



**Adelaide Hills**  
COUNCIL

## **AUDIT COMMITTEE**

### **NOTICE OF MEETING**

To: **Presiding Member** Cr Malcolm Herrmann

#### **Members**

David Moffatt  
Pamela Lee  
Sarah Beesley  
Cr Melanie Selwood

Notice is hereby given pursuant to the provisions under Section 87 of the *Local Government Act 1999* that the next meeting of the Audit Committee will be held on:

**Monday 21 October 2024**  
**7.30pm**  
**63 Mt Barker Road, Stirling**

A copy of the Agenda for this meeting is supplied under Section 87 of the Act.

Committee meetings are open to the public and members of the community are welcome to attend.

A Public notice of the Agenda for this meeting is supplied under Section 88 of the Act.

**Greg Georgopoulos**  
**Chief Executive Officer**



**Adelaide Hills**  
COUNCIL

## **AUDIT COMMITTEE**

**AGENDA FOR MEETING**  
**Monday 21 October 2024**  
**7.30pm**  
**63 Mt Barker Road, Stirling**

### **ORDER OF BUSINESS**

#### **1. COMMENCEMENT**

- 1.1. Acknowledgement of Country

*Council acknowledges that we meet on the traditional Country of the Peramangk and Kurna people. We pay our respects to Ancestors and Elders past and present as the Custodians of this ancient and beautiful land.*

#### **2. APOLOGIES/LEAVE OF ABSENCE**

- 2.1. Apology  
2.2. Leave of Absence  
2.3. Absent

#### **3. MINUTES OF PREVIOUS MEETINGS**

- 3.1. Audit Committee Minutes – 19 August 2024

***Recommendation***

*That the minutes of the Audit Committee meeting held on Monday 19 August 2024, as supplied, be confirmed as an accurate record of the proceedings of that meeting.*

#### **4. PRESIDING MEMBER'S OPENING REMARKS**

**5. DELEGATION OF AUTHORITY**

The Audit Committee operates in accordance with the relevant sections of the Local Government Act 1999, and its Terms of Reference.

**6. DECLARATION OF CONFLICT OF INTEREST BY MEMBERS OF THE COMMITTEE**

**7. MOTION WITH NOTICE**

7.1. Cr Malcolm Herrmann – Financial Strategy and Long Term Financial Plan

*That the Audit and Risk Committee requests that:*

1. *The CEO initiates the preparation of the Long-Term Financial Plan as soon as practicable with the first workshop being prior to 31 December 2024.*
2. *That a report be presented to the Audit and Risk Committee at its meeting of 18 November 2024 setting out advice for Council on:*
  - (a) the formulation of the Financial Indicators*
  - (b) Strategic considerations for achieving financial sustainability.*

**8. PRESENTATIONS, ACTION REPORT & WORKPLAN**

8.1. 2024 Action Report and Work Plan Update

1. *That the 2024 Action Report and Work Plan Update Report be received and noted.*
2. *That the 2024 Action Report, October 2024, be noted.*
3. *That the 2024 Work Plan and Reporting Schedule be adopted.*

**9. OFFICER REPORTS**

9.1. Auditors Completion Report 2024

1. *Notes the “Annual Audit Completion Report for the year ended 30 June 2024” from Council’s external auditors, BDO, contained in Appendix 1.*

9.2. Report on Financial Results for 2023-24

1. *Notes the 2023-2024 report on the financial results for the Adelaide Hills Council, contained in Appendix 1.*

9.3. 2023/24 Annual Financial Statements and End of Year Report

1. *That the Financial Statements present fairly the financial position of the Adelaide Hills Council, having reviewed the Financial Statements for 2023-24 as per Appendix 1.*

2. *It is appropriate that the Management Representation Letter requested by the external auditor, as per Appendix 2, is signed by management.*
3. *That it notes the Certification of Auditor Independence as per Appendix 3 is considered by the Chief Executive Officer and the Presiding Member of the Audit Committee.*
4. *That it Authorises the Chief Executive Officer and the Mayor to certify the Financial Statements for 2023-24 in their final form.*

9.4. Service Review Biannual Report

1. *That the Service Review Biannual Report be received and noted.*
2. *That the Service Review Biannual Report – Civil Services report (Appendix 1) be received and noted*
3. *That the Service Review Biannual Report – Development Services (Appendix 2) be received and noted*
4. *To recommend to Council that the current schedule of biannual reports on the 2022 and 2023 service reviews be suspended until October 2025, pending the outcomes of the proposed organisation service review process which is anticipated to commence in late 2024/early 2025.*

9.5. Quarterly Performance Report – Q4 2023-24

1. *The Audit Committee resolves that the Quarterly Performance Report – Q4 2023-24 be received and noted.*

**10. QUESTIONS WITHOUT NOTICE**

**11. CONFIDENTIAL ITEMS**

Nil

**12. NEXT MEETING**

The next Audit Committee meeting will be held at 6.00pm on 18 November 2024 at 63 Mount Barker Road, Stirling.

**13. CLOSE MEETING**

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE  
MINUTES OF MEETING  
MONDAY 19 August 2024  
63 MT BARKER ROAD STIRLING**

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**In Attendance**

**Members:**

Cr Malcolm Herrmann	Presiding Member
Sarah Beesley	Independent Member
David Moffatt	Independent Member
Pamela Lee	Independent Member
Cr Melanie Selwood	Council Member

**In Attendance:**

Greg Georgopoulos	Chief Executive Officer
Gary Lewis	Director Corporate Services
David Waters	Director Environment and Infrastructure
Zoë Gill	Governance and Performance Coordinator
Skye Ludzay	Minute Secretary

**1. COMMENCEMENT**

The meeting commenced at 6.00pm.

**1.1. Acknowledgement of Country**

Council acknowledges that we meet on the traditional lands and waters of the Peramangk and Kurna people. We pay our respects to Elders past, present and emerging as the Custodians of this ancient and beautiful land. Together we will care for this country for the generations to come.

**2. APOLOGIES/LEAVE OF ABSENCE**

**2.1 Apology**

**2.2 Leave of Absence**

Nil

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**2.3 Absent**

**3. MINUTES OF PREVIOUS MEETINGS**

**3.1 Audit Committee Meeting – 20 May 2024**

**Moved Pamela Lee  
S/- David Moffatt**

**AC26 /24**

**That the minutes of the Audit Committee meeting held on 20 May 2024 as supplied, be confirmed as an accurate record of the proceedings of that meeting.**

<b>Carried Unanimously</b>
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**4. PRESIDING MEMBER’S OPENING REMARKS**

The Presiding Member remarked that the Council has:

1. Approved the Business plan for FABRIK committing Council to \$450k p.a.
2. Adopted a Sustainable Procurement Policy
3. Approved the BR3 which at the time showed a surplus of \$558k within the approved ratio range 1 to 5 %
4. Appointed Cr Melanie Selwood as Deputy Mayor
5. Approved fees and charges generally in line CPI
6. Approved the ABPlan which generally increased rates by 5.8%, but the surplus of 0.8% - \$457k is outside the currently approved range of 1 to 5%
7. Authorised the CEO to examine options for Council to withdraw from the Gawler River Floodplain Management Authority
8. Commenced work in earnest on the Amy Gillett Bikeway

**5. DELEGATION OF AUTHORITY**

In accordance with the Audit Committee Terms of Reference, the Committee has no delegated decision-making powers. There are no Recommendations arising to be submitted to Council for consideration.

**6. DECLARATION OF CONFLICT OF INTEREST BY MEMBERS OF AUDIT COMMITTEE**

Nil

**7. QUESTIONS ON NOTICE**

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Presiding Member \_\_\_\_\_ 14 October 2024

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**7.1 Cr Malcolm Herrmann – Purchase Cards**

**1. How many cards are on issue to staff and Elected members?**

The number of cards issued to staff (49) and EMs (0)

**2. What is the lowest classification of the staff to whom Purchase Cards have been issued?**

The lowest classification is GO3.3.

**3. For the year 2023/24, what was the estimated value of transactions conducted by the use of Purchase Cards?**

The total value of transactions by the use of purchase cards for financial year 2023-24 is \$440,952.15.

**4. For the year 2023/24, how many transactions were conducted by way of Purchase Cards? (if information is readily available)**

The number of transactions by purchase card for financial year 2023-24 is 2,275.

**5. What internal controls are in place to ensure correct use?**

If a staff member requires a credit card for materials and services for Council business, the staff member needs to complete and sign, with approval from their people leader, a request for a new purchase card and also a NAB Corporate Card (Add a Cardholder Request) form. The staff member will then need to provide 100 points worth of identification and show this to the Verifying Officer in Finance. Once this has been done the card can be ordered.

All cardholders are provided with instructions on how to use flexipurchase (Cardholders guide) and the "AHC Purchase Card Procedure" when they receive their card. It is the cardholder's responsibility to ensure they use their card correctly.

Each item of expenditure must be coded, and an appropriate tax invoice or other supporting documentation provided by the cardholder during the monthly reconciliation of their credit card. All expenditure is then reviewed and approved by the cardholders Manager. Managers may request additional supporting documentation through flexipurchase which has the functionality to allow managers to query a transaction.

Finance also reviews all purchases once the manager has approved the cardholders' transactions. This is to ensure we can claim back the GST as part of our BAS lodgement.

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Finance will also review the larger purchases and ensure receipts have been appropriately attached. Incorrect uses of the card will be advised back to the cardholder.

AHC uses “Flexipurchase” a credit card management tool operated through the NAB.

If a personal transaction is incorrectly made, the cardholder must submit a form “Declaration of Personal Purchase” which is attached in flexipurchase to the transaction. The cardholder is then responsible for reimbursing Council. Finance will periodically check to ensure repayments are being made.

If a receipt is lost or not provided, the cardholder must submit a form “Declaration of Lost Corporate Card Purchase Invoice” which is attached in flexipurchase to the transaction.

The Accounts Payable Officer and Team Leader Finance are Administrators and can lock/cancel a card at any stage if there is any misuse of a purchase card.

It should be noted that expenditure on purchase cards can be attributed to a staff member with detailed information with regards to the transactions being easily available. The use of credit cards is an efficient and controllable method for procurement of materials and services for Council business.

**6. *Is the CEO satisfied that the internal controls in place are sufficient to ensure misuse does not occur?***

Currently, the CEO is satisfied with the internal controls.

Council’s internal controls are compliant with those set out in the ‘Better Practice Model – Model – Internal Financial Controls’ which is prescribed in the Local Government Act 1999. These are subject to annual audit by Councils appointed auditors. The Auditors findings with regards to the internal controls are reported to the Audit Committee on an annual basis for their review.

However, it is important to review all internal controls to ensure that they remain both effective and relevant. Any advice on this matter that the Audit Committee has will be considered promptly.

**7. *What role does the external Auditor play in scrutiny of the use of Purchase Cards?***

As noted above, Council’s appointed Auditors audit the internal controls on an annual basis.

With regards to the external audit of the financial statements, credit cards are not automatically reviewed. A credit card transaction may come up in their sample testing of expenditure over the entire organisation with supporting documentation then provided from the Accounts Payable team.



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6:06pm: Cr Melanie Selwood arrived.

**8. PRESENTATIONS, ACTION REPORT & WORKPLAN**

**8.1 Infrastructure and Environment Risk Presentation**

David Waters, Director Environment and Infrastructure

**8.2 Action Report and Work Plan Update**

**Moved Cr Melanie Selwood**

**S/- Sarah Beesley**

**AC27 /24**

- 1. That the 2024 Action Report and Work Plan Update report be received and noted.**
- 2. That the 2024 Action Report, August 2024, be noted.**
- 3. That the 2024 Work Plan and Reporting Schedule be adopted.**

<b>Carried Unanimously</b>
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With leave of the meeting, the Presiding Member brought forward item 11.1 of the Agenda.

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**11. CONFIDENTIAL ITEMS**

**11.1 Financial Management Council Report – Exclusion of the Public**

Moved Cr Melanie Selwood  
S/- Pamela Lee

**AC28 /24**

Pursuant to section 90(2) of the *Local Government Act 1999* the Audit Committee (the Committee) orders that all members of the public, except:

- Chief Executive Officer, Greg Georgopoulos
- Director Corporate Services, Gary Lewis
- Governance and Risk Coordinator, Zoë Gill
- Minute Secretary, Skye Ludzay

be excluded from attendance at the meeting for Agenda Item 11.1: (Financial Management Council Report) in confidence.

The Committee is satisfied that it is necessary that the public, with the exception of Council staff in attendance as specified in (a) above, be excluded to enable the Committee to consider the report at the meeting on the following grounds:

Section 90(3)(g) of the *Local Government Act 1999*, the information to be received, discussed or considered in relation to this Agenda Item is in relation to matters that must be considered in confidence in order to ensure that the council does not breach any law, order or direction of a court or tribunal constituted by law, any duty of confidence, or other legal obligation or duty;

Section 90(3)(h) of the *Local Government Act 1999*, the information to be received, discussed or considered in relation to this Agenda Item relates to legal advice.

Accordingly, on this basis the principle that meetings of the Committee should be conducted in a place open to the public has been outweighed by the need to keep the information and discussion confidential.

<b>Carried Unanimously</b>
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**11.2 Financial Management Council Report**

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**11.3 Financial Management Council Report – Duration of Confidentiality**

Moved Pamela Lee  
S/- Sarah Beesley

AC30 /24

Subject to the CEO, or his delegate, disclosing information or any document (in whole or in part) for the purpose of implementing Council’s decision(s) in this matter in the performance of the duties and responsibilities of office, Council, having considered Agenda Item 11.1 in confidence under sections 90(2) and 90(3)(g) and (h) of the *Local Government Act 1999*, resolves that an order be made under the provisions of sections 91(7) and (9) of the *Local Government Act 1999* to retain the Items in confidence as detailed in the Duration of Confidentiality Table below:

<b>Item</b>	<b>Duration of Confidentiality NB: Item to be reviewed every 12 months if not released</b>
Report	Until further order
Related Attachments	Until further order
Minutes	Until further order
Other (presentation, documents, or similar)	Until further order

Pursuant to section 91(9)(c) of the Local Government Act 1999, the Council delegates the power to revoke the confidentiality order either partially or in full to the Chief Executive Officer.

Carried Unanimously

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**9 OFFICER REPORTS – DECISION ITEMS**

**9.1 End of Financial Year Update**

Moved Sarah Beesley  
S/- Pamela Lee

AC31 /24

**That the Audit Committee recommends to Council:**

**1. That Council notes the 2023-24 preliminary financial position as presented which include:**

**1.1 Total operating income of \$55.289m (budget \$57.021m)**

**1.2 Total operating expenditure of \$61.152m (budget \$56.462m)**

**1.3 An operating deficit of \$4.863m (budget \$559k surplus), primarily arising from:**

**a) the receipt of Federal Assistance Grants in July instead of June (\$1.71m)**

**b) reassessment of depreciation assumptions (\$0.86m)**

**c) detailed review of the approach to works in progress (\$0.752m)**

**d) reassessment of the assumptions applied for the capitalisation of payroll expense (1.2 million)**

**1.3.1 That this represents an operating deficit ratio of 8.8%**

**1.4 Capital works program expenditure of \$17.988 (budget of \$21.890m)**

**2. Notes the results presented are subject to external audit review and are subject to change.**

**3. Notes the capital works update.**

**4. Notes the capital carry forwards.**

<b>Carried Unanimously</b>
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**9.2 Interim Audit Management Letter**

7:54pm: Cr Melanie Selwood left the meeting room.

Moved David Moffatt  
S/- Sarah Beesley

AC32 /24

**1. That the Interim Audit Management Letter report be received and noted.**

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2. Notes the communication received from BDO Audit from their Interim visit relating to the 2023-24 Annual Financial Statement and Internal Financial Control Audits and the Management Responses to their findings from the Interim Audit, as contained in Appendix 1.

**Carried Unanimously**

**9.3 Debtors Report – 30 June 2024**

7:56pm: Cr Melanie Selwood returned to the meeting room.

**Moved Pamela Lee  
S/- David Moffatt**

**AC33 /24**

1. That the Debtors Report - 30 June 2024 be received and noted.
2. To acknowledge Staff efforts in debt recovery for rates.

**Carried Unanimously**

**9.4 Placement of Council’s Insurance Portfolio – 2024-25**

**Moved David Moffatt  
S/- Pamela Lee**

**AC34 /24**

**That the Placement of Council’s Insurance Portfolio 2024-25 report be received and noted.**

**Carried Unanimously**

**9.5 Audit Actions Implementation Update**

**Moved David Moffatt  
S/- Sarah Beesley**

**AC35 /24**

1. That the Audit Actions Implementation Update report be received and noted.
2. To note the implementation status of Internal and External Audit actions.

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**Carried Unanimously**

**9.6 Quarterly Risk Management Report**

Moved Pamela Lee  
S/- Cr Melanie Selwood

**AC36 /24**

1. That the Quarterly Risk Management Report be received, accepted and noted.
2. That a workshop will be held on strategic and operational risks on a date to be confirmed by the CEO.

**Carried Unanimously**

**9.7 Risk Management and Audit Review Plan**

Moved Sarah Beesley  
S/- David Moffatt

**AC37 /24**

That the Risk Management and Audit Review Plan report be received and noted.

**Carried Unanimously**

**10 QUESTIONS WITHOUT NOTICE**

Nil

**11. CONFIDENTIAL ITEMS**

**11.2 Financial Management Council Report – Exclusion of the Public**

This item was moved to earlier in the Agenda.

**12 NEXT MEETING**

The next ordinary meeting of the Audit Committee will be held on 14 October 2024 from 6.00pm at 63 Mt Barker Road, Stirling.

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE  
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**13      CLOSE MEETING**

The meeting closed at 8.29pm.



**ADELAIDE HILLS COUNCIL  
AUDIT COMMITTEE MEETING  
21 October 2024  
AGENDA BUSINESS ITEM**

**Item:** 7.1

**Originating from:** Cr Malcolm Herrmann

**Subject:** Financial Strategy and the Long Term Financial Plan

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**1. MOTION**

That the Audit and Risk Committee requests that:

1. The CEO initiates the preparation of the Long-Term Financial Plan as soon as practicable with the first workshop being prior to 31 December 2024.
2. That a report be presented to the Audit and Risk Committee at its meeting of 18 November 2024 setting out advice for Council on:
  - a. the formulation of the Financial Indicators
  - b. strategic considerations for achieving financial sustainability.

**2. BACKGROUND**

It has been widely reported that the Council's financial position has deteriorated - in particular the adopted budgeted operating surplus of \$1.228m for 2023/24 will not be achieved and the actual result is a deficit of \$4.4m.

This can be attributed to several factors, including that the Federal Assistance grants from the Commonwealth being receipted after 30 June 2024 of \$1,710,050.

The adopted 2024/25 budget showed a small budget operating surplus of \$457,000 or 0.8%, which is below the approved 1%. Council has since authorised further expenditure, including Uraidla Oval Road \$38,000.

The 2024/25 budget was adopted in good faith, prior to the advice that there were three (3) areas which will have an ongoing impact on the bottom line – Works-In-Progress, Capitalisation of Salaries and Depreciation.

The three financial stability ratios have been in place for many years and good governance suggests that they are timely for a review (not necessarily change).

**3. OFFICER'S RESPONSE – Gary Lewis, Director Corporate Services**

The apparent change in Council's operating result is an accurate reflection of Council's true operating position by applying best practice accounting treatments.

The Administration have committed to review the LTFP following the adoption of the new Strategic Plan (which is expected to occur in October 2024). Currently this review process is envisaged to start in November 2024 and to be completed by June 2025, in conjunction with the 2025/26 Annual Business Plan and Budget.

Relevant to the Financial Strategy/LTFP processes administration currently has scheduled the following workshops;

28/10	Strategic /Deferred Projects workshop
4/11	Service Reviews workshop
2/12	LTFP 1
	Asset Management review

These workshops will provide important context for the development of the LTFP and financial strategy going forward. The information and ideas discussed with Council will help formulate the approach taken in developing the financial strategy. It is expected that there will be more workshops specifically on the LTFP in 2025.

The Administration will prepare a report for the Audit and Risk Committee's consideration which will provide Council with guidance on both financial indicators and strategic approaches in considering the LTFP to achieve financial sustainability.

This advice can be presented to the Audit and Risk Committee at its November meeting.

The Audit and Risk Committee could also consider any benefits that there could be for Council if they were to attend the LTFP and budget meetings going forward to offer independent expert advice.

**ADELAIDE HILLS COUNCIL  
AUDIT COMMITTEE MEETING  
Monday 21 October 2024  
AGENDA BUSINESS ITEM**

**Item:** 8.1

**Responsible Officer:** Zoë Gill  
Executive Governance Officer  
Office of the Chief Executive

**Subject:** 2024 Action Report and Work Plan Update

**For:** Decision

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**SUMMARY**

A formal Audit Committee Action Report is maintained to record the items requiring 'actioning' that result from each of the Audit Committee meetings. This report also outlines the actions completed since the previous report.

The Audit Committee Work Plan assists the Committee members and staff in scheduling both discussion and reports to ensure appropriate coverage of the Committee functions over the 12-month period. The current Audit Committee Work Plan 2024 (*Appendix 2*) has been attached for information.

**RECOMMENDATION**

The Audit Committee resolves:

1. That the 2024 Action Report and Work Plan Update Report be received and noted.
  2. That the 2024 Action Report, October 2024, be noted.
  3. That the 2024 Work Plan and Reporting Schedule be adopted.
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**1. BACKGROUND**

Action Report

The Action List tracks the implementation of resolutions of the Audit Committee.

Work Plan

The functions of the Audit Committee are set out in part 7 (Role) of the Committee Terms of Reference. A Work Plan has been developed to assist the Committee members and staff in scheduling discussion and reports to ensure appropriate coverage of the functions over the 12-month period.

## 2. ANALYSIS

### ➤ Strategic Management Plan/Functional Strategy/Council Policy Alignment

*Strategic Plan 2020-24 – A brighter future*

Goal 5 A Progressive Organisation

Objective O5 We are accountable, informed, and make decisions in the best interests of the whole community

Priority O5.1 Enhance governance structures and systems to prudently adapt to changing circumstances and meet our legislative obligations

Priority O5.2 Make evidence-based decisions and prudently assess the risks and opportunities to our community before taking action.

### ➤ Legal Implications

Section 126 of the *Local Government Act 1999* sets out the functions of an audit committee. Management of Committee's action items and work plan facilitates the achievement of these functions.

### ➤ Risk Management Implications

The management of action items and the work plan will assist in mitigating the risk of:

*Poor governance practices occur which lead to a loss of stakeholder (i.e. customer and regulator) confidence and/or legislative breaches.*

Inherent Risk	Residual Risk	Target Risk
Extreme (5C)	Low (3E)	Low (3E)

The Audit Committee Action Report and Work Plan are current controls and therefore the Committee's approval of this item will not impact the Residual or Target Risk ratings.

Note that there are many other controls that assist in mitigating this risk.

### ➤ Financial and Resource Implications

Council's current budget contains provision for the costs associated with the notification and conduct of audit Committee meetings.

### ➤ Customer Service and Community/Cultural Implications

There is a community expectation that the audit committee monitors actions resulting from their resolutions and establishes a work plan.

### ➤ Sustainability Implications

Not applicable.

### ➤ Engagement/Consultation conducted in the development of the report

Consultation on the development of this report was as follows:

*Council Committees:* Not Applicable  
*Council Workshops:* Not Applicable  
*Advisory Groups:* Not Applicable  
*External Agencies:* Not Applicable  
*Community:* Not Applicable

➤ **Additional Analysis**

The review by the Audit Committee of the Action Report and Work Plan is an important element of Council’s commitment to open and transparent decision making which facilitates public accountability.

Action Report

There are four outstanding and seven completed items on the Audit Committee Action Report (**Appendix 1**) arising from previous Committee meetings. Commentary against the items is provided for the Committee’s information.

Work Plan and Reporting Schedule

As per the *2024 Audit Committee Work Plan and Reporting Schedule (Appendix 2)*, the following items detailed below are either included in or deferred from this meeting.

Item	Commentary	Month Scheduled
<b>Financial Reporting</b>		
Long Term Financial Plan (LTFP)	Deferred until strategic plan adoption	
Annual Business Plan		April
Budget Review 1		November
Budget Review 2		February
Budget Review 3		May
End of Year Financial Report		November
End of financial year reporting timetable		May
End of financial year update		August
Final Annual Financial Statements (incl management representation letter)	Included in this meeting	October
<b>Internal Control and Risk Management</b>		
Placement of Council’s insurance portfolio (for noting)		August
Internal Financial Controls update		May
Quarterly Risk Management Report		February/ August/November
Results of LGRS Risk Management Review	Deferred to November. LGRS have provided draft strategic risk document.	February/October (Biennial)

Item	Commentary	Month Scheduled
	New Risk Officer will lead this work and is commencing 21 October 2024.	
LGRS Risk Evaluation - Action Plan Review		May/November
<b>Internal Audit</b>		
Internal Audit quarterly update	Deferred to 2025. Review of existing internal audit and new requirements to be led by new Risk Officer commencing 21 October 2024.	February/May/ October/November
Internal audit reports	Deferred to 2025. Review of existing internal audit and new requirements to be led by new Risk Officer commencing 21 October 2024.	As Required
Implementation of internal audit actions progress report		February/August
Internal Audit Plan review		November
<b>External Audit</b>		
External audit interim letter		August
Implementation of external audit actions progress report		February/August
External Audit Plan review		April
Meeting attendance by external auditors	Included in this meeting	April/October
Review of auditor independence and legislative compliance	Included in this meeting	October
Audit Committee Completion Report	Included in this meeting	October/November
<b>Public Interest Disclosure</b>		
Public Interest Disclosure Policy review (replaces Whistle-blowers)		April
Public Interest Disclosure Arrangements and Compliance		May
<b>Service Review</b>		
Service Review Brief		November
Service Review Report		November

Item	Commentary	Month Scheduled
Implementation of service review actions progress report	Included in this meeting	April/August
<b>Other Business</b>		
Audit Committee self-assessment review		November
Presiding Member's Report		November
Work Plan and Reporting Schedule		November
Audit Committee Meeting Dates		November
Debtors Report		February/August
Council's Annual Report		November
Action Report & Work Plan Update	Included in this meeting	All Meetings
Audit Committee Terms of Reference	Deferred to November meeting. Terms of Reference are currently being reviewed by an external party.	October
Climate Change Adaptation Governance Assessment Report -	Deferred to November.	October
Quarterly Performance Reports	Included in this meeting	February/April/August/October
Directorate Risk Profile Presentation		April/August/November
Other Reports	None required	As Required

### 3. OPTIONS

The Audit Committee has the following options:

- I. To note and adopt the status of the Action Report at **Appendix 1** (Recommended).
- II. To note the 2024 Work Plan and Reporting Schedule at **Appendix 2** (Recommended).
- II. To alter or substitute elements of the Action Report or Work Plan (Not Recommended).

### 4. APPENDICES

1. Audit Committee Action Report, October 2024
2. 2024 Work Plan and Reporting Schedule

---

# **Appendix 1**

*Audit Committee Action Report, October 2024*

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# Action Report - 21 October 2024

Meeting Date	Meeting	Res No.	Item Name	Action Required (Council Resolution)	Responsible Director	Responsible Officer	Status	Date of Update	Due Date	Status (for Council reporting)
31/10/2023	Audit Committee	AC39/23	Development Services Service Review - Implementation Plan	1. That the report be received and noted. 2. To receive and note the Management Review and Action Plan in response to the Service Review 2022-23 - Development Services, as contained in Appendix 4. 3. To note that the implementation status of the agreed actions will be reported to Audit Committee and Council on a biannual basis, nominally March and August.	Jess Charlton	Deryn Atkinson	In Progress	16/10/2024	30/09/2024	Implementation of Action Plan in progress - immediate actions completed.  Biannual Report presented to Audit Committee and Council at May meeting.  Update is scheduled for the October 2024 Audit Committee.
19/02/2024	Audit Committee	AC12/24	Risk Management and Audit Review	1. That the report on Risk Management and Audit Review be received and noted. 2. That Administration will propose a process for reviewing risk management and auditing procedures at the 15 April Audit Committee meeting.	Greg Georgopoulos	Zoe Gill	Completed	16/10/2024	9/08/2024	LGRS have been engaged to assist Council in reviewing their risk management processes.  High level process presented to Audit Committee on 20 May 24.  First meeting with ELT was 16 July 2024.  LGRS have provided draft strategic risk document.
20/05/2024	Audit Committee	AC29/24	Internal Financial Controls Update	1. That the Internal Financial Controls report be received and noted. 2. To note the further developments and improvements that have been made to Council's internal controls environment. 3. Request the CEO to prepare a remediation plan for controls rated three (3) or lower by either the reviewer or the assessor.	Gary Lewis	Gary Lewis	In Progress	10/10/2024	31/12/2024	New risk officer will lead this work. Commenced 21 Oct 24  Actions pending the appointment of new Manager Financial Services.
20/05/2024	Audit Committee	AC24/24	Public Interest Disclosure Arrangements and Compliance	The Audit Committee resolves that the Public Interest Disclosure Arrangements and Compliance report be received and notes that there have been no Public Interest Disclosures made since May 2023.	Greg Georgopoulos	Skye Ludzay	In Progress	16/10/2024	31/12/2024	PID Training completed by staff PID Policy review to be completed - new Policy Officer commences 21 October 24. They will finalise Organisational Policy framework, with a confirmed review date at this time.
19/08/2024	Audit Committee	*	Purchase Cards	How frequently/in frequently are each of the purchase cards used? And what is the amount spent on these infrequently used purchased cards? What fees and charges to maintain each card?	Gary Lewis	Gary Lewis	Completed	10/09/2024	31/08/2024	The analysis has been completed and a number of potential reductions have been identified. These are to be considered by the relevant parties.
19/08/2024	Audit Committee	AC27/24	Action Report and Workplan Update	1. That the 2024 Action Report and Work Plan Update report be received and noted. 2. That the 2024 Action Report, August 2024, be noted. 3. That the 2024 Work Plan and Reporting Schedule be adopted. ACTION: Can we look at colour coding the action report and removing approved items.	Greg Georgopoulos	Zoe Gill	Completed	16/10/2024	16/10/2024	Colour coding has been actioned for the report for this meeting.  Approved items are removed with Council consist on a quarterly basis.
19/08/2024	Audit Committee	AC31/24	End of Financial Year Update	1. That Council notes the 2023-24 preliminary financial position as presented which include: 1.1 Total operating income of \$55.289m (budget \$57.021m) 1.2 Total operating expenditure of \$61.152m (budget \$56.462m) 1.3 An operating deficit of \$4.863m (budget \$559k surplus), primarily arising from: a) the receipt of Federal Assistance Grants in July instead of June (\$1.71m) b) reassessment of depreciation assumptions (\$0.86m) c) detailed review of the approach to works in progress (\$0.752m) d) reassessment of the assumptions applied for the capitalisation of payroll expense (1.2 million) 1.3.1 That this represents an operating deficit ratio of 8.8% 1.4 Capital works program expenditure of \$17.988 (budget of \$21.890m) 2. Notes the results presented are subject to external audit review and are subject to change. 3. Notes the capital works update. 4. Notes the capital carry forwards.	Greg Georgopoulos	Gary Lewis	Completed	26/08/2024	31/08/2024	Following the initial responses from the Auditor General the Administration have considered the next steps in their response to these matters.  The intention is that our Internal Auditors will be tasked with conducting a review which will consider what actions can be taken to improve the related processes.
19/08/2024	Audit Committee	*	Financial Management Council Report	ACTION: CEO to prepare a report reflecting on what could be done differently, what could Audit Committee have done to prevent this situation.	Greg Georgopoulos	Gary Lewis	In Progress	26/08/2024	30/09/2024	This process will inform the response to this action item.
19/08/2024	Audit Committee	*	Interim Audit Management Letter	ACTION: Arrange meeting with BDO in regards to financial management.	Greg Georgopoulos	Gary Lewis	Completed	10/09/2024	31/08/2024	This is already scheduled to occur at the next Audit Committee meeting.
19/08/2024	Audit Committee	*	Debtors Report	ACTION: What is included in the misc. other line (pg 53 of the Agenda) ACTION: Have any of the excesses changed. Can we investigate if boat hull and Journey insurance is necessary Can we investigate what (if anything) is covered by the Advisory Group insurance, in particular the new Bushfire committee?	Gary Lewis	Gary Lewis	Completed	31/08/2024	31/08/2024	Personal Income Protection reimbursements \$2,952. Initial payment on 7 I pads
19/08/2024	Audit Committee	*	Placement of Councils Insurance Portfolio	Can we investigate what (if anything) is covered by the Advisory Group insurance, in particular the new Bushfire committee?	Greg Georgopoulos	Zoe Gill	Completed	26/08/2024	31/08/2024	Updated Audit Committee Members by email as requested.

Status Key:
Completed Items
In Progress Items
Not Started

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## **Appendix 2**

### *Audit Committee 2024 Work Plan and Reporting Schedule*

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**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE  
2024 Work Plan and Reporting Schedule**

Terms of Reference		
Financial Reporting & Prudential Requirements	Long Term Financial Plan (LTFP) (Finance)	Annual
	Annual Business Plan (Performance)	Annual
	Budget Review 1 (Finance)	Annual
	Budget Review 2 (Finance)	Annual
	Budget Review 3 (Finance)	Annual
	End of Year Financial Report (Finance)	Annual
	End of financial year reporting timetable (Finance)	Annual
	End of financial year update (Finance)	Annual
	Final Annual Financial Statements (incl management representation letter) (Finance)	Annual
Internal Control and Risk Management	Placement of Council's insurance portfolio (for noting) (Finance)	Annual
	Internal Financial Controls update (Finance)	Annual
	Risk Management Plan Update (Governance)	Quarterly
	LGRS Risk Evaluation - Results (Governance)	Biennial
	LGRS Risk Evaluation - Action Plan Review (Governance)	Bi-annual
Internal Audit	Internal Audit quarterly update (Finance)	Quarterly
	Internal audit reports (Finance)	As required
	Implementation of internal audit actions progress report (Governance)	Bi-annual
	Internal Audit Plan review (Governance)	Annual
External Audit	External audit interim letter (Finance)	Bi-annual
	Implementation of external audit actions progress report (Finance)	Bi-annual
	External Audit Plan review (Finance)	Annual
	Meeting attendance by external auditors (Finance)	Annual
	Review of auditor independence and legislative compliance (Finance)	Annual
	Audit Completion Report (Finance)	Annual
Public Interest Disclosure	Public Interest Disclosure Policy review (replaces Whistleblowers) (Governance)	Triennial
	Public Interest Disclosure Arrangements and Compliance (Governance)	Annual
Service Review	Service Review Brief (Governance)	Annual
	Service Review Report (Governance)	Annual
	Implementation of service review actions progress report (Performance)	Annual
Other Business	Audit Committee self assessment review (Audit Committee)	Annual
	Presiding Member's Report (Presiding Member)	Annual
	Work Plan and Reporting Schedule (Governance)	Annual
	Audit Committee Meeting Dates (Governance)	Annual
	Debtors Report (Finance)	Bi-annual
	Council's Annual Report (Performance)	Annual
	Action Report & Work Plan Update (Governance)	All Mtgs
	Audit Committee's Terms of Reference (Governance)	Annual
	Climate Change Adaptation Governance Assessment Report - July 2019 (Governance)	Bi-annual
	Quarterly Performance Report (Performance)	Quarterly
	Directorate Risk Profile Presentation (Each Directorate)	Quarterly
	Other Reports	As required

**Version Control:** V1.0 - October 2024

2024					
Feb	April	May	Aug	Oct	Nov
	Draft				
					2024-2025
2023-2024					
		2023-2024			2024-2025
		2023-2024			
			2023-2024		
				2023-2024	
				Deferred to November	
		Carried over from May meeting			
		verbal	Letter		
				in camera	
				draft	final
				Deferred to November	
				Deferred to November	
Q2 (pre-Council)	Q3 (pre-Council)		Carried to October meeting	Deferred to November	
Community and Development as required	as required	as required	Environment and Infrastructure as required	as required	Corporate Services as required

**ADELAIDE HILLS COUNCIL  
AUDIT COMMITTEE MEETING  
Monday 21 October 2024  
AGENDA BUSINESS ITEM**

**Item:** 9.1

**Responsible Officer:** Gary Lewis  
Director Corporate Services  
Corporate Services

**Subject:** Auditors Completion Report 2024

**For:** Information

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**SUMMARY**

Under Section 129 of the *Local Government Act 1999 (SA)* (the Act) the external auditor appointed by Council must provide to the Council a report on matters arising from the audit of its financial statements and the controls exercised by Council. The report must identify any irregularity in Council's accounting practices, or the management of the Council's financial affairs identified by the auditor during the audit.

BDO has now completed their end of year audit and have provided an "Annual Audit Completion Report for the year ended 30 June 2024" to the Presiding Member of the Audit Committee, refer **Appendix 1**.

BDO's report notes they have identified no material deficiencies in internal controls which would impact audit testing or expose the Council to risk of material misstatement of results for the year ended 30 June 2024.

**RECOMMENDATION**

**That the Audit Committee:**

- 1. Notes the "Annual Audit Completion Report for the year ended 30 June 2024" from Council's external auditors, BDO, contained in Appendix 1.**
- 

**1. BACKGROUND**

Section 128 of the *Local Government Act 1999 (SA)* requires Council to have an auditor, appointed on the recommendation of Council's Audit Committee. Councils' auditor is BDO.

In accordance with Section 129 of the Act, the external auditor is required to undertake an annual review and provide an audit opinion on Council's financial statements and the controls exercised by Council in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

The auditor must provide to Council a report on matters arising from the audit, specifically identifying any irregularity in the Council’s accounting practices or the management of the Council’s financial affairs identified by the auditor during the audit.

At the meeting of the Audit Committee held on 15 April 2024, the Audit Committee endorsed the proposed 2023-24 External Audit Plan from BDO. The timetable included presenting a report to the Audit Committee as well as providing the opportunity to discuss the findings of the auditor in confidence, without management being present.

At the meeting of the Audit Committee held on 19 August 2024, BDO provided an “Interim report on the 2024 external audit”. BDO’s interim report noted that to date they had found no material deficiencies in internal controls which would impact audit testing or expose the Council to any risk of material misstatement of results for the year ended 30 June 2024.

The report also provided a status update on key issues that had been identified by BDO that Council was taking appropriate action on.

## 2. ANALYSIS

### ➤ Strategic Management Plan/Functional Strategy/Council Policy Alignment

*Strategic Plan 2020-24 – A brighter future*

Goal 5 A Progressive Organisation

Objective O3 Our organisation is financially sustainable for both current and future generations

Priority O3.1 Ensure the delivery of agreed strategic plan requirements whilst meeting endorsed long-term targets for a sustainable operating surplus and level of debt

### ➤ Legal Implications

Section 129 of the *Local Government Act 1999 (SA)*

### ➤ Risk Management Implications

Failure to complete the year end process in accordance with the endorsed timetable can result in increased financial, compliance and reputational risk.

Inherent Risk	Residual Risk	Target Risk
Medium (4D)	Low (2E)	Low (2E)

### ➤ Financial and Resource Implications

The End of Year Financial Statements are the most significant output from Council’s financial management and reporting processes and are required for inclusion in the Annual Report.

Funding and resources required to prepare the End of Year Financial Statements is provided for as part of the annual budget process.

### ➤ Customer Service and Community/Cultural Implications

Not applicable.

➤ **Sustainability Implications**

Not applicable.

➤ **Engagement/Consultation conducted in the development of the report**

Consultation on the development of this report was as follows:

*Council Committees:* Not Applicable

*Council Workshops:* Not Applicable

*Advisory Groups:* Not Applicable

*External Agencies:* BDO International, Ltd.

*Community:* Not Applicable

➤ **Additional Analysis**

The external auditor, Ms Linh Dao has completed the audit of the financial statements and provided audit clearance subject to:

- Review of subsequent events post 30 June 2024,
- Receipt of signed management representation letter,
- Receipt of the final Annual Financial Statements for 2023-24 being certified by the CEO and Presiding Member of the Audit Committee.

As part of the audit process, BDO have tabled their final “Annual Audit Completion Report” dealing with matters arising from the audit. The report addresses:

- Status of the audit
- Areas of audit focus
- Summary of any misstatements
- Internal controls

The audit was conducted in accordance with the Australian Auditing Standards per the Act and provide Council with reasonable assurance that the Financial Statements are free of material misstatement.

Having identified no significant deficiencies with internal controls, BDO have concluded that in all material respects, the Financial Statements present fairly the financial position of Adelaide Hills Council as of 30 June 2024.

### **3. OPTIONS**

Audit Committee is limited to receiving and noting this report.

**4. APPENDICES**

- (1) Annual Audit Completion Report for the year ended 30 June 2024.

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# **Appendix 1**

*Annual Audit Completion Report for the year ended 30 June 2024.*

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# Adelaide Hills Council

Annual audit completion report

Year ended 30 June 2024





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## Contents

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Dear Audit Committee Members

We are pleased to present this report to the Audit Committee of Adelaide Hills Council ('AHC' or the 'Council') in relation to the 30 June 2024 annual audit.

As at the date of this report, we have substantially completed our audit and subject to the satisfactory resolution of the matters outlined in the Executive Summary, we expect to issue an unmodified audit report.

We have set out in this document the significant matters arising from our audit. This summary covers those matters we believe to be material in the context of our work.

We look forward to the Audit Committee meeting on 21 October 2024 where we will have the opportunity to discuss this report.

Should you require clarification on any matter in this report before this date, please do not hesitate to contact me on +61 8 7324 6147

We would like to take this opportunity to extend our appreciation to management for their assistance and cooperation throughout the course of our audit.

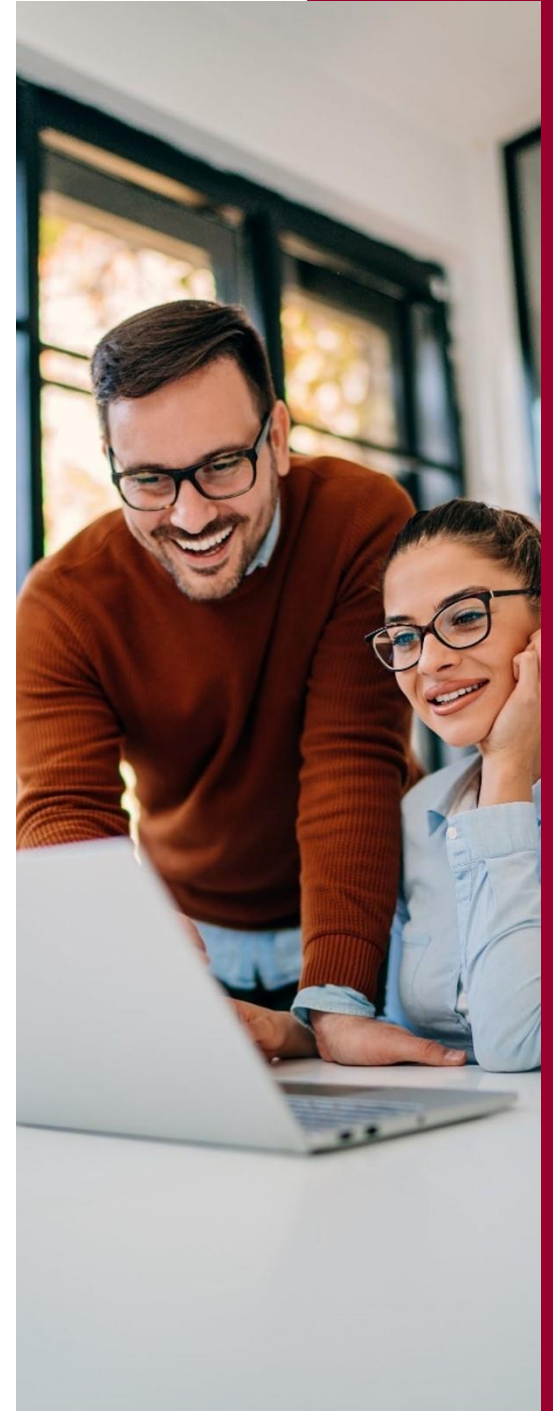
Yours faithfully



**LINH DAO**

Engagement partner

Adelaide, 16 October 2024



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## Executive summary

### Purpose

The purpose of this report is to communicate significant matters arising from our audit to the Audit Committee. This report has been discussed with management.

### Scope

Our audit was conducted in accordance with Australian Auditing Standards and the *Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011* for the year ended 30 June 2024.

### Status of the audit

Our audit of the financial report is substantially complete. We expect to issue an unmodified audit report, subject to satisfactory completion of the following:

- Final review of drafted financial statements
- Review of subsequent events post 30 June 2024
- Receipt of written management representations on various matters; and
- Receipt of formally adopted financial statements and agreement of these to the draft financial statements provided to us to date.

A draft of the proposed audit report is included at Appendix 3.

### Summary of misstatements

We have not identified any corrected or uncorrected misstatements during our audit.

### Areas of audit focus

In performing our audit, we have identified those matters that, in the auditor's judgement, were of the most significance in the audit of the financial report. Our audit procedures also focused on areas that were considered to represent significant and elevated risks of material misstatement. These areas of focus are outlined below:

- Revaluation of infrastructure, property, plant and equipment
- Accounting treatment of Capital Work in Progress (WIP)
- Management override of internal controls
- Cut-off of grant funding and accuracy of any amounts deferred on 30 June 2024.
- Measurement of rehabilitation liabilities

Refer to the relevant section for details on the key audit matters, significant risk areas and other areas focused on during the audit.

## Areas of audit focus

In assessing the risks of material misstatement at the planning phase, we used a spectrum of risk based on the likelihood of a misstatement occurring and the magnitude of the misstatement in the context of our materiality. Our audit procedures focused on areas that were considered to represent risks of material misstatement.

Revaluation of infrastructure, property, plant and equipment		
Description	Audit work performed	Summary of findings
<p>Council's infrastructure, land and buildings are carried at valuation. There is a risk that these balances are misstated as a result of the application and inappropriate valuation methodologies, or incorrect underlying assumptions.</p>	<p>We evaluated the competence, capability and objectivity of the independent experts, if any, obtained an understanding of their work and evaluated its appropriateness.</p> <p>Particular attention was paid to the audit of the revaluation of building assets because of the delays in the prior year regarding validation of indexation based asset valuation data. We reviewed the process undertaken by management regarding the revaluation, performed audit procedures and checked the disclosures made for compliance with applicable Australian Accounting Standards.</p> <p>We reviewed the movement in respective asset revaluation reserves to verify the accuracy and appropriateness of the fair value changes during the year.</p>	<p>Council undertook valuations of infrastructure assets and land &amp; buildings this year, using a combination of external experts as well as the indexation method, which resulted in a net increase of \$76mil credited to asset revaluation reserve for the year.</p> <p>The size of this increase reflected the way in which these assets had been revalued last year. Because of the high inflation rate, and uncertain as to how long such condition would last, in 2023 management calculated the revaluations by applying an adjusted Producer Price Index ('PPI') based on a 5, 10 or 20 year average index rather than the PPI rate that applied at the end of 2023.</p> <p>Given that high inflation rates continued through FY2024, management reverted to estimating the revaluation based on the year-end PPI applied to assets on hand at year-end. As a result, the revaluation increment for the year includes an element of 'catch-up' from the prior year.</p> <p>We recommend management continue to streamline the revaluation process, ensure consistency in the estimate/ judgement making process and have them clearly documented to support position taken.</p> <p>Furthermore, we were advised that for a number of classes of assets, there were no readily available information as to when a condition assessment was last independently undertaken. Condition assessment is a critical part of the current replacement cost valuation method. We recommend management review and undertake a condition asset audit as appropriate.</p> <p>No other exceptions were noted.</p>

## Areas of audit focus *continued*

Accounting treatment of Capital Work in Progress (WIP)		
Description	Audit work performed	Summary of findings
<p>There is a risk that the accounting treatment of items captured within capital WIP may not be in accordance with Australian Accounting Standards.</p>	<p>We obtained the WIP schedule and reviewed in detail a sample of projects outstanding at the end of the year to check if they are likely to generate assets. We have also reviewed a sample of assets transferred out of the Capital WIP to check that the categorisation and value allocated to the relevant fixed asset class is appropriate.</p>	<p>Council reported a WIP balance of \$5.7mil at 30 June 2024, \$4.5mil of this related to FABRIK which was completed in the first quarter of FY2025 and will be capitalised in the new financial year.</p> <p>We noted \$603k in the WIP carried forward balance related to the AHBTC Capital Divestment project. This represents capital work undertaken in relation to one surplus asset that Council expects to divest in the future. The project has been ongoing for a number of year, and though the balance is not material, we recommend management reassess whether the costs continue to meet the capitalisation requirements under AASB 116 and either capitalise the cost directly to the associated land &amp; buildings, or write off through the surplus or deficit as appropriate.</p> <p>Furthermore, during the year \$1.14mil in carried forward WIP balance into FY2024 was written off. \$218k of this was debited directly to the revaluation reserve and the remaining \$919k was recognised through the surplus or deficit for the year. A larger portion of expense written off was related to various IT projects that would not have met the capitalisation criteria set out in AASB 138.</p>

## Areas of audit focus *continued*

Management override of internal controls		
Description	Audit work performed	Summary of findings
<p>Australian Auditing Standards require that we presume there is a risk that management has the ability to manipulate accounting records and override control that otherwise appear to be operating effectively.</p>	<p>Our response includes a review of key internal controls at the Council to mitigate the risk of management override.</p> <p>We tested the appropriateness of journal entries and other adjustments made in the preparation of the financial report. We also reviewed accounting estimates for bias and evaluated the business rationale (or lack of) of any significant transactions that are outside of the normal course of business or that otherwise appear to be unusual.</p>	<p>We did not identify any evidence of misstatement due to management override of internal controls.</p>
Cut-off of grant funding and accuracy of any amounts deferred on 30 June 2024		
Description	Audit work performed	Summary of findings
<p>There is a risk of error in the calculation of grant income recognised and deferred at the end of the year by reference to grant agreements and Australian Accounting Standards</p>	<p>We obtained the schedule of grant income recognised and deferred at year-end. We selected a sample of grants and obtained the agreements to review in detail and test that they have been recognised in accordance with AASB 15 <i>Revenue from Contracts with Customers</i> and AASB 1058 <i>Income of Not-for-Profit Entities</i>.</p>	<p>Though no misstatements were identified, we have noted one control deficiency relating to grant management which has been included in the 'Internal Controls' section of this report.</p>

## Areas of audit focus *continued*

Measurement of rehabilitation liabilities		
Description	Audit work performed	Summary of findings
Council has made provision for its monitoring and rehabilitation obligations regarding 3 formal landfill sites. There is a risk of error that the liabilities are not measured in accordance with the requirements of AASB 137 <i>Provisions, Contingent Liabilities and Contingent Assets</i> .	We have inquired the management of the treatment of provisions made as at the reporting date. We audited the accounting treatment by reference to supporting documents including engagement letter with external expert, and their advice. We also evaluated if relevant disclosures made to the financial statements are in accordance with the applicable reporting framework.	We noted that management has assessed that no additional provision is required regarding Council's monitoring and rehabilitation obligations at reporting date. We reviewed this and were satisfied that the assessment was supported by independent experts' advice. We will continue to monitor developments in this area, and reassess the accounting for provision in future years.

### OTHER MATTERS

#### Salaries & Wages Capitalisation

Previously Council capitalised salaries and wages to capital project based on the role specific assumptions. During the year, management undertook a retrospective review and noted that this practice resulted in a higher capitalisation rate. This was mostly due to the changes in staff roles over the year and as a result, management revised their estimate for capitalisation rate for capital project. We recommend management continue to reassess the assumptions and revisit the estimate in FY2025 based on observable data from detailed timesheets.



# Internal control

## Current year

In accordance with ASA 265 *Communicating Deficiencies in Internal Control to Those Charged with Governance and Management*, we are required to communicate in writing, significant deficiencies in internal control identified during our audit to those charged with governance on a timely basis.

The standard defines a deficiency in internal control as:

1. A control is designed, implemented or operated in such a way that it is unable to prevent, or detect and correct, misstatements in the financial report on a timely basis; or
2. A control necessary to prevent, or detect and correct, misstatements in the financial report on a timely basis is missing.

Significant deficiency in internal control means a deficiency or combination of deficiencies in internal control that, in the auditor's professional judgement, is of sufficient importance to merit the attention of the Audit Committee.

The matters being reported are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to the Audit Committee.

## Current period

Other deficiency in internal control	Potential effects	Recommendation	Management comments
1 Though Council has a process in place to monitor lease/ rent payments, there is no formal regular reviews conducted to ensure lease agreements and other Council facilities contracts are being met.	No process may lead to loss of income or income not recorded at all	It is recommended that management develop and put in place guidance to standardise the process of recording of lease agreements as well as updating for ongoing changes. It is also recommended management explore whether Council's system can accommodate automatic reminders to be sent to relevant personnel when leases are up for renewal.	In the absence of a property management system or a leases, Licenses and other property Agreements register there are material challenges in meeting this recommendation. In the interim action, the Property team will investigate available functionality that can set automatic reminders of Lease expiry and rental reviews and renewals. For a longer-term solution Management will put this forward as a budget initiative to address this a part of its recommendation within the draft Building Asset Management Plan which will come to the Council in the latter part of 2024.

## Internal control *continued*

Other deficiency in internal control	Potential effects	Recommendation	Management comments
<p>2 Council has a Disposal of Asset Policy however the policy is very high level and does not provide detailed guidance around the delegation of authority regarding assets being disposed, or the process of disposing the assets from the fixed asset system or the General Ledger</p>	<p>Lack of detailed guideline and documented procedures might result in inconsistencies in the asset disposal process or errors in the financial statements/ fixed asset system.</p>	<p>It is recommended that management develop detailed guideline around asset disposal process, which is consistent with Council's policy.</p>	<p>Management will consider the existing policy and determine the optimal way to set out the required guidance on asset disposals and the associated delegations.</p>
<p>3 We note that the Accounting System can only generate a number of reports including Debtors and Creditors Listing in real time. This means month-end and year-end reconciliation process requires significant manual intervention.</p>	<p>Manual intervention as part of the reconciliation process increases the risk of misstatements and inefficiency in the financial reporting process.</p>	<p>It is recommended that management explore the option of automating the process with the IT application supplier.</p>	<p>Whilst the Administration acknowledges the validity of the recommendation, from a practical perspective it is unworkable.</p> <p>Councils core Finance systems are no longer current and receive a minimal level of support. Developing further functionality is no longer possible. The Administration are in the process of preparing a review of Councils system architecture which will consider the options open to Council to address these and related issues.</p>
<p>4 We note that accrued income for 2 LRCIP fundings (Phase 2 and Phase 3) from FY2023 remains outstanding at 30 June 2024.</p> <p>We also noted that with regard to one Black Spot program funding, no invoices for progressive payments were made over the past</p>	<p>Lack of timeliness in invoicing and following up on grant fundings might result in loss of fundings, and misstatements in the financial reporting process.</p>	<p>We recommend management revisit and improve the grant management process:</p> <ol style="list-style-type: none"> <li>1. Considering involving Finance in the grant application process;</li> <li>2. All grant agreements that Council entered into are stored</li> </ol>	<p>The Administration implemented a grant register for financial year end 2022/23 and have found significant benefits from the increase in control that it brings. Initiating further organisational wide controls that will enhance its application as per the recommendations are supported.</p>

## Internal control *continued*

Other deficiency in internal control	Potential effects	Recommendation	Management comments
<p>2 years though Council is entitled for quarterly invoice and payments.</p> <p>This was because Finance was not made aware of the Grant arrangement and grant register is often updated based on funding receipt rather than at the time an agreement was entered into by Council.</p>		<p>centrally and accessed to by both Asset and Finance teams;</p> <p>3. Regularly review of grant-funded project performance during the year to ensure milestone payments are invoiced timely.</p>	<p>These controls should include a requirement that all grant applications are subject to a final approval by Finance and that Finance should be notified of all responses from granting bodies. Further, we recommend that more comprehensive business cases be prepared for the Annual Business Plan and Budget process such that all budgeted grants are fully accounted for in the budget.</p>

### Follow up on prior period findings

We have detailed below the current status of matters relating to internal control that have been raised in prior communications and are not referred to in the current period findings.

Description of matter	Date previously communicated	Current status	Management comments
<p>1 It was noted from our testing that two Council staff members in the payroll team have access and editing rights to the Creditor Masterfile which is beyond the person's role and responsibility.</p>	<p>14 June 2023</p>	<p>Resolved</p>	<p>User access has been updated and the two staff's access have been removed from editing the Creditor's Masterfile.</p>

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## Other reporting requirements

### Independence and ethics

In conducting our audit, we are required to comply with the independence requirements of *the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 and Part 4A of APES 110 Code of Ethics for Professional Accountants (including Independence Standards)*.

We have obtained independence declarations from all staff engaged in the audit.

We also have policies and procedures in place to identify any threats to our independence, and to appropriately deal with and if relevant mitigate those risks.

We have not become aware of any issue that would cause any member of the engagement team, BDO or any BDO network firm to contravene any ethical requirement or any regulatory requirement that applies to the audit engagement.

BDO has not provided any other services during the audit to Adelaide Hills Council.

The *Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011* requires the lead auditor to make a declaration to the directors regarding independence. We are in a position to make this declaration, a draft of which has been included at Appendix 2.

### Non-compliance with laws and regulations

We have made enquiries in relation to any non-compliance with laws and regulations during the course of our audit. We have not identified any instances of non-compliance with laws and regulations as a result of our enquiries.

### Fraud

Management have confirmed that there were no matters of fraud identified for the period under audit, or subsequently. It should be noted that our audit is not designed to detect fraud however should instances of fraud come to our attention we will report them to you.

We have not identified any instances of fraud during the course of our audit.

# Appendices

## Appendix 1      New developments

### Upcoming changes in financial reporting

#### Amendments to AASB 101 for classifying liabilities as current or non-current

Effective for annual reporting periods beginning on or after 1 January 2024, there are three main changes to the classification requirements within AASB 101 *Presentation of Financial Statements*:

- The right to defer settlement must exist at the end of the reporting period. If the right to defer settlement is dependent upon the entity complying with specified conditions (covenants), the right to defer only exists at reporting date if the entity complies with those conditions at reporting date (paragraph 72B).
- Classification is based on the right to defer settlement, and not intention (paragraph 73).
- If a liability could be settled by an entity transferring its own equity instruments prior to maturity (e.g. a convertible bond), classification is determined without considering the possibility of earlier settlement by conversion to equity, but only if the conversion feature is classified as equity under AASB 132 *Financial Instruments: Presentation* (paragraph 76B).

Classifying loans can be complicated where there has been a breach of a loan covenant, and can depend on whether and when the lender has provided a waiver or a period of grace. Our [publication](#) includes a flowchart and detailed examples to assist in this analysis.

Where a liability could be settled by an entity transferring its own equity instruments, such as for a convertible bond or note, this [publication](#) provides examples to assist with appropriate classification.

As these amendments apply for the first time to the 30 June 2025 balance sheet (and 30 June 2024 comparative balance sheet and 1 July 2023 opening balance sheet), at 30 June 2024, companies are in a position to assess the impacts regarding these changes. Entities must quantify the effect of any reclassification on current and non-current liabilities as part of disclosures about the effect of new standards issued that are not effective as at 30 June 2024.

#### IFRS 18 *Presentation and Disclosure in Financial Statements*

On 9 April 2024, the International Accounting Standards Board issued IFRS 18 *Presentation and Disclosure in Financial Statements*, a new financial statements presentation standard to replace IAS 1 *Presentation of Financial Statements*. You can read more about this in our [recent publication](#).

The changes require income and expenses to be classified into five categories - investing, financing, income taxes, discontinued operations and operating (which is the residual category). Classification follows an entity's 'main business activities' so may differ from one entity to another. The Statement of Profit or Loss also includes two mandatory subtotals:

- Operating profit or loss - this is a sub-total of all income and all expenses classified as operating
- Profit or loss before financing and income taxes - this is the sub-total of operating profit or loss, and all income and expenses classified as investing.

There are also changes to the Statement of Cash Flows, including how interest and dividend cash inflows and interest cash outflows are classified.

Lastly, the financial statements must include new disclosures in single note about 'management-defined performance measures' such as earnings before interest, taxes, depreciation and amortisation (EBITDA), 'adjusted profit', operating profit excluding recurring items, etc.

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## Appendix 1      New developments *continued*

The new disclosures apply to 'management-defined performance measures' if they are used in public communications outside the financial statements, to communicate to users of financial statements, management's view of an aspect of the entity's financial performance.

They do not apply to certain specific sub-totals in the Statement of Profit or Loss such as gross profit. They also do not apply to social media posts and oral communications, and to non-IFRS information based on financial measures that are not performance-related (such as measures based only on the financial position of the entity). Also, they do not apply if an entity makes no public communications (as may be the case for private companies).

The changes are effective for annual periods beginning on or after 1 January 2027.

If you have any questions or require more information regarding upcoming changes in financial reporting , please contact our [IFRS & Corporate Reporting team](#).

## Appendix 2 Sustainability assurance

### Climate related financial disclosures

Legislation to mandate Climate Reporting in Australia was passed by the Senate on 22 August 2024, with Royal Assent expected soon. The start date will be for years commencing 1 January 2025, with a phase-in period for entities of different sizes and types. Entities required to prepare and lodge financial reports with the Australian Securities and Investments Commission (ASIC) under Chapter 2M of the Corporations Act 2001 will have to prepare sustainability reports, but only if they meet certain criteria. In particular, entities that do not meet the size threshold tests in section 292A and are neither NGER reporters or asset owners, will not have to prepare climate reports.

#### Where will it be disclosed?

Climate-related disclosures would be required within a sustainability report forming part of the annual report. The sustainability report will be required by the *Corporations Act 2001* and consist of:

- The climate statements
- Notes to the climate statement
- Any statements prescribed by legislation
- The director's declaration.

#### ASIC says: Start preparing for climate reporting now

Climate reporting represents the biggest changes to financial reporting and disclosures standards in a generation.

#### Key actions to take now

**Risk Disclosure:** Balance mandatory and voluntary disclosures, considering stakeholder needs, as this can be seen as a strategic work program vs a compliance activity.

**Internal Capability:** Train employees or build capability to allocate resources effectively. Given that this is a new area, capability and capacity can be inhibitors.

**Data Quality and Technology Constraints:** Given that some of this information will be being captured and generated for the first time, govern data and assess technology readiness.

**Process Maturity and Change Management:** Align processes, manage change effectively, and ensure people across the end-to-end process understand the “why”.



## Appendix 2 Sustainability assurance *continued*

### When will climate-related reporting be mandated?

The following table outlines the criteria and size thresholds for climate reporting, as well as the first mandatory reporting period end, assuming the entity has a 30 June reporting date. The start date for the final legislation is 1 January 2025.

Large entities and their controlled entities meet at least two of three criteria				National Greenhouse Energy Reporting (NGER) reporters	Asset owners	First mandatory reporting period
	Consolidated revenue	EOFY consolidated gross assets	EOFY year employees			
Group 1	\$500 million or more	\$1 billion or more	500 or more	Above NGER publication threshold	N/A	30 June 2026
Group 2	\$200 million or more	\$500 million or more	250 or more	All other NGER reporters	\$5 billion assets under management or more	30 June 2027
Group 3	\$50 million or more	\$25 million or more	100 or more	N/A	N/A	30 June 2028

1: Asset owners can only be registered schemes, registrable superannuation entities or retail CCIVs

### Your sustainability roadmap

We've created a practical roadmap to guide your implementation of mandatory climate-related disclosures as well as your sustainability journey. It outlines the essential activities and their deadlines. This roadmap has been drafted for an entity with a 30 June year-end.

Though Council is not required to report under Corporations Act, we have included the suggested best practice roadmap if Council were a Group 2 entity for the mandatory climate purpose in the following page.

## Group 2 entities: Best practice roadmap

Project streams			30 June 2024	30 June 2025	30 June 2026	30 June 2027	30 June 2028
1	COMPLIANCE FOCUS: Carbon footprint measurement	Scope 1 and 2 greenhouse gas (GHG) emissions		<ul style="list-style-type: none"> <li>Set carbon inventory boundary</li> <li>Develop a Basis of Preparation (carbon accounting methodology)</li> <li>Measure and report internally Scope 1 &amp; Scope 2 GHG emissions</li> </ul>	<ul style="list-style-type: none"> <li>Improve measurement and report internally Scope 1 &amp; Scope 2 GHG emissions</li> <li>Set targets in relation to Scope 1 &amp; 2 GHG emissions</li> <li>Conduct an assurance readiness assessment</li> </ul>	Mandatory calculation and external reporting of Scope 1 and 2 GHG emissions	
		Scope 3 GHG emissions		Initial measurement (significant estimation) and report internally Scope 3 GHG emissions	Improve measurement (significant estimation) and report internally Scope 3 GHG emissions	<ul style="list-style-type: none"> <li>Improve measurement (less estimation) and report internally Scope 3 GHG emissions</li> <li>Set targets in relation to Scope 3 GHG emissions</li> <li>Conduct an assurance readiness assessment</li> </ul>	Mandatory calculation and external reporting of Scope 3 GHG emissions
2	COMPLIANCE FOCUS: Climate related disclosure	TCFD	Include <u>some TCFD disclosures</u> in the annual report with a focus on the following pillars: <ul style="list-style-type: none"> <li>Governance; and</li> <li>Strategy</li> </ul>	Include <u>all TCFD disclosures</u> in the annual report, including the following pillars: <ul style="list-style-type: none"> <li>Governance</li> <li>Strategy</li> <li>Risk Management</li> <li>Metrics and Targets</li> </ul>		TCFD disclosures replaced by IFRS S2	
		IFRS S2 and Australian equivalent		Conduct an IFRS S2 (and Australian equivalent) gap analysis	<ul style="list-style-type: none"> <li>Conduct a material climate risk assessment</li> <li>Prepare a scenario analysis</li> <li>Financial modelling of impact on financial statements</li> <li>Prepare draft IFRS S2 (and Australian equivalent) disclosures for internal use</li> </ul>	Mandatory reporting of all IFRS S2 (and Australian equivalent)	
3	STRATEGIC FOCUS: Sustainability related strategy disclosure	IFRS 51		<u>Activate sustainability strategy</u> <ul style="list-style-type: none"> <li>Step 1: ASSESS - Current state assessment</li> <li>Step 2: PRIORITISE - Materiality assessment (stakeholder engagement)</li> <li>Step 3: COMMIT - Identify gaps</li> </ul>	<ul style="list-style-type: none"> <li>Step 4: MEASURE - Commit and measure to address gap identified</li> <li>Step 5: REPORT - Prepare separate voluntary sustainability report</li> <li>Conduct an IFRS S1 gap analysis</li> </ul>	Continuous improvement of reporting to stakeholders (e.g. separate voluntary reporting)	

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## Appendix 3 Proposed audit report

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

#### Report on the Audit of the Financial Report

##### Opinion

We have audited the financial report of Adelaide Hills Council (the Council), which comprises the statement of financial position as at 30 June 2024, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of material accounting policy information and the declaration by those charged with governance.

In our opinion the accompanying financial report presents fairly, in all material respects, the financial position of the Council as at 30 June 2024, and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards, the *Local Government Act 1999*, and the *Local Government (Financial Management) Regulations 2011*.

##### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Council in accordance with the *Local Government Act 1999* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Local Government Act 1999*, which has been given to the Council, would be in the same terms if given to the directors as at the time of this auditor's report.

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

##### Other information

Those charged with governance are responsible for the other information. The other information obtained at the date of this auditor's report are the general purpose financial reports of Adelaide Hills Council's joint ventures including Adelaide Hills Regional Waste Management Authority, Eastern Waste Management and Gawler River Floodplain Management.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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## Appendix 3 Proposed audit report *continued*

### **Responsibilities of management and those charged with governance for the Financial Report**

Management is responsible for the preparation and fair presentation 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 control as management determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Council or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Council's financial reporting process.

### **Auditor's responsibilities for the audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf)

This description forms part of our auditor's report.

### **BDO Audit Pty Ltd**

Linh Dao  
Director

Adelaide, XX Month 2024

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## Appendix 3 Proposed audit report *continued*

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

#### Opinion

We have undertaken a reasonable assurance engagement on the design and the operating effectiveness of controls established by Adelaide Hills Council ('Council') in relation to financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, throughout the period 1 July 2023 to 30 June 2024 relevant to ensuring such transactions have been conducted properly and in accordance with law.

In our opinion, in all material respects:

- (a) The controls established by Council in relation to financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities were suitably designed to ensure such transactions have been conducted properly and in accordance with law; and
- (b) The controls operated effectively as designed throughout the period from 1 July 2023 to 30 June 2024.

#### Basis for opinion

We conducted our engagement in accordance with Standard on Assurance Engagements ASAE 3150 *Assurance Engagements on Controls* issued by the Auditing and Assurance Standards Board.

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

#### The Council's responsibilities for the internal controls

The Council is responsible for:

- a) The receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities;
- b) Identifying the control objectives
- c) Identifying the risks that threaten achievement of the control objectives
- d) Designing controls to mitigate those risks, so that those risks will not prevent achievement of the identified control objectives; and
- e) Operating effectively the controls as designed throughout the period.

#### Our independence and quality control

We have complied with the independence and other relevant ethical requirements relating to assurance engagements, and apply Auditing Standard ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements* in undertaking this assurance engagement.

#### Assurance practitioner's responsibilities

Our responsibility is to express an opinion, in all material respects, on the suitability of the design to achieve the control objectives and the operating effectiveness of controls established by Council in relation to financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities. ASAE 3150 requires that we plan and perform our procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the control objectives and the controls operated effectively throughout the period.

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## Appendix 3      Proposed audit report *continued*

An assurance engagement to report on the design and operating effectiveness of controls involves performing procedures to obtain evidence about the suitability of the design of controls to achieve the control objectives and the operating effectiveness of controls throughout the period. The procedures selected depend on our judgement, including the assessment of the risks that the controls are not suitably designed or the controls did not operate effectively. Our procedures included testing the operating effectiveness of those controls that we consider necessary to achieve the control objectives identified. An assurance engagement of this type also includes evaluating the suitability of the control objectives.

### **Limitations of controls**

Because of the inherent limitations of an assurance engagement, together with any internal control structure it is possible that, even if the controls are suitably designed and operating effectively, the control objectives may not be achieved and so fraud, error, or non-compliance with laws and regulations may occur and not be detected.

An assurance engagement on operating effectiveness of controls is not designed to detect all instances of controls operating ineffectively as it is not performed continuously throughout the period and the tests performed are on a sample basis. Any projection of the outcome of the evaluation of controls to future periods is subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

**BDO Audit Pty Ltd**

Linh Dao  
Director

Adelaide, XX Month 2024

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## Appendix 4 Auditor independence declaration

### 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 2024, I have maintained my independence in accordance with the requirements of APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code), Part 4A, 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*.

Linh Dao  
Director

**BDO Audit Pty Ltd**

Adelaide, XX Month 2024

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We have prepared this report solely for the use of Adelaide Hills Council. As you know, this report forms part of a continuing dialogue between the company and us and, therefore, it is not intended to include every matter, whether large or small, that has come to our attention. For this reason we believe that it would be inappropriate for this report to be made available to third parties and, if such a third party were to obtain a copy of this report without prior consent, we would not accept any responsibility for any reliance they may place on it.

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**ADELAIDE HILLS COUNCIL  
AUDIT COMMITTEE MEETING  
Monday 21 October 2024  
AGENDA BUSINESS ITEM**

**Item:** 9.2

**Responsible Officer:** Gary Lewis  
Director Corporate Services  
Corporate Services

**Subject:** Report on Financial Results 2023-24

**For:** Information

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**SUMMARY**

It is a requirement under the *Local Government (Financial Management) Regulations 2011 (SA)* that Council consider a report on the financial results for the Adelaide Hills Council that compares the end of year audited financial results to their estimated financial results set out in the budget.

**RECOMMENDATION**

**That the Audit Committee:**

- 1. Notes the 2023-2024 report on the financial results for the Adelaide Hills Council, contained in Appendix 1.**
- 

**1. BACKGROUND**

Regulation 10 of the *Local Government (Financial Management) Regulations 2011 (SA)* requires a separate report on the financial results to be presented to Council, including the audited financial results for the 2023-24 financial year compared with the estimated financial results for 2023-24 as set out in the budget. These must be presented in a manner consistent with the model financial statements.

The report on the financial results comparing the audited financial results for the Adelaide Hills Council with the estimated financial results set out in the 2023-24 budget are contained in Appendix 1.

**2. ANALYSIS**

➤ **Strategic Management Plan/Functional Strategy/Council Policy Alignment**

*Strategic Plan 2020-24 – A brighter future*

Goal 5 A Progressive Organisation

Objective O3 Our organisation is financially sustainable for both current and future generations

Priority O3.1 Ensure the delivery of agreed strategic plan requirements whilst meeting endorsed long-term targets for a sustainable operating surplus and level of debt

➤ **Legal Implications**

Regulation 10 of the *Local Government (Financial Management) Regulations 2011 (SA)*

➤ **Risk Management Implications**

Failure to complete the year end process in accordance with the endorsed timetable can result in increased financial, compliance and reputational risk.

Inherent Risk	Residual Risk	Target Risk
Medium (4D)	Low (2E)	Low (2E)

➤ **Financial and Resource Implications**

The End of Year Financial Statements are the most significant output from Council's financial management and reporting processes and are required for inclusion in the Annual Report.

Funding and resources required to prepare the End of Year Financial Statements is provided for as part of the annual budget process.

➤ **Customer Service and Community/Cultural Implications**

Not applicable.

➤ **Sustainability Implications**

Not applicable.

➤ **Engagement/Consultation conducted in the development of the report**

Consultation on the development of this report was as follows:

*Council Committees:* Not Applicable

*Council Workshops:* Not Applicable

*Advisory Groups:* Not Applicable

*External Agencies:* BDO International, Ltd.

*Community:* Not Applicable

➤ **Additional Analysis**

Not Applicable

**3. OPTIONS**

Audit Committee is limited to receiving and noting this report.

**4. APPENDICES**

- (1) Report on financial results for Adelaide Hills Council 2023-24

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# **Appendix 1**

*Report on financial results for Adelaide Hills Council 2023-24*

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## Report on Financial Results for Adelaide Hills Council 2023-24

### Statement of Comprehensive Income

for the year ended 30 June 2024

	Actual	Budget	Variance	Variance	Commentary
	\$000's	\$000's	\$000's	%	
<b>INCOME</b>					
Rates	48,389	48,422	33	0.07%	Woolworths Shop Fire resulting in objection to property valuation \$30k + SBA levy \$3k
Statutory charges	1,520	1,526	6	0.39%	Lower than anticipated development services fees (\$25k) offset by higher registration & expiation fees for dogs/cats (\$15k) and parking expiations (\$6k)
User charges	934	1,005	71	7.06%	Individually immaterial items
Grants, subsidies and contributions - capital	544	0	-544	0.00%	Funds of \$544k received were all unbudgeted and reallocated from amounts received for new/upgraded assets. There were no grants received for capital projects.
Grants, subsidies and contributions - operating	4,081	5,124	1,043	20.36%	\$1.698m in budgeted untied financial assistance grants was not received until July 2024, offset by \$672k of funds received that was not budgeted for and \$32k reallocated from amounts received for new/upgraded assets.
Investment income	35	25	-10	-40.00%	Higher than forecast interest rates
Reimbursements	398	281	-117	-41.64%	Private road works for DIT (\$28k) + higher than budgeted reimbursements from AHBTC (\$72k) + general property reimbursements (\$13k)
Other income	512	538	26	4.83%	Individually immaterial items
Net gain - equity accounted council businesses	142	100	-42	-42.00%	Share of operating result in AHRWMA
<b>Total income</b>	<b>56,555</b>	<b>57,021</b>	<b>466</b>		

## Statement of Comprehensive Income

for the year ended 30 June 2024

	Actual	Budget	Variance	Variance	Commentary
	\$000's	\$000's	\$000's	%	
<b>EXPENSES</b>					
Employee costs	21,915	22,268	353	1.59%	Vacancy savings during the year (\$890k) have been offset by addn employee leave provisions (LSL up \$18k + AL up \$185k = \$205k) impacted by 8.15% EDA & capitalised costs not allocated of approx 7 FTE (\$969k). Drop in FTE from 186 for 2023-24 compared to 200 reported for 2022-23 has been offset by uplift in contract labour.
Materials, contracts and other expenses	25,886	22,092	-3,794	-17.17%	Primarily contract labour hire \$1.189m more than budget due to position vacancies (primarily offset by vacancy management), \$855k additional work in progress write off, \$151k in short term leasing hire, \$100k for electrical work unbudgeted primarily at FABRIK, \$90k legal fees, \$76k insurance, \$68k for landfill monitoring/remediation, \$66k for tree management in line with storm events, \$50k in additional recruitment costs
Depreciation, amortisation and impairment	12,270	11,520	-750	-6.51%	In 2023 an adjusted Producer Price Index (PPI) was applied due to the uncertainty of high inflation rates at that time. The continuation of high inflation resulted in the actual PPI being applied to assets in 2024. As such there was an uplift of 8% correction catchup of depreciation expense due to foregone indexation in prior years.
Finance costs	758	582	-176	-30.24%	Higher than expected interest rates (LGFA overdraft) + increase in borrowings during the year compared to prior years (primarily driven by new capital works)
Net loss - equity accounted council businesses	79	0	-79	0.00%	
<b>Total expenses</b>	<b>60,908</b>	<b>56,462</b>	<b>-4,446</b>		Share of operating result in EWMA + GRFMA
<b>Operating surplus / (deficit)</b>	<b>-4,353</b>	<b>559</b>	<b>4,912</b>		

## Statement of Comprehensive Income

for the year ended 30 June 2024

	Actual	Budget	Variance	Variance	Commentary
	\$000's	\$000's	\$000's	%	
Physical resources received free of charge	1,106	0	-1,106	0.00%	Gifted assets from developments being undertaken at Charleston and Woodforde. Stormwater (\$272k), kerb and gutter (\$238k), retaining walls (\$219k), roads (\$208k), footpaths (\$89k), CWMS (\$59k) and Other (\$5k). Sport & recreation (\$15k) relates to the playing surface for cricket at Stirling.
Asset disposal and fair value adjustments	-2,307	-50	2,257	-4514.00%	Includes the carrying amount of assets renewed or directly replaced in the period. Gains made on the sale/disposal of Heavy and Light Fleet (\$197k) have been offset by losses on Other Infrastructure, mostly Roads (\$1.464m), Footpath (\$251k), Bridges (\$237k) and Buildings (\$192k)
Amounts received specifically for new or upgraded assets	3,277	3,728	451	12.10%	\$576k of funding was received for the renewal and/or replacement of assets. This funding is classified under grants, subsidies and contributions. An additional \$32k was received for the Aldgate, Bridgewater, Crafers & Stirling stormwater management plan which was unbudgeted. There is \$125k of FABRIK grants received recognised as deferred income.
<b>Net surplus / (deficit)</b>	<b>-2,277</b>	<b>4,237</b>	<b>6,514</b>		

# Statement of Comprehensive Income

for the year ended 30 June 2024

	Actual	Budget	Variance	Variance	Commentary
	\$000's	\$000's	\$000's	%	
<b>OTHER COMPREHENSIVE INCOME</b>					
Capital WIP write-off prior years	-218	0	218	0.00%	WIP write-off of prior year capital projects no longer going ahead. Garrod renovation (\$100k), Woodside Pool (\$70k) and Stirling Rotunda (\$48k)
Changes in revaluation surplus - I,PP&E	76,020	5,300	-70,720	-1334.34%	The movement represents an accounting adjustment for the asset revaluations conducted during the year for Land and Buildings and a desktop indexation for all other asset categories. The application of the Producer Price Index at current levels rather than an adjusted PPI has meant the revaluation increment for 2024 includes an element of catch up from prior years.
Other equity adjustments - equity accounted council businesses	42	0	-42	0.00%	Adjustment related to GRFMA
Share of other comprehensive income - equity accounted council businesses	1,197	0	-1,197	0.00%	Primarily GRFMA - AHC share of ARR movement which increased by over \$21m from 22-23 due to the revaluation of the Bruce Eastick North Para Flood Mitigation Dam based on replacement cost.
<b>Total other comprehensive income</b>	<b>77,041</b>	<b>5,300</b>	<b>-71,741</b>		
<b>Total comprehensive income</b>	<b>74,764</b>	<b>9,537</b>	<b>-65,227</b>		

1. GRFMA: Gawler River Flood Management Authority
2. EWMA: East Waste Management Authority
3. AHRWMA: Adelaide Hills Region Waste Management Authority



## Report on Financial Results for Adelaide Hills Council 2023-24

### Statement of Financial Position

for the year ended 30 June 2024

	Actual \$000's	Budget \$000's	Variance \$000's	Variance %	Commentary
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalent assets	534	489	-45	-9.20%	Cash on hand in the bank as at 30 June 2024
Trade and other receivables	7,208	3,573	-3,635	-101.74%	Primarily Amy Gillett Bikeway (\$2.860m) + Way 2 Go (\$8k) funding for safety improvements from Dept for Infrastructure & Transport + Advance Care Directives (\$50k) funding from Office for Ageing Well (SA Health), \$530k for prepayments of future expenditure.
Inventories	10	17	7	41.18%	Lower levels of stock on hand held at 30 June 2024
<b>Total current assets</b>	<b>7,752</b>	<b>4,079</b>	<b>-3,673</b>		
<b>Non-current assets</b>					
Trade and other receivables	260	0	-260	0.00%	Seniors postponed rates (\$235k) increased from prior years, prepayments (\$25k) for future years. Not previously recognised as non-current asset so no budget assigned.
Equity accounted investments in council businesses	3,933	2,731	-1,202	-44.01%	Equity share of increase is primarily due to the recognition of \$1.197m for GRFMA revaluation of the Bruce Eastick North Para Flood Mitigation Dam
Infrastructure, property, plant and equipment	570,735	507,600	-63,135	-12.44%	Movements in the capital program (fewer assets/projects undertaken during 23-24 \$5m), loss on disposal of assets (\$2m) offset by revaluations uplift (\$70m primarily Buildings & Roads).
<b>Total non-current assets</b>	<b>574,928</b>	<b>510,331</b>	<b>-64,597</b>		
<b>TOTAL ASSETS</b>	<b>582,680</b>	<b>514,410</b>	<b>-68,270</b>		

Statement of Financial Position  
for the year ended 30 June 2024

	Actual \$000's	Budget \$000's	Variance \$000's	Variance %	Commentary
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	7,879	6,107	-1,772	-29.02%	Timing of payments received in advance for projects to be delivered in future years. Amy Gillett \$2.364m, Changing Places grant (Fabrik bathroom facilities) \$125k, Advance Care Directives (\$50k), Way 2 Go Funding contribution to safety initiatives (\$7k), + Museums & Collections grant (\$36k).
Borrowings	20,896	10,687	-10,209	-95.53%	\$5m LGFA Debenture Loan 28 is due to be repaid in June 2025 so has moved from non-current to current. Higher borrowings due to the decline in operating result.
Provisions	4,515	4,830	315	6.52%	Employee provisions for LSL & AL have been impacted by the 8.15% pay rise for 23-24. Future restoration costs charged to the provision for Ashton have been revised downwards compared to 22-23. An operating budget line has now been created of \$175k. Only \$50k was added to the Ashton provision.
<b>Total current liabilities</b>	<b>33,290</b>	<b>21,624</b>	<b>-11,666</b>		
<b>Non-current liabilities</b>					
Borrowings	1,583	10,266	8,683	84.58%	\$5m LGFA Debenture Loan 28 moved from non-current to current.
Provisions	643	583	-60	-10.29%	Employee provisions for LSL increased \$8k impacted by the 8.15% pay rise for 23-24. Movement of \$50k higher in the expected future monitoring costs for Mt Charles & Heathfield landfills than in prior years.
<b>Total non-current liabilities</b>	<b>2,226</b>	<b>10,849</b>	<b>8,623</b>		
<b>TOTAL LIABILITIES</b>	<b>35,516</b>	<b>32,473</b>	<b>-3,043</b>		
Net assets	547,164	481,937	-65,227		

Statement of Financial Position  
for the year ended 30 June 2024

	Actual \$000's	Budget \$000's	Variance \$000's	Variance %	Commentary
<b>EQUITY</b>					
Accumulated surplus	147,613	154,258	6,645	4.31%	A result of the Net Deficit position. Refer to Statement of Comprehensive Income
Asset revaluation reserves	399,446	327,568	-71,878	-21.94%	Movement as a result of revaluations in the period
Other reserves	105	111	6	5.41%	\$6k movement in Torrens Valley Community Ctr Op Shop, \$2k for Biodiversity bushcare activities, offset by \$2k in income received for the removal of regulated or significant trees.
<b>Total council equity</b>	<b>547,164</b>	<b>481,937</b>	<b>-65,227</b>		
<b>Total equity</b>	<b>547,164</b>	<b>481,937</b>	<b>-65,227</b>		

**ADELAIDE HILLS COUNCIL  
AUDIT COMMITTEE MEETING  
Tuesday 21 October 2024  
AGENDA BUSINESS ITEM**

**Item:** 9.3

**Responsible Officer:** Gary Lewis  
Director Corporate Services

**Subject:** 2023-24 Annual Financial Statements and End of Year Report

**For:** Decision

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**SUMMARY**

The 2023-24 General Purpose Financial Statements are attached (**Appendix 1**) for information and review. They have been prepared in accordance with the model statements prescribed in the *Local Government (Financial Management) Regulations 2011*.

In accordance with Section 126(4)(a) of the *Local Government Act 1999* the Audit Committee needs to review the 2023-24 General Purpose Financial Statements and be satisfied that they present fairly the situation of Council in accordance with the *Local Government Act 1999*, the *Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards.

The purpose of this report is to consider and approve for certification the audited financial statements of Council for the year ended 30 June 2024.

In considering this report an opportunity will also be provided for members of the Audit Committee to discuss the audit result with BDO.

The financial statements present an overall deficit result of \$4.353m, an improvement of \$510k from the \$4.863m deficit reported at preliminary end of year.

**RECOMMENDATION**

**That the Audit Committee recommends to Council:**

- 1. That the Financial Statements present fairly the financial position of the Adelaide Hills Council, having reviewed the Financial Statements for 2023-24 as per Appendix 1.**
- 2. It is appropriate that the Management Representation Letter requested by the external auditor, as per Appendix 2, is signed by management.**
- 3. That it notes the Certification of Auditor Independence as per Appendix 3 is considered by the Chief Executive Officer and the Presiding Member of the Audit Committee.**
- 4. That it Authorises the Chief Executive Officer and the Mayor to certify the Financial Statements for 2023-24 in their final form.**

## 1. BACKGROUND

The financial statements for the year ended 30 June 2024 have been prepared in accordance with the Local Government Act 1999 (SA) and the Local Government (Financial Management Regulations 2011 (SA) and all applicable Australian Accounting Standards. The format used in these statements is prescribed by legislation and are in accordance with the Model Financial Statements, approved by the Minister for Local Government in June 2024.

The financial statements must include a statement signed by the Chief Executive Officer and the Principal Member of Council. The Chief Executive Officer and the Mayor have been authorised by Council to certify the financial statements in their final form.

The role of the external auditor is to provide an audit opinion to Council with respect to the audited financial statements. The external auditor, BDO, has completed the audit and in their Audit Completion Report, has provided audit clearance for the financial statements as part of a separate report to the Audit Committee.

Final audit clearance is subject to BDO conducting a subsequent event review up to the date of signing the financial statements together with the required Letter of Representation being signed by the relevant parties, following the meeting of the Audit Committee.

## 2. ANALYSIS

### ➤ Strategic Management Plan/Functional Strategy/Council Policy Alignment

*Strategic Plan 2020-24 – A brighter future*

Goal 5	A Progressive Organisation
Objective O3	Our organisation is financially sustainable for both current and future generations
Priority O3.1	Ensure the delivery of agreed strategic plan requirements whilst meeting endorsed long-term targets for a sustainable operating surplus and level of debt
Objective O5	We are accountable, informed and make decisions in the best interests of the whole community
Priority O5.1	Enhance governance structure and systems to prudently adapt to changing circumstances and meet our legislative obligations
Priority O5.3	Demonstrate accountability through robust corporate planning and reporting that enhances performance, is relevant and easily accessible by the community.

The Council is committed to open, and transparent decision-making and administrative processes. We diligently adhere to legislative requirements to ensure public accountability and exceed those requirements where possible.

The Audit Committee Terms of Reference provide that the Committee shall meet with the external auditor at least once a year, without management being present to discuss the external auditor's report and any issues arising from the audit.

### ➤ Legal Implications

### *Local Government Act 1999*

Chapter 8 of the *Local Government Act* addresses Administrative and Financial Accountability under Part 3 Accounts, financial statements and audit.

More specifically:

- Section 126 (4)(a): [Audit Committee] to review the Financial Statements to ensure that they present fairly the state of affairs of the Council.
- Under Section 127, Council must prepare for each financial year financial statements and notes in accordance with standards prescribed by the regulations as soon as is reasonably practicable after the end of the relevant financial year.

### *Local Government (Financial Management) Regulations*

- Regulation 22 of the *Local Government (Financial Management) Regulations 2011* requires:
  - Subregulation 3 – that the Council’s Chief Executive Officer and the Presiding Member of the Audit Committee to provide a statement, on an annual basis, that the Council Auditor is independent of the Council for the relevant financial year; and
  - Subregulation 5 – that the Council’s auditor must provide a statement in the prescribed form regarding their independence in accordance with auditing professional standards and legislative requirements.

#### ➤ **Risk Management Implications**

Failure to complete the year end process in accordance with the endorsed timetable can result in increased financial, compliance and reputational risk.

Inherent Risk	Residual Risk	Target Risk
Medium (4D)	Low (2E)	Low (2E)

#### ➤ **Financial and Resource Implications**

The End of Year Financial Statements are considered to be the most significant output from Council’s financial management and reporting processes and are required for inclusion in the Annual Report.

Funding and resources required to prepare the End of Year Financial Statements is provided for as part of the annual budget process.

#### ➤ **Customer Service and Community/Cultural Implications**

Not applicable.

#### ➤ **Sustainability Implications**

Not applicable.

#### ➤ **Engagement/Consultation conducted in the development of the report**

Consultation on the development of this report was as follows:

*Council Committees:* A 2023-24 End of Financial Year Update Report was presented to the Audit Committee on 19 August 2024 where the preliminary end of year results was presented.

*Council Workshops:* Not Applicable

*Advisory Groups:* Not Applicable

*External Agencies:* BDO International, Ltd.

*Community:* Not Applicable

➤ **Financial Analysis**

Preliminary end of year vs End of year final position

At the time of reporting, it was noted that further changes to Council’s financial result may occur following the finalisation of the audit, and resolution of outstanding matters relating to Council’s subsidiaries results, asset revaluations and finalisation of work in progress.

The preliminary end of year position reported was for an operating deficit of \$4.863m, compared to a final operating deficit of \$4.353m, a variance of \$510k.

<b>\$'000</b>	<b>FINAL 2023-24 \$'000</b>	<b>PRELIMINARY 2023-24 \$'000</b>	<b>VARIANCE Fav/(Unfav) \$'000</b>
Operating income	56,555	55,289	1,266
Operating expenditure	60,908	60,152	(756)
<b>Operating Deficit</b>	<b>(4,353)</b>	<b>(4,863)</b>	<b>510</b>

The following adjustments occurred after preliminary end of year reporting.

1. Additional WIP write off \$702k for expenditure incurred for the Warren/Lucky Hill/Martin Hill Roads project at Birdwood which were not assets of Council, but rather were Department of Trade and Infrastructure assets. Project was undertaken as part of the Departments Blackspot Program.
2. Additional WIP write off \$100k for expenditure incurred on road pavement audits. Preliminary costs that do not result in works being undertaken are operating in nature.
3. Additional WIP write off \$30k relating to the Stirling Rotunda redevelopment. The project costs are preliminary in nature and have not resulted in an asset being created. The site is now part of a larger masterplan and design strategy.
4. Finalisation of long service leave entitlements resulting in additional expenditure recognised of \$18k.

5. Blackspot funding of \$642k was accrued as income for work already undertaken on the Warren/Lucky Hill/Martin Hill Roads project at Birdwood. Total funding to be received from the Department of Trade and Infrastructure is \$780k. The balance of funds to be received will be recognised in 2024-25.
6. As per the Model Financial Statements, amounts received for the renewal or replacement of existing assets are to be classified as grants, subsidies and contributions. This resulted in \$577k of grant income being reclassified from amounts received for new/upgraded assets to grants, subsidies and contributions.
7. Improved depreciation expense of \$110k following the finalisation of asset revaluations.
8. Additional prepayments of \$29k recognised for expenditure to be incurred in future periods.

#### Management Representation Letter

It is recommended that the Audit Committee review any representation letter requested by the external auditor before they are signed by management. The copy of the representation letter required by the external auditors, BDO is as per Appendix 2.

The representation letter is standard practice of any audit and provides the auditor with confirmation from management, that, accounting standards have been applied, all matters that need to be disclosed have been disclosed and the valuation of assets has been consistently applied. It is planned that the representation letter be signed by relevant parties, following review by the Audit Committee.

#### Certification Statement of Auditor Independence

Section 21(2) of the Regulations requires the Chief Executive Officer and the Presiding Member of the Audit Committee to provide a statement, that the council auditor is independent of the Council for the applicable financial year as per Appendix 3.

#### Auditor General's Department

Correspondence from the Auditor General (set out in Appendix 4 with Councils response in Appendix 5) emphasises that the legislative framework set out on the Local Government Act 1999 creates a strong set of processes around financial reporting and that these can be relied on in the first instance to resolve matters that have arisen.

Council's external auditors have completed their work and have provided their report. Following the Audit Committee recommendations with regards these Financial Statements they will be brought to Council on 23 October 2024 for their consideration as per the normal process.

Council will inform the Auditor General of the outcome of these meetings.

It is currently the intention of the Administration to direct Council's internal auditors to review Council's processes in relation to the matters that have led to the material change to the operating result and to make what recommendations they deem appropriate.



### **3. OPTIONS**

The Committee has the following options:

1. To review and recommend to Council that the Financial Statements present fairly the financial position of Adelaide Hills Council as of 30 June 2024.
2. To note the Management Representation Letter can be signed by management.
3. To note the Certification of Auditor Independence to be signed by the Chief Executive Officer of Adelaide Hills Council and the Presiding Member of the Audit Committee.
4. To make additional comments or suggestions for finance staff to include prior to completing the Financial Statements.
5. To recommend to Council that the Chief Executive Officer and the Mayor of Adelaide Hills Council can certify the Financial Statements in their final form.

### **4. APPENDICES**

- (1) 2023-24 Draft Financial Statements
- (2) Management Representation Letter
- (3) Certification of Auditor Independence
- (4) Response from Auditor-General
- (5) CEO response to Auditor-General

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# **Appendix 1**

*2023-24 Draft Financial Statements*

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# Adelaide Hills Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2024

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# General Purpose Financial Statements

for the year ended 30 June 2024

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## General Purpose Financial Statements

for the year ended 30 June 2024

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### 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 2024 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.

---

Greg Georgopoulos  
**Chief Executive Officer**

Date:

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Jan-Claire Wisdom  
**Mayor**

Date:

## Statement of Comprehensive Income

for the year ended 30 June 2024

\$ '000	Notes	2024	2023
<b>Income</b>			
Rates	2a	48,389	44,401
Statutory charges	2b	1,520	1,428
User charges	2c	934	901
Grants, subsidies and contributions - capital	2g	544	292
Grants, subsidies and contributions - operating	2g	4,081	6,090
Investment income	2d	35	37
Reimbursements	2e	398	306
Other income	2f	512	821
Net gain - equity accounted council businesses	18(a)	142	169
<b>Total income</b>		<b>56,555</b>	<b>54,445</b>
<b>Expenses</b>			
Employee costs	3a	21,915	20,693
Materials, contracts and other expenses	3b	25,886	21,273
Depreciation, amortisation and impairment	3c	12,270	10,479
Finance costs	3d	758	551
Net loss - equity accounted council businesses	18(a)	79	19
<b>Total expenses</b>		<b>60,908</b>	<b>53,015</b>
<b>Operating surplus / (deficit)</b>		<b>(4,353)</b>	<b>1,430</b>
Physical resources received free of charge	2h	1,106	551
Asset disposal and fair value adjustments	4	(2,307)	(1,300)
Amounts received specifically for new or upgraded assets	2g	3,277	2,283
<b>Net surplus / (deficit)</b>		<b>(2,277)</b>	<b>2,964</b>
<b>Other comprehensive income</b>			
Capital WIP write-off prior years		(218)	-
Changes in revaluation surplus - I,PP&E	9a	76,020	47,645
Other equity adjustments - equity accounted council businesses	18(a)i	42	43
Share of other comprehensive income - equity accounted council businesses	18	1,197	23
<b>Total other comprehensive income</b>		<b>77,041</b>	<b>47,711</b>
<b>Total comprehensive income</b>		<b>74,764</b>	<b>50,675</b>

## Statement of Financial Position

as at 30 June 2024

\$ '000	Notes	2024	2023
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalent assets	5a	534	489
Trade and other receivables	5b	7,208	3,363
Inventories	5c	10	17
<b>Total current assets</b>		<u>7,752</u>	<u>3,869</u>
<b>Non-current assets</b>			
Trade and other receivables	6a	260	210
Equity accounted investments in council businesses	6b	3,933	2,631
Infrastructure, property, plant and equipment	7	570,735	492,588
<b>Total non-current assets</b>		<u>574,928</u>	<u>495,429</u>
<b>TOTAL ASSETS</b>		<u>582,680</u>	<u>499,298</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	8a	7,879	6,107
Borrowings	8b	20,896	6,746
Provisions	8c	4,515	5,257
<b>Total current liabilities</b>		<u>33,290</u>	<u>18,110</u>
<b>Non-current liabilities</b>			
Borrowings	8b	1,583	8,205
Provisions	8c	643	583
<b>Total non-current liabilities</b>		<u>2,226</u>	<u>8,788</u>
<b>TOTAL LIABILITIES</b>		<u>35,516</u>	<u>26,898</u>
<b>Net assets</b>		<u>547,164</u>	<u>472,400</u>
<b>EQUITY</b>			
Accumulated surplus		147,613	150,021
Asset revaluation reserves	9a	399,446	322,268
Other reserves	9b	105	111
<b>Total council equity</b>		<u>547,164</u>	<u>472,400</u>
<b>Total equity</b>		<u>547,164</u>	<u>472,400</u>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

## Statement of Changes in Equity

for the year ended 30 June 2024

\$ '000	Notes	Accumulated surplus	Asset revaluation reserve	Other reserves	Total equity
<b>2024</b>					
Balance at the end of previous reporting period		150,021	322,268	111	472,400
Net surplus / (deficit) for year		(2,277)	–	–	(2,277)
<b>Other comprehensive income</b>					
- Gain (Loss) on Revaluation of I,PP&E	9a	–	76,020	–	76,020
Share of OCI - equity accounted council businesses		39	1,158	–	1,197
Capital WIP Write-off prior years		(218)	–	–	(218)
Other equity adjustments - equity accounted council businesses	18(a)i	42	–	–	42
<b>Other comprehensive income</b>		<b>(137)</b>	<b>77,178</b>	<b>–</b>	<b>77,041</b>
<b>Total comprehensive income</b>		<b>(2,414)</b>	<b>77,178</b>	<b>–</b>	<b>74,764</b>
Transfers between reserves		6	–	(6)	–
<b>Balance at the end of period</b>		<b>147,613</b>	<b>399,446</b>	<b>105</b>	<b>547,164</b>
<b>2023</b>					
Balance at the end of previous reporting period		147,004	274,623	99	421,726
Net surplus / (deficit) for year		2,964	–	–	2,964
<b>Other comprehensive income</b>					
- Gain (Loss) on Revaluation of I,PP&E	9a	–	47,645	–	47,645
Share of OCI - equity accounted council businesses		23	–	–	23
Other equity adjustments - equity accounted council businesses	18(a)i	42	–	–	42
<b>Other comprehensive income</b>		<b>65</b>	<b>47,645</b>	<b>–</b>	<b>47,710</b>
<b>Total comprehensive income</b>		<b>3,029</b>	<b>47,645</b>	<b>–</b>	<b>50,674</b>
Transfers between reserves		(12)	–	12	–
<b>Balance at the end of period</b>		<b>150,021</b>	<b>322,268</b>	<b>111</b>	<b>472,400</b>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.



## Statement of Cash Flows

for the year ended 30 June 2024

\$ '000	Notes	2024	2023
<b>Cash flows from operating activities</b>			
<u>Receipts</u>			
Rates receipts		48,377	44,446
Statutory charges		1,520	1,428
User charges		934	901
Grants, subsidies and contributions (operating purpose)		1,163	5,832
Investment receipts		35	37
Reimbursements		398	306
Other receipts		1,386	404
<u>Payments</u>			
Finance payments		(758)	(551)
Payments to employees		(22,319)	(20,502)
Payments for materials, contracts and other expenses		(25,314)	(22,682)
<b>Net cash provided by (or used in) operating activities</b>	10b	<u>5,422</u>	<u>9,619</u>
<b>Cash flows from investing activities</b>			
<u>Receipts</u>			
Grants utilised for capital purposes		544	292
Amounts received specifically for new or upgraded assets		3,277	538
Sale of replaced assets		792	427
Sale of surplus assets		–	778
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(11,115)	(10,070)
Expenditure on new/upgraded assets		(6,237)	(5,200)
<b>Net cash provided (or used in) investing activities</b>		<u>(12,739)</u>	<u>(13,235)</u>
<b>Cash flows from financing activities</b>			
<u>Receipts</u>			
Proceeds from borrowings		–	2,729
Proceeds from bonds and deposits		–	71
Proceeds from aged care facility deposits		–	645
<u>Payments</u>			
Repayments of borrowings		(561)	–
Repayment of lease liabilities		(247)	(374)
Repayment of bonds and deposits		(2)	–
<b>Net cash provided by (or used in) financing activities</b>		<u>(810)</u>	<u>3,071</u>
<b>Net increase (decrease) in cash held</b>		<u>(8,127)</u>	<u>(545)</u>
plus: cash & cash equivalents at beginning of period		(6,536)	(5,991)
<b>Cash and cash equivalents held at end of period</b>	10a	<u>(14,663)</u>	<u>(6,536)</u>

Additional information:

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

## Notes to and forming part of the Financial Statements for the year ended 30 June 2024

### Contents of the Notes accompanying the General Purpose Financial Statements

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## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

### Note 1. Summary of Material Accounting Policy Information

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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 on a going concern basis using the historical cost convention in accordance with Australian Accounting Standards as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and relevant South Australian legislation.

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

##### 1.2 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.

##### 1.3 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 63 Mount Barker Road, Stirling. 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.

Other entities in which Council has an interest but does not control are reported in Note 18.

#### (3) Income recognition

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.

The Council recognises revenue under *AASB 1058 Income of Not-for-Profit Entities* (AASB 1058) or *AASB 15 Revenue from Contracts with Customers* (AASB 15) when appropriate.

In cases where there is an 'enforceable' contract with a customer with 'sufficiently specific' performance obligations, the transaction is accounted for under AASB 15 where income is recognised when (or as) the performance obligations are satisfied (i.e. when it transfers control of a product or service to a customer). Revenue is measured based on the consideration to which the Council expects to be entitled in a contract with a customer.

In other cases, AASB 1058 applies when a not-for-profit (NFP) entity enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives. The excess of the asset recognised (at fair value) over any 'related amounts' is recognised as income immediately, except in the case where a financial asset has been received to enable the council to acquire or construct a recognisable non-financial asset that is to be controlled by the council. In this case, the council recognises the excess as a liability that is recognised over time in profit and loss when (or as) the entity satisfies its obligations under the transfer.

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

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

## Note 1. Summary of Material Accounting Policy Information (continued)

	Cash Payment Received	Annual Allocation	Difference
2019-20	\$1,640,046	\$1,564,152	+\$75,894
2020-21	\$1,516,052	\$1,581,658	- \$65,606
2021-22	\$2,304,241	\$1,661,744	+\$642,497
2022-23	\$2,253,435	\$1,810,018	+\$443,417
2023-24	\$95,844	\$2,577,656	-\$2,481,812

As these grants are untied, the Australian Accounting Standards require that these payments be recognised upon receipt.

Accordingly, the operating results of these periods have been distorted compared to those that would have been reported had the grants been paid in the year to which they were allocated.

The Operating Surplus Ratio disclosed in Note 14 has also been calculated after adjusting for the distortions resulting from the differences between the actual grants received and the grants entitlements allocated.

**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. 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 are recognised over time using the input method, with costs incurred compared to total expected costs used as a measure of progress. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

**(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, except for trade receivables from a contract with a customer, which are measured at the transaction price. A detailed statement of the accounting policies applied to financial instruments forms part of Note 12.

**(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 and 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

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

## Note 1. Summary of Material Accounting Policy Information (continued)

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.

Office Furniture & Fittings	\$3,000
Other Plant & Equipment	\$3,000
Artworks	\$5,000
Building Fixture and Fittings	\$5,000
Building Structures	\$5,000
Paving & Footpaths, Kerb & Gutter	\$5,000
Road construction & reconstruction	\$5,000
Stormwater, Gravity mains and Culverts	\$5,000
All Other Assets	\$5,000

**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 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 Furniture and Equipment	5 to 10 years
Vehicles and Heavy Plant	8 to 16 years
Other Plant & Equipment	5 to 10 years

*Building & Other Structures*

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

*Infrastructure*

Bores	20 to 40 years
Bridges	80 to 100 years
Culverts	50 to 75 years

continued on next page ...

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

## Note 1. Summary of Material Accounting Policy Information (continued)

CWMS Pipes	70 to 80 years
Dams and Lagoons	80 to 100 years
Flood Detention Systems	80 to 100 years
Irrigation Pipes and Systems	25 to 75 years
Paving & Footpaths, Kerb & Gutter	40 to 100 years
Pumps & Telemetry	15 to 25 years
Road Pavement	65 to 180 years
Sealed Roads – Surface	15 to 25 years
Stormwater and Gravity Mains	80 to 100 years
Unsealed Roads	10 to 20 years

*Other Assets*

Artworks	indefinite
Right-of-Use Assets	2 to 5 years

**6.5 Impairment**

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, are not subject to impairment testing.

Other 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).

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 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"

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

## Note 1. Summary of Material Accounting Policy Information (continued)

**(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.

**9.2 Superannuation**

The Council makes employer superannuation contributions in respect of its employees to the Hostplus Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently. Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 17.

**(10) 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****Accounting policy applicable from 01 July 2019**

The Council assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**11.1 Council as a lessee**

The Council recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

**i) Right-of-Use-Assets**

The Council recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and the estimate of costs to be incurred to restore the leased asset. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Computers & IT Equipment	3 to 5 years
Building Occupancy	Up to 3 years

The right-of-use assets are also subject to impairment. Refer to the accounting policies above - Impairment of non-financial assets.

**ii) Lease Liabilities**

At the commencement date of the lease, the Council recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Council uses its incremental borrowing rate or the interest rate implicit in the lease.

**iii) Short-term leases and leases of low-value assets**

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

### Note 1. Summary of Material Accounting Policy Information (continued)

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The Council applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date). It also applies the low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

#### (12) 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 18.

#### (13) GST implications

In accordance with Interpretation 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 net basis.

#### (14) New accounting standards not yet effective

*Amendments to AASB 101 for classifying liabilities as current or non current.*

Effective for annual reporting period beginning on or after 1 January 2024, there are some changes to the classification requirements within AASB 101 *Presentation of Financial Statements*. These changes include the right to defer settlement where this right exists at the end of the reporting period and the classification is based on the right to defer settlement, not the intent.

Council have been classifying borrowings it intends to repay in the next 12 months as current. This means changes to AASB 101 will result in borrowings classified as "current" in this financial year being classified as "non-current" in future reporting periods. Council do not expect this to have any significant impact on its liquidity or operations.

#### (15) 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.

#### (16) Disclaimer

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



## Notes to and forming part of the Financial Statements for the year ended 30 June 2024

### Note 2. Income

\$ '000	2024	2023
<b>(a) Rates</b>		
<b>General rates</b>		
General rates	44,885	41,549
Less: mandatory rebates	(332)	(303)
Less: discretionary rebates, remissions and write-offs	(67)	(75)
<b>Total general rates</b>	<b>44,486</b>	<b>41,171</b>
<b>Other rates (including service charges)</b>		
Community wastewater management systems	1,711	1,694
Landscape levy	1,641	1,118
Separate and special rates	5	5
Stirling Business Association Separate Rate	107	95
<b>Total other rates (including service charges)</b>	<b>3,464</b>	<b>2,912</b>
<b>Other charges</b>		
Penalties for late payment	332	246
Legal and other costs recovered	107	72
<b>Total other charges</b>	<b>439</b>	<b>318</b>
<b>Total rates</b>	<b>48,389</b>	<b>44,401</b>
<b>(b) Statutory charges</b>		
Animal registration fees and fines	565	524
Development fees	637	658
Health and septic tank inspection fees	101	99
Other licences, fees and fines	55	41
Parking fines / expiation fees	99	48
Searches	63	58
<b>Total statutory charges</b>	<b>1,520</b>	<b>1,428</b>
<b>(c) User charges</b>		
Cemetery Fees	364	308
Community centres	158	165
Lobethal Woollen Mill Precinct	153	149
Retirement Villages	–	66
Sundry	259	213
<b>Total user charges</b>	<b>934</b>	<b>901</b>
<b>(d) Investment income</b>		
Interest on investments		
- Local Government Finance Authority	2	2
- Banks and other	32	24
Unwinding of premiums and discounts	1	11
<b>Total investment income</b>	<b>35</b>	<b>37</b>

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

## Note 2. Income (continued)

\$ '000	2024	2023
<b>(e) Reimbursements</b>		
Employee costs	5	–
Lobethal Woollen Mill Precinct	263	224
Other Properties	15	18
Private works	3	18
Other	112	46
<b>Total reimbursements</b>	<b>398</b>	<b>306</b>
<b>(f) Other income</b>		
Insurance and other recoupments - infrastructure, property, plant and equipment	205	107
Other (settlement proceeds)	–	500
Significant Environmental Benefit Credits	–	18
Sundry	307	196
<b>Total other income</b>	<b>512</b>	<b>821</b>
<b>(g) Grants, subsidies and contributions</b>		
<b>Capital grants, subsidies and contributions</b>		
Amounts received specifically for new or upgraded assets	3,277	2,283
<b>Total amounts received for new or upgraded assets</b>	<b>3,277</b>	<b>2,283</b>
<b>Other grants, subsidies and contributions - capital</b>		
Lobethal Centennial Hall	15	–
Local Roads & Community Infrastructure Program	–	292
Special Local Roads Funding	529	–
<b>Total Other grants, subsidies and contributions - capital</b>	<b>544</b>	<b>292</b>
<b>Operating grants, subsidies and contributions</b>		
<b>Annual</b>		
Community Home Support Program Grants	1,062	987
Community Wastewater Management Systems Contributions	69	25
Library and communications	298	295
Roads to Recovery	749	650
Sundry	323	404
Supplementary Local Roads Funding	344	343
Untied - Financial Assistance Grant	96	2,253
<b>Ad hoc / One Off</b>		
Community Recovery Grants	–	6
Community Resilience Grants	466	750
Local Roads & Community Infrastructure Program	–	169
Open Space Biodiversity Grants	–	197
Stormwater Management Plan	32	–
Waste Management Grants	–	11
21-22 Blackspot Funding	642	–
<b>Total other grants, subsidies and contributions - operating</b>	<b>4,081</b>	<b>6,090</b>

The functions to which operating grants relate are shown in Note 12.

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2024

Note 2. Income (continued)

\$ '000	2024	2023
Total grants, subsidies and contributions	7,902	8,665
<b>(i) Sources of grants</b>		
Commonwealth Government	3,905	5,996
State Government	3,820	2,511
Other	177	158
<b>Total</b>	<b>7,902</b>	<b>8,665</b>
<b>(ii) Individually significant items</b>		
Grant Commission (FAG) Grant received in advance recognised as Income	–	1,932
 <b>(h) Physical resources received free of charge</b>		
Land and improvements	1,106	551
<b>Total physical resources received free of charge</b>	<b>1,106</b>	<b>551</b>

## Notes to and forming part of the Financial Statements for the year ended 30 June 2024

### Note 3. Expenses

\$ '000	Notes	2024	2023
<b>(a) Employee costs</b>			
Salaries and wages		16,770	16,476
Employee leave expense		3,275	2,857
Superannuation - defined contribution plan contributions	17	1,939	1,756
Superannuation - defined benefit plan contributions	17	161	189
Other employee related costs		51	79
Fringe Benefits Tax		232	245
Personal Income Protection Insurance		313	311
Workers' compensation insurance		486	455
Less: capitalised and distributed costs		(1,312)	(1,675)
<b>Total operating employee costs</b>		<b>21,915</b>	<b>20,693</b>
Total number of employees (full time equivalent at end of reporting period)		186	200
<b>(b) Materials, contracts and other expenses</b>			
<b>(i) Materials, Contracts and Expenses</b>			
Bank Fees		91	78
Contractors		6,482	5,249
Contractors - Cleaning		338	335
Contractors - Tree Management		838	558
Consultants		88	108
Contributions & Donations		900	720
Contract Labour		1,263	381
Energy		678	581
Grant Related Expenditure		386	252
Heathfield High School Contribution		9	233
Insurance		893	849
Landfill Remediation		70	539
Legal expenses		500	354
Levies - Other		352	328
Levies Paid to Government - Landscape Levy		1,642	1,117
Licencing - ICT		1,036	788
Parts, accessories and consumables		2,402	2,109
Professional services		108	138
Return of LGA CWMS Contribution		1	1
Stirling Business Association		110	95
Sundry		477	499
Telephone (incl data)		279	249
Water		285	196
Waste		5,143	4,856
Work-in-Progress Write-off		919	124
Less: capitalised and distributed Costs		(69)	(87)
<b>Subtotal - Material, Contracts &amp; Expenses</b>		<b>25,221</b>	<b>20,650</b>

## Notes to and forming part of the Financial Statements for the year ended 30 June 2024

### Note 3. Expenses (continued)

\$ '000	2024	2023
<b>(ii) Prescribed Expenses</b>		
Auditor's remuneration		
- Auditing the financial reports	51	11
- Other auditors	-	10
Bad and doubtful debts	-	1
Elected members' expenses	408	351
Election expenses	13	14
Lease expense - low value assets / short term leases	193	236
<b>Subtotal - prescribed expenses</b>	<b>665</b>	<b>623</b>
<b>Total materials, contracts and other expenses</b>	<b>25,886</b>	<b>21,273</b>

### (c) Depreciation, amortisation and impairment

#### Depreciation and Amortisation

Buildings	1,781	1,357
Infrastructure		
- Bridges	364	297
- Cemeteries	37	29
- Community Wastewater Management Systems	363	317
- Footpaths	468	424
- Guardrails	123	104
- Kerb & Gutter	610	537
- Playgrounds	108	101
- Retaining Walls	205	171
- Roads	5,440	4,469
- Sport & Recreation	433	390
- Stormwater	778	633
- Street Furniture	112	83
- Traffic Controls	51	38
- Other Infrastructure	2	3
Furniture and fittings	53	70
Plant and equipment	1,096	1,090
Right-of-use assets	246	366
<b>Total depreciation, amortisation and impairment</b>	<b>12,270</b>	<b>10,479</b>

### (d) Finance costs

Charges on finance leases	9	10
Interest on loans	346	342
Interest on overdraft and short-term drawdown	403	199
<b>Total finance costs</b>	<b>758</b>	<b>551</b>

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2024

Note 4. Asset disposal and fair value adjustments

\$ '000	2024	2023
<b>Infrastructure, property, plant and equipment</b>		
<b>(i) Assets renewed or directly replaced</b>		
Proceeds from disposal	792	427
Less: Carrying Amount of Assets Sold or Disposed of	(3,089)	(2,162)
Other sale costs	(10)	(5)
<b>Gain (loss) on disposal</b>	<b>(2,307)</b>	<b>(1,740)</b>
<b>(ii) Assets surplus to requirements</b>		
Proceeds from disposal	–	778
Less: other amounts relating to the sale of surplus assets	–	(101)
Less: carrying amount of surplus assets disposed of	–	(1,395)
Add: liabilities forgiven upon sale of surplus assets	–	1,158
<b>Gain (loss) on disposal</b>	<b>–</b>	<b>440</b>
<b>Net gain (loss) on disposal or revaluation of assets</b>	<b>(2,307)</b>	<b>(1,300)</b>

## Notes to and forming part of the Financial Statements for the year ended 30 June 2024

### Note 5. Current assets

\$ '000	2024	2023
<b>(a) Cash and cash equivalent assets</b>		
Cash on hand and at bank	531	467
Short Term Deposits	3	22
<b>Total cash and cash equivalent assets</b>	<b>534</b>	<b>489</b>
<b>(b) Trade and other receivables</b>		
Rates - general and other	1,611	1,648
Accrued revenues	1,370	530
Debtors - general	352	287
Other levels of government - operating	2,918	–
GST recoupment	427	593
Prepayments	530	305
<b>Total trade and other receivables</b>	<b>7,208</b>	<b>3,363</b>
<b>(c) Inventories</b>		
Stores and materials	10	17
<b>Total inventories</b>	<b>10</b>	<b>17</b>

### Note 6. Non-current assets

\$ '000		2024	2023
<b>(a) Trade and other receivables</b>			
<b>Receivables</b>			
Council rates postponement scheme		235	186
Prepayments		25	24
<b>Subtotal</b>		<b>260</b>	<b>210</b>
<b>Total receivables</b>		<b>260</b>	<b>210</b>
<b>Total financial assets</b>		<b>260</b>	<b>210</b>
\$ '000	Notes	2024	2023
<b>(b) Equity accounted investments in council businesses</b>			
Adelaide Hills Regional Waste Management Authority (AHRWMA)	19i	1,562	1,392
Eastern Waste Management Authority (EWMA)	19i	112	148
Gawler River Floodplain Management Authority (GRFMA)	19i	2,259	1,091
<b>Total equity accounted investments in Council businesses</b>		<b>3,933</b>	<b>2,631</b>

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2024

Note 7. Infrastructure, Property, Plant & Equipment

Infrastructure, property, plant and equipment

\$ '000	Fair Value Level	as at 30/06/23				Asset movements during the reporting period										as at 30/06/24									
		At Fair Value	At Cost	Accumulated Depreciation	Carrying amount	Asset Additions New / Upgrade	Asset Additions Renewals	WDV of Asset Disposals	Depreciation Expense (Note 3c)	Impairment Loss (recognised in Equity) (Note 9)	WIP Transfers	Adjustments & Transfers	Other Physical Resources Free of Charge	RoU Additions	Revaluation Decrements to Equity (ARR) (Note 9)	Revaluation Increments to Equity (ARR) (Note 9)	At Fair Value	At Cost	Accumulated Depreciation	Carrying amount					
Capital work in progress		–	6,552	–	6,552	6,237	11,115	–	–	–	(17,085)	(1,137)	–	–	–	–	–	–	–	–	5,682	–	–	5,682	
Land - community	3	105,971	–	–	105,971	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	110,161	
Buildings	3	75,619	–	(29,703)	45,916	–	–	(192)	(1,781)	–	1,225	–	–	–	–	–	–	–	–	–	–	(39,277)	–	57,852	
Infrastructure																									
- Bridges	3	22,463	–	(13,052)	9,411	–	–	(237)	(364)	–	342	–	–	–	–	–	–	–	–	–	–	–	–	–	11,011
- Cemeteries	3	1,960	–	(946)	1,014	–	–	–	(37)	–	134	–	–	–	–	–	–	–	–	–	–	–	–	–	1,261
- Community Wastewater Management Systems	3	21,914	–	(8,218)	13,696	–	–	(56)	(363)	–	152	–	59	–	–	–	–	–	–	–	–	–	–	–	15,294
- Footpaths	3	20,082	–	(5,417)	14,665	–	–	(251)	(468)	–	1,208	–	15	–	–	–	–	–	–	–	–	–	–	–	16,432
- Guardrails	3	5,316	–	(1,524)	3,792	–	–	(40)	(123)	–	530	–	–	–	–	–	–	–	–	–	–	–	–	–	4,785
- Kerb & Gutter	3	43,515	–	(12,236)	31,279	–	–	(6)	(610)	–	35	–	318	–	–	–	–	–	–	–	–	–	–	–	35,166
- Playgrounds	3	2,117	–	(952)	1,165	–	–	(10)	(108)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	1,154
- Retaining Walls	3	11,822	–	(3,869)	7,953	–	–	–	(205)	–	234	–	250	–	–	–	–	–	–	–	–	–	–	–	9,748
- Roads	3	289,871	–	(102,174)	187,697	–	–	(1,464)	(5,440)	–	8,198	–	208	–	–	–	–	–	–	–	–	–	–	–	227,010
- Sport & Recreation	3	20,593	–	(9,549)	11,044	–	–	(86)	(433)	–	1,746	–	15	–	–	–	–	–	–	–	–	–	–	–	12,701
- Stormwater	3	61,830	–	(23,828)	38,002	–	–	(13)	(778)	–	286	–	241	–	–	–	–	–	–	–	–	–	–	–	46,314
- Street Furniture	3	2,728	–	(931)	1,797	–	–	(13)	(112)	–	362	–	–	–	–	–	–	–	–	–	–	–	–	–	2,483
- Traffic Controls	3	2,111	–	(675)	1,436	–	–	–	(51)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	1,759
- Other Infrastructure	3	–	2,232	(648)	1,584	–	–	(68)	(2)	–	19	–	–	–	–	–	–	–	–	–	–	–	–	–	1,577
Right-of-use assets		–	1,517	(1,322)	195	–	–	–	(246)	–	–	–	–	165	–	–	–	–	–	–	–	–	–	–	114
Plant and equipment		–	14,943	(5,920)	9,023	–	–	(585)	(1,096)	–	2,585	–	–	–	–	–	–	–	–	–	–	–	–	–	9,927
Furniture and fittings		–	754	(358)	396	–	–	(68)	(53)	–	29	–	–	–	–	–	–	–	–	–	–	–	–	–	304
<b>Total infrastructure, property, plant and equipment</b>		<b>687,912</b>	<b>25,998</b>	<b>(221,322)</b>	<b>492,588</b>	<b>6,237</b>	<b>11,115</b>	<b>(3,089)</b>	<b>(12,270)</b>	<b>–</b>	<b>–</b>	<b>(1,137)</b>	<b>1,106</b>	<b>165</b>	<b>–</b>	<b>76,020</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>570,735</b>
Comparatives		633,266	21,588	(211,565)	443,289	5,200	10,070	(3,557)	(10,479)	–	–	(124)	551	(4)	(416)	48,061	–	–	–	–	–	–	–	–	492,588



## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

### Note 7. Infrastructure, Property, Plant & Equipment (continued)

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#### Valuation of Infrastructure, Property, Plant & Equipment

##### 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 7(a) for the disclosure of the Fair Value Levels of Infrastructure, Property, Plant and Equipment Assets.

##### Information on valuations

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.

##### Other information

At 1 July 2004 upon the transition to AIFRS, Council elected pursuant to *AASB 1.D5* to retain a previously established deemed cost under GAAP as its deemed cost. With subsequent addition at cost, this remains as the basis of recognition of non-material asset classes.

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

##### Highest and best use

All of Council's non financial assets are considered as being utilised for their highest and best use.

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

### Note 7. Infrastructure, Property, Plant & Equipment (continued)

#### Transition to AASB 13 - Fair Value Measurement

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

#### 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: Crown Land which is subject to restriction for its use or sale has been valued by Council officers based on the Valuer General's site values as at 1 January 2023 less allowances for the restriction on sale (requiring Ministerial consent) which are unobservable inputs that have a significant effect on valuation.

#### Buildings & Other Structures

- Basis of valuation: Fair Value
- Date of independent valuation: 1 July 2023
- Valuer: APV Valuers & Asset Management

Council discloses Buildings as a separate 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.

- Council commenced a Building Audit and Revaluation in the 2022-2023 financial year, however, delays in the final reports and validation of all the assumptions has resulted in a combination of adjustments to the Building assets.
- There were \$5.8m of Building assets that were previously not valued and these have been included in the revaluation.
- The remainder of the assets have been adjusted manually in line with the Australian Bureau of Statistics Time Series data, Table 17 (Construction Industries) movements specific for Adelaide.
- This adjustment was done as at 1 July 2022.
- Finalisation of the Building Asset revaluation was completed in 2023-2024 with the revaluation applied from 1 July 2023 in line with Private Public Property valuation.

#### Infrastructure

Council discloses Infrastructure Assets for the purpose of AASB 13 Fair Value Measurement as level 3 as no relevant observable inputs (markets) are available.

- There were no assets valued where it was considered that the highest and best use was other than its current use.

#### Bridges

- Basis of valuation: Valuation was undertaken using modern equivalent asset principles as per the International Infrastructure Management Manual (IIMM 6th edition, 2020) and included a condition audit.
- The assets were indexed in between independent valuations.
- Date of independent valuation: June 2021
- Valuer: ARRB Group
- Valuations have been updated by council officers at depreciated current replacement cost based on Australian Bureau of Statistics Time Series data, Table 17 (Construction Industries - Road and Bridge Construction) movements specific to Adelaide for the period June 2022 to June 2023. This increase was 13.7% and applied on 3 July 2023 for the 2023-2024 reporting period. An additional 8% was applied to the valuation in recognition of the conservative average uplift applied in previous years against actual Producer Price Indices.

#### Community Wastewater Management Systems (CWMS)

- Basis of valuation: Fair Value
- Date of independent valuation: 1 July 2022
- Valuer: APV Valuers & Asset Management
- Valuations have been updated by council officers at depreciated current replacement cost based on Australian Bureau of Statistics Time Series data, Table 17 (Construction Industries - Road and Bridge Construction) movements specific to Adelaide for the period June 2022 to June 2023. This increase was 13.7% and applied on 3 July 2023 for the 2023-2024 reporting period.

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

### Note 7. Infrastructure, Property, Plant & Equipment (continued)

#### Footpaths, Retaining Walls and Guardrails (safety barriers)

- Basis of valuation: Fair Value
- Date of independent valuation: 1 July 2022
- Valuer: Private Public Property
- During 2021-2022 and 2022-2023 council officers undertook a condition audit of the asphalt, concrete and paver footpaths. This condition data was used to undertake a revaluation of these assets at 1 July 2022.
- Valuations have been updated by council officers at depreciated current replacement cost based on Australian Bureau of Statistics Time Series data, Table 17 (Construction Industries - Road and Bridge Construction) movements specific to Adelaide for the period June 2022 to June 2023. This increase was 13.7% and applied on 3 July 2023 for the 2023-2024 reporting period.

#### Kerb and Gutter

- Basis of valuation: Fair Value
- Date of independent valuation: 1 July 2022
- Valuer: Private Public Property
- During 2021-2022 and 2022-2023 council officers undertook a condition audit of the concrete kerbing. This condition data was used to undertake a revaluation of these assets at 1 July 2022.
- Valuations have been updated by council officers at depreciated current replacement cost based on Australian Bureau of Statistics Time Series data, Table 17 (Construction Industries - Road and Bridge Construction) movements specific to Adelaide for the period June 2022 to June 2023. This increase was 13.7% and applied on 3 July 2023 for the 2023-2024 reporting period.

#### Roads

- Valuations were derived as at June 2019 referencing individual rates in Rawlinsons and Council Contracts to determine an overall rate for Council assets including road seal and road pavement by Steve Walker, Principal, Asset Engineering.
- Road Seals rates were established by using Council's recent contract rates for resealing which includes profiling, raising top stones, supply and laying of asphaltic concrete and supply and laying of spray seal
- Road Pavement rates were established by using rates from Rawlinsons applicable to the reconstruction of road pavements and compared against Council's actual costs
- During 2019-20 Council undertook a review of its sealed road components following an external review by Jeff Roorda, TechnologyOne, regarding components for road pavements. The assessment resulted in road pavement being componentised into a pavement base-course (layer immediately under the seal component) and a sub-base (bottom layer of road pavement). The base course layer retained the same useful life and the sub-base useful life was increased based on industry knowledge and standards. Given this useful life change, the sub-base was subsequently revalued from the asset construction date and hence the written down value of the assets adjusted downwards. As part of this process, the overall unit rate was also reallocated between the base-course and sub-base components.
- Since the detailed valuation using unit rates undertaken at June 2019, valuations have been updated by Council Officers at depreciated current replacement cost based on Australian Bureau of Statistics Time Series data, Table 17 (Construction Industries) movements specific to Adelaide for the period since valuation to July 2022.
- Valuations have been updated by council officers at depreciated current replacement cost based on Australian Bureau of Statistics Time Series data, Table 17 (Construction Industries - Road and Bridge Construction) movements specific to Adelaide for the period June 2022 to June 2023. This increase was 13.7% and applied on 3 July 2023 for the 2023-2024 reporting period. An additional 8% was applied to the valuation in recognition of the conservative average uplift applied in previous years against actual Producer Price Indices.

#### Stormwater

- Valuations have been updated by council officers at depreciated current replacement cost based on Australian Bureau of Statistics Time Series data, Table 17 (Construction Industries - Road and Bridge Construction) movements specific to Adelaide for the period June 2022 to June 2023. This increase was 13.7% and applied on 3 July 2023 for the 2023-2024 reporting period.

#### Street Furniture, Stormwater and Traffic Controls

- Valuations have been updated by council officers at depreciated current replacement cost based on Australian Bureau of Statistics Time Series data, Table 17 (Construction Industries - Road and Bridge Construction) movements specific to

## Notes to and forming part of the Financial Statements for the year ended 30 June 2024

### Note 7. Infrastructure, Property, Plant & Equipment (continued)

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Adelaide for the period June 2022 to June 2023. This increase was 13.7% and applied on 3 July 2023 for the 2023-2024 reporting period.

#### **Playgrounds, Sport and Recreation Facilities**

- Valuations have been updated by council officers at depreciated current replacement cost based on Australian Bureau of Statistics Time Series data, Table 17 (Non-Residential Building Construction) movements specific to Adelaide for the period June 2022 to June 2023. This increase was 6.1% and applied on 3 July 2023 for the 2023-2024 reporting period. An additional 8% was applied to the valuation in recognition of the conservative average uplift applied in previous years against actual Producer Price Indices.

#### **Plant & Equipment**

- Basis of valuation: Historic Cost

#### **Furniture & Fittings**

- Basis of valuation: Historic Cost

## Notes to and forming part of the Financial Statements for the year ended 30 June 2024

### Note 8. Liabilities

\$ '000	2024 Current	2024 Non Current	2023 Current	2023 Non Current
<b>(a) Trade and other payables</b>				
Accrued expenses - employee entitlements	1,069	–	1,096	–
Accrued expenses - other	265	–	1,187	–
Deposits, retentions and bonds	76	–	78	–
Goods and services	3,867	–	2,753	–
Payments received in advance	2,600	–	986	–
Other	2	–	7	–
<b>Total trade and other payables</b>	<b>7,879</b>	<b>–</b>	<b>6,107</b>	<b>–</b>

\$ '000	Notes	2024 Current	2024 Non Current	2023 Current	2023 Non Current
<b>(b) Borrowings</b>					
Bank overdraft		15,196	–	6,025	1,000
Lease liabilities	16b	114	1	160	37
Loans		5,586	1,582	561	7,168
<b>Total Borrowings</b>		<b>20,896</b>	<b>1,583</b>	<b>6,746</b>	<b>8,205</b>

All interest bearing liabilities are secured over the future revenues of the Council

### (c) Provisions

Employee entitlements (including oncosts)	3,227	320	3,663	261
Future reinstatement / restoration, etc <sup>1</sup>	1,288	323	1,594	322
<b>Total provisions</b>	<b>4,515</b>	<b>643</b>	<b>5,257</b>	<b>583</b>

(1) At the reporting date, Council made provision for its monitoring and rehabilitation obligations regarding 3 former landfill sites. The provision represents Council's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

## Note 9. Reserves

\$ '000	as at 30/06/23		Transfers	Impairments	as at 30/06/24	
	Opening Balance	Increments (Decrements)			Closing Balance	
<b>(a) Asset revaluation reserve</b>						
Land - community	80,095	4,190	–	–		84,285
Buildings	37,840	12,684	–	–		50,524
Infrastructure						
- Bridges	4,423	1,858	–	–		6,281
- Cemeteries	2,192	151	–	–		2,343
- Community Wastewater Management Systems	6,058	1,805	–	–		7,863
- Footpaths	1,628	1,263	–	–		2,891
- Guardrails	1,917	625	–	–		2,542
- Kerb & Gutter	29,328	4,151	–	–		33,479
- Playgrounds	144	107	–	–		251
- Retaining Walls	4,545	1,515	–	–		6,060
- Roads	122,913	37,810	–	–		160,723
- Sport & Recreation	2,615	416	–	–		3,031
- Stormwater	26,602	8,575	–	–		35,177
- Street Furniture	1,077	451	–	–		1,528
- Traffic Controls	614	374	–	–		988
- Other Infrastructure	19	45	–	–		64
Plant and equipment	23	–	–	–		23
Furniture and fittings	7	–	–	–		7
JV's / associates - other comprehensive income	228	1,158	–	–		1,386
<b>Total asset revaluation reserve</b>	<b>322,268</b>	<b>77,178</b>	<b>–</b>	<b>–</b>		<b>399,446</b>
Comparatives	274,623	47,645	–	–		322,268

\$ '000	as at 30/06/23		Tfrs to Reserve	Tfrs from Reserve	Other Movements	as at 30/06/24	
	Opening Balance					Closing Balance	
<b>(b) Other reserves</b>							
Biodiversity SEB Reserve	17	–	–	(2)	–		15
Scott Creek Progress Association	1	–	–	–	–		1
Significant Trees Reserve	5	2	–	–	–		7
Torrens Valley Community Centre	88	–	–	(6)	–		82
<b>Total other reserves</b>	<b>111</b>	<b>2</b>	<b>–</b>	<b>(8)</b>	<b>–</b>		<b>105</b>
Comparatives	99	17	–	(5)	–		111

## Purposes of reserves

## Asset revaluation reserves

The asset revaluation reserve is used to record increments and decrements arising from changes in fair value of non current assets (less any subsequent impairment losses, where applicable).

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

## Note 9. Reserves (continued)

**Other reserves**Biodiversity SEB Reserve

Adelaide Hills Council is an Accredited Third Party Provider under Section 25C(12) of the *Native Vegetation Act 1991*. One of Council's conservation reserves is now a formal "SEB Area" (Significant Environmental Benefit) under the *Native Vegetation Act 1991* which allows Council to on-sell SEB credits.

The financial return on these credits will need to be spent in accordance with the SEB Management Plan which outlines what agreed actions will be undertaken in a 10 year period and how the area will be protected into the future.

The funds held will be accessed over the next 10 years in order to invest in the annual bushcare activities as set out in the plan.

Scott Creek Cemetery Reserve

The Scott Creek Cemetery is crown land dedicated to Council for use as a cemetery. Prior to 2010 the cemetery was managed by local community associations. In 2010 management responsibilities were transferred to the Council together with the balance of funds held for cemetery maintenance and improvements.

Funds held in the reserve account are to be used for:

- marking of unmarked graves with a small and simple identification piece detailing the name and date of death of the deceased,
- Installation of a single plaque with the names of the deceased who are buried in unmarked graves where the exact location of the graves is unknown,
- Renewal of existing gravel driveways, and
- Creation or extension of driveways to facilitate expansion of the cemetery.

Significant Tree Reserve

The *Development (Regulated Trees) Variation Regulations 2011* came into effect on 17 November 2011. Under the new regulations, applicants can make a financial contribution for each tree removed (relating to regulated and significant trees) as part of their development application. The reserve was established by Council in accordance with S50B of the *Development Act 1993* to ensure that monies generated would be spent within the Adelaide Hills area.

Monies received may be applied by the council to:

- maintain or plant trees which are, or will (when fully grown) constitute significant trees under this Act; or
- to purchase land in order to maintain or plant trees which are, or will (when fully grown) constitute significant trees under this Act.

Torrens Valley Community Centre Reserve

This reserve is funded by the community funds that flow through the centre via the Op Shop. These funds are used to support youth programs and other community initiatives that will result in an improvement or benefit to the community.

## Note 10. Reconciliation to Statement of Cash Flows

\$ '000	Notes	2024	2023
<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 Statement of Financial Position as follows:			
Total cash and equivalent assets	5	534	489
Less: short-term borrowings	8	(15,196)	(7,025)
<b>Balances per Statement of Cash Flows</b>		<b>(14,662)</b>	<b>(6,536)</b>

continued on next page ...

## Notes to and forming part of the Financial Statements for the year ended 30 June 2024

### Note 10. Reconciliation to Statement of Cash Flows (continued)

\$ '000	Notes	2024	2023
<b>(b) Reconciliation of change in net assets to cash from operating activities</b>			
<b>Net surplus/(deficit)</b>		(2,277)	2,964
<b>Non-cash items in income statements</b>			
Depreciation, amortisation and impairment		12,270	10,479
Equity movements in equity accounted investments (increase)/decrease		(63)	(150)
Premiums and discounts recognised and unwound		(1)	(11)
Non-cash asset acquisitions		(1,106)	(551)
Grants for capital acquisitions treated as investing activity		(3,821)	(2,575)
Net (gain)/loss on disposals		2,307	1,300
Other		909	1,776
		<u>8,218</u>	<u>13,232</u>
<b>Add (less): changes in net current assets</b>			
Net (increase)/decrease in receivables		(3,895)	(548)
Net (increase)/decrease in inventories		7	15
Net increase/(decrease) in trade and other payables		1,774	(3,097)
Net increase/(decrease) in unpaid employee benefits		(377)	20
Net increase/(decrease) in other provisions		(305)	(3)
<b>Net cash provided by (or used in) operations</b>		<u>5,422</u>	<u>9,619</u>

### (c) Non-cash financing and investing activities

#### Acquisition of assets by means of:

Physical resources received free of charge	2h	1,106	551
Additions to right of use assets	16	165	–
Amounts recognised in income statement		<u>1,271</u>	<u>551</u>
<b>Total non-cash financing and investing activities</b>		<u>1,271</u>	<u>551</u>

### (d) Financing arrangements

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

Bank overdrafts	200	200
Corporate credit cards	180	180
Asset Finance - Leasing	750	750
LGFA cash advance debenture facility	17,000	8,600
Westpac Bank Bill Business Loan <sup>1</sup>	8,000	9,000

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

(1) Council utilises the Westpac bank bill business loan as an overdraft facility which can be paid off at any time at the discretion of the Council



Notes to and forming part of the Financial Statements  
for the year ended 30 June 2024

Note 11(a). Functions

Income, Expenses and Assets have been directly attributed to the following Functions / Activities.  
Details of these Functions/Activities are provided in Note 11(b).

\$ '000	OPERATING INCOME		OPERATING EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN OPERATING INCOME		TOTAL ASSETS HELD (CURRENT AND NON-CURRENT)	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
<b>Functions/Activities</b>										
Council	–	–	–	–	–	–	–	–	582,680	499,298
Community & Development	3,959	4,193	12,316	10,817	(8,357)	(6,624)	2,044	2,424	–	–
Corporate Services	46,980	44,192	13,319	10,586	33,661	33,606	48	1,197	–	–
Environment & Infrastructure	5,616	6,060	35,273	31,612	(29,657)	(25,552)	2,534	2,469	–	–
<b>Total Functions/Activities</b>	<b>56,555</b>	<b>54,445</b>	<b>60,908</b>	<b>53,015</b>	<b>(4,353)</b>	<b>1,430</b>	<b>4,626</b>	<b>6,090</b>	<b>582,680</b>	<b>499,298</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.

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

### Note 11(b). Components of functions

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The activities relating to Council functions are as follows:

#### **COMMUNITY & DEVELOPMENT**

Animal Management, Communications, Community & Development Director's Office, Community Development, Community Programs, Community Resilience, Cultural Development, Customer Experience, Customer Service, Development Services, Economic Development, FABRIK Arts and Heritage Hub, Library Services, Parking and By-Laws, Policy Planning, Positive Ageing (Home and Social Support), Positive Ageing Project (Collaborative), Public Health, The Summit Community Centre, Torrens Valley Community Centre, Volunteering and Youth Development.

#### **CORPORATE SERVICES**

Corporate Services Director's Office, Communications, Engagements & Events, Financial Services, Governance & CEO Office, Information Services, OPeople and culture & Work Health & Safety.

#### **ENVIRONMENT & INFRASTRUCTURE**

Cemeteries, Civil Services, Community Wastewater Management System (CWMS), Emergency Management, Environment & Infrastructure Director's Office, LobethalmWoollenMill Precinct, Open Space Biodiversity, Open Space Operations, Property Management, Sport & recreation, Sustainability, Strategic Assets and Waste.

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

### Note 12. Financial instruments

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#### Recognised financial instruments

##### Bank, deposits at call, short term deposits

**Accounting Policy:**

Initially recognised at fair value and subsequently measured at amortised cost; interest is recognised when earned.

**Terms & Conditions:**

Deposits are returning fixed interest rates between 4.85% and 4.55% (2023: **4.30%** and **4.60%**).

**Carrying Amount:**

Approximates fair value due to the short term to maturity.

##### Receivables - rates and associated charges

**Accounting Policy:**

Initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.

**Terms & Conditions:**

Secured over the subject land, arrears attract interest of 6.15% (2023: **6.05%**). 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 and other charges

**Accounting Policy:**

Initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.

**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).

##### Receivables - other levels of government

**Accounting Policy:**

Initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.

**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.

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

## Note 12. Financial instruments (continued)

**Receivables - retirement home contributions****Accounting Policy:**

Initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.

**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 terms.

**Carrying Amount:**

Approximates fair value.

**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:**

Initially recognised at fair value and subsequently at amortised cost using the effective interest rate.

**Terms & Conditions:**

Secured over future revenues. Borrowings are repayable upon maturity. Interest is charged at a fixed rate between 4.45% and 4.60% (2023: **4.45%** and **4.60%**) and paid bi-annually.

**Carrying Amount:**

Approximates fair value.

**Liabilities - leases****Accounting Policy:**

Accounted for in accordance with AASB 16 as stated in Note 17.

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

## Note 12. Financial instruments (continued)

\$ '000	Due < 1 year	Due > 1 year and ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
<b>Financial assets and liabilities</b>					
<b>2024</b>					
<b>Financial assets</b>					
Cash and cash equivalents	534	–	–	534	534
Receivables	6,679	235	–	6,914	6,914
<b>Total financial assets</b>	<b>7,213</b>	<b>235</b>	<b>–</b>	<b>7,448</b>	<b>7,448</b>
<b>Financial liabilities</b>					
Payables	4,210	–	–	4,210	4,210
Westpac bank bill	8,032	–	–	8,032	8,032
LGFA loan	13,070	1,690	–	14,760	14,332
Lease liabilities	114	1	–	115	115
<b>Total financial liabilities</b>	<b>25,426</b>	<b>1,691</b>	<b>–</b>	<b>27,117</b>	<b>26,689</b>
<b>Total financial assets and liabilities</b>	<b>32,639</b>	<b>1,926</b>	<b>–</b>	<b>34,565</b>	<b>34,137</b>
<b>2023</b>					
<b>Financial assets</b>					
Cash and cash equivalents	489	–	–	489	489
Receivables	3,059	186	–	3,245	3,244
<b>Total financial assets</b>	<b>3,548</b>	<b>186</b>	<b>–</b>	<b>3,734</b>	<b>3,733</b>
<b>Financial liabilities</b>					
Payables	4,025	–	–	4,025	4,025
Westpac bank bill	6,025	1,000	–	7,025	7,025
LGFA loan	905	7,595	–	8,500	7,729
Lease liabilities	160	37	–	197	197
<b>Total financial liabilities</b>	<b>11,115</b>	<b>8,632</b>	<b>–</b>	<b>19,747</b>	<b>18,976</b>
<b>Total financial assets and liabilities</b>	<b>14,663</b>	<b>8,818</b>	<b>–</b>	<b>23,481</b>	<b>22,709</b>

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

\$ '000	2024		2023	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Overdraft	5.62%	15,196	4.45%	7,025
Fixed interest rates	4.55%	7,168	4.53%	7,729
Leases	4.72%	115	3.30%	197
		<b>22,479</b>		<b>14,951</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.

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

### Note 12. Financial instruments (continued)

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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 impairment. All Council investments are made with the SA Local Government Finance Authority and NAB. 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.

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2024

Note 13. Capital expenditure and investment property commitments

\$ '000	2024	2023
<b>Capital commitments</b>		
<b>Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:</b>		
Infrastructure	1,069	418
Plant and equipment	2,086	57
	<u>3,155</u>	<u>475</u>
<b>These expenditures are payable:</b>		
Not later than one year	3,155	475
	<u>3,155</u>	<u>475</u>

## Notes to and forming part of the Financial Statements for the year ended 30 June 2024

### Note 14. Financial indicators

\$ '000	Amounts 2024	Indicator 2024	Indicators 2023      2022	
Financial Indicators overview				
<i>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.</i>				
<b>1. Operating Surplus Ratio</b>				
Operating surplus	<b>(4,353)</b>	<b>(7.7)%</b>	2.6%	2.2%
Total operating income	<b>56,555</b>			
<i>This ratio expresses the operating surplus as a percentage of total operating revenue.</i>				
<b>2. Net Financial Liabilities Ratio</b>				
Net financial liabilities	<b>27,514</b>	<b>49%</b>	42%	46%
Total operating income	<b>56,555</b>			
<i>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.</i>				
<b>Adjustments to Ratios</b>				
<i>In recent years the Federal Government has made advance payments prior to 30th June from future year allocations of financial assistance grants, as explained in Note 1. These Adjusted Ratios correct for the resulting distortion in key ratios for each year and provide a more accurate basis for comparison.</i>				
<b>Adjusted Operating Surplus Ratio</b>				
Operating surplus	<b>(1,871)</b>	<b>(3.2)%</b>	1.3%	1.0%
Total operating income	<b>59,037</b>			
<b>Adjusted Net Financial Liabilities Ratio</b>				
Net financial liabilities	<b>27,514</b>	<b>49%</b>	42%	49%
Total operating income	<b>56,555</b>			
<b>3. Asset Renewal Funding Ratio</b>				
Asset renewals	<b>11,105</b>	<b>106%</b>	98%	115%
Infrastructure and Asset Management Plan required expenditure	<b>10,434</b>			

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



## Notes to and forming part of the Financial Statements for the year ended 30 June 2024

### Note 15. Uniform presentation of finances

\$ '000	2024	2023
<p>The following is a high level summary of both operating and capital investment activities of the Council prepared on a simplified Uniform Presentation Framework basis.</p> <p>All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.</p> <p>The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances.</p>		
<u>Income</u>		
Rates	48,389	44,401
Statutory charges	1,520	1,428
User charges	934	901
Grants, subsidies and contributions - capital	544	292
Grants, subsidies and contributions - operating	4,081	6,090
Investment income	35	37
Reimbursements	398	306
Other income	512	821
Net gain - equity accounted council businesses	142	169
<b>Total Income</b>	<b>56,555</b>	<b>54,445</b>
<u>Expenses</u>		
Employee costs	21,915	20,693
Materials, contracts and other expenses	25,886	21,273
Depreciation, amortisation and impairment	12,270	10,479
Finance costs	758	551
Net loss - equity accounted council businesses	79	19
<b>Total Expenses</b>	<b>60,908</b>	<b>53,015</b>
<b>Operating surplus / (deficit)</b>	<b>(4,353)</b>	<b>1,430</b>
Less: grants, subsidies and contributions - capital	(544)	(292)
<b>Adjusted Operating surplus / (deficit)</b>	<b>(4,897)</b>	<b>1,138</b>
<b>Net outlays on existing assets</b>		
Capital expenditure on renewal and replacement of existing assets	(11,115)	(10,070)
Add back depreciation, amortisation and impairment	12,270	10,479
Add back proceeds from sale of replaced assets	792	427
	<b>1,947</b>	<b>836</b>
<b>Net outlays on new and upgraded assets</b>		
Capital expenditure on new and upgraded assets (including investment property and real estate developments)	(6,237)	(5,200)
Add back grants, subsidies and contributions - capital new/upgraded	544	292
Add back amounts received specifically for new and upgraded assets	3,277	538
Add back proceeds from sale of surplus assets (including investment property, real estate developments and non-current assets held for resale)	-	778
	<b>(2,416)</b>	<b>(3,592)</b>
<b>Annual net impact to financing activities (surplus/(deficit))</b>	<b>(5,366)</b>	<b>(1,618)</b>

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

## Note 16. Leases

## (i) Council as a lessee

Set out below are the carrying amounts of right-of-use assets recognised within Infrastructure, Property, Plant and Equipment and the movements during the period:

## (a) Right of use assets

\$ '000	ICT Equipment Leases	Property Leases	Total
<b>2024</b>			
Opening balance	114	81	195
Transfer from leased assets (former finance leases)	–	–	–
Additions to right-of-use assets	–	165	165
Adjustments to right-of-use assets due to re-measurement of lease liability	–	–	–
Depreciation charge	(78)	(167)	(245)
Other	–	–	–
<b>Balance at 30 June</b>	<b>36</b>	<b>79</b>	<b>115</b>
<b>2023</b>			
Opening balance	325	240	565
Transfer from leased assets (former finance leases)	–	–	–
Additions to right-of-use assets	–	–	–
Adjustments to right-of-use assets due to re-measurement of lease liability	–	(4)	(4)
Depreciation charge	(211)	(155)	(366)
Other	–	–	–
<b>Balance at 30 June</b>	<b>114</b>	<b>81</b>	<b>195</b>

## (b) Lease liabilities

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

\$ '000	2024	2023
Balance at 1 July	197	575
Additions	165	(4)
Accretion of interest	9	10
Payments	(256)	(384)
<b>Balance at 30 June</b>	<b>115</b>	<b>197</b>
<b>Classified as:</b>		
Current	114	160
Non-current	1	37

The maturity analysis of lease liabilities is included in Note 13.

Council had total cash outflows for leases of \$256k.

## Notes to and forming part of the Financial Statements for the year ended 30 June 2024

### Note 16. Leases (continued)

<b>\$ '000</b>	<b>2024</b>	<b>2023</b>
The following are the amounts recognised in profit or loss:		
Depreciation expense of right-of-use assets	245	366
Interest expense on lease liabilities	9	10
Expense relating to short term leases	193	236
<b>Total amount recognised in profit or loss</b>	<b>447</b>	<b>612</b>

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

### Note 17. Superannuation

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The Council makes employer superannuation contributions in respect of its employees to Hostplus (formerly Local Government Superannuation Scheme and Statewide Super). 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 (11.00% in 2023/24; 10.50% in 2022/23). 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 2022/23) 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 119.34(a), Council does not use defined benefit accounting for these contributions.

The most recent actuarial investigation was conducted by the Fund's actuary, Louise Campbell, FIAA, of Willis Towers Watson as at 30 June 2022. 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.

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

## Note 18. Interests in other entities

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

\$ '000	Council's Share of Net Income		Council's Share of Net Assets	
	2024	2023	2024	2023
<b>Council's share of net income</b>				
Joint ventures	62	150	3,933	2,631
<b>Total Council's share of net income</b>	<b>62</b>	<b>150</b>	<b>3,933</b>	<b>2,631</b>

**((a)i) Joint ventures, associates and joint operations****(a) Carrying amounts**

\$ '000	Principal Activity	2024	2023
Adelaide Hills Regional Waste Management Authority	Waste Management	1,562	1,392
Eastern Waste Management Authority	Waste Management	112	148
Gawler River Floodplain Management Authority	Floodplain Management	2,259	1,091
<b>Total carrying amounts - joint ventures and associates</b>		<b>3,933</b>	<b>2,631</b>

**Adelaide Hills Regional Waste Management Authority**

Adelaide Hills Regional Waste Management Authority is a regional subsidiary pursuant to S43 of the *Local Government Act 1999*. Council has an interest in the assets and liabilities of the Adelaide Hills Regional Waste Management Authority. The other member Councils are Alexandrina, Mt. Barker and Murray Bridge.

**Eastern Waste Management Authority**

Eastern Waste Management Authority is a regional subsidiary pursuant to S43 of the *Local Government Act 1999*. Council has an interest in the assets and liabilities of the Eastern Waste Management Authority. The other member Councils are Burnside, Campbelltown, Mitcham, Norwood, Payneham & St. Peters, Prospect, Unley and Walkerville.

**Gawler River Floodplain Management Authority**

Gawler River Floodplain Management Authority is a regional subsidiary pursuant to S43 of the *Local Government Act 1999*. Council has an interest in the assets and liabilities of the Gawler River Floodplain Management Authority. The other member Councils are Adelaide Plains, Barossa, Gawler, Light Regional and Playford.

**(b) Relevant interests**

	Interest in Operating Result		Ownership Share of Equity		Proportion of Voting Power	
	2024	2023	2024	2023	2024	2023
Adelaide Hills Regional Waste Management Authority	35.14%	35.34%	36.70%	36.90%	20.00%	20.00%
Eastern Waste Management Authority	12.50%	12.50%	12.50%	12.50%	11.11%	11.11%
Gawler River Floodplain Management Authority	5.34%	5.14%	5.34%	5.14%	15.38%	15.38%

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2024

Note 18. Interests in other entities (continued)

(c) Movement in investment in joint venture or associate

\$ '000	Eastern Waste Management Authority		Gawler River Floodplain Management Authority		Adelaide Hills Regional Waste Management Authority	
	2024	2023	2024	2023	2024	2023
Opening Balance	148	121	1,091	1,054	1,392	1,242
Share in Operating Result	(46)	23	(33)	(20)	142	145
Share in Other						
Comprehensive Income	10	18	1,159	(1)	28	6
Adjustments to Equity	–	(14)	42	58	–	(1)
<b>Council's equity share in the joint venture or associate</b>	<b>112</b>	<b>148</b>	<b>2,259</b>	<b>1,091</b>	<b>1,562</b>	<b>1,392</b>

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

### Note 19. Contingencies and assets/liabilities not recognised in the balance sheet

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The following assets and liabilities do not qualify for recognition in the Statement of Financial Position, 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.

#### 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. Legal expenses

The Adelaide Hills Council Assessment Panel (CAP) and the Assessment Manager are the relevant authorities for planning consent under the *Planning, Development and Infrastructure Act 2016* (the Act) and building surveyors working for the Council have delegation to determine building consent.

Under the Act, the Adelaide Hills Council Building Fire Safety Committee is the relevant authority to issue building fire safety notices and planning and building staff have delegation to issue enforcement notices.

Pursuant to the Act, applicants and landowners have a right of appeal to the Environment, Resource and Development Court (ERD Court) against decisions, building fire safety notices and enforcement notices from a relevant authority.

At 30 June 2024, there were two (2) appeals against CAP decisions in the ERD court and six (6) endorsement matters active in the ERD Court.

Whilst each party bears its own costs in relation to appeals against CAP decisions, the Court can award costs or, parties can reach agreement on costs in enforcement matters. Council seeks cost reimbursement in the case of unlawful development.

All known costs have been recognised, but the amount of any further costs cannot be known until the appeals are determined.

## Notes to and forming part of the Financial Statements for the year ended 30 June 2024

### Note 20. Events after the balance sheet date

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Events that occur after the reporting date of 30 June 2024, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

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

Council is unaware of any "non adjusting events" that merit disclosure.



## Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

## Note 21. Related party transactions

## Key management personnel

## Transactions with key management personnel

The Key Management Personnel of the Council include the Mayor, Councillors, CEO and certain prescribed officers under section 112 of the Local Government Act 1999. In all, 24 persons were paid the following total compensation.

During the 2023-2024 financial year, five key management personnel ended their employment with Adelaide Hills Council.

\$ '000	2024	2023
<b>The compensation paid to key management personnel comprises:</b>		
Short-term benefits	2,027	1,767
Long-term benefits	53	4
Termination benefits	348	116
<b>Total</b>	<b>2,428</b>	<b>1,887</b>

Amounts paid as direct reimbursement of expenses incurred on behalf of Council have not been included above.

## Elected Members or their close associates are members of the following:

- Activating Bridgewater Inc
- Adelaide Hills Climate Action Group
- Adelaide Hills Regional Waste Management Authority
- Australian Labour Party (SA) - Heysen sub-branch & Mayo Federal Electoral Council
- Birdwood CFS
- Birdwood Cricket Club
- Birdwood Football Club
- Charleston Emergency Recovery Response Group
- Eastern Waste Management Authority (East Waste)
- Forest Range Recreation Ground
- Forrester Community Hall
- Gawler River Floodplain Management Authority
- Gumeracha Sub Branch RSL
- Heathfield High School
- Hills Climate Collective
- Kersbrook Public Hall
- Kersbrook Residents Association
- Lenswood & Forest Range Community Association Inc
- Liberal Party of Australia (SA Division) - Lobethal branch
- Lobethal Bulk Foods
- Mount Pleasant Hospital Auxiliary
- Old School Community Garden
- SA Youth Forum
- Southern & Hills Local Government Association
- The Greens SA
- Torrens Valley Cricket Association
- Torrens Valley Lions Club
- Treecover Pty Ltd
- Woodside Recreation Grounds Committee Inc.
- Woodside Warriors Soccer Club

Council made payments totalling \$5,986,364 to the above organisations for the period ending 30 June 2024.

## Notes to and forming part of the Financial Statements for the year ended 30 June 2024

### Note 21. Related party transactions (continued)

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The most material payments were made to:

- Eastern Waste Management Authority (\$4.208m) for the collection and disposal of waste and recycling materials.
- Adelaide Hills Regional Waste Management Authority (\$1.626m) for the collection and disposal of waste and associated services.

**Key Management Personnel or their close associates are members of the following:**

- Adelaide Hills Tourism
- Gawler River Floodplain Management Authority
- Oakbank Soldiers Memorial Hall Committee
- Southern & Hills Local Government Association

Council made payments totalling \$212,679 to the above organisations for the period ending 30 June 2024.

All Elected Members and Key Management Personnel manage their conflict of interest obligations regarding related parties in accordance with the applicable provisions of the *Local Government Act 1999*.

General Purpose Financial Statements  
for the year ended 30 June 2024

Independent Auditor's Report - Financial Statements

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General Purpose Financial Statements  
for the year ended 30 June 2024

Independent Auditor's Report - Internal Controls

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## General Purpose Financial Statements

for the year ended 30 June 2024

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### 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 2024, the Council's Auditor, BDO 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*.

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Gregory Georgopoulos  
Chief Executive Officer

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Malcolm Herrmann  
Presiding Member Audit Committee

Date:

## General Purpose Financial Statements

for the year ended 30 June 2024

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### Statement by Auditor

I confirm that, for the audit of the financial statements of Adelaide Hills Council for the year ended 30 June 2023, 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*.

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Auditor's Name

Audit Firm Name

Date: dd MMMM yyyy

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## **Appendix 2**

### *Management Representation Letter*

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63 Mount Barker Road  
Stirling SA 5152  
Phone: 08 8408 0400  
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mail@ahc.sa.gov.au  
[www.ahc.sa.gov.au](http://www.ahc.sa.gov.au)

Ms Linh Dao  
Director  
BDO Audit Pty Ltd  
Level 7, BDO Centre  
420 King William Street  
ADELAIDE SA 5000

17 October 2024

Dear Linh

#### **AUDIT FOR YEAR ENDED 30 JUNE 2024 OF ADELAIDE HILLS COUNCIL**

This representation letter is provided in connection with your audit of the financial report of Adelaide Hills Council for the year ended 30 June 2024, for the purpose of expressing an opinion as to whether the financial report presents fairly in accordance with the Australian Accounting Standards, the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*.

We confirm that to the best of our knowledge and belief, having made such enquiries as we considered necessary for the purposes of appropriately informing ourselves:

#### **Financial report**

1. We have fulfilled our responsibilities, as set out in your engagement letter dated 2 February 2024, for the preparation for the financial report in accordance with Australian Accounting Standards, the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*; in particular that the financial report presents fairly in accordance therewith.
2. We have established and maintained adequate internal controls to facilitate the preparation of a reliable financial report, and adequate records have been maintained. All deficiencies in internal control of which we are aware have been communicated to you.
3. We confirm that the selection and application of accounting policies is still appropriate, and that there have been no changes to the accounting policies applied in the previous annual financial statements or the methods used in applying them.
4. We have no plans or intentions that may materially affect the carrying values, or classification, of assets and liabilities.



5. The entity has satisfactory title to all assets, and there are no liens or encumbrances on such assets that have not been disclosed, nor has any asset been pledged as collateral.
6. All significant judgments related to accounting estimates have considered all relevant information of which management is aware and the selection or application of the methods, assumptions and data used by management in making the accounting estimates are consistent and appropriate.
7. The assumptions used in determining accounting estimates and related disclosures appropriately reflect management's intent and ability to conduct specific courses of action on behalf of the entity.
8. Disclosures related to accounting estimates, including disclosures describing estimation uncertainty, are complete and reasonable within the context of the applicable financial reporting framework.
9. The appropriate specialised skills or expertise has been applied in making the accounting estimates as applicable.
10. We acknowledge that valuations of Infrastructure, Property, Plant & Equipment have been appropriately undertaken to ensure that the carrying amounts do not differ materially from that which would be determined using fair value at the end of the reporting. Individual classes of Infrastructure, Property, Plant & Equipment are assigned to the appropriate level in the AASB 13 fair value hierarchy.
11. We have advised of our change in the rate used for salary and wage capitalisation for capital projects during the year. The change reflected the revised estimate based on retrospective review of actual capitalisation, in comparison with other Councils'.
12. We confirm that we have reviewed capital Work-In-Progress and are satisfied that they will likely generate assets in the future reporting period. All projects that are unlikely to generate assets or meet the recognition criteria of the applicable Australian Accounting Standards have been recognised through surplus or deficit.
13. We have advised you that Council is still evaluating the options regarding rehabilitation work for Ashton Landfill. Based on all reliable information available to management and Council, we have assessed that sufficient provision has been made for the rehabilitation as of 30 June 2024.

#### **Books, records and documentation**

14. We have provided you with:
  - Access to all information of which we are aware that is relevant to the preparation of the financial report such as records, documentation and other matters.
  - All minutes of meetings held by Council and relevant Committees since the end of the previous reporting period have been given to you for your inspection.
  - Additional information that you have requested from us for the purpose of the audit.
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
15. All transactions have been recorded in the accounting records and are reflected in the financial report.

#### **Related parties**

16. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions.
17. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with Australian Accounting Standards in the financial report.

#### **Fraud**

18. We acknowledge our responsibility for the design, implementation and maintenance of accounting and internal control systems that are designed to prevent and detect fraud.
19. We have disclosed to you the results of our assessment of the risk that the financial report may be materially misstated because of fraud.
20. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
  - Management.
  - Employees who have significant roles in internal control; or
  - Others where fraud could have a material impact on the financial report.
21. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial report communicated by employees, former employees, analysts, regulators or others.

#### **Litigation and claims**

22. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered in the financial report; and accounted for and disclosed in accordance with Australian Accounting Standards.

#### **Compliance with laws and regulations**

23. We have disclosed to you all known actual or possible non-compliance with laws and regulations whose effects should be considered when preparing the financial report.
24. There have been no instances of non-compliance of laws and regulations involving management or employees who have a significant role in internal control.  
There have been no communications from regulatory agencies concerning non-compliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial report.

#### **Subsequent events**

25. All events occurring after the date of the financial report and for which adjustment or disclosure are required, including but not limited to accounting estimates have been adjusted or disclosed.

#### **Other information**

26. We have informed you of all the documents that we expect to issue which may comprise other information accompanying the financial report.



63 Mount Barker Road  
Stirling SA 5152  
Phone: 08 8408 0400  
Fax: 08 8389 7440  
mail@ahc.sa.gov.au  
**www.ahc.sa.gov.au**

27. The financial report and any other information obtained by you prior to the date of the auditor's report are consistent with one another, and the other information does not contain any material misstatements.

**Electronic presentation of Financial Report**

- 28. We are responsible for the electronic presentation of the financial report.
- 29. We will ensure that the electronic version of the audited financial report and the auditor's report on the web site will be identical to the final signed hard copy version.
- 30. We will clearly differentiate between audited and unaudited information in the construction of the entity's web site as we understand the risk of potential misrepresentation.
- 31. We have assessed the controls over the security and integrity of data on the web site and that adequate procedures are in place to ensure the integrity of the information published.
- 32. We will not present the auditor's report on the full financial statements with extracts only of the full financial statements.

Yours faithfully

Greg Georgopoulos  
Chief Executive Officer

Gary Lewis  
Director Corporate Services

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**Appendix 3**  
*Draft Certification of Auditor Independence*

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## General Purpose Financial Statements

for the year ended 30 June 2024

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### 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 2024, the Council's Auditor, BDO 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*.

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Gregory Georgopoulos  
Chief Executive Officer

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Malcolm Herrmann  
Presiding Member Audit Committee

Date:

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**Appendix 4**  
*Response from Auditor-General*

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Our ref: G24/008

Level 9  
State Administration Centre  
200 Victoria Square  
Adelaide SA 5000  
Tel +618 8226 9640  
ABN 53 327 061 410  
enquiries@audit.sa.gov.au  
www.audit.sa.gov.au

10 September 2024

Mr G Georgopoulos  
Chief Executive Officer  
Adelaide Hills Council  
email: ggeorgopoulos@ahc.sa.gov.au

Dear Mr Georgopoulos

## Proposed review of the accounts of Adelaide Hills Council

I refer to your letter dated 15 August 2024 about the potential issues the Adelaide Hills Council's (the Council) administration identified in reviewing its financial statement preparation practices. [REDACTED]

Thank you for meeting with my audit representatives Salv Bianco and Iolanda Telford on 9 September 2024 to discuss these potential issues and our response as provided in this letter.

### 1 The legislative framework

The *Local Government Act 1999* (LG Act) provides the legislative framework for a council to prepare reliable information on its financial position and performance. The framework provides for levels of review and certifications to ensure the financial statements present a true and fair view of the Council's financial performance, financial position, and the cashflows for the financial year and that there is an adequate system of internal controls. These include:

***Audit and risk committee*** – a council's audit and risk committee provides an independent source of assurance and advice to a council on key financial and internal control matters. The LG Act requires that the membership of an audit and risk committee must be a majority of independent members. The Local Government Association of South Australia's guidance on

audit and risk committees encourages councils to appoint an independent member as chair consistent with good practice.<sup>1</sup> This supports the concepts of independent review and transparency and the functions of an audit and risk committee.

The audit and risk committee is required to review and provide advice to the council on whether the financial statements present fairly the council's state of affairs and monitor the integrity of the financial statements. This includes:

- reviewing and challenging significant financial reporting issues, accounting policies, accounting treatments and judgements which they contain
- reviewing the adequacy of the council's accounting, internal control, reporting and other financial management systems and practices
- relating with the council's external auditor, reviewing the external audit plan and audit findings, including the levels of errors identified during the audit.

***Council's external auditor*** – the external auditor provides independent audit opinions on the financial statements and controls exercised by the Council over the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

We note that the external auditor's 2023-24 annual audit plan identified significant risks and areas of focus including the revaluation of assets and the accounting treatment of capital work in progress.

***Certification by the CEO and presiding member*** - the Council considers the audit and risk committee's advice and the external auditor's opinions in adopting the financial statements. Then authorises the CEO and the council's principal member to sign the financial statements certifying that:

- they comply with relevant legislation and Australian Accounting Standards
- they present a true and fair view of the financial position, results of the operations and cash flows of the Council for the financial year
- they accurately reflect the accounting and other records of the Council
- internal controls implemented by the Council provide a reasonable assurance that its financial records are complete, accurate and reliable and were effective throughout the financial year.

## 2 Our advice

The LG Act provides a sound framework for the financial governance of councils. As outlined above, this framework includes the important role of audit and risk committees and external auditors, who provide independent assurance and advice to the council. Consequently, it is important that these functions are involved in resolving the issues you have raised.

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<sup>1</sup> Local Government Association of South Australia, Audit and risk committees – Financial Sustainability Information Paper No. 03, 2024



The issues raised should be considered as part of the process to prepare the annual financial statements. We suggest that the first action is for the Council to continue working with its external auditors to resolve the identified matters, including the appropriate accounting treatment, in finalising the 2023-24 financial statements.

Secondly, we suggest the Council seek advice from its audit and risk committee on the adequacy of the accounting policies and practices implemented to address the identified matters.

On this basis, I have determined that I will not initiate a review under section 32(1)(b) of the *Public Finance and Audit Act 1987* at this time. A review initiated under section 32 requires the Auditor-General to prepare and provide a report on the results of the review to Parliament.

I would appreciate written advice from the Council on the outcome of its internal process review and how these matters were addressed.

Yours sincerely



Andrew Blaskett  
**Auditor-General**

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# **Appendix 5**

*CEO response to Auditor-General*

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17 September 2024

Ref: G24/008

Auditor-General  
Mr Andrew Blaskett  
Level 9  
State Administration Centre  
200 Victoria Square  
ADELAIDE SA 5000

Dear Auditor-General

Thank you for your letter of 10 September 2024 regarding the proposed review of our accounts. We also thank you for the time your audit representatives Salv Bianco and Iolanda Telford spent with us to discuss this matter on 9 September 2024.

We appreciate the advice your staff gave in line with the legislative framework as set out in the *Local Government Act 1999* to support the resolution of these matters. We are working closely with both the Audit and Risk Committee and our external Auditors with regard to these matters. These matters will be addressed as we complete the financial statements. As with normal practice, the financial statements are adopted by Council in October. At that point in time, we will be in a position to give you an update on the outcomes of these processes and how the matters are being addressed.

The Council is committed to maintaining the highest standards of financial integrity and transparency. We will write to you again following the adoption of the financial statements in October.

Yours sincerely



Greg Georgopoulos  
**Chief Executive Officer**

**ADELAIDE HILLS COUNCIL  
AUDIT COMMITTEE MEETING  
Monday 21 October 2024  
AGENDA BUSINESS ITEM**

**Item:** 9.4

**Responsible Officer:** Gary Lewis  
Director Corporate Services  
Corporate Services

**Subject:** Service Review Biannual Report

**For:** Information

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**SUMMARY**

Council has resolved to implement a *Service Review Framework* (the “Framework”) as part of the *Annual Business Plan 2021-22*. The Framework was adopted by Council at the 26 October 2021 meeting and provides Council with principles and guidelines for conducting an external Service Review to evaluate the adequacy, effectiveness and efficiency of the reviewed services.

Since the adoption of the Framework, two service reviews have been conducted. The first was on the Civil Services Maintenance Function undertaken over March to June 2022 by Epic Projects & Consulting with the final report and recommendations provided to Council at the 26 July 2022 meeting and to the Audit Committee at the 15 August 2022 meeting. The second was undertaken for development services over March to June 2023 by BeeSquared consultants with the final report and recommendations provided to Council at the 24 October 2023 meeting and to the Audit Committee at the 16 October 2023 meeting.

The purpose of this report is to present the progress of implementation and action plan contained in the *Service Review Biannual Report – Civil Services (Appendix 1)* and the *Service Review Biannual Report – Development Services (Appendix 2)*. This is provided to the Audit Committee for their review in their capacity of providing advice to the Council on the adequacy and effectiveness of the systems and processes regarding financial management and reporting, internal control and risk management, internal audit and governance.

It is noted that an organisation wide service review has been foreshadowed in the annual business plan. It is anticipated that this will replace this present iterative service review model.

**RECOMMENDATION**

**The Audit Committee resolves:**

- 1. That the Service Review Biannual Report be received and noted.**
- 2. That the *Service Review Biannual Report – Civil Services report (Appendix 1)* be received and noted**
- 3. That the *Service Review Biannual Report – Development Services (Appendix 2)* be received and noted**

- 4. To recommend to Council that the current schedule of biannual reports on the 2022 and 2023 service reviews be suspended until October 2025, pending the outcomes of the proposed organisation service review process which is anticipated to commence in late 2024/early 2025.**
- 

**1. BACKGROUND**

Council resolved to implement a *Service Review Framework* (the “Framework”) as part of the *Annual Business Plan 2021-22*. The Framework was adopted by Council at the 26 October 2021 meeting and provides Council with principles and guidelines for conducting an external Service Review to evaluate the adequacy, effectiveness and efficiency of the reviewed services. The current budget allocation is for one external Service Review to be conducted per annum.

The *Service Review Brief – Civil Services* was presented at the 25 January 2022 Council Meeting.

The objective of the service reviews is to facilitate efficiency, effectiveness, and appropriateness in service provision through the analysis of factors such as:

- Service clarity, replicability and quality
- Customer (internal or external) priorities, aspirations and experience
- Alignment to the Council’s strategic intent
- Statutory obligations
- Process efficiency and saving opportunities
- Service delivery effectiveness and performance assessment.

Since the adoption of the Framework, two service reviews have been conducted. The first was on the Civil Services Maintenance Function undertaken over March to June 2022 by Epic Projects & Consulting. The final report, recommendations, management response and action plan was presented at the 26 July 2022 Ordinary Council Meeting where it was resolved:

**12.5 Service Review - Civil Services Maintenance**

Moved Cr Linda Green  
S/- Cr Leith Mudge

186/22

Council resolves:

1. That the report be received and noted
2. To receive and note the *Service Review 2021-22 – Civil Service Maintenance Function Report*, as contained in Appendix 1.
3. To adopt the *Service Review 2021-22 – Civil Service Maintenance Function – draft Action Plan*, containing the Service Review recommendations, management responses and agreed actions, as contained in Appendix 2
4. To note that that the implementation status of the agreed actions will be reported to Council on a biannual basis, nominally March and August.

Carried unanimously
---------------------

This report was also provided to Audit Committee at its 15 August 2022 meeting where it was resolved:

**8.9. Service Review Report – Civil Services**

Moved Peter Brass  
S/- Natalie Johnston

AC48/22

The Audit Committee resolves:

1. To receive and note this report
2. To receive and note the *Service Review 2021-22 – Civil Service Maintenance Function Report*, as contained in Appendix 1.
3. To receive and note the *Service Review 2021-22 – Civil Service Maintenance Function – draft Action Plan*, containing the Service Review recommendations, management responses and agreed actions, as contained in Appendix 2
4. To note that that the implementation status of the agreed actions will be reported to Council on a biannual basis, nominally March and August.

Carried Unanimously
---------------------

The second service review was undertaken over March to June 2023 by BeeSquared consultants with the final report and recommendations provided to Council at the 24 October 2023 meeting where it was resolved:

## 12.2 Service Review – Development Services

Moved Cr Malcolm Herrmann  
S/- Cr Chris Grant

269/23

Council resolves:

1. That the report be received and noted.
2. To receive and note the Service Review 2022-23 – Development Services, as contained in Appendix 3.
3. To receive and note the Management Review and Action Plan in response to the Service Review 2022-23 – Development Services, as contained in Appendix 4.
4. To note that that the implementation status of the agreed actions will be reported to Council on a biannual basis, nominally March and August.

Carried Unanimously

The report was also provided to the Audit Committee at the 16 October 2023 meeting where it was resolved:

### 8.1 Development Services Service Review – Implementation Plan

Moved Pamela Lee  
S/- David Moffatt

AC39/23

1. That the report be received and noted.
2. To receive and note the Management Review and Action Plan in response to the Service Review 2022-23 – Development Services, as contained in Appendix 4.
3. To note that that the implementation status of the agreed actions will be reported to Audit Committee and Council on a biannual basis, nominally March and August.

Carried Unanimously

As per the above resolutions, a biannual report has been drafted (**Appendix 1 and Appendix 2**) to present to both Audit Committee and Council.

## 2. ANALYSIS

### ➤ Strategic Management Plan/Functional Strategy/Council Policy Alignment

*Strategic Plan 2020-24 – A brighter future*

Goal	A Progressive Organisation
Objective O2	Our customers find it easier to interact and do business with Council and have an improved customer experience.
Priority O2.2	Modernise our services and enhance the customer experience by making service delivery faster, more convenient and more proactive.
Priority 2.4	Continuously strive to measure and improve performance and service delivery across all functions.
Objective O3	Our organisation is financially sustainable for both current and future generations.

Priority O3.4 Assess the range and level of services undertaken to ensure they fulfil Council’s legislative and strategic intent.

Council also intends to renew its Internal Audit Program which, while undertaking somewhat similar review activities, has as its main focus to evaluate the adequacy and effectiveness of the systems of internal control within the Council to manage risk.

The Internal Audit Program and this Framework are complementary but separate governance activities.

➤ **Legal Implications**

Section 8 of the *Local Government Act 1999* (the “Act”) sets out the principles that a council must act to uphold and promote observance in the performance of its roles and functions. The following principles are particularly relevant in the context of the Framework:

- (g) manage its operations and affairs in a manner that emphasises the importance of service to the community;
- (h) seek to ensure that council resources are used fairly, effectively and efficiently and council services, facilities and programs are provided effectively and efficiently;
- (i) seek to provide services, facilities and programs that are adequate and appropriate and seek to ensure equitable access to its services, facilities and programs;
- (ia) seek to balance the provision of services, facilities and programs with the financial impact of the provision of those services, facilities and programs on ratepayers;
- (j) achieve and maintain standards of good public administration;
- (k) ensure the sustainability of the council's long-term financial performance and position.

This report is provided to the Audit Committee for their review in their capacity of providing advice to the Council on the adequacy and effectiveness of the systems and processes regarding financial management and reporting, internal control and risk management, internal audit and governance.

➤ **Risk Management Implications**

*Lack of effective strategic planning and resource allocation processes*

Inherent Risk	Residual Risk	Target Risk
Extreme (4A)	Low (3E)	Low

The Framework is a mitigation action in addition to the many controls that are already in place for this risk.

➤ **Financial and Resource Implications**



The Service Review was a funded initiative in the *Annual Business Plan 2021-22*. The funding of \$26,000 related directly to the cost of appointing an external consultant. This funding was increased to \$35,000 for the second review based on quotes from the market.

The Corporate Planning & Performance Coordinator coordinated the procurement, conduct and reporting of the Service Review.

There are further resource implications associated with the implementation of the Report recommendations as contained in the action plan in **Appendix 1 and Appendix 2**. Any financial implications arising from the Report recommendations will be raised as budget review items or future consideration items, as required.

➤ **Customer Service and Community/Cultural Implications**

Implementation of the Service Review Report recommendations assists to facilitate improvements to customer satisfaction.

➤ **Sustainability Implications**

Implementation of the Service Review Report recommendations assists to facilitate improvements to the effectiveness and efficiency of related activities.

➤ **Engagement/Consultation conducted in the development of the report**

Consultation on the development of this report was as follows:

*Council Committees:* The Service Review Framework was considered at the Audit Committee meeting on 18 October 2021 where it was resolved to recommend adoption of the Framework to Council.

*Council Workshops:* The Service Review Framework was discussed in the 26 March 2021 Annual Business Plan and Budget workshop. Following the adoption of the Framework, a further workshop was held on 16 November 2021 to discuss the criteria for determining the function schedule for Service Reviews over the next 3 years.

*Advisory Groups:* Not applicable

*External Agencies:* Not applicable

*Community:* Not applicable.

The final report, management response and associated recommendations were provided to Council at the 26 July 2022 meeting and to the Audit Committee at the 15 August 2022 meeting for the Civil Services maintenance function, and to the Council at the 24 October 2023 meeting and the Audit Committee at the 16 October 2023 meeting for the Development Services review.

➤ **Additional Analysis**

Details of the specific action plan and progress against each item is contained within the *Service Review Biannual Report – Civil Services (Appendix 1)* and the *Service Review Biannual Report – Development Services (Appendix 2)*.

#### Ongoing biannual reporting

Biannual reporting on the implementation status of recommendations from the service reviews were resolved as part of the *Service Review Framework*. Since then, it has been foreshadowed in the Annual Business Plan and draft Strategic Plan that an organisation wide service review will be conducted and that this may replace the current iterative service review model. This organisation wide review is anticipated to commence development in late 2024/early 2025.

It is anticipated that the current implementation plans and activities that are yet to be finalised, will be incorporated in the organisation wide review.

To avoid any confusion during these processes, it is recommended that the biannual reporting be suspended while the organisation wide service review is under development and implementation. This topic could then be revisited in October 2025 to determine if there is a need to reinstate the biannual reporting or if the previous service reviews have been integrated and addressed to the satisfaction of the Audit Committee in any new processes.

### **3. OPTIONS**

The Committee has the following options:

- I. To recommend that Council suspend biannual reporting on Service Reviews until October 2025, pending the outcomes of the organisation wide service review process (Recommended)
- II. To recommend that Council continue its current schedule of biannual reporting on Service Reviews.

### **4. APPENDICES**

- (1) Service Review Biannual Report – Civil Services
- (2) Service Review Biannual Report – Development Services

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# **Appendix 1**

*Service Review Biannual Report – Civil Services*

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# Service Review 2021-22 – Progress Report

## Civil Services Maintenance Function

A Service Review of the Civil Services Maintenance function was undertaken over March to June 2022 by Epic Projects & Consulting.

The Final Report and associated recommendations were provided to Council at the 26 July 2022 meeting and to the Audit Committee at the 15 August 2022 meeting. The following report provides the progress of activities detailed in the Action Plan which was produced by the then Director Infrastructure and Operations in conjunction with other key staff in response to the recommendations.

### Executive Summary

Implementation of the Civil Services maintenance function service review outcomes was impacted by a range of factors including the departure of key personnel involved in delivery of actions and the prioritization of operational activities.

Nevertheless, the delays have provided the opportunity for fresh consideration of the service review recommendations and reprioritization of actions arising therefrom.

Notwithstanding the above challenge, key actions administration actions have progressed, such as risk analysis and associated prioritisation of asset classes for development of service standards and maintenance plans. The roll out of infield devices has also continued, with Council's general maintenance teams trialing the works scheduling and job reporting via the Confirm Workzone platform.

A number of the actions are now considered to warrant a fresh review of timelines and prioritization.

### Service Review Recommendations

The key recommendations from the Civil Services Maintenance Function Service Review are listed below, along with a proposed priority for addressing the findings:

No	Recommendation	H	M	L
1	Develop prioritised program maintenance plans	-	X	-
2	Develop an expanded operational service standard suite for maintenance activities	X	-	-
3	Roll out of CONFIRM system to Civil Service Maintenance	X	-	-
4	Develop and promote cross functional teams working more closely together	X	-	-
5	Improved Budgeting and Measuring Costs	-	-	X
6	Improved Process for Section planning	-	X	-
7	Reward and Recognition	-	X	-
8	Continuous Improvement	-	-	X
9	Customer Communication	-	X	-
	<b>Total</b>	<b>3</b>	<b>4</b>	<b>2</b>

## Action Plan

Action	22-23	23-24	24-25
Prioritise the order in which specific Asset Class specific maintenance plans are to be developed.	X	-	-
Develop and implement the Asset Class specific maintenance plans.		X	X
Prioritise the order in which specific Asset Class service standards are to be developed to subsequently inform asset maintenance plans.	X	-	-
Develop and adopt the Asset Class specific service standards.		X	X
Expedite the transitioning to use of Confirm in the field through engaging with Strategic Assets and Information Services.	X	X	X
Establish Civil Services specific Confirm Working Group including all relevant stakeholders.	X	X	X
Some interim methods may be investigated to aid in forecasting more accurately the cost per service delivery type.	-	X	-
Following adoption of Service Standards, development of Maintenance Plans, and implementation of confirm, improve use of data for more refined cost forecasting.			X
Develop Annual Plans (Name to be determined) beginning with 2022-23. (First to be completed by end Q2 2022)	X	-	-
Work with Organisational Development to ensure alignment with broader AHC approach to Reward and Recognition.	-	X	-
Work with Communications and Engagement to determine what operational activities or achievements are of broader public interest and can be promoted.	-	X	-
Ensure teams designate specific time on a regular basis, to encourage identification and subsequent progression of work to formally improve work practices. (Particular regard to identification of savings, as well as improved efficiency and customer service).	X	X	X
The Infrastructure and Operations Directorate will work closely with Customer Service to determine any potential for further automated messaging to be put in place (not just Civil Services) and continue to explore ways to improve overall communication with customers).	X	-	-
Greater utilisation of Depot Administration resource to provide job specific information to customers.	-	X	-
<b>Total</b>	-	-	-

## Progress Update

The following tables show the action plan developed to address the recommendations in the table above, with the ID's linking back to those assigned in the "Audit Risk Register". Note: where an action addresses multiple recommendations they have been grouped together in the table below.

ID	Action	Planned Date	Recommendation		Progress Update	Status
			No	Rating		
1.1 & 2.1	Prioritise the order in which specific Asset Class specific maintenance plans are to be developed.	30/06/2023	1	Medium	A risk based approach was taken to identifying the priority order for the development of asset class specific maintenance plans, with the following order being deemed most appropriate:  <ol style="list-style-type: none"> <li>1. Stormwater (risk to private property impact, alignment with relevant AMP development)</li> <li>2. Bridges (high risk structure)</li> <li>3. Roads (high value asset)</li> <li>4. Footpaths</li> <li>5. Kerbing</li> <li>6. Other</li> <li>7. Sports &amp; Recreation (low risk)</li> <li>8. CWMS (largely contracted)</li> </ol>	Completed
2	High					
1.2	Develop and implement the Asset Class specific maintenance plans.	30/06/2025	1	Medium	A draft stormwater asset class maintenance plan is in development, to align with the draft Stormwater Asset Management Plan.	In progress
2.2	Develop and adopt the Asset Class specific service standards.	30/06/2024	2	High	A draft stormwater asset class service standard is in development, to align with the draft Stormwater Asset Management Plan.	In Progress
3.1	Expedite the transitioning to use of Confirm in the field through engaging	30/06/2023	3	High	These works have commenced, focusing on developing the workflow of discrete functions from CRM to Confirm. Early efforts	In Progress

ID	Action	Planned Date	Recommendation		Progress Update	Status
			No	Rating		
	with Strategic Assets and Information Services.				<p>have focused on Council's Quick Response function, and have been expanded to include general maintenance teams. Completion of this action has been greatly impacted by the availability of resources, particular field workers, which has required a focus on recruitment and sourcing of temporary labour, and associated impacts on service delivery.</p> <p>In October 2024, Council's Asset Planning Officer (who has championed the use of in-field devices) has been appointed Acting Manager Civil Services. In this role he will drive the further roll out of in-field devices.</p>	
4.1	Establish Civil Services specific Confirm Working Group utilising the newly developed Project Management Framework (which will include all relevant stakeholders)	30/06/2023	4	High	The Confirm Working Group has been established, and will continue to meet monthly, for the duration of the project.	Complete
5.1	Some interim methods may be investigated to aid in forecasting more accurately the cost per service delivery type.	30/06/2024	5	Low	This action is pending the adoption of asset specific service standards priority lists.	Not Commenced
5.2	Following adoption of Service Standards, development of Maintenance Plans, and implementation of confirm, improve use of data for more refined cost forecasting.	30/06/2025	5	Low	This action is pending the adoption of individual asset class service standards.	Not Commenced

ID	Action	Planned Date	Recommendation		Progress Update	Status
			No	Rating		
6.1	Develop Annual Plans (Name to be determined) beginning with 2022-23. (First to be completed by end Q2 2022).	30/06/2023	6	Medium	This action was postponed for due to key vacancies within the Civil Services Maintenance Function. This action will require review with new timelines and prioritization.	In progress
7.1	Work with Organisational Development to ensure alignment with broader AHC approach to Reward and Recognition.	30/06/2024	7	Medium	A working group has been established with Civil Services, Open Space, and People & Culture team to work through issues around the recognition of operational staff. This includes providing input into the Council's Recognition Policy review. This action will require review with new timelines and prioritization.	In progress
7.2	Work with Communications and Engagement to determine what operational activities or achievements are of broader public interest and can be promoted.	30/06/2024	7	Medium	A working group has been established with Civil Services, Open Space, and Communications & Engagement teams to work through issues around promoting operational activities of Council. The team regularly provides case studies and news stories to the Communications function and these regularly appear in internal and external communications.	Completed and ongoing
8.1	Ensure both office and field based teams designate specific time on a regular basis, to encourage identification and subsequent progression of work to formally improve work practices. (Particular with regards to identification of savings, as well as improved efficiency and customer service).	30/06/2023	8	Low	This work has commenced as part of routine team meetings and team leadership discussions. When further progressed, it will be formalised to document outcomes. This action will require review with new timelines and prioritization.	In progress



ID	Action	Planned Date	Recommendation		Progress Update	Status
			No	Rating		
9.1	The Infrastructure and Operations Directorate will work closely with Customer Service to determine any potential for further automated messaging to be put in place (not just Civil Services) and continue to explore ways to improve overall communication with customers	30/06/2023	9	Medium	A preliminary meeting has been held with the customer experience project officer, with a focus on automation, although this has largely been placed on hold pending implementation of Council's new CRM system. This action will require review with new timelines and prioritization.	In progress
9.2	Greater utilisation of Depot Administration resource to provide job specific information to customers.	30/06/2024	9	Medium	This position is currently vacant/ filled by temporary backfill, with this action to be reviewed once key vacancies at the depot are reviewed and filled.	In Progress

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## **Appendix 2**

*Service Review Biannual Report – Development Services*

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# Service Review 2022-23 – Progress Report

## Development Services

A Service Review of the Civil Services Maintenance function was undertaken over March to June 2023 by BeeSquared Consultants.

The Final Report and associated recommendations were provided to Council at the 24 October 2023 meeting and to the Audit Committee at the 16 October 2023 meeting. The following report provides the progress of activities detailed in the Action Plan which was produced by the Director Community & Development in conjunction with other key staff in response to the recommendations.

### Executive Summary

Seven (7) of the high priority actions of the Service Review were previously completed, and a further five (5) actions are now completed, including another two (2) high priority actions. The remaining high priority actions are 5.2 and 8.1, being the development of a business case for additional resource if determined necessary for arboriculture referrals and an agreed approach to building inspections associated with issuance of Certificate of Occupancy. The arboriculture resource is considered to be better reviewed as part of the budget discussions for 2025/26 given there is no scope for additional resources without budget as part of the current draft Council budget process. The Certificate of Occupancy action is being progressed through on-going discussions with PlanSA as processes and enhancements to the PlanSA Portal are being developed but the approach that will be taken is still to be determined.

All of the remaining actions have been commenced and 21 have been completed. The team continues to work conscientiously to complete the actions of the Service Review.

### Prioritisation

The level of priority assigned to the Recommendations was as below:

Priority	Description
High	Level of impact is high, and should ideally be addressed as a matter of priority.
Medium	Level of Impact is high, however implementation may be less urgent or is reliant on other work being undertaken prior
Low	Lower level of impact, urgency or for consideration in future, pending implementation outcomes of other recommendations

## Service Review Recommendations

The key recommendations from the Development Services Service Review are listed below, along with a proposed priority for addressing the findings:

	Recommendation	H	M	L
<b>People</b>				
1	Validation and alignment on Team outcomes and purpose, guide process to balance community, legislative and applicant outcomes		X	
2	Resource and process management upskilling for Team Leaders and Manager, supported by balanced metrics, governance		X	
<b>Process</b>				
3	Duty Planner to answer incoming calls	X		
4	Trial Development Services option to customer service IVR to redirect calls			X
5	Agree internal referral times for all areas to assist planner in setting expectations	X		
6	Operational Data based Governance framework to actively monitor and regularly discuss process performance metrics and process alignment		X	
7	Creation of ESP Register to enable control check that all Form 3s are completed	X		
8	Agree Council approach to building inspection with incoming need for Council issuance of Certificate of Occupancy	X		
<b>System</b>				
9	Review and update planning compliance workflow to enable recorded activities to better measure effectiveness and experience		X	
10	Control reports with escalation points for customer queue and compliance, e.g. notifications/forms note received, open inspection compliance unresolved and customer queries		X	
11	Leverage planning portal data to create and actively measure of end to end customer times in combination with legislative measures		X	
12	Record preliminary advice as application in development apps or alternative for reference for future assessment	X		
<b>Operating Model</b>				
13	Relationship meeting with high volume applicants, to identify market trends, seek feedback and work to collaborative solutions		X	
14	Add additional building engineering consultant to reduce sole operator key person risk		X	
15	Consideration Planning compliance to transition reporting line from Manager to Team Leader			X
16	Consider Planning and Building overflow suppliers at points of attrition and Jan 24 Certificate of Occupancy change	X		
<b>Total</b>				

## Action Plan

	Action	23-24	24-25	25-26
1	<b>Validation and alignment</b> on Team outcomes and purpose, guide process to balance community, legislative and applicant outcomes		X	
2	<b>Resource &amp; process management upskilling for Team Leaders and Manager</b> , supported by balanced metrics, governance	X		
3	Duty planner to <b>answer incoming phone calls</b>	X		
4	Trial <b>Developments Services</b> option to customer service IVR to redirect calls	X	X	
5	Agree internal referral times for all areas to assist planner in setting expectations		X	
6	<b>Operational Data based Governance framework</b> to actively monitor and regularly discuss process performance metrics and process alignment	X		
7	Creation of <b>ESP register</b> to enable control check that all Form 3s are completed	X		
8	Agree Council approach to building inspection with incoming need for Council issuance of Certificate of Occupancy		X	
9	<b>Review and update Planning compliance workflow</b> to enable recorded activities to better measure effectiveness and experience	X		
10	<b>Control reports with escalation points</b> for customer queue and compliance, e.g. Notifications/forms note received, open inspection compliance unresolved and customer queries	X		
11	Leverage planning portal data to create and <b>actively measure of end-to-end customer times</b> in combination with legislative measures	X		
12	<b>Record preliminary advice as application</b> in development apps or alternative for reference for future Assessment	X		
13	<b>Relationship meeting with high volume applicants</b> , to identify market trends, seek feedback and work to collaborative solutions		X	
14	<b>Add additional Building engineering Consultant</b> to reduce sole operator key person risk	X		
15	<b>Consideration Planning Compliance</b> to transition reporting line from Manager to Team Leader		X	
16	<b>Consider Planning and Building overflow suppliers</b> at points of attrition and Jan 24 Certificate of Occupancy change	X		
	<b>Total</b>	<b>14</b>	<b>2</b>	

## Progress Update

The following tables show the action plan developed to address the recommendations in the table above.

ID	Action	Planned Date	Recommendation		Progress Update	Status
			No	Rating		
1.1	Team to meet and discuss and agree upon internal process and timeframes to create consistency in assessment and decision approach	30/03/2025	1	Medium	Conversation about internal process commenced with engineering, arboriculture and property departments as part of S221 LG permit working party. Agreed timeframes with local heritage consultant established with new contractor. Meetings to be set-up commencing late May but delayed with current recruitment processes. Meeting deferred until Q1 2025 when new Managers in Open Space and Civil in place and Development Team vacancies filled.	Deferred
1.2	External consultant to assist the Team to navigate this aspect to ensure clear agreement on these aspects	30/06/2025	1	Medium	Discussions have been had around having a departmental planning day with an external consultant to ensure the team are moving in the same direction. This has continues to be on hold for the moment until some vital positions are filled. Actions 1.1 and 1.2 are linked and planning day considered to occur first.	Deferred
2.1	Leadership and people management training to assist to effectively mentor and manage team members and workflows	30/06/2025	2	Medium	Two Team Leaders attended LG Professional training on 15 May 2024 but further training to be investigated following this.	Ongoing
2.2	Process mapping review to implement efficiencies	30/06/2025	2	Medium	Some aspects of workflow have been identified and mapped for resolution. Continue to work with PlanSA for enhancements. To be updated further when certificate of occupancy training is	In progress

ID	Action	Planned Date	Recommendation		Progress Update	Status
			No	Rating		
					undertaken in quarter 3 2025 and process is finalized in 2025.	
3.1	Duty Planner to be office based and to answer calls where practical	30/06/2024	3	High	Actioned 02/08/23	Complete
3.2	Set up of new shared calling system through Teams Calling to be rolled out later in 2023.	30/06/2024	3	High	The Teams phones system implementation in November 2024 has improved efficiency and tracking of duty planner queries.	Complete
4.1	Investigate options and understand impact of introduction of IVR to both customer service staff and Development Support staff	30/06/2025	4	Low	Staff have had some discussions with IT regarding whether an IVR system would be the best way to deliver customer service. The new Teams system review will provide further discussion opportunity. Discussion undertaken with IT and it is considered that the implementation of the new Teams system along with the new CRM system provides an improved customer service delivery and IVR system is not necessary.	Complete
5.1	Extrapolate data to understand the quantum of referrals to each other business unit and timeframes needed to be met	30/06/2024	5	High	Data Report being worked on in advance of meetings with internal departments late May/June. Completed 31/7/2024 but to be repeated for meetings next year.	Complete
5.2	Business case for additional resource if determined necessary (likely only for Arborist referrals)	30/06/2024	5	High	Scope for additional resources without budget not likely this financial year – delayed to 2025/26 FY	Deferred
6.1	Leadership and people management training for Manager and team leaders	30/06/2025	6	Medium	Team Leaders attended LG Professional training on 15 May 2024 but further training to be investigated.	Ongoing
6.2	<ul style="list-style-type: none"> <li>Regular feedback including data and detail.</li> <li>Trends to be discussed at regular team meetings</li> </ul>	30/06/2024	6	Medium	Trend data included as a standard item in all of team meetings each quarter.	Complete

ID	Action	Planned Date	Recommendation		Progress Update	Status
			No	Rating		
	<ul style="list-style-type: none"> <li>One on one meetings if required</li> </ul>					
7.1	Set up of the ESP register has occurred and will be continually updated and monitored for compliance	30/06/2024	7	High	The ESP Register has been created and all existing applications in the PlanSA Portal have been entered into the Register. Approximately 25% of the older ESPs created under the Development Act have been entered into the Register. Action on target for completion by 30/6/24.ESP Register established.	Complete
8.1	Agree Council approach to building inspection with incoming need for Council issuance of Certificate of Occupancy	30/12/2024	8	High	<p>Requirement for Certificate of Occupancy for residential developments has been delayed by State Government and implementation now commences from 1 October 2024.</p> <p>Analysis has been undertaken on 3 options to cater for this change with a preferred option being the middle position of an additional building inspection on completion for buildings in high bushfire locations to manage risk. This relied on an additional resource of 1 FTE being employed. As per comment in 8.2 now needing to be scoped on existing FTEs and further analysis required to determine the level of inspections based on existing FTEs. State Building Inspection Policy 8 and 9 under review and consultation concludes 27 September 2024. Report to be submitted to Council for endorsement of the service level to be provided. It has been clarified that it will take at least 6 months for new developments to be constructed that will trigger Certificate of Occupancy.</p>	In progress



ID	Action	Planned Date	Recommendation		Progress Update	Status
			No	Rating		
8.2	Business case has been developed and will be progressed subject to budget being allocated in the LTFP & 24/25 FY budget  Additional responsibilities from 1.1.2024 will be managed using a contract resource until budget confirmed	30/06/2024	8	High	No budget allocated in 2024/25 and approach to be scoped on existing FTEs.	Complete
9.1	Review and update Planning compliance workflow to enable recorded activities to better measure effectiveness and experience	30/06/2025	9	Medium	Process reviewed to capture compliance activities relevant to particular properties in existing systems. New CRM is a potential opportunity to better capture and measure compliance activities in a consistent manner with other regulatory functions. Waiting on implementation of new CRM in July 2024 and further analysis of system to determine if CRM an appropriate system for managing planning compliance. Scope for stage 2 of CRM is yet to be released to understand if this will be an opportunity to move all development compliance into CRM.	In progress
9.2	Team Leader to check compliance actions when reviewing applications for allocation	30/06/2024	9	Medium	From December 2023, file allocation process amended to includes this.	Complete
10.1	Regular monitoring of Planning Portal data to identify applications that may require escalation	30/06/2024	10	Medium	Planning Team Leader regularly monitors these matters and provides updates to Manager who determines if escalation needed.	Complete
10.2	Investigate options for processes that could be put in place to capture other outstanding matters for escalation	30/06/2024	10	Medium	Discussion with management team in Development Services undertaken and enhancements undertaken by PlanSA to	Complete

ID	Action	Planned Date	Recommendation		Progress Update	Status
			No	Rating		
					reports available in Portal. Agreed action that Pending Approvals Report, Verification Report and Days to Decision Reports will be checked by Team Leaders weekly to capture matters that are outstanding or approaching overdue and for Team Leaders to undertake the follow-up with individual team members.	
11.1	Development Support to be trained to pull data into reports for provision to Manager and Team Leaders.	30/06/2024	11	Medium	Team Leader Administration developed trend data reporting and included as a standard item in all of team meetings each quarter.	Complete
11.2	Ongoing Monthly monitoring	30/06/2024	11	Medium	Planning Team Leader and Team Leader Building provides monthly reports to Manager and Director.	Complete
12.1	Develop procedure for file notes from prelim advice meetings to be linked to property file ahead of lodgment of an application	30/06/2024	12	High	New file note and procedure developed and information recorded in Council Records System.	Complete
12.2	Develop procedure for holding of prelim advice meetings including who to attend, recording of information and cross check by Team Leader/Manager at assessment stage	30/06/2024	12	High	New file note and procedure developed and information recorded in Council Records System.	Complete
12.3	Development Support has drafted a template to record pre-app advice which is being stored electronically – will be linked at file allocation stage	30/06/2024	12	High	This is achieved through the completion of 12.1.	Complete
13.1	Create action list of high volume customers	30/06/2025	13	Medium	Shed and verandah manufacturers identified. Other volume customers being identified for further engagement. Deferred as staff vacancies shifting priorities.	In progress

ID	Action	Planned Date	Recommendation		Progress Update	Status
			No	Rating		
13.2	Develop framework to engage with high volume customers including frequency of contact and information to be shared & discussed	30/06/2024	13	Medium	Initial discussions held with high volume shed and verandah structures manufactures to discuss concerns. Feedback has been received and shared with relevant departments. Other repeat industry customers being identified for further engagement. Framework for engagement discussed and best approach determined to be a general forum/panel held annually with repeat industry customers and to have representative from DHUD if topic EOI suggests Portal questions are likely.	Complete
14.1	Explore if any options on Vendor Panel that can be utilised on a consultant basis that would eliminate the need for a procurement process if under \$10k spend	30/06/2024	14	Medium	Confirmation received of LGA Supplier Panel list for structural engineering consultants available. 12 consulting engineering firms are available and can be engaged within a 5-day period.	Complete
14.2	Undertake process to appoint additional engineering consultant to approved contractor list	30/06/2024	14	Medium	Not required as procurement staff have advised another consultant can be engaged within a 5 day period through the LGA Supplier Panel.	Complete
15.1	Undertake consultation in relation to best structure to support Compliance Officer and change reporting structure	30/06/2025	15	Low	In interim the team structure has been amended (December 2023) to include three Senior Planner positions that assist with Planning Compliance.	Ongoing
15.2	Review Senior Planner role to provide additional support to Compliance Officer	30/06/2025	15	Low	Undertaken in November 2023	Complete
16.1	Monitor planning & building workload and consider if roles are required to be replaced at point of attrition, this	30/06/2024	16	High	Since the review the department have had three resignations. The workload taken on by the team since these resignations is well above capacity and it has been determined	Complete

ID	Action	Planned Date	Recommendation		Progress Update	Status
			No	Rating		
	includes cost benefit of using consultants vs staff				that the department requires those roles to be filled. Planning have currently engaged a consultant to assist with workloads whilst recruitment is underway. However, the cost of using a consultant and the inefficiencies involved have determined that having the roles filled is a far more cost-effective and efficient than using consultants.	
16.2	Analysis has been undertaken on 3 options to cater for the Certificate of Occupancy change with a preferred option being the middle position to manage risk and resource appropriately	30/06/2024	16	High	Certificate of Occupancy for residential developments has delayed implementation to 1 October 2024. Analysis has been undertaken on 3 options to cater for this change with a preferred option being the middle position of an additional building inspection on completion for buildings in high bushfire locations to manage risk. This relied on an additional resource of 1 FTE being employed. As per comment in 8.2 now needing to be scoped on existing FTEs and further analysis required to determine the level of inspections based on existing FTEs	Complete

**ADELAIDE HILLS COUNCIL  
AUDIT COMMITTEE MEETING  
Monday 21 October 2024  
AGENDA BUSINESS ITEM**

**Item:** 9.5

**Responsible Officer:** Gary Lewis  
Director Corporate Services  
Corporate Services

**Subject:** Quarterly Council Performance Report – Q4 2023-24

**For:** Information

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**SUMMARY**

As a local government entity, Council has a number of legislative obligations regarding the preparation and distribution of corporate planning and reporting information to the elected body and the community. In addition to these mandated requirements, Council has over time created a number of additional elements to improve the integration, transparency and accountability of its activities. The Quarterly Council Performance Report is just one of these elements.

A revised suite of corporate performance indicators and targets were developed in consultation with Council Members, the Strategic Leadership Team and relevant officers as part of the *2020-21 Annual Business Plan* process and have continued to be incorporated into the *Annual Business Plan 2023-24*. These were aligned to the new *Strategic Plan 2020-24 – A brighter future* adopted in April 2020.

The Quarterly Council Performance Report for Q4 (**Appendix 1**) covers the period 1 April 2024 to 30 June 2024, and shows the performance against the corporate performance indicators as well as discussing key highlights aligned with the Strategic Plan.

The purpose of this report is to inform the Audit Committee of Council's performance against the *Annual Business Plan 2023-24* targets in order to assist in their role as advisors to Council on the adequacy and effectiveness of processes involving financial management, reporting, risk and governance.

**RECOMMENDATION**

**The Audit Committee resolves that the Quarterly Council Performance Report – Q4 2023-24 be received and noted.**

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**1. BACKGROUND**

At its 19 June 2018 meeting, Council adopted (Res 128/18) the Corporate Planning & Performance Framework, of which a key element was the establishment of a suite of

Corporate Business Performance Indicators which are aligned with Adelaide Hills Council's Strategic Plan goals and will enable the tracking of performance over time.

Over the 2019-20 financial year, Quarterly Council Performance Reports were drafted showing the performance against the Corporate Performance indicators, strategic initiatives and key activities of the 2019-20 Annual Business Plan.

A revised suite of corporate performance indicators and targets were developed in consultation with Council Members, the Strategic Leadership Team and relevant officers as part of the 2020-21 Annual Business Plan process. These were aligned to the then new *Strategic Plan 2020-24 – A brighter future* adopted in April 2020. These indicators have continued to be used in the Annual Business Plan 2023-24.

The Q4 report was presented to Council at the 27 August 2024 meeting.

## 2. ANALYSIS

### ➤ Strategic Management Plan/Functional Strategy/Council Policy Alignment

*Strategic Plan 2020-24 – A brighter future*

Goal	A progressive Organisation
Objective O5	We are accountable, informed, and make decisions in the best interests of the whole community
Priority O5.3	Demonstrate accountability through robust corporate planning and reporting that enhances performance, is relevant and easily accessible by the community.

The Quarterly Council Performance Report is part of the performance reporting suite contained in the Corporate Planning & Performance Framework.

### ➤ Legal Implications

Chapter 8 - Administrative and financial accountability of the *Local Government Act 1999* sets out the key legislative obligations regarding corporate planning and reporting obligations, as follows:

- S122 – Strategic management plans – development, content requirements, consultation, review and availability of strategic plan, asset management plan and long-term financial plan;
- S123 – Annual business plans and budgets - development, content requirements, consultation, review and availability of annual business plan and budget
- S127 – Financial statements – preparation, content, auditing and availability of the financial statements;
- S131 – Annual reports – preparation, content, distribution and availability of the annual report

Additional requirements are contained in the *Local Government (General) Regulations 2013* and the *Local Government (Financial Management) Regulations*.

➤ **Risk Management Implications**

Quarterly Council Performance Reporting will assist in mitigating the risk of:

*Ineffective performance management and reporting processes leading to poor performance and/or loss of stakeholder confidence.*

Inherent Risk	Residual Risk	Target Risk
Extreme (4B)	Low (3E)	Low (3E)

Note that there are many other controls that assist in mitigating this risk. The quarterly performance reports are part of the current control suite and therefore there is no additional mitigating impact of this report.

➤ **Financial and Resource Implications**

Quarterly Council Performance Reporting assists in showing the financial and resource performance to plan as per the targets, initiatives and activities outlined in the Annual Business Plan 2023-24.

As part of the development of the budget outlined in the Annual Business Plan 2023-24, a series of Savings Strategies were developed to help address emerging cost pressures and to improve Council's Operating Surplus over the period of the Long Term Financial Plan. The adopted strategies were both administrative and service related. A section is included within the Quarterly Report to monitor the progress of these strategies.

➤ **Customer Service and Community/Cultural Implications**

Providing integrated, consultative corporate planning and effective and transparent performance reporting to the Council and community has the potential to increase the level of trust and confidence in Council.

➤ **Sustainability Implications**

Quarterly Council Performance Reporting assists in demonstrating the outcomes related to Council's economic, social and environmental initiative.

➤ **Engagement/Consultation conducted in the development of the report**

Consultation on the development of this report was as follows:

<i>Council Committees:</i>	Not applicable
<i>Council Workshops:</i>	Not applicable
<i>Advisory Groups:</i>	Not applicable
<i>External Agencies:</i>	Not applicable
<i>Community:</i>	Not applicable

**3. OPTIONS**

As this is an information report, the Audit Committee is limited to receiving and noting the report however additional feedback can be provided for consideration of future enhancements for the 2023-24 FY reports.

**4. APPENDICES**

- (1) Quarterly Council Performance Report – Q4 2023-24



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# **Appendix 1**

*Quarterly Council Performance Report – Q4 2023-24*

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# Quarterly Council Performance Report

Quarter 4 – 1 April to 30 June 2024

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# 1. Executive Summary

Strategic Goal	Performance Indicators	Annual Business Plan Strategic Initiatives
 <b>Built Environment</b>	 3 of 6 Targets met or exceeded	 Continuing (15) Completed (10) Deferred (2) Cancelled (2)
 <b>Community Wellbeing</b>	 0 of 4 Targets met or exceeded	 Continuing (6) Completed (3)
 <b>Economy</b>	 2 of 3 Targets met, N/A or exceeded	 Completed (2)
 <b>Natural Environment</b>	 6 of 7 Targets met, N/A or exceeded	 Continuing (4) Completed (3)
 <b>Organisation</b>	 5 of 8 Targets met, N/A or exceeded	 Continuing (5) Deferred (1)

## Customer Service Standards

	<b>9</b>	Targets met or exceeded
	<b>6</b>	N/A or No Incidents reported
	<b>1</b>	Target not met

## Capital Performance

**\$9.9m** of infrastructure delivered

The primary focus of this quarter has been on completing projects that were under construction, as well as commencing early planning, scoping and design works for projects due to commence in Q1 or Q2 2024-25

## Highlights

- AHC received an honourable mention at the 2024 National Awards for Local Government, for our project implementing the activities of the "Our Watch Toolkit for Local Government". The first steps of which are organisation focused activities promoting and supporting workplace equality & respect.
- The Towards Community Led Emergency Preparedness project won the LG Professionals Excellence in Emergency Management Award.
- EV chargers have been installed at the Woodside office, Stirling office and Heathfield depot and are now operational. As part of this, the upgrade of main switchboard at the Stirling Office and Library was required and will provide the basic infrastructure required for any future solar and battery storage options.
- The draft 2024-25 Annual Business Plan went to public consultation in May. 215 participants provided feedback via email, online survey, petition, or in person, and was officially endorsed by Council on 1 July.
- The Animal Management Plan has been approved by both the Council and by the Dog and Cat Management Board

## Risk and Challenges

- Volunteering continues to be lower than pre-pandemic levels and follows the national trends. We are anticipating levels to increase in the next financial year with the reopening of Fabrik Arts and Heritage Hub.
- The transition to the new CRM system has meant that there are a few customer service measures that could not be produced this quarter, however will become available as the build and rollout continues into the next financial year.

## 2. Adelaide Hills Council Major Projects

### Kerbside bin system collection frequency change and rural FOGO trial

Council is undertaking a 12-month food organics and garden organics (FOGO) trial in collaboration with our Waste Management Partner.

Over 600 households and a small number of businesses in parts of Woodside and Lenswood will trial the new kerbside bin collection systems. This includes a new FOGO bin for rural households and a change in the collection frequency of organics bins and landfill bins, which aims to improve the food waste diversion from landfill.

#### Latest News

Delivery of the FOGO trial has continued and is on track for completion in October 2024 following which a report will be provided to Council exploring outcomes and providing recommendations for the kerbside bin services.



### FABRIK Development

The FABRIK Development Project involves upgrading and enhancing the former Onkaparinga Woollen Mills site at Lobethal to create an arts and heritage hub in the central Adelaide Hills.

#### Latest News

Works have progressed well in spite of a number of delays with the building works to be completed in August.

Further landscaping, wayfinding, installation, and establishment of the retail pavilion will occur following completion of construction. The new hub is scheduled to open in September.



## Electric vehicles and charging stations

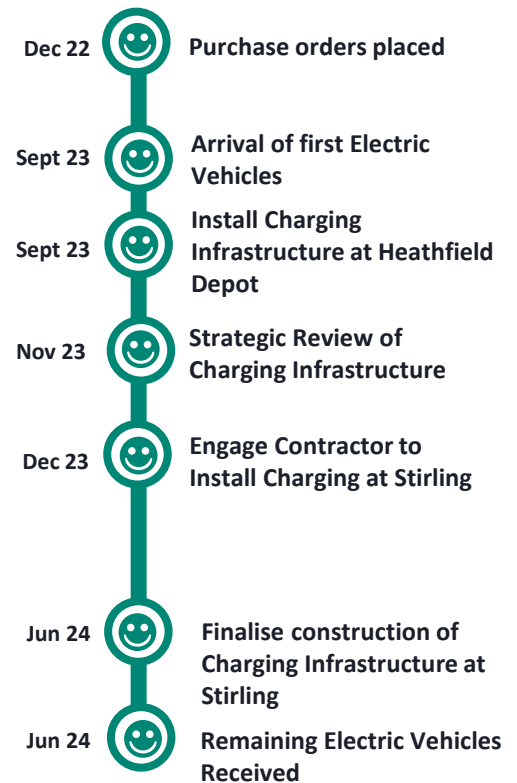
Funding has been provided to enable the purchase of approximately 12 electric vehicles (EV) during 2023-24 as well as installation of the supporting charging infrastructure.

### Latest News

All Electric Vehicles (14 in total) have been delivered.

EV chargers have been installed at the Woodside office, Stirling office and Heathfield depot and are now operational.

The project was successfully completed.



## Implement activities from “Our Watch Toolkit for Local Government”

In July 2023, Council adopted an implementation plan based on the “Ourwatch Toolkit for Local Government”.

The aim of the toolkit is to prevent violence against women and their children through a range of strategies including those with an organisational focus. This is followed by work with the community to raise awareness and to undertake population based prevention activities.

### Latest News

Outcomes from the Workplace Equality & Respect Employee (WER) Survey completed in April, the WER focus group conducted in May and the Workplace Gender Equality Data Analysis have informed the final recommendation report created by Our Watch Institute (OWI) received by the administration in June 2024.

We will be using the recommendations from this report to create the new Gender Equality Action plan.

AHC received an honourable mention for this project at the 2024 National Awards for Local Government



# Towards Community Led Emergency Resilience Program (TCLERP)

Following on from the Community Resilience and Readiness pilot, the program has evolved to focus on community led emergency preparedness. The name of the program also changed to be Toward Community Led Emergency Resilience Program (TCLERP).

The program has several areas of focus including:

- Community Engagement
- Psychological and emotional emergency preparedness community education
- Recovery ready halls project – emergency preparedness for select community facilities
- Vegetation management project – ensuring practices are based on best fire science and within shared land owners existing capacity

## Latest News









- The Towards Community Led Emergency Preparedness project won the LG Professionals Excellence in Emergency Management Award.
- Communities that have completed RediCommunities workshops continue to be supported by the Community Resilience Officer to realise community led preparedness initiatives.
- The final report for the Recovery Ready Halls project (funded through the Black Summer Bushfire Recovery grant) was submitted, successfully acquitting the grant.
- All activities funded through Wellbeing SA's partnership agreement were completed this quarter. The final report is being prepared and is due for submission in July 2024.
- The Disability Inclusive Emergency Planning (DIEP) Forum was held in April in partnership with the University of Sydney. A final report with learnings from the forum has been prepared and shared with participants, which included people with disability, carers, representatives from state government agencies and emergency, community, disability and health services. A range of forum participants also participated in a follow up tool testing day with Professor Michelle Villeneuve from the University of Sydney, designed to support organisations to improve their ability to support emergency preparedness for people with disability.
- The Landscape Management Project Officer has commenced work on a fire track audit process after being successfully awarded funding through the South Australian Disaster Risk Reduction grants program. The initiative was flagged in the Bushfire Landscape Management Strategy.
- The Community Resilience Team have been selected to present about their work at the Australian Disaster Resilience Conference in Sydney in September 2024.





# 3. Performance by Strategic Goal

## A functional Built Environment

### Highlights

-  **Disability Discrimination Act (DDA) Upgrades Minor - Access upgrades region wide for compliance**
  - The DDA upgrade project at The Summit Community Centre has been completed. This project has delivered upgraded existing disability car parking that is now compliant, and has delivered a new accessible ramp, with compliant gradient and width and ramps, that links from the disability car parking to the building entrance
-  **Cemeteries Upgrades**
  - Kersbrook Cemetery project completed and the official opening of Martungka Natural Burial Ground was held.
  - Stirling Cemetery Expansion Project completed
-  **Carbon Management Plan - Energy upgrades, Battery & Efficiency Actions**
  - Changed LED lighting for numerous facilities.
  - Upgrade of main switchboard at the Stirling Office and Library to enable Electric Vehicle charging stations and possible future solar and battery storage.
-  **New Dog and Cat Facility**
  - New cat holding facility is now in use as well as the expanded dog facility to allow Council to hold dogs and cats while trying to re-home animals.
  - Council wide solution still to be developed.
  - RSPCA and AWL continue to be a capacity and are unable to take unowned animals for re-homing
-  **Installation of further Electric Vehicle charging stations**
  - Five EV charging stations have been installed at the Stirling Library along with a significant upgrade to the switchboard.
-  **Place making and community planning**
  - The Your Place, Your Space community connections campaign was delivered throughout June and supported by the new online Residents Guide. The communities of Woodforde, Teringie and Rostrevor were specifically targeted for the first phase and planning is underway for rollout to target communities in the new financial year.
  - New videos were made highlighting the benefits and unique aspects of living in the Adelaide Hills and an interactive community forum was held for Woodforde, Teringie and Rostrevor at the Summit Community Centre with over 50 attendees.
-  **Parking and By-laws**
  - AHC has issued 1223 parking related expiations and 9 By-law related expiations, mainly around building sites, schools and private parking areas.
-  **Planning & Development**
  - There have been 296 new planning and building consent applications lodged and 285 applications determined.
  - Four Council Assessment Panel (CAP) meetings were held to consider 9 items in total. There were 7 consents granted by the CAP.

### Risks & Challenges

-  **Houghton Recreation Grounds Facility Contribution**
  - The Houghton, Hermitage, Inglewood and Paracombe Memorial Park Committee's application to the Office for Recreation, Sport and Racing for the Houghton Hub project was unsuccessful. Staff are currently working with stakeholders to understand next steps for the project.
-  **Feasibility studies for future projects**
  - No feasibility studies were conducted during the financial year, therefore the project has been marked as cancelled.

## Performance Indicators

**Operational tasks completed within the Civil Zone Maintenance Program**

**Target  $\geq 80\%$**

**50%**

Quarter	Percentage
Q1	50
Q2	50
Q3	50
Q4	65

Resourcing shortfalls were overcome in Q4 as active recruitments were concluded successfully, and labour hire appointments filled any remaining gaps. Further deployment of field devices and the development of a stormwater maintenance program also contributed to this result.

**Delivery of capital works program**

**Target  $\geq 90\%$**

**96%**

Quarter	Percentage
Q1	100
Q2	80
Q3	60
Q4	100

Capital program delivery exceeded the target at EOFY for civil infrastructure projects, due to the large volume of projects completed in Q4.

**Compliance inspections completed within 5 business days of notification of alleged unlawful development**

**Target  $\geq 80\%$**

**76%**

Quarter	Percentage
Q2*	75
Q4	75
Q2	80
Q4	75

*\*Measure changed to Bi-annual in 2022-23 ABP.*

There were 25 cases of unlawful development reported in the 6 month period from January to June 2024. 19 out of 25 inspections were completed within 5 business days of notification providing a performance result that nearly made target.

**Compliance inspections completed within 10 business days of development completion notification**

**Target 100%**

**84%**

Quarter	Percentage
Q1	100
Q2	100
Q3	90
Q4	84

25 Development Completion notifications were received in Quarter 4 with 84% of inspections undertaken within 10 business days of receipt of notification. While 3 cases did not meet the 10 business days, the timing for the inspections were at the request of the client.

**Inspections of footpaths in high priority zones**

**Target 100%**

**N/A**

Year	Percentage
2021-22	100
2022-23	100
2023-24	100
2024-25	100

Resource constraints has resulted in the next audit being scheduled to be undertaken in August 2024 and is therefore not available for this report.

**Tonnes of recycled plastic content in products purchased by Council**

**Target 25 tonne**

**34 Tonnes**

Year	Tonnes
2021-22	15
2022-23	35
2023-24	35
2024-25	34

## Other Statistics

### 2023-24 Expiation Statistics

Expiation Type	Volume
Parking	1,163
Animals	68
By-law	3
Local Nuisance	15
Fire & Emergency services	95
Health	59
Development & Building	53



## Progress on Strategic Initiatives from the Annual Business Plan

Project ID	Strategic Initiatives	Status
B1003	New Bus Shelter Installation Program	✓
B1004	New and upgraded footpaths	✓
B1007	Recreation Trails & Cycling Routes Framework Implementation	✓
B1008	Amy Gillett Bikeway contribution (Stage 4)	✓
B1009	DDA Upgrades Minor access upgrades region wide (compliance)	😊
B2008	Local Heritage (Privately Owned) Planning and Design Code Amendment	✓
B2009	Place making and community planning	😊
B3002	Implement irrigation systems (renewal / upgrades)	😊
B3003	Investigate and Implement central irrigation control system (region wide)	😊
B3004	Prepare turf and irrigation design/management plans for key bore water use areas	✓
B3005	Carbon Management Plan - Energy upgrades, Battery & Efficiency Actions	✓
B3011	Carbon Offsets Policy	😊
B3014	Review the Corporate Carbon Management Plan	✓
B4006	Asset management - Confirm Web and Connect Licences and Field Devices	➡
B4009	Building Upgrades - minor	😊
B4010	Cemeteries Upgrades	😊
B4011	CWMS Capacity Upgrades (Birdwood & Woodside gravity mains)	✓
B4014	Road Safety Program including co-contribution to Road Blackspot	✓
B4015	Installation of further Electric Vehicle charging stations	😊
B4016	Purchase of Electric Vehicles cars for fleet	😊
B4042	Operational worksite review including forward planning	✓
B4043	Hamilton Hill - Dunfield Estate & Crest Maintenance	✓
B4044	Feasibility Studies for future projects	✗
B4045	Stormwater projects	✓
B4050	Merchants Hill retaining wall	😊
B4051	Croft Road resealing	✓
B4052	Renew the fuel monitoring and delivery system	➡
B4053	Next Step planning for Adelaide Hills War Memorial Swimming Centre, Woodside	✓
B4054	Houghton Recreation Grounds facility contribution	✗

## Highlights

### Tour Down Under 2024

- Council has approved the hosting of four stages in 2025 including:
  - Women's stage 3 (19 Jan 25) with a start and finish in Stirling
  - Men's stage 1 (21 Jan 25) with a finish in Gumeracha
  - Men's stage 3 (23 Jan 2025) with a finish in Uraidla.

### Community Centres

- Staff resources are being shared across community centres to ensure adequate program coverage. Community Centres are now releasing 4 programs with school holidays included, rather than 8 separate programs.
- Attendance at the Torrens Valley Community Centre exercise programs have increased to a point where we have a waitlist on some classes.

### Positive ageing

- Despite the season, participation in social support group programs has remained strong. Many clients are focused on maintaining their strength through regular fitness classes and are enthusiastic about the special program outings.
- Provided 1,700 hours of support in and around the home, over 5,000 hours of social support group activities in the community, and nearly 700 transport trips.

### Fabrik – Arts & Heritage hub

- Council endorsed Fabrik's Business and Implementation Plan which was presented to Council in May.

### Climate Change Adaption Plan Projects-All hazards emergency management

- Review of the risk assessments using a summarised version of the National Emergency Risk Assessment Guidelines has been completed.

### Cultural Development

- Sculpture Shelter installed at Lewis Yarlupurka O'Brien Reserve in Hamilton Hill
- National Reconciliation Week screening of The last Daughter
- Native foods and Cultural Art workshops for NAIDOC were held
- Participants for the Public Art Mentorship "elevate+ create" with artist Wendy Dixon-Wylie and in partnership with Oakbank School has been recruited

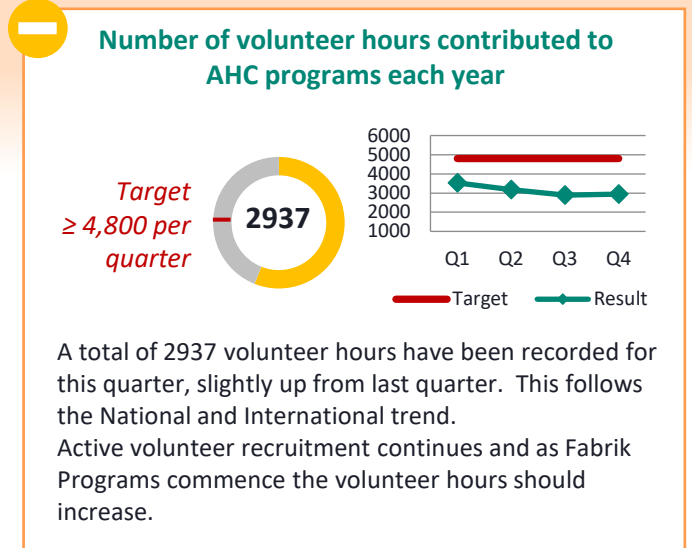
### Volunteering

- To celebrate National Volunteer Week 2024, over 660 community volunteers attended a free movie provided by AHC, MBDC and Alexandrina Council at three locations: Lobethal Cinema, Wallis Cinema in Mount Barker, and Victa Cinema in Victor Harbor. Feedback was extremely positive and volunteers who attended enjoyed the celebrations

### Public Health

- Undertook 67 food premises inspections, 53 were scheduled inspections with 9 follow inspections, 3 pre-opening inspection and 1 complaint inspection.
- 64 new wastewater applications were submitted of which 39 have been approved. 117 inspections in relation to wastewater applications were also undertaken.
- 33 health related complaints have been reviewed

## Performance Indicators




Legend: = Target Met = Target not met  $\geq$  Greater than or equal to

## Progress on Strategic Initiatives from the Annual Business Plan

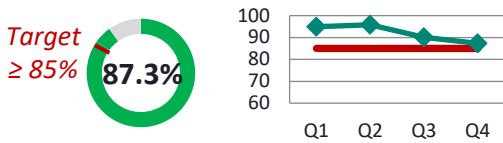
Project ID	Strategic Initiatives	Status
C4006	Play Space Framework Implementation	
C4012	Climate Change Adaption Plan Projects-All hazards emergency management	
C4021	Community & recreation facilities framework implementation	
C4022	Towards Community Led Resilience Program	
C4024	Implement activities from "Our Watch Toolkit for Local Government"	
C5003	Actions from adoption of Aboriginal Place naming Action plan	
C6001	Fabrik Activation Capital	
C6003	Capital Divestment - Capital Cost	
C6006	Tour Down Under 2024	

## Highlights

-  **Review and upgrade Council corporate signage and branding**
  - Council roadside and wayfinding signage has been updated at Stirling, Woodside, Gumeracha service centres and The Summit Community Centre.

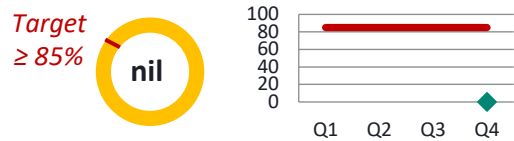
## Performance Indicators

### Percentage of planning consents completed within statutory timeframes



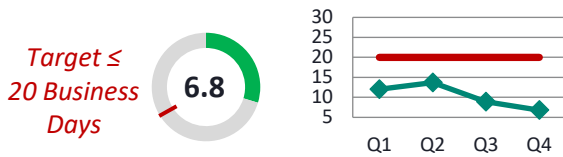
In Quarter 4 Council issued 198 Planning Decisions with an average assessment time of 24.72 business days. Overall 87.37% of Planning Decisions were issued within statutory timeframes in Quarter 4.

### Percentage of new development application decisions upheld in Council/CAPs favour under appeal



One new Appeal against a CAP Decision was lodged in Quarter 4, increasing the total planning appeals to three (3). One Appeal was resolved through approval of a compromise proposal by CAP and the matter did not progress to a hearing. The OTR appeal in the ERD Court still continues with a compromise proposal not supported by CAP. The two remaining appeals will continue into the 2024/25 FY.



### Average number of days for building consents








In Quarter 4 Council issued 87 Building Decisions with an average assessment time of 6.82 days. Overall 94.25% of Building Consents were issued within statutory timeframes in Quarter 4.

**Legend:**  = Target Met or N/A  = Target not met  = N/A – cant be assessed  $\geq$  Greater than or equal  $\leq$  Less than or equal






## Progress on Strategic Initiatives from the Annual Business Plan

Project ID	Strategic Initiatives	Status
E2001	Review and upgrade Council corporate signage and branding	
E4001	Additional Tree safety work required to support the Tour Down under	

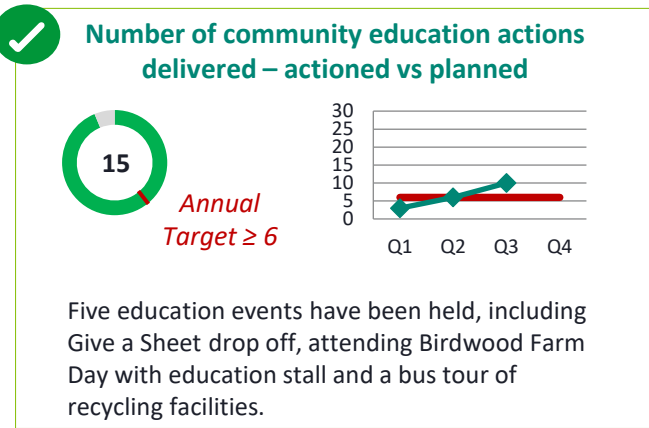
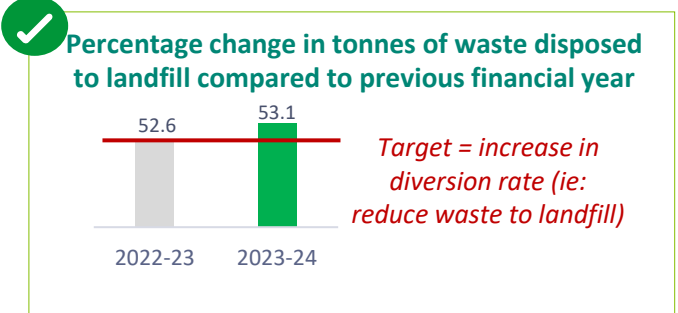
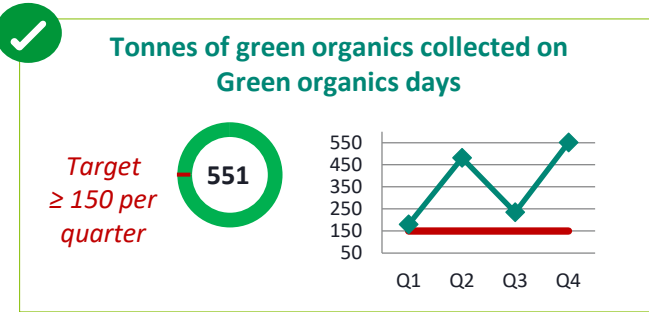
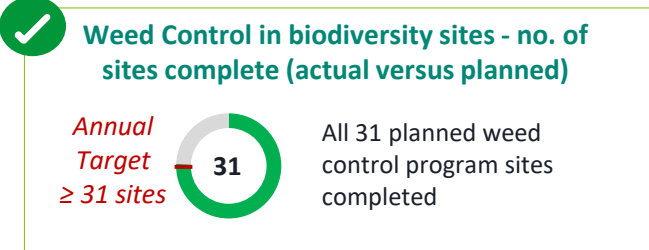
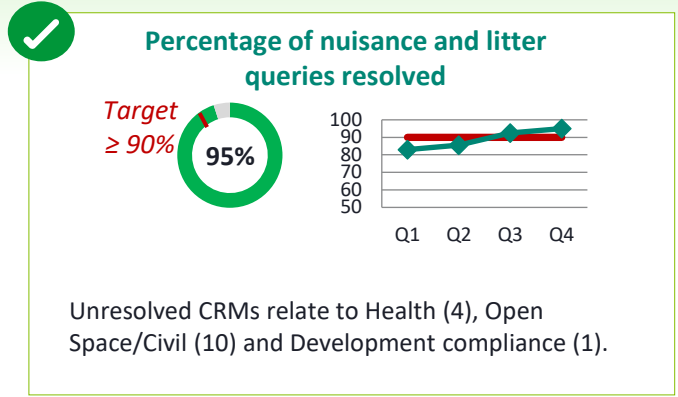
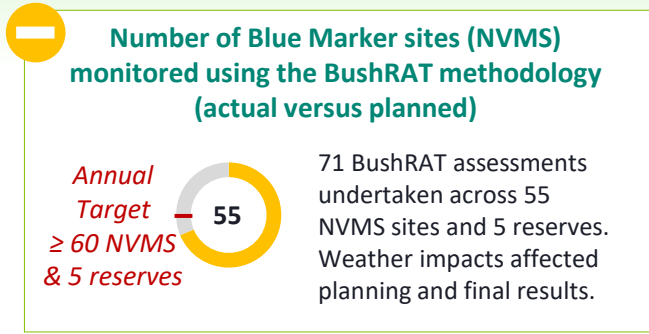
## Highlights

- 
**Post prescribed burn weed management**
  - Weed control undertaken by contractors at all 10 treated sites.
  - 10 new proposed sites have now been endorsed by Council Members.
- 
**Open Space Biodiversity**
  - Provided 20 Butterfly kits giveaways totaling 300 additional plants being planted in region
  - Secured two \$10,000 heritage agreement grants for Woorabinda and Lobethal.
  - Successfully won a \$20,000 Grassroots Grant for "Improving habitat quality at Mylor Parklands for Osborn's Eyebright" project
  - Secured a \$7,500 contribution from Hills and Fleurieu Landscape Board for Erica Control at Mylor.
  - Grassroots grant for "Riparian restoration or Cox Creek in Bridgewater Recreation Reserve" project complete.
- 
**Resilient community facilities and open space including water fountains**
  - Shelters have been installed in the newly upgraded playspaces - Protea Reserve and Sherry Park
- 
**Fire Prevention**
  - Council inspection over 19,000 properties and issued 199 105F notices.
  - As fire danger season is now over, Council has received over 240 CRM requests for burning permits since 1 May 2024
- 
**Animal Management**
  - Animal Management Plan has been approved by both the Council and by the Dog and Cat Management Board

## Progress on Strategic Initiatives from the Annual Business Plan

Project ID	Strategic Initiatives	Status
N1007	Develop a strategy for the management of Council trees across the district	
N2008	Develop informative and attractive signage in Council reserves/playgrounds	
N2010	Post prescribed burn weed management	
N2011	New Dog and Cat facility	
N3001	Local Climate Adaptations for landscape conservation	
N3002	Resilient community facilities and open space including water fountains	
N4002	Kerbside bin system collection frequency change and rural FOGO trial	

## Performance Indicators





## Highlights

- ✓ **Representation review**
  - CL Rowe and Associates have been appointed to conduct the representation review anticipated to commence in August.
- ✓ **Building & swimming pool compliance inspections**
  - 88 inspections of new developments have been undertaken. Of the 88 inspections, 19 were inspections of swimming pools.
- ✓ **Corporate Planning and Performance**
  - The draft 2024-25 Annual Business Plan went to public consultation in May. 215 participants provided feedback via email, online survey, petition, or in person at one of the four information sessions held in:
    - Woodside on 30 May
    - Stirling on 4 June
    - Gumeracha on 5 June
    - Norton Summit on 6 June
  - The draft was endorsed for publication at a special council meeting on 1 July 2024
- ✓ **Communications, engagements and events**
  - Council grew its social media community by 15% in 2023-24 and updated our digital e-newsletters to seamlessly integrate with our website content.
  - Council supported 216 community events throughout the year and delivered two major Council run events: the Santos Tour Down Under (across 3 days) and Discover, Play, Bikeway.
  - A new suite of internal template for staff have been developed in Canva, Facebook, Instagram, Microsoft Word and Powerpoint to provide staff with a newly branded set of resources for presentations, documents and creative assets.
- ✓ **Governance**
  - Elected members commenced their mid-term mandatory training

## Risks and Challenges

- ➔ **Diversified income study**
  - At this stage there has been limited opportunities to explore this in more detail. This has been marked as deferred and to be considered in the development of the strategic plan.

## Progress on Strategic Initiatives from the Annual Business Plan

Project ID	Strategic Initiatives	Status
O1005	GPS for operational vehicles	✓
O3002	Diversified income study	➔
O4005	Representation review	✓
O5005	Resource to manage building & swimming pool compliance inspections	✓
O5006	Strategic Plan Development	✓
O5007	Customer Relationship Management (CRM) system upgrade	✓

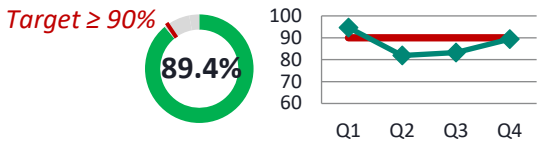


# A progressive Organisation

## Performance Indicators



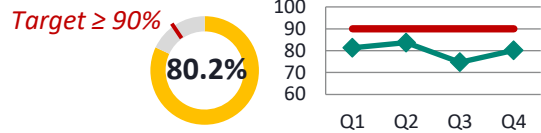
### Decisions (Council resolutions) considered in open Ordinary and Special Council meetings during the period



Of the 132 decisions resolved by Council, 12 were confidential decisions



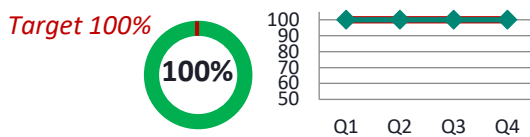
### Council member attendance at ordinary and special meetings for the period



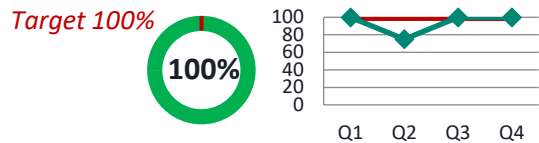
During the quarter there were 18 apologies for meetings including leaves of absence.



### Freedom of Information (FOI) External reviews upholding Council's decisions



### Freedom of Information (FOI) requests received, in progress and completed within the legislated timeframe



13 Freedom of Information application received. 8 Completed within legislative timeframes with 5 carried forward in accordance with legislative requirements.



### Number of lost time injuries

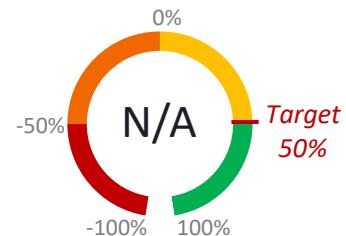
Annual Target      Actual

**0**                      **3**

During the year there have been 3 minor injuries, eg: lacerations or muscle strains, resulting in time off work



### Customer Net Ease Score



Surveys are currently unavailable due to the upgrade of the CRM system. Surveys will be reintroduced in the next financial year as part of the advanced build that will incorporate automated surveys.



### Employee Turnover

Annual Target      Actual

**7-15%**              **21.7%**

21.7% is higher than annual target but below the national average, which at the end of March 2024 was 23% in the public sector and 13% in the private sector\*.



### Overall Customer Satisfaction



Surveys are currently unavailable due to the upgrade of the CRM system. Surveys will be reintroduced in the next financial year as part of the advanced build that will incorporate automated surveys.

Legend: = Target Met or N/A    = Target not met    = N/A – cant be assessed     $\geq$  Greater than or equal     $\leq$  Less than or equal



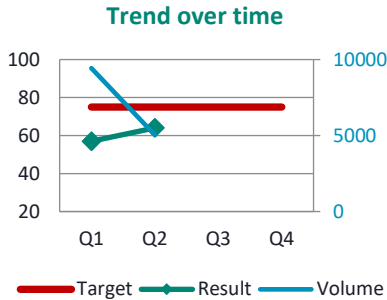
# 4. Customer service standards

## 5.1 General Customer Standards

### Answering Incoming Phone Calls

Volume of calls = N/A

Contact centre calls answered within 30 sec

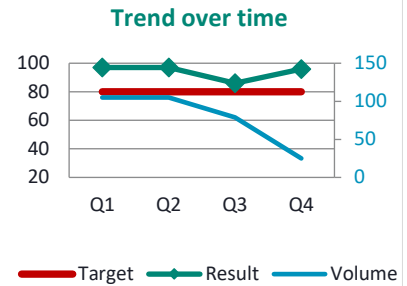


Results for this quarter are not available. New phone system implemented in November and new reporting process currently being implemented.

### Updating Customer Details

Volume of updates = 25

Details updated within 5 days

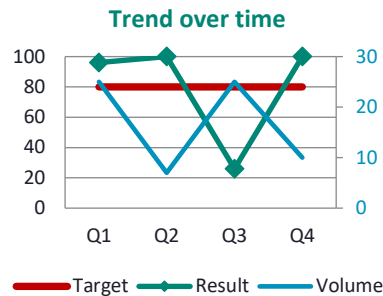


## 5.2 Service Specific Standards – Time Based Indicators

### New Event Applications

Volume of applications = 10

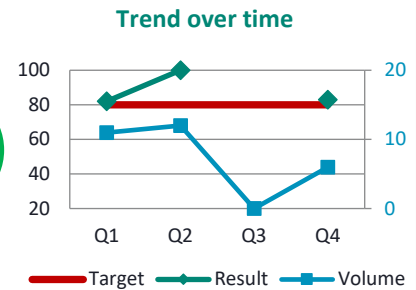
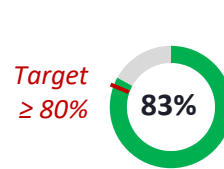
Acknowledgement of receipt within 5 days



### Illegal Burning Complaints

Volume of complaints = 6

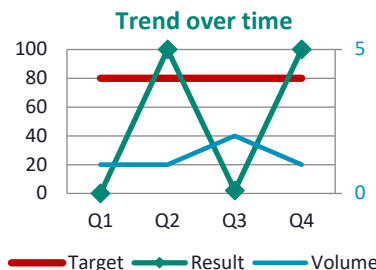
Investigated within 24 hours



### Health Complaints

Volume of complaints = 1

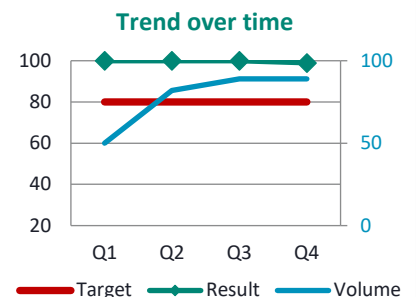
Investigated within 24 hours



### Illegally Dumped Rubbish

Volume of reports = 89

Rubbish removed within 3 days



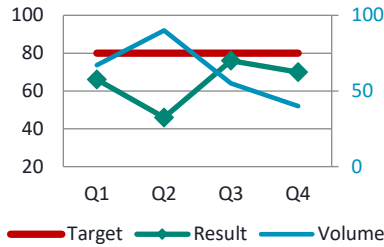
### Library Services

Volume of requests = 40

Response to requests to purchase materials within 10 days



Trend over time



All requests were responded to within 10 days

### Dog Attacks

Volume of attack reports = 2

Response within 24 hours



Trend over time



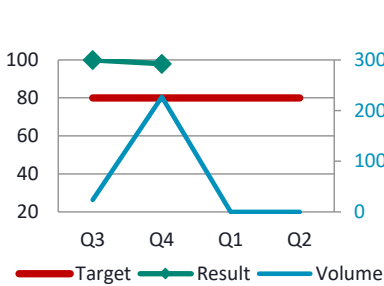
### Wasps

Volume of reports = 0

Investigate and action within 7 days



Trend over time



Council no longer deals with wasps on private property

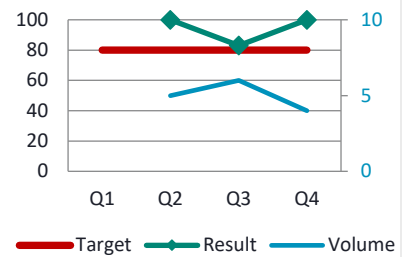
### Development Applications

Volume of applications = 4

Approval of fast track planning applications within 5 business days



Trend over time



This is an adjusted measure for 2023-24 based on deemed to satisfy development applications only to better align with the PDI Act categories and timeframes.

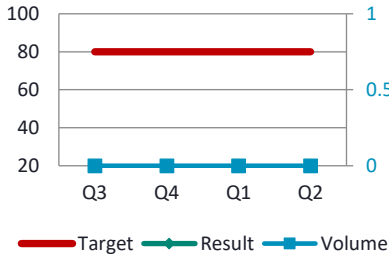
### Missed Bins

Volume of requests = 0

Missed bins collected within 2 days



Trend over time



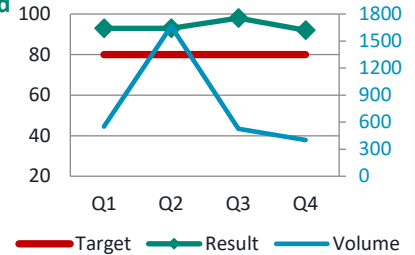
### Request for Bin Repair or Replacement

Volume of requests = 402

Requests actioned within 7 days



Trend over time



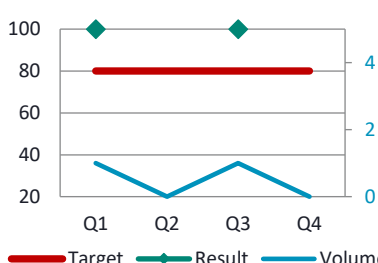
### Footpath Repairs - Hazardous

Volume of repairs = 0

Responded and made safe within 24 hours



Trend over time



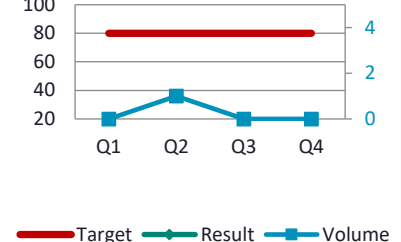
### Road Repairs - Hazardous

Volume of repairs = 0

Responded and made safe within 24 hours



Trend over time



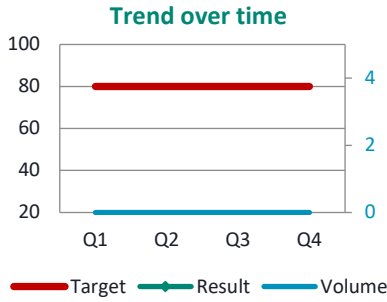
Case was deemed low risk within 24 hours, case was Resolved within 48 hours

### Stormwater Repairs - Hazardous

Volume of reports = 0

Responded and made safe within 24 hours

Target  $\geq 80\%$   
**No Incidents**

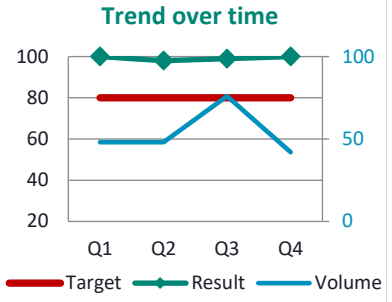


### Trees - Hazardous

Volume of reports = 42

Responded and made safe within 24 hours

Target  $\geq 80\%$   
**100%**



## 5.3 Service Specific Standards – Other Indicators

$\geq$  Greater than or equal to

### Development Applications

Volume of planning consents = 198

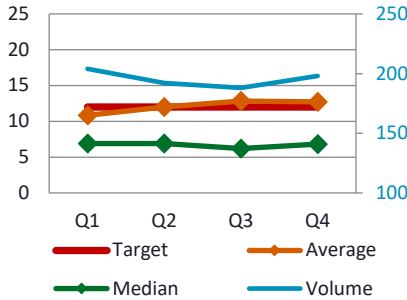
Average consent time from date of receipt

Target Less than 12 week



Median Consent Time 7 weeks

#### Trend over time

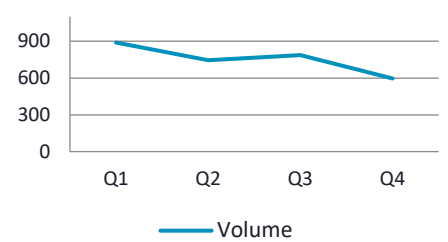


Results are using applications in the state-wide portal

### Low Risk Infrastructure Requests – Number of New Requests

Volume of new requests = 786

#### Trend over time



### Low Risk Infrastructure Requests – Average Time to Resolve

Volume of Requests = 714

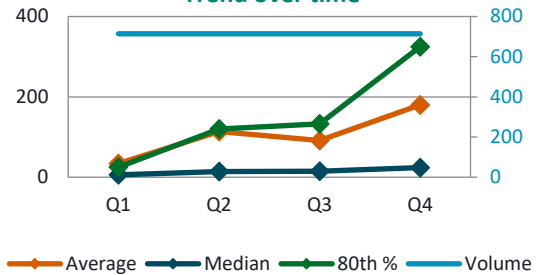
Resolution time of requests

Average = 180 days

Median = 24 days

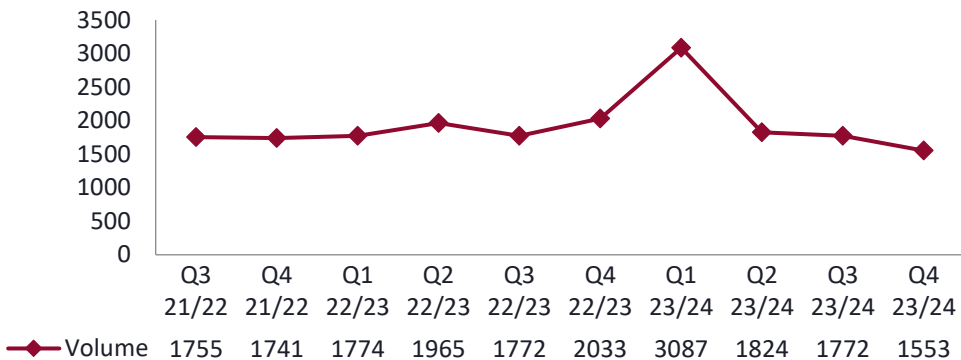
80<sup>th</sup> Percentile = 324 days

#### Trend over time



### Overall Volume of Requests

Trend in volume of requests/customer cases for which there is an adopted service standard, excluding the volume of phone calls



# 5. Capital Works Program

Quarter 4 of 2023-24 FY represents the finalisation of the 2023-24 Capital Works Program, with approximately \$9.9M of infrastructure delivered during this period.

The primary focus of this quarter has been on completing projects that were under construction, as well as commencing early planning, scoping and design works for projects due to commence in Q1 or Q2 2024-25

## Highlights

- Commenced work on Amy Gillett stage 4, including clearing the corridor of vegetation and delivering drainage upgrades.
- Delivered a new footpath for Glover St, Kersbrook, connecting the main street with the oval recreation space.
- Upgraded the play space at Sherry Park, Mylor, to include a ninja course complete with 'stopwatch'.

## What's Next

- Complete the development of the Fabrik arts and heritage hub.
- Finalise projects that are in progress as of 30 June.
- Commence work on the 2024/25 capital works program.

## Financial Performance by Asset Category (preliminary numbers)

Asset Category	YTD Actuals \$'000	Annual Revised Budget \$'000	% Spent to Annual Budget \$'000s
Bridges	460	540	85.1%
Buildings	3,102	4,201	73.9%
Cemeteries	132	138	96.0%
CWMS	49	75	65.8%
Footpaths	1,004	910	110.3%
Guardrails	-	-	0.0%
Kerbing	35	40	86.7%
Local Roads & Community Infrastructure Program (LRCIP) – phase 1	450	459	98.1%
Other - Retaining Walls, Street Furniture & Traffic Management	470	561	83.7%
Roads	7,888	8,049	98.0%
Sport & Recreation	1,550	1,692	91.6%
Stormwater	116	393	29.6%
Fleet	1,917	2,227	86.1%
ICT	791	1,035	76.4%
Plant & Equipment	24	60	39.5%
Project Management Costs	-	1,511	0.0%
	<b>8,044</b>	<b>24,937</b>	<b>32.3%</b>

# 6. Savings Strategies

**Achieved \$950k**

*Target  
\$1,072k*

Administrative Savings Strategies	Status	Planned	Achieved
<b>Remove media monitoring</b>	<b>Completed</b>	<b>\$14,250</b>	<b>\$0</b>
The service has been continued for another year and funding options are being considered			
<b>Stop taking cash payments</b>	<b>Completed</b>	<b>\$9,500</b>	<b>\$9,500</b>
Legal advice has highlighted complex challenges resulting in a pause on “ceasing cash payments”. However, savings have been achieved through implementation of other strategies in the library space resulting from the opening hours reduction.			
<b>Remove community arts project money from budget</b>	<b>Completed</b>	<b>\$5,300</b>	<b>\$5,300</b>
The budget item for community arts was no longer required and has been removed			
<b>Maintenance fees – contractors / materials</b>	<b>Completed</b>	<b>\$5,000</b>	<b>\$5,000</b>
Currently reviewing use of in-house staff for cemetery maintenance. Budget adjusted to accommodate.			
<b>Remove automatic CPI increase on contract and materials</b>	<b>Completed</b>	<b>\$400,000</b>	<b>\$400,000</b>
This has been fully implemented in the adopted budget and will be monitored through the year			
<b>Appliance replacement - all facilities</b>	<b>Completed</b>	<b>\$10,000</b>	<b>\$10,000</b>
Annual budget for appliance replacement reduced from \$30k to \$20k and will be monitored through the year			
<b>Cleaning contract - reduce frequency</b>	<b>Completed</b>	<b>\$33,000</b>	<b>\$20,000</b>
Negotiations on cleaning contract have resulted in \$20k savings. No further cleaning savings will be possible.			
<b>Reduce no of multifunction devices</b>	<b>Completed</b>	<b>\$12,000</b>	<b>\$12,000</b>
Scoping commenced to reduce the number of devices from 18 down to 8.			
<b>Reduce public access computers</b>	<b>Completed</b>	<b>\$10,000</b>	<b>\$10,000</b>
Scoping commenced on renewal program to reduce number of computers and move to a ticketed/booking system for use of remaining computers.			
<b>Remove mobile data from laptops and tablets</b>	<b>Completed</b>	<b>\$20,000</b>	<b>\$20,000</b>
Mobile data services have been cancelled and staff advised of alternative Wi-Fi solutions if internet required outside of the office.			
<b>Reduce People &amp; Culture budget allocation for legal fees</b>	<b>Completed</b>	<b>\$15,000</b>	<b>\$15,000</b>
Budget allocation was reduced and will be monitored throughout the year			
<b>Salary Savings</b>	<b>Completed</b>	<b>\$200,000</b>	<b>\$200,000</b>
<b>Conduct workshops with clubs using internal resources</b>	<b>Completed</b>	<b>\$5,000</b>	<b>\$5,000</b>
<b>Public Notification signage install and removal using internal resources</b>	<b>Completed</b>	<b>\$20,000</b>	<b>\$14,518</b>
The Savings Target was less than estimated due to an amendment to the Planning and Design Code that occurred, excluding signage requirements in the Productive Rural Landscape Zone.			
<b>Cease cadet engineer program</b>	<b>Completed</b>	<b>\$12,000</b>	<b>\$12,000</b>
<b>Arboculture Consultancy</b>	<b>Completed</b>	<b>\$5,000</b>	<b>\$5,000</b>
<b>Data management of utilities and scope 3 components</b>	<b>Completed</b>	<b>\$16,000</b>	<b>\$0</b>
	<b>TOTAL</b>	<b>\$792,050</b>	<b>\$743,318</b>

## Savings Strategies *cont....*

Service and Revenue Changes	Status	Planned	Achieved
<b>Tour Down Under - Limit commitment</b>	Completed	\$30,000	\$15,000
Budget savings realized were \$15,000 due to event cost pressures			
<b>Remove funding to attract a major event to the hills</b>	Completed	\$20,000	\$20,000
<b>Amend customer service operating hours from 8:30am to 9am</b>	Completed	\$12,500	\$12,500
<b>Reduce/remove Adelaide Hills Tourism Funding</b>	Completed	\$7,500	\$7,500
New three-year funding agreement was approved and signed June 2023 with funding capped at the 2022-23 level			
<b>Reduce community grants</b>	Completed	\$10,000	\$10,000
<b>Cease additional digital content offering</b>	Completed	\$20,000	\$20,000
No longer purchasing AHC specific digital library content as there is a large content range in SA library network			
<b>Digital online streaming/learning resources for language learning and online streaming</b>	Completed	\$8,000	\$8,000
<b>Library CD collections - cease new purchases</b>	Completed	\$4,000	\$4,000
<b>Printing and photocopying fee increase</b>	On Track	\$8,000	\$8,000
<b>Reduce internal audit program from 4 to 3 audits annually</b>	Completed	\$15,000	\$15,000
<b>Cease membership of Murray Darling Basin Association</b>	Completed	\$6,700	\$6,700
<b>Increase non resident cemetery fees</b>	Completed	\$25,000	\$30,000
<b>Increase outdoor dining permit fees</b>	Completed	\$7,000	\$7,000
<b>Increase copyright application fee</b>	Completed	\$2,000	\$125
The volume of applications have been decreasing as compared to last financial year. This trend potentially due to economic climate impacting communities not needing to access their old house plans for renovations or sales, others chose not to proceed due to the fee.			
<b>Reduce community and recreation facilities grants</b>	Completed	\$20,000	\$20,000
<b>Implement charge for food premises inspection for new businesses</b>	Completed	\$5,000	\$3,080
<b>Standardise fee application for food premises inspection</b>	Completed	\$5,000	\$5,237
<b>Cease bird monitoring on reserves following burning</b>	Completed	\$5,000	\$5,000
<b>Cease vermin baiting in Stirling, Aldgate and Bridgewater</b>	Completed	\$10,000	\$10,000
<b>Heathfield Resource Recovery Centre – Explore options for savings or cost recovery</b>	Completed	\$10,000	\$0
The Adelaide Hills Region Waste Management Authority are currently exploring options to reduce costs. No savings identified at this stage.			
<b>Waste education - not proceed with high intensity program</b>	Completed	\$50,000	\$50,000
Maintain waste education at current levels rather than increase the program as there has not been marked changes in diversion rates in recent years.			
<b>TOTAL</b>		<b>\$280,700</b>	<b>\$207,142</b>

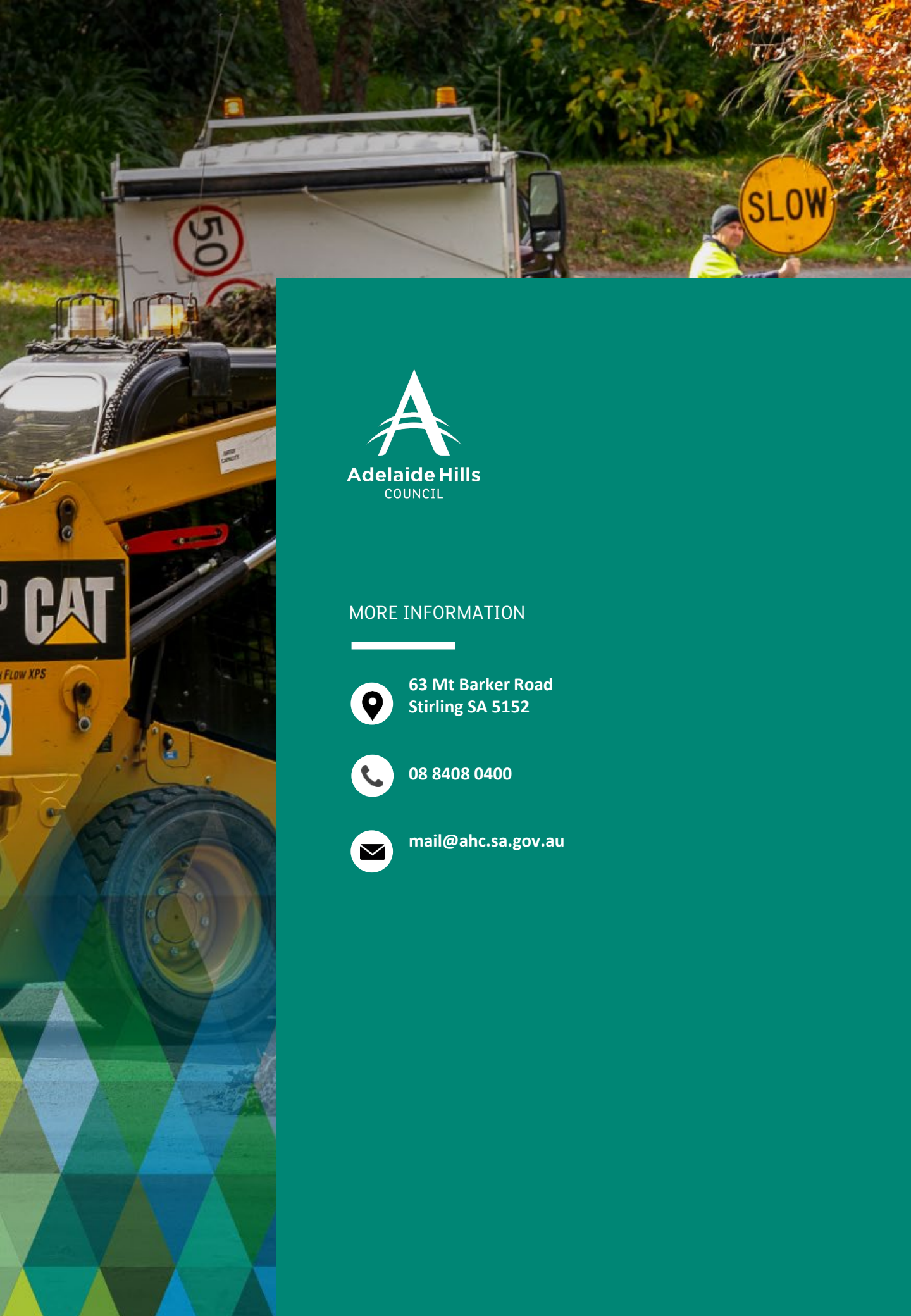
# 7. Financial Performance

## Overall Funding Statement as at 30 June 2024

Note: These figures are preliminary only. The fully reconciled figures will be presented to Council as part of the Budget Review report and Annual Financial Statements.

	YTD Actual	YTD Budget	YTD Variance	Annual Revised Budget
	\$'000	\$'000	\$'000	\$'000
<b>Total Operating Income</b>	55,299	56,904	● (1,606)	56,904
<b>Total Operating Expenditure</b>	60,162	56,346	● (3,817)	56,346
<b>Operating Surplus / (Deficit) before Capital</b>	(4,863)	558	● (5,422)	558
<b>Capital Expenditure</b>	17,988	21,890	● 3,902	21,890
<b>Capital Income</b>	4,641	4,751	● (110)	4,751
<b>Net expenditure - Capital projects</b>	13,346	17,138	● 3,792	17,138
<b>Net Lending / (Borrowing) Result for Year</b>	(5,829)	(5,060)	● (769)	(5,061)

Adelaide Hills Council Operating Summary By Directorate as at June 2024				
\$'000s	YTD Actuals \$'000s	YTD Budget \$'000s	YTD Var fav / (unfav) \$'000s	Revised Budget \$'000s
<b>Income</b>				
CEO	-	-	● -	-
Community & Development	3,959	3,996	● (37)	3,996
Corporate Services	46,943	47,831	● (888)	47,831
Environment & Infrastructure	4,397	5,077	● (680)	5,077
<b>Income Total</b>	55,299	56,904	● (1,606)	56,904
<b>Expenditure</b>				
CEO	2,099	2,005	● (94)	2,005
Community & Development	12,269	12,385	● 116	12,385
Corporate Services	10,981	9,247	● (1,734)	9,247
Environment & Infrastructure	34,813	32,708	● (2,105)	32,708
<b>Expenditure Total</b>	60,162	56,346	● (3,817)	56,346
<b>Operating Surplus / (Deficit)</b>	(4,863)	558	● (5,422)	558



**Adelaide Hills**  
COUNCIL

#### MORE INFORMATION

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