately this has resulted in a net deficit of \$399,341. Whilst we returned a loss this financial year the underlying business is still sound and would be returning a profit if not for the abnormal legal costs.

Despite the challenges that faced the Authority in the 2015/16 financial year, we have had a successful year operating the Brinkley Landfill and Council Transfer Stations in a professional manner while continuing to achieve results.

We have seen the first year of the combined waste, recycling and green organics kerbside collection service implemented across the Mount Barker District Council and the Rural City of Murray Bridge resulting in significant savings. At the Landfill we have obtained design approval for Cells 8/9 at and completed the excavation works for these cells.

At the Transfer Stations we extended the operating hours at the Brinkley Transfer Station to a 7-day operation, following a trial period to increase community usage of the site. Opening hours at the Heathfield Transfer Station's existing 7-day operation were also modified to reflect customer usage balanced against potential early morning noise effects to some surrounding houses on weekends.

The Authority's mobile bailing and crushing plants are also continuing to be used across Member Council sites.

The Authority is continuing with its Charter review process, to ensure that the Charter reflects the current environment in which we operate and provides certainty and continued benefits for its Member Councils.

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 results 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

## 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.

## SUMMARY OF 2015/16

Some of the key activities for this year include:

- Continued legal response to SWR Claim
- Design approval for new Brinkley Cell 8/9 obtained and cells excavated
- Transfer Stations hours extended at Brinkley and reviewed at Heathfield
- Patronage at the Brinkley Transfer Station increase by 7% to 8,279 transactions.
- Continued consultancy service role offered and provided to Member Councils
- Combined collection contract commenced with the Mount Barker District Council and the Rural City of Murray Bridge, following a joint Tender process with has resulted in significant full year savings
- Authority's crushing plant will have crushed approximately 10,000 tonnes this financial year which is down by about 5,000 tonnes on last year's result. This business area will require additional focus to achieve our aim to grow this to 25-30,000 tonnes per annum
- The Authority's mobile bailing plant has been used at Heathfield and Windmill Hill Transfer Stations. In addition, the mobile baler has been utilised by the Mid Murray Council. Approximately 1000 tonnes of cardboard, paper and plastics were diverted from landfill, baled and supplied into the recyclables market. The sorting and baling plants were part funded by ZerowasteSA
- Landfill tonnages were down by approximately 2,500 tonnes compared to last year's result. There was a reduction of 3,500 tonnes in commercial waste due to discounting at Hartley. This was partially offset by a 1,000 tonne increase in non-commercial tonnes.

# Current Member Councils Map





# Landfill Operations

## Brinkley Landfill Statistics



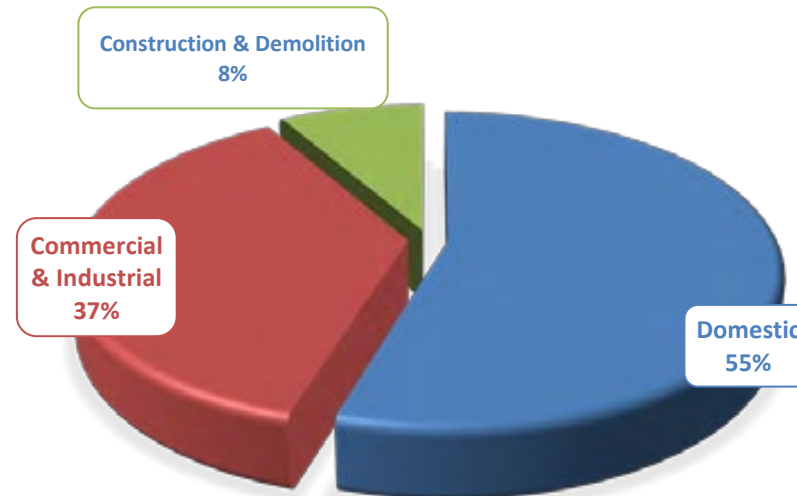
There has been continued high competition for waste streams in 2015/16. This is evident in the 2013/14 financial year where substantial discounts were offered by the Hartley operators and again in 2015/16. An increased focus will be needed in this area in future years. Ideally we will continue to focus 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 tonnes to landfill for 2015/16 have continued to show improvement on 2013/14, however were down by approximately 2,500 tonnes when compared to 2014/15. We will continue to monitor the market effects on our longer term planning.



## WASTE TYPE PERCENTAGE TO LANDFILL



## 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.

### HEATHFIELD TS TRANSACTIONS



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.

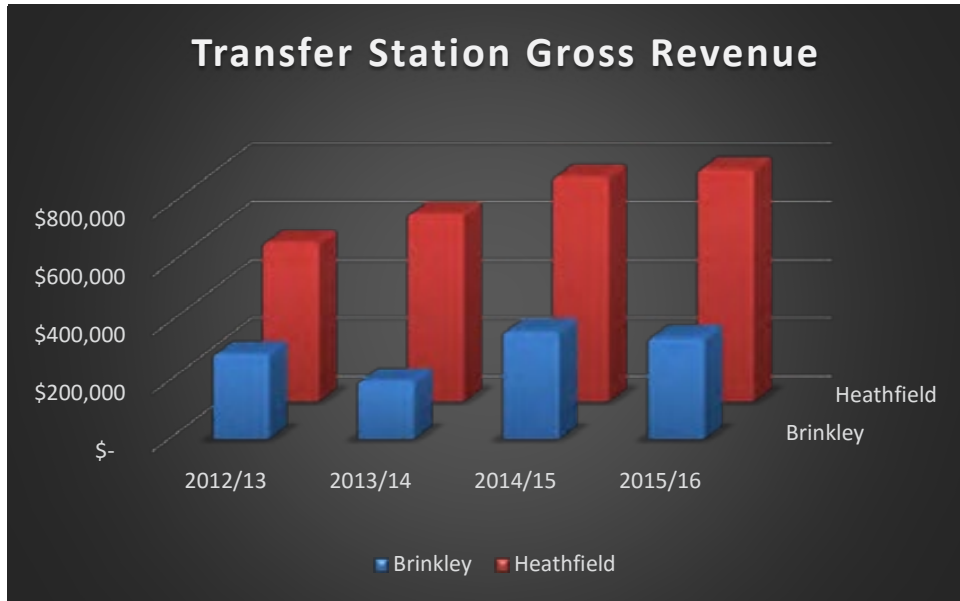
The Brinkley Transfer Station has shown improved usage in the 2015/16 financial year. The Authority has worked with the Rural City of Murray Bridge to extend the operating hours of the site to a 7-day operation. With this change an advertising campaign was completed, which may be assisting with the increased use of the site. The Authority in conjunction with Council also held a free green organics drop off day to assist residents with clean up following a storm, which may also assist with promotion of the facility.

## BRINKLEY TS TRANSACTIONS

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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 and will be investigating options to receive other waste streams for the benefit of the community.



The Transfer Stations receive steel from customers, which is then sold to generate revenue for the Transfer Station operations. The 2015/2016 financial year saw a significant drop in the price of steel, which in turn impacted the Transfer Station budgets. The Heathfield Transfer Station finished the year with a net loss of approximately \$108,600, compared to its budgeted loss of \$42,600, a variance of \$66,000. Of this variance approximately \$43,000 is attributed to the drop in recycled steel income.

The Brinkley Transfer Station finished the year with a net loss of approximately \$110,500, which can be attributed to a drop in steel income, a Sunday trading trial and a reduction in material deposited by the Council.

The Authority has been addressing the challenge relating to low steel prices and has arranged for the hooklift truck to be used to transport scrap steel, resulting in a net improvement of approximately \$60 per tonne in the price received for steel, when taking into account transport costs. The Authority will continue to monitor the Transfer Station budgets and adjust operations where required.

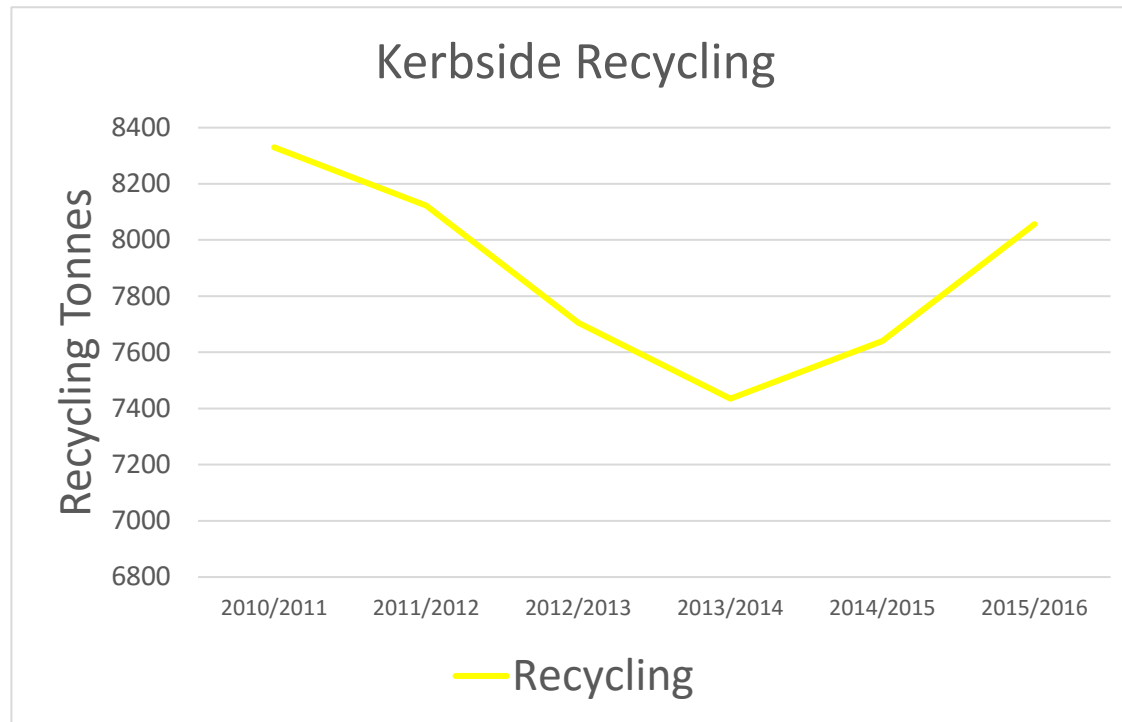
## Kerbside Waste and Recycling Collections

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

Across the three Councils a total of 8,057 tonnes of recycling was collected via the kerbside service, which is an increase of 417 tonnes compared to the 2014/15 year.

Year	Recycling Tonnes Collected
2010-2011	8330
2011-2012	8122
2012-2013	7706
2013-2014	7435
2014-2015	7640
2015-2016	8057



There has been an increase in recyclables collected this year and recycling appears to be on an upwards trend. The overall tonnes of recyclables collected are still down in comparison to 2010-2011, which is likely due to an initial large uptake following the introduction the two/three bin service. The new collection contracts have been established across Murray Bridge and Mount Barker District Councils and Waste

## ADELAIDE HILLS REGION WASTE MANAGEMENT AUTHORITY

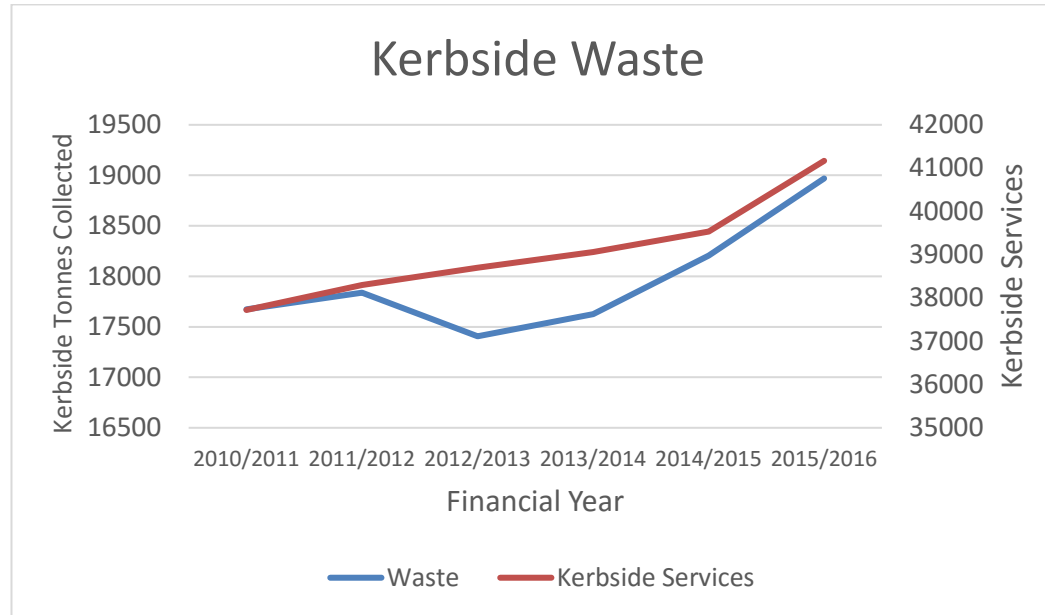
Strategies have also been prepared for Murray Bridge and Adelaide Hills Councils. A bin tagging trial was completed, which proved to be successful and education campaigns will continue to be implemented across the Councils.

### Waste Service

The amount of waste collected through the kerbside service across the three member Councils has remained steady at 8.9kg/hh/wk. The waste disposed to landfill per property has seen a slight 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 2011/12 and 2012/13. Waste production has not exceeded population 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
2015-2016	41168	18969



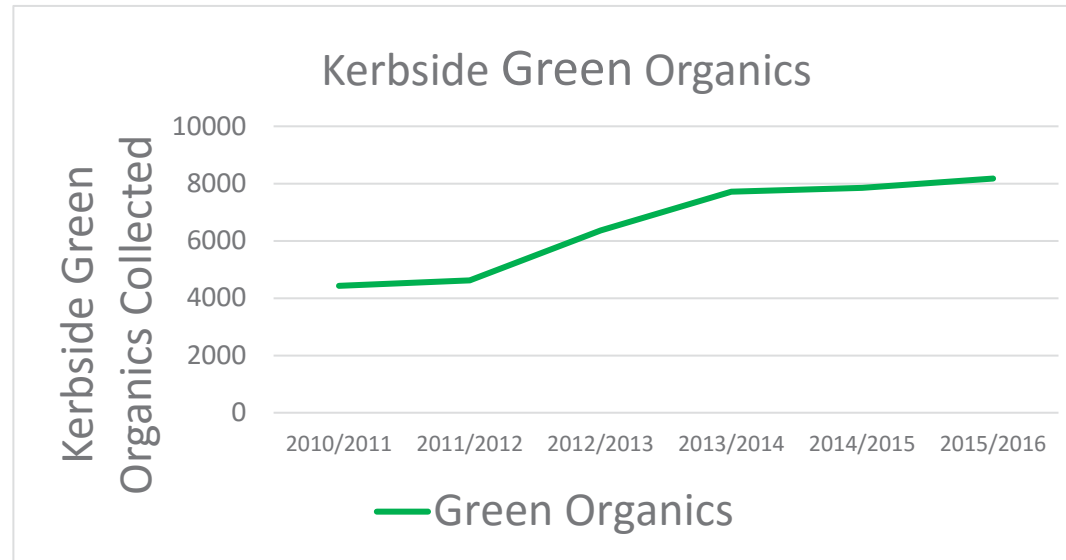


## Green Organics Service

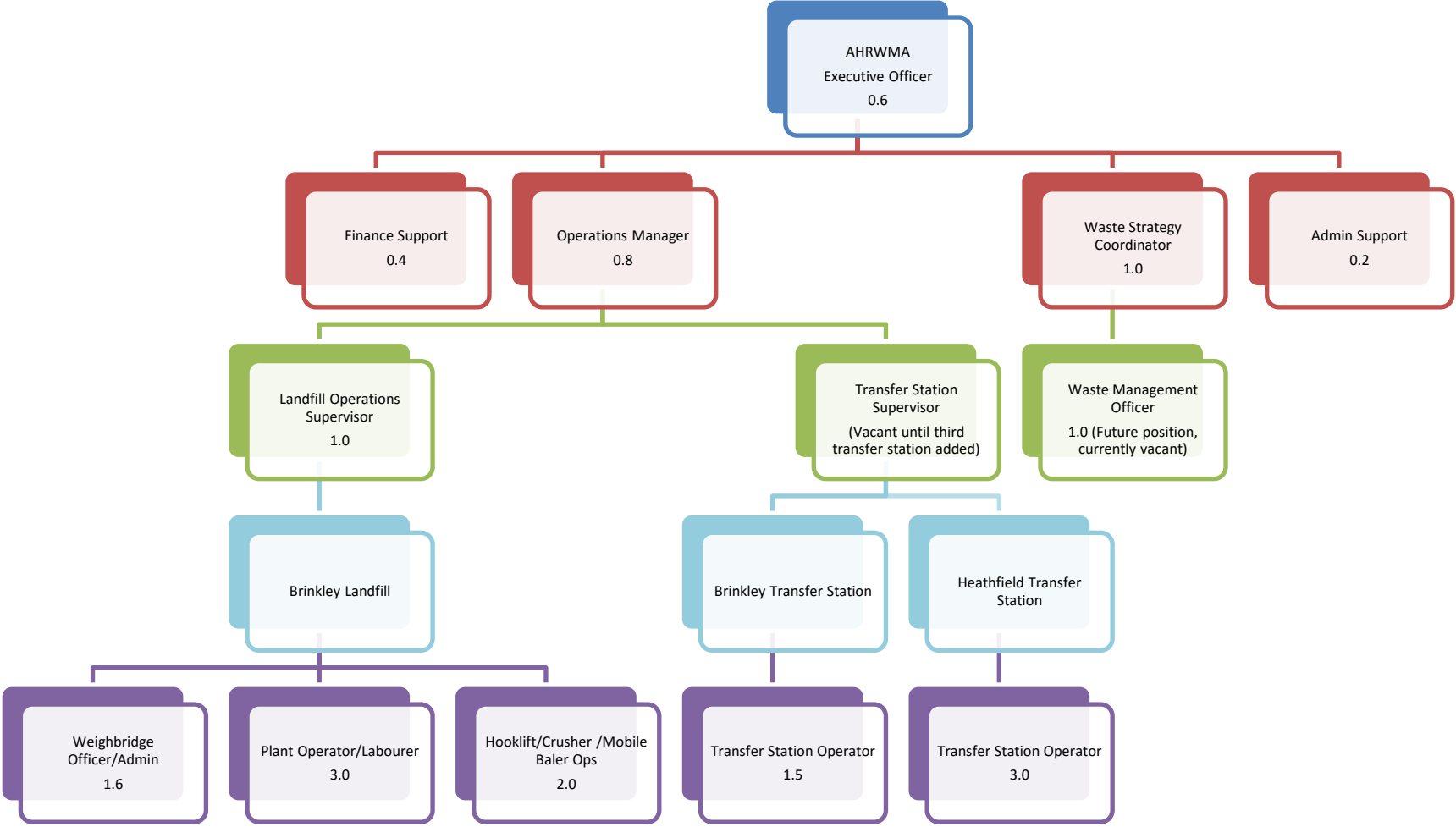
Properties within the Township areas of the three Councils are entitled to a green bin service. The table and graph below shows that the amount of green organics collected has increased significantly over the last five years, with the introduction of the kerbside service to townships within the Adelaide 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. In 2015/16 a total of 8,176 tonnes was collected, which is an increase of 326 tonnes.

### Kerbside green organics tonnage comparisons

Year	Tonnes Collected
2010-2011	4430
2011-2012	4624
2012-2013	6360
2013-2014	7718
2014-2015	7850
2015-2016	8176



# Organisational Chart



# Adelaide Hills Region Waste Management Authority

## General Purpose Financial Reports for the year ended 30 June 2016

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Adelaide Hills Region Waste Management Authority

STATEMENT OF COMPREHENSIVE INCOME  
for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
<b>INCOME</b>			
User charges	2	2,987,716	3,153,995
Investment income	2	1,087	1,196
Other income	2	1,882,276	1,865,424
<b>Total Income</b>		<b>4,871,079</b>	<b>5,020,615</b>
<b>EXPENSES</b>			
Employee costs	3	878,100	852,582
Materials, contracts & other expenses	3	3,678,129	3,415,025
Depreciation, amortisation & impairment	3	705,773	704,744
Finance costs	3	1,284	11,504
<b>Total Expenses</b>		<b>5,263,286</b>	<b>4,983,855</b>
<b>OPERATING SURPLUS / (DEFICIT)</b>		<b>(392,207)</b>	36,760
Asset disposal & fair value adjustments	4	(7,134)	(20,989)
Amounts received specifically for new or upgraded assets	2	-	-
<b>NET SURPLUS / (DEFICIT)</b>		<b>(399,341)</b>	15,771
transferred to Equity Statement			
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>(399,341)</b>	<b>15,771</b>

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 2016

	Notes	2016 \$	2015 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5	236,715	309,028
Trade & other receivables	5	479,556	477,982
Inventories	5	6,283	6,430
<b>Total Current Assets</b>		<u>722,554</u>	<u>793,440</u>
<b>Non-current Assets</b>			
Infrastructure, Property, Plant & Equipment	6	3,102,524	3,104,599
<b>Total Non-current Assets</b>		<u>3,102,524</u>	<u>3,104,599</u>
<b>Total Assets</b>		<u>3,825,078</u>	<u>3,898,039</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade & Other Payables	7	785,076	515,049
Provisions	7	96,284	71,891
<b>Total Current Liabilities</b>		<u>881,360</u>	<u>586,940</u>
<b>Non-current Liabilities</b>			
Borrowings	7	100,000	200,000
Provisions	7	1,010,954	878,994
<b>Total Non-current Liabilities</b>		<u>1,110,954</u>	<u>1,078,994</u>
<b>Total Liabilities</b>		<u>1,992,314</u>	<u>1,665,934</u>
<b>NET ASSETS</b>		<u>1,832,764</u>	<u>2,232,105</u>
<b>EQUITY</b>			
Accumulated Surplus	8	1,832,764	2,232,105
<b>TOTAL EQUITY</b>		<u>1,832,764</u>	<u>2,232,105</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 2016

	Notes	Accumulated Surplus \$	TOTAL EQUITY \$
<b>2016</b>			
Balance at end of previous reporting period		<u>2,232,105</u>	<u>2,232,105</u>
<b>Net Surplus / (Deficit) for Year</b>		<u>(399,341)</u>	<u>(399,341)</u>
<b>Balance at end of period</b>		<u>1,832,764</u>	<u>1,832,764</u>
<b>2015</b>			
Balance at end of previous reporting period		2,216,334	2,216,334
<b>Net Surplus / (Deficit) for Year</b>		15,771	15,771
<b>Balance at end of period</b>		<u>2,232,105</u>	<u>2,232,105</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 2016

	Notes	2016 \$	2015 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<u>Receipts</u>			
Operating receipts		5,298,941	5,536,594
Investment receipts		904	1,201
<u>Payments</u>			
Operating payments to suppliers & employees		(4,676,903)	(4,667,414)
Finance payments		(1,422)	(15,805)
<b>Net Cash provided by (or used in) Operating Activities</b>	10	<b>621,519</b>	854,576
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<u>Receipts</u>			
Amounts specifically for new or upgraded assets		-	-
Sale of replaced assets		32,806	20,555
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(67,611)	(80,994)
Expenditure on new/upgraded assets		(559,027)	(450,546)
<b>Net Cash provided by (or used in) Investing Activities</b>		<b>(593,832)</b>	(510,985)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<u>Receipts</u>			
Proceeds from Borrowings		-	-
<u>Payments</u>			
Repayments of Borrowings		(100,000)	(227,000)
<b>Net Cash provided by (or used in) Financing Activities</b>		<b>(100,000)</b>	(227,000)
<b>Net Increase (Decrease) in cash held</b>		<b>(72,313)</b>	116,591
Cash & cash equivalents at beginning of period	10	<u>309,028</u>	<u>192,437</u>
<b>Cash &amp; cash equivalents at end of period</b>	10	<b><u>236,715</u></b>	<b><u>309,028</u></b>

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 2016

## 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.

Adelaide Hills Region Waste Management Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for the year ended 30 June 2016

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.

Adelaide Hills Region Waste Management Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for the year ended 30 June 2016

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 &amp; 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.

Adelaide Hills Region Waste Management Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for the year ended 30 June 2016

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 (9.5% in 2015/16). 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.

Adelaide Hills Region Waste Management Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for the year ended 30 June 2016

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 2016

#### Note 2 - INCOME

	Notes	2016 \$	2015 \$
<b>USER CHARGES</b>			
Waste disposal fee - Adelaide Hills Council		824,591	818,331
Waste disposal fee - Alexandrina Council		203,322	223,370
Waste disposal fee - District Council of Mt Barker		565,552	497,793
Waste disposal fee - Rural City of Murray Bridge		388,523	411,876
Waste disposal fee - Other Customers		<u>1,005,728</u>	<u>1,202,625</u>
		<b><u>2,987,716</u></b>	<b><u>3,153,995</u></b>
<b>INVESTMENT INCOME</b>			
Interest on investments			
Local Government Finance Authority		<u>1,087</u>	<u>1,196</u>
		<b><u>1,087</u></b>	<b><u>1,196</u></b>
<b>OTHER INCOME</b>			
Consultancy service		-	38,128
Waste officer contribution		132,300	168,237
Waste Transfer Station Income		1,150,675	1,185,436
Waste Transfer Station Management		219,202	83,324
Transport Income		174,646	163,272
Fuel Tax Rebate		34,822	40,744
Machinery Charge Out		141,857	134,060
Recycled Income		4,575	12,975
Sundry		<u>24,199</u>	<u>39,248</u>
		<b><u>1,882,276</u></b>	<b><u>1,865,424</u></b>

AASB 15 Revenue from Contracts with Customers commences 1 January 2018 and hence will first affect the financial reports for 2018/19. (The commencement date has already been deferred once, and there may be further deferrals.)

The commencement of the new Standard will not result in any changes to the amounts recognised in the Authority's financial statements under this classification, as the Authority does not enter into contracts with customers.

**Adelaide Hills Region Waste Management Authority**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for the year ended 30 June 2016**

**Note 3 - EXPENSES**

	Notes	2016 \$	2015 \$
<b>EMPLOYEE COSTS</b>			
Salaries and Wages		684,456	644,196
Employee leave expense		84,847	89,710
Superannuation		68,406	65,959
Workers' Compensation Insurance		18,909	18,523
Other		21,482	34,194
<b>Total Operating Employee Costs</b>		<b>878,100</b>	<b>852,582</b>
<b>Total Number of Employees</b>		<b>10</b>	<b>10</b>
<i>(Full time equivalent at end of reporting period)</i>			
<b>MATERIALS, CONTRACTS &amp; OTHER EXPENSES</b>			
<u>Prescribed Expenses</u>			
Auditor's Remuneration			
- Auditing the financial reports		3,620	3,420
<u>Other Materials, Contracts &amp; Expenses</u>			
Contractors		116,560	245,880
Waste Transfer Station Expenses		893,033	907,030
Repairs and Maintenance		231,814	254,819
Leachate Monitoring/Pumping		-	1,385
Research and Development		435	6,660
Administration and Accountancy Service		51,800	43,148
EPA Waste Levy		1,236,687	1,221,150
EPA Licence Fees		7,922	7,741
Land Lease		47,487	48,878
Insurance		36,403	35,139
Legal		569,576	119,074
Professional Services		329,503	362,466
Parts, accessories & consumables		149,037	152,133
Sundry		4,253	6,102
<b>Subtotal - Other Materials, Contracts &amp; Expenses</b>		<b>3,674,509</b>	<b>3,411,605</b>
		<b>3,678,129</b>	<b>3,415,025</b>

**Adelaide Hills Region Waste Management Authority**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for the year ended 30 June 2016**

**Note 3 - EXPENSES (cont)**

	Notes	2016 \$	2015 \$
<b>DEPRECIATION, AMORTISATION &amp; IMPAIRMENT</b>			
<b>Depreciation</b>			
Road Infrastructure		5,534	5,534
Buildings		12,618	16,036
Vehicles		19,867	18,510
Plant & Equipment		263,708	273,535
Landfill Cells		276,116	270,694
Lechate Ponds		8,697	6,157
Landfill Rehabilitation		22,877	17,922
Landfill Cell Capping		96,356	96,356
		<u>705,773</u>	<u>704,744</u>
<b>FINANCE COSTS</b>			
Interest on overdraft and short-term drawdown		1,284	11,504
Interest on Loans		-	-
		<u>1,284</u>	<u>11,504</u>

## Adelaide Hills Region Waste Management Authority

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2016

#### Note 4 - ASSET DISPOSAL & FAIR VALUE ADJUSTMENTS

	2016	2015
Notes	\$	\$
<b>INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIPMENT</b>		
<i>Assets renewed or directly replaced</i>		
Proceeds from disposal	32,806	20,555
Less: Carrying amount of assets sold	<u>39,940</u>	<u>41,544</u>
<b>Gain (Loss) on disposal</b>	<b><u>(7,134)</u></b>	<b><u>(20,989)</u></b>
<b>NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS</b>	<b><u>(7,134)</u></b>	<b><u>(20,989)</u></b>

## Adelaide Hills Region Waste Management Authority

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2016

#### Note 5 - CURRENT ASSETS

		2016	2015
<b>CASH &amp; EQUIVALENT ASSETS</b>	Notes	<b>\$</b>	<b>\$</b>
Cash on Hand and at Bank		226,733	299,741
Deposits at Call		<u>9,982</u>	<u>9,287</u>
		<b><u>236,715</u></b>	<b><u>309,028</u></b>
 <b>TRADE &amp; OTHER RECEIVABLES</b>			
Accrued Revenues		183	37,000
Debtors - general		479,373	440,982
Prepayments		-	-
		<u>479,556</u>	<u>477,982</u>
 <b>INVENTORIES</b>			
Stores & Materials		<u>6,283</u>	<u>6,430</u>
		<b><u>6,283</u></b>	<b><u>6,430</u></b>

# ADELAIDE HILLS REGION WASTE MANAGEMENT AUTHORITY

## Adelaide Hills Region Waste Management Authority

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for the year ended 30 June 2016**

### Note 6 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2015 \$				2016 \$			
	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT
Road Infrastructure	-	138,352	(11,137)	127,215	-	138,352	(16,671)	121,681
Buildings	-	291,938	(52,757)	239,181	-	266,243	(37,942)	228,301
Vehicles	-	86,498	(17,559)	68,939	-	92,963	(16,784)	76,179
Plant & Equipment	-	2,482,326	(1,118,330)	1,363,996	-	2,603,780	(1,368,924)	1,234,856
Landfill Cells	-	1,104,236	(495,534)	608,702	-	1,527,521	(771,650)	755,871
Lechate Ponds	-	173,938	(10,621)	163,317	-	173,938	(19,318)	154,620
Landfill Rehabilitation	-	424,300	(83,762)	340,538	-	541,300	(106,639)	434,661
Landfill Cell Capping	-	390,400	(197,689)	192,711	-	390,400	(294,045)	96,355
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIPMENT</b>	-	5,091,988	(1,987,389)	3,104,599	-	5,734,497	(2,631,973)	3,102,524
<i>Comparatives</i>		<b>4,700,713</b>	<b>(1,329,066)</b>	<b>3,371,647</b>		<b>5,091,988</b>	<b>(1,987,389)</b>	<b>3,104,599</b>

*This Note continues on the following page.*

# ADELAIDE HILLS REGION WASTE MANAGEMENT AUTHORITY

## Adelaide Hills Region Waste Management Authority

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for the year ended 30 June 2016**

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

	2015	CARRYING AMOUNT MOVEMENTS DURING YEAR							2016
	\$	\$							\$
	CARRYING AMOUNT	Additions		Disposals	Depreciation	Impairment	Transfers	Net Revaluation	CARRYING AMOUNT
	New/Upgrade	Renewals							
Road Infrastructure	127,215	-	-	-	(5,534)	-	-	-	121,681
Buildings	239,181	12,091	-	(10,353)	(12,618)	-	-	-	228,301
Vehicles	68,939	-	47,090	(19,983)	(19,867)	-	-	-	76,179
Plant & Equipment	1,363,996	123,651	20,521	(9,604)	(263,708)	-	-	-	1,234,856
Landfill Cells	608,702	423,285	-	-	(276,116)	-	-	-	755,871
Lechate Ponds	163,317	-	-	-	(8,697)	-	-	-	154,620
Landfill Rehabilitation	340,538	-	117,000	-	(22,877)	-	-	-	434,661
Landfill Cell Capping	192,711	-	-	-	(96,356)	-	-	-	96,355
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIPMENT</b>	<b>3,104,599</b>	<b>559,027</b>	<b>184,611</b>	<b>(39,940)</b>	<b>(705,773)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,102,524</b>
<i>Comparatives</i>	<b>3,371,647</b>	<b>450,546</b>	<b>28,694</b>	<b>(41,544)</b>	<b>(704,744)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,104,599</b>



**Adelaide Hills Region Waste Management Authority**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for the year ended 30 June 2016**

**Note 7 - LIABILITIES**

	Notes	2016		2015	
		Current	Non-current	Current	Non-current
<b>TRADE &amp; OTHER PAYABLES</b>					
Goods & Services		764,657	-	437,512	-
Accrued expenses - other		175	-	313	-
Other		20,244	-	77,224	-
		<b>785,076</b>	<b>-</b>	<b>515,049</b>	<b>-</b>
<b>BORROWINGS</b>					
Loans		-	100,000	-	200,000
		<b>-</b>	<b>100,000</b>	<b>-</b>	<b>200,000</b>

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

**PROVISIONS**

Employee entitlements (including oncosts)	96,284	79,254	71,891	64,294
Future reinstatement / restoration, etc	-	931,700	-	814,700
	<b>96,284</b>	<b>1,010,954</b>	<b>71,891</b>	<b>878,994</b>

*Movements in Provisions - 2016 year only  
(current & non-current)*

	<i>Future Reinstatement</i>		<i>Cell Capping</i>	
<i>Opening Balance</i>		424,300		390,400
<i>Add Additional amounts recognised</i>		117,000		-
<i>Closing Balance</i>		<b>541,300</b>		<b>390,400</b>

**Adelaide Hills Region Waste Management Authority**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for the year ended 30 June 2016**

**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.

	2016	%	2015	%
<b>Volumes of waste dumped (in tonnes)</b>				
Adelaide Hills Council	9,382	35.9%	9,763	36.3%
Alexandrina Council	2,881	11.0%	3,349	12.4%
District Council of Mt Barker	7,850	30.1%	7,470	27.8%
Rural City of Murray Bridge	5,993	23.0%	6,311	23.5%
	<u>26,106</u>	100%	<u>26,893</u>	100%

	2016	2015
Distribution in accordance with the above percentages	\$	\$
Adelaide Hills Council	(143,523)	5,725
Alexandrina Council	(44,064)	1,956
District Council of Mt Barker	(120,079)	4,384
Rural City of Murray Bridge	(91,675)	3,706
	<u>(399,341)</u>	<u>15,771</u>

**DISTRIBUTION SHARE OF EQUITY**

Adelaide Hills Council		
Balance at end of previous reporting period	837,114	831,389
Share of surplus	(143,523)	5,725
<b>Balance at end of period</b>	<u>693,591</u>	<u>837,114</u>
Alexandrina Council		
Balance at end of previous reporting period	231,375	229,419
Share of surplus	(44,064)	1,956
<b>Balance at end of period</b>	<u>187,311</u>	<u>231,375</u>
District Council of Mt Barker		
Balance at end of previous reporting period	776,255	771,871
Share of surplus	(120,079)	4,384
<b>Balance at end of period</b>	<u>656,176</u>	<u>776,255</u>
Rural City of Murray Bridge		
Balance at end of previous reporting period	387,361	383,655
Share of surplus	(91,675)	3,706
<b>Balance at end of period</b>	<u>295,686</u>	<u>387,361</u>
<b>TOTAL EQUITY AT END OF REPORTING PERIOD</b>	<b>1,832,764</b>	<b>2,232,105</b>

**Adelaide Hills Region Waste Management Authority**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for the year ended 30 June 2016**

**Note 9 - ASSETS SUBJECT TO RESTRICTIONS**

The Authority as at 30 June 2016 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 2016

#### 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	2016 \$	2015 \$
Total cash & equivalent assets	5	<b>236,715</b>	309,028
Balances per Cash Flow Statement		<u><b>236,715</b></u>	<u>309,028</u>

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

Net Surplus (Deficit)		<b>(399,341)</b>	15,771
Non-cash items in Income Statement			
Depreciation, amortisation & impairment		<b>705,773</b>	707,675
Net increase (decrease) in unpaid employee benefits		<b>39,353</b>	22,219
Grants for capital acquisitions treated as Investing Activity		-	-
Net (Gain) Loss on Disposals		<b>7,134</b>	20,989
		<u><b>352,919</b></u>	<u>766,654</u>
Add (Less): Changes in Net Current Assets			
Net (increase) decrease in receivables		<b>(1,574)</b>	151,835
Net (increase) decrease in inventories		<b>147</b>	6,259
Net (increase) decrease in other current assets		-	-
Net increase (decrease) in trade & other payables		<b>270,027</b>	(67,241)
Net increase (decrease) in other provisions		-	-
<b>Net Cash provided by (or used in) operations</b>		<u><b>621,519</b></u>	<u>857,507</u>

##### (c) Non-Cash Financing and Investing Activities

Acquisition of assets by means of:

- Estimated future reinstatement etc. costs		<u><b>117,000</b></u>	<u>6,300</u>
---	--	-----------------------	--------------

##### (d) Financing Arrangements

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

Bank Overdrafts		<b>450,000</b>	450,000
Loan Facilities - Outstanding Principle		-	-
Corporate Credit Cards		<b>6,000</b>	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 2016**

**Note 11 - FINANCIAL INSTRUMENTS**

**Recognised Financial Instruments**

<b>Bank, Deposits at Call</b>	<p><b>Accounting Policy:</b> Carried at lower of cost and net realisable value; interest is recognised when earned.</p> <p><b>Terms &amp; conditions:</b> Deposits at call have an average maturity of 90 days and an average interest rate of 1.96% (2015: 90 days, 2.35%).</p> <p><b>Carrying amount:</b> Approximates fair value due to the short term to maturity.</p>
<b>Receivables - Fees &amp; other charges</b>	<p><b>Accounting Policy:</b> Carried at nominal values less any allowance for doubtful debts.</p> <p><b>Terms &amp; conditions:</b> 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><b>Carrying amount:</b> Approximates fair value (after deduction of any allowance).</p>
<b>Liabilities - Creditors and Accruals</b>	<p><b>Accounting Policy:</b> 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><b>Terms &amp; conditions:</b> Liabilities are normally settled on 30 day terms.</p> <p><b>Carrying amount:</b> Approximates fair value.</p>
<b>Liabilities - Interest Bearing Borrowings</b>	<p><b>Accounting Policy:</b> Carried at the principal amounts. Interest is charged as an expense as it accrues.</p> <p><b>Terms &amp; conditions:</b> Secured over future revenues, borrowings are repayable by biannual instalments of principle and interest.</p> <p><b>Carrying amount:</b> Approximates fair value.</p>
<b>Liabilities - Overdraft</b>	<p><b>Accounting Policy:</b> Carried at the principal amounts. Interest is charged as an expense as it accrues.</p> <p><b>Terms &amp; conditions:</b> Secured over future revenues interest is charged at an average variable rate of 4.48%.</p> <p><b>Carrying amount:</b> 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 2016**

**Note 11 - FINANCIAL INSTRUMENTS (cont.)**

**Liquidity Analysis**

2016	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
<b>Financial Assets</b>	\$	\$	\$	\$	\$
Cash & Equivalents	236,715	-	-	236,715	236,715
Receivables	479,556	-	-	479,556	479,556
<b>Total</b>	<b>716,271</b>	<b>-</b>	<b>-</b>	<b>716,271</b>	<b>716,271</b>
<b>Financial Liabilities</b>					
Payables	784,901	-	-	784,901	784,901
Current Borrowings	-	100,000	-	100,000	100,000
<b>Total</b>	<b>784,901</b>	<b>100,000</b>	<b>-</b>	<b>884,901</b>	<b>884,901</b>
<b>2015</b>	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
<b>Financial Assets</b>	\$	\$	\$	\$	\$
Cash & Equivalents	309,028	-	-	309,028	309,028
Receivables	477,982	-	-	477,982	477,982
<b>Total</b>	<b>787,010</b>	<b>-</b>	<b>-</b>	<b>787,010</b>	<b>787,010</b>
<b>Financial Liabilities</b>					
Payables	514,736	-	-	514,736	514,736
Non-Current Borrowings	-	200,000	-	200,000	200,000
<b>Total</b>	<b>514,736</b>	<b>200,000</b>	<b>-</b>	<b>714,736</b>	<b>714,736</b>

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

	30 June 2016		30 June 2015	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
Overdraft	4.70	\$ 100,000	4.7	200,000
Non Interest Bearing	-	784,901	-	514,736
		<b>884,901</b>		<b>714,736</b>

**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 2016**

**Note 12 - COMMITMENTS FOR EXPENDITURE**

The Authority as at 30 June 2016 had no commitments for expenditure.

**Note 13 - OPERATING LEASES**

The Authority as at 30 June 2016 has a commitment to lease the land on which the Brinkley landfill presides. The current lease expires on the 13th February 2019.

**Note 14 - CONTINGENCIES & ASSETS & LIABILITIES NOT RECOGNISED**

The Authority as at 30 June 2016 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. The claim for damages is approximately \$2.42 million. The Authority's legal advisors have stated the claim is denied and has been fully defended.

**Note 15 - EVENTS OCCURRING AFTER REPORTING DATE**

There were no events subsequent to 30 June 2016 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 2016**

**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

	2016 \$	2015 \$
Income	4,871,079	5,020,615
less Expenses	<u>5,263,286</u>	<u>4,983,855</u>
<b>Operating Surplus / (Deficit)</b>	<b>(392,207)</b>	<b>36,760</b>
<b>less Net Outlays on Existing Assets</b>		
Capital Expenditure on renewal and replacement of Existing Assets	67,611	80,994
less Depreciation, Amortisation and Impairment	705,773	704,744
less Proceeds from Sale of Replaced Assets	<u>32,806</u>	<u>20,555</u>
	<b>(670,968)</b>	<b>(644,305)</b>
<b>less Net Outlays on New and Upgraded Assets</b>		
Capital Expenditure on New and Upgraded Assets <i>(including investment property &amp; real estate developments)</i>	559,027	450,546
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>
	<b>559,027</b>	<b>450,546</b>
<b>Net Lending / (Borrowing) for Financial Year</b>	<b><u>(280,266)</u></b>	<b><u>230,519</u></b>

**Adelaide Hills Region Waste Management Authority**

**ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 June 2016**

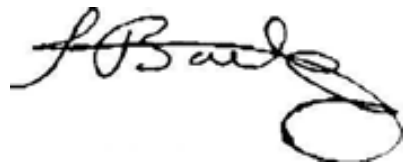
**CERTIFICATION OF FINANCIAL STATEMENTS**

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 2016 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 OFFICE**



.....  
Councillor Ian Bailey  
**CHAIR PERSON**

Date: 15 August 2016

**ADELAIDE HILLS REGION WASTE MANAGEMENT  
AUTHORITY**

**ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 June 2016**

**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 2016, 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 OFFICER**  
Adelaide Hills Council

Date:

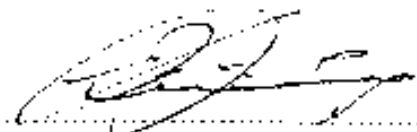
**ADELAIDE HILLS REGION WASTE MANAGEMENT  
AUTHORITY**

**ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 June 2016**

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Peter Dinning  
**CHIEF EXECUTIVE OFFICER**  
Alexandrina Council

Date: 06/07/2016

**ADELAIDE HILLS REGION WASTE MANAGEMENT  
AUTHORITY**

**ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 June 2016**

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.....  
Andrew Stuart  
**CHIEF EXECUTIVE OFFICER**  
District Council of Mount Barker

Date:

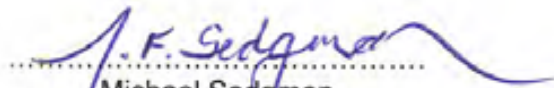
**ADELAIDE HILLS REGION WASTE MANAGEMENT  
AUTHORITY**

**ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 June 2016**

**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*.

  
.....  
Michael Sedgman  
**CHIEF EXECUTIVE OFFICER**  
Rural City of Murray Bridge

Date: 11.07.2016


**ADELAIDE HILLS REGION WASTE MANAGEMENT  
AUTHORITY**

**ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 June 2016**

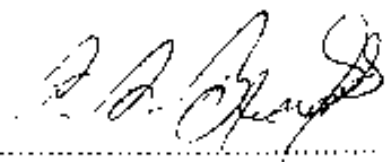
**CERTIFICATION OF AUDITOR INDEPENDENCE**

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 2016, 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  
**EXECUTIVE OFFICER**



Peter Brass  
**CHAIR  
AUDIT COMMITTEE**

Date: 23 August 2016



## 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 2016, 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*.



**JIM KEOGH**

Partner

**DEAN NEWBERY & PARTNERS**  
**CHARTERED ACCOUNTANTS**

Dated the 15<sup>th</sup> day of August 2016

# ***Appendix 2*** ***Subsidiaries***

**Eastern Waste Management  
Authority (East Waste)**  
Annual Report 2015/16



# Annual Report 2015-2016



**EastWaste**

**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.**

**EastWaste**



# ANNUAL REPORT 2015-2016

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- 5** CHAIRMAN'S REPORT
- 9** ABOUT EAST WASTE
- 13** GENERAL MANAGER'S REPORT
- 15** EAST WASTE GOVERNANCE
- 17** EAST WASTE OPERATIONS
- 21** WORK, HEALTH & SAFETY
- 23** EDUCATION AND PROMOTION
- 27** FINANCIAL STATEMENT



**EAST WASTE'S STRONG RESULT IS ATTRIBUTED TO A NUMBER OF FACTORS WHICH INCLUDE; A CLEAR STRATEGIC DIRECTION, A FOCUSED EFFORT BY ALL OUR STAFF, THE INTRODUCTION OF OPERATIONAL EFFICIENCIES.**



**LESS THAN**



**48**

**HOURS HAS BEEN THE AVERAGE TARGETED TIME-FRAME TO RESOLVE MISSED BIN ISSUES.**

# EAST WASTE INDEPENDENT CHAIRPERSON'S REPORT 2015/16

**It is with great pleasure that I am again able to report on an excellent year for East Waste. East Waste continues to deliver in accordance with its vision of providing a safe, high quality, low cost, waste and resource recovery collection service that responds to our various communities needs. The following highlights for the year provide some background to the outstanding results achieved and General Manager Adam Faulkner will detail other successes and KPI's achieved during 2015/16 in his Report.**

## **Strong Financial Position**

The Audited Financial Statements for East Waste showed a significant operating surplus for the year of \$1.13M.

This strong result is attributed to a number of factors which include; a clear strategic direction, a focussed effort by all our staff, the introduction of operational efficiencies, the successful negotiation of longer term supply contracts (purchase of collection vehicles and tyre supply), and lower fuel prices continuing to be realised.

These key efficiencies, prudent management, and execution of the Board's strategy have contributed greatly to East Waste being able to realise a strong operating surplus, which the East Waste Board has resolved to distribute back to Member Councils.\*

## **Benchmarking**

In the interests of identifying further efficiencies and potentially identifying other innovation for investigation, the Board engaged an independent contractor early in the financial year to undertake a benchmarking study.

This would provide a review of East Waste's operational performance costs and relevant performance measures, and enable East Waste to compare its performance to industry benchmarks.

## ***The metrics used to assess performance were:***

- Annual cost of collection per household serviced;
- Bin lift cost rates;
- Bin lifts per hour;
- Maintenance costs; and
- Maintenance time per truck.

Overall, at that point in time, East Waste was achieving a good level of performance against industry benchmarks.

Whilst the results were pleasing it is important to note that East Waste is committed to a number of non-financial "quality service" metrics (at least 90% bins returned upright with lids closed, resolving any missed bins within 48 hours, and resolving any customer interactions within 48 hours) that were not assessed in the study.

Importantly, the 2015 results did not take into consideration the commencement of the new recyclables contract which now sees Member Council's receiving a rebate per tonne for recyclables disposed of. This of course, would significantly improve the cost rates for the collection of recyclables.

So while the comparable results were very encouraging, we look forward to the next benchmarking study which will truly reflect the cost savings of the newly entered into recyclables contract and provide a more realistic view of our operational performance in the industry.

*\*Please refer to Note 7 of the Audited Financial Statements for further information as to how the operating surplus has been returned to Member Councils.*



**EAST WASTE CONTINUES TO RECEIVE FEEDBACK THAT THE COLLABORATIVE APPROACH UNDERTAKEN TOGETHER WITH IMPROVED COMMUNICATION AND EXTENSIVE CONSULTATION IN THE DEVELOPMENT OF OUR FUTURE PLANS HAS BEEN APPRECIATED BY MEMBER COUNCILS.**



**LESS THAN**



**8**

**YEARS IS THE AGE OF EAST WASTE'S FLEET OF TRUCKS.**

# EAST WASTE INDEPENDENT CHAIRPERSON'S REPORT 2015/16

## Recyclables Contract

In the previous financial year (2014/15) East Waste was in a final year of a contract for the Receipt and Processing of Recyclables whereby East Waste was paying to dispose of recyclables. After undertaking a robust tender process, in July 2015 East Waste entered into a new 10 year contract for the Receipt and Processing of Recyclables. The end result of this work has seen East Waste now receiving a rebate for recyclables disposed of and this income is passed on to the Member Councils proportionally.

Based on recyclables tonnages collected for the 2015/16 year East Waste has received an income of \$852,519. This income is passed directly onto Member Council's each month based on the tonnages collected on behalf of their Council area.

This is significant outcome for Member Councils.

## Re-branding

In collaboration with Member Councils and after gathering feedback from stakeholders, the East Waste Board approved a new logo and brand image for East Waste in January 2016. The logo and design (seen throughout the Annual Report) is simple, contemporary, conservative and easily identifiable.

The new logo has since been rolled out across East Waste's fleet, public facing online documents and stationary.

## Education and Promotion

East Waste's 10 Year Business Plan identified a need for East Waste to coordinate and develop a waste minimisation campaign and in a collaborative approach with all Member Councils throughout the 2015/16 year East Waste has developed the "Why waste it?" campaign. This campaign is aimed at educating and promoting responsible behaviour around reducing waste and improving recycling.

A suite of resources and communication mediums have now been developed for use by all Member Councils. The resources have been designed utilising the same artwork and consistent messaging in a strong campaign. Examples of the resources can be found at page 22-25 of the report.

## Thanks

East Waste continues to receive feedback that the collaborative approach undertaken together with improved communication and extensive consultation in the development of our future plans has been appreciated by Member Councils. We will continue to measure our proactivity within the communities of Member Councils and our responsiveness to community demands.

Many thanks to Adam Faulkner for his strong and visionary leadership of his team and for his very thorough and detailed reporting to the Board. Adam has made a most significant contribution to the performance of East Waste over the past few years.

To all our staff we say thanks and well done on providing our Member Councils with excellent service, improving our efficiencies and complementing the Member Councils' reputations in each of their communities with high quality delivery of services.

The achievement of the above would not have been possible without the commitment and the astute advice of the Board of East Waste. The members of the Board continue to provide valuable professional support to the General Manager and his team. To all the Directors of East Waste I thank you for your guidance and support to East Waste. We look confidently forward to an even more successful year ahead in 2016/17.

## I commend the 2015-2016 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 WITH FLEXIBLE SERVICE DELIVERY ALLOWING RESPONSIVENESS TO EMERGING COMMUNITY AND MARKET DEMANDS.**



**23,403**

**TONNES SENT FOR RECYCLING  
AND BENEFICIAL REUSE  
DURING 2015/16.**

# 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:

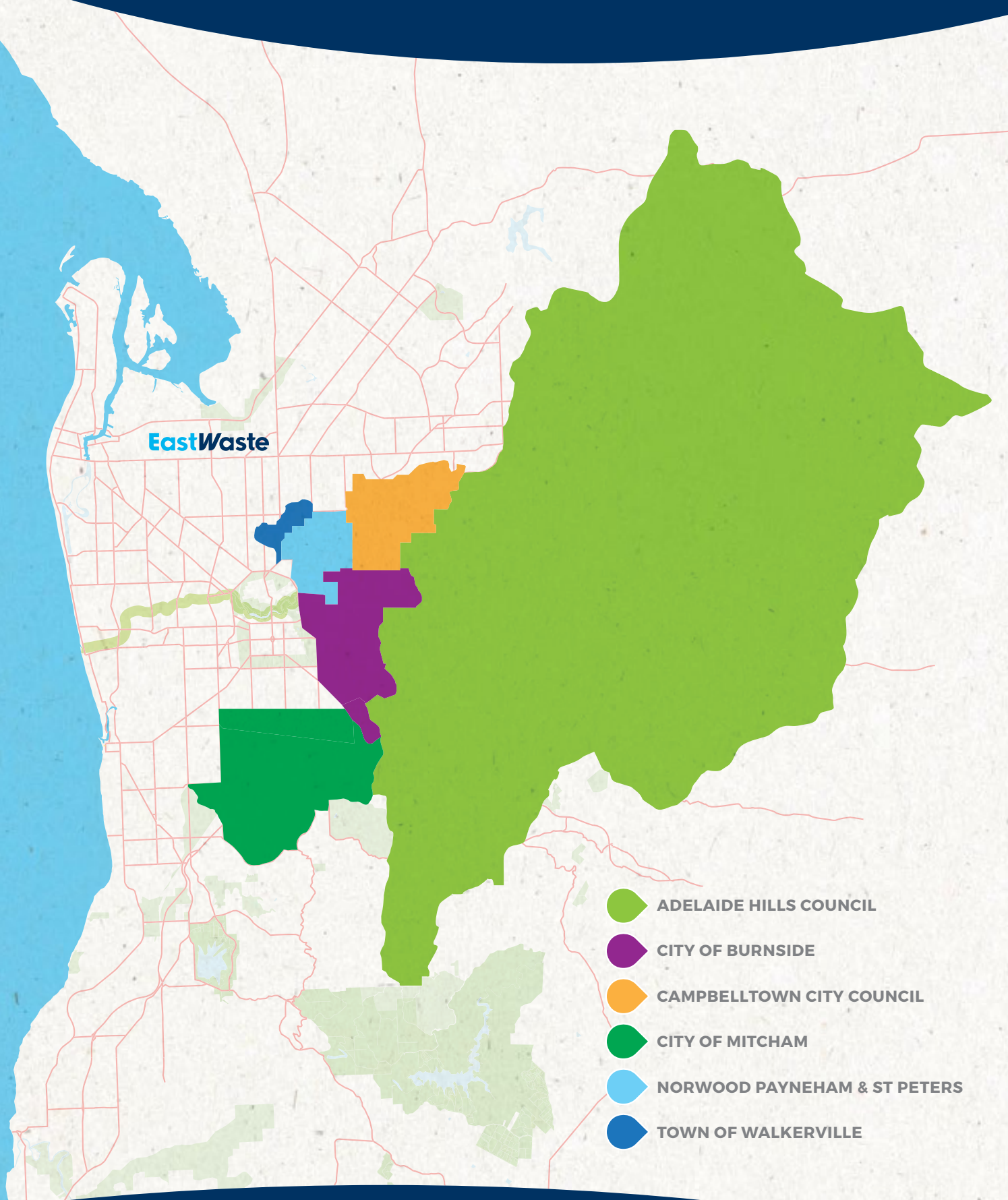
- Appropriate economical return from the at cost charging methodology based on GPS cost allocation.
- Enhanced quality of service by measuring and valuing quality capacities as well as financial indicators.
- Flexibility in service delivery allowing responsiveness to emerging community and market demands.
- 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”.



**EAST WASTE NOW PROVIDES A FULLY INTEGRATED AT-CALL  
HARD WASTE COLLECTION SERVICE FOR FOUR (4) OF ITS MEMBER  
COUNCILS, WITH MUCH OF THE COLLECTED MATERIAL BEING  
DIVERTED FROM LANDFILL.**



**APPROXIMATELY**  
**30%**  
**OF METROPOLITAN ADELAIDE  
IS CURRENTLY SERVICED BY  
THE EAST WASTE TEAM.**



# GENERAL MANAGER'S REPORT

**The Eastern Waste Management Authority trading as East Waste has had another fiscally and operationally strong year which has benefitted the Member Councils. A significant operating surplus has been refunded to Member Councils, and prudent management of the Subsidiary has seen Member Councils fees remain below CPI or Local Government Price Index (LGPI) over the reporting year.**

My thanks go to our dedicated staff – whether they be the hard working drivers collecting the bins in the streets, the safety team walking continual improvement through the Subsidiary, or the customer care centre team who take the many calls and are integral in providing a seamless service to our Member Councils communities.

We are all one team, with the sole aim of providing a high quality low cost essential waste and recycling collection service to our Member Councils.

## **Strategic Procurement**

East Waste's management team led a significant strategic asset tender procurement program in 2015/2016, emanating in a three (3) year supply agreement for collection vehicles. This longer term contract enabled East Waste to;

- Increase its purchasing power
- Benefit from a stronger and more mature relationship with the preferred supplier
- Benefit from innovation and safety advancements in technology
- Improve the pricing point for purchase of vehicles of the three (3) years
- Provide budgetary certainty
- Continue a responsible asset replacement program to maintain a modern fleet of collection vehicles

While the collection vehicle asset replacement follows the Board endorsed Asset Management

Plan 2014-2024, it allows East Waste to maximise its purchasing power for the reasons outlined above.

## **New Member Council Services**

East Waste's internal motto of Repeatable Quality. Through the application of Repeatable Quality Member Councils are afforded the best possible quality in the provision of the essential service of waste management and resource recovery.

As testament, the City of Burnside and Corporation of the Town of Walkerville both resolved in 15/16 to permanently appoint East Waste as their provider of their at-call hard waste service.

East Waste now provides a fully integrated at-call hard waste collection service for four (4) of its Member Councils, with much of the collected material being diverted from landfill.

## **Operations Assistance Committee**

East Waste established an Operations Assistance Committee in 2016, with each Member Council appointing a Senior Officer to the Committee.

This is the first time an Operations Assistance Committee has been established, and it has the aim of discussing and resolving;

- Any common customer service matters
- Coordination of community education around waste minimisation and recycling
- New services that Member Councils would like East Waste to trial or commence

# GENERAL MANAGER'S REPORT

- Share learnings and knowledge
- Report back to the East Waste Board

The inaugural meeting held in March 2016 focussed primarily on terms of reference and the coordination of East Waste's new waste and recycling education campaign.

However, it was clear that the Operations Assistance Committee will form a valuable part of the East Waste shared services subsidiary model.

## Consultation

Importantly, East Waste is active in many conversations, discussions and working groups around improving the broader waste and recycling sector.

East Waste has representation on the Local Government Associations informal waste management working group, the industry peak body association Waste Management Association of Australia, and South Australia's iconic non-government sustainability educator KESAB Environmental Solutions.

East Waste is also active in the EPA Waste Reform Agenda, and the transition of Zero Waste SA to the Office of Green Industries.

**This broad communication with Government and the industry allow East Waste to benefit from the most contemporary of industry learnings, but also influence policy where possible to assist in creating a safe and level playing field for all.**

As General Manager, I look forward to implementing the 2016/2017 adopted Annual Plan and Budget, and implementing the strategic and financial intent of the East Waste Board.



*Adam Faulkner  
General Manager*



# EAST WASTE GOVERNANCE

**East Waste is administered by a Board in accordance with the requirements of the Local Government Act, the Charter, and various other 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 five formal meetings over the 2015 – 2016 financial year.**

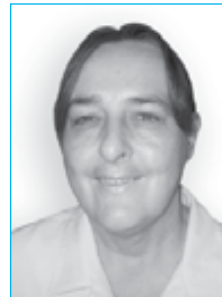
The table below details Board Member attendance.

<b>BOARD MEMBER</b>	<b>MEETINGS</b>
<b>Mr Brian Cunningham</b> (Chair)	<b>5 of 5</b>
<b>Cr Linda Green</b> (Adelaide Hills Council)	<b>5 of 5</b>
<b>Cr Grant Piggott*</b> (City of Burnside)	<b>3 of 5</b>
<b>Mr Paul Di Iulio</b> Chief Executive Officer (Campbelltown City Council)	<b>3 of 5</b>
<b>Cr Karen Hockley</b> (City of Mitcham) Appointed to Board 24 November 2014	<b>4 of 5</b>
<b>Mr Mario Barone</b> Chief Executive Officer (City of Norwood, Payneham & St Peters)	<b>5 of 5</b>
<b>Cr Graham Webster</b> (Corporation of the Town of Walkerville) Appointed to Board 24 November 2014	<b>5 of 5</b>

\*Resigned from East Waste Board, effective 29 June 2016.



*Mr Brian Cunningham  
Independent Chairperson*



*Cr. Linda Green  
Adelaide Hills Council*



*Cr. Grant Piggott  
City of Burnside*



*Mr Paul Di Iulio  
Chief Executive Officer  
Campbelltown City Council*



*Cr. Karen Hockley  
City of Mitcham*



*Mr Mario Barone  
Chief Executive Officer  
City of Norwood Payneham  
& St Peters*



*Cr. Graham Webster  
The Corporation of the  
Town of Walkerville*

# 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:

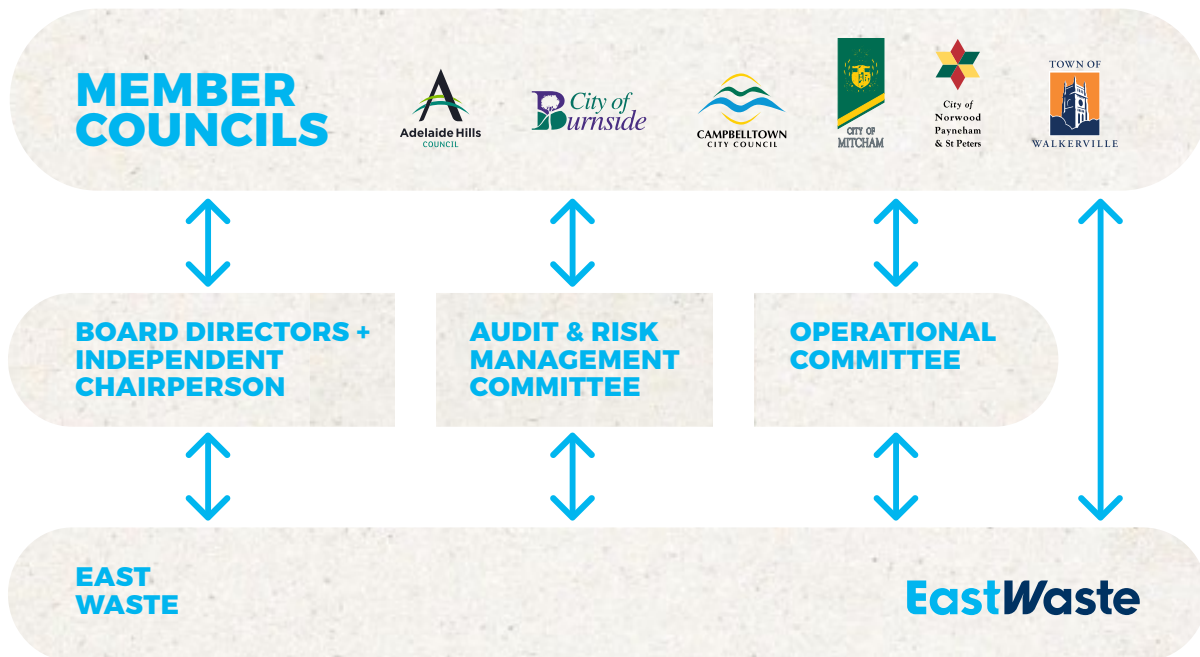
- Reviewing annual financial statements to ensure that they provide a timely and fair view of the state of affairs of the subsidiary;
- Liaise with external auditors; and
- Reviewing the adequacy of the accounting, internal auditing, reporting and other financial management systems and practices of the subsidiary on a regular basis.

The Committee held five formal meetings over the 2015–2016 financial year.

The Audited Financial Statements for the year ending 30 June 2016 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.



# EAST WASTE OPERATIONS

**East Waste has an established purpose built depot and office facilities in Ottaway. This depot comprises office buildings, a wash bay and fully equipped workshop. East Waste operates and maintains a fleet of 36 collection vehicles, and employs 51 permanent staff.**

Recent independent benchmarking undertaken during the 2015/16 financial year relating to the waste collection and disposal services has identified East Waste as being competitive in every metric utilised to attain the results. It was pleasing to note that East Waste was identified as competitive without consideration being given to a number of operational efficiencies and initiatives introduced at East Waste, and the exclusion of quality measurements such as >90% of bins returned to the kerbside upright and with lids closed and an asset maintenance program that maintains a fleet age average of less than eight (8) years.

East Waste currently 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, and includes the additional service offerings taken up by Member Councils since last year's (2014/15) Annual Report.

MEMBER COUNCIL	SERVICES												
	Weekly collection of general waste	Fortnightly Collection of Recyclables	Fortnightly Collection of Organics	"At Call" Hard Waste	Litter Collection	Customer Service	Bin Repairs/Maintenance/Replacements	GPS Tracking	RFID Tracking	Waste Disposal	Recycling Processing	Organics Processing	Education and Promotion
Adelaide Hills Council	✓	✓	✓		✓	✓	✓	✓		✓	✓	✓	✓
City of Burnside	✓	✓	✓	✓		✓		✓	✓	✓	✓	✓	✓
Campbelltown City Council	✓	✓	✓	✓		✓	✓	✓		✓	✓	✓	✓
City of Mitcham		✓	✓	✓		✓	✓	✓		✓	✓	✓	✓
City of Norwood, Payneham & SP	✓	✓	✓	PARTIAL	✓	✓	✓	✓		✓	✓	✓	✓
Corp Town of Walkerville	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓



**THE DIVERSION RATE ACHIEVED BY MEMBER COUNCILS IS AGAIN AN ENCOURAGING RESULT AND BUILDS ON LAST FINANCIAL YEAR'S RESULT BUT IS A RESULT THAT CAN STILL BE IMPROVED BY OUR COMMUNITIES.**



**47,080**

**TONNES OF WASTE COLLECTED  
IN OUR 6 MEMBER COUNCILS  
DURING 2015/16.**



# TONNAGE DATA

Using a frontline fleet of low emission collection vehicles, in 2015/2016 a total of 101,314 tonnes of household waste and recyclables was collected from East Waste Member Council households.

**On average, across all the East Waste Member Councils, that represents an impressive 53.5% diversion from landfill.**

This equates to over half all of the materials presented by residents in their wheelie bins being recycled and turned into new packaging materials, or composted into products to improve soil health in South Australia.

The diversion rate achieved by Member Councils is again an encouraging result and builds on last financial year's result but is a result that can still be improved by our communities. East Waste in collaboration with all its Member Councils have developed an education and promotion campaign to assist communities in continuing to improve recycling rates.

The environmental and financial benefits from separating out household recyclables and organics and placing them in the correct bin are significant, and the waste minimisation education and promotion campaign aims to continue the positive momentum in this area.

KERBSIDE TONNAGE COLLECTED 2015/16	RECYCLABLES	ORGANICS	WASTE
ADELAIDE HILLS COUNCIL	3743	3239	7786
CITY OF BURNSIDE	4509	6360	8031
CITY OF MITCHAM	6185	8678	12684*
NORWOOD PAYNEHAM & ST PETERS	3636	4632	7256
CAMPBELLTOWN CITY COUNCIL	4643	6858	9880
TOWN OF WALKERVILLE	687	1064	1443

\*The City of Mitcham manages the collection of waste for its residents.

**AS PART OF EAST WASTE'S COMMITMENT TO DRIVER AND COMMUNITY SAFETY, EACH COLLECTION VEHICLE IS FITTED WITH FOUR (4) CAMERAS (FRONT, REAR AND SIDES) TO ASSIST DRIVERS WITH THEIR VISION AND ARE EQUIPPED WITH REVERSE SENSOR TECHNOLOGY.**



**30,831**

**TONNES OF ORGANIC WASTE  
COLLECTED FOR RESIDENTS  
IN OUR MEMBER COUNCILS.**

## 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 2015 hundreds of documents were reviewed over a two day period. Eleven (11) elements were chosen to be audited, being a sample across all forty six (46) elements. East Waste again achieved an audit score of 100 out of 100. The next audit is due to occur in October 2016.

### Return to Work

On 1 July 2015 the Return to Work Act 2014 became effective, thereby repealing the previous Workers Rehabilitation and Compensation Act 1986.

East Waste quickly aligned itself with the associated changes. Staff were briefed on the changes and new procedures adopted and implemented. Those Procedures being; Re-employment Procedure and Suitable Employment Procedure.

With such consultation and documentation in place, should an East Waste staff member be injured on the job a return to work would be achievable. East Waste values each and every employee and works side by side with injured workers in achieving a safe, durable, quality driven return to work.

### Collection Vehicle Safety

As part of East Waste's commitment to driver and community safety, East Waste places great value on the safety and performance of its fleet of collection vehicles. To meet this commitment East Waste offers the following:

- An approved independent contractor conducts an annual audit/inspection of the entire East Waste collection fleet;
- All collection vehicles are fully integrated with a GPS system that provides the location of the vehicle at all times;
- Each collection vehicle is fitted with four (4) cameras (front, rear and sides) to assist drivers with their vision;
- Reverse sensor technology on all vehicles;
- Daily inspections of vehicles, including tyre inspection; and
- The average age of East Waste's fleet is less than eight (8) years.



THE CENTRAL QUESTION OF 'WHY WASTE IT?' FOCUSES THE CAMPAIGN ON WASTE AVOIDANCE AND INCREASING RESOURCE RECOVERY. THIS IS ENCOURAGED THROUGH THE WASTE HIERARCHY PRINCIPALS OF - AVOID, REDUCE, RE-USE, RECYCLE AND COMPOST AS OPTIONS TO 'WASTING IT'.



# 23,403

TONNES OF RECYCLABLES  
COLLECTED FOR RESIDENTS  
DURING 2015/16.

# EDUCATION AND PROMOTION

**East Waste's 10 Year Business Plan identified a need for East Waste to coordinate and develop a waste minimisation campaign and in a collaborative approach with all Member Councils throughout the 2015/16 year East Waste has developed the "Why waste it?" campaign. This campaign is aimed at educating and promoting responsible behaviour around reducing waste and improving recycling.**

Central to the 'Why waste it?' campaign will be a website that contains an up to date A-Z guide to assist residents in knowing what items go in 'Which Bin' and how to divert resources from landfill and transform them into reusable and recyclable materials.

This easy to use online A-Z Item directory will list common household items in alphabetical order and indicate 'Which Bin' they go by the colour of the corresponding bin lid.

The central question of 'Why waste it?' focuses the campaign on waste avoidance and increasing resource recovery. This is encouraged through the

waste hierarchy principals of - **Avoid, Reduce, Re-Use, Recycle and Compost** by highlighting these as alternative options to 'wasting it'. Within the online database a number of alternative options will be listed for various items where there are more than one way to recycle or dispose of the item.

The overall campaign will consist of a number of items that member council's will have access to via the website. These items will include artwork for Bus Shelters, DL Flyers, A4 and A3 Posters, Bin Stickers, No Junk Mail Stickers, Newsletter Banners Ads, Online Web Tiles (ads) and Street Banners.





# EDUCATION AND PROMOTION



The Mini-Bin Game will also be available for hire through member councils and will serve as a great educational resource to use.

A limited range of campaign elements will also be freely available to Schools, TAFE, Uni, Community Centre, Library and other educational facilities.





# EDUCATION AND PROMOTION



# FINANCIAL STATEMENT



## 2015-16 ANNUAL REPORT



# FINANCIAL STATEMENT CONTENTS

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## CERTIFICATION OF FINANCIAL STATEMENTS

### EASTERN WASTE MANAGEMENT AUTHORITY

#### ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2016

#### CERTIFICATION OF FINANCIAL STATEMENTS

We have been authorised by the 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 2016 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.

.....  
Adam Faulkner  
CHIEF EXECUTIVE OFFICER

.....  
Brian Cunningham  
INDEPENDENT CHAIRPERSON

Date: 14 September 2016

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 \$	2015 \$
<b>INCOME</b>			
User charges	2	12,573,410	13,086,802
Investment income	2	36,129	42,728
Other income	2	381,540	878,601
<b>Total Income</b>		<b>12,991,079</b>	<b>14,008,131</b>
<b>EXPENSES</b>			
Employee costs	3	4,803,231	4,837,731
Materials, contracts & other expenses	3	6,267,459	6,879,259
Depreciation, amortisation & impairment	3	1,595,423	1,754,292
Finance costs	3	334,865	405,851
<b>Total Expenses</b>		<b>13,000,978</b>	<b>13,877,133</b>
<b>OPERATING SURPLUS / (DEFICIT)</b>		<b>(9,899)</b>	<b>130,998</b>
Asset disposal & fair value adjustments	4	37,882	7,002
Income tax equivalent charge	2	-	(4,574)
<b>NET SURPLUS / (DEFICIT)</b>			
transferred to Equity Statement		27,984	133,426
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>27,984</b>	<b>133,426</b>

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

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	Notes	2016 \$	2015 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5	2,797,570	2,096,194
Trade & other receivables	5	358,583	248,589
<b>Total Current Assets</b>		<b>3,156,153</b>	<b>2,344,783</b>
<b>Non-current Assets</b>			
Infrastructure, property, plant & equipment	6	5,332,461	6,793,005
<b>Total Non-current Assets</b>		<b>5,332,461</b>	<b>6,793,005</b>
<b>Total Assets</b>		<b>8,488,614</b>	<b>9,137,788</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade & other payables	7	1,869,862	908,090
Borrowings	7	1,416,593	1,099,894
Provisions	7	608,909	694,002
<b>Total Current Liabilities</b>		<b>3,895,364</b>	<b>2,701,986</b>
<b>Non-current Liabilities</b>			
Borrowings	7	4,373,852	6,103,149
Provisions	7	69,398	55,891
<b>Total Non-current Liabilities</b>		<b>4,443,250</b>	<b>6,159,040</b>
<b>Total Liabilities</b>		<b>8,338,614</b>	<b>8,861,026</b>
<b>NET ASSETS</b>		<b>150,000</b>	<b>276,762</b>
<b>EQUITY</b>			
Accumulated Surplus		150,000	276,763
<b>TOTAL EQUITY</b>		<b>150,000</b>	<b>276,763</b>

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



## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2016

	Notes	Accumulated Surplus \$	TOTAL EQUITY \$
<b>2016</b>			
Balance at end of previous reporting period		276,763	276,763
<b>Net Surplus / (Deficit) for Year</b>		<b>27,984</b>	<b>27,984</b>
Contributed equity	14	122,018	122,018
Distribution to councils	1	(276,765)	(276,765)
<b>Balance at end of period</b>		<b>150,000</b>	<b>150,000</b>
<b>2015</b>			
Balance at end of previous reporting period		21,319	21,319
<b>Net Surplus / (Deficit) for Year</b>		<b>133,426</b>	<b>133,426</b>
Contributed equity		122,018	122,018
<b>Balance at end of period</b>		<b>276,763</b>	<b>276,763</b>

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

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 \$	2015 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<i>Receipts</i>			
User charges		13,720,757	14,092,717
Investment receipts		36,129	42,728
<i>Payments</i>			
Employee costs		(4,874,817)	(4,722,033)
Materials, contracts & other expenses		(6,062,903)	(6,940,334)
Finance payments		(390,947)	(405,851)
Other payments		(62,503)	-
<b>Net Cash provided by (or used in) Operating Activities</b>		<b>2,365,717</b>	2,067,227
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<i>Receipts</i>			
Sale of replaced assets		39,049	71,455
Sale of surplus assets		66,441	-
Capital contributed by members		122,018	122,018
<i>Payments</i>			
Expenditure on renewal/replacement of assets		(202,487)	(1,992,154)
Distribution to councils		(276,764)	(4,574)
<b>Net Cash provided by (or used in) Investing Activities</b>		<b>(251,743)</b>	(1,803,255)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<i>Receipts</i>			
Proceeds from borrowings		-	1,743,400
<i>Payments</i>			
Repayments of borrowings		(88,622)	(370,052)
Repayment of finance lease liabilities		(1,323,976)	(1,307,153)
<b>Net Cash provided by (or used in) Financing Activities</b>		<b>(1,412,598)</b>	66,195
<b>Net Increase (Decrease) in cash held</b>		<b>701,376</b>	330,167
Cash & cash equivalents at beginning of period	8	2,096,194	1,766,027
<b>Cash &amp; cash equivalents at end of period</b>	8	<b>2,797,570</b>	2,096,194

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

## **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

### **NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**

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 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.

##### **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 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.

#### **2 The Local Government Reporting Entity**

Eastern Waste Management Authority Inc ("The Authority") is a Regional Subsidiary formed under Section 43 of the Local Government Act 1999, 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.

#### **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.

#### **4 Cash, Cash Equivalents and other Financial Instruments**

Cash Assets include all amounts readily convertible to cash on hand at Authority'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.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONT)**

**5 Infrastructure, Property, Plant & Equipment**

**5.1 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.

**5.2 Materiality**

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by 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.

**5.3 Depreciation of Non-Current Assets**

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	5% - 40%
Building and other structures	5% - 20%

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.

**5.4 Impairment**

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).

**5.5 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.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONT)**

**6 Payables**

**6.1 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.

**6.2 Payments Received in Advance & Deposits**

Amounts 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.

**7 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".

**8 Employee Benefits**

**8.1 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.

No accrual is made for sick leave as Authority 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. Authority does not make payment for untaken sick leave.

Annual Leave has this year been disclosed under Provisions for the first time. In previous year, Annual Leave has been disclosed under Trade & Other Payables. Comparative information has been amended for comparability purposes and this has resulted in no change in the comparative financial position of performance of the Authority.

**8.2 Superannuation**

The Authority makes employer superannuation contributions in respect of its employees to the Local Government 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.

**9 Leases**

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

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.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONT)**

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.

**10 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.

**11 Distribution to Member Council**

The Board of the Authority approved the payment of a distribution to the Member Councils during the 2015/16 financial year totalling \$276,765. This has been treated a capital distribution to each Member Council in accordance with each Council's respective percentage ownership in the Authority.

**12 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;
- 1.9 income tax

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.



## **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

### **NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONT)**

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.

#### **13 Pending Accounting Standards**

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2016 reporting period and have not been used in preparing these reports.

AASB 7	Financial Instruments – Disclosures
AASB 9	Financial Instruments
AASB 124	Related Party Disclosures

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 2014-6, AASB 2014-7, AASB 2014-8, AASB 2014-9, AASB 2014-10, AASB 2015-1, AASB 2015-2, AASB 2015-3, AASB 2015-4, AASB 2015-5, AASB 2015-6 and AASB 2015-7.

(Standards not affecting local government have been excluded from the above list.)

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.

The Australian Accounting Standards Board is currently reviewing AASB 1004 Contributions. It is anticipated that the changes resulting from this review may have a material effect on the timing of the recognition of grants and contributions, but the financial consequences cannot be estimated until a revised accounting standard is issued.

Accounting Standard AASB 16 Leases may have a material effect on the amounts disclosed in these reports, particularly in relation to Infrastructure, Property, Plant & Equipment, but does not commence until the 2019/20 financial period, and it is not Authority's intention to adopt this Standard early.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**NOTE 2 - INCOME**

	Notes	2016 \$	2015 \$
<b>USER CHARGES</b>			
Household refuse		4,181,142	3,853,511
Administration		208,896	202,812
Green organics		3,435,168	3,089,855
Recyclables		3,191,626	3,910,422
Hardwaste		517,743	361,775
Litter		265,352	233,959
Waste disposal		773,483	1,402,234
Recycling		-	32,234
		<b>12,573,410</b>	<b>13,086,802</b>
<b>INVESTMENT INCOME</b>			
Interest on investments			
Local Government Finance Authority		34,986	40,561
Banks & other		1,143	2,167
		<b>36,129</b>	<b>42,728</b>
<b>OTHER INCOME</b>			
Bin supply		100,537	485,995
Replacement bins		107,305	128,471
Sundry		173,698	264,135
		<b>381,540</b>	<b>878,601</b>
<b>INCOME TAX EQUIVALENT CHARGE</b>			
Income tax equivalent charge		-	(4,574 )
<b>TOTAL INCOME TAX EQUIVALENT CHARGE</b>		<b>-</b>	<b>(4,574 )</b>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**NOTE 3 - EXPENSES**

	Notes	2016 \$	2015 \$
<b>EMPLOYEE COSTS</b>			
Salaries and Wages		3,742,055	3,552,355
Employee leave expense		(71,586)	218,599
Superannuation		374,463	278,110
Wages casual agency		492,527	563,945
Workers' Compensation Insurance		171,779	157,318
Other		93,992	67,404
<b>Total Operating Employee Costs</b>		<b>4,803,231</b>	<b>4,837,731</b>
<b>Total Number of Employees</b>		<b>49</b>	<b>50</b>
<i>(Full time equivalent at end of reporting period)</i>			
<b>MATERIALS, CONTRACTS &amp; OTHER EXPENSES</b>			
<i>Prescribed Expenses</i>			
Auditor's Remuneration			
- Auditing the financial reports		8,300	8,000
Board Fees		23,850	23,850
Operating Lease Rentals - cancellable leases		78,158	28,233
Subtotal - Prescribed Expenses		<b>110,308</b>	60,083
<i>Other Materials, Contracts &amp; Expenses</i>			
Disposal fees		1,901,250	2,264,004
Dumping fees		16,643	343,514
Energy		34,954	25,997
Fuel, gas & oil		734,665	957,456
GPS expenses		49,555	36,512
Insurance		24,989	24,164
Maintenance		1,209,543	1,522,552
Legal Expenses		18,093	31,974
Parts, accessories & consumables		43,066	45,799
Printing, stationary, postage & courier		38,272	33,829
Processing costs		-	40,041
Professional services		223,970	185,164
Promotion & advertising		41,959	21,005
Rebate to member councils		1,138,215	-
Registration & insurance - trucks		222,129	260,155
Sorting fees		-	676,537
Sundry		424,326	308,785
Telephone		35,522	41,688
Subtotal - Other Materials, Contracts & Expenses		<b>6,157,151</b>	<b>6,819,176</b>
		<b>6,267,459</b>	<b>6,879,259</b>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**NOTE 3 - EXPENSES (CONT)**

	2016	2015
Notes	\$	\$
<b>DEPRECIATION, AMORTISATION &amp; IMPAIRMENT</b>		
<b>Depreciation</b>		
Buildings & Other Structures	7,645	7,163
Plant, Machinery & Equipment	1,587,778	1,747,129
	1,595,423	1,754,292
<b>FINANCE COSTS</b>		
Interest on Loans	331,384	403,637
Charges on Finance Leases	3,481	2,214
	334,865	405,851

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**NOTE 4 - ASSET DISPOSAL & FAIR VALUE ADJUSTMENTS**

	Notes	2016 \$	2015 \$
<b>INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIPMENT</b>			
<b><i>Assets renewed or directly replaced</i></b>			
Proceeds from disposal		39,051	64,453
Less: Carrying amount of assets sold		50,822	57,451
<b>Gain (Loss) on disposal</b>		<b>(11,771)</b>	7,002
<b><i>Assets surplus to requirements</i></b>			
Proceeds from disposal		66,441	-
Less: Carrying amount of assets sold		16,788	-
<b>Gain (Loss) on disposal</b>		<b>49,653</b>	-
<b>NET GAIN (LOSS) ON DISPOSAL OF ASSETS</b>		<b>37,882</b>	7,002

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**NOTE 5 - CURRENT ASSETS**

	Notes	2016 \$	2015 \$
CASH & EQUIVALENT ASSETS			
Cash on Hand at Bank		1,509,899	643,681
Short Term Deposits & Bills, etc		1,287,671	1,452,513
		<b>2,797,570</b>	2,096,194
TRADE & OTHER RECEIVABLES			
Debtors - general		357,593	247,599
Prepayments		990	990
Total		358,583	248,589
Less: Allowance for Doubtful Debts		-	-
		<b>358,583</b>	248,589



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016

## NOTE 6 - INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIPMENT

2015				
	\$			
	<i>At Fair Value</i>	<i>At Cost</i>	<i>Accum Dep'n</i>	<i>Carrying Amount</i>
Buildings & Other Structures	-	75,115	(24,712)	50,403
Plant, Machinery & Equipment	-	12,873,515	(6,130,913)	6,742,602
<b>Total Infrastructure, Property, Plant &amp; Equipment</b>	-	12,948,630	(6,155,625)	6,793,005
<b>Comparatives</b>	-	<b>19,463,465</b>	<b>(12,843,869)</b>	<b>6,619,596</b>

2016				
	\$			
	<i>At Fair Value</i>	<i>At Cost</i>	<i>Accum Dep'n</i>	<i>Carrying Amount</i>
Buildings & Other Structures	-	<b>81,935</b>	<b>(36,759)</b>	<b>45,176</b>
Plant, Machinery & Equipment	-	<b>11,814,253</b>	<b>(6,526,968)</b>	<b>5,287,285</b>
<b>Total Infrastructure, Property, Plant &amp; Equipment</b>	-	<b>11,896,188</b>	<b>(6,563,727)</b>	<b>5,332,461</b>
<b>Comparatives</b>	-	<b>12,948,630</b>	<b>(6,155,625)</b>	<b>6,793,005</b>

This note continues on the following page.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 6 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT (CONT)

	CARRYING AMOUNT MOVEMENT DURING YEAR				
	2015				
	\$ Carrying Amount	\$ Additions		\$ Disposals	\$ Depreciation
		New/Upgrade	Renewels		
Buildings & Other Structures	50,403	2,418	-	-	(7,645)
Plant, Machinery & Equipment	6,742,602	-	200,070	(67,609)	(1,587,778)
<b>Total Infrastructure, Property, Plant &amp; Equipment</b>	<b>6,793,005</b>	<b>2,418</b>	<b>200,070</b>	<b>(67,609)</b>	<b>(1,595,423)</b>
<b>Comparatives</b>	<b>6,619,596</b>	<b>1,992,154</b>	<b>-</b>	<b>(64,453)</b>	<b>(1,754,292)</b>

	CARRYING AMOUNT MOVEMENT DURING YEAR				
					2016
	\$ Impairment	\$ Transfers		\$ Net Revaluation	\$ Carrying Amount
		In	Out		
Buildings & Other Structures	-	-	-	-	45,176
Plant, Machinery & Equipment	-	-	-	-	5,287,285
<b>Total Infrastructure, Property, Plant &amp; Equipment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,332,461</b>
<b>Comparatives</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,793,005</b>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**NOTE 7 - LIABILITIES**

	Notes	2016		2015	
		Current	Non-current	Current	Non-current
<b>TRADE &amp; OTHER PAYABLES</b>					
Goods & Services		516,030	-	745,638	-
Accrued expenses - rebate to member councils		1,252,036	-		
Accrued expenses - other		101,796	-	157,878	-
Other		-	-	4,574	-
		<b>1,869,862</b>	<b>-</b>	<b>908,090</b>	<b>-</b>
<b>BORROWINGS</b>					
Loans		94,797	325,893	61,009	448,303
Finance Leases	10	1,321,796	4,047,959	1,038,885	5,654,846
		<b>1,416,593</b>	<b>4,373,852</b>	<b>1,099,894</b>	<b>6,103,149</b>

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

**PROVISIONS**

Annual leave entitlements (including oncosts)	171,263	-	254,977	-
Long service leave entitlements (including oncosts)	437,646	69,398	439,025	55,891
	<b>608,909</b>	<b>69,398</b>	<b>694,002</b>	<b>55,891</b>

As a result of operational efficiency initiatives implemented and resulting savings achieved, the Authority has recorded a liability in Note 7 to reflect the rebate payable to Member Councils on waste management fees charged to Member Councils in the 2015/16 financial year. The rebate will be paid to the Member Councils in the 2016/17 financial year.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**NOTE 8 - 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	2016 \$	2015 \$
Total cash & equivalent assets	5	2,797,570	2,096,194
Less: Short-term borrowings	7	-	-
Balances per Cash Flow Statement		<b>2,797,570</b>	2,096,194

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

Net Surplus (Deficit)		27,984	133,426
Non-cash items in Income Statement			
Depreciation, amortisation & impairment		1,595,423	1,754,292
Net increase (decrease) in unpaid employee benefits		(71,586)	115,698
Net (Gain) Loss on Disposals		(37,882)	(7,002)
		<b>1,513,939</b>	1,996,414
Add (Less): Changes in Net Current Assets			
Net (increase) decrease in receivables		(109,994)	123,036
Net (increase) decrease in inventories		-	4,278
Net increase (decrease) in trade & other payables		961,772	(61,075)
<b>Net Cash provided by (or used in) operations</b>		<b>2,365,717</b>	2,062,653

**(d) Financing Arrangements**

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

GFA Cash Advance Debenture facility	<b>1,000,000</b>	1,000,000
-------------------------------------	------------------	-----------

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 9 - 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 1.75% and 1.85% (2015: 2% and 2.05%).

**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 Authority.

**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 (describe basis); interest is charged at fixed rates between 4.25% and 7.01% (2015: 4.25% and 7.01%)

**Carrying amount:** Approximates fair value.

---

Liabilities - Finance Leases

**Accounting Policy:** Accounted for in accordance with AASB 117.

---

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**NOTE 9 - FINANCIAL INSTRUMENTS (CONT)**

**Liquidity Analysis**

	Due < 1 year	Due > 1 year; < 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
<b>2016</b>	\$	\$	\$	\$	\$
<b>Financial Assets</b>					
Cash & Equivalents	2,797,570	-	-	2,797,570	2,797,570
Receivables	358,583	-	-	358,583	358,583
<b>Total</b>	<b>3,156,153</b>	-	-	3,156,153	3,156,153
<b>Financial Liabilities</b>					
Payables	516,030	-	-	516,030	516,030
Current Borrowings	1,688,503	-	-	1,688,503	1,321,796
Non-Current Borrowings	-	4,545,647	290,556	4,836,203	4,047,959
<b>Total</b>	<b>2,204,533</b>	4,545,647	290,556	7,040,736	5,885,785
2015					
<b>Financial Assets</b>					
Cash & Equivalents	2,096,194	-	-	2,096,194	2,096,194
Receivables	248,589	-	-	248,589	248,589
<b>Total</b>	<b>2,344,783</b>	-	-	2,344,783	2,344,783
<b>Financial Liabilities</b>					
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	6,484,937	5,654,846
<b>Total</b>	<b>2,445,712</b>	4,974,068	1,510,869	8,930,649	7,439,369

**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.

**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.



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**NOTE 9 - FINANCIAL INSTRUMENTS (CONT)**

**Liquidity Risk** is the risk that 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. Authority 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. 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

**NOTE 10 - COMMITMENTS FOR EXPENDITURE**

Notes	2016 \$	2015 \$
<b>Finance Lease Commitments</b>		
Commitments under finance leases at the reporting date are as follows:		
Not later than one year	1,566,485	1,639,065
Later than one year and not later than 5 years	4,179,592	4,525,765
Later than 5 years	290,556	1,510,859
Minimum lease payments	6,036,633	7,675,689
Less: future finance charges	(666,878)	(981,958)
Net Lease Liability	<b>5,369,755</b>	6,693,731
Representing lease liabilities:		
Current	1,321,796	1,038,885
Non-Current	4,047,959	5,654,846
	<b>5,369,755</b>	6,693,731

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**NOTE 11 - 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

	<b>2016</b>	2015
	\$	\$
Income	12,991,079	14,008,131
<i>less</i> Expenses	13,000,978	13,877,133
<b>Operating Surplus / (Deficit)</b>	<b>(9,899)</b>	130,998
 <b><i>less</i> Net Outlays on Existing Assets</b>		
Capital Expenditure on renewal & replacement of Existing Assets	202,487	1,992,154
Depreciation, Amortisation & Impairment	(1,595,423)	(1,754,292)
Proceeds from Sale of Replaced Assets	(39,049)	(71,455)
	<b>(1,431,985)</b>	166,407
 <b><i>less</i> Net Outlays on New and Upgraded Assets</b>		
Proceeds from Sale of Surplus Assets (including investment property and real estate developments)	(66,441)	-
	(66,441)	-
<b>Net Lending / (Borrowing) for Financial Year</b>	<b>1,488,528</b>	(35,409)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**NOTE 12 – 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 DiIulio**

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.

\*Cr G Piggott resigned from the Board on 29 June 2016

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**NOTE 13 – 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 \$
<b>2016</b>	<b>144,852</b>	<b>14,287</b>	-	<b>12,000</b>	-	<b>171,139</b>
2015	128,827	13,523	-	12,000	-	154,350

*Board Member Compensation*

Independent Chairperson - \$20,000 (2015: \$20,000)

Independent Audit Committee Members - \$3,850 (2015: \$3,850)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**NOTE 14 – 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 City of Campbelltown 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.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**NOTE 15 – EVENTS OCCURRING AFTER REPORTING DATE**

In accordance with AASB 110, there were no events subsequent to 30 June 2016 that need to be disclosed in the financial statements.



## CERTIFICATION OF AUDITOR INDEPENDENCE

### EASTERN WASTE MANAGEMENT AUTHORITY

#### ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2016

#### CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Eastern Waste Management Authority for the year ended 30 June 2016, the Authority'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*.

.....  
Adam Faulkner  
CHIEF EXECUTIVE OFFICER

.....  
Brian Cunningham  
PRESIDING MEMBER  
AUDIT COMMITTEE

Date: 14 September 2016

## STATEMENT BY AUDITOR



### Certification of Auditor's Independence

I confirm that, for the audit of the financial statements of the Eastern Waste Management Authority for the year ended 30 June 2016, 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

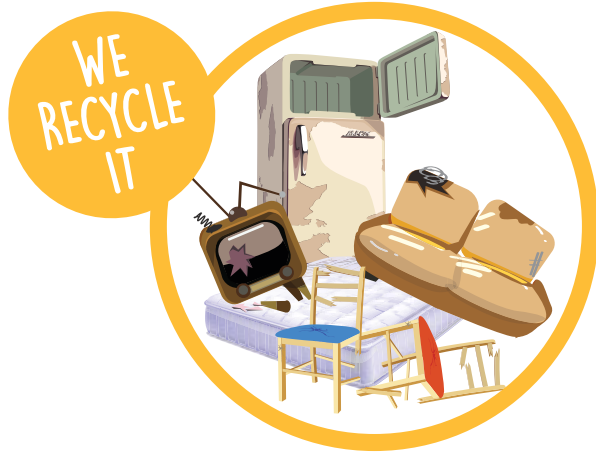
Dated this 16<sup>th</sup> day of September 2016

Office:  
214 Melbourne Street  
North Adelaide SA 5006

All Correspondence:  
PO Box 755  
North Adelaide SA 5006

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## 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 51 PERMANENT STAFF MEMBERS.
- PURPOSE BUILT DEPOT, FUEL SUPPLY; SELF-SUFFICIENT WORKSHOP AND ADMINISTRATION CENTRE.





APPROXIMATELY

**180,000**

**BINS COLLECTED PER WEEK,  
EVERY WEEK, EACH DAY  
OF THE WEEK (BAR TWO).**

## EastWaste

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](mailto:east@eastwaste.com)

[eastwaste.com.au](http://eastwaste.com.au)



**EastWaste**

# ***Appendix 2 Subsidiaries***

**Gawler River Floodplain  
Management Authority**  
Annual Report 2015/16

# Gawler River Floodplain Management Authority

## Annual Report 2015 - 2016

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](mailto:deangollan@hotmail.com)  
Website: [www.gawler.sa.gov.au/grfma](http://www.gawler.sa.gov.au/grfma)



# Gawler River Floodplain Management Authority

## Annual Report 2015 – 2016

### Chairman's Forward

This report period the Authority's effort has been primarily focussed on working with Australian Water Environments (AWE) Consultants to complete a Findings Report for the Gawler River Flood Mitigation Scheme - Mark Two.

Following initial review by the Board and consultation with member councils a Final Mitigations Options Findings report was received in March 2016. The report's findings are based on a comprehensive review of the Gawler River hydrology, floodplain mapping and changes in the catchment that have taken place since 2007.

With over three thousand residential properties currently at risk of flooding with a flood hazard rating of medium or higher in a 1 in 100 ARI flood event and a further 1600 properties likely to incur nuisance by low hazard flooding, the report provides options for both structural and non-structural flood mitigation measures which will be subject to further consultation with member councils and their communities, Commonwealth and State Governments and other stakeholders as a matter of priority.

Recently appointed as the successor to Dr Bruce Eastick who was the first Chairman appointee to the Authority on its inception in 2002, it is important that I extend acknowledgement for his commitment to task and the valuable guidance provided in his term of office through to February 2016. During this time Dr Eastick was instrumental in:

- Engaging the member councils and their representatives in the purpose and activities of the Authority addressing flood mitigation control in the Gawler River Catchment
- Negotiating with the State Government, member councils and their representatives, community and other stakeholders' in floodplain investigations, design, funding - and ultimately capital works involving the construction of the flood mitigation dam on the North Para River, Turretfield (completed in 2007) and modifications to the South Para Reservoir spillway (completed in 2012)
- Guiding the Authority in completing follow-up investigations of the Gawler River Floodplain to determine further works necessary to effect flood protection in 1:100 ARI rainfall events occurring in the future

The member council's continuing representation around the 'Authority' table is also acknowledged and will be important in making decision and negotiating funding solutions for flood mitigation works undertaken as part of Mark Two of the Gawler River Flood Mitigation Scheme.

*Mr Ian Baldwin*  
*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 for one independent person, who is not an officer, employee or elected member of a Constituent Council, to be appointed as the Chairperson of the Board of Management of the GRFMA for a term of two years. A sitting fee of \$400 per meeting with a maximum payment of \$5,000 per annum has been set. This will cover the Chairperson presiding at up to eight (8) Board Meetings per year and one or two Technical Assessment Panel meetings per year.

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:

<b><i>Authority</i></b>	<b><i>Board Members</i></b>	<b><i>Deputy Board Members</i></b>
<b>AMLRNRMB</b>	Dr Bruce Eastick AM, Chairman to Feb 2016	
<b>Independent Chairman</b>	Mr Ian Baldwin from April 2016	Mr Marc Salver
<b>Adelaide Hills Council</b>	Cr John Kemp to Oct 2015 Cr Malcom Herrmann from Dec 2015 Mr Andrew Aitken, CEO	Mr Lachlan Miller from Dec 2015
<b>The Barossa Council</b>	Mayor Bob Sloane Mr Gary Mavrinnac	Cr Dave de Vries
<b>Town of Gawler</b>	Cr Adrian Shackley Mr Sam Dilena	Cr Paul Koch Mr Scott Reid
<b>Light Regional Council</b>	Cr William Close Mr Brian Carr, CEO	Mr Andrew Philpott
<b>District Council of Mallala</b>	Cr Ann Picard Ms Katrina Marton to Oct 2015 Mr James Miller from Feb 2016	Cr Melville Lawrence
<b>City of Playford</b>	Cr Denis Davey Mr Mal Hemmerling from Oct 2015	Cr Carol Muzyk Mr Harry Pitrans to Oct 2015 Mr Greg Pattinson from Dec 2015

Ordinary meetings of the Board are held bi-monthly on the third Thursday, except December, which is held on the second Thursday of the even months commencing at 9.00am.

Meetings are hosted by the Constituent Councils on a rotational roster. Six Ordinary Board meetings were held during the year as follows:

- Wednesday 19 August 2015                      Gawler
- Wednesday 21 October 2015                      Mallala
- Wednesday 9 December 2015                      Davoren Park
- Thursday 18 February 2016                      Kapunda
- Thursday 21 April 2016                      Gumeracha
- Thursday 23 June 2016                      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:

- Ian Baldwin, Chairman
- Dean Gollan, Executive Officer, GRFMA
- Bill Lipp, Principal Stormwater Engineer, Department for Transport, Energy and Infrastructure
- Chrissie Bloss, Flood Hazard Manager, DEWNR
- Derek Moore, Principal Engineer Dams, SA Water

No meetings of the Panel were held during the year.

### **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:

- 10 September 2015
- 14 April 2016

The members of the Committee are:

- Mr Peter Brass, Independent Member
- Mr Sam Dilena, Town of Gawler
- Cr Des Ellis, Light Regional Council

### **Gawler River Flood Mitigation Scheme**

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**

### ***4<sup>th</sup> and 5<sup>th</sup> 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 for the Gawler River Flood Mitigation Scheme, with Australian Water Environments being the successful tenderer.

The report, which included a review of the Hydrological Study of the Gawler River Catchment, will assist with the decision on the best mitigation approach to reduce the effect of future flooding in the Northern Adelaide Plains.

The report considers two structural flood mitigation approaches; one being the strategic placement of levees along the Gawler River and the other, a more favoured approach involving the enlargement of the Bruce Eastick North Para Flood Mitigation Dam.

Non-structural measures identified included the implementation of a total flood warning system and more effective and consistent planning policy to manage new development, both of which are currently being pursued by the Authority and its member councils. The next step for the Authority is to undertake a structural assessment of the Bruce Eastick North Para Flood Mitigation Dam wall to confirm technical feasibility for enlargement and to refine cost estimates.

### **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, with the exception of those matters to be considered under Section 90 of the Local Government Act 1999.

One Freedom of Information request was received during the year.



<b>Forum</b>	<b>Total Resolutions for the year</b>	<b>Resolutions to exclude the Public - Sec 90(3)</b>	<b>Purpose</b>	<b>Order for docs to remain confidential - Sec 91(7)</b>	<b>%</b>
Board	69	8	(1) Possible commercial Advantage of a person (2) Legal advice	2	3%
Technical Assessment Panel	Did not meet				
Audit Committee	8	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 2016

	Notes	2016 \$	2015 \$
<b>INCOME</b>			
Subscriptions	3	74,676	72,501
Investment income	1(d)	3,925	8,859
Other Income		29	-
<b>Total Income</b>		<u>78,630</u>	<u>81,360</u>
<b>EXPENSES</b>			
Contractual Services	5	70,262	216,237
Depreciation	1(i), 4	231,213	231,213
Other	3	19,009	11,650
<b>Total Expenses</b>		<u>320,483</u>	<u>459,100</u>
<b>OPERATING SURPLUS / (DEFICIT)</b>		<u>(241,853)</u>	<u>(377,740)</u>
<b>NET SURPLUS / (DEFICIT)</b>		<u>(241,853)</u>	<u>(377,740)</u>
transferred to Equity Statement			
<b>Other Comprehensive Income</b>			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Changes in revaluation surplus - infrastructure, property, plant & equipment		-	-
<b>Total Other Comprehensive Income</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME</b>		<u>(241,853)</u>	<u>(377,740)</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 2016

<b>ASSETS</b>	Notes	2016 \$	2015 \$
<b>Current Assets</b>			
Cash and cash equivalents		2,215	10,636
Investments	1(d)	195,329	201,302
Debtors - GST		2,719	2,026
Accrued Interest		927	1,046
<b>Total Current Assets</b>		<u>201,190</u>	<u>215,011</u>
<b>Non-current Assets</b>			
Infrastructure	4	18,497,000	18,497,000
Accumulated Depreciation Infrastructure	1(i), 4	(1,849,425)	(1,618,213)
Land	4	326,364	326,364
<b>Total Non-current Assets</b>		<u>16,973,939</u>	<u>17,205,152</u>
<b>Total Assets</b>		<u>17,175,129</u>	<u>17,420,162</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade & other payables		-	3,180
<b>Total Current Liabilities</b>		<u>-</u>	<u>3,180</u>
<b>Total Liabilities</b>		<u>-</u>	<u>3,180</u>
<b>NET ASSETS</b>		<u>17,175,129</u>	<u>17,416,982</u>
<b>EQUITY</b>			
Accumulated Surplus		14,323,319	14,565,172
Asset Revaluation Reserves	1(h), 4	2,851,810	2,851,810
<b>TOTAL EQUITY</b>		<u>17,175,129</u>	<u>17,416,982</u>

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 2016

		<b>Accumulated Surplus</b>	<b>Asset Revaluation Reserve</b>	<b>TOTAL EQUITY</b>
<b>2016</b>	Notes	\$	\$	\$
Balance at end of previous reporting period		14,565,172	2,851,810	17,416,982
Restated opening balance		14,565,172	2,851,810	17,416,982
<b>Net Surplus / (Deficit) for Year</b>		(241,853)		(241,853)
<b>Other Comprehensive Income</b>				
<b>Balance at end of period</b>		<b>14,323,319</b>	<b>2,851,810</b>	<b>17,175,129</b>
<b>2015</b>				
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
<b>Net Surplus / (Deficit) for Year</b>		(377,740)		(377,740)
<b>Other Comprehensive Income</b>				
<b>Balance at end of period</b>		<b>14,565,172</b>	<b>2,851,810</b>	<b>17,416,982</b>

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 2016

	Notes	2016 \$	2015 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts		74,013	74,089
Payments		<u>(92,451)</u>	<u>(245,055)</u>
<b>Net Cash provided by (or used in) Operating Activities</b>		<b>(18,438)</b>	<b>(170,966)</b>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<u>Interest Receipts</u>		<u>4,044</u>	<u>10,131</u>
<b>Net Cash provided by (or used in) Investing Activities</b>		<b>4,044</b>	<b>10,131</b>
 <b>Net Increase (Decrease) in cash held</b>	8.1	<b>(14,394)</b>	<b>(160,836)</b>
 Cash & cash equivalents at beginning of period		<u>211,938</u>	<u>372,774</u>
<b>Cash &amp; cash equivalents at end of period</b>	8.2	<b><u>197,544</u></b>	<b><u>211,938</u></b>

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 30<sup>th</sup> June 2016**

**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 30<sup>th</sup> 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.

#### **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	2016		\$60,798	\$60,798	\$67,745	(\$6,947)
	2015		\$64,047	\$64,047	\$59,196	\$4,851
Other Environment: Flood Mitigation	2016		\$17,832	\$17,832	\$21,525	(\$3,693)
	2015		\$17,313	\$17,313	\$168,691	(\$151,378)
Total	2016		\$78,630	\$78,630	\$89,270	(\$10,640)
	2015		\$81,360	\$81,360	\$227,887	(\$146,527)

### 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	
	2016	2015	2016	2015	2016	2015	2016	2015
Adelaide Hills Council			\$ 309	\$ 300	\$9,474	\$9,198	\$9,783	\$9,498
The Barossa Council			\$1,545	\$1,501	\$9,474	\$9,198	\$11,019	\$10,699
Town of Gawler			\$3,093	\$3,002	\$9,474	\$9,198	\$12,567	\$12,200
Light Regional Council			\$1,545	\$1,501	\$9,474	\$9,198	\$11,019	\$10,698
District Council of Mallala			\$5,155	\$5,005	\$9,474	\$9,198	\$14,629	\$13,979
City of Playford			\$6,185	\$6,004	\$9,474	\$9,198	\$15,659	\$14,977
<b>TOTAL</b>	-	-	\$17,832	\$17,313	\$56,844	\$55,188	\$74,676	\$72,501

### 4 Non-Current Assets Summary

	Fair Value Level	2015				2016			
		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		(\$1,618,213)	\$16,878,787	\$18,497,000		(\$1,849,425)	\$16,647,575
Total Infrastructure and Land		\$18,823,364		(\$1,618,213)	\$17,205,151	\$18,823,364		(\$1,849,425)	\$16,973,939
Comparatives		\$18,823,364		(\$1,387,000)	\$17,436,364	\$18,823,364		(\$1,618,213)	\$17,205,151

	2015 Carrying Amount	Carrying Amount Movements During Year						2016 Carrying Amount	
		Additions		Disposals	Depreciation	Impairment	Transfers		Net Valuation
		New Upgrade	Renewals						
Land and easements	\$326,364							\$326,364	
Infrastructure - North Para Dam	\$16,878,787				(\$231,213)			\$16,647,575	
Total Infrastructure, Property, Plant & Equipment	\$17,205,152				(\$231,213)			\$16,973,939	
Comparatives	\$17,436,364				(\$231,213)			\$17,205,152	

## 5 Contractual Services

Contractual Services involve payments or liabilities for the external provision of services and include (net of GST):

Consultants	2016	2015
Dean Gollan	\$39,875	\$39,001
Pyper Leaker Surveying	\$0	\$2,700
McGees Property	\$0	\$2,000
John Bolton	\$0	\$5,800
Peter Whimpress & Co.	\$0	\$250
IB & CA Sanders	\$0	\$5,455
Mechanical Vegetation	\$0	\$1,200
Enviro Group Pty Ltd	\$2,000	\$3,600
Maloney Field Services	\$0	\$7,710
Norman Waterhouse	\$701	\$990
Business Risk A S Solutions	\$1,300	\$1,891
Kelley Jones	\$2,172	\$
Australian Water Environments	\$19,406	\$139,859
HLB Mann Judd	\$4,808	\$5,781
<b>TOTALS</b>	<b>\$70,262</b>	<b>\$216,237</b>

## 6 Comparison of Budget and Actual Results (excluding depreciation)

	2016		2015	
	Budget	Actual	Budget	Actual
Revenue				
Administration	\$63,844	\$60,798	\$66,187	\$64,047
Other Environment: Flood Mitigation	\$0	\$0	\$0	\$0
State Grant	\$76,563	\$0	\$71,863	\$0
Maintenance	\$17,832	\$17,832	\$17,313	\$17,313
Other Environment: Flood Mitigation Capital				
<b>Total Revenue</b>	<b>\$158,239</b>	<b>\$78,630</b>	<b>\$155,363</b>	<b>\$81,360</b>
Expenditure				
Administration	\$78,175	\$67,745	\$66,175	\$59,196
Other Environment: Flood Mitigation	\$19,526	\$19,406	\$167,651	\$163,774
Maintenance	\$10,000	\$2,119	\$10,120	\$4,917
Other Environment: Flood Mitigation Capital				
<b>Total Expenditure</b>	<b>\$107,701</b>	<b>\$89,270</b>	<b>\$243,946</b>	<b>\$227,887</b>
<b>Surplus (deficit)</b>	<b>\$50,538</b>	<b>(\$10,640)</b>	<b>(\$88,583)</b>	<b>(\$146,527)</b>

## 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 2016.

**8 Reconciliation Statement of Cash Flows**

**8.1 Reconcile to operating activities**

Net deficit from operations	(\$241,853)
Adjust for non-cash items	
Depreciation	\$231,213
Increase in Debtors	(\$ 574)
Decrease in Accounts Payable	(\$ 3,180)
<b>Net Cash decrease from operating activities</b>	<b>(\$14,394)</b>

**8.2 Cash and cash equivalents**

Balance at bank	\$ 2,215
Balance at LGFA	\$195,329
<b>Total cash and cash equivalents</b>	<b>\$197,544</b>

## 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 2016 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: 18 August 2016



**Dean Gollan**  
**EXECUTIVE OFFICER**



**Ian Baldwin**  
**CHAIRMAN**

**GAWLER RIVER FLOODPLAIN MANAGEMENT AUTHORITY**

**ABN 12 925 534 861**

**INDEPENDENT AUDITOR'S REPORT**

To the Board 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 2016, 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 authority 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.

**HLB Mann Judd Audit (SA) Pty Ltd ABN: 32 166 337 097**

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## 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 2016 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

*C. McGowan*

Corey McGowan  
Partner

Adelaide, South Australia  
22 August 2016

REPORT TO THE  
BOARD

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**Gawler River Floodplain  
Management Authority**

Year ended 30 June 2016

A decorative graphic on the right side of the page. It consists of a large light grey rectangle at the bottom, a smaller white rectangle with a dark blue border overlapping its top-right corner, and a small solid orange square overlapping the top-left corner of the white rectangle.

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3. Specific Matters to be Reported to those Charged with Governance .....	3
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# 1. AUDIT OVERVIEW

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## 1.1 Purpose

The purpose of this closing report is to communicate significant matters arising from our audit to the Board. This report has been discussed with management where considered relevant.

## 1.2 Scope

We conducted our audit of the financial report of Gawler River Floodplain Management Authority (“the Authority”) for the year ended 30 June 2016 in accordance with the terms of our engagement letter and with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free from material misstatement.

Our planning letter dated 22 March 2016 details significant risks identified during planning and discusses materiality with regard to the audit. There have been no significant changes to our audit approach since providing that letter to you.

## 1.3 Status

We have completed our audit work and issued our independent auditor’s report.

## 1.4 Access and co-operation

We 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. We would like to express our thanks to management and accounting staff for their co-operation and assistance.

## 1.5 Audit opinion

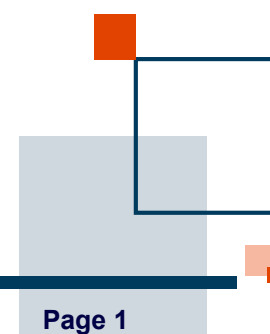
We have provided our audit opinion for the year ended 30 June 2016.

We expect to sign an unqualified audit report.

## 1.6 Disclaimer

Other than our responsibility to the Authority’s Board and Management, 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 to the Board. Any reliance placed is that party’s sole responsibility.

Our Report to the Board is for the sole use of the Authority 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.

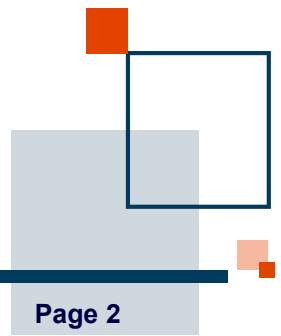


## 2. SIGNIFICANT RISKS AND OTHER AREAS OF FOCUS

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During the planning phase of the audit not significant risks were identified for the audit.

No additional significant matters arose during the course of our audit.



## 3. SPECIFIC MATTERS TO BE REPORTED TO THOSE CHARGED WITH GOVERNANCE

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### 3.1 Independence and ethics

The Partner and staff on the Authority audit engagement team for the year ended 30 June 2016 and others in the firm as appropriate have confirmed their independence. This includes compliance with the ethical requirements of APES 110 *Code of Ethics for Professional Accountants*.

The firm and the HLB Network have implemented policies and procedures to ensure compliance with independence requirements.

### 3.1 Non-Audit Services

We confirm that the pre-approval procedures in respect of the provision of non-audit services have been adhered to for the period commencing 1 July 2015 to the date of this report.

No non-audit services were provided to the Authority. [delete appendix 3]

### 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 from material misstatement as a result of fraud or error.

The Board Members 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 audit procedures, we considered the following:

- Likelihood of material misstatements arising from fraudulent financial reporting or omissions of amounts or disclosures designed to deceive financial report 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.

### 3.4 Presentation of Audited Financial Report on the Internet

The Authority may intend to publish a hard copy of the audited financial report and auditor's report for members, and also to electronically present the audited financial report and auditor's report on its internet web site. When information is presented electronically on a web site the security and controls over information on the website should be addressed by the Board Members to maintain the integrity of the data presented. The examination of the controls over the electronic presentation of the audited financial information on the Authority's website is beyond the scope of the audit of the financial report. Responsibility for the electronic presentation of the financial report on the Authority's website is that of the Board Members.



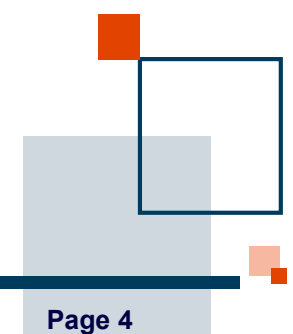
## 3. SPECIFIC MATTERS TO BE REPORTED TO THOSE CHARGED WITH GOVERNANCE CONT'D

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### 3.5 Other Matters

Apart from the 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 Authority are appropriate to the particular circumstances of the Authority.
- There are no financial report disclosure 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.
- We are not aware of any significant matters arising during the audit in connection with the Authority's related parties.
- We have had no differences of opinion with management about significant auditing, accounting or disclosure matters.



## 4. AUDIT DIFFERENCES

---

There are no amounts which we have identified that are individually or in aggregate material to the presentation and disclosure of the financial report for the year ended 30 June 2016.

### 4.1 Adjusted Differences

During our audit we identified no differences which have been adjusted by management.

### 4.2 Unadjusted Differences

During our audit we identified no unadjusted differences.

## 5. INTERNAL CONTROL FINDINGS

---

During the course of our audit for the year ended 30 June 2016 we obtained an understanding of the Authority'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.

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.

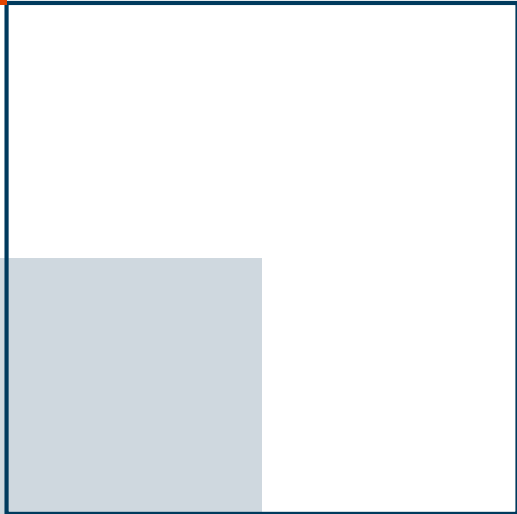
We have not identified any significant matters that warrant the attention of management or the Board Members in this area.



**Corey McGowan**

**Partner**

**22 August 2016**



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*You recommending us to your family, friends and business associates is the highest praise.*

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## GAWLER RIVER FLOODPLAIN MANAGEMENT AUTHORITY

Schedule of Constituent Council's Interest in Net Assets as at 30<sup>th</sup> June 2016

### 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 2016. The value of infrastructure and land as stated in the Audited Financial Statements at 30<sup>th</sup> 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	\$ 201,190
Infrastructure	\$ 16,647,575
Land	\$ <u>326,364</u>
	<b>\$ 17,175,129</b>

##### Less Liabilities

Accounts Payable / Creditors	\$ <u>0</u>
<b>NET EQUITY</b>	<b>\$ 17,175,129</b>

#### Allocation of Councils Interest in Net Assets

Constituent Councils	Accumulated Subscriptions for Operations to 30 June 2016	Accumulated Subscriptions for Maintenance to 30 June 2016	Accumulated Subscriptions for Scheme Works to 30 June 2016	All Subscriptions to 30 June 2016	Percentage of Contributions to the Total	<b>Council's Interests in Net Assets</b>
Adelaide Hills Council	\$80,100	\$1,812	\$70,988	\$152,900	3.27%	<b>\$561,627</b>
The Barossa Council	\$80,100	\$9,066	\$354,951	\$444,117	9.49%	<b>\$1,629,920</b>
Town of Gawler	\$80,100	\$18,094	\$709,892	\$808,086	17.27%	<b>\$2,966,145</b>
Light Regional Council	\$80,100	\$9,066	\$354,951	\$444,117	9.49%	<b>\$1,629,920</b>
District Council of Mallala	\$80,100	\$30,234	\$1,183,146	\$1,293,480	27.65%	<b>\$4,748,923</b>
City of Playford	\$80,100	\$36,270	\$1,419,763	\$1,536,133	32.83%	<b>\$5,638,594</b>
	<b>\$480,600</b>	<b>\$104,542</b>	<b>\$4,093,691</b>	<b>\$4,678,833</b>	<b>100%</b>	<b>\$17,175,129</b>

Schedule of Constituent Councils' Interests in Net Assets' as at the 30<sup>th</sup> June 2016 adopted by the Board in accordance with Clause 15.5 of the Charter on 18 August 2016.

# **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 2015 – 2018**

Plan Adopted	3 <sup>rd</sup> April 2003
Amended	19 <sup>th</sup> February 2004
Amended	15 <sup>th</sup> June 2006
Amended	19 <sup>th</sup> June 2008
Amended	25 <sup>th</sup> June 2009
Amended	17 <sup>th</sup> June 2010
Amended	16 <sup>th</sup> June 2011
Amended	19 <sup>th</sup> April 2012
Amended	19 <sup>st</sup> June 2014
Amended	17 <sup>th</sup> June 2015
Amended	23 <sup>rd</sup> June 2016

### **For the Period July 2015 to June 2016**

Address:            3/58 Charles Street, Unley, South Australia 5061  
Mobile:            0413 174 222  
Email:              [deangollan@hotmail.com](mailto:deangollan@hotmail.com)



**Gawler River Floodplain Management Authority  
Achievements Against the Business Plan 2015 – 2018 for the period July 2015 to June 2016**

**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**

<b>Performance Targets:</b>	<b>Timings:</b>	<b>To be measured By:</b>	<b>Actual Achievements</b>
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"/> <b>Scheme Total now \$21,697,377 grants total \$16,879,982</b>
Grant Claims	At all times	Lodge claims monthly for the payment of Commonwealth and State Government Grants.	<input checked="" type="checkbox"/> <b>Claims lodged at the end of the month</b>
Maintain positive Cash Flow	At all times	Positive bank account balances at all times.	<input checked="" type="checkbox"/> <b>Positive cash flow maintained</b>

**Part B: Proposed Flood Mitigation Scheme Works**

<b>South Para Works</b>			
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.			
Dam safety review and design proposal to modify the dam wall and spillway completed September 2005			
Detailed hydrology study of the catchment using the very latest methodologies let to Department of Transport, Energy and Infrastructure completed March 2007.			
<b>Performance Targets:</b>	<b>Timings:</b>	<b>To be measured By:</b>	<b>Actual Achievements</b>
Detailed design of works	December 2010	Completion of detailed design and tender documents	<input checked="" type="checkbox"/> <b>July 2011 Final approvals granted</b>
Construction of the works	June 2012	Completion of construction	<input checked="" type="checkbox"/> <b>Practical completion achieved June 2012</b>

**Gawler River Floodplain Management Authority**  
**Achievements Against the Business Plan 2015 – 2018 for the period July 2015 to June 2016**

**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. N.B. The protection standard does not guarantee full protection for all flood events. ***(Currently being undertaken as part of 'Findings Report')***.
- Two Determine if a second dam on the North Para River or modification to the Bruce Eastick North Para Flood Mitigation Dam 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. ***(Currently being undertaken 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. ***(Completed)***.
- 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. ***(Currently being undertaken 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.

**Part B: Maintenance of the Scheme**

<b>Performance Targets:</b>	<b>Timings:</b>	<b>To be measured By:</b>	<b>Actual Achievements</b>
Six monthly inspection	June and December	Completion of Inspection Report	<input checked="" type="checkbox"/> <b>Dec 2015 and June 2016 – Dam inspections carried out</b>

**Gawler River Floodplain Management Authority**  
**Achievements Against the Business Plan 2015 – 2018 for the period July 2015 to June 2016**

**Part C: Operation of the Regional Subsidiary**

<b>Performance Targets:</b>	<b>Timings:</b>	<b>To be measured By:</b>	<b>Actual Achievements</b>
Reports to Stakeholders	Twice yearly	The publication and distribution of a Fact Sheet to all stakeholders and affected landowners.	<input checked="" type="checkbox"/> <b>Newsletter to be forwarded to all stakeholders following completion of Findings Report</b>
	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"/> <b>Key Outcomes Summary prepared following most meetings</b>
Maintain effective Regional Subsidiary	December	The performance of the Executive Officer be reviewed annually	<input checked="" type="checkbox"/> <b>Review conducted in April 2015.</b> <b>Next review to be conducted in September 2016.</b>
	August	The appointment of Auditor, Bank Operators, levels of insurance, appropriate registrations, delegations and policies be reviewed annually.	<input checked="" type="checkbox"/> <b>Auditor reappointed up to 30 June 2019</b> <input checked="" type="checkbox"/> <b>Appropriate levels of insurance reviewed in July 2016</b>
Review of the Business Plan	By 31 <sup>st</sup> March	Review the Business Plan prior to preparing the Budget Forward to the Councils	<input checked="" type="checkbox"/> <b>June 2016 – Business Plan 2016-2019 adopted</b> <input checked="" type="checkbox"/> <b>June 2016 – Achievements against the Business Plan 2015-2016 presented</b>
Annual Budget	By 31 <sup>st</sup> 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"/> <b>April 2016 – Approved for consultation</b> <input checked="" type="checkbox"/> <b>Budget 2016–2017 adopted at June 2016 Board meeting</b>
Subscriptions	June December	Send half year subscriptions to Council Send half year subscriptions to Council	<input checked="" type="checkbox"/> <b>All first half subscriptions paid</b> <input checked="" type="checkbox"/> <b>Second half subscriptions paid</b>
Report to Constituent Councils	Following each Board meeting By 30 <sup>th</sup> September	The receipt of the following reports by Councils: <ul style="list-style-type: none"> <li>• Board Meeting Key Outcome Summary</li> <li>• Annual Report including Annual Financial Statements</li> </ul>	<input checked="" type="checkbox"/> <b>Key Outcomes Summary prepared following meetings</b> <input checked="" type="checkbox"/> <b>Annual Report forwarded electronically to Councils on 25 September 2015</b>

# ***Appendix 2*** ***Subsidiaries***

**Southern & Hills Local  
Government Association**  
Annual Report 2015/16



# Southern & Hills Local Government Association

Adelaide Hills, Alexandrina, Barossa, Kangaroo Island, Mt Barker, Victor Harbor and Yankalilla



# ANNUAL REPORT 2015-2016





**Regional Population in excess of 140,800**



**Total operating revenue of the Regional Councils in excess of \$203,000,000**



**Total area of 9,658 km<sup>2</sup>**



**Total Road network of 7,274 kilometres**

## 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 140,800 people as at 30<sup>th</sup> June 2015.
- ☑ 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 2015 – 2016**

President Mayor Bill Spragg, Adelaide Hills Council  
(Feb 15-

Deputy President 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

Delegates to LGA Board Mayor Ann Ferguson  
Mayor Bill Spragg

Proxy Delegate to LGA Board Mayor Keith Parkes, Alexandrina Council

Delegates to SAROC Mayor Ann Ferguson  
Mayor Bill Spragg  
Mr Graeme Martin

Proxy Delegate to SAROC Mayor Keith Parkes, Alexandrina Council

## President's Forward

The 2015-2016 year has been one of consolidation for the Southern and Hills Local Government Association.

The 2015-2016 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 monitor the very comprehensive S&HLGA Regional Public Health plan, working very closely with the RDA to complete the region's Climate Change Adaptation Plan and Regional Infrastructure Plan 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 continuing economic headwinds at regional, state and national level. Ensuring financial sustainability for the region's Councils and developing key quantitative and qualitative criteria around this issue is a main focus going forward.

We have continued to build our strong relationship with our peak representative body the LGA (SA) as it undergoes a full governance and organisational review and the State Government's Office of Local Government. We have partnered with our regional economic development organisation, Regional Development Australia as well as PIRSA and the Natural Resource Management Boards as we continue to confront the many impacting regional issues.

Sadly we will be saying farewell to Barossa Council as its membership of the Southern and Hills LGA has expired.

Thank you to 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 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 2015	–	Victor Harbor
23 October 2015	-	Adelaide Hills
11 December 2015	-	Mt. Barker
26 February 2016	-	Kangaroo Island
22 April 2016	-	Adelaide Hills
1 July 2016*	-	Alexandrina (17 June deferred to 1 July)

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 review the Regional Roadmap, develop the regional Infrastructure Plan, the regional China Engagement strategy, the regional Climate Change Adaptation project and a regional workplan in partnership with PIRSA. The S&HLGA and the RDA partnered in the first “Discover Mayo” event in Canberra showcasing the region represented by the federal seat of Mayo.
- o Continued working with the LGA and the lobbying on the review of the business plans, administrative fee and levy proposals of the Natural Resource Management Boards, 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 policy approach to Council sustainability, finances and rate revenue in the face of the call for a State Rate Capping policy, negotiating a suitable rebate package for Councils impacted by the Rubble Royalties policy as well as roadside vegetation management and the impacts of the Emergency Services levy hikes.
- o Monitoring and implementing the S&HLGA Regional Public Health Plan.
- o Input into the LGA response to 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 including the adoption of the success fee policy on SLRP funding.
- o Developing key quantitative and qualitative criteria for Council sustainability
- 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. 11 various speakers addressed meetings of the Board.

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 2015-2016

At the conclusion of the period 2015-2016 the Board completed a review of its Annual Key Actions, the EO performance 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 2016 – 2017
  - Ocean Road – City of Victor Harbor, Requested Grant \$636,000
  - Waitpinga Road - City of Victor Harbor, Requested Grant \$200,000
  - Nine Mile Road – Alexandrina Council, Requested Grant \$900,000

### **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 investment interest from the private sector.

This work will be a regional priority and a particular focus for the CEO group which 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 LGA on behalf of the S&HLGA region – Discussion paper on alternative LGA and Regional organisation relationship model

## **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:

- Regional LGA CEOs group.
- 2020 S&HLGA 2020 Transport Review task force.
- Implementation and Monitoring of the S&HLGA Regional Public Health Plan
- The Climate Change Adaptation Plan for the region (Resilient Hills & Coast)

## **Workshops and seminars**

The Executive officer represented the member Councils at various workshops and seminars during the course of the year:

- LGA Regional Collaboration Partnerships Workshop
- China Outward mission - Shandong LG Working Group
- LGA Managing Waste Assets
- SA Health / LGA Public Health Conference
- LGA/RO/DPTI Regional Transport & Infrastructure Service Delivery
- Regional Tourism organisations review
- Expert Panel Planning Reform workshop
- LGA Procurement forum
- LGA Rate Capping Forum

## **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 business plans, administrative fee and levy proposals of the Natural Resource Management Boards
- Continuing lobbying for a more balanced & nationally consistent approach to planning, regulation for rural and regional road safety & speed limits
- Lobbying and continuing the development of a balanced and consistent policy approach to Council sustainability, finances and rate revenue in the face of the call for a State Rate Capping policy.
- Further Development of a Mining Engagement Protocol and implementation of a pilot program
- Lobbying on Emergency Services Levy impacts
- Input into the LGA submissions on Planning Reform

## **LGA Board**

Mayor Ann Ferguson (Mt Barker) along with Mayor Bill Spragg (Adelaide Hills Council) have represented the Southern and Hills Region at the Local Government Association State Board meetings as the region's Delegates. Alexandrina Mayor Keith Parkes has acted as proxy delegate.

## **Resources**

The continuation of the capacity building grant from the Local Government Research and Development Scheme and the new Outreach Grant has improved 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, the regional EO group, the regional working groups and various reports, submissions and forums 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 2015 - 2016.

## Acronyms

AMLRNRM.....	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
OLG.....	Office of Local Government
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



**Southern & Hills Local Government Association  
Past Presidents and Secretaries / Executive Officers**

<b>Years</b>	<b>President</b>	<b>Council</b>	<b>Secretary / EO</b>
2015 - 2016	Mayor Bill Spragg	Adelaide Hills Council	Graeme Martin
2014 - 2015	Mayor Bill Spragg <sup>f</sup> Mayor Ann Ferguson	Adelaide Hills Council DC Mount Barker	Graeme Martin
2013 - 2014	Mayor Ann Ferguson	DC Mount Barker	Graeme Martin
2012 - 2013	Mayor Ann Ferguson	DC Mount Barker	Graeme Martin
2011 - 2012	Mayor Ann Ferguson	DC Mount Barker	Fred Pedler <sup>d</sup> Graeme Martin <sup>e</sup>
2010 - 2011	Mayor Ann Ferguson <sup>c</sup> Mayor Brian Hurn OAM	DC Mount Barker The Barossa Council	Fred Pedler <sup>b</sup>
2009 - 2010	Mayor Brian Hurn OAM	The Barossa Council	Fred Pedler <sup>b</sup>
2008 - 2009	Mayor Brian Hurn OAM	The Barossa Council	Fred Pedler <sup>b</sup>
2007 - 2008	Mayor Brian Hurn OAM	The Barossa Council	Fred Pedler <sup>b</sup>
2006 - 2007	Mayor Brian Hurn OAM	The Barossa Council	Fred Pedler <sup>b</sup>
2005 - 2006	Mayor Brian Hurn OAM	The Barossa Council	Fred Pedler <sup>b</sup>
2004 - 2005	Mayor Kym McHugh	Alexandrina Council	Fred Pedler <sup>b</sup>
2003 - 2004	Mayor Kym McHugh	Alexandrina Council	Fred Pedler <sup>b</sup>
2002 - 2003	Mayor John Crompton <sup>a</sup>	City of Victor Harbor	Fred Pedler <sup>b</sup>
2001 - 2002	Mayor John Crompton	City of Victor Harbor	Fred Pedler <sup>b</sup>
1999 - 2000	Mayor Bernie Eglinton APM	DC Mt Barker	Fred Pedler <sup>b</sup>
1998 - 1999	Mayor Bernie Eglinton APM	DC Mt Barker	Dean Gollan
1997 - 1998	Mayor Janice Kelly	Kangaroo Island Council	Barry Hurst
1996 - 1997	Mayor Janice Kelly	Kangaroo Island Council	Barry Hurst
1995 - 1996	Mayor Anita Aspinall	DC Stirling	Peter Vlatko
1993 - 1994	Cr GR Mayfield	DC Yankalilla	Malcolm Davis
1991 - 1992	Mayor Val Ball	DC Strathalbyn	John Coombe
1989 - 1990	Cr Val Bonython	DC East Torrens	Eric March
1987 - 1988	Cr PD Secker	DC Mt Barker	Dean Gollan
1985 - 1986	Mayor Leon O'Driscoll	DC Strathalbyn	Vernon Cotton
1984 - 1985	Cr CA Phieffer	DC Onkaparinga	David Seaman
1982 - 1983	Cr Brian Pym	DC Mt Pleasant	Adrian Hamiester
1980 - 1981	Cr Roy Galpin	DC Port Elliot and Goolwa	Ron Wellington
1979	Mayor M Checker	DC Gumeracha	Malcolm Anderson
1978	Mayor M Checker	DC Gumeracha	John Grosvenor
1976 - 1977	Mayor A Davidson	DC Strathalbyn	Vernon Cotton
1975	Cr Ray Orr	DC Mt Barker	Reginald Walters
1974	Cr L Hughes	DC Meadows	Wally Richards
1969-1973	No minutes available		
30 <sup>th</sup> July 1969	First Constitution for S&HLGA Adopted		

Attendance register maintained for annual and half yearly conferences from 1968 to 1990

<sup>a</sup> Until 12<sup>th</sup> May 2003

<sup>b</sup> Executive Officer

<sup>c</sup> From February 2011

<sup>d</sup> To December 2011

<sup>e</sup> From January 2012

<sup>f</sup> From February 2015

**SUMMARY FINANCIAL STATEMENTS****For the Year Ending 30<sup>th</sup> June 2016**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>Income</b>		
Subscriptions	84,037	107,235
Operating Grants	38,726	88,395
Investment Income	2,384	1,829
Other	323	28,282
	<hr/>	<hr/>
Total Income	125,470	225,650
<b>Expenditure</b>		
Contractual Services	146,025	164,320
Finance Charges	3,126	3,121
Other	15,729	14,135
	<hr/>	<hr/>
Total Expenditure	164,880	181,576
	<hr/>	<hr/>
<b>Surplus (Deficit) from Operations</b>	<b>(39,410)</b>	<b>44,074</b>
	<hr/>	<hr/>
	<b>\$</b>	<b>\$</b>
<b>Current Assets</b>		
Investments	69,597	107,772
Debtors	0	4,118
	<hr/>	<hr/>
Total Current Assets	69,597	111,890
<b>Current Liabilities</b>		
Accounts Payable	20,062	22,945
	<hr/>	<hr/>
Total Current Liabilities	20,062	22,945
	<hr/>	<hr/>
<b>Net Current Assets</b>	<b>49,535</b>	<b>88,945</b>
	<hr/>	<hr/>
<b>Net Assets</b>	<b>49,535</b>	<b>88,945</b>
	<hr/>	<hr/>
<b>Equity</b>		
Accumulated Surplus	49,535	88,945
	<hr/>	<hr/>
<b>Total Equity</b>	<b>49,535</b>	<b>88,945</b>
	<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**

### **2015 - 2016**

Address:            13 Ringmer Dr. Burnside, South Australia 5066  
Telephone:        (08) 7122 4348  
Mobile:            0418 502 311  
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Web Site:          [www.shlga.sa.gov.au](http://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 2015 - 2016		Success Indicators Action Plan 2015-2016		Achievements
<i>Objective</i>	Key Actions	Performance Targets	KPO	KPI	
1. <i>To provide leadership and advocacy for Member Councils on regional issues.</i>	Bi-Monthly Meetings to focus on Local Government issues that support Councils to achieve their Business Plan outcomes by: <ul style="list-style-type: none"> <li>○ Meetings to include presentations, workshops and forums on Key Issues</li> </ul> Respond as necessary to State and Federal Government Policies which impact on the region	<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	To maintain a vibrant responsive format for the S&HLGA Board	Key issues are addressed and format of meetings constantly meet the needs of the Association's members.	1. ABS 2014-2015 survey on Energy, Water & Environment Oct 2015
2. <i>To promote &amp; market the Southern &amp; Hills Local Government Association</i>	Ensure the new website is current and marketed appropriately	<input checked="" type="checkbox"/> Update the website as required and review	Maintain an informative, current and appealing S&HLGA website		1. Incorporating changes to Mt Barker name
	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"/> Oversee Annual Audit	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. Annual External Audit commenced July 2015 2. Annual Report completed and distributed Sept 2015 3. Mid year Budget Review completed Feb 2016 4. Draft 2016-2017 Budget issued 9 May 2016

Business Plan	Action Plan 2015 - 2016		Success Indicators Action Plan 2015-2016		Achievements
<i>Objective</i>	Key Actions	Performance Targets	KPO	KPI	
	Regular CEO's meetings  ○ 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. Meetings with KI Commissioner 7/9/15, 12/2/16 to discuss regional issues and priorities  2. Meeting with NRM Strategy & Planning 18/3
	Regional issues to be raised with LGA through SAROC	<input checked="" type="checkbox"/> Number of issues raised with LGA / SAROC / Agencies  <input checked="" type="checkbox"/> Number of LGA/SAROC Task groups and Committees involved in			1. NRM report to SAROC 27/1/16  2. LGA Regional Organisations Funding Discussion Paper Dec 2015

Business Plan	Action Plan 2015 - 2016		Success Indicators Action Plan 2015-2016		Achievements
Objective	Key Actions	Performance Targets	KPO	KPI	
3. <i>To support sustainable economic, environmental, &amp; social development in the region</i>	<b>Environment</b> Liaise with the regions NRM's <ul style="list-style-type: none"> <li>○ Actively participate in the regional Climate Change Vulnerability Assessment and/or Climate change adaptation study</li> <li>○ Actively support the region's position in the LGA review of the current NRM model and NVC SEB offset review</li> </ul>	<ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Regional study report presented to S&amp;HLGA Board</li> <li><input checked="" type="checkbox"/> SAROC/LGA Reports/Papers produced</li> </ul>			1. RDA Climate Change workshops 28/7/15,6/10/15,2/2/16  1. S&HLGA - NRM Forum 22 April 2016 Levy collection issues
	<b>research</b> Explore (with the LGA) research and /or pilot programs for the Region.	<ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Successful Research or funding applications or projects facilitated in the region</li> </ul>			1. PIRSA Functional & Luxury Foods seminar 8/9/15
	<b>Health</b> Complete all compliance requirements of the regional Health Plan in accordance with the State Public Health Plan	<ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Completed reporting and monitoring implementation aspect of the Regional Health Plan</li> </ul>	Reports lodged with SA Health		1. Regional Public Health Plan completed and lodged with SA Health 1/7/15 2. Regional Public Health plan nominated in LG Professionals 2016 leadership awards 3. LG Public Health Forum 9 May 2016



Business Plan	Action Plan 2015 - 2016		Success Indicators Action Plan 2015-2016		Achievements
<i>Objective</i>	Key Actions	Performance Targets	KPO	KPI	
	<p><b>Regional Development</b></p> <p>Support the RDA in all regional economic issues and projects</p>	<ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Regular meetings with the RDA</li> <li><input checked="" type="checkbox"/> RDA reports to the Board against the agreed KPIs</li> <li><input checked="" type="checkbox"/> Successful joint Regional funding application</li> </ul>		<p>Key Stakeholder feedback and Council satisfaction</p>	<ul style="list-style-type: none"> <li>1. RDA meeting with Bob Goreing to map next steps Regional Infrastructure Plan 3/8/15</li> <li>2. Assisted planning &amp; setup and attended the Discover Mayo event in Canberra 11/8/15</li> <li>3. RDA Boundary adjustment review – Onkaparinga request 2/11/15</li> </ul> <ul style="list-style-type: none"> <li>1. Successful RDA/S&amp;HLGA Regional funding package achieved</li> </ul>

Business Plan	Action Plan 2015 - 2016		Success Indicators Action Plan 2015-2016		Achievements
Objective	Key Actions	Performance Targets	KPO	KPI	
<p>4. <i>To improve infrastructure to meet the community's needs.</i></p>	<p><b>Transport</b> Continue to manage the S&amp;HLGA Road Works committee and the 2020 Transport Plan.</p> <p><b>Waste/Water</b> 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><b>Telecommunication</b> Monitor regional NBN rollout &amp; continue to lobby for equitable access for the region for digital technology including broadband upgrades and mobile coverage</p>	<p><input checked="" type="checkbox"/> 2016/2017 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 issues and progress reported 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. Extra SLRP funds EOI with LGA 28/7/15 2.HDS/S&amp;HLGA regional drive to review key regional freight routes 10/3/16 3. RWP meeting 1/4/16 to discuss SLRP applications for 16/17 funding round 4. 2016-2017 SLRP applications lodged 30/4/2016</p> <p>1. Meeting with CWMS/Water Utilities Group 9/7/15,16/7/15,28/8/15,19/11/15</p> <p>1. Waste Management stakeholder engagement meeting Chris Colby 2/11/15 2. Successfully recommended LGA monitor and report on Alexandrina move to fortnightly bin collection</p> <p>1. Mobile Black Spot regional priorities advised to LGA April 2016</p>

Business Plan	Action Plan 2015 - 2016		Success Indicators Action Plan 2015-2016		Achievements
Objective	Key Actions	Performance Targets	KPO	KPI	
5. <i>To strengthen the capacity of the Association to meet its service obligations.</i>	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			1. 2014-2015 LGA Regional Capacity Grant acquitted 13/7/15 2. 2015-2016 LGA Regional Capacity Grant invoiced & received 14/7/15
	Continue to 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 approach for assistance & funding on an organisational review and investigation of a peri-urban region		Project Assistance & Funding identified & successfully obtained.  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.	1. Potential Onkaparinga membership to the S&HLGA canvassed May 2016
	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 <input checked="" type="checkbox"/> Project management with the LGA of the Fleurieu Futures Project		Key Stakeholder feedback and Council satisfaction	1. Fleurieu Futures/Regional Collaboration and partnerships Advisory Service Workshops 6/8/15, 30/10/15, 13/11/15, 1/12/15 2. Feb 2016 Tenders received for FFP lead Consultant 3. LKS Quaero appointed FFP lead March 2016

<b>Business Plan</b>	<b>Action Plan 2015 - 2016</b>		<b>Success Indicators Action Plan 2015-2016</b>		<b>Achievements</b>
<b>Objective</b>	<b>Key Actions</b>	<b>Performance Targets</b>	<b>KPO</b>	<b>KPI</b>	
	Manage S&HLGA Local Government compliance obligations in 2015-2016	<input checked="" type="checkbox"/> Input into Local Government Act review and proposed amendments  <input checked="" type="checkbox"/> Complete Charter Review	Revised Charter approved and published		1. Input into Audit Committee exemptions for LGA regional Organisations
	Partner LGA in efforts to progress action on Pensioner rate concessions, Supplementary Road Funding, Financial Assistance Grants indexing	<input checked="" type="checkbox"/> Participate in SAROC/LGA task groups, reports and negotiations			1. Regional Officer input into review of LGA Capacity Grant and Outreach Grant renewals and redistribution of Rubble Royalties rebate.
	Lead the Region in action on a review of FAGs methodology to better incorporate temporary population impact	<input checked="" type="checkbox"/> Number of presentations, workshops and submissions			

# Southern & Hills Local Government Association

## Report to the Members of the Board

Year ended 30 June 2016

■ Your Business | Our Specialty ■

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# 1. Audit Overview

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## 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 2016 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	Completed 18.08.2016
Signed Financial Statements for the year ended 30 June 2016	Pending
Statement of Auditors Independence	Completed 18.08.2016
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 2016.

## 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

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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 30<sup>th</sup> June 2016. We also acknowledge the improvement in reporting with upgrading to the Xero accounting system.

### 2.2 Audit Committee and Internal Control

We note that the Minister approved a further exemption from the requirement to establish an audit committee under Regulation 18 of the Local Government (Financial Management) Regulation 2011. An exemption was granted until 30<sup>th</sup> June 2021.

## 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 2016.

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 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

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As in previous years, during the course of our audit for the year ended 30 June 2016, 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.

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.

*HLB Mann Judd*

**HLB Mann Judd  
Chartered Accountants**



**Trevor Hirth  
Partner**

**Adelaide, South Australia**

*18<sup>th</sup>* **August 2016**

# SOUTHERN & HILLS LOCAL GOVERNMENT ASSOCIATION

## FINANCIAL STATEMENTS

### Statement of Comprehensive Income for the Year Ending 30<sup>th</sup> June 2016

	Notes	2016 \$	2015 \$
<b>Income</b>			
Subscriptions	1.8	84,037	107,235
Operating Grants		38,726	88,395
Investment Income	1.7	2,384	1,829
Other		323	28,282
Total Income		<hr/> 125,470	<hr/> 225,650
<b>Expenditure</b>			
Contractual Services	3	146,025	164,320
Finance Charges		3,126	3,121
Other		15,729	14,135
Total Expenditure		<hr/> 164,880	<hr/> 181,576
<b>Surplus (Deficit) from Operations</b>		<hr/> <b>(39,410)</b>	<hr/> <b>44,074</b>

The above Income Statement should be read in conjunction with the accompanying notes

# SOUTHERN & HILLS LOCAL GOVERNMENT ASSOCIATION

## Balance Sheet as at 30<sup>th</sup> June 2016

		2016	2015
	Notes	\$	\$
<b>Current Assets</b>			
Investments		69,597	107,772
Debtors		0	4,118
Total Current Assets		<u>69,597</u>	<u>111,890</u>
<b>Current Liabilities</b>			
Accounts Payable		<u>20,062</u>	<u>22,945</u>
Total Current Liabilities		<u>20,062</u>	<u>22,945</u>
<b>Net Current Assets</b>		<u>49,535</u>	<u>88,945</u>
<b>Net Assets</b>	1.4	<u><b>49,535</b></u>	<u><b>88,945</b></u>
<b>Equity</b>			
Accumulated Surplus		<u>49,535</u>	<u>88,945</u>
<b>Total Equity</b>		<u><b>49,535</b></u>	<u><b>88,945</b></u>

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 30<sup>th</sup> June 2016

	2016	2015
Notes	\$	\$
<b>Accumulated Surplus</b>		
Balance at beginning of period	88,945	44,871
Net Surplus / (Deficit)	<u>(39,410)</u>	<u>44,074</u>
Balance at end of period	<u>49,535</u>	<u>88,945</u>
<b>Total Equity</b>	<u><b>49,535</b></u>	<u><b>88,945</b></u>

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 30<sup>th</sup> June 2016

	2016	2015
Notes	\$	\$
<b>Cash Flows from Operating Activities</b>		
Receipts	127,204	223,425
Payments	(167,763)	(177,029)
Interest Receipts	2,384	1,829
	<hr/>	<hr/>
Net Cash Provided by (Used in) Operating Activities	(38,175)	48,225
<b>Net increase/(decrease) in Cash Held</b>	<b>(38,175)</b>	<b>48,225</b>
	<hr/>	<hr/>
<b>Cash at the beginning of the reporting period</b>	<b>107,773</b>	<b>59,548</b>
	<hr/>	<hr/>
<b>Cash at the end of the reporting period</b>	<b>69,597</b>	<b>107,773</b>
	<hr/>	<hr/>

### Reconciliation of Change in Net Assets to Cash from operating activities

	2016
	\$
Net Surplus	(39,410)
Add	
Net Decrease in Debtors	4,118
Less	
Net Decrease in Accounts Payable	2,883
	<hr/>
<b>Net Cash provided by Operating Activities</b>	<b>(38,175)</b>
	<hr/>

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 2016

### 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, Mt Barker District Council, 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 2016	\$10,500
Constituent Council Subscription 2015	\$10,250

# 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	%	
2016	38,726	86,744	125,470	100.0%	155,684	94.4%	(30,214)
2015	88,305	109,341	197,650	87.6%	151,385	83.4%	46,265

#### Projects

2016	0	0	0	0.0%	196	0.1%	(196)
2015	0	28,000	28,000	12.4%	28,871	15.9%	(871)

#### Transport and Communication

2016	0	0	0	0.0%	9,000	5.5%	(9,000)
2015	0	0	0	0.0%	1,320	0.7%	(1,320)

# 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	%	
<b>Total</b>							
2016	38,726	86,744	125,470	100.0%	164,880	100.0%	(39,410)
2015	88,305	137,346	225,650	100.0%	181,576	100.0%	44,074

### 3. Contractual Services

Contractual Services involve payments or liabilities for the external provision of services and include (net of GST):

	2016	2015
Consultants:		
Suter Planners	\$0	\$28,000
Grange Advisors Pty Ltd	\$137,025	\$135,000
HDS Australia Pty Ltd	\$9,000	\$1,320
Totals	\$146,025	\$164,320

### 4. Comparison of Budget and Actual Results

	2016		2015	
	Budget \$	Actual \$	Budget \$	Actual \$
Revenue				
Administration	173,192	125,470	121,827	147,650
Projects	0	0	53,000	78,000
Transport and Communication	0	0	0	0
<b>Total Revenue</b>	<b>173,192</b>	<b>125,470</b>	<b>174,827</b>	<b>225,650</b>
Expenditure				
Administration	157,650	155,684	159,150	151,385
Projects	10,850	196	28,000	28,871
Transport and Communication	1,200	9,000	1,200	1,320
<b>Total Expenditure</b>	<b>169,700</b>	<b>164,880</b>	<b>188,350</b>	<b>181,576</b>
<b>Surplus (Deficit)</b>	<b>3,492</b>	<b>(39,410)</b>	<b>(13,523)</b>	<b>44,074</b>

## 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 2016 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 30<sup>th</sup> August 2016



**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 2016, 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 30<sup>th</sup> August 2016



**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 2016, 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.

**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 2016 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  
Chartered Accountants**

  
**Trevor Hirth  
Partner**


**Adelaide, South Australia**  
*19th* August 2016






## ***Contact us!***


### **Adelaide Hills Council**

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# Annual Report 2015/2016

Adelaide Hills Council



2015/16  
Annual Report



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